

Competition between various car brands remains extraordinarily strong

By [Corné Vente](#)

5 Mar 2021

After analysing the movements within the various segments of the South African market in January, I realised consumers had begun making significant changes in their choice of vehicle a long while ago.



Photo by Gustavo Fring from Pexels

The pandemic has meant that many people have no choice but to reduce the size of the car they buy. The future for many potential buyers seems insecure so they are not taking chances with big car repayments that are due monthly and have lowered their sights to more affordable small cars. The sedan segment, which was a mainstay, for many years, of private and company transport, has shrunk significantly over the past decade.

Hatchbacks were the first segment to start usurping sedans, but then along came the SUVs and crossovers which started a revolution that shows no signs of abating. The SUV share of the South African passenger market stood at 16% at the end of January 2021, slightly below the 16.4 penetration in January 2020.

The big area of growth is in the co-called crossovers, which has grown from 15.8% of the car market in January last year to 18% last month. This is supported by the fact that there has been a stream of additional, well-styled and value-for-money models entering the crossover segment over time, with more newcomers due to join the battle this year.

Strong response to market changes

The move to entry-level and sub-small cars has been growing in recent years. In January 2020 they accounted for 46.8% of the total car market, and last month there was a slight fall to 44.1% of the total market, but it is still a dominant area. This trend shows clearly where consumers are spending their money.

Despite the arrival of many new entrants, Volkswagen has usually been able to maintain a comfortable lead in both these important segments, with the locally made Polo Vivo and imported Polo. However, in January the Suzuki Swift topped the sub-small segment selling 893 units to the 854 of the Polo.

Toyota is in the process of launching an onslaught in the lower-priced end of the market. The new Starlet and Agya have joined the fray already while the locally made Corolla Cross will be a strong contender in the smaller-sized crossover segment when it arrives in the third quarter of this year.

Meanwhile, Toyota's Corolla remains popular with South Africans. This time it is the extended life Quest, which is manufactured in Durban, that manages to keep a strong array of imported models at bay in this segment.



February vehicle sales prove better than expected - NADA

2 Mar 2021



As mentioned previously, the SUV segment is strong and it is also notable that a locally built vehicle, the Toyota Fortuner, was the clear segment leader in January, with 21.6% of SUV sales and 3.5% of the total car market. Its stablemate, the RAV4 was in a comfortable second place ahead of the Mazda CX5 in the compact SUV segment.

The Ford EcoSport, which has been the shining star for the past few years, was overtaken by the Volkswagen T-Cross in January, with the latter selling 903 units compared to the 557 of the EcoSport, and ahead of the Hyundai Venue (44).

Although passenger car sales of 23,742 units in January 2021 were 18.4% lower than the 29,073 cars sold in January a year ago, competition between the various brands remained extraordinarily strong despite the tough trading conditions caused by Covid-19.

We do not see the pressure on dealerships easing in 2021 with most franchises being short of stock entering the new trading year. The tough economic environment will continue to make trading difficult and consumers seem to be stretching vehicle replacement cycles even further.

ABOUT THE AUTHOR

Corné Vente is CEO of Mbus Retail and Rental.

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