

## Paints & Coatings Market



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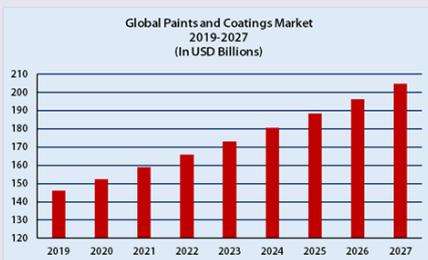


Figure 1: Global Paints and Coatings Market



### Global Outlook

According to a report by Grand View Research, the global paints and coatings market size was valued at USD 146.2 billion in 2019 and is expected to grow at a CAGR of 4.3% from 2019 to 2027, reaching to USD 204.7 billion by 2027. The market is expected to be driven by the increasing product consumption in the construction, automotive, and general industries application sectors. Rapid urbanization and industrialization in the emerging countries, such as India, China, and Southeast Asia, are anticipated to fuel the product demand in various applications. However, the outbreak of COVID-19 may have a negative impact on market growth in the near future.

The report goes on to add that the global market has grown moderately in the past few years in spite of various uncertainties, such as the economic slowdown of major economies, negative & positive influence of the low crude oil prices, fluctuations in the value of the U.S. dollars, the high growth rate of the U.S. automotive and construction industry, the tenuousness of the recovery of various European nations, and developments in regulatory norms globally.

Despite the fact that many of these factors are beyond the control of coats & glaze formulators, manufacturers, raw material and end product distributors, and marketers, the industry has rapidly responded exceptionally to these crucial changes in market conditions. This has been possible owing to the introduction of various innovative manufacturing processes and technologies that helped companies to instantly mitigate to numerous potential negative impacts and maximize their opportunities for carrying growth to the decorates & glaze products.



### Regional Segmentation

Asia Pacific including China and Southeast Asia dominated the market and accounted for over 35.0% share of global revenue in 2019. Rising construction activities and growing demand from the automotive sector in emerging countries, such as China, India and Southeast Asia, are expected to drive the market over the forecast period. Europe is the second-largest market and accounted for over 27.0% share of the global revenue in 2019. Expanding construction sector in various countries, including the U.K., the Netherlands, Germany, Hungary, Poland, Sweden, and Ireland, is expected to propel the product demand over the forecast period. Moreover, increased funding from the EU, coupled with supportive measures, such as subsidies, tax breaks, and incentives taken by various governments, is anticipated to augment the growth of the construction sector in the region, which will drive the demand for paints and coatings.



### Application Insights

The architectural and decorative segment led the market and accounted for more than 57.0% share of the global revenue in 2019. Growing construction activities and significant development of rail and road infrastructure in various developing and developed countries, such as the U.S., India, China, Germany, the U.K., and other European countries, are expected to drive product demand in the segment in the coming years.

The emerging regions, such as the Asia Pacific and MEA, have witnessed strong growth in non-residential sectors, including FMCG, IT, telecom, and retail, resulting in increased demand for coatings. An increasing number of FMCG companies in India, China, and Singapore are expected to help

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augment the market share of architectural & decorative paints and coatings in the near future. In addition, rapid industrialization, increasing government infrastructure spending, and increasing FDI is expected to further boost the segment growth



#### Acrylic Segment Leads the Market

According to the Grand View research report, the acrylic segment led the market in 2019 and accounted for the maximum revenue share of more than 42.0%. This growth is attributed to the excellent stabilization and weathering properties of acrylic products. Acrylic resins are widely used in water reducible and emulsion resins for the manufacturing of coats and varnishes. Its characteristics include thermoplastic nature, optical clarity, weather/UV resistance, and excellent dimensional stability. Moreover, currently, owing to the development of advanced technologies, the business has witnessed a huge shift from solvent-based to water-based or powdered coats. Implementation of stringent regulations globally and rising awareness about VOC contents are expected to be the major factors driving the demand for water-based products, which, in turn, is anticipated to drive the demand for acrylic resins.

#### -Global Wallpaper Market-

According to a report by Mordor Intelligence, the global wallpaper market is expected to register a CAGR of 3.59% during the forecast period of 2020-2026. Wallpapers are cost-effective, hence are increasingly being adopted over traditional wall painting practices.

The report goes on to add that due to the increasing consumer demand for aesthetic designs, companies are coming up with a diverse range of wallpapers that resemble the looks of an old Persian carpet, or a breaking wave of surf, or a cracked brick wall, among others. This has made wallpapers feasible for a very high level of customization. Moreover, with the advent of graphic designing, along with new reproduction capabilities, wallpapers are set to become the next big disrupter in the world of design and décor.

#### - Global Decorating Tools Market-

According to a report by Global Market Insights, the global Decorating tools Market size was USD 10.72 billion in 2019 and will grow at a CAGR of 5.0% between 2020 and 2026. Surge in urbanization especially in emerging economies is set to increase the decorating tools demand. The tools are available in wide specifications and sometimes with customizable and replaceable components to enhance functionality and reliability. Furthermore, manufacturers are continually introducing improved designs and functionality to make products more friendly for the surging DIY market.

DIY in the decorating industry is popular particularly among developed areas such as the U.S. and Europe. Easy applicability along with competitive pricing of the products is expected to boost decorating tools industry growth. Moreover, technological development for reducing paint wastage is also positively influencing the demand. Industry players are focusing on tie-ups with architects and government tenders for mass projects and supplying products in bulk and in economical prices.

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### -Economic Impact of Coronavirus-

Undoubtedly, coronavirus is a black swan event – something that happens once in a century. Its spread has left businesses around the world counting costs, with many investors fearing the spread of coronavirus will pose an insurmountable challenge to the economic growth of all major countries across the globe. Almost every industry has been affected, with governments scrambling to somehow arrest the economic decline. Central banks in more than 50 countries, including the US Federal Reserve and the Bank of England have cut interest rates to try to strengthen their economies. Furthermore, most countries have announced unprecedented stimulus packages in the hopes of reviving their economy.

#### Effect on Global Demand

Restaurants, cinemas and shops around the world have emptied, while flights, road traffic and energy use have fallen steeply. Oil prices have plummeted leading to oil producers slashing outputs.

The retail industry has been hit hard. Lockdowns in many major economies until the middle of May 2020, with only essential shops being allowed to open has meant huge losses for retailers, leading to many retailers shutting up shop.

It is clear now that the spread of coronavirus has led to a decline in global consumer spending, the heart of global economic activity. Moreover, employee layoffs in various industries are becoming increasingly common, in many cases on a large scale. This will lead to further pullback in consumer spending, at least in the near future, exacerbating the economic impact of coronavirus.

#### Impact on Paints and Coatings Market

COVID-19 has been the most disruptive force for the global paint and coatings industry in recent memory. The industry saw demand nose-dive in the first half of 2020 in an unprecedented manner owing to the pandemic and the resultant lockdowns in most major markets. Although production did resume in the second half of 2020 in a staggered manner, the continuing rising number of cases in many countries and its effect on demand is still causing anxiety among the leading paint and coating producers.

Going forward, with mass vaccination still in its early stages in most countries, we will have to wait for at least a few more months for uninterrupted recovery to begin and the consequential increase in demand. Until then, paints and coatings manufacturers and suppliers are in for a few more anxious months at least.

#### Pace of Recovery Losing Momentum

According to the latest OECD Interim Economic Outlook report, after an unprecedented collapse in the first half of the year, economic output recovered swiftly following the easing of containment measures and the initial re-opening of businesses, but the pace of recovery has lost some momentum more recently. New restrictions being imposed in some countries to tackle the resurgence of the virus are likely to have slowed growth, the report says.

Uncertainty remains high and the strength of the recovery varies markedly between countries and between business sectors. Prospects for an inclusive,

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resilient and sustainable economic growth will depend on a range of factors including the likelihood of new outbreaks of the virus, how well individuals observe health measures and restrictions, consumer and business confidence, and the extent to which government support to maintain jobs and help businesses succeeds in boosting demand.

#### UK Economic Forecast

Rising coronavirus infections and lockdown controls are expected to weigh on the economy in the opening months of 2021 before enough people can receive the vaccine and restrictions can be relaxed. GDP was expected to grow by 5.5%, according to Office for Budget Responsibility forecasts in November. While this would mark the strongest growth rate since the late 1980s, the depth of the COVID recession means the economy would not return to its pre-pandemic peak until late 2022.

Since the launch of tougher COVID restrictions, the Resolution Foundation thinktank now expects GDP could be as much as 6% smaller by Easter than forecast, cutting the 2021 growth rate to 4.3%.

#### Global Economic Forecast

The OECD Interim Economic Outlook projects global GDP to fall by 4½ per cent this year, before growing by 5% in 2021. The forecasts are less negative than those in OECD's June Economic Outlook, due primarily to better than expected outcomes for China and the United States in the first half of this year and a response by governments on a massive scale. However, output in many countries at the end of 2021 will still be below the levels at the end of 2019, and well below what was projected prior to the pandemic.

If the threat from COVID-19 fades more quickly than expected, improved business and consumer confidence could boost global activity sharply in 2021. But a stronger resurgence of the virus, or more stringent lockdowns could cut 2-3 percentage points from global growth in 2021, with even higher unemployment and a prolonged period of weak investment.

The report warns that many businesses in the service sectors most affected by shutdowns, such as transport, entertainment and leisure, could become insolvent if demand does not recover, triggering large-scale job losses. Rising unemployment is also likely to worsen the risk of poverty and deprivation for millions of informal workers, particularly in emerging-market economies.

The rapid reaction of policymakers in many countries to buffer the initial blow to incomes and jobs prevented an even larger drop in output. The Interim Outlook says it is essential for governments not to repeat mistakes of past recessions but to continue to provide fiscal, financial and other policy support at the current stage of the recovery and for 2021. Such measures should be flexible enough to adapt to changing conditions and become more targeted.

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