

Automotive lubricants market in Nigeria and South Africa expected to grow in the long term

Nigeria and South Africa rely heavily on imported raw materials for automotive lubricants. However, the volatility of oil prices, depreciating currencies, and rising import tariffs in Nigeria, is expected to initiate investment in the local lubricants manufacturing sector in the long term, according to Frost & Sullivan's research titled 'Analysis of the Automotive Lubricants Market - Nigeria and South Africa.'



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A combined market of \$2.14 billion is driven mainly by the demand for engine oils, but there has been a perceptible rise in end-user demand for other lubricants like transmission oil, gear oil and coolants.

The hike in demand for lubricants in the long term stems from a rising prominence of the middle class in both countries, which has boosted vehicle sales. Nigeria's motorisation rate is 8.5% per annum and is tied to the country's gross domestic product (GDP), which has increased by 7% in the past decade. Meanwhile, South Africa is a well-established vehicle manufacturing hub in Africa and this sector is expected to flourish over the next three to seven years, translating to a more expansive market for automotive lubricants.

The research study is part of the Future of Chemicals & Materials in Infrastructure & Mobility Growth Partnership Service programme, which also covers construction chemicals and materials including paints and coatings, industrial adhesives, cement and cement additives, thermal insulation, and lubricants.

Myriad of opportunities

The vehicle parc, including old and new vehicle models, presents a myriad of opportunities for automotive lubricant manufacturers. On the one hand, used cars require more frequent lubricant changes, and on the other, newer models require higher-quality lubricants. In Nigeria, about 80% of the vehicles on the road are second-hand vehicles that will require more frequent lubricant drains in the long term, contributing to the volume demand of automotive lubricants in Nigeria.

“Improved vehicle technology in newer model vehicles will require fewer lubricant drains,” said industry analyst Lynessa Moodley. “The market is ultimately gravitating towards higher-quality, specialised and synthetic lubricants with an increase in end user awareness on the importance of lubricant drains. This can primarily be attributed to pending government legislation regarding emissions, improved engine technology and original equipment manufacturers’ requirements for fuel efficiency.”

Lubricant manufacturers can stay afloat and even strengthen their position by enhancing awareness and educating users on the importance of frequent lubricant drains, as well as using the appropriate lubricants. This will also stave off the competition from the informal automotive lubricants market as South African and Nigerian end users have a lot of apprehension regarding synthetics and lack understanding of their benefits.

“This should prompt lubricant manufacturers to conduct extensive marketing and awareness campaigns,” said Moodley. “In addition, fostering interregional ties between Nigerian and South African players could go a long way in creating a collaborative environment that benefits all the stakeholders and, ultimately, drives the market forward.”

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