

Prepaid Service Contracts for New and Used Cars and LCVs in the Asia-Pacific Region

Report Prospectus

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Prospectus contents

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What is the research?

Finaccord's report titled *Prepaid Service Contracts for New and Used Cars and LCVs in the Asia-Pacific Region* provides comprehensive and in-depth research covering 12 countries in the Asia-Pacific Region, namely: China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

Based on a survey of 820 dealers in these countries and an investigation typically covering around 30 manufacturer brands in each territory (although as many as 76 in China), the study delivers unique insights into the market for prepaid service contracts for new and used cars and LCVs 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.

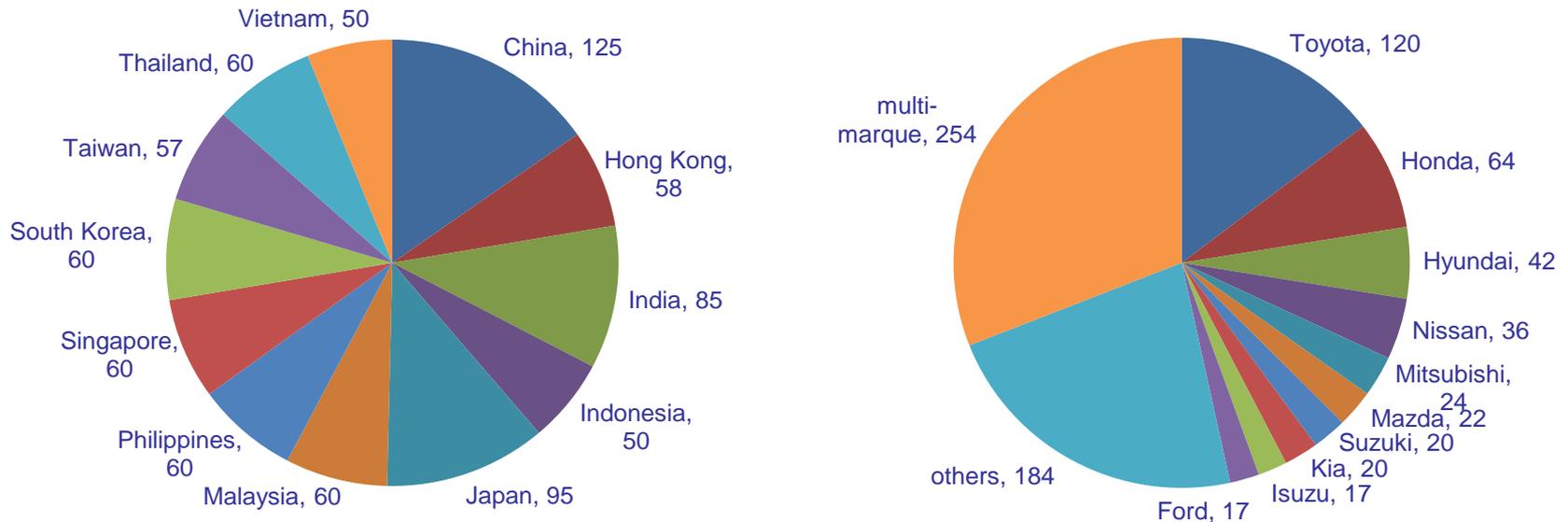
What is the rationale?

The automotive manufacturing market, globally as well as in the Asia-Pacific region, 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 USD 2.45 billion across the 12 countries in scope, and which is likely to have 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 the Asia-Pacific region providing unrivalled insight about it.

How do dealerships surveyed break down?



Finaccord's universe of dealerships includes 820 respondents in total spread across 12 countries including manufacturer-owned dealerships, franchised dealerships, multi-marque dealerships and new and used car supermarkets. Note that the split by manufacturer group above includes joint ventures in China. 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:

Abarth	Citroën	Haima	Landwind	Proton
Alfa Romeo	Daihatsu	Haval	Lexus	Qichen
Alpina	Datsun	Hawtai	Lifan	Renault
Ashok Leyland	Dodge	Hindustan-Mitsubishi	Luxgen	Roewe
Aston Martin	DS	Honda	Mahindra	San Motors
Audi	Emgrand	Hongqi	Mahindra Electric	Škoda
Baic	Englon	Hyundai	Maruti Suzuki	Smart
Baojun	FAW Jilin	ICML	Maserati	Soueast
Bentley	Fengshen	Infiniti	Mazda	SsangYong
Besturn	Ferrari	Isuzu	Mercedes-Benz	Subaru
BMW	Fiat	JAC	MG	Suzuki
BYD	Force Motors	Jaguar	MINI	Tata Motors
Cadillac	Ford	Jeep	Mitsubishi	Tesla
Chana	FXauto	Jiangling	Nissan	Toyota
Changan	GAC	Jinbei	Opel	Volkswagen
Changhe	Geely	Karry Auto	Perodua	Volvo
Chery	Gleagle	Kia	Peugeot	Wuling
Chevrolet	Great Wall	Lamborghini	PMC	Youngman Lotus
Chrysler	Hafei Automobile	Land Rover	Porsche	Zotye Auto

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 prepaid service contracts for new and used cars across the 12 countries. Analyses include: trends in sales of new and used cars and LCVs; 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 and LCVs in the Asia-Pacific region.

3. *China*: an in-depth analysis of the market for prepaid service contracts for new and used cars and LCVs in China including: an overview of the market for new and used vehicles; 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 - 14: *the other 11 countries (for all, contents as for China)*.

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 and LCVs covering a total of 12 countries in the Asia-Pacific region 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 *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 the Asia-Pacific region 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 and LCVs across the Asia-Pacific region;
- 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 all significant automotive manufacturer groups.

How can the PartnerBASE™ be used?

Select country

Dealer	Country	PREPAID SERVICE CONTRACTS				Total number of partners	Number of non-tied partners	Non-tied partner(s)
		Product offered?	Product source					
Hecheng (Shantou)	China	No						
Hee Yeon Jung (Gwanju)	South Korea	Yes	Manufacturer / importer		1	0		
Hee Yeon Song (Seoul)	South Korea	No						
Hefei Star of the Automotive Services (Hefei)	China	Yes	Dealer (non-tied)		1	1	(dealer's own)	
Hehongjin 5s (Beijing)	China	Yes	Dealer (non-tied)		1	1	(dealer's own)	

Look up specific dealers

Choose product source

Identify product partners

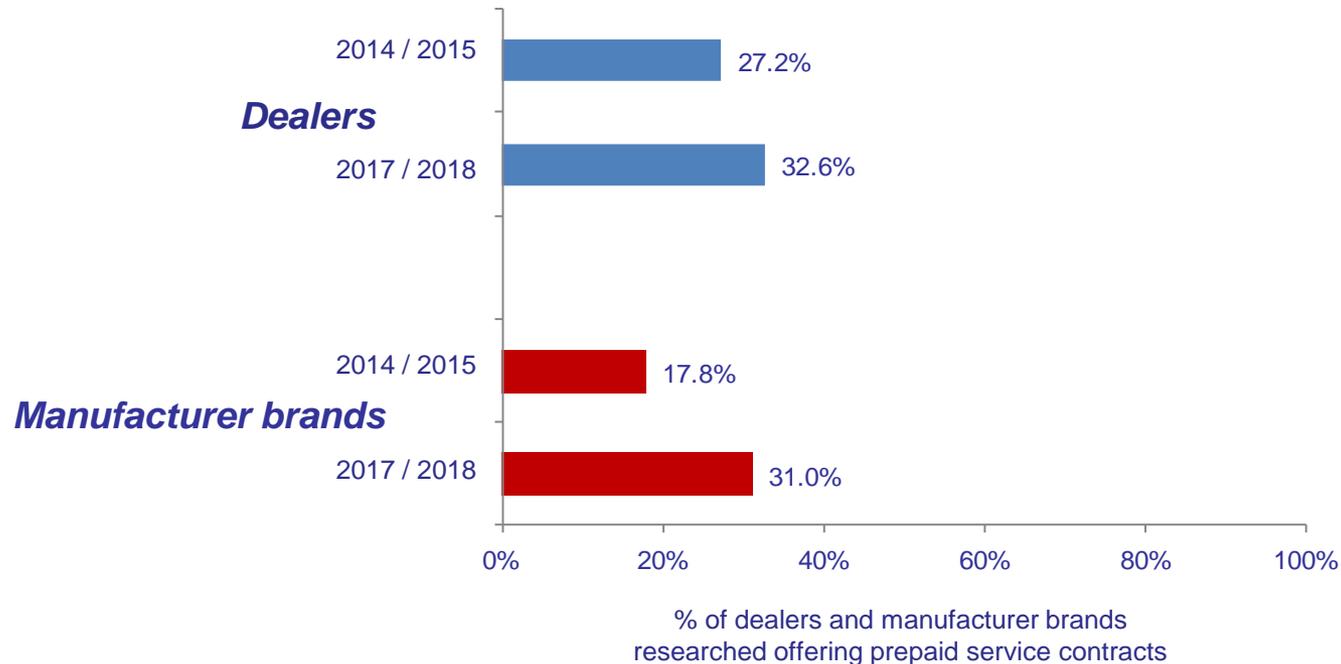
Note: for this report, PartnerBASE also covers multiple manufacturer brands

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 and LCVs across the Asia-Pacific region;
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 and LCVs in the Asia-Pacific region? Understand the current status of this market across 12 countries, saving time and effort on researching the subject yourself.

What are some of the key findings?

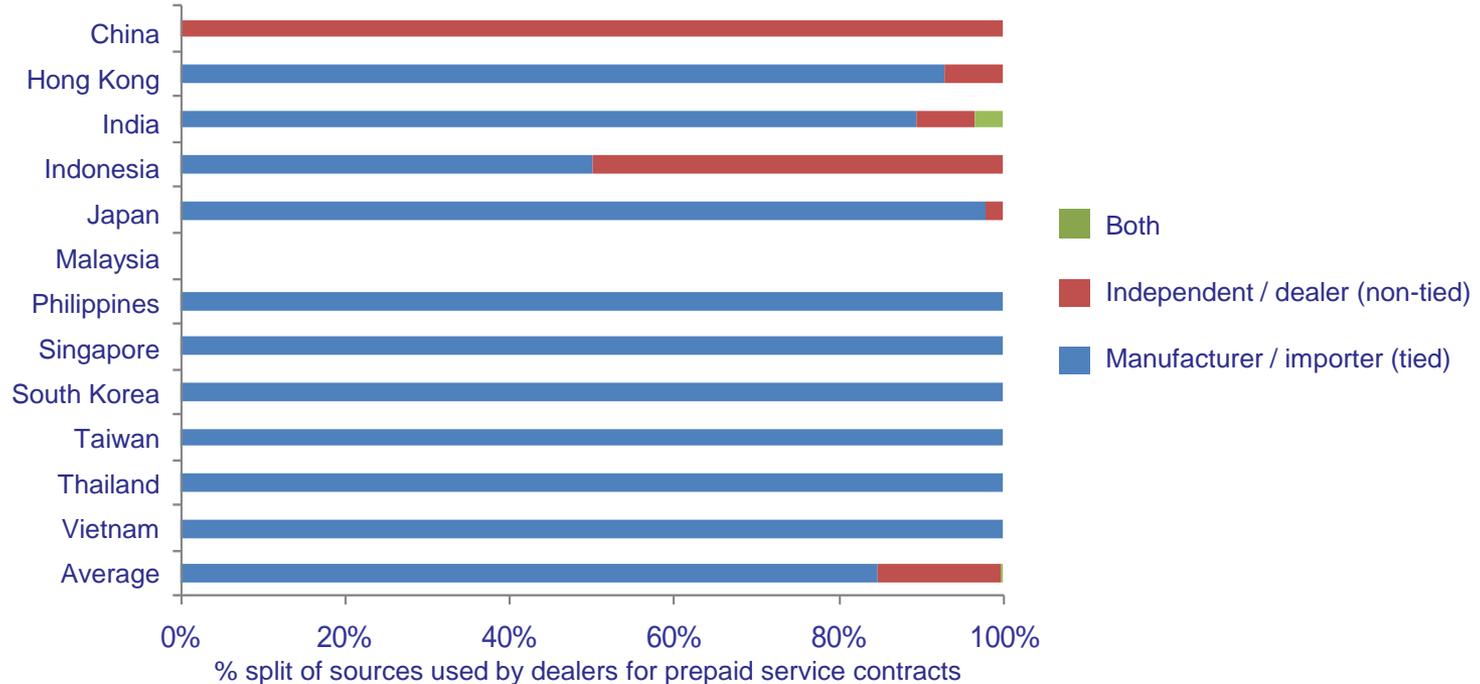
1. Across the Asia-Pacific region as a whole, provision rates for prepaid service contracts among both dealers and manufacturer brands have increased in recent years



Source: Finaccord Automotive Financial Services in the Asia-Pacific Region Survey

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

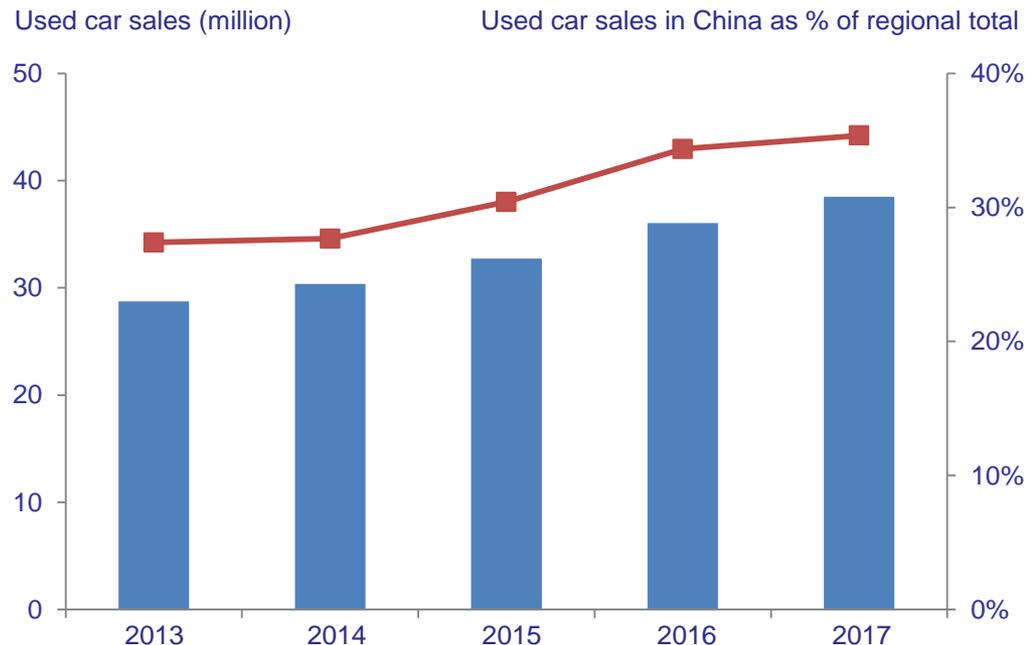
2. In five of the 11 countries in which dealers are active in this field, they distribute prepaid service contracts from non-tied providers as well as or instead of ones set up by manufacturer brands or their importers



Source: Finaccord Automotive Financial Services in the Asia-Pacific Region Survey

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

3. Sales of used cars in the Asia-Pacific region have been growing consistently and the percentage due to China (the largest market) has risen from 27.4% to 35.4% in recent years



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

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

4. Key findings from the executive summary include:

- the market for prepaid service contracts for new and used cars and LCVs in the Asia-Pacific region is worth in the region of USD 2.45 billion with almost 90% of this value attributable to buyers of new vehicles and with Japan 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 vehicles to consumers through dealerships;
- by this measure, and across new and used vehicles combined, revenues for prepaid service contracts were worth 1.36% of the value of car and LCV sales in the most developed market in 2017 in comparison to the regional weighted average of 0.26%;
- overall, Finaccord's research indicates that almost 30% of the regional market value is attributable to external providers, including schemes reportedly run by dealers themselves, and the rest to internally-managed programs (i.e. manufacturer brands or importers running their own schemes).

What is the cost and format?

Prepaid Service Contracts for New and Used Cars and LCVs in the Asia-Pacific Region 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

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