

Bumper 2012 for vehicle sales

By [Alexander Parker](#)

3 Jan 2013

Motor vehicle manufacturers, retailers, sales and marketing executives in South Africa will look back on 2012 with some satisfaction after sales levels recorded about 10% growth this year.

As Nissan managing director Mike Whitfield pointed out, the majority of the growth in the market has been in the entry-level segment and 2012 was characterised by manufacturers and importers scrambling to ensure they had products in this sector of the market.



The most recent entrant is Honda, which in December introduced the budget Brio (R120 000), built in India.

Earlier in the year Toyota introduced the Etios (R116 000), also Indian-built, and have had tremendous success with it: the car sold more than 2 100 units in November alone.

These cars join perennial bestsellers the Uitenhage-built Volkswagen Polo Vivo (from as little as R108 000), South Africa's best-selling passenger car, the Volkswagen Polo (also manufactured in Uitenhage) and Ford's India-built Figo (R120 000).

Between them the entry-level segment makes up about a quarter of the total market, and given the popularity of bakkies, SUVs and crossover vehicles, manufacturers of luxury cars have had a tougher time selling their products, with most manufacturers offering various incentive schemes to get buyers into their cars.



The success of 2012 according to commentators such as Wesbank sales and marketing head Chris de Kock can be attributed to several factors, more particularly the low price inflation for new vehicles as a result of intense competition.

Added to this, historically low interest rates have made financing options more attractive for buyers, as well as the ever-lengthening average payback period, now sitting at 34 months, with many new-car customers choosing to finance their cars over 72 months.

A shortage of used vehicles - and their higher prices - has made entry-level new cars, with their various warranties and service plans, disproportionately more attractive.

De Kock warned that strong growth in new car sales should not be misconstrued as signifying an unusually healthy financial state among consumers.

Additionally, surprisingly strong growth in October and November sales levels could easily be attributed to the anticipation of price rises for new vehicles in the new year.

De Kock said such inflation was already visible.

"Prices have already started to increase, as evidenced by WesBank book data showing the average transaction value of new car purchases increased last month by 3.25% on average," he said.

Additionally, Wesbank's most recent dealer confidence indicator suggested that dealer principals could see tougher economic times ahead.

This suggests that the last quarter of 2012 might represent something of an Indian summer for the local new-vehicle market, and that challenges face dealers in the year ahead.

For more, visit: <https://www.bizcommunity.com>