



We create chemistry

BASF Color Report 2018 for Automotive OEM Coatings North America

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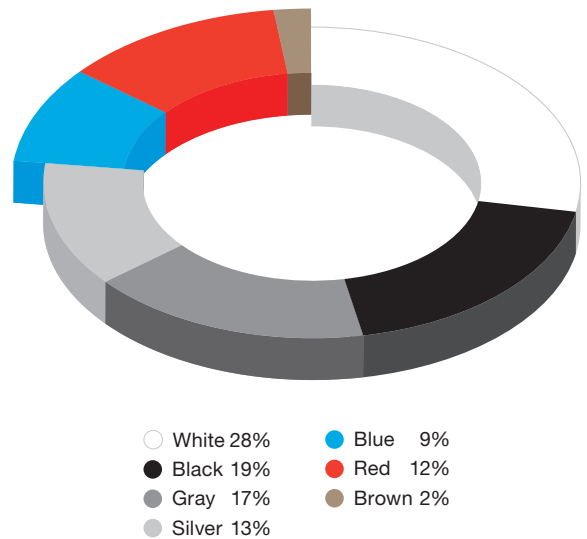
Diversity in today's achromatic colors offers a look into the future

As the automotive industry races towards the future, one which will be shaped by the well-publicized "CASE" trends (Connectivity, Autonomous, Shared and Electric), color will play a key role in defining brands and providing functionality, particularly as it relates to autonomous driving.

The interplay of the color, materials and finish (CMF) components will continue to influence automotive design. The industry focus into new substrates and their relation to CMF is expected to offer more opportunity for innovation and customization for the consumer. Unique finishes with a matte or textured look are raising interest.

Color designers seek new ways to connect consumers with such megatrends as urbanization, sustainability and digitalization, and look to offer complex layering effects or bespoke colors to satisfy discerning customers seeking an exclusive look.

An often-overlooked element impacting color popularity in North America is the high percentage of leased vehicles. Edmunds and other published reports indicate the lease market comprises nearly a third of new vehicle sales in North America and has been increasingly driven by younger millennials. This demographic development skews overwhelmingly towards trucks and CUV/SUVs, reinforcing the consumers' desire for functionality in the vehicle and lifestyle.



The analysis of current colors shows that, consistent with global trends, the "achromatics" – white, black, gray, silver – remained the most popular automotive colors for North America in 2018, accounting for roughly 75% of market production. There was no seismic change within the achromatic popularity with white maintaining its leading position.

While there were no chromatic colors which exceeded achromatic colors in popularity, consumers continued to demonstrate a growing affinity for red, specifically within the pickup and sports car segments. The diverse blue color space remained nearly the same compared to prior year, but nevertheless, remains a fertile ground for innovation given the vast range of shades and saturation possible.

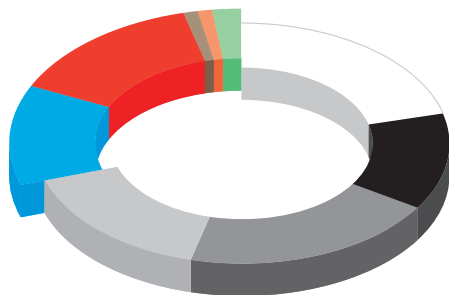
Color popularity by automotive segments

Although automotive color popularity at the aggregate level remains relatively static versus prior years, analysis into the various segments offers intriguing insights as it relates to color, styling and underlying drivers.



Subcompact

The subcompact segment is characterized by intense, saturated colors that are magnified by their smaller canvases. What these vehicles may lack in size, they make up for with effects, featuring the highest degree of metallics among all segments. White leads the achromatic space, but silver and gray are also strongly preferred in this segment. Red and blue account for nearly 25% of overall popularity driven by next generation colorants which create eye-catching shades on the road.

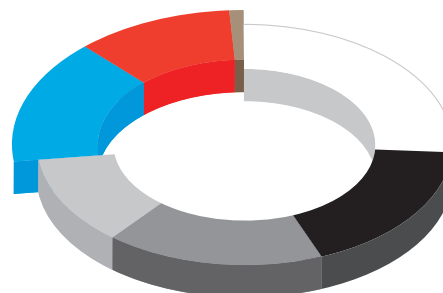


- White 21%
- Black 13%
- Gray 20%
- Silver 16%
- Blue 12%
- Red 14%
- Orange 1%
- Green 2%
- Brown 1%



Compact + midsize

Compact to mid-sized cars track the popularity as noted in the smaller sub-compact cars. However, they tend to lean even more towards white and black. This color breakdown in this segment may reflect its preference as the utility vehicle of choice for sedan lovers. Similarities to the CUV/SUV segment for color also are seen in the deeper analysis of the split between solid colors and those with a sparkle, or metallic effect. The strong preference for metallic colors with interesting flip-flop effects brings a unique look of value to the segment.



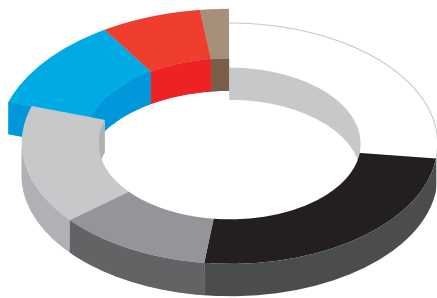
- White 26%
- Black 18%
- Gray 17%
- Silver 12%
- Blue 15%
- Red 11%
- Brown 1%

Please note: Colors with a popularity of less than 1% are not shown in the graphs.



Large

Darker colors, particularly black, run very strongly in the large sedan segment. In fact, the larger the sedan, the more likely it was black. Globally, this represented the singular segment where black exceeded white color popularity. These vehicles are coated with more premium and complex colors, which are accompanied by a higher price tag. This trend extends beyond privately-owned vehicles and to the higher-end segment of the ridesharing market, where “black car” service is offered to consumers who seek a more luxury experience.

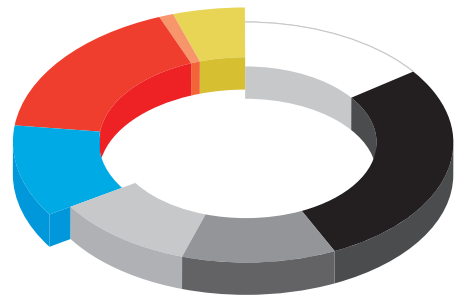


- White 27%
- Black 25%
- Gray 12%
- Silver 16%
- Blue 11%
- Red 7%
- Brown 2%



Sports cars

Black is the most prominent color for the sports car segment followed by red, which connotes “life in the fast lane” imagery due to its ubiquitous portrayal in American movies and pop culture. This arena remains polarized in that it contains the highest percentage of chromatic color popularity among all segments and conversely, the lowest percentage of effect pigments. Ironically, although sports car designs may be flashy, the paint technology relies mostly on straight shades and lets the colors speak for themselves.



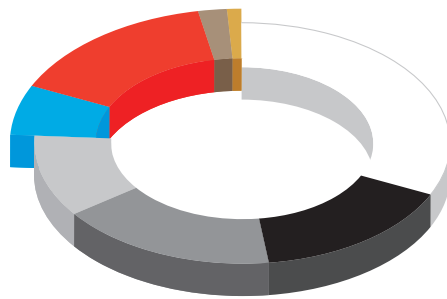
- White 15%
- Black 28%
- Gray 12%
- Silver 11%
- Blue 11%
- Red 17%
- Orange 1%
- Yellow 5%



Pickup

Traditionally perceived as utility vehicles, pickups historically leaned heavily towards achromatic colors. While pickups inherently offer utility, the addition of premium technology has reshaped many trucks into high-end vehicles. Although the pickup market remains true to its core customers who primarily value functionality, one note-

worthy trend is the growing popularity of red. Red is often mentioned as one of the most studied colors for its impact on the human psyche, so it remains to be seen if the trend continues and what is the motivating force behind it.



○ White	32%	● Blue	6%
● Black	16%	● Red	15%
● Gray	17%	● Brown	2%
● Silver	11%	● Gold	1%

Trend competence and innovative color concepts

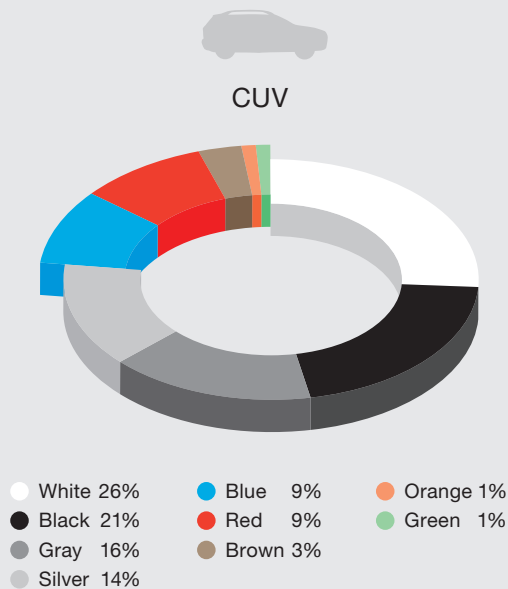
BASF's Coatings division has an excellent understanding of what is trending in materials and colors, and uses this to predict, which colors will play a key role in the future automotive market. Every year, the Coatings division's designers create Automotive Color Trends, an innovating collection of new colors based off extensive

research and in-depth analysis of global trends and cultural shifts that will influence automotive colors 3 to 5 years into the future. Together with experienced colleagues in the color lab, the Coatings division's know-how comprises not only the art of designing innovative and creative colors, but also the knowledge required to translate them into applicable paints.

A happy medium in a fit for function world

Ten years ago, the high cost of gasoline made driving a sedan more affordable than owning a truck or SUV. Today, as gas prices decline, the market has emphatically endorsed a versatile means of transport: The Crossover Utility Vehicle (CUV). CUVs offer appealing features to a wide array of buyers, ranging from the adventure-seeking millennial, to the growing family, to the newly minted retiree. Due to the significant number of CUVs, the trends in this segment strongly influence overall the North American color popularity.

Not surprisingly, white is the most popular color in this segment, followed by black and gray. As noted already with sedans, the larger the vehicle, the stronger the preference for black. An interesting observation is with chromatic colors: blues and reds are almost equally desired by car buyers. The diversity of blue and red shades, enabled by new types of colorants, effect pigments and coatings technologies, offers a visual counterpoint to the achromatic shades. An equal preference between these two chromatic hues underscores the versatility in this segment.



The distinction between an SUV and CUV relates to the vehicle's frame. Simply put, a crossover is based on a car platform which uses a "unibody" architecture, where the body and frame are one piece. SUVs use the chassis of a truck and are built with a "body on frame" design where the body and frame are built separately and later joined together. The concept CUVs are driven by the unique combination of fuel efficiency (through lightweighting), convenience (through optimized seat height, foldable seats, etc.) and safety (better visibility through larger windows and higher vantage point).



"In coating large surfaces for the CUV segment, the industry looks to bring a suitable visual expression of the vehicle's perceived use and link it to the brand image. What was trending in society and technology a few years ago, now finds its home in this important vehicle class."

Paul Czornij, head of Design North America