

Road Assistance in Europe

Report prospectus

December 2017

Prospectus contents

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What is the research?

Road Assistance in Europe is a report about the market for prepaid road assistance – sometimes referred to as breakdown recovery insurance – acquired by individual consumers owning passenger cars in 12 European countries, namely Austria, Belgium, France, Germany, Italy, the Netherlands, Poland, Russia, Spain, Switzerland, Turkey and the UK. The research is based on a primary survey of over 1,000 actual and potential distributors of road assistance in the 12 countries including automotive clubs, motor insurance brands, car manufacturer brands and independent warranty providers. For each of these organisations, it establishes whether they offer road assistance in any format or not and, if they do, the partner assistance firms with which they work if they do not report managing the service themselves on an internal basis.

Having presented the provision rates for road assistance across these main categories of distributor (data that is logged in the accompanying PartnerBASE™, the study then compares the operating models that they use, shows which providers of road assistance hold the most partnerships in each category and comments upon the importance of other distribution options including online aggregators and packaging with banking products. Moreover, it quantifies the value of the prepaid market for road assistance acquired by individual consumers in each country in 2016 plus the volume of policies in force at year end (both segmented by distribution channel), presents the likely market share by revenues of the leading competitors, and provides forecasts for the value of the market up to 2020.

What is the rationale?

There are several reasons for producing this study about road assistance in Europe. First, it is a significant market, as Finaccord estimates that the combined value of gross written premiums and other revenues from prepaid road assistance policies across the 12 countries was EUR 4.77 billion in 2016, and predicts that it will increase to EUR 5.30 billion by 2020. Secondly, it is a market about which published data is generally thin, even within specific countries: few insurance associations or financial regulators publish figures for road assistance revenues and, even where data is available, it does not distinguish at all between different segments within the market.

Thirdly, road assistance services are distributed through a number of competing but very different channels and the market can only be fully understood in detail by analysing each of them and by identifying the partnerships that exist for the organisations active in them. Uniquely, the PartnerBASE™ dataset that accompanies the report contains data concerning these partnerships, building upon the pioneering methodology of Finaccord's earlier study published in 2013.

Finally, there are numerous competitors in the market. These range from long-established national automotive clubs and international assistance companies owned by major insurance groups to smaller road assistance providers that are usually focused on a single country and to local assistance firms to which breakdown recovery services are often outsourced. Because of this complex supply structure, quantifying the market shares of leading competitors in road assistance is a challenging task.

What methodology has been used?

This report is based on an extensive program of primary and secondary research conducted during 2017; splits of the universe of more than 1,000 actual and potential distributors of road assistance investigated by type and country are given in the two pie charts overleaf.

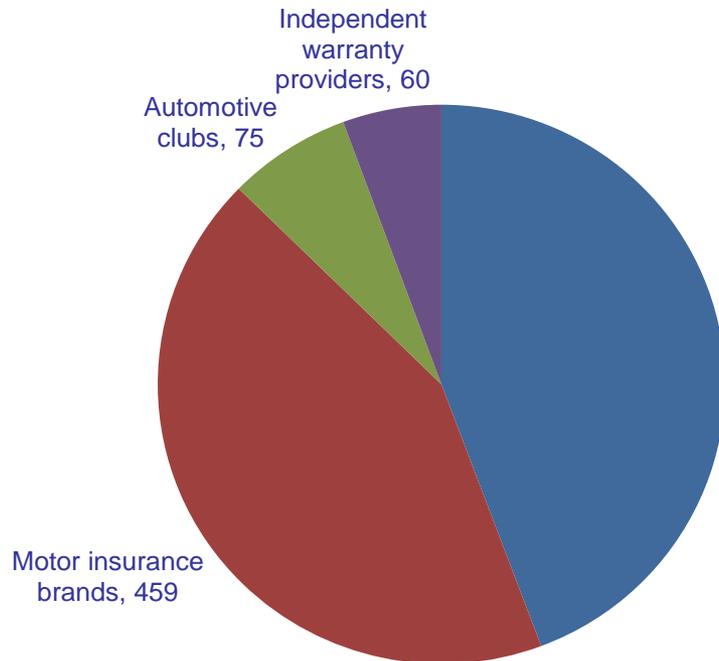
In order to establish the value, segmentation and probable future growth of the market in each country, Finaccord has constructed a model that incorporates the number of road assistance policies in force in each country split by distribution channel.

This also takes into consideration the average price of a prepaid road assistance policy according to whether it is sold on a retail or wholesale basis, and incorporates results from Finaccord's parallel research into consumer automotive financial services in Europe.

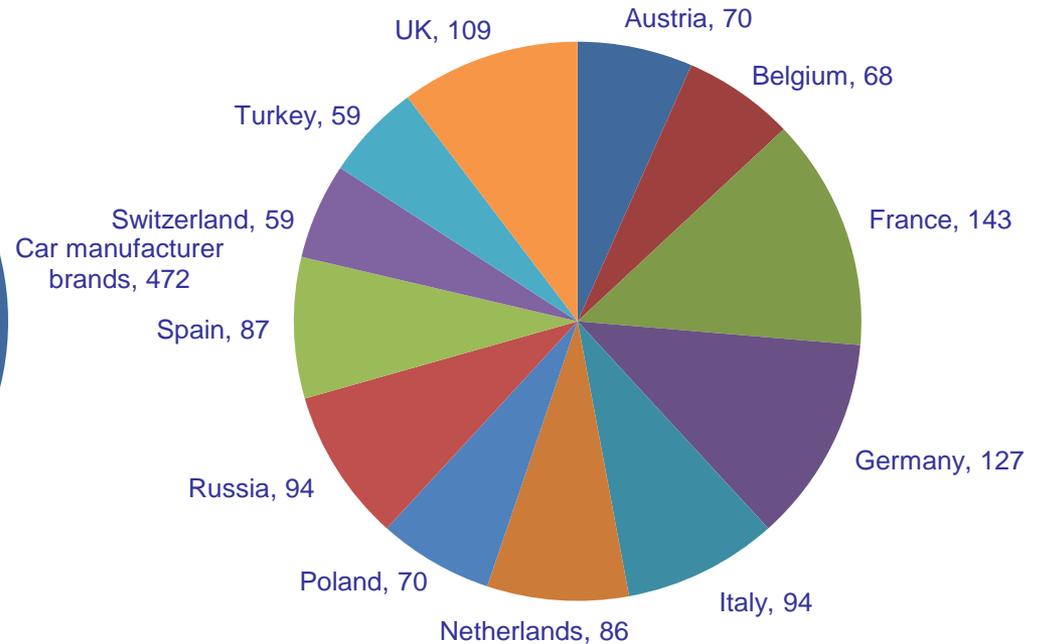
Moreover, the likely market shares of leading providers of road assistance in each country are calculated through a combination of public domain sources (e.g. the number of members of automotive clubs) and analysis based on the number and importance of partnerships held by providers of road assistance with the main distribution channels, namely motor insurance brands, car manufacturer brands and independent warranty providers.

How do organisations surveyed break down?

BY TYPE



BY COUNTRY



Source: Finaccord PartnerBASE for Road Assistance in Europe

What is the structure of the overview report?

Executive Summary: provides a concise evaluation of the report's principal findings.

Introduction: discusses rationale, research methodology, sample breakdown and definitions.

European Overview: this chapter begins by presenting the penetration rates for prepaid road assistance across the main categories of distributor considered, namely automotive clubs, motor insurance brands, car manufacturer brands and independent warranty providers. It then compares the operating models used to provide road assistance by these distributors and, across all 12 countries, it compares the value of the prepaid market for road assistance acquired by individual consumers driving passenger cars in 2016 segmented by distribution channel. In addition, it shows the level of market concentration in each country according to the share of partnerships held by the top four competitors, and identifies the leading competitors across all 12 countries combined measured both by their share of distribution partnerships and by their estimated revenues from prepaid road assistance. Finally, it provides forecasts for the value of the market up to 2020.

Austria, Belgium, France etc.: the structure is similar to that outlined above but with analysis and commentary specific to the country in question. Commentary is also provided about the importance of other channels including direct sales (including distribution via miscellaneous affinity and corporate partners), cover bundled with payment cards and bank accounts, and online aggregators and brokers, plus the potential threat posed by providers on-demand road assistance apps.

What are the key features of the research?

Key features of this report include:

- quantification of the market size for prepaid road assistance acquired by individual consumers driving passenger cars in each of Austria, Belgium, France, Germany, Italy, the Netherlands, Poland, Russia, Spain, Switzerland, Turkey and the UK : what is the value and volume of each market, how does it break down by distribution channel and how is it likely to develop up to 2020?
- computation of the likely market share by revenues of leading providers of prepaid road assistance in each of the 12 countries, thereby illustrating the extent to which challenger assistance firms are eroding the dominance of long-established, incumbent providers;
- availability of an accompanying PartnerBASE™ dataset that logs partnerships for road assistance identified by Finaccord across over 1,000 automotive clubs, motor insurance brands, car manufacturer brands and independent warranty providers;
- review of other distribution systems used for selling road assistance including direct sales and distribution via miscellaneous affinity and corporate partners, cover bundled with payment cards and bank accounts, and online aggregators and brokers – to what extent do these offer a credible means for challenger assistance firms to gain market share?

How can the research be used?

This report, plus the PartnerBASE™ dataset and market data file that accompanies it, may be used in one or more of the following ways:

- to evaluate the size, segmentation and future prospects of the market for road assistance for individual consumers in each country, plus (for a majority of the countries) its value within the total prepaid market for road assistance (which also includes assistance for fleets and non-fleet commercial vehicles);
- to appreciate the overall penetration rate in each country for road assistance across households with passenger cars driven by individual consumers and the contribution made to this by each of the main distribution channels;
- to gain access to a single comprehensive source of information detailing partnerships between providers and distributors of prepaid road assistance in each country, and the extent to which these are drivers of the market share of revenues of the leading competitors;
- to understand the competitive position of established national assistance brands (e.g. ADAC and the AvD in Germany), international assistance providers and challenger assistance firms, plus the potential for new distribution models, such as on-demand road assistance apps, to disrupt the market.

How can the PartnerBASE™ be used?



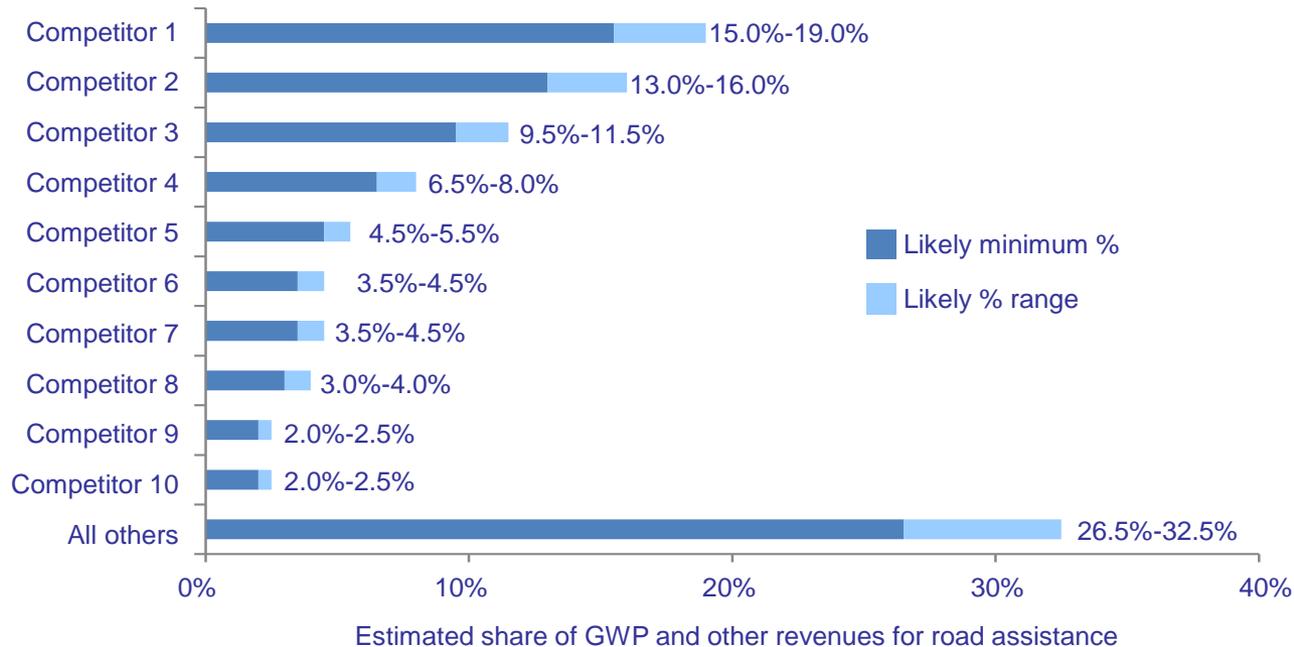
Source: Finaccord PartnerBASE for Road Assistance

Who can use the research?

1. *Assistance firms and automotive clubs:* tailor your company's strategy armed with the most in-depth research yet published about road assistance markets in Austria, Belgium, France, Germany, Italy, the Netherlands, Poland, Russia, Spain, Switzerland, Turkey and the UK;
2. *Insurance companies:* sales of road assistance to consumers via motor insurance account for between 8.5% to 70.7% of the total prepaid market value depending upon the country in question – could your company take a greater slice of this market?
3. *Automotive manufacturers:* most manufacturer brands include road assistance automatically with the factory warranties provided to buyers of new cars – however, the share of this distribution channel is less than 10% in all countries investigated other than two;
4. *Management consultancies:* are you helping a client firm to understand its own strategy with respect to road assistance in Europe? This study will provide you with rapid insight into the subject, saving time and effort on researching the subject yourself.

What are some of the key findings?

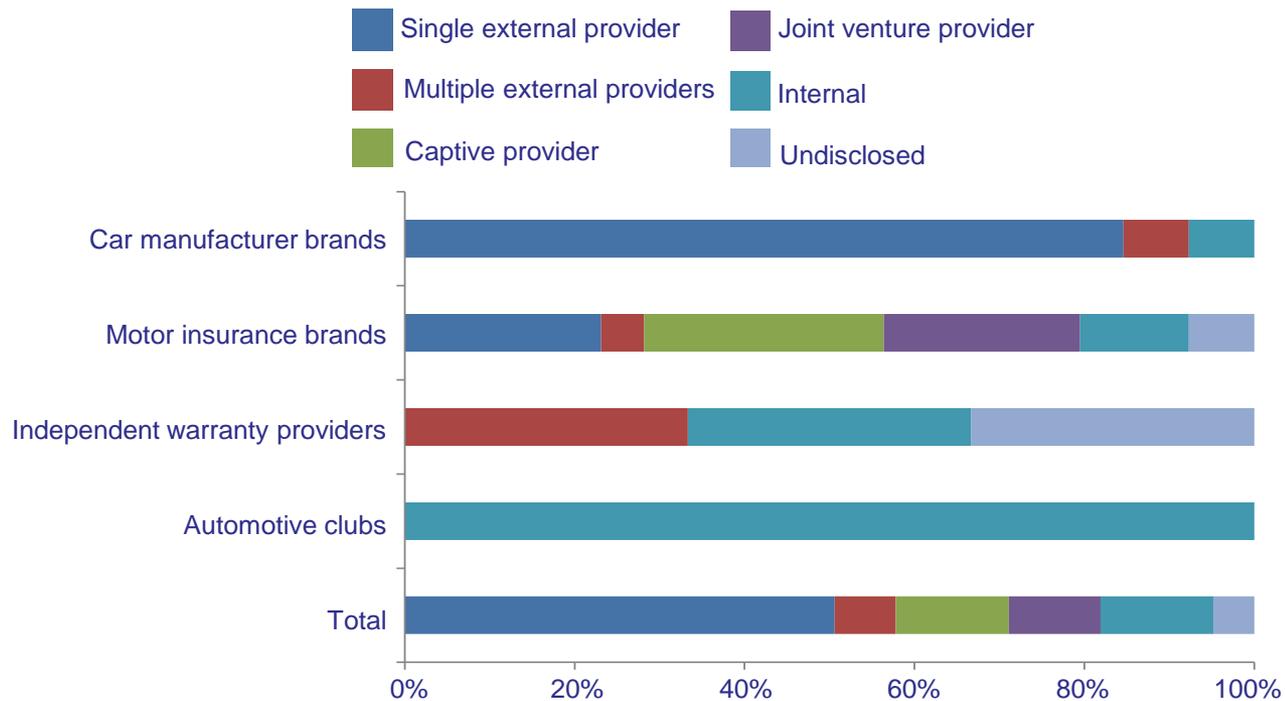
1. Across all countries combined, and before calculating the combined share of members of ARC Europe and ERA Automotive, road assistance providers outside the top ten accounted for between 26.5% and 32.5% of revenues in 2016



Source: Finaccord analysis

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

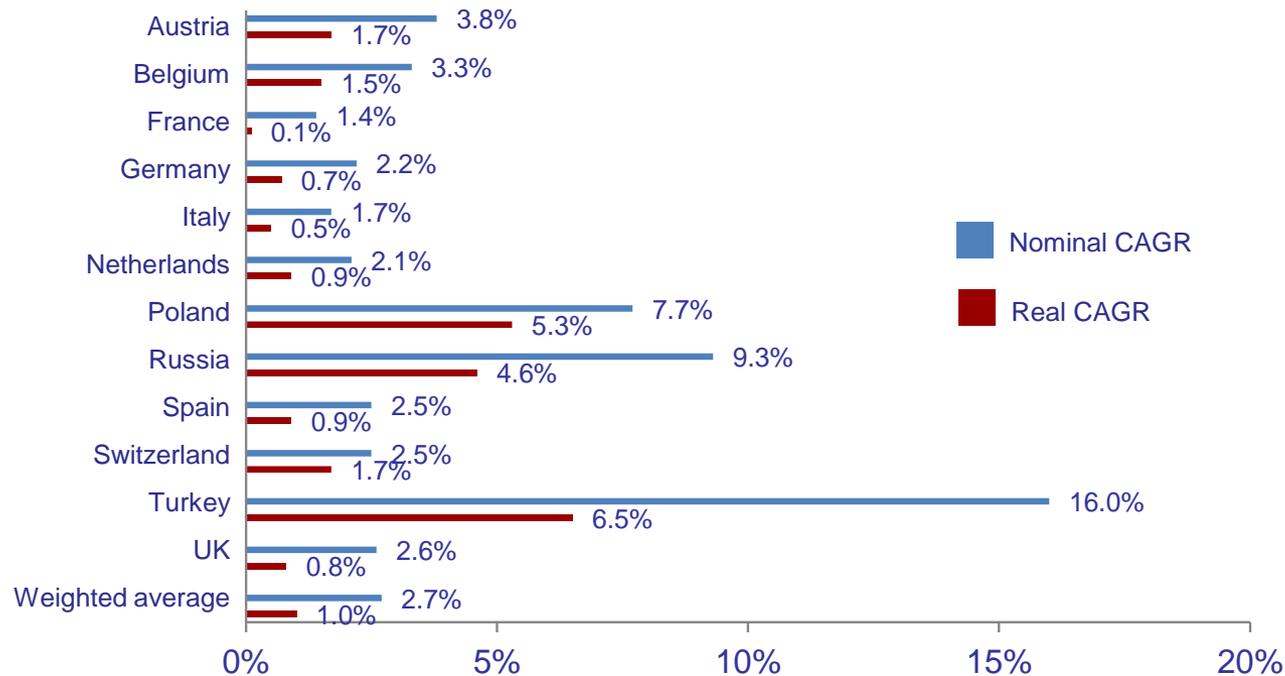
2. In Spain, most initiatives for road assistance are organised by distributors in conjunction with a single external partner although captive and joint venture assistance firms are common among motor insurance brands



Source: Finaccord PartnerBASE for Road Assistance in Europe

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

3. In real terms, all markets for prepaid road assistance are expected to see some increase in value between 2016 and 2020, with that of Turkey advancing most rapidly



Forecast CAGR of road assistance revenues, 2016 to 2020

Source: Finaccord analysis

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

4. Key findings from the executive summary include:

- around 65% of the EUR 4.76 billion value of the market for prepaid road assistance acquired by consumers in the 12 countries combined is attributable to direct sales (including automotive club memberships and distribution via miscellaneous affinity and corporate partners);
- the UK and Germany are comfortably the largest markets for road assistance in Europe, followed at some distance (and in descending order) by the Netherlands, France and Italy, and with the average price per policy lower in the latter two countries, mainly as a consequence of the fact that fewer policies are bought directly;
- across the 12 countries, Allianz Global Assistance holds the most distribution partnerships for road assistance among the key distributor categories analysed, followed by Europ Assistance, AXA Assistance, Inter Mutuelles Assistance and MAPFRE Asistencia;
- the likely growth in popularity of both car sharing concepts (e.g. car clubs, minicab apps, peer-to-peer car sharing, ride sharing) and apps for on-demand road assistance (e.g. JimDrive, RoadGuard) may have some impact on the forecast market value by 2020 and, beyond that year, much greater disruption could be caused by the advent of driverless cars.

What are the costs and format?

This study is available as a standard PDF document with the PartnerBASE™ dataset and market data annexe that accompany it at no further charge in Excel format. The cost of *Road Assistance in Europe* is USD 6,995. In addition, country-specific reports about this subject are also available as follows (noting that the 12 studies about European countries are subsets of *Road Assistance in Europe*).

Country	Cost *	Country	Cost *
Road Assistance in Austria	USD 1,195	Road Assistance in Mexico	USD 895
Road Assistance in Australia	USD 1,395	Road Assistance in the Netherlands	USD 1,195
Road Assistance in Belgium	USD 1,195	Road Assistance in Poland	USD 1,195
Road Assistance in Brazil	USD 1,395	Road Assistance in Russia	USD 1,395
Road Assistance in Canada	USD 1,395	Road Assistance in South Africa	USD 895
Road Assistance in China	USD 1,895	Road Assistance in South Korea	USD 895
Road Assistance in France	USD 1,395	Road Assistance in Spain	USD 1,395
Road Assistance in Germany	USD 1,395	Road Assistance in Switzerland	USD 1,195
Road Assistance in India	USD 895	Road Assistance in Turkey	USD 1,195
Road Assistance in Italy	USD 1,395	Road Assistance in the UK	USD 1,395
Road Assistance in Japan	USD 895	Road Assistance in the USA	USD 1,895

* GST at the prevailing rate will be added to the basic price for Singapore-based buyers. Costs quoted are for a single office, single country licence only. For corporate user licence options, please see the next slide for further details. Invoices can be paid in EUR or GBP, at the prevailing exchange rate, if preferred.

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.