Farm Equipment Market by Tractor Power Output (250HP), Type (Tractors, Balers, Sprayers), Tractor Drive Type, Electric Tractor by Type & Propulsion, Implement by Function, Rental & Region - Global Forecast to 2028

https://marketpublishers.com/r/FBEAACCDD4CEN.html
Date: September 2023
Pages: 384
Price: US$ 4,950.00 (Single User License)
ID: FBEAACCDD4CEN

Abstracts

The global farm equipment market is projected to grow from USD 107.7 Billion in 2023 to USD 136.3 Billion by 2028, at a CAGR of 4.8% during the forecast period. Governments authorities across the different countries are launching incentives schemes to increase the sales of farm equipment and increase the farm mechanization. Combine harvesters and tractors are having high and most of the farmers take this farm equipment on rent. Various organizations are offering loans and subsidies to help the farmers who cannot purchase it. For instance, the US Farm Service Agency (FSA) offers direct and guaranteed loans to small land holding farmers who cannot get commercial load from a bank. The FSA farm operating loans are a great resource for farmers and ranchers who need financing to operate their businesses. Agricultural lending by US farm banks surged 8.1% to USD 103.1 billion in 2022, as per the American Bankers Association’s Farm Bank Performance Report. This growth was due to a 9.7% rise in farmland-secured loans and a 5.9% increase in agricultural production loans. By the close of 2022, financial institutions held approximately USD 190 billion in loans for farming and ranching.

Several companies making farm equipment, like John Deere and CLAAS, introduced special financial plans for retailers and rental services. In March 2021, John Deere started offering rewards to dealers who sold their new equipment. In 2021, CLAAS set up a program for orders in 2022. They gave rewards to deal with supply chain issues. They also have deals where they give incentives before the equipment is even available, like low-interest loans and discounts if you order early. In 2022, Kubota

Finance launched a new program called “Kubota Capital for Farmers” that provides farmers with access to financing for a wider range of agricultural equipment, including equipment rentals and customized financing solutions. In 2021, Sonalika Tractors launched the 'Sonalika Agro Solutions app, connecting farmers with high-tech machinery for rent. This app streamlines farming operations, offers job opportunities for operators, and allows farmers to earn extra income by renting out their equipment. Thus, these incentive schemes and services for purchasing farm equipment from the OEMs would increase farm equipment sales during the forecast period.

'The tractor segment holds the largest farm equipment rental market share.'

Tractors are used for various tasks, such as tilling, planting, harvesting, and transporting. High HP Tractors are expensive to purchase, and tractors are considered capital-intensive investments in some parts of the world. Hence, renting them becomes a more affordable option if they are required only for a short time. Additionally, renting a tractor also offers benefits such as cost savings (purchase and maintenance cost), flexibility (using the tractor for various tasks, such as land preparation, planting, and harvesting), access to newer technology, and reduced risk of financial losses. In Asia Oceania, most small and medium farmers opt to rent tractors with high power output, such as 71-130 HP, for farming operations through key players such as John Deere, AGCO Corporation, Kubota Corporation, Mahindra & Mahindra, TAFE, etc. As per the government tariff, in India, the tractor can be rented at ?400 (USD 5) per hour; the ground leveller at ? 970 (USD 12) per hour; coconut picking machine at ?650 (USD 8) per hour and earth mover at ?760 (USD 10) per hour. For instance, in the US, John Deere tractors are available at a rate of USD 1630 per week, a backhoe at a rate of USD 1750 per week, and a loader at USD 1575 – USD 2750 per week. TAFE also provides J-farm services for renting high-power output tractors through the farmer-to-farmer model, which negotiates the rental price and thus fulfils their respective requirements. Tractors are a key part of precision farming, and the growing popularity of this practice drives the demand for tractors in the rental market.

“The harvesting and threshing segment is estimated to be the fastest growing in the farm implement market.”

As global populations grow, there is a growing demand for increased agricultural productivity. Harvesting and threshing machinery can help farmers meet this demand by enabling them to accomplish larger-scale operations more efficiently. The readjustment and realignment of farmlands drive the need for these implements in emerging countries. As harvesting & threshing require a large workforce, harvesting implements can reduce labor dependency and increase output. They also help produce higher capacity than manual harvesting and are less dependent on field size, leading to increased adoption of these implements. Many regions are facing labor shortages in the agricultural sector. Harvesting and threshing machinery can help mitigate these shortages by automating tasks that would otherwise require manual labor. Amidst labor scarcities in various regions, these machinery solutions prove valuable, automating tasks that would otherwise necessitate substantial manual labor. Recognizing the time-sensitive nature of harvesting, innovative machinery enables farmers to execute these crucial tasks within optimal timeframes, mitigating potential yield losses due to delays.

“Europe is projected to be the second-largest regional market.”

The farm equipment market in Europe is fragmented, with many small and medium-sized players. However, the market is dominated by a few large multinational companies, such as John Deere, CNH Industrial, and AGCO. These companies are investing heavily in research and development to develop innovative technologies and improve the efficiency and productivity of their products. For instance, John Deere invested USD 1,912 Million in R&D. Companies are also expanding their global reach to capture new markets by developing and transforming the facility centers. For instance, AGCO Corporation announced its plan to change its Jackson, MN, customer facility into the home of its Fendt brand in North America. European governments are providing financial support to farmers to adopt new technologies and improve their productivity. This is helping to drive the demand for farm equipment. France, the leading agricultural producer in the European Union, accounts for more than 20% of Europe’s agricultural output and more than one-third of its production of oilseeds, cereals, and wine. The country is also a major exporter of agricultural products, with about one-eighth of its visible exports related to agriculture. Spanish agriculture also contributes significantly to the economy, comprising 2.9% of total GVA. According to the European Agricultural Machinery Association (CEMA), in Spain, tractor registrations increased by 10.0% in 2021, reaching 10,905 units, but slightly trailing the previous 5-year average by 1.2%. In addition, there is a growing demand for autonomous tractors in Germany and Italy. Autonomous tractors are cost-efficient, low-noise, and have minimal emissions, leading to the adoption of tractors.

In-depth interviews were conducted with CEOs, marketing directors, other innovation and strategy directors, and executives from various key organizations operating in this market.

By Company Type: Farm equipment OEM – 80% Service Providers- 20%

By Designation: C Level - 30%, Directors- 50%, and Others – 20%

By Region: Asia Oceania - 40%, Europe - 30%, North America –5%, and RoW-25%

The key players in the farm equipment market are John Deere (US), AGCO Corporation (US), CNH Industrial (Netherlands), Kubota Corporation (Japan), and CLAAS KGAA (Germany). Major companies’ key strategies to maintain their position in the global farm equipment market are strong global networking, mergers and acquisitions, partnerships, and technological advancement.

Research Coverage

The study segments the farm equipment market and forecasts the market size based on power output ($$$30 HP, 31–70 HP, 71–130 HP, 131–250 HP, and $$$$250 HP), drive type (two-wheel drive and four-wheel drive), farm equipment market, by equipment type (cereal combines, non-cereal combines, balers, tractor-mounted sprayers, and self-propelled sprayers), farm implements, by function (plowing & cultivating, harvesting & threshing, sowing & planting, plant protection & fertilizing, and others), farm equipment rental, by equipment type (tractors, combines, sprayers, balers, and others), farm tractor rental market by power output $$$30 HP, 31–70 HP, 71–130 HP, 131–250 HP, and $$$$250 HP), electric tractor market (Battery electric, Hybrid electric), electric tractor market (Light-duty, Medium-duty, Heavy-duty), and region (Asia Oceania, North America, Europe, and the Rest of the World [RoW]).

The study also includes an in-depth competitive analysis of the major farm equipment manufacturers in the market, their company profiles, key observations related to product and business offerings, recent developments, and key market strategies.

Key Benefits of Buying the Report:

The report will help the market leaders/new entrants with information on the closest approximations of the revenue numbers for the overall farm equipment and the sub-segments. This report will help stakeholders understand the competitive landscape and gain more insights to position their businesses better and plan suitable go-to-market strategies. The report also helps stakeholders understand the market pulse and provides information on key market drivers, restraints, challenges, and opportunities.

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The report provides insights on the following pointers:

Analysis of key drivers (Government support with farm loan waivers/credit finance, OEM/sales incentives to support dealer services and rental operations, contract farming, increase in farm mechanization), restraints (Growth of rental market, High equipment cost in emerging economies), opportunities (Growing adoption of Precision agriculture, Increasing R&D and adoption of electric tractors), and challenges (Rapidly changing emission norms and mandates) influencing the growth of the farm equipment market.

Product Development/Innovation: Detailed insights on new products such as new compact tractors developed by CLAAS KGAA. in July 2023 and new See & Spray Premium Performance Upgrade Kit for its self-propelled sprayers launched by John Deere in July 2023.

Market Development: Increase in farm mechanization, rising government subsidies, and stringent emission norms are driving the market – the report analyses the farm equipment market across varied regions.

Market Diversification: Exhaustive information about new products & services, untapped geographies, recent developments, and investments in the farm equipment market.

Competitive Assessment: In-depth assessment of market shares, growth strategies, and service offerings of leading players like John Deere (US), AGCO Corporation (US), CNH Industrial (Netherlands), Kubota Corporation (Japan), Mahindra & Mahindra (India), and CLAAS KGAA (Germany) among others in the farm equipment market.

The report also helps stakeholders understand the pulse of the farm equipment market by providing information on recent trends and technologies.

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