

Vehicle Recovery: Inc Impact of COVID-19 - UK - September 2020

Report Price: £1995.00 | \$2693.85 | €2245.17

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“The market for vehicle recovery is expected to suffer relatively minimal disruption from the COVID-19 pandemic. Assisted by the annual payment for most policies the sector is forecast to see recovery from 2021 helped by moves from many players in this market to move away from price competition and add value through wider support for motorists.”

- Chris Hadley, Research Analyst

This report looks at the following areas:

- The impact of COVID-19 on the vehicle recovery services market.
- How COVID-19 and other factors will likely impact on the future of the market.
- Use of channels for the purchase of vehicle recovery policies.
- Key players operating in the market and a review of the main competitive strategies employed.
- A review of the main brands and their perception.
- Preferences towards particular styles of policy offered as well as different levels of service.

Online registers a high degree of importance when it comes to purchasing vehicle recovery insurance. Mintel's research shows almost one in three consumers purchase vehicle recovery insurance online placing it second behind those who acquired their policies for free or as part of another product or service, therefore offering good opportunities for engagement with customers. For those going online, there is strong appeal for the use of company websites with 53% of purchases.

While COVID-19 is expected to have an effect on the market for vehicle recovery services, its impact is not expected to be as great as for some other sectors such as car retailing. The fact that regular policies are purchased annually as well as the importance of sales to existing car owners will result in revenues falling by only 7% in 2020 compared with 2019.

Price competition remains an ever-present threat to the sector. Although many in the market are working to emphasise non-price factors, while also offer innovations in the services offered, the research shows the overwhelming importance of price amongst consumers. A competitive price is the single most important factor for those who already have cover while discounts are noted separately as a major feature when it comes to choosing a new breakdown recovery provider.

Looking forward, innovation remains an important opportunity for the market and especially in raising premiums. Although there is evidence that they are recovering, being able to offer added value products and services and change for these is essential if the sector is to move away from being just a provider of reactive, emergency support.

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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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Table of Contents

Overview

Key issues covered in this Report

COVID-19: Market context

Economic and other assumptions

Products covered in this Report

Executive Summary

Impact of COVID-19 on vehicle recovery

Figure 1: Short, medium and long-term impact of COVID-19 on the automotive category and vehicle recovery market, September 2020

The market

Revenue growth has slowed with market maturity

Figure 2: Market size and forecast for the vehicle recovery market, 2015-25

Memberships set to fall back in 2020

Figure 3: UK vehicle recovery market, membership, 2015-20

Regular memberships dominate the sector

Growth in indirect sales has impacted average policy value

Figure 4: Average premium paid, 2015-20

Traditional vehicle recovery policies dominate the market

Figure 5: Segmentation of the vehicle recovery market (value), by policy type, 2019

A third of policies are now purchased indirectly

Figure 6: Segmentation of the vehicle recovery market (value), by direct/indirect channels, 2019

A collapse in car sales will badly impact the vehicle recovery sector during 2020

Companies and brands

Recovery market is dominated by three big players

Figure 7: Company shares of the vehicle recovery market, by membership and value, 2020

Both price and non-price marketing is evident in the market

Major players seek to develop income streams

Promotional investment has been expanding in recent years

Figure 8: Total above-the-line, online display and direct mail advertising expenditure on breakdown recovery, 2015-19

The consumer

AA is well positioned with a broad customer base

Figure 9: Ownership of breakdown cover, by recovery organisation, June 2020

Companies need to look beyond price

Figure 10: Factors considered when selecting a provider of breakdown cover, June 2020

Multiple ways of reaching consumers are essential

Figure 11: Key means by which current breakdown cover for your main vehicle was acquired, June 2020

Company websites are important for those going online

Figure 12: Use of online channels, June 2020

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New types of policy shouldn't be ignored

Figure 13: Preferences towards policy style, June 2020

Adding value offers opportunity for the development of premium policies

Figure 14: Attitudes towards vehicle recovery policies, June 2020

Not forgetting the basics shouldn't be overlooked

Figure 15: Level of service sought, June 2020

The Impact of COVID-19 on Vehicle Recovery

Impact on the market

Revenues set to slump as COVID-19 impacts

Average premiums boosted as the profile of Business-to-Consumer sales increases

Online sales expected to benefit from COVID-19

Impact on companies and brands

Focus on B2C set to benefit smaller competitors

Tactical price competition might return to the market

Promotional expenditure down in 2020

Impact on consumers

A new role for the car?

Downtrading could bring opportunities for smaller service providers

Issues and Insights

Business-to-Consumer sales are an important opportunity

Smaller companies are set to find the market increasingly challenging

Can the market learn from the digital sector and flex the level of service offered?

The Market – Key Takeaways

COVID-19 expected to have a relatively minimal impact

Distress purchase of policies represents a small but valuable market

Average policy value is growing

No change in the dominance for free and bundled policies

Wider impact of COVID-19 on expenditure cannot be overlooked

Market Size and Forecast

COVID-19 has an indirect impact on the vehicle recovery market

Figure 16: Short, medium and long-term impact of COVID-19 on automotive category and vehicle recovery market, September 2020

Lockdown

Re-emergence

Recovery

Maturity increasingly impacts on revenues

Figure 17: Market size and forecast for the vehicle recovery market, 2015-25

Membership approaches 32 million prior to COVID-19

Figure 18: UK vehicle recovery market, membership, 2015-20

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The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Revenue growth has been buoyant since 2016

Figure 19: Market size and forecast for the vehicle recovery market, 2015-25

Market drivers and assumptions

Figure 20: Key drivers affecting Mintel's market forecast, 2015-25 (prepared on 5 August 2020)

Learnings from the last recession

Figure 21: The vehicle recovery market, by value, 2007-12

Forecast methodology

Market Segmentation

Revenues dominated by sale of regular membership policies

Figure 22: Segmentation of the vehicle recovery market, by value, at current prices, 2015-20

Sluggish growth in average policy value as indirect business grows

Figure 23: Average premium paid, 2015-20

Majority of policies offer comprehensive benefits

Figure 24: Segmentation of the vehicle recovery market (value), by policy type, 2019

A third of policies are now purchased indirectly

Figure 25: Segmentation of the vehicle recovery market (value), by direct/indirect channels, 2019

Channels to Market

Free and bundled policies dominate the market

Telephone and face-to-face have limited appeal

COVID-19 expected to boost profile of online

Figure 26: Key channels used for purchasing breakdown recovery insurance, 2014, 2016, 2018 and 2020

Market Drivers

GDP growth has been slowing since 2014

Figure 27: Real GDP (actual and forecast), 2010-24

COVID-19 set to impact on expenditure plans...

Figure 28: The financial activity index, January 2015-July 2020

...with the automotive sector set to suffer a short-term shock

Figure 29: New and used car market volumes, 2015-20

Long-term prospects for automotive sector appear good

Figure 30: Intention to purchase a car in the next three years, November 2019

Private sales have been dragging down new car volumes

Figure 31: UK new registrations of cars, 2015-20

Growth in the number of older cars on the road provides opportunities

Figure 32: Age structure of the UK car parc in years, 2015-19

Multiple car ownership is expanding

Figure 33: Percentage of households with car availability, England, 2009-19

No change in IPT rate since 2017

Figure 34: Insurance premium tax rates, 1997-2020

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Costs pressures for car owners have moderated since 2018

Figure 35: Consumer expenditure on car purchasing, servicing and repair and motoring expenses, seasonally adjusted at current prices, 2015-19

An ageing population should offer benefits for those who want assistance

Figure 36: Trends in the age structure of the UK population, 2015-25

Companies and Brands – Key Takeaways

Working with business and consumer segments is essential

Competition has led to price and non-price approaches

Service development and technology are both seeing interest

AA drives forward promotional spend while the RAC reduces investment

With quality and trust key features for the AA and RAC, smaller competitors need to look elsewhere

Market Share

Competition is growing for the big three

RAC is increasingly a rival for the AA when it comes to memberships

Figure 37: Company shares of the vehicle recovery market, by membership, 2014-20

Call Assist leads smaller players in the market

Figure 38: Share of others in the market, by UK membership, 2016-20

AA dominates the market by revenue

Figure 39: Company shares of the vehicle recovery market, by value, 2014-20

Competitive Strategies

Competition breeds desire to be different

Financial promotions remain popular with the big three...

Figure 40: Price based offers from vehicle recovery companies, August 2020

...as others major on non-price factors

Figure 41: Non-price communication from vehicle recovery companies, August 2020

Service differentiation increasingly employed as a way of standing out...

...as is building a package through matrix pricing

Low-risk customers can benefit from discounts

Savings can be made by looking at different ways of paying for assistance

AA and RAC are strongly positioned for partnerships

Green Flag is a notable challenger in the financial sector

Figure 42: Packaged current accounts that offer breakdown cover, August 2020

Retail market sees a variety of different providers

Launch Activity and Innovation

AA broadens services beyond breakdown...

...with a similar strategy being pursued by the RAC

Figure 43: RAC Come and Go i-Rotate car seat, October 2019

RAC partners with app-based insurance company Wrisk...

...as the AA works with what3words to assist in locating drivers

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Figure 44: AA partners with what3words, December 2019

Advertising and Marketing Activity

Investment more than doubles between 2015 and 2019

Figure 45: Total above-the-line, online display and direct mail advertising expenditure on breakdown recovery, 2015-19

Spring is a key period for advertising...

Figure 46: Recorded above-the-line, online display and direct mail total advertising expenditure on breakdown recovery, by month, 2018 and 2019

...although COVID-19 has disrupted activity during 2020

Figure 47: Total above-the-line, online display and direct mail advertising expenditure on breakdown recovery, January to June 2020

AA dominates advertising revenues

Figure 48: Recorded above-the-line, online display and direct mail total advertising expenditure on breakdown recovery, by advertiser, 2015-19

Television is overwhelmingly preferred over other media

Figure 49: Recorded above-the-line, online display and direct mail total advertising expenditure on breakdown recovery, by media type, 2019

Nielsen Ad Intel coverage

Brand Research

AA leads on trust while AXA and LV=Britannia have strong differentiation

Figure 50: Differentiation and trust towards selected brands, July 2020

Key brand metrics

Figure 51: Key metrics for selected brands, July 2020

Brand attitudes: key brands reflect specific attitudes

Figure 52: Attitudes, by brand, July 2020

Brand personality: All three big players have similar personalities

Figure 53: Brand personality – macro image, July 2020

Micro personalities suggest differentiation

Figure 54: Brand personality – micro image, July 2020

The Consumer – Key Takeaways

Consumer confidence is strengthening

AA benefits from its popularity with a broad range of consumers

Looking beyond price is essential for smaller companies

Online is likely to benefit from its popularity during the recent COVID-19 pandemic

Improving awareness is essential for smaller companies

New types of policy have the potential to attract new customers

A focus on added value offers the opportunity of offering a premium service

Offering the basics shouldn't be overlooked

Impact of COVID-19 on Consumer Behaviour

Consumers are becoming less worried about COVID-19...

Figure 55: Worries about risk of exposure to COVID-19, April-August 2020

...with financial confidence strengthening

Figure 56: Financial situation, May and July 2020

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Rise in online and click-and-collect suggests a different role for the car
Figure 57: Shopping habits, April-August 2020

Presence of Breakdown Recovery Organisations

AA leads the market
Figure 58: Ownership of breakdown cover, by recovery organisation, June 2020

AA benefits from its broad appeal amongst different age groups

Young adults are a key target for all in the market

AA's maintains its position of dominance

Figure 59: Ownership of breakdown cover, by recovery organisation, 2015-20

Selecting a Recovery Provider

Offering a competitive price is key for many
Figure 60: Factors considered when selecting a provider of breakdown cover, June 2020

Older adults know what they want...

...with younger adults well placed towards new products and services

Less affluent adults want more than just a competitive price

Image is important for young families

Importance of price for used car owners offers opportunities...

...with use of reviews and improvements to product range possible strategies

Buyers are increasingly looking beyond price

Figure 61: Factors considered when selecting a provider of breakdown cover, 2017 and 2019

How Cover is Acquired

Online is the most important way of acquiring cover
Figure 62: Key means by which current breakdown cover for your main vehicle was acquired, June 2020

Purchase with vehicle insurance attracts the young and less affluent

Bundling with other products and services important for older and wealthier

Online appeals to young men

Online offers an opportunity for owners of used cars

Preferences towards Online Channels

Company websites are well positioned to capture more business
Figure 63: Use of online channels, June 2020

Older men are an important target for company websites

Indirect purchasing stresses the importance of using other methods of promotion

Preferences towards Policy Style

Traditional policies continue to prove popular
Figure 64: Preferences towards policy style, June 2020

Young adults show interest in PAYU and reclaim policies

Attitudes towards Vehicle Recovery Policies

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Around three quarters want discounts

Figure 65: Attitudes towards vehicle recovery policies, June 2020

Young adults are a useful market for added value services

Income is a major factor for additional services

Wealthy adults might be attracted towards a super-premium service

Families offer further opportunities

Used car owners could be targeted with a low-cost and tech-focused service

Importance of factors when thinking about vehicle recovery – CHAID analysis

Adults with children under 18 who live in cities are most interested in personal cover

Figure 66: Vehicle recovery – CHAID – Tree output, June 2020

Figure 67: Vehicle recovery – CHAID – Table output, June 2020

Level of Service Sought

Basic roadside assistance dominates

Figure 68: Level of service sought, June 2020

Older drivers want most support

Less wealthy favour local assistance

Looking further afield is an opportunity for city dwellers

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

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