

# ATF Market takes shape in Europe



Michael Herson

## Methodology

The European market for automatic transmission fluid (ATF) is influenced by a combination of commercial and technical forces that are redefining the landscape. To understand the concentric forces surrounding specifications, innovation and brand choice, The Strategy Works has conducted an extensive research programme with service managers and distributors – Part one of this two part feature explores the top line commercial findings. A robust sample of 91 was surveyed across five countries reflecting the five most important markets for ATF within Europe (including Turkey). These are (in order):

- Germany
- Turkey
- France
- UK
- Poland

A split of 70:30 service managers (both in house and dealers) to distributors was achieved. 35% service 200 + ATF vehicles per year and 38% service between 100 and 200 vehicles per year.

## ATF has a specific vehicle profile:

78% of serviced buses and 41% of serviced trucks require ATF

### ATF Usage - Buses / Municipal Vehicles



#### City Buses – Core Market:

- 'Stop/Start' (vehicle frequently stops at bus stops / traffic lights)
- Many gear shifts (vehicle accelerates and decelerates in traffic)
- Need for comfort during journey (both for driver and passengers)
- Resulting high strain on transmission

### ATF Usage –Trucks

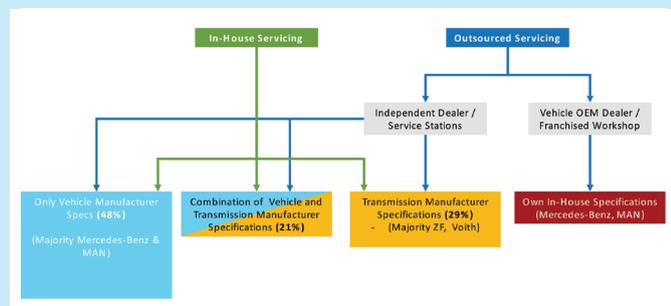


#### Long-haul logistics:

- Long distances & low number of gear changes
- No passengers reduce the need for a smooth ride
- Trucks with automatic shift do not require ATF

## Specifications Followed

Specifications are strongly prevalent during the warranty period and beyond with 48% following the vehicle manufacturers' recommendations, of which the two largest are Mercedes Benz (54% of this sub-group) and MAN (29%). Another 29% follow transmission manufacturers' recommendations; 21% of the sample follow both sets of specifications.

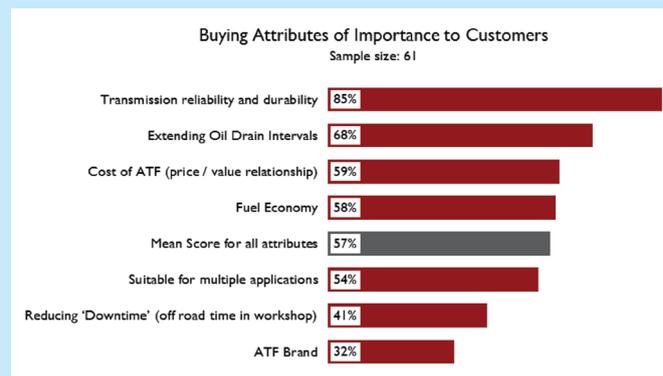


The different forces at work are summed up by service managers:

"We normally adhere to specifications dictated by the manufacturer. We have a mixed fleet, albeit predominantly Mercedes-Benz (Setra model) and a small number of MAN Buses." commented Ridvan Kanbak, Purchasing Manager, Ulusoy Turzim, Turkey.

"We always follow the specification of the Vehicle OEM because the warranty is with the OEM and not with the component manufacturer" stated a leading German truck operator. "We have to match the specification of ZF, the automatic transmission manufacturer" added a leading German bus company.

## Ranked Buying Attributes



One buying attribute dominates over all the others - transmission reliability and durability. In clear second is extending oil drain intervals.

These top two attributes are endorsed by distributors who also award high scores for transmission reliability and durability (85%) and extending oil drain intervals (75%).

For both groups the cost of ATF is only regarded as a mid-ranking attribute with scant evidence that cost of ATF plays a major role in purchasing decisions. However it 'goes with the territory' as far as extended drain intervals is concerned and service managers are (naturally) much more concerned about being able to operate the transmission for some considerable time, without maintaining it excessively or even replacing it – which would impose substantial costs of a different kind. With transmission reliability and durability so important to customers this is not surprising.

"Extended oil drain intervals is the attribute we value most as it comes with a reduction in prices and costs in maintenance which helps as we modernise", explained Ahmet Kucuk, Coordinator for Repairs at Ozemniyet Turizm Ltd, Turkey.

A service manager at a prominent German bus operator agreed, "When a transmission breaks down, it is very expensive. We want to make sure that they last as long as possible."

A workshop technician at a French bus company put it succinctly: "Transmission reliability and durability is important, we need to have all our vehicles up and running every morning because we are providing public services. Public transportation can't be unreliable".

Transmission protection is important to Citura Reims in France, "...our goal is to have the transmission up and running as long as possible." said Jean-Claude Hureaux, Maintenance Manager.

Passenger comfort is also important according to Vishal Mesih, Senior Engineer at Arriva, UK *"Smooth gear changes and operation is safer and more comfortable for the passengers on board."*

A number of companies, particularly in Turkey, form a connection between extended oil drain intervals and reductions in servicing cost. This is acknowledged by the Operations Fleet Manager at a leading bus operator in Turkey: *"We are much more concerned about cost-effectiveness, so extended drain intervals are important."*

In another example from Germany, a Service Manager at a large truck and bus company stated: *"Vehicle owners want maximum oil drain intervals and are prepared to buy premium oil quality in order to minimise downtime of the vehicle."*

This point was endorsed by Karl Heinz Rajeski, Workshop Manager at Verkehrsbetriebe Potsdam in Germany. *"Reducing downtime is crucial because we don't have enough standby buses. If a bus is inoperative for a full day the transport organisation cannot schedule it for a daily bus route."*

### Branding

Shell is the dominant brand in the ATF market with the highest unprompted awareness of 78% (97% total). This is followed by BP Castrol with 71% unprompted awareness (88% total). There are strong regional brands such as Aral in Germany; Valvoline and Petrol Ofisi in Turkey, but broadly the European ATF market is dominated by 4 brands with Mobil and Total/Elf following Shell and Castrol, as measured by unprompted awareness.

The popularity of Shell's Spirax range was explained by Ali Dogan, Maintenance/Repair Service Manager of ESHOT Ltd. A.S, Istanbul, Turkey.

*"We normally go for products with multiple application, accordingly we look for ATFs that will cover minor variations in the fleet without the need for an additional product."*

Shell is also the dominant distributor brand with 33% of distributors reporting that the Spirax range was their best seller. Dexron, which is not a brand but a trade name for a group of ATF technical specifications created by General Motors, was cited as the second best-selling range by 18% of distributors.

### Source of ATF supply

58% of service managers use distributors to source their ATF and 23% source directly from oil companies. Many of those sourcing directly from oil companies are large bus companies.

57% of service managers multisource ATF and 43% single source. A similar pattern was observed with distributors, with 55% selling one brand versus 45% who multisource.

Kemal Bozdogan in Maintenance Department of Adana Buyuksehir Belediyesi in Turkey explained *"We multisource due to different models of buses in operation.... dictated by geography and proximity."*

### Changes observed in last 5 years

21% of the sample recognised improvements in automatic transmission technology, in particular the development of ZF EcoLife, which is well regarded by service managers. A shop floor Supervisor from a German bus operator commented, *"ZF EcoLife have delivered on all of the above technical benefits. The oil drain intervals that the transmission manufacturers recommend has increased."* This view is endorsed by another German bus company. *"The new generation ZF EcoLife is significantly more*

*reliable and they also offer a much higher comfort level to passengers and the driver."*

Dresdner Verkehrsbetriebe AG has also noticed improvements in ATF technology due to technical collaboration in the supply chain. *"Both the transmissions and ATFs keep on getting better. There is a trend that vehicle manufacturers, transmission manufacturers and oil companies work together to increase drainage intervals"*, added Jürgen Gableske, Service Manager.

19% of service managers feel that ATF has been instrumental in extending drain intervals. Paradoxically, extended oil drain intervals can actually reduce purchases of ATF, as observed by Mercedes-Benz Turk AS, Turkey *"It is certainly true that with modern ATFs, drain intervals have indeed extended enormously. However, with the introduction of cutting-edge transmissions types in new series buses, this lower sales volume is compensated by sales of more specialised products."* said Gokhan Aglar, Service Manager for Maintenance.

So when distributors were asked whether they were selling more or less ATF than last year, 40% actually said they were selling less, which can be directly linked to extensions in oil drain intervals, as observed by Distributeur de Lubrifiant BP Castrol in France, *"A diminution of 2-3% per year due to draining interval extension. 'Some mechanical systems of trucks now don't even need any draining at all'"* added Romain Piquet, Technical Manager.

### Technical support to service managers

Technical support is widely available not only from distributors but also from oil companies and vehicle manufacturers, indeed it's the VM group that has the highest level of satisfaction with service managers. Some customers, mostly in south Germany and Poland receive technical support directly from ZF.

Half the distributors believe that customers rely on their technical support but 38% believe they are dealing with an informed customer base, especially in Germany and Turkey. One leading German distributor endorsed this: *"Our customers typically know exactly what they want, because they follow the guidelines of the OEMs"*

### Relationships

Relationships exist within key segments of the ATF buying chain and the ATF brand that has built the strongest ties is clearly Shell who works closely with Mercedes and MAN at the VM level also with ZF and Voith. In addition, Shell sells direct to large bus operators and has a strong relationship with their distributors in a market where 55% are single sourcing.

### The Future

When it comes to what service managers and distributors are looking for in the future – they speak with one voice – longer drain intervals. 46% of service managers and 26% of distributors cited this as number one on their 'wish list'. In addition, 24% of distributors would like to see more universal ATF products in the range, suitable for multiple vehicle types.

### Next Issue – Part 2 - Technical

In Part 2 of the article in the next issue of 'Lube' the technical findings from the research will be explored in more detail, examining their impact on specifications and product choice.

*This article has been prepared by Michael Herson of London based strategy consultancy – The Strategy Works – specialising in original research on a global basis within the lubricants sector and other international B2B markets. Contact: 44 208 868 0212 or mherson@thestrategyworks.com; TSW's other recent articles can be viewed at: [www.thestrategyworks.com/articlesindex.html](http://www.thestrategyworks.com/articlesindex.html)*