



2017 DRONE MARKET SECTOR REPORT PROSPECTUS

Opportunities and challenges in key market segments

Abstract

This comprehensive report pulls together our latest research on both the consumer and commercial markets to offer insight into the drone industry's overall direction. Published in September 2017, it includes the results from our survey on drone buyers, service providers, business users, and software services, plus insights into the verticals that use drone data.

Skylogic Research
Drone Analyst[®]

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We would like to thank our vendor sponsors for helping to underwrite the cost of this research.



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MEDIA PARTNERS

Thank you to our media partners who helped to promote this study.



EXECUTIVE SUMMARY

No one disagrees that drones—both consumer and professional—represent a new and emerging market. We believe, however, that there are major misconceptions in the drone industry as to how fast the market will grow, which sectors will grow, and which ones will lag.

Despite the large number of independent companies that provide market forecasts on the drone industry, we see a big gap between these forecasts and actual purchases, services, and business adoption. We believe the consumer and commercial drone market participants deserve better, so we created this study to explore the following questions:

- Who's buying what types of drones, from which makers, at what prices, and for what uses?
- How large are drone-based service providers, how are they positioning themselves, and what markets are they targeting?
- Who are the business users for drone-based projects, and which industries have traction?
- How much are service providers and businesses using software for drone-based projects—for flight management, mission planning, and image processing?

Data collected for this study comes from a survey we conducted over the web in July and August 2017, as well as interviews with business users in Q1 and Q2 of 2017. The study evaluates four distinct sectors of the market:

1. Drone Purchases
2. Service Providers
3. Business Users
4. Software Services

Our online survey garnered 2,666 respondents representing over 60 industries worldwide.

Our analysis yielded 10 key insights that summarize the current state of the four sectors, along with overall market growth and adoption of drone use by industry.

This 88-page report contains 40 figures, 9 tables, and an appendix listing the survey questions.

ABOUT THIS STUDY

BACKGROUND

We believe the #1 misconception in the drone industry is how fast it will grow, which sectors will grow, and which ones will lag.

No one disagrees that drones—both consumer and professional—represent a new and emerging market. Drone market forecasts abound. We currently track 71 independent companies that provide market forecasts, and each of them projects growth for the drone or unmanned aerial system (UAS) sector that is nothing short of phenomenal. Some of these, however, are questionable, because at the time they were written, there were no historical sales or reliable market survey data on which to create a proper forecast. We have written about this problem [here](#).

Our observations:

- We see a lack of objective information on drone industry market segments.
- We find there's an absence of credible market-based research.
- We see little understanding of the difference between large industry forecasts and actual business user adoption rates.

What we hear from industry insiders:

- Drone solution and service providers want to know the market share of their competitors.
- Software and service providers want to understand business implementation issues, and what they can do to help speed adoption.
- Investors want to know who the players are in the value chain, and where the opportunities lie.

We believe that consumer and commercial drone market participants deserve better information, so we created this study to explore:

- Who's buying what types of drones, from which makers, at what prices, and for what uses?
- How large are drone-based service providers, how are they positioning themselves, and what markets are they targeting?
- Who are the business users for drone-based projects, and which industries have traction?
- How much are service providers and businesses using software for drone-based projects—for flight management, mission planning, and image processing?

Our goal for the research study is to provide a foundational view of topics like:

- Critical industry drivers
- Vendor and service provider market share
- Business adoption trends and issues
- Market size for all drones, and growth projections by segment

This research builds on our highly successful [Drones in the Channel: 2016 Market Report](#), which was the first and only study to provide a view of drone manufacturer market share and drone usage trends. As the industry grows and evolves, we believe it's important to identify and understand who the major hardware and software brands are, and what opportunities provide the best chance of market success.

Simply put, this new study details the existing state of drone sales, service providers, business users, and software services, and analyzes the potential growth and challenges for each.

METHODOLOGY

Data collected for this study comes from a survey Skylogic Research conducted over the web in July and August 2017, as well as from interviews with business users in Q1 and Q2 of 2017. Survey participation was solicited via emails, website blog posts, website media articles, and online forum posts. Skylogic Research created the emails, blog posts, and forum posts, and, together with our [ten media partners](#), created article invitations and ads.

We described the survey objectives and incentives to respondents ahead of time:

This survey seeks to get your opinions about your experiences buying and using small unmanned aircraft systems, otherwise known as drones. Designed for those who have purchased drones, used drone software, offer drone services, or use drone services, the survey should require about 10 minutes of your time.

What's in it for you? Lots!

You will have an opportunity at the end of the survey to:

- *receive a free summary report of the research results, a \$95 value*
- *enter to win a free DJI Spark Mini Drone (a \$400 value) or one of two \$100 VISA gift cards*

You must be 13 years of age or older to qualify for the drawing.

This independent research is being underwritten by Airware, DroneDeploy, and Skylogic Research. Your individual answers are completely confidential; responses will be aggregated, analyzed, and summarized in research reports and publications.

The survey followed statistical research sample-size best practices, with the following results for a worst-case 50-percent answer for a population of 15 million or greater:

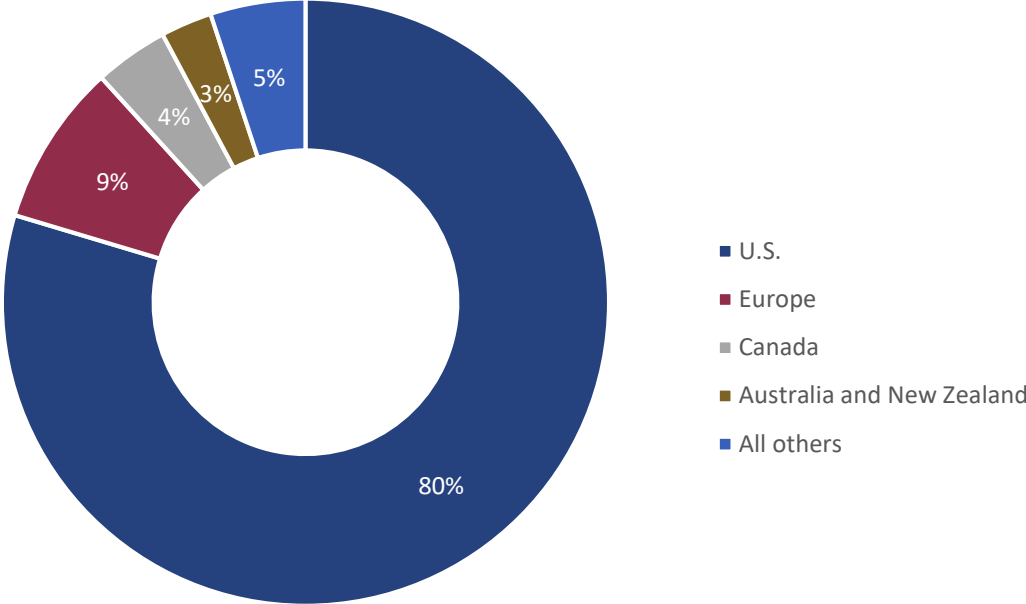
- Confidence level 99%
- Margin of error $\pm 2.5\%$

DEMOGRAPHICS

The following charts depict demographic and qualifying data for respondents who took our survey. This data is useful for understanding the target market for drone use. A total of 2,666 web users clicked through to the survey. Of those, 2,629 answered all the qualifying questions and completed the survey, yielding a 98.6% completion rate.

Figure 1 shows the qualified respondents by country of residence.

Figure 1 – Respondents by Country or Region



The data shows 80% of respondents were from the U.S. and 4% from Canada—so, on the surface, it looks like the data represents mostly the North American market. Our analysis of other regional markets shows this isn't too far off. For example, [this 2016 SESAR report](#) says the European market has an estimated 1–1.5 million consumer drones. They estimate commercial drones to be about 10,000 units, based on operator registrations numbering in the thousands in multiple European member states.

Another example is Australia. [A recent article](#) notes:

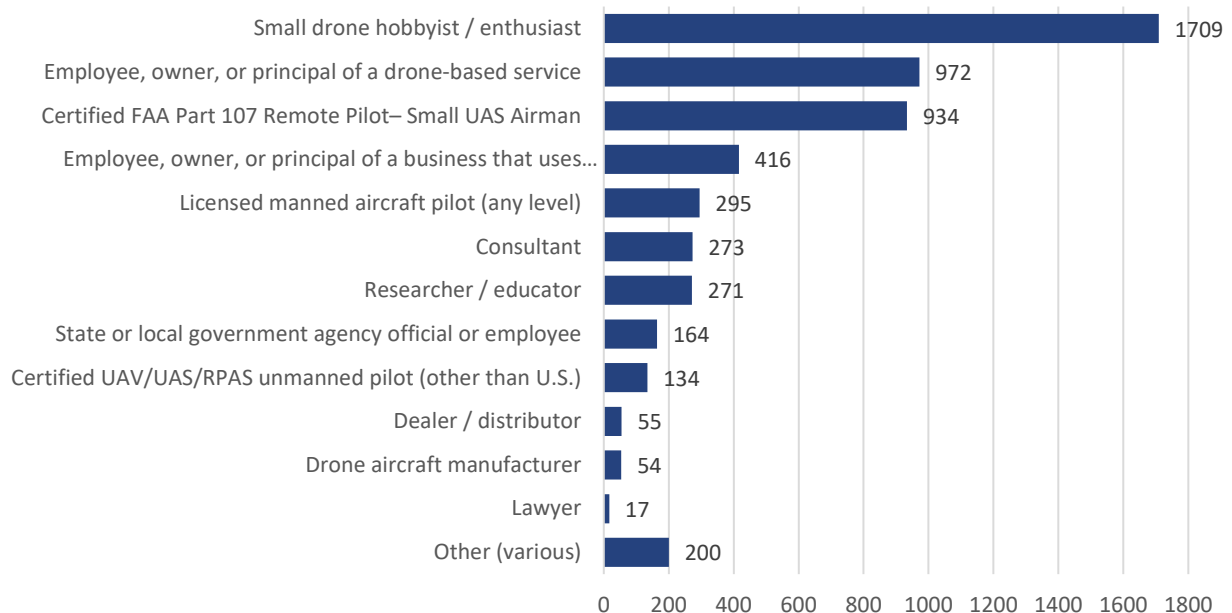
“As of 24 July 2017, there were 5,870 remotely piloted aircraft license (RePL) holders and 1,106 remotely piloted aircraft operator’s certificate (ReOC) holders in Australia. The vast majority of RPA owners and operators are recreational users who require neither a RePL nor a ReOC. It is estimated that there are at least 50,000 drones being operated in Australia today, mostly for sport and recreational purposes.”

Compare that with the U.S., which has about 4.1 million drones in the market as of June 30, 2017, about 61,500 commercial sUAS registrations as of March 31, 2017, and 50,385 [certified remote pilots](#) as of August 1, 2017.

We believe the U.S. market is anywhere from four to six times larger than the next largest market—Europe—and ten times larger than Australia. Our analysis also shows there are few regional or country differences in the detailed data we collected (significant deviations are noted in the [details section](#) of the report).

In the “About You” section of the survey, we identified participants’ functional roles. Respondents could select as many as applied (Figure 2). We used this data to validate answers to questions later in the survey and tabulate trends for major respondent types: pure hobbyist, professional users (who may also be hobbyists), drone service providers, and drone business service users.

Figure 2 – Respondents by Role



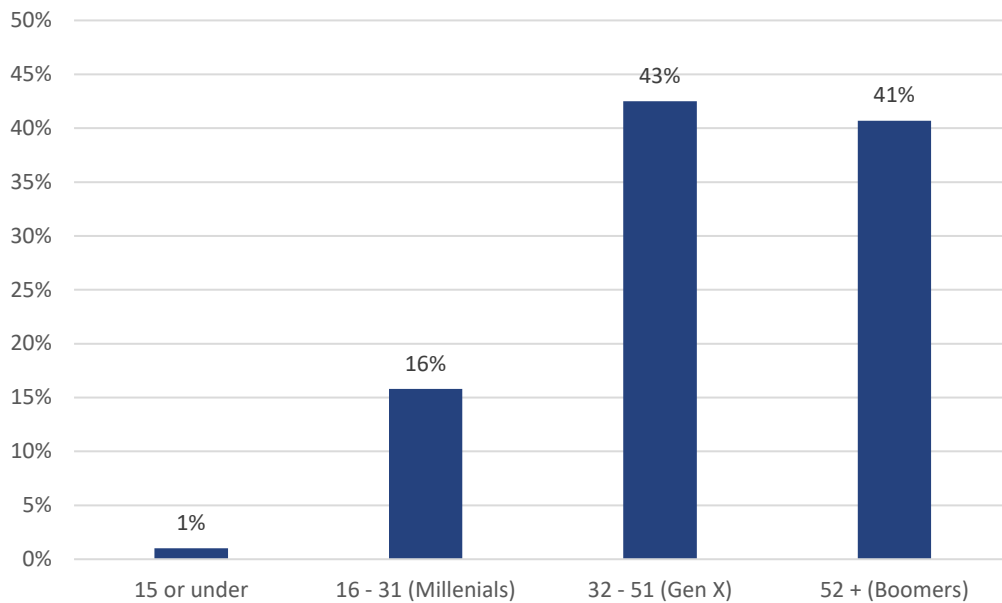
More than half (1,709) of the respondents identified themselves as small drone hobbyist / enthusiast, and yet over a third of respondents (934) identified themselves as certified FAA Part 107 remote pilots,

11% (295) as licensed manned aircraft pilots, and 5% (134) as other than U.S. certified UAV/UAS/RPAS unmanned pilots.

Over a third of respondents (972) identified themselves as either owners / principals or employees of a sUAS commercial service provider. About 16% (416) identified themselves as either an employee, owner, or principal of a business that uses drone-based services.

We also asked respondents' ages. We intentionally limited the choices to roughly correspond to generational demographics, and the results appear in Figure 3.

Figure 3 – Respondents by Age Group

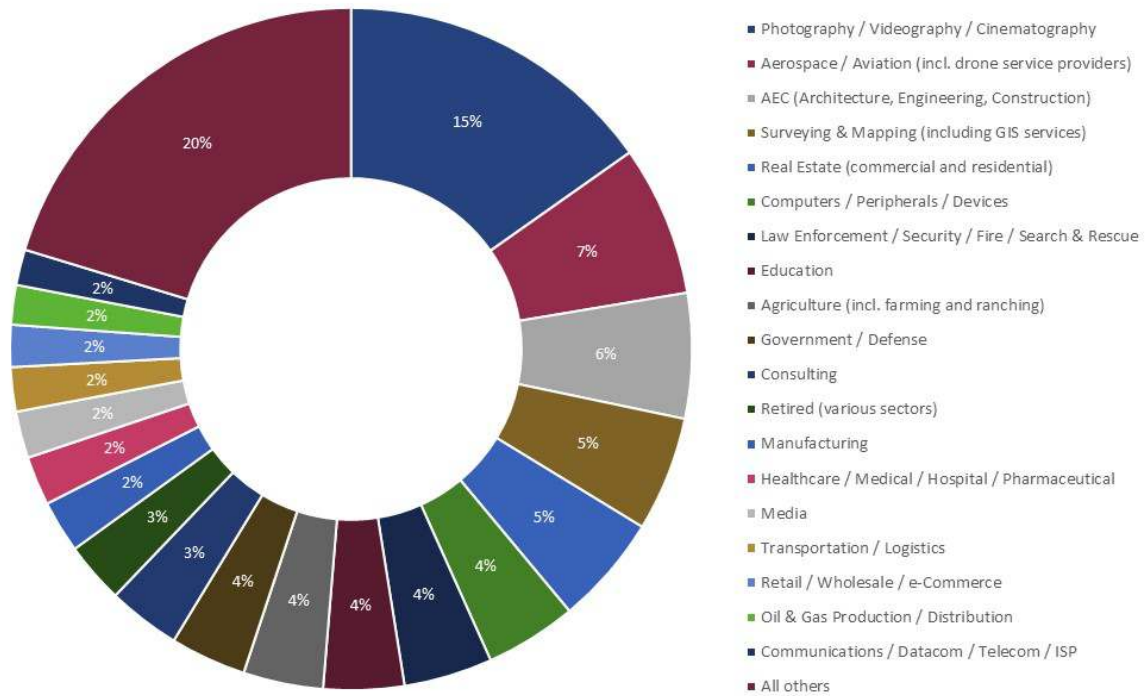


We note that respondents are not dominated by any particular generational demographic—other than to observe that more than 84% of buyers are older than 31. The fairly even split between Baby Boomers and GenXers is consistent with [last year's Drones Buyers survey](#).

In addition to their age, we asked what industry respondents currently work in. The answers appear in Figure 4 and show the wide variety of interest in use of drones.

Figure 4 – Industry Sector of Respondents

n = 2664



Source: Skylogic Research

The results show that no single industry sector dominated our survey. Still, we were not surprised to see those in the photography / video / cinematography industry with the largest number of respondents (15%) since this is the most common use of drones.

PRICE AND CONTENT OF THE COMPLETE RESEARCH REPORT

PURCHASE OPTIONS

The complete 88 page research report which contains 40 figures, 9 tables, and an appendix listing the survey questions can be purchased online here: <http://droneanalyst.com/research/research-studies/2017-drone-market-sector-report/>

Price:

- **\$1,450 for Single User License**
A Single User License authorizes only the named user (one person) the right to access the purchased report. It grants the user the right to install the report on any number of machines as long as that same licensee is the only user. By choosing this option the named user agrees not to distribute the report.
- **\$2,250 for Enterprise License**
An Enterprise License authorizes the entire population of a business entity (employees, on-site contractors, off-site contractors) access to the purchased report for up to two years from date of purchase.

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Automated mission planning software
Data, image, and video processing software

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License agreement

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ABOUT SKYLOGIC RESEARCH

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