

Extended Warranties for New and Used Cars and LCVs in Latin America

Report Prospectus

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Prospectus contents

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What is the research?

Finaccord's report titled *Extended Warranties for New and Used Cars and LCVs in Latin America* provides comprehensive and in-depth research covering six Latin American countries, namely Argentina, Brazil, Chile, Colombia, Mexico and Peru. Based on a survey of 385 dealers in these countries and an investigation typically covering between 20 and 40 automotive brands in each territory, the study delivers unique insights into the market for extended warranties for new and used cars and LCVs bought by individuals (including self-employed individuals). Moreover, the research also generates data describing the size, in terms of gross written premiums and other revenues, for the market for extended warranties for new and used cars and LCVs in each country.

In addition to this unique market data, the survey results are also used to measure the extent to which automotive dealers and manufacturer brands actually organise and intermediate extended warranties in each country, to calculate average customer take-up rates for extended warranties at the point of sale, and to understand relationships between manufacturers or importers and external warranty providers for branded or endorsed programs. Indeed, the evidence of Finaccord's research is that a growing market exists in Latin America for extended warranties as dealers in most countries are increasingly likely to offer the product at the point of sale and schemes introduced by manufacturer brands (or their importers) are increasingly widespread.

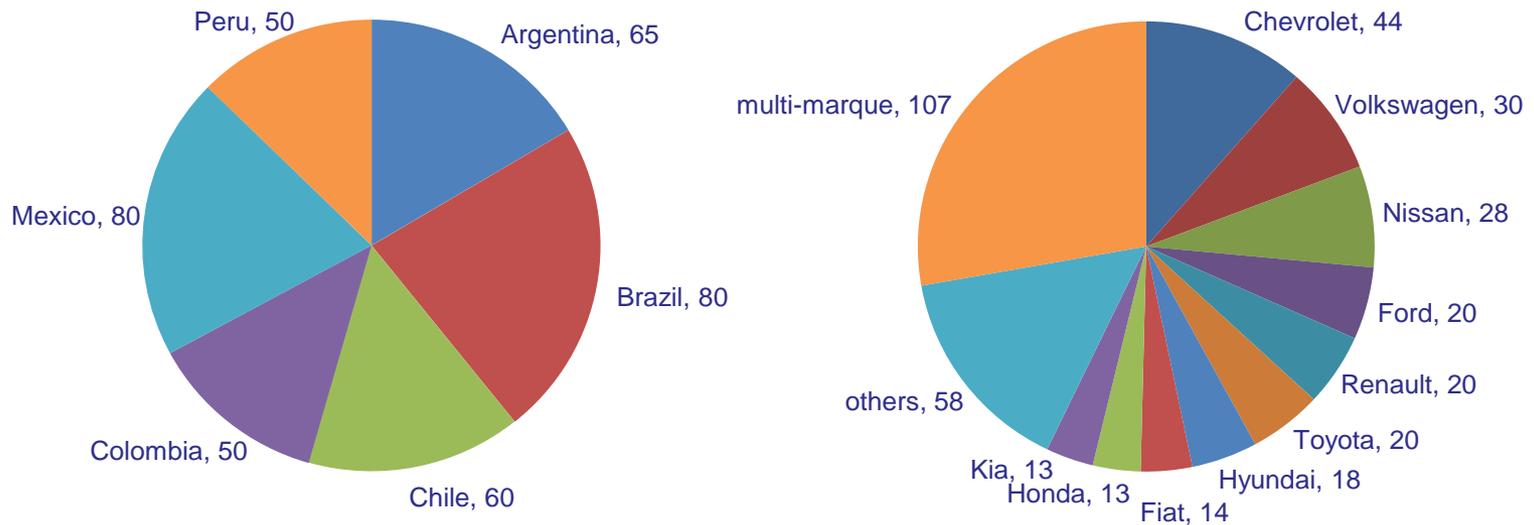
What is the rationale?

At a global level, the automotive manufacturing market has long been highly cyclical and prone to low or non-existent profitability as a consequence of the tough competition that exists between manufacturers. The economic crisis caused sales of new vehicles to drop sharply in many countries, and established European and US manufacturer groups face a continuing challenge from rivals based in India, Japan and South Korea.

As a result, a key issue for automotive manufacturers is to increase the value of revenues that they extract from customers through the provision of ancillary services, including extended warranties. Furthermore, the thin margins that car dealerships and importers can secure on vehicle sales in isolation can be boosted by cross-selling related services, most importantly financial services such as extended warranties.

The market for extended warranties for new and used cars and LCVs, which Finaccord's research indicates to be worth over USD 150 million in gross premiums and other revenues across the six countries, is therefore a significant battleground. This study and its accompanying PartnerBASE™ database and market data file represent systematic, published research on the subject for Latin America providing unrivalled insight about it.

How do dealerships surveyed break down?



Finaccord's universe of dealerships includes 385 respondents in total spread across six countries including manufacturer-owned dealerships, franchised dealerships and multi-marque dealerships. For a full list of the organisations contacted for the research and included in PartnerBASE™, please contact Finaccord.

Which manufacturer brands have been investigated?

Manufacturer brands investigated through the local offices of the manufacturers themselves or those of their importers or joint ventures in at least one of the countries covered in this report are as follows:

Acura	Dodge	Kia	Peugeot
Alfa Romeo	Dongfeng	Lamborghini	Porsche
Aston Martin	Ferrari	Land Rover	Renault
Audi	Fiat	Lexus	Rolls-Royce
Bentley	Ford	Lifan	SEAT
BMW	Geely	Lincoln	Smart
Brilliance	GMC	Mahindra & Mahindra	SsangYong
Buick	Great Wall	Maserati	Subaru
BYD	Hafei	Mazda	Suzuki
Cadillac	Honda	Mercedes-Benz	Toyota
Changan	Hyundai	MG	Troller
Chery	Infiniti	MINI	Volkswagen
Chevrolet	JAC	Mitsubishi	Volvo
Chrysler	Jaguar	Nissan	Zotye
Citroën	Jeep		

What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering a rationale, a detailed description of methodology and definitions.

2. *Regional Overview*: comprising an overview of the market for extended warranties for new and used cars and LCVs across the six countries. Analyses include: trends in sales of new and used passenger vehicles; comparison of key metrics describing the behaviour of dealers in this market; comparison of average customer take-up rates for point-of-sale extended warranties; and calculation of the market size, in terms of gross written premiums and other revenues in each country, for extended warranties for new and used cars and LCVs in Latin America.

3. *Argentina*: an in-depth analysis of the market for extended warranties for new and used cars and LCVs in Argentina including: an overview of the market for new and used cars and LCVs; dealer survey results including analysis of the use of extended warranty programs branded or endorsed by manufacturers (tied providers) as opposed to contracts provided by independent warranty firms (non-tied providers); manufacturer / importer survey results, including partners used for branded or endorsed extended warranty schemes; and combined analysis of implied provider market shares.

4 - 8: *the other nine countries (for all, contents as for Argentina)*.

What are the key features of the research?

Key features of this report include:

- comparable and standardised data concerning extended warranties for new and used cars and LCVs covering six countries in Latin America ranging from more developed territories, such as Brazil and Mexico, to under-developed markets, such as Chile and Colombia;
- provision of market size and segmentation data for all of these markets generated from Finaccord's proprietary *Automotive Financial Services Model*;
- analysis of the average number of providers of extended warranties used by dealers and the degree to which they collaborate with non-tied companies in addition to tied partners;
- in both the report and the accompanying PartnerBASE™ database, identification of both leading and secondary non-tied providers of extended warranties used by dealerships plus relationships between manufacturers or importers and external companies for branded or endorsed extended warranty schemes;
- calculation of implied market shares both by country and across Latin America as a whole for all types of extended warranty provider.

How can the research be used?

You may be able to use this report and the PartnerBASE™ that accompanies it in one or more of the following ways:

- to understand the current size and future potential of the market for extended warranties for new and used cars and LCVs in Latin America as a whole and how this differs by country;
- to appreciate the extent to which dealerships favour promoting manufacturer-branded extended warranties as opposed to contracts sourced from non-tied warranty providers;
- to benchmark the degree of competitive intensity recorded by the research for distributing extended warranties through the point of sale;
- to evaluate the potential for establishing partnerships with manufacturer brands or their local importers for branded or endorsed extended warranty programs;
- to track the involvement in this field of leading international competitors including Assurant, MAPFRE and the manufacturer brands or groups themselves.

How can the PartnerBASE™ be used?



Filter by group		Select country	EXTENDED WARRANTIES		
Brand	Group	Country	Product offered?	Operating model	Tied partner(s)
Chevrolet	GM	Argentina	Yes	External underwriter	The Warranty Group
Chevrolet	GM	Brazil	Yes	External underwriter	Indiana Seguros
Chevrolet	GM	Chile	No		
Chevrolet	GM	Colombia	Yes	External underwriter	The Warranty Group
Chevrolet	GM	Mexico	Yes	External underwriter	ABA Garantías
Chevrolet	GM	Peru	Yes	External underwriter	The Warranty Group

Look up specific brands

Choose operating model

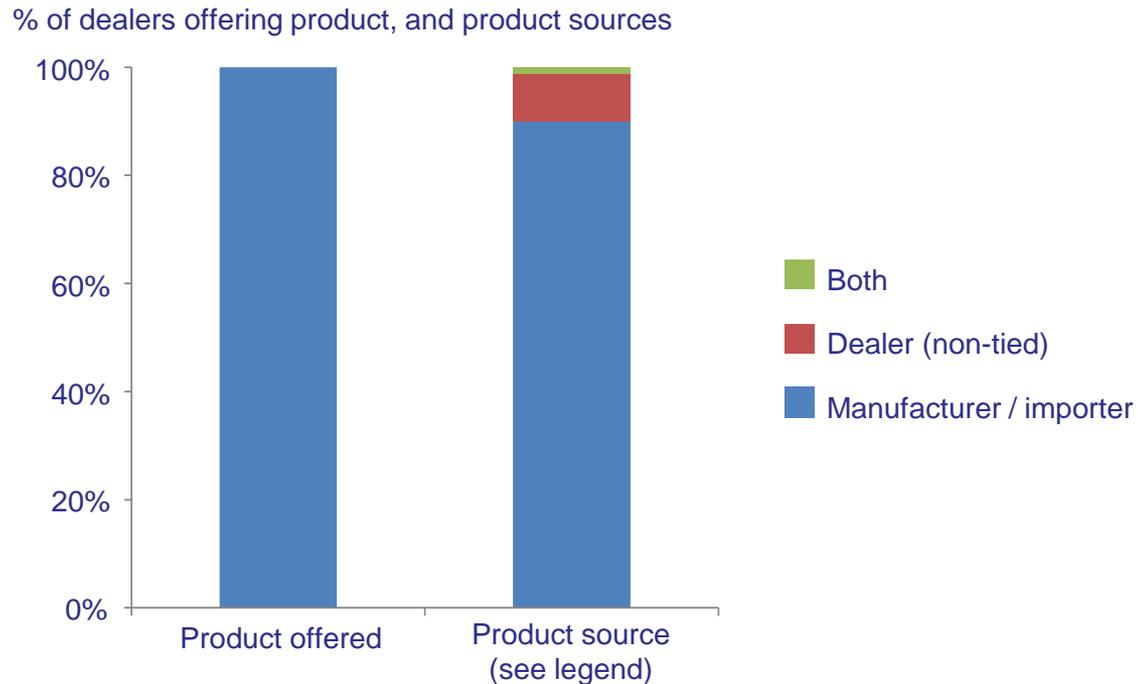
Note: for this report, PartnerBASE also covers 385 dealerships

Who can use the research?

1. *Automotive manufacturers:* this research provides a wealth of unique and valuable benchmarking data allowing you to assess objectively the status of extended warranties for new and used cars and LCVs across Latin America as a whole;
2. *Underwriters and administrators of extended warranties:* what are the opportunities to increase or build market share within the extended warranty markets of each country by means of distribution alliances with manufacturer brands, importers or dealers?
3. *Finance and leasing companies:* in some countries, it is common for extended warranties to be embedded in consumer finance and leasing packages hence it is important for providers in these areas to comprehend fully the apparent opportunities;
4. *Management consultancies:* are you helping a manufacturer or warranty provider with its strategy or evaluating how it can develop its business in extended warranties for new and used cars and LCVs in Latin America? Understand the current status of this market across ten countries, saving time and effort on researching the subject yourself.

What are some of the key findings?

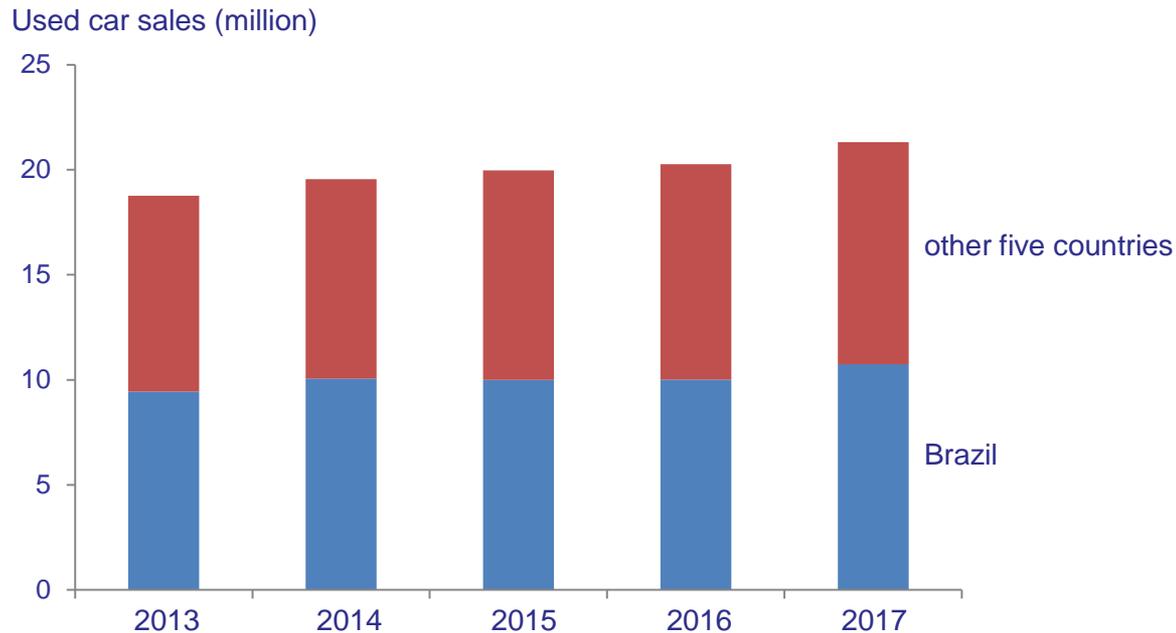
1. At the time of the research, almost all Mexican car dealers were distributing extended warranties with the vast majority focusing only on ‘tied’ manufacturer or importer products



Source: Finaccord Consumer Automotive Financial Services Survey in Latin America

What are some of the key findings? (cont.)

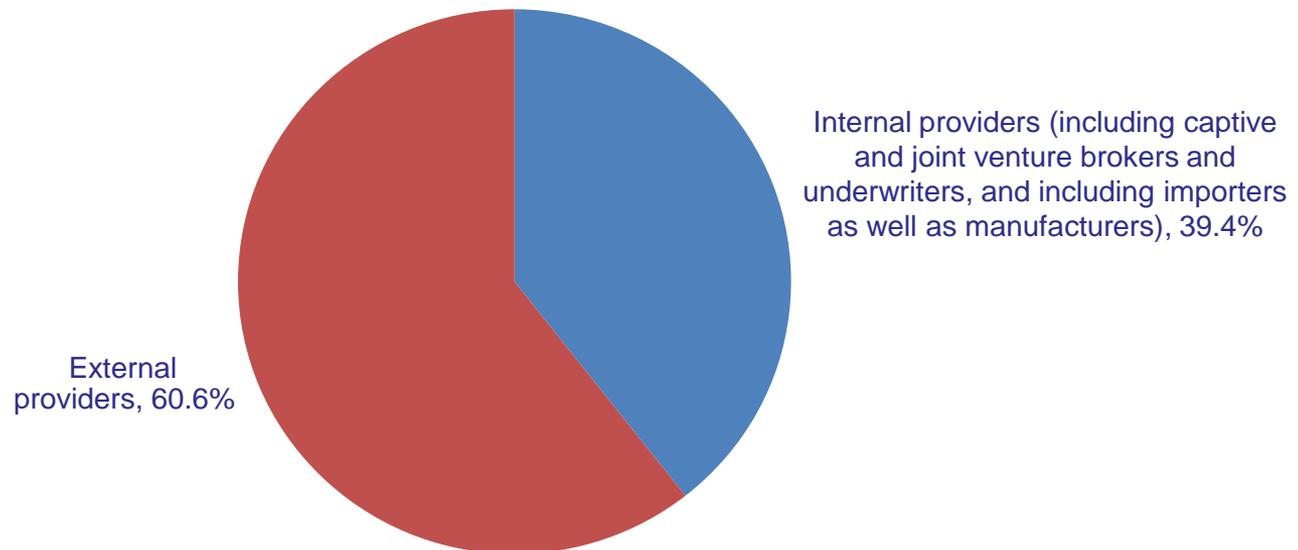
2. Sales of used cars in Latin America have been growing consistently and the proportion due to Brazil (the largest market) has remained fairly constant at around a half of the total



Source: Finaccord analysis of industry association data and primary / desk research

What are some of the key findings? (cont.)

3. Across Latin America as a whole, the market share of external providers of extended warranties is likely to be similar to that of manufacturer brands or their importers, including captive or joint venture providers



Source: Finaccord analysis

What are some of the key findings? (cont.)

4. Key findings from the executive summary include:

- the market for extended warranties for passenger cars and LCVs in Latin America is worth a little over USD 150 million in terms of gross written premiums and other revenues with Mexico the largest market;
- Finaccord's research indicates that the extended warranty markets of specific countries have very different levels of development when measured as a percentage of the value of underlying sales of new and used cars and LCVs to consumers through dealerships;
- by this measure, and across new and used cars and LCVs combined, revenues for extended warranties were worth 0.62% of the value of car sales in the most developed market in 2017 in comparison to the regional weighted average of 0.15%;
- given equivalent figures of 1.94% in the US, 0.84% in Europe and 0.43% in the Asia-Pacific region (which also comprises a number of less developed markets), it is clear that there is plenty of scope for the market for extended warranties for new and used cars and LCVs in Latin America to develop in future.

What is the cost and format?

Extended Warranties for New and Used Cars and LCVs in Latin America is available as a standard PDF document. The PartnerBASE™ and market data file that accompany it at no further charge are in Excel format. Costs for this research set and other related multi-country titles about automotive financial services are as follows:

Automotive Finance and Leasing for Consumers in the Asia-Pacific Region	USD 4,195
Automotive Finance and Leasing for Consumers in Europe	USD 4,195
Extended Warranties for New and Used Cars and LCVs in the Asia-Pacific Region	USD 4,195
Extended Warranties for New and Used Cars in Europe	USD 4,195
Extended Warranties for New and Used Cars and LCVs in Latin America	USD 2,795
Fleet Insurance and Assistance in Europe	USD 6,995
GAP Insurance for New and Used Cars in Europe	USD 2,795
Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Road Assistance in the Asia-Pacific Region	USD 4,195
Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Road Assistance in Europe	USD 4,195
Prepaid Service Contracts for New and Used Cars and LCVs in the Asia-Pacific Region	USD 2,795
Prepaid Service Contracts for New and Used Cars and LCVs in Europe	USD 2,795
Road Assistance in Europe	USD 6,995

** For Singapore-based clients, GST at the prevailing rate will be added to the basic price.*

Costs quoted are for a single site user licence only.

For a corporate user licence, please see the final slide for further details.

Invoices can be paid in EUR or GBP, at the prevailing exchange rate, if preferred.

What other reports are available?

Country-specific reports about consumer automotive financial services in over 40 different countries are also available, again as standard PDF documents with PartnerBASE™ datasets and market data annexes both in Excel format. Prices for each country are as follows:

Consumer Automotive Financial Services in...					
Argentina	USD 1,195	Hungary	USD 895	Russia	USD 1,195
Australia	USD 1,395	India	USD 1,395	Singapore	USD 1,195
Austria	USD 1,195	Indonesia	USD 1,195	Slovakia	USD 895
Belgium	USD 1,195	Ireland	USD 895	South Africa	USD 1,395
Brazil	USD 1,395	Italy	USD 1,195	South Korea	USD 1,195
Canada	USD 1,395	Japan	USD 1,395	Spain	USD 1,195
Chile	USD 895	Luxembourg	USD 895	Sweden	USD 1,195
China	USD 1,395	Malaysia	USD 1,195	Switzerland	USD 1,195
Colombia	USD 895	Mexico	USD 1,395	Taiwan	USD 1,195
Czech Republic	USD 895	Netherlands	USD 1,195	Thailand	USD 1,195
Denmark	USD 895	Norway	USD 895	Turkey	USD 895
Finland	USD 895	Peru	USD 895	UK	USD 1,195
France	USD 1,195	Philippines	USD 1,195	Ukraine	USD 895
Germany	USD 1,195	Poland	USD 1,195	USA	USD 2,795
Greece	USD 895	Portugal	USD 895	Vietnam	USD 1,195
Hong Kong	USD 1,195	Romania	USD 895		

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord website, create your account (if you do not have one already) and place your order online. Products paid for online by card will be delivered immediately by e-mail but please allow up to one working day for delivery by e-mail if you choose to pay on receipt of invoice.

With regards to the **corporate user licence**, you will be asked to choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

Alternatively, you can place an order by sending your request to order@finaccord.com, clearly stating the product(s) required, associated price(s) and billing details for eventual invoice or card payment receipt.