

Polish aftermarket growth defies sluggish vehicle sales

The mid 90s posted strong growth in Poland's car sales and sparked major investments by OEMs, mostly notably Daewoo, Fiat and GM, and inward investments by many of the global systems suppliers. The economy was growing fast which fuelled sales of new cars. Local producers had never had it so good. But over the past three years, analysis and media reporting of developments in the Polish car market have been pretty grim.

Whilst we were celebrating the millennium, the Polish car market was heading towards an abyss. By the end of 2000 inflation was running at ten per cent, car sales had slumped to 479,000 (from more than 640,000 the previous year) and problems at Daewoo – Poland's second largest producer – started to hit home. Consumers started focusing on used cars imported from Western Europe in preference to locally produced models.

With accession to the EU, the rush to take advantage of the expansion of the single market and access consumers in Central Europe had led to considerable investment in the region. But not in Poland. The Poles lost out to the Czech Republic in their bid for the new PSA/Toyota small car programme and this was shortly followed by the PSA decision to build a new plant in Slovakia. More recently Hyundai announced in March that its European manufacturing plant would also be placed in Slovakia. Poland is still reeling from that announcement.

But, in contrast to the problems faced by the OE sector, Polish aftermarket distributors have seen strong growth and there has been considerable investment by the leading players. A growth in sales of used cars imported from Western European has fuelled the market for replacement parts. And those new cars purchased during the boom years of the late 1990s are now moving out of the franchised dealer sector and into the independent sector for parts and servicing bringing further business growth.

Intercars is the leading national distributor in Poland and plans to float on the Warsaw stock exchange in May. It forecasts net profit rising from PLN 10m to PLN 17.6m this year. Intercars expects to increase its presence from 37 to 46 branches across Poland this year and plans to open a regional distribution centre in Poznan. The company not only provides suppliers with access to the Polish market but also Ukraine and other export markets in central and eastern Europe.

Another success story in Poland is JC Autos - a family firm that was originally conceived as a niche player offering spare parts for Japanese car brands. The company is now the leading supplier of parts for Japanese cars in Poland and is well placed to reap the benefits of Toyota's growth in market share over the past two years. EU membership will lower import taxes in Japanese imports further stimulating demand in Poland and across the region particularly in the luxury segments. JC now offers an all makes programme to complement its traditional market niche with sales figures up 40 per cent on last year and turnover now more than three times the figure in 2000.

Best selling models - Poland

| | 2003 | | 2000 | |
|----|----------------|----------------|---------------|----------------|
| | Make | Units | Make | Units |
| 1 | Skoda Fabia | 31,418 | Fiat Seicento | 58,674 |
| 2 | Fiat Seicento | 28,158 | Daewoo Matiz | 45,010 |
| 3 | Fiat Punto | 14,089 | Daewoo Lanos | 29,613 |
| 4 | Toyota Yaris | 13,985 | Skoda Felicia | 20,969 |
| 5 | Toyota Corolla | 13,734 | Fiat Punto | 20,561 |
| 6 | Opel Corsa | 12,949 | Fiat Uno | 18,663 |
| 7 | Fiat Panda | 12,813 | Opel Astra | 17,603 |
| 8 | Peugeot 206 | 12,673 | Daewoo Tico | 14,619 |
| 9 | Ford Focus | 11,725 | Fiat 126 EL | 13,634 |
| 10 | Skoda Octavia | 10,981 | Peugeot 206 | 11,534 |
| | Total | 358,435 | Total | 250,880 |

Source: SAMAR

With the product mix on the road broadening and the overall car parc increasing, distributors are looking to stock a broader range, bringing good opportunities for existing and new parts suppliers.

Lubepack, suppliers of tubes and sachets of grease to customer specification, is a new supplier to the market and has just won a contract to supply Intercars.

‘We are delighted to develop a presence in the Polish market,’ says Managing Director Brian Cumpstay. ‘Our initial order is to supply Intercars with 100,000 units of lubricant for CV joints.

‘Intercars is an impressive operation with purpose-built warehousing just outside Warsaw and state of the art stock control and logistics operations. Central Europe is certainly a growth market, one that we have been looking to break into for some time.’

“Since my initial meeting with Artur Charcuk of Intercars we have developed a good basis on which to conduct future business”

Although the market is dominated by imported product from Germany and Italy, UK suppliers are increasingly making inroads. This has been fuelled by a programme run by SMMT and supported by UK Trade and Investment over the past three years to bring distributors in Poland and across the region face-to-face with UK based suppliers.

‘I am delighted that Lubepack has picked up its first order in Poland’ says SMMT’s programme manager Graeme Vickery.

‘We brought a group of leading Polish distributors to the UK last November to meet British suppliers. The contract is a direct result of the meeting that we arranged between Intercars and Lubepack which is fantastic.’

Automotive Suppliers Ltd is another supplier that has benefited from the UKTI/SMMT programme and is making in-roads into the Polish market with its range of specialist parts for re-manufacturing of power steering systems.

‘Polish consumers demand cars with increasing levels for technology. Like Western Europe, power steering is no longer seen as an optional extra and with the poor state of many of Poland’s roads there is a clear demand for our product’ says Simon Vickers Export Manager at ASL.

‘I visited Poland for the first time in March as part of the SMMT programme. It is clear that re-manufacturing in Poland at the present time is a lot less developed than in UK which will require us to adopt a different approach to the market and invest in product training with our distributor to ensure we maximise its potential.’

Accession to the EU is now complete and Poland is most certainly open for business as Lubepack and ASL will testify. For more information about how SMMT can link you to the leading players in Poland and central Europe, contact Graeme Vickery on 020 7344 9229 or email gvickery@smmt.co.uk.