

North America Logistics Automation - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The North America Logistics Automation Market size is estimated at USD 5.08 billion in 2024, and is expected to reach USD 10.68 billion by 2029, growing at a CAGR of 16.01% during the forecast period (2024-2029).

The Coronavirus pandemic complicated the situation of automation adoption in logistics sector. By bringing in unique challenges of social distancing and contactless operation it has changed the standard operating procedure and organizations were forced to limit workforce, and deal with the increasing demand. COVID-19 over 2020 and continuing has infected a number of essential workers in the United States, leading companies on the front lines to implement new safety processes. While the spread of the virus has been grave enough to warrant shutdowns for instance, food production facilities, multiple other businesses have been able to continue operations with the addition of new health measures.

Key Highlights

- Organizations within the warehousing and trucking industries, when considered, are generally not known as early adopters to automation; in fact, 80% of warehouses globally didn't have any process automation in 2016 as per DHL study.
- Automation in logistics refers to the use of control systems, machinery, and software to enhance the efficiency of operations. It usually applies to the processes performed in a warehouse or distribution center, which requires minimal human intervention. Some of the benefits of automation logistics are improved customer service, scalability and speed, organizational control, and reduced mistakes.
- As per the University of Tennessee, robotics has been one of the most advanced technologies across a supply chain in terms of its proliferation and application. The continued growth in e-commerce and the demand for warehousing services is expected to continue to increase. This is further aligned for acceleration in the segment in order to find cost-reduction solutions through automation.

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- The rise of e-commerce has brought a rise in split case orders and even single-unit shipments, which rely much more heavily on automation technologies to be efficient than full-pallet orders. Additionally, an automated storage solution serves an ability to shrink a warehouse's footprint to just 15 percent while increasing productivity.
- As of April 2021, SoftBank Robotics and SB Logistics collaborated with Berkshire Grey to drive innovation in E-Commerce fulfillment operations. Berkshire Grey's robotic pick and pack systems would benefit SB Logistics to process customer orders by robotically handling multiple SKUS in different product categories. SB Logistics' 3PL would use Intelligent Enterprise Robotics solutions, including leading AI-enabled robotic automation solutions to autonomously pick, place, and pack customer orders to best meet the extremely high standards prevalent in the Japanese market. This marks domestic player's expanding in other countries.

North America Logistics Automation Market Trends

Among Hardware, Sortation System is Expected to Witness Significant Growth

- Sortation systems are witnessing increased demands from various regional end-user industries, such as post and parcel services, food and beverages, and the e-commerce industry. Factors such as increasing labor costs and changing consumer buying behavior have bolstered the demand for faster and more accurate delivery operations, which have, in turn, developed a considerable demand for automated sortation systems.
- Modern manufacturing facilities in the region rely on new technologies and innovations to produce higher quality products at faster speeds, with lower costs. Implementing smart software and hardware proves to be the only feasible way to survive in the current competitive market.
- Further, the growing adoption of industrial automation to enhance efficiency in the manufacturing and processing sectors is also expected to boost the adoption of sortation systems in the region. New technologies and innovations have further mandated the need for several regulations across the industries.
- For instance, the FDA Food Safety Modernization Act (FSMA) is transforming the operations of food companies by shifting the focus from responding to foodborne illness and foreign material contamination to preventing it. This makes the industry highly regulated to meet food safety norms that promote automation in material handling. This factor is expected to drive the sortation system in the food and beverage industry over the forecast period.
- The significant growth of the retail and e-commerce sector and warehouse expansion is another primary driver of the studied market growth. E-commerce sales contributed to about 14.3% of total retail sales in the third quarter of 2020, of which Amazon accounted for more than a third of all e-commerce sales in the United States.
- Most of the retailers in the region are planning to automate their warehouse establishments rather than expanding in such a high-priced rental environment. However, almost 80% of the warehouses in the region are still manually operated.

United States is Expected to Account for Major Market Share

- The United States is one of the largest and most advanced markets for automated solutions globally. The strong economy, with notable port traffic, increased e-commerce activity, and key manufacturing indices, all resulting in significant growth in manufacturing, drive the demand for automated solutions across the logistics sector in the country.
- Sectors, including retail, automotive, food and beverage, and pharmaceutical, are the largest sources of demand for automated logistics solutions in the country. Food and beverage is the largest industry and represents more than 35% of all US packaging shipments annually.
- This creates a significant demand for equipment, such as palletizers, unit load AGVs, tug AGVs, and sortation systems, which are

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extensively deployed in food and beverage manufacturing establishments. Moreover, the stringent food safety regulations and preference for low human intervention in the production process are expected to increase the demand for the food and beverage industry over the forecast period.

- The region is witnessing numerous partnerships and is relying on the latest technologies and innovations to manufacture a higher quality of products at quicker speeds and cheaper costs.
- For instance, recently, a principal American retail company, Kroger, started a partnership with the UK online supermarket, Ocado, to utilize its technology to handle warehouse operations, logistics, automation, and delivery route planning in the region. This partnership is set to transform the retail sector, with the aid of automation solutions, in the United States.
- Additionally, owing to low vacancy and a surge in the rental prices of warehouses, enterprises are progressively looking for smaller places to rent out for warehouse purposes. In order to optimize the productivity of these narrow spaces, they are expected to deploy more automated solutions soon.
- Also, the major companies with many warehouses and distribution units utilize acquisition strategies to reduce labor costs and increase their profitability. For instance, Amazon, the giant retail, has spent USD 775 million in 2012 to acquire a young robotics company called Kiva Systems that gave it ownership over a new breed of mobile robots. This investment gave a technical foundation for building new versions of warehouse robotics, setting the stage for a potential future of the robots.

North America Logistics Automation Industry Overview

The market vendors that can fabricate and integrate the required equipment within the approved capital budgets and expected leads times have been continuing to dominate the market. The logistics automation market comprises several global players, vying for attention in a fairly-contested market space.

Technological disruption has been a key factor in sustainable competitive advantage. Also, in order to differentiate amongst offerings, the players have been witnessed moving toward the service capabilities. For instance, Locus considered the training aspect of its technology, and its LocusEmpower solution aids in training and the company claims it would onboard workers in days, rather than months.

Some of the prominent players in the market include Honeywell, Swisslog, Daifuku, Schaefer, among others. The presence of these players and their constant innovative activities are intensifying the market scenario. As the market poses moderate barriers to entry for new players, several new entrants backed by VC's have been able to gain traction in the market. This could further intensify the market competition.

Additional Benefits:

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

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