

BMW plans to grow sub-Saharan African vehicle sales

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6 Jul 2016

BMW SA will have ready-made export markets for its forthcoming, home-made X3 sports utility vehicle (SUV) if it can develop a "structured" approach to selling vehicles in sub-Saharan Africa, CEO Tim Abbott said on Tuesday.



He was speaking after BMW Germany announced that, with immediate effect, the South African unit would take responsibility for distribution and marketing activities across the sub-Saharan region. They would initially concentrate on seven countries beyond SA: Nigeria, Senegal, Ivory Coast, Togo, Ghana, Kenya and Angola. The expansion covers all BMW group marques, including Mini and Rolls-Royce. However, Abbott said BMW cars and motorcycles would be the main beneficiaries.

Manufacturing base

Last year, BMW SA announced it would invest [R6bn in its Rosslyn](#) assembly plant in Pretoria to build the next-generation X3 SUV. It will replace the 3-series sedan, which has been built at Rosslyn since 1983. More than 80% of the 3-series cars built in SA are exported but almost none go to other African countries. Abbott said the X3, with its offroad capability and more robust design, was more suited to African conditions. Rosslyn production of the X3 is expected to begin in 2019.

"Our plan over the next three or four years must be to create a structured sub-Saharan environment for BMW vehicles so that when the X3 is ready, so are the markets."

Several other global motor companies have already recognised the value of using SA subsidiaries as African manufacturing bases. Ford, General Motors, Nissan and Toyota all have their sub-Saharan production centres in SA. A Chinese firm, Beijing Automotive, last year unveiled a R12bn plan to invest in SA for the same purpose.

Used car domination

Abbott said current African sales of new BMWs outside SA measured "in the low thousands". Most African markets were dominated by used cars, but because of unofficial sales and dumping from other countries, it was impossible to determine the scale.

BMW SA hoped to bring some order in right-hand-drive markets by exporting used SA cars and selling them through official dealerships. BMW SA, Abbot said, would work with existing importers across Africa to bring sales and after-service standards up to international BMW levels. It would also seek joint ventures with pan-African banks to offer vehicle financing to BMW customers.

"Properly structured lending, through established finance companies, is not always available."

Abbot said that global motor companies were paying more attention to Africa, where vehicle ownership is very low compared to other continents.

Source: Business Day

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