The state of SA's motoring industry

By Evan-Lee Courie

On 30 January 2020, representatives of the motoring industry gathered at the Kyalami Grand Prix Circuit & International Convention Centre to attend the third annual SOMI address, hosted by Toyota South Africa Motors (TSAM).

Source: https://motorpress.co.za

Andrew Kirby, president and CEO of Toyota South Africa Motors (TSAM), Ettienne le Roux, chief economist at Rand Merchant Bank (RMB) and Devi Sankaree Govender discussed the State of the Motor Industry.

According to Kirby, the total vehicle sales for the year 2020 will continue the downward trajectory that began in 2013 and forecasts that 515,000 units will be sold at the end of the year.

Of the total forecast, Kirby estimated that 339,900 will be passenger, 150,585 will be light commercial vehicles while the remaining 7,880 and 16,635 will be made up of medium and heavy commercial vehicles, respectively.

The harsh reality of the economy has certainly had a large impact on vehicle sales.

Le Roux, puts it: "Over the past two or three years, consumer confidence has been low and spending has quite been conservative. This will, of course, affect local vehicle sales because buying a car is considered to be discretionary spending. Finances are really tight and the pressure consumers are feeling is quite significant..."

However, TSAM has weathered the storm and the manufacturer has managed to improve its market share by approximately 4.5%. This is a result of customer loyalty and an increased dealer network. The company believes they can continue to fight through these tough economic conditions.

According to Leon Theron, senior vice president of sales and marketing at TSAM, the company strategy involves galvanising Toyota's wide dealer channel, enhancing the Lexus and Toyota hybrid offering as well as a robust marketing approach around the Corolla nameplate.

Dr Thabi Leoka, an independent economist who also sits on President Cyril Ramaphosa's Economic Advisory Panel, commented that the current South African socio-political landscape is also not conducive to attracting investment. Referring to South Africa's socio-political problems, she says: "The house internally is dirty, and you are going out to the world to invite investors to come and eat in this house of chaos… We need to focus on cleaning this house first."

Not all gloom

It was then announced that TSAM will be investing a cumulative amount of R4,28bn between 2019 and 2021.

The current wave of TSAM's investment drive will straddle across different divisions, including parts distribution at Atlas Warehouse in Johannesburg as well as various manufacturing projects at the Prospecton Plant in Durban.

The lion's share, a staggering R2,43bn, has been earmarked for the production of a new passenger-car model at Prospecton from October 2021. The new passenger model will replace the Corolla (not Quest) production line, which is due to end in 2020. TSAM is also proud to announce that this includes, for the first time on the African continent, the production of a Toyota Hybrid Synergy Drive vehicle as a variant.

"With this investment, Toyota South Africa Motors is solidifying its long-term commitment to local manufacturing as well as the South African automotive industry. The investment will generate an additional R2,85 billion towards the South African economy per annum and approximately 1 500 new jobs. It is of particular importance to note that this investment would not have been possible without industrial policy certainty in the form of APDP-2, and I would like to thank all the role-players involved in paving the way to practical implementation of the new policy regime in 2021." adds Kirby.

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