China's Collision Repair Industry

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Introduction

- Largest new car market in 2009 and on track to repeat that in 2010
- Size of vehicle parc between 33 million and 40 million – 400 million by 2040 ???
- What's in the vehicle parc?
  - Electric bikes and scooters
  - Motorcycles
  - Farm trucks
  - Three wheelers

Methodology

- Partnered with IBIS
- Extensive preparation – meetings and questions
- March 15, 2010 – April 27, 2010
- Six cities, majority of interviews/meetings in and around Beijing
- Twenty plus face to face interviews – formal & informal
- Three automotive industry trade shows

Methodology (continued)

- Four automotive related factories, including a new car assembly plant
- Four dealerships with body shops
- Attended and presented at the Global Automotive Symposium in Beijing

第53届全国汽车保修检测诊断设备(春季)展览会
暨2010北京国际汽车服务业及汽车文化博览会
AMR - AUTO MAINTENANCE & EPAIR 2010
AUTO MAINTENANCE&REPAIR
开幕典礼
Opening Ceremony

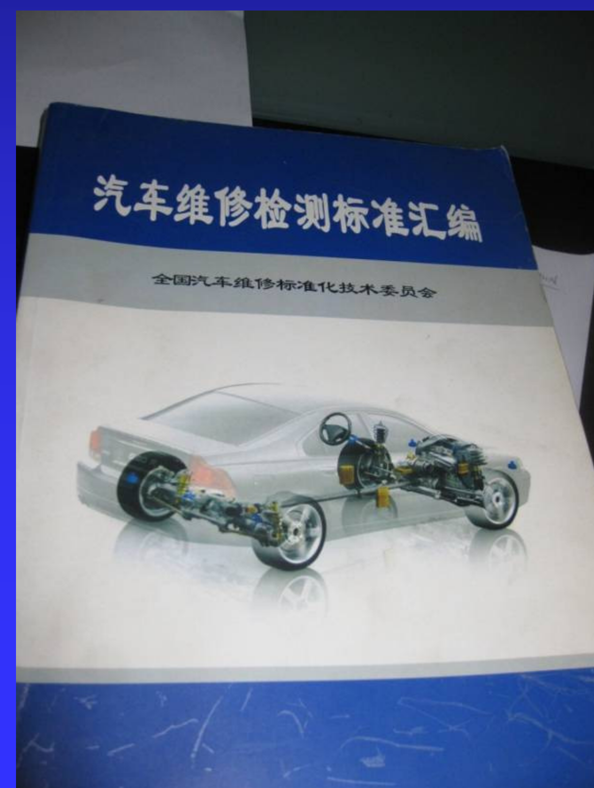
Snap-on
1920
2010

Repairers

- China Automotive Maintenance and Repair Trade Association – both mechanical and collision; state and provincial
  - 300,000 repairers in China
    - ~ 100,000 – 130,000 collision
    - remainder mechanical

Repairers (continued)

- Dealerships and body shops can be part or wholly government owned
- Government Regulations for
  - collision shops
  - mechanical repair shops



Multi Shop Operations

- 4S Dealers
  - New car sales
  - Spare parts sales
  - Service
  - Survey
- Have leverage over insurers
- Few, if any non – dealer multi shop operations

Insurance

- Top 3 insurers government owned ~ 61%
- 3rd party insurance is compulsory – no foreign insurer can sell it – and is sold when a car is bought usually at the new car dealership
- Liberty Mutual is one of four foreign insurers dealing with car insurance. They sell only 1st party coverage and partner with a private Chinese company.

Claims

- Mainly light hits
- No concept of total – almost everything is repaired
- Frequency – once every 12 – 18 months
- Police must write a report at the sight of the accident
- An entire day could be spent on negotiating a claim

Information Providers

- Two companies exist
- Antiquated systems
- Insurers would like to push usage
- Nowhere near widespread acceptance/usage

Technician Training

- Strong theoretical training, not enough hands on before entering workforce

Conclusions

- Eventually, then there are enough cars on the road, they will be forced to readjust focus towards after sales repairs – both collision and mechanical
- Entry regulations not monitored over time
- Impossible for association to be advocate on behalf of repairer
- Independents have an up hill battle
- Collision repair landscape will change over the next 10 years. What will it look like?