

# Digital change grips the motor industry

The global automotive industry and many related facets of the business are changing rapidly as the digital revolution causes major disruption. This makes it essential for motor businesses to adapt or die.

This message came through loud and clear at the biennial *CAR* Conference held at the Kyalami Grand Prix circuit as part of the South African Festival of Motoring last week, where the overall conference theme was 'Consumer Trends and Disruption: How SA automakers can drive the change required to adapt to a new future.'

## Mobility megatrends



Martin Briggs, Frost and Sullivan (UK).

The arrival of self-driving autonomous cars sooner rather than later was also a topic for many of the speakers. Martyn Briggs, an industry principal of Frost and Sullivan in the United Kingdom and one of the keynote speakers, presented on the topic 'Megatrends and the future of mobility', an area of the industry where he is an expert. His address was an ideal scene-setter for the intriguing series of presentations that followed.

A lot of what Briggs told the delegates was admittedly about future developments but he also had plenty of facts and figures about what was happening right now in terms of ride sharing, car sharing and ride hailing apps as well as the increasing use of apps to assist in finding a parking space in congested cities.

Briggs went on to explain how digital dealerships using small showrooms in shopping malls, with only one or two cars on display and doing business online, were proving increasingly successful in the UK. He predicted that this trend is expected to spread worldwide. He added that most people now know exactly which car they want to buy by the time they entered the relevant dealership and on average only visited the dealer only twice when doing the deal to buy a new car.

Briggs said that car design is another aspect of the automotive world that is being influenced by the changing digital landscape and the manner in which more and more vehicles are being used these days. This is resulting in the so-called trifecta design proposition whereby traditional body styles like hatches, sedans, MPVs and SUVs are being crossed and morphed to make hybrid designs. Examples here are the Suzuki SX4 and Tesla Model X.



Suzuki SX4

## Catch the digital wave

Shayne Mann, the managing director of Mann Made, a brand experience company, summed up the rapidly changing automotive landscape when he said: “Technology is disrupting every industry worldwide and motor retail is not going to be spared. Disruption is coming - from online retail to driverless cars - and those who don’t learn to innovate now will find themselves left behind.”

Mann, who has already been involved in developing virtual automotive showrooms for local dealer groups, offered sound advice and examples of how dealers can catch the wave and start innovating faster. He says that it’s “time to reboot”; it is not necessary to throw away the expertise and physical footprint offered by traditional dealerships, but rather to re-imagine their role in an uncertain (but exciting) future.

Chris de Kock, the managing director of Wesbank, the country’s leading vehicle finance house and the main sponsor of the Festival of Motoring, continued in the same vein about the need for change. He said that the current linear process of buying a car - search, sell, finance, buy – had to change as it was inefficient, did not offer a personalised experience and was expensive for the customer.

De Kock said WesBank was mulling the various disruptive technologies that will deliver the desired experience to the customer. Options include platform business systems, blockchain, cloud computing and the internet of things.

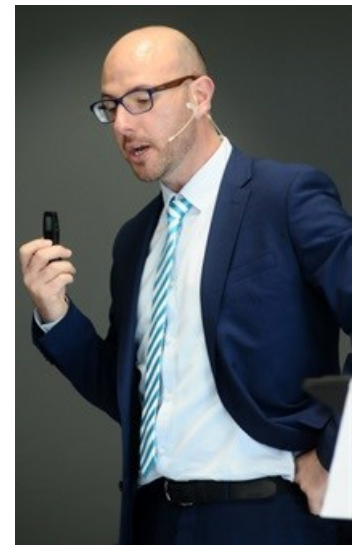
## Call for change

The need for change was reinforced by Dave Duarte, the founder of Treeshake, a consultancy dedicated to growing digital marketing capability, who also served as the master of ceremonies at the conference. He set the scene by explaining that the growth towards a digital world in South Africa was driven by the fact that the number of active website users in the country, which now numbered 18-million people, was already double the number of cars on South African roads.

Other thought-provoking statistics that were put on the table by Duarte were that 45.9% of 1,000 people surveyed in SA would be willing to buy a car online and that only 17 people out of more than 4,000 interviewed in another survey said they were satisfied with the current car buying process; all the others wanted change.

Duarte warned dealers that quick responses were necessary when dealing with potential buyers online. “They are not prepared to wait long for feedback to queries.” The founder of Treeshake also explained that buyers of new vehicles were using general websites such as Gumtree when buying a new vehicle and not only using these sites for buying used vehicles. This trend has resulted in many dealers now using Gumtree and similar online websites to advertise both new and used models.

Delegates to the conference, which enjoyed backing from Gumtree, Tracker and Sasol, were certainly not left in any doubt that the digital world was the way to go if they still wanted to be in business in the future.



Dave Duarte, Treeshake.