

Vehicle Recovery - UK - September 2015

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“The market for vehicle recovery services is showing evidence that it has finally shrugged off the difficulties from the recent economic slowdown. Confidence is returning to both operators and consumers with this offering the potential for the sector to see a rejuvenation in the way that it delivers its services.”
– Neil Mason, Head of Retail Research

This report looks at the following areas:

- How can companies increase profitability in a price-driven market?
- What is the future of marketing?
- How does the market attract the 15% who currently don't hold vehicle recovery insurance?

The vehicle recovery services market is sizeable and is estimated to reach £1.67 billion in 2015. Recently the sector has seen growth both in its value and in the number of members holding policies with the latter standing at an estimated 30.3 million members in 2015. Various reasons are behind this strong growth with the recovery of the UK economy and the buoyant car market, especially for new cars, both notable.

Internally the market is dominated by the purchase of regular policies. These account for over four fifths of the market or £1.32 billion in 2014. Ad hoc policies account for the remainder of sales. Price competition is a major factor within the market and is evident at all levels but especially in the entry-level fix at roadside sector.

The market is dominated by three large companies (AA, RAC and Green Flag). All three are established in the sector and offer a range of services. Smaller rivals are numerous and include motor clubs and companies offering vehicle recovery services alongside financial products as well as retailers and car manufacturers. Mintel's consumer research suggests they are currently gaining share.

Our research shows that 85% of vehicle owners have vehicle recovery insurance with peace of mind the main reason given by those with insurance for taking out a policy. Price is important when it comes to the purchase of insurance with nearly four in 10 (38%) saying it is the single most important factor.

Despite such a high level of ownership of vehicle recovery insurance, actually calling upon assistance is relatively low. Some 44% with policies say they have never needed the most basic assistance, namely fix at the roadside.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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What is the future of marketing?

The facts

The implications

How does the market attract the 15% who currently don't hold vehicle recovery insurance?

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The Market – What You Need to Know

- Revenues ahead 15% on 2010
- Strong growth for new car sales is a major driver
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- Success in the entry-level market is sought after
- Indirect sale of policies is an important market on its own

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