

Tech in the African automotive market



By [Michael Zahariev](#)

8 May 2018

The African continent is the last frontier for the global car sales industry. According to the 2015 [International Organisation of Motor Vehicle Manufacturers'](#) report *Vehicles in Use*, an estimated 44.8 million cars were in use across the continent that year.

However, the vast majority of cars across Africa are bought second hand, due in large part to the middle classes that simply cannot afford new vehicles, and to some extent, high-interest rates on car finance.



Michael Zahariev

Here are a few numbers I found that best describe the African car industry: In 2016 South Africa led the new car sales with 547,000 units sold. That same year Algeria, Morocco, Tunisia, and Egypt collectively sold 575,000 new units, and the combined 1,122,000 cars made up 85% of all the new cars sold on the continent.

However, in 2016, South Africa had just under 12 million cars registered with the [National Administration Traffic Information System](#), so the vast majority of car sales are for second-hand units.



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The same trend follows across the continent. According to [Deloitte's African Automotive Insights](#) report, in 2016, 90% of all cars on the road in Nigeria were considered second hand. Kenya and Ethiopia, the other two countries examined in the report had 80% and 85% respectively.

Nigeria is an interesting case because, despite its position as the continent's economic powerhouse, new car sales in 2015 were only 26,400 units, and total cars on the road in 2016 was only 3,590,000.

That's around 8.4 million cars less than South Africa.

In 2016 Nigeria had a population close to 180 million, while South Africa's hovered around the 60 million mark.

“ Despite the difference in market sizes, both South Africa and Nigeria have seen numerous online, second-hand car sales platforms arriving to service the growing need for affordable cars. What's interesting is the differences between them which are a function of the differences between the needs of the markets. ”

[Naijauto.com](#) is a standard, [Autotrader](#)-like website dedicated to helping car buyers meet car sellers in Nigeria. It's very simple. A car seller uploads photographs and details about the car to the website, and prospective buyers can respond to the seller through a message function.



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Interestingly, however, communication and content on the news section of the website reflect the market's need to know more about the older vehicles they are purchasing. Article topics range from how to push start your car in reverse, to the consequences of improper use of air conditioning, and the focus of the material is very much on keeping older cars moving. The main focus of the platform is user accessibility.

Another large player is Cheki, a second-hand car sales platform operating in Kenya, Nigeria, Tanzania, Ghana, Mauritius, Uganda, Zambia, and Zimbabwe. [Cheki](#) keeps its channels of communication very simple and easy to access via mobile devices. An SMS alert system is also offered. In order to access enough vehicles and keep itself afloat, Cheki needs to reach a wide audience across borders.

South Africa's one key difference

The situation in South Africa is similar with one key difference: scale.

The market is large enough that online platforms can focus on a single market, and the population has access to fairly good internet infrastructure. This has made room for technologically advanced offerings. that deliver more than just a space to post a classified advert.

“ South Africa is unique in Africa. ”

As mentioned before, the car-buying population is relatively large and the domestic car manufacturing industry is robust and provides many popular models to the market. With different economic factors at play it does mean that there is room for more forward and unique thinking, however, many of the local platforms have not evolved to take advantage of this

distinction.

I launched my platform, HiCarByeCar.com, in 2016 with an insight provided by clients in the dealership industry. The insight was that car dealerships utilise online platforms to buy and sell their stock but these platforms generally only offer vehicles that other dealers no longer want, often because the units are overpriced or unpopular.



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The dealerships have the option of sourcing cars straight from the public, but this route is inefficient, time-consuming, and cumbersome. It's the management of this disconnect that I believe makes the platform efficient, unique, and disruptive, compared to the cliched classified platforms.

HiCarByeCar.com has automated the entire process. The platform contracts a professional to inspect the vehicles, photographs them, and upload all the details to the online auction upon which dealerships bid. When this is complete, the professional returns to the client with a number of great offers for their car. This service is very well suited for a car market that is healthy and has an active dealership environment like ours.

At the end of the day, it was vital to understand what the gap in the market is, and how best to service that gap, while understanding and responding to the unique South African context and how we operate within Africa.

ABOUT MICHAEL ZAHARIEV

Michael Zahariev is an entrepreneur who, at the age of 26, has founded and grown three prosperous tech startups based out of Cape Town and Johannesburg. Zahariev possesses a strong work ethic, which is backed by an innate entrepreneurial character. His innovative spirit was further enhanced by his time at The University of Cape Town, where he specialised in a combination of actuarial and computer science.

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