

Prepaid Service Contracts for New and Used Cars in Europe

Report Prospectus

September 2016

Prospectus contents

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What is the research?

Finaccord's report titled *Prepaid Service Contracts for New and Used Cars in Europe* provides comprehensive and in-depth research covering 20 countries in Europe, namely: Austria, Belgium, Czech Republic, Denmark, France, Germany, Ireland, Italy, Norway, Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey and the UK.

Based on a survey of 1,155 dealers in these countries and an investigation typically covering between 30 and 50 automotive brands in each territory, the study delivers unique insights into the market for prepaid service contracts for new and used passenger cars bought by consumers. Moreover, the research also generates data describing the value of the market for such contracts in each country.

In addition to this market data, the survey results are also used to measure the extent to which automotive dealers and manufacturer brands actually organise and intermediate prepaid service contracts in each country, to calculate average customer take-up rates for prepaid service contracts at the point of sale, and to understand relationships between manufacturers or importers and external providers for branded or endorsed programs.

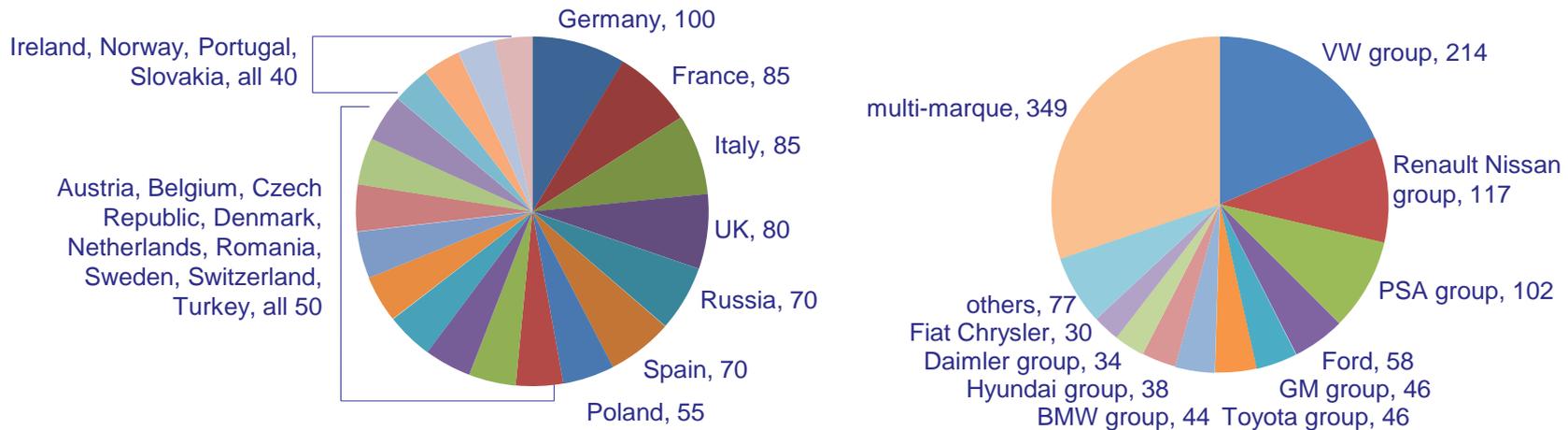
What is the rationale?

The automotive manufacturing market, globally as well as in Europe, has long been highly cyclical and prone to low or non-existent profitability as a consequence of the tough competition that exists between manufacturers. 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 prepaid service contracts.

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 prepaid service contracts.

The market for prepaid service contracts for new and used cars, which Finaccord's research indicates to be worth about EUR 3.44 billion across Europe, and which has grown rapidly in recent years, is therefore a significant battleground. This study and its accompanying PartnerBASE™ database and market data file represent systematic, published research on the subject across Europe providing unrivalled insight about it.

How do dealerships surveyed break down?



Finaccord's universe of dealerships includes 1,155 respondents in total spread across 20 countries in Europe including manufacturer-owned dealerships, franchised dealerships, multi-marque dealerships and new and used car supermarkets. 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 in at least one of the countries covered in this report are as follows:

AIXAM	FAW	Lada	Morgan	SsangYong
Alfa Romeo	Ferrari	Lamborghini	Nissan	Subaru
Aston Martin	Fiat	Lancia	Opel	Suzuki
Audi	Ford	Land Rover	Perodua	TagAZ
Bentley	Geely	Lexus	Peugeot	Tata
BMW	Great Wall	Lifan	Porsche	Tesla
Bogdan	Haima	Lotus	Proton	Toyota
Cadillac	Honda	Maserati	Ravon	UAZ
Chery	Hyundai	Mazda	Renault	Vauxhall
Chevrolet	Infiniti	Mercedes-Benz	Rolls-Royce	Volkswagen
Chrysler	Jaguar	MG	SEAT	Volvo
Citroën	Jeep	MINI	Škoda	Vortex
Dacia	Kia	Mitsubishi	Smart	

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. *European Overview*: comprising an overview of the market for prepaid service contracts for new and used cars across the 20 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 prepaid service contracts; and calculation of the market value in each country for prepaid service contracts for new and used cars in Europe.

3. *Austria*: an in-depth analysis of the market for prepaid service contracts for new and used cars in Austria including: an overview of the market for new and used passenger cars; dealer survey results including analysis of the use of prepaid service contract programs branded or endorsed by manufacturers (tied providers) as opposed to contracts provided by independent firms (non-tied providers); and manufacturer / importer survey results, including partners used for branded or endorsed prepaid service contract schemes.

4 - 22: *the other 19 countries (for all, contents as for Austria)*.

What are the key features of the research?

Key features of this report include:

- comparable and standardised data concerning prepaid service contracts for new and used cars covering a total of 20 countries in Europe including both mature territories and fast-developing ones;
- provision of market size and segmentation data for all of these markets generated from Finaccord's proprietary *European Automotive Financial Services Model*;
- analysis of the average number of providers of prepaid service contracts 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 prepaid service contracts used by dealerships plus relationships between manufacturers or importers and external companies for branded or endorsed prepaid service contract schemes;
- calculation of implied market shares across Europe as a whole for all types of prepaid service contract 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 prepaid service contracts for new and used cars on a Europe-wide basis;
- to appreciate the extent to which dealerships favour promoting manufacturer-branded prepaid service contracts as opposed to contracts sourced from non-tied providers;
- to benchmark the degree of competitive intensity recorded by the research for distributing prepaid service contracts through the point of sale;
- to evaluate the potential for establishing partnerships with manufacturer brands or their local importers for branded or endorsed prepaid service contracts programs;
- to track the involvement in this field of leading national and international competitors including external providers such as ALD Automotive, Allianz, BNP Paribas Cardiff, Car Full Service, eDynamix, Innovation Group, MAPFRE, Opteven, QBE and The Warranty Group, as well as all significant automotive manufacturer groups.

How can the PartnerBASE™ be used?

Select country

Dealer	PREPAID SERVICE CONTRACTS					
	Country	Product offered?	Product source	Total number of partners	Number of non-tied partners	Non-tied partner(s)
W. Potthof (Hamm)	Germany	Yes	Manufacturer / importer	1	0	
Wafab Bil (Sunne)	Sweden	Yes	Dealer (non-tied)	1	1	(dealer's own)
Walshs Toyota (Kilkenny)	Ireland	Yes	Manufacturer / importer	1	0	
Wessex Garages (Newport)	UK	Yes	Both	2	1	EMaC
West Way Nissan (Wolverhampton)	UK	Yes	Dealer (non-tied)	1	1	EMaC

Look up specific dealers

Choose product source

Identify product partners

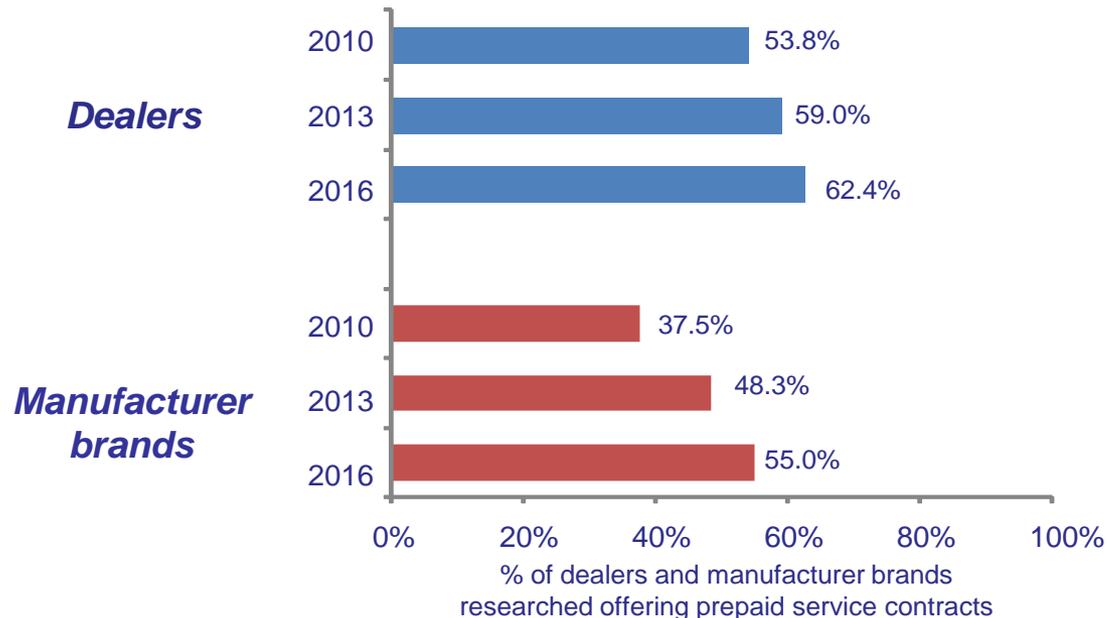
Note: for this report, PartnerBASE also covers multiple manufacturer brands

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 prepaid service contracts for new and used cars on a Europe-wide basis;
2. *Administrators of prepaid service contracts:* what are the opportunities to increase or build market share within the prepaid service contract 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 prepaid service contracts 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 service contract provider with its strategy or evaluating how it can develop its business in prepaid service contracts for new and used cars in Europe? Understand the current status of this market across 20 countries, saving time and effort on researching the subject yourself.

What are some of the key findings?

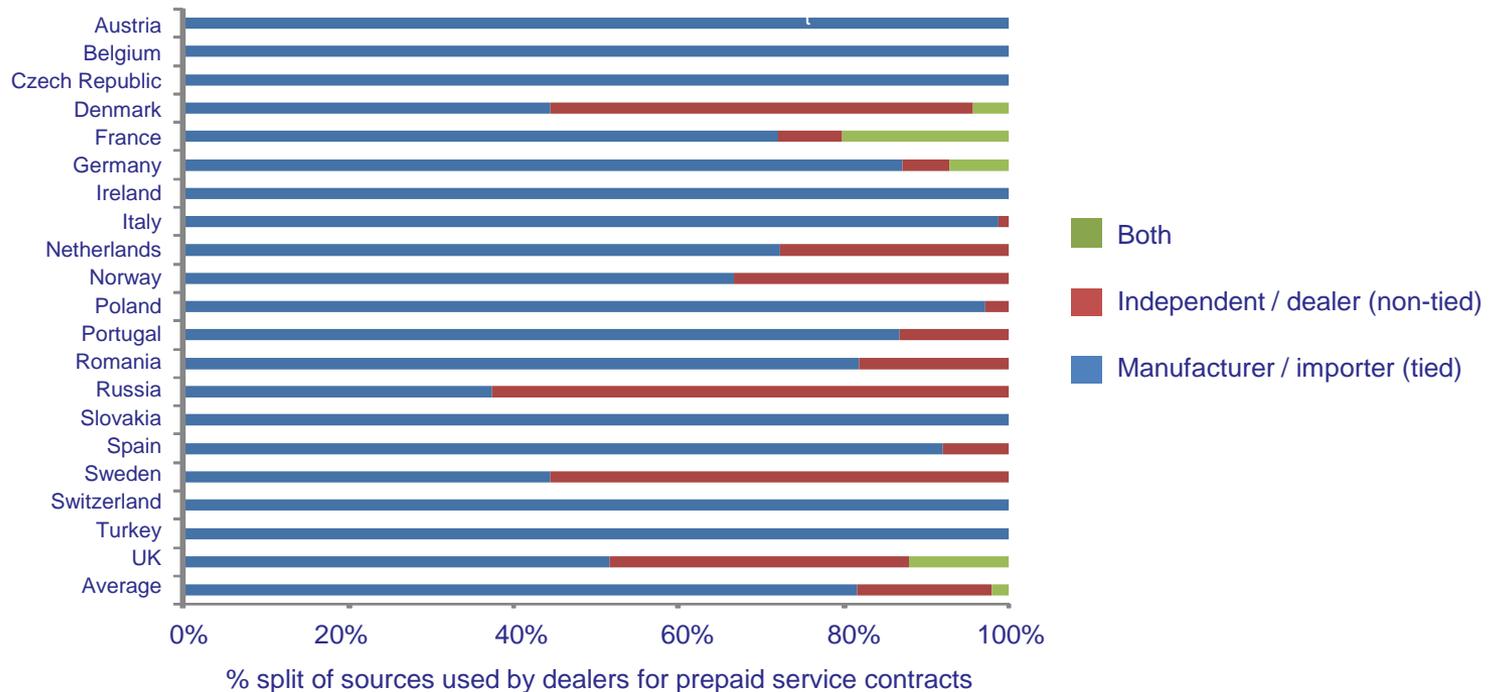
1. Across Europe as a whole, provision rates for prepaid service contracts among both dealers and manufacturer brands have increased consistently



Source: Finaccord Automotive Financial Services in Europe Survey

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

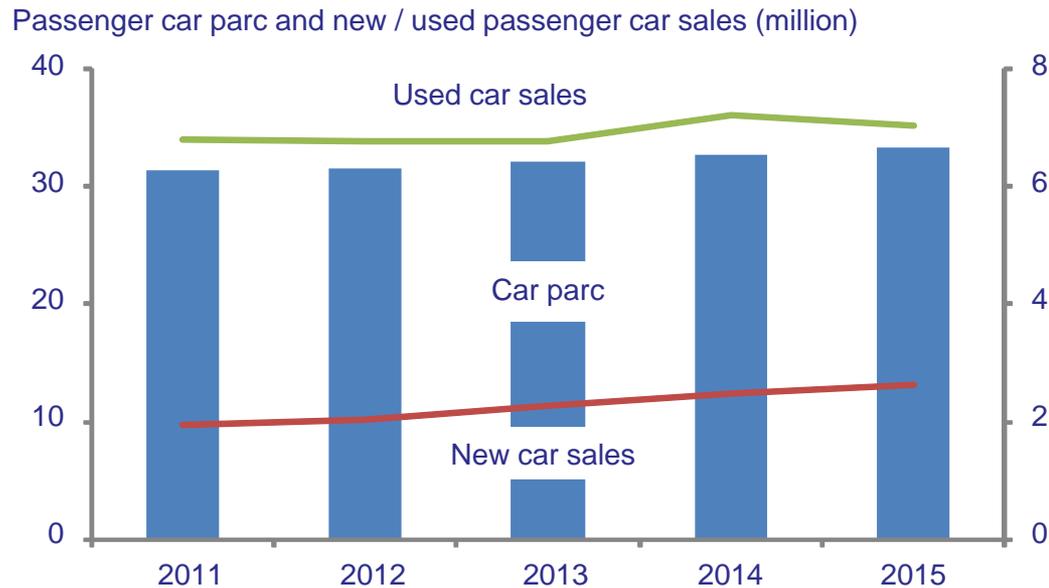
2. In 13 of the 20 countries in scope, dealers distribute prepaid service contracts from non-tied providers as well as ones set up by manufacturer brands or their importers



Source: Finaccord Automotive Financial Services in Europe Survey

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

3. In recent years, new car sales in the UK have grown more rapidly than in any of the other European countries researched



Source: SMMT / Experian, Finaccord analysis

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

4. Key findings from the executive summary include:

- the market for prepaid service contracts for passenger cars in Europe is worth in the region of EUR 3.44 billion, split almost evenly between contracts sold in association with new cars and those acquired by used car buyers, and with the UK the largest market;
- Finaccord's research indicates that the prepaid service contract 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 to consumers through dealerships;
- by this measure, and across new and used cars combined, revenues for prepaid service contracts were worth 1.84% of the value of car sales in the most developed market in 2015 in comparison to the European weighted average of 0.89%;
- overall, Finaccord's research indicates that around 24% of the Europe-wide market value is attributable to external providers, including schemes reportedly run by dealers themselves, and the other 76% to internally-managed programs (i.e. manufacturer brands running their own schemes).

What is the cost and format?

Prepaid Service Contracts for New and Used Cars in Europe 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	GBP 1,995
Automotive Finance and Leasing for Consumers in Europe	GBP 2,995
Automotive Finance and Leasing for Consumers in Latin America	GBP 1,495
Extended Warranties for New and Used Cars in the Asia-Pacific Region	GBP 1,995
Extended Warranties for New and Used Cars in Europe	GBP 2,995
Extended Warranties for New and Used Cars in Latin America	GBP 1,495
Fleet Insurance and Assistance in Europe	GBP 3,995
GAP Insurance for New and Used Cars in Europe	GBP 1,995
Global Automotive Manufacturers: Strategies in Finance, Insurance, Warranties and Assistance	GBP 2,995
Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Road Assistance in the Asia-Pacific Region	GBP 1,995
Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Road Assistance in Europe	GBP 2,995
Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Road Assistance in Latin America	GBP 1,495
Prepaid Service Contracts for New and Used Cars in Europe	GBP 1,995
Road Assistance in Europe	GBP 2,995
Road Assistance in Major Global Markets	GBP 2,995

** For UK-based clients, VAT 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 USD, at the prevailing exchange rate, if preferred.

For acquisition of multiple reports, please contact Finaccord - discounts may be available.

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	GBP 795	Greece	GBP 595	Romania	GBP 595
Australia	GBP 795	Hungary	GBP 595	Russia	GBP 795
Austria	GBP 795	India	GBP 795	Slovenia	GBP 395
Belgium	GBP 795	Indonesia	GBP 795	South Africa	GBP 795
Brazil	GBP 795	Ireland	GBP 595	South Korea	GBP 795
Bulgaria	GBP 395	Italy	GBP 795	Spain	GBP 795
Canada	GBP 795	Japan	GBP 795	Sweden	GBP 595
Chile	GBP 595	Luxembourg	GBP 595	Switzerland	GBP 795
China	GBP 795	Malaysia	GBP 595	Taiwan	GBP 595
Colombia	GBP 595	Mexico	GBP 795	Thailand	GBP 595
Croatia	GBP 395	Netherlands	GBP 795	Turkey	GBP 595
Czech Republic	GBP 595	Norway	GBP 595	UK	GBP 795
Denmark	GBP 595	Peru	GBP 595	Ukraine	GBP 595
Finland	GBP 595	Philippines	GBP 595	USA	GBP 1,995
France	GBP 795	Poland	GBP 595	Vietnam	GBP 595
Germany	GBP 795	Portugal	GBP 595		

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at www.finaccord.com/order_eu_afsr.htm and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required *
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

* For the **corporate user licence** please 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

VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.