MANUFACTURING OUTLOOK 2026

A GLOBAL PERSPECTIVE

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.

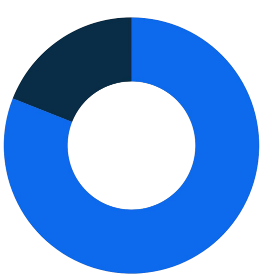
AI Is a Competitive Necessity

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.

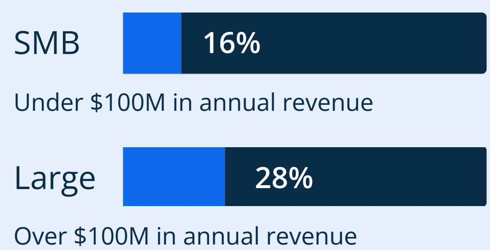
As early ROI becomes more evident, particularly for larger companies, the leaders of 2026 will be those who scale AI implementation and integrate it into core workflows.



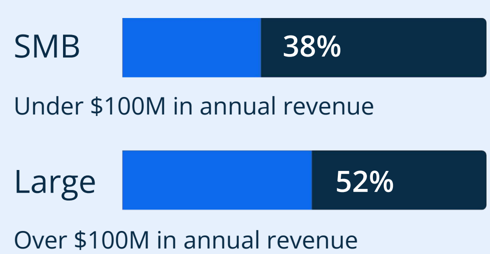
82%

OF EXECUTIVES VIEW AI AS AN OPPORTUNITY FOR THEIR COMPANY

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



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



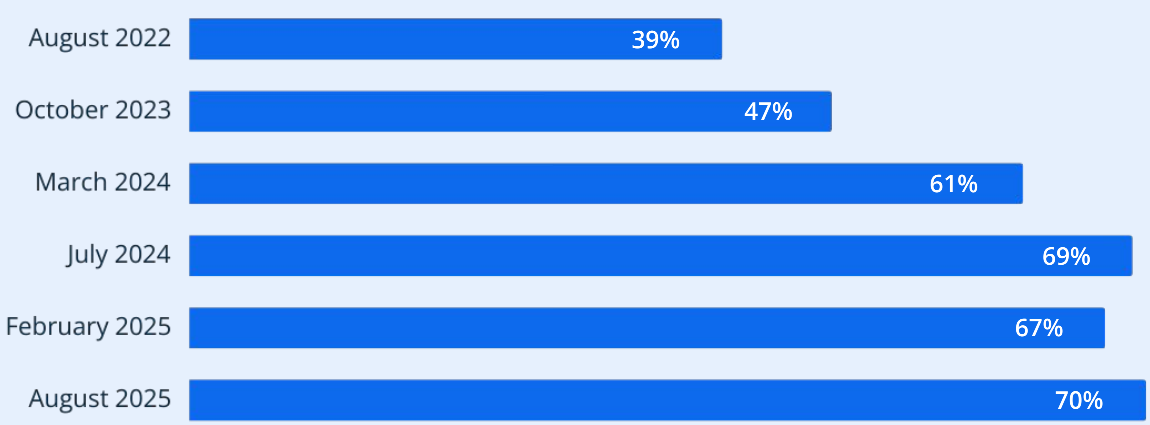
AI Is a Competitive Necessity

U.S. Outlook

In the U.S., AI is evolving from a mere buzzword into a practical business driver. As companies start to see returns on their initial investments, it's fueling expectations for even greater spending in 2026. However, there's a clear skills gap that presents a major hurdle. While AI is helping to address some existing talent gaps, its rapid acceleration could also create new ones, making it difficult for manufacturers to find people with the expertise needed to manage these new technologies. The numbers show this challenge is getting worse: the percentage of companies struggling to find qualified employees jumped from 56% in October 2023 to 68% in August 2025.

The key to addressing these skills gaps is to view AI as a tool to empower — rather than replace — employees. Manufacturers can take a dual approach: investing in their current workforce, while also building new talent pipelines through partnerships with trade schools and professional societies. Employees shouldn’t have to be coders to use AI tools. If companies select flexible, AI-enabled platforms that don't require extensive in-house coding or data science skills, they can innovate without being held back by a lack of talent.

Growing Intent to Hire: The percentage of manufacturing CEOs planning to hire more has generally increased over time.



INNOVATION / AI IN 2026

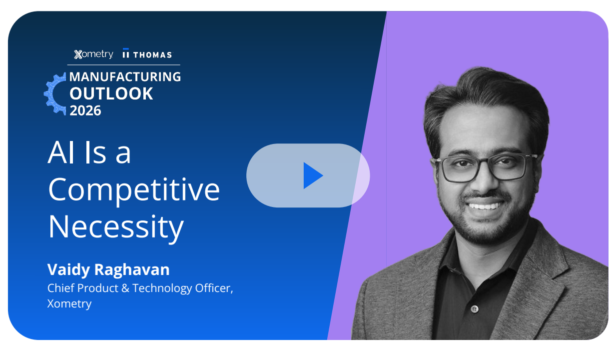
AI Is a Competitive Necessity

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.

OPERATIONAL AGILITY IN 2026

Agility Is the New Manufacturing Currency

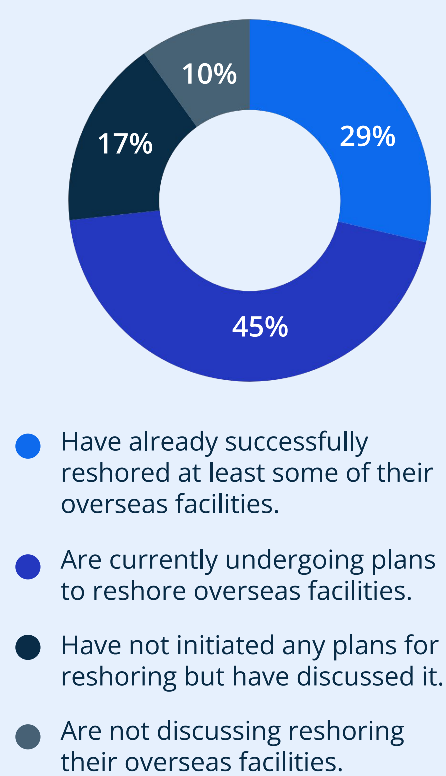
Global Outlook

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.

Most manufacturers have reshored facilities or are doing so now.



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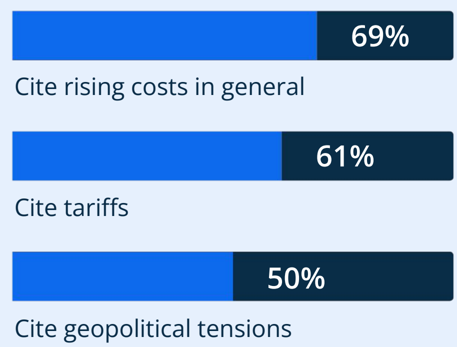
Agility Is the New Manufacturing Currency

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.

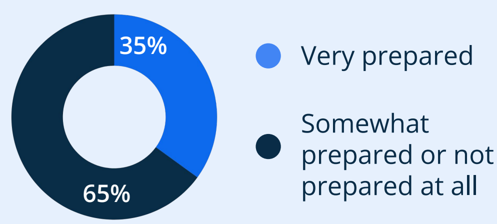
The top factors driving reshoring efforts globally are:



U.S. Outlook

U.S. manufacturers have a significant opportunity to improve their resilience against supply chain disruptions. While a large majority of U.S. manufacturers (76%) have a business continuity plan, a much smaller percentage feel fully prepared for such events. In fact, only 35% feel "very prepared," leaving 65% 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.

Executives feelings on supply chain disruption:



OPERATIONAL AGILITY IN 2026

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

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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

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MARKET & CUSTOMER EXPECTATIONS

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.

MARKET & CUSTOMER EXPECTATIONS

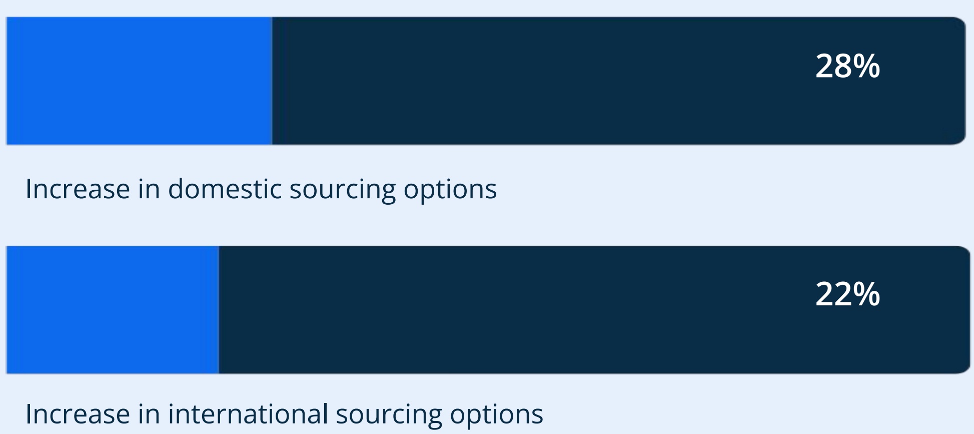
The Future of Manufacturing Is Customer-Driven

U.S. Outlook

U.S. manufacturers are grappling with new customer expectations, including the demand for speed. Data shows that 45% of companies have noticed customers' faster delivery expectations. This increased demand is also putting pressure on the supply chain.

In the U.S., manufacturers continue to see a shift toward domestic sourcing. From January to July, Xometry reported a 28% increase in domestic sourcing options and a 22% increase in international sourcing options, signaling a growing preference for sourcing closer to home. This shift could help address rising costs and delivery challenges in the long term.

Domestic vs. International Shipping Preferences



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

PRICING & SOURCING

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.

PRICING & SOURCING

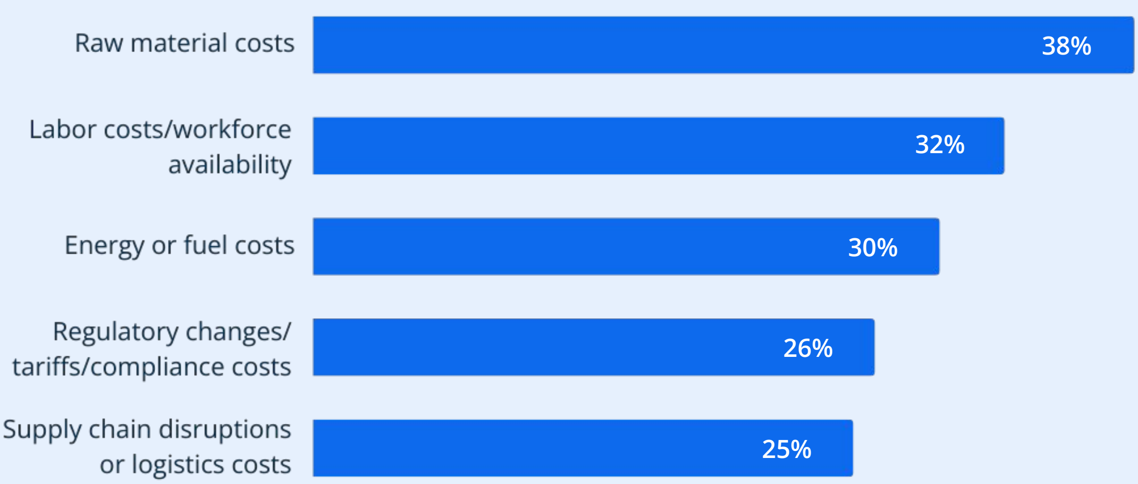
Sourcing for Stability

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 →

PRICING & SOURCING

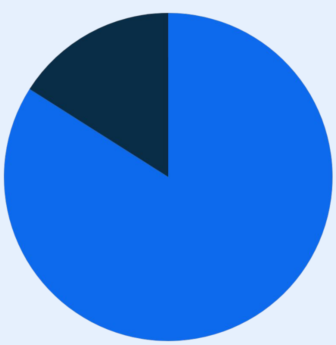
Sourcing for Stability

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.

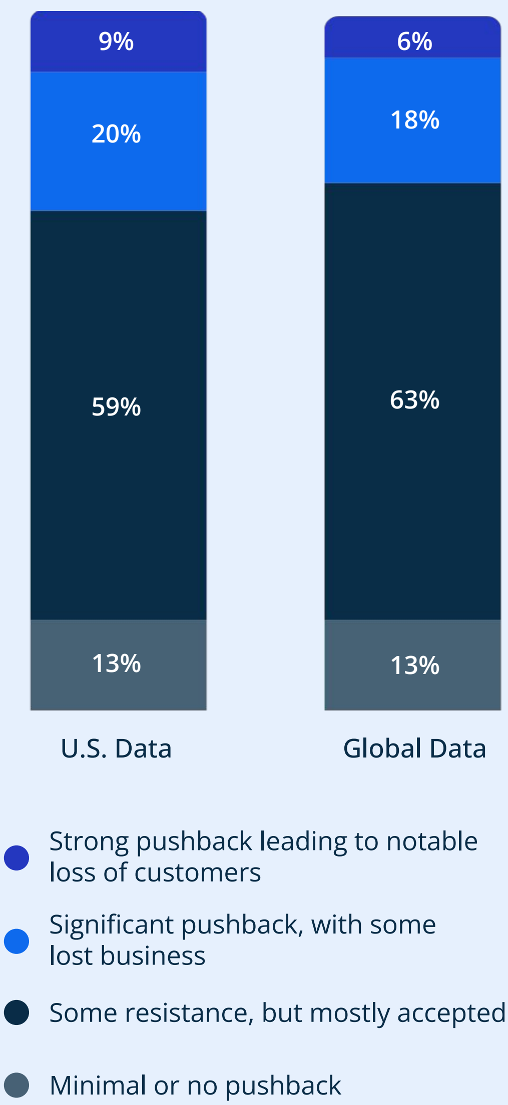
Sourcing for Stability

U.S. Outlook

U.S. manufacturers are grappling with a challenging pricing reality driven by ongoing cost pressures, which forced 78% of them to raise prices in 2025. U.S. customers have also pushed back more than their global counterparts.

In response, a major shift in sourcing is underway. Data from Xometry shows 28% growth in U.S. domestic sourcing and 22% growth in international sourcing, highlighting a move toward diversified supply chains and sourcing closer to home. Similarly, on Thomasnet®, sourcing for U.S. aluminum suppliers is up 63% since January 2025. Ultimately, these strategic sourcing shifts are a powerful response to pricing pressures, and they are essential for companies to mitigate costs and risks while maintaining business stability and profitability.

How did your customers respond to price increases this year?



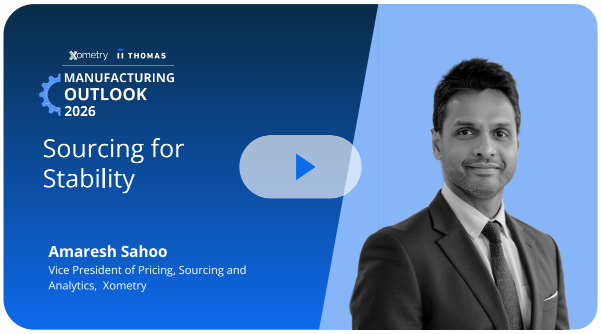
PRICING & SOURCING

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. 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.