

## 7,300 automated micro-fulfillment centers to be installed by 2030

- **Short-term growth driven by traditional grocery chains offering same-day deliveries**
- **Takeoff Technologies accounts for 23% of current installed base**
- **Rapid delivery companies such as Getir, Delivery Hero, and GoPuff forecast to drive growth in the long-term**

**London, 6<sup>th</sup> April 2022** – New research from Interact Analysis shows that just under 7,300 automated micro-fulfillment centers (MFCs) will be installed by the end of 2030, up from just 86 at the end of 2021. With growth in the short-run mainly driven by demand for same-day grocery delivery.

In the near future, much of the growth in the automated MFC market will come from the large incumbent grocery retailers, such as Walmart and Tesco, as they strive to offer same-day delivery services. Conversely, demand from non-grocery retailers is far smaller due to a slower uptake of same-day deliveries. The research defines automated MFCs as fulfillment centers smaller than 50,000 ft<sup>2</sup>, or as automation installed in the back of a store. And it splits potential customers into two categories: *grocery* (where more than 50% of revenues is from grocery), and *non-grocery* retailers.

Additionally, the rapid-delivery companies have so far been slow in deploying automated MFCs. That's because they've been focusing more on network expansion and customer acquisition rather than driving operational efficiency through automation. However, the rapid delivery market will likely undergo a period of consolidation in the coming years which will lead to a strong focus on profitability per delivery site – and investment in automation.

Of the total installed base of 86 automated MFCs at the end of 2021, Takeoff Technologies accounted for 23%. It was one of the first companies to offer automated MFC solutions, allowing it to gain a substantial market share. Following closely behind, Swisslog accounted for 21% of installed projects by the end of 2021. Swisslog is now working with HEB and others to install Autostore systems in MFCs across the US. Meanwhile, Dematic accounted for only 14%. However, this is likely to increase significantly as a result of their collaborations with Walmart and Tesco.

Rueben Scriven, Senior Analyst at Interact Analysis, says: "There's no doubt that the growth in the automated MFC market has been slower than expected. This is partly driven by supply-chain constraints and permitting delays, although Instacart's white-label services are also calling into question the need for in-house fulfillment assets for some grocers. However, while incumbent grocers have been slower to adopt automated MFCs, the phenomenal growth of rapid delivery companies and the Q-commerce market has significantly increased the addressable market, driving future growth."

### **About the Report:**

The rise of online and omni-channel shopping is causing retailers to re-evaluate their distribution and fulfillment models. In-store picking is often inefficient, and the use of a centralized fulfillment model for rapid deliveries is proving to be unfeasible. Coupled with the growth of the rapid delivery market, the rise of micro-fulfillment centers (both store-based and stand-alone) are disrupting the status quo and changing the nature of fulfillment. Through extensive primary research interviews with leading retailers, MFC vendors, and software providers, this report provides an in-depth analysis of the micro-fulfillment center landscape, covering both automated and manual sites.

## **About Interact Analysis**

With over 200 years of combined experience, Interact Analysis is the market intelligence authority for global supply chain automation. Our research covers the entire automation value chain – from the technology used to automate factory production, through inventory storage and distribution channels, to the transportation of the finished goods. The world's leading companies trust us to surface robust insights and opportunities for technology-driven growth. To learn more, visit [www.InteractAnalysis.com](http://www.InteractAnalysis.com)