

Ethiopia Used Car - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Ethiopia used car market was valued at 471 million in the current year and is projected to grow to USD 549.89 million by the next five years, registering a CAGR of 2.67% in terms of revenue during the forecast period.

Key Highlights

- Over the medium term, factors such as the quality of used cars, the large number of expatriates, and demand for new and luxury cars are expected to stand as primary driving factors of the market. However, price discrepancies, lack of standardization, and others are expected to act as major restraints to the growth of the market.
- The introduction of organized participants into the market has addressed the trust deficit that has plagued the used car industry in those countries for decades. Additional factors driving market expansion include rising disposable income levels, rising consumer demand for luxury automobiles, shorter car ownership durations, expanding import-export, and a growing inclination among two-wheeler owners to upgrade to tiny and compact cars.
- The rapid development of internet-based ride-hailing services has contributed to transportation in cities and, at the same time, has significantly impacted existing travel modes in cities. Ride-hailing services significantly use used cars for their services, which in turn is anticipated to witness major growth in the market.
- Additionally, the better value-added services provided by online used car trading platforms over the conventional used car selling methods have significantly attracted buyers toward the used car market over new vehicles. These value-added services provide peace of mind to the customers and aid in the growth of the car use market in the country.
- However, the market is still in the growth phase and is projected to witness prominence during the forecast period.

Ethiopia Used Car Market Trends

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Online Infrastructure witnessing major growth

- The used car market is getting more organized because used car retailers are using digitalization to make market offerings attractive. Facilities such as an enormous number of photos and videos on the online platform and easy online instant finance service are drawing more customers into buying used cars.
- Tech-savvy customers in the age group of 25-40 years are demanding features such as end-to-end transactions, doorstep delivery, a digitalized recommendation based on the driving behavior and lifestyle of the customer, and digitalized test drives. Players in the market are providing flawless and smooth access to car specifications, performance reports, and inventory information to customers to assist them in making informed decisions.
- Blockchain technology has already brought about a wide variety of developments in various sectors, and the car financing sector seems to be next. OEMs and online platforms have brought a new level of clarity to the highly unorganized activity of buying and selling used cars. Online sales are becoming popular among the young generation as they offer a smooth journey and offer the best price to buy. Online stores offer a wide range of product categories and allow customers to purchase goods.
- Many multi-brand and independent dealerships are expected to develop their online presence to participate in the online used vehicle market. Some dealerships are investing in their websites and Instagram pages in addition to advertising used car inventory on internet marketplaces.
- Companies will continue to focus on keeping themselves ahead based on value-added services provided to prospective clients, reducing the service cost and introducing premium and well-maintained vehicle models and features into their fleet to capture a significant share of the market.

Hatchback and Sedan Used Car Sales to Witness Surge During Forecast Period

- The hatchback and sedan cars segment holds a significant market share in terms of revenue in the current year and is projected to grow during the forecast period. The growing consumer trend toward diving flexibility is likely to increase the demand for used hatchback and sedan cars across the country.
- Ethiopia is witnessing significant growth in terms of vehicle sales; the country is averaging 10.9% annual growth between 2010 and 2020. The country is dominated by secondhand imported vehicles.
- Ethiopia recently became the third country in Sub-Saharan Africa to sign a memorandum of understanding (MoU) with Volkswagen. Through this MoU, the company plans to expand the vehicle assembly facilities and expand the vehicle dealership platform in the country, which in turn is likely to witness major growth for the market during the forecast period.
- Hatchbacks are popular for a variety of reasons, including lower taxation than sedans while providing the same performance and comfort. Furthermore, because there are so few new models that qualify for these tax breaks, the price of used hatchbacks remains unaffected.
- When it comes to secondhand hatchbacks, these vehicles are an appealing alternative to the LCGC and LMPV kinds often utilized by consumers. One may get hatchbacks in decent shape that are 5 to 10 years old on the market.
- Additionally, the majority of the vehicle types plying on the road are MPV, but due to the shift from joint families to nuclear families in cities, the hatchbacks are slowly gaining pace, which is anticipated to drive the hatchback segment in the used car market.
- The purchasing power of middle-class consumers has also increased over the last two decades, enabling them to own sedans. Moreover, the sedan segment witnesses high demand from the used luxury car segment.
- Although old cars are often less expensive, sedans are more cost-effective. Ownership expenses for SUVs and trucks can be high, but they are lower for sedans. We understand that finding economical, high-quality cars can be difficult. As a result, we have a large range of used sedans that are both economical and dependable.

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- Sedans offer improved comfort features such as rear AC vents and rear armrests as a result of the additional interior space. In addition to providing additional legroom, the seats also give better support, making your passengers more comfortable. A majority of these features are now standard across all sedans and certain hatchbacks on the Ethiopian market.

Ethiopia Used Car Industry Overview

Ethiopia's Used Car Market is dominated by several key players, including Megebeya.com, Cars 2 Africa, Proxima Auto Car Dealer, Nyala Motors, Ultimate Motors, and others. Rising adoption of various growth strategies, such as expansion, partnerships, etc., to improve their presence and revenue shares in the market. For instance,

In July 2023, the Ethiopian government introduced used car import duties and taxes in the country. The government imposed a high tax on imported vehicles.

In November 2022, Green Tech Ethiopia expanded its dealership network in Ethiopia. Green Tech is one of the second to officially enter the electric cars market in the country.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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