

South Africa Used Car - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The South Africa Used Car Market size is estimated at USD 17.87 billion in 2024, and is expected to reach USD 29.41 billion by 2029, growing at a CAGR of 10.5% during the forecast period (2024-2029).

Economic conditions, consumer sentiment, and government policies regarding the automotive sector influence the market size. The importation of second-hand vehicles also influences the South African used car market.

One key factor driving the growth of the organized used car market in South Africa is the increasing preference for certified and pre-inspected used cars. These cars undergo a thorough inspection and certification process to ensure their quality and reliability, giving buyers peace of mind when purchasing.

Another trend in the South African organized used car market is the growing popularity of online platforms for buying and selling used cars. These platforms offer a convenient and transparent way for buyers and sellers to connect, negotiate, and finalize transactions. Online platforms are also more cost-effective than traditional dealerships, as they have lower overheads and can offer competitive pricing.

Additional market expansion factors include rising disposable income, shorter car ownership durations, rising consumer demand for luxury automobiles, a growing inclination among two-wheeler owners to upgrade to tiny and compact cars, and expanding import-export.

South Africa Used Car Market Trends

The Unorganized Segment Holds a Major Share in the South Africa Used Car Market

The unorganized used car market in South Africa operates outside the legal framework set by the government and is characterized by a lack of regulation and consumer protection. This market segment includes individuals, small dealerships, and car markets not registered or licensed by the government.

One of the key concerns in the unorganized used car market is the lack of transparency in the pricing, condition, and history of vehicles. This can lead to fraudulent activities such as odometer tampering, selling stolen cars, and misrepresenting the vehicle's condition and history. Consumers who purchase cars from unlicensed dealers or individuals may not have any legal recourse if they encounter problems with the car after the purchase.

Additionally, the unorganized used car market is known for its lack of vehicle safety and reliability checks. Unlicensed dealers and individuals may not have the necessary equipment, expertise, or incentives to ensure that the cars they sell are safe and roadworthy. This can pose a risk to the safety of the buyer and other road users.

The unorganized used car market is often cash-based, which makes it difficult to track transactions and prevent money laundering and tax evasion. Despite these challenges, the unorganized used car market remains a popular option for many buyers due to lower prices and negotiating flexibility.

Further, the main concern for a consumer in the years leading up to purchasing a used car has been concerns with trust and openness throughout the process. Consumers are concerned about being overcharged, being sold a vehicle with pre-existing flaws that the seller may not disclose at the time of sale, and not knowing if the car is currently embroiled in legal challenges. This has created a lack of trust among unorganized used car dealers in South Africa.

According to data released by Naamsa, the Automotive Business Council, used car sales exceeded total new passenger car sales, with 32,090 used cars being sold in South Africa in July 2023.

The Increasing Use of Online Platforms is Driving the Market

South Africa's e-commerce environment has grown significantly in recent years. One noticeable trend is the rise in used-car purchases made through online shopping. Convenience, a large selection of vehicles, and the ability to quickly compare pricing and features drive this shift in consumer behavior.

Key factors influencing the growth of e-commerce in South Africa include the ease, convenience, and security of the payment methods and online retailers investing in making their websites more appealing and user-friendly. The significant growth of alternate payment methods is also boosting the growth of the e-commerce market in the region. Bank transfers and digital wallets are customers' two most used payment methods for online sales. Moreover, increasing smartphone penetration and the arrival of advanced digital wallet solutions are further expected to drive the growth of the e-commerce market in the region.

Online marketplaces are increasingly being used to purchase and sell second-hand cars. Many customers use websites and mobile applications to explore listings, compare prices, and communicate with sellers.

E-commerce has made the process of purchasing a second-hand car more convenient. Customers can shop for vehicles from the convenience of their homes, avoiding needing to visit several showrooms physically. This convenience is especially important in South Africa's urban centers, where traffic congestion and limited parking spots make traditional automobile shopping inconvenient.

Furthermore, the region's e-commerce market continues to expand faster, with mobile internet retailing becoming especially significant. Retailers in the region are launching dedicated mobile apps, while store-based retailers rapidly utilize multi-channel options. Click-and-collect services have become more widely available, allowing retailers to maximize retail potential without incurring delivery fees. In contrast, the consumer can easily access purchases without planning for deliveries.

Consumers can now access a wide range of used cars by using e-commerce sites. Individuals looking for specific manufacturers, models, or characteristics can simply find them online. This variety of options benefits both consumers and sellers, resulting in lower prices and improved customer satisfaction.

Despite the various advantages of using e-commerce to buy used cars, some drawbacks exist. Some consumers may be put off by trust issues, the potential of

scams, and the inability to inspect vehicles visually. These difficulties, however, are being addressed by better regulation, certification programs, and seller transparency.

South Africa Used Car Industry Overview

The South African used car market is considered to be fragmented, accommodating several leading players like Cars.co.za, Yallamotor, AutoTrader South Africa, and Cars 4 Africa. While several key offline used car dealers are focused on adopting expansion strategies like collaborative agreements, mergers, acquisitions, and expanding their online presence, other new entrants are encouraged to explore the market. They are actively focused on fleet expansion, varied offerings, etc. For instance,

In February 2023, Planet42, a Used car marketplace in South Africa, invested USD 100 million to scale its operations across South Africa and Mexico. According to Planet42 managing director Grant Wing, the company aimed to capture about 1% of the used car market annually, translating to about 200,000 cars in total fleet size.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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