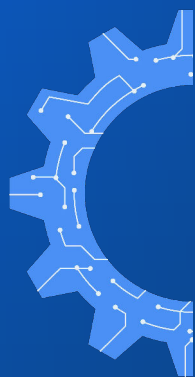


Xometry **THOMAS**



MANUFACTURING OUTLOOK 2026



A GLOBAL PERSPECTIVE

EUROPEAN EDITION

Letter from Randy

Manufacturing is at a pivotal moment, when the most pressing challenges and emerging trends are deeply interconnected. Across the industry, we see the same themes arising time and again: advances in technology, supply chain pressures, shifting customer expectations, and the demand for greater agility all influence one another.

Xometry's inaugural global report explores four central themes that will influence our industry in 2026: the acceleration of AI and digital tools, the growing demand for operational agility, rising customer expectations for quality and responsiveness, and the need for stable, flexible sourcing strategies. Together, these trends are reshaping what success looks like in manufacturing. Our experts share how leading organizations are adapting — whether by investing in technology, building more adaptable operations, or forging long-term partnerships that enable flexibility and trust.

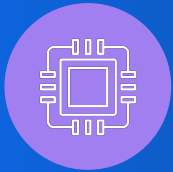
I hope this outlook gives you clarity and actionable direction for the year ahead. It's an exciting time to be part of manufacturing, and the future holds incredible potential for innovation and growth.

Sincerely,

Randy Altschuler
CEO, Xometry



2026 Trends



AI Is a Competitive Necessity

INNOVATION / AI IN 2026



Agility Is the New Manufacturing Currency

OPERATIONAL AGILITY



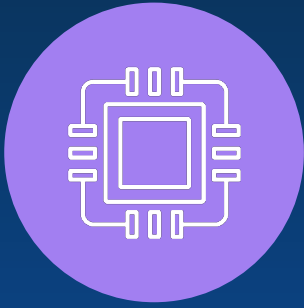
The Future of Manufacturing Is Customer-Driven

MARKET & CUSTOMER EXPECTATIONS



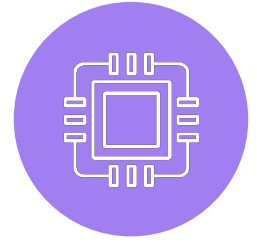
Sourcing for Stability

PRICING & SOURCING



INNOVATION / AI IN 2026

AI Is a Competitive Necessity



AI Is a Competitive Necessity

Key Takeaways



AI has moved from being a buzzword to an operational enabler — it's now protocol.

AI, from initial adoption to full-scale implementation, is a game-changing opportunity for manufacturers, with 82% viewing it as a key driver of growth. Once considered niche, AI is now becoming a cornerstone of business strategy.



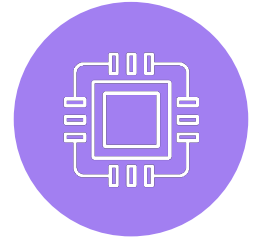
AI is delivering.

Almost half of manufacturers (44%) have experienced significant return on investment (ROI) on their AI investments, sparking a wave of future spending — over 85% of companies plan to allocate more than \$100,000 to AI initiatives in 2026.



Companies must close the talent gap to scale AI innovation.

A shortage of skilled workers is a major obstacle to faster innovation for 44% of companies. This highlights a key challenge in scaling AI innovation: upskilling the existing workforce, while crucial, often doesn't solve the core problem of a lack of specialized AI talent needed to lead and implement new technologies.



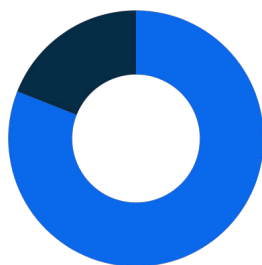
AI Is a Competitive Necessity

Global Outlook

AI is set to drive transformative value in global manufacturing through 2026. With 82% of executives identifying it as a core growth opportunity, companies are moving beyond simple experimentation. AI adoption is expanding into critical areas such as supply chain, procurement, and quality control — areas that will set the pace for industry innovation.

AI applications are transforming product development and disrupting the manufacturing tech stack. Instead of a slow, sequential process of ideation, design, and production, all of these steps are increasingly happening within a single system, in parallel, and at an entirely new scale. For instance, generative AI could soon be used more in the design phase, rapidly creating and iterating on product designs and simulating how different materials will perform, all before a prototype is even built.

As early ROI becomes more evident, particularly for larger companies, the leaders of 2026 will be those who scale AI implementation and integrate it into core workflows.



82%

OF EXECUTIVES VIEW AI
AS AN OPPORTUNITY
FOR THEIR COMPANY

Large companies are significantly more likely to have AI integrated into core operations already.

SMB

16%

Under \$100M in annual revenue

Large

28%

Over \$100M in annual revenue

Companies have seen a “significant” ROI on AI investment globally, by size.

SMB

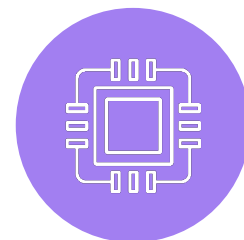
38%

Under \$100M in annual revenue

Large

52%

Over \$100M in annual revenue



AI Is a Competitive Necessity

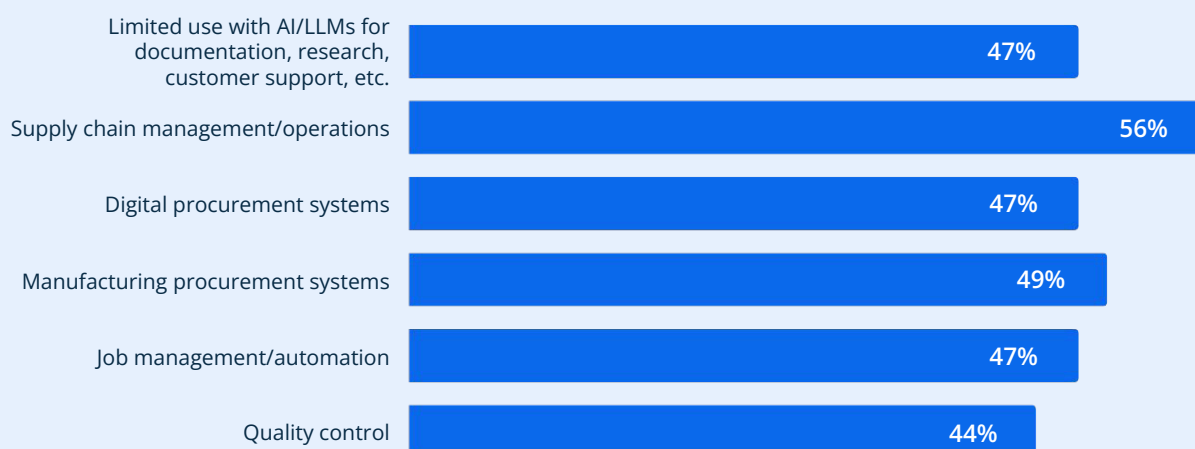
European Outlook

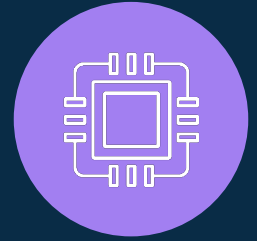
Just like in the U.S., AI in Europe is evolving from a mere buzzword into a practical business driver. Nearly half of manufacturers already report returns on their investments, and 44% plan to commit €500,000–€2 million in 2026. Adoption is strongest in supply chain, procurement, and quality control, where efficiency gains are most immediate.

The main challenge is talent, with about 65% of European manufacturers struggling to find qualified employees, with 39% of executives citing talent or skills shortages as a barrier for innovating faster, compared to nearly half of U.S. leaders. Many are addressing this with reskilling programs and new talent pipelines, ensuring AI can scale across operations.

European executives also place a stronger emphasis on sustainability, with 16% citing it as a top innovation priority, more than double the U.S. figure. Overall, optimism runs high: 83% see AI as an opportunity rather than a threat, and a slightly larger share than in the U.S. have already integrated AI into core operations (22%).

In which areas of business are companies implementing AI?





AI Is a Competitive Necessity

Looking Forward: The AI Transformation Starts Now

To stay competitive in 2026, manufacturers must position AI as a business transformation and embed it into the heart of their operations, moving beyond isolated pilots to scaled deployments. The biggest barrier is a talent gap, so the industry must reframe AI adoption as a people-plus-technology story that empowers employees instead of making them feel threatened. When AI stops being siloed and starts connecting functions across an organization, that's when ROI compounds and transformative value can be achieved.

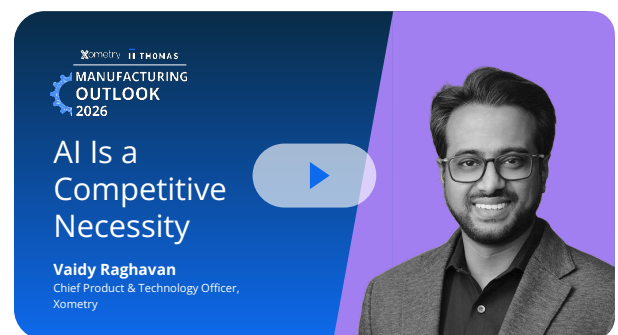


"It's not about changing out the entire workforce for a set with new skills, but about getting the right systems and then training workers on those systems."



Isabella Bennett

Associate Partner, McKinsey & Company



"The real winners will be those who foster a culture where innovation is everyone's responsibility and not just the domain of a digital team."

Vaidy Raghavan

Chief Product & Technology Officer,
Xometry



OPERATIONAL AGILITY IN 2026

Agility Is the New Manufacturing Currency



Agility Is the New Manufacturing Currency

Key Takeaways



Adaptability is non-negotiable.

The most successful companies in 2026 will be those that have stopped simply reacting and started architecting systems for speed, resilience, and adaptability.



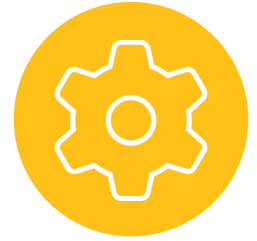
Reshoring is a key strategy for gaining control.

With 45% of global executives actively working to reshore facilities and 29% having already done so, this trend is clearly gaining momentum, though interest has fluctuated in recent years.



The path to agility is built on digital solutions.

Integrating digital workflows and partnerships can help manufacturers reduce overhead, move faster, and empower teams to focus on high-value tasks.



Agility Is the New Manufacturing Currency

Global Outlook

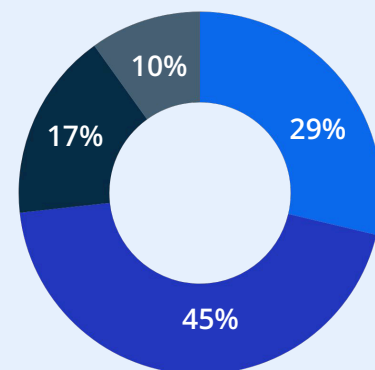
Operational agility will be a key strategic priority for manufacturers in 2026. Recent disruptions, ranging from tariffs and geopolitical tensions to the aftermath of the COVID-19 pandemic and port congestion, have exposed how vulnerable rigid supply chains can be. In an increasingly unpredictable world, the emphasis must shift toward building more resilient and adaptable operations.

Reshoring remains a key strategy for evolving supplier networks to mitigate risks, though interest and approaches have fluctuated. The percentage of companies that had successfully reshored facilities went from 35% in April 2023 to a high of 50% in October 2023, before settling at 42% in February 2025. Despite this volatility, as of August 2025, 29% of global executives report having successfully reshored operations, while another 45% are actively pursuing reshoring plans.

In addition to reshoring, manufacturers are strengthening their supplier networks by forming strategic partnerships. This approach has emerged as the "fourth pillar" of procurement, alongside quality, speed, and cost. These partnerships go beyond transactional relationships, fostering long-term collaboration and enhancing supply chain resilience.

Global Outlook Continued on Next Page →

Most manufacturers have reshored facilities or are doing so now.



- Have already successfully reshored at least some of their overseas facilities.
- Are currently undergoing plans to reshore overseas facilities.
- Have not initiated any plans for reshoring but have discussed it.
- Are not discussing reshoring their overseas facilities.



Agility Is the New Manufacturing Currency

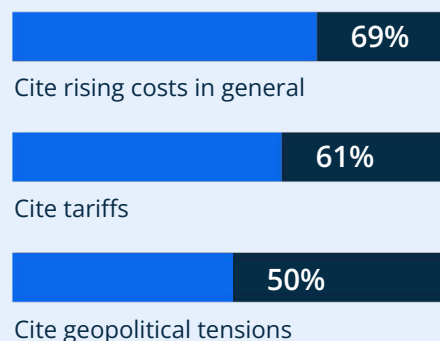
Global Outlook

Digital tools and platforms are also essential to modern manufacturing agility. They streamline processes, reduce "red tape," and enable teams to focus on high-value tasks. Adopting digital transformation and automation is a top strategic priority for many manufacturers, with 30% identifying it as a top priority.

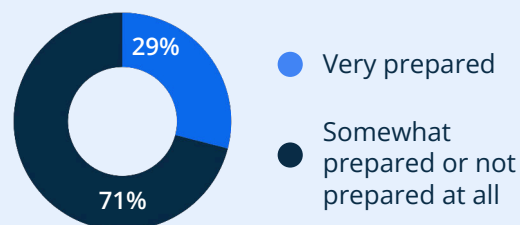
European Outlook

European manufacturers have a significant opportunity to improve their resilience against supply chain disruptions. While a large majority of European manufacturers (73%) have a business continuity plan, a much smaller percentage feel fully prepared for such events. In fact, only 29% feel "very prepared," leaving 71% who feel either "somewhat prepared" or "not prepared at all." This signals a clear need for greater transparency and agility to withstand future shocks and remain competitive. Workforce plans, however, are more restrained: just 55% of leaders expect to hire more employees, compared to 70% in the U.S.

The top factors driving reshoring efforts globally are:



Executives feelings on supply chain disruption:





Agility Is the New Manufacturing Currency

Looking Forward: Architect for Agility

It's time to start proactively building resilience for the future. Manufacturers must build a more resilient supply chain with flexible production capacity that can scale up or down as needed. Flexible supply chains that can make last-minute design modifications are key to operational agility. This strategy also involves building in redundancy with alternate suppliers and components, which will, in turn, enable business continuity and help prevent costly delays. True business continuity isn't a playbook; it's a concept that's inherently built into operations.



Having redundancy in supply chains built in with alternate suppliers and alternate components called out on the bill of materials is really what enables business continuity."



Mike Cavalieri

Senior Vice President of Marketplace Operations, Xometry



MARKET & CUSTOMER EXPECTATIONS

The Future of Manufacturing Is Customer-Driven



The Future of Manufacturing Is Customer-Driven

Key Takeaways



The new value mandate.

Customers are demanding a new level of value, with more than half of executives citing higher product quality as the most noticeable change in expectations. Almost half also point to a demand for faster delivery, signifying that the new market mandate is for more than just a good product.



Buyer relationships are evolving.

Buyers are now expecting a new level of real-time transparency and customization, forcing manufacturers to rethink how they deliver value. More than 40% of executives have noticed a change in expectations regarding supply chain transparency.



Experience as a key differentiator.

In a highly competitive environment, customers' overall experience is emerging as a crucial differentiator. Strengthening client relationships and service levels is a top strategic priority for almost a third of manufacturing leaders for 2026.



The Future of Manufacturing Is Customer-Driven

Global Outlook

Customer expectations will reach an all-time high in 2026, forcing manufacturers to fundamentally rethink how they deliver value. As 54% of executives cite higher product quality and 46% point to faster delivery as key changes in customer expectations, the industry is under pressure to balance these without sacrificing price stability. This isn't just about the product; buyers increasingly expect Amazon-like speed and real-time transparency across the supply chain, as noticed by 43% of executives.

Most Noticeable Changes in Customer Expectations Over the Past Year According to Executives



Global Outlook Continued on Next Page →



The Future of Manufacturing Is Customer-Driven

Global Outlook

This evolving landscape has created a new, customer-driven mandate. With about one-fifth of companies (18%) reporting lost business due to price resistance, manufacturers must now deliver greater value to justify costs. The solution isn't just about pushing price increases downstream, but about creating transparency and trust with buyers. The best way to approach difficult price conversations is with clear, open communication about the market factors impacting costs.

Radical transparency can be the key to managing customer relationships during times of rising costs, according to McKinsey's Isabella Bennett. This means clearly explaining any price increases, whether caused by tariffs, labor costs, or other factors. Furthermore, companies can be open in their negotiations, explaining to customers that maintaining stable pricing might be difficult given the extreme risks in the current economic environment.

To succeed in this environment, manufacturers must make strengthening customer relationships and service levels a top strategic priority. This focus on the buyer experience, from initial inquiry to final delivery, is now a crucial differentiator. Companies that can adapt their strategies to meet these new demands for quality, speed, and transparency will be better positioned to succeed.





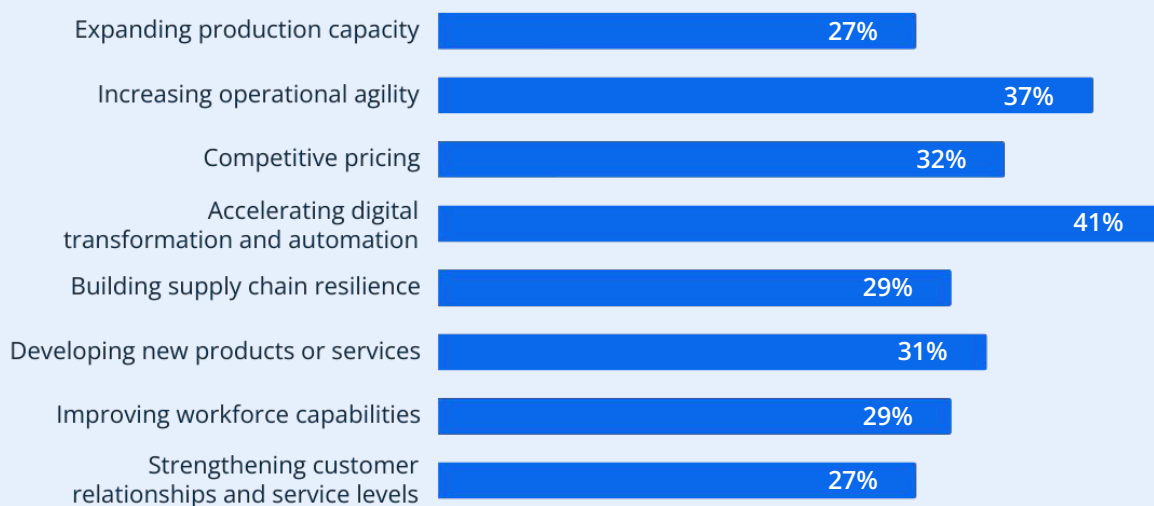
The Future of Manufacturing Is Customer-Driven

European Outlook

European manufacturers report that the most noticeable changes in customer expectations over the past year are demands for faster delivery (47%) and greater supply chain transparency (45%). Higher product quality (52%) remains a defining priority, reflecting the region's reputation for precision and reliability. Demand for digital tools is reported by 34% of companies, and customization by 35%, both slightly lower than in the U.S.

At the same time, the key strategic priorities of European manufacturers are largely driven by operational focuses such as digital transformation, automation, and enhancing operational agility, while about 27% rank customer relations and service levels among their top two priorities.

What Companies See as Their Top Strategic Priorities for 2026



MARKET & CUSTOMER EXPECTATIONS

The Future of Manufacturing Is Customer-Driven

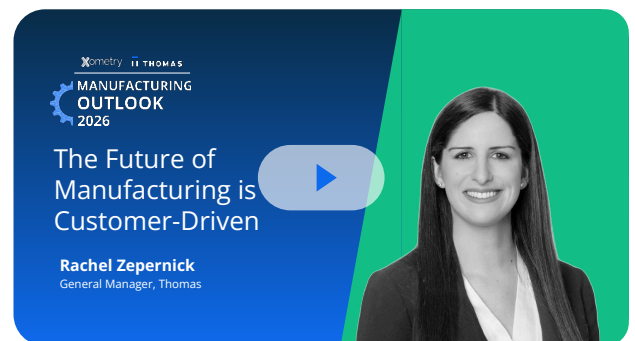


Looking Forward: Win Customers with Value, Transparency, and Trust

Companies must adapt their strategies to a new, customer-driven landscape. This means investing in strategic partnerships to create flexible supplier networks that offer redundancy and viable alternatives. It's also important to cultivate a culture of transparency, openly communicating with customers about market factors affecting costs and building a new level of trust that can serve as a key differentiator.



"Buyers — even in B2B contexts and in complex manufacturing capacities — are expecting Amazon-like speed and real-time transparency and customization, so the right partners can enable faster lead times, on-demand production, and full supply chain transparency."



Rachel Zepernick
General Manager, Thomas



PRICING & SOURCING

Sourcing for Stability



Sourcing for Stability

Key Takeaways



Manufacturers face a pricing power paradox.

Faced with rising costs and customer pushback, manufacturers are caught in a cycle of raising prices but risk losing revenue.



Market-driven pricing is the future.

Success lies in restructuring pricing models around flexibility, transparency, and value, with the market determining a product's price rather than traditional cost-plus models.



Technology is the key to stability.

With 84% of manufacturers planning to use new technologies and partnerships in 2026, innovation is seen as the primary solution to mitigate sourcing and pricing challenges.



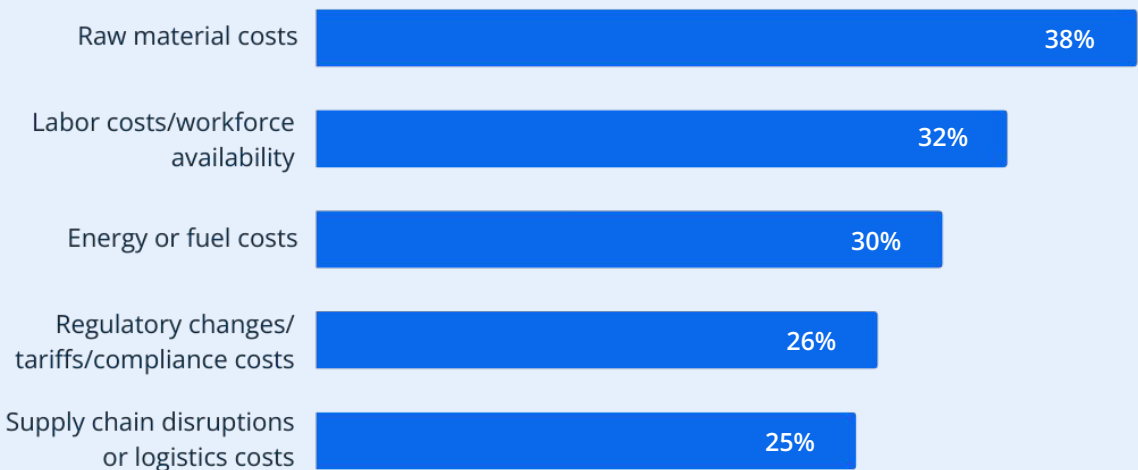
Sourcing for Stability

Global Outlook

Manufacturers will face a pricing power paradox in 2026. As 76% of global companies plan to implement price increases in 2026, primarily driven by raw material costs (38%) and labor availability (32%), 18% of executives report pushback and lost customer revenue. This dynamic is forcing companies to reevaluate traditional operations and strategies.

In response to this paradox, a shift toward market-driven pricing is emerging. Instead of rigid formulas, many companies are embracing new strategies, such as forming strategic partnerships and diversifying suppliers across regions to secure more stable rates and reduce dependency on a single source. They are adopting market-informed, data-driven pricing that can make real-time adjustments as market conditions shift.

Top 5 factors influencing global pricing:



Global Outlook Continued on Next Page →



Sourcing for Stability

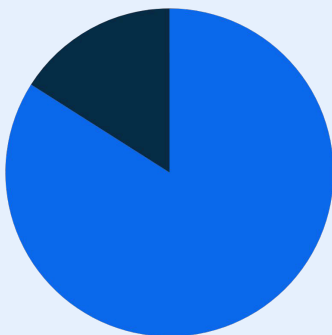
Global Outlook

Technology investment and supplier diversification will be the keys to stability. Making pricing dynamic and data-driven to react quickly to demand changes will be essential for companies to maintain margins and stay competitive. Eighty-four percent of manufacturers are looking to new technologies and partnerships to address these pressures.



75%

OF MANUFACTURERS RAISED PRICES IN 2025; **76% ANTICIPATE DOING SO AGAIN IN 2026.**



84%

OF GLOBAL COMPANIES PLAN TO USE NEW PARTNERS OR TECHNOLOGIES FOR SOURCING/PRICING ISSUES.



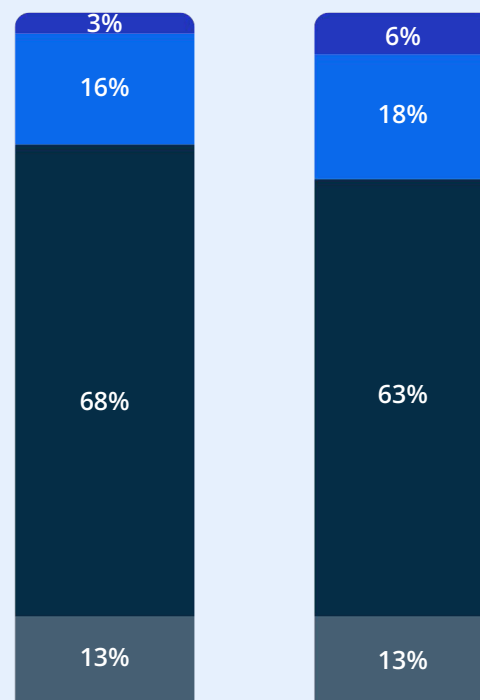
Sourcing for Stability

European Outlook

In 2025, 71% of European manufacturers raised prices, and nearly three-quarters expect to do so again in 2026. Customers have been more resistant than in the U.S., with 68% reporting some pushback and 16% noting significant pushback, making it harder to balance rising costs with buyer expectations.

The strongest pressures come from raw materials and energy costs, followed by labor and regulatory requirements, alongside growing sustainability and compliance demands. To manage these challenges, 81% of manufacturers plan to adopt new technologies and partnerships, building more flexible and diversified sourcing strategies to protect margins and ensure stability.

How did your customers respond to price increases this year?



- Strong pushback leading to notable loss of customers
- Significant pushback, with some lost business
- Some resistance, but mostly accepted
- Minimal or no pushback



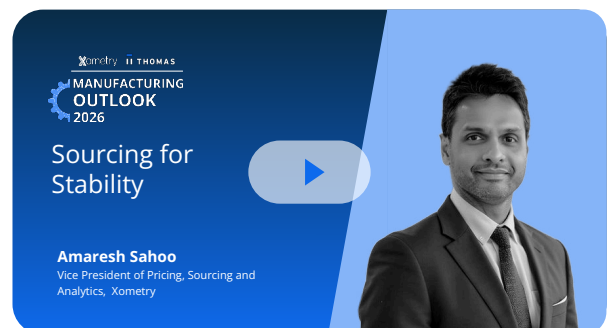
Sourcing for Stability

Looking Forward: Optimize Procurement for Stability

To stay competitive, manufacturers must pivot toward agile, tech-enabled strategies. This means restructuring pricing models around flexibility and transparency, rather than simply passing on costs to customers. Companies can also gain a competitive advantage by rethinking sourcing, focusing on smarter diversification and modern procurement tools.



"In the past, manufacturing pricing was fragmented and opaque, but we're now moving toward a future where pricing models can resemble those of B2C companies. By leveraging marketplace intelligence and data analytics, we can develop dynamic pricing strategies that optimize prices for both buyers and suppliers in real time."



Amaresh Sahoo

Vice President, Pricing, Sourcing & Analytics, Xometry

Conclusion

The outlook for 2026 is clear: Success will go to manufacturers that **anticipate change, embrace digital transformation, and lead with agility.**

The data signals a future where proactive investment in AI, agile operations, and modern sourcing strategies is essential for growth. Companies that modernize now — scaling innovation, reinforcing supply chains, and tailoring offerings to evolving customer priorities — will capture market share and outperform less adaptive competitors.

2026 Manufacturing Outlook

Methodology

All data points are sourced from Xometry, Thomas, and a joint survey conducted by Xometry and Zogby Strategies. The insights presented are Xometry's own, based on this data and expert interviews with McKinsey & Company's Isabella Bennett and Xometry's Vaidy Raghavan, Mike Cavalieri, Amaresh Sahoo, Rachel Zepernick, and Sanjeev Singh Sahni. The survey was conducted in August 2025 and had a total of 300 respondents.

Respondents included executives from small, medium, and large enterprise companies in manufacturing, located within the United States, United Kingdom, and Europe (Germany, France, Italy, Spain). The overall margin of error is +/- 5.7 percentage points.

About Xometry

Xometry (NASDAQ: XMTR) is the leading global AI-powered marketplace for on-demand manufacturing, meeting the needs of buyers and suppliers from discovery to production. Trusted by Fortune 500 companies and small businesses alike, Xometry accelerates innovation by making custom manufacturing smarter, faster and built for global scale. For more information, visit xometry.com.



About Thomas

Thomas is the definitive supplier discovery and advertising platform, connecting buyers with thousands of highly vetted suppliers and helping manufacturers grow their businesses. For more information, visit thomasnet.com.

