

Drone Delivery Services Market By Capacity (upto 5 lbs, 6-10 lbs and above 10 lbs), By Customer Type (Retail and Commercial), By End-use industry (Healthcare, Retail, Food and Logistics), and Region - Global Market Insights 2023-2033

Analysis of Drone Delivery Services Market Covering 30+ Countries Including Analysis of US, Canada, UK, Germany, France, Nordics, GCC countries, Japan, Korea and many more

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## Drone Delivery Service Market Outlook (2023-2033)

The global drone delivery service market has reached a valuation of **US\$ 359.6 million** in 2023 and is expected to climb to **US\$ 3,090.5 million** by 2033, expanding at a healthy **CAGR of 24.0%** during the forecast period of 2023 to 2033.

Drone delivery services account for **5%** of the total drone service market with a valuation of **US\$ 5.8 billion** in 2022.

Report Attributes	Details
Market Size (2022A)	US\$ 290.0 Million
Estimated Market Value (2023E)	US\$ 359.6 Million
Forecasted Market Value (2033F)	US\$ 3,090.5 Million
Global Market Growth Rate (2023-2033)	~24.0% CAGR
North America Market Share (2022)	~43.0%
East Asia Market Growth Rate (2023-2033)	~25.0% CAGR
United States Market Growth Rate (2023-2033)	~24.4% CAGR

- Premium Report Details -



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### Know thy Competitors

Competitive landscape highlights only certain players

Complete list available upon request

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## Cost effectiveness of drones over traditional delivery method

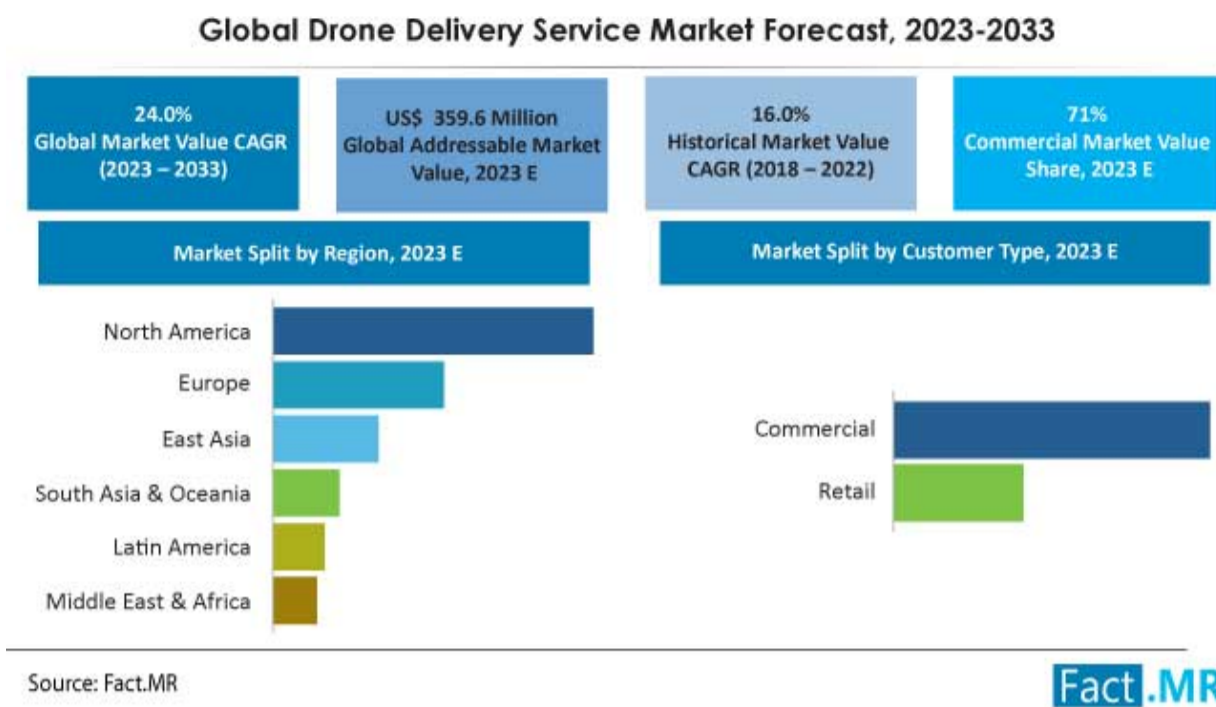
Drones are a cost-effective way to provide delivery services compare to traditional methods such as grounded vehicles. The delivery services are highly restricted by infrastructure breakdown and traffic congestion. This factor also results in a slowdown of businesses dependent on the delivery of goods like food & beverage, e-commerce, healthcare, and others. Owing to this factor, drone delivery services are gaining demand from various industry verticals in order to avoid losses occurring due to the slowdown of the delivery process.

Companies dealing in goods delivery and logistics highly benefited from drone delivery services and find drones as a cost-effective option to deliver products. It reduces labor costs, the high cost of purchasing a vehicle, and maintenance costs and eliminates excessive costs incurred on fuel required in vehicle delivery. The logistic companies are expected to save up to **50-70%** of the cost with the drone utility compare to vans. Owing to these factors, the market is projected to rise at a significant pace in the forthcoming period.

- **Short Term (2023 Q1-2026):** COVID-19 pandemic has increased the demand for contactless delivery services through maintaining social distancing. The market has seen a substantial rise in utility from the food & medical sector in short term.
- **Medium Term (2026-2029):** In the Medium-term, favourable initiatives by market players regarding the introduction of drones for commercial purpose and government approvals for the utility of drones

various private & public organizations in occupying drone delivery services will be major factors attributing to the demand for drone delivery services in the forecast period.

North America accounts for leading share of **43.0%** in the global drone delivery services market, followed by Europe and East Asia.



The image depicts the expected total addressable market value of US\$ 359.6 Million in 2023. Also, under the customer type segment, commercial holds about **71.0%** of share in the global drone delivery services market.

## Key factors escalating the demand for drone delivery services

### “Blend of advanced technology in drones”

The integration of advanced technologies like vertical take-off and landing (VTOL) systems, Internet of Things (IoT), machine learning, geospatial mapping, and others are major factors stimulating the demand for drones for delivery services.

Integration with these technologies provides quicker, instant, more efficient, and more accurate delivery to the customer. End-use industries like e-commerce, healthcare, food, and others highly benefited from these advanced technologies where orders have directly reached the customer avoiding the government from specific locations.

With GPS technology, drones offer accurate delivery of parcels minimizing the risk of any loss or wrong delivery. Additionally, these drones are managed through IoT devices where they can be controlled from distance and perform delivery accurately. Owing to these factors, demand for drones is expected to rise for delivery services significantly.

### “Increasing e-commerce industry worldwide”

The substantial growth in the e-commerce industry worldwide is escalating the demand for drone delivery services worldwide. Drone delivery plays an essential role in the e-commerce industry and works for the betterment of both the customer and the company. E-commerce and Logistics Companies could save shipping costs which successively helps in the reduction of the cost burden on consumers. It will be a prominent option for e-commerce companies in developing a huge consumer base and encouraging repeat purchasing.

- In September 2022, the leading e-commerce industry Jumia introduced commercial drone delivery services in Ghana, Africa. The company has confirmed that drone delivery services will be available nationwide in West Africa and the company has made about 100 drones for the same purpose.

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### Factors challenging the drone delivery services

#### ***“Stringent regulations regarding utility of drones for delivery services”***

Safety concerns associated with drones are creating challenges for government authorities to permit the complete deployment of drones in different industry verticals. As it is a new technology, the government lacked data on drone safety records and it is expected to involve some high-profile accidents.

Government authority like Federal Aviation Administration (FAA) has passed strict regulation regarding operation over populated areas or far away of sight without an FAA waiver. For delivery purposes, the government framed strict regulations for companies regarding the use of drones. Companies are required to have FAA airworthiness certificates and allowed only small drones to be operated at night. Due to various risks associated with drones, the government has framed strict regulations on their utility which is a major factor challenging the growth of the market.

### Country-wise Insights

#### **United States to secure largest revenue share in global market for drone delivery services**

The United States drone delivery services market is highly fragmented with the rising development of the e-commerce industry and the surging utility of commercial drones for delivery services. As per the Census Bureau of the Department of Commerce United States, retail e-commerce sales in the United States have grown by **2.7%** in the second quarter of 2022 from the first quarter of 2022.

With a substantial rise in the e-commerce industry in the region, the demand for drone delivery services is expected to gain popularity. Multinational companies like Zipline, Amazon, Boeing, and others are observed in the region offering instant delivery services with the help of drones for retailers and e-commerce companies.

In the United States, 865,505 drones have been registered in total till May 2022, of which 314,689 **commercial drones** were registered with the Federal Aviation Administration (FAA). Despite the strict regulation on certification and utility of drones in the region in a populated area, currently, the FAA has allowed the utility of small commercial drones utility in night for the delivery purpose which has paved the way towards the expansion of delivery drone services in the forthcoming period.

#### **Chinese drone delivery service market to grow with highest CAGR**

China's drone delivery services market is expected to rise with the highest **CAGR of 25.7%** during the forecast period. The country is expected to see huge potential in the utility of drones for delivery services in the medical and food industry. Post-COVID, the demand for drones for the delivery of food, medicine, and other products is subsequently increased to provide contactless delivery services.

In June 2022, **EHang** leading drone manufacturer in China, and Yonghui, a supermarket company partnered to offer China's first flagship store with drone delivery service. Also, China's leading food delivery service providers have shown interest in the utility of drone delivery services to provide an ordered meal to the people. Owing to these initiatives, drone delivery services are projected to see substantial demand from the end-use industry.

these issues to offer product deliveries in distant rural areas with drones.

## Category-wise Insights

### Logistic sector attributes leading share in drone delivery services demand

The substantial spike in online shopping trends worldwide is a major factor attributing to the demand for drone delivery services from the logistics sector. Drones have enhanced the consumer experience by making instant or same-day delivery possible for the logistics company. The integration of advanced technology like a GPS, vertical take-off and landing (VTOL) system, machine learning, and others has enhanced the accuracy of product delivery for logistic organizations.

Drones are also observed as a cost-effective solution for logistic companies where the excessive cost incurred on fuel and maintenance of vehicles from traditional methods of delivery is being eliminated.

Additionally, the impact of COVID-19 in various economies has resulted in the utility of drone delivery services by Logistics Companies. Industries like food & healthcare have substantially enhanced the utility of drones to maintain social distancing and offer contactless deliveries. Owing to these factors, the market has gained significant demand from the logistics sector.

### Drone delivery services to have higher utility in commercial sector

In segment by customer type, the commercial is expected to hold a leading share of **71.0%** in the global drone delivery services market. Drones with advanced features like easy connectivity with IoT, GPS systems, and rotors, deliver advent of accuracy to commercial customers, which is one of the major factors that leverage the segment's growth.

Drones delivery service providers have simplified the supply chain & distribution channels for commercial customers. Industries like healthcare, logistics, and others are benefited from these services by cutting down excessive time and cost incurred on various operational activities on the business by using drones for delivery purposes. It offers efficient, environment-friendly, and safer services in the commercial sector over traditional forms of deliveries.

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## Competitive Landscape

Key market players in drone delivery service market are Aergility, Aerialoop, Aerit, Antwork, Aviant, Dove Air, Droneup, F-Drones, Flying Basket, Flytrex, Jedsy, Manna, Matternet, Mission Go, Rakuten Drone, SkyDrop, Speed Bird, Spright, Volansi and Zipline

The drone delivery service market has huge potential to grow in the forthcoming period with substantial demand in various industry verticals. Numerous new market players have been introduced in the market in the last few years who are taking strategic initiatives towards market development and enhancing customer experience. Established market players are acquiring new market players to strengthen their resources and customer base subsequently. For instance:

- In September 2022, **Valqari** leading logistic service provider has announced that it has acquired **IDU Group** to establish the next generation of drone infrastructure from windows to the rooftop of building for various high-growth industries. The acquisition is focused on enhancing company's operational ability to meet the increasing demand for drone infrastructure solutions.



delivery to people by reducing roadway congestion.

Fact.MR has provided detailed information about the provider of drone delivery service market positioned across regions, revenue growth, and service offering expansion, in the recently published report.

## Segmentation of the Drone Delivery Service Market

- **B Capacity :**
  - Upto 5 lbs
  - 6-10 lbs
  - Above 10 lbs
- **By Customer Type :**
  - Retail
  - Commercial
- **By End-use Industry :**
  - Healthcare
  - Retail
  - Food
  - Logistics
- **By Region :**
  - North America
  - Latin America
  - Europe
  - East Asia
  - South Asia & Oceania
  - Middle East & Africa

## - FAQs -

**How did the drone delivery service market performed in the drone delivery service market?**

During the historic period (2018-2022), the market CAGR was about 16.0%.

**What is the growth rate of Europe in the global drone delivery service market?**

Europe to rise with a CAGR of 24.5% during the forecast period.

**What valuation is the drone delivery service market expected to reach by 2033?**

The global drone delivery service market is projected to reach a valuation of US\$ 3,090.5 Million by the end of 2033.

**Which end-user industry holds the largest share in the market?**

Retail accounts for leading share of 24.0% in the global drone delivery service market

**Which region accounts for leading share in global drone delivery service market?**

North America is expected to hold leading share of about 43.0% in the global drone delivery service market.

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