

# GLOBAL POWDER COATINGS INSIGHT

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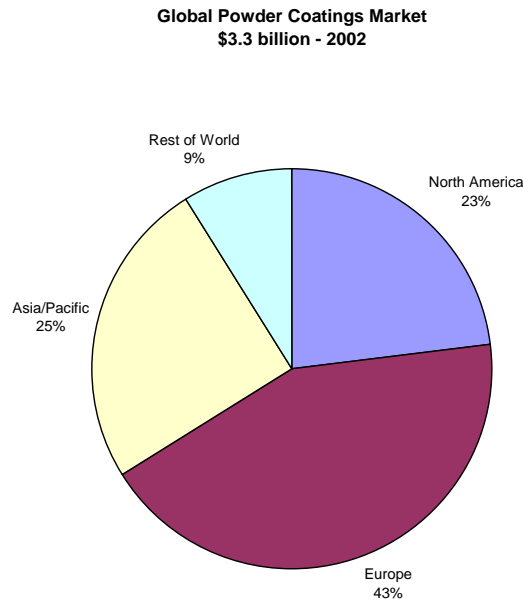
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Once the darling of the coatings industry in terms of growth, the powder coatings industry has encountered challenges in recent years from the economy, from over-capacity and industry consolidation, from migration of industrial production to low labor regions of the globe and from saturation of the “low hanging fruit” high temperature cure metal coating markets.

The global powder coatings market in 2002 was \$3.3 billion, dominated by Europe and Asia Pacific as shown in Figure I. Only a few years earlier the North American market overshadowed Asia Pacific. However, Asia Pacific’s explosive industrial growth accelerated the growth of powder coatings in the region at the same time as the American market struggled with economic, overcapacity and market penetration issues. .

Figure I



Powder coatings growth in North America continued to outpace the growth in liquid coatings through 2000. However, the recent business challenges for the powder coatings industry have slowed the average growth rate from 2001 – 2003 to flat and even to negative rates in some sectors, compared to continued growth in Asia Pacific.

From the applications standpoint regional markets were varied. For example, although metal furniture and fixtures dominate both the North American and European powder markets at 32% and 38%

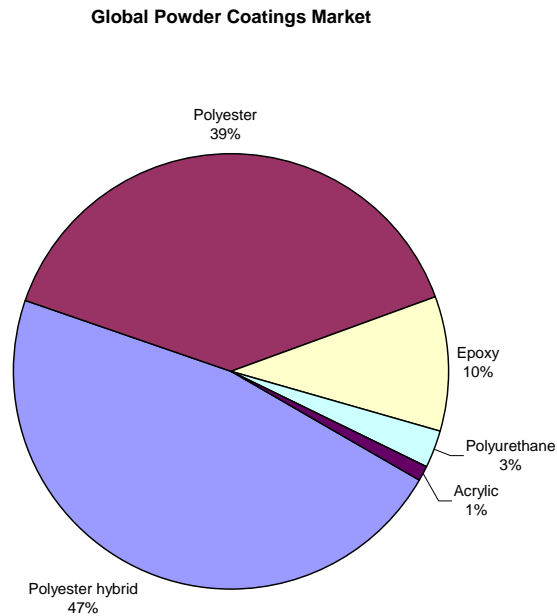


respectively, the machinery segment held a significant share in Europe at 21%, but captured only 9% in North America.

The differences in application foster regional differences in technologies as well. Figure II shows the global technology segmentation. 100% epoxy powder coatings tend to occupy applications in need of significant resistance to corrosion, such as FBE (fusion bonded epoxy) for pipe coatings. However, epoxy resins do not age well in UV light and this means that it has captured a smaller portion of the market versus polyester, which is less expensive and more durable in UV light. Polyester epoxy hybrids offer more versatility compared to 100% epoxy, including better external weatherability at a lower cost, and have thus captured a larger share of the market.

The technology breakdown will continue to change as new developments in low temperature cure, faster cure, and new thin film applications reach commercialization. Acrylic, urethane, and hybrid resins will benefit from these new applications. These developments are anticipated to bring new life to the North American market, but may gain acceptance more slowly in Asia Pacific due to the predominance of metal coating applications there.

Figure II



In summary, powder coatings technology will continue to evolve and grow, though at a slower pace than in the past. Geographically, Asia Pacific will continue to grow at a faster rate than North America or Europe and will ultimately become the largest market for metal coatings. However, new developments which expand the use of powder coating into thinner film applications and onto new substrates are expected to revive the North American market.



## About The Author



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Susan joined The ChemQuest Group in 1997 after thirteen years with Zeneca Resins where she held numerous positions including Business Manager, Architectural Coatings, Business Manager, Adhesives & Sealants, Business Manager Graphic Arts, and General Sales Manager. During her tenure at Zeneca, she gained considerable experience in managing strategic planning teams, organizational change, and sales and marketing teams. Prior to Zeneca she spent six years in sales for Morton International Inc. and five years in product development and tech service for the 3M Company. She earned a B.A. in Chemistry and in Mathematics from Augsburg College. Contact Sue at (781) 837-0222 or [SAnderson@chemquest.com](mailto:SAnderson@chemquest.com)

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