

Automotive industry to move towards consolidation

 By [Mike Whitfield](#)

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The automotive industry is set to have little change going into 2018. Manufacturers and import brands alike can anticipate an interesting year driven by an economy that is expected to remain stagnant, meaning industry has no choice but to be innovative in strategic approach with such tough market conditions.



Mike Whitfield, managing director of Nissan South Africa

From a Nissan perspective, we are committed to investing a significant amount of our time and money on research and development in 2018. We know that to drive sales, we must predict the next evolution of car technology and bring it to life.

Product consolidation

Depending on the level of competition and marketing spend among bigger brands, we may see further consolidation of smaller brands who might not be able to compete on local sales volumes.

For some, this is a great opportunity to further expand export volumes, as growth is expected to continue, dependant on a stable socio-political environment. For example, the brand [Polestar](#) that's currently a subsidiary of the Volvo Car Group and will be fully consolidated into the Volvo Car Group, as well as the car brand Infinity that forms part of Nissan's distribution channels within South Africa.

The digital car and artificial intelligence

We see the next evolution of artificial intelligence in the motoring industry to be in vehicle diagnoses and servicing. This will happen onboard the vehicle in real time.

“ **Artificial intelligence will allow dealers to better diagnose vehicle usage and adapt to better programmes after**

sales. ”

Today's vehicles offer higher levels of connectivity, safety, and autonomy. For example, Nissan recently unveiled two new fully customised vehicles at the Tokyo Motor Show to improve city mobility: The New Paramedic Concept and the all-electric e-NV200 Fridge Concept.

The new Paramedic Concept will be Nissan's fifth-generation ambulance and builds on the success of the previous versions, which are sold exclusively in Japan. The next-generation ambulance is based on Nissan's NV350 Caravan, providing better comfort for the patient and a better work environment for the drivers and paramedics. Further to this, Nissan launched a modified, all-electric Nissan e-NV200 Fridge Concept, whose compact size will make it easier to park in urban environments.

Consumers want more technology

According to a 2017 global automotive consumer survey by IHS Markit and Nasdaq, the preference for automotive technology indicates that more consumers desire advanced technology in their next new vehicle. A large majority of consumers in the country are willing to pay for future vehicle technologies that improve safety, security, and connectivity.

Manufacturers are looking to implement predictive maintenance and data visualisation as standard features, the goal of which is to provide a better experience for consumers, like reducing traffic jams, improving safety and providing ubiquitous connectivity.

“ *To take this a step further, and nothing new to the industry, will be the driverless cars which are starting to make their way to the forefront of the motoring industry.* ”

Virtual reality dealerships

In the future, customers will be able to manage their lives across multiple channels. This connected experience will enable customers to search for cars on their mobile devices as well as provide a virtual reality experience of the vehicle they select. Additionally, customers will also be able to schedule services via social media channels.

Customers are already able to shop in virtual reality to a certain extent with interactive websites that offer a host of vehicle customisation tools.

“ *In the not-too-distant future, they will enjoy a fully virtual experience that will include individually tailored test drives that make proper use of this technology.* ”

This future is achievable if carmakers look at customer experiences holistically. The first step is understanding, and prioritising customer needs to design, test and learn before purchasing. Then, it's up to the manufacturer to innovate beyond what's expected.

Looking ahead

Going into 2018, we are set to see a new-final version of the SA Automotive Master Plan, which is set to be introduced in 2020. Most manufacturers will start planning for the post-2020 model cycle, based on the provisions and conditions set out in the plan.

“ *However, currently, and also with the current economic outlook, the biggest coping mechanism for automotive players will be the consolidation of product ranges, marketing efforts, and perhaps even smaller,*

underperforming dealerships. ”

In 2018, there will be a bigger focus on exports to ensure positive capital flow and keep local manufacturing plants busy. At the end of the day, people turn to trusted brands and proven products - a major opportunity for brands to grow market share.

To stay at the forefront of this playing field, brands need to invest time and resources, as well as implement new technologies into the car of the future.

ABOUT MIKE WHITFIELD

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