

News

Three Surface Finishing Industry Trends Driving Impactful Change

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The surface finishing industry is no stranger to change. From ever-changing market conditions to regulatory restrictions, innovations, and supply chain disruptions, the industry has learned to adapt, evolve, and grow. Yet, results after the first three quarters of 2023 showed a growth of less than 1% revenue year over year. In response, many companies are looking to reduce costs and improve efficiency throughout 2024, while also placing a heavy focus on technology enhancements and sustainable practices. Let's take a look at three trends set to drive lasting and impactful change in the surface finishing industry over the next 12 months.

Reshoring on the Rise

Over the past several years, challenges in supply chain reliability have heavily impacted the chemical industry. As organizations look to mitigate risk and increase efficiency in 2024, nearshoring and onshoring are expected to rise, bringing supply chain partners closer to the point of manufacturing, and streamlining production. This trend will drive a shift in industry across the United States, forcing chemical companies, applicators, and tier 1 suppliers to upscale production.

This investment in domestic manufacturing brings a wealth of opportunity, while also introducing new challenges. As the US workforce continues to struggle with labor shortages, we expect to see manufacturers investing in technology to fill the personnel gap. This includes an increase in AI and IoT technologies, including AI-driven production to increase lights-out operations, build predictive models for operational efficiencies, and proactively manage maintenance.

An Eye on Sustainability

Sustainability is not a new trend in the chemical industry, and it will continue to be an area of focus in 2024. As organizations respond to PFAS concerns and regulators propose new policies and regulations in 2024, the industry must be ready to respond. The EPA is discussing formal PFAS regulations, forcing companies to look for production-proven technologies that reduce or eliminate PFAS to keep them in compliance. Many chemical companies have been developing PFAS-free solutions over the past several years, in preparation for these regulations. Yet others may be caught off guard, unable to respond to changing restrictions in 2024.

Along with new and impending regulations, the industry is placing a closer eye on its long-term environmental impact. As a result, chemical companies are being pushed

to explore their role in the circular economy. From PET recycling to reduced water usage, metal recycling, and overall carbon footprint, companies are setting sustainability milestones, that will become more aggressive and scrutinized in the coming year. Manufacturers are requiring that their supply chain partners report on sustainability milestones and progress.

Within the automotive sector, as an example, original equipment manufacturers (OEMs) are looking deeper into their supply chain to ensure their partners are engaging in safe and sustainable practices. This trend in automotive is just one example of the expected transparency chemical companies will face in 2024. It is this level of openness and environmentally conscious practices that will drive trust and growth in the coming year.

Rise in Partnership and Collaboration

Trust drives differentiation and partnership drives trust. As 2024 progresses, partnership, and exceptional support and service, will drive value across the chemical industry. Manufacturers and OEMs are looking to increase collaboration throughout the supply chain, allowing them to be nimble and create technologies that drive advancement. Flexibility, in an industry that is rapidly changing, is required for companies to adapt to increasing regulatory requirements, technology innovations, and ever-changing market conditions.

In 2024 we expect to see an increase in joint ventures and supply chain integrations to mitigate risk and increase supply chain efficiencies. These integrated supply chains will assist organizations in driving consistent and effective sustainability goals, truly making an impact on the circular economy. Many chemical companies are prepared for this transition, as they have been committed to long-term partnerships for generations, while others will need to shift their business practices away from short-term successes, toward collaboration and innovation. Businesses prepared to engage in trusted and transparent relationships will set themselves apart in 2024.

The chemical industry is constantly changing, and this pace of change will continue to accelerate in 2024. Increasing demand across North America will push companies to explore new and innovative practices that promote sustainable growth, all while responding to challenging labor shortages. Regulatory restrictions will impact production technologies in the new year, and chemical companies will need to partner closely with their supply chain partners to respond quickly and showcase

value. This will be an exciting and innovative year in surface finishing as we look forward to seeing who is prepared to deliver innovative and sustainable change in 2024.

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