

SA's car retailers under pressure due to load shedding - Nada chairperson

Mark Dommissie, chairperson of the National Automobile Dealers' Association (Nada), commented on the current energy crisis and its effect on car retailers: "Ongoing load shedding and uncertainty of stable power supply are having a severe and disastrous impact on businesses across South Africa. In the automotive retail sector, load shedding is putting a great deal of extra stress on vehicle retailing and servicing, as well as affecting the viability of dealerships as they are forced to spend large amounts of money to install alternative energy sources as well as fuel for generators."



Source: [Unsplash](#)

"If load shedding persists at varying stages of severity, as has been predicted for at least the next 24 months, dealerships who have not installed generators or solar backup will experience delays in completing vehicle purchases and financing, services and repairs. The motoring public will need to factor these possible delays into their planning when booking vehicles in for service or repairs, or when visiting a dealership to purchase vehicles.

"Backup solutions, which most dealers are taking or will be forced to take, mean a substantial amount of unbudgeted investment and, in the case of generators, significant ongoing fuel and maintenance costs. Unfortunately, these costs will, at some stage, need to be passed on to the already cash-strapped consumer while also negatively affecting a dealership's bottom line," he said.

Dommissie noted that among the effects of load shedding at dealerships is the inability to use certain tools and lifts in workshops because lighter-duty generators do not generate adequate power to cater for heavy electricity requirements. This then impacts the turnaround time for servicing and repairs.

Constant load shedding and schedule changes on a frequent basis make planning extremely difficult. Most franchise motor vehicle dealers have put in contingency plans to address the situation when it comes to a reliable supply of electricity.



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“Another major impact of frequent high stages of load shedding at the level we are currently experiencing is the significant impact on cellular network towers and other forms of communication. This significantly slows down the ability to communicate with clients, suppliers, fitment centres and banks, for vehicle finance,” explained Dommissie.

Franchised dealers which are supplied by local manufacturing plants are also concerned about the supply of new vehicles and replacement parts as load shedding impacts the automotive manufacturing sector. Although vehicle manufacturers themselves are exempt from load shedding this is not the case with most of the component manufacturers and suppliers. Their inability to supply components on time to assembly plants will affect vehicle production, while many of these companies provide replacement parts as well as those needed for vehicle production.

“This is indeed a very worrying time for vehicle retailers, coming so soon after the two-year hiatus due to the COvid-19 pandemic, the flood damage in KwaZulu-Natal and a time when many dealerships were just getting back on their feet,” concluded the Nada chairperson

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