

Delivery Drones - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

<https://marketpublishers.com/r/DF0E50A3FE55EN.html>

Date: July 2024

Pages: 110

Price: US\$ 4,750.00 (Single User License)

ID: DF0E50A3FE55EN

Abstracts

The Delivery Drones Market size is estimated at USD 0.69 billion in 2024, and is expected to reach USD 1.75 billion by 2029, growing at a CAGR of 20.33% during the forecast period (2024-2029).

With the increased demand for drone delivery services globally, various countries are implementing favorable policies to support the operation of drones in their airspace, which is expected to accelerate the growth in procurements of drones to offer new delivery routes for remote areas during the forecast period. Furthermore, various companies, such as Google LLC, Amazon.com Inc., and Deutsche Post DHL Group, have been investing in developing and deploying their fleet of delivery drones. Various companies entered the market over the years, performed their first flights, and received approvals from bodies regarding the usage of delivery drones.

On the other hand, strict airspace regulations across major countries of the world, including certifications, manufacturing standards, and complex licensing procedures, hinder market growth. Also, drone OEMs faced challenges in imports/ exports of UAVs and their components worldwide due to strict regulations. However, increased investments toward the development and integration of beyond visual range of sight (BVLOS) capabilities to drones will allow companies to cover far greater distances, which is anticipated to open a new scope of opportunities for the market.

Drone Delivery Market Trends

Retail and Logistics Segment Dominates the Market During the Forecast Period

The retail and logistics segment dominates the market, and it is expected to continue its

dominance during the forecast period due to the increased demand for drones to deliver parcels and packages from retailers, e-commerce providers, last-mile delivery companies, shore-to-ship drone operations, and postal companies.

Despite stringent FAA regulations, there are several companies testing drone delivery systems in the US. For instance, in 2023, Amazon tested drones under its Prime Air brand (86% of its packages weigh less than five pounds). Amazon has a network of more than 75 fulfillment centers throughout the US. The company plans to provide drone deliveries to customers located within a 10-mile radius of these centers. Also, UPS is testing drones that can be launched from a traditional delivery vehicle, allowing drivers to deliver more packages and save on fuel costs.

Furthermore, the companies working in unmanned systems have emphasized research and development and product innovation. For instance, in May 2023, Asio Technologies (Israel) completed several demonstrations of its NavGuard optical navigation system to strategic customers in the US. The demonstrations, conducted in response to civil customer requests, involved a rotary-wing unmanned aerial vehicle (UAV) performing aerial navigation activities as well as automatic point-to-point deliveries of packages over urban and rural areas without relying on GNSS signals. The necessity to respond to changes in the logistics industry has become more urgent than ever before, and the use of drones may help realize automatic, contactless delivery services on remote islands, mountainous areas, and even within cities. This is strengthening the demand for the segment during the forecast period.

Asia-Pacific Expected to Witness the Highest Growth During the Forecast Period

The changing regulations in the major countries across the region and growing support for commercial drone operations are propelling the growth of drone delivery operations. China is the largest market for delivery drones due to increased drone delivery operations from major e-commerce companies like JD.com and Alibaba Group. The government of China, through the State Post Bureau of the People's Republic of China, issued a new Specification for Express Delivery Service by Unmanned Aircraft (Standard), which came into effect in January 2021. The Standard was developed by EHang, JD.com, and ZTO Express to improve the last-mile delivery service and promote the development of intelligent aerial logistics in the urban air mobility (UAM) industry.

Many countries in the region have launched projects related to drone delivery services. For instance, in October 2023, Skyports Drone Services partnered with RigiTech to launch a new project in Yeosu City, South Korea. The project aimed to deliver pharmaceuticals and foodstuffs between islands using drones. It was supported by the Korean Ministry of Land, Infrastructure, and Transport, the Korea Institute of Aviation Safety Technology, and the Yeosu City government.

Similarly, the Indian government is working on developing drone corridors to promote cargo delivery services. Thus, growing investment in promoting drone deliveries and the rising development of advanced delivery drones from OEMs boost the growth of the market across the region.

Drone Delivery Industry Overview

The market of delivery drones is highly fragmented, with many new players entering the market. The prominent players in the aircraft delivery drones market are SZ DJI Technology Co. Ltd, Zipline International Inc., Deutsche Post AG (DHL Group), United Parcel Service, Inc., and Amazon.com Inc. Major e-commerce companies and local postal authorities, in collaboration with local governments, are launching drone delivery services to minimize the efforts to deliver packages and parcels to remote islands, mountainous areas, and cities. The advent of players from the logistics, healthcare, and food delivery sectors into the drone market led to increased competition for delivery drone manufacturers. To further increase their share in the market, the companies are investing in increasing their fleet of drones and beginning their operations with new regulatory approvals. The market is expected to become more competitive during the forecast period, as many companies from various sectors are eyeing the potential benefits of drone delivery and planning to use the huge opportunities in the market.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

Contents

1 INTRODUCTION

- 1.1 Study Assumptions
- 1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET DYNAMICS

- 4.1 Market Overview
- 4.2 Market Drivers
- 4.3 Market Restraints
- 4.4 Porter's Five Forces Analysis
 - 4.4.1 Bargaining Power of Suppliers
 - 4.4.2 Bargaining Power of Buyers/Consumers
 - 4.4.3 Threat of New Entrants
 - 4.4.4 Threat of Substitute Products
 - 4.4.5 Intensity of Competitive Rivalry

5 MARKET SEGMENTATION

- 5.1 Type
 - 5.1.1 Rotary-wing
 - 5.1.2 Fixed-wing
- 5.2 Capacity
 - 5.2.1 Less than 10kg
 - 5.2.2 Greater than 10kg
- 5.3 End-User
 - 5.3.1 Food
 - 5.3.2 Healthcare
 - 5.3.3 Retail and Logistics
- 5.4 Geography
 - 5.4.1 North America
 - 5.4.2 Europe
 - 5.4.3 Asia-Pacific

5.4.4 Rest of the World

6 COMPETITIVE LANDSCAPE

6.1 Vendor Market Share

6.2 Company Profiles

6.2.1 Airbus SE

6.2.2 Amazon.com, Inc.

6.2.3 EHang Holdings Limited

6.2.4 SZ DJI Technology Co., Ltd

6.2.5 United Parcel Service, Inc.

6.2.6 Wingcopter GmbH

6.2.7 Alphabet Inc.

6.2.8 Zipline International Inc.

6.2.9 TechEagle.

6.2.10 FedEx Corporation

6.2.11 Drone Delivery Canada Corp.

6.2.12 Deutsche Post AG (DHL Group)

6.2.13 Flytrex Inc.

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

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