

Local advertising influences 50% of car buyers

According to new research, half of the readers of Media24 local titles are influenced by newspaper advertising in their purchase decision when buying a new car. Almost 20% of readers who don't own a car, intend to buy one in future.

These were some of the insights that were revealed in Wave 2 of Compass24 research, commissioned by Ads24 and conducted by Ask Afrika, measuring readership, demographic profile and retail behaviour of the Media24 local newspaper title footprint.



Source: [123RF](#)

According to an [article in Bizcommunity](#) in the first quarter of 2014, disposable income growth slowed; the slowest rate since late 2009. According to Stats SA, all vehicle-related and convenience store retail sales declined in nominal value by -3.9% year-on-year in May, the second successive month of decline. This implies an even more substantial decline in real terms, given consumer price inflation up around 6%. As the vehicle sector is usually a good leading indicator, the vehicle retail sector's numbers suggest a very mediocre consumer period ahead and we expect real consumer spending growth to slow further in 2014, for the year as a whole, from last year's 2.6% to 1.9% in 2014.

"The automotive industry is set to be affected by the slowing economic growth, but there is growth nevertheless. The key for manufacturers and dealers is to get their fair share of stagnant pie. This should be an incentive to work hard to gain that market share of both the new and used car market," says Andrea Rademeyer, CEO and Founder of Ask Afrika.

Black middleclass growth outstrips white middleclass spending power

According to an [article in Afskinder](#), in 2003, South Africa's black middleclass numbered about 1.7 million people. Now it is more than 4-million strong and has more spending power than the white middleclass, which stagnated during the same period. Car ownership in South Africa's black middleclass has grown by 1.1 million vehicles since 2004 and market penetration is 46% compared to 80% in the white middleclass. Despite the slowing economic growth, one should not underestimate the growing black middleclass and its spending power.

The article quotes John Simpson, director of the Unilever Institute at the University of Cape Town, "Marketers need to be on top of their game in South Africa, where characteristics of the dynamic black middleclass are rapidly evolving. This is a powerful force. The black middleclass is on a journey. It has a strong desire to achieve more and better things. The middleclass in South Africa is essentially about lifestyle and aspiration."

Compass24 found that at present just over a quarter of readers of Media24 local newspaper readers own a car and 19% with a car intend to replace their vehicle. They are more likely to be interested in test drive options and to speak to friends about their car purchasing decision. They are also more likely to speak to dealers about car purchasing decisions. The four most important factors that influence purchasing decision when buying a car are price (79%), vehicle make (67%), service history (42%) and motor maintenance plan (42%).

Correct marketing strategy

"People in the automotive industry have been forced by the recession and tough economic times to pick themselves up. The reputation of the automotive industry is being cleaned up. Marketers would be well advised to let car advertising in local newspapers focus on price and brand, on local dealerships, and special deals. The key is to connect into the local relationships and reputations," says Rademeyer.

Advertising needs to be aware of unintended disconnect. The message needs to resonate with consumer expectations for

there to be alignment. There is aspiration and social mobility in South Africa but it is important to examine to what extent messaging across the different platforms taps into the core values of target consumers.

"Local newspapers are a medium with a loyal readership that trusts the publication. Automotive advertisers who can communicate the value of purchasing a new or used vehicle or in keeping an existing car well maintained, have the opportunity to share their offerings in detail in local titles. The correct marketing strategy could help curtail the downward automotive sector sales trend," concludes Tania Barzu, Head of Marketing and Strategy at Ads24.

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