

# The way we love our cars is about to change

By  Kriben Reddy

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Back on 4 January 1897, South Africa's first car - a Benz Velo - was shown off publicly to an astonished crowd that included Paul Kruger, then president of the Transvaal Republic. Local businessman John Hess, who imported the car, proclaimed, "The motor car, like the bicycle, has come to stay and will be the craze of the century." He couldn't have imagined how prophetic his words would be. Today, nearly 122 years later, South Africans' enduring love affair with their cars shows no signs of waning.

Like many industries, though, the automotive industry is on the brink of a revolution that will change the way we buy, use and think about cars. Where technology used to be focused on making cars faster, safer and more fuel-efficient, it's now all about providing a connected experience to the user.



Kriben Reddy, head of Auto Information Solutions at TransUnion

There are numerous trends driving this radical transformation of the industry. But for me, there are two major trends that are only going to accelerate in the local market in 2019 and beyond.

## The changing face of car ownership

Traditionally, we would finance our vehicles through major banks. It was simple: the bank would take a big number, and make it manageable and affordable for us through monthly instalments. In recent years, they've got even more innovative on financing, with residual values, balloon payments and extended payment periods making it even easier for us to own our wheels.

In future, though, this won't be the case. We're seeing a clear change from 'car ownership' to 'car usership', where access to a vehicle is more important than ownership of a vehicle.

Essentially, we'll buy our cars on subscription plans – and why not? We already subscribe to Amazon Prime, Apple Music and Spotify, and this concept is gathering pace in the world of car sales.

This 'usership' approach means you get to drive any vehicle you want, and can change vehicles far more often, without the issues that come with buying or leasing a car. Several local car brands already have similar plans in place, in the form of Guaranteed Future Value (GFV) finance products, and I expect to see more range and flexibility in the market as traditional ownership models change. Will we migrate to 'shared' car use models in the next few years? Don't bet against it.

### The rise of the connected car

Perhaps the area where we're seeing the most change in the automotive industry is the rise of connected cars, which are fundamentally transforming the industry from provider of services and products to a provider of holistic experiences. In short, we're seeing a revolution in the way we interact with our cars.



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We're already seeing cars on our roads that have artificial intelligence (AI) built in, which remembers your preferences, predicts your needs, and tailors the driving experience accordingly. But truly connected cars go beyond that to embed services like content, entertainment, productivity and social media into our everyday commute. They will deliver recommendations like restaurants, hotels and fuel stations along the way, and let you know the expected weather on your route.



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The second element of this connectedness is the car's ability to communicate with the dealer and manufacturer. Right now, your car tells you when you need a service – but you need to make the booking and do the arrangements yourself. Connected cars notify the dealer directly when a car needs repair, and will set up everything from an appointment to a courtesy car.

Going forward, cars will even communicate better with other cars, making our roads safer in the process. We're not likely to see autonomous cars on South Africa's roads in the immediate future, but they are coming. There's never been a more exciting time to be a car lover.

## ABOUT KRIBEN REDDY

Kriben Reddy is senior director: head of auto information solutions at TransUnion. His key focus over the last three years has been around digital transformation within the auto industry. Reddy introduced the industry's first mobile application (1Check) that has become the de facto offering for auto dealers. 1Check has been recognised through winning multiple industry awards. Reddy has created value across the vehicle market through driving innovation, efficiencies and profitability.

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