Europe Smart Manufacturing Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The European smart manufacturing market is expected to record a CAGR of about 4.17% during the forecast period (2022-2027). According to the European Commission's report, the manufacturing sector is a strong asset of the European economy, accounting for over 2 million enterprises and nearly 33 million jobs. The region's competitiveness is highly dependent on the ability of the manufacturing sector to provide high-quality, innovative products through the latest advancements in ICT. However, currently, there is a skill gap within professionals with knowledge of smart manufacturing processes and digital transformation technologies, which is expected to impede the growth of the European smart manufacturing market.

Key Highlights
The European Union's research and innovation (R&I) programs have firmly supported the development of smart technologies and solutions that enable the European manufacturing industry to take full advantage of digital opportunities.
Many projects are financed by the "Factories of the Future Public-Private Partnership," which aims to help EU manufacturing companies and SMEs face worldwide competition by developing the required key enabling technologies across a broad range of end-user industries.
The backbone of Germany's industrial base is the mid-sized manufacturers. Reportedly, the country hosts many mid-size manufacturers, 90% of which operate in the business-to-business markets. To encourage this, the Government of Germany has created the Mittelstand-Digital Initiative, in part in recognition, which creates networks between stakeholders, through which SMEs and entrepreneurs can learn from each other. This has helped develop trust, acceptance, and buy-ins among SMEs regarding Industry 4.0 adoption.?
One of the major benefits of integrating smart manufacturing technologies such as IoT and robotics is that robots can work without having any errors or glitches. As a result, it is expected to positively impact market growth over the forecast period. Moreover, these robots help the co-worker by doing repetitive tasks and thus drive for the use of a more skilled workforce to

improve the quality of work and productivity.
For instance, Europe-based Geesinknorba, through smart technologies in manufacturing, achieved decreased lead-time, increased production efficiency by 45%, and increased the production output by 40%. With a set of other measures, it took the team only eight months to achieve these remarkable results.
However, the impact of the COVID-19 crisis on the European automobile sector is severe. Factory shutdowns because of the crisis have resulted in lost production amounting to 1465,415 motor vehicles, as stated by the European Automobile Manufacturers' Association (ACEA) in April 2020. In November 2021, the region saw the lowest passenger car registration since 1993, and double-digit losses were recorded across Europe. However, sales recovery was expected by late 2021.

Europe Smart Manufacturing Market Trends

Industrial Robotics Technology is Expected to Experience a Healthy Growth over the Forecast Period

With a trend like Industry 4.0, Manufacturing robots automate repetitive tasks, reduce margins of error, and enable human workers to focus on productive areas of operation. Currently, robots are being deployed for machine tool tending, material removal, palletization and de-palletizing, material handling, welding, gas metal arc welding, and assembly, to name a few. This has created automotive and electronics in manufacturing activities.
In France, firms like Groupe Roux-Jourfier are enabling companies to incorporate "collaborative robotics" into their plants to perform entirely automatic processes and to work collaboratively alongside human operators to perform more complex tasks. This is particularly essential for the aerospace industry, where OEMs are always under pressure to deliver products in time, and hence, transfer this pressure to suppliers.
In the European industry ecosystem, country-level adoption of industrial robots is indicative of demand and supply destinations. According to IFR's latest report on robot density in the manufacturing industry, Germany is expected to witness an automation surge over the forecast period. The country has 338 robots installed per 10,000 employees. Sweden, Denmark, and Italy also have more than 200 robots per 10,000 employees.
With the growing demand for robotic solutions in the region and global markets, various major global vendors are looking to expand their product portfolio to cater to the expected growth in demand from the post-COVID-19 effects in the market. For instance, in February 2021, ABB launched its next generation of robots to unlock automation for new sectors and first-time users. Such developments are expected to increase over the forecast period.

The United Kingdom is Expected to Hold a Significant Share

The rising requirement to reduce manufacturing costs and applications of the Internet of Things and machine-to-machine (M2M) technologies are fueling the growth of the market in the country.
According to a government-commissioned review, the manufacturing sector in the country can unlock GBP 455 billion over the next decade and create a significant number of job opportunities if it cracks the fourth industrial revolution and carves out a successful post-Brexit future.
Compared with other developed countries, the UK manufacturing sector has underinvested in robotics and other forms of automation. It invests around 1.7% of its GDP into manufacturing innovation, well behind the OECD average of 2.4%.
Furthermore, the adoption of 5G to boost factory output is expected to be a significant advancement in the future of Industry 4.0. For instance, in February 2019, Bosch's factory in Worcester, United Kingdom, was fitted with sensors and 5G-based technology for monitoring its operations. The factory has combined IoT smart sensors and 5G for preventative maintenance.

Europe Smart Manufacturing Market Competitor Analysis

The European smart manufacturing market is moderately fragmented, with a large number of small- and medium-sized manufacturers that account for a major part of the share. These players hold a significant share in the market and focus on expanding their customer base across European countries. These players are leveraging product development, strategic partnerships, and other growth strategies to increase their market shares during the forecast period.

February 2021 - IBM announced that it signed a new digital transformation agreement with Vodafone Portugal. This builds on another regional momentum it recently announced with Telefonica to transform its enterprise offerings to take advantage of hybrid cloud and work with Bouygues Telecom to drive 5G innovation. Not only do these collaborations underscore the deep trust leading that telcos are continuing to place in IBM, but these also come at a crucial point in time for telcos across the EMEA region. February 2021 - Siemens and IBM extend alliance to IoT for manufacturing. The companies expanded an existing alliance to include deployments of MindSphere, a managed internet of things (IoT) service provided by Siemens, on an instance of the Red Hat OpenShift platform. The goal is to make it simpler to build edge computing applications that process and analyze data as it is being created. Manufacturers currently use MindSphere to collect and analyze real-time sensor data from products, plants, systems, and machines. Siemens now wants to feed that data into analytics applications that run locally versus in the cloud. This will eliminate latency that would otherwise be created when data is transferred over a wide area network (WAN).

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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