



GROUP 1 RAISES THE INDUSTRY BAR

**Right time, right
niche, valuable
product.**

PARTNER PROFILE

Group 1 Automotive

800 Gessner, Suite 500
Houston, Texas 77024

Objectives:

- Successfully launch niche product to fulfill and capitalize on potentially higher consumer demands.
- Train employees to sell product on vehicles with over 80,000 miles

Success:

- Stores currently average 1053 contracts per month
- Became a top auto group conglomerate leading the nation in PRU.

Economic Landscape

This famous quote from Yogi Berra paraphrased 2012 perfectly when it came to the economy. The

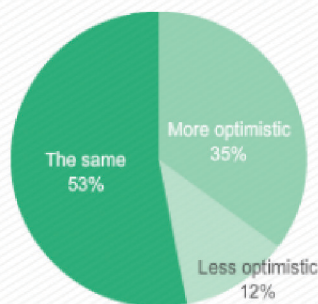
"It's déjà vu all over again!"

beginning of the year looked much the same as the beginning of 2011 with job growth quickly ramping up in January and then falling to the wayside in February and March. In essence, the **economic recovery from the Great Recession stalled yet again**, and 2012's results were vastly underwhelming. The best figure of the year was that **the unemployment rate started at 8.5 percent and declined to 7.7 percent**. However, this decline was largely **attributed to people dropping out of the work force** and taking themselves out of the statistical pool.

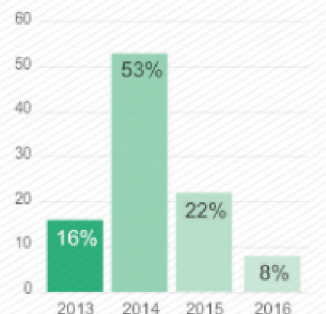
Economic outlook

The USA TODAY economic survey of 50 top economists was conducted April 12-18.

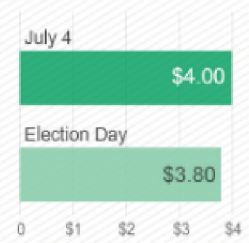
Are you more or less optimistic than you were three months ago about the economic outlook this year?



The unemployment rate in March was 8.2%. When economists say the rate will fall below 7%:



A gallon of regular gas on Friday was \$3.88. What economists say the price will be by July 4 and Election Day (median answers).



Source: USA TODAY Research

Credits: Kevin A. Kepple and Barbara Hansen, USA TODAY

It was during this time when the weak economic recovery was top-of-mind for most Americans that Group 1 approached EFG Companies for what they considered to be a niche product. The automotive dealership group was trying to fill out its bench of finance and insurance products with a high mileage vehicle service contract (VSC).



Group 1's "Niche Product"



Group 1 wanted to provide a consumer protection product with every car sold, including their high mileage used cars. The difficulty with this kind of product is the ability to provide coverage for those higher mileage vehicles while still operating within the franchise dealer protocol. In addition, the majority of the products available tended to cover and pay for much less than what their customers had become accustomed to in terms of level of service.

Out of the highly competitive landscape, EFG's MAP High Mileage VSC stood out because of the product's unique ability to **provide coverage on vehicles with any age, any mileage and still operate within franchise dealer protocol**. However, EFG's rate-adequate reserve structure was what really set them apart. The company set aside enough money to pay retail labor rates on both parts and labor without a cap. **With EFG's strong history of providing superior claims customer service and a strong reserve structure backed by an A.M. Best "A" rated insurer, Group 1 chose EFG's High Mileage VSC as their niche product.**

What they didn't know at the time was that "niche product," combined with EFG's intense engagement and training, would become one of their top money makers.



EFG's Engagement

GROUP **1** AUTOMOTIVE

EFG collaborated with Group 1 to develop a methodical rollout plan to launch the program to the auto group's 117 rooftops. Group 1 specifically wanted the product to cover vehicles with over 80,000 miles with no limitation on model years. Besides addressing product collateral such as contracts and marketing materials, this also meant that all finance and service managers would need to be trained on the product's stipulations.

Ongoing training and engagement, combined with full marketing support, included:

An 8-week on-site installation and intense training program within F&I departments in every Group 1 rooftop;

A 12-month plan that included pre-launch, launch and ongoing skills training that addressed the product benefits, responded to questions and provided guidance on ways to leverage the program; and,

An initial assessment and strategy meeting, followed by ongoing content and placement support for print and online marketing collateral and communication.



The Approach

Each week, 10 teams of EFG field representatives hit approximately 60 Group 1 stores wherein they conducted training on the contract and benefits for the MAP High Mileage program for Group 1's corporate contract management, as well as delivering paper contracts. Prior to installation, they conducted kick-off meetings at each store, where they discussed the platform for product install, as well as EFG's partnership with Group 1, by defining EFG's role and introducing designated EFG account executives and key personnel.

For the product installation, EFG's field representatives met with all finance managers, billing personnel and general managers to:

provide an overview of the MAP High Mileage product;

review how to accurately complete each form;

conduct a demonstration and provide details concerning E-Rating and E-Remittance;

meet with service personnel for claims procedures on products and direct billing for all products; and,

provide a full understanding of the associated compliance requirements.



End-to-End Solutions

After installation, EFG conducted continuous follow-up based on a weekly joint conference call, where they addressed specific stores identified as needing additional support and training. From this effort, **Group 1 realized not only the benefit of EFG's product offering but also their training.** Following the product install, Group 1 decided to continue to utilize the company's training expertise and contracted EFG to provide a monthly week-long F&I training class, as well as a full-day compliance training class.

The goals within the F&I training class were to provide experienced students a level-set to **refresh and sharpen their skills, and improve on performance processes**, as well as to mold new F&I talent and give them a solid foundation to build upon.

With all of EFG's trainers AFIP certified, they **delved deep into the laws and regulations pertaining to the auto industry** in their compliance class. The trainers are able to relate these laws to the students' day-to-day activities, which allowed them to leave the class with a **better understanding of the proper ways to conduct business and keep their dealership compliant.** In addition, EFG's compliance training fulfilled Group 1's need to have documented, ongoing training for any potential audits.



Results

Since initiating their formal training program, EFG's F&I and compliance experts have trained over 50% of all Group 1 F&I personnel across the country.

During this time, Group 1 became a top auto group conglomerate leading the nation in PRU.

It was actually fortuitous that Group 1 chose a product of EFG's caliber to appeal to those customers looking for older vehicles. While customers were still hesitant about tacking on new debt, **those who were in the market to buy a car needed the security that the MAP High Mileage VSC provided.** People were staying away from the debt of new cars and purchasing mostly used at the time. They were also becoming more circumspect about actually walking onto a dealership lot. **With EFG's product expertise and training in hand, Group 1's dealerships were able to motivate purchasing behavior and drive showroom traffic by moving past the price game to a more value-based conversation.**

After implementation, Group 1 recognized the need that many car buyers were seeking a plan that would cover items for the higher mileage vehicles. Because of this need, post implementation success significantly exceeded their expectations. With EFG's strong client engagement, they **exceeded Group 1's expectations for the product launch by approximately 200 percent – at about 1,053 contracts per month, which significantly increased their revenue stream from used vehicle sales.**

Group 1 stores are exceeding expectations by selling approximately 1,053 contracts/month.



Expectation that Group 1 stores would sell approximately 351/month.

Exceeding Business Goals

EFG's agile product development, combined with their expert implementation, training and client engagement, creates real value to consumers and drives real results. Their end-to-end solutions empower clients to raise the bar within their dealerships and the industry, drive purchase behavior, and exceed business goals.



John Stephens

Vice President,
Dealer Services
EFG Companies



To learn more about EFG Companies, visit
efgcompanies.com

Or Contact:

John Stephens, Vice President,
Dealer Services

jstephens@efgusa.com