STATS SA
STATISTICS SOUTH AFRICA

# DISCUSSION DOCUMENT ON SOUTH AFRICA'S MOTOR TRADE INDUSTRY

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## 1. INTRODUCTION

Motor trade is a dynamic industry which can experience rapid change in a short space of time. Growth in this industry is largely explained by the nature of competition and changing consumer demands. Thus, today's motor trade industry is concerned with consumers' preferences for features such as styling, safety, fuel efficiency and comfort. In turn, these preferences are influenced by a range of factors such as the state of the economy, inflation, interest rates and household disposable income. These factors can change rapidly, and even long-term trends can be reversed relatively quickly, resulting in structural changes in the motor trade industry.

The motor trade industry in South Africa has seen a transition over the past few years, driven by various factors that have contributed to changes in the South African economy. This discussion document examines structural changes in the South African motor trade industry between 2006 and 2015. In addition, employment dynamics in the motor trade industry in 2015 are also discussed.

## 2. OVERVIEW OF THE MOTOR TRADE INDUSTRY

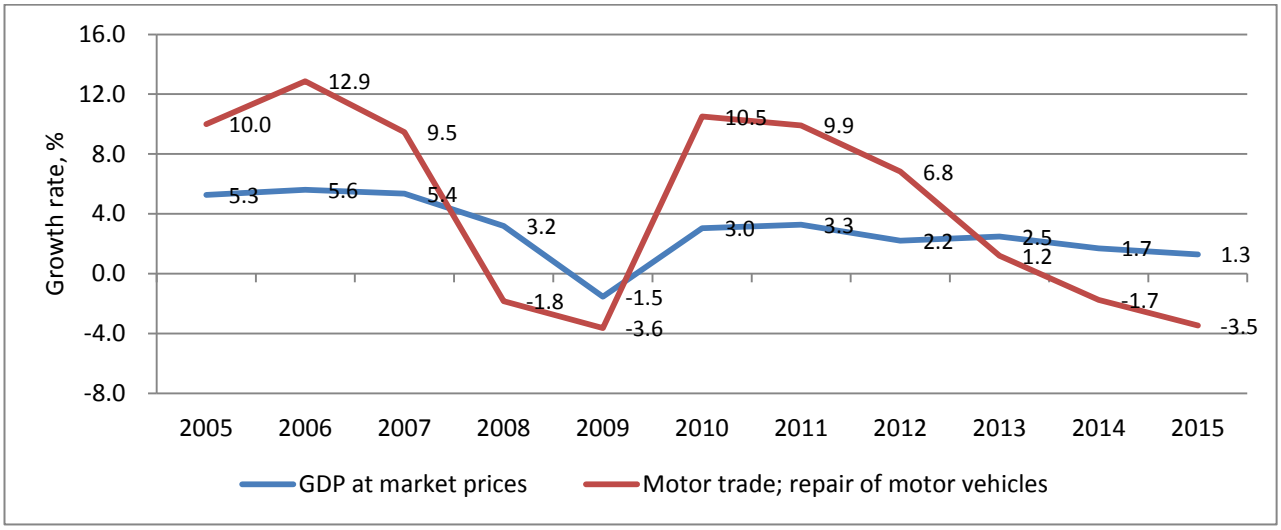
The motor trade industry is one of the important sectors in the South African economy. The industry is diverse covering a wide range of activities, comprising wholesale sales of motor vehicles; retail sales of motor vehicles; maintenance and repair of motor vehicles; sales of new motor vehicle parts and accessories; sales of used motor vehicle parts and accessories; sales, maintenance and repair of motor cycles and related accessories; and retail sales of automotive fuel. In simple terms, motor trade activities include authorised car dealers, filling stations, car brokers and independent dealers, authorised and independent service and repair operators and equipment and parts suppliers, among others.

In 2015, the motor trade industry's contribution to gross domestic product (GDP) stood at 2,2%, up from 1,9% in 2006. The motor trade industry is also an employer of note, accounting for about 3,4% of total formal employment in 2015, which is equivalent to 345 716 jobs[1].

Profit margins in the motor trade industry are generally low when compared with other industries within the trade sector. For instance, in 2015 the profit margin was 2%, compared with 10% in tourist accommodation and 3% in retail trade.

[1] Quarterly Employment Statistics, P0277.

**Figure 1 – Real GDP and motor trade value added growth rates, 2005–2015**




Source: Gross Domestic Product, P0441

Although the motor trade industry showed impressive recovery signs following the recession of 2009, particularly in 2010 and 2011, recent data show that the sector was still struggling. Figure 1 shows that in 2014 and 2015, value added in motor trade declined by 1,7% and 3,5% respectively. This is in contrast to high growth rates recorded in 2005 and 2006, when value added increased by 10% and 12,9% respectively. The slowdown in motor trade follows that of the economy as a whole, real GDP having increased by just 1,7% in 2014 and 1,3% in 2015.

In summary, motor trade is a very important industry in the South African economy, contributing immensely to economic growth and employment. However, the industry has not grown as fast as it did before the recession of 2009, which is characteristic of an industry in distress. Moreover, profit margins have remained relatively low when compared with other industries within the trade sector, reflecting the generally high levels of competition in the industry.

## 3. THE STRUCTURE OF THE MOTOR TRADE INDUSTRY

This section examines structural changes in the motor trade industry using recently-published data from Stats SA's Structural Industry Statistics (SIS)[2]. What is striking about the recent past is how profoundly the market structure, income contribution, expenditure and profit landscape has shifted between 2006 and 2015. These shifts are discussed next.

### *3.1 Market structure*

As mentioned earlier, the motor trade industry is very diverse and so is the market structure. The market structure, measured in terms of concentration ratios, shows that overall the motor trade industry is not concentrated, with concentration ratios for the largest five enterprises of 27% in 2006 and 16% in 2015. Based on the concentration levels observed for the whole industry, one can easily conclude that the motor trade industry is not a concentrated market. However, since motor trade activities are not uniform, concentration ratios for the industry as a whole may be misleading. Given this constraint, specific sub-sector concentration ratios will be examined.

[2] Structural Industry Statistics conducts a survey every three years to measure economic activity in the motor trade sector of the South African economy. This survey is based on a sample of private and public enterprises operating in motor trade.

Concentration ratios using the largest five enterprises show that wholesale sales of motor vehicles was concentrated. In 2006 the concentration ratio was 47%, but this declined to 44% in 2015. This entails that the five largest enterprises account for between 44% and 47% of total income in wholesale sales of motor vehicles. This is characteristic of an oligopolistic market structure, where a few large firms control the market. This market has barriers to entry for new entrants.

Similarly, retail sales of motor vehicles show some degree of concentration, with concentration levels of 36% in 2006 and 34% in 2015 (five largest). This is characteristic of monopolistic competition, where a large number of firms are selling differentiated products (similar but not identical) and entry to the market is unrestricted. For instance, there are many car dealers in South Africa selling cars of different makes, but each car dealer enjoys a certain degree of monopolistic power over its competitors as a result of the uniqueness of the product or because of the better location or a better service it provides.

In contrast, concentration ratios in retail sales of automotive fuel and maintenance and repair of motor vehicles show that these sub-sectors are not concentrated. The concentration ratio (five largest) ranged between 2% and 8%, suggesting a market that is not concentrated. This market structure is characterised by a large number of sellers and none could influence prices. Moreover, entry to this market is not restricted.

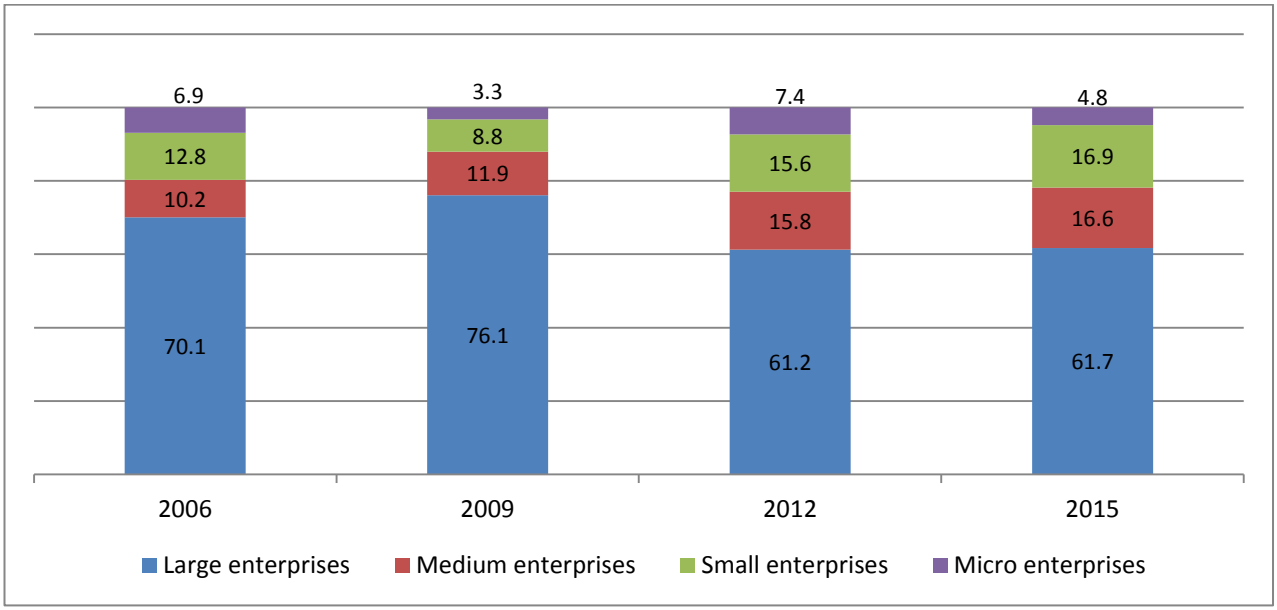
**Table 1 – Concentration ratios (five largest) in the motor trade industry, 2006–2015**

| **Type of motor trade** | **2006** | **2009** | **2012** | **2015** |
|---|---|---|---|---|
| Wholesale sales of motor vehicles | 47,0 | 46,4 | 43,3 | 44,5 |
| Retail sales of motor vehicles | 36,2 | 37,1 | 39,9 | 34,1 |
| Maintenance and repair of motor vehicles | 6,0 | 8,0 | 6,1 | 5,2 |
| Sales of new motor vehicle parts and accessories | 25,0 | 20,7 | 18,2 | 17,9 |
| Sales of used motor vehicle parts and accessories | 27,0 | 14,3 | 22,5 | 25,7 |
| Sales, maintenance and repair of motor cycles and related accessories | 27,0 | 24,1 | 17,9 | 21,9 |
| Retail sales of automotive fuel | 3,0 | 2,1 | 2,1 | 2,1 |
| **Total** | **27,5** | **18,9** | **17,6** | **15,9** |

Source: Motor trade industry, Report No. 63-01-02

Data in Table 1 also show that concentration ratios have declined across all motor trade sub-sectors. This decline could suggest that the motor trade industry was opening up for new entrants, particularly for small firms. Data by enterprise size in Figure 2 show that there was a notable change in income contribution by enterprise size. The proportion of income generated by large enterprises has declined over time. In 2006, large enterprises accounted for 70% of total income, which declined to 62% in 2015. In contrast, the contribution of both medium and small enterprises to total income has increased. The declining income contribution by large enterprises and the increasing contribution by medium and small enterprises suggest two possibilities – large enterprises downsizing their operations and/or the motor trade industry opening up to more medium and small firms.

**Figure 2 – Income contribution by enterprise size (percentage), 2006–2015**




Source: Motor trade industry, Report No. 63-01-02

### *3.2 Income contribution*

Data in Table 2 show that the two largest and the two smallest income contributors remained the same between 2006 and 2015. However, what did change was the magnitude of contributions between the two periods. Notable changes in income contributions were observed in retail sales of motor vehicles, retail sales of automotive fuel, maintenance and repair of motor vehicles and wholesale sales of motor vehicles. The market share of retail sales of motor vehicles declined from 58% in 2006 to 47% in 2015. In contrast, the market share of automotive fuel increased from 18% to 29% during the same period. Similarly, maintenance and repair of motor vehicles lost market share, from being the third largest contributor (10%) in 2006 to one of the lowest contributors (4%) in 2015. The notable changes in income contributions which are discussed in detail (in separate sections below) relate to observed changes in retail sales of motor vehicles and retail sales of automotive fuel.

**Table 2 – Income contribution by motor trade type (percentage), 2006–2015**

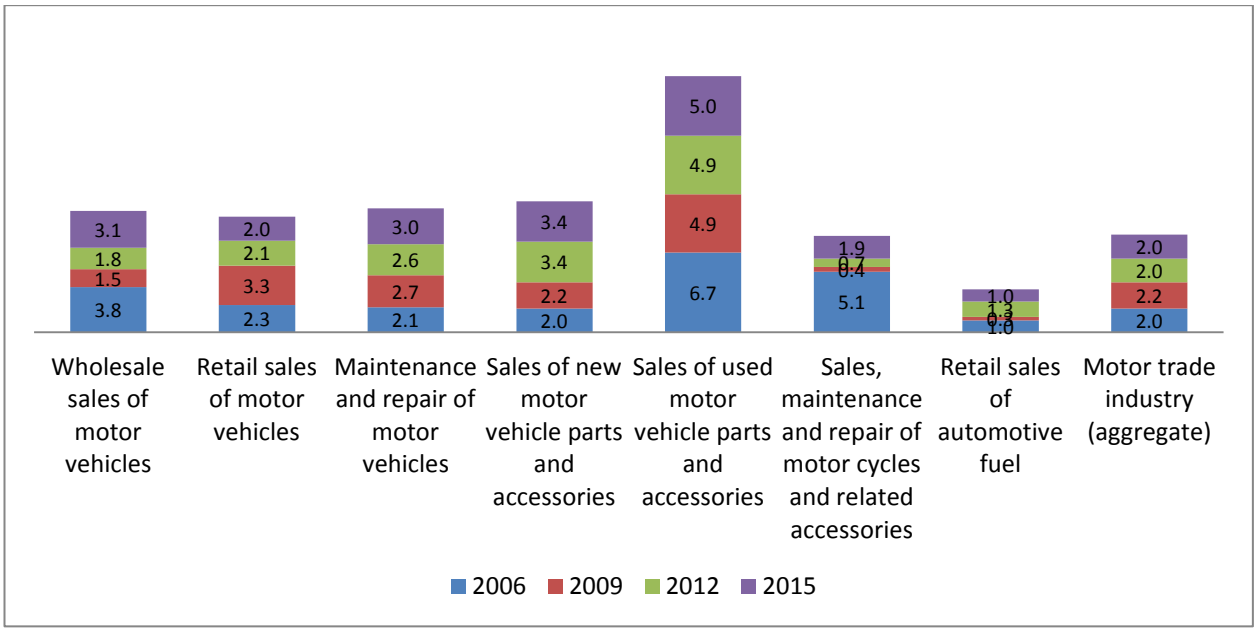
| **Type of motor trade** | **2006** | **2009** | **2012** | **2015** |
|---|---|---|---|---|
| Wholesale sales of motor vehicles | 6,0 | 7,3 | 7,2 | 8,6 |
| Retail sales of motor vehicles | 57,6 | 50,9 | 46,9 | 46,6 |
| Maintenance and repair of motor vehicles | 9,6 | 5,2 | 4,9 | 4,5 |
| Sales of new motor vehicle parts and accessories | 7,5 | 9,3 | 10,2 | 9,7 |
| Sales of used motor vehicle parts and accessories | 0,4 | 0,5 | 0,4 | 0,4 |
| Sales, maintenance and repair of motor cycles and related accessories | 0,7 | 0,7 | 0,7 | 0,7 |
| Retail sales of automotive fuel | 18,2 | 25,9 | 29,7 | 29,5 |
| **Total** | **100,0** | **100,0** | **100,0** | **100,0** |

Source: Motor trade industry, Report No. 63-01-02

### *3.3 The profit margin*

In addition to changes observed in the market structure and income contribution, SIS data show that the profit landscape shifted between 2006 and 2015. Thus, the motor trade types which recorded relatively high profit margins in 2006 were not the same as those with the highest profits in 2015, except for sales of used vehicle parts and accessories. In 2006, profit margins were the highest in sales of used vehicle parts and accessories (6,7%), followed by sales, maintenance and repair of motor cycles and related accessories (5,1%). However, in 2015 the profit structure was such that profit margins were highest in sales of used motor vehicle parts and accessories (5%), followed by sales of new motor vehicle parts and accessories (3,4%).

**Figure 3 – Profit margins by motor trade type (percentage), 2006–2015**

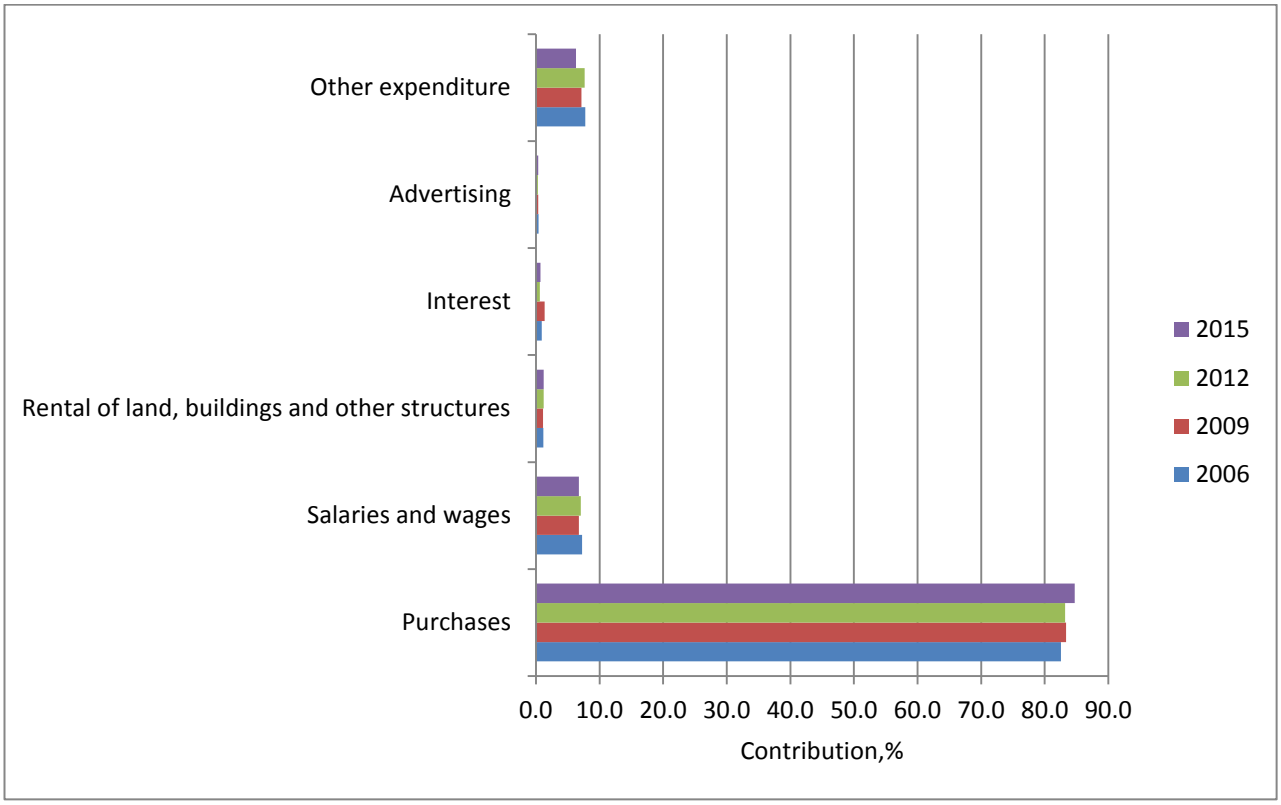



Source: Motor trade industry, Report No. 63-01-02

### *3.4 Expenditure structure*

In monetary terms, total expenditure in the motor trade industry doubled between 2006 and 2015. However, the cost structure remained fairly the same, with the bulk of the expenditure accounted for by purchases and salaries and wages. As shown in Figure 4, these two expenditure items combined accounted for over 90% of total expenditure. Given the nature of activities in the motor trade industry, the three largest purchases were cars (excluding vans, minibuses, trucks and lorries), new parts and accessories, and petrol/ fuel. As can be expected, a large expense of any motor car dealer will be car purchases, which are in turn sold to consumers. Similarly, for a petrol station, a large portion of its expenses will be the purchase of petrol/ diesel for resale.

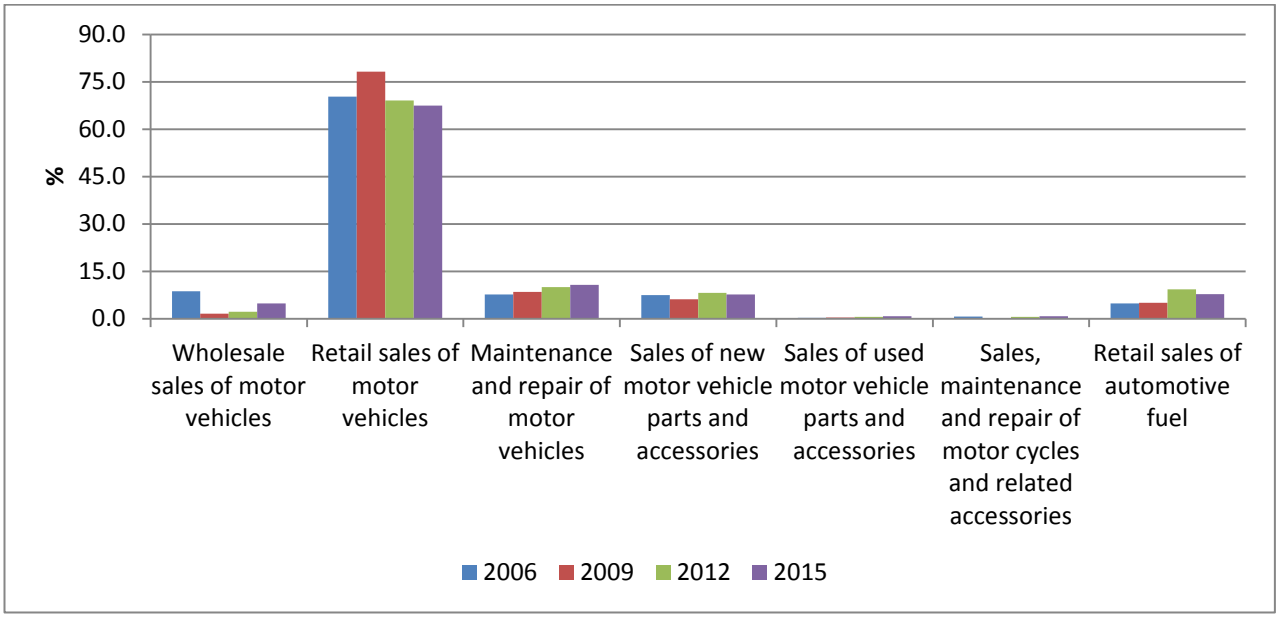
**Figure 4 – Expenditure in the motor trade industry, 2006–2015**




Source: Motor trade industry, Report No. 63-01-02

Data in Figure 5 show that expenditure on new capital assets varied across motor trade types. The amount spent on new capital assets in the motor trade industry increased from R2,5 billion in 2006 to R7,3 billion in 2015, with the bulk of capital expenditure occurring in retail sales of motor vehicles. However, as a proportion of total capital expenditure, the data showed a decline between 2006 (70%) and 2015 (67%). Another notable decline was observed in wholesale sales of motor vehicles, from 9% in 2006 to 5% in 2015. In contrast, capital expenditure on new assets increased (as a proportion) in maintenance and repairs of motor vehicles and retail sales of automotive fuel.

**Figure 5 – Capital expenditure on new assets by type of service, 2006–2015**

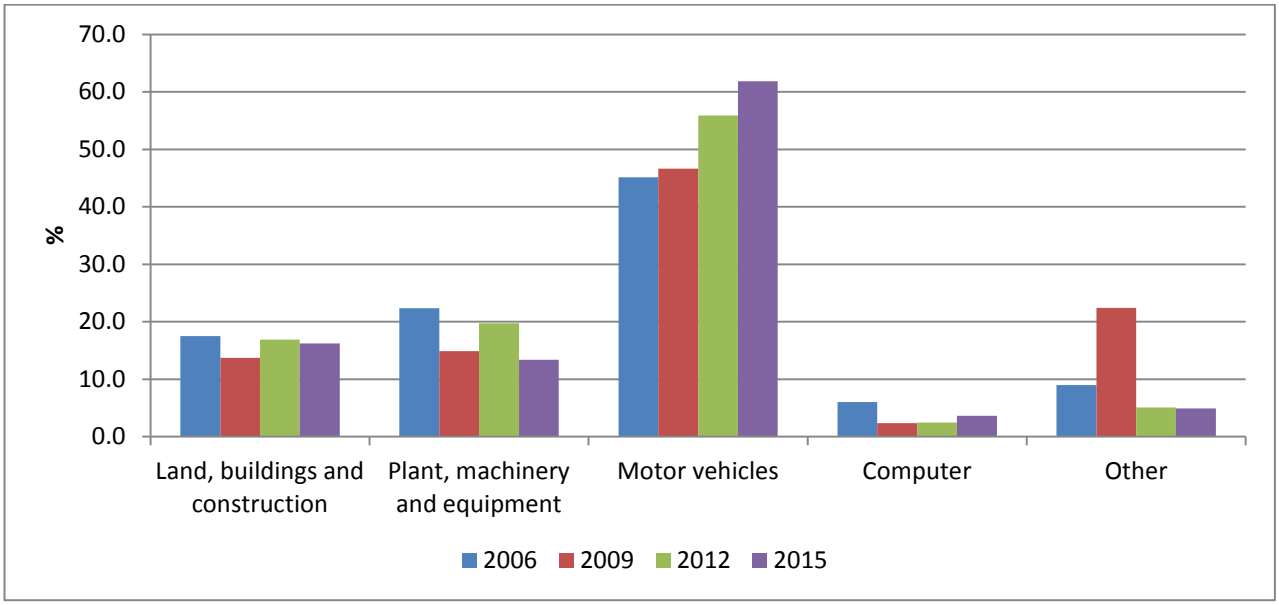



Source: Motor trade industry, Report No. 63-01-02

In 2015 the largest proportion of capital expenditure on new assets was the acquisition of motor vehicles, followed by land, buildings and construction, and plant, machinery and equipment (Figure 6). Moreover, the expenditure share of motor vehicles as new assets increased from 45% in 2006 to 62% in 2015, which could be attributed to cars used for internal purposes, such as transporting clients and the collection and delivery of parts. Some of these could be sold as demo-models.

The expenditure share of land, buildings and construction has declined slightly over time. This could be related to the increase in rental of land, buildings and other structures shown in Figure 4. Instead of buying land and buildings, the motor trade industry may have opted to rent for operation purposes, hence the decline in expenditure on land, buildings and construction as a proportion of the total. The expenditure share of plant, machinery and equipment also declined.

**Figure 6 – Capital expenditure by type of asset, 2006–2015**




Source: Motor trade industry, Report No. 63-01-02

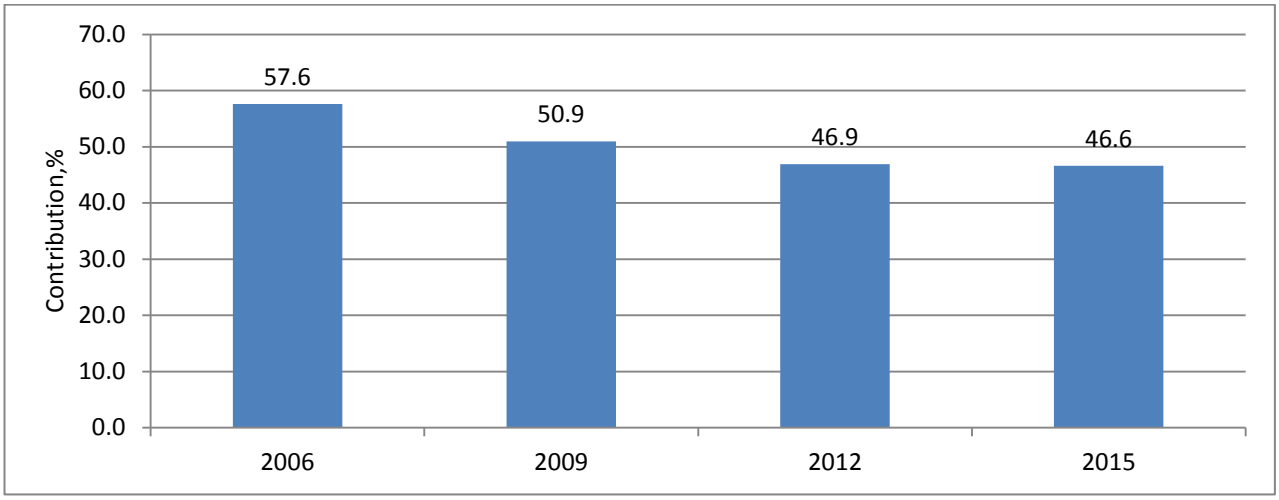
In summary, the data show that there have been changes in the motor trade industry between 2006 and 2015 relating to market structure, income contribution, profit margins and expenditure structure. Notable changes were observed in income contribution in retail sales of motor vehicles and retail sales of automotive fuel, which is discussed in detail in the next two sections.

## 4. RETAIL SALES OF MOTOR VEHICLES

This section examines in detail the changes observed in retail sales of motor vehicles and other trends that relate to the retail sales of motor vehicles.

Figure 7 shows that the contribution of retail sales of motor vehicles to total income has declined over time. In 2015, income from retail sales of motor vehicles accounted for 47% of total income, down from 58% in 2006. This is a decline of 11 percentage points.

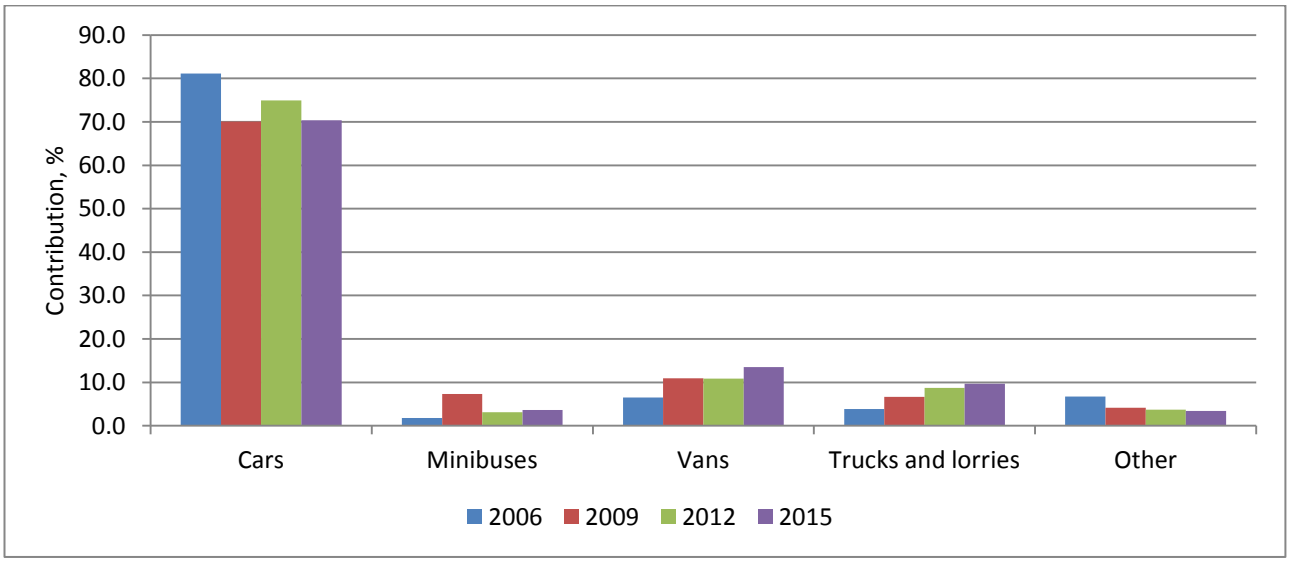
**Figure 7 – Income contribution of retail sales of motor vehicles, 2006–2015**




Source: Motor trade industry, Report No. 63-01-02

Data in Figure 8 show a breakdown of sales by type of motor vehicle. Although the sale of cars accounts for the largest contribution in total income, its contribution has declined over time. In 2006, income from car sales accounted for 81% of total income, but declined to 70% in 2015. In contrast, income contributions from the sales of vans and trucks and lorries have increased. The income contribution from sales of vans increased from 6,5% in 2006 to 13,5% in 2015. During the same period, income from sales of trucks and lorries increased from 3,8% to 9,7%.

**Figure 8 – Income from sales by type of motor vehicle, 2006–2015**

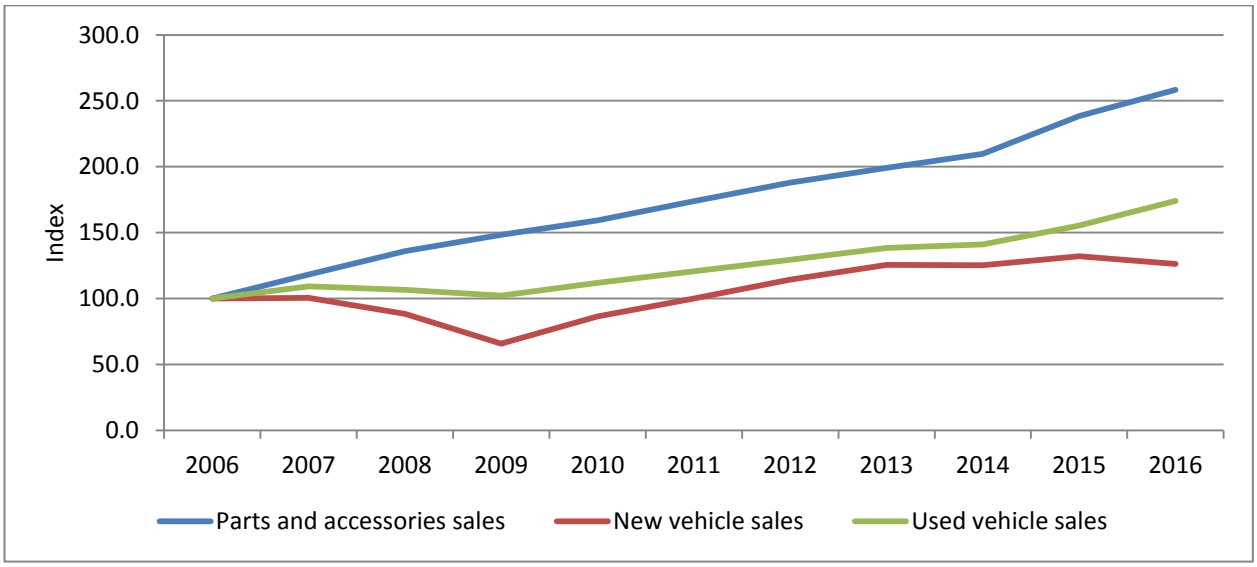



Source: Motor trade industry, Report No. 63-01-02

Data in Figure 9 also show a shift in sales patterns. Sales of used motor vehicles have increased faster than those of new motor vehicles. On average between 2007 and 2016, sales of used vehicles increased by 5,8% per year compared with 3,5% recorded for new motor vehicle sales. Over the same time, sales of motor vehicle parts and accessories increased faster than sales of both new and used motor vehicles. The faster growth in sales of parts and accessories could be linked to the relative increase in sales of used motor

vehicles. Thus, instead of buying new vehicles, consumers could have opted to purchase used motor vehicles, resulting in the increase in sales of parts and accessories.

**Figure 9 – Sales of motor vehicles; parts and accessories, 2006–2016**

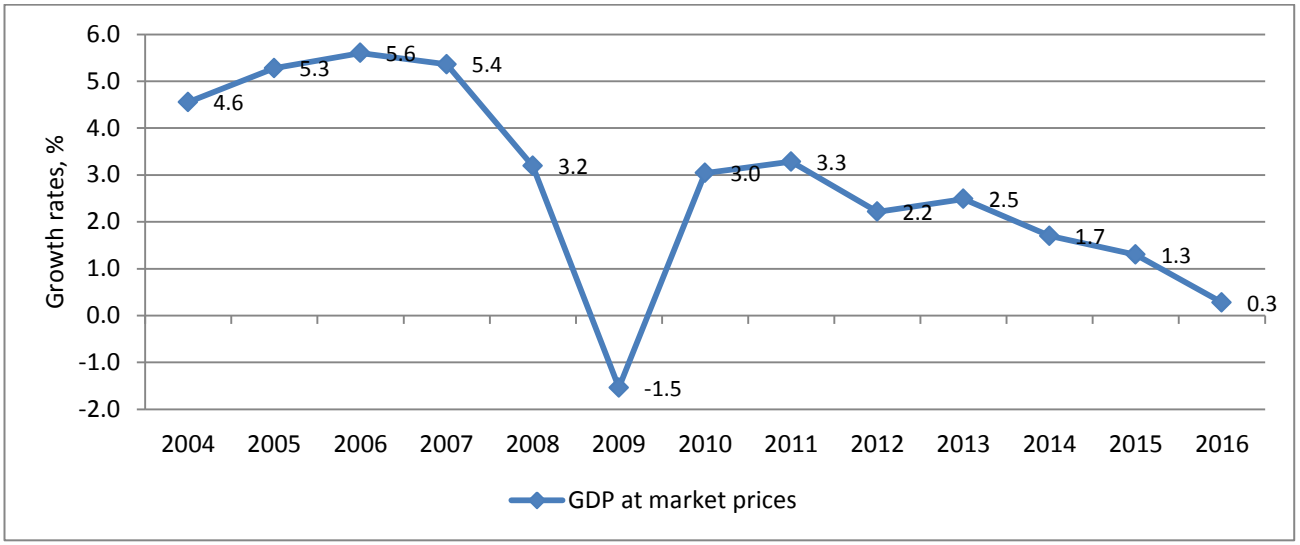



Source: Motor trade sales, P6343.2

### *4.1 Economic performance*

Following the recession of 2009, the South African economy has not performed well when compared with the period before the recession. Data in Figure 10 show that although real GDP growth was positive, it has slowed down since 2011. For instance, in 2015 and 2016, annual real GDP growth was 1,3% and 0,3% respectively. However, in the period before the recession, growth in real GDP was relatively high, with a peak of 5,6% in 2006.

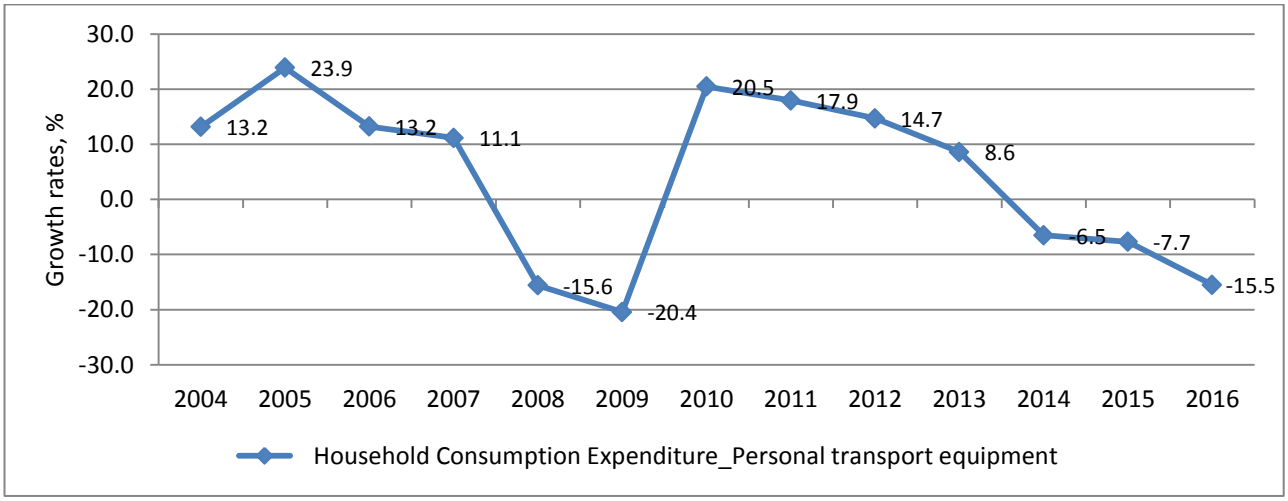
**Figure 10 – Real GDP growth for South Africa, 2004–2016**




Source: Gross Domestic Product, P0441

Household consumption expenditure on personal transport equipment, of which the largest proportion (about 86%) is expenditure on motor vehicles, recorded negative growth in 2014, 2015 and 2016 (Figure 11), signifying a decline in demand for motor vehicles. Moreover, consumers could have opted for used motor vehicles instead of new vehicles in an attempt to minimise the effect of the poor macro-economic environment. As a consequence of this shift, the income contribution of retail sales of motor vehicles was adversely affected.

**Figure 11 – Household consumption expenditure, 2004–2016**

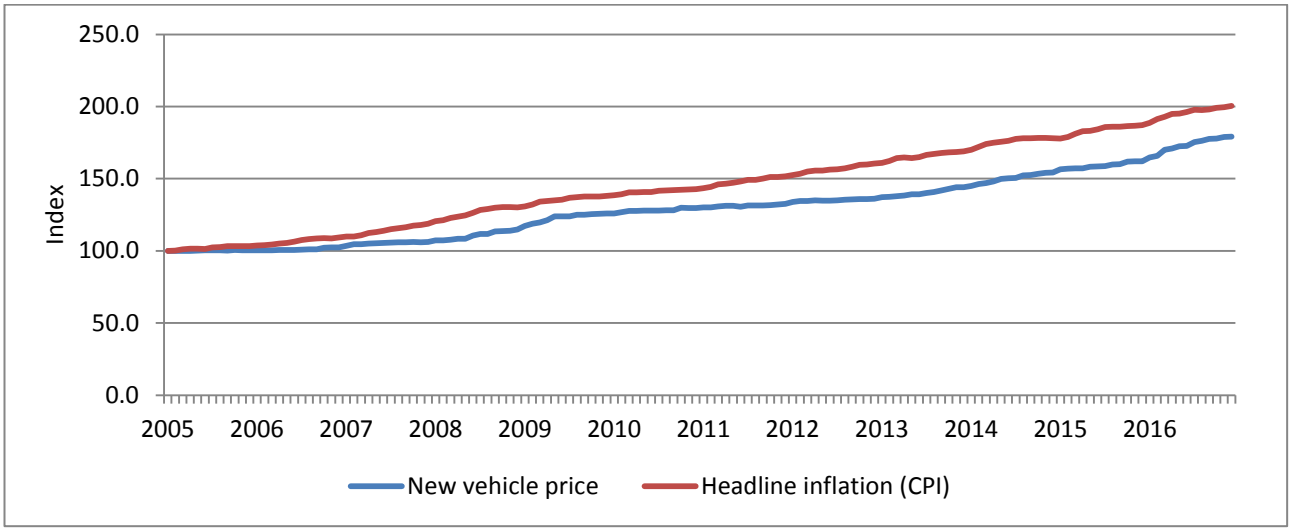



Source: Gross Domestic Product, P0441

## *4.2 Prices*

The price of a motor vehicle is one of the main factors considered by consumers when making a decision to purchase. Figure 12 shows that the price of new motor vehicles has not increased as fast as the headline inflation (CPI). Although the price increase for new motor vehicles has not surpassed that of the overall CPI, the general price trend is upward.

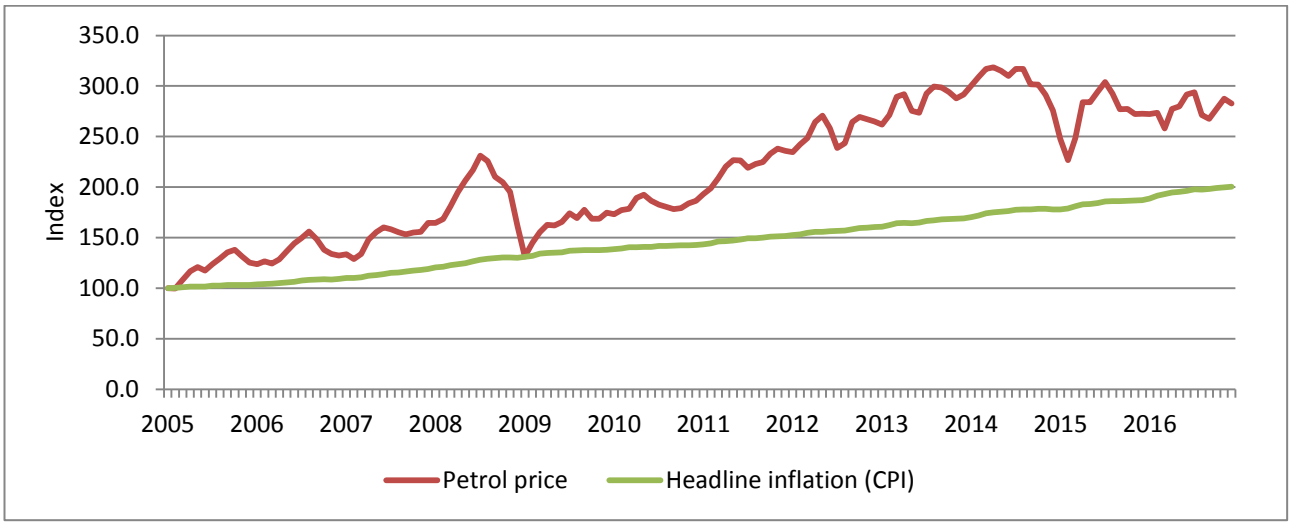
**Figure 12 – Headline inflation and new vehicle price, 2005–2016**




Source: Consumer Price Index, P0141

As shown in Figure 13, the price of petrol has increased over time. In fact, for the entire study period, the petrol price increased faster than the headline inflation (CPI). This increase in the petrol price, together with escalating prices of new motor vehicles, could cause a shift in demand patterns of motor vehicles, which in turn adversely affect income from retail sales of motor vehicles.

**Figure 13 – Headline inflation and price of petrol, 2005–2016**

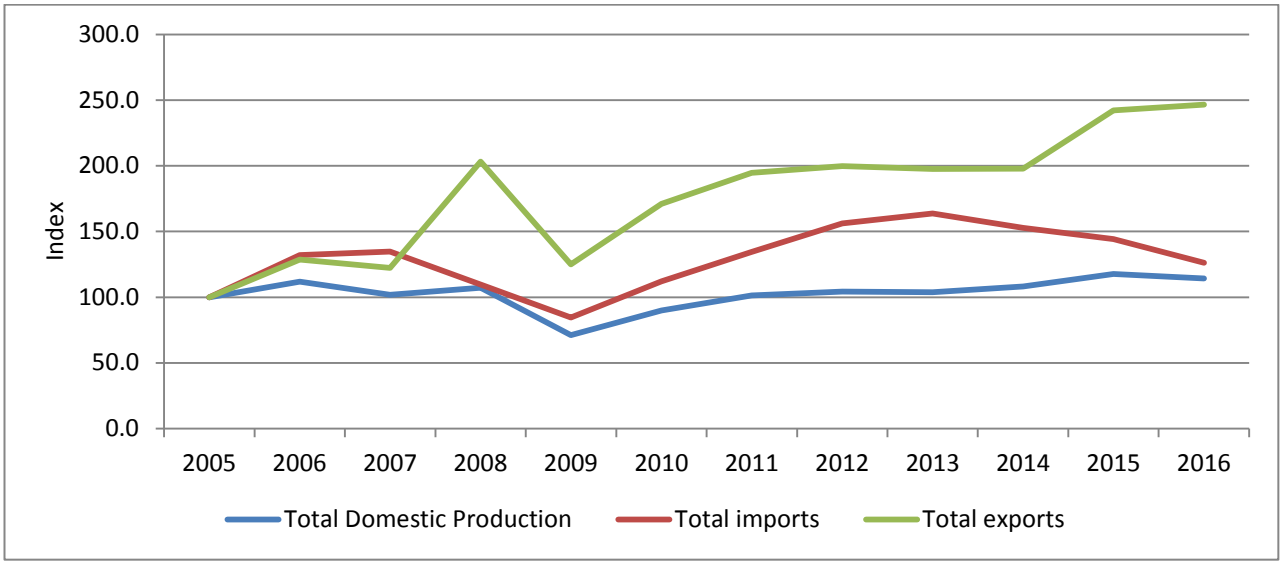



Source: Consumer Price Index, P0141

### *4.3 Production volumes and exchange rates*

From the supply side, data in Figure 14 show that domestic production of motor vehicles has shown signs of recovery following the recession of 2009, with the volume of production gradually returning to pre-recession levels. However, the number of motor vehicles imported has declined from 2013, affecting domestic supply. At the same time, motor vehicle exports have increased faster than both total domestic production and imports.

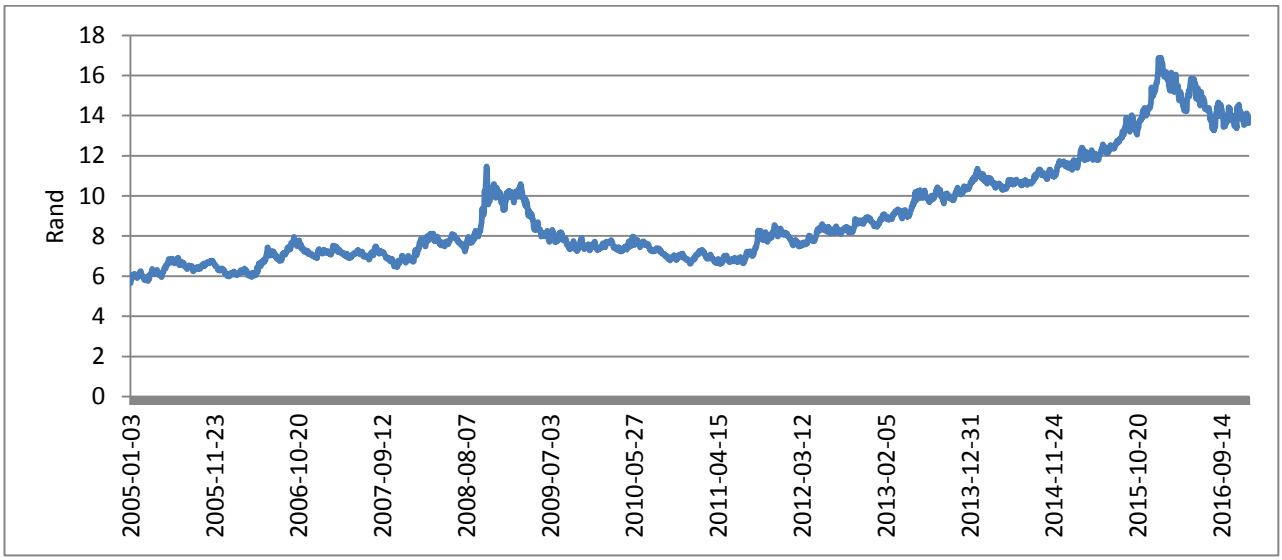
**Figure 14 – Motor vehicle volume of production and foreign trade, 2005–2016**




Source: NAAMSA, www.naamsa.co.za

The slowdown in imports of motor vehicles, which affected the stock available for local demand, could be linked to exchange rate fluctuations shown in Figure 15. Thus, a weaker rand relative to the US dollar observed from 2013 stimulated exports of motor cars but made imports expensive. Consequently, the stock available for local demand declined.

**Figure 15 – Rand/US dollar exchange rate, 2005–2016**



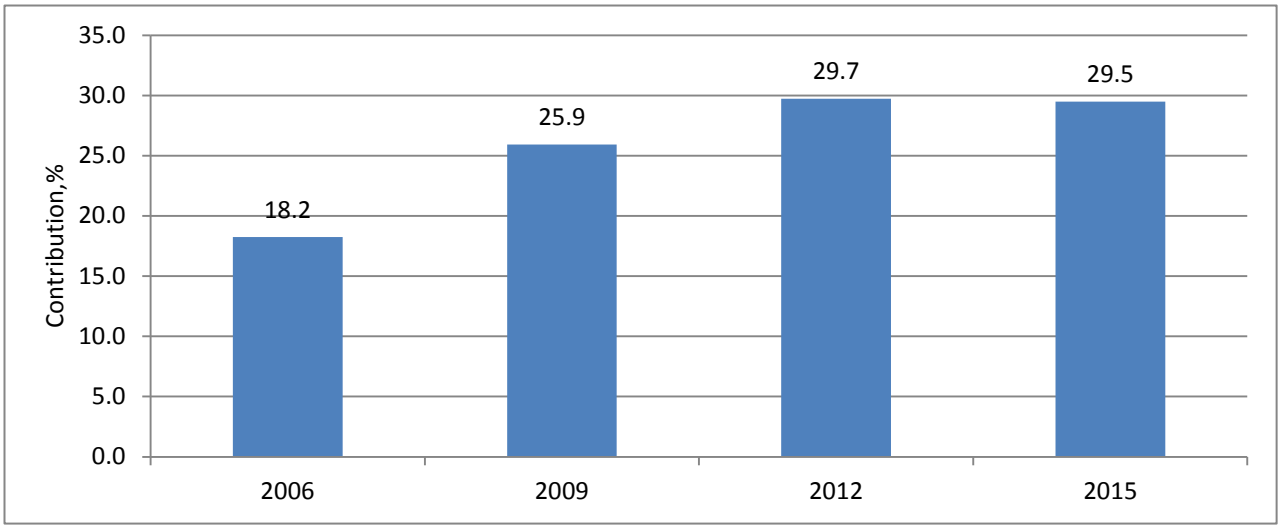

Source: South African Reserve Bank, Online statistical query

## 5. RETAIL SALES OF AUTOMOTIVE FUEL

This section examines in detail the changes observed in retail sales of automotive fuel and other trends related to retail sales of automotive fuel.

Data in Figure 16 show that the income contribution of retail sales of automotive fuel increased from 18% in 2006 to 29% in 2015. Retail sales of automotive fuel include petrol; diesel; gas; oil, lubricant, greases and additives; convenience store; automotive paints, paint removers, paint strippers and related chemical products; and tyre/tube puncture repair-kits, sealants and related material.

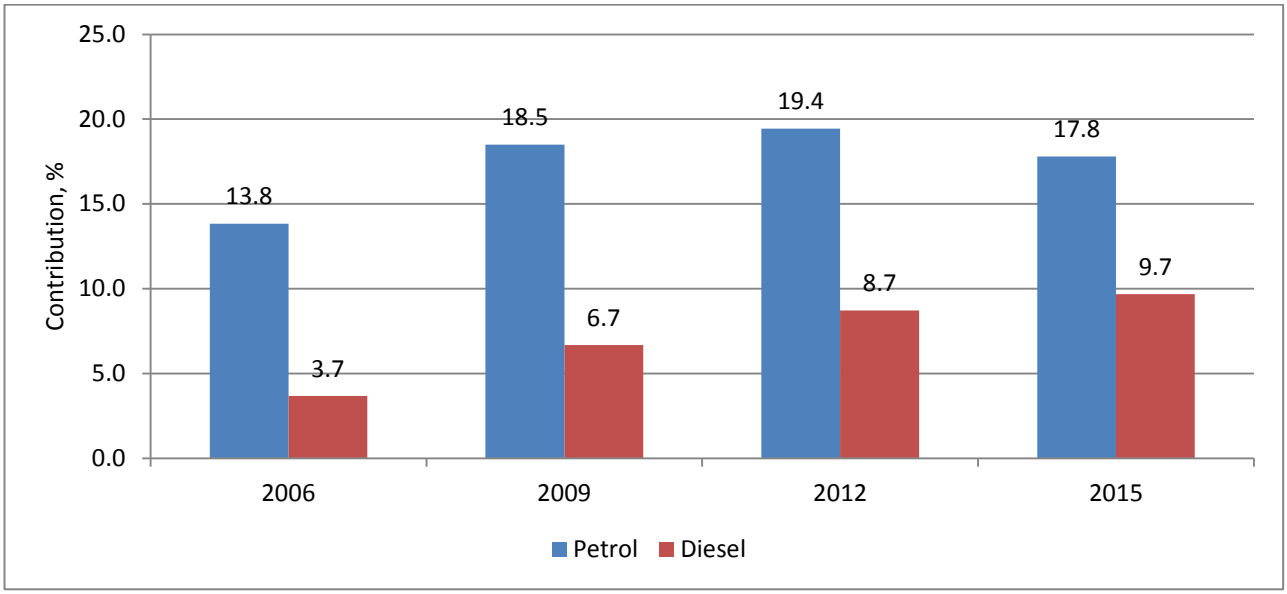
**Figure 16 – Income contribution for retail sales of automotive fuel, 2006–2015**




Source: Motor trade industry, Report No. 63-01-02

According to SIS data, the largest contributor to retail sales of automotive fuel is petrol, followed by diesel. Income from diesel and petrol sales has increased over time. Thus, in 2006, the income contribution from petrol was 13,8%, which increased to 17,8% in 2015. At the same time, the income contribution of diesel almost tripled, increasing from 3,7% in 2006 to 9,7% in 2015.

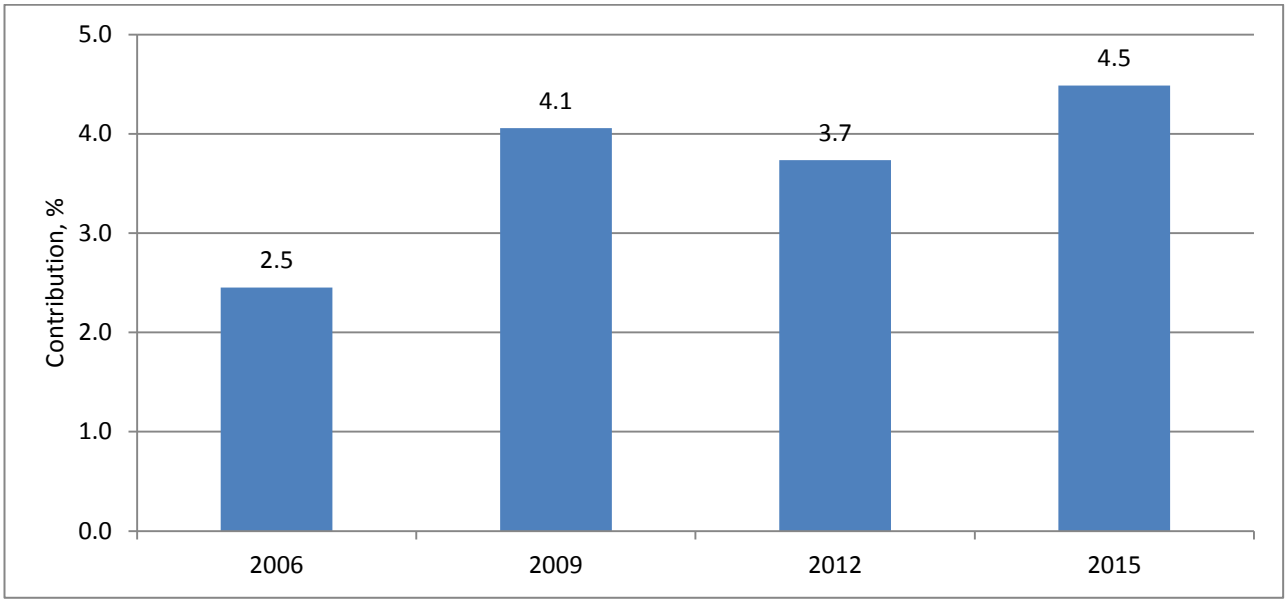
**Figure 17 – Income from retail sales of petrol and diesel, 2006–2015**




Source: Motor trade industry, Report No. 63-01-02

At the same time, SIS data show that the proportion of income from sales of trucks and lorries, which typically use diesel, almost doubled between 2006 and 2015 (Figure 18). Thus, income from sales of trucks and lorries was R6 billion (2,5% contribution) in 2006, which increased to R24 billion (4,5% contribution) in 2015.

**Figure 18 – Income from total sales of trucks and lorries, 2006–2015**

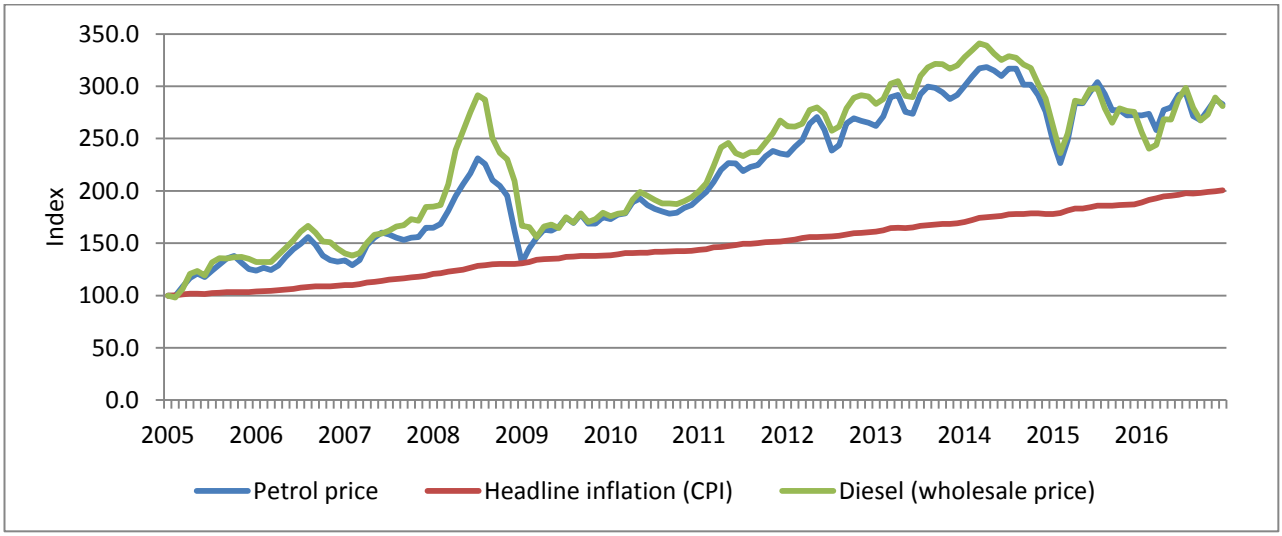



Source: Motor trade industry, Report No. 63-01-02

### *5.1 Price and consumption of fuel*

The data in Figure 19 show that the prices of petrol and diesel[3] have increased faster than the headline CPI. Thus, for the entire study period, the rates at which petrol and diesel prices increased surpassed that of the overall CPI suggesting that the increase in income contribution in diesel and petrol was inflation-linked.

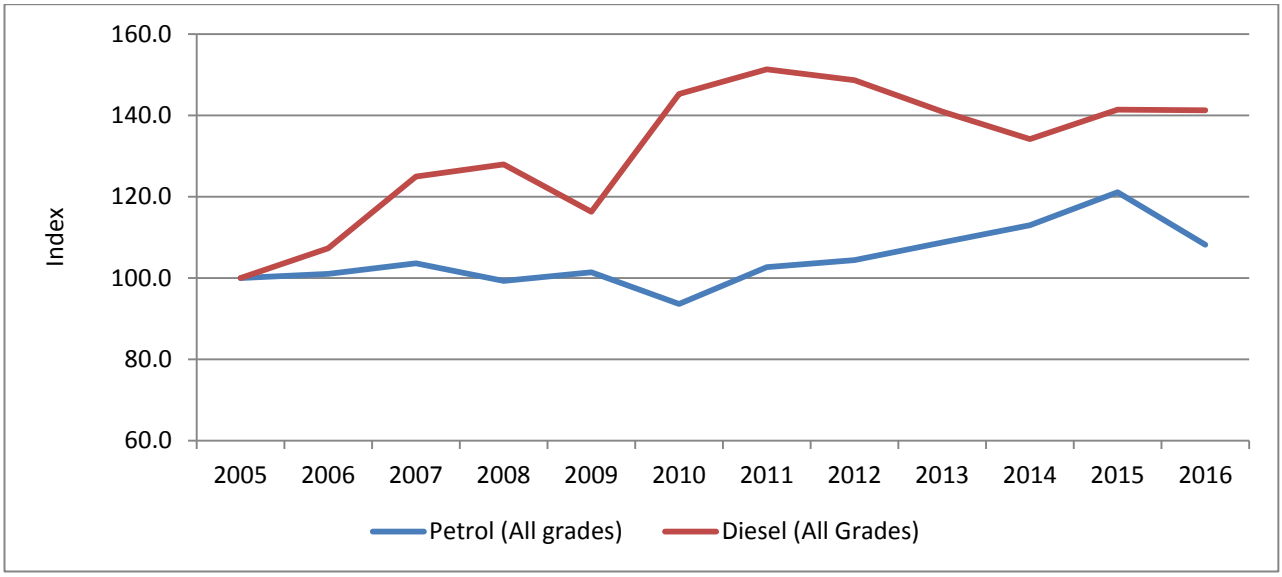
**Figure 19 – Headline CPI, petrol and diesel price index, 2005–2016**




Source: IRESS and Consumer Price Index, P0141

However, data on volumes of fuel consumed shows that there has been an increase in consumption of both petrol and diesel. In particular, the volumes of diesel consumed have increased faster than that of petrol. The substantial increase in the volume of diesel consumed is linked with an increase in diesel sales.

**Figure 20 – Volume of petrol and diesel consumed (litres), 2005–2016**



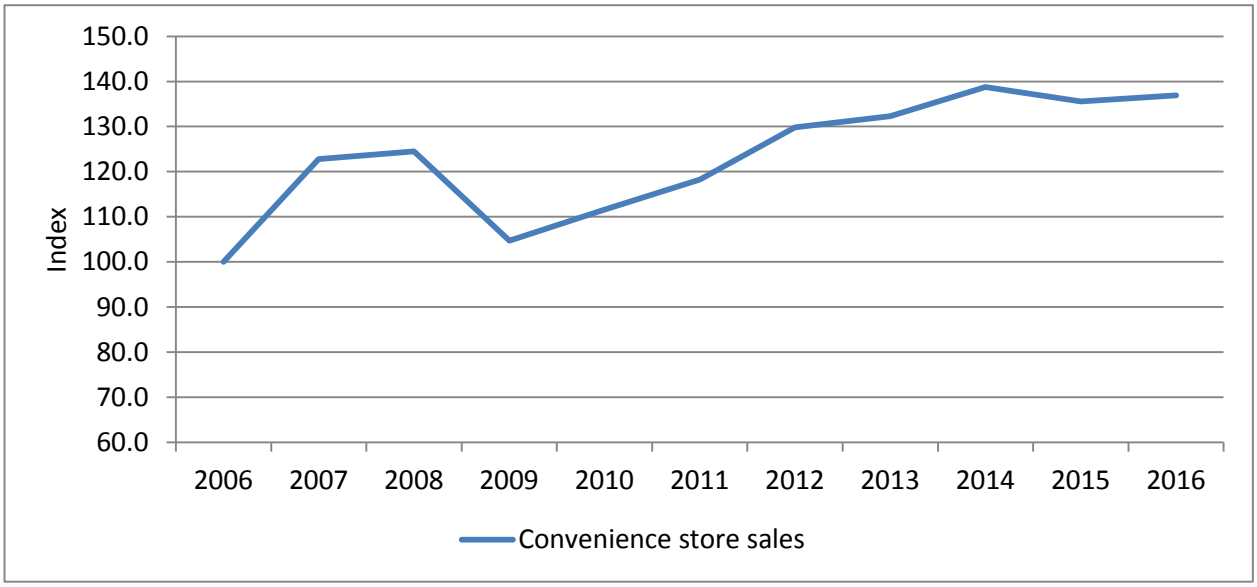

Source: Department of Energy – Energy statistics, www.energy.gov.za

[3] Diesel prices are wholesale prices rather than pump (retail) prices.

### *5.2 Convenience stores*

One of the emerging trends in the motor trade industry has been the diversification of the auto fuel retail sector. This has seen petrol stations become access points for a whole range of other products such as food and beverages, tobacco, firewood and charcoal, sweets and bakery products, airtime, and prepaid electricity, among others. These are recorded as income from convenience store sales. Although income from convenience stores accounts for a relatively small proportion of total income, the rate at which sales from convenience stores have increased over time cannot be ignored. Moreover, in recent times, there has been a prominence of convenience stores in almost every filling station, thus allowing many marginal outlets to survive while generating new income streams for established filling stations.

**Figure 21 – Income from convenience store sales, 2006–2016**




Source: Motor trade sales, P6343.2 and Consumer Price Index, P0141

Data in Figure 21 show that income from convenience store sales has increased over time.

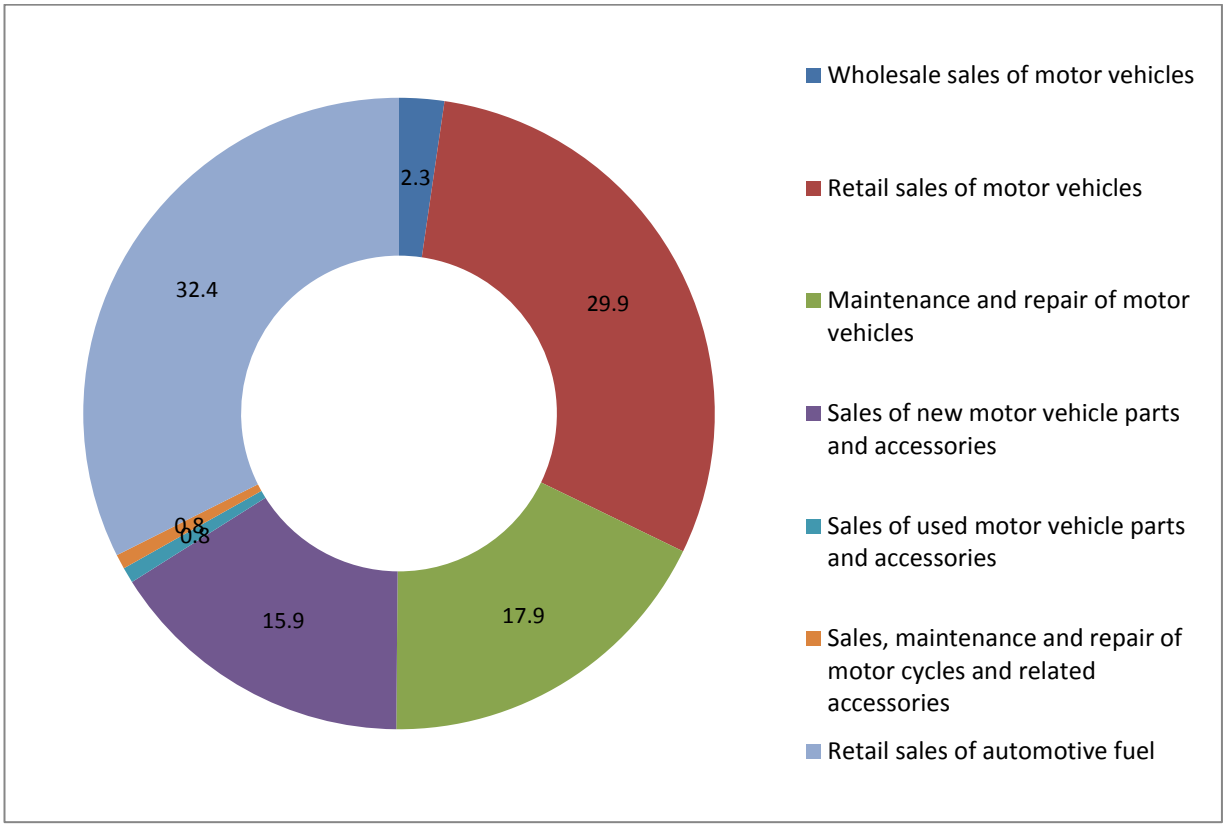
## 6. EMPLOYMENT IN THE MOTOR TRADE INDUSTRY

This section discusses employment dynamics in the motor trade industry using the recently published SIS data for 2015. In particular, the diversity in employment is highlighted by type of motor trade, gender, type of employment and enterprise size. In addition, average earnings per employee are also discussed.

### *6.1 Employment by type of motor trade*

In 2015, the motor trade industry employed 270 440 people, the majority of whom were employed in retail sales of automotive fuel (32,4%) and in retail sales of motor vehicles (29,9%). Employment in maintenance and repair of motor vehicles and sales of new motor vehicle parts and accessories was also substantial. The motor trade types that employed the least number of people were sales, maintenance and repair of motor cycles and related accessories and sales of used motor vehicle parts and accessories, each accounting for 0,8% of total employment.

**Figure 22 – Employment by type of motor trade (percentage of total), 2015**

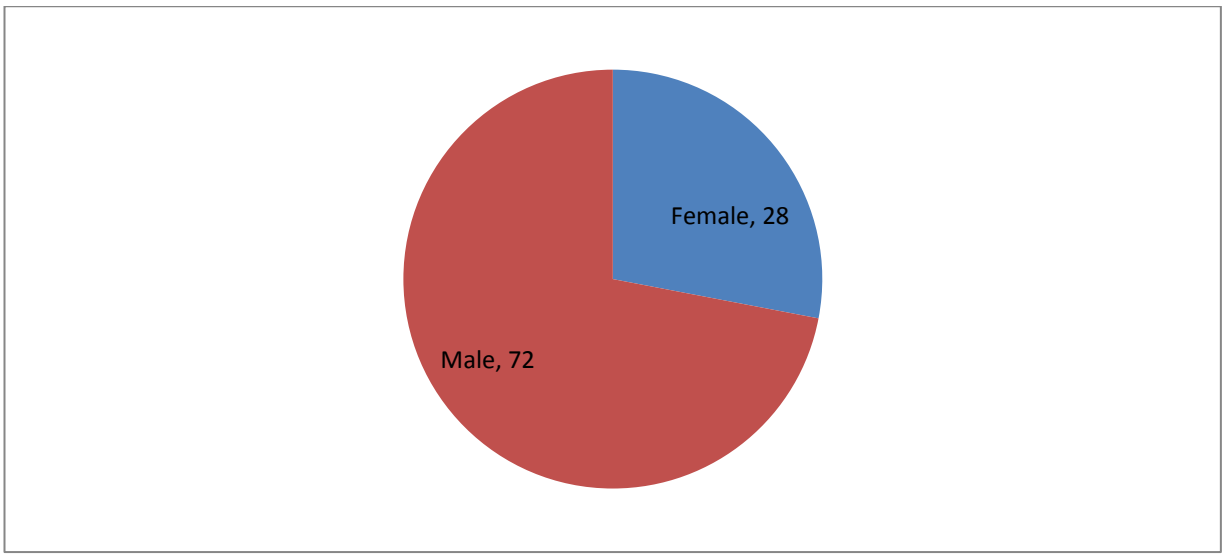



Source: Motor trade industry, Report No. 63-01-02

### *6.2 Employment by gender*

The data show that the motor trade industry was male dominated. Figure 23 shows that 72% of the employees in the motor trade industry in 2015 were males. The dominance of male employees was also observed across different motor trade types.

**Figure 23 – Employment by gender (percentage of total), 2015**




Source: Motor trade industry, Report No. 63-01-02

### *6.3 Employment by enterprise size*

Large enterprises accounted for a large proportion of total motor trade employment. Thus, in 2015, large enterprises accounted for 40%, followed by small enterprises which accounted for 25%. However, the dynamics were varied when employment was analysed by type of motor trade type. For instance, in retail sales of motor vehicles, large enterprises accounted for 84%. In maintenance and repair of motor vehicles, the largest proportion of employment (almost 57%) was accounted for by micro enterprises, while large enterprises employed only 3%.

**Table 3 – Employment by enterprise size (percentage contribution), 2015**

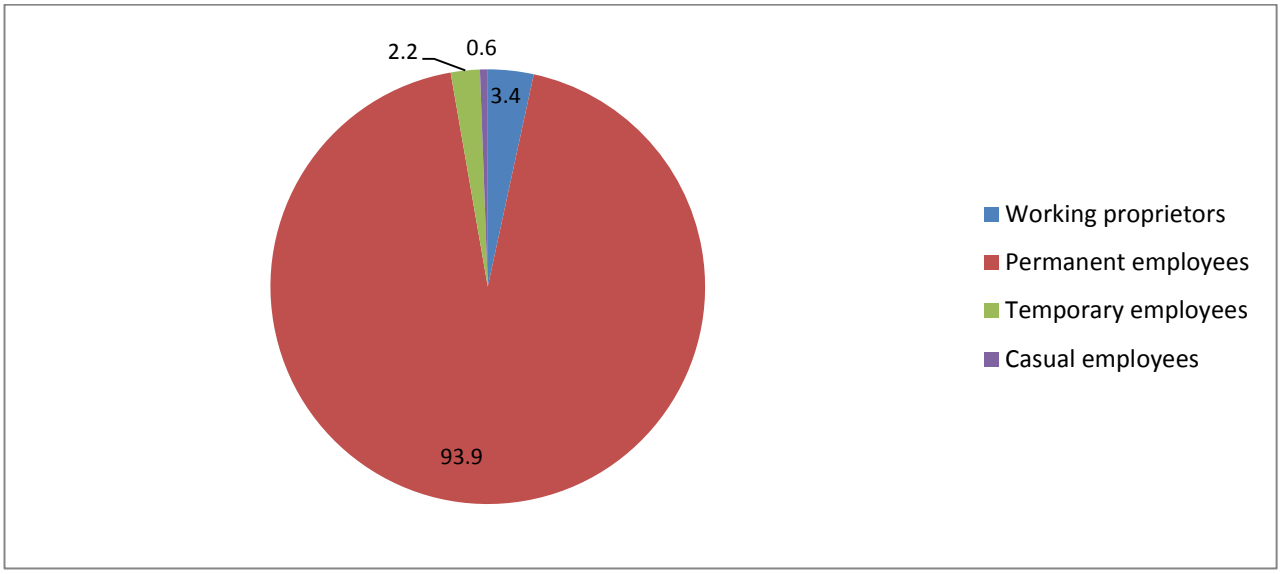
| Type of service | Large enterprises | Medium enterprises | Small enterprises | Micro enterprises |
|---|---|---|---|---|
| Wholesale sales of motor vehicles | 51,1 | 7,8 | 22,8 | 18,4 |
| Retail sales of motor vehicles | 84,0 | 5,9 | 6,0 | 4,1 |
| Maintenance and repair of motor vehicles | 3,1 | 5,5 | 34,8 | 56,6 |
| Sales of new motor vehicle parts and accessories | 36,6 | 9,0 | 32,4 | 22,0 |
| Sales of used motor vehicle parts and accessories | 7,4 | 12,3 | 53,5 | 26,8 |
| Sales, maintenance and repair of motor cycles and related accessories | 5,3 | 19,7 | 42,2 | 32,9 |
| Retail sales of automotive fuel | 22,7 | 36,6 | 32,1 | 8,6 |
| **All** | **40,1** | **16,5** | **24,9** | **18,6** |

Source: Motor trade industry, Report No. 63-01-02

### *6.4 Employment by type of contract*

The motor trade industry provides a variety of employment opportunities in terms of forms of employment – permanent, temporary and/or casual employment. The vast majority of motor trade employees were permanently employed. That is, at an aggregate level, 94% of employment in the motor trade industry was permanent in 2015. The number of people working as casual and temporary employees was relatively small, suggesting that the motor trade industry offered a stable employment environment.

**Figure 24 – Employment by type of contract (percentage of total), 2015**




Source: Motor trade industry, Report No. 63-01-02

### *6.5 Income share, employment share and average earnings*

At an aggregate level, average earnings per person per month stood at R12 242 in 2015. However, average earnings per person varied across motor trade types. Average earnings per person per month were highest in wholesale sales of motor vehicles (R22 550), followed by retail sales of motor vehicles at R18 634 per person per month. The lowest average earners were in retail sales of automotive fuel with average earnings of R6 675 per person per month.

**Table 4 – Income share, employment share and average earnings by motor trade type, 2015**

| Type of motor trade | Income share, % | Employment share, % | Average salaries and wages |
|---|---|---|---|
| Wholesale sales of motor vehicles | 8,6 | 2,3 | 22 550 |
| Retail sales of motor vehicles | 46,6 | 29,9 | 18 634 |
| Maintenance and repair of motor vehicles | 4,5 | 17,9 | 10 091 |
| Sales of new motor vehicle parts and accessories | 9,7 | 15,9 | 12 396 |
| Sales of used motor vehicle parts and accessories | 0,4 | 0,8 | 12 490 |
| Sales, maintenance and repair of motor cycles and related accessories | 0,7 | 0,8 | 14 368 |
| Retail sales of automotive fuel | 29,5 | 32,4 | 6 675 |
| Total | 100,0 | 100,0 | 12 242 |

Source: Motor trade industry, Report No. 63-01-02

Despite paying the highest average salaries and wages, wholesale sales of motor vehicles accounted for lower proportions in terms of income and employment. Thus, wholesale sales of motor vehicles accounted for 8,6% and 2,3% of total income and employment respectively, which was lower than what was observed in retail sales of motor vehicles and retail sales of automotive fuel. In contrast, average salaries and wages in retail sales of motor vehicles was the second highest, yet they account for large proportions in both income

and employment. Retail sales of automotive fuel paid the lowest average salaries and wages but accounted for large proportions in terms of income and employment.

## 7. CONCLUSION

The discussion document identifies and analyses structural changes in the motor trade industry using SIS data. The results show that in the past decade, the motor trade industry has changed. Thus, changes were observed with regard to market structure, income contributions, profit margins and expenditure structure.

The analysis of employment shows that the motor trade industry was an employer of note. The industry was male dominated and the majority of people were employed in retail sales of automotive fuel and retail sales of motor vehicles.

Stats SA values your feedback on this discussion document. If you have any comments and/or suggestions, please contact Robert Mabunda at robertmab@statssa.gov.za

## APPENDIX

This section describes details about the terminology used in the paper and the enterprise sizes covering the motor trade industry.

**Average earnings per worker per month** Average earnings per worker per month is obtained by dividing annual salaries and wages by the number of employees resulting in average annual earnings per worker and then diving the average annual earnings per worker by 12 to obtain the monthly figure.

**Casual employees** Employees who are typically working daily or hourly, whose services can be dispensed with at very short notice, usually not exceeding a period of one week, and who are not entitled to benefits such as paid leave and medical aid contributions paid by employers.

**Permanent employees** Employees appointed on an open-ended contract with no stipulated termination date or fixed-term contract for periods of more than one year.

**Temporary employees** Employees appointed on a short-term contract basis with a stipulated termination date for periods not exceeding one year.

**Working proprietors** All individual proprietors and partners, whether they earn a salary or not, actively engaged in the work of the enterprise, excluding silent or inactive partners whose principal activity is outside of the enterprise.

**SIZE GROUPS**

The enterprises are divided into four size groups according to the value of turnover defined using the Department of Trade and Industry (DTI) cut-off points.

| **Size groups (2006)** | **Turnover** |
|---|---|
| Large | Turnover > R 39 000 000 |
| Medium | R 19 000 000 < Turnover ≤ R 39 000 000 |
| Small | R4 000 000 < Turnover ≤ R 19 000 000 |
| Micro | Turnover ≤ R 4 000 000 |
| **Size groups (2009)** | **Turnover** |
| Large | Turnover > R 39 000 000 |
| Medium | R 19 000 000 < Turnover ≤ R 39 000 000 |
| Small | R4 000 000 < Turnover ≤ R 19 000 000 |
| Micro | Turnover ≤ R 4 000 000 |
| **Size groups (2012)** | **Turnover** |
| Large | Turnover > R78 000 000 |
| Medium | R38 000 000 < Turnover ≤ R78 000 00 |
| Small | R8 000 000 < Turnover ≤ R38 000 000 |
| Micro | Turnover ≤ R8 000 000 |
| **Size groups (2015)** | **Turnover** |
| Large | Turnover ≥ R117 000 000 |
| Medium | R57 000 000 ≤ Turnover < R117 000 000 |
| Small | R12 000 000 ≤ Turnover < R57 000 000 |
| Micro | Turnover < R12 000 000 |