CLIMMAR
Centre de Liaison International
des Marchands de Machines Agricoles
et Réparateurs

64th CLIMMAR congress | Luxembourg city | 5-7 October 2017 | Dealer 2030

At the 64th annual CLIMMAR congress held in Luxembourg city from 5 to 7 October, 16 national dealer associations discussed about the future of agricultural and garden machinery dealer organisations. During the presentations and discussions with farmers association COPA/COGENA, the European Contractors Association CEETTAR, and the European manufacturers association CEMA, it became clear that farmers and contractors nowadays expect more than excellent mechanical service and support. Integrated, easy to use and compatible smart farming solutions become essential more and more to increase uptime and capacity as well as efficiency and profitability.

FRIDAY 6 OCTOBER

Welcome and opening


Michel Reckinger *Romain Siebenaller*

The congress, visited by delegates from dealers all over Europe, was organised by Luxembourg' member association, FEMAL. The congress was opened by **Michel Reckinger**, President of the Luxembourgish Federation of Crafts and **Romain Siebenaller**, President of FEMAL.

In his opening speech, President **Erik Hogervorst**, addressed the large focus we (dealers) tend to have on the brand(s) we represent instead of focusing on the customer and his needs. He also emphasized that dealers play a big or maybe even the biggest role in the brand awareness of customers. With (full line) manufacturers struggling to keep their shareholders satisfied and their market shares rising, it's important for dealers to make a difference with entrepreneurship.

The "dealer 2030" knows how to connect with the customer by presenting him an excellent service, the best advice on new techniques, and the best machines to do the job. If he does this in a full line brand concept or with a multi brand customer specific product line is less relevant. In the end the customer will decide what the best solution is for his requirements. Hogervorst also emphasized that CLIMMAR has to take a clear stand to defend the interests of dealer companies.

Election of the Presidency

Erik Hogervorst was re-elected as President for a second three years term. Vice President Joost Merckx was re-elected for another three years term as well and served six years so far. Vice President Ulf Kopplin served for nine years and was not re-electable. Ludger Gude was therefore elected as the new Vice President.



Presidents' Reports

For the Presidents' Reports, please refer to the presentation and handout.

CLIMMAR Branch reports (by Ulrich Beckschulte)

2017 is the first year in which all 16 CLIMMAR members answered the trend-survey II/2016 and the 2017/I survey resulted in 88% of the questions answered. At the Congress, it was decided that a new CLIMMAR-Branch-Indicator will be created as well as to found a project group "Garden Machinery Business".

Participation of CLIMMAR Branch Report 2017 per Country

survey-part	country:	A	B	CH	CZ	D	DK	F	GB	H	I	L	LV	NL	PL	S	SK	CLIM-MAR
1. market structures	basics	100	100	100	100	100	100	100	100	100	100	100	100	100	90	100	80	98
	segments	0	100	100	100	75	50	75	50	100	25	100	0	0	0	75	25	55
2. markets trends	comparison	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
	espectations	100	100	100	100	100	100	100	100	100	100	0	0	0	0	100	100	75
3. companies' structures	turnover	100	15	100	100	100	100	100	0	100	100	0	0	100	100	100	100	76
	costs	0	30	0	100	100	30	40	0	0	0	0	0	0	0	0	0	19
	wages	100	75	100	100	100	100	100	100	75	100	100	0	0	75	100	50	80
summary: participation	oblig. questions	100	73	100	100	100	100	100	75	94	100	75	50	75	91	100	83	88
	free questions	33	77	67	100	92	60	72	50	67	42	33	0	0	0	58	42	49
tendency:		⇨	↗	↗	↗	↗	↗	↗	↗	⇨	↗	⇨	⇨	↗	↗	↗	↗	↗
Warranty - development vs. 2016		=	+1	+1	=	+1	-1	-7	=	=	-1	+1	=	=	=	=	+3	

obligatorily survey part
free to fulfill survey part

green more than 60% is answered
red less than 40% is answered

The results of the CLIMMAR Branch Report consist of:

- National branch view - **markets & structures**
- National Branch view - current situation: **trends**
- Dealers view - **company averages**
- Dealers view - **warranty conditions**

National branch view - **markets & structures**

On average, CLIMMAR member countries have 1,051 dealers, satellites and service companies (2016: 819). This increase can be explained by the (re)new(ed) participation of France and Great Britain as well as Switzerland which data missed in the branch view of 2016. In Germany there's the highest number of dealers, (4,328, 2016: 4,330) and in Luxembourg there's the lowest number of dealers reported (14, unchanged). Closest to the average now are Switzerland (840) and Great Britain (1.200). Surprisingly, Austria reports to have 650 dealer companies where last year 900 companies were reported!

CLIMMAR currently represents 18.864 dealers and 154.950 dealer employees. The average number of people working for the dealers mentioned above in CLIMMAR countries is 9,532 (2016: 7,617, again without CH, F & GB). The Highest number of employees can be seen in Germany (43,947, 2016: 43,939) and the lowest in Luxembourg (180, unchanged). Closest to the average are Italy (8,300) and Poland (8,200).

The average number of apprentices is 1,313 (2016: 1,222 with very few answers) with the highest number again in Germany (7,606, 2016: 7,534), lowest again in Luxembourg (12) although not all members answered this question. Closest to the average is Switzerland with 1,321 apprentices.

The average turnover of dealers in the CLIMMAR member countries is €2,351,000 (2016: €2,126,000 without CH, F, GB & LUX). The highest turnover is in France (€10,915,000, 2016: unknown) with Germany as a runner up (€8,665,000, 2016: €8,782,000). Lowest turnover is in Latvia (€52,000) and closest to the average is Great Britain (€2,260,000).

The average number of tractors sold in CLIMMAR member states is 8,965 units (2016: 7,879 without CH, F, GB, SK). Most tractors are sold in Germany (37,722, 2016: 40,184). Lowest sales number in Luxembourg (247, 2016: 168). Closest to the average is Poland (9,600, 2016: 13,096!).

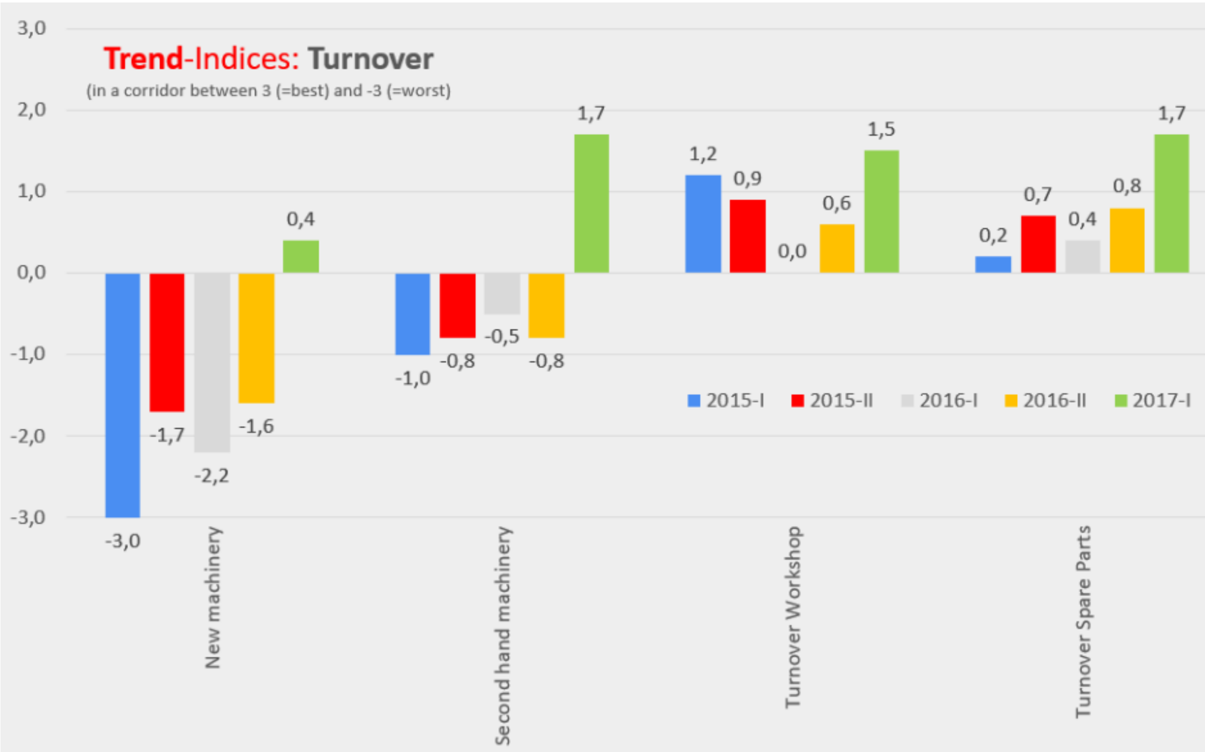
From the above-mentioned statistics, relations like average turnover per company, average turnover per employee and average tractor sales per company can be calculated. All details in the presentation, but the highlights are as follows:

- The average turnover per company is €2,238,000 (2016: €2,597,000)
    - Highest in Denmark (€5,969,000, 2016: €5,200,000)
    - Lowest in Latvia (€208,000, 2016: €190,000)
- The average number of employees per company is 9.1 (2016: 9.3)
    - Most employees in Great Britain (20.8, 2016: no data)
    - Lowest in Italy (3.8, unchanged)
- The average number of apprentices per company is the lowest in Italy (0.2, unchanged) and with 1.8 the highest in Germany (2016: 1.5) and Hungary (2016: 1.2). Surprisingly enough, according to the reported figures, Austria managed to increase the average number of apprentices per company from 0.1 in 2016 to 1.0 in 2017…
- The average turnover per employee is €247,000 (2016: €279,000)
    - Highest turnovers in Italy (€482,000, unchanged) and Sweden (€454,000, 2016: €449)
    - Lowest in Latvia (€26,000, 2016: €27,000)
    - Surprisingly enough Belgium and The Netherlands who ranked high last year, €450,000 and €457,000, now reported €266,000 and €320,000 on average per company!
- The average tractor sales (>50 hp) per company is 5.6 units (2016: 5.7)
    - Best-selling (or lowest number of authorised) dealers in Sweden (16.2, 2016: 13.2) and Latvia (13.4, 2016: 4.4!)
    - Lowest number of tractor sales in Italy (0,5, unchanged)

National Branch view - current situation: **trends**

The sales trends of new equipment in the first half of 2017:

- Were negative in A, F and S (2016: A, B, CH, CZ, D, H, I and PL)
- Were equal in B, CH, D, LUX, PL
- Were better in other member countries



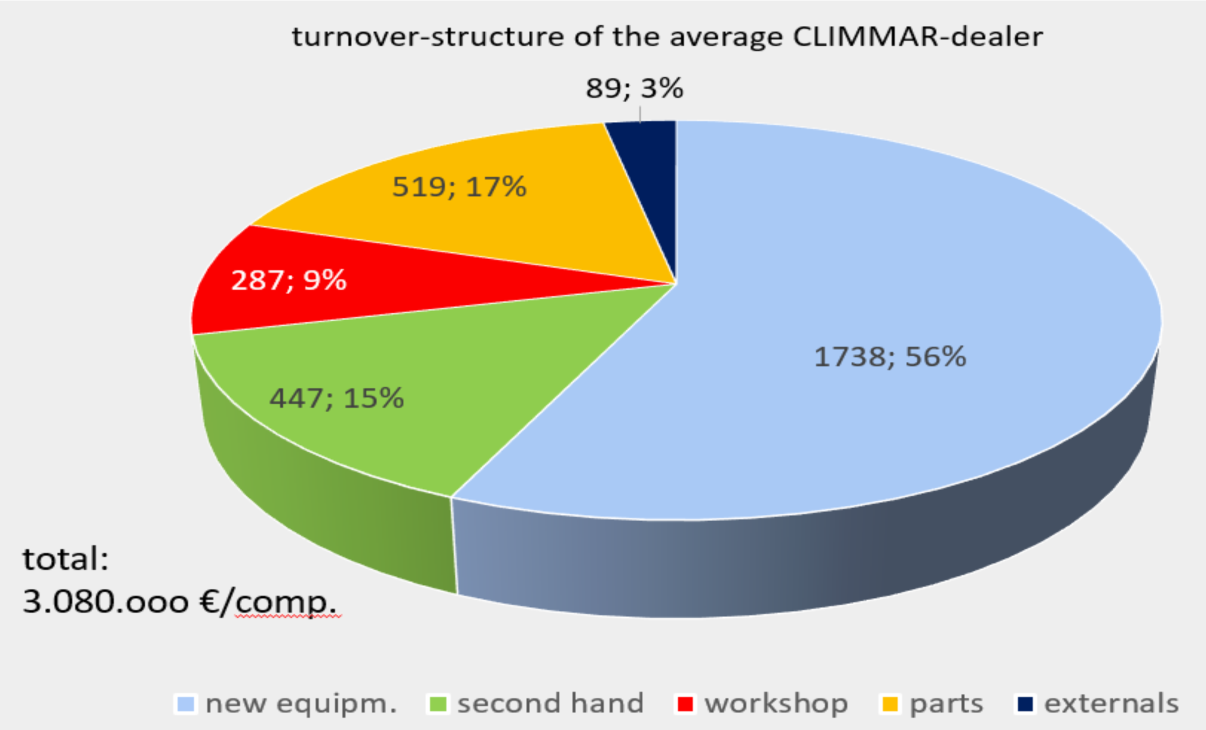
The total turnover expectation for the second half of 2017:

- Are predicted to be negative for F and S
- Are predicted to be equal in CH, CZ, H, I, S and SK
- Are predicted to be better in A, B, D, DK, L, LV, NL, PL and UK

The second-hand machinery turnover expectation for the second half of 2017:

- Are predicted to be negative for A and H
- Are predicted to be equal in CZ, D, F, I, LV, NL, S, SK and UK

- Are predicted to be better in B, CH, DK, L and PL



Dealers view - **company averages**

The average mechanic wage per year in participating CLIMMAR countries is €32,523 (2016: €15.73 per hour but pour participation!). In Switzerland, the wages are highest (€60,590, 2016: no data) and lowest in Hungary (€9,376). Closest to the average are Belgium (€31,400) and Great Britain (€31,000).

Dealers view - **warranty conditions**

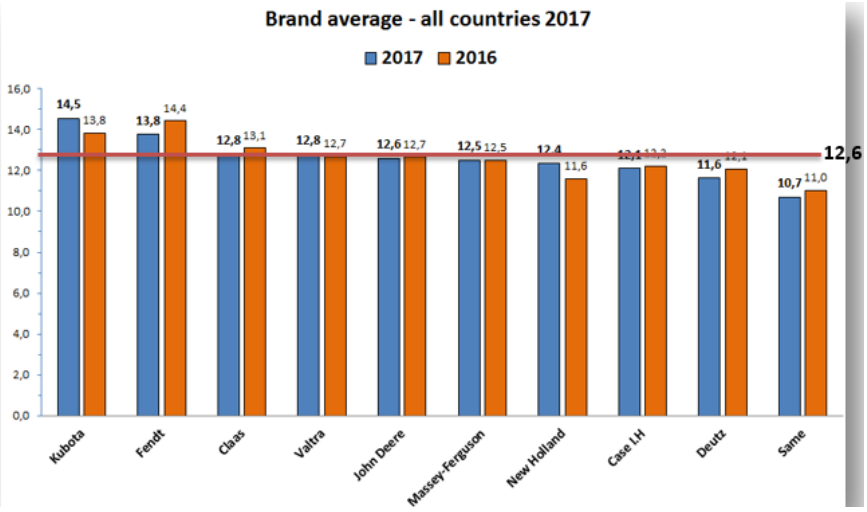
There's no significant change in warranty conditions between this years' report and the previous one.

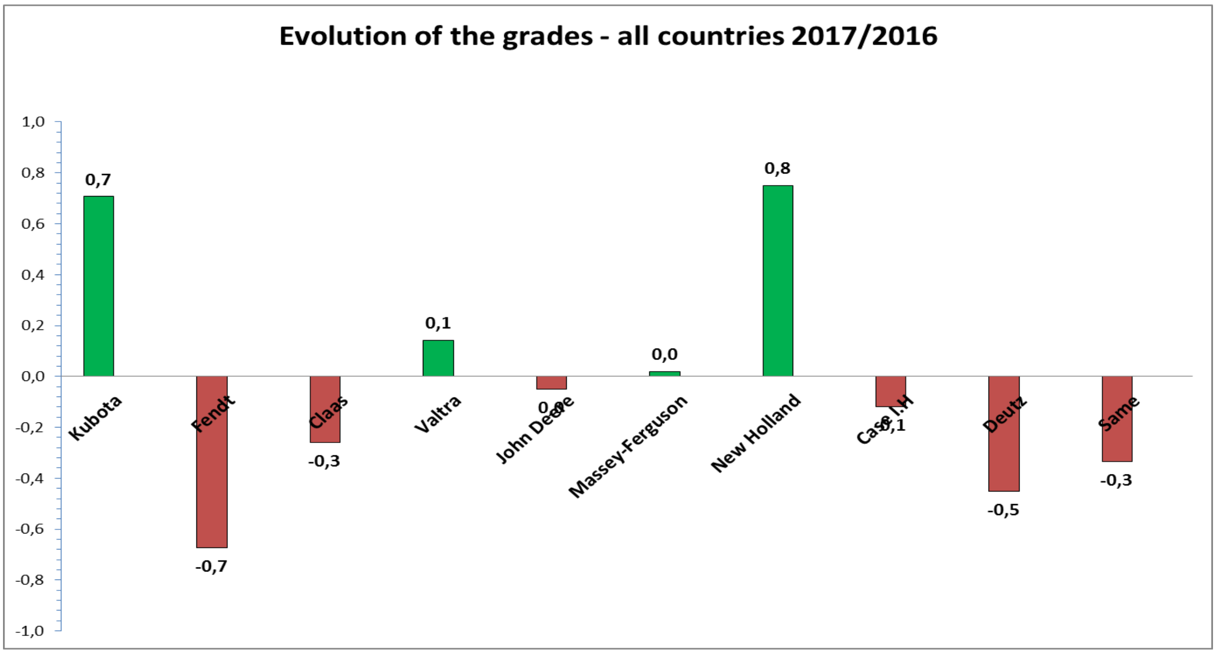
DSI Results 2016 (by Anne Fradier)

1,158 dealer companies from eight countries took part in the annual DSI questionnaire about the relationship(s) of dealers with tractor manufacturers (2016: 1,205). Biggest drop in Great Britain (150 => 79 or -47%) and biggest rise in Italy (143 => 181 or +27%). On average, the overall satisfaction index stayed on the same level as 2017: 12.6 (2015: 12.4). Compared to 2016, McCormick is not represented in the 2017 survey.

Countries	2016	2017	diff/2016	%
Belgium	63	58	-5	-8%
Denmark	93	81	-12	-13%
France	280	307	27	10%
Germany	285	274	-11	-4%
Italy	143	181	38	27%
Poland	42	32	-10	-24%
The Netherlands	149	146	-3	-2%
United Kingdom	150	79	-71	-47%
Total	1205	1158	-47	-4%

Kubota took over the overall number one position from Fendt and scores 14.5 (2016: 13.8, 2015: 14.1). Fendt scored 14.4 in 2016 and now drops to 13.8 on average but is still above 13.3 in 2015. Lowest brand average was for Same: 10.7 compared to 11.0 in 2016 and 10.0 in 2015).

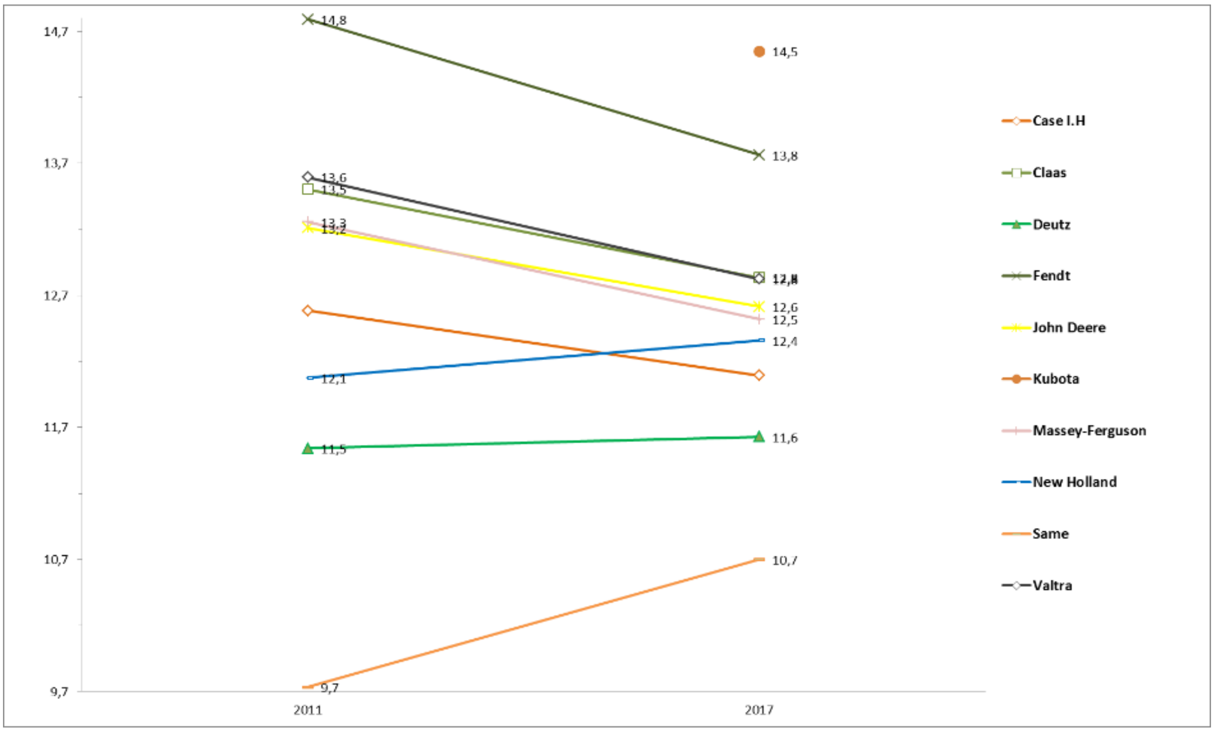




Quite striking is the progression, or rather decline of the general average from 2011 to 2107. Only Kubota, New Holland, Deutz-Fahr and Same managed to improve.

During the annual press conference, CLIMMAR will present the results of the annual European Dealers Satisfaction Index. 1,158 dealer companies from eight countries took part in this annual questionnaire about the relationship between dealers and tractor manufacturers.

Date: Monday 13 November 2017
Time: 14:00 hours
Location: Agritechnica, Convention Centre, room 12 (same building as the DLG press office)



Lobby issues - RMI (by Jelle Bartlema)

Achievements:

- The EU Commission did not except the CEN Standard EN 16944 as the Commission was of the opinion that the EN Standard was not in compliance with the legal framework of the EU Regulation 167/2013
- Furthermore, the EU Commission transferred the formation of a new standard from the CEN (European level) towards ISO (World level)
- The formation of the new standard is now dealt with in the ISO Technical Committee 23: Tractors and machinery for Agriculture and Forestry
- A first proposal of a ISO standard is made by CEMA.
- CLIMMAR is invited by the CEMA to discuss this first proposal. The date for this discussion is set for the 20th of October.
- The next meeting of ISO TC 23 will be in November (not defined in detail)

Conclusions:

- The main goal of CLIMMAR is achieved: to capture into EU legislation on open and standardized access to repair and maintenance information. This is set in EU regulation 167/2013
- The work that has been done within the CEN to form a CEN Standard (EN 16944) has in the end no legal meaning (no real consensus could be found and the EU Commission didn't accept the Standard)
- The process of making a uniform standard for defining the legal requirements on open and standardized access to RMI as stated in EU Regulation 167/2013, is now at ISO level and CLIMMAR is still involved in this process

Dealer 2030 and CLIMMAR future agenda (by Gerard Heerink & Klaus Nissen)

Erick Thürmer, CEO and owner of Danish thread cutting tool manufacturer Thürmer Tools first wowed the audience with his presentation about 3D and 4D printing and virtual reality and how it will change the agricultural machinery industry. After that, four groups discussed on the congress theme “Dealer 2030” that will result in the future agenda of CLIMMAR and a position paper.

Dieter Dänzer, Editor in Chief of German magazine AgrarTechnik, moderated the plenary discussion afterwards that resulted in the following themes that will be part of the CLIMMAR future agenda and position paper:

1. Growth of **smart farming**
2. Increased usage of **big data**
3. Tendency towards increased number of **full liners** / less independent suppliers
4. Change of **customer demands** in machines/concepts and services
5. Increase of **direct distribution** of machines, parts and services
6. Severe challenge and competition to attract, train and retain **skilled staff**
7. Growth of number of **large scale farms**
8. Need for increase of **sustainable food** production and processing
9. Increased gap between value of new and **used machinery**
10. Market entrance of large **non-machine related players and investors**

SATURDAY 7 OCTOBER

Minister of Agriculture **Fernand Etgen** welcomed the CLIMMAR members and guests.

After that, **Max Schulman**, Finnish farmer and Chairman of a working group within farmers association COPA/COGENA dealing with Innovation and Mechanisation, explained that farming is an old profession but far from old-fashioned. He says the industry is in a rapid change from simple machines to intelligent and connected machines. Dealers face the challenge of selling these connected solutions in understandable language, making sure old and new machines work together and delivering knowledgeable service 24/7 and 365 days per year. He also is of the opinion that data gives farmers a license to farm and to comply with regulations. He therefore encouraged CLIMMAR on behalf of COPA/COGENA to play an active role in future farming.

Klaus Pentzlin, German contractor and President of the European Contractors Association CEETTAR and of the German Association of Contractors BLU, explained that he initially was sceptic about smart farming and data sharing because of the insights and knowledge it provides dealers and manufacturers. Nowadays, all his combine harvesters and tractors have telematics systems on board that allow him to work more efficient and enable his dealer partners to provide proactive and preventative maintenance and service. He says it's the trust and confidence his dealer partners give him that convinced him of not wanting to work without telematics anymore. On the other hand, he urges manufacturers and dealers to come up with a uniform data communication standard and platform to ensure any tractor can communicate with any implement. Smart farming solutions in general require a customer - dealer partnership and loyalty built on confidence, even personal service by specialists. Mr. Pentzlin described this service as a primary ("kaufentscheidende") purchasing decision and he stressed that only dealers in close proximity can provide this year-round. Last but not least, he mentioned that the drive of many manufacturers to become full liners, is not a good development for farmers, contractors nor dealers.

Dealer remain to be key success factor

Jürgen Linder, Vice-President Distribution Management of AGCO, explained how AGCO expects that on tractors, machines and implements, electronics will account for 60% of the machine related services in the year 2030 and hardware like steel and hydraulics only for 40%. Currently it is the other way around. Mr. Linder also explained that AGCO expects software and consultancy, or rather non-machine related services, will play a decisive role in 2030. He also stressed out that a successful dealer network will remain to be a key success factor in distribution for full line manufacturers. The future role of dealers however depends on the (added) value they provide in the distribution chain. Added value on multiple aspects and certainly on customer knowledge and trust, after sales service, smart farming and agronomic understanding.

CLIMMAR to claim crucial role in European smart farming

The presentations given at the CLIMMAR congress speeded up the intention of CLIMMAR to play a crucial role European smart farming in such a way that CLIMMAR President Erik Hogervorst recently proposed to join forces and set up a European ag-machinery platform together with farmers association COPA/COGENA, contractors association CEETTAR and manufacturers association CEMA. He made this proposal at the CEMA 2017 Summit on Farming 4.0 mid-October.