Body Shop Survey & Structural Parts Update

Presentation by the
Parts Committee

July 21, 2010

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  leanbosin
  Bloomfield Hills, Michigan

- Steve Daniel – Vice Chair
  LaMettry's Collision Repair
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Presenters

- Gary Ledoux, American Honda
- Paul Massie, Ford
- Jack Gillis, CAPA
- Christopher Northup on behalf of Diamond Standard

Parts Committee Shop Survey

Presentation by the
Parts Committee

Gary Ledoux / American Honda

July 21, 2010 / Chicago

- Purpose of Survey:
  - Determine what is “important” to a shop relative to their parts supplier
    - Help parts suppliers help shops make a quicker, more efficient repair

Based on replies from **301** shops across the country of various sizes and configurations.

As a collision repair professional, what do you value most from a parts supplier?

21 questions / Rated on 1-10 scale

Rank	Score	Question
11	8.37	**Labor warranty reimbursement from parts supplier for failed part**
12	8.33	**Large inventory**
13	8.32	**Fair parts warranty**
14	8.22	**Ability to make special / emergency deliveries**
15	8.06	**Order fill rate** (all requested parts shipped together in one order)
16	8.01	**Parts prices**
17	7.51	**Ability for the parts supplier to tag parts w/ cust name**
18	7.32	**Ability to order parts electronically** (Collision Link or Parts Bridge)
19	6.54	**Proximity of parts supplier to the body shop**
20	6.31	**Availability of parts programs / promotions**
21	4.92	**Premium merchandise or trips awarded for purchase loyalty**

As a collision repair professional, what do you value most from a parts supplier? (Rate on a scale of 1-10)

4.) 9.55 Timely parts delivery

5.) 9.38 Parts delivered undamaged

6.) 9.14 Ease of resolution for parts arriving damaged

7.) 9.08 Good relationship with parts supplier

8.) 9.08 Fair and expedient parts return policies

9.) 8.91 Ease and speed of order placement (via fax or phone)

10.) 8.51 Ability to fill special orders

As a collision repair professional, what do you value most from a parts supplier? (Rate on a scale of 1-10)

1.) 9.81 Order accuracy

2.) 9.65 Quality part (fit/function)

3.) 9.57 Competency and helpfulness of parts person

Questions pertaining primarily to the OE sector.

Do you use OE Connection's CollisionLink tool or InfoMedia's Parts Bridge tool to order your OEM parts from your wholesaling dealership?

July Results		
	#	%
Yes	179	59.5%
No	118	39.2%
Blank	4	1.3%
Total	301	

Questions pertaining primarily to the OE sector.

Were you aware of OE Connection's CollisionLink or InfoMedia's Parts Bridge tool before this survey?

July Results		
	#	%
Yes	262	87.0%
No	33	11.0%
Blank	6	2.0%
Total	301	

Questions pertaining primarily to the OE sector.

Would you use OE Connections CollisionLink or InfoMedia's Parts Bridge tool to order your OEM parts over the internet if your OE dealership could use it to provide you with parts discounts so you could use more OE parts in your repairs?

July Results		
	#	%
Yes	233	77.4%
No	51	16.9%
Blank	17	5.6%
Total	301	

Questions pertaining primarily to the OE sector.

If you do not use either CL or PB, why not?

Those reasons most cited were:

July Results	
1	Like personal contact
2	Prefer phone/fax
3	Dealer participation

Questions pertaining primarily to the OE sector.

Would you be interested in having a person visit your body shop to explain various OE marketing programs?

July Results		
	#	%
Yes	96	31.9%
No	194	64.5%
Blank	11	3.7%
Total	301	

Questions pertaining primarily to the OE sector.

Would you be interested in body shop certification programs offered by OE manufacturers?

July Results		
	#	%
Yes	213	70.8%
No	77	25.6%
Blank	11	3.7%
Total	301	

Questions pertaining primarily to the A/M sector.

As a shop owner, would you accept delivery of a non-certified part if a certified part was requested?

July Results		
	#	%
Yes	6	2.0%
No	225	74.8%
Depends	64	21.3%
Blank	6	2.0%
Total	301	

Questions pertaining primarily to the A/M sector.

Does your aftermarket parts supplier provide you with information regarding the return-percentage on a particular part?

	July Results	
	#	%
Yes	71	23.6%
No	159	52.8%
Only if pressed	66	21.9%
Blank	5	1.7%
Total	301	

Questions pertaining primarily to the A/M sector.

Do you prefer aftermarket parts packaging to have a private label (brand name created by the distributor) or a manufacturer label (manufacturer's name)?

	July Results	
	#	%
Private label	16	5.3%
Mfg Label	70	23.3%
No Prefernce	208	69.1%
Blank	7	2.3%
Total	301	

Questions pertaining primarily to the reman sector.

How would you rate the quality of aftermarket remanufactured parts?

July Results		
	#	%
10	5	1.7%
9	4	1.3%
8	44	14.6%
Other	248	82.4%
Blank	0	0.0%
Total	301	
Average	5.38	

Questions pertaining primarily to the reman sector.

How would you rate the availability of aftermarket remanufactured parts?

July Results		
	#	%
10	22	7.3%
9	27	9.0%
8	60	19.9%
Other	192	63.8%
Blank	0	0.0%
Total	301	
Average	6.1	

Additional info available regarding:

General parts purchasing questions

Shop demographics

See the “full presentation on the CIC web site
or contact me at:

gary_ledoux@ahm.honda.com

Thanks to the following for their contribution:

Dan Morrissey

Mel Hunke

OE Collision Roundtable members

John Bosin

Special thanks to:

Parts Committee Shop Survey

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Gary Ledoux / American Honda

July 21, 2010 / Chicago


When Quality Counts
Not all Aftermarket Parts are Created Equal

CAPA's Mission Statement

CAPA, founded in 1987, is the nation's only independent, non-profit, certification organization for automotive crash parts whose sole purpose is to ensure that both consumers and the industry can identify high quality parts via the CAPA Quality Seal. CAPA is an ANSI accredited standards developer for competitive crash repair parts.

CAPA's Purpose

- Protect consumers, repairers, and insurers from monopolistic pricing and poor quality parts

- Enable consumers, repairers, and insurers to make informed market choices – choices that can't be based on observation or marketing

What Is CAPA?

DEMONSTRATED COMPARABILITY:

Sole purpose is to ensure that users of AM parts are able to identify AM parts that have been certified to be comparable to car company brand parts

CAPA Quality Standards

CAPA 101: Metal Parts

CAPA 201: Plastic Parts

CAPA 301: Lighting

CAPA 401: Foam Rubber

CAPA 501: Bumper Parts*

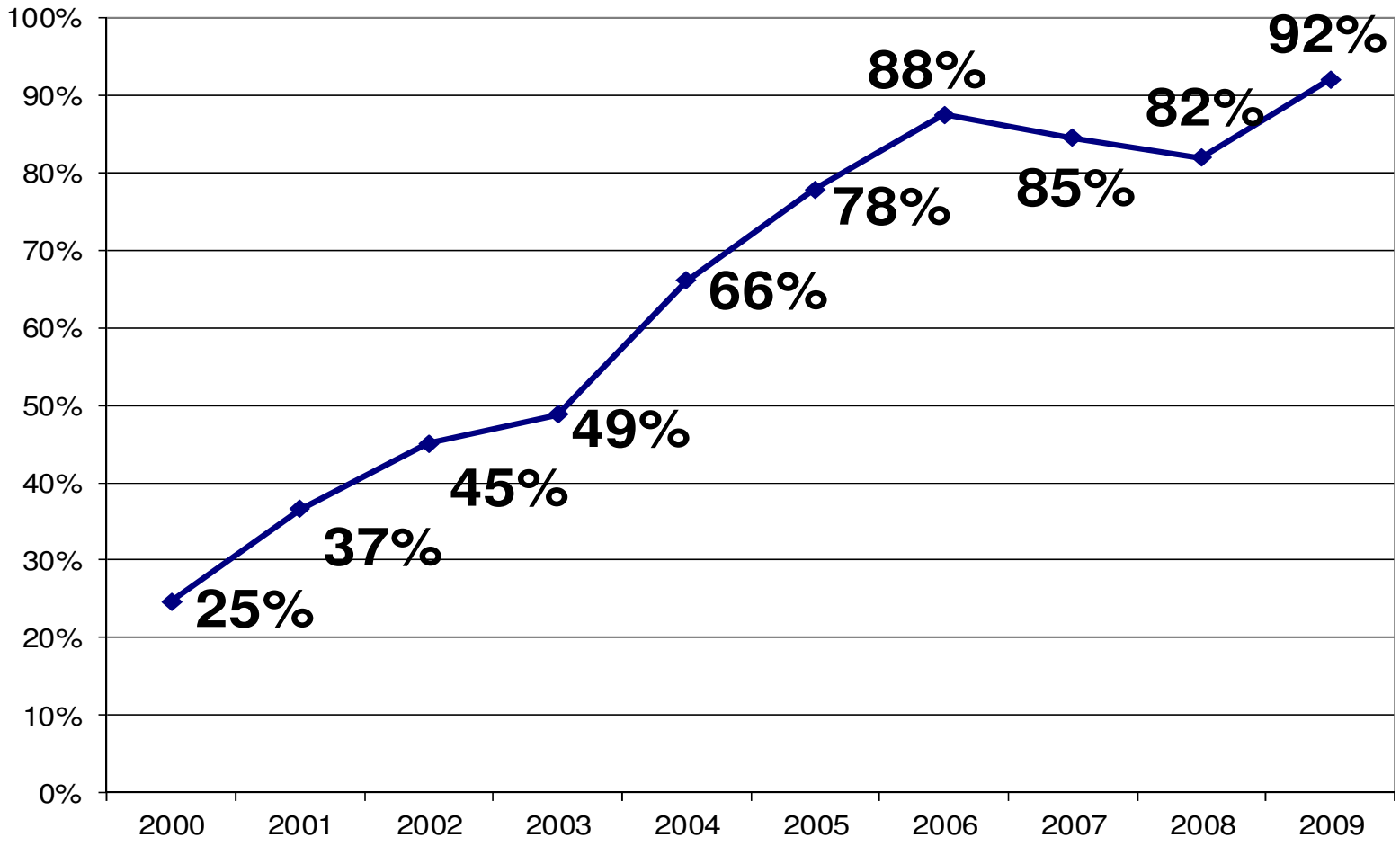
CAPA Technical Committee and CAPA Standards

- CAPA Technical Committee Members Are Stakeholders in Part Quality
  - Collision Repairers
  - Distributors
  - General Interest
  - Insurers
  - Manufacturers

CAPA Technical Committee and CAPA Standards

- CAPA Standards approved and maintained via consensus
- Technical requirements ensure that the Standards identify comparability to CCS parts
- CAPA Standards are developed in an open manner and available to the public

Percent of Earned Revenue vs. Operating Expense: 2000-2009



The CAPA Process

Step 1: **MANUFACTURER APPROVAL**

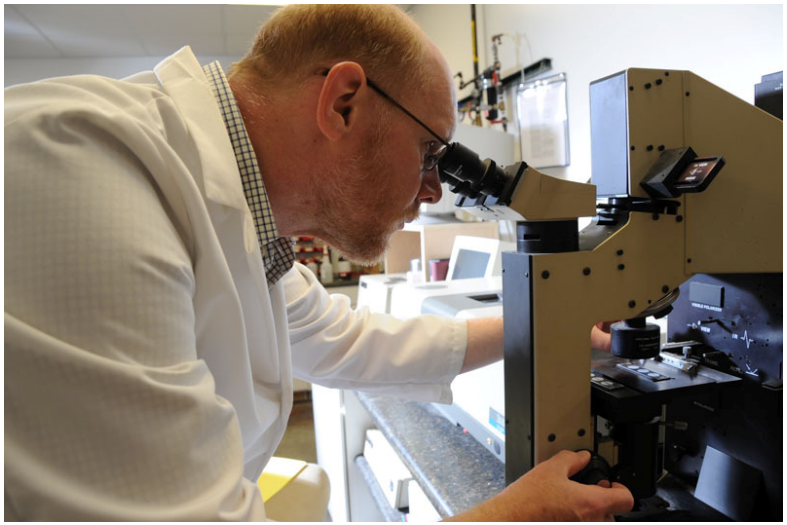
Step 2: **PART APPROVAL & CERTIFICATION**

Step 3: **REGULAR RE-INSPECTION & MONITORING**

Step 4: **MARKETPLACE QUALITY MONITORING**

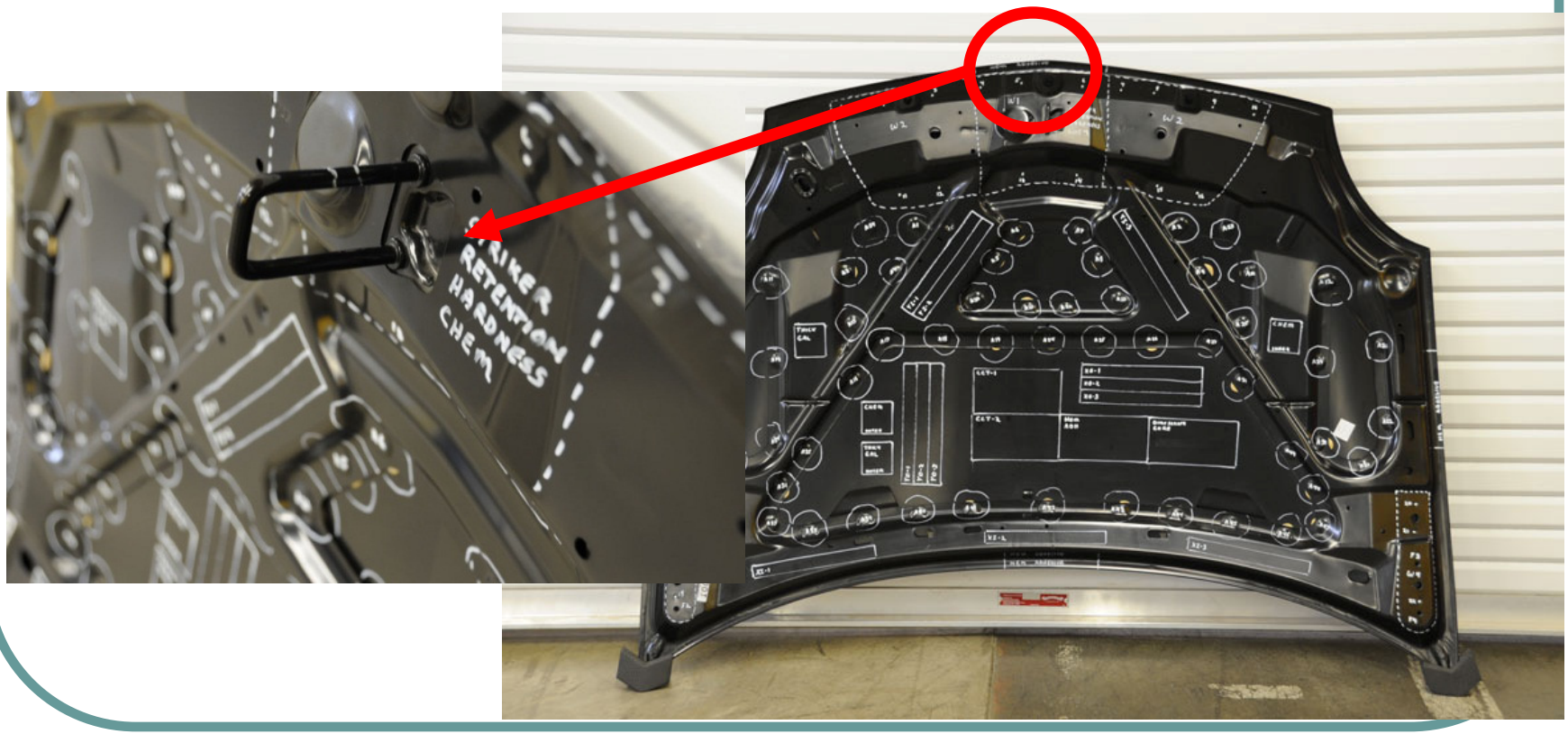
Demonstrated Comparability

- Material Composition
- Coating Performance
- Thickness
- Corrosion
- Mechanical Properties
- Form and Fit
- Paint Adhesion



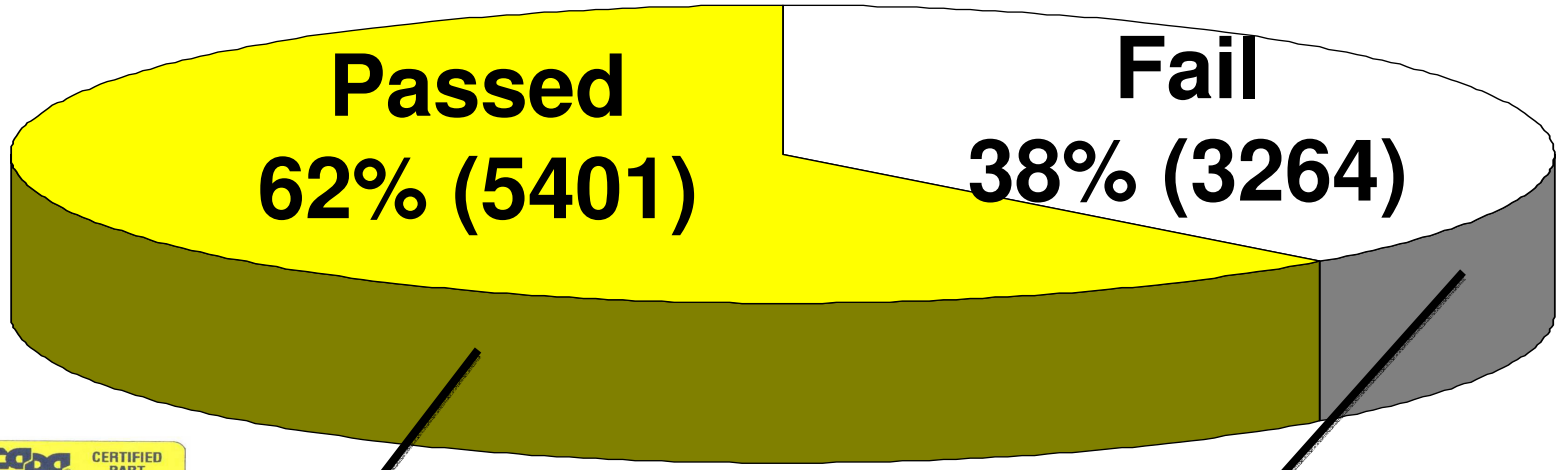
Demonstrated Comparability

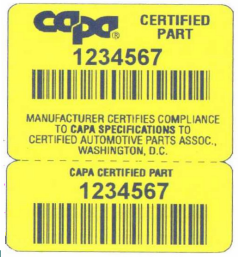
Fenders/Hoods - Inner skin identified for testing welds, plates and adhesives



Result of Parts Presented for Certification

38% Fail CAPA Fit and Appearance Requirements





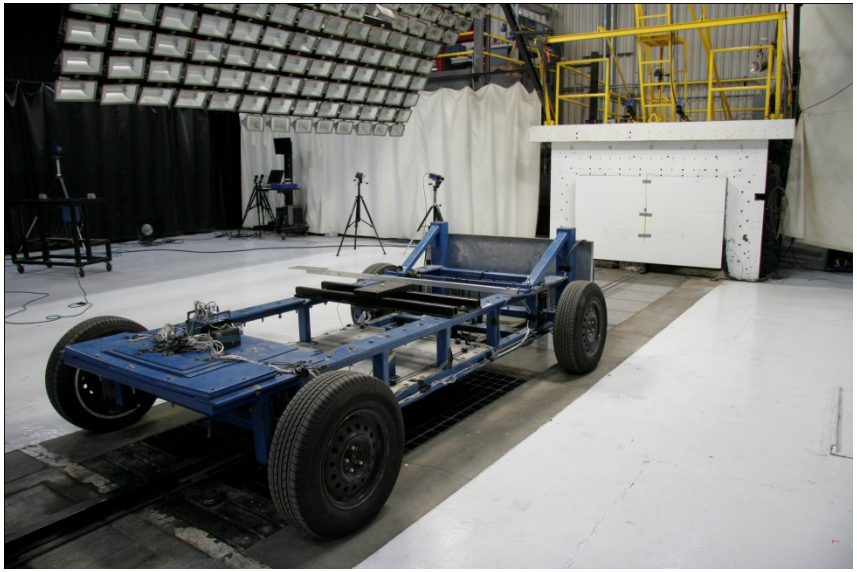
CERTIFIED

Remain in market as Non-CAPA certified

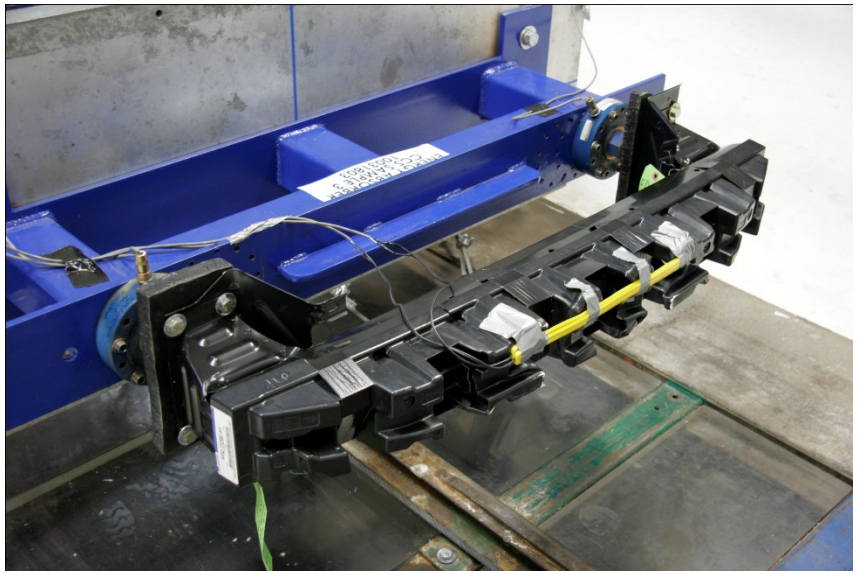
CAPA 501 Bumper Standard: Legitimate Response to Market Crisis

- Metal Bumpers
- Bumper Reinforcements
- Bumper Brackets
- Energy Absorbers

CAPA 501 Standard Development Dynamic Testing



FMVSS 214 simulation vehicle and barrier.

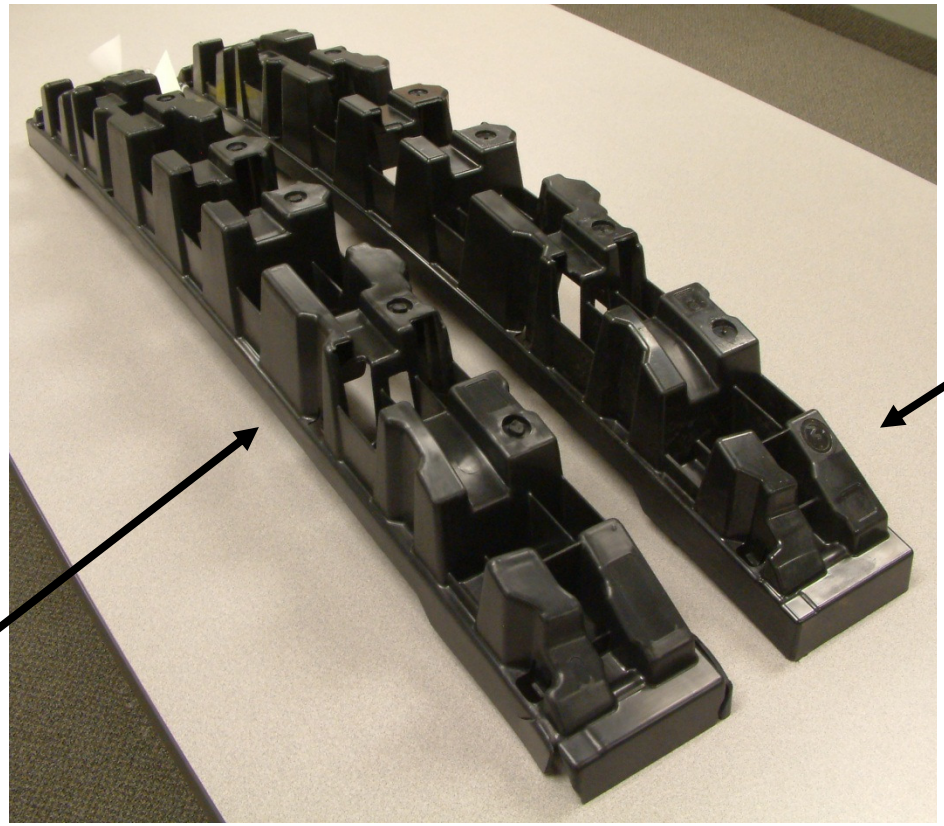


Ford Fusion reinforcement bar and energy absorber

Compares AM to CCS Performance

CAPA Dynamic Test of Car Company and Non-certified AM Energy Absorbers

Ford Fusion 2006-09 Energy Absorber



CCS

AM

CAPA Dynamic Test of Car Company and Non-certified AM Energy Absorbers

Ford Fusion 2006-09 Energy Absorber Plastic ID

PC-PBT

PC/PBT

Polycarbonate (PC) + Polybutylene Terephthalate (PBT)

CAPA Dynamic Test of CCS and Non-certified AM Energy Absorbers

Ford Fusion 2006-09 Energy Absorber

1st Video: Car Company Part Dynamic Test

2nd Video: AM Part Dynamic Test

Non-Certified AM Part Quality Study

Does CAPA Certification Make a Difference?

- Purchased parts from the market
- Parts never submitted for CAPA certification
- Representative of a variety of part types for late model cars from various manufacturers
- Car company service parts purchased to establish the basis for comparison

Non-Certified AM Part Quality Summary

Part Type	Number of Part Types Tested	Number Failed to Compare to CCS
Hoods	7	7
Fenders	5	5
Bumper Covers	2	2
Lamps	2	2
Bumper Parts	14	12
TOTAL	**30**	**28**

Non-Certified AM Part Quality Study Results

- **Metal Galvanization**
  - 9 of the 10 CCSs galvanized
  - None of the AMs galvanized
- **Significance**
  - Difference in the potential corrosion resistance and life expectancy between galvanized and non-galvanized parts

Non-Certified AM Part Quality Study Results

- **Hood Reinforcement Plates**
  - 2 of 6 hoods missing reinforcement plate between striker and outer skin
- **Significance**
  - Reinforcement plates provide structure and support to outer skin striker area
  - Reinforcement cannot be seen from the outside of the hood

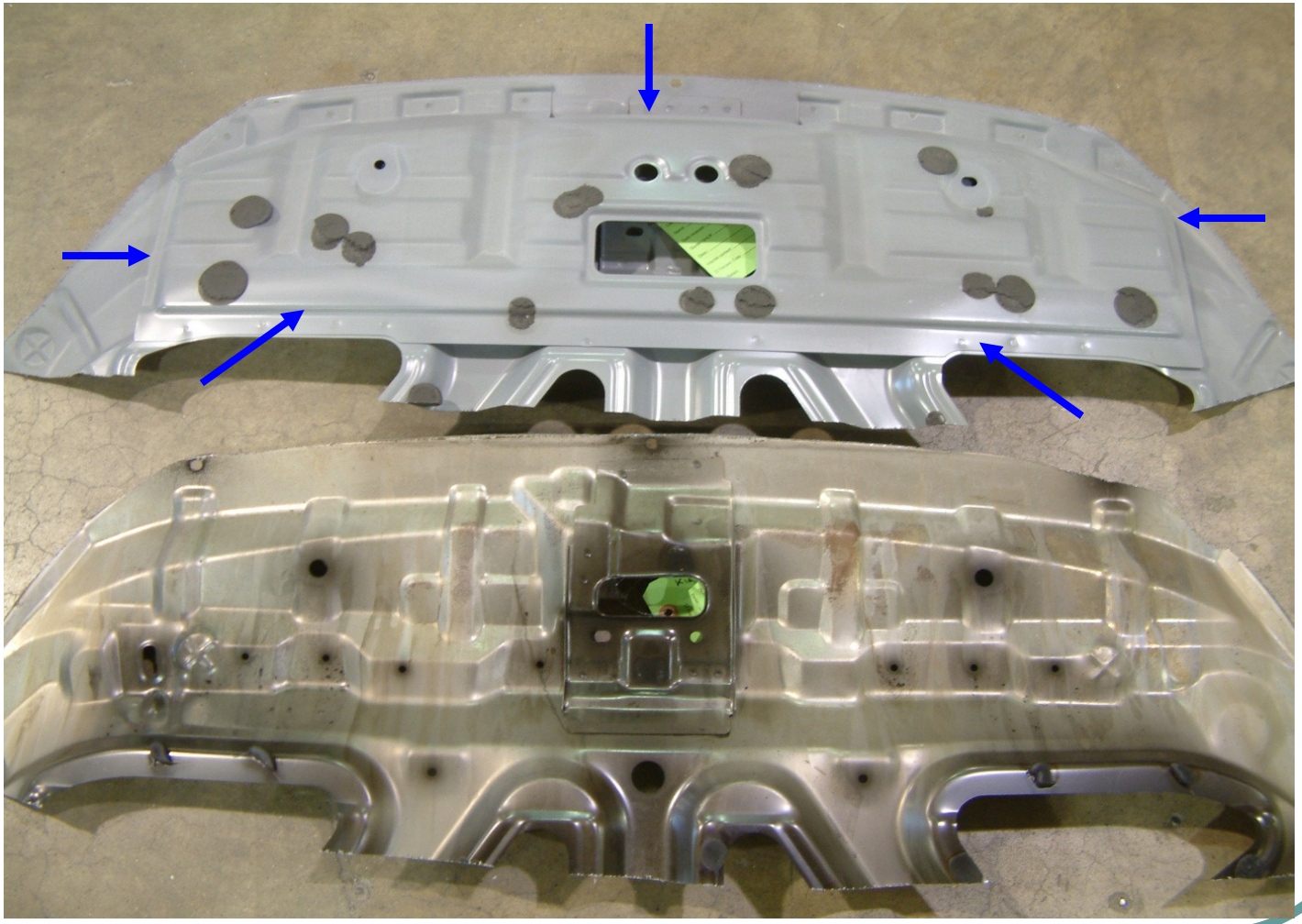
Non-Certified AM Part Quality Study Results

CCS

Kia Rio
2003-05
Hood –
Outer
Skin
Removed

AM

Missing reinforcement plate



Non-Certified AM Part Quality Study Results

CCS

Dodge Stratus 2003-05 Hood – Outer Skin Removed

AM

Missing reinforcement plate

Non-Certified AM Part Quality Study Results

- **Outer Skin Strength**
  - 6 of 10 AM parts did not meet CAPA yield strength and tensile requirements.
  - Yield strength up to 40% less than CCS
  - Tensile strength up to 20% less than CCS
- **Significance**
  - Lower strength materials can result in a lower dent resistance

Non-Certified AM Part Quality Study Results

- **Hood Strikers**
  - 4 of the 7 CCS hoods, the striker bar was through-hardened (heat treated)
  - None of the AM striker bars were through-hardened
- **Significance**
  - Through-hardening affects wear resistance

Non-Certified AM Part Quality Study Results

- **Striker Retention**
  - Tests the strength of the attachment of the striker to the striker plate
  - 3 of the 7 AM parts failed striker retention
- **Significance**
  - Striker retention failure could result in striker becoming detached

Non-Certified AM Part Quality Study Results

- **Spot Welds**
  - Weld size tested on 6 hoods (striker) and 1 fender (mounting bracket)
  - All 7 AM parts failed to have weld size comparable to the CCS
  - 2 of the 7 AM parts missing welds or had weld pattern different from CCS

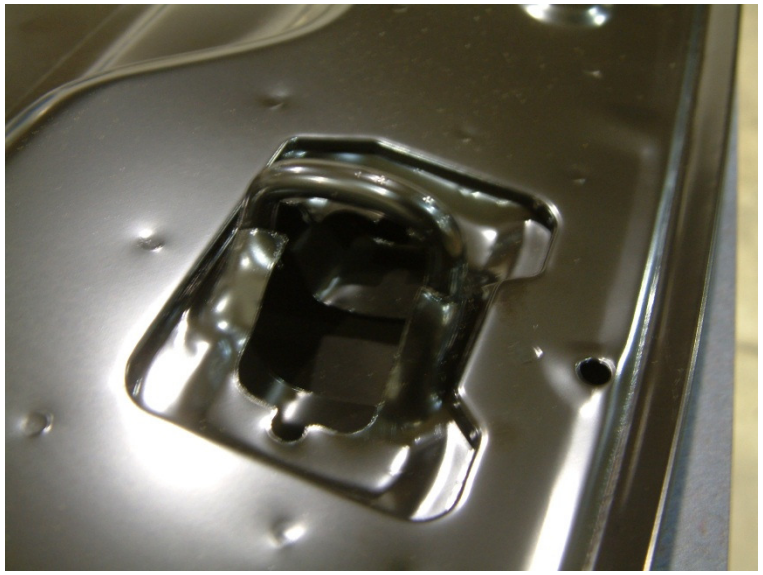
Non-Certified AM Part Quality Study Results

- **Significance**
  - Spot weld size = strength
  - Different numbers and patterns means that the part will perform differently when stress is applied

Non-Certified AM Part Quality Study Results

Chevrolet Tracker 1999-04 Hood – Striker Area

AM



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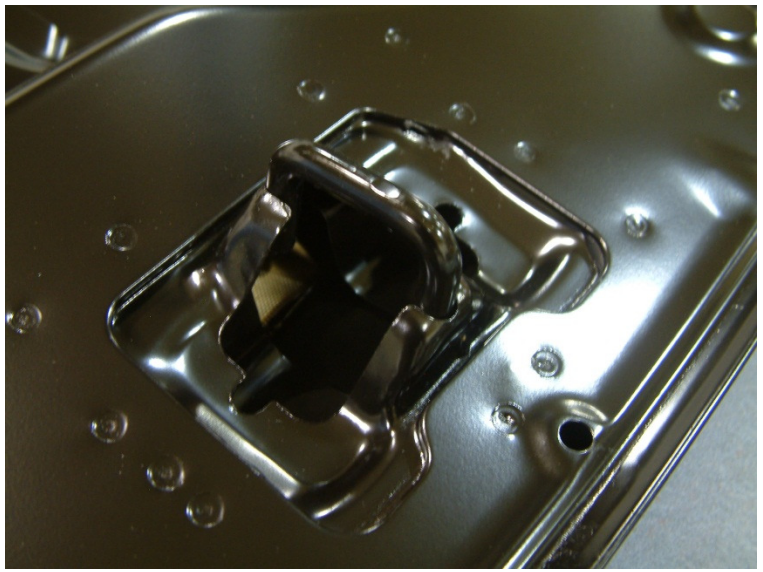


CCS has more spot welds than AM in the striker area.

Non-Certified AM Part Quality Study Results

Chevrolet Tracker 1999-04 Hood – Striker Area

CCS

AM

Missing Welds

Non-Certified AM Part Quality Study Results

- **Fastener Retention**
  - Tested on 7 hoods (hinge area) and 1 fender (mounting fastener)
  - All 8 AM parts failed to have retention strength comparable to the CCS
  - Fastener retention up to 50% weaker than CCS

Non-Certified AM Part Quality Study Results

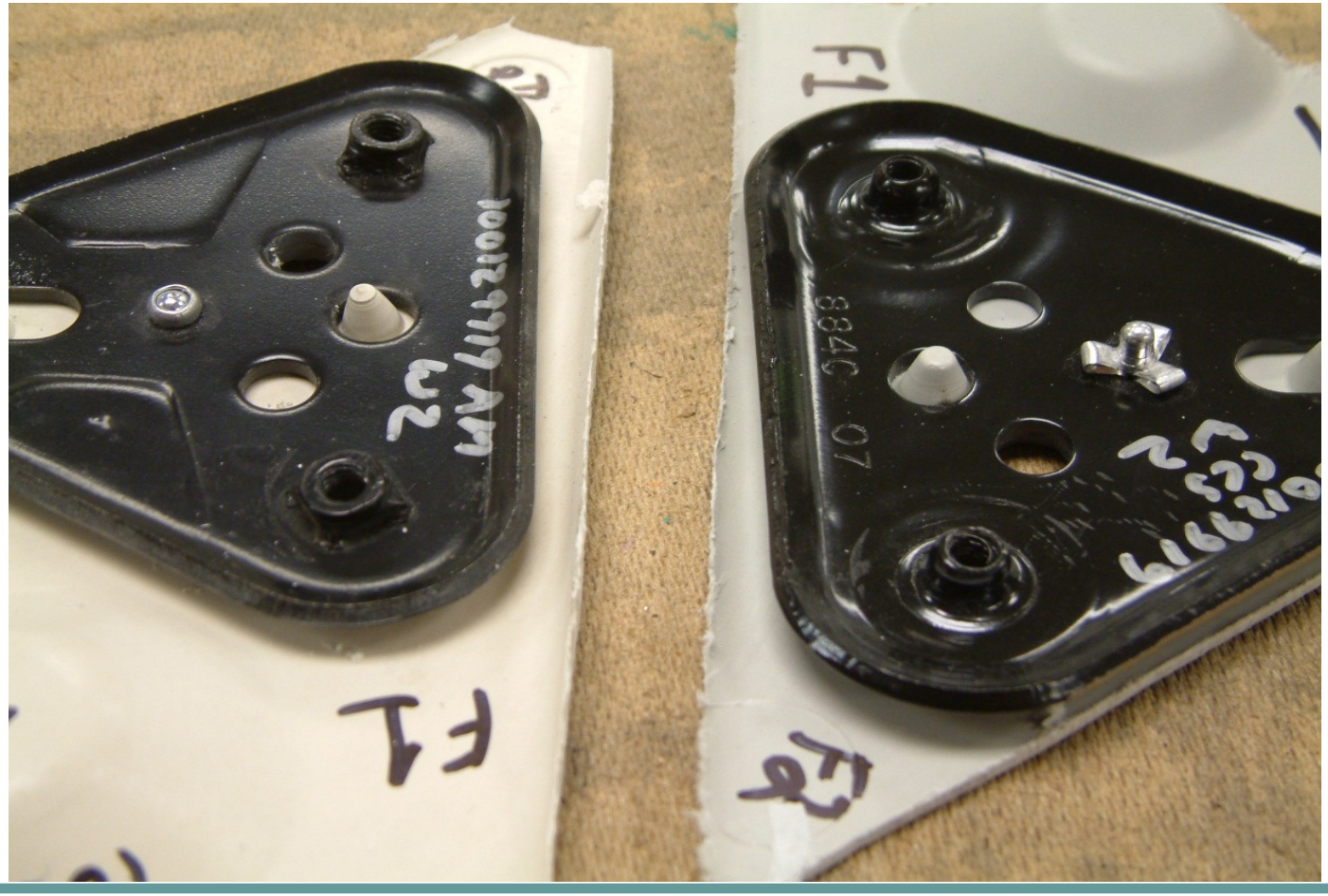
- **Significance**
  - Hinge fasteners with low retention strength may break easier during installation
  - Lower strength fasteners could result in different performance characteristics

Non-Certified AM Part Quality Study Results

Chrysler Sebring Convertible 1996-00 Hood – Hinge Fasteners

AM

Projection Weld Nuts



CCS

Extruded and threaded

Non-Certified AM Part Quality Study Results

Saturn S Series Sedan 1999-96 Fenders

AM

Polypropylene (PP)

CCS

Polyphenylene Ether (PPE) + Polyamide 66 (PA 66) (nylon)

Non-Certified AM Part Quality Study Results

- **Plastic Fender Material Composition**
  - AM made different material than CCS
  - Polypropylene (PP) vs. Polyphylene Ether blend-Polyamide 66 mix (PPE/PA66)
  - CCS had material identity marks, the AM did not

Non-Certified AM Part Quality Study Results

- **Significance**
  - Different materials = different performance: AM demonstrated lower mechanical and thermal properties
  - AM part may bend, crack or tear easier, when stressed
  - AM part may react differently (warp, sag) when subjected to extreme temperatures or changes in temperature

Non-Certified AM Part Quality Study Results – Summary

- If comparability to the CCS is what this industry expects from non-CAPA certified AM parts, then based on this study, the industry's expectations are not being met.
- Because of similar appearance, the market cannot reasonably identify parts that actually compare to car company brand parts

Industry Confusion Over Multiple Programs/Standards In The Market

- While not CAPA Certified, the many AM parts CAPA tested may have met or exceeded requirements set by other organizations

- Unlike CAPA, whose standards are publically available, there is no way to know the requirements of other organizations

Industry Use of Non-CAPA Parts: The Myth vs. The Reality

- As industry reports show, collision repairers are dramatically increasing their use of AM Parts
- Only a fraction of the AM parts used by collision repairers are CAPA certified

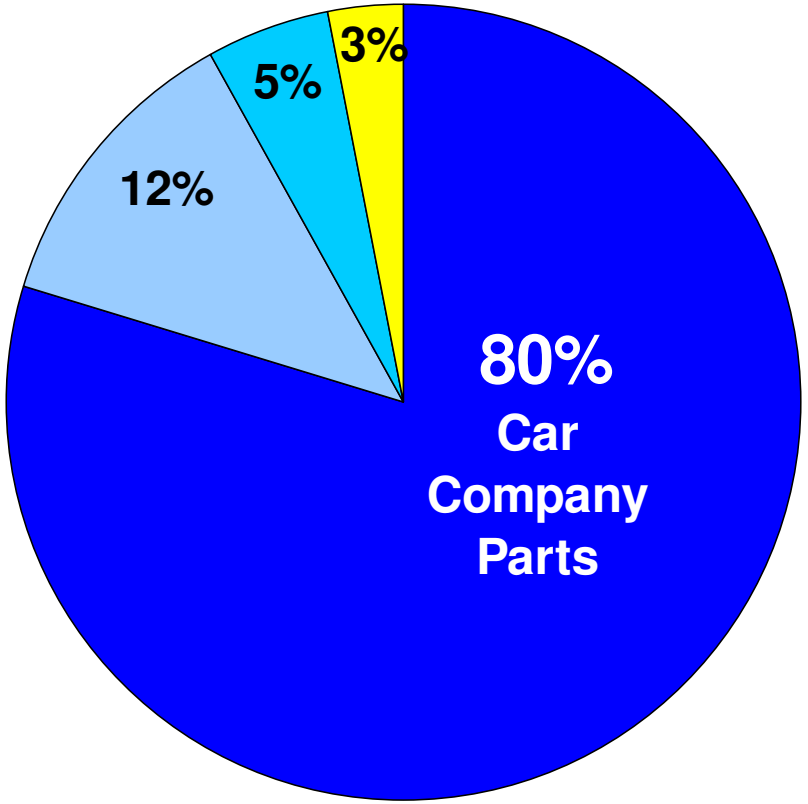
Market Realities: Shops

When shops use alternative parts, 4 of 5 times they put non-CAPA certified parts on their customer's vehicles. That means 4 of 5 times consumers get parts that may:

- not comply with safety standards
- be made of improper materials
- not fit
- have improper welds
- not be galvanized

Market Realities

4 basic types of certifiable crash parts



Car Company	80%
Non-Certified	12%
Recycled	5%
CAPA	3%

Of 15% AM – 4 of 5 (12% of 15%) Non-CAPA

Typical Demand by Application

	Part	CCS on Estimate	AM Non CAPA on Estimate	CAPA on Estimates	Actual CAPA Available
Accord 94-97	L Fender	456,000	76,843	12,243	3,213
Camry 01-03	R Fender	402,231	86,543	44,123	5,323
Accord 01-03	Hood	354,000	43,126	24,343	2,312
Camry 99-01	L Headlight	38,745	2,312	1,354	278

09/07

CAPA Part Availability

Manufacturer Catalogs	Certifiable Parts	% Certified	% Not Certified
101 Metal	6,744	38%	62%
201 Plastic	15,994	4%	96%
301 Lighting	14,307	4%	96%

2007 Data: current figures expected to be similar

CAPA Presence in Distributor Catalogs

CAPA certifiable part applications: 9113

Listed as CAPA Certified: 1984 (22%)
Listed as non-CAPA: 7129 (78%)

2007 Data: current figures expected to be similar

The CAPA Certification Mark Is The CAPA Quality Seal

- Tamper-Proof Design
- Two Parts
  - Top stays on part
  - Bottom provides proof that a CAPA part was used

Each Seal has Unique Number and Bar Code for Ease of Tracking

No CAPA Seal = <u>Not</u> CAPA Certified

Why Use the CAPA Certification Program?

- Because none of us can make an informed choice about the quality of AM parts based on observation or marketing
- CAPA offers provides a tool to make the determination – all you have to do is use parts with the CAPA Certification Seal