Standing strong, moving forward

The pressure's on – where next for manufacturing?

THE 2025 MANUFACTURING MOMENTUM REPORT

A Comprehensive Overview of Commercial Opportunities in the UK Manufacturing Industry

Researched and produced by:
THE MANUFACTURER

Standing strong, moving forward

INTRODUCTION

WELCOME to the 2025 Manufacturing Momentum Report. More than just an industry snapshot, it's the next chapter in *The Manufacturer's* continuous research story, tracking the trends that are accelerating, shifting, or emerging for the first time and presenting those from the commercial perspective of solutions providers.

As ever, this year's research draws from thousands of data points, real-world insights from *The Manufacturer's* engaged community and direct feedback from senior industry leaders, providing an unparalleled view of manufacturing's evolving priorities throughout 2025.

WHAT'S RISING?

Digital transformation takes the top spot as the biggest challenge facing manufacturing leaders in 2025, but the challenge has shifted from exploration to execution. In 2024, manufacturers sought case studies and success stories; in 2025, they need practical guidance on scaling, overcoming integration challenges and navigating process and cultural resistance.

A surprise to nobody, **AI has moved to third** in the league of challenges, up from fifth in 2024. AI, once a hyped game-changer, is facing more scrutiny. While still a major area of interest, manufacturers are less concerned with AI's potential and more focused on its practical implementation.

WHAT'S DECLINING?

The biggest drop this year is in **Data**, currently the 8th biggest challenge, down from 3rd most troublesome last year. This is an indicator of perception rather than a trend in the state of manufacturing data in the UK. **Cyber security** remains the least challenging topic, retaining its place from 2024.

WHAT'S NEW?

For the first time, **Growth** has emerged as a standalone topic. In 2024, it was seen as an outcome of topics such as digital transformation, AI and automation. Now, manufacturers are actively asking how to scale efficiently, how to balance expansion with workforce limitations and how to use technology to drive tangible business growth.

Meanwhile, **Sustainability** is evolving beyond compliance. Manufacturers now see energy efficiency, Scope 3 emissions tracking and supply chain resilience as strategic levers for profitability and competitive advantage rather than just regulatory obligations.

CONSEQUENCES FOR SOLUTIONS PROVIDERS

These shifting priorities fundamentally change how vendors and solution providers should engage with manufacturers. Manufacturers aren't looking for more theoretical discussions, they need execution strategies, practical frameworks and peer-driven insights to guide their next moves.

As you will read in the Industry Overview, the landscape is changing rapidly. Some trends are accelerating, others are fading and new priorities are emerging. This report provides the insight you need to stay ahead of the curve.

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Standing strong, moving forward

INDUSTRY OVERVIEW

THE GLOBAL economy in 2025 presents a landscape riddled with even more uncertainty than there was in 2024. Rising costs, shifting markets and volatile geopolitical currents have not subsided in the last year and are testing the mettle of industries worldwide. For manufacturers, these challenges are not new. They have spent the last five years weathering storms – from pandemic to energy crisis and the ongoing ripple effects of global economic realignments. Through it all, manufacturing has emerged as a testament to resilience, innovation and adaptability.

In 2025, manufacturers will once again prove that strength lies not in avoiding challenges, but in facing them head-on. Two thirds of manufacturers have forecasted growth in 2025, but only seven per cent are expanding their workforce. This means the focus on productivity, efficiency and automation will be sharper than ever. Leaders of industry understand that survival and success require doing more with less. They are optimising processes, embracing technology and exploring new ways to generate value without sacrificing quality.

Yet, amidst these financial headwinds, optimism persists. Half of manufacturers are choosing to invest despite the challenges, directing resources toward innovations that promise long-term returns. They are investigating diversifying markets, creating new revenue streams and transforming their operations to adapt to a world that is unpredictable.

This year's Manufacturing Momentum Report, researched across *The Manufacturer* community, highlights the stoic determination and forward-thinking strategies that define the manufacturing sector. It tells a two-part story. One of grit: the quiet but unyielding strength that enables manufacturers to weather any storm and another of growth: the drive to seize opportunities, even in the face of adversity.

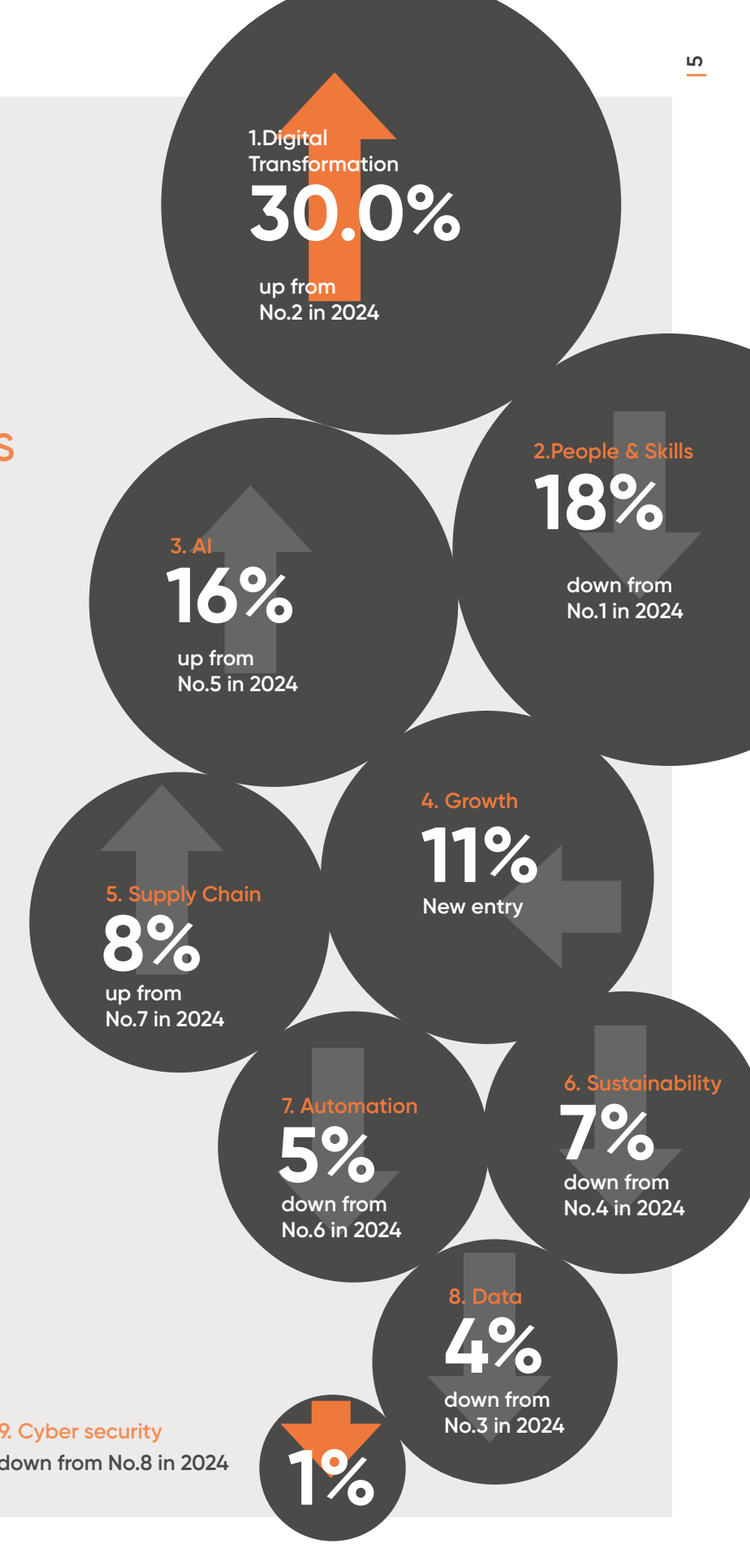
Standing strong, moving forward represents the mindset of the sector. It encapsulates the spirit of an industry that refuses to falter, that thrives on challenge and that is always looking ahead. As manufacturers chart their course through 2025, their resilience will be their anchor, and their innovation will be the engine that drives them forward.

INDUSTRY CHALLENGES

BASED ON the extensive continuous research conducted by *The Manufacturer* editorial team, combined with direct insights from 250 senior leaders at the Manufacturing Leaders' Summit in November 2024, we can say with confidence that the following topics represent the biggest opportunities and toughest challenges facing manufacturers in 2025:

If your company provides solutions that address the above list of commercial challenges in the manufacturing industry, there is business waiting for you.

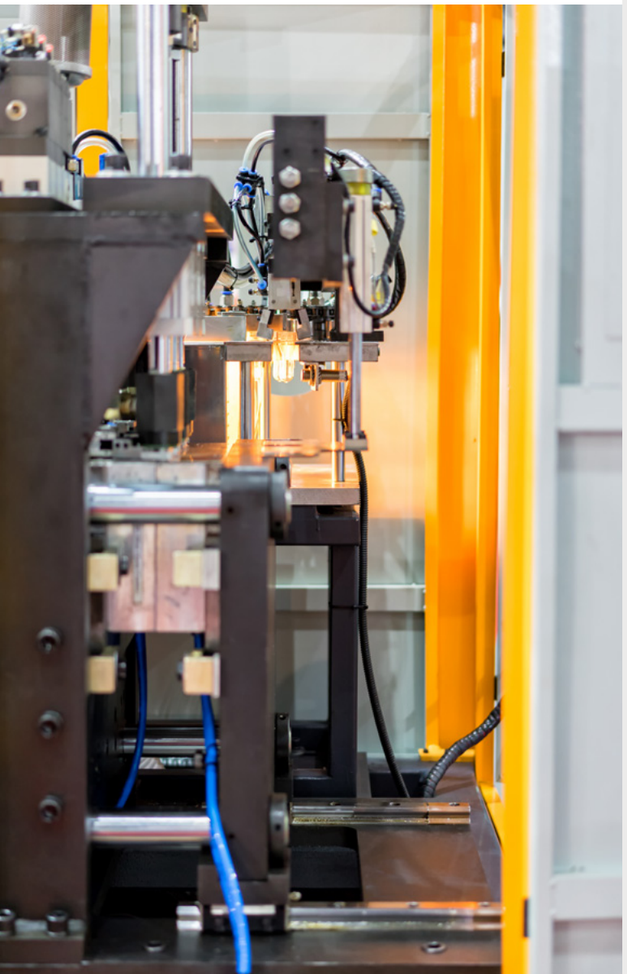
Let's look deeper into each topic area to get a better understanding of the challenges and drivers of manufacturers with further analysis and insight.



TEMPERATURE CHECK

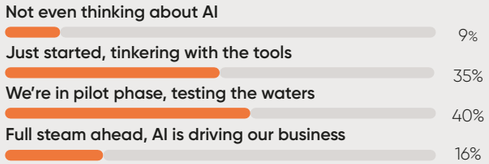
IN NOVEMBER 2024, over 200 senior manufacturing leaders gathered in Liverpool for the 16th annual Manufacturing Leaders' Summit. For the first time, *The Manufacturer* used live polling to capture real-time industry insights.

Delegates answered 12 spontaneous questions, providing an authentic snapshot of AI adoption, sustainability and supply chain risks. The findings reveal an industry actively engaged in digital transformation but facing key challenges.

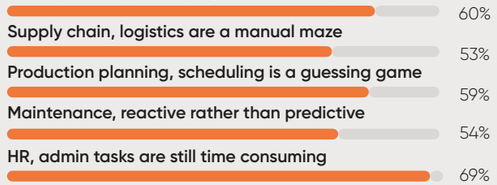


AI & LEADERSHIP POLL

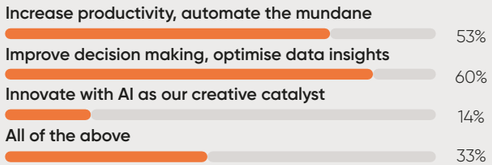
1. How far along the AI journey is your business?



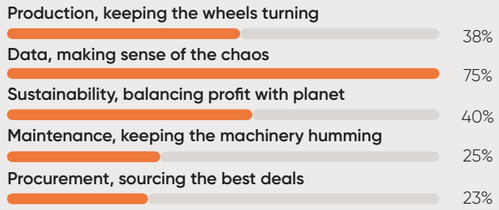
2. Which departments in your business are NOT using AI? (Select ALL that apply)



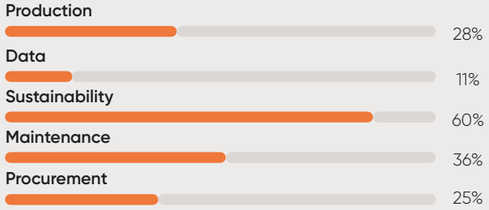
3. What is your 12 month AI moonshot ? (Select ALL that apply)



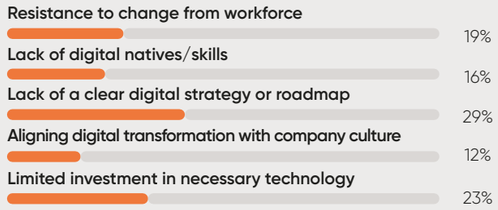
4. Which is the most in need of clear leadership in 2025 (Select ALL that apply)



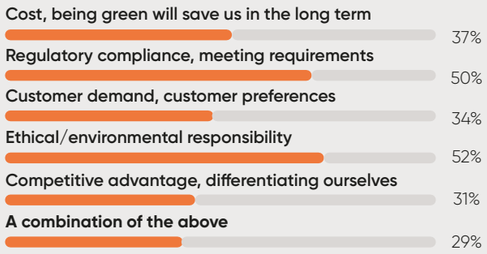
5. If a massive cyber attack hit your factory, which teams would be LEAST affected?



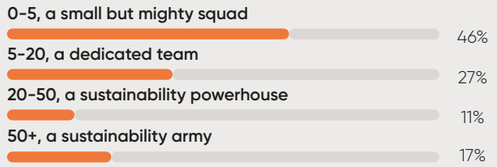
6. Leadership challenge you expect to be the biggest barrier to digital transformation?



7. What is the driving force behind your sustainability initiatives



8. How big is your sustainability dream team?



Continues over

> Most manufacturers are in the early or pilot stages of AI adoption. While 16% say AI drives their business, 75% are still experimenting.

AI adoption: a work in progress

Most manufacturers are in the early or pilot stages of AI adoption. While 16% say AI drives their business, 75% are still experimenting. A small but notable nine per cent are not considering AI at all.

Where AI has yet to penetrate

Significant gaps exist in AI adoption across departments. HR (69%), quality control (60%) and production planning (59%) remain heavily manual, highlighting resistance in judgment-based functions.

The AI moonshot: productivity and decision-making

The top priorities for AI include productivity (53%) and decision-making (60%). Only 14% see AI as a creative tool, reflecting a pragmatic, efficiency-focused approach.

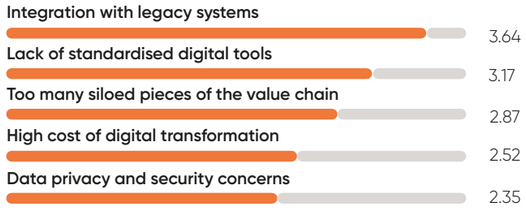
Leadership gaps: making sense of data

Data management (75%) is the biggest leadership gap, outpacing production (38%) and sustainability (40%). Without clear leadership, manufacturers risk being overwhelmed by data rather than using it strategically.

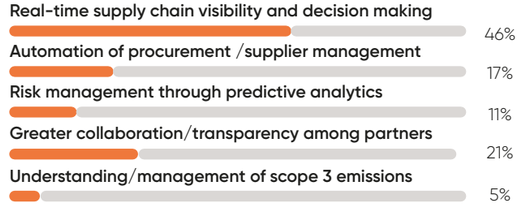
9. Where does the sustainability buck stop within your organisation?

10. Rank in order the most significant supply chain risks your organisation faces in the next 12 months (1 most significant, 5 least)

11. Rank in order the biggest challenges in digitising your supply chain (1 most significant, 5 least)



12. What will be the biggest supply chain change, driven by digital technologies over the next 12 months?



The cyber security paradox

Despite increasing digital reliance, 60% believe sustainability teams would be least affected by a cyber attack. However, 28% think production would remain unaffected, suggesting potential overconfidence in system resilience.

The sustainability imperative

Sustainability is a priority, driven by regulation (50%) and ethical responsibility (52%). However, only 31% see it as a competitive advantage, indicating missed opportunities for differentiation.

Supply chain risks and digital challenges

Geopolitical instability (3.56/5) tops the list of supply chain risks, followed by regulatory complexity (3.25/5). Legacy system integration (3.64/5) remains the biggest digital transformation challenge.

The road ahead

Real-time supply chain visibility (46%) is seen as the most significant opportunity for digital transformation. To capitalise, manufacturers must strengthen leadership, data management and cyber security strategies.

These insights reflect the status of the industry during the last week of November 2024 and offer a valuable perspective. To gain a comprehensive understanding of the sector's sentiment over a more extended period, it is essential to review the complete research, which follows.

> To capitalise, manufacturers must strengthen leadership, data management and cyber security strategies.

SECTION ONE

ARTIFICIAL INTELLIGENCE

THE MOMENTUM behind AI in UK manufacturing will intensify throughout 2025, with leaders shifting from exploratory discussions to structured implementation strategies. While AI was the fourth-highest priority in 2024, it has now moved up the agenda as more manufacturers actively trial and integrate AI-driven solutions.

Our research reveals that while the majority of businesses are still early in their AI journey, **43% have now identified specific AI applications for their operations**, compared to just 21% last year.

AI is now widely recognised as a key enabler for efficiency, productivity and decision-making. The focus in 2025 has evolved from broad theoretical discussions to **practical deployment challenges**. Manufacturers cite workforce readiness, AI infrastructure and data complexity as their biggest hurdles. Encouragingly, the proportion of manufacturers uncertain about how or where to start with AI has dropped from 61% in 2024 to 48% in 2025, suggesting greater confidence in AI's role in industrial operations.

Seeking knowledge and benchmarks

Seeking productivity gains

Seeking growth

Seeking innovation

AI is widely recognised as a key enabler for efficiency

Manufacturing continues to focus on AI in production, while industries like retail focus their AI towards the customer. Predictive maintenance remains a major AI use case, but adoption is slow. While many organisations aspire to move up the maintenance maturity pyramid, real-world implementation remains challenging due to data quality concerns, system integration issues and talent gaps. This is reflected in the rise of AI-driven workforce augmentation, where AI assists rather than replaces human decision-making in production and logistics.

Manufacturers are increasingly interested in AI's role in generative design, supply chain optimisation and energy efficiency. Compared to last year's research, there is a notable increase in requests for **AI-driven automation strategies** rather than case studies for inspiration, signalling a growing demand for actionable AI roadmaps.

AI TRENDS 2024 vs 2025

Key theme	2024 Insight	2025 Evolution
Adoption Maturity	61% unsure where to start	48% still unconfident, but more have identified specific use cases (43%)
Predictive Maintenance	Recognised as an aspiration but not widely adopted	Still a goal, but barriers like data complexity and workforce skills remain
AI Use Cases	Broad focus on efficiency, decision-making and automation	Greater interest in generative design, supply chain AI and energy efficiency
Biggest Challenges	Pre-implementation fears about data complexity (14%)	Workforce readiness, AI infrastructure and ethical AI concerns (21%)
Case Study Demand	21% wanted AI case studies for inspiration	More demand for AI deployment strategies and implementation roadmaps

Example questions on AI:

- How can we use AI to monitor product quality during continuous production?
- How do we best couple AI / Digital Twins with process experience to get the benefits of both?
- How can AI support improved production planning and scheduling?
- How can AI allow procurement to be more pragmatic in risk management?
- What is the most prominent area of manufacturing which will benefit from the acceleration of AI?

SUMMARY

Manufacturers are shifting from understanding AI to deploying it, yet execution challenges persist. AI is no longer just a productivity tool, its potential for customer service, new markets, design, sustainability and supply chain transformation is becoming more apparent. Workforce AI-readiness and ethical AI governance are emerging as major focus areas, alongside the continued pursuit of predictive maintenance and automation strategies.

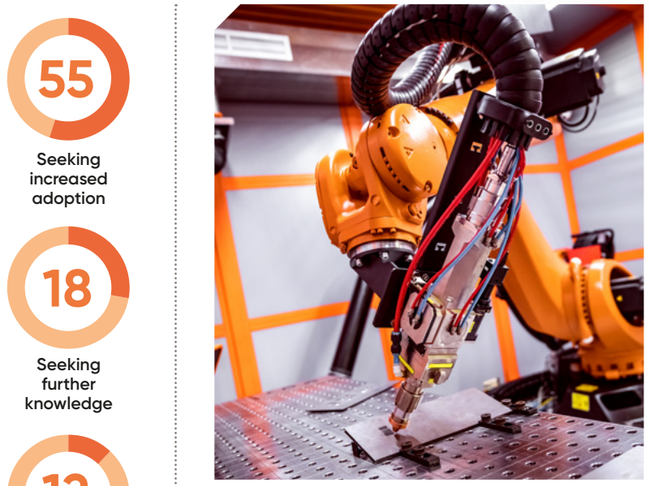
SECTION ONE

AUTOMATION

THE URGENCY around automation in UK manufacturing has increased in 2025, driven by 68% of manufacturers forecasting growth in 2025 with only seven per cent predicting an increase in headcount. While automation was already a key focus in 2024, the challenge has shifted from justifying investment to ensuring successful implementation.

Our latest research reveals that 55% of manufacturers are now focused on increasing adoption of automation of some kind, compared to just 29% last year who were still building business cases. This shift suggests that **automation is moving beyond theoretical discussions** into execution and scaling. However, while progress is being made, manufacturers continue to cite major hurdles in workforce readiness, integration complexity and aligning automation with customer needs.

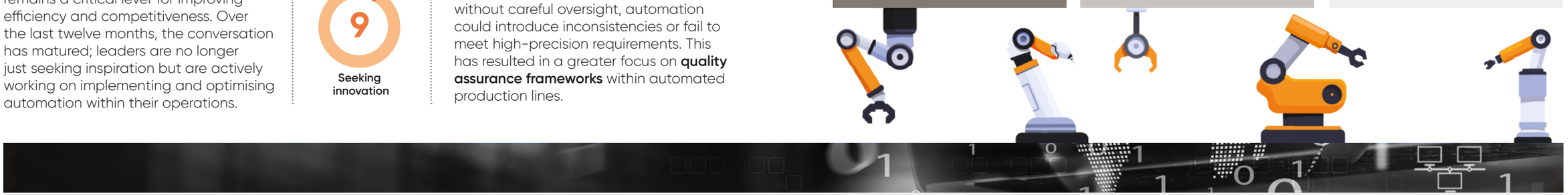
Despite these challenges, automation remains a critical lever for improving efficiency and competitiveness. Over the last twelve months, the conversation has matured; leaders are no longer just seeking inspiration but are actively working on implementing and optimising automation within their operations.



One key concern that has emerged in 2025 is the **impact of automation on product quality**. While automation is often associated with efficiency gains, some manufacturers now fear that without careful oversight, automation could introduce inconsistencies or fail to meet high-precision requirements. This has resulted in a greater focus on **quality assurance frameworks** within automated production lines.

AUTOMATION TRENDS 2024 vs 2025

Key theme	2024 Insight	2025 Evolution
Adoption Focus	29% focused on justifying the business case	54.55% now focused on increasing adoption
Knowledge & Case Studies	24% sought case studies for inspiration	27.27% still seeking knowledge, but more focused on implementation strategies
Implementation Challenges	22% struggled with workforce training and integration	Workforce readiness remains a key issue, with added focus on quality control
Key Emerging Concern	Business case justification	Quality assurance in automated environments



Example questions on Automation:

- How do we ensure successful implementation of increased levels of automation and digital manufacturing in a larger organisation that is currently very manual?
- How do you balance the investment in automation with the need for agility in responding to fluctuating market demands and economic uncertainties?
- How do we increase the speed/adoption of white-collar automation when faced with high levels of digital complexity?

SUMMARY

In 2025, automation is changing from a question of ‘if’ but ‘how’. The focus has shifted from justifying automation investments to needing productivity gains rapidly. As manufacturers accelerate adoption, workforce readiness and quality assurance have become key challenges. Those who successfully navigate these hurdles will unlock productivity gains, cost reductions and enhanced competitiveness in an increasingly automated industrial landscape.

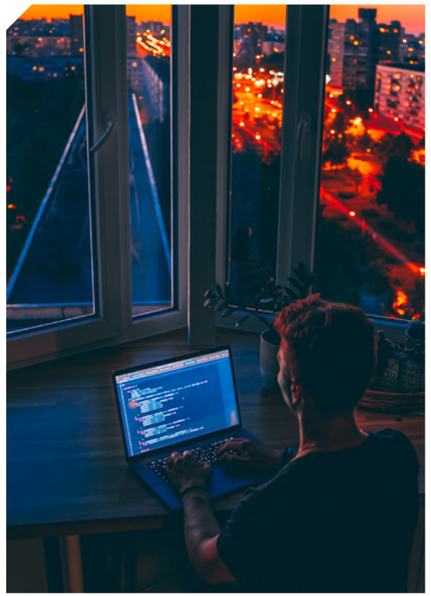
SECTION ONE

CYBER SECURITY

IN 2024, manufacturers didn't consider cyber security to be a challenge or much of a threat, despite being the most targeted sector by cyber criminals that year. **Astonishingly, this trend continues.**

In 2025, awareness and action remain inconsistent across the industry. While manufacturers have continued to connect more devices, machines and production systems to cloud-based and IIoT platforms, cyber security is still not a top priority for most leaders, despite growing risks.

> **There is still a lot more we can do to explain the variety of opportunities manufacturing.**



However, the biggest challenge remains **legacy systems**. Many mid-market manufacturers operate with decades-old industrial control systems (ICS) that were never designed with cyber security in mind. Retrofitting these systems is costly and complex, leading some companies to delay necessary upgrades, increasing their vulnerability.

CYBER SECURITY TRENDS 2024 vs 2025

Key theme	2024 Insight	2025 Evolution
Cyber Security Awareness	Low priority—only one per cent concerned	Awareness growing slightly, but still not widespread action
Risk Perception	Many manufacturers unaware of threats	Over 50% are now seeking knowledge, but only 25% are focusing on risk mitigation
Legacy Systems Challenge	Major barrier to cyber security improvements	Still a major challenge. Retrofits are slow due to cost and complexity
Cyber Resilience vs Prevention	Focus on cure (dealing with attacks if they occur)	Shift towards resilience (incident response, cyber insurance, supply chain security)
Access & Multi-User Security	Not widely discussed	Emerging concern. Manufacturers now want better access control solutions

Example questions on Cyber Security:

- Where is the biggest problem in securing OT?
- What are the best practices for securing automated manufacturing systems from cyber threats?
- What is the best method to allow multi users' access to single devices without complex passwords?

SUMMARY

In 2025, cyber security is gaining marginal attention but remains under-prioritised. As connected manufacturing continues to expand, security vulnerabilities will escalate, forcing manufacturers to take action. The shift from prevention-only strategies to cyber resilience is a critical development, as leaders start to realise that cyber incidents are inevitable, and response planning is just as important as prevention.

SECTION ONE

DATA

ONE CLEAR TREND is that **the focus on data has reduced over the last year.** In 2024, it was the third biggest challenge. This year, its eighth. It seems manufacturers will increasingly recognise the importance of data-driven decision-making rather than just data collection. However, turning raw data into actionable insights remains a challenge, **as manufacturers continue to struggle with data management, integration and quality control.**

In this year's research, 33% of manufacturers who have data as their highest priority still seek more knowledge and support around data management, while a growing 22% emphasise a desire for data-driven decision-making - a notable shift from the 2024 focus on best practices and benchmarks.

This suggests that manufacturers are **moving from passive learning to active implementation**, but many still require support in structuring data strategies that lead to real business impact.

Interestingly, the MES vs. ERP debate continues into 2025, with some manufacturers still struggling to determine the best architecture for integrating

shop floor data with enterprise-wide analytics. Meanwhile, IoT-generated data has become an even bigger challenge, with more manufacturers increasingly concerned about **how to process vast volumes of real-time information** without overwhelming existing IT and OT infrastructure.

There is also a growing recognition of data quality as a critical issue. While previous years focused on how to store and structure data, manufacturers are now asking: 'How can we trust the data we're using?' This concern aligns with the rise of AI-driven decision-making, where poor data quality leads to flawed automation, inaccurate predictions and operational inefficiencies.

DATA TRENDS 2024 vs 2025

Key theme	2024 Insight	2025 Evolution
Biggest Priority	32% sought case studies for inspiration	33% still seek knowledge, but focus is shifting to real-world implementation
Data-Driven Decision-Making	Not a major theme	Now a key priority (22%) as manufacturers move beyond data collection
IoT Data Challenges	Eight per cent concerned about handling IoT-generated data	Concern remains, with focus on real-time processing and infrastructure limitations
MES & ERP Debate	Eight per cent cited MES data challenges	Still ongoing, with continued uncertainty around integration strategies
Data Quality	Not a dominant theme	Emerging as a major concern — how to ensure data is accurate and usable for AI-driven decisions

Example questions on DATA:

- Where do I learn more about the application of data science, systems and AI at both a product fulfilment and enterprise level?
- How can we maximise the value of the data around us to give us a competitive advantage?
- What are the key challenges in ensuring data quality and consistency across different departments, and how can businesses address them to drive meaningful insights?

SUMMARY

In 2025, manufacturers are shifting from simply collecting data to using it for smarter decision-making, but data quality, system integration, and IoT complexity remain key obstacles. The focus is no longer just on gathering more data but on ensuring the right data is used effectively. As AI adoption accelerates, manufacturers must tackle the data trust issue to ensure that digital transformation efforts deliver real value.

SECTION ONE

DIGITAL TRANSFORMATION

DIGITAL TRANSFORMATION is now the number one strategic priority for UK manufacturers in 2025, but the **conversation has shifted from adoption to optimisation.** Manufacturers have made significant progress in digital initiatives, yet many now face challenges in scaling, integrating and fully realising the benefits of their investments.

Our research highlights that 39% of manufacturers still seek knowledge and support regarding digital transformation projects, demonstrating that while implementation is widespread, there is still **uncertainty around best practices, system integration and scaling digital initiatives.**

Additionally, 12.7% of manufacturers now focus on increasing adoption, signalling a shift from exploratory pilots to more structured, organisation-wide rollouts.

The most significant change from 2024 to 2025 is the growing concern about digital transformation processes and culture. Nine-and-a-half per cent of respondents now cite process challenges, indicating that manufacturers are struggling with workflow disruption, resistance to change and operational alignment. Additionally, 7.9% identify cultural barriers as a

significant obstacle, suggesting that even as technology advances, organisational mindset and workforce engagement remain key hurdles to digital success.

In terms of spending, **digital investment will continue to rise in 2025,** but manufacturers are increasingly selective. Rather than broad digital adoption, leaders are now focusing on high-impact areas like process automation, predictive analytics and IT/OT convergence. As manufacturers transition from basic digitalisation to more sophisticated implementations, new challenges emerge around **interoperability, legacy system integration and data-driven decision-making.**

DIGITAL TRANSFORMATION TRENDS 2024 vs 2025

Key theme	2024 Insight	2025 Evolution
Primary Focus	23% cited digital transformation as their top priority	30% now have it as their top priority, making it the industry's biggest challenge in 2025.
Adoption Maturity	50% in 'evolution' stage, 25% exploring digital solutions	More manufacturers actively scaling digital initiatives, but struggling with execution
Investment Trends	80% planned to increase digital spending	Investment remains strong, but with a shift toward targeted, high-impact areas
Challenges	17% needed help with strategy and overcoming inertia	Process challenges (9.52%) and cultural resistance (7.94%) are now the biggest barriers
Technology Priorities	11% focused on digital twins, 10% on IT/OT integration	Greater emphasis on workflow optimisation, automation and predictive analytics

Example questions on DIGITAL TRANSFORMATION:

- How do we deliver innovative/risky technology solutions in a high-rate production environment?
- What are the differences and benefits of MoM and MES?
- Who are the biggest service providers in manufacturing-specific digital transformation and how is the market for this service evolving?
- What challenges need to be overcome to ensure a consistent approach to road mapping digital maturity?
- How are businesses transitioning to Industry 4.0 and managing nervousness around the digital approach?

SUMMARY

As manufacturers transition from exploring digital transformation to scaling and optimising it, **process inefficiencies** and **cultural resistance** (people) have emerged as major obstacles. While investment remains strong, manufacturers are becoming more demanding, focusing on **solutions that deliver measurable impact.** To fully realise the benefits of digital transformation, manufacturers must not only advance their technology stack but also address workforce adoption, process alignment and cross-functional collaboration.

SECTION ONE

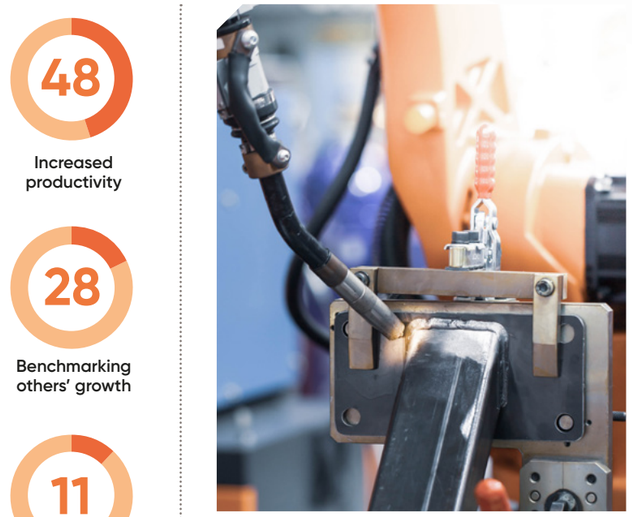
GROWTH

A NOTABLE shift in 2025's research findings is the emergence of **Growth as a standalone topic,** distinct from its previous associations with Digital Transformation, AI and Automation. In 2024, growth was a desired outcome, linked to other transformation initiatives but in **2025, manufacturers are specifically asking about how to drive business growth as a central priority.**

This reflects a maturing mindset in the industry, moving beyond 'innovation to keep up' and towards structured, outcome-driven strategies for scaling operations and increasing competitiveness.

Our analysis shows that 47.62% of manufacturers now associate growth with increased productivity, indicating that manufacturers are looking for measurable, tangible methods to achieve growth through efficiency gains.

Business leaders are seeking best practices, insights and frameworks to help them scale successfully. This aligns with findings from Digital Transformation and AI research, where companies struggle less with technology access and more with its implementation for business expansion.



Smaller but notable mentions of **process (11%) and innovation (6%)** highlight that some manufacturers still see structural and technological barriers to achieving sustained growth. This suggests that companies need guidance on optimising their internal workflows, aligning workforce capabilities with growth strategies and ensuring their technology stack supports scaling without introducing inefficiencies.

GROWTH TRENDS 2024 vs 2025

Key theme	2024 Insight	2025 Evolution
Growth as a Discussion Topic	Growth was an **outcome** of AI, digital transformation and automation discussions.	Growth is now its own standalone topic, **indicating a shift in mindset.**
Focus of Growth Discussions	Growth was linked to **technology investments and market expansion.**	Now directly tied to **productivity and efficiency improvements (47.62%).**
Knowledge as a Growth Driver	Indirect. Manufacturers sought AI and automation insights with growth as a byproduct.	Now a direct driver. 23.81% seek knowledge on growth strategies.
Operational vs Market Growth	Discussions centred on **new technologies and external expansion.**	Now more focused on **internal productivity and process optimisation to scale.**

Example questions on GROWTH:

- What's the most important thing to consider for a manufacturer entering a high growth period?
- What strategies can we use to foster innovation while maintaining organisational stability?
- We need to scale globally in two years. How should we be setting up the correct processes and supply chain now?

SUMMARY

Manufacturers are moving beyond simply adopting AI, automation and digital transformation. They now want to **translate those investments into measurable business growth.** The focus on **productivity as a primary growth driver** suggests that efficiency and optimisation are the new battlegrounds for competitiveness in manufacturing.

SECTION ONE

PEOPLE & SKILLS

THERE'S SIGNIFICANT movement in trends in this area. Aside from dropping from the biggest manufacturing challenge in 2024 to second in 2025, **upskilling and workforce culture have overtaken recruitment as the top workforce challenges in the secto**r. While the skills shortage remains a pressing issue, manufacturers are shifting their focus towards developing internal talent and fostering a culture that supports innovation and adaptability.

Our research highlights that 27.3% of manufacturers now cite **upskilling as their primary workforce concern,** making it the dominant theme for 2025. This represents a shift from previous years when recruitment was consistently the top priority. Culture is equally important, with another 26.3% identifying it as a critical workforce challenge. These findings suggest that manufacturers are no longer just struggling to hire talent, but also to retain and develop existing employees within a supportive and productive environment.

The skills shortage remains a significant concern (23.68%), reinforcing that manufacturers are still unable to fill key roles, particularly in engineering and

advanced manufacturing disciplines. However, rather than focusing solely on external hiring, **companies are investing in internal development** - a notable shift from 2024.

Interestingly, recruitment has dropped to just 10.53%, confirming that while finding talent is still difficult, the focus has moved towards retention, training and workforce optimisation. Leadership development, apprenticeships and succession planning have also surfaced as critical challenges for businesses looking to future-proof their workforce.

PEOPLE & SKILLS TRENDS 2024 vs 2025

Key theme	2024 Insight	2025 Evolution
Top Workforce Concern	Culture (20%)	Upskilling and culture (both 26.32%)
Recruitment Priority	17% cited recruitment as the top challenge	Recruitment drops to 10.53% as the focus shifts to internal development
Skills Shortage	16% focused on upskilling	23.68% still see skills shortages, but upskilling is now the preferred strategy
Change Management	18% concerned about change management	Change is now embedded into workforce strategies, shifting focus to long-term cultural alignment
Workforce Development Trends	Leadership, retention, apprenticeships and succession mentioned	Manufacturers now focus on workforce optimisation, retention and leadership growth

Example questions on PEOPLE & SKILLS:

- What is the best practice for developing existing employees and identifying future skills requirements?
- What are other companies doing to identify future stars and those who are right for roles in factories of the future?
- What is the best in business approach to developing skills of long-standing employees without risking their leaving or compromising operational activities while they are developing?

SUMMARY

In 2025, manufacturers will take a more proactive approach to workforce challenges, shifting from reactive hiring strategies to structured workforce development programmes. **Upskilling and cultural transformation** are now the most pressing issues, while recruitment has taken a backseat to employee retention and leadership development. We expect to see a shift in 2025 of manufacturers focusing on creating adaptable, well-trained teams that can navigate digital transformation and ongoing industry changes.

SECTION ONE

SUPPLY CHAIN

THIS YEAR, supply chain resilience is still a priority for UK manufacturers, but maintains the same level of importance as it did in 2024, so no emerging trends to be found there. While reshoring and nearshoring are still key strategies, manufacturers are now equally focused on digital **supply chain visibility, sustainability and compliance** with Scope 3 emissions tracking requirements.

Our research shows that 37.5% of manufacturers are seeking knowledge about **supply chain optimisation,** confirming that many businesses still struggle with best practices, technology adoption and strategic supply chain transformation. However, 26% are specifically focused on reshoring, signalling that global uncertainties, tariffs and trade policies are still influencing supply chain strategies.

One major shift from 2024 is the **growing awareness of Scope 3 emissions**. Nineteen per cent of manufacturers now cite sustainability and Scope 3 reporting as a key supply chain challenge, a significant rise compared to last year. This reflects increasing regulatory pressure and the industry's growing need to integrate sustainability and carbon tracking into procurement and logistics decisions.

38
Knowledge

26
Reshoring

19
Sustainability/Scope 3

15
Onboarding process

11
Recruitment

Another notable trend is the declining mention of AI for supply chain management. While AI was the second-highest priority for supply chain leaders in 2024, it did not feature prominently in 2025 responses. This suggests that **manufacturers are focusing AI experimentation elsewhere** and are more concerned with practical supply chain resilience strategies.

SUPPLY CHAIN TRENDS 2024 vs 2025

Key theme	2024 Insight	2025 Evolution
Primary Concern	Digitisation and AI-driven supply chain improvements	Reshoring and operational resilience now take centre stage
Knowledge Seeking	27% sought case studies on best practices	37.5% seeking greater knowledge, but focus is shifting towards practical solutions
AI in Supply Chains	23% cited AI as a priority	Much lower mention. Manufacturers are focusing more on execution and sustainability
Reshoring Trends	9% focused on reshoring challenges	25% now actively prioritising reshoring and localisation
Scope 3 and Sustainability	Mentioned as a concern	Now a growing priority, particularly Scope 3 compliance

Example questions on SUPPLY CHAIN:

- How are other manufacturers accessing Scope 3 emission data in the supply chain?
- How can we encourage more onshoring of our supply chain activities to support our country's net zero ambitions?

SUMMARY

Over the coming year, we will see manufacturers shifting interest from AI-driven supply chain innovation to resilience-focused strategies. Reshoring and Scope 3 sustainability compliance will emerge as the most significant challenges. AI, which was a major focus last year, has taken a backseat to more immediate concerns like operational visibility, traceability and regulatory compliance. As the supply chain landscape continues to evolve, manufacturers must balance resilience, sustainability and digitisation to stay competitive.

SECTION ONE

SUSTAINABILITY

SUSTAINABILITY remains a major priority for UK manufacturers in 2025, but the focus has **shifted from awareness to action.** Manufacturers increasingly recognise the complexity of net zero targets, with many now seeking practical solutions rather than high-level commitments.

Our research highlights that 40% of manufacturers cite net zero as their primary sustainability challenge, reinforcing that while climate goals remain central, **the difficulty lies in execution.** The biggest struggle manufacturers face is turning sustainability ambitions into actionable, measurable outcomes.

A major shift from 2024 is that 33.33% of manufacturers now seek knowledge about sustainability, compared to 14% last year. This suggests that rather than just looking for best practices, manufacturers now need deeper education and expertise on sustainable strategies, particularly in areas such as **energy efficiency, emissions tracking and circular economy models.**

The biggest challenge remains justifying investment in sustainability technologies. While 45% of manufacturers in 2024

wanted clearer ROI evidence for net zero-related digital technologies, in 2025, this has evolved into a broader concern about **balancing growth with sustainability goals.** Four per cent of manufacturers now directly cite growth as a sustainability-related challenge, signalling a more strategic approach to sustainability investments.

SUSTAINABILITY TRENDS 2024 vs 2025

Key theme	2024 Insight	2025 Evolution
Net Zero Focus	27% struggled with practical net zero action	40% now cite net zero as the main sustainability challenge
Knowledge vs Case Studies	14% wanted case studies and best practices	A third now seek deeper knowledge on sustainability strategies
Energy Management	23% focused on energy monitoring	Energy remains a priority, but with a stronger focus on integration with productivity
Productivity & Sustainability	Not a major theme	6.67% link sustainability efforts directly to productivity improvements.
Investment Justification	45% wanted clearer ROI for digital sustainability tech	Now a broader concern. 4% cite balancing sustainability with growth.

Example questions on SUSTAINABILITY:

- How can we balance sustainability initiatives with profitability and cost efficiency?
- What are the most effective ways to reduce carbon emissions in manufacturing operations?
- How do we ensure compliance with evolving sustainability regulations and reporting standards?
- What sustainable materials and technologies can help us reduce waste without compromising quality?
- How can we integrate circular economy principles into our manufacturing processes?

SUMMARY

In 2025, manufacturers are no longer just talking about sustainability, they're actively seeking ways to **implement it efficiently.** The biggest challenge is turning net zero ambitions into **measurable actions that align with business growth and productivity.** While case studies were in demand last year, manufacturers now want deeper technical expertise to drive sustainable transformation. Investment in sustainability remains strong, but leaders expect **clearer operational benefits beyond compliance.**

SECTION TWO

What's changed since the 2024 report?

EVOLUTION

> We've got a choice: either go with the flow or risk falling behind the curve

THE 2025 Manufacturing Momentum research reveals a shift in priorities from exploration to execution, as manufacturers move beyond theoretical discussions into real-world implementation of digital transformation, AI, automation and sustainability initiatives. While 2024 was marked by a strong demand for case studies and inspiration, 2025 sees manufacturers focusing on overcoming execution challenges, optimising investments and integrating technology with workforce strategy.

1. From technology exploration to strategic implementation

In 2024, manufacturers wanted proof of concept and case studies, particularly in AI, automation and digital transformation. In 2025, the conversation has evolved. While AI remains a focus, manufacturers are now demanding structured implementation strategies and practical integration solutions rather than inspiration alone. Workforce readiness, system interoperability and data quality have become the biggest blockers to scaling technology adoption.

2. Workforce priorities: from recruitment to retention and upskilling

The skills shortage remains a major issue, but the leadership challenge has shifted away from hiring and towards internal workforce development. In 2024, manufacturers worried about recruitment gaps, but in 2025, upskilling, cultural transformation and change management are taking centre stage. Companies recognise that retaining and training existing talent is more sustainable than competing for scarce external resources.

3. Data and digital transformation: from collection to actionable insights

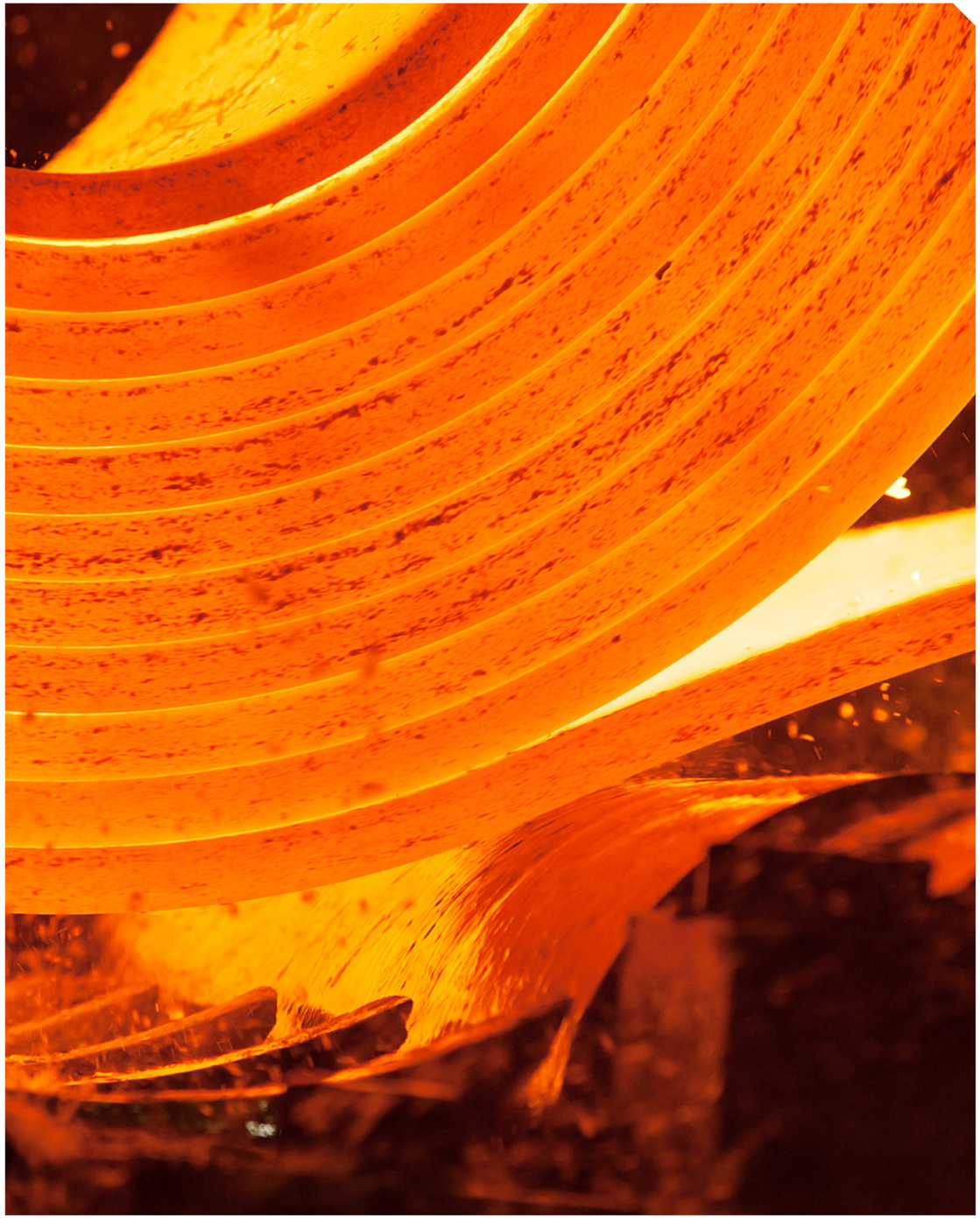
Manufacturers no longer just want to store data; they want to leverage it effectively. In 2024, companies struggled with data collection, MES/ERP debates and IoT complexities. In 2025, the biggest challenge is now ensuring data quality and turning raw data into meaningful, AI-driven insights for decision-making.

4. Supply chain and sustainability: practical execution over theoretical commitments

In 2024, manufacturers expressed interest in supply chain digitalisation and net zero strategies. By 2025, reshoring, Scope 3 emissions tracking and sustainability-linked productivity gains have emerged as the most pressing challenges. The industry recognises that sustainability must be financially viable, not just regulatory-driven.

5. AI and automation: less hype, more realism

AI was a high-interest topic in 2024. It's higher in 2025 but manufacturers are more cautious about its implementation. Manufacturers are now identifying targeted AI use cases, particularly in predictive maintenance, generative design and process optimisation. Meanwhile, automation has shifted from business case justification to deployment at scale, with greater focus on quality control and workforce augmentation.



SECTION TWO

VOICE OF THE INDUSTRY

As 2025 dawned, we gauged the view of the sector around important issues in short interviews with key players in the industry.

Andrea Wilson, Director, Hone-All Precision

> We've tried to focus on what we can control and not let the negativity or noise impact what we do

2024 was a year of uncertainty and trepidation for many. The quickly announced UK election, the Budget, the US election, and throughout all of that, international conflicts continuing, and in some cases, escalating.

All have contributed to a cauldron of concern impacting decision making within many sectors of the industry.

Like many, we've tried to focus on what we can control and not let the negativity or noise impact what we do. We've focused on doing what we do best - being the best, not the biggest, and delivering the very best levels of service and competitiveness to our customers.

Thankfully, as a result, it's been a steady and good year, but not the year of promise and major growth we'd originally hoped and planned for.

With the new government coming in, and their well-publicised commitments to growth and the promotion of UK manufacturing, there was real hope of a change in focus and a more stable and buoyant business environment. But many have seen the Budget NI announcements as the government "pulling the rug from under UK manufacturing" and are struggling to see where the promised growth will come from. However, there are others who believe the Budget and Labour's strategy will deliver the growth promised.

As businesses, all we can do is respond accordingly to the cost increases and employment pressures we're facing and prepare for the potential opportunities to come. Many customers are saying order books and volumes are sounding positive for 2025, but the signature isn't on the dotted line... yet! Hopefully, when this proverbial cork pops, we're all in a position where we're able to maximise the opportunities and grow with them, rather than having to turn them away due to a lack of skills, capacity or infrastructure.

Katherine Bennett CBE, CEO of the High Value Manufacturing (HVM) Catapult

> The sector accounts for 45% of UK exports

The past 12 months have once again demonstrated how important manufacturing is to the UK's economic growth. According to the latest figures, the sector supports 2.6 million jobs, contributes £217bn GVA to the economy each year and accounts for 45% of UK exports.

In 2024, the Hydrogen Innovation Initiative (HII), led by HVM Catapult, outlined the role hydrogen can play as a driver for that growth in the UK Hydrogen Innovation Opportunity report.

As we move into 2025, HVM Catapult stands ready to support the UK government's industrial strategy. Our network of centres will work alongside industry, government and academia, supported by Innovate UK, to tackle key objectives in support of net zero, healthy living and national security.

A new Industrial Strategy will help manufacturers scale-up their supply chains, unlock private investment, transform their approach to skills and harness disruptive technologies such as automation and robotics.

John Pearce, CEO, Made In Britiain

> Changes to NI in the Budget soon smothered early optimism

We are in extraordinary times heading into 2025, and these times call for an exceptional group of businesses to step up and make a difference and deliver the growth the country needs.

Manufacturing is the vital sector for delivering sustainable growth and the Made in Britain trademark represents and unites more than 2,100 proud British makers. This includes hundreds of household names from across sectors such as defence, construction products and advanced engineering.

The sector has been forced to cope with a series of unprecedented challenges in recent years, and 2024 was no exception. The arrival of a new government and its fresh approach to industrial planning was welcome news. But changes to National Insurance in the Budget announcement soon smothered the early optimism around investment and better focus on our sector. With growth the government's top priority, a long-term 'materials, machinery and more skilled makers' approach really is the only way to build the resilient and versatile base needed for making the goods that will drive a cleaner, greener and growing economy.

Jo Padwick, Senior Sustainability Manager, Coca Cola Europacific Partners GB

> We have continued to innovate our packaging with the aim of helping reduce waste

While CCEP is a global brand, we're proud to have been making soft drinks locally in GB for over 100 years. Today, 97% of our products are made in GB, and we're always looking to how new and emerging technologies can help our local manufacturing sites operate more efficiently and sustainably.

In 2024, we announced a planned £42.3m investment in a new Automated Storage Retrieval System (ASRS) warehouse at our Wakefield site, which is Europe's largest soft drinks plant by volume. The new ASRS will take two and half years to build and will increase warehouse capacity at the site by more than 29,000 pallets. It will also a deliver a reduction of 18,500 vehicle journeys per year from the road network, equating to 441,000km per year.

Backed by £103m invested into the site since 2019, we have also increased the use of automated guided forklifts and autonomous electric trucks, which not only boost efficiency but also reduce our carbon footprint across our production and warehouse operations.

Sustainable packaging plays an important role in the circular economy. As manufacturers, we need to consider solutions that will effectively influence and change consumer behaviour. Our sustainability action plan, This is Forward supports The Coca-Cola Company's global sustainability ambitions and we're making good progress as we continue to work with suppliers, partners and customers to transition to a net zero economy.

We have continued to innovate our packaging with the aim of helping reduce waste and simplify the recycling process. At the beginning of this year, we trialled the removal of labels on some Sprite and Sprite Zero on-the-go bottles to reduce the volume of packaging materials. By the end of 2025, all of our can multipacks of ten or fewer will also have converted from shrink to cardboard outers.

> By the end of 2025, all of our can multipacks of ten or fewer will also have converted from shrink to cardboard outers

As we enter 2025, conversations around the upcoming Deposit Return Scheme (DRS) in England and Scotland will only increase. We have been long-time supporters of the introduction of a well-designed DRS to boost recycling of drinks containers and reduce litter.

It's our belief that a well-designed DRS will play a crucial role in influencing consumer behaviour and ultimately increase recycling rates. The past 12 months have continued to show the positive impact these schemes can have, with the Republic of Ireland joining the 40 countries that are successfully implementing it.

What needs to happen in 2025 and beyond is for thinking to evolve through testing and learning initiatives, and for businesses and the government to work together in order to implement a successful DRS in England and Scotland in 2027.

This year has seen significant momentum in the push for clean and efficient energy systems, and for policymakers and business leaders to continue to prioritise sustainable solutions.

Notably, the Labour Party has laid the groundwork for GB Energy, a proposed publicly owned energy company that aims to transform the UK's energy landscape through substantial investment in renewable energy sources. It marks an important step in aligning national policy with the pressing need for greener energy alternatives.

As we move into 2025, I am optimistic that the drive for renewable and solar energy will remain a priority, alongside continued progress in transitioning from diesel to hydrotreated vegetable oil (HVO). These shifts are essential for achieving both environmental targets and energy resilience.

OTHER ESSENTIAL INSIGHT FROM THE MANUFACTURER

in association with SugarCRM

UNLOCKING MANUFACTURING GROWTH

- Just 10% of manufacturers are 'very confident'in their ability to accurately forecast sales
- 77% of manufacturers are still using basicspreadsheets for their sales forecasting

in association with HSO

MANUFACTURING AGILITY REPORT

- 71% of manufacturers are focusing onimproving their production planning andscheduling capabilities (a 27% increase on2023)
- Environmental sustainability (65%) is numberone business goal for the next 12-24 months

in association with Barclays

SKILLS SHORTAGE IN UK MANUFACTURING

- 97% of manufacturers agree that hiring andretaining skilled labour presents a challenge tothe growth of their business
- Skills shortages (75%), Recruitment (36%) andTalent retention (32%) are manufacturers' topbarriers to growth2024

in association with infor

MANUFACTURING AUTOMATION MATURITY

- JAsset management/ maintenance (71%) is thearea manufacturers believe AI can benefit themost
- Quality trends (88%) is the area manufacturerswant to discover more about from their data

SECTION TWO

THE MANUFACTURER COMMUNITY

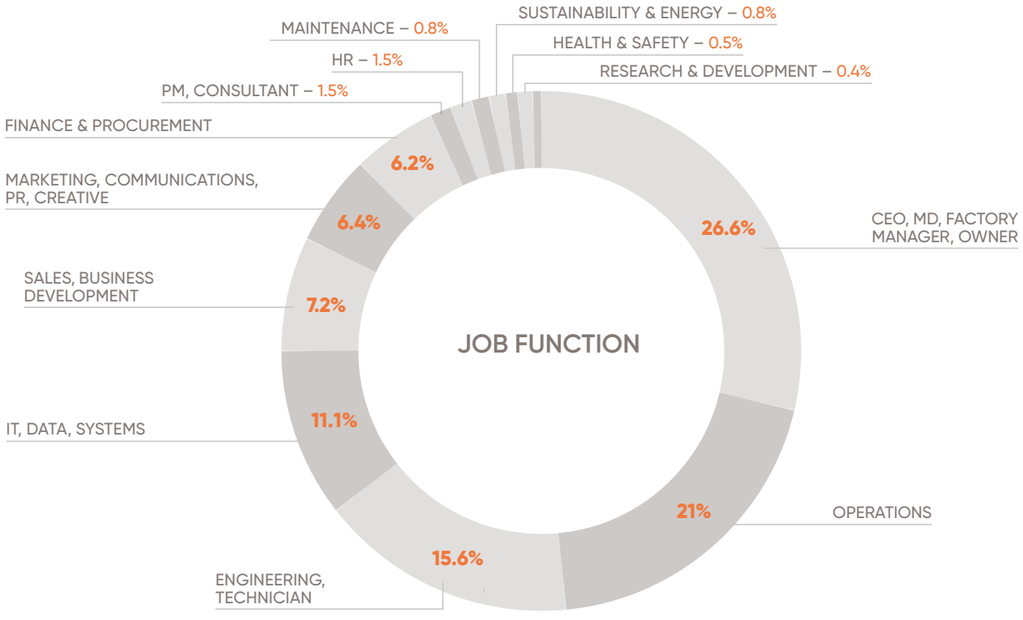
THE MANUFACTURER, published by Nineteen Group, is the leading authority in manufacturing journalism, offering a full spectrum of industry news, in-depth articles, event and insights. It champions best practices across the manufacturing sector through digital, print and in-person channels.

Serving all facets of manufacturing, *The Manufacturer* is an essential resource for every boardroom and management team, providing thought leadership, regulatory updates and best practice case studies.

The publication's strong digital and social media presence is enhanced by two weekly Digital Briefing e-newsletters, alongside an active events schedule that cultivates an engaged community and facilitates valuable connections between manufacturers and service providers.

Formidable partnerships with esteemed academic institutions, including Cranfield University and the University of Cambridge, along with collaborations with trade associations such as Make UK (formerly EEF) and MTA, solidify *The Manufacturer's* position as a crucial platform for national campaigns and political lobbying.

WHO IS IN *THE MANUFACTURER* COMMUNITY?



WEB TRAFFIC

81,000
Monthly Page Views

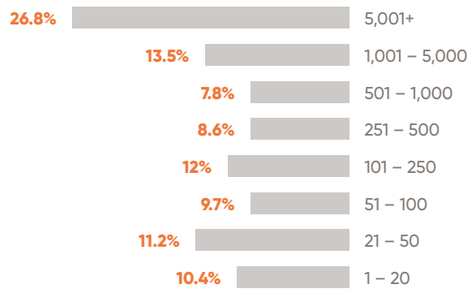
149,000 UK/ 163,000 US
Website New Users

Up to 1 Million per month
Banner Impressions

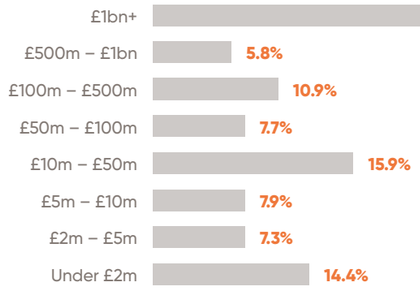
29.93%
Growth in Digital Magazine Views

Total Manufacturing Database: 667,736 contacts ***The Manufacturer* Community Database:** 103,050 contacts

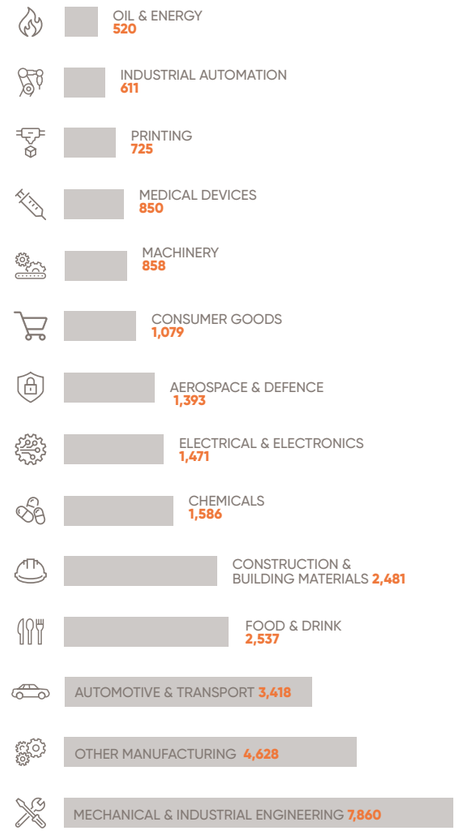
SIZE (EMPLOYEES)



SIZE (TURNOVER)



SECTOR



ENGAGEMENT

89.90%
Print Magazine readership by Manufacturers/ per edition

15,000
Print Magazine Readership

10.7% YOY
Increase in Digital Briefing Subscriber Number

14,270
Newsletter Recipients

14,200
Event Visitors

2,336
Podcast Plays

2024 Statistics

SECTION TWO

REPORT RECOMMENDATIONS

The manufacturing industry is shifting, but the mindset of its leaders remains rooted in practicality, efficiency and measurable results. Solutions providers who want to successfully engage manufacturers in 2025 must adapt their approach to align with the new way manufacturers think, evaluate and adopt new solutions.

1. Authority first, sales later

Manufacturers are actively looking to engage with experts, not vendors. They value suppliers who understand their world, their challenges and their specific industry nuances. The best way to build credibility is by establishing authenticity and thought leadership long before making a sales pitch. This means offering data-backed insights, industry-specific analysis and clear, practical guidance.

2. Case studies and peer-led learning

Manufacturers are highly outcome focused. They want proof of success, not just promises. Real-world case studies are the most effective engagement tool, particularly when they demonstrate practical benefits and lessons learned, going beyond ROI to articulate real value. Solutions providers should prioritise peer-led learning formats, such as customer panels, Directors' Forum dinners, industry benchmarking reports and testimonials from manufacturing leaders.

3. Speak the manufacturers' language

Many technology providers struggle because they talk to manufacturers as if they were technology companies. The most effective suppliers frame their messaging around manufacturing goals; productivity, quality, cost reduction and resilience, rather than technology for its leading-edge or future-enabling capabilities. The best engagement strategies start with the people behind the problem being solved, not the solution itself.

4. Multi-touchpoint engagement for stronger conversion

One-off campaigns, like standalone webinars, will not always convert at scale. Instead, integrated, multi-touchpoint campaigns (webinars, whitepapers, in-person events and follow-up reports) lead to higher engagement and conversion rates. Sequencing content strategically (educational first, case study next, sales engagement last) shortens the sales cycle.

5. Manufacturing-focused thought leadership and community engagement

Successful solutions providers don't just market at manufacturers, they engage with them. Whether through industry publications, roundtable discussions or research collaborations, manufacturers respond best to solution providers who are active partners in their ecosystem rather than passive sellers.

To win in manufacturing, vendors must think like manufacturers, delivering authentic, credible, proof-driven and outcome-focused engagement. Manufacturers are pragmatic decision-makers; the best approach is education first, proof second and sales last. Solutions providers who invest in credibility, storytelling and multi-touch engagement will build trust, shorten sales cycles, and win more business in 2025.

CONTACT OUR SALES TEAM:

Call our sales team: 020 7401 6033

Email: Sales_HG@nineteengraoup.com

HENNIK RESEARCH LTD

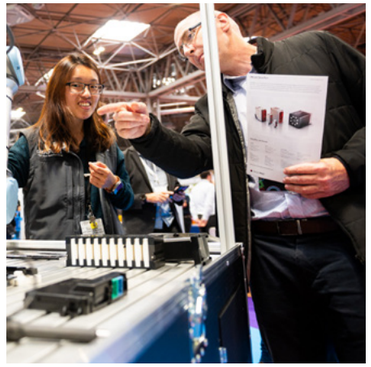
Nineteen™

THE MANUFACTURER

2025 EVENTS CALENDAR

THE MANUFACTURER MX AWARDS in partnership with Institution of Mechanical Engineers	The Oscars of manufacturing. The program exists to encourage, benchmark and celebrate achievements of UK manufacturing industrial businesses of all sizes and sectors. Shine a light on your organisation - entries open soon.	**17** MAR
MANUFACTURING DIGITALISATION SUMMIT	AI-Driven Solutions for Smarter Industry. Join digital experts for the 5th time to explore AI-powered automation, emerging trends, and best practices - an essential gathering for manufacturing innovators.	**4-5** JUN
SMART MANUFACTURING WEEK	Uniting the community for an innovation festival with dynamic digital and live events, inspiring, informing, and entertaining participants.	**4-5** JUN
THE MANUFACTURER TOP 100	Join us to celebrate the very best individuals of UK manufacturing. It is one of the biggest nights in the industry's calendar, attended by 100 brightest manufacturing stars, judges, alumni and the wider community.	**4** JUN
MANUFACTURING LEADERS' SUMMIT	The premier event shaping the future of industry. Gain cutting-edge insights, network with decision-makers, and explore transformative solutions. 16th annual event - an unmissable opportunity.	**11-12** NOV
THE MANUFACTURER MX AWARDS in partnership with Institution of Mechanical Engineers	Join 500 industry movers and shakers for this gold-standard Gala Dinner & Awards Ceremony night, delivered in partnership with IMechE. (Silver Winner for Awards Event of the Year).	**12** NOV
THE MANUFACTURER WEBINARS	Sharing input from the industry's best manufacturers and technology providers to map the technical areas, skills and behaviours that define modern industry.	MONTHLY
TM DIRECTORS' FORUM	Exclusive group of senior executives from *The Manufacturer's* community, meeting for confidential roundtables, networking, and sharing insights.	MONTHLY
MARKETING TO MANUFACTURERS	Exclusive reports, events, newsletters, and direct industry engagement to ensure solution providers stay ahead of the curve by translating knowledge into commercial success.	MONTHLY

themanufacturer.com/events



THE MANUFACTURER 2025 EVENTS

THE MANUFACTURER