

Statistics

shocker



Despite Mercedes-Benz SA being blocked in delivering its data, sales showed 20 percent increase over 2010 numbers

As the year 2011 drew to its close speculation was rife that a final truck market annual sales volume of 27 000 units was possible, marking a return to conditions last experienced in 2005. However, the announcement by Mercedes-Benz South Africa that it had been instructed by its overseas principals to terminate its sales reporting to NAAMSA – just before the December 2011 returns were submitted – prevented any chance of that milestone being reported and, in view of the extremely important position occupied by MBSA in South Africa, seriously disrupted the integrity of the market results published for December and, by implication, the entire 2011 calendar year.

Subsequent to that announcement, NAAMSA had compiled statistics for the month of December (and, by implication, the whole of 2011) using the actual reported volumes of suppliers remaining “in the system” – to which its best estimates of the results of the Mercedes-Benz group have been added. However, it’s important to note these estimates couldn’t undergo the verification processes routinely applied to

the sales reports of normally participating suppliers. Therefore the volumes recorded for Mercedes-Benz, Freightliner and Mitsubishi Fuso can only be regarded as indicative and will, hopefully, be corrected at some time in the future.

It should also be noted the sales volumes subsequently published by Mercedes-Benz in a press release issued after the announcement of the December NAAMSA volumes were not subjected to the verification process required for inclusion in the official NAAMSA database and were, therefore, unsuitable for use in this analysis.

The foregoing chain of events has made the normal detailed analysis of the fourth quarter (and the entire year) practically impossible. NAAMSA has indicated it will make every effort to resolve the situation. However, in the interim this report will concentrate mainly on the absolute volumes reported by participating manufacturers, and qualitative issues in the local marketing scenario, in the hope the market’s statistical integrity can be fully restored in the near future. Readers are asked to bear in mind the accompanying Table 1 incorporates

Quarterly review

This commentary reflects the state of the South African “Truck Market” for all Commercial Vehicles with Gross Vehicle Mass ratings above 3 500 kg, as reported to the National Association of Automobile Manufacturers of South Africa (NAAMSA). In line with the current reporting regime of that organisation, the market has been divided into the following segments:

- MCV – Medium Commercial Vehicles, GVM 3 501-8 500 kg.
- HCV – Heavy Commercial Vehicles, GVM 8 501-16 500 kg.
- EHCV – Extra Heavy Commercial Vehicles, GVM 16 501 kg and above.
- Buses – Passenger Vehicles, GVM 8 501 kg and above.

These reviews are presented on a quarterly timescale in order to reduce the impact of short-term market distortions which are often created by specific bulk-buy deliveries, the launch of new products, and/or the run-out of obsolete product ranges.

Manufacturer Annual Performance 2011									
Manufacturer	MCV Units	HCV Units	EHCV Units	Bus Units	Total Units	Market Share		Market Position	
						2011	2010	2011	2010
Mercedes-Benz SA	2 246	665	3 962	203	7 076	26.90	28.09	1	1
Change						-1.19		0	
Hino/Toyota	1 965	1 109	315	0	3 389	12.89	14.30	2	2
Change						-1.41		0	
UD Trucks SA	799	1 331	1 104	0	3 234	12.30	11.50	3	3
Change						0.80		0	
MAN Group	0	197	1 620	439	2 256	8.58	8.25	5	5
Change						0.33		0	
GMSA (Isuzu)	1 440	973	331	16	2 760	10.49	11.12	4	4
Change						-0.63		0	
Volvo Trucks	0	0	1 768	55	1 823	6.93	5.82	6	6
Change						1.11		0	
Iveco	650	39	148	76	913	3.47	3.38	9	9
Change						0.09		0	
International	0	0	849	0	849	3.23	2.79	10	11
Change						0.44		1	
Scania	0	0	1 162	131	1 293	4.92	4.88	8	7
Change						0.04		-1	
Tata	711	390	176	42	1 319	5.02	4.70	7	8
Change						0.32		1	
Peugeot	224	0	0	0	224	0.85	0.56	12	13
Change						0.29		1	
Volkswagen	738	0	0	0	738	2.81	3.21	11	10
Change						-0.40		-1	
VDL	0	0	0	24	24	0.09	0.09	16	17
Change						0.00		1	
Babcock/DAF	0	0	132	0	132	0.50	0.19	14	15
Change						0.31		1	
Fiat	86	0	0	0	86	0.33	0.38	15	14
Change						-0.05		-1	
Nissan	0	0	0	0	0	0.00	0.09	n/a	16
Change						-0.09		n/a	
Citroen	3	0	0	0	3	0.01	0.00	17	0
Change						0.01		n/a	
Powerstar	0	0	181	0	181	0.69	0.68	13	12
Change						0.01		-1	
Totals	8 862	4 704	11 748	986	26 300	100.00			

the aforementioned NAAMSA estimates of volumes sold by MBSA, Freightliner and Mitsubishi Fuso in December 2011 and that limitation must be recognised when using this data for direct comparison with previously published Truck Market Focus reports.

Notwithstanding the foregoing, the 2011 truck market reached a final estimated total of around 26 300 units, almost 20 percent better than the equivalent volume of 22 021 units recorded in 2010. This result can be regarded as highly satisfactory, given the obstacles to market growth that presented during the year and the level of uncertainty still prevailing in the economies of many of South Africa's trading partners overseas. Incidents of restricted product supply, mainly stemming from the Tōhoku earthquake and tsunami that struck Japan early in March, have surfaced several times over the year and have influenced the

fortunes of some major market players. To that can be added factors such as sporadic local industrial action, an extremely volatile rand and fuel prices that increased for much of the year, putting pressure on operators' financial results.

In this situation operators with cash resources and strong balance sheets understandably protected their interests by buying up available local stock and that added its share of impetus to the market. The growth in sales volumes experienced last year has also been influenced by the inability of the local rail sector to capture its rational share of long-distance and over-border freight traffic, a situation confirmed by the most recent published results of Business Day's "Mooi River Index", which records the absolute number of five or more axled vehicle combinations that pass through the Mooi River toll plaza on the N3 between Durban and the interior (in both

directions) each month. This index reflected year-on-year traffic growth of just less than 20 percent in September 2011, leaving no doubt that South Africa and its neighbours are becoming increasingly dependent on road haulage to sustain their economies and secure economic growth.

SEGMENTATION DYNAMICS

The 2011 total truck, bus and van market (as estimated by NAAMSA) has exhibited a substantial swing in favour of the EHCV segment, which accounted for 44,7 percent of the available sales, up sharply from 38,6 percent last year. This market share improvement has been gained mainly at the expense of the heavy passenger bus category, which declined from its Soccer World Cup-enhanced performance of 7,1 percent in 2010 to a considerably more modest 3,8 percent in 2011, and the cruiserweight HCV segment, which

gave up more than two percentage points of penetration from its 2010 level of 20 percent. At least some of the latter decline can be ascribed to product supply constraints suffered by the Japanese brands dominating the HCV category, as detailed in the previous section.

The MCV category held up well last year, giving up only half a percentage point of market share when compared with its 2010 position, to end the year at 33,7 percent. That's significant, given many of the chassis/cab products in this segment are also Japanese-sourced and that MCV category vehicles are employed in a wide variety of business activities in the retail and service sectors of our economy, as well as public utilities, plus the long-distance arm of the taxi industry. Some early signs of a consumer revival in an otherwise lacklustre national macro-economic environment were evident during the second half of 2011 and those would have provided valuable support to this vehicle category.

MANUFACTURER PERFORMANCE

Please refer to Chart 1, which illustrates the relative market performance and ranking of each participating manufacturer in the quarter just completed against the returns for the immediately equivalent preceding period.

(Please note: The inclusion of estimated December 2011 sales results for Mercedes-Benz, Freightliner, Western

Star and Mitsubishi Fuso has prevented the accurate calculation of market share percentages for the review period and those automatically created by the formulae embedded in Chart 1 should be treated with appropriate circumspection. For that reason, most comments in this section have been restricted to those relating to the absolute volumes of vehicles sold and known promotional activity during the most recent quarter).

Readers should please note the groupings of manufacturers contained in this section of the report. The rule employed is: if a manufacturer/group sells more than one brand through its distribution channels then all sales for those brands will be consolidated in the result for the manufacturer/group. Thus, Mercedes-Benz includes Freightliner and Fuso; Toyota/Hino contains both brands; MAN includes Volkswagen (Constellation) trucks and Volksbus passenger units but not VW commercial vans (listed separately); and Volvo Trucks includes Mack and Renault.

Mercedes-Benz SA.

Notwithstanding the absence of accurate market results for Mercedes-Benz and its associated brands in December, it can be estimated that the group maintained overall leadership of the combined truck, bus and van market in 2011 and sold the greatest number of absolute units in both the MCV and EHCV segments. During the

fourth quarter Mercedes-Benz announced it was initiating a project (in conjunction with Sasol and Unitrans) that will involve the operation of a liquefied petroleum gas-fuelled Actros in KwaZulu-Natal. It can be expected that other similar exercises will emerge until South African transport operators are provided with more general access to low sulphur diesel fuel.

Hino/Toyota

Despite being substantially handicapped by product availability limitations in 2011, Toyota's South African truck operation recovered well during the final quarter and was able to maintain its second position in the overall market rankings, recording an absolute sales volume of 3 389 units and year-on-year volume growth of 7,7 percent. Hino announced a significant package of enhanced product support features towards year-end 2011, including extended oil change intervals, improved warranty conditions and a roadside assistance programme.

UD Trucks SA

Of the Japanese marques active in the local market, UD fared the best in terms of volume improvement during 2011, recording growth of 27,7 percent and retaining leadership of the HCV segment, while also consolidating its position as the leading Japanese-sourced supplier of premium payload EHCV units. During 2011, ▶



UD benefitted from the first full year of availability of its latest MCV product range and seemed able to manage its inventory situation with more success than any of its compatriots. UD has indicated it will roll out an aggressive programme of new product introductions this year.

Tata

Tata's sales performance in 2011 was substantially better than in the previous year, returning volume growth of 27,6 percent. That improvement was characterised by a significant recovery in its EHCV segment performance following a sharp decline in 2010. Some progress was also made in penetrating the South African market for buses over 8,5 tons GVM. With local assembly of commercial vehicles now established, Tata seems to have arrested its recent decline in the market standings and will, no doubt, be actively promoting its new Prima range of EHCV models this year.

MAN Group

With global ownership and control by the Volkswagen Group now an established fact – and local management stability re-established – MAN was able to grow its South African sales volumes by almost 25 percent last year. That achievement was underpinned by a substantially improved performance by the Brazilian-sourced Volkswagen product, which doubled its volume in the year-on-year comparison. And it was notable that the bus component of this range, having been integrated into MAN's powerful local passenger vehicle marketing structure, has made a substantial contribution to the group's performance. This factor also supported MAN's recovery of its traditional market leadership position in the heavy bus category. MAN recently announced the opening of a new branch outlet, including sales and service facilities, in Bloemfontein.

GMSA (Isuzu)

With its renewed product range now well established in the local market, Isuzu recorded absolute volume growth of 12,75 percent against its equivalent 2010 performance, which clearly resulted from effective management of the product supply

situation out of Japan. This improvement was spread throughout all market segments and its 2011 volumes also included the first reported sales of homologated bus models since the demise of the DPR/DHR series during the 1980s.

Volvo Trucks

The Volvo Trucks result (which also included local sales of Renault models) reflected a most impressive volume gain of 42,3 percent over the group's 2010 return. As usual, the activities of both brands were

a further reflection of the extremely positive current orientation of South Africa's long-distance transport operators to premium haulers of Swedish origin. Though Scania's bus sales volumes declined slightly last year the manufacturer's active involvement in alternative fuel technology may well exert a positive influence on its local city bus sales performance.

Iveco

Improved sales of MCV category Daily vans, plus a welcome up-tick in HCV segment



heavily concentrated in the EHCV segment, although recent evidence suggests the local market is becoming more amenable to rear-engined commuter buses and that should benefit Volvo's passenger vehicles in the years ahead.

Scania

While not quite as spectacular as Volvo's performance, Scania's year-on-year volume growth of slightly more than 20 percent was

EuroCargo volumes, were the main factors supporting Iveco's 22,7 percent improvement in year-on-year sales volumes. The brand's performance in the EHCV and bus segments was less impressive, with the reduction in bus sales most likely reflecting some slowdown in acquisitive activity by prime customer PUTCO.

NC² - Trucks (formerly international Trucks)

Year-on-year sales volume growth of

38 percent characterised the local performance of International Trucks over 2011, when this supplier's traditional heavy focus on the EHCV segment paid off in a market environment that favoured top-end premium haulers. Ample evidence of a future broadening of marketing orientation to include HCV category vehicles at last year's Johannesburg International Motor Show (JIMS) – in the form of the MetroStar exhibits – will dictate a comprehensive re-examination of the local company's marketing structure and organisation.

DAF sales volumes during 2011 was a most impressive 222 percent, with the absolute number of units sold into the South African market increasing from 41 to 132. The great majority of units sold locally during the year were from its XF premium truck-tractor line-up.

VDL

Front-engined ladder-frame bus specialist manufacturer VDL retained 24 units last year, an improvement of 26 percent over its 2010 performance.

volumes, recording 224 sales in 2011, and PSA stablemate Citroen recorded three unit sales in the MCV segment to open its annual account in the South African truck market.

Non-reporting manufacturers

Readers should please note that local sales volumes of several commercial vehicle brands – including FAW, Warrior (Dong Feng), Foton and Ashok Leyland – haven't yet reported to NAAMSA and are therefore excluded from the comments and data contained in this report. It should also be noted that Associated Motor Holdings has recorded sales in the MCV segment during the review period. In line with the policy of that group, no details of the individual models sold were disclosed to NAAMSA. However, from observation we can deduce that these vehicles are from the Hyundai HD Series of light trucks. These volumes are not subject to the full NAAMSA verification process and consequently haven't been included in the Chart 1 database. AMH's total reported sales in the MCV segment last year was 397 units.

GENERAL MARKET COMMENTS

At this very early stage in 2012 the short-term outlook for the truck market in the year ahead remains positive, given that product availability has been a constraining influence on reported volumes during the latter months of last year. Anecdotal evidence of strong supplier order books suggests current levels of demand may be expected to prevail through first quarter 2012, but the picture beyond that will depend largely on the unfolding of events overseas and the measure of success achieved by local governments in South Africa and businesses in addressing the challenges posed by foreign exchange currency fluctuation, volatile international oil prices and varying commodity demand levels among this country's trading partners worldwide. Therefore the local supply industry will need to exhibit considerable management ingenuity to ensure the critical balance between supply and demand is achieved and the broad expectation is that the 2012 truck market will end at a very similar level to its immediate predecessor. ■

MAN grew its South African sales volumes by almost 25 percent last year.



Powerstar

Powerstar's 2011 reported volume improved on the previous year's outcome by a margin of 20,7 percent, with local sales activity still firmly concentrated on construction-friendly vehicles in the EHCV segment. No sales for the new V3 and VX models (as exhibited at the JIMS show in October) have been reported yet.

Babcock/DAF

The year-on-year margin of improvement in

Van manufacturers

Four vehicle manufacturers compete in the MCV segment of this market only with European-sourced integral van-derived products. Of those, Volkswagen Commercials recorded a 4,5 percent improvement in year-on-year volumes, Fiat returned an almost identical result to its 2010 performance (86 units sold versus 83 units last year), Peugeot posted a remarkable 82 percent improvement in year-on-year