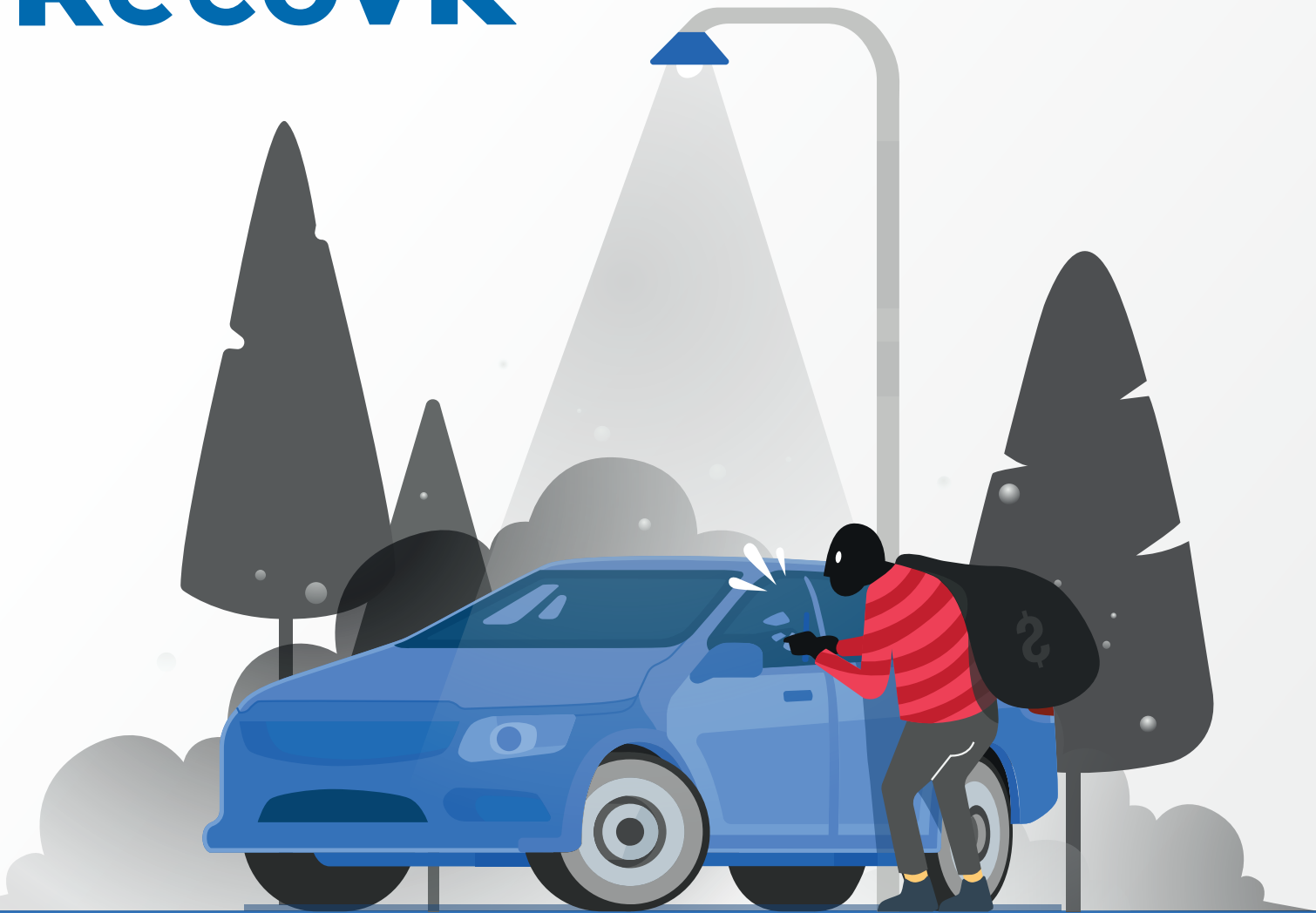


RecovR



Rising Consumer Concerns about Vehicle Theft

A new revenue opportunity
& a new solution for dealers

An illustration of a city skyline at night. The buildings are dark grey with some windows lit up. A crescent moon and a few stars are visible in the dark sky. In the foreground, a blue car is shown from a side profile, facing left. The car is illuminated by a street lamp, and there are some white motion lines around its wheels, suggesting it is moving or has just stopped. The overall style is flat and modern.

+9.2%

Vehicle theft is spiking. And buyers are worried about it.

Recently, vehicle theft in the United States jumped dramatically after several years of decline – up 9.2% in 2020 over 2019 to 873,080 auto thefts, according to FBI statistics. That’s about 2,400 vehicle thefts every day and almost 2 thefts every minute.

As the provider of dealer lot management & consumer vehicle theft recovery solutions, RecovR wanted to learn how consumers feel about vehicle theft and what they want in a solution. We isolated our audience to anyone who currently owns a vehicle and also plans to buy a new one within a year so we’d get informed answers from short-term buyers. We then conducted a national online survey of that group in all 50 states, ranging in age from 22-73.

There’s bad news and good news. The bad news is that consumers are increasingly worried about vehicle theft - driven by the COVID-19 pandemic and the increase in thefts mentioned above. But the good news for dealers: Consumers are receptive to a solution that would help them recover a stolen vehicle. The even better news? They’re willing to pay a relatively high price for such a solution when finalizing the purchase of a new or pre-owned vehicle at the dealership.

New research shows a majority of consumers are concerned about vehicle theft



How concerned are you about your current vehicle being stolen?

Our research showed a majority of car owners and future buyers are worried about vehicle theft. More than half (53%) are either very or somewhat concerned about their car or truck will be stolen.

They have good reason to be concerned. Of survey respondents, 30% had experienced vehicle theft in the past. Statistics regarding theft vary. The FBI reported that 56% of stolen vehicles in 2019 were recovered. But the Uniform Crime Reporting Program said the number of vehicles recovered in 2018 was only 20%. Either way, the recovery numbers aren't great, and the story doesn't usually end there.

If owners do get their vehicles back, they often find they've been damaged. Expenses can run in the thousands of dollars to return vehicles to their pre-theft condition (\$8,886 in 2019, according to the FBI). If they don't get their vehicles back, even after insurance payouts, they still have to cover a myriad of expenses like their deductibles and other costs like registration, depreciation, taxes, car rental expenses and continuation of loan payments. Also worth noting: The quicker a vehicle is recovered, the less chance of it being damaged.



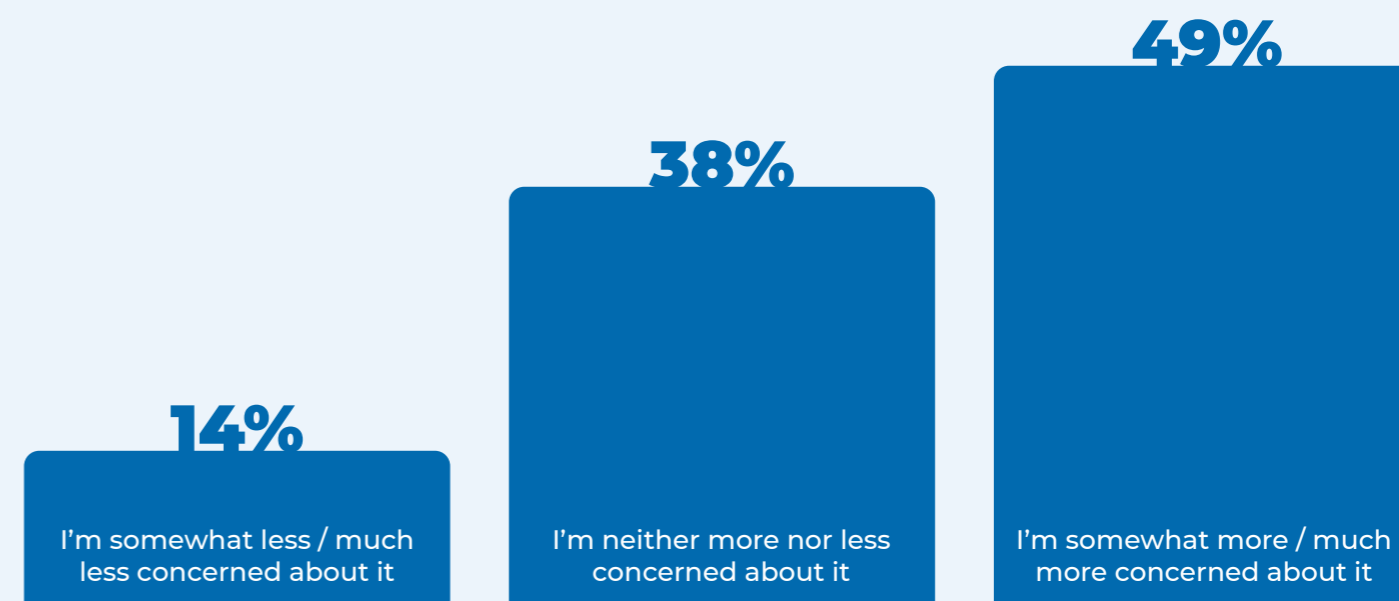
COVID-19 made consumers more concerned about vehicle theft

Almost half of those surveyed were more concerned about theft since the onset of COVID-19. While it's clear that vehicle theft jumped significantly in 2020, its nature also changed.

The head of the National Insurance Crime Bureau, David Glawe, said the economic downturn, public safety budget constraints, as well as the pandemic itself may be to blame for the increase in theft. Because people are driving less, they're leaving their vehicles near their houses and forgetting about them. Unwatched - and unmoved - vehicles are more at risk. This aligns with respondents telling us they were most concerned with cars being stolen at home (31%) and at work (28%), the two places cars are typically most stationary.

Under pandemic conditions, it could take some time before owners even notice their vehicles are gone, increasing the chance of damage and decreasing the chances of successful recovery without being notified by a geofencing-enabled recovery solution like RecovR.

49%



? How has your attitude toward car theft changed during the pandemic?



Dealers can provide a solution to these concerns when consumers buy new cars

45%

aren't aware of the existence of vehicle recovery devices



Judging by the responses to the survey, there's an untapped market for vehicle recovery devices. Of those surveyed, 45% weren't aware of the existence of vehicle recovery devices, and 60% had never owned or used one.

Dealers therefore have a unique opportunity to tap into consumer concerns and solve their problem by selling them a theft recovery solution that will protect their new investment. But what kind of solution are consumers looking for and at what price? And does such a solution even exist?

Thankfully, consumer expectations in a theft recovery solution are simple and straightforward. The top three benefits customers seek are: the ability to recover a stolen vehicle; the ability to identify a vehicle's location if they forgot where they parked it; and notification if the vehicle has been moved without their permission.

Recover my vehicle if it's stolen

65%

Locate my vehicle if I forget where I parked it

47%

Receive a notification if my vehicle was moved without my consent.

45%

Locate my vehicle while another person I authorized is using it

44%

? What are the top 3 most important capabilities for you (multiple choice possible)?

RecovR has several ancillary benefits that are important to users

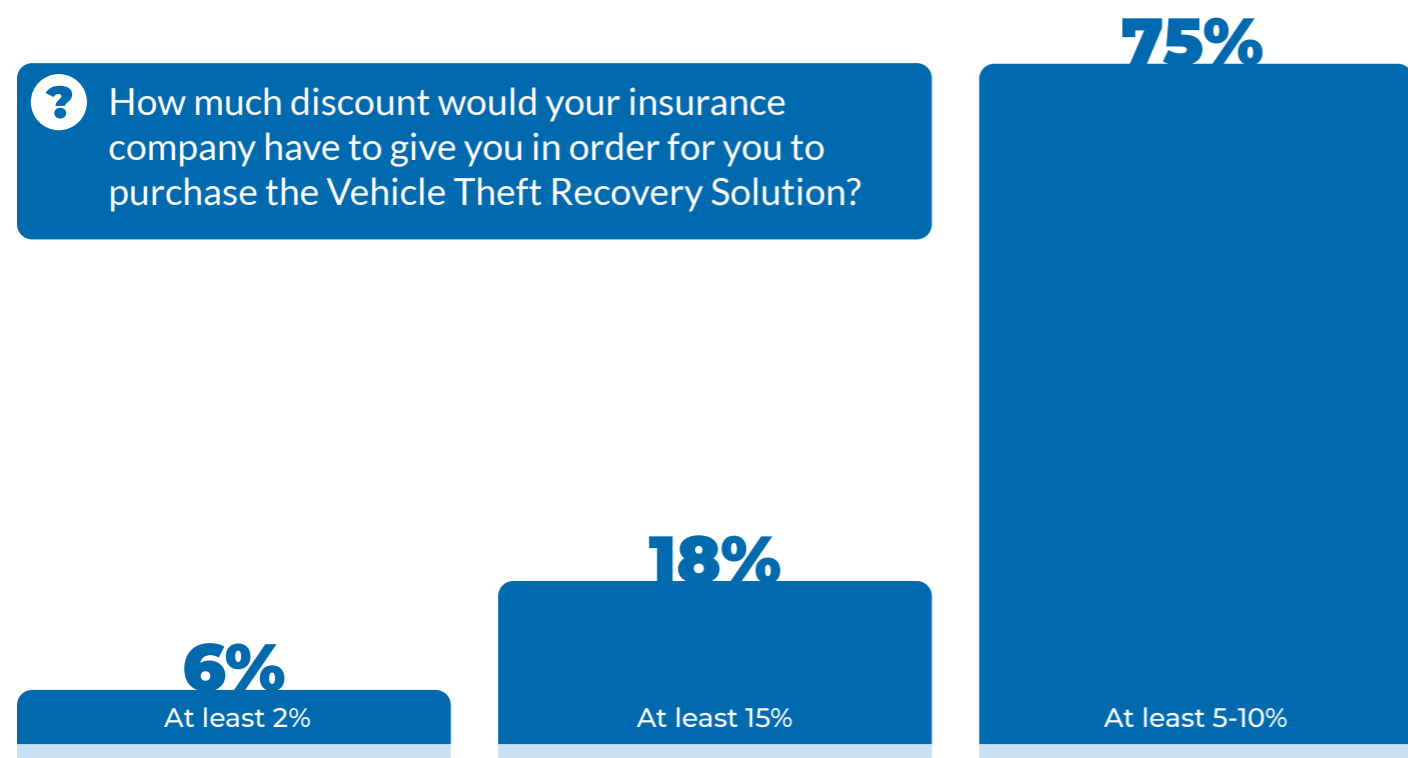
There are several ancillary benefits that increase consumers' likelihood of buying a theft recovery solution from their dealer.

1

Insurance discounts impact purchase decisions; 45% said they'd be much more likely to buy if their insurer offered such a discount. Fortunately, consumers also have realistic expectations about what kind of insurance discount they might receive for having a secondary GPS device in their vehicle.

The vast majority would expect an insurance discount in the 5-10% range. Only 18% expected a discount of at least 15%. This also falls in line with RecovR's discussions with many insurers about the discount they'd offer for a secondary theft recovery device in the vehicle.

? How much discount would your insurance company have to give you in order for you to purchase the Vehicle Theft Recovery Solution?



2

There are many unexpected costs associated with the theft of a vehicle that are not covered by insurance. Helping consumers mitigate their financial losses makes a theft recovery solution more attractive and easier to sell, so RecovR offers this benefit in states where it's possible.

Forty-four percent of respondents told us limited warranty payouts of up to \$6000 for unrecovered vehicles would make them much more likely to purchase a theft recovery solution.

3

Not all theft recovery solutions are created equal... especially when it comes to privacy. Offering a solution that is completely designed around **consumer privacy** removes a possible sales objection and gives consumers confidence in products like RecovR.

Respondents also want to be assured their personal information will remain safe, with 68% saying they're very or somewhat concerned their information will fall into the wrong hands. Specifically, they're most worried about someone learning their name, home address, and/or vehicle's VIN.

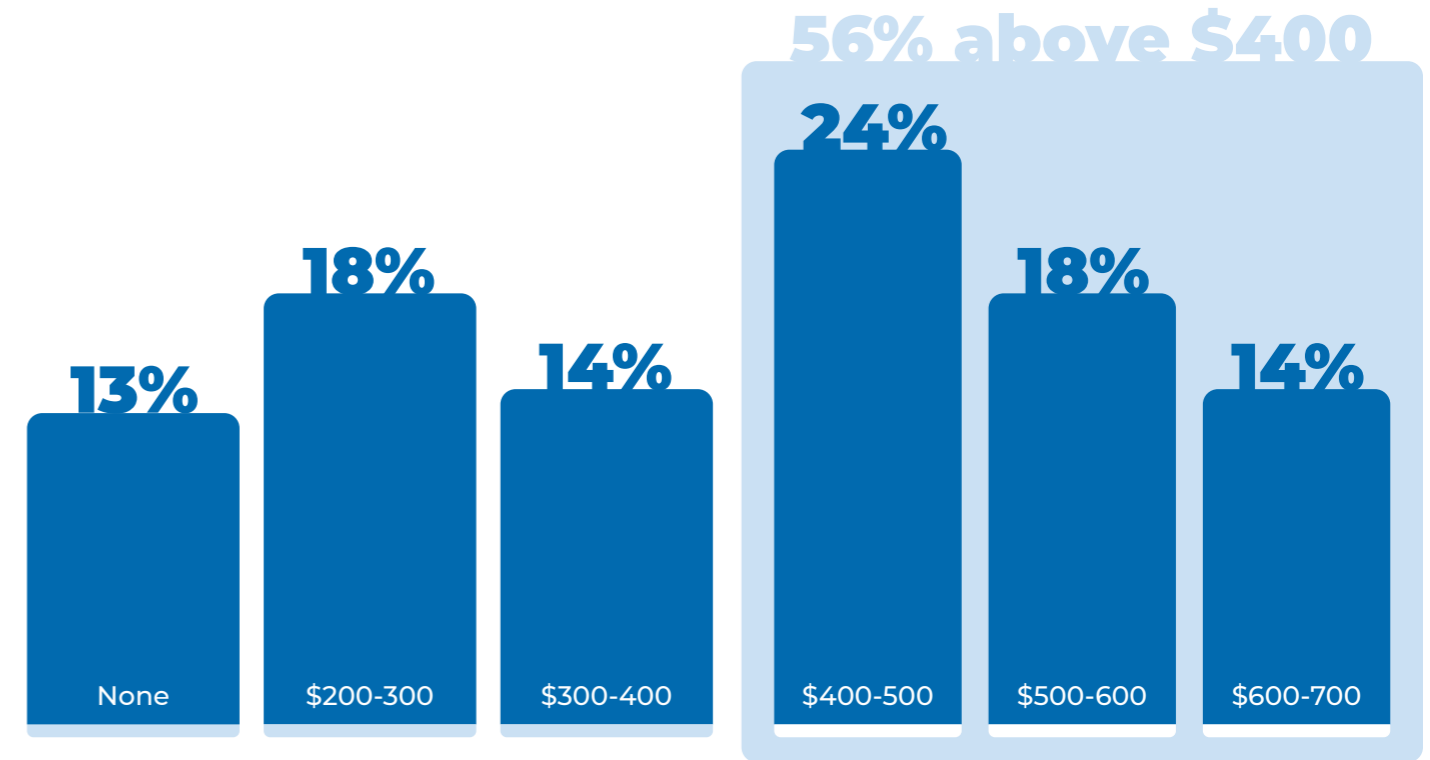


? In general (not just related to GPS tracking services), are you concerned about the privacy of your personal information (PI)?

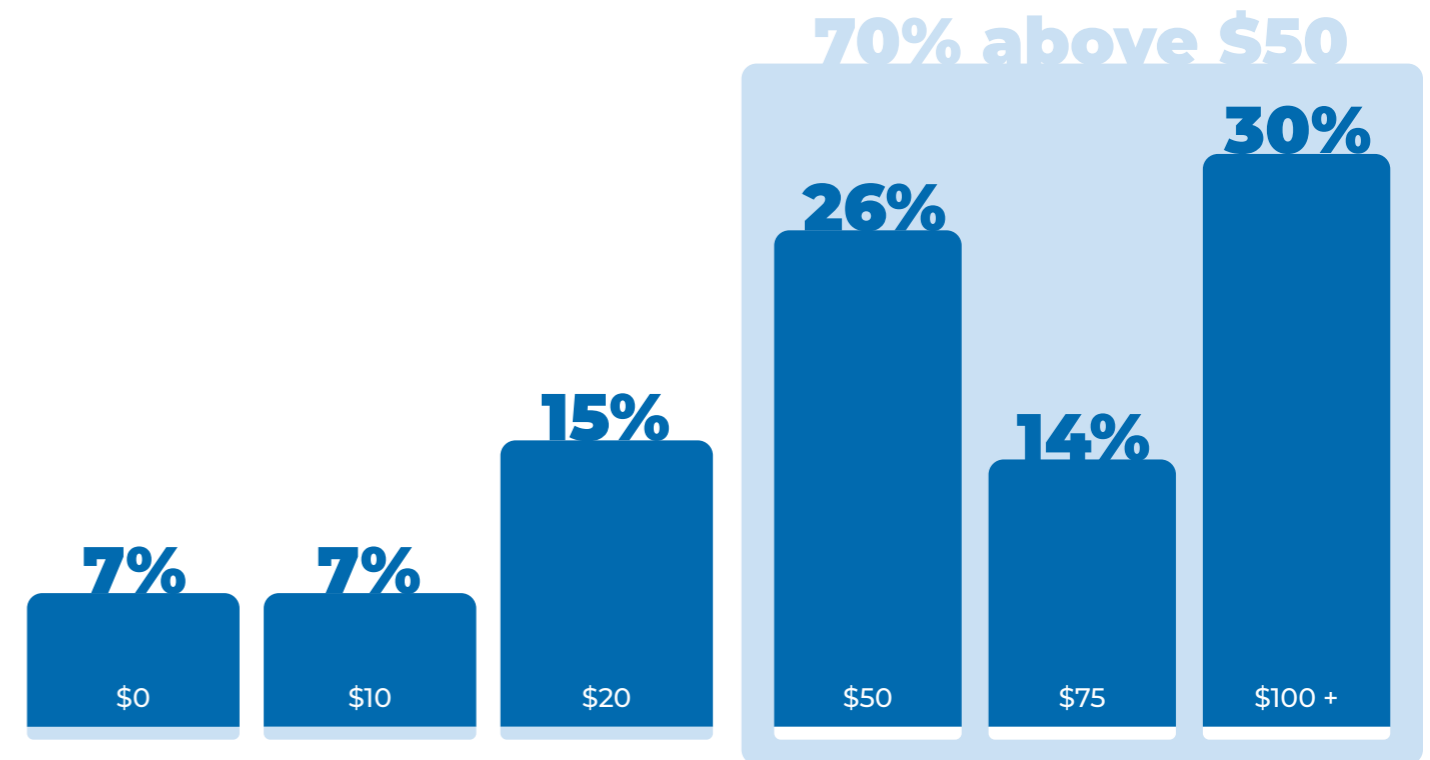
Consumers will pay significant amounts for the right theft prevention solution

Reflecting their fears about theft, 56% of those surveyed said they'd spend between \$400-\$700 for a three-year service period that meets the features and service requirements described previously. If it was built into their lease or loan payment, the majority (53%) said they'd be willing to pay \$15-25 each month.

If the solution were to guarantee the privacy of personal information - such as the vehicle's location - consumers reported they would be willing to pay a premium: a full 70% of respondents said they'd pay \$50-\$100 more for this peace of mind.



? What is the highest price you would be willing to pay for two years of theft recovery system?



? If I had the option to purchase a more secure GPS car tracker that guaranteed the privacy of your personal information (PI), how much extra money would you be willing to pay?



Problems with legacy theft prevention solutions

If your dealership has offered theft prevention devices before, you know what a headache they can sometimes be. If not, here are some of the reasons many dealers have stopped carrying them.

First, many require initial investments – sometimes hefty ones – by the dealer. The wired installations can be complex, requiring technical training for your team or even external installers. And once installed, they're too hard to uninstall, even if the customer doesn't buy them, so many dealers incur losses by letting them drive off the lot unpaid for.

Additionally, a wired solution can interfere with the vehicle's battery and electronics, especially with the sensitive technology that's increasingly common in EVs. Installing a wired device may even void the manufacturer warranty, and there is evidence that some of them - when improperly installed - can also drain car batteries. Finally, manufacturers aren't always happy to let third-party devices have access to proprietary vehicle data, so there's a risk they may reject OBD-connected trackers in the future.

In short, many of the solutions offered until now have been more trouble than they've been worth, and it's time for a technology and business model revolution that puts dealers' and consumers' needs first.



RecovR gives buyers what they seek in a theft prevention device

RecovR is a fully wireless, GPS-enabled theft recovery solution that ensures owners that they can get their vehicle back quickly. Battery-powered and roughly the size of a smartphone, it's reliable, convenient and easy to operate.

Once a dealer installs it in their vehicle (a process that takes less than a minute), consumers can use a simple app to find a stolen vehicle, report its location to police, find a lost parking spot or a tardy teenager, and "geofence" their vehicle to a specific location and be notified if it's moved (towed, stolen, borrowed) without their permission.



The results of our survey show that RecovR hits the mark for every feature and benefit consumers want. And because it is built by one of the world's foremost security experts, it prioritizes consumer data privacy and implements advanced security technologies to ensure that only owners have access to the location and data related to their vehicle. It goes far beyond other solutions to set the gold standard for consumer privacy protection.

What's more, RecovR not only enables buyers get discounts on insurance from many different insurers, it also offers up to \$6,000 in compensation for vehicles that are stolen and not recovered (availability of this benefit varies by state). That helps consumers pay for the hidden costs of vehicle theft and gets them into a new vehicle ASAP.

Benefits to consumers

- ▶ **Wireless, GPS enabled device** that you hide and forget
- ▶ **Provides up-to-date vehicle location** in case of theft or forgotten location
- ▶ **Share with law enforcement** with a simple link to track stolen vehicles
- ▶ **Protects owner's privacy** with protection to your personal information
- ▶ **Includes up to \$6,000 coverage** for vehicles not recovered (where available)
- ▶ **Reduced owner's insurance costs** might be possible

RecovR gives dealers an easy-to-install solution and free lot management – with zero upfront costs!

Unlike other theft prevention devices, RecovR is a snap to install, taking less than a minute. And it can be removed just as easily if not sold.

The nice thing about the quick installation and removal of RecovR is that you can place them in all your lot's vehicles and use them as a way of tracking the location of your inventory. No more walking back and forth between the lot and the wall of key fobs – you just access the RecovR portal on your mobile device and find the vehicle you're looking for when a customer wants to see it. And it makes doing inventory and flooring audits a breeze.

What is RecovR business model?

We make money when you make money: namely when you sell RecovR to your customers at the F&I desk.

The training and the marketing materials we provide will make it easy for you to convince your customers of RecovR's benefits and ensure a high penetration rate and great profits.

For instance, a dealer selling 100 cars per month and selling RecovR at it's \$599 MSRP and a 40% penetration rate would earn almost \$160,000 per month in pure profit with zero upfront costs.

And compared to wired solutions, you'll save more than \$100,000 in installation costs and get our advanced lot management functionality for absolutely free.

Drawbacks of wired theft recovery devices

Upfront investment costs

Complex wired installations, requiring technical training or 3rd-party installers

Difficult to remove if buyer declines to purchase = lost investment

May interfere with vehicle electronics and void warranty

Can drain or damage battery if not properly installed

Often don't adequately protect customer data, including vehicle location

Benefits to dealers of RecovR

Zero upfront costs

Installation in less than a minute

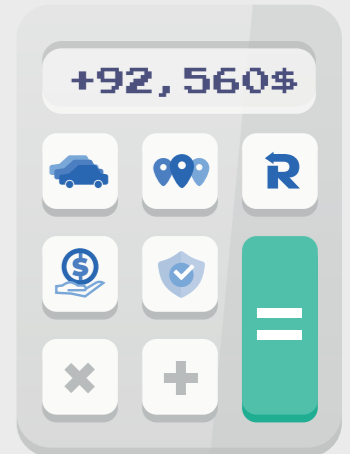
Easily removed if buyer declines to purchase

Additional source of F&I revenue

Boost to lot operational efficiency by tracking inventory location

A win-win business model for dealer, consumer and RecovR

Estimate revenues and savings for your dealership at recovr.biz/calculator



“We chose to work with RecovR because there are no upfront costs and the RecovR team are veterans in vehicle tracking solutions. We like knowing that a global technology and security leader like Kudelski IoT is behind RecovR. They’ve put strong technology in place to secure our confidential dealer data as well as ensure the privacy of our customers’ personal information.”

Jon Peterson, GM and Partner of Folsom Lake Ford in Sacramento, CA

