

# Critical Evaluation of Refinish Paint Industry in the Automobile Sector: With Special Reference to City of Jaipur, Rajasthan

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**Abstract---** *The main reason for this growth can be linked to the increasing number of vehicles on the roads and on the other hand the automobile industry is one such industry that is one of the apex consumers of industrial paints. Till the last few years of 20th century nitrocellulose based paints are used in the automotive market and then came the Polyurethane based paints that has changed the face of the market. This present study evaluates the scenario of refinish paint industry. The researcher had considered the primary data for the analysis purpose and the data is being presented graphically. SPSS ver. 23.0 is used to analyze the data.*

**Keywords---** *Paint, Refinish Paint Industry, Automobile Industry.*

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## I. INTRODUCTION

With the growing economy of India, Industrial paint industry is also growing and among the industrial paints as well refinish paint segment is growing by leaps and bounds. The main reason for this growth can be linked to the increasing number of vehicles on the roads and on the other hand the automobile industry is one such industry that is one of the apex consumers of industrial paints. Taking a closer look into the refinish paint industry we can find that alone the OEM coatings amounts to around 75% of total automotive paint market.

We can presume that if on one side the number of vehicles is increasing on the roads then it is an obvious case that the number of used cars is also increasing and as a result the need of refinish paint is also increasing.

Preference for high value-high performance coating technologies such as polyurethane paints, substituting the traditional forms of refinishing paints such as nitrocellulose and synthetic alkyds.

### **Product Types**

Till the last few years of 20<sup>th</sup> century nitrocellulose based paints are used in the automotive market and then came the Polyurethane based paints that has changed the face of the market to a certain extent, this is because of the reason that it was of superior quality than nitrocellulose, high on finish and even higher on price. Gradually most of the automobile manufacturers started to use the same on their vehicles. The effect on the final vehicle can be understood in a way that the Polyurethane based paint is twofold costlier than the nitrocellulose based paint. There is another reason for the use of Polyurethane based paint that it is least hazardous as compared to nitrocellulose.

The use of Nitrocellulose based paints can be traced back till 1995, this was the time when there is minimum number of automobile manufacturers in the country and that too of Indian origin and the reason was simple i.e. they were easier to apply and bear minimum cost as compared to other available avenues. Then from 1996 some of the

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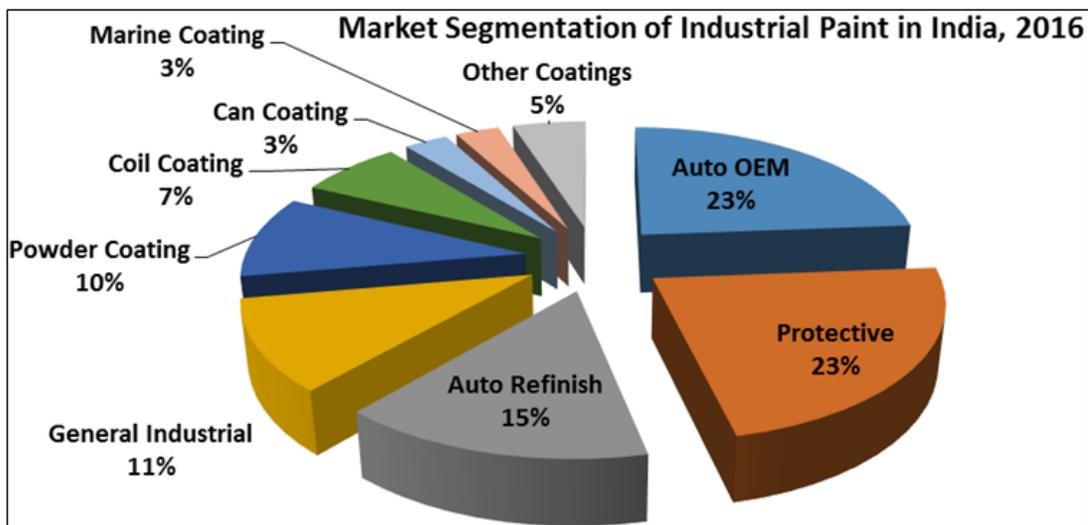
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foreign automobile companies started manufacturing in India, and with the increase in the number of such manufacturers, competition also increased and to get a desired niche the companies started using Polyurethane based coatings.

### **Market Players**

As a matter of fact the overall refinish paint industry can be divided into two categories i.e. international players and players of medium and local stature.

The international player of the refinish paint industry are operating in different countries, such companies are either having their own facilities in different countries or having strong allies in there. In the present scenario there are a number of multinational companies that are having strategic counter-parts in India are operating successfully. If we take an eye on the respective market share of the same we will find that more that 63% of market operation is covered by such companies. Some of the prominent companies are Goodlass Nerolac, ICI Autocolor, Asian PPG, DuPont, and Akzo Nobel.



Then the second category constitutes of medium and local/regional players and they are acting as the life-line for the lower end of the market and cater the demand of paint at service centers across India, where minimum amount of customization is required and people are willing to renovate their used cars. They are essentially economical and nitrocellulose based, even some of the companies are using synthetic alkyds. Some of such companies are Esdee Paints, Maharani Paints, Sarika Paints, and so on.

### **End Users**

As far as the end users are concerned, they usually demand for a simple patch work or total paint refinish of their vehicle. Then there is another category, where the customer is maintaining the vehicle in order to sell it. Here again, there is differentiation i.e. if the vehicle is second hand then the customer approaches to a general service center and for a patch work authorized service centers are approached. In some of the other cases the vehicles got damaged because of accident, then if the vehicles are under insurance coverage then they approach to the authorized service center or else to the general service center.

### ***Objective of the Study***

- To evaluate the branding prospects for refinish paint industry
- To identify the end-user involvement in decision making
- To ascertain and suggest way and means to solve the problem at hand.

### ***Hypothesis of the Study***

#### ***Hypothesis 1***

H<sub>0</sub>: There is a significant positive relationship between the usage and awareness of refinish paint by the service station owners.

H<sub>0</sub>: There is a significant negative relationship between the usage and awareness of refinish paint by the service station owners.

## **II. RESEARCH METHODOLOGY**

This present research holds a blend of both primary and secondary data; the respective components of the research process are discussed below.

### ***Research Design***

The researcher had taken the help of secondary data to get a more clear understanding of the above state objectives and also tried to study the usage pattern of refinish paint in Indian market. Then on the other hand, service station owners are interviewed in order to collect firsthand information about the use of refinish paint and their level of awareness about the same.

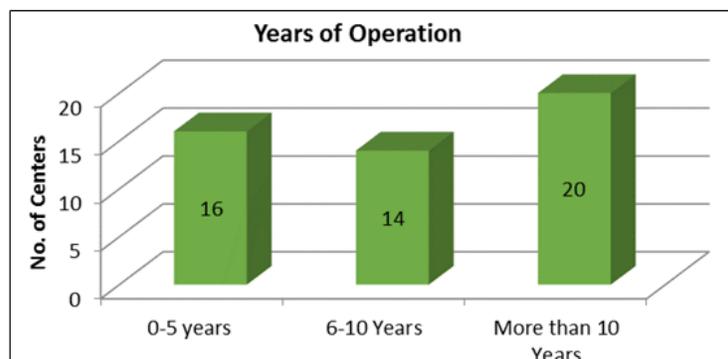
### ***Sample***

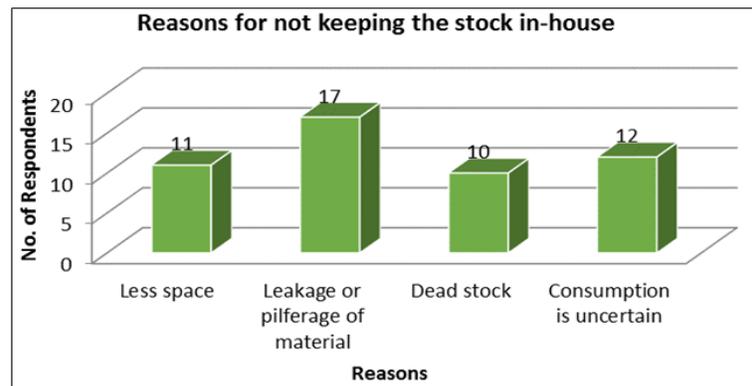
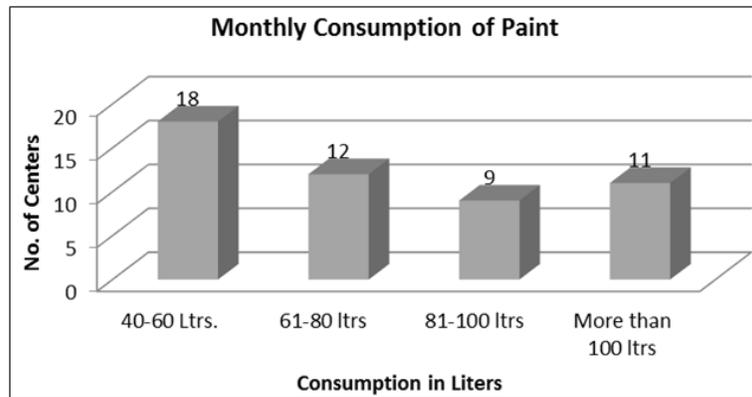
In this present study the total size of the sample was 50 executives from different service stations in the city of Jaipur.

### ***Tools Used***

- Graphical Presentation of Data
- Analysis of variance (one way ANOVA) using SPSS Ver. 23.0.

### ***Graphical Presentation***





Summary of ANOVA Results

	<i>Lower Level Employees</i>	
	<i>F</i>	<i>Sign</i>
<i>On the Basis of Experience in Market</i>		
Number of customers is increasing	7.056	.000
Mostly doing patch jobs	<b>2.923</b>	<b>2.034</b>
Have enough stock of paint	<b>1.705</b>	<b>1.165</b>
Satisfaction with the revenue of paint/refinish jobs	10.697	.000
Dealer dominates the price of paint	<b>2.371</b>	<b>2.070</b>
Dealer dominates the supply of paint	<b>2.459</b>	<b>2.062</b>
Purchase from company may reduce the cost	<b>.173</b>	<b>.215</b>
<b>On the basis of Monthly Consumption</b>		
Number of customers is increasing	<b>.173</b>	<b>.215</b>
Mostly doing patch jobs	7.056	.000
Have enough stock of paint	<b>2.923</b>	<b>2.034</b>
Satisfaction with the revenue of paint/refinish jobs	<b>1.705</b>	<b>1.165</b>
Dealer dominates the price of paint	10.697	.000
Dealer dominates the supply of paint	<b>2.371</b>	<b>2.070</b>
Purchase from company may reduce the cost	<b>2.459</b>	<b>2.062</b>
<b>On the basis of Paint Quality</b>		
Number of customers is increasing	<b>.779</b>	<b>.606</b>
Mostly doing patch jobs	<b>.646</b>	<b>.586</b>
Have enough stock of paint	4.798	.003
Satisfaction with the revenue of paint/refinish jobs	<b>.173</b>	<b>.215</b>
Dealer dominates the price of paint	2.033	1.902
Dealer dominates the supply of paint	6.684	.000
Purchase from company may reduce the cost	.059	.808

### **III. INTERPRETATION**

#### ***Decision Criteria***

*If the value of 'F' i.e. F-Ratio is more than the 'Sign. i.e. 'significance value then the hypothesis is rejected and vice versa. In the present study the variables are tested at the 5% level of significance.*

In the above case the researcher had studied the respondents in three categories of variables i.e. experience of service center in the market, monthly consumption of paint in service center, and quality of paint supplied by the dealer. The responses in these categories were observed on the parameters of given in the above table.

As can be seen in the case of experience; starting from the minimum experience of one year to the maximum experience of more than 10 years, as obvious case the service centers operating in the market for less than 5 years are having high variation in their responses and as the time period of market operation is increasing the level of variation use to minimize. For the service centers that are operating for more than 10 years in the market are satisfied with the revenue and foot falls in their service centers.

Then in case of monthly consumption of paint, it can be seen that most of the centers are reluctant to keep the stock of paint at their service centers as they believe that this may become dead stock for them and then again if they keep some stock they it may or may not meet the routine consumption of paint.

In most of the above cases it can be seen that the owners of service center are not interested in keeping the stock and more or less they are dependent on dealers for their needs. As a matter of fact there are number of suppliers in the city but then again they are dependents on the price and delivery time of the supplier.

### **IV. RESULT**

On the basis of the above interpretation it can be stated that there is a significant positive relationship between the usage and awareness of refinish paint by the service station owners and hence the null hypothesis is accepted and the alternate hypothesis is rejected.

### **V. CONCLUSION**

As compared to the overall paint market, refinish segment shares the small pie of the market but on the other hand there is a huge potential in this segment, as can be witnessed from the bludgeoning growth of the market segment. As a matter of fact many new competitors have entered into the market and all the new and old companies are working to get a higher market share.

Then it is also a fact that with the growth of Indian automobile market, the refinish segment will also grow and the orientation of the market will shift from low value to high value market. The researcher would like to suggest that is there is kind of direct communication between the company and service center then there is possibility that the existing volume of market may grow bigger in size.

This direct interaction can be used as an effective tool not only for product awareness, technical knowledge sharing and query handling, but also for effective brand building. Such training programs are currently being held in authorized service stations, but not in independent body shops and repair stations.

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## Annexure-1

### Questionnaire

### Questionnaire

Name of Service center:

Location:

Contact Person (Designation):

1. Type of service center:
  - a. Company specific
  - b. Generic nature
2. Years in business:
  - a. 0-5 years
  - b. 6-10 years
  - c. More than 10 years
3. Is paint shop present in the service center:
  - a. Yes
  - b. No
4. Monthly consumption of paint:
  - a. 40-60 Ltrs.
  - b. 61-80 ltrs
  - c. 81-100 ltrs
  - d. More than 100 ltrs
5. Do you keep the stock of paint:
  - a. Yes
  - b. No
6. If no, then of the dealer or the whole seller is keeping the stock for you:

- a. Yes
  - b. No
7. Reasons for not keeping the stock in-house:
- a. Less space
  - b. Leakage or pilferage of material
  - c. Dead stock
  - d. Consumption is uncertain
8. Generally which company/Brand do you prefer for your paint needs:
- 
9. Did the growing number of vehicles had increased the volume of paint consumption:
- a. Yes
  - b. No