

Position Sensors: Primed for Growth as Specific Vertical Markets Pull Ahead, According to New Research from VDC

Consumer staples firms will push demand for position sensors as both their manufacturing and logistics operations become more automated.

“Suppliers are differentiating by developing products to fit industry niches, rather than appeal to the whole market.”

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The food & beverage, packaging equipment, and material handling vertical markets for position sensors will see the most growth through 2018, according to a new report from VDC Research (click [here](#) for more information). On the contrary, machine tools, metals/metalworking, and semiconductor manufacturing-based sensor sales will see significant headwinds both domestically and abroad. Suppliers operating within these spaces who adopt specific vertical industry strategies will fare best as they prepare for uneven growth in the future.

“We see the more mundane sectors as having the most potential for sensor growth over the next few years,” says Frank Bertini, lead analyst in VDC’s Industrial Automation & Sensors practice. “Companies are continuously updating their lines and improving efficiencies gained through automation, especially among consumer staples-type industries.” Bertini also states that discrete manufacturing from consumer staples firms benefit from automation both inside the factory as well as down the supply chain. “What you are seeing in this sector is companies benefiting on both sides of the equation. Not only are sensors helping manufacturing lines run more efficiently, but the whole Logistics part of the operation is getting a lot more automated,” says Bertini. The increased demand and use of sensors is reflected in the bottom line of many consumer products companies including Pepsi, J&J, P&G, Kraft, and Clorox.

As part of its research, VDC surveyed and interviewed end users as well as suppliers to build a confident understanding of what is happening within the marketplace. “Companies are looking to partner with suppliers that can offer the full solution,” says Bertini. “Grouping products together by vertical industry and solution can be a terrific marketing technique, and customers see value in sourcing from one supplier.” While this trend favors the larger sensor supplier conglomerates, smaller companies can work with their distributors and partners to develop cross-product line solutions as well.

In contrast to the consumer staples market, machine tools, semiconductor manufacturing, and metals/metalworking, each face a different set of disruptive challenges, according to the report. Bertini cites advanced 3D printers, stalled FAB expansion plans, and the end of a China-driven commodity super cycle as a few of the trends affecting these vertical markets.

About VDC Research Group

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