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Polish workshop Report

POLISH MONTHLY NEWSLETTER ON AUTOMOTIVE INDUSTRY

If you have any questions connected with Polish market, just contact with us!

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9. Inter Cars S. A. trade show

During September 5-6, 2009, in Poland, Inter Cars S.A. wholesale company will be hosting spare parts, tools, and workshop equipment trade show. "Nine" will show many changes in the event, however, as the trade show town will be transferred from the Inter Cars S.A. Logistics Centre area to the Modlin airport area in Nowy Dwor Mazowiecki near Warsaw.

Like every year, the host company is preparing a complex offer of spare parts, a rich exhibition of tools and workshop equipment. Those who are interested in technical knowledge and news of exhibitors' offer will find their place in conference halls during numerous presentations. Wise and dexterous mechanics will surely participate in contests such as The Strongest Workshop and tyre replacement against time. As always, they will be rewarded with very attractive presents.

Of course, there will be a lot of automotive attractions, spectacular tuning shows, many contests getting the adrenalin flowing, as well as a lot of fantastic presents to win.

Electric vehicles from Poland

Home made electric vehicles will soon appear on Polish roads. Impact Automotive Technologies factory, located in Pruszkow, is starting serial production of two passenger electric cars. At the same time, it is high time to start building charging stations for such vehicles in Poland.

Car drivers who will decide to buy an environmentally friendly car will need about 10 minutes to have their cars' batteries charged. Furthermore, with their car batteries fully charged, they will be able to drive approximately 100 km. And they will pay for that less than PLN 3 (ten times cheaper than in case of gasoline-powered cars!). According to certain estimates, electric cars will constitute over 10 percent of global output in 2012.

Poland's workshop market

In the past, Poland's workshop market used to depend to a large extent on what was going on in the automotive sector in the markets of Western European countries. Currently Poland's automotive market begins to be more and more governed by its own rules, and is surely less and less dependent on Western markets. Of course, the current state of affairs concerns workshop equipment with equipment, diagnostic devices, and tools, but not the car market.

Those few years of being a European Union member have resulted in a living standard increase for an average citizen and, as a result of this membership, a simplification of legal procedures, all of which led to an avalanche of motor vehicles moving on Poland's roads.

Within a very short time period, it has led to a growing demand for various services provided in this sector. This situation has been the reason for the expansion of the existing number of automotive workshops and the emergence of new workshops.

We must acknowledge that the majority of equipment for Poland's automotive workshops has been purchased during the last few years thanks to the benefits of subsidization programs financed by the European Union funds. The purchase and new job funding programs implemented after Poland's accession to the European Community structures currently helps make from a few percent to a dozen percent of all workshop equipment purchases.

It is thanks to these funds and also to good market conditions in this industry that the majority of workshops have been able to substantially improve its image and level of provided services. It must be noted that most workshops have fully professional equipment which is often different of the equipment of workshops operating under the authorization of particular car makers.

The growing number of workshops operating in the Polish market during the last few years can also be explained by changes occurring in the mind of motor vehicle users. The situation partly resulted in a very fast technological progress of new car construction. The introduction of complicated construction solutions and electronic systems to the car standard equipment forced car users to seek services provided by professional workshop services and to abandon attempts to repair their cars on their own as it was often the case in the recent past. For the last few years, there have arisen many new tire services in Poland while the existing tire services have rapidly developed. Polish car drivers have finally began to appreciate the advantages of seasonal tire exchange which undoubtedly improves road safety in Poland.

The number of workshops providing professional oil exchange services using special service equipment has definitely grown in Poland as well. Polish car drivers do not spare money for having this service provided in accordance with the manufacturer's specifications as to strictly determined mileage. Car owners in Poland are currently more aware and understand better that money apparently saved in this way (in case of not complying with the manufacturer's recommendations) will approach more quickly the need for engine repair and result in even more money spent on it.

Significant changes have recently happened in the Polish automotive market in the sector of workshops providing autogas system installation services. Enormous development in this area of automotive services at the turn of the century has been followed by sudden stagnation in the sector. It was affected by drastically changing gas prices. Because of new prices for this fuel, autogas has stopped to be as attractive as it was before, and the cost of adapting autogas systems to modern engine structures is significantly higher than to the previous generations of engines several years ago. As a result, part of the huge number of workshops installing those systems was forced to either extend their range of services or fully abandon their operation.

During the last few years, more and more workshops have joined large workshop chains operating under the banner of several largest spare part distributors in Poland. This process has been particularly triggered by access to technical knowledge that can be gained at special training courses held by the headquarters of those companies.

Many workshop owners opt for joining the existing workshop chains also due to funding programs implemented by them for workshop equipment purchase which enable those workshops to develop and stay in the market of automotive services while competition is becoming tougher and tougher.

However, the most significant changes in the area of automotive services have happened due to the adaptation of Polish laws to the standards binding in the European Union. Increasing environmental awareness of Poland's society and implementation of appropriate executive laws and punishment system forced workshop owners to organize the operation of their workshops in a way so that they stop pose a threat to the environment as they did before. Most of them currently have appropriate systems of segregation of waste produced by their activities (damaged parts, tires, batteries, and various operational fluids). Finally, recycling of motor vehicles taken out of operation begins to function in the Polish market as well. As a result, new specialized enterprises are emerging providing this kind of services.

During the last few years, the Polish market has also seen significant changes in the area of special workshop equipment distribution. The amount of measuring, controlling, repair, and diagnostic equipment coming from Asian markets have increased to the disadvantage of European (mostly German) companies previously renowned in Poland. Some of the brands of such manufacturers, although being still little known, are holding quite strong positions in Poland's market and are steadily strengthening them, therefore, increasing their product sales in large amounts.

By Andrzej Kowalewski

The most popular car models in Poland

It has become almost a tradition that the list of the most popular car models in the market bought by Polish customers is opened by two Skoda models: Octavia and Fabia. It also regards this year's report on the total sales for the last five months (Octavia was chosen by 7,529 customers while Fabia was bought by 6,635 people) and the results for May (1,534 Octavia cars were sold and 1,075 Fabia cars were sold). The market share of the two Czech car models constitutes exactly 10.0% representing an increase of nearly 1.0% compared to last year.

Volkswagen Golf holds the third position in the popularity ratings recording a high growth rate: 76.3% in total (up to the level of 4.572 cars) and 132.0% for May (935 cars).

Thanks to this, Golf has overtaken Toyota Yaris that has been almost "assigned" to this position since recently. However, in the summary of total results Yaris is just near the podium and holds only the 6th position in the monthly sales report. At the same time, both this year's results are lower than last year (710 cars in May: -17.6%, 4,395 cars in total: -22.1%). The fifth position is held by Fiat Punto recording steadily growing sales rate (742 cars in May: +5.3%, 4,309 cars in total: +16.3%) and is followed by Kia cee'd (759 cars in May: +23.0%, 4,259 cars in total: +30.8%). The cee'd's total results helped it move one position upward compared to the previous month and in the report for May the representative of the Korean brand occupied the 4 position.

While analyzing the most popular car models, it is important to emphasize the impressive results of Ford Fiesta holding the 17 position. Its percentage rate of this year's sales growth amounts to 216.9% (result since the beginning of this year – 2,304 cars), and the percentage rate of the monthly sales growth is 273.2% (result – 515 cars). Another car model which is characterized by good sales dynamics is Fiat 500. This cult car made by the Polish Fiat plant is included in the TOP 25 list for the first time. Without a doubt, it will remain there for long, but will it be able to move upward to higher positions? Its total sales of 1,703 cars has increased by 230.0%, and its result for May, 527 cars, is 235.0% higher than a year ago. 527 customers opted for Fiat 500 in May placing it in the 8 position in the report for May. Mitsubishi Lancer holds the 13 position of the monthly ratings with 486 cars sold, recording a 434.1% increase compared to last year (total result was 1,459 cars, +207.8%), while in May the 17 position is held by Opel Insignia (418 cars, 1,328 cars have been sold since the beginning of this year).

Source: Samar

Truck tire market

Report for the period of January – May 2009

It is said that the market of transport services is a barometer of the health of the national and international economies. This truth can be felt particularly now when both Poland's and Europe's economies have been slowing down.

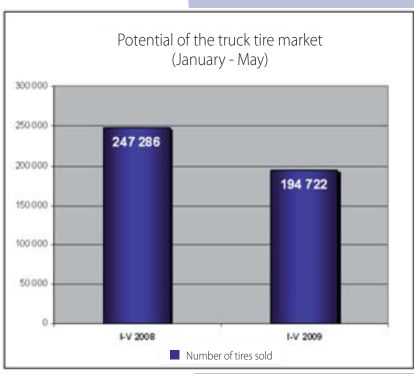
The industrial production output has been declining for several months compared to last year: in May 2009 production output was over 5% lower than in May 2008.

The crisis has particularly affected companies from the metallurgy, mining, and automotive industries. The current economic situation is directly affecting the bad condition in the sector of transport services. Companies are facing the problem of a smaller number of orders and are seeking to save money, for example, when purchasing tires. It results in falling quantities of tires they purchase which, in turn, affects this market potential.

Compared to the first five months of 2008, the market fell by 21.3% during the period of January – May 2009. The highest market potential decline was recorded in the sector of tires for non-driving axles for mixed vehicles (-28.4%). The market of tires for road vehicles (steering tires, driving and non-driving tires) recorded a decline at the level of the whole truck tire market. The situation is more positive when it comes to steering and driving tires for mixed vehicles: the market potential decline was significantly lower here than the whole market decline. The best situation is in the market of tires for urban vehicles which recorded nearly a 2% increase of its potential. This results in the order increase by the companies from the public transport sector.

The potential growth in the economic tire sector was a significant market change compared to the same period of 2008. This is a result of the financial situation of transport companies and also of the restricted imports from Asian markets.

The first five months of 2009 were another period for Goodyear during which the company saw its market share grow further.



Car diagnostic services in Poland

Poland's automotive market has gone through significant changes during the last dozen or so years. It concerns both the car sector and the whole infrastructure related to it. Following the first stage of changes, that is to say, in the 1990s when the previous regime collapsed, the country saw a drastic increase in the number of motor vehicles running on Polish roads.

The overwhelming majority of newly registered cars were second-hand cars from Western Europe, particularly from Germany. Unfortunately, most of those cars had already run many years on roads before that and their technical condition left much to be desired.

Imported motor vehicles which had been involved in road accidents definitely posed a more serious danger to other road users in Poland. They had not been repaired before being put into operation and were very dangerous on roads. In spite of rapidly emerging authorized dealer workshops of particular car brands and new car sales records at the beginning of this century, cars which are a dozen or so years old constitute the overwhelming majority of motor vehicles in Poland.

However, all the cars, regardless of their age, need to be serviced and repaired, to go through control tests, to be fully taken out of operation after they can be used no longer, that is to say, to be recycled in a due manner.

As a result, during the last few years Poland has seen an exponential growth in the number of various workshops providing services in the automotive sector. Many new workshops, diagnostic centres, vehicle control centres, and facilities recycling cars that are taken out of operation.

During the last few years, namely after Poland's accession to the European Union, there has been a need to adapt many legal and technical aspects to the EU standards. It resulted in the creation of the Transportation Technical Supervision in 2001, a new government agency in Poland regulating, among other things, the technical condition of vehicles running on Polish roads. New guidelines have been also introduced to regulate the necessary equipment of vehicle control centres, i.e. facilities authorized to carry out vehicle periodical maintenance and determining their admission to be used on public roads.

New regulations forced the owners of vehicle control centres to equip them with new diagnostic and control devices. A diagnostic device for electronic control systems of vehicles in compliance with the EOBD standard and an instrument to control vehicle glass transparency have been introduced as necessary equipment for the centre's operation. Requirements for wheel alignment control equipment for vehicles with a maximum total weight of up to 3.5 t have also been changed. Standard 12 to 17" clips for servicing vehicle wheels have been replaced by 20" clips for servicing wheels. Furthermore, all the equipment for vehicle wheel alignment control used in vehicle control centres currently must have the possibility to print out a control report containing the parameters being measured, information about the vehicle owner, and the centre where the vehicle technical examination is carried out.

During the last few years, the substantial growth of the number of vehicles registered in Poland resulted in increased need for vehicle maintenance which led to the emergence of a lot of new facilities providing such services. From year to year, they have become more efficient both from the architectural perspective and from the point of view of control and diagnostic equipment.

The standard among the newly created centres providing vehicle maintenance services is to expand their main activities by building auxiliary facilities for providing repair services.

Diagnostic centres, vehicle control centres, and ordinary car workshops in Poland can be characterized by growing professionalism with which services are provided for the last few years. Their owners have been spending more money to purchase modern diagnostic equipment, workshop equipment, and tools. Workers providing services in this sector have become significantly more skilful. It can be explained, first and foremost, by greater access to professional specialized knowledge.

It should be also emphasized that workers in Poland's automotive service sector use quality workshop equipment, instruments, diagnostic equipment, and tools. In more and more cases, this equipment is new or has been used since not long ago, but not the second-hand worn out equipment imported from Western Europe that was used a dozen or so years ago. It can be explained by the fact that during the last few years the Polish market has seen the arrival of new products from Western European countries and particularly from Asia which are sold by Polish companies representing their manufacturers.

A special emphasis in the Polish automotive market should be made on the growing number of workshops possessing diagnostic equipment for servicing electronic control systems of motor vehicles. It is common knowledge that the level of technological progress of modern cars currently made as well as the part of electronic systems they are equipped with force workshops providing automotive services to possess such equipment. However, if we compare the amount of such special equipment used as recently as 3 to 5 years ago with the present state of affairs, the progress is really amazing.

This equipment is currently used in the majority of Poland's workshops providing services in the automotive sector, regardless of the main specialization of workshops.

From the point of view of motor vehicle users, this situation in the Polish automotive market is favourable because it makes prices for such provided services relatively affordable. What is surprising, however, is the fact that in a country which is not one of the richest ones in Europe, there are more and more car workshops where car diagnosticians use in their every day work not one, but at least several different diagnostic instruments of this type simultaneously.

By Andrzej Kowalewski

GIPA Report

According to 2008 GIPA report, Mobil maintained its last year leading position in the passenger car motor oil market. As the research shows, Poles often buy motor oil for the so called refill. At the same time, the number of car drivers that changed motor oil has decreased for the last year.

In 2008, the national market of motor oil for passenger cars amounted to 56,000,000 liters. It means that last year its potential increased by 0.72 percent. It is significantly less than at the turn of 2006/2007. Back then GIPA recorded growth of over 4,000,000 liters. For manufacturers of lubricants, Poland is one of the largest markets in this part of Europe.

Polish car drivers mostly fill the engine with Mobil (27 percent) oil. Its two largest competitors are Lotos and Castrol, respectively with a 24 percent and 17 percent market share. For other producers with market shares below 10 percent, it will be very difficult to struggle for a place on the podium.

The Polish motor oil market according to GIPA report (2008)

Confidence in the brand and the price are the main criteria for Poles when they choose motor oil. However, what has recently become very important is durability, that is to say, the possibility of driving a larger number of kilometers without changing oil. When buying Mobil oil, car drivers pay attention to confidence in the brand (56 percent) and good engine protection (47 percent). The latter characteristic has not been so highly evaluated among competitors. Compared to 2007, the number of car drivers who changed motor oil fell from 81.3 percent to 72 percent. At the same time, the oil refill share in the market has been steadily growing for the last few years. It has grown from 4.39 to 9.58 million liters since 2004. Experts predict that the current trend will become even stronger in the years to come.

An average Pole changes oil 1.3 times a year, or 4.1 liters on average

A statistical car running on Polish roads is 10.6 years old and travels about 15,000 km a year. By selling it, we earned PLN 13,400. When we examine dozens of cars on the car market, we pay great attention to the engine. A well maintained car will surely be less unreliable in its further life. Using high quality motor oil can be very helpful in this matter, such as, for example fully synthetic Mobil 1 oil. Synthetic oil is used by every fourth car driver. Engines filled with mineral oil (currently 25 percent) and half-synthetic oil (35 percent) will be less and less popular in the years to come. GIPA research shows that over half car drivers buy motor oil on their own. The rest of them have it changed in car workshops.

LPG in decline?

Less and less new fuel gas systems have been recently installed in the Polish market which has nearly 2.1 million gas powered cars. Less than 30 thousand gas systems were installed last year while as recently as a few years ago this sector could boast of five times greater interest in them shown by car drivers. In 2007, the LPG market decreased by over 3 percent and its share in the entire motor oil market was 16.6 percent only. This unfavorable situation has not been influenced by a record high price difference

between gas and gasoline. The successful lobbying for a new Law on Excise Duties has not helped much either, although it was supposed to guarantee optimistic future to the sector promising further development of the national LPG market. Many believe that the mere fact of lengthy speculation regarding a possible tax increase resulted in the fact that individuals deciding at that time to buy a car finally opted for cars with diesel powered engines. The situation was also affected by a record high share (as much as 40 percent) of diesel powered vehicles imported last years.