

It has been a crazy year. In 2019 our industry was enjoying its normal steady growth and diversification as new techniques were made possible and hi-tech expanded even further into home life as well as in industry – then Covid struck.....

China was hit particularly hard as it was the epicentre of the pandemic (is it REALLY a pandemic? – room for discussion here, but this is not the time or place). This has had a global impact, for China not only supplies commercially ready items, but is a major source of the myriad electronics components necessary for the production lines in most of the dominant countries in our field – USA, Italy, France, Spain, Germany, India as well as the “minor players” such as New Zealand. Research commissioned by a Chamber of Commerce in the US found that business was down by two-thirds due to lack of staff, shutdown of shops, etc, though this picked up somewhat with the increasing use of internet shopping and the now-familiar “click-and-collect”. Even so, though, supplies were hampered by not only the reduced output of the components factories, but also by the increased costs and limited capabilities of the transportation which limited the availability of many items.

All the major companies were affected – for example Apple delayed the launch of the iPhone9 and could not meet the sales projections for the first quarter. Its shares dropped 10%. Hyundai and Nissan suffered production suspension in the South Korean plant due to the delay on electronic parts – the list is a very long one.

Due to the tight margins from intense competition many firms may not survive covid, especially if governments drag it on too long – and the flow-on will put many more out of work – advertising, distribution, retailing .....

There is another side to all this too. How firms basically operate. Perhaps this could be a “good” side. Many staff have had to adapt to working from home which, after a period of adjustment, has on balance been good. More use is being made of communication by electronic means – zoom and other teleconferencing methods rather than the travel and time away from work required by the old conferences. The jury is still out on this one, for some argue that the interaction with face-to-face can be more productive. In the same vein most exhibitions, with associated seminars, have been cancelled (EMEX is a local example). It has been estimated that the loss of these has cost the industry in excess of a billion dollars.

Looking ahead, the IT industry is expected to have an enormous boom post-covid. One IT market research group estimates that the market will go from US\$131b in 2020 to US\$295b by 2025. The main reason for this increase will be the increased demand for software and social media platforms such as Google Hangouts, WhatsApp video call, Zoom and Microsoft Teams. All these tools help the people who are in quarantine keep in touch with family members as well as facilitate working from home, conferencing, etc.

Our industry has taken a huge hit, but it will recover. Basic industry will have a market catch-up period that will last for some time and the domestic market has been brought to the fore as never before. It all hinges on the recovery of the component supply and the transport availability getting back to some semblance of normality. Small players, who depend on niche markets, such as New Zealand, are especially vulnerable to supply hiccups and the continued existence of their specialised customers, but as long as we preserve our No 8 wire adaptability we will survive.