

The Enduring Love for Classic Cars

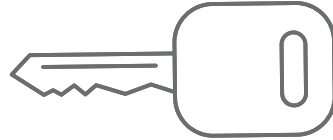
An exploration into the relationship classic car
owners have with their cars

ERS REPORT – FEBRUARY 2018

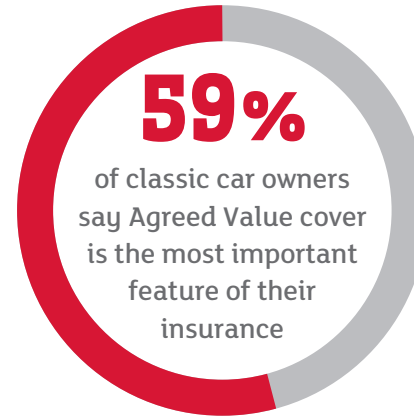


KEY HIGHLIGHTS FROM THE RESEARCH

AMONG CLASSIC CAR DRIVERS
24% SAY
STYLE/AESTHETICS
is the most important feature
that makes a classic



52% of non-classic car
drivers said they would
like to own a classic car



72% say that
classics should
**BE PRESERVED
AS THEY WERE MADE**

HOWEVER

**NOSTALGIC
DISTINCTIVE
& STYLISH**
are the words most
associated with classic cars

**"I JUST LOVE MY CAR.
IT FEELS LIKE PART
OF THE FAMILY."**

65% say that
classics could...
**BE MODIFIED &
STILL RETAIN APPEAL**

40% say that
classics
cars are
FUN TO DRIVE



The majority of classic
cars are driven in peak
summer season

25% are driven
DAILY

45% use their
classic cars for
everyday trips

73%
say insuring
their classic
car was more
AFFORDABLE
than expected

Introduction

In today's fast changing world, where electric cars are increasingly a focus for production and autonomous vehicles aren't that far into the future, is there still a place for classic cars?

At ERS, we have over 70 years' experience of dealing with specialist motor insurance and our underwriting experts understand classic motors inside out. We also understand that classic car ownership is not about getting from A to B, it's about passion and enthusiasm. But what is it that drives these emotions? What makes a car a classic? And what might be stopping more people from driving them, both now and in the future? What is the future of classic cars?

To explore all of this, we commissioned a survey to gauge the perspectives of both classic and non-classic car owners. This report details our findings, to provide a unique snapshot into this world, at a pivotal time for the motoring industry.

We explored:

- 📺 What makes a classic, a "classic"?
- 📺 The level of desire for those who don't currently drive a classic to own one and what's stopping them
- 📺 The role insurers can play to help keep classic cars on the road
- 📺 How classic car vehicles are used
- 📺 What is the future of the classic car?



What makes a classic, 'classic'?

It is clear to anyone who has visited a classic car show or flicked through a specialist magazine that classic cars come in all shapes and sizes. From vintage designs or modern classics to aged 'barn finds' for restoration, in this world, beauty really is in the eye of the beholder. Although there are certainly individual hallmarks of a classic, how is this reflected in overall perceptions, as well as in the choices of classic car buyers?

THE IMPORTANCE OF STYLE

We asked both classic car owners and non-owners what is the most important feature in making a car a classic. For classic car owners it's all about style, with a quarter (24%) ranking this top above age (20%) or even rarity (12%), highlighting the importance of the physical appearance of the car for this group. Conversely, the majority (29%) of non-classic car owners selected age as the most important factor with styling coming second (20%). Rarity comes third for both groups.

Engineering, even for classic car owners, is surprisingly low down on the list, with only

1 in 10 choosing this as the most important feature. Both our groups agree that style is more important than what's under the bonnet. How the car looks is key.

This is reinforced when respondents were asked about the words and phrases that, for them, best describe a classic car. Those picked are very similar across both our groups. "Nostalgic", "Distinctive" and "Stylish" come through very strongly. Driving a classic car is about being noticed, standing out from the crowd and celebrating the past.

KEY HIGHLIGHTS

For car owners the most important features are:

**STYLE, Age
& RARITY**

"The vintage look and driving experience is the best part."

"It's a real conversation starter. I get lots of positive comments from strangers"

"Owning a classic car makes me proud as I put a lot of work into getting it the way I want it."

What makes a classic, 'classic'?

FUN AT THE WHEEL

For classic car owners another sentiment that comes through strongly is “fun to drive” with 40% of owners saying this about classic cars, compared to just 20% of non-classic car owners. It’s clear that classic car owners love everything about the experience of driving these vehicles, in spite of the more modern comforts and technology that features in most cars today. We also asked owners about driving frequency and the types of journeys they favoured in their in their classics, which we will look at later in the report.

Encouragingly, more negative associations like “boring”, “risky” and “unreliable” gained very little traction, even among non-classic car drivers, suggesting that even for the uninitiated, there is a respect and admiration of what classic cars represent. There is something fun and intriguing about classic cars that translates to all motorists, whether they have one or not.

WHAT’S IN A NUMBER?

Just over half of our total sample, 53%, say that age was a top three factor in determining whether a car is a classic. We asked these people what age they feel a car needs to be to be considered ‘a classic’ - and got some widely varying answers.

How old is a car before it comes a classic?

Age of car	classic car owners	non-classic car owners
0 – 9 years	4%	0%
10 – 19 years	8%	1%
20 – 29 years	35%	26%
30 – 39 years	22%	23%
40 – 49 years	12%	13%
50 years plus	14%	25%
Don't know	6%	11%

When it comes to insurance a car can become a ‘modern classic’ from the age of 20 years-old. 35% of our classic car owners agreed, but only just over a quarter of the non-classic car owners. Non-classic owners also perceive the entry into classic status as being much higher with a quarter (25%) thinking that a car only becomes a classic when it is over 50 years old. This may mean that they see classic cars of out of reach, when in fact, modern classics can be very accessible.

KEY HIGHLIGHTS

40% say that classics cars are **FUN TO DRIVE**



“My Rover Sterling is virtually unique in my area. It has the original, long-lived Honda engine and still roars like a lioness when you use the loud-pedal. Spares can mostly still be sourced on E-bay and elsewhere by my trusty, classic-car loving mechanic.”

“...the petrol smell, the roar when it starts up, the total control and feeling of the road rumbling through the steering, just gives an amazing rush overall to drive.”

To preserve or adapt?

We asked both groups whether classics should be preserved as they were originally made (without modification) and over three quarters, (76%) agree. There is little difference overall between each group, with 72% of owners agreeing and 80% of those who are not, suggesting that while respondents overall feel classics should be kept as they are, classic car owners appear slightly more open to the idea of modification by a small margin.

Conversely, we also asked whether classic cars can be modified and still retain their appeal. Despite the response to the earlier question around modifications, over half of all respondents (56%) agree with this statement – suggesting some potential contradiction in opinion. However, on reviewing the split between the two groups, classic car owners again are more open to the idea, with almost two-thirds (65%) agreeing with the statement as opposed to 47% of non-classic owners.

So, while there's a desire to preserve these cars and all they represent, there is also an understanding that there is a need to move with

the times as legislation comes into force around air quality. Classic car owners seem prepared to adapt to keep the cars they love on the road.

WHAT'S STOPPING 'WOULD-BE' OWNERS?

We also took the opportunity to ask non-classic car drivers whether they would like to own a classic car. Over half, (52%) said they would. This level of enthusiasm is encouraging for the future, but what is stopping them from taking that step towards ownership?



To preserve or adapt?

What is stopping non-owners who would like to own a classic car from buying one?

Cost of the car itself	59%
Cost of maintenance	45%
Cost of insurance	37%
Cost of storage	34%
Lack of time to maintain it	25%
Lack of expertise on what to buy	24%
Don't know where to start	19%
Risk of theft	13%
Lack of time to drive it	11%
Haven't seen a car i like	7%

Respondents selected all reasons that applied so total more than 100%

Cost is clearly the main factor, but this doesn't have to be the case. For instance, a modern classic can be picked up at a relatively modest price, significantly less than a brand new, or even second hand, car. However, lack of knowledge is also a factor that is putting potential owners off. Perhaps there is more the community could do to be more accessible and offer more help and education for those who are interested.

We asked the same question of those who said they didn't want to own a classic car. The results are very similar, with a negative perception of cost putting people off even thinking they'd like to own a classic.

What is stopping non-classic car owners from considering buying one?

We asked the same question of those who said they didn't want to own a classic car. The results are very similar, with a negative perception of cost putting people off even thinking they'd like to own a classic.

Cost of insurance also registers in each case. Once more, it is likely that a lack of awareness as to the options by which they could enter into classic car ownership, and an expectation that insurance might be costly, is a potential barrier. However, our research highlights that the majority of owners say their insurance is much less than expected, which we explore in more detail below.

KEY HIGHLIGHTS

CLASSIC CARS – TO MOT OR NOT TO MOT?

In May 2018, cars over 40 years old are no longer required to have an MOT. We asked both our groups about what they thought of this change.

59% of classic car owners agree with the move while only 40% of non-classic car owners agree. The non-classic owners response could suggest a sentiment that this is in some way unjust or perhaps lead to a concern that 'unroadworthy' vehicles will be on the road.

Despite this, Steve Simpson, Senior Classics Underwriter at ERS does not think that this will greatly change the status quo, saying: "We believe that many owners of classics over 40 will continue to MOT their vehicles irrespective of this change. While not an insurance requirement, we know that an MOT gives these owners a regular opportunity to ensure the running and roadworthiness of their vehicle, particularly if they haven't been driven for a long period outside of the seasonal peak. Many already take their cars to specialists who offer care packages for classic vehicles alongside their MOT checks and so it is often part of the care and attention a cherished classic receives. I don't believe the non-mandatory nature will trigger any great change in this behaviour as classic owners by nature will want to protect their interests."

No such thing as 'one-size-fits-all'

We wanted to understand more about what classic car owners think about their insurance and what they value most in their policies.

Because the work and care that they put into their car can be critical in maintaining - or even increasing - its value, owners want the security that in the unfortunate event of a loss, that their insurance payout will reflect this should they need to replace it. Over half (54%) say that Agreed Value insurance, which guarantees the vehicle's value in the event of a total loss, is key.

Flexibility is also important. Practical things such as the choice of repairer used rate highly (42%). As a specialist insurer we understand that a 'one-size-fits-all' approach to repairs is not what classic car owners expect, which is why we have a network of specialist repairers who understand classic vehicles and can source specific original equipment manufacturer (OEM) parts where necessary to retain their heritage.

We also asked the classic car owners in our survey if they agreed with the following statement:

"Insuring a classic car is cheaper than I expected." 73% agree, and of these, 31% say that it is significantly cheaper than they expected.

Following this where very specific features and benefits are highlighted as key, it would seem that the majority of classic car owners feel that they are getting good value from their vehicle insurance.

As we've already seen, the perception of costs, including insurance, is more prominent among non-classic car owners. Interestingly though, of the 47% of non-owners who cited insurance as a barrier to purchase over half (59%) have nothing to base this on. Of those that have checked, 17% have looked on a comparison site and 13% have spoken to a friend or family member. Only 8% say they have spoken to a broker, highlighting that brokers are still an underused source of information about motor insurance. It's clear that consumers heavily rely on comparison sites and aggregators for their insurance products, but when it comes to classic cars, the expertise of brokers is vital as they understand the vehicles and can build bespoke policies.

KEY HIGHLIGHTS

The most important features that classic car owners want included in their insurance policy

Agreed value	54%
Limited mileage discounts	47%
Flexibility on choice of repairer	42%
Option to retain salvage in the event of total loss	35%
Discounts for Car Club Membership	30%
Dismantled car cover	23%
Loss of keys/replacement locks	21%
European use	20%

Respondents selected all reasons that applied so total more than 100%

"Insuring a classic car is cheaper than I expected."



73% say insuring



their classic car was



more affordable



than expected.

Over half (54%) say that Agreed Value insurance, which guarantees the vehicle's value in the event of a total loss, is key.

How do owners use their classic cars?

Almost all of the classic car drivers we surveyed drove their cars in some form (and some much more frequently than others). Surprisingly few are laid up as an investment.

For the vast majority these aren't museum pieces, to be looked at and not used. They are driven and enjoyed. 61% of drivers take them out on day trips and 14% have the confidence to take their cars abroad. **45% say they drive them for 'everyday' activities such as trip to the shops. Such opportune use, especially in good weather, is very much part of the enjoyment of owning a classic vehicle.**

Being part of a community also ranks highly with over a third (38%) using them for car club trips – which could explain why 30% value car club discounts as part of their insurance package. Being part of a community and sharing that passion with others is another key element of enjoyment for owners.



	Spring	Summer	Autumn	Winter
Drive every day	21%	25%	14%	12%
At least once a week	51%	56%	45%	32%
Drive at some point	94%	96%	93%	78%

KEY HIGHLIGHTS

25% are driven **DAILY**



45% use their classic cars for everyday trips

The majority of classic cars are driven in peak summer season

Being part of a community is important – **38% use them for classic car club trips**

“As cars are mine and my husband’s passion owning this car together allows to do something together when not working and to meet like-minded people.”

“The car has been in my family since 1988. It was bought new by my grandmother - that is why it’s so special to me. It’s also got quite a powerful engine so feels really good to drive.”

What does the future look like?

Predicting what will become a future classic is not an exact science. It can be down to styling and how a car reflects the time in which it was made. We asked the question; **“Do you own a car you believe will be a future classic?”** A surprisingly high 31% said that they do.

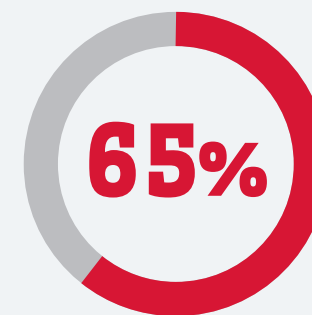
Drilling down into this list, some clearly do as makes such as Aston Martin, Bentley and Ferrari were mentioned. Beyond this though, we had a whole range of vehicles suggested, from a Saab 9000 to a Ford Orion and virtually every make in between. However, it's likely that many of the 31% might be disappointed when their cars aren't formerly recognised as classics, but it does show an enduring love people have for their cars and a desire for others to appreciate just how special they believe they are.

Our senior Classic Car Insurance Underwriter, Steve Simpson, has spent years studying classic cars and knows the hallmarks that make a classic:

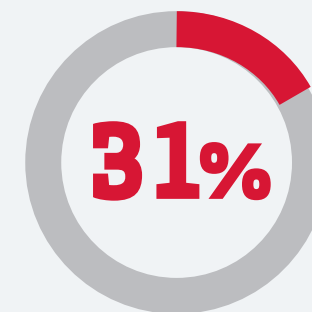
1. Vehicles manufactured by niche, British or marques that no longer produce vehicles
2. Manufactured in limited-edition/low numbers
3. Sports/performance cars
4. Quirky styling or interiors

We can see from our survey that the younger generation are more open to the idea of classics evolving. 65% of those aged 35 and under agreed with the idea that classic cars could be modified and retain their appeal. This compares to just 48% of those aged over 55, who appear to have a more traditional view.

KEY HIGHLIGHTS



of those aged 35 and under agreed with the idea that classic cars could be modified and retain their appeal



of all respondents thought that they owned a future classic

Conclusion

Classic cars are clearly loved by those who own them but also are admired and respected by many non-owners who can still appreciate what these vehicles represent. While there are hallmarks that signify a classic, what owners and buyers look for is clearly much more personal and emotional than the age or pure value.

However, there is still a perceived inaccessibility to the world of classics amongst 'would be' owners. There's an opportunity for the sector to spread a message of accessibility and inclusivity and to educate to challenge perceptions that it's out of reach. After all the next generation will be the ones keeping classics old and new on the road and thriving, although potentially in adapted or electrified versions. Promoting moderately priced 'modern classics' as a point of entry for the uninitiated and showing that classics can adapt to the requirements of today are just two ways of this education.

Motor insurance brokers are a vital part of this network, enabling owners and buyers to get the cover that's right for them. As this report has shown, classic car insurance is a key part of protecting both the vehicle and its value at

significantly less cost than the most expect and much less than standard motor insurance policies. Furthermore, brokers offer expert advice and guidance at no cost to the consumer.

We are on the cusp of change. Heritage brands, such as Aston Martin and Jaguar, are already exploring the possibilities around the electrification of classics (Jaguar have even produced a prototype of an electric E-Type). Legislation, such as the Clean Air Bill will see some classics have to adapt to stay on the road, where both their owners and admirers want them to be.

The next few years will be very interesting, but one thing is clear, even in age of automation and digitalisation, the enduring love and nature of the classic car is alive and kicking.





**Classic Car insurance, available through
specialist insurance brokers nationwide**



Research methodology The research in this report was carried on behalf of ERS by DJS Research in January 2018. They used an online quantitative and qualitative survey to reach 412 non-classic car drivers and 366 classic cars drivers.