

A Resilient Auto Industry is Preparing to Fight Back in Modern Ways

The automotive industry in South Africa has been especially hard-hit during COVID-19, but this resilient industry is preparing to fight back in more modern ways. Lightstone conducted a survey to understand the impact the lockdown had on the motoring sector, as well as the sentiment regarding recovery and activity levels expected in the short to medium term.

The survey results included the feedback of 635 respondents across the motoring industry including OEM's, dealerships and MBRs. "The results have been insightful and, in some instances, surprising," said Mark Groch from Lightstone. "Even though we face an uncertain future, the industry at large is optimistic that economic activity will increase in the next six months. However 66 per cent (two thirds) of respondents are of the opinion that it will take more than nine months for the industry to return to a 'pre-COVID' situation."

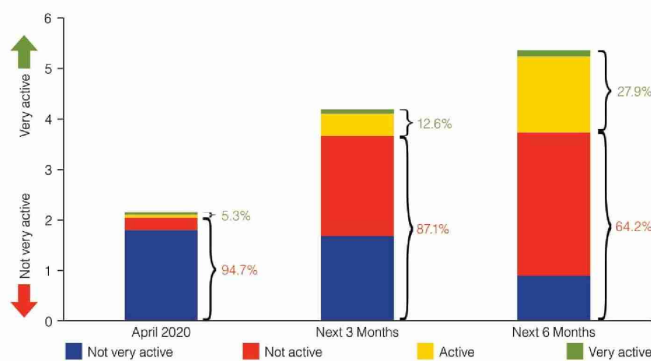
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The survey also compiled positive and negative impact views on future recovery of the industry. On the positive side respondents are of the opinion that the cut in interest rates and lower fuel prices will assist the motor industry during this challenging time. An overwhelming 86% of respondents specified that reduced consumer cash flow as a result of the pandemic is one of the most negative factors to impact the industry. Additionally, 72% are concerned about paying employee salaries and 52% are anxious regarding availability of stock (vehicle trading) in the upcoming weeks and months.

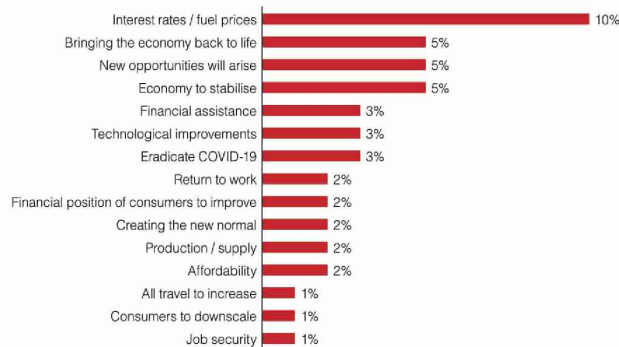
"One of the encouraging findings in the survey is how one third of respondents looked to online or digital mechanisms to try and mitigate the impact in the first several weeks of lockdown," explained Groch. "The motor industry had already begun to embrace the use of various technologies, however the lockdown resulted in the need to look at other innovative ways to embrace online purchasing."

All over the world industries are looking at alternative measures to ensure business continuity. According to Groch some of the positive shifts that will come from reactions to the current economic challenges will mean that industries like the motor industry will become more digitally fluent and changes to the way we purchase and sell cars in the future will accelerate. ■

Current and Expected Market Activities According to Survey Results



Positive Factors Anticipated to Have the Biggest Effect on Future Activity



Negative Factors Anticipated to Have the Biggest Effect on Future Activity

