

CCCI<sup>\*</sup>F

# CCIF Aftermarket Parts Committee

Edmonton, Alberta

June 22, 2003

# CCIF Aftermarket Parts Committee

Rodney Hughes - Allstate Insurance Company of Canada

Merv Hefferman – Quinte Bumper and Fender

Colleen McKenzie – Automotive Retailers  
Association of British Columbia

Sharon Wells- General Manager – Collision Clinic – St. Johns, NL

Dennis Hutchinson – Maxim Truck Collision –MB

Dana Alexander – Dana’s Collision Center NB

John Antonioni – ADP Claims Services Group

Larry Jefferies- CARSTAR Canada

Roy Boyle – AXA

Julio Bruno – Glenn Merritt Collision – St. Catherines, Ont

Brian Kelleher – Mitchell International

# Parts Committee Mandate

- To be an ongoing voice for the Parts component of the professional collision repair business.
- To present a balanced message on all issues to all industry stakeholders.

# CCIF Parts Committee Background

- Best Practices Guidelines for Estimating the Body Material Costs developed and distributed
- Aftermarket Parts
  - Went to the source – facilitated gathering of Aftermarket WD's and gaining support
  - Gained support from information providers on exploring opportunities for improving data available
  - Learned more about CAPA and the CIC efforts in the U.S.
- Shared information on activity on Direct Parts issues from other countries and possible impact in Canada
- Look beyond Aftermarket parts – OE & recycled – reaching out to understand more – improve understanding of opportunities and challenges within these segments
- Today.....

# CCIF Aftermarket Parts Committee

## Report Agenda

Industry trends – update on parts and material -

- Electronic communications within the recycled parts business in Canada
- Next Steps – this afternoon

# Industry Trends in parts and materials

General increase in use of alternate parts

LKQ (recycled parts) use increasing

Aftermarket parts use down

OEM parts use declining

Why? Severity control – other reasons?

Change in attitude? Insurers – consumers – parts  
quality – information

Salvage groups getting organized and visible

# Industry Trends in parts and materials

Comparisons in parts usage – 2002 – 2003

OEM

Q1 2002 – 74.0%

Q1 2003 – 73.5%

Total Alternate Parts Usage

Q1 2002 – 26.0%

Q1 2003 – 26.5%

# Industry Trends in parts and materials

Alternate Parts by category

Aftermarket

Q1 – 2002 – 7.9%

Q1 – 2003 – 7.5%

LKQ

Q1 – 2002 – 14.8%

Q1 – 2003 - 15.8%

Remanufactured parts remained steady – 3.2%

# Industry Trends in parts and materials

## Other facts

1. Paint material rate per refinish hour up 5%
2. Labour analysis
  - represents 41.9% of average gross estimate
    - refinish – 34%
    - Parts replacement – 32%
    - Parts repair – 34%

# Recycled Parts.....

## Understanding more

### Opportunities.....

1. Understanding the challenges within the recyclers business
2. Sharing with recyclers the needs of the collision repairer and insurer
3. Communication improvement
4. Quality and consistency
5. Trends
6. Ability to influence change in the marketplace

# Recycled Parts.....

## Understanding more

In Quebec City – survey said –

Top three issues/opportunities are:

1. Parts description
2. Quality of electronic information
3. Profitability

# Recycled Parts.....

## Understanding more

Today

Electronic Initiatives

today's tools

future opportunities

Mitchell International -

ADP – John Antonioni

# Break out!

Come join us this afternoon and help us  
continue our mission.....

Your opinions on what we are talking about  
Areas of focus – opportunities to make a  
difference -

# Coming to Moncton

For the first time in Canada!

Classify recycled parts quality

- study will use your perception of what a A, B, and C parts – you choose – and then lets look at the results -

Thank You!