

MARKET BRIEF: Slovak Paint Market



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SLOVAK PAINT MARKET

The paint market in Slovakia is quite saturated, and very competitive. There are both local and international brands competing in the paint market. Quality for reasonable price is the key for success in the market.

Demand & Success Factors

The economic downturn has strong impact on the construction industry, and thus has implicitly quite a significant impact on the paint market in Slovakia, too. Sales of paints have been copying the sales in the construction industry over the last six months. So, construction firms as customers are buying less than last year.

In terms of demand for paints and accessories, the biggest customers used to be big developers, but now smaller building firms and DIY customers are taking over the lead. DIY customers will continue visiting especially the smaller stores.

There are a lot of quality products on the market, but low price and high brand awareness are now key success factors. Nevertheless, there is a potential for new breakthrough or innovative (not necessarily high-quality) brands/products, which represent high value for money, and must be heavily promoted through mass media (TV, billboards, newspapers, etc.).

As price is still considered as one of the key success factors, in general, prices are expected to go down. Although, master painters and retailers are the customers who still prefer to buy cheaper products and are quite sensitive to price changes, majority of end users do not always look at price. They are accustomed to purchase in their preferred store with a good customer care, discounts and promotions. They seek advice from the paint shop owners, and are ready to buy even premium brands. However, such brand must impress them with their outstanding quality features (e.g. the ability of the paint to be applied only once).

Key Players & Distribution Channels

PRIMALEX Slovakia is the major local manufacturer, followed such producers as NOVOCHEMA or COLOR Company. PRIMALEX brand is a market leader with approximately 80% share on the Slovak paint market. In this situation, when existing brands are fighting for the market share, there is not much market potential left for new entrants in Slovakia. In general, it is deemed as very difficult to introduce new untraditional brands to the market, especially during these times of economic downturn.

There are 12 local paint manufacturers in Slovak paint market. The following nine of them are members of the Association of Chemical and Pharmaceutica Industry – ZCHFP (www.zchfp.sk) – associated within the Section of Paint Manufacturers:

- COLOR Company, s.r.o.
- EURO-VAT, s.r.o.
- FARBOL, s.r.o.
- CHEMOLAK a.s.
- INEX, s.r.o.
- NOVOCHEMA, družstvo
- PAM-ak, spol. s r.o.
- PRIMALEX SLOVAKIA, s.r.o.
- SLOVZINK a.s.

LOCAL PAINT MANUFACTURERS	TOWN	WEBSITE
COLOR Company, s.r.o.	Dubnica nad Váhom	www.colorcompany.sk
ELASTIK, s.r.o.	Bohdanovce	www.elastik.sk
FARBOL, s.r.o.	Bratislava	www.farbol.sk
Farby-Laky Košeca s.r.o.	Košeca	www.falak.sk
H-COLOR, s.r.o.	Nitra	www.h-color.sk
CHEMOLAK, a.s.	Smolenice	www.chemolak.sk
INEX, s.r.o.	Bratislava	www.inexsro.sk
MATADORFIX, s.r.o.	Bratislava	www.matadorfix.sk
NOVOCHEMA, družstvo	Levice	www.novochema.sk
PAM-ak s.r.o.	Chorvátsky Grob	www.pam.sk
PRIMALEX SLOVAKIA, s.r.o.	Dolný Kubín	www.primalex.sk
SLOVZINK, a.s.	Košeca	www.slovzink.sk

Then there are also many brands of Czech manufactures (such as BAL Praha, COLORLAK, BALAKOM, BARVY TEBAS, etc.) present on the Slovak paint market. But there are many other representatives of foreign manufacturers operating on the Slovak market - e.g. Caparol (Germany), JUB (Slovenia), HELIOS (Slovenia), DuLUX (U.K.) and many others. There are mostly importers supplying paints and accessories (e.g. COLOR EXPERT – belonging to the Color Expert group of biggest European distributor of paint tools, SCHULLER EH` KLAR, FINESA farby, etc.).

Wholesaling is rarely used as a distribution channel. Manufacturers often distribute their product directly to retail stores. Distributors are often bypassed as they are not able to serve all smaller brands.

As regards retailing, there are mostly single specialized stores, and a few small retail chains present in the Slovak paint market. But some products are also sold through such DIY supermarkets as BAUMAX or HORNBAACH. With 32 retail stores operating under the same brand name “Kúzlo farieb” (Magic of Colors), BAL Slovakia s.r.o. - a representative of Czech paint manufacturer BARVY A LAKY HOSTIVAŘ a.s. – belongs to the biggest retail chains in Slovakia. COLORLAK, a Czech paint manufacturer operating a retail chain with the brand name “Svet profi farieb” (World of Profi Colors), has its local daughter company COLORLAK SK, s.r.o. in Slovakia, which also operates a chain of stores under the brand names FEB (12 stores) and ColorProfi / Technicolor (3 stores) . U.S.-based manufacturer KolorMax operates a chain of 10 retail stores under the brand name “Dom farieb” (House of colors), plus another 4 retail and 9 wholesale shops. Other retail chains include BBG s.r.o. with 8 retail stores or BLISS a.s. with 4 retail shops.

As for alternative distribution channels, eFARBY.sk is claimed to be the biggest on-line shop with paints and tools.

Associations & Trade Fairs

Associations:

- **Guild of Painters in Slovakia – CEMAS:** www.cemas.szm.sk; Tel./fax: +421 (0)36 6345328; cemas@szm.sk.
- **Association of Chemical and Pharmaceutical Industry** (Section of Paint Manufacturers) – ZCHFP: www.zchfp.sk; Tel.: +421 (0)2 48209001; Fax: +421 (0)2 43638047; zchfp@zchfp.sk.

Trade Fair:

- **Incheba a.s.** – organizer of the largest construction fair in Slovakia www.incheba.sk (upcoming fair: 23 -27 March 2010; see: http://www.incheba.sk/exhibitions/construction_heating_house/2402).

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As a director and senior consultant of MARKETiN, Pavol has led and conducted numerous market research, competitive intelligence and strategy consulting projects, especially for leading global companies from heavy-industry and related business-service sectors, and assisted them in entering Slovak, Czech and other CEE markets. Besides his experience as a business strategy and marketing trainer for various companies, Pavol also acts as a marketing lecturer at the University of Economics in Bratislava. Prior to establishing MARKETiN in 2003, he worked for such companies as Euromonitor International, Bauer Consulting, Accor Services, Ability Development and Satur Travel. Pavol received a masters degree in Trade & Marketing and Ph.D. in Industrial & Cross-Sectoral Economics at the University of Economics in Bratislava. Pavol is fluent in English, Slovak and Czech, and able to understand some German, Spanish and Russian.

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