

# SA's automotive industry lags global trends

 By [Kriben Reddy](#)

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Back in 1951, the publishers of *Popular Mechanics* predicted that every family would have at least one helicopter in their garage by 2020. I think we can agree that's one prediction that's not going to happen.



Kriben Reddy, Head: Auto Information Solutions at TransUnion Africa

But, it's safe to say that the global automotive industry is undergoing profound change right now – and some of the trends that we're seeing will fundamentally affect the way we buy and own cars in the future.

Let's take a look at some of the trends, and how they're going to affect South African consumers in 2020.

## **Technology will ease the car-buying process**

Will 2020 see more people buying cars online, instead of going to a dealership?

The short answer is no – but we're certainly going to see a lot of the admin and process around buying a car being optimised online.

One of the reasons for this is that South Africa remains predominantly a used-car market, and no two used-cars are the same. Secondly, buying a car remains a deeply emotional experience for most people: they want to touch and feel the car, sit in it, and look under the hood.

What we are going to start seeing more of is online aggregators putting the customer at the centre of the experience, instead of the vehicle.

We're also going to see more elements of the buying process done online: get finance pre-approval, sorting out insurance, filling in the paperwork. You're even going to be able to get a provisional trade-in price for your existing car by taking pictures of the car and licence disk instead of having to physically drive to the dealer.

### **Changing car-ownership models – or not**

Many experts are forecasting a world where we won't own our own cars. We'll share them or put them in a giant pool of vehicles that allows the car to be used by different people throughout the day, instead of standing idle while you're at work. Although there's no shortage of people needing transportation, we're not likely to see any major changes in the way we own cars in the foreseeable future.

For one, South Africans love their cars. For many people, they're status symbols, which they're not going to share. Another challenge is that the current financing model only allows for one primary owner.

This would only change if banks allowed multiple people to finance the same vehicle and share in the payments and maintenance costs of the vehicle.

### **Electric and self-driving cars are still some way off**

We're seeing massive activity around self-driving and electric vehicles in the US and Europe – but I'm afraid neither are going to have any sort of impact in South Africa in the short term. We're starting to see electric vehicles on our roads, but there's simply no motivation for the average consumer to get into one: they come at a specific price point, and the infrastructure to support them is still lagging.

Self-driving vehicles will require a quantum leap in our current GPS navigation systems, which have a tolerance of meters. This is good enough for simple navigation, but for self-driving cars, you need tolerances of 2-3cm, which you only get through high-definition mapping. We have bigger priorities in South Africa right now.

### **The growth of Uber-like services**

One trend I'm confident that we will see in South Africa in 2020 is the growth of what I call, Uber-services – in other words, on-demand services which can use Uber's active fleet of vehicles. We're already seeing services like Uber being used for courier services and food deliveries, and there's even a local alcohol delivery app, Bottles, which uses Uber to do its deliveries.

We're definitely going to see more businesses either leverage off the Uber concept or use Uber itself.

We're also going to see the current pattern of lower car sales continue into the new decade. But it's important to realise that the reason for lower volumes is not changing ownership models, but a really tough economy. People aren't replacing car ownership with Uber – it's still a convenience-based service, rather than a vehicle replacement model.

## **ABOUT KRIBEN REDDY**

Kriben Reddy is senior director: head of auto information solutions at TransUnion. His key focus over the last three years has been around digital transformation within the auto industry. Reddy introduced the industry's first mobile application (1Check) that has become the de facto offering for auto dealers. 1Check has been recognised through winning multiple industry awards. Reddy has created value across the vehicle market through driving innovation, efficiencies and profitability.

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