

Logistics Applications Offer the Largest Opportunity for Growth for Position Sensors, According to VDC

Sensor demand stemming from consumer packaged goods manufacturing, supply chain management, and smart warehousing will drive the next level of innovation and automation.

“The logistics and transportation industry represents the largest current opportunity for sensor suppliers. At about 9% of domestic GDP (1.4T USD), no other industry offers as much potential upside for automation as logistics.”

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The logistics and transportation industry will demand more position sensors than any other vertical market through 2018, according to a new report from VDC Research. (Click [here](#) for more information.) As manufacturing of consumer packaged goods and the associated inventory management processes becomes more automated, the demand for position sensors will increase markedly. Suppliers offering solutions for logistics applications will capture the most revenue as the growth is substantial, predictable, and stable compared to other industries.

“We see logistics as having the most exciting opportunity for sensor growth over the next few years,” says Frank Bertini, lead analyst in VDC’s Industrial Automation & Sensors practice. “Companies are keying in on logistics and distribution as a key competitive advantage going forward.”

Bertini also states that discrete manufacturing from consumer staples firms benefit from automation both inside the factory as well as down the supply chain. “What you are seeing in this sector is companies benefiting on both sides of the coin. For years, automating the manufacturing line was the focus; now companies are keying in on the transportation, distribution, and supply chain management side of things,” says Bertini. The increased demand and use of sensors is reflected in the bottom line of many consumer products companies including PEP, JNJ, KRFT, PG, and CLX.

As part of its research, VDC surveyed and interviewed end users as well as suppliers to build a confident understanding of what is happening within the marketplace. “Companies are starting to look at automated forklifts and similar systems to solve their inventory management challenges,” says Bertini. “The percentage of fully automated warehouses is still small considering the size of the market. Take forklifts, for example; about 1 million machines are sold worldwide every year. Less than 5% of them are automated right now, this is just a microcosm of the potential for increased automation within the logistics space.” While this trend favors the larger sensor supplier conglomerates like Banner, IFM, Keyence, P&F, SICK, and Turck, smaller companies can work with their distributors and partners to develop cross-product line solutions as well.

About VDC Research Group

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