



EMPIRE DEALER SERVICES MAKES A STRONG ENTRANCE IN AGENCY MARKET

**Innovation
Trumps a
Poor Economy**

PARTNER PROFILE

Empire Dealer Services

319 Southbridge Street, Suite 350
Auburn, MA 01501

Objectives:

- Successfully launch agency in competitive market
- Provide agency immediate credibility and a strong point of differentiation
- Deliver significant results to potential dealership clients

Success:

- 45% VSC penetration
- \$1400 front-end and F&I gross/vehicle
- \$1000 average VSC gross
- Average Index of 150%
- Increased vehicle sales for dealership partners by over 10%

The Situation:



EMPIRE

DEALER SERVICES

Market expansion on the other side of the Great Recession has been deemed the weakest in post-war history. Traditionally, strong recoveries follow strong recessions. But, throughout 2011 and 2012, the U.S. market was fairly stagnant with promised growth fizzling out in the first quarter of each year. As an example, 2012's results were underwhelming. The most impressive statistic for the year was the **unemployment rate, which dropped from 8.5 percent to 7.7 percent.** However, this decline was largely based on people who gave up looking for work.



In September of 2012, Empire Dealer Services was born into an industry whose decline was tied hand and foot with the Great Recession. **With a sluggish economy, a broken manufacturing industry, and high fear among consumers, dealerships were struggling.** A new agency coming into this market needed much more than the ability to provide products and services. They needed immediate credibility and a strong point of differentiation.



The Solution:

With dealerships struggling to clear the lot, they were looking for creative solutions to generate greater volume and higher PRU. This provided an excellent opportunity for Empire Dealer Services to demonstrate their ability to deliver significant results to potential dealership clients.

The first step was to partner with a credible product service provider and administrator that was nimble enough to work with an entrepreneurial agency model. With an aggressive business plan in mind, the founders approached EFG Companies to act as an extension of their agency.

"We approached EFG because of their innovative reputation and ability to quickly adapt to our evolving needs," said Edward Adamson, Principal Owner, Empire Dealer Services.

The biggest challenge was determining which of EFG's products would provide the biggest competitive edge. The agency's initial clients were already used to selling well-developed and regarded consumer protection products to customers in the New England area. EFG and Empire Dealer Services conducted an analysis of the F&I products that were already prevalent in the area, and sourced the greatest potential product segments of opportunity.



The Approach

As a result of their findings, EFG paired their World Domination vehicle service contract with their nationally-recognized Drive Forever Worry Free lifetime powertrain VSC.

Additionally, the company developed the Signature Finish Protection Package that includes repair, appearance, and road club benefits.

Signature Finish tied well into the end-customer's need to preserve the value of their vehicle. During the agency's launch, consumers were paying much more attention to the re-sale value of their vehicle, especially due to the fact that they were keeping their cars two to three years longer than prior to the recession.

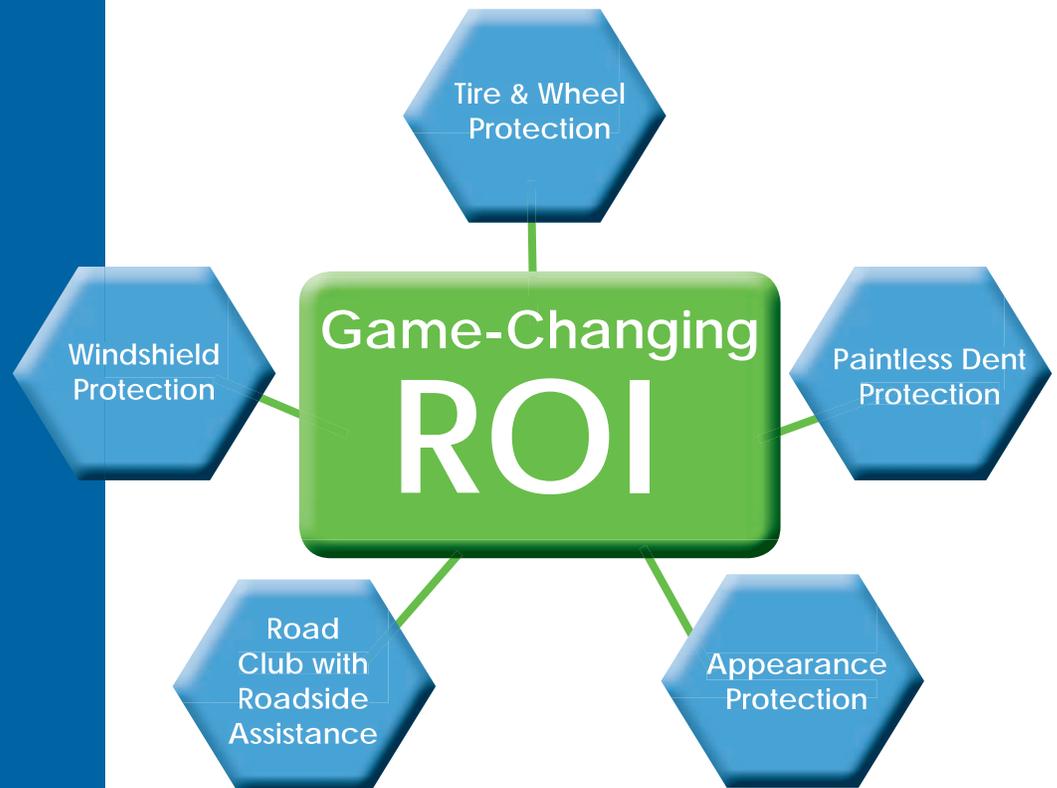


DRIVE
FOREVER
worry free



The Approach

This suite of products provided customers with an arsenal to get the most for their vehicle investment with:



The World Domination Program expanded EFG's highly acclaimed MAP VSC and combined it with a six-month complimentary version of the company's exclusive WALKAWAY program (originally the Hyundai Assurance Program).

End-to-End Solutions

With World Domination, the dealerships partnering with Empire Dealer Services were able to provide customers protection from financial risk while:

driving traffic to their showroom;

strengthening margins and profitability with upsell opportunities;

increasing service drive traffic and impacting customer retention;

transforming potentially frustrating events into loyalty-building opportunities;

managing risk by adopting a strategy that decreases repossessions and collection costs; and,

increasing customer satisfaction and driving repeat business.

Drive Forever Worry Free gave Empire Dealer Services the proverbial icing on the cake by enabling dealers to take advantage of the hot used-car market. With proven industry results, Drive Forever **separated Empire Dealer Services client dealerships from the pack** by providing their customers with coverage on the most expensive components of a used vehicle, the engine and transmission, for as long as they owned the car. With Drive Forever, dealerships had a better opportunity to **build customer retention and loyalty** as customers were directed to the selling dealership for repairs when a breakdown occurred or for required maintenance.



End-to-End Solutions

Lastly, EFG implemented an **agency reinsurance model for Empire Dealer Services**. Traditionally, only dealerships can take advantage of reinsurance. However, with EFG's agency reinsurance model, the reserves set aside from the contracts sold by an agency's dealer clients are invested, where **any interest made on the initial money reserved to pay claims becomes added revenue for the agency**.

[WEALTH BUILDER]

– Reinsurance Suite –

With these products and services in their toolkit, Empire Dealer Services established themselves as an instant player because they

demonstrated that they didn't just push any product, but rather **understood consumer buying trends, listened to dealership needs, and partnered with a company nimble enough to develop quality and innovative products** that filled unanswered demands.

Beyond product development, Empire Dealer Services also relied on EFG's four decades of industry expertise to develop and implement an acquisition strategy that accelerated their ability to quickly acquire new dealership accounts and put them on the map.

EFG hit the pavement with Empire Dealer Services by:



sourcing and onboarding new clients



presenting at client meetings



recruiting Top Performers



training dealership personnel.



The Results

When Empire Dealer Services first brought on EFG, they were averaging:

- 35-35% VSC penetration
- \$1000 front-end and F&I gross/vehicle
- \$800 average VSC gross
- An average product index of 96%

With EFG's intense engagement model, including in-depth training and product support, they now average:

45% VSC penetration

\$1400 front-end and F&I gross/vehicle

\$1000 average VSC gross

An average product index of 150%



In addition, EFG's nationally-recognized training enabled Empire Dealer Services to **increase vehicle sales for their dealership partners by over 10%**.

Exceeding Business Goals

The agency space is a fairly mature market and is **traditionally difficult to break into**. Yet, Empire Dealer Services entered to win and did. By stepping up the game to provide significant value to their dealership partners with EFG, they fully established themselves as a strong competitor in their region and are continuing to expand.

EFG's agile product development and expert implementation **creates real value for consumers and drives real results**. By focusing on end-to-end solutions, EFG empowers their clients to differentiate themselves within their respective markets, drive purchase behavior, and **meet or exceed their business goals**.



To learn more about EFG Companies,
visit efgcompanies.com