



## 5 Trends that Will Shape Manufacturing in 2025

**New Deloitte report offers insights into how 2025 may shape up for the global manufacturing sector.**

Like most industry sectors, manufacturing dealt with its fair share of challenges and opportunities in 2024. Inflation, high interest rates, geopolitical events and a prolonged labor shortage all impacted the sector, which was also focused on trends like onshoring, the threat of new tariffs and a changing of the guard in the White House.

In its *2025 Manufacturing Industry Outlook*, Deloitte offers up its prognosis on what's coming next for the sector as it moves into the new year. Here are five of the top trends that the global consultancy will be tracking in 2025:

**1. Labor constraints will continue.** A study conducted by Deloitte and The Manufacturing Institute in 2024 revealed that nearly 2 million manufacturing jobs could go unfilled over the next 10 years if talent challenges are not addressed. The study also found that roles that require higher-level skills could grow the fastest between 2022 and 2032, and that a combination of technical manufacturing and digital and soft skills will likely be required. "Favorable economic conditions in 2025 such as lower interest rates

and continued investment in US manufacturing may reignite demand in the industry, which could intensify labor shortages," the company predicts in its report.

**2. Manufacturers will use more artificial intelligence (AI) and generative AI (GenAI).** Deloitte's 2024 Future of the Digital Customer Experience survey found that 55% of surveyed industrial product manufacturers are already leveraging GenAI tools in their operations, and more than 40% plan to increase investment in AI and machine learning over the next three years. "However, companies seem to be taking a more measured approach toward GenAI and AI implementation by following their traditional, holistic return on investment processes," Deloitte states.

**3. Supply chain disruptions will continue.** In 2025, companies are expected to face continued supply chain risks, disruptions, possible delays and elevated costs due to shipping delays, labor challenges, rising input costs and potential government policy changes, according to Deloitte. To offset these challenges, manufacturers will use strategies

like diversifying sources, pursuing mergers and acquisitions, enhancing partnerships, and building internal capabilities. "Amid the disruptions and high costs that could characterize supply chains in 2025," the company adds, "these approaches are likely to remain important."

**4. Manufacturing operations will get even smarter.** Manufacturers have continued investing in digital technologies over the last several years despite economic uncertainty, rising costs, and a challenging business climate. For example, Deloitte says its own analysis shows that technology investments made by manufacturing companies accounted for 30% of their operating budget in 2024 (compared with 23% in 2023), with cloud, GenAI and 5G being the top three technologies with the greatest ROI.

**5. Clean technology manufacturing moves forward.** Overall investment in U.S. clean technology manufacturing decelerated in 2024, but Deloitte's analysis of investor reports suggests a sustained commitment to electrification and decarbonization of products made by domestic industrial manufacturers. "The number of reports from industrial companies that mention 'electrification' or 'scope 3 emissions' has increased since January 2020 and continued to rise in 2024," it says. "The findings also suggest that customers seem to remain intent on lowering their operating emissions, which should continue to drive demand for lower-emission products."