

THE SERBIAN COMMISSION FOR THE PROTECTION OF COMPETITION PUBLICISES ITS AFTERMARKETS STUDY

AFTERMARKETS STUDY

The Serbian Commission for the Protection of Competition recently published a market study in which it assessed the state of competition in after-sales services for motor vehicles and home appliances in 2015. By way of this market study, the Commission analysed whether there is a need to adopt specific legislative measures in the sectors concerned.

MOTOR VEHICLES MARKET

The Commission analysed both the market for motor vehicles and the market for after-sales services. It found that the motor vehicles market is moderately concentrated with numerous global brands and manufacturers active in Serbia. No manufacturer has a market share exceeding 30% in Serbia. Companies which sold new motor vehicles are Fiat (17.1%), Skoda (15.5%), VW (7.7%) and Hyundai (7%). However, market trends do not benefit the sale of new motor vehicles. The majority of sold motor vehicles in Serbia are second-hand (used cars), most of them more than 10 years old. Motor vehicles of up to 5 years of age amount to only 6.5% of the market.

The after-sales services market is characterised by a large number of participants, including official, branded repair shops (around 300-320) and independent repairers (around 1500-1600). Branded repairers typically offer repairs and spare parts for just one manufacturer and are perceived to offer higher prices than independent repairers (the price of original spare parts and working hours are on average of 119% and 86% higher, respectively). On the other hand, independent repairers are typically thought to offer spare parts of lower quality. Branded repairer shops therefore feel that independent repairers engage in unfair competition practices. The value of the spare parts market is estimated at EUR 440 million, while the value of services and repairs is estimated at EUR 600-650 million.

HOME APPLIANCES MARKET

The Commission also assessed the markets for refrigerators and washing machines. It found that both markets are moderately concentrated with only one manufacturer having a market share exceeding 30% in Serbia (Gorenje). Other notable brands are Beko with a 10-20% market share, followed by Vox, Candy and Whirlpool, each with a 5-10% market share. The total value of the market for refrigerators and washing machines

is estimated at EUR 70-75 million in Serbia.

The after-sale (services) market has been found to be a market with many players (approximately 1500) with small market shares; none of them has a share of more than 5%. The majority of repairers are small independent ones (around 1000), while the number of branded repairers amounts to 497. Branded repairers in this market have been found, on average, to offer higher prices than independent repairers (the price of original spare parts and working hours are on average 30% and 75% higher, respectively). On the other hand, most independent repairers are often said to offer equipment of dubious quality. The value of the after-sale services is estimated at around EUR 12-15 million.

RECOMMENDATIONS

The market study provides for several recommendations to a number of government bodies:

- to the Commission - to amend the existing vertical block exemption regulations to be in line with relevant EU regulations;
- to the Ministry of Construction, Traffic and Infrastructure – to adopt the legislation obliging the manufacturers of motor vehicles to provide access to vehicle repair and maintenance information to independent repairers in line with relevant EU regulations, and to adopt certain measures to control the quality of imported spare parts;
- to the Ministry of Trade, Tourism and Telecommunications - to investigate and publish the average prices for car maintenance and repairs of different manufacturers so that consumers may have full information on the total costs of purchasing of motor vehicles, and to increase its investigation efforts against illegal practices of repairers.

The Commission invites all interested parties to comment on the results of the market study by 31 December 2016.

ANNOUNCED STUDIES

The Commission also announced its next market study, which will take place in the retail sector, i.e. stores supplied with food, beverages and tobacco. The study would encompass the retail end-user and procurement markets, focusing on the relationship between retailers and their suppliers.

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