

Drones

US Industry Study with Forecasts for 2020 & 2025

Study #3408 | June 2016 | \$5300



Considered in the past as a military weapon, drones are now entering every part of society. Sales of drones to businesses and consumers will more than triple to become a \$2 billion market by 2020. Better performing and affordable drones will make their way into our airspace within the next several years.

Sales of drones: dollars vs. units

There are currently two major markets for drones with very different growth prospects: the military market, which accounts for the vast majority of demand in dollar terms, and the consumer market, which accounts for over 99 percent of all units sold. US Department of Defense spending for drones is forecast to climb at a moderate pace through 2020 due to tight budgets and a shift in focus to smaller, less expensive vehicles. Consumer and commercial applications, on the other hand, are in the early stages of development. Over the next decade, civilian uses are expected to grow at robust rates similar to those posted by smartphones following the introduction of the iPhone in 2007. However, the military will continue to be a key developer of drone technology.

With so many possible uses for drones, there is a wide spectrum of those that want to use them or sell them:

- Consumers (photography, toys)
- Military & law enforcement
- Software companies
- Utilities (electric, water, natural gas)
- Retailers (Amazon, Best Buy, Toys R Us, Wal-Mart)
- 3D printer & printer supply manufacturers
- Government agencies
- Insurance companies (State Farm, Allstate)
- Energy suppliers (Exxon Mobil, Shell)
- Farmers

Study coverage

This study analyzes the US drone market. It presents historical demand data (2005, 2010, 2015) plus forecasts (2020, 2025) by product type, drone type and market. The study also assesses market environment factors, analyzes the industry structure, evaluates company market share and profiles US industry players such as Boeing, AeroVironment, Northrup Grumman, General Atomics, SZDJI Technologies and Textron.

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 - Other
 - Hybrid & All Other

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Demand by Application -- Military demand for drones can be segmented into three major applications: weapon delivery, ISR, and targets and other (including aerial refueling, cargo delivery, and delivery of supplies). The largest share of the spending is accounted for by weapon delivery systems (61 percent of the 2015 military market total), followed by ISR (32 percent), and targets and other UAVs (7 percent).

Weapon Delivery: Sales of weapon delivery drones are forecast to grow after a decline in 2015. Product demand will be driven by the growing use of lower cost weapon delivery drones. One example is the UVision Air's HERO 30 backpack carried, canister-launched UAV with an explosive warhead that can be flown into targets, a product that is being modified for US military requirements by Raytheon. Unlike the SWITCHBLADE micro missile system currently used by the Army, Marine Corps, and Special Operations, the HERO 30 can be recalled and reused if an attack is aborted. In addition, one current initiative of the Pentagon is the Avatar or "Loyal Wingman" program, whose goal is to pair up manned, fifth-generation stealth fighters with unmanned versions of older fighter jets such as the F-16, which would fly ahead, locate, and attack targets without exposing a pilot to potential harm. If implemented, this program would allow the DoD to expand its weapon delivery drone fleet in a cost effective way, further dampening total sales gains in value.

However, market advances in dollar terms will be restrained by the growing use of lower cost weapon delivery drones. One example is the UVision Air's HERO 30 backpack carried, canister-launched UAV with an explosive warhead that can be flown into targets, a product that is being modified for US military requirements by Raytheon. Unlike the SWITCHBLADE micro missile system currently used by the Army, Marine Corps, and Special Operations, the HERO 30 can be recalled and reused if an attack is aborted. In addition, one current initiative of the Pentagon is the Avatar or "Loyal Wingman" program, whose goal is to pair up manned, fifth-generation stealth fighters with unmanned versions of older fighter jets such as the F-16, which would fly ahead, locate, and attack targets without exposing a pilot to potential harm. If implemented, this program would allow the DoD to expand its weapon delivery drone fleet in a cost effective way, further dampening total sales gains in value.

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TABLE V-2

GOVERNMENT DRONE DEMAND & DRONES IN USE (million dollars)

Item	2005	2010	2015	2020	2025
Government Investment in Equipment (bil \$) \$ drones/000\$ govt equip investment					
Government Drone Demand					
Military					
Other Government					
Federal					
State & Local					
000\$/unit					
Government Drone Demand (units)					
Military					
Other Government					
demand/000 drones in use					
Government Drones in Use (units)					
Military					
Other Government					

Source: The Freedonia Group

TABLE V-9

CONSUMER DRONE DEMAND & DRONES IN USE

Item	2005	2010	2015	2020	2025
Resident Population (millions) \$ drones/capita					
Consumer Drone Demand (mil \$)					
Personal Photography					
Toys					
First-Person View & Racing					
Hobbyist & Other					
\$/unit					
Consumer Drone Demand (000 units)					
demand/000 drones in use					
Consumer Drones in Use (000 units)					

Source: The Freedonia Group

This study can help you:

- Determine your market & sales potential
- Learn more about industry competitors
- Assess new products & technologies
- Identify firms to merge with or acquire
- Complement your research & planning
- Gather data for presentations
- Confirm your own internal data
- Make better business decisions

Related Studies

World Magnets

Global demand for permanent magnets is forecast to climb 7.3 percent annually through 2019 to \$16.2 billion. The Asia/Pacific market will remain dominant and grow the fastest. Neodymium magnets will lead gains. This study analyzes the \$11.4 billion world magnet industry, with forecasts for 2019 and 2024 by product and market for six world regions and 19 major countries. Total demand is given for an additional 4 countries. The study also considers market environment factors, details industry structure, evaluates company market share and profiles industry players. #3328..... October 2015 \$6300

World Gears

Worldwide demand for gears will grow 6.0 percent per annum through 2019 to \$221 billion. Gear demand will expand the fastest in China and other industrializing nations, where the production of motor vehicles, motorcycles, and other durable goods will be the strongest. More use of higher tech gears will boost value gains. This study analyzes the \$165 billion world gear industry, with forecasts for 2019 and 2024 by product and market for six world regions and 19 major countries. The study also evaluates company market share and profiles industry participants. #3320..... October 2015 \$6300

World Battery Materials

Global demand for battery materials will rise 8.3 percent annually to \$46.8 billion in 2019. Chemicals will be the fastest growing materials, led by lithium and nickel used in Li-Ion and Ni-MH batteries. China will remain the fastest growing market. This study analyzes the \$31.4 billion world market for battery materials, with forecasts for 2019 and 2024 by product and application for six world regions and 16 major countries. Total demand is given for an additional six countries. The study also evaluates company market share and profiles industry participants. #3350..... December 2015 \$6200

World Batteries

Global battery demand is forecast to rise 7.8 percent per year to \$120 billion in 2019. China will remain the largest national market as well as one of the fastest growing. Secondary batteries will outpace primary types. Rechargeable lithium-ion batteries will be the fastest growing products. This study analyzes the \$83 billion world battery industry, with forecasts for 2019 and 2024 by type and market for six world regions and 16 countries. The study also reviews battery technology, evaluates company market share and profiles industry participants. #3309..... July 2015 \$6700

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Freedonia's methods

- Establishing consistent economic & market forecasts
- Using input/output ratios, flow charts & other economic methods to quantify data
- Employing in-house analysts who meet stringent quality standards
- Interviewing key industry participants, experts & end users
- Researching a proprietary database that includes trade publications, government reports & corporate literature

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