Keeping the automotive show on the road amid declining new vehicle sales

By Mike Whitfield

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Those of us in the auto industry haven't been surprised by the drop in new vehicle sales. We knew that 2016 would follow the downward trend of 2015 and braced for the inevitable. Wary consumers have put the brakes on spending - especially on big ticket outlays - as slow economic growth continues to bite.

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It's a combination of the usual suspects. Rand weakness, high interest rates, petrol price hikes, and rising inflation. Figures for October show that sales fell just over 10% compared to the same month last year, dropping from 54,239 to 48,745 units.

But a double digit decline in the local market is not the end of the world. To change the idiom slightly, we've got to keep this show on the road – literally – whatever the market forces throw at us.

Dealers are in the firing line of changing consumer buying patterns. They face a lot of pressure to come up with innovative ways to keep footfall on showroom floors – not only to satisfy their brand bosses but to ensure the viability of their businesses.

First-time buyers help keep market afloat

But despite this challenge, the first-time buyer market continues to drive sales. This is the group that's looking for affordability – a buzzword in my 2016 predictions of overall vehicle-buying trends – when embarking on their first car purchase.

What they'll already have noticed is the abundance of choice in car brands and models, not to mention a range of pricing, finance, warranty, service plan and other options.

To help the new car consumer navigate through what might seem a maze is the wealth of information that can help inform a decision. From the quality of the vehicle, to how economical it is to service or repair. As well as which brands satisfy their customers most, both at the point of purchase and on follow-up aftersales visits.

Focus on aftersales

With a growing trend for drivers to keep their cars for longer, the quality of aftersales is becoming all-important in retaining customers during the economic downturn. These are people who traditionally renewed their vehicles every two to three years, and who are likely to do so again when the economy picks up, and there is easier access to credit and more in the pocket.

There's also been a spike in used car sales this year – as was predicted with declining new car sales. Another reason for brands to retain brand loyalty in the aftersales arena – especially after motor plans and warranties expire. For example, our company has introduced an economical brand-accredited service kit which carries the same 12-month warranty as the original parts.

Robust exports offset sluggish sales

While the local market is in the doldrums, exports to sub-Saharan African markets have outperformed – increasing almost 11%, from 27,719 units to 30,718 units, year-on-year in October. This is despite lower growth prospects in many sub-Saharan Africa markets.

Auto companies are, of course, trying to dent Africa's dominant second-hand car market, which comprises many neglected and unroadworthy vehicles.

Although we are a long way off from reversing this trend, passenger car and light commercial vehicle exports into Africa are still buoyant. Small entry level passenger cars are becoming more popular in countries with improved road surfaces when, not so long ago, your first auto purchase was more likely to have been a hardy pickup.

As the auto industry targets Africa's growing appetite for mobility – much of which will come from young, first-time buyers – sales and aftersales facilities are becoming more widely available and of world-class standard.

Waiting for tide to turn

With domestic sales expected to take some time to recover, it's important that we don't lose perspective. There's still a lot of opportunity to see us through this rough patch. We might be treading water for now – but only until conditions allow us to ride the crest of the wave again. It's not a question of if, but when.

ABOUT MIKE WHITFIELD

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