

Global Chemical Companies Growth Strategies: Chemical Companies: Trends, M&A Activity and Future Outlook

The \$3 trillion global chemical industry had a major setback in 2009. The US economic recession, exacerbated by the credit crisis had spread to all regions around the world. This was largely reflected among the major chemical manufacturers most of which had a significant decline in sales over 2008. Moreover, many chemical customers also reduced their purchases in the face of slower end market demand and reduced inventories in response to the adverse impact of the recent economic downturn.

“Global Chemical Companies Growth Strategies” identifies and evaluates the key growth strategies for the global chemical industry and their impact on other sectors. This report also investigates the recent trends, opportunities, and challenges of the leading chemical players in the global chemical industry. The emerging trends, priorities and strategies of investors are also described to help entrepreneurs target the right type of investor and communicate their value proposition in the best possible manner.

Key Features

- Market segmentation and global distribution by region.
- Consolidation within the chemical industry including key M&A strategies.
- Key deals and alliances between 2008 and June 2010.
- Key trends and opportunities in the global chemicals market.
- Strategic growth analysis of leading companies in chemical markets across the globe.
- Future outlook of the global chemical industry.

Scope

- Gain a detailed overview of M&A activity, key partnerships and alliances, and their impact on the global chemical industry.
- Assess the growth strategies of the global chemical market, including the role played by key societies and associations, market segmentation, and case studies.

- Understand the major issues affecting the global chemical industry.
- Evaluate the growth strategies of key chemical players in the global chemical industry.
- Understand the key drivers and resistors to growth for chemical companies.

Key Market Issues

- Transitioning from commodities to specialties is taking place as many chemical companies across the globe shift their focus. However, for many European companies, this shift was a necessity rather than advancement, due to the high cost of raw materials. Specialty chemical producers provide eloquent, high value solutions to a number of niche segments. During the 2008–2009 period, Rohm & Haas and Ciba's acquisition by Dow and BASF respectively, showed an increasing focus on specialties (in search of improved profitability margins).
- Leading chemical manufacturers are entering emerging markets through joint ventures or acquisitions (mainly in the Middle East to gain access to feedstocks, and in China and India to develop a local market presence). The most successful chemical producers in the near future are likely to be those that embrace the changing dynamics in the global chemical industry and effectively position themselves in emerging markets.
- Chemical companies have started to increase their customer relationships through strategic partnerships and joint initiatives with researchers, engineers, and other professionals from different companies, working on collaborative research and development projects. Moreover, chemical manufacturers need to keep their sales force engaged to drive value through strong customer relationships, rather than simply getting drawn into competition with lower-cost rival producers. For instance, BASF introduced a global Non Conformance Management System (NCM) in 2009, which records and investigates customers' problems with their products and processes.

Key Findings

- Overall activity in the global chemical industry (which is \$3 trillion in size) fell by 4.6% in 2009.
- The Middle East chemical industry is currently experiencing significant growth, mainly in the specialty sector. The region has historically concentrated on oil production, but more recently many companies have started to build their own chemical production facilities in the region.
- Although specialty chemical companies were hard hit by the recent economic downturn, many of the US and European chemical companies are still focused on this sector, as specialty products are more profitable than commodity chemicals in the longer term.
- Mergers and acquisitions form an integral part of the global chemical industry. More recently, many chemical companies have started to focus on cross-border M&A activities in Asia.
- Managing and rationalizing existing assets in the EU and investing in new facilities in emerging and fast growing markets has been a key trend in the global chemicals sector recently. Growth in Western Europe started to decline in recent years, making Asia, the Middle East, and Latin America the new markets driving growth.
- The Asian chemical market is highly fragmented and is still dominated by a plethora of relatively small players in terms of market capitalization. Thus, they present attractive takeover targets for many European and US chemical players.

Key Questions Answered

- What are the recent trends in global chemical industry?
- What are the key growth strategies for major players in the global chemical market?
- Which companies will drive the future of the global chemical market?

- How will the new healthcare reforms and climate change protocols impact the global chemical industry?
- Which are the key areas of focus for both commodity and specialty chemicals?
- What are the roles of key organizations (societies and associations) in the global chemical industry?

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