

## Aftermarket geared for increased number of second-hand cars

As the motor industry starts to open up, AutoTrader believes that vehicle buyers will search for cheaper second-hand cars.



Source: [www.pexels.com](http://www.pexels.com)

According to AutoTrader, the search for second-hand vehicles under R50,000 has increased by almost 300% from pre-Covid-19 levels. Similar patterns are being reflected on other online vehicle sales portals.

Kriben Reddy, TransUnion vice president, says financial pressure on household incomes is making consumers rethink car-purchasing decisions as they emerge from the lockdown. The recent Vehicle Pricing Index, released by TransUnion shows an increase in the used-to-new vehicle ratio, with the number of used vehicles sold per new vehicle financed up from 2.09 in Q4 last year to 2.13 in Q1 this year.

“In the used vehicle market, more than 35% of used vehicles are under two years old, with 6% of those being ex-demo models,” said Reddy. This indicates that consumers are opting for older vehicles as pressure on disposable income increases.

Pieter Niemand, national director of the Motor Industry Workshop Association (MIWA), says they are definitely anticipating an increase in the number of consumers looking for competitive servicing options at independent workshops.

“Even before the coronavirus pandemic, we started to see an increase as a result of the depressed economic conditions. Many vehicle owners have opted for extended warranties and have to comply with the compulsory service intervals outlined in their policy guidelines at an accredited MIWA workshop. The South Africa car park (12.7 vehicles) is generally an ageing car park with 83% of all vehicles over the age of five years old. This has been one of the key drivers behind our support for the Right to Repair Campaign, lobbying for an environment where consumers can select where their vehicles are serviced, maintained and repaired,” he says.

Niemand says there is no doubt that growth in the automotive sector is going to come from the small to medium-sized players in the aftermarket automotive sector, particularly when it comes to parts and accessories and general servicing.

“We were encouraged by the Competition Commission draft guidelines which came out a month prior to Covid-19 lockdown and believe now more than ever, the market needs to be opened up to support financially strapped consumers.”

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