

## How the Flowmeter Market Has Changed in the Past Two Years

Flow Research has been analyzing the worldwide flowmeter market for the past three years. As part of this analysis, we have done hundreds of interviews with suppliers. We have also done hundreds of interviews with end-users of flowmeters. How has the flowmeter market changed in the past two years? Here are some answers, based on this research.

1. Our economy is still recovering from the effects of September 11. The flowmeter market is no exception. While many suppliers reported strong sales in the first three quarters of 2001, many reported a dropoff in orders in the fourth quarter of 2001. In 2002, sales remained slow, resembling the fourth quarter of 2001. While some companies reported an increase in orders in the fourth quarter of 2002, this is when geopolitical fears started causing companies to become more cautious. This caution remained in the first quarter of 2003. Now that hostilities have occurred, the economy will continue to suffer, at least until people can see the end of hostilities.
2. New-technology flowmeters continued to grow faster than traditional technology meters over the past two years. However, their growth was not as rapid as many predicted in 2000 and 2001.
3. The pace of new product development for new-technology flowmeters outpaced new product development for traditional meters. For example, Foxboro introduced a new Coriolis flowmeter. Yokogawa brought out a new multivariable vortex meter. GE Panametrics introduced a clamp-on gas ultrasonic meter. A number of other product innovations occurred during this period among new-technology meters.

4. At the same time, suppliers of traditional meters also offered improvements of their own. Turbine meters are now made from more durable materials, and improved technology makes it possible to manufacture positive displacement flowmeters more precisely. Product innovations are also occurring with thermal and open channel meters.
  
5. Some market consolidation is continuing, but so is market diversification. GE buying Panametrics is not really a case of market consolidation, since GE was not previously a flowmeter manufacturer. Badger Meter selling its ultrasonic flowmeter line to Eastech Badger might be described as sideways consolidation, since Eastech was already a supplier of vortex meters. While market consolidation will continue, demands by end-users for products that are more specific to their needs will continue to provide opportunities for new companies to develop whose products are intended for specific industries and applications. Look at all the companies that are devoted to serving the needs of the pipeline industry, for example.

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