

Auto retailers must embrace digital change

The growing importance of digital communications systems in the vehicle retailing environment in South Africa was once again stressed at the national Sewells NADA Performance roadshow staged in Durban, Cape Town, Pretoria and Johannesburg recently.



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Addressing the delegates Warren Olsen, the CEO of the Sewells Group in sub-Saharan Africa, said that dealers must run their businesses efficiently and be prepared for setbacks and challenges such as happened with the economic meltdown in 2009 and the present threat to the economy posed by the recent Brexit decision in the United Kingdom.

“The 2009 crisis resulted in 135 motor retailers in South Africa closing their doors and with an average employment of 35 people each this was a big blow to local employment,” said Olsen. “It is for this reason that those people heading up automotive businesses in South Africa must embrace change and adapt the way they run their companies to ensure sustainability. The accelerating move to the digital world is one of these changes that must be taken very seriously.”

Personalised, meaningful communication

Mike Paxton of Sewells, who hosted a group of SA dealers at this year's NADA conference in Las Vegas, gave an overview of the way digital communication methods are being used successfully in the retail automotive business in the United States. He said that strong CRM programmes were a vital link with consumers, but they must be personalised and communication must be meaningful.

“Dealer and product information must be available 24/7 and it must be up to date,” advised Paxton. “This means it is essential that home pages are refreshed regularly and given regular overhauls to ensure they work at optimal efficiency. It is interesting to note that several dealers in the US focus on aspects of their service offering on their home page, instead of the emphasis on new products one generally finds with South African websites. SMSs are the most effective way of reaching a consumer as research shows that virtually all SMSs received are read within three minutes. However, it is vital to be sparing with this communication channel as overuse will irritate the customer.”

Paxton said the US dealers always strive to have a live voice at the end of a telephone line, even if it means contracting with an outsourced call centre. “People wanting to buy or service a car like to speak to another person, not an answering machine,” he added.

Simphiwe Nghona of SA finance house Wesbank presented several interesting statistics about the potential for local digital communication in its presentation. This information included facts such as that there are currently 24.9-million active internet users in SA of which 11.8-million are already using various social media platforms. The Wesbank presentation added that there are now 79.1-million mobile connections in the country of which 10.6-million are already using mobile smartphones on social media sites. “South Africa now has more SIM cards than toothbrushes,” quipped Nghona.

Purchasing process

Jeff Osborne, who heads up the automotive division of Gumtree in SA, said that the vehicle purchasing process is being driven increasingly by the consumer with 85% of those buying a new car making use of the internet as a research tool before going to a dealership. “This means only dealers that are nimble and can adapt quickly to changing consumer requirements will survive,” said Osborne. “This need not mean the death of the salesperson, but rather that these sales executives must be prepared to change the way they operate to make a success in the future.”

Recent statistics show that in the year 2000 a potential buyer went to visit an average of five dealers before concluding a deal, while now he or she only interacts with 1.6 dealers when making a new car purchase.

“The feedback from our second road show has been very positive and underlines the importance of listening to and interacting with customers, which in the case of Sewells are the dealers that make use of our wide range of services,” concluded Olsen.

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