CollisionWeek

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Vantage Points

A Profile of the Evolving Collision Repair Marketplace

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A half decade has passed since we started tracking collision repair organizations that generate repair revenue of $20 million or greater annually. During these past five years we have seen a remarkable amount of change, not only within the collision repair and auto physical damage aftermarket industries, but also with our U.S. and world economies.

July 2010 marked the "official" start of the recovery from the 2007 to 2009 recession, but it feels like a recovery in name only for many people. Our economy has been described by many economists and media pundits as being in a "soft patch." A growing number of forecasters believe we are at risk of a double-dip recession due to the sluggish economy and a broad spectrum of increasing dynamic, complex U.S. macroeconomic and global downdraft variables that continue to influence fundamental structural change within our business, financial and government institutions with some currently identifiable and still indeterminable impact on the collision repair, property and casualty insurance, and OEM and aftermarket auto physical damage segments.

Who will lead the collision repair industry and how those leadership companies will influence the collision repair, property and casualty insurance and related auto physical damage business segments is an evolving story that is playing out at this very moment. This evolving story can be summarized by viewing it as part of a long-term continuum involving three simultaneously active industry changing phases: *Contraction, Consolidation and Convergence.* We have seen both long-term historical and real time *contraction* within the auto repair and affiliated industries. Collision repair industry *contraction* is due to an increasing number of complex dynamic macroeconomic and industry-related variables including, but not limited to:

- Continued overcapacity and fragmentation
- The persistently weak U.S. economy's impact on consumer attitudes, confidence and spending habits
- The multitude of fluctuating and conflicting trends affecting collision frequency, the number of accidents and vehicle repairs
- Proliferation of vehicle accident avoidance and safety technology
- Safer drivers due to aging population, insurance company auto policy premium discount programs based on good driver/vehicle monitoring technology, accident and incident-free driver experiences, graduated teenage driver training programs, and fewer alcohol-related accidents
- The changing profile of business-to-business relationships and their interdependencies and partnership expectations on how business is and will be conducted in the future
- Globalization

This *contraction* stimulates and accelerates market share land grab, which in turn increases the likelihood of further *consolidation,* which then plays out through merger and acquisition expansion.

The *contraction* and *consolidation* phases open the door to a *convergence* of businesses across different and similar business segments. These companies combine and integrate their organizations' strategic interests and competencies to win and further succeed through leadership, innovation, technology, market share gains, competitive positioning, and business execution.

Following are examples of *convergence* among some key auto physical damage segments. This type of *convergence* includes clear examples of merger and acquisition activity, globalization and the integration of merged technology platforms among different business segments that will continue to alter and change the landscape for the collision repair industry and related auto physical damage business segments.

- **P & C Insurance**
  - Mapfre Insurance acquires Commerce Insurance
  - Liberty Mutual acquires Ohio Casualty and Safeco
  - AIG acquires 21st Insurance
  - Farmers acquires AIG/21st Century
  - QBE Insurance - acquires Balboa Insurance
  - Allstate announces Esurance acquisition
  - Nationwide announces acquisition of Harleysville Insurance

- **Collision Repair**
  - Boyd Group acquires True2Form
  - Boyd Group acquires Cars Collision
  - Service King acquires Alamo Collision
  - Service King acquires B&B Body and Paint

- **Paint, Body and Equipment**
  - Uni-Select acquires Finish Master

- **Parts**
  - LKQ acquires Keystone
  - LKQ acquires Greenleaf
  - LKQ acquires AKZO (40 Locations)

- **Rental-Technology**
  - Enterprise acquires National and Alamo
  - Clayton Venture Group acquires CynCast
  - Audatex acquires New Era Software
  - Audatex acquires See Progress, Inc.

People frequently ask where the collision repair industry is heading and what does its future look like. Since perception frequently influences reality, one guess is as good as another. However, one way that question can be answered is by following the actual numbers and by tracking the trends. This white paper provides that information for the growing $20 million-plus collision repair organization segment. We are now beginning to develop insight and understanding into another important and evolving collision repair segment that includes operators processing $10M to $20M annually.

Our profile of $20 million multiple-location collision repair operators (MLOs) continues to include:

- Independent, dealership and insurance company-owned and managed collision repair operators processing $20 million or more annually within the U.S. market
- Operators with one or more locations in single or multiple geographic markets within the United States
- Professionally-managed operators providing performance-based, brand-recognized and competitively-differentiated collision repair services
- Companies focused on achieving top-tier performance results, high customer satisfaction, and consistent and sustainable quality repairs
- Businesses that tend to pursue multiple customer segments for collision repair revenue including property and casualty insurance, automotive dealer, accident management, rental car, and direct-pay consumers

We believe that the $20 million-plus and the $10 to $20 million collision repair segments will continue to grow their share relatively faster than other segments of the collision repair market. This growth will be driven by a number of variables.

- The segment's local and multi-market footprint which offers greater consumer and insurance company choice
- Multi-level selling and marketing for insurer choice brand preference with access to insurance company direct repair claims
- Ongoing operational improvement resulting in increased vehicle repair quality, daily throughput and reduced cycle time
- Business service differentiation and market segmentation
- Market leadership through sustainable top-tier competitive performance results
- Expanded business hours of operation including multiple daily shifts, hybrid work shifts and weekends
- Single point of contact with operational conformity and predictable repair quality and performance outcomes
- Access to capital for business and market growth, expansion and infrastructure development

- An integrated sales and marketing approach to capturing consumer, insurance, rental, and fleet business through brand recognition, reputation, performance, and multi-level insurance company focused selling and marketing
- Mergers and acquisitions

Examples of this type of accelerated growth and expansion is Boyd Group's 2010 mid-year acquisition of True2Form's multiple-location, multi-market business which had 37 locations and $71.0 M in annual revenue at the time of acquisition and their June 2011 acquisition of Cars Collision. With the Cars acquisition, Boyd's U.S. business increased its locations by another 28 repair facilities for a total, of 164 locations in North America, 127 located in 13 U.S. markets. This expanded Boyd's network reach and operating platform and is seen as being advantageous by a number of insurance companies. These types of acquisitions and mergers will continue to influence the consolidation and right-sizing of the collision repair industry as well as increase the MLO market share in the U.S.

The $20 million MLO collision repair profile used for this analysis excludes repair facilities that focus exclusively or primarily on expedited paint and cosmollision, small dent, glass repair only, mechanical only, and collision repair related primarily to auction vehicles. We do recognize that within this segment some companies continue to be in various stages of strategic growth, transformation and transition to business models approaching that of an insurance company DRP wholesale or diversified customer segment platform.

Portions of this report include a specific segment of collision repair conversion and multi-segment customer-focused franchisors which we refer to as multiple-location networks (MLNs). The MLNs included are Maaco, CARSTAR, ABRA franchising, and Fix Auto, currently a hybrid model which includes both a franchise and non-franchise brand banner network model. These organizations represent a significant market segment of the collision repair industry that we believe warrants continued tracking and monitoring.

We recognize that there are various types of multiple-location networks that are not currently included here such as integrated and outsourced auto physical damage and glass networks like LYNX APD and the Innovation Group, buying networks such as Assured Performance, accident management providers such as CEI, and peer performance groups like The Everest Partners.

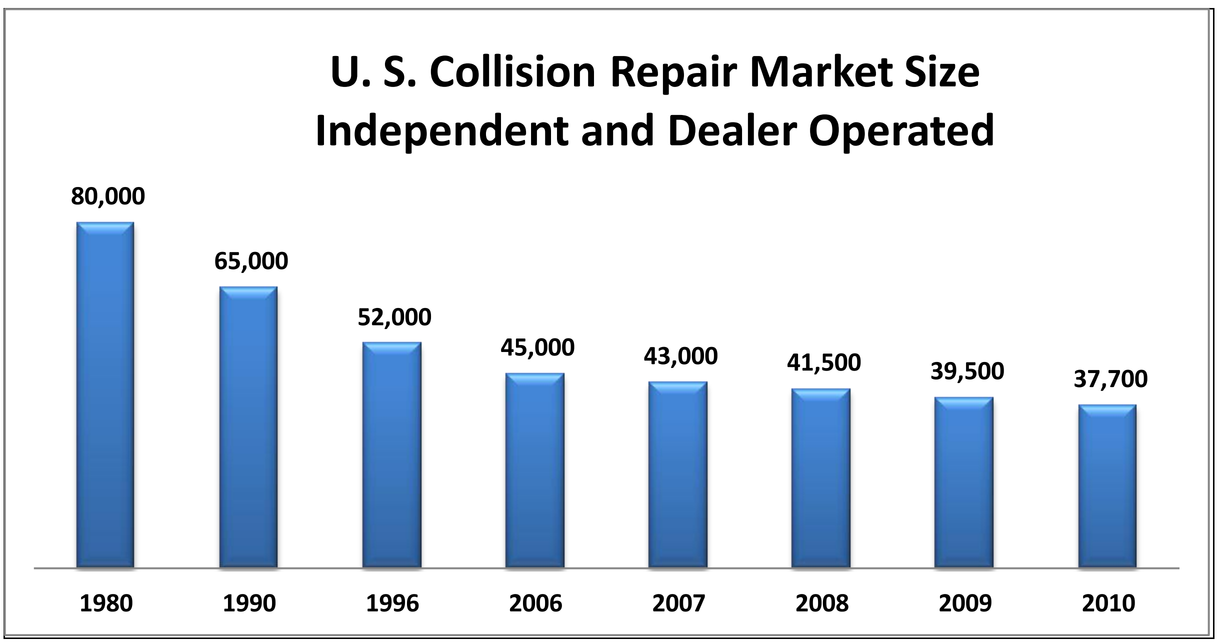
Key findings of our 2010 $20M MLO discovery, research and analysis include:

- The 56 $20 million MLO organizations process 10.8 percent of the $31.0 billion in collision repair revenue nationally representing $3,350 million, up from 9.1 percent in 2006.
- Within the top ten $20 million MLOs, five are independent and five are dealer groups. These top ten organizations account for 44.9 percent of all $20 million MLO production locations and 53.3 percent of all $20 million MLO revenue.
- $ 20 million MLOs have 2.9 percent of the 37,700 locations and 10.8 percent of the revenue.
- On average, the $20 million MLOs process $3.1 million per location, over four times more than the average annual revenue for non-MLO repairers of $754,949.
- Revenue for the top ten independent and dealership MLOs was $1.8 billion, an increase of $495 million over 2006's revenue of $1.3 billion
- Our early research on the $10 to $20 million collision repair segment indicates that there are roughly 1,000 to 1,200 independent and dealer-owned collision repair businesses representing approximately 3,000 to 4,500 shops that process between $4.0 billion and $5.0 billion in revenue. When combined with our 2010 findings for the $20 million MLOs, these two segments represent a range of revenue being processed of $7.5 to $8.5 billion through approximately 4,100 to 5,600 repair facilities.
- Training does matter for collision repairers when maintaining and expanding the scale of their business. Our research and collaboration with I-CAR indicates that over 90% of the 56 MLOs have and maintain the I-CAR Gold Class Professional designation. Many of these organizations also have or are working toward increasing the number of Platinum technician designations within their employee ranks.

There continues to be a wide range of opinions, anecdotal information and various government and private sector data reporting on and determining a meaningful and relevant collision repair market size. This is especially true in light of the aftermath of our last recession, the current weak economy, and the macroeconomic conditions which have influenced the accelerated loss of both dealership and independent collision repair operators in 2009 and 2010.

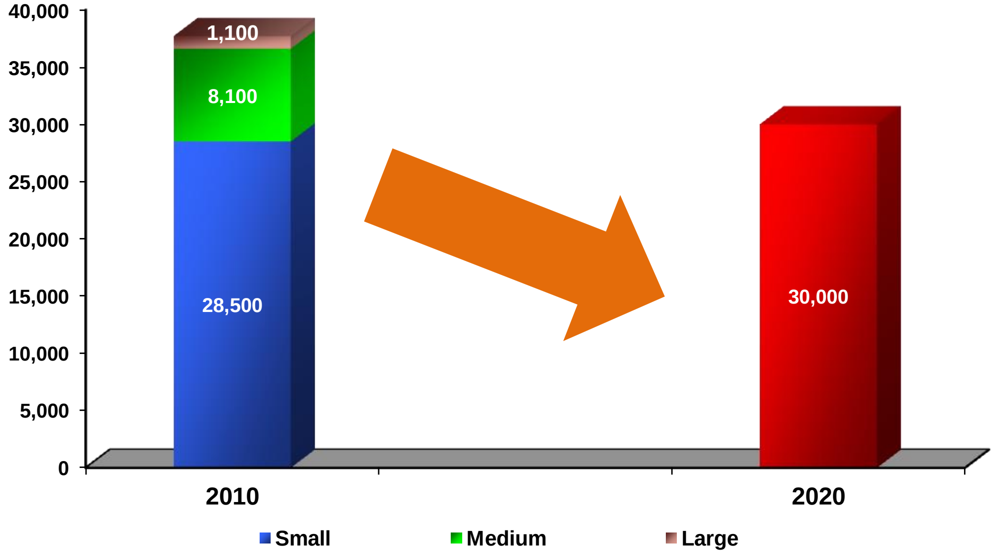
Based on our longitudinal research and analysis involving published third-party industry sources, property and casualty insurance and government sources, primary and secondary research, and industry "knowledgeable and experienced," professionals, we continue to ascertain that there is no one certain number that is universally recognized or accepted as being the "correct" number of collision repairers in the U.S. today.

Our estimated U.S. market size for the number of collision repairers through year end 2010 is 37,700. This estimate continues to reflect the long-term decline which began in the late 1980s. As seen in the chart below, the number of independent and dealership collision repair facilities in the U.S. has declined by 53 percent over the past 30 years. Since 2006, we see a reduction of approximately 7,300 independent and dealer-operated collision repair facilities within the United States, a 16 percent decline.

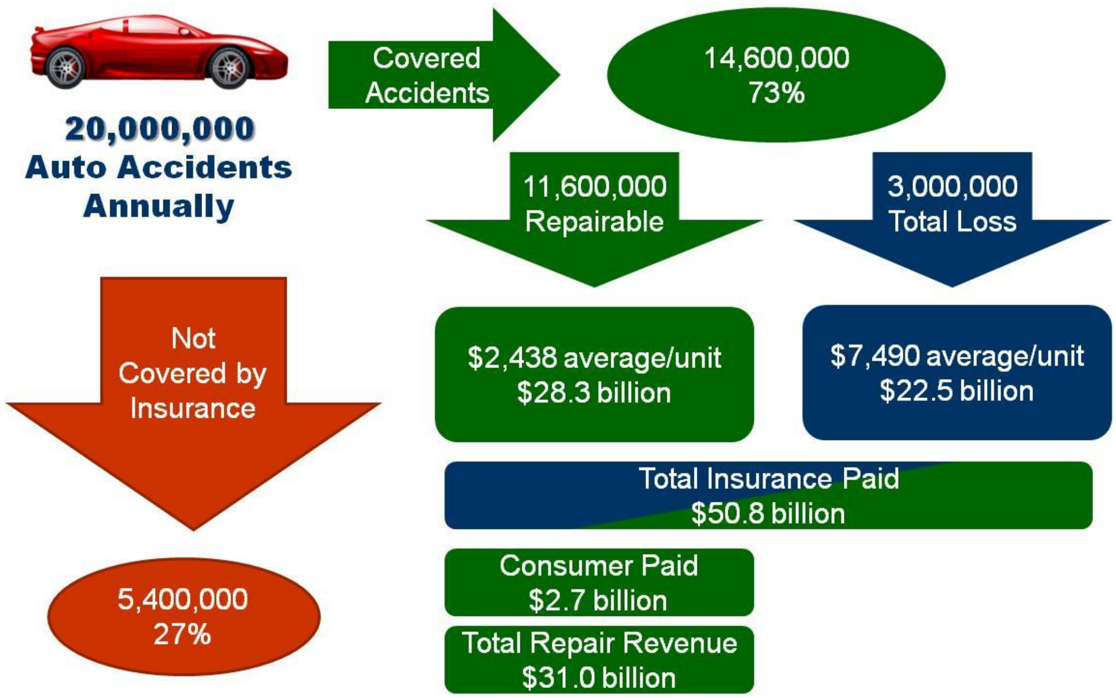


Source: The Romans Group LLC

Over the next decade, we believe that greater market share will continue to shift to the $20M plus MLOs, the $10 to $20M MLOs, and MLNs. Their focus will be on growth-oriented strategies which deliver high-quality and consistent repair performance, have strong insurance and consumer brand recognition and reputation, and adapt quickly to market, consumer, and insurance needs through innovative solutions, technology and services. This market share shift will move the industry toward a less fragmented and capacity-normalized model.



Using our best-efforts approach in sizing the collision repair insurance and consumer-paid auto repair claims market size, insurance-paid repairable claims expenditures for 2010 rose slightly to $28.3 billion from $27.7 billion in 2009. Consumer-paid claims were relatively stable at $2.7 billion. We estimate that the combined insurance and consumer-paid claims for repairable vehicles for 2010 was approximately $31.0 billion.



Source: The Romans Group LLC

The total number of collision repairers within the United States continues to have value as the traditional data point for calculating market share. Repairers who operate and integrate within their business collision damage estimating and shop management systems while leveraging other claims processing and management software such as auditing, capacity utilization, scheduling and key performance metrics analysis will be the collision repair providers last standing and preferred by insurance and other claims production companies.

Our analysis of MLO production market share includes three primary market definitions: the total number of collision repairers, total estimating systems and management system software users.

Values for these market size data points are represented in the following chart.

U. S. Collision Repair Facility & Transaction Processing Software Profile Independent and Dealer		
Traditional Collision Repair Market Size	**Total Locations with a Minimum of One Collision Damage Estimating Software Installation[1]**	**Total Locations Utilizing Management Systems[2]**
37,700	**31,000**	**12,000**

[1]May have more than one installation per location. Includes both communicating and non-communicating systems.
[2]Assumes one per location

Our summary findings concluded that in 2010 there were 56 independent and dealership collision repair $20 million MLOs processing over $3.3 billion annually through 973 production locations.

We attempted to identify non-production estimating and drop-off locations and base our market share on production locations only. While these $20 million MLOs represent 2.9 percent of the estimated 37,700 collision repair facilities nationally, they process 10.8 percent of the $31.0 billion in insurance and customer-pay collision repair revenue.

The National Automobile Dealers Association, NADA, estimates that 5,841 dealers processed $6.4 billion in repair revenue in 2010 versus $6.6 billion in 2009. The balance of $24.6 billion is being processed by approximately 31,859 independent collision repair locations. On average, the $20 million MLOs process $3.1 million per location, over four times more than the average annual revenue for non-MLO repairers of $754,949. There are many smaller independent and dealer non-MLO repairers that achieve greater-than-the-industry average annual revenue, especially those who represent and operate in the $10.0 million to $20.0 million segment.

U. S. Collision Repair Market Dollars in Millions			
	2010	**2006**	**Change**
Total Collision Repair Locations	37,700	45,000	-7,300
Total Collision Repair Revenue	$31,000	$30,000	1,000
Total Number of $20M MLOs	56	57	-1
$20M MLO Locations			
Total MLO Locations	1,075	959	116
Total MLO Production Locations	973	898	75
% of MLO Production Locations to 37,700 *Collision Repair Locations*	2.9%	2.0%	0.9%
% of MLO Production Locations to 31,000 *Estimating Locations*	3.5%	3.1%	0.4%
% of MLO Production Locations to 12,000 *Management Locations*	8.1%	10.0%	-1.9%
MLO Revenue			
Total $20M MLO Revenue	$3,350	$2,728	$622
$20M MLO Share of Total Collision Repair Revenue	10.8%	9.1%	1.7%

While this paper is focused on independent and dealership multiple-location operators, we think it is important to recognize the continued interest in other collision repair models which we identify as multiple-location networks or MLNs. These MLNs are growing competitively with their service offerings, insurance-preferred value proposition, and market influence. When combined, their market share for vehicle repairs processed and their local, regional and national footprint become relevant.

We have included ABRA, CARSTAR and Maaco, all franchising organizations, and Fix Auto USA, a hybrid franchisor and brand banner network, as part of our multiple-location network segment for 2010. Together they represent a total of 884 locations repairing approximately $1.3 billion in vehicle revenue. We see interest on the part of collision repairers to investigate and consider the benefits of multiple-location franchisor and banner networks.

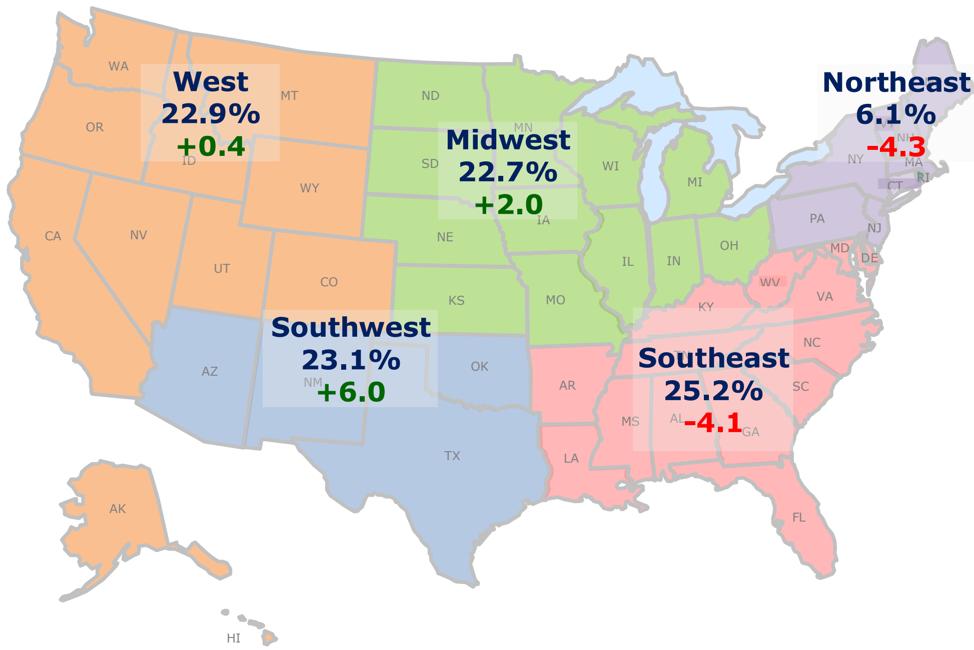
The independent-brand model, historically believed by many repairers to be the most desirable way to successfully maintain and grow their business, may now be seen by a growing number of collision repair providers as possibly more risky than being associated with an MLO or MLN, especially in light of current macroeconomic, market and competitive conditions. Some repairers see the opportunity to adopt and integrate MLN member benefits as a potentially better way to sustain and grow their business through:

- Leveraging the MLN value proposition, brand association, multi-segment customer reach, multi-level sales and marketing, and insurance company business affiliation
- Franchisee performance tools for business and customer analysis, benchmarking and peer ranking
- Personnel, operational and general business training and development
- Standardized processes and procedures
- Utilization and integration of a technology platform
- DRP insurance relationships and business considerations not previously available as an independent operator
- Expense reduction through large-scale supply chain management and procurement

U. S. Collision Repair Market – 2010 Including Franchise and Branded Network (FBN) Dollars in Millions	
Total Collision Repair Locations	37,700
Total Collision Repair Revenue	$31,000
Production Locations	
Total Franchise and Branded Networks	884
Total $20M MLO Production Locations Including FBN	1,857
Share of $20M MLO Production Locations, Including FBN, to 37,700 Collision Repair Locations	4.9%
Share of $20M MLO Production Locations, Including FBN, to 31,000 Estimating Software Locations	6.0%
Share of $20M MLO Production Locations, Including FBN, to 12,000 Management System Installations	15.5%
Revenue	
Total Franchise and Branded Networks	$ 1,300
Total $20M MLO Including FBN	$4,650
Share of $20M MLO Including FBN to Total Collision Repair Revenue	15.0%

Our regional location market representation for these $20 million MLOs is highest in the Southeast at 25.2 percent. In 2008 the West was the dominant region with a 25.4 percent share; it now represents 22.9 percent of the market. The lowest $20 million MLO representation continues to be in the Northeast at 6.1 percent which is down 4.3 percentage points from their 2006 share of 10.4 percent.

2010 Market Share and Change versus 2006



Another way to view regional representation is to assess the geographic reach of the $20 million MLO organizations. Do they tend to contain themselves in a relatively small area or do they expand their influence across many states?

- Of the 56 $20 million MLO organizations, 31 do business in only one state. Of those 31 organizations, 25 are independents and 6 are dealers.
- Within the top ten rankings, only two independent and three dealer MLO organizations strategically position themselves in only one state.

The West has the highest number of MLOs with at least one location in that region, 26 MLOs are represented which represents 46.4 percent of MLOs.

$20M Multiple Location Operator Regional Representation					
	West	Southwest	Midwest	Northeast	Southeast
Number of $20M MLO Repairer Organizations Represented in Region	26	18	20	9	21
Percent of $20M MLO Repairer Organizations Represented in Region	46.4%	32.1%	35.7%	16.1%	37.5%

The companies represented within the top ten MLO organizations have not substantially changed since 2006 and have only lost one member. While their share of all collision repair locations has been relatively constant, revenue among this group had been increasing year over year in total as well as per location.

Within the top ten $20 million MLOs, five are independent and five are dealer groups. These ten organizations account for 44.9 percent of all $20 million MLO production locations and 53.3 percent of all $20 million MLO revenue. These top ten MLOs display trends similar to the total $20 million MLO group; higher revenue produced through fewer production locations.

Top 10 $20M Multiple Location Operators Dollars in Millions			
MLO	2010 Rank	2006 Rank	Type
Caliber Collision	1	1	Independent
AutoNation	2	3	Dealer
ABRA	3	2	Independent
Sterling Auto Body	4	4	Independent/Insurance
Boyd/Gerber U.S.	5	8	Independent
Service King	6	11	Independent
Van Tuyl	7	5	Dealer
Penske	8	9	Dealer
Asbury	9	10	Dealer
Sonic	10	6	Dealer

	2010	2006	Change
Production Locations			
Top 10	483	461	22
% of All Collision Repair Locations	1.3%	1.0%	.3
% of all $20M MLO Prod. Locations	44.9%	51.6%	-6.7
Revenue			
Top 10	$1,787	$1,292	$495
% of All Collision Repair Revenue	5.8%	4.3%	1.5
% of All $20M MLO Revenue	53.3%	47.4%	5.9
Average Revenue per Production Location			
Top 10	$3.7	$2.8	$0.9
All Collision Repairers	$0.8	$0.7	$0.1
All $20M MLOs	$3.1	$3.1	$0.0

Smaller and non-MLO repairers, those with total collision repair revenue below $20 million annually, vary widely in claims processed per location. For the top ten independent $20 million MLOs, the average repair revenue per location significantly surpasses that of their smaller and non-MLO counterparts at $3.0 million versus $740,619, over four times more average revenue per location. Top ten dealer $20 million MLO performance also exceeds their smaller and non-MLO counterparts at a repairs-processed average of $3.9 million per location versus $964,691 per location for smaller and non-MLO dealer repairers; four times more revenue per location. The trend for both the independent and dealer groups is toward higher revenue per location in both the MLO and non-MLO segments.

Comparing the top ten independent and dealer group $20 million MLOs, the independents have 69 percent more locations producing 27 percent more revenue than dealer repair organizations. However, in 2010 the top ten dealer repairers manage $3.9 million in average revenue per location versus $3.0 million per location for independent organizations.

Within the top ten independent $20 million MLO group, the ranking has remained fairly consistent over the past four years. The total number of production locations has increased along with their representative share of all $20 million MLO locations to 40.7 percent from 40.5 percent in 2006. This group's share of all $20 million MLO revenue has increased to 39.7 percent, up 5.7 percentage points from 34.0 percent in 2006.

Top 10 Independent $20M MLOs Dollars in Millions		
Rank	**2010**	**2006**
1	Caliber Collision	Caliber Collision
2	ABRA	ABRA
3	Sterling Auto Body	Sterling Auto Body
4	Boyd / Gerber (US)	Boyd / Gerber (US)
5	Service King	Service King
6	Cars Collision	True2Form
7	Collision Revision	Cars Collision
8	Cook's Collision	Collision Revision
9	Classic Collision	Cook's Collision
10	Kadels	Kadels

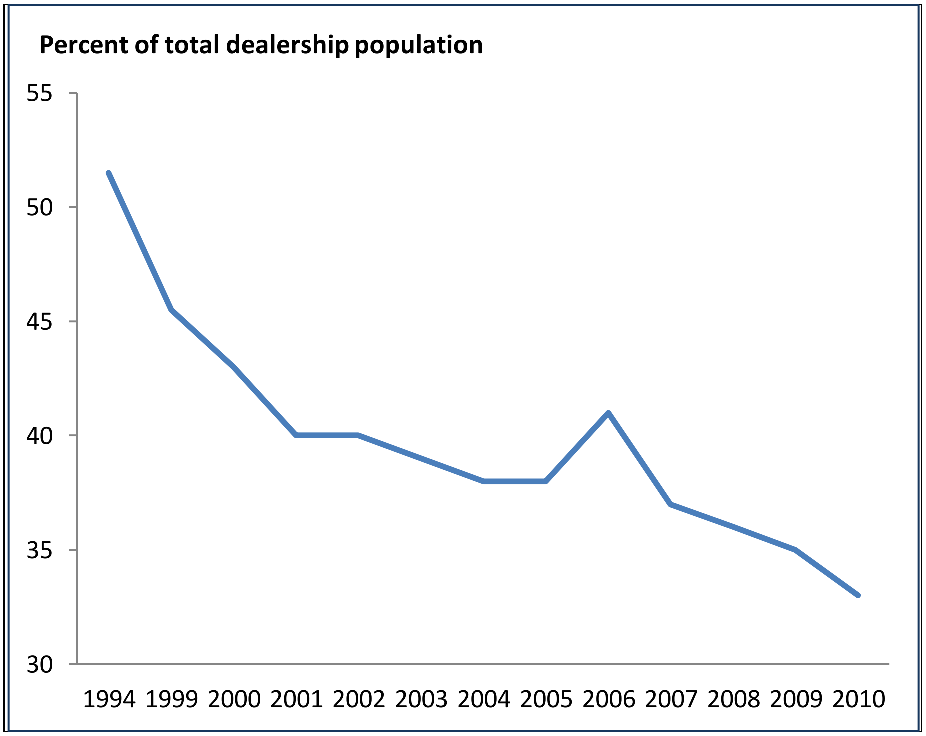
	2010	**2006**	**Change**
Production Locations			
Top 10	438	388	50
% of All Collision Repair Locations	1.2%	0.9%	0.3
% of All Independent Locations	1.4%	1.1%	0.3
% of all $20M MLO Locations	40.7%	40.5%	0.2
Revenue			
Top 10	$1,329	$927	$402
% of All Collision Repair Revenue	4.3%	3.1%	1.2
% of All Independents	5.4%	6.3%	-0.9
% of All $20M MLO Revenue	39.7%	34.0%	5.7
Average Revenue per Location			
Top 10 Independent	$3.0	$2.4	$0.6
All Collision Repair	$0.8	$0.7	$0.1
All Independents	$0.8	$0.5	$0.3
All $20M MLO	$3.1	$2.6	$0.5

The trend in the number of dealerships operating collision repair facilities has continued to decline since 2006 when 41 percent had repair locations down to 33 percent in 2010. Both the number of new car dealerships and the number of dealers operating collision repair facilities declined significantly since 2006. Using NADA's reported total of 17,700 dealers at the end of 2010, this represents an estimated 5,841 dealer-operated collision repair facilities, a decline of 32.8 percent or 2,851 fewer dealer collision repair operators from 2006 when there were 8,692 dealers operating collision repair facilities.

Source: NADA, The Romans Group LLC

As can be seen in the following chart, the number of dealerships operating on-site body shops since 1994 has dropped significantly from a high of 52 percent to a low of 33 percent in 2010, a 19 point drop over 16 years.

Dealerships Operating On-Site Body Shops



Source: NADA Industry Analysis Division

Looking at the dealership share of the collision repair marketplace, and according to NADA, revenue derived from collision repair work performed by dealerships declined to $6.4 billion in 2010, down nearly 33% percent from $9.5 billion in 2007.

Dealers Operating On-Site Body Shops

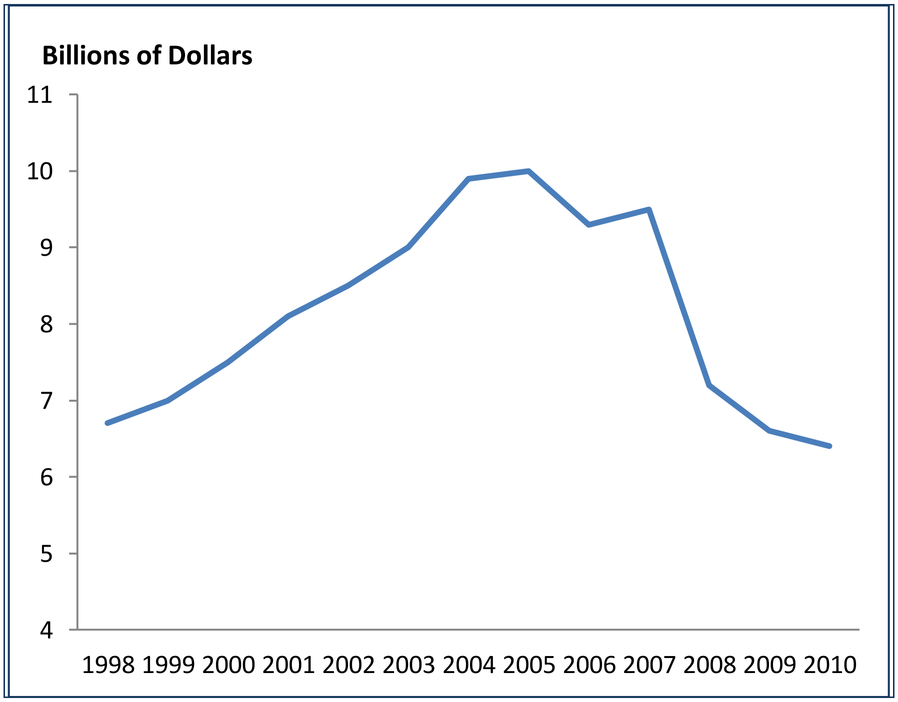
	2010	**2009**	**2008**	**2007**
Total Dealers	17,700	18,460	20,010	20,770
Dealers Operating On-Site Body Shops	33%	35%	36%	37%
Estimated Number of Dealer Body Shops	5,841	6,461	7,204	7,685
Dealer Body Shop Revenue (billions)	$6.4	$6.6	$7.3	$9.5
Estimated Average Revenue (thousands)	$1,096	$1,021	$1,016	$1,236

Source: NADA, The Romans Group LLC

Source: NADA, The Romans Group LLC

During the past 22 years, dealerships had seen their collision repair revenue increase steadily until around 2005 when the industry's total sales dollars began to decline to what are now levels equal to 1998. The revenue decline has started to tapered off since 2008.

Total Dealership Body Shop Sales



Source: NADA Industry Analysis Division

There was a 4.1 percent decline in the number of new car dealerships from year-end 2009 to year-end 2010, along with a 10.3 percent decline in the number of dealerships offering collision repair services. The significant decline in the number of dealerships in 2009 slowed in 2010. About 1,550 dealerships closed in 2009 and 760 closed in 2010, leaving the dealership count at 17,700, a drop of 4.1 percent.

Within the top ten dealer group, there has been some minor shifting. For those dealers, average revenue per location has increased over the past year by $500,000, a considerable swing from the $300,000 decline in 2009.

Top 10 Dealer $20M MLOs
Dollars in Millions

Rank	2010	2006
1	Auto Nation	Auto Nation
2	Van Tuyl	Van Tuyl
3	Penske	Sonic
4	Asbury	Group 1
5	Sonic	Penske
6	Group 1	Asbury
7	Carl Sewell Group	Carl Sewell Group
8	DarCars	Bill Heard
9	Mile One	Lithia
10	Lithia	DarCars

	2010	2006	Change
Production Locations			
Top 10	200	253	-53
% of All Collision Repair Locations	0.5%	0.6%	-0.1
% of All Dealer Locations	3.4%	3.0%	0.4
% of all $20M MLO Production Locations	20.6%	28.4%	-7.8
Revenue			
Top 10	$1,045	$851	$194
% of All Collision Repair Revenue	3.4%	2.8%	0.6
% of All Dealers	16.3%	6.8%	9.5
% of All $20M MLO Revenue	31.2%	31.2%	0.0
Average Revenue per Location			
Top 10 Dealer	$3.9	$3.4	$0.5
All Collision Repair	$0.8	$0.7	$0.1
All Dealers	$1.1	$1.2	-$0.1
All $20M MLO	$3.1	$2.6	$0.5

We expect that the evolving collision repair landscape will be the result of a number of industry-specific and macro-economic conditions likely causing a continuation of collision repairers exiting the business, MLO mergers and acquisitions, market share growth and expansion, and innovative partnerships and strategic alliances. Some of the prevailing conditions include:

- Insurance companies working with a more limited number of single and multiple-location operators
    - DRP claims conversion is expected to increase over the next five years
    - Performance management results will drive DRP claims utilization and influence to top-tier collision repair performers
    - DRPs and preferred provider programs are influencing larger repair volumes to emerging end-game winners
    - Insurance companies increased adoption of the multiple-operator business model and single point of contact
- Fluctuating and conflicting trends affecting accident frequency and the number of repairable claims.
- The negative impact of the current macroeconomic and business conditions and their influence on collision repairers remaining in business or deciding to exit their business
- Acceleration of aggressive repairer selling, marketing and branding of their competitive value propositions and performance to current and prospective wholesale and consumer segments
- Development, marketing and implementation of new and innovative services that many repairers will not have the ability or the inclination to pursue with their customer base
- Lean production and its business benefits leading to competitive advantage and long-term business sustainability for some repairers compared to their competition
- Hybrid claims management and process models that not all repairers are willing or able to accept, adopt or maintain
- Insurers co-managing with repairers a growing number of their insured’s collision repairs through direct repair programs.
- Innovative, risk-taking repairers will move toward a self-managed vehicle repair model which will require less insurance company oversight, involvement and disintermediation.

- Technology and its affect on the evolution and movement toward an integrated electronic claims processing model
- Continued contraction, consolidation and convergence of all industries associated with and including collision repair
- Globalization and the potential U.S. market entry of foreign companies in the collision repair, property and casualty insurance and auto physical damage industries

The good news is that there is still much opportunity within the collision repair industry for those who adapt to the changing conditions and leverage their business, market, financial, and strategic competencies and capabilities for growth and future success.

For further information, contact Vincent J. Romans or Mary Jane Kurowski of The Romans Group at vincent@romans-group.com, maryjane@romans-group.com or visit www.romans-group.com.