



Deloitte Africa on the Future of Mobility
Webinar insights

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The Future of Mobility – An African perspective



The global mobility industry is on a journey of constant transformation. Automotive retailers and mobility service providers find themselves increasingly challenged by the fast-changing and volatile mobility market, which is influenced by global trends as well as economic, social and market challenges.

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Global automotive trends

Global automotive trends have transformed the sector on a wider scale, mainly through innovative technologies. Key global innovations range from power train technologies, to battery and fuel-cell electric vehicles (EVs), which offer greater energy efficiency, lower emissions and energy diversity.

One other trend includes new vehicle designs made of strong, lightweight materials that reduce vehicle weight without compromising passenger safety. Vehicle technology has become one of the biggest trends with the majority of consumers showing willingness to pay for connected technology.¹

Global rapid advances in technologically connected vehicles such as vehicle-to-infrastructure and vehicle-to-vehicle communication technologies have also become one of the emerging trends. These

innovations have improved the way vehicles communicate with each other and their surroundings.

The challenges for and role of automotive retailers

Although innovation has transformed the automotive sector in a positive light, it may also cause disruption in automotive ownership models. Rapidly changing innovation in connected vehicles, EVs and autonomous vehicles can result in fragmented demand profiles and constant shifts in mobility preferences by customers.

¹ Deloitte, 2019. 2019 Deloitte Global Automotive Consumer Study. Available [Online]. <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/manufacturing/us-global-automotive-consumer-study-2019.pdf>



“Technology has played and continues to play a vital role in mobility transformation. This is especially the case in times of uncertainty...”

In addition to that, new players are experimenting with disruptive new mobility models, thus increasing customer retail experience and complexity. External factors such as volatile oil prices continue to challenge automotive retailers as they create uncertainty in demand for different levels of fuel economy. These shifts are likely to result in increased demand complexity, thus posing challenges related to operational efficiency for automotive retailers.

Technology has played and continues to play a vital role in mobility transformation. This is especially the case in times of uncertainty such as the current rapid spread of the novel coronavirus (COVID-19). Mobility service providers need to see this as an opportunity to improve customer experience, build innovative business models and deliver connected services to respond to customer needs with the assistance of technology.

Is Africa an attractive mobility market?

The mobility market in Africa is quite complex. Africa continues to record relatively low vehicle penetration rates, with the continent making up about 1% of global vehicle production. These figures, together with the region’s low motorisation rate (44 versus a global average of 180 per 1 000 vehicles), lower GDP growth rates (relative to previously high growth figures),² high costs of new vehicles and lack of finance options, may raise concern regarding the attractiveness of Africa’s mobility market.

² African Development Bank, 2020. Africa Economic Outlook 2020. Available [Online]. <https://www.afdb.org/en/knowledge/publications/african-economic-outlook>



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African trends that may drive consumption and sustain economic growth include:³

- **Unprecedented population growth:** Africa’s population is expected to more than double from 1 billion to over 2.5 billion by 2050. The youth population is expected to grow by 57% by 2030 to 321 million. In addition, Africa will have the largest working age population of 1.1 billion by 2034 an asset in an ageing world.
- **Rapid urbanisation:** Africa’s urban population is to increase to 50% and then 60% in 2030s and 2050s, respectively. Almost 200 million will move to cities in next decade. The *United Nations* has forecast that by 2030, Africa will have four megacities (Lagos, Cairo, Luanda and Dar es Salaam) with a population of at least 10 million.⁴

- **Growing middle class:** Africa’s household consumption grew faster than GDP between 2010 and 2015. About 500 million people will be in the broader middle class by 2025 and GDP per capita is expected to increase 30% between 2010 and 2030.
- **Leapfrogging technologies:** Africa’s mobile penetration averaged 82% in 2019. The increasing mobile penetration rates have the potential to unlock limitations of physical infrastructure across various mobility challenges.⁵

These above-mentioned factors, combined with Africa’s highly concentrated mobility market (South Africa, Egypt and Morocco), present significant prospects for growth in Africa’s mobility markets.

³ These African trends do not take the impact of COVID-19 into account.

⁴ United Nations, 2019. Africa’s megacities a magnet for investors. Available [Online]. <https://www.un.org/africarenewal/magazine/april-2019-july-2019/africa%E2%80%99s-megacities-magnet-investors>

⁵ Ovum TMT intelligence, 2019. Africa Digital outlook. Available [Online]. <https://www.omdia.com/~media/informa-shop-window/tmt/events/africom18/africom-africa-digital-outlook.pdf>



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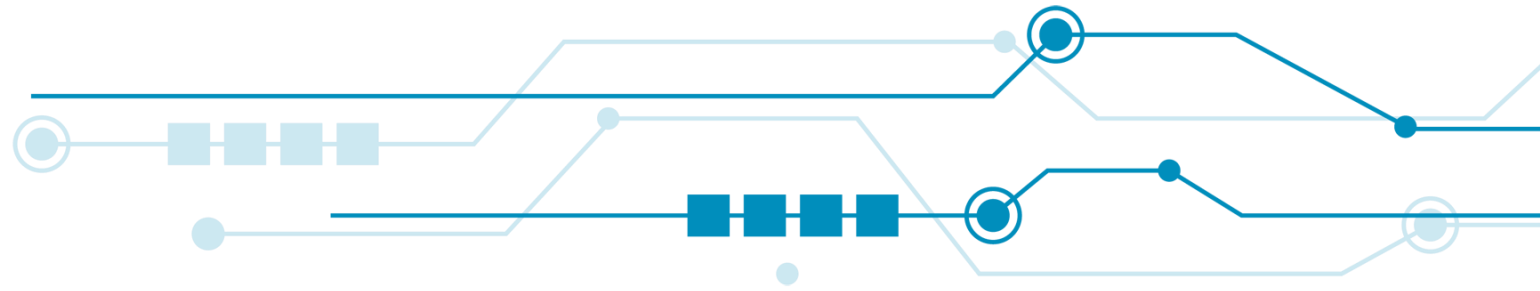
Operating in times of uncertainty

As companies continue to operate in fast-changing times, African mobility retailers and service providers need to find ways to navigate through times of uncertainty and reshape their current strategies to align them with the ever-changing trends of mobility as well as unforeseen changes that affect businesses.

For example, some mobility service companies have collaborated with various government institutions in efforts to implement new innovative strategies in response to the current COVID-19 pandemic. Once implemented, these innovative strategic plans will not only cater for the current crisis, but will also benefit their individual businesses in the long-run.

With technology making it easier to manoeuvre in our daily lives, it is important for companies to rethink major aspects of how they operate today and ensure their strategic business models include robust automotive technology and appropriate modernisation levels. These will help mobility retailers and service providers to remain relevant in the market and continue operating efficiently in times of uncertainty.

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This insights summary is based on a webinar with the same title that was hosted by Deloitte Africa's **Dr Martyn Davies**, Africa Automotive Leader, and Managing Director of Emerging Markets and Africa on 24 March 2020. Speakers included:

- **Mike Vincent**, Consulting Director: Automotive, Deloitte Africa
- **Nduduzo Nyanda**, Country Manager of Uber South Africa
- **Tshepo Rox Sikwane**, Co-Founder and COO of Lifti
- **Clemens Pizzinini**, Research Associate at Technical University of Munich (leading aCAR project)



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