
Slowdown signs - Skoda Czech domestic market share down by 1pct YoY in 2009

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Following a year of losses for Czech carmaker Skoda Auto, auto industry analysts said that 2010 will truly test whether the company will maintain its domestic dominance as the Czech Republic's No 1 vehicle as foreign competitors continue to eye bigger stakes on the market.

According to the Automotive Industry Association, Skoda's market share in 2009 dropped by 1.1% from the previous year in the number of personal vehicles registered in the Czech Republic, down to a 29.46% market share.

Skoda still has stronger brand loyalty from Czech customers compared with foreign importers, but the company has still watched its share erode since 1999, when it controlled 52.6% of the market.

Mr Karel Potmesil analyst at Cyrrus said that "The continuous shrinking of the market share is caused partly by a long term depreciation of the Czech crown, reducing the prices of imported cars, and also by a shift in thinking of Czech customers. In the '90s, Czechs used to buy Skodas because, financially, it was the only possible choice. The growing share of foreign companies has been gradual, and we certainly don't see this process reversing itself in the future."

Skoda's stiffest competition on the Czech market is Ford, which has strengthened its market share every year, growing from 4% in 2000 to slightly more than 10% in 2009. Similarly, Hyundai and Kia increased their combined shares to 9% over the past decade. Both companies benefited from factories they built in the Czech Republic and Slovakia.

Mr Potmesil said that "The growth of this group could be compared with the combined share of Toyota, Peugeot and Citroen, which are also producing cars in the Czech Republic. It has been stable between 10% and 13%, and wasn't influenced much by the opening of TPC's plant in Kolin in 2002. We can say that the Korean carmakers are much more focused on the Czech market and are becoming a strong competitor for Skoda."

For Skoda, it is still too early to tell what 2010 will hold for the company.

Mr Jaroslav Cerny spokesman of Skoda told The Prague Post that "Nobody can predict how the market will react. We have to react accordingly. We have already had to cut production days, and we will cut vehicle production according to market demands. This year, we will focus on upgrading our existing products to meet higher standards."

(Sourced from www.praguepost.com)

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