

REPORT: COMPETITION DRIVES REAL CONSUMER SAVINGS IN COLLISION REPAIR

Consumers need more choices, not less, when it comes to expensive auto repairs

EXECUTIVE SUMMARY

Each year, more than 5.5 million Americans experience an auto accident, according to the National Highway Traffic Safety Administration. In addition to coping with the personal injury, consumers have the expensive task of getting their cars repaired. Anyone who's experienced an accident knows that collision repairs are very costly. A big part of that cost is the parts needed to get cars back on the road.

When it comes to replacing damaged parts with new parts there are two main choices: Car company brand parts (sometimes called OEM parts) or those produced by independent manufacturers. Unfortunately, in most cases, consumers have no choice – the only part available is from the car company, and those parts are very expensive. The good news is that when there is a choice, not only are the independent parts less expensive, but the competitive market also forces the car companies to lower their prices. Competition is a win-win for consumers.

To demonstrate just how that competition benefits consumers, the Quality Parts Coalition (QPC) compared the price differences between car company brand and independently produced parts among the top 100 most commonly certified collision repair parts sold between 2009 and 2014, using data from the Certified Automotive Parts Association.

The result: Independently produced replacement parts cost, on average, substantially less than car company brand parts. The QPC determined cost savings for consumers using independent parts, as well as the average price difference for the one of the most commonly repaired cars sold in America: the Honda Accord Sedan. As the findings below show, QPC's analysis reaffirms that consumers save big when there's a competitive collision repair market.

KEY FINDINGS

- For the top 100 collision repair parts used by consumers from 2009-2014, Americans saved \$363 million by using independent parts rather than car company brand parts.
- On average, independent parts were 27 percent less expensive than brand parts.
- Among the top 100 parts needed, the largest cost difference between a car company brand and independent part was 68 percent or \$502.04.
- For the Honda Accord Sedan, part price differences were substantial with independent parts costing, on average, 31 percent less than Honda brand parts.
- The largest cost difference between brand and independent parts for the Honda Accord Sedan was 41 percent or \$170.65.

IMPORTANCE OF FINDINGS

These findings are particularly important as Congress considers the Promoting Automotive Repair, Trade, and Sales (PARTS) Act of 2015 (H.R. 1057 and S. 560), which is designed to ensure open competition for one of the most expensive aspects of crash repair, the parts consumers need to get their cars fixed. Without robust competition, consumers are saddled with only one source for the parts they need (the car companies) and there will be no incentive to fairly price those parts. The PARTS Act is intended to prevent the illicit use of design patents for the purpose of limiting competition rather than protecting legitimate designs. Competition is the most fundamental component of the America's free market. It ensures fair prices and quality products for the American consumer. The PARTS Act will protect the competitive marketplace.

NOTES

- Pricing and sales data retrieved August 2015 from a proprietary industry parts list.
- \$363 million saved was calculated by multiplying the price difference between the top 100 brand and independent parts by the number of parts sold per year from 2009-2014.
- All parts analyzed are certified by the Certified Automotive Parts Association.