



Industry Insight

with John Yoswick

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Insurers, PartsTrader and CAPA share news and views at non-OEM parts convention

Although non-OEM parts were, not surprisingly, the focus at the recent Automotive Body Parts Association (ABPA) convention in Chicago, there were plenty of other topics of interest to collision repairers.

PartsTrader, for example, announced that vendors can now designate in the system which parts a shop returned and why. A year earlier, parts distributors at the ABPA conference told a PartsTrader speaker that because the monthly fees they pay PartsTrader are based on their total sales through the system, they should be able to indicate in PartsTrader if a part was returned (and thus potentially lower their fees) even if the shop doesn't indicate the return in the system.

"I understand what you're saying, but I think there's a little bit of concern if you start returning [in the system] your own orders," Ken Weiss of PartsTrader responded last spring.

Apparently those concerns have been addressed, because at this year's ABPA conference, Weiss said suppliers now can do just that. Weiss showed how a shop can designate within PartsTrader that a part has been returned and cite a reason for the return; then he showed parts vendors how they can do that even if the shop hasn't.

"You can open up the order and select the part and select the explanation and hit return," Weiss told parts vendors. "At that point, it's a return from the shop on their side as well as on your side. It would be nice if [the shop] did it first, but you have the ability."

Another speaker whose comments may have raised some eyebrows among collision repairers was Allstate's Randy Hanson who discussed his company's belief in customer choice in terms of parts.

"So if a customer says they want a particular part on their vehicle, 'I want OEM parts,' we allow that," Hanson

said. "We absolutely accommodate the customer's request associated with that. We do. We always will."

(Several shops that participate in Allstate's direct repair program later confirmed this was the case, but a number of shops who aren't part of Allstate's DRP said this was the first they'd heard about Allstate's willingness to honor a customer's preference for OEM parts.)

Hanson also discussed the company's long-standing support (financial and otherwise) of the Certified Automotive Parts Association (CAPA).

"We believe that certification allows us to tell a very powerful story in terms of the consumer," Hanson said. "We only use CAPA-certified crash parts on our estimates."

(Even a shop on the Allstate direct repair program subsequently questioned Hanson's CAPA-only claim. "I believe the adjusters write the lowest-priced part available," even if those are

non-certified aftermarket parts or low-quality used parts, he said. "They will allow us to change the estimate to the appropriate part," but that's not what is always on the initial estimate, he said.)

Hanson also weighed in on the future of published list prices for OEM parts. General Motors is launching MyPriceLink in some market this summer. As described by GM last fall, the new system will mean that parts prices would no longer be available within the estimating systems. Instead, shops would need to upload all estimates requiring prices for GM parts to MyPriceLink, which would then return the estimate back with current, competitive prices. (GM has more recently said it has worked with the three estimating system providers to ensure that shops will be able to use the program "with minimal disruption to their existing workflow," but has provided little in the way of detail.)




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NACE heading to California

The complete details about when and where NACE will be held next year won't be announced formally until the event takes place in Detroit this month. But at the recent Automotive Body Parts Association (ABPA) convention, Automotive Service Association Executive Director **Dan Risley** offered a few clues. He said moving forward at least in the short-term NACE will return to Detroit every other year, rotating the other years between a West Coast location and an East Coast location. Though he declined to name any other specific cities that will host NACE in the future, he did say NACE 2016 would be held in California, the first time in the event's 33-year history it will have been held in that state.

The system is expected to give the automaker more flexibility in parts pricing to compete with non-OEM parts.

Allstate's Hanson said he thinks other automakers will eventually follow General Motor's lead and stop publishing list prices for crash parts.

"All of the OEMs are probably going to go down that path," he predicted. "I think most of them are watching GM to see how it goes."

Hanson and several other speakers at the ABPA event made reference to the February 11 "Anderson Cooper 360" segment on CNN examining insurer involvement in the collision repair industry. Hanson told the non-OEM parts suppliers at the event that the message of the segment was damaging to their industry.

"It rang pretty loud and clear to me. I heard 'cheap' and I heard 'junk,'"

Hanson said. "And I know that's not the case, but that was the message they wanted to send. Those things are damaging. They take time to recover from. That's not the case, but how do you find the right outlet to continue to tell your story? I can tell you that I tell your story every day, and I will continue to do that."

Bob Passmore of the Property-Casualty Insurance Association of America (PCI) said his organization also is watching to see if Sen. **Richard Blumenthal** (D-Conn.) follows through on references he's made in the CNN piece and elsewhere to "wanting to do something about direct repair programs" at a federal level.

"We have no idea what that is but we continue to try to engage him to see what he's up to," Passmore said.

Sen. Blumenthal has not made any public comments about any legislation he might introduce related to DRPs, but earlier this year he did urge the U.S. Department of Justice to investigate whether insurers are directing consumers to collision repair shops that have agreed "to charge below-market labor rates and to use cheaper, salvaged, used or even counterfeit parts of questionable quality and safety."

Speaker **Jack Gillis**, executive director of CAPA, also said his organization has been working with Sen. Blumenthal and his staff.

"I'm relatively optimistic that the Senator is going to be a strong supporter of quality aftermarket parts," Gillis said. "He knows about the CAPA program. He believes in certification, and he also believes that competition for the car companies is very important. So I'm pretty confident that we can work closely with the Senator's office and turn him around in terms of aftermarket parts."

Gillis also offered a brief update on his organization, noting that when CAPA was founded it was funded virtually entirely by the insurance industry.

"When I started 26 years ago, almost 100 percent of our funding was from the insurers," Gillis said. "Today we're down to about 11 percent. We now have the ability as a much more independent organization to work solely in the best interests of consumers and the industry. And that's our goal."

Gillis said CAPA also is in the process of developing standards to certify non-OEM radiators, condensers, fan assemblies and external mirrors.

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