

The Lightstone Confidence Indicator

Focusing less on the impact of Covid-19 on the automotive industry, and rather how the industry is recovering.



The **current level of activity** in the automotive industry has **increased from 5.1** in September, **6.0%** to in November.



The expected levels of **activity for the next 3 months and next 6 months** have **both improved to the highest levels since first measured in April 2020**, indicating optimism for business to improve over the coming months.

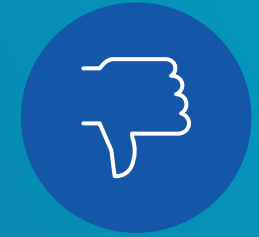


Business will largely depend on whether there is a **further lockdown period** if the spread of the Covid-19 virus is not contained.

Most respondents are very positive about an improvement in business over the coming months



Positive factors expected to have the biggest effect on future activity include: **The economy and government's response** to the evolving situation, **lower interest rates and fuel prices, optimism** that business volumes will improve, and others.



Negative factors expected to have the biggest effect on future activity include: **The Covid-19 situation**, how long it will be with us and the threat of a second wave and **further restrictions on business/movement, economic instability, low availability of stock** and others.



Automotive Confidence Indicator

November 2020

Lightstone

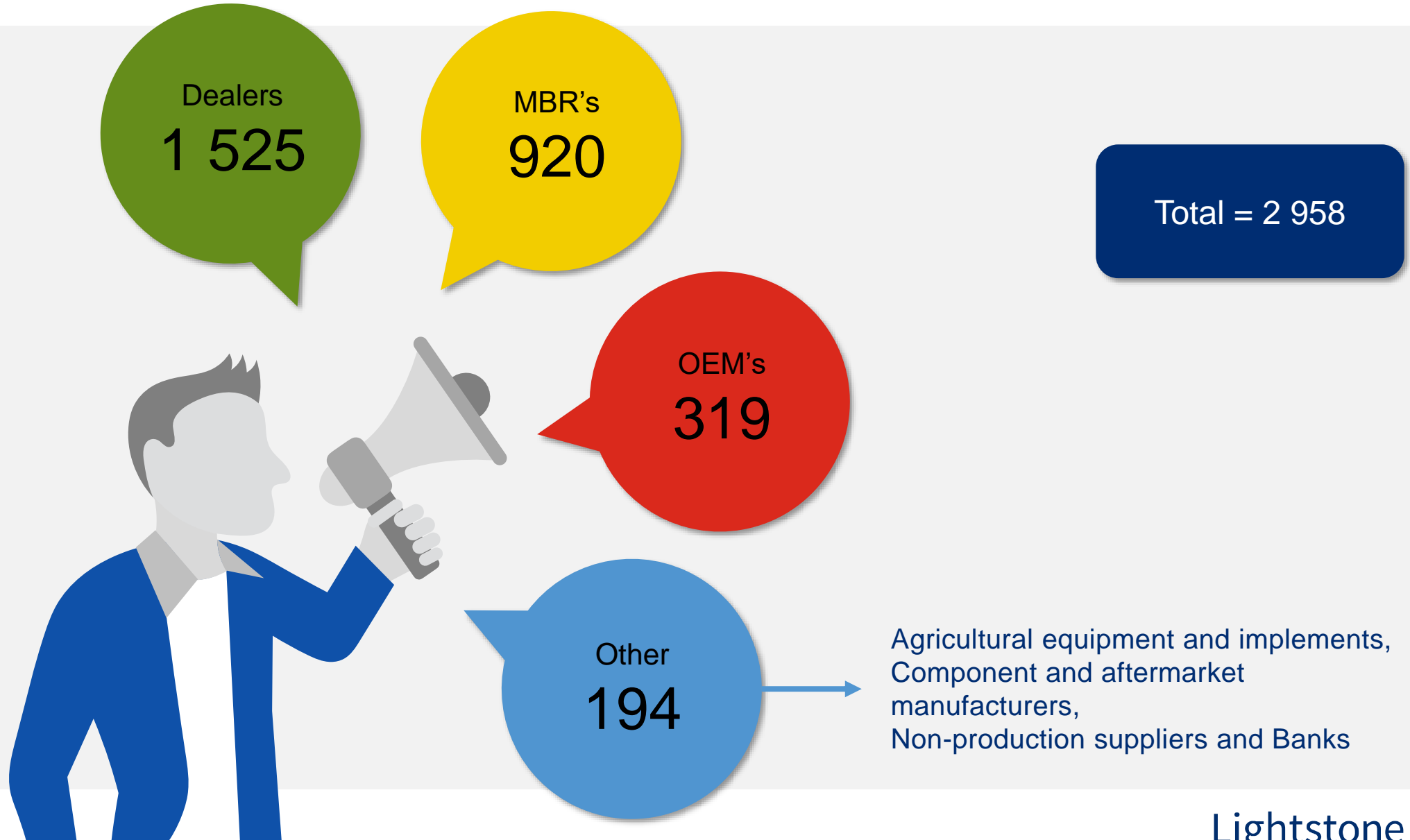
We simplify the complex

Objectives

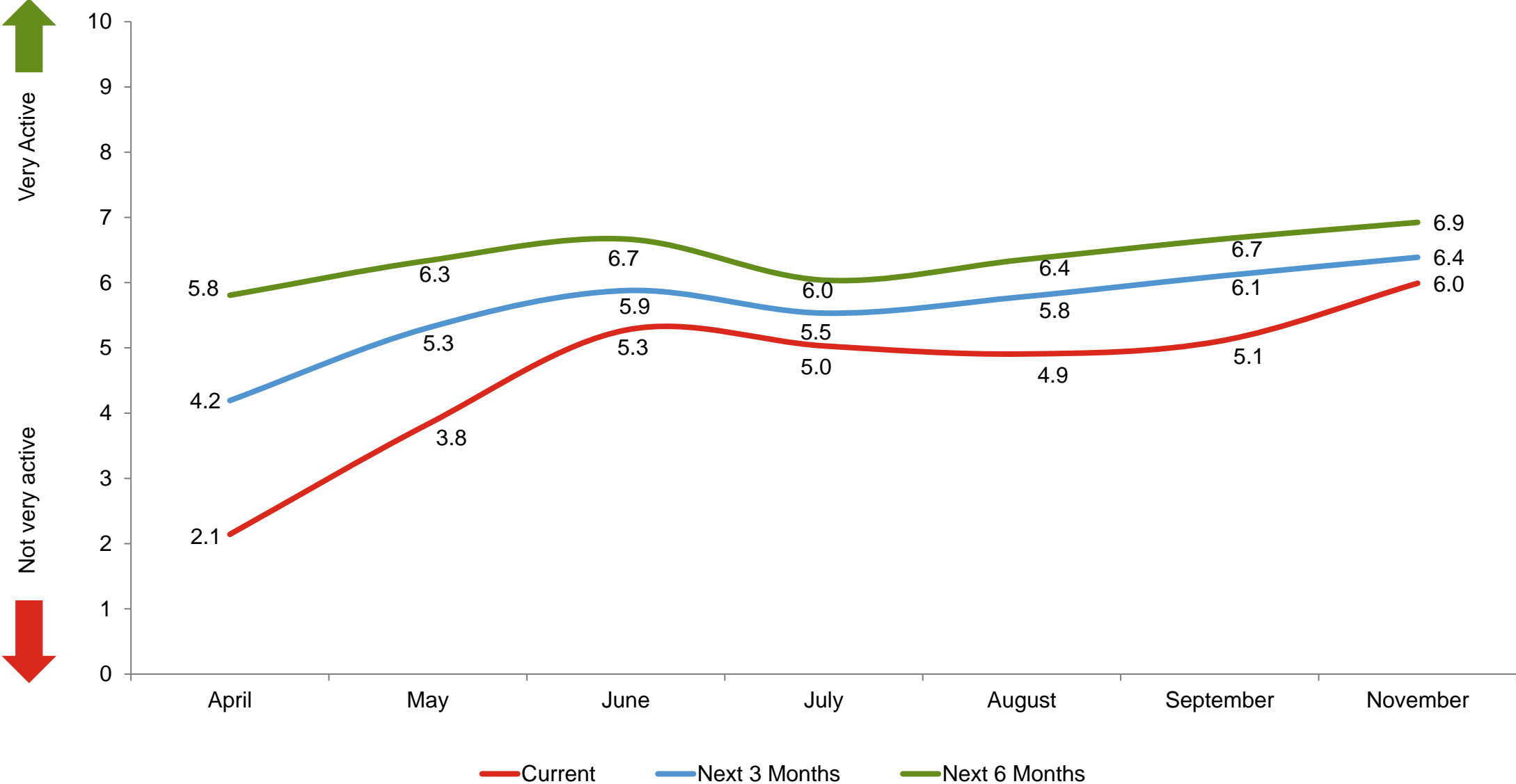
To measure
and track the
recovery of
the SA Motor
Industry

- › Measure current market activity.
- › Measure expected market activity over the next 3 months.
- › Measure expected market activity over the next 6 months.
- › Identify the factors that will have the biggest effect on future activity.
- › Measure how long it will take business to recover from the impact of the Covid-19 pandemic.

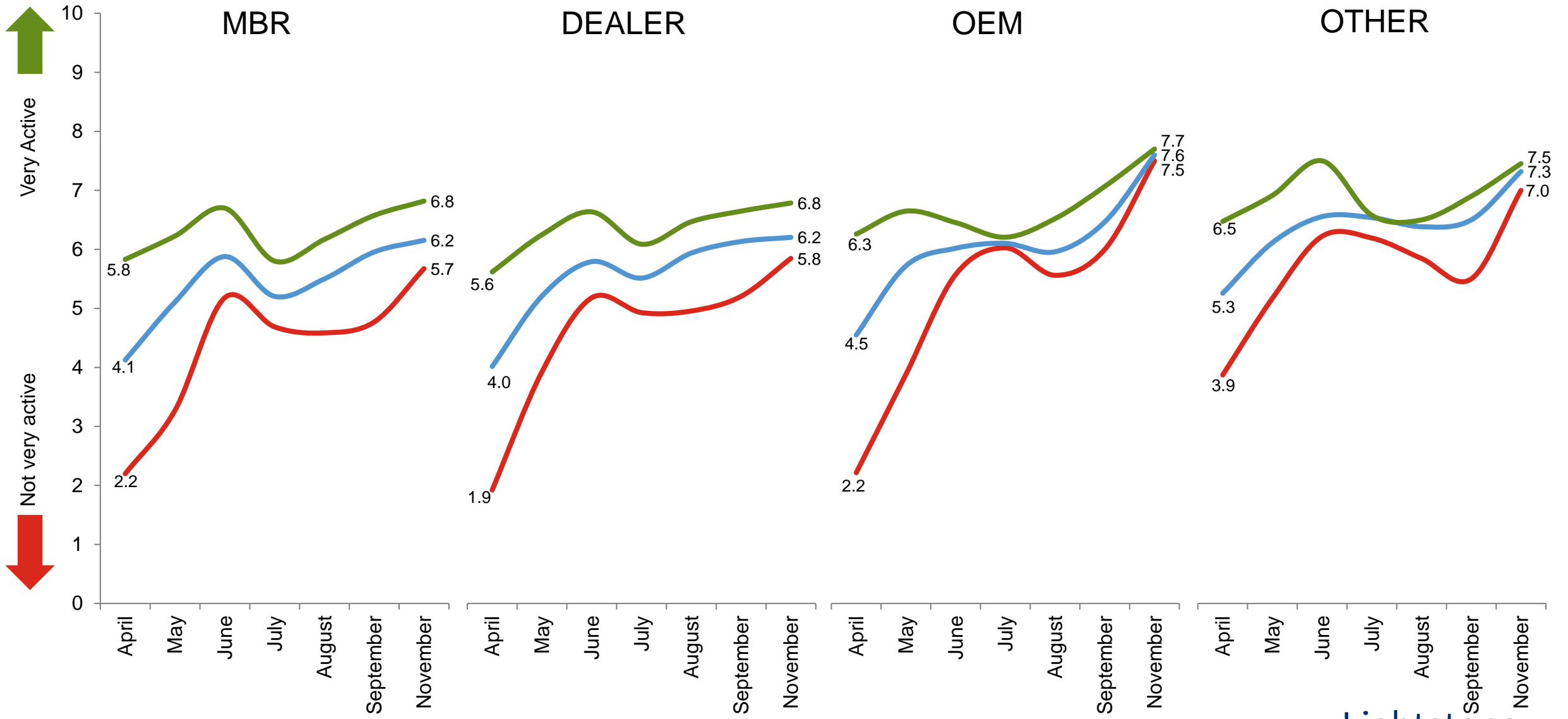
Survey respondents



Current and expected levels of market activity



Current and expected levels of market activity by segment



November 2020 level of activity: Top 5 themes and comments

01

Business is good / improving

- “We have a good month for November as sales are up.”
- “Automotive repairs has begun to increase as more people are on the roads due to the decrease in level of lockdown restrictions.”
- “We have a lot of authorizations on motor claims and do a lot of quotations.”

02

The markets are very quiet

- “Very few applications and very few walk-ins.”
- “Customers have been home due to lockdown, as a result there are less accidents on the roads resulting in fewer claims.”
- “No walk-ins, customers not pitching for appointments, not taking calls, etc. It is very quiet.”

03

Business is not back at pre-Covid levels yet

- “Sales levels are not where they used to be.”
- “We have more vehicles but still not where we used to be. This used to be our busiest time.”
- “We are still about 30% down on our volumes.”

04

Customers’ financial position don’t allow for purchases or repairs

- “Clients don’t have money for excess, which means that they don’t bring in their vehicles for repairs.”
- “We still get a lot of interest, but not a lot of clients are actually going through with the sale.”
- “Less feet and a lot of declines, most people were affected and couldn’t pay their installments and accounts, so it affected their ITC.”

05

Very little work received from the insurance companies

- “Over the past two months, there was a major decline in the amount of available claims for repairs.”
- “I am surrounded by MBRs that are supported by insurance companies due to volume deals in place, making it a barrier to entry.”
- “Most vehicles are being written off instead of repaired.”

3 months level of activity: Top 5 themes and comments

01	<p>Optimism for a gradual increase in activity</p> <ul style="list-style-type: none">• “Everything is getting better and gradually returning to normal.”• “Due to accidents on our roads, insurance companies are kept busy with repairs to vehicles.”• “People may be in a better financial situation due to bonuses.”
02	<p>Not anticipating much activity in the months to come</p> <ul style="list-style-type: none">• “Clients are still very cautious because of the possibility of a second wave. Some clients took payment holidays affecting their credit scores.”• “December to February are usually slow due to holidays and then people do not have money after the holidays.”• “Not expecting major change as many individuals/customers are still feeling the impact of job/business losses or salary reductions.”
03	<p>Festive season and new year should have an impact on activity levels</p> <ul style="list-style-type: none">• “It is the festive season, and a lot of people will be travelling.”• “Moving towards the end of the year, other expenses increase, school fees and spending habits over Christmas.”• “December to February are usually slow due to the holidays and then people don’t have money after the holidays.”
04	<p>Consumer confidence is very low</p> <ul style="list-style-type: none">• “Consumers are still panicking about their financial uncertainty.”• “People are still recovering from the lockdown effects and their confidence levels remain low.”• “Customers keep on applying for new credit (micro loans) which affect their credit standing in such a way that vehicle finance is impossible.”
05	<p>Spread / decline of Covid levels to determine future market activity</p> <ul style="list-style-type: none">• “People are still skeptical about being out and about, second wave might be worst than the first one. Might experience another lockdown if people are not cautious.”• “Business will still be slow because the country is still under the state of emergency and movements are still restricted.”

6 months level of activity: Top 5 themes and comments

01

Hoping for an improvement in market activity

- “I hope that the Covid pandemic would be over, then customers can get regular salaries to be able to afford new vehicles.”
- “We are hoping that the market will improve.”
- “As long as the interest rates are favorable and OEMs assist dealers, we should be able to keep up the sales activities. After sales should start stabilizing as well.”

02

Economy will take a long time to recover

- “The market will take at least 12 months to recover, if not more.”
- “The new as well as used vehicle industry is going to take some time to recover from the aftermath of lockdown.”
- “People are still recovering from the lockdown effects, will take longer than 12 months. Confidence levels remain low.”

03

Spread / decline of Covid levels to determine future market activity

- “Overseas markets are again under pressure with certain countries being put back in lockdown. This will in time roll over to supplies being limited.”
- “Hope to see some recovery steadily filter back, provided we are not hit with a second wave of hard lockdown.”
- “All is dependent on the Covid regulations if the levels change again.”

04

Not expecting much activity

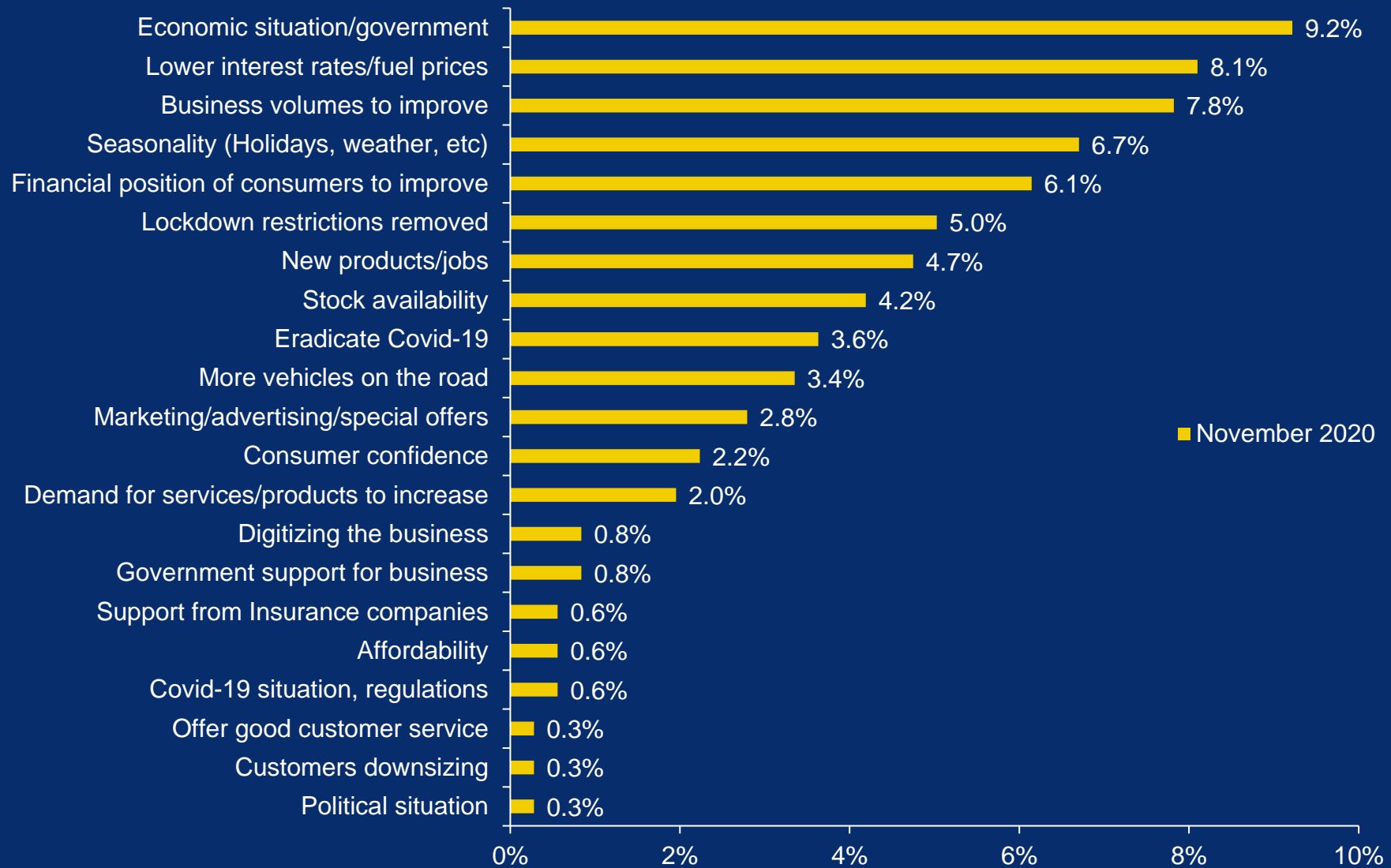
- “The increase in volumes is very slow.”
- “Recovery will be slower due to financial pressure on buyers.”
- “Lots of people lost their jobs, the economy is still suffering so I don’t foresee a boom in economic activity.”

05

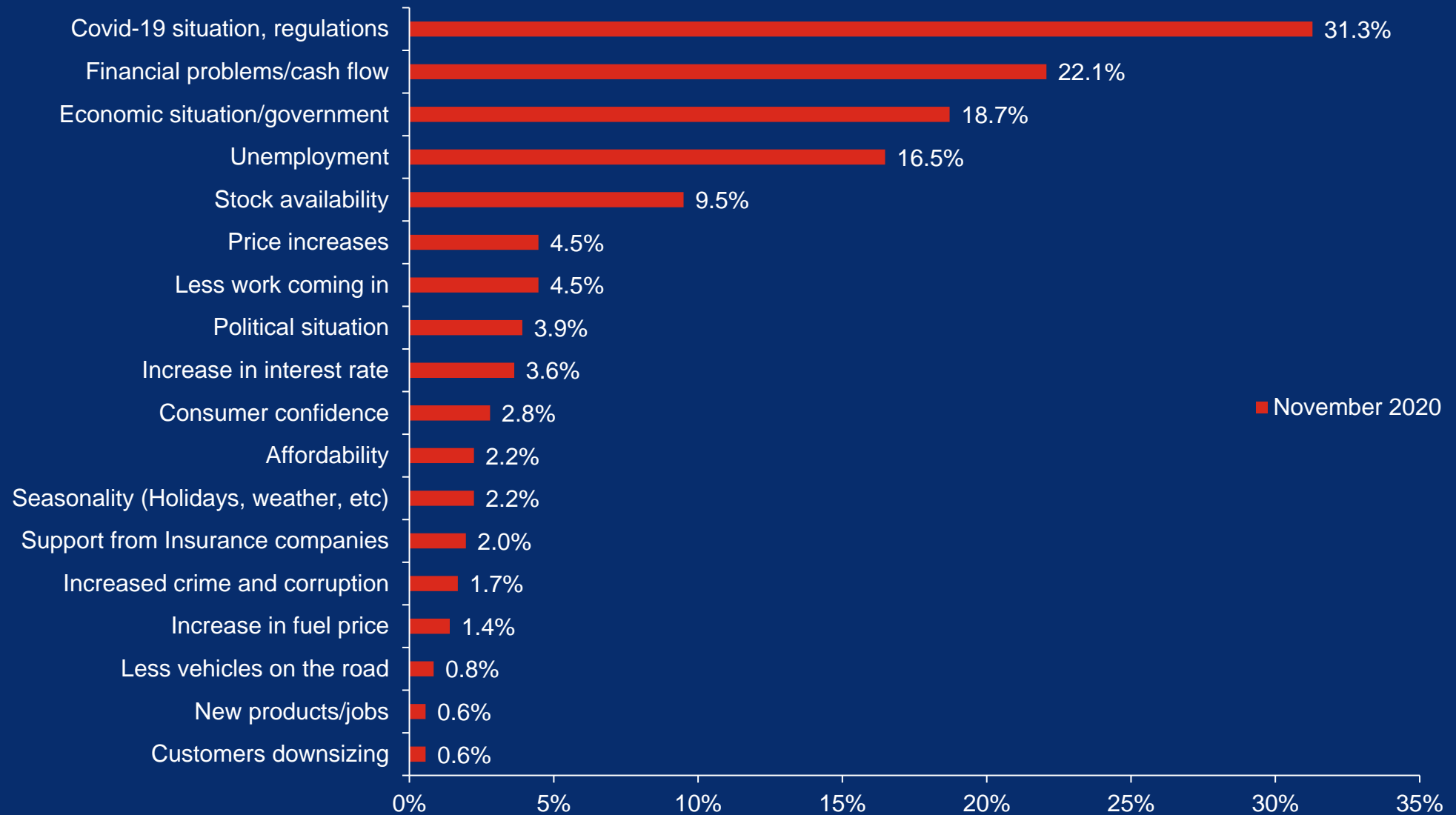
Customer’s financial position is a concern

- “People will not have a lot of money to spend on their vehicles after the festive season.”
- “In general, all individuals and businesses are experiencing extremely difficult times as result of lockdown, recession and ongoing instability.”
- “More and more clients are finding themselves in financial difficulty.”

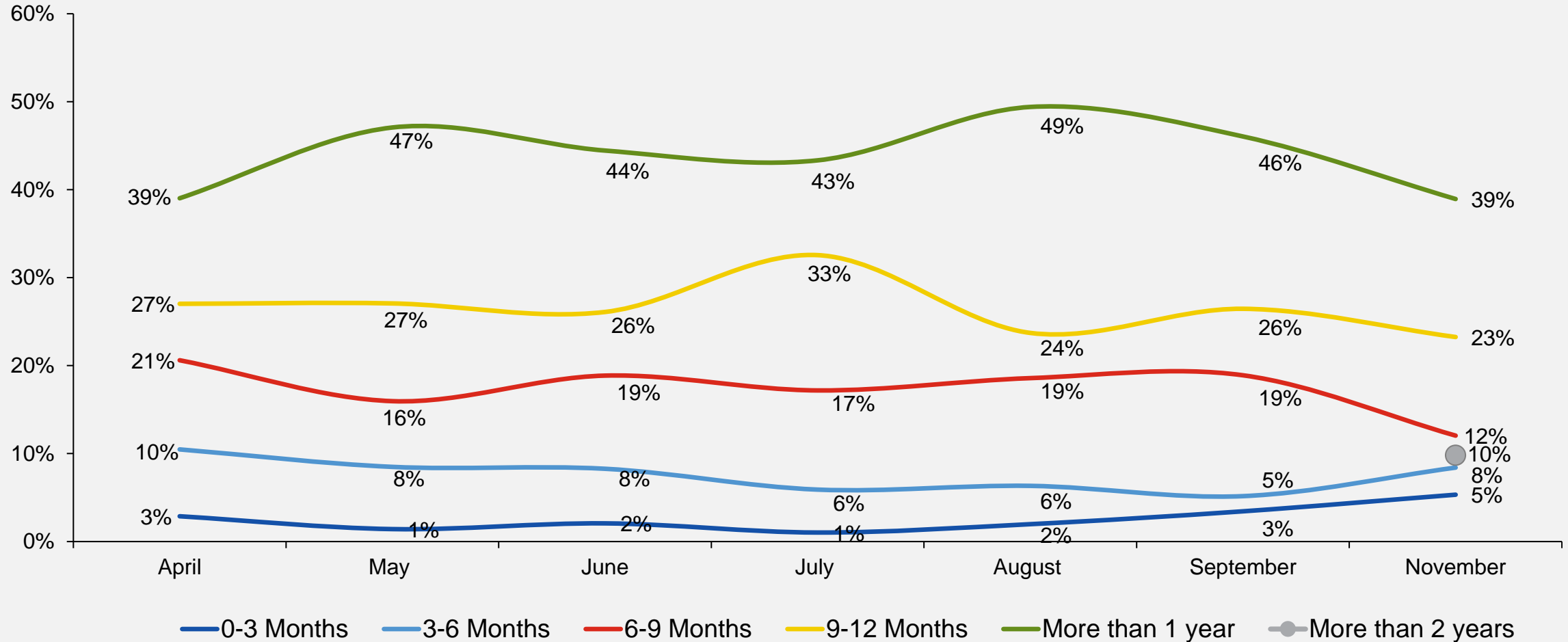
Positive factors anticipated to have the biggest effect on future activity



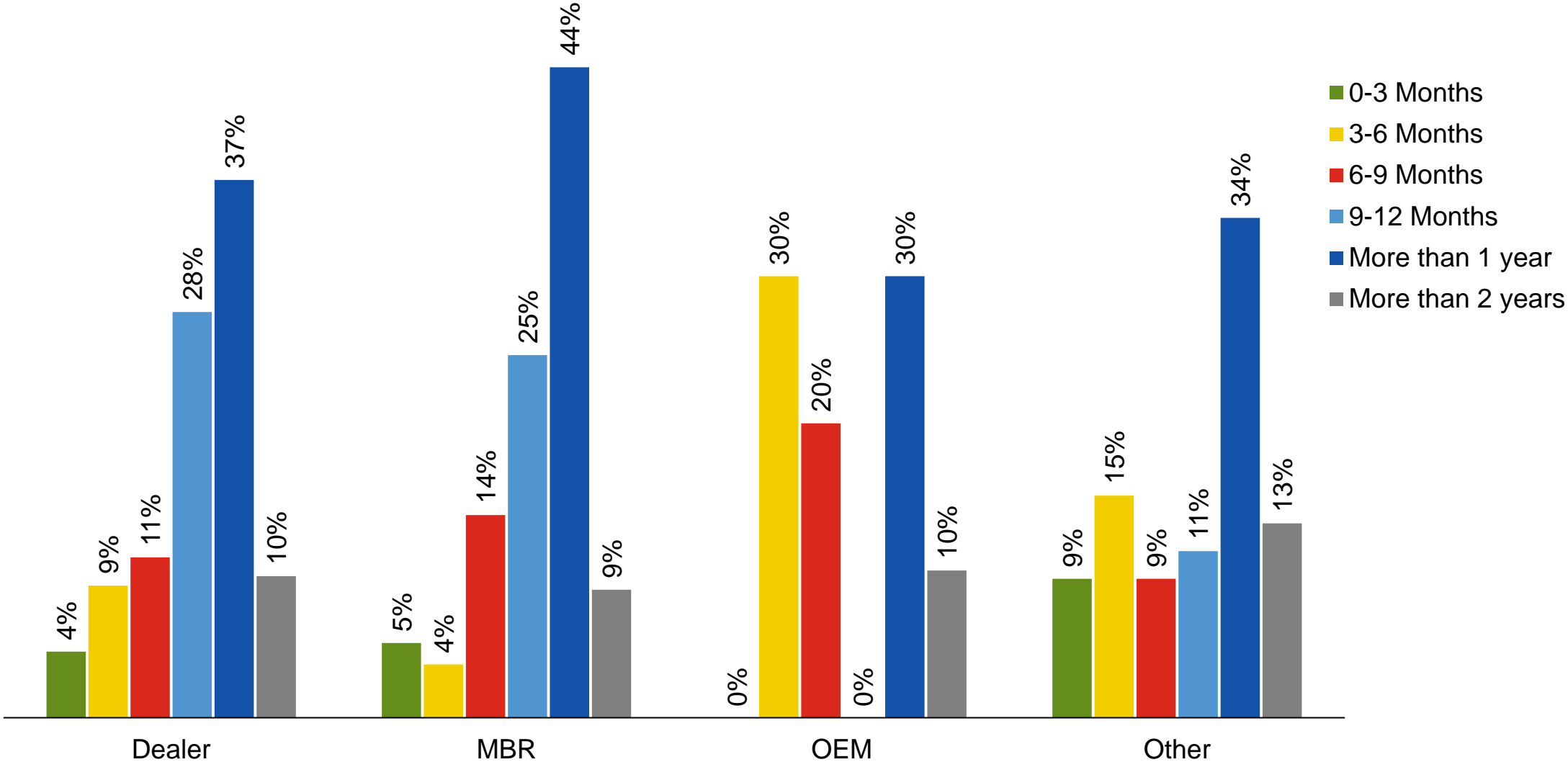
Negative factors anticipated to have the biggest effect on future activity



Time needed by business to recover from the impact of COVID-19



Time needed by business to recover from the impact of COVID-19, by segment



Contact us if you have any questions

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