

How Africa's auto industry is faring on the digitisation front

 By [Ilse van den Berg](#)

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Digital transformation is affecting and reshaping the entire automotive business model - from design and production to distribution and retail. Brands now need to consider data, connectivity and customer centricity, along with cybersecurity. We chat to Lee Naik, CEO of TransUnion about the state of digital transformation in the auto industry in Africa...



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■ ***Since you're quite an expert on the topic of digital transformation, what are your thoughts on the state of digital transformation in the automotive sector in Africa?***

The auto industry has transformed immensely over the last few years, the advertising and inspection of vehicles are changing as consumers can take 360 pictures. A dealer can make better decisions without physically evaluating a vehicle. It could be at the consumer's place of work/home or the customer coming into the dealership. It aids the trade in process. Virtual reality capabilities allow consumers to open doors, sneak a 360-degree peek inside and out, and even hear authentic sound effects of their potential new car model.

■ ***Can you name an example/a case study of an African country that is doing well on digitally transforming its automotive sector?***

In South Africa, some brands/OEMs are decreasing their number of dealerships as they are transforming their sale cycle to incorporate digital showrooms which allows them to have less fixed costs. This will be trending over the next few years as more manufacturers attempt to replicate their efforts.

■ ***What are the main opportunities for startups/SMEs in the automotive industry in African markets currently?***

Digital showrooms. As space in the metropolitan areas across Africa diminishes, virtual showrooms become more attractive. For example, Audi's virtual showroom in London is designed to sell both cars and the Audi brand. Only four physical cars are on display.

On the walls are enormous video screens on which customers can see all specifications for their chosen model. With authentic sound effects, they can open the doors, look inside and watch the car zoom away.



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Audi is also piloting a wearable virtual reality device that gives car buyers a first-person interactive experience. The computer program includes tens of millions of different renderings of a model's various components and features which the device wearer can see from any angle.

■ ***Is something like this that Audi has set up actually viable for a startup or SME?***

Yes. Although a challenge would be high startup costs if you get in early.

■ ***What are your thoughts on AI and how are African countries faring on this front?***

A smart factory uses advanced algorithms and AI to perform tasks like creating schedules and managing workflow, and has robots working alongside humans on assembly lines. These connected technologies increase productivity and decrease defect rates as shown in a small electronics plant in Germany.

In 1990, the plant was 25% automated, compared to today's 75% automation. Further digitisation has dropped defect rates to below 12 per million, and output has increased 8.5 times. Despite obvious financial barriers to constructing these smart factories, the giant improvements to production, flexibility, and performance will likely overcome this hurdle.

The adoption of AI in the African continent is taking off with Africa using virtual agents. These online chatbots are taking over call centre agents and give consumers ease of access and the business can handle more consumer queries with fewer resources.

Recommendation systems help African businesses make better decisions with regard to marketing and timing of social media posts and content in order to get the maximum benefit with minimum costs.



Lee Naik

▣ ***How important are partnerships and collaboration across the continent?***

Collaboration will help us grow faster and the automotive industry is no different. Partnerships and collaboration with digital agencies can aid in business transformation as well as the customer experience. The convenience factor for consumers is becoming a vital factor that influences their decision-making regarding brands and dealerships.

▣ ***Why is Africa the place to be?***

Studies in 12 African countries have shown that even when there is no GDP growth, vehicle ownership will rise. Africa's largest economies namely SA, Nigeria and Angola are forecasted to pick up after performing below par in 2017.

It has to be the place to be as countries like Ivory Coast, Senegal, Ethiopia, and Tanzania are all are forecasted to have over 6.8% growth given the investment trends.

The opportunity to bring in technology from the more developed markets and tweak it for the African economy will aid the growth rates in the auto industry.

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ABOUT ILSE VAN DEN BERG

Ilse is a freelance journalist and editor with a passion for people & their stories (check out Passing Stories). She is also the editor of Go & Travel, a platform connecting all the stakeholders in the travel & tourism industry. You can check out her work here and here. Contact Ilse through her website here.

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