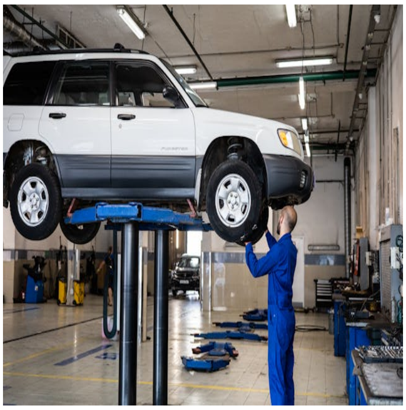

Extended Warranty and Vehicle Services Contract Industries Poised For Growth

Description

By James Schulze

This article discusses the strong projections for the extended auto warranty and VSC markets and key factors driving this growth. It also highlights different types of sales leads that providers could use to capture this opportunity.

Providers of auto warranties and vehicle service contracts (VSCs) are looking to the future with optimism. The global auto extended warranty market is anticipated to grow from $32.76 billion in 2024 to $34.95 billion in 2025, reflecting a 6.7% compound annual growth rate (CAGR). Similarly, the VSC market is expected to expand from $32.29 billion in 2024 to $33.98 billion in 2025, with a CAGR of 5.41%.

What will drive the growth in auto warranties and VSCs

These optimistic market projections are driven by some key factors:

- **Aging vehicles** â?? The average age of cars on U.S. roads today has reached an all-time high of 12.6 years. Why? Some speculate that cars are made better, so getting into 6-digit mileage with a car is not quite the feat that it used to be. Others believe the nearly 30% hike in new car prices over the last five years may be the culprit. Whatever the reason consumers have chosen to hold on to their vehicles longer, they will likely seek to manage the repair costs for these older vehicles through extended warranties and service contracts.
- **Rising repair costs** â?? On May 3, 2025, a 25% tariff on imported auto parts went into effect. Given the heavy reliance on foreign-made parts, price increases will impact many consumers. To date, USMCA-compliant parts from Canada and Mexico have been excluded from this tariff, but only temporarily. Auto part prices will inevitably rise and lead to increased repair expenses.

Vehicle owners may turn to warranties and service contracts to mitigate these increased costs.

How to capitalize on this growth in your auto warranty and VSC business

With opportunities abound, the pressing question for auto warranty or VSC providers is how do they identify and connect with consumers who are in the market for their products. The good news is there are plenty of options. Two types of sales leads that have been particularly effective in this industry are:

- **Real-time leads** â?? Real-time leads are delivered *immediately* after the opportunity is identified, often right after a consumer provides information via an online form.
- **Aged leads** â?? Aged leads are typically 7 or more days old.

The key differences between aged and real-time leads

While the age of the lead is the primary differentiator between these two types of leads, there are other notable differences:

- **Consumerâ??s level of intent** â?? Real-time leads reflect consumers who have expressed interest in an auto warranty or VSC right *now*. Their intent level is very high. Aged leads are consumers who have opted in for more information about an auto warranty or VSC at some time within the past year or so. Their current intent to purchase is not as clear. Both types of leads can result in conversions of high intent customers if the right sales cadence is followed.
- **Pricing** â?? Aged leads are much lower priced than real-time leads, often by a factor of 3 or more. The higher price of real-time leads reflects their higher probability of being converted.
- **Usage** â?? Real-time leads need to be called immediately, making them ideal for sales teams with sufficient staffing and hours to quickly place calls. They also work well for providers offering time-sensitive services, such as when consumers purchase used cars and are looking for a warranty or VSC immediately. Aged leads work particularly well when providers want to economically remarket to potential customers via email or text, or run a reactivation campaign.

What is the best type of lead for you?

The best type of leads for an auto warranty or VSC provider depends on many factors. The size of your marketing budget is inevitably a factor. Another important consideration is the structure, size, and skill set of your sales team. They must be equipped to follow the type of cadence needed to close each type of lead. For example, aged leads require a lengthy cadence. Providers expecting to only call a lead one or two times will not be successful in converting aged leads. Your general approach to sales as well as your sales objectives will also factor into making the best decision on marketing.

If you would like more information on how you can sell more auto warranties/vehicle service contracts and grow your business, give The Leads Warehouse a call at **1-800-884-8371** or visit our website at https://theleadswarehouse.com.

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Author
jimtlw-media