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study sponsored by
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VSCs and The Buyers That Love Them

**A Guide to VSC Plan Fans ... and how to
win them over.**

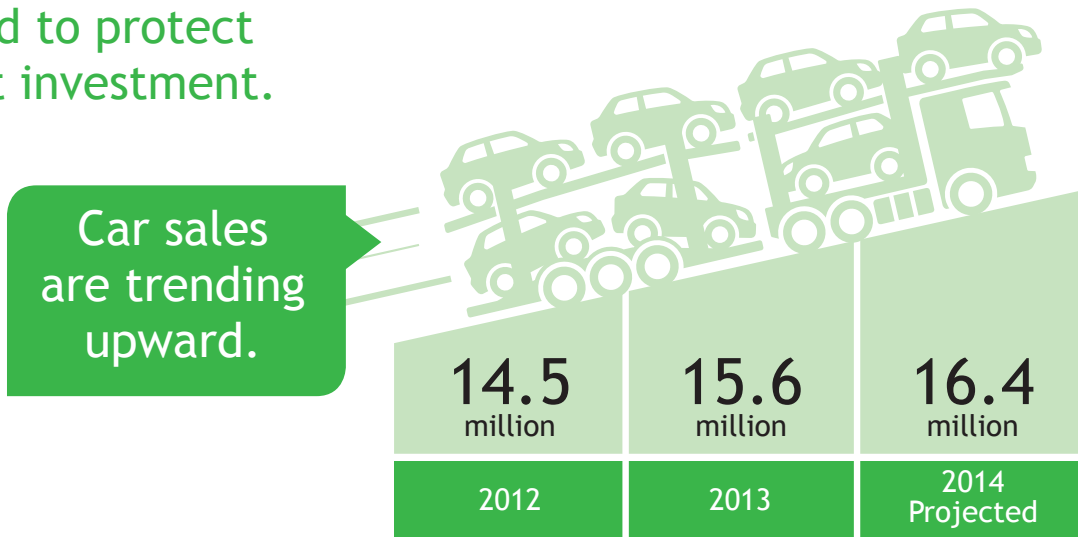
Vehicle protection programs deliver more than just revenue-producing F&I products and services. They also provide visibility into vehicle performance, industry trends, service metrics and repair statistics. And the insight you gain through these programs helps you understand the people you're selling to ... and keeps them coming back.

People are in love with cars again, and sales are on the rise. Today's consumers prepare for a vehicle purchase by doing plenty of independent research. They enter a dealership armed with information about the safety, repair and performance record of the car they've got their eye on. They know exactly which features, fabrics and finishes they prefer. Some may even have a pricing plan and a negotiation strategy. But many remain unaware of the value a vehicle service contract provides.

Don't assume these buyers are disinterested in protection. Our research reveals there is a subset of your customers that care deeply about protecting their vehicle purchase, and want to hear more about their options. Here's how to identify the customers who really want a vehicle service contract, and how to make sure they get the protection they're looking for.

Americans are still heavily invested in their cars. And many feel a strong need to protect that investment.

In the years following the financial crisis and recession, media pundits predicted the end of America's love affair with the automobile. Slow car sales and high gas prices were seen as indicators that they heyday of the auto had passed. But it's a brand new year. And the final tally for 2013 shows car sales are up by eight percent. That's good news for the economy and great news for all of us in the auto industry.



As more consumers purchase new cars, there is greater opportunity to offer vehicle service contracts.

Consumers who feel strongly about protecting their cars are those most interested in a VSC. We call these individuals VSC Plan Fans.

You can spot a VSC Plan Fan, and create new ones, with these four simple tips: Communicate the value, clarify the benefits, calibrate your offer, and circle back after the sale.

1.

Communicate

VSC Plan Fans are looking for information.

77% of VSC Plan Fans will visit a dealer web site looking for information.

Car shoppers research every aspect of a vehicle purchase. Make sure VSCs are part of the mix.

When people are shopping for a new car, they spend an average of 19 hours online researching their purchase. That's about 60 percent of the total time spent on the purchase process. Make sure your online content includes information about VSCs for every potential customer, but especially for your VSC Plan Fans. Our research indicates that 32 percent of VSC Plan Fans are looking for more information about protection plans during this research phase. And with 77 percent of VSC Plan Fans visiting dealer websites prior to buying a car, the opportunity is too big to ignore.

Quick Tip: Feature information about vehicle service plans prominently on your website.



The shopping process continues inside the dealership. Give your VSC Plan Fans the information they're looking for as they prepare to close the deal.

Once the online research process is complete, consumers head to the dealership to test drive, verify pricing and talk to sales people. The VSC Plan Fans we surveyed said they are open to hearing information about VSCs while at the dealership. Some suggested that a brochure or tablet with information about VSCs would be a helpful reference during lulls in the vehicle purchase process.

Quick Tip: Provide easy access to information about VSCs inside the dealership.

2.

Clarify

Even the most devoted VSC Plan Fan wants to understand what they're buying.

Understand why your consumers are interested in a VSC, and explain how your program delivers.

According to our research, VSC Plan Fans consider “peace of mind” to be the number one reason for purchasing a vehicle service contract. Using real-world scenarios, make sure your customers understand the range of coverage available, and how to take advantage of all the features and benefits a VSC provides.

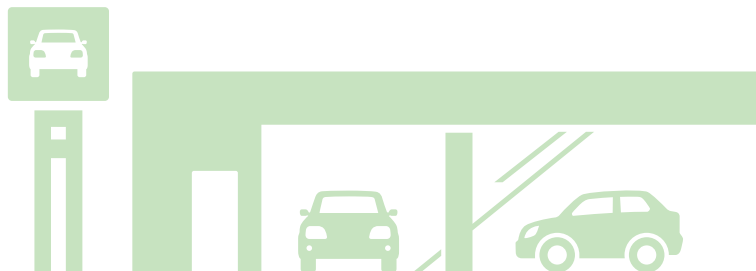
Quick Tip: Illustrate the benefits of a VSC, and reinforce the peace of mind these plans provide.

VSC Plan Fans are smart, value conscious consumers. Clarity around the value of a VSC will go a long way.

Some VSC Plan Fans will be more interested in a protection plan than others. Budget constraints, for example, may make some of these consumers reluctant to commit to a VSC even if they understand the benefits. Educate these consumers about the cost of a major repair, and explain how a VSC could be less expensive in the long run. Other VSC Plan Fans will want reassurance that a reputable company stands behind their plan. Among the consumers we surveyed, 56 percent felt it was important to know the name of the company offering the VSC. Forty-nine percent indicated a preference for a VSC offered by a dealership or vehicle manufacturer.

Quick Tip: Value matters. Make sure your VSC Plan Fans know their plan is reputable, and a good value for the money.

49% of the consumers we surveyed indicated a preference for a VSC offered by a dealership or vehicle manufacturer.



3.

Calibrate

All VSC Plan Fans aren't created equal. Tiered offers mean there is a plan that's right for every buyer.

Some VSC Plan Fans are “superfans,” and want premium coverage.

Our research revealed that about 27 percent of VSC Plan Fans are “superfans” of vehicle service contracts. These customers really believe in the value extended coverage provides, and tend to purchase premium coverage when it's offered. Superfans prefer to have their vehicle protected at all times and believe the extra benefits are worth the price.

Quick Tip: Offer your superfans premium VSC coverage.



27% of VSC Plan Fans are “superfans” who believe the extra benefits are worth the price.

Some VSC Plan Fans just want the basics.

Some VSC Plan Fans want additional coverage but don't need all the bells and whistles. A basic VSC Plan Fan might want the peace of mind a VSC offers but might not have the extra budget to purchase a premium VSC. Similarly, a used car buyer might only want to protect themselves from the expense of a major repair.

Quick Tip: Offer your basic VSC Plan Fan an affordable plan.



4.

Circle Back

Miss the point of sale? VSC Plan Fans may be open to an aftermarket offer.

All VSC Plan Fans have a strong desire for reliability and like having a vehicle under warranty.

51 percent of VSC Plan Fans in our survey said they pay close attention to vehicle mileage and are aware when they get close to the end of the manufacturer's warranty term. VSC Plan Fans tend to hang onto their vehicles for an average of 6 years, which means they may still have their vehicle after both the warranty and the initial VSC expire. Consider using e-mail and snail mail to make an aftermarket offer, as these are the preferred communication channels for VSC Plan Fans. As technology continues to evolve, digital communication methods will increase in importance.

Quick Tip: Send your VSC Plan Fans an offer when their warranty or VSC is set to expire.

VSC Plan Fans maintain relationships with their dealership.

Our study indicated that for VSC Plan Fans, the dealership is the preferred source for both vehicle maintenance and larger repairs. That means there are opportunities to offer a VSC in the service drive. Making an offer when service or repairs are needed can help consumers see the value of a vehicle service contract. The reassurance of knowing that another expensive repair bill could be covered through a VSC can be particularly attractive when the coverage is actually needed.

Quick Tip: Don't forget to make a VSC offer in the service drive.



A new car is a major purchase for any consumer. Few car buyers make this purchase lightly. You want to be sure your customer has a great experience before, during and after the purchase and returns to you when it's time to buy another car. A reliable vehicle service contract is an important addition to your product offering. Understanding VSC Plan Fans will help you make, and keep, loyal customers for a lifetime.



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