

# This is what the future holds for SA's automotive sector

 By [George Menie](#)

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The South African automotive sector is set to evolve further in 2024 – with more online shopping than ever before and alternative forms of mobility coming to the fore.



George Menie, CEO of AutoTrader

Online car shopping continues to gain traction in South Africa – since 2019, visits to AutoTrader have increased by 97%, with continued growth into 2024 showing a 4% increase in in-market car shoppers. I believe that this way of buying a car will continue to become more popular in 2024.

With the digital revolution, consumers are increasingly seeking convenience, efficiency, and safety, especially in the post-pandemic era. The ability to research, compare, and purchase vehicles from the comfort of one's home is not just a trend but a fundamental step-change in the car-buying journey.

Dealerships are responding to this trend by enhancing their online presence and offering virtual tours, online negotiations, and home delivery services. This is likely to accelerate as digital infrastructure improves and consumer trust in online transactions strengthens.

## Electrification of vehicles

Sustainability is at the top of the global agenda – and this will impact the automotive industry in 2024 too. It has two connotations: a change in the model mix and also a transformation in the production of vehicles.

When it comes to the model mix, there will be even more emphasis on e-mobility in 2024. One of the most significant mega-trends within the automotive business is the shift towards electric vehicles (EVs). With the global push for reducing carbon emissions, South Africa is likely to see an increase in the adoption of new energy vehicles (NEVs). The South African government's commitment to reducing greenhouse gas emissions aligns with this trend, and I think that incentives for EV buyers could further accelerate adoption.

Adoption could also be further accelerated by advancements in battery technology, which are making EVs more affordable and efficient.

## **Automotive decarbonisation**

Turning to the impact of sustainability on the production of vehicles, it is good to see that South African manufacturers are already focusing on green manufacturing practices and automotive decarbonisation. This includes using renewable energy sources, recycling materials, and adopting cleaner production processes. Consumers are also becoming more environmentally conscious, which will drive demand in 2024 for sustainably produced vehicles.

## **Used cars vs new cars**

Another likely trend this year is the popularity of used cars. Based on AutoTrader's sales data, used passenger cars outsold new passenger cars by 6%.

New versus used car sales are influenced by economic factors and consumer preferences. The economic downturn and rise in new car prices have made used cars an attractive option for many South Africans.

The pre-owned market offers more variety at a lower price point, which is crucial in a price-sensitive market. But this is not to say that consumers will rule out new car purchases in 2024. The choice between new and used will continue to be influenced by financial flexibility, value for money, and the evolving landscape of vehicle financing options. While used cars offer tremendous value, new cars come with the latest technologies, full warranties, and lower maintenance costs. This can be compelling for consumers who prioritise reliability and the latest features.

## **Car leasing and subscriptions**

A fifth trend within the automotive industry to look out for this year will be the emergence of more car leasing and car subscriptions options. As consumers seek more adaptable lifestyles and, as businesses look for ways to reduce fleet costs, these models could disrupt the traditional purchasing and financing structures during 2024.

These financial models – which offer flexibility and convenience, with the added benefit of not having to commit to a long-term investment – are innovative alternatives to traditional car ownership. Leasing allows the consumer to drive a new car every few years without the hassle of selling it later. Car subscriptions, on the other hand, take this a step further by bundling insurance, maintenance, and sometimes even fuel into one monthly payment.

Subscription and leasing also solves a need in the subprime consumer category.

## **Shared mobility**

While purchasing and financing structures are set to evolve during 2024, I believe that some consumers may rely more on shared mobility services, such as ride-hailing and car-sharing.

In South Africa, where urbanisation is increasing, shared mobility offers a convenient and cost-effective alternative to owning a car. This opens up new opportunities for automotive companies to diversify their services.

## **Aftermarket and vehicle servicing**

A rise in EV sales in 2024 will have significant consequences when it comes to the aftermarket and vehicle servicing industry. With the rise of EVs, the nature of vehicle servicing will evolve, as these vehicles require different maintenance compared to traditional combustion engine vehicles. This shift presents both challenges and opportunities for service providers in South Africa to adapt and upskill their workforce.

## **Customisation and personalisation**

While consumers will want sustainably produced cars in 2024, they will also seek greater customisation and personalisation in their vehicles. This trend is driven by the desire for a unique driving experience and the availability of advanced manufacturing technologies such as 3D printing. Automotive companies in South Africa can leverage this trend by offering more personalised options and features for their customers.

And so, there you have it. Expect the South African automotive industry to be online, electrified and customised in 2024. One thing is certain: this year will be anything but dull.

## **ABOUT GEORGE MIENIE**

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