NADA chairperson still bullish despite some headwinds, urges dealers to heed lessons of the past

Hosted by well-known broadcast journalist Fifi Peters, this year's National Automobile Dealers' Association's (NADA) Annual conference was jam packed with presentations and discussions on topics spreading across technology, industry trends, future-proofing a dealership and retaining customers in challenging times.

Mark Dommisse, the energetic Chairperson of the National Automobile Dealers' Association (NADA), opened the day's proceedings, with a macro overview of what he called *"South Africa Inc."* He remains bullish about the motor industry's resilience to continue the upward trend in new vehicle sales in 2023.

"The good news" said Mark *"is that bad news is not going to get us through the year. Bad sentiment isn't either.* The market leaders of last year, are still the market leaders today and the new entrants are making great inroads with exciting vehicles that now give the broader South African access to mobility at affordable rates.

Dommisse said that the grey listing of South Africa was a new negative factor in the economic environment, but that dealers had successfully overcome worse events in the past few years, urging dealers to heed the lessons of the past.

He noted the closing of three banks in the US, bringing back stark memories of the financial crisis of 2008. He encouraged dealers to remember what was needed to remain in business, *"how we had to trade"* to get through those extremely tricky times and implement those strategies today.

"Nevertheless, we must also realise that we don't live on an island and events such as major banks failing in the United States send shockwaves through the whole world. South Africa will not be immune with the likelihood of further increases in the interest rate.

"Fortunately, we have experience in these situations with the most recent having been the financial crisis of 2008 and we must relook those measures we used in those troubled times. We have not experienced liquidity challenges in the recent past, but we must be prepared if liquidity does start drying up," commented Dommisse, who has been in the local motor retail industry for the past 25 years.

"What is important, is that we don't let bad news get us down, but rather look to positive developments and good news," said Dommisse,

"On the other side of the coin we must remember that all the Original Equipment Manufacturers (OEMs), distributors and importers plan to sell more vehicles this year. We can expect strong support from them, while also seeing the arrival of more electrified vehicles and the increasing use of digital tools to spice up the year," added Dommisse.

Many aspects surrounding the complexity of being part of the South African motor industry were covered by Sifiso Skenjana, the Managing Director of ESG Analytics, who is a strategist and policy advisor to public and private enterprises on economic and political "crosscurrents", of which there are many being experienced by business in general right now.

His topic was titled *'Rethinking Growth in a Complex and Uncertain Country'* and focussed on an automotive industry in transition which was, to a degree, being held back by sluggish policy decisions and implementation by the various regulators.

"We can't afford to miss a drumbeat and, in this regard, South Africa as a whole and the motor industry in particular, must look to expanding business in the rest of Africa. At present, only about 24% of our exports go to markets on our continent, and I see major opportunities there," explained Skenjana.

Skenjana spoke at length about the value of human capital and said that business "must leave no human behind" in a country where he said it was estimated that 71% of the population lived below the living range of R7 700 a month.

His presentation left the attendees and those watching online, with much to contemplate as they navigate a continually changing economic and working environment.

David Lowrie, the Global Head, Learning Solutions at Sewells MSXi, who is based in Australia and has spent the last 30 years in driving business improvement worldwide, concentrated on people, in his interesting address.

While questioning certain aspects of the move towards electrification to cut harmful global emissions, he said that it was important for dealerships to keep their staff up to speed in the changing mobility environment.

He said it was essential to attract the right people into the automotive business and then to build them up as the next generation of retail talent. Lowrie stressed the importance of employee engagement to keep staff, as it was often costly to rehire, and the first to go in a confrontational situation were the most talented people as they knew they could find another job.

"This mindset includes recognising skills and utilising them to improve a business in general," said Lowrie. *"Talent must be measured and then managed for maximum effectiveness."*

Arthur Goldstuck, the CEO of World Wide Worx, was the third guest speaker. He is a journalist, commentator, and media analyst, who shared his insights and extensive experience on technology trends and benefits with the audience. He said that the changing technologies were not only changing business and consumer behaviour, but also the social landscape.

"Innovation is flourishing as we adapt to Big Tech in the form of Artificial Intelligence (AI), Cloud, 5G, Virtual Reality (VR) and Blockchain with the addition of Crypto Currency, but we must realise that going digital is a means to an end, not an end in itself," explained Goldstuck.

He gave an interesting insight into how Amazon's Cloud Computing enabled Netflix to launch simultaneously and successfully in 130 countries on the same day – 6 January 2016. The achievement would not have been possible without this tool.

"Businesses worldwide are being transformed at a rapid rate, but it is important to remember that the customer experience is still everything and must remain the focus even in these times of great changes in the way we operate," advised Goldstuck.

The conference was concluded with an insightful discussion panel of dealer principals who looked at a wide scope of subjects that were affecting the local retail motor industry. The panellists were Dirk van Rooy (Dealer Principal at Halfway Toyota Honeydew), Wayne Simmonds (Dealer Principal at Suzuki Northcliff), Fatima Motala (Dealer Principal at Mercedes-Benz Umhlanga), Thembinkosi Pantsi, Dealer Principal at Audi Centre Braamfontein and part of the Hatfield Motor Group), and Roy Obery (Dealer Principal at GWM Haval Edenvale and Founder of Chery Edenvale).

As expected, the growing onslaught from the Chinese brands was a major talking point. Roy Obery said he had experienced vast changes in the Chery brand in terms of improved quality, better specification levels, an increasing range of product and that "second tier brands" were gaining market share, deservedly.

The panellists said, that generally, increased competition was good for all and made customer retention prime. They agreed there were challenges in all segments, with the luxury end of the market having a tough time as buyers were buying down. Suzuki dealer Wayne Simmonds backed this up by saying they had to deal with a person trading in a car worth R500 000 to buy one costing R200 000.

Several polls were conducted among delegates attending the conference, both in person and online. A poll on the expected size of the 2023 new vehicle market showed that most delegates (51%) were positive and said they expected minor growth (about 5%).

A poll on the outlook for the used car retailers showed that most delegates believed there were some minor positive moves to correct pricing. Roy Obery, a dealer principal who has worked in the automotive industry on both the retail as well as manufacturer side of the industry, said that in his view this situation would improve, now that most of the new OEM dealerships had loaded up their used car stock and that good stock of new vehicles from OEMS would mean that trading would be more aggressive going forward.

Mark Dommisse wrapped the day's proceedings by wishing everyone a positive 2023 and to continue doing what South Africans do best! Stay strong, resilient and heed the lessons learned over the years.

ENDS