

# Sherwin-Williams Will Regain Share In a Robust-Yet-Challenging Market

Companies: BRKA.VI, DOW, DD, MAS, PPG, RPM, SHW, 4612:TYO

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## Research Question:

**Will Sherwin-Williams succeed in regaining lost market share? If so, at what cost?**

## Summary of Findings

- The [Sherwin-Williams Co.](#) (SHW), the largest paint and coatings manufacturer in the world, is well-positioned to regain any lost market share it may have suffered during the height of the paint shortage last year. That shortage is still disrupting contractors but has improved since the height of the problem. It will require continued navigation.
- Sherwin-Williams and its key competitors, [PPG Industries Inc.](#) (PPG) and [Berkshire Hathaway Inc.](#)'s (BRKA.VI) [Benjamin Moore & Co.](#), along with other paint manufacturers, have all been affected by shortages of raw materials, COVID-19, weather-related plant closures, and labor shortages. Most sources said the manufacturers were hurt equally, but some said Sherwin-Williams was more affected because it relied on plants in Texas and Louisiana that suffered weather-related shutdowns and lost product.
- Supplies are steadily improving, but oil-based and alkyd paints, some primers, and dark-colored paints are still in short supply. Retailers said shipments from the manufacturers are inconsistent, with some orders not showing up at all, some coming in late, and others arriving at less than the amount ordered. Contractors have been forced to switch products and brands and travel from store to store to ensure they have the paint they need.
- Demand for paint is growing despite price increases of 15% to 30%, depending on the product. Demand is being driven by the seasonal uptick in outdoor painting and expansion of the market.
- Painting contractors said customers are accepting the higher prices and the 15% to 20% increase they have added because of their own higher costs. Backlogs for paint services range from zero to 12 months, with steadily increasing demand exacerbating the labor shortage and leading to overtime. The outlook is robust, however, provided the economy does not enter a recession.
- The loyalty of painting contractors to a brand is strong. Despite the industrywide scramble to get product from whichever company had it in stock, little if any significant long-term share shift is expected. Sources also do not expect any significant price rollback anytime soon. However, Sherwin-Williams is offering a 30% discount on outdoor paint and stains and 15% on supplies through June 6.
- Sherwin-Williams will hold its financial community presentation at 1:30 p.m. ET on June 8. Presenters will be Chairman and CEO John Morikis, President and COO Heidi Petz, CFO Allen Mistysyn, and additional senior leadership.

## Silo Summaries

### [1\) Professional Painters and Contractors](#)

Five contractors said the paint shortage is still disruptive, although some said availability is improving. One source said paint is 25% less available compared with pre-pandemic and said it may get worse. Two sources said the availability of some products is inconsistent, especially for oil-based and other specialty paints. **Sherwin-Williams is considered a leading, high-quality brand that is equal to PPG paints and Benjamin Moore. The company generates a great deal of loyalty with customers, and that is expected to continue.**

### [2\) Paint Sales Channel-Retail](#)

Five retailers said the shortages are improving but not resolved. They reported some shortages of oil-based paints, primers, and spray paints. **Two stores said deliveries are inconsistent, with some not arriving at all, others coming late, and some received at a reduced volume.** Demand is strong despite prices being up 20% to 25%, with ceiling paint prices up 20% to 30%. **Sherwin-Williams was a little harder hit by the shortages, two sources said, but market share shifts were limited.**

### [3\) Paint Sales Channel-Wholesale](#)

Three wholesalers said the shortages continue to disrupt the market, although that has improved over the past two months. One source said they need 20% more inventory to be back to normal. These sources have varied thoughts on Sherwin-Williams. **One said the company is regaining market share and praised Sherwin-Williams for making its lower-cost brands, such as HGTV Home, readily available. Another said Sherwin-Williams is suffering the most from shortages, as it depends on suppliers from Texas that have been hurt by severe weather. They said Sherwin-Williams will likely roll back prices to regain share. The third source said Sherwin-Williams will not roll its pricing back.**

### [4\) Suppliers](#)

Two suppliers of raw materials to paint manufacturers said **supply chain disruptions and plant shutdowns will continue until late this year or early next.** One source said its supply of colorant is down 10% to 15%. **The other saw improvement in supply chain problems starting in April but still expects to suffer disruptions.**

### [5\) Industry Specialists](#)

An editor at a trade publication says paint shortages are very much hit-and-miss. **Some contractors report problems, while others say supply is plentiful.**

# The Sherwin-Williams Co.

	Sherwin-Williams to Regain Share	Cost Of Sherwin-Williams Share Gains	Market Conditions
Professional Painters and Contractors	↑	Prices are unlikely to decline anytime soon.	Strong and expanding.
Paint Sales Channel-Retail	↑	Prices are unlikely to decline anytime soon.	Strong and expanding
Paint Sales Channel-Wholesale	↑	Prices are unlikely to decline anytime soon.	Strong and expanding
Suppliers	Did not comment	Prices are unlikely to decline anytime soon.	Strong and expanding
Industry Specialists	Did not comment	Prices are unlikely to decline anytime soon.	Strong and expanding.

## Background

Blueshift Research's initial examination found Sherwin-Williams and its competitors experiencing significant challenges, including raw material shortages, labor constraints, weather-related shutdowns, and inflation. These have affected the industry's supply and production network, causing paint and coating manufacturers to struggle to fill their customers' orders in the face of increased demand. Professional painters have had to abandon their brand loyalty and scramble to acquire product to meet their obligations. Sherwin-Williams contends that the supply chain problems are improving, while others say they will persist until late 2022 or early 2023. Now the question becomes whether Sherwin-Williams can win back the painters who were forced to switch to other brands and how and when Sherwin-Williams will do this.

In August 2021, contractors from coast to coast [reported trouble getting paint](#). A sampling of contractors' comments from around the country:

- **Concord, New Hampshire:** "There's a shortage of gray acrylic caulking. It's hard to find Cabot solid acrylic stain. A lot of Sherwin-Williams products are out of stock, so I'm using the Ben[jamin] Moore lines."
- **Tulsa, Oklahoma:** "We typically use high-end products from Sherwin-Williams. They have been out of everything for the most part for months. We've tried switching to Ben Moore and PPG but have started having trouble getting those lately."
- **St. Louis:** "No flat paint, no ceiling paint or bonding primer at Sherwin. ... Some wall paint shortages, but that's flowing pretty decent right now."
- **Chicago:** "The main Ben Moore dealer in Chicago was having issues getting the flat interior Coronado products."
- **Slave Lake, Alberta:** "Had problems getting Advance and Scuff-X from Ben Moore. Not much of these in Alberta, Canada."
- **California:** "Here in the California central coast, it's hard to get eggshell and certain primers."

Sherwin-Williams is making some changes to help minimize the impact of product shortages, including prioritizing the manufacture of in-demand products, rerouting shipping lines, using air freight and its own [private fleet](#) to expedite delivery, and leveraging relationships to source materials faster. In addition, the company [added manufacturing capacity](#) in February in multiple locations.

Paint and coatings market conditions have been favorable, and demand is expected to [remain strong](#), rising by a compound annual growth rate of 4.5% to reach \$267 billion by 2026 from \$205 billion in 2020. During COVID-related shutdowns, home renovations and DIY projects experienced a major boom. The latest data shows \$1.1 billion of paint sold in the U.S. in November 2021. However, supply could not meet demand. As expected, the shortage and strong demand drove up prices 15.7% in December 2021 compared with a year ago. Overall, the paint price index was up a whopping 9.7%, according to [a](#)

# The Sherwin-Williams Co.

[February report from CNBC](#). As for when the shortage could end, Dan Murad, CEO of [The ChemQuest Group Inc.](#), said that if nothing else interferes with the supply chain, paint availability could bounce back by the fourth quarter of 2022 or early 2023.

Sherwin-Williams' Q1 performance beat the Street's estimates, and the company said the worst of the paint shortage is over. It reported adjusted earnings per share of \$1.61 with net sales of \$5 billion, up 7.4%. Analysts expected \$1.54 per share on revenue of \$4.9 billion. CEO John Morikis acknowledged that margins remain under pressure year to year, as price increases previously announced had not yet fully caught up to offset elevated raw material costs.

## Current Research

Blueshift Research assessed whether Sherwin-Williams will regain lost market share and, if so, at what cost. We employed our pattern mining approach to establish six independent silos comprising 16 primary sources and three secondary sources focused on paint manufacturing and contracting. Interviews were conducted May 16-27.

- 1) Professional painters and contractors (5)
- 2) Paint sales channel-retail (5)
- 3) Paint sales channel-wholesale (3)
- 4) Suppliers (2)
- 5) Industry specialists (1)
- 6) Secondary sources (3)

## Next Steps

Blueshift Research will monitor the paint shortage to see if Sherwin-Williams is successfully navigating the problems and maintaining and growing its share. We will also research the competition to determine if they are making any meaningful gains on Sherwin Williams.

## Silos

### 1) Professional Painters and Contractors

Five painting contractors said the paint shortage is still disruptive, although some sources said product availability is improving. One source said the shortage is not ebbing, and paint is 25% less available compared with pre-pandemic levels. He said it may get even worse. Two sources said that availability of some products is inconsistent, especially for oil-based and other specialty paints. Another source said inventory of some products is scarce, and it leads to driving from one store to another to get enough product to complete a job. Sherwin-Williams is considered a leading, high-quality brand that is equal to PPG Paints and Benjamin Moore. The company generates a great deal of loyalty with its customers, and that is expected to continue. One source said turnover has occurred in his local Sherwin-Williams store, so he plans to work PPG products into his offerings. Another contractor said Sherwin-Williams pricing is erratic, and they were denied contractor status with no explanation despite being one of the top customers of the store. Paint prices are up, demand is up, and price concessions are not expected anytime soon or to return to pre-pandemic levels. Contractors are busy, job size and pricing are trending up, and sources say backlogs ranged from zero to 12 months. Labor shortages are a problem for contractors, leading to lots of overtime. One source expressed concern over a recession's curtailing the anticipated market expansion.

### Key Silo Findings

#### Paint and Raw Material Shortages

- 5 said the paint shortage is still disruptive.
  - o 1 said paint availability is 25% less compared with before the pandemic, and it could get worse.
  - o 1 said paint availability is inconsistent, with oil-based paints in short supply. He questioned whether manufacturers would ever catch up.
  - o 1 said the shortages continue to disrupt. He said he often must go from store to store to get enough product for a job.
  - o 1 said shortages were still a problem as of a month ago, with specialty paints for kitchen cabinetry in short supply.

# The Sherwin-Williams Co.

- 1 said shortages have affected all brands, as have labor shortages, although that it is improving.

## Market Conditions and Competitive Landscape

- Demand for paint is increasing. Pricing is up, costs are up, and customers are accepting the increases.

## Sherwin-Williams

- Sherwin-Williams is considered a leading high-quality paint manufacturer. The company and its products compare equally to PPG Paints' and Benjamin Moore's offerings.
- Sherwin-Williams generates a high level of customer loyalty, and that is expected to continue.
- 2 sources discussed problems, such as staff turnover and erratic prices, that have them willing to add other brands..

## Commercial Paint and Coating Outlook

- 1 said demand for commercial paint services is up 20%, and the size of the jobs is up 15% to 20%.
- 1 said commercial painting prices are up, job size is trending up, and backlogs are 2 to 3 months.
- 1 said the backlog of business in his Southwest market is low but building. He said that in the Northeast, demand is strong.
- 1 said his company is busy and constantly providing quotes. He has a 4-month backlog, and although he has held prices steady, he is considering an increase due to higher gas prices.
- 1 said he is extremely busy, project budgets are rising, and he is booked for the next 12 months. Labor is scarce, leading to lot of overtime. He fears that a recession will curtail the growth.

## 1) Owner of a West Coast painting company

Sherwin-Williams paint is more durable than its competitors, but the color fades more quickly. Paint is 25% less available than pre-pandemic. The shortage isn't ebbing and may get worse. Customer demand is strong for painting services—easily up 20% from before the pandemic. Project budgets also have risen 20%. Costs for his painting company have climbed 20% from before the pandemic, and it has raised its own prices 15% to 20%.

### Paint & Raw Material Shortages

- "The paint shortage continues. It's actually worse than at the beginning of the pandemic. I'd say paint is 25% less available than before the pandemic. We've started on jobs where we can't get the paint and have to run around and find it."
- "It's hard to say when the shortage will subside. It depends on so many factors, [such as the supply chain]. Things might actually get worse. It's a day-by-day thing."
- "Benjamin Moore and Kelly-Moore paints are suffering the biggest shortages. The Kelly-Moore line is empty. We had to switch stores to find matching paints for some jobs."

### Market Conditions & Competitive Landscape

- "Demand is strong for painting services, especially residential. It's easily up 20% from before the pandemic, if not more. The problem is getting workers."
- "Our costs are getting ridiculous. They're up about 20% from pre-pandemic. It's gas, paint, everything. We raised our own prices 15% to 20%. That's a low-to-average increase for our area."

### Sherwin-Williams

- "I've been dealing with the company for more than 50 years. Sherwin-Williams paint is very good. It holds up for a long time. It holds up longer than the competition, though Benjamin Moore is right on its tail. But Sherwin-Williams' weakness is that the color fades faster than other paints."

### Commercial Paint & Coatings Outlook

- "Budgets are getting bigger; they're also up 20% or more from before the pandemic. Some project sizes are getting larger, too large for me to take on."

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*Owner of a West Coast painting company*

## 2) Painting contractor in the Midwest

A loyal Sherwin-Williams customer, this contractor says he has struggled with shortages of product. He relies on the sales staff at local Sherwin-Williams stores for expertise, but he says turnover at those locations has disrupted customer service. He plans to work Pittsburgh Paints into his product line.

### Paint & Raw Material Shortages

- “It’s gotten a little bit better, but it’s still very hit-and-miss. We primarily use Sherwin-Williams, but we actually are in the process of talking to other manufacturers, specifically Pittsburgh Paints, just to test the waters and see what else is out there. Our local Sherwin-Williams [store] has been pretty good about finding product when there are shortages.”
- “It hasn’t really been consistent. One month it’ll be one thing, the next month it’ll be another. Oil-based primers have been pretty hard to get for a while—that’s the one thing that’s been consistent.”
- “I’m meeting with the Pittsburgh Paints rep. I haven’t actually switched products yet. It’s a multitude of factors. With Sherwin-Williams, I’ve been kind of disappointed in them lately. Not because of product but because of management. It’s rather disappointing as a longtime customer. The person I have the best relationship with is the local store manager, and she left. They work a ton of hours, and they’re underappreciated. The assistant manager is very good, but from what I’m hearing, the employees don’t feel they’re appreciated. As a business owner myself and someone who tries to treat my people well, that’s playing into my decision.”

### Market Conditions & Competitive Landscape

- “We are a very seasonal industry. In summertime, we’re twice as busy as in wintertime. Right now, business is booming. From 2020 to 2021, we had 250% growth. We’re growing exponentially. I’m hearing the same thing from other painting contractors. We’ve all raised our prices.”
- “The first thing that caused the shortage was the freeze in Texas that shut down plants where the base chemicals are produced. Then Sherwin-Williams had two plants that were hit by hurricanes, including one in Louisiana. It used to be that you didn’t have to tell us the colors until 48 hours before we were there. Now, I tell clients, ‘We’re in a paint shortage.’ It seems like customers are very understanding. It’s like a never-ending storm. My concern is how are they going to catch up? If you guys were barely keeping up before, how are you going to catch up in a market when demand is growing?”
- “It’s one of those things. Once the prices go up, I don’t see them going back down. Unfortunately, we pass those prices on to our customers. A lot of consumers understand, given everything else that’s going on. Two years ago, if I had said, ‘There’s a paint shortage,’ our customers would have said, ‘What?’ It is what it is. Even with the increased prices, our business is growing.”

### Sherwin-Williams

- “I haven’t used a lot of the competition, so I don’t really know for a fact. Benjamin Moore, Sherwin-Williams, Pittsburgh Paints, these companies have been around for decades. If they’ve been around for that long, you have to think they’re making quality products. I have very good success rates with Sherwin-Williams products. That’s why I use them.”
- “I know another local guy who has been switching to Benjamin Moore a little bit. A big factor is really the human aspect, the relationships. The manager that I have a relationship with just left. With the new manager, I don’t know how it’s going to go. All of these companies have to have some kind of quality products. That human element is a big thing to me. There’s one particular store I go to because they’re knowledgeable. But what’s going to happen now that she has left?”

### Commercial Paint and Coatings Outlook

- “It’s building. That’s something I’m constantly working on. We had a very slow winter this year, and my No. 1 goal is to avoid having another slow winter. On the other hand, I can’t force people to have things painted. Currently, we are booked two to three months out, and I’d like to keep it like that.”
- “Right now, 80% of what we’re looking at is exteriors. Painting kitchen cabinets is also a big one. Eventually that’ll switch back to natural-wood cabinets.”

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*Painting contractor in the Midwest*

# The Sherwin-Williams Co.

- “They’re trending up for us. As of a month ago, our average job size was right around \$4,500. Kitchen cabinets are a very pricey thing. We just finished a \$15,000 commercial project; we have a \$20,000 commercial project in the works. We have the occasional commercial market that does inflate that average number. We had a job the other week that was just a kitchen ceiling for \$200 or \$300, but we don’t do a lot of smaller projects.”

## 3) Remodeling contractor in Texas

Paint shortages continue to be disruptive, sending contractors on a treasure hunt for product. Cobbling together 15 gallons of paint for a project can require trips to multiple stores. The painter then has to remix the paint so the color matches. Shortages are affecting not just Sherwin-Williams but also other brands.

### Paint & Raw Material Shortages

- “It’s been a pain in the you-know-what. It’s been difficult, and there have been shortages, especially of oil-based or alkyd paints that we use for cabinets and trim and doors. It’s just been nonexistent. If you’re not there at the store when it comes in, you’re out of luck. If I can’t paint your kitchen for a month, you’re not going to be happy. Supply now is spotty or hit-and-miss. The same thing with primers. If people want dark blue cabinets or dark anything, it’s really hard. People have been changing their colors [to adapt to shortages].”  
“We’ve been having to travel up to an hour and a half to find a gallon of paint. Say you need 15 gallons of interior paint. One store might have only five gallons. They’ll look on their computer system and see another store might have three gallons, and another store might have three gallons. You’re going to be driving around for a day. If you need 50 gallons, you might be driving for a few days. Sometimes, you go to the store that said they have it, and they don’t. That has been exacerbated by high gas prices. That can cost you \$100 in gas. It cuts into the profit for the painters. We buy the paint without any tint in it and then mix it together in one place. They’re all different gallons from different batches. So the painter has to take extra time to mix all of the paint together so it all looks the same inside the house. White paint is very hard to find. Driveway coatings you have to buy months in advance.”

### Market Conditions & Competitive Landscape

- “Paint prices have jumped up incredibly. A gallon that was \$30 is now \$60 and even more on the high-end paints. The prices have increased on both labor and materials faster than I can keep up with it. I looked at my P&L at the end of last year, and I was pretty disappointed. I didn’t add enough to my estimates; or I gave my estimate in February, and the job didn’t start until June, and everything jumped way the hell up. I didn’t charge enough.”
- “Customers aren’t liking it when I say I have to charge more. They understand it, they see it on the news, but they don’t like it. We’re putting escalation clauses in our contracts to account for price increases. Contractors used to never have that.”
- “Our stores tell us that oil-based paints are in short supply because the resin comes from China, and there’s a shortage. In terms of latex paints, the low-VOC (volatile organic compound) products are in short supply. There’s a little more oil paint starting to trickle into stores, but you still have to make a lot of phone calls to find it.”
- About prices coming down: “I doubt it. It’s kind of like when the government temporarily raises taxes and then never lowers them. If prices went up 50%, they might come down 10%.”

### Sherwin-Williams

- “We’re pretty loyal to Sherwin-Williams. Sometimes we’ll use Behr from Home Depot. There are some other paints out there that are as good qualitywise as Sherwin-Williams, but we’ve just found the way the Sherwin-Williams retail stores treat us in terms of customer service is really good. I have a Sherwin-Williams rep I’ve used for 20 years who knows everything about every type of paint. I can call and say, ‘I have this type of unusual wood; what kind of primer should I use?’ Or, ‘My customer insists that I paint over Formica; what kind of paint should I use?’ I like having that person I can call with questions.”

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*Remodeling contractor in Texas*

# The Sherwin-Williams Co.

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- "The contractors who do good work are going to use a brand-name paint, but the sketchier contractors don't care. They'll use a cheaper paint."
- "I would say it's [market share shifts] minor. Yes, some, but if you can't find a deep base for your green shutters at Sherwin-Williams, if you go to Home Depot or Benjamin Moore, you're going to run into the same thing."

## Commercial Paint and Coatings Outlook

- "I see it steadily growing. We had a couple of slow months, but now the phone is ringing again. Everything is taking longer. It's taking longer to get to contract. Then you can't start the job for months."
- "I don't have a backlog like I usually do. It depends on the market. I have friends in the Northeast who are just killing it; they're turning work away."
- "They're spending more because they have to. Getting consumers used to the increased numbers, especially with my older clients, is difficult. The homeowner perceives us as jacking up prices unnecessarily, and we're not. We're just trying to make a normal profit."

## 4) Owners of an independent professional painting company in Maine

Co-owners of this independent interior painting company in Maine primarily use Benjamin Moore and have a discounted rate with their local supplier, a paint and wallpaper store. Otherwise, they pay retail if it's at a different Benjamin Moore location. Sources believe the quality of Sherwin-Williams paint is comparable to Benjamin Moore, but pricing is erratic—by as much as \$5 to \$25 a gallon from one week to another—changing from week-to-week, and supply shortages have been problematic as recently as a month ago. Clients have requested Sherwin-Williams, and sources have had trouble locating certain types of premium or top-of-line paints or cannot find gallon sizes needed. In May, sources applied for a general-contractor discount for a local Sherwin-Williams store they frequent. A few weeks after applying, they were denied without explanation despite being one of the top sales customers for that location. Demand is high, but rising fuel prices and inflation may require sources to adjust or increase their rates to make up for expenses.

### Paint & Raw Material Shortages

- "We haven't experienced a lot of shortages with Benjamin Moore paints aside from some specialty paints [paints specifically for kitchen cabinetry, for example]."
- "Our paint supplier typically keeps a lower inventory for specialty-type top-of-the-line ceiling paint or primer, no matter the brand."
- "We've had trouble getting Sherwin-Williams ceiling paint [in autumn 2021]. Or we could only get it in 5-gallon quantities, even though we only needed 1 gallon to paint a small portion of this client's ceiling. We tried multiple locations in Maine, and we were unable to find a gallon of this Sherwin-Williams ceiling paint. The client ended up agreeing to buy the 5-gallon-sized option because it was either pay \$150 for the paint or hundreds more for labor."
- "About a month ago, we had another issue where we needed a certain matte-finish top-of-the-line option from Sherwin-Williams, and we were told there was nothing available in the state of Maine."
- "Supply is inconsistent. We're not sure what will be available."

### Market Conditions & Competitive Landscape

- "Price per gallon on Benjamin Moore paints has increased by about \$5 to \$6, so paint prices have increased roughly 15%. The price increase is passed on to the client."
- "Sherwin-Williams paint will vary anywhere from \$5 to \$25 [a gallon] or so without explanation from one week to another."

### Sherwin-Williams

- "One thing we haven't been happy about with Sherwin-Williams is one day a can of ceiling paint might cost \$20, but the next week, it's up to \$25. Wall paint might be \$40 this week, and next week it's increased to \$65. We don't know why prices are all over the place, but we never know what it's going to be at the local paint store."
- "One thing of note, we applied to get a discount as a general contractor at a Sherwin-Williams location we regularly purchase from. We applied to get a contract there, and we were denied. We aren't sure if they're becoming fussier about who gets in and who doesn't. We are in the top 10 buyers for that Sherwin-Williams store location, and they didn't approve our request to get a general-contractor discount. It was unexpected. The application process was quick. We filled out a form in-store. We were told a local representative would call us, and it sounded like a done deal. A month or so later, we found out we were denied, with no explanation"

# The Sherwin-Williams Co.

- “We don’t have any issues with the quality of Sherwin-Williams paint, but the inconsistent pricing and limited selection is a problem. We’ve never experienced these kinds of shortages with Benjamin Moore or pricing inconsistencies.”

## Commercial Paint and Coatings Outlook

- “We are busy and constantly quoting potential clients. We have rushes of five or six jobs booked in a two-week period, and then we’ll have a quiet couple of weeks, but we’re always adding to our painting schedule. We’re currently booked through September. This past winter was quiet but expected. We haven’t had to actively look for work.”
- “Despite changes in paint prices, we have not had to raise our rates. We were nervous at the beginning of the year when COVID-19 rates started to climb. There was a huge infection surge in Maine at schools and a lot of people in quarantine, but we really haven’t had to change our per-square-foot rates.”

## Miscellaneous

- “What might affect our rates are rising fuel prices and inflation. We plan to sit down and calculate painting supplies like roller covers or paintbrushes more closely since those costs add up. But fuel prices in particular are something we’ll have to consider.”

**We don’t have any issues with the quality of Sherwin-Williams paint, but the inconsistent pricing and limited selection is a problem. We’ve never experienced these kinds of shortages with Benjamin Moore or pricing inconsistencies.**

*Owners of an independent professional painting company in Maine*

## 5) Painting contractor in the Midwest

This commercial painting contractor says shortages have affected all brands, and he has shifted demand equally among the three major suppliers. He considers Sherwin-Williams’ quality similar to that of Pittsburgh Paints and Benjamin Moore. Project budgets have trended up. In addition to supply shortages, a scarcity of labor also is affecting his business.

### Paint & Raw Material Shortages

- “It is easing. There for a while, it was very difficult to get anything. However, I have noticed that the majors—Pittsburgh Paints, Sherwin-Williams, Ben Moore—are beginning to stock certain items that we normally use. Some of the companies have decided to eliminate certain of their products, and that sometimes causes a problem in finding a substitution. I’ve found quarts and gallons are sometimes in short supply; you have to buy a 5-gallon bucket even if you only need a gallon. When the owner or architect states they want a specific product, we have to come up with a substitution. But it often delays the project.”
- “No, they’re [the major paint manufacturers] all about the same. Benjamin Moore has a different distribution system. They go through dealers and company stores. Here in my locality, they seem to have had a little bit more stock on hand.”
- “Yes, on occasion we did switch brands. We had to. We would let the client know that we would have to use a substitution. But I would say in the last month, that has not been the situation.”

### Market Conditions & Competitive Landscape

- “We can’t find enough qualified people. We are extremely busy. There’s a lot of overtime work, which we would prefer not to do. But because of the lack of qualified people, it’s necessary.”
- “Labor, as I just said—qualified labor. Younger workers don’t seem to want to work in construction. The older painters get to a certain age, and they retire or in some cases expire, and it’s difficult to replace them. To a certain extent, I’d say the residential contractors have to compete with illegal contractors.”
- “Prices have jumped considerably, and of course we have to pass that on. I’m sure that our pricing is not going to go down. It will continue to rise until the manufacturers get the necessary chemicals.”

### Sherwin-Williams

- “There’s no one particular manufacturer that has products that are superior to the competition. Most contractors have a preference in suppliers, and they try to work with them as much as they can. I have a good relationship with Sherwin-Williams, but I deal with the other two. We use the method of getting quotes and going with the one that offers the best price and quality.”
- “I think it was about equal. We’ve shifted from PPG to Sherwin-Williams. We’ve shifted from Benjamin Moore to Sherwin-Williams. And vice versa. We’re just trying to exist. We will use the supply that fits the need, regardless of the manufacturer. The architect may request certain products, but if they’re not available, we have to use a substitution.”



# The Sherwin-Williams Co.

## Commercial Paint and Coatings Outlook

- “I am somewhat concerned with the forecast of a recession, which will I’m sure affect our workload. I don’t see pricing easing—gasoline, food—regardless of who’s in the White House. Most contractors are in pretty good shape for having work available for the next year.”
- “They’re going up. We do a lot of medical field work, and there’s a lot of complaining. But they’re realizing what they could get for \$1 million two years ago, they’re not going to get now.”

## 2) Paint Sales Channel-Retail

Five paint retailers said the shortages are improving but not completely resolved. These sources reported some specific product shortages of oil-based paints, primers, and spray paints. Two stores said their deliveries are inconsistent, with some not arriving at all, others coming late, and some received at reduced volume. Demand is strong despite paint prices being up 20% to 25%, with ceiling paint up 20% to 30% year over year. One source at a Benjamin Moore store said pricing seems to be stabilizing after a slight reduction in February. Sherwin-Williams was a little harder hit by the paint shortages, two sources said, but share shifts between manufacturers were limited. One source said they picked up some share from the Sherwin-Williams store in their area because during the height of the shortages, it imposed a 4% surcharge on all products purchased. The outlook going forward is strong, with some contractors working down backlogs said to be about one month. One source said painting contractors are looking for help, so business must be good.

### Key Silo Findings

#### Paint and Raw Material Shortages

- 5 said the shortages of paint and raw materials are improving, but some product-specific problems are lingering.

#### Market Conditions and Competitive Landscape

- Demand for paint is strong; prices are up 20% to 30% but stabilizing. Customers are accepting the higher prices, and they are unlikely to be rolled back.

#### Sherwin-Williams

- 2 said Sherwin-Williams was a little harder hit by shortages than other companies. However, no major shifts in market share occurred.
- 1 source said they picked up some business from a Sherwin-Williams store in their area because the store imposed a 4% surcharge on all purchases during the height of the shortages.

#### Commercial Paint and Coating Outlook

- The outlook is expected to be steady to strong. Contractors are working off about a one-month backlog, and some are looking for help, indicating that demand is solid.

#### Miscellaneous

- Observations from Blueshift researchers that visited paint retail locations said Sherwin-Williams was running a 30%-off promotion for outdoor paints and stains. Shelves in some specialty and big-box stores are not fully stocked.

## 1) Store manager at a chain of Benjamin Moore stores in the East

The paint shortage is easing but persists for some products. During the height of the shortages, this store picked up some market share from Sherwin-Williams customers and others. However, this source expects most will return to their preferred brands as soon as the paint is back in stock. A few contractors complained that Sherwin-Williams had imposed a 4% surcharge on all products, leading them to abandon the brand. Prices increased several times throughout the shortage. But in February, Benjamin Moore rolled back pricing a small amount, and this source thinks it will stabilize at this rate. Outdoor painting projects are on the rise and of similar size to past years; prices are running 20% to 25% higher because of the higher cost of doing business.

### Paint & Raw Material Shortages

- “The paint shortage is easing, but it is still an issue for some products and supplies.”
- “I am not sure if it’s a raw material, trucking, or labor issue, or all three, but it is improving.”
- “I think we gained some share during the height of the shortages because we had painting contractors that were new to us applying for commercial accounts because they were simply scrambling to get product.”

# The Sherwin-Williams Co.

- “We worked and are still working through the shortages fairly well because we can supply our contractors from our 58-store inventory. Still, when we ran out, we ran out. That’s not happening very often now, but there are still some products that we run low on.”

## Market Conditions & Competitive Landscape

- “Demand is strong; it’s the start of the outdoor painting season, and it’s off to a strong start. I am concerned about a recession, as I worked for another paint company during the last one, and we saw our revenue drop 40%.”
- “Prices are up, and people seem to understand that is just the way it is. We had one small price reduction in February, which we passed on to our customers. But my guess is that prices have stabilized and won’t drop any further unless the economy bottoms out.”

## Sherwin-Williams

- “I am sure Sherwin-Williams products are good, but I have personally never used their paints.”
- “We did pick up some contractors that generally use Sherwin-Williams when they needed product during the peak of the shortages. But as soon as that product was back in stock, they went back [to Sherwin-Williams].”
- “I do know that we have permanently gained a few Sherwin contractors, because the painters showed me their invoices, which included a 4% surcharge. The charge was on the total bill, not just paint. They asked for an explanation and said they weren’t satisfied, so they now use our product.”

## Commercial Paint and Coating Outlook

- “Backlogs are running about a month for most of our contractors, and that’s normal. Prices are up in the 20%-to-25% range because of everything else being up.”

**We did pick up some contractors that generally use Sherwin-Williams when they needed product during the peak of the shortages. But as soon as that product was back in stock, they went back [to Sherwin-Williams].**

*Store manager at a chain of Benjamin Moore stores in the East*

## 2) Sherwin-Williams store manager in the Midwest

Supplies have improved—except for oil paint, which is out of stock in many brands due to a resin shortage. The store and painters coped with pandemic-related shortages by switching types within the Sherwin-Williams paint lines. Prices went up 12% in February. Painting projects and available paint have nearly returned to normal.

## Paint and Raw Materials Shortages

- “The paint supply has gotten better, except for oil-based paint. That’s out of stock right now. They just don’t have the resin to make it. It’s companywide for a lot of paint companies. Primer supply is coming back slowly.”
- “When we ran out of some paints, we’d just switch products within the Sherman paints we had. We have seven different lines of wall paints, for example; and they are of high, low or midgrade quality. We’d switch the painters to what we had.”
- “The deep freeze in Texas two winters ago hit the paint business because lots of paint and ingredients froze and couldn’t be used.”
- “Paint supplies like brushes, rollers, solvents, etc., were not in short supply.”

## Market Conditions and Competitive Landscape

- Did not discuss.

## Sherwin-Williams

- “Sherwin-Williams paint is only carried by us and Lowe’s.”
- “Our paint is considered the best, so there is not a lot of competition at our level. Our quality has to do with the resin, and we do a lot of testing to make sure the product lasts a little bit longer.”
- “We also sell Valspar at Lowe’s, but it’s not of the same quality.”
- “We didn’t have price increases for paint until February of this year, when it went up about 12%. It’s stayed there.”
- “Sherwin-Williams paint costs less at Lowe’s but it’s not really the same paint as we sell in our stores. They have cheaper product lines, which is why the prices are lower.”
- “I don’t think we lost business to other brands of paint that we have not gotten back.”

**I don’t think we lost business to other brands of paint that we have not gotten back.**

*Sherwin-Williams store manager in the Midwest*

## Commercial paint and Coatings outlook

- “There wasn’t really a big backlog of work for the painters that got us busier when the shortage ended. It varied by the store, though.”
- “I don’t see any new trends or budget adjustments on paint projects recently. Things are pretty much back to normal in what painters are doing.”

## Observations:

- Some shelves for gallon cans of paint were half or more empty in the store. A sign on the front window advertised 30% off exterior paints and stains May 20 to June 6. Painting supplies were marked down 15%, the sign said. There were no shoppers in the store on a rainy afternoon.

### 3) Paint sales associate at a Lowe’s in the Midwest

Paint supplies are getting close to normal at this Lowe’s, but the volume coming in still lags pre-pandemic times. High- and midgrade paint was especially hit by the shortage. Prices have gone up this year and stayed there, especially for ceiling paint. Sherwin-Williams probably fared no worse than other brands in terms of market share because all companies were affected.

## Paint and Raw Materials Shortages

- “The paint shortage has not totally subsided. We don’t have as much overstock as we used to. But the regular product flow is more or less back to normal.”
- “The freeze in Texas was a big problem. When the power went out, a lot of the raw materials froze.”
- “We still are not getting in the level of paint volume we used to have. We are selling through it fast.”
- “We are out of a couple of floor paints, but they are not in high demand.”

## Market Conditions and Competitive Landscape

- “Sherwin-Williams probably hasn’t fared any worse than other brands because of the supply shortage. It’s hit everybody.”
- “Prices went up; it’s hard to say when or how much. A lot of stuff went up by as much as \$5 or \$6 a gallon, some higher. The ceiling paint went up quite a bit more than other paint. It may have been 20% or 30%. Not sure why it went up more.”
- “Prices have not started back down. I haven’t seen any price changes this year.”
- “Both inflation and trying to keep up with demand were factors in the price increases.”
- “We had a lot of complaints about supply back during the pandemic. Trucks were supposed to come in that didn’t.”
- “One thing we ran out of completely was the small cans of sample paint [that] people could take home. We’ve got most of that back now, except some of the Valspar samples.”

## Sherwin-Williams

- “At its worst, the shortage was especially bad for midrange and high-end paint. If we were out of something, painters did have to switch to a different grade. “
- “We only sell Sherwin-Williams and Valspar, which is a Sherwin-Williams brand. So there weren’t other brands they could go to in the store.”
- “The shortage impacted all brands. People were coming over from Home Depot and elsewhere because they didn’t have anything on the shelf, either.”

## Commercial Paint and Coatings Outlook

- “There is some backlog of people who a year ago wanted to do a project, but we didn’t have the paint they wanted. They are coming in now. There’s high demand right now. It seems especially true at this store, from what I have heard.”
- “Professional painters get a big discount if they are part of our program.”

Sherwin-Williams probably hasn’t fared any worse than other brands because of the supply shortage. It’s hit everybody.

*Paint sales associate at a Lowe’s in the Midwest*

# The Sherwin-Williams Co.

- “Prices at the Sherwin-Williams store for comparable products we have are always higher. If we compare two of the highest-end ones, for example, theirs is \$70 a gallon, and ours are \$45 or \$50.”
- “The Sherwin-Williams paint we have here is made by Valspar, so it’s slightly different than what people get in the Sherwin-Williams stores.”

## Observations:

- Sherwin-Williams products are located prominently right behind the paint counter at this Lowe’s. The only other brand sold is Valspar. Some of the Sherwin-Williams shelves were not fully stocked. Nothing was advertised as on sale. Nobody was shopping at the moment.

## 4) Paint manager at a Lowe’s in the Midwest

This Lowe’s store was short of some base paint and oil primer during the pandemic but is better stocked now. Evidence is lacking that painters switched brands from Sherwin-Williams, costing it market share. Prices have risen slightly.

### Paint and Raw Materials Shortages

- “We’re good now. Last year was a little struggle, but so far this year, we’ve been all right.”
- “Sometimes we will run out of a base paint. If I have a contractor who needs black, for example, and I have two cases of it, they may need more. But that’s rare.”
- “We don’t sell oil paint as they do in the Sherwin-Williams stores. We do sell oil-based primer that’s always been available lately. The availability of aerosol oil paint comes and goes.”
- “Anything latex-based was fine. We ran a little low, but we never ran out of stuff unless a contractor came in and bought us out. That happened on a jail paint project.”

### Market Conditions and Competitive Landscape

- “Prices have gone up slightly on Sherwin-Williams paint. I’m not sure how much. We’ve also added a couple of paint lines in Valspar and Sherwin-Williams.”
- “We are a pretty heavy contractor store, and they still get the same discounts as before.”

### Sherwin-Williams

- “It’s hard to say if painters switched to other brands if we were short on Sherwin-Williams. We are still getting their business.”

### Commercial Paint and Coatings Outlook:

- “I don’t know whether there was a backlog of painting projects that painters have caught up on. Business was pretty steady throughout.”

### Observations

- Sherwin-Williams products are located prominently right behind the paint counter at this Lowe’s. The only other brand sold is Valspar. All of the shelves were fully stocked. Nothing was advertised as on sale, but another Lowe’s had a sign promoting \$10 off gallons and \$40 off 5 gallons of select exterior paints and stains.

It’s hard to say if painters switched to other brands if we were short on Sherwin-Williams. We are still getting their business.

*Paint manager at a Lowe’s in the Midwest*

## 5) Paint department manager and Pro Desk associate at an East Coast Lowe’s

The paint shortage, which is still occasionally a problem for this store, was caused by a shortage of raw materials. Inventory has improved, but this store still has times when an anticipated order is not received, is late, or only a partial order. Contractors with Lowe’s Pro accounts were understanding throughout the height of the shortage, and both sources were unaware of any contractors who have ceased doing business with their store. With the onset of the outdoor painting season, demand is strong, and the painting contractors this store works with are busy.

### Paint and Raw Materials Shortages

- “It’s not a paint shortage, it’s a raw material shortage. Everybody was affected.”
- “We’re almost back to normal inventory. But from time to time, our orders are not received, come in late, and sometimes we only get part of what we ordered. We almost never get an explanation as to why or what is going on.”
- “We had to scramble for our contractors to keep them in paint from time to time, but they all seemed to understand the situation. We don’t think we lost any of our big customers—at least we are not aware of it.”

# The Sherwin-Williams Co.

- “I am sure some of our customers went to the competition, and some of the competition came to us. But there does not seem to be any major share shifts, at least in our market.”

## Market Conditions and Competitive Landscape

- “Prices are up, and for the most part our contractors and DIY customers are accepting the increases.”
- “Other than a few specials and sales, I don’t expect prices to be rolled back anytime soon.”

## Sherwin-Williams

- “I think Sherwin-Williams might have been hit a little harder with shortages than some of the other brands, because some of their suppliers located in Texas were disrupted by weather issues.”

## Commercial Paint and Coatings Outlook

- “Everyone seems busy. I know they are all looking for help, so demand must be strong.”

## Observations

- Store shelves were full with no noticeable gaps. Several DIYs were shopping the color chart. One employee was picking up an order for a contractor, loading three 5-gallon buckets of paint and various supplies. He commented that contractors got used to calling in and just picking up at the Pro desk.

“Other than a few specials and sales, I don’t expect prices to be rolled back anytime soon.”

*Paint department manager  
and Pro Desk associate at  
an East Coast Lowe’s*

## 3) Paint Sales Channel-Wholesale

Three paint wholesalers said the shortages continue to disrupt the market, although that has improved over the past two months. One source said they need 20% more inventory to be back to normal. These sources have varied thoughts on Sherwin-Williams. One said the company is regaining the share it lost and praised the company for making its lower-cost brands, such as [HGTV Home](#), readily available. Another said Sherwin-Williams is suffering the most from shortages, as it depends on suppliers from Texas that have been hurt by severe weather. They said Sherwin-Williams will likely roll back prices to regain share. The third source said Sherwin-Williams will not roll its pricing back. All three sources said demand for paint and painting services is strong despite prices being up 20 to 25% year over year and painting contractors raising their prices by as much as 30%. Backlogs are large but improving as supplies become available. Some contractors are being challenged by projects that were bid and won based on old pricing. Some are eating the loss and completing the jobs, while others are buying their way out of the contracts to reduce the loss.

## Key Silo Findings

### Paint and Raw Material Shortages

- 3 said the paint shortages still exist and are disrupting the market. However, since April the situation has improved.
- 1 noted that Sherwin-Williams was hurt the most because of its reliance on suppliers from Texas that suffered from severe weather that disrupted production.

### Market Conditions and Competitive Landscape

- Demand for paint is strong and is not expected to wane despite prices being up 20% to 30%.

### Sherwin-Williams

- 1 said Sherwin-Williams is high quality and is regaining lost share because of its lower-cost HGTV Home product.
- 1 said Sherwin-Williams is suffering the most shortages because of its reliance on suppliers in Texas. They do not expect the company to roll back any price increases.
- 1 said Sherwin-Williams will roll back its prices.

### Commercial Paint and Coating Outlook

- Demand is strong, and backlogs still exist; however, they are improving. Contractors have increased their prices by as much as 30%.

### Miscellaneous

- Some contractors that have backlogged jobs based on old pricing are completing them at a loss while others are buy them out to reduce their losses.

## 1) Senior manager at a wholesale supplier in Florida

A source in a major Sherwin-Williams wholesale partner company said supply disruptions are still affecting the market, but the availability of paint and coating materials has improved significantly during the past two months. Sherwin-Williams is regaining its market share as painters switch back to the company's high-quality paints. HGTV Home by Sherwin-Williams, offered at lower price, helps the company to restore its position in the market without rolling prices back. Demand for paints from construction projects is strong, and renovation projects picked up in spring.

### Paint and Raw Material Shortages

- "Supply chain disruptions haven't gone yet, but in the paints and coatings, supplies improved."
- "There were some shortages up until a couple of months ago, but that is over now, aside from maybe a few specialty products that can sell out quick. Mass quantities of paint started coming in on the Sherwin-Williams truck when spring kicked off."

### Market Conditions and Competitive Landscape

- "Demand for paints, staining, coating is very strong, and it isn't going to weaken."
- "Plenty of new construction projects are going on, both residential and commercial. Renovations are on the rise, too."
- "Sherwin-Williams hasn't raised prices for the past two, three months, not in our stores."
- "Aside from Valspar, Sherwin-Williams offers HGTV [Home]. ... These are a little less premium and less expensive paints."

### Sherwin-Williams

- "I can tell you from my own experience and customer feedback that all Sherwin-Williams paints (Everlast, Showcase, etc.) are of very good quality."
- "The painters are returning to Sherwin-Williams as availability improved."
- "Painters appreciate that Sherwin-Williams hasn't raised prices as much as its competitors, and quality remained superb."
- "There hasn't been a rollback in pricing. Instead, Sherwin-Williams offered cheaper brands, like HGTV."
- "It is a wise move for Sherwin-Williams not to push prices higher now; contractors are very appreciative."

### Commercial Paint and Coating Outlook

- "This spring, business is getting back to normal, and the painting backlog is not as awful as it was six months ago."
- "As far as I know, contractors raised prices for everything because their expenses are up, and materials are more expensive. I have no hard numbers how much projects got more expensive, but I think not more than up 30% compared to one year ago."

The painters are returning to Sherwin-Williams as availability improved. Painters appreciate that Sherwin-Williams hasn't raised prices as much as its competitors, and quality remained superb.

*Senior manager at a wholesale supplier in Florida*

## 2) Paint supplier in the Mountain West

This wholesaler and retailer of Benjamin Moore paint says supply shocks and price increases continue to disrupt his business. Sherwin-Williams was affected more by shortages because of its reliance on suppliers in Texas. He expects Sherwin-Williams to roll back price increases once it recovers from supply disruptions.

### Paint & Raw Material Shortages

- "Yes and no. One shortage ends, but a new shortage takes its place. Back in April 2021, we saw caulking, tape and paper shortages. Then the paint shortages rotated in."
- "We're probably 98% Benjamin Moore. They manufacture our private line and our brand name. Benjamin Moore has been much better positioned than Sherwin has. Sherwin had most of their eggs in one basket, so when Texas went down, it really impacted their production. Benjamin Moore is more diversified, with some production overseas. They're still impacted, but not as much."
- "I saw a report from Cleveland Research saying 23% of market share has shifted away from Sherwin. I can speculate that we've captured 13% of our market."

## Market Conditions & Competitive Landscape

- “We only established a paint department two years ago, so I don’t have a great feel for that. We are doing very, very well. Our first year of our paint department was super-slow, but then we went from zero to \$1.8 million.”
- “A lot of my manufacturers switched to plant-based product, and the raw materials come from South America, which had a bad growing season. Ukraine and Russia also have impacted the supply chain.”
- “No, we just incurred an increase from one manufacturer that will take effect June 1, and we’re getting an increase from another manufacturer this summer.”

## Sherwin-Williams

- “I don’t have a good read because I’m not inside Sherwin’s camp. The news I’ve heard from painters is that they’ve experienced a 45% price increase with Sherwin. Once they get fully back on line, they’re going to cut prices. It’s going to become very ugly on the margin side because that’s the game that they play. They own market, there’s no question about it.”

## Commercial Paint and Coatings Outlook

- “Project demand is on the uptick still. On the multifamily front, we’re in the thick of three projects, and we’ve got eight more slated. For new homes, we’re down a bit, to 12 houses a week from 16. Pricing is up an average of 25%, 26% on a cost basis.”
- “[Clients] are still trying to hold everybody to 18-month-ago numbers. It’s just not realistic, unfortunately. We’ve seen large painters who do large-scale projects close their doors, or pay the fee to get off the project. They tried to stick to their original estimates and just couldn’t do it.”
- “We took a very aggressive stance late last year. We pre-bought a year’s worth of paint, so we were able to stagger out deliveries. I’ve still got 50 truckloads of paint. That’s unusual. Paint is usually a just-in-time business, but everyone who did that is struggling. We’ll take it.”

The news I’ve heard from painters is that they’ve experienced a 45% price increase with Sherwin. Once they get fully back on line, they’re going to cut prices. It’s going to become very ugly on the margin side because that’s the game that they play. They own market, there’s no question about it.

*Paint supplier in the Mountain West*

## 3) Sales director at a large industrial distributor based in Florida

The source in a large industrial distribution company reports continual shortages of paints and coatings, with inventories being insufficient because of both supply disruptions and higher demand. Prices for paints are up 20% to 25% compared with one year ago. But that hasn’t affected demand, as painters raised prices as well. Sherwin-Williams’ prices are about 25% higher than alternative options of the same quality, but the source doesn’t expect Sherwin-Williams to roll prices back. Painters didn’t switch to other brands because supply problems hurt all manufacturers equally. Painting projects are significantly backlogged, but supplies are improving, and the demand remains strong.

## Paint and Raw Material Shortages

- “Shortages for paints and coatings are not as bad as they were six months ago, but we still experience shortages for some specific products.”
- “Paints availability improved, but it is still not sufficient because the demand increased in spring.”
- “We need about 20% more inventories to satisfy the demand for paints.”
- “Our customers usually stuck to one brand and don’t switch to others.”
- “Literally all paint brands experience shortages, so our customers bear with us and wait while the supplies improve. They don’t switch to other distributors or brands.”

## Market Conditions and Competitive Landscape

- “Demand for painting is very high, and it’s not just seasonal. Many projects were delayed due to COVID, and now they are all back to life, and we distributing the to backlogged projects now.”
- “Because fuel costs more now, everything got more expensive. High demand and low supplies pushed prices even higher. It’s not just us, it is everywhere.”
- “Prices for paints are up 20% to 25% for distributors.”
- “Painters raised their prices, too, up to about 30%.”

## Sherwin-Williams

- “Sherwin-Williams offers high-quality paints at the premium price. The paints we offer are of the same quality but about 25% less expensive.”

# The Sherwin-Williams Co.

- “We didn’t see many painters who would switch from Sherwin-Williams recently. We have a pretty stable pool of customers.”
- “Shortages affected everyone, so switching to another distributor or another brand didn’t make much sense.”
- “Supplies are improving, and they are improving for all the brands and manufacturers.”
- “Rolling back prices is not what Sherwin-Williams normally does.”

## Commercial Paint and Coating Outlook

- “Backlogs in the painting projects [are] really bad, because many of the projects were put on hold during the pandemic.”
- “Despite higher costs and prices, demand for painting is strong, and I don’t see why it would weaken.”
- “Painting projects are not squeezing neither on sizes nor on budget.”

We didn’t see many painters who would switch from Sherwin-Williams recently. We have a pretty stable pool of customers.

*Sales director at a large industrial distributor based in Florida*

## 4) Suppliers

Two suppliers of raw materials to paint manufacturers said the supply chain disruptions and manufacturing plant shutdowns will continue until late this year or early next. One source said its supply of colorant is down 10% to 15% year to year. The other saw improvement in supply chain problems starting in April but still expects to suffer disruptions. These supply problems are global, and no one manufacturer has been hurt more or less than another. Current demand is strong from both the commercial and residential markets. Prices are up 10% to 40% depending on the product, and there is no expectation that they will recede. Some paint manufacturers are seeking lower-cost and available raw material substitutes. However, the major brands are not, as they highly concerned about product quality.

### Key Silo Findings

#### Paint and Raw Material Shortages

- 2 said the supply chain disruption caused by manufacturing plant shutdowns will continue until late this year or early next year.
  - o 1 said their supply of paint colorant is down 10% to 15% year over year.
  - o 1 said that since April, the supply shortage has improved.

#### Market Conditions and Competitive Landscape

- 2 said demand for paint and raw materials is strong and despite price increases of 10% to 40% has not weakened. The only exception is the auto industry, where demand is down 20% from 2019.

#### Sherwin-Williams

- 2 sources were reticent to comment on specific paint manufacturers. However, one said no one manufacturer has been hurt more or less by the supply chain shortage.

#### Commercial Paint and Coating Outlook

- The commercial paint market is strong and expected to continue to grow despite rising prices.

## 1) A global manufacturer of polymer materials based in Ohio

A global manufacturer of polymer materials sees continuing supply disruptions and shutdowns of manufacturing plants. Supplies of colorants and other raw materials from the manufacturer are down about 10% to 15% compared with one year ago, and relief is expected to happen no sooner than the end of this year or early 2023. Demand from paint manufacturers hasn’t weekend, nor has demand for paint from both industrial and residential construction companies. Prices increased sharply because of higher logistics costs and reduced production, and further price increases can be expected. Higher project costs have not affected demand, though, and paint sales are expected to remain strong.

#### Paint and Raw Material Shortages

- “We have been experiencing disruptions in our supply chain for quite a while. And a number of our facilities are shut down in Asia, mainly in China, so the shortage for ingredients for paints is still here, and it is still quite bad.”



- “Our supplies of raw materials, colorants for paints, are down about 10% to 15% compared to one year ago because some of our manufacturing facilities are closed, though temporarily.”
- “We expect improvements in supplies by the end of the year—early 2023.”

#### Market Conditions and Competitive Landscape

- “So far, the demand from our customers, paint and coating manufacturers hasn’t weakened. I see no signs of slowdown on that side.”
- “There have been backlogs in industrial and residential construction projects in the U.S. because of supply chain disruptions. The demand is abnormally strong now because of that.”
- “Automotive is weaker now. But as soon as supply issues are solved for car manufacturers—and the situation is already improving—the demand will hike there, too.”
- “We had to raise prices for our products because we needed to offset increased logistics costs, decreased production volumes, and higher operational costs.”
- “We raised prices at different rates for different products; it is everywhere between up 10% to up 40%.”
- “Of course, paint manufacturers have to pass the increase to their customers.”
- “The uncertainty is high, and we can’t predict further than for another three to six months, but prices are not going down.”

There have been backlogs in industrial and residential construction projects in the U.S. because of supply chain disruptions. The demand is abnormally strong now because of that.

*A global manufacturer of polymer materials based in Ohio*

#### Sherwin-Williams

- “I cannot comment on a specific manufacturer.”

#### Commercial Paint and Coating Outlook

- “I think backlogs will be improving little by little, as paint supplies are getting better.”
- “Projects cost more for contractors than they did a year ago, but the market is adjusting. The demand is still strong.”
- “Prices for paints are going to go up more because manufacturing costs are increasing all the way up through the supply chain.”

## 2) A global manufacturer of specialty materials based in the South

A specialty materials producer reported ongoing supply disruptions and shutdowns of Chinese manufacturing operations. However, since April, supplies have improved. The automotive industry has been affected the most by raw material shortages. Demand from paint manufacturers remains strong, and prices increased 25% to 30% compared with one year ago. Some paint manufacturers are looking at cheaper substitutes, but large brands are rejecting that strategy in fear of compromising product quality. Demand for paints remains strong, but the auto industry hasn’t recovered from the pandemic yet. Pricing trends are similar for all the brands, and consumers have widely accepted price increases.

#### Paint and Raw Material Shortages

- “Some plants in China have been temporarily shut down because of the pandemic, but that mostly affected automotive industry—additives for car paints and films, protective coatings, and so on.”
- “Supply disruptions hurt many industries, and we are not an exclusion here. However, starting from April, supplies have been improving.”
- “I don’t think any specific paint manufacturer is affected more than others. Supply issues are global.”

#### Market Conditions and Competitive Landscape

- “Demand for paints is most certainly strong.”
- “One of the issues paint and coating manufacturers are facing today is how to not compromise quality while looking for cheaper or more available substitutes. However, the major brands are least prone to that.”
- “Everybody’s looking at margins today and looking for the ways to maintain the margins as high as possible. Price increases up 25% to 30% compared to one year ago is quite normal across the industry.”

#### Sherwin-Williams

- “I don’t think any specific paint manufacturer is affected more than others. Supply issues are global.”

## Commercial Paint and Coating Outlook

- “I have low visibility on the painting service market, but I see the demand from paint manufacturers, and it is only getting stronger.”
- “Automotive manufacturers are strongly affected by the pandemic; and demand for car paints, films, and coating materials decreased by about 20% compared to the pre-pandemic year 2019.”
- “I don’t think that higher pricing deters demand. Higher prices are for everything, not just for some specific materials or services.”

## 5) Industry Specialists

An editor at a trade publication says paint shortages are very much hit-and-miss. Some contractors report problems, while others say supply is plentiful. Contractors’ experiences seem to vary based on geography and type of product. Demand for painting projects is strong, with many contractors reporting backlogs of more than three months in some cases. Contractors are now passing on the paint price increases and higher labor costs to the consumers, and those new higher prices are being accepted.

### Key Silo Findings

#### Paint and Raw Material Shortages

- 1 said paint shortages vary by geography and product type.

#### Market Conditions and Competitive Landscape

- 1 said that based on a small poll, demand for paint and painting professionals is strong. Some contractors report backlogs of over three months.
- Price increases for paint and the scarcity and higher cost of labor are driving up contractors’ prices, and they are passing on their increased costs to the consumer.

#### Sherwin-Williams

- 1 said contractors have investigated other brands in an effort to find workarounds to resolve paint shortages.

#### Commercial Paint and Coating Outlook

- 1 said demand is strong, and contractors are reporting an increase in kitchen cabinet paint jobs.
- Increased training is also an industry trend.

## 1) Journalist covering the painting industry

### Paint & Raw Material Shortages

- “Mixed reviews. Some people are still reporting some issues; some say they’re not having problems at all. Some are saying they’re not experiencing shortages.”
- “It’s all over the board. Someone in New York might have completely different issues than someone in Kentucky.”

### Market Conditions & Competitive Landscape

- “The demand has been holding pretty strong. We did a small poll. Backlogs still seem to be pretty common. Not with everybody, but we’re still seeing quite a few people reporting backlogs. Quite a few are reporting pretty long backlogs of three months or longer. Price increases are pretty standard at this point.”
- “The freeze in Texas and the hurricane interruptions were two big ones. Also, labor and transportation issues. For contractors, it’s not just materials but finding painting labor.”
- “Some manufacturers say they’re not struggling at all. Others say they’ve had to find workarounds, and others say they’re still struggling.”

### Sherwin-Williams

- “We definitely have heard of painting contractors at least researching other brand options. That is so dependent on geography. It is so dependent on products used. It is so difficult to pinpoint space and product.”
- “With labor and material challenges, you see an industry looking for

The demand has been holding pretty strong. We did a small poll. Backlogs still seem to be pretty common. Not with everybody, but we’re still seeing quite a few people reporting backlogs. Quite a few are reporting pretty long backlogs of three months or longer. Price increases are pretty standard at this point.

*Journalist covering the painting industry*

answers.”

- “At the beginning of this, we saw contractors swallowing the price increases. But now they’re increasing prices, and customers expect it.”

## Commercial Paint and Coatings Outlook

- “We are seeing a lot of people increasing their prices, but the specific numbers are so varying. Price increases aren’t solely a reflection of materials but also of labor cost increases.”
- “Every year, we do a contest where painters can submit their best work. We had not seen cabinet jobs in years, and then all of a sudden, cabinet jobs became common. We’ve definitely seen the kitchen cabinet trend. That’s really been going on for about two years now. We still see a lot of painters posting videos and photos on social media of their cabinet jobs.”
- “We do seem to see an increased focus on training. We are starting to see quite a few newer painters come into the industry. It really takes time for people to come in and learn the trade before they have too much responsibility on the job site.”

## Secondary Sources

These three secondary sources focused on the ongoing shortages of raw materials, how paint project managers are coping, and how paint manufacturers are being hit by rising prices.

### May 19 Homebuilding and Renovating [article](#)

The construction materials shortage could worsen, with price inflation set to be “the main story of 2022” for the sector

- “Paints and coatings remain affected by the ongoing raw material shortages, which has recently been exacerbated by further lockdowns in China and by the war in Ukraine. This could possibly affect the availability of some products over the coming months, the CLC says.”

### May 9 American Painting Contractor [article](#)

Two paint projects are reviewed as to how they are dealing with shortages, and two paint companies discuss their expectations for supply through 2022.

- “The paint shortage continues to impact business across the country, affecting larger projects such as highway repaints as well as smaller civic improvement plans. This article looks at some of the issues across the nation, and a West Coast paint company’s outlook for the future.”
- “Last year the Iowa Department of Transportation had to make do with less product than usual when their roadways were due for a spring repaint. This year a continued shortage combined with last year’s paint famine has forced the state’s six districts to use some creativity in dividing up what’s available. Last year crews focused on critical areas such as center lanes, interstates, and high traffic areas.”
- “In an article posted by WHO 13 in Des Moines, Iowa, Donna Matulac, an assistant state maintenance engineer with the Iowa DOT, noted the importance of keeping the paint fresh so drivers could see where they were going. Matulac stated she was hoping to get past the shortage in a month or two. If the scarcity continues, she said, they might consider painting thinner lines to save product, adding that she didn’t think it would reach that point.”
- “Salisbury, North Carolina’s, inaugural Paint the Pavement project has yet to be inaugurated because of a paint shortage. Initially scheduled for July 2021, the project’s planners still aren’t sure when they’ll be able to get started. According to an article in the *Salisbury Post*, the public art project was modeled after a similar project in Charlotte, North Carolina, and plans to feature several installations on crosswalks in the city’s Railwalk Arts District.”
- “The city’s Public Art Committee has been trying to get the specialty coatings needed from Sherwin-Williams, but the local store has told them they won’t be able to get the necessary product at least until June, despite requesting it every week and monitoring availability at nearby locations. The article also quoted SW president John Morikis stating that the availability of raw materials is ‘choppy.’ ”
- “As of yet, there is no scheduled start date. The artists plan to use a variety of bright colors to reflect the history, culture, and vibrancy of the community.”
- “Akzo Nobel has reported that a scarcity of truckers in the United States was contributing to shipping difficulties and making it hard to get its paints transported throughout the county. Company president Thierry Vanlancker told *The Financial Times* that due to the trucking labor shortage, the United States was the most difficult place to transport

# The Sherwin-Williams Co.

product; the article also stated that the American Trucking Association estimated a shortage of about 80,000 truckers nationwide.”

- “Jason Lawrence, director of marketing for Portland, Oregon-based Rodda Paint, shared the company’s thoughts and projections on coming out of the paint shortage in 2022”:
- “The main challenges faced by Rodda Paint in 2021 were mainly a lack of raw material supply and not knowing exactly when or which raw material would show up at our factory either due to supply chain or transportation issues. 2022 is improving with the majority of our key product lines coming back to full production levels; however, the current business environment, with new COVID variants, ongoing labor shortages, transportation challenges and inflation pressures continue to stress our supply chain.”
- “As is being faced by the rest of the coatings industry, we, at Rodda Paint, are also facing some supply chain challenges within our light industrial product segment, challenges which we anticipate continuing through most of 2022. Being small and privately managed has allowed us to remain flexible and adapt our business model to the changing business environment smoothly. For 2022, our senior leadership is strategically forecasting and sourcing raw materials well in advance of our production needs as well as ensuring extra warehouse space to store all the increased finished goods inventory.”

## March 29 British Coatings Federation [article](#)

Higher raw material prices, energy and freight costs hitting decorative paint and industrial coatings manufacturers hard

- “A new raft of higher raw material prices has again hit the decorative paint and industrial coatings industry in recent weeks with increased energy and freight costs adding further to manufacturers problems on top of growing concerns caused by the war in Ukraine and new uncertainties about the direction of the world economy.
- “According to the ONS, raw material prices in the paint sector are now up 20% in February compared with a year ago, easily outstripping the 15% increase for UK manufacturing as a whole, while many critical raw materials are up by more than three times this level or more.”
- “Adding to companies’ problems are supply issues relating to the availability for many raw materials with this continuing to be a major concern for all firms. This has been the case since the easing of Covid-19 restrictions earlier last year but now with these added issues and sharply higher freight costs adding further to paint manufacturers worries. Freight costs have more than doubled since this time last year.”
- “Further complicating the current position is the situation in Ukraine which is now disrupting global markets in multiple areas. For example, with Russia and Ukraine being major sunflower oil growers the war is now having a knock-on effect in alkyd resins. In addition, many minerals come from Russia some of which cannot easily be substituted while export routes by land through Russia are also being disrupted aside from the dreadful humanitarian costs of the war.”
- “In China, a new wave of further Covid-19 lockdowns is further reducing feedstocks available for the European market.”
- “It all means a perfect storm with higher raw material prices, sharply rising energy costs, much higher freight costs and a huge amount of uncertainty caused by the worsening situation in Ukraine.”

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Additional research by Jeff Ostrowski, Dan Weil, Eugenia Vlasova, Kevin Murphy and Gretchen Salois.

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