Industry Reports

These industry observers examine the status of three loudspeaker manufacturing markets.

Loudspeakers in **North America**

By Steve Tatarunis and Rob Baum

Compared to some other industries, loudspeaker manufacturing in North America has been one of the more resistant and tenacious "holdouts," as the lure of offshore manufacturing has dismantled the infrastructure piecemeal, rather than wholesale. Thirty years ago, the industry was more or less self-sufficient with all components coming from domestic manufacturers and all driver and system assembly happening "onshore." It was around this time that some of the more forward-looking companies began to set their sights across the Pacific, in search of lower-cost components.

Magnet back plates and top plates were the first to go, and then assembled magnets and frames, followed eventually by crossover assemblies, cones, and more recently voice coils. The speaker assemblers who went offshore for these components soon began to import the entire assembled driver. These days, complete systems are manufactured offshore, while engineering and marketing functions remain here. So what is left? While much is gone, actually quite a bit of activity still remains.

First, let's define our turf. These days, with NAFTA in effect, we will focus our attention on North America: US, Canada, and Mexico.

On the loudspeaker front, most product categories remain. OEM autosound, aftermarket autosound, high-end audiophile and professional audio (studio monitors, touring sound, concert sound, permanent install such as stadiums) all have significant production and assembly in North America. Aftermarket autosound is the focus of Dorne Dibble's sidebar accompanying this report.

Component manufacturing—of cones and voice coils—still occurs in quantity in North America. However, frames, magnets, and low carbon steel for magnetic structures are no longer produced here in significant amounts.

Loudspeaker Assembly

For sheer quantity in North America, autosound OEM is king. Harman-Becker, Bose, and Matsushita (Panasonic) all maintain large manufacturing plants in the US and Mexico. Pioneer also has a large facility in Tijuana, Mexico, and Italian autosound OEM Faital is supplying Volkswagen from Puebla, Mexico. Although some of these locations may produce branded product for the parent company, the majority of their output goes to satisfy the needs of the automotive industry.

While the past decade saw the demise of some well-known OEMs, most notably Oxford, Jensen, and Pyle, there is still enough of a demand to support smaller and mid-sized OEMs such as Eminence and MISCO. In fact, MISCO constructed a new manufacturing facility in 2002, a sure sign that the independent domestic OEM can compete and survive in this global marketplace.

Professional sound has been perhaps the least affected by the offshore shift in manufacturing. The big players such as JBL Pro, Electro-Voice, and Community still maintain significant manufacturing presence here in the US. Others (Peavey, for example) still manufacture some drivers here while sourcing the balance from offshore.

High-quality consumer-grade loudspeakers for hi-fi and home theater are still manufactured in reasonable quantities here in the US. Companies such as JBL, Klipsch, Bose, and Boston Acoustics all continue to manufacture products domestically, including their own transducers.

Canada, still holding out complete annexation to the US, has given up Paradigm to a US investment firm (which also purchased Martin Logan, the electrostatic and ribbon speaker system brand). Mirage is another viable home theater speaker manufacturer north of the border. One specialty niche that remains is ribbon speaker production, with BG, ATCO, and SLS still fabricating some of their ribbon speakers here.

Parts Is Parts—Component Suppliers

Much of the manufacturing has moved offshore, but some remains. NuWay retains the lion's share of the domestic cone and spider business. RDM and Hawley still have customers that insist on their high-quality cones for critical applications such as prosound. ICI is now Advanced Process Technologies and focus is on environmentally robust cones. Harman dismantled DSC and sold it to SSE in China. Mogami was taken over by Pioneer a while back and operates as an affiliate in Tijuana to the Pioneer factory. LCC went into receivership but remains in production, and the rest are gone or continue to slide into oblivion.

In the voice coil arena, Precision Econowind has formed a strategic alliance with the Chinese manufacturer Po Yun Enterprise. Japanese transplant Meisei's automated coil winding factory supplies the larger automotive OEMs, while smaller outfits such as Krenz and Acousta-Coil are available to manufacture shorter runs of high-quality coils.

Ferrotec remains the dominant player in the R&D and manufacture of ferrofluids with close to 100% of the market share. Competitors have come and gone over the years, most recently Ferro Labs, a startup who began marketing their products in late 2005.

Conclusion

China continues to be the global black hole of manufacturing and has absorbed most large run commodity products. However, some segments of the US industry remain vibrant and growing. Yet there are a dozen conceivable (and endless unimaginable) events that

would shut down the Asian pipeline—from a prolonged US dock strike, political unrest in China, another Chinese embassy blown up by a (mis?)guided missile. Economic factors could also influence future trends, such as a gradual shift back to Western manufacturing due to ongoing changes in the exchange rate. But all this is "another cup of tea," as my Chinese associates would remark.

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