

# **Automotive Financial Services in Southern and Western Europe**

**Report Prospectus**

*May 2007*

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## What is the research?

Finaccord's report titled *Automotive Financial Services in Southern and Western Europe* is an updated and expanded research report investigating the market for automotive financial services, defined in broad terms, linked to sales of new and used passenger cars in Southern and Western Europe. In addition to analysing the €145.7 billion market for finance and leasing services, the study also offers detailed coverage of ancillary automotive financial services markets including motor insurance, creditor insurance, extended warranties, GAP / shortfall protection insurance and road assistance. In the light of the increasing maturity of finance and leasing markets, the revenues generated from high margin ancillary products are crucial to enhancing the profits of a variety of market participants including dealers, manufacturers and independent finance providers.

The report draws on the results of a survey of 500 leading car dealerships in eight countries in Southern and Western Europe - Belgium, France, Ireland, Italy, the Netherlands, Portugal, Spain and the UK - as well as an analysis of the approach to automotive financial services of 20 leading manufacturer groups, representing up to 37 automotive brands, in the same countries. The PartnerBASE™ database that accompanies the report details each of the marketing initiatives for automotive financial services traced by Finaccord for both dealer groups and manufacturers. Together, the report and database will provide you with the definitive guide to current and future opportunities in automotive financial services in Southern and Western Europe.

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## What methodology has been used?

Finaccord's survey of dealerships in Southern and Western Europe was carried out between February and April 2007. The research embraces the following information:

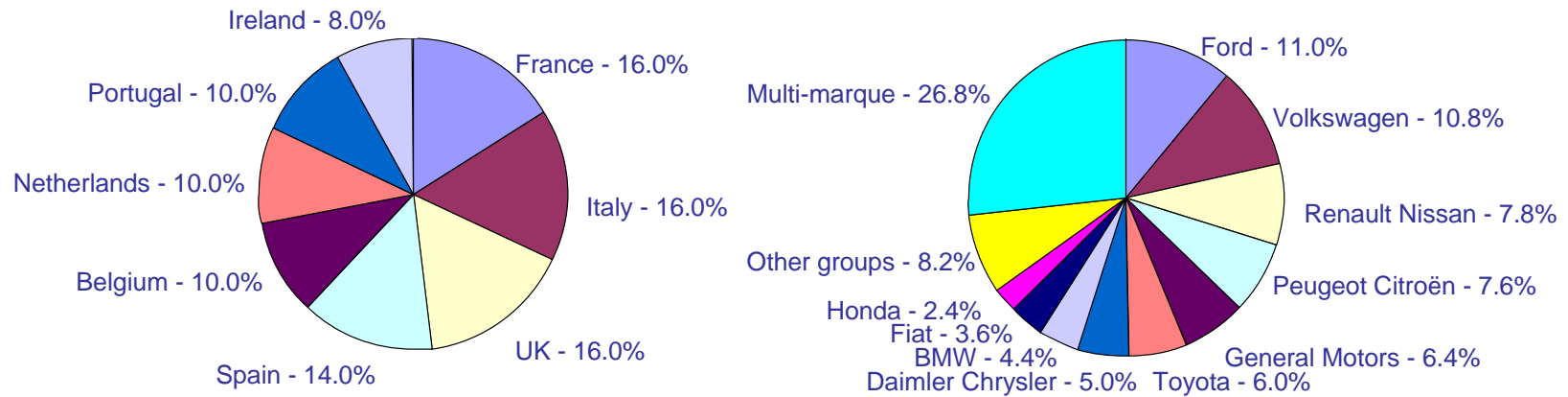
- whether automotive financial services are marketed to purchasers of new and used vehicles;
- if so, how many providers are used?
- if so, what are the identities of the providers used?
- if so, how do these differ between manufacturer-branded providers and independent suppliers?
- if so, what are the average take-up rates for buyers of new and used cars?

The results of this research provide unique data for dealer penetration rates, operating models, partner market shares and both average and overall customer take-up rates for dealer-intermediated finance / leasing, motor insurance, creditor insurance, extended warranties and GAP / shortfall protection insurance in each country.

Moreover, Finaccord's manufacturer survey pinpoints manufacturer-branded programs in each country for the five aforementioned products, as well as road assistance, identifying the extent to which these are offered through captive entities or in association with external partners. As such, this constitutes a thorough and comprehensive expansion of previous research published on the same subject by Finaccord.

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## How do dealer groups surveyed break down?



Finaccord's universe of dealerships includes 500 respondents in total spread across eight countries in Southern and Western Europe including manufacturer-owned dealerships, franchised dealerships, multi-marque dealerships and new and used car supermarkets. For a full list of the organizations contacted for the research and included in PartnerBASE™, please contact Finaccord.

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## What is the report structure?

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

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

2. *Regional Overview*: including an overview of the markets for providing finance / leasing, motor insurance, creditor insurance, extended warranties, GAP / shortfall protection insurance and road assistance in conjunction with purchase of new and used passenger vehicles across the eight countries. Analyses include: comparisons of the size and segmentation of automotive financial services markets; dealership penetration rates, operating models and competitor dynamics; average customer take-up rates at the point of sale; and prevalence, operating models and partner market shares for manufacturer-branded programs.

3. *Belgium*: an in-depth analysis of the market for automotive financial services in Belgium including: an overview of the market for new and used passenger cars; size, segmentation and growth of the motor finance and leasing sector; dealer survey results including analysis of the balance between manufacturer-branded and independent providers; and manufacturer survey results, including identification of partners used, where applicable, for branded programs.

4 - 10: *France, Ireland, Italy, Netherlands, Portugal Spain, UK* (for all, contents as for Belgium).

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## What are the key features of the research?

Key features of this report include:

- coverage of the six distinct sectors within automotive financial services, namely finance / leasing, motor insurance, creditor insurance, extended warranties, GAP / shortfall protection insurance and road assistance;
- provision of hitherto unpublished market size and segmentation data for these markets generated from Finaccord's proprietary *European Automotive Financial Services Model*;
- clear analysis of the market for finance and leasing services related to new and used car sales by distribution channel, differentiating between the point of sale and direct lenders;
- presentation of unique data from the survey of dealerships illustrating average customer take-up rates for automotive financial services at the point of sale in each country;
- identification of the partners used for automotive financial services by both dealerships and manufacturers with contextual commentary concerning key players such as ARC Europe, Car Garantie, Cardif, Covéa Fleet, Santander Consumer Finance and Zurich.

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## 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:

- understand how the total market for automotive financial services related to purchase of new and used passenger cars fits together in Southern and Western Europe;
- appreciate the magnitude of the opportunity in automotive financial services and how this breaks down by both product and distribution channel;
- benchmark the performance of your own company, whether a manufacturer captive or non-captive in terms of both absolute market share and average customer take-up rates in automotive financial services;
- adjust your own company's strategy in accordance with this analysis;
- evaluate the partnership strategy of your organisation and how it can secure a higher share of the market for automotive financial services in Southern and Western Europe by re-evaluating its approach to distribution alliances with dealer groups and manufacturers.

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## Who can use the research?

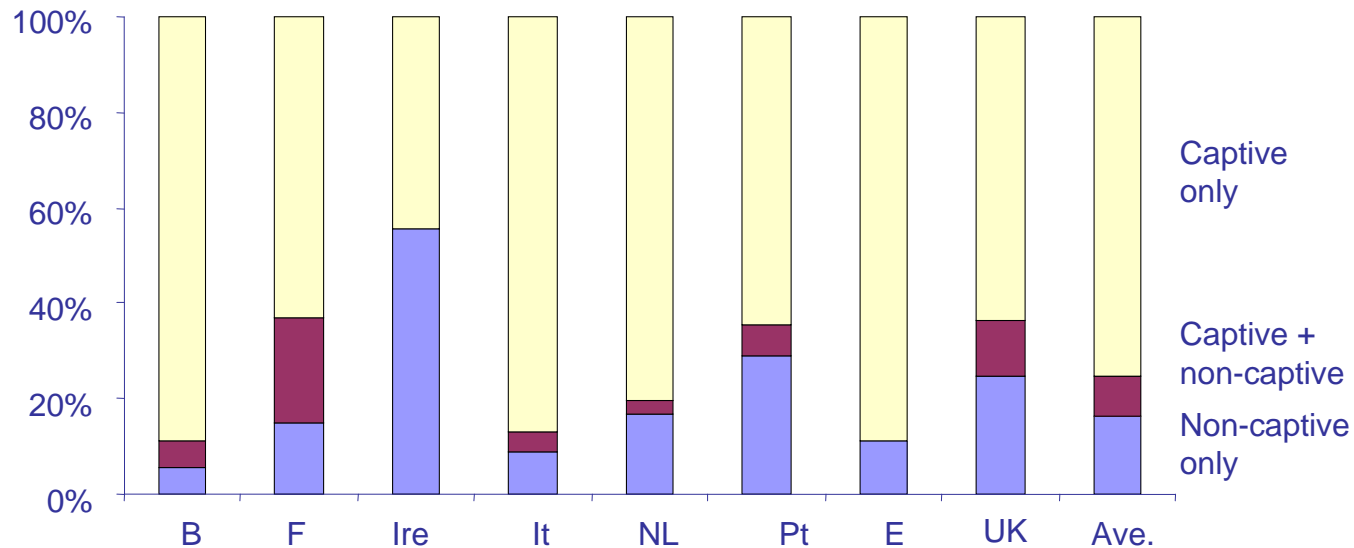
1. *Automotive manufacturers:* this research provides a wealth of unique and valuable benchmarking data allowing you to assess objectively your performance in automotive financial services and counter the threat from non-captive competitors;
2. *Finance / leasing providers:* what are the opportunities to increase or build market share of automotive finance and leasing for consumers in each country in both the point-of-sale and direct lending channels?
3. *Insurance, warranty and assistance firms:* what is the potential to introduce insurance, warranty or assistance programs in each country marketed either in association with manufacturers or developed by means of autonomous relationships with dealerships?
4. *Management consultancies:* are you helping a manufacturer, finance / leasing provider, insurer, warranty company or assistance firm with its strategy or evaluating how it can develop its business in automotive financial services? Understand the current status of automotive financial services in Southern and Western Europe, saving time and effort on researching the subject yourself.

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## What are some of the key findings?

1. In all countries other than Ireland, over half of dealers offering extended warranties intermediate manufacturer-branded propositions only

Operating models used by dealers for extended warranties



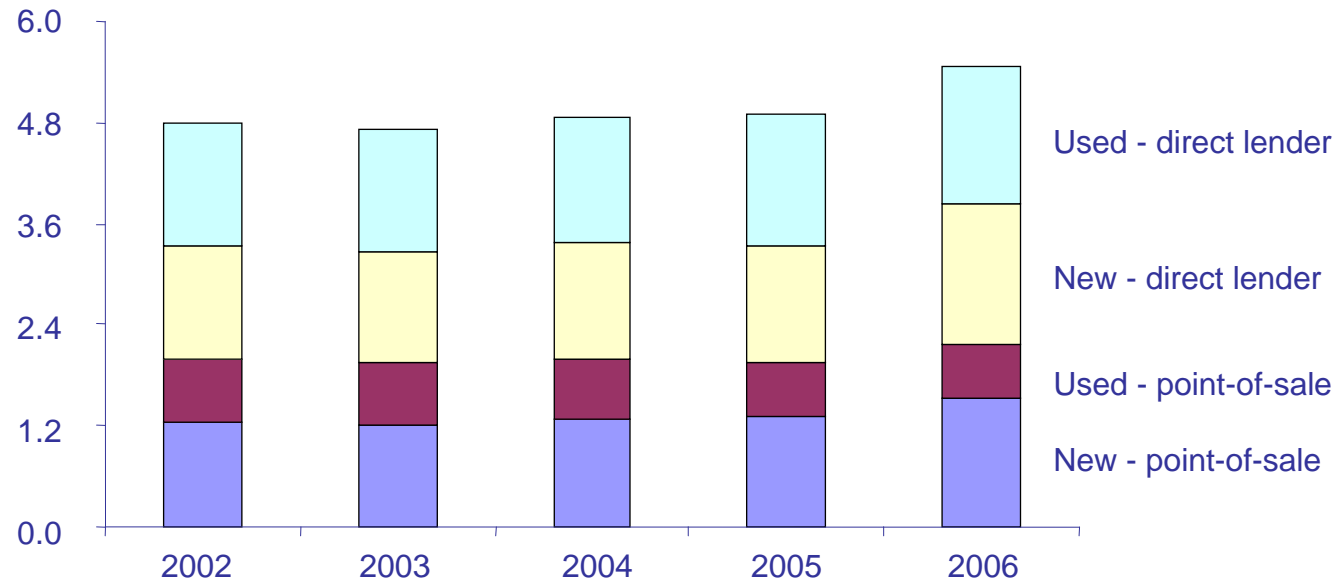
Source: Finaccord Automotive Financial Services in Europe Survey

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

### 2. Belgium's car finance and leasing sector grows by 11.6% in value terms in 2006 following several years of stagnation

New / used passenger car finance gross advances (€billion)



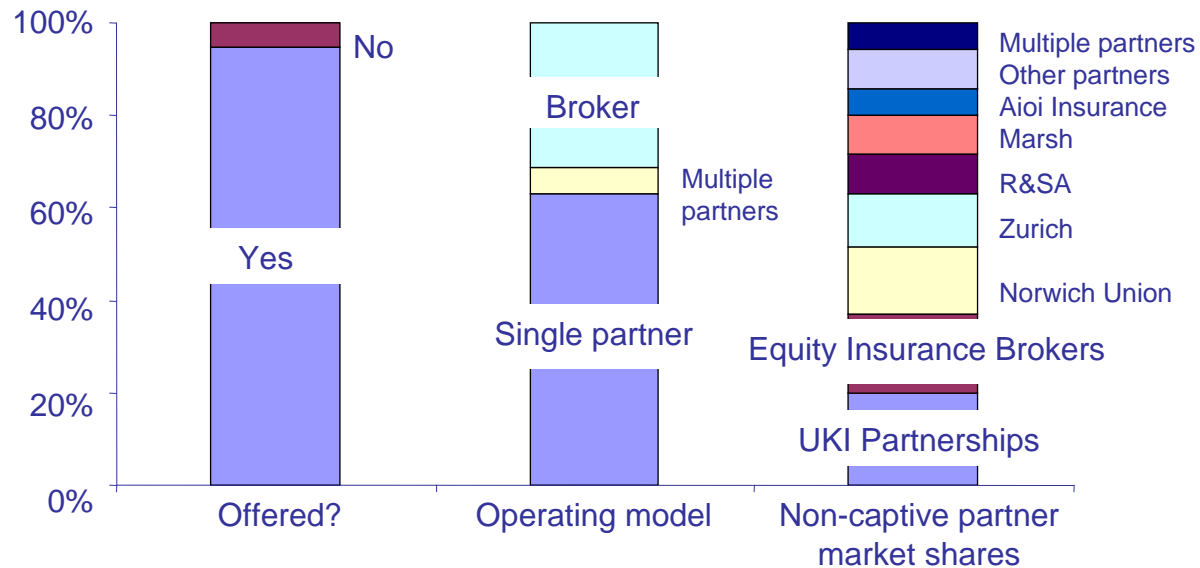
Source: Finaccord European Automotive Financial Services Model

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

### 3. In the UK, there have seen some important changes in the relationships for manufacturer-branded motor insurance

Provision rates, operating models and partner market shares



Source: Finaccord Automotive Financial Services in Europe Survey

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

### 4. Key findings from the executive summary include:

- car dealerships, representing the point of sale, claimed a share of 45.6% of the €143.2 billion total market for private car finance and leasing in Southern and Western Europe in 2006 with direct lenders accounting for the remaining 54.4%;
- if the results of the new survey of dealers undertaken in 2007 are compared with those for the original investigation carried out in 2004, it can be seen that in almost all countries, the average number of providers of finance and leasing used by dealers is increasing;
- the eight countries in Southern and Western Europe can be divided into two groups of four when it comes to creditor insurance sold in conjunction with car finance with France, Italy, Portugal and Spain all registering relatively high average take-up rates and with Belgium, Ireland, the Netherlands and the UK scoring much lower values;
- in countries such as Italy and Spain, in particular, a key issue for entities involved in the supply chain for new and used passenger vehicles will be the extent to which they can develop a market for stand-alone GAP insurance in line with that which has grown in France and the UK already during the last 15 years.

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## What is the cost and format?

*Automotive Financial Services in Southern and Western Europe* is available as a standard Adobe Acrobat PDF document and / or hard copy. The PartnerBASE™ that accompanies it at no further charge is in *Microsoft Excel* format. Costs for this research set and other recent titles in the pan-European market and partnership research series are as follows:

REPORT	COST *	FORMAT
Automotive Financial Services in Southern and Western Europe, 2007	£2,495	c. 330 pages
Automotive Financial Services in Eastern and South-Eastern Europe, 2007	£2,495	c. 280 pages
Automotive Financial Services in Northern and Central Europe, 2007	£2,495	c. 360 pages
Automotive Finance and Leasing for Consumers in Europe, 2007	£2,495	c. 475 pages
Extended Warranties for New and Used Cars in Europe, 2007	£2,495	c. 295 pages
Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Assistance in Europe, 2007	£2,495	c. 340 pages

*VAT at 17.5% will be added to the basic price except for where the request is for hard copy only.*

*Costs quoted are for a single site user license only.*

*For a corporate user license, an additional 10% of the basic cost is payable, inclusive of VAT.*

*Printing and postage costs of between £30 and £60 will be added for delivery of each hard copy.*

*Invoices can be paid in €, at the prevailing exchange rate, if preferred.*

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## How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site - <http://www.finaccord.com/uk/order.php> - and fill in the on-line order form, clearly indicating the report that you require, whether you also require a corporate user license, the billing name, address and e-mail address, and the purchase order number, if applicable.

Please allow one working day for the delivery of electronic copy and one working week for the arrival of hard copy.

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