

Volkswagen of South Africa captures passenger market leadership despite tough conditions

During November 2008 a total of 21 943 new passenger cars were sold in South Africa. Total new passenger car sales in November declined by 14.1 per cent when compared to October 2008, and were 33.6 per cent down on November 2007, bringing the market for January to November 2008 to 24.1 per cent below the same period for 2007.

Volkswagen of South Africa captured passenger market leadership in November with 5 113 passenger units sold - a market share of 23.3%. "Sales for the Volkswagen Brand were once again bolstered by significant performances from Citi Golf, with 1 410 units sold, and Polo/Classic, which sold 2 096 units," said Volkswagen of South Africa Sales and Marketing Director Mike Glendinning.

"In addition, more than 800 units were sold in the premium segment by the Audi Brand," he added.

Sales of new passenger cars and the selling rate per day of new cars in November 2008 dropped to levels last experienced in 2003, at the very beginning of the boom that took place in the sale of new cars that peaked in June 2006, Mr Glendinning stated.

"The combination of high inflation and interest rates, household financial stress, the stock market meltdown, the global financial crises and rapid deterioration in the exchange rate, a rapidly weakening economy with seasonally adjusted and annualized third quarter GDP growth the lowest since the third quarter of 1998, and recent sharp increases in new vehicle prices - reflecting the fastest rate of new vehicle price increases since June 2003 - are all taking their toll on demand for new passenger cars," he explained.

"Furthermore, with the full impact of the global financial crises and steadily emerging, possibly deep, global economic recession, yet to fully impact on the South African economy, 2009 - in particular the first half of 2009 - will undoubtedly present challenging trading conditions in the new passenger car market, despite reductions in interest rates and a drop in inflation.

"With 2008 drawing to a close it is probable that the new car market will end up some 24 per cent down on the market recorded last year, and the outlook going forward seems to suggest that the market in 2009 could decline by a further 10 to 15 per cent before some consolidation and recovery possibly occurs in the latter half of the year," Mr Glendinning concluded.

ENDS.

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