



ASIAN PAINTS

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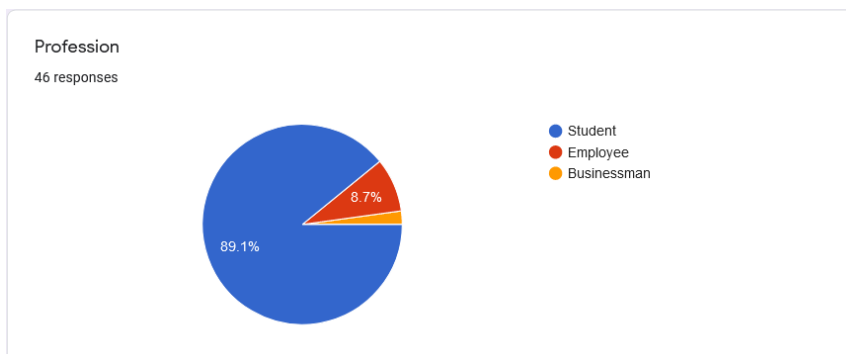
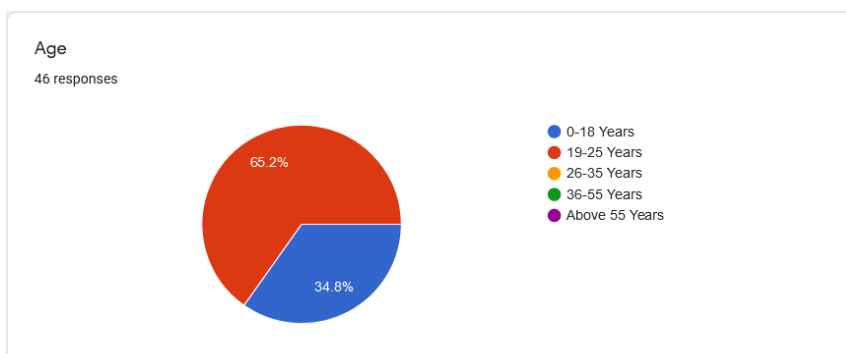
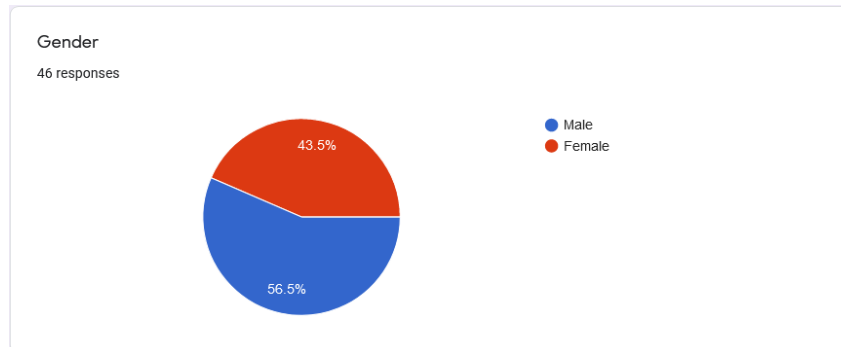
OBJECTIVES

The objectives kept in mind while making the project are:

- Analyzing Asian Paints as a product
- Analyzing the demand for Asian Paints
- Analyzing the Indian Paint Industry
- Understanding Asian Paints as a company
- Evaluating the financial performance of Asian Paints as a company
- Understanding the importance of different characteristics of Paints
- Knowing the brand awareness in the paints industry
- Analyzing the market share of each company under the paint industry
- Understanding the quality and the satisfaction rate of customers with their paints
- Analyzing and understanding the price elasticity of demand for Asian Paints
- Finding competitors of Asian Paints and understanding their strengths

METHODOLOGY

- For this project I have used a research and a survey approach to come to all the conclusions.
- For the research approach I have went through different articles and various websites and for the survey approach, I made and circulated a Google form for responses and the details of my sample population are given below.



- The above pie charts show that the sample population constitutes of 65% people below 18 and the other 35% of age 18-25Yrs. 90% of the sample population is students and 9% are employees. The population has 56% males and 44% females.

INTRODUCTION

- **ABOUT PAINTS**

- Paint is a generic term for a range of chemical substances that help protect the surface and keep them looking good. Paint is defined as a group of emulsion, consisting of pigment suspended in a liquid medium, for use as decorative or protective coating. “Paint” ranges from the broad group of environmentally-sound latex paint that many consumers use to decorate and protect their homes and the translucent coating that line the interior of food containers, to the chemically-complex, multi-components finishes that automobile manufacturers apply on assembly line.
- Though there are different types of paint for different surface, all paints are mixture of four elements- solvent which gives it its flow and enable it to brush on the surfaces, binders for cohesion as well as adhesion to the surfaces, pigments for color and capacity, and additives which give paint certain special characteristics such as resistance to fungus, algae and rust.
- A variety of paint exist for different purpose like Emulsion, Distempers, Lustre and matt finished and exterior finishes for walls, melanine based polyurethane metal and wood.

• ABOUT PAINTS INDUSTRY

- The Indian market is dominated by decorative segment, which comprises of almost 70% of consumption as compared to developed countries where the industrial segment is more dominant. The ratio in India is also more likely to shift towards industrial segments, especially with growth in the auto and white goods industry.
- The paint industry has low fixed asset intensity (as essentially it is a mixing process) but high working capital intensity (as the number of shades is large and there is seasonal demand). The investments are in brand building and distribution infrastructure.
- New trends are emerging in technology and marketing. Introduction of tinting machine at the dealer/retailer level will bring down working capital cost. Also new technology is being used to increase the utility and lifespan of paints. Indian industry will have to keep pace with global technological changes to maintain their competitiveness. Already a few alliances have entered and the number is likely to increase in future. Asian paint is a market leader followed by Nerolac.
- The outlook for the industry is positive especially given the good prospect for automotive and white goods Industry. Moreover, housing is expected to grow rapidly on the back of rising incomes and government incentives. The supply situation remains a cause for concern and will keep prices under check. The key to success will be innovative marketing. Thus, we prefer Asian paints within the sector, which has proven track record in innovation and is indomitable in the decorative segments.

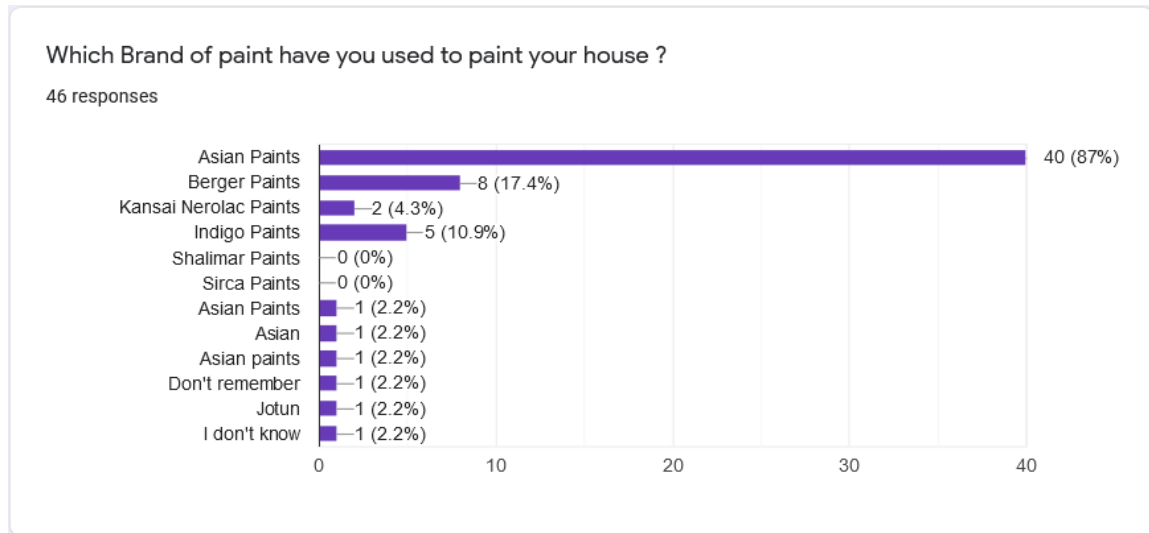
ASIAN PAINTS

- The company manufactures, sells, and distributes paints and coatings for decorative and industrial use in India.
- It offers wall finishes, metal finishes, and wood finishes for interior and exterior surfaces.
- It provides a wide range of mechanised tools, waterproofing products, adhesives, bath fittings, wardrobes, wall coverings, and surface disinfectants.
- They also offer color consultancy, home painting, decor, interior design, and sanitization services.
- The company manufactures essential components such as varnishes, enamels, and lacquers (used for glossy finishes), organic composite solvents, and thinners.
- It has also ventured into modular kitchens and kitchen components, including wire baskets, cabinets, appliances, and accessories.
- They operate in 19 countries and have 26 paint manufacturing facilities around the world. It has a wide distribution network consisting of more than 70,000 dealers.

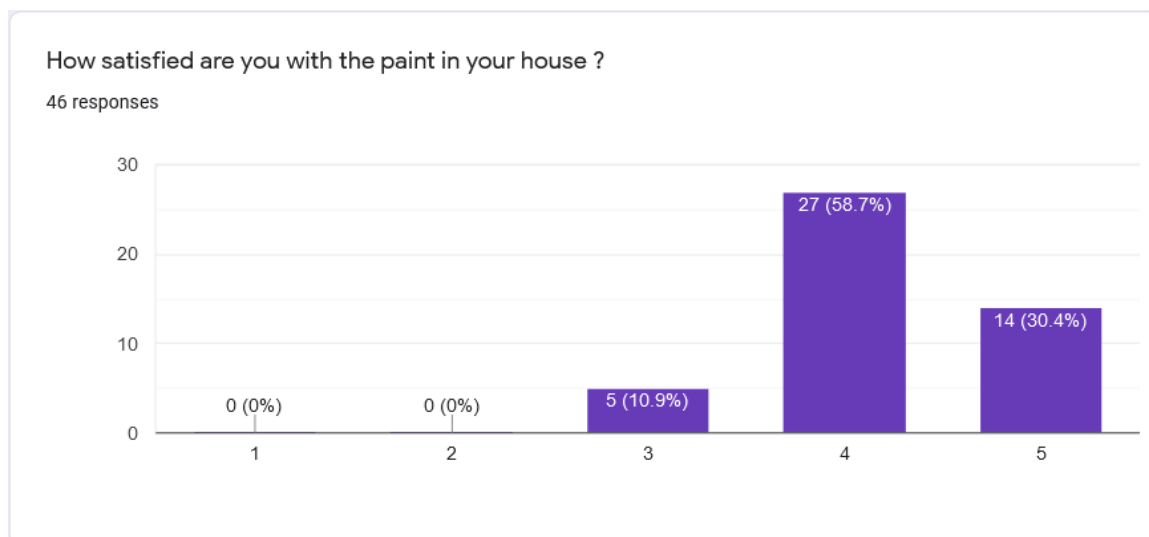
FINANCIAL PERFORMANCE

- Asian Paints reported a 62% year-on-year (YoY) jump in consolidated net profit to Rs 1,265.35 crore for the quarter ended December (Q3).
- Its revenue from operations rose 25.43% YoY to Rs 6,886.39 crore during the same period.
- The company's domestic decorative business delivered more than 30% volume growth, led by premium and luxury portfolios.
- Asian Paints' international business also recorded double-digit volume growth, led by Asia and the Middle East.
- With the revival of economic activities, the company has been receiving more demand for its range of paints and coatings from automobile manufacturers, real estate developers, etc.
- Over the last 5 years, the company's revenue has grown at a CAGR of 6.18%, whereas the industry average stood at 6.68%.
- Asian Paints has been able to secure a market share of 63.38%.
- It has continued to show dominance in the market by focusing on research & development and launching innovative products.
- The share price of Asian Paints has surged more than 56% since the beginning of the current financial year.

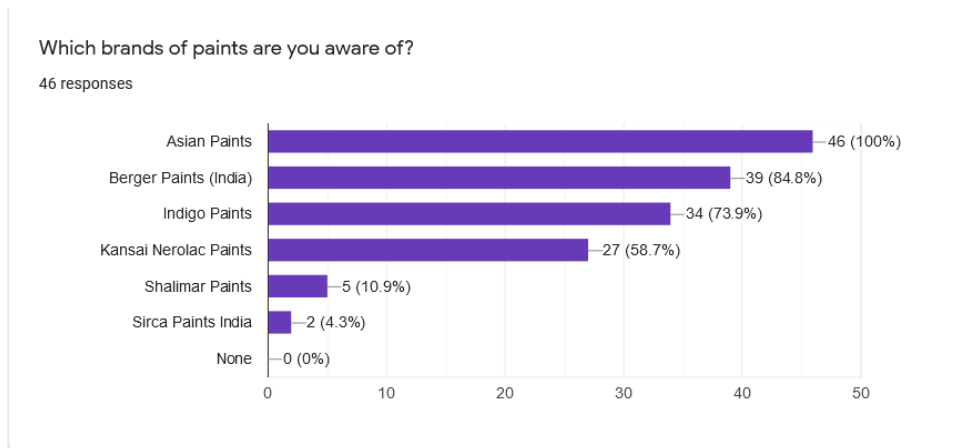
QUALITY AND SATISFACTION CHECK



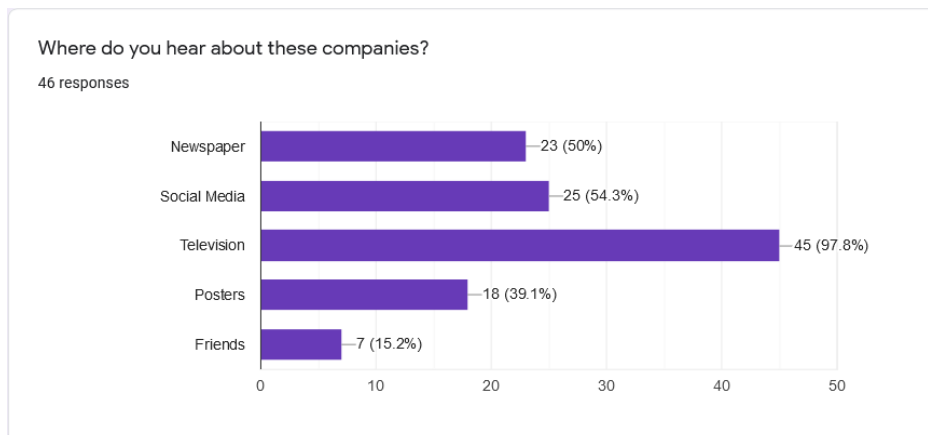
- Looking at the chart above we can see that approximately 90% people use Asian Paints in their houses.
- Looking at the below we chart we can see that the customer satisfaction rate is 4.2/5
 $[10.9*3+58.7*4+30.4*5]/100 = 4.2$
- We know that 90% customers use Asian paints and the customer satisfaction rate is 4.2/5 hence we can confirm that the quality of paints of Asian paints is really good.



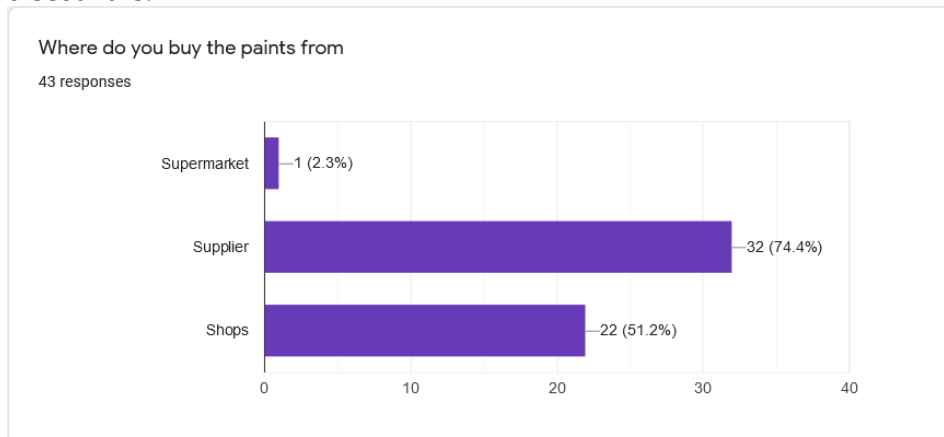
BRAND AWARENESS



- Looking at the above we chart we can conclude that Asian Paints has a brand awareness of 100% followed by Berger Paints and Indigo Paints with a brand awareness of just 85% and 74% respectively.
- Looking at the chart below we can conclude that people are aware about Asian Paints mainly due to Television advertising.



- Looking at the chart below we can conclude that most of the people buy paints from suppliers and not from supermarkets or any shops thus showing how important supplier discount is.



PRODUCT ANALYSIS

• TYPES OF PAINTS AND THEIR FEATURES

1. Enamel Paint

- This particular type of paint is commonly produced by adding zinc or lead straight to varnish. In order to achieve a vast array of colors, pigments are going to be added onto it. Enamel paints are proven to form hard and glossier coatings that are absolutely easy to clean. Additionally, the paint is characterized by being chemically resistant and waterproof, offering excellent color retention and good coverage.
- The common uses of enamel paint: Windows, walls, Stairs, Wood trims, flooring

2. Oil Paint

- Oil paints usually use white lead as its base and are usually applied in 3 coatings – primer, undercoat, and lastly finish coat. This type of paint can greatly achieve glossy and mat finishes and at the same time while being durable and affordable. The painted surfaces after using oil paint are very easy to clean and it is also characterized by ease of application. Oil paint is typically used indoors, metal structures, walls and windows. It is important to take note that oil paint isn't suitable most particularly for humid conditions and it also take so much time to dry out completely. For its application, linseed oil and pigments should be added beforehand.

3. Emulsion Paint

- Emulsion paints often use polystyrene and polyvinyl acetate as its binding materials, and at the same time, it contains driers such as manganese and cobalt. Furthermore, this paint can either be oil-based or water and its pigments are often used in order to achieve all desired colors. Emulsion paints are typically characterized by its hardening and fast-drying capabilities. For the surfaces, it can be easily cleaned using water. After the application, the paint itself definitely offers good color retention, durability and lastly alkali resistance.

4. Cement Paint

- This type of paint is neither water nor oil-based but usually available in powder form, mixed using water to achieve paint consistency. The very base material for this is either colored cement or white and it might also contain pigments, other additives, and even

accelerators. Cement paint is commonly used in both rough external and internal surfaces since its characteristics are proven to be very durable and waterproof. Take into consideration that cement has longer drying time, usually for about 24 hrs. The application for it should be done in two coatings in order to prevent dampness issues.

5. Bituminous Paint

- This specific type of paint is usually made from tar or dissolved asphalt that ultimately gives it a common characterized black color. It is also waterproof and at the same time alkali-resistant. However, it is not suitable for any applications wherein it will be fully exposed to the sun because it gradually deteriorates. Bituminous paint is typically used for concrete foundations, underwater ironworks, iron pipes, and wooden surfaces. For metal application, it helps in providing rust resistance.

6. Plastic Paint

- This type of paint often uses water as the thinner, and this is very much available in a wide-ranging set of colors. The way it dries is quick and it offers very high coverage.
- The uses of plastic paint: Slabs, Ceilings, auditoriums, showrooms, etc.

7. Anti-Corrosive Paint

- This paint is often characterized by its own chemical resistance as being implied with its name. Linseed oil, fine sand and zinc chrome are where it has been made of. This paint has a normal black color and often apply for pipes or any metallic surfaces. This paint is capable of obstructing the corrosion by minimizing the direct access of water and air to the metal. The coatings act as a barrier in order to inhibit the main contact between corrosive materials and chemical compounds.

8. Cellulose Paint

- This paint is commonly produced from amyl acetate, celluloid sheets and photographic films. Adhesion could be improved through the addition of castor oil and the surfaces could be cleaned easily. Once the paint has dried, it can be washed too. This particular kind of paint is usually characterized by its faster drying, hardness and smoother finish while it offers resistance against water, acids, and smoke. Cars and airplanes are where cellulose paint is best applied. It is absolutely the cost that turned out to be the greatest disadvantage of this paint.

SWOT ANALYSIS : ASIAN PAINTS

STRENGTHS

- A wide range of products
- Brand Value
- Strong supply chain management
- Excellent marketing campaigns
- Dealers and Painters Prefer Asian Paints
- Good Brand loyalty
- Strong global presence

WEAKNESS

- Low market share in Industrial and Auto Paint
- Global business of company is below average

OPPORTUNITITES

- Growth in industrial sector
- Growing Indian economy
- Focus on Automobile industry in Industrial Paints segment
- Excellent marketing campaigns

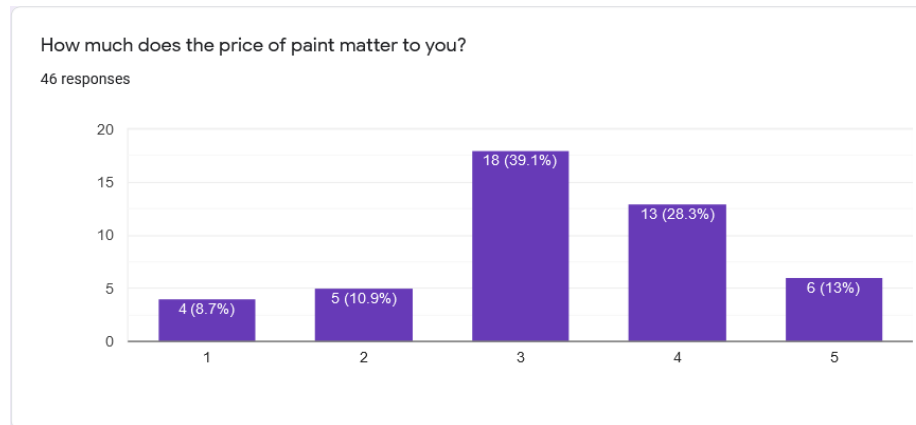
THREATS

- Scarcity of raw materials
- Growing popularity of competitors
- Changing government regulations
- Volatility in prices of raw materials

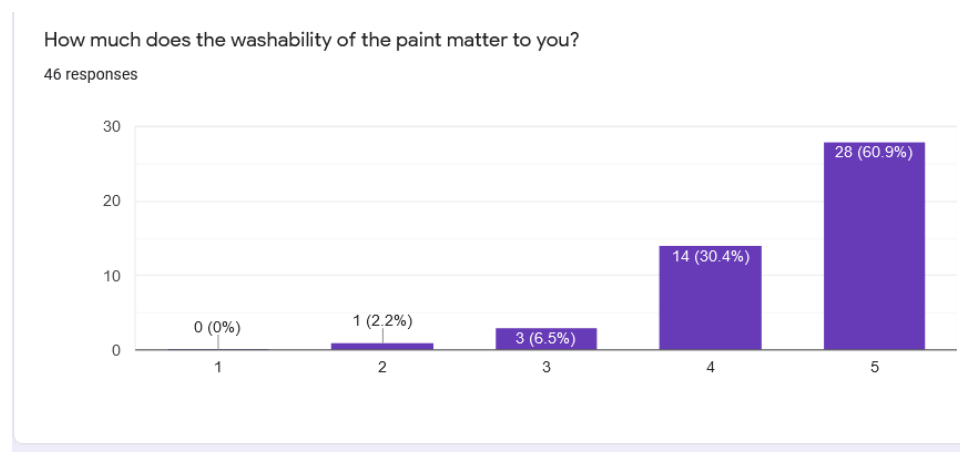
INDUSTRY ANALYSIS

- **The domestic paint industry is estimated to be a Rs 500 billion industry with the decorative paint category constituting almost 75% of the market.** The decorative paint market includes multiple categories depending on the nature of the surface like exterior wall paints, interior wall paints, wood finishes, enamels as well as ancillary products like primers, putties, etc.
- **Within the Indian decorative paint segment, Asian Paints and Berger Paints are the two largest players,** with the segment contributing more than 80% of their overall revenues.
- **The industrial paint category constitutes the balance 25% of the paint market** and includes a broad array of segments like automotive coatings, marine coatings, packaging coatings, powder coatings, protective coatings and other general industrial coatings.
- Growth of the industrial paint segment is highly dependent on the automotive sector. The auto sector has been the leading consumer of industrial paints with 40-50% of the demand coming from it. **Within the industrial paints segment, Kansai Nerolac is the leader,** with the segment contributing 45% to its overall revenue.
- **Small unorganized paint manufacturers primarily catering to the lower end of the price points still maintain a sizeable 30- 35% share in the overall paint industry.**
- **The paints sector is raw material intensive,** with over 300 raw materials (50% crude-based derivatives) involved in the manufacturing process. Since most of the raw materials are petroleum based, the industry benefits from softening crude prices.

- **A rise in disposable income of the average middle class, urbanization, growing rural market, shortening of repainting cycle, and increase in sale of premium-end products** are the major drivers that are pushing the growth of the organized paint industry.



- The graph indicates something between normal distribution and a positively skewed distribution indicating the market is neutral to a little price sensitive to the prices of Paints.
- The graph below clearly shows that washability is a very important factor which is considered while buying paints.
- The importance of washability > Price



SWOT ANALYSIS : PAINT INDUSTRY

1. Strengths

- Indian Paint Market has very strong potential in terms of market share in the organized sector
- Comprehensive nation wide coverage of the market - urban, semi-urban and rural areas.
- Different segment required by different customer and industry has its own growth area and market
- Widest product range in terms of products, shades, pack sizes - different decorative, some in 150 shades, 20 different pack sizes; are available
- country wide distribution network and transportation facility is available within the industry
- A network of 25,000 dealers spread all over the country is available.
- The pricing strategy is oriented to middle/lower end consumers
- Paint Industry is quite strong in production-marketing coordination. Their policy Of offering tailor-made products to suit customer need has resulted in an ever growing product range.
- In-house production, no outsourcing, high reliability in suppliers, superior in quality assurance.

2. Weaknesses

- Widening product mix puts strain on production distribution, accounting and administration;
- Innovation in developing new products is inadequate;
- Ever expanding product mix throws some strain on inventory management;
- Seasonal demand and hence in off seasons it can lead to cash flow problems;

3. Opportunities

- The automobile industry accounted for 50% of the industrial paint market.

4. Threats

- Domination of few foreign companies;
- Competitors have gone in for hi-tech with instacolour spot mixing. For example, J&N's instacolour offers 626 shades;
- Competition is catching up fast, hi-tech facilities gives abundant choices.

PORTER FIVE FORCES IN PRESENT PAINT INDUSTRY:

1. Supply:

- Supply exceeds demand in both decorative as well as the industrial paint.

2. Demand:

- Demand for decorative paints depends on housing sector and good monsoon. Industrial paint demand is linked to users industries like auto, engineering and consumer durables.

3. Barriers to Entry:

- Brand, distribution network, working capital efficiency and technology play a crucial role.

4. Bargaining Power of Suppliers:

- Price increase constrained with the presence of the unorganized sector for the decorative segment. Sophisticated buyers of industrial paint also limit the bargaining powers of the suppliers. It is therefore that margin is better in decorative segments.

5. Bargaining Power of Customers:

- Bargaining power of customers of paint products is high due to availability of wide choice.

SUBSTITUTES & COMPETITORS

- Asian paints has many competitions in the industry like Berger Paints , Indigo Paints and Kansai Nerolac Paints.

STRENGTHS OF KANSAI NEROLAC PAINTS

- Large business of Coatings and Paints
- Tech-Savy
- Excellent Research and Development
- Top Customers- Maruti Suzuki, Toyota, Tata, Ford, Honda, Yamaha, Volvo, etc
- Celebrity Ambassadors
- Good Supply Chain

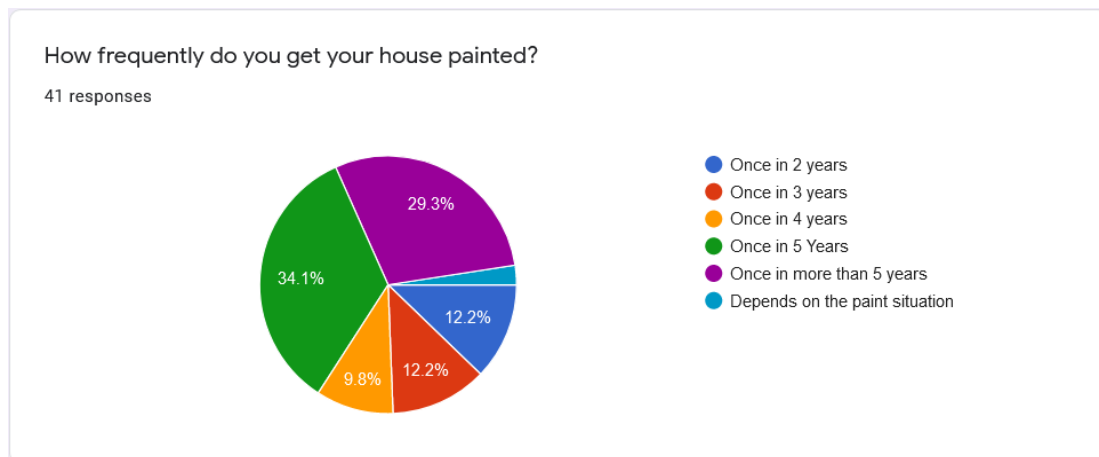
STRENGTHS OF BERGER PAINTS

- Good presence in International Market
- Diversified customer base
- Efficient supply chain
- Excellent Growth

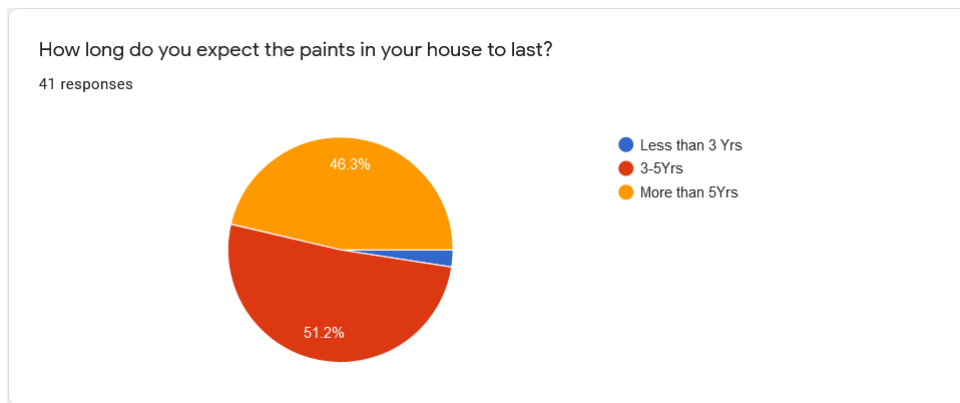
Asian Paints needs to be aware of all its competitors as they are all getting excellent supply chain management, building better International presence and trying to build their market share in India as well using diversified customer base, celebrity ambassadors, the best Research and Development and improvements in technology.

DEMAND FOR ASIAN PAINTS

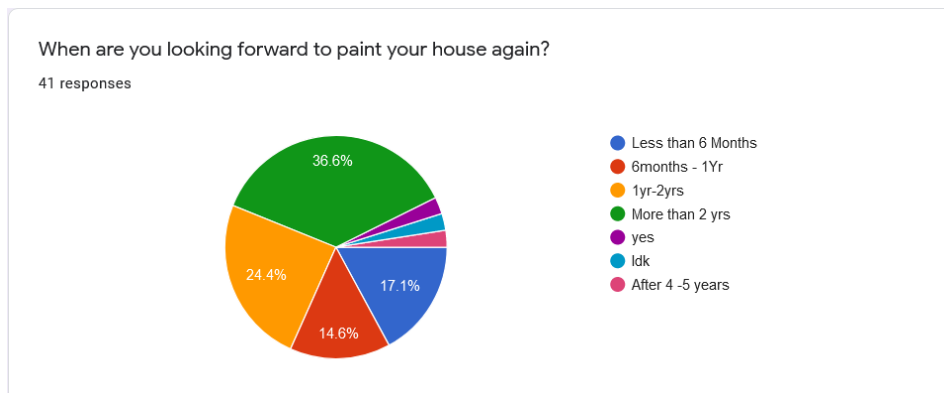
- Assumption: Once in more than 5 years is assumed to be 7.5 years
- Looking at the below pie chart we can calculate the average duration after which people paint their houses
$$(29.3 \times 7.5 + 34.1 \times 5 + 9.8 \times 4 + 12.2 \times 3 + 12.2 \times 2) / 97.6 = 5\text{Yrs}$$
- As people paint their houses every 5 Years we can assume that paints have a seasonal demand wherein if the demand of paints is high in 2010 then that will repeat in 2015 , 2020 and so on and if the demand is low in 2007 then it will repeat itself in 2012 , 2017 and 2022.



- Using the assumptions above the below pie chart also shows that people paint their houses approximately every 5 years as they expect the paints in their houses to last for approximately 5 to 5.5 Years
$$(51.2 \times 4 + 7.5 \times 46.37 + 2.43 \times 1.5) / 100 = 5.5\text{Yrs}$$

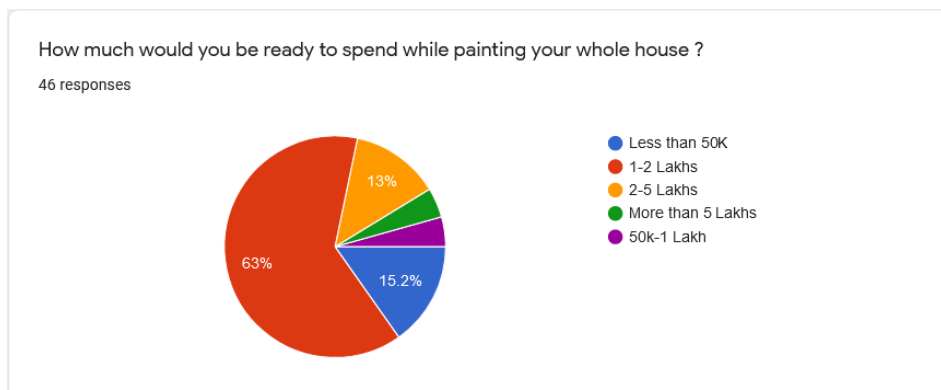


- According to the below pie chart , a an average people are looking forward to paint their houses 2yrs from now that is in Sept 2023.
- Thus the paints company can expect a rise in demand in paints in the 3rd and 4th quarter of 2023.



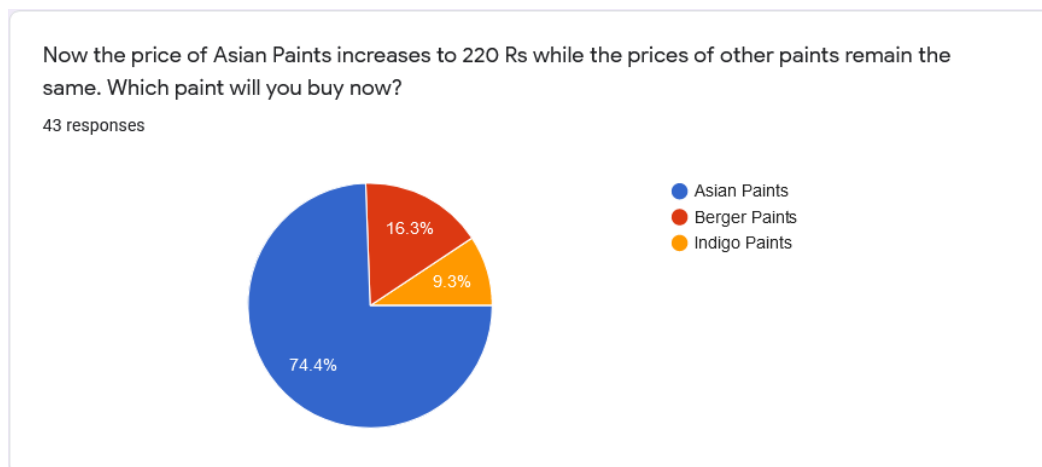
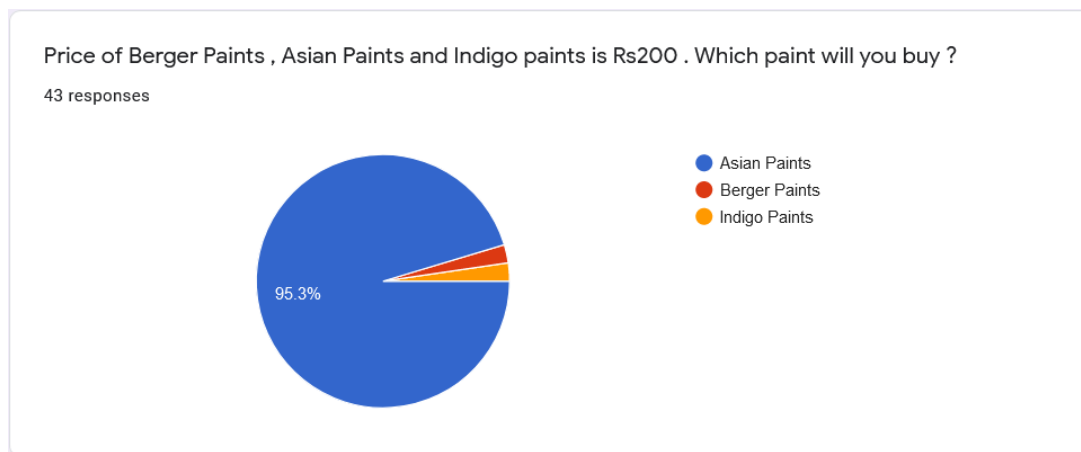
- The average budget of purchase of each individual is close to Rs1,75,000

$$[0.152 \times 25k + 75k \times 0.048 + 150k \times 0.63 + 350k \times 0.13 + 750k \times 0.04 = 1,75,000Rs]$$



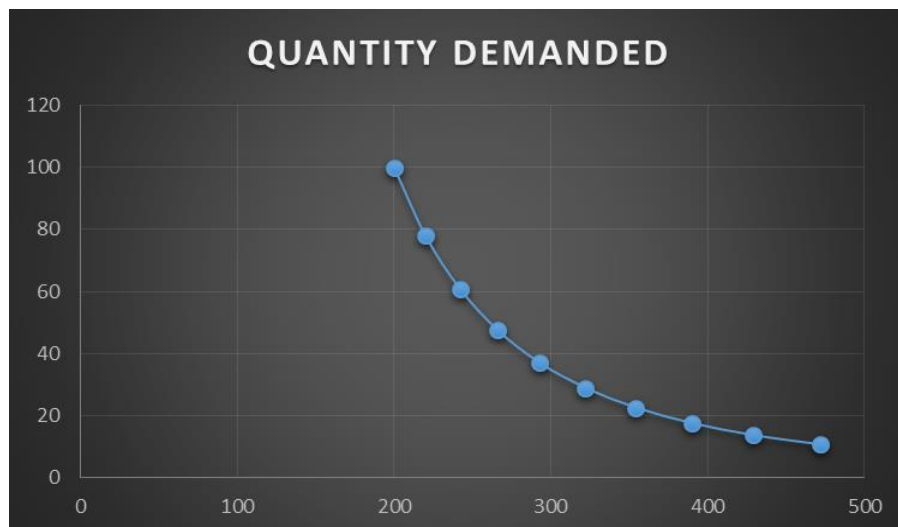
PRICE ELASTICITY OF DEMAND FOR ASIAN PAINTS

- As we can see, with prices of paints of different brands being equal 95% people prefer buying Asian paints over other brands of paints .
- This clearly shows the brand loyalty and huge market share of Asian paints in India.



- With the increase in price of Asian paints by 10%, the demand for Asian paints falls by 22% showing a relatively elastic demand.
- This shows that the price elasticity of demand is 2.2 [22/10]

PRICE	QUANTITY DEMANDED
200	100
220	78
242	60.84
266.2	47.4552
292.82	37.01506
322.102	28.87174
354.3122	22.51996
389.7434	17.56557
428.7178	13.70114
471.5895	10.68689



- The graph shows Price on the X axis and quantity demanded on the Y axis.
- The graph clearly shows a price elastic demand.

CONCLUSION

- Asian paints has a huge customer base, best brand loyalty and the highest market share in India.
- The customer satisfaction rate of Asian Paints is 84%.
- Asian paints has the highest brand awareness amongst paints in India.
- Television marketing has played the biggest role in increasing Asian paints brand awareness.
- Most of the people buy paints from suppliers and not supermarkets or any stores.
- People are almost neutral or just a little sensitive to price of paints.
- Washability is the most important feature that people look into before buying any paints.
- The demand for lighter shades is more than darker shades.
- 80% of the people are not aware of the prices of paints.
- People paint their houses approximately every 5 years
- People expect the paints in their houses to last for 5.5Yrs
- People approximately spend 1.75Lakhs to paint their whole house.
- Asian paints has a price elasticity of 2.2

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