

Auto industry set to digitally transform

 By [George Menie](#)

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While 2020 was a year of evolving, planning and building technologies, 2021 will be a year of enterprising and entrepreneurial businesses coming to the fore.



George Menie, AutoTrader CEO

For many companies, and people, 2020 wasn't the best of years. Having said that, it wasn't all bad. Lockdown, for instance, was a catalyst that is driving change in the automotive industry – and in many others too for that matter. What would have taken years suddenly started happening. It was like we were being fast-forwarded.

The change to which I refer is the shift towards automotive digital retailing. But what do I mean by this term? I am referring to a process that ties the online and offline digital world together so that there is no friction between the two.

Allow me to provide an actual example. Let's assume you've been browsing for a car and eventually arrive at the dealer to test drive a vehicle and seal the deal. When you arrive at the dealership, you don't have to re-tell the dealer everything that you've already gone through online. The dealer already knows the context in relation to the car on his showroom floor.

A seamless consumer experience – you walk through the front door, you're greeted by name and all your needs are already known. You've even arranged all your finance online – so that you can focus on your actual reason for entering the dealership - to buy a car and not to complete endless paperwork.

It's more than just putting forms on a website

Automotive digital retailing is much more than merely putting forms on a website. It is a deep integration of the online showroom with the physical showroom. As well as deep integration with third parties, like banks, insurance companies. And it doesn't stop there, it's also deep digital integration of the internal processes of the car dealership.

This is the automotive world we're moving towards in 2021 – and we took a massive leap in this direction in 2020 as a result of lockdown driven by Covid-19.

I'm not saying that 2021 will be a bed of roses for the automotive industry. While the used car business is buoyant and is likely to remain so throughout 2021, the new car business is likely to remain under pressure. We have had a spate of new car prices increases in the last couple of months with new car retail price inflation having remained above inflation.

Couple that with high import duties - even more so on electric vehicles - and we're faced with a situation whereby new cars are, relative to used cars, expensive. In 2021, consumers are going to vote with their wallet and that wallet might not vote for new cars just yet. It will probably vote for used cars.

Used car retail buoyancy is also not sustainable and we need to work with the government to stimulate new car demand. Because new car retail is an important feeder to used car retail, without new car retail stimulation we may face an ageing car park in South Africa in time to come.

All is not lost, thanks to 2020

While this situation is a challenge, all is not lost – thanks to lessons learnt in 2020. Companies that prosper in 2021 will have embraced the digital transformation. They will have realised that conventional marketing methods – radio, television, billboards – pale into insignificance when compared to the power of the internet. Not because TV, radio and billboards don't work, but because they're overpriced at the moment. Using the internet is cheaper and more targeted than television, radio and billboards.

Successful companies in 2021 will also realise that consumers are more demanding than ever before – and they will meet those demands. As consumers, we want instant gratification and results – when we want it, and on our terms. This is where digital transformation plays a pivotal role. When a consumer engages a dealership at 11pm, the dealership of the near future, thanks to lockdown, will get him or her part of the way down the funnel purely by using intelligent automotive digital retailing, even at midnight. Not forcing the consumer to wait for 'information' until the next morning.

In 2021, if you have a business that switches off at 5pm, those consumers are going to be captured by someone else. Someone else is going to hold that consumer's hand – even if it is at night.

Companies that prosper in 2021 realise this. They realised that lockdown was a catalyst for change – and they understood that 'same old, same old' no longer works. They are adapting in line with the consumer's fast-changing requirements. They have embraced automotive digital retailing. For them, both 2021 and the new decade will be very good indeed.

ABOUT GEORGE MIENIE

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