The European Aftermarket

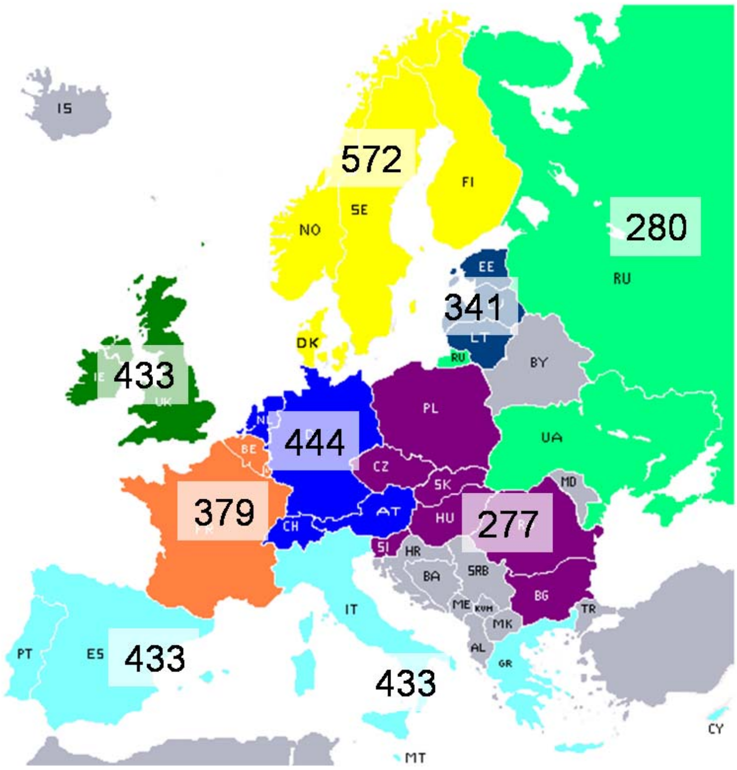
Market volume, structures and market shares in 25 countries

How do submarkets in Europe differ from each other and what is the importance of OES and IAM in the particular countries?
Do we encounter aftermarket structures in the European abroad that are a mirror image of the German market or are there big differences?
The study „The Car Aftermarket in Europe 2009“ by wolk after sales experts gmbh gives answers to these questions for 25 countries. Anyone who wants to work out a future-oriented European aftermarket strategy on the basis of reliable European data and wants to save oneself the trouble of doing months of research work has to resort to this groundwork text of 900 pages.

1/5 of the European aftermarket is allotted to Germany.
The entire passenger car after sales market in Europe including all of the purchased passenger car components earned ca. 105 billion Euro (only material, no salary) in the year 2008.
This refers to end consumer prizes without VAT. Referred to as components are all products concerning the car, including wear parts, car body parts, motors, gear boxes, electric parts, accessories, car glass, chemicals, oil, tires, lacquer.
For orientation: A volume of 19 billion Euros is allotted to the German passenger car aftermarket, 77% of the aftermarket volume is allotted to the old EU countries at the moment.

All business is local
The European aftermarket is anything but homogenous. Quite the contrary. The study displayed 9 different country clusters that showed great differences with respect to turnover and sales activities.

Thus a car driver in Scandinavia spends 572 Euros for new car components, whereas a car driver in Russia spends 280 Euros for the components of his car.



Source: wolk after sales experts

Figure 1: material expenditures per passenger car according to country clusters

Different scenarios

A long-term scenario displays not only differing developments in Western and Eastern Europe. Differences appear also along the North-South divide. Whereas the after sales market in Germany and in the whole of Western Europe will stagnate at a high level, a still high growth potential appears in Eastern Europe after the overcoming of the economic crisis. It becomes very clear when one regards the density of passenger cars per resident. In the “old” EU member states (membership before the year 2004) only 504 out of 1000 residents have a passenger car. In the “new” EU member states there are currently only 322 passenger cars per 1000 residents. The difference to Russia

(19,5 % of the entire European population and 10,2% of the entire European passenger car park) is even more drastic. Here, there are only 198 passenger cars per 1000 residents.
Within the framework of an expected economic growth in this countries, the passenger car density will gradually equal that of Western Europe. Besides a rejuvenation of the car park and a change in the brand composition this will also lead to a significant growth of the aftermarket volume in these countries. The growth of the aftermarket is located in the East.
This does not mean, however, that the current supporting pillar of the Western European markets should be neglected. For the distributors and repair vendors, technical know-how and pro-active marketing will move into the center of distribution activities in the hard cut-throat competition.

Changing aftermarket

A strong decrease in the after sales market volume in Western Europe will come to a hold especially due to the further technical improvement of passenger cars. A reason for this is the increasing share of electronic and upscale components. Over the next years, these increases in value will to a large extent balance the slowdown in sales that results from a longer durability of parts and a decreasing average driving performance per passenger car. In the long run, however, in the Western European volume countries an average annual market decrease of approximately -1% to -2% has to be expected.
This means that the classic wear part with a current 30% share in total passenger car materials will lose its importance on workshop- and trade levels in favor of electronic components.
Hence, distributors and workshops have to prepare themselves for compensating the expected cutbacks in wear parts sales step by step by forward-looking service (e.g. electronics, turbo loader, smart repair).

In a long term perspective, the decrease of the car park due to population decline and the further development of drive technologies (hybrid and electric drives) will further intensify the structural change. Internationalization, consolidation, changed assortments, and, above all, a changed car driving behavior will shape the aftermarket for a long time in an interesting way.

The car driver in the spotlight

Depending on region, car drivers show different behavior with regard to the choice of workshop types. In Germany, there is a higher-than-average density of authorized car dealers. German car drivers often stay loyal to the authorized workshop even beyond the warranty period. This is different in most of the European countries. Here, car drivers do not differentiate so much between authorized workshops, free workshops, fast fitters or specialized stores.

After the expiration of the car's warranty period, a quick change to a free workshop is quite common.

In Russia and Ukraine there is a further significant difference to Western Europe. Here, a considerable number of drivers buy car parts from a parts dealer in order to have them installed in a workshop. As a result, in Russia and in Ukraine there is a great amount of small part dealers who sell mostly to end customers.

In France, auto centers comparable to A.T.U have special importance. In Great Britain such an importance is accorded to the great number of chain companies and fast fitters. In contrast, car drivers in Italy and Spain can choose from a great number of independent, small scaled workshops and parts dealers.

Free or regulated market? IAM or OES aftermarket?

The free market has lost its shadow existence. What speaks in favor of this, is the fact that in the old EU member states 58% of all passenger car components are being installed by independent workshops.

In the new EU countries it amounts to 65%. The ca. 300.000 free IAM-workshops are faced by approximately 100.000 authorized car dealers. The free European repair market is strictly divided between large chains on the one side and small, independent workshops on the other side. The auto center chains Norauto, Feu Vert and A.T.U as well as the fast fit chains Kwik-Fit and Midas count besides the authorized workshops as the third aftermarket force. In most countries, IAM-workshops increasingly merge into workshop systems. Not only in Germany do workshop systems own a big share. Poland has 15 full service workshop systems with ca. 2800 outlets, Italy has 16 systems with ca. 11600 outlets. The biggest provider of workshop systems is Bosch Car Service.

On the level of distribution, there exist four large buying groups: autodistribution International, Auto-Teile-Ring International, Group Auto Union International, Temot International. These four co-operations have national branches in almost every European country. Very many of the large parts dealers are associated with a cooperation.

(2007)	ad Int.	ATR Int.	GAU Int.	Temot Int.
Sales volume in billions of Euros (on different levels of distribution)	5,2	2,7	4,3	4,0
Branches	2.100	750	1.885	1.022
Associates	460	36	692	22

Figure 2: figures concerning the four biggest purchase co-operations

Consolidation and Internationalization

During the last years, some market determining companies have emerged from the large parts dealers. This happened primarily due to buyouts, respectively fusions.

As exemplary can be named: Trost Autoservice SE, Stahlgruber, PV Autoteile, Wessels + Müller (all Germany), Intercars, Fota (Poland), ECP, Uniparts (Great Britain), Métraux / Derendinger (Switzerland), Rhiag (Italy), Sator Holding (Netherlands). This process of consolidation has not been completed by far.

In all of the analyzed 25 countries the large parts distributors with their sales volume of more than 20 million Euros had a share of only 0,5 % in the total parts dealing companies. However, they generated a sales volume of ca. 25%. The "large" distributors will keep on gaining importance. In the long run ca. 15-20% of the mega-distributors and ca. 5% of auto center chains and fast fit chains of transnational importance are to be expected.

CONCLUSION:

The study establishes a necessary planning base and decision help for the increasing internationalization and future-oriented direction of the aftermarket. Especially for those companies:

- that want to sound out potential opportunities in other countries,
- that want to make a benchmark comparison with competitors or colleagues abroad,
- that want to orient themselves toward other European countries in the future or
- that want to know which future exposure is to be feared if competitors from abroad will become active in the home market.

Helmut Wolk, Managing Director of wolk after sales experts gmbh

Information Box

Report „The Car-Aftermarket in Europe“

In „The Car-Aftermarket in Europe 2009“ there has been analyzed on 900 pages for 25 countries respectively:

- the market volume for 10 product groups (wear parts, body parts, motors, gear boxes, electric parts, accessories, car glass, chemicals, oil, tires, lacquer),
- the structures of the OES market,
- the distribution structures of the IAM (co-operations, distributors, specialized distributors, auto centers, chain companies, direct distributors),
- the workshop structures of the IAM including all specialists like tire trade, auto glass specialists etc.,
- workshop systems and fast fit chains,
- furthermore, company profiles with turnover and outlet data as well as contact data of 1500 of the biggest aftermarket players in Europe have been compiled.

The report's basis is being provided by one of the largest European aftermarket data bases, where moreover present and forecast data about car park and new registrations, replacement demand factors, address data can be found.

You can find detailed information concerning the study: „The Car Aftermarket in Europe 2009“ at www.wolk-aftersales.com / publications / Car Aftermarket Europe.

The study can also be obtained for particular countries. In the basic version, the prize per country amounts to 300 Euros; in the premium version the prize ranges according to country between 500 and 700 Euros. Because the project has been supported by Figiefa and the Right to Repair campaign, special conditions apply to members of Figiefa and CLEPA. The study is available only in English.

On the basis of the research results, the specialists of wolk after sales experts assist you with the finding of future-oriented aftermarket strategies and their implementation in practical concepts.

The authors of the study from wolk after sales experts gmbh are at the disposal of interested parties for further questions.

Helmut Wolk: +49 2204 842531

Frederik Retz: +49 2204 842536

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wolk after sales experts:

Helmut Wolk founded wolk after sales expert gmbh this year in May. The new company markets the study conducted by Wolk & Partner and is engaged mainly with the analysis and the development of strategies and concepts in the international *automotive after sales market. The new company is assisted Europe-wide by a network of experts with aftermarket know-how. For details see www.wolk-aftersales.com.*