

Online selling is a growing market for car dealers

By [Marius du Toit](#)

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Just as online shopping is the future for other industries, online platforms and new revenue models offer car dealers the opportunity to increase sales and manage stock more efficiently. The benefits of online buying are for car dealers as much as for customers - but service providers can't afford to be complacent.



Recent [surveys](#)¹ reveal that 58% of South African adults with internet access shopped online over the past year, spending an estimated R37.1bn. A further 53% said they would increase their online shopping in the next year.

Opportunities for disruptive business models

With a projected growth of 4% per year, the online market broadens opportunities for disruptive business models.

Car buying is no different. Shoppers are increasingly demanding a service that will respond to more tailored demands. In the shift from in-store to online buying, the car market can no longer afford only to offer access to second-hand cars, as many websites do.

Customers are becoming more attuned to their unique needs, and the market – if it is to remain relevant – must offer more competitive services.



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Though a part of the industry will always rely on walk-in customers, I believe dealers are gradually understanding the value of an online presence.

At Beat the Price, we work with a wide range of dealers, helping them take the leap to an online dealership. Some are already 100% online, while others use online selling as an extension of their business. (We even see some call centres that deal with online car sales – another exciting opportunity.)

Benefitting dealers

A successfully disruptive online platform in the motoring industry must benefit both dealers and customers. For dealers, the obvious benefit is efficient stock management. As most car dealers have warehouses, they must manage stock. With online selling, stock moves faster, reducing capital costs.

This is a general benefit of online selling, so to remain competitive, it must be taken to the next level.

Empowering customers

Then there is adding value to the competitive process, which is one of the ways the customer benefits. Certain platforms allow dealers to compete with each other openly. With all the cards on the table, they know the price they have to beat giving the customer the maximum price advantage.

Online car buying empowers customers to be specific about what they are looking for because of the broad range of choice available and the lack of geographical limitations.



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It can also remove the potential conflict of negotiating directly with dealers.

This more often than not means that buyers end up with the vehicle they really want, avoiding dealers who try to convince them to buy another model because it is in-stock instead of responding to real customer demand.

Some distrust

Since buying cars online is new to many people, it is to be expected that there will be some distrust from stakeholders. In the industry's early stages, everybody was targeting second-hand cars.

But tech advancements now mean consumers can buy a brand-new car online with all the warranties from the manufacturer, just as they would in-store, even when they don't see the car before buying.

Losing leads

A major challenge for dealers is the loss of leads. In the European market, 40% of online leads are lost. This is even more

pronounced in South Africa. To mitigate losses, dealers should view online sales portals as a lead source - they increase the number of leads in the sales funnel, equating to more sales.

Leads and sales systems in the online space can be a lot more automated, making the process more efficient, smoothing out communications between dealers and buyers and reducing the loss of leads.

Here to stay

The online new-car market is a recent development, and I expect the online car dealership and car sales industry to expand rapidly in the upcoming years. It matches customers' high expectations and consumption behaviour.

Nowadays, customers do not have time to waste and know precisely what they want.

They are also becoming more knowledgeable. With online car dealerships, dealers reduce overheads and do not necessarily have to have cars in stock. It is the way of the future, and it won't stop – so to remain relevant, dealers and providers must constantly be aware of their customers' evolving needs.

¹ [Fin24 article](#), 22 February, by Carin Smith

ABOUT MARIUS DU TOIT

Marius du Toit is the founder and managing director of Beat the Price. His love of cars and having contact with people motivated him to build a successful career in the car industry for more than 30 years. He started his career working as a business development officer for motor vehicle and business financing firm WesBank.

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