

How the fuel hike might impact buying a new car



By [Naresh Maharaj](#)

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The impact of the expected fuel price increase in May will be wide reaching, according to George Mienie, CEO of AutoTrader. Here are three ways this change may affect your next purchase decision:



Image source: Getty/Gallo

1. Manufacturers are likely to offer good deals in order to attract sales

Motor manufacturers and retailers are expected to feel the pinch more than ever before. “Manufacturers will consciously keep price increases to the bare minimum, to boost customer sentiment and encourage vehicle sales. Retailers, eager to generate sales, are likely to offer good deals. This will mean that margins at both dealer and OEM level will come under pressure,” says Mienie.

2. Banks will tighten their belts

Banks are unlikely to finance as many deals, as some motorists place purchasing decisions on hold. “Motorists are already feeling the pinch. With the next fuel increases, they will have to tighten their belts even further. This may well include delaying the purchase of a vehicle” he says.

3. Energy efficiency will become a key purchase decision

Motorists are likely to focus more on economy. “Electric cars are mostly unaffordable to the majority – so it’s unlikely we will see an escalation in the sales of electric cars. However, when buying a new or used car, motorists will take a very close look at fuel consumption. They will shun so-called ‘gas guzzlers’ in favour of more sensible, economical vehicles, including hybrids,” Mienie concludes.

ABOUT NARESH MAHARAJ

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