

## TREND TRACKER

### FUTURE OF THE UK CAR BODY REPAIR MARKET 2019-2024 REPORT

#### SECTION 7 UPDATE

## REPAIRS BY VEHICLE MAKE

#### REPORT PARTNERS



## REPAIRS BY VEHICLE MAKE

In January 2019, Trend Tracker released our latest study into the UK Car Body Repair Market, analysing trends over the previous 10 years and forecasting forward to 2024.

One of the report sections provides an in-depth and unique examination of actual repair costs invoiced to UK motor insurance companies, by bodyshops.

As much of this section of the report is based on actual authorised estimates, and that we'd analysed data to 31 June 2018 within the full report, we're pleased to have worked with Solera Audatex to update the accident repair statistics by twelve-months; to 31 June 2019, providing the very latest accident repair market statistics.

The result is that we now have data from 12 million authorised vehicle repair estimates produced by bodyshops using the Audatex estimating system between 2013 and the first half of 2019.

It is worth noting that whilst the majority of repairable jobs are authorised by motor insurance companies, the data also includes repairs authorised by accident management companies (or so named 'claims solutions providers') and fleet operators; in essence any repair transacted via the Audatex platform. Therefore, it is unlikely that smaller retail repairs carried out for trade and retail customers are included. We therefore believe the analysis is representative of repair costs at independent and franchised dealer bodyshops authorised by insurance, accident management and fleet companies. All figures are net of any discounts off of invoiced repair costs and no allowance is made for customer excess contributions.

In using a much larger sample of authorised repairs completed by bodyshops, we also believe the analysis to be the most comprehensive to be presented to the market; more so than in any previous Trend Tracker market study or industry report.

In ensuring that we present the most relevant data for the car bodyshop market, we have removed any heavy goods vehicles and motorcycles from the data to leave only car and LCV repairs. In turn, we have split this data so that we are able to present repair analysis by vehicle manufacturer for cars only. The 2019-2024 report was the first time this has been undertaken for public viewing, as far as we are aware and we are pleased to provide an update on the same basis. In doing so, we have decided to analyse an element of the data on an 18-month rolling basis – within the full report we covered the period of 2017 and 2018 H1 and here we roll forward to use 2018 and 2019 H1 data, which provide a large and current sample size for up-to-date repair analysis. In doing so, the first half of 2018 data falls within the report and this update, however this has no material effect on our current analysis.

For a long-term view of the Audatex data, we have retained the analysis of circa 12 million authorised repairs to ascertain the variance in repair costs and associated elements of those repairs since 2013.

### Average Repair Cost Trends

The table on the following page, Figure 1, considers average repair costs across all vehicle makes and models of car and LCVs through independent and franchised dealer bodyshops using the Solera Audatex platform between January 2013 and June 2019. Applicable discounts have been deducted but customer excess contributions are included.

In a similar theme to the latest Trend Tracker full report, here are several things of note within the statistical table, perhaps most markedly the cost of parts used per repair, which has risen from a weighted average of £565.96 in 2013, to £801.36 for the first half of 2019. This represents a 41.6% increase in the cost of parts (£235.40 per repair) over a six-year period or 36.4% since 2014.

During the period covered within the table, and putting this into context, the Retail Price Index (RPI) inflation has risen by circa 2.3% per annum. In real terms this would mean that parts should have risen to £648.55 for 2019 rather than the £801.36. This follows the theme the motor insurance market reports and appears to indicate that parts costs for newer vehicles are greater, and continue to rise, more than ever before.

The percentage of parts used per repair has remained reasonably constant over the six-year period, peaking at 42.4% in 2018 before falling back to 41.5% for 2019 H1. This also bears out the cost inflation theory and this is in stark contrast when we consider what has occurred to the labour content of a repair.

Labour costs have risen by a total of 27.5%, from an average of £487.32 in 2013 to £621.23 in the first half of 2019, whilst the percentage of labour per repair has steadily fallen from 35.3% in 2013 to 32.2% in the first half of 2019. We believe there is a certain correlation between the increase in the cost of parts and parts percentage per repair, and the decline in the percentage of labour content.

**Figure 1 – Average repair costs for car and LCV as generated by bodyshops using the Audatex repair system, 2013–2019 H1**

	No. of Jobs	Parts		Labour		Paint & Materials		Additional Items		Total Repair Cost	Total Labour Hours
		£	%	£	%	£	%	£	%	£	
<b>2013</b>	<b>1.65m</b>	<b>£565.96</b>	<b>41.0%</b>	<b>£487.32</b>	<b>35.3%</b>	<b>£274.27</b>	<b>19.9%</b>	<b>£52.90</b>	<b>3.8%</b>	<b>£1,380.46</b>	<b>15.82</b>
Car	1.5m	£559.42	40.9%	£483.35	35.4%	£272.71	20.0%	£50.97	3.7%	£1,366.45	15.65
LCV	150k	£631.36	41.5%	£527.02	34.7%	£289.85	19.1%	£72.17	4.7%	£1,520.40	17.56
<b>2014</b>	<b>1.76m</b>	<b>£587.34</b>	<b>40.9%</b>	<b>£497.63</b>	<b>34.7%</b>	<b>£289.96</b>	<b>20.2%</b>	<b>£59.71</b>	<b>4.2%</b>	<b>£1,434.65</b>	<b>15.83</b>
Car	1.6m	£582.50	41.0%	£493.31	34.7%	£288.27	20.3%	£57.72	4.1%	£1,421.79	15.64
LCV	161k	£635.53	40.7%	£540.51	34.6%	£306.85	19.6%	£79.59	5.1%	£1,562.48	17.79
<b>2015</b>	<b>1.87m</b>	<b>£609.81</b>	<b>40.7%</b>	<b>£509.97</b>	<b>34.1%</b>	<b>£304.98</b>	<b>20.4%</b>	<b>£72.03</b>	<b>4.8%</b>	<b>£1,496.79</b>	<b>15.76</b>
Car	1.69m	£606.79	40.8%	£505.65	34.0%	£302.80	20.4%	£70.44	4.7%	£1,485.68	15.54
LCV	187k	£637.05	39.9%	£548.97	34.4%	£324.66	20.3%	£86.37	5.4%	£1,597.05	17.76
<b>2016</b>	<b>1.93m</b>	<b>£669.16</b>	<b>41.7%</b>	<b>£536.67</b>	<b>33.4%</b>	<b>£320.99</b>	<b>20.0%</b>	<b>£78.25</b>	<b>4.9%</b>	<b>£1,605.07</b>	<b>16.10</b>
Car	1.72m	£668.35	41.9%	£532.29	33.4%	£317.79	19.9%	£76.49	4.8%	£1,594.92	15.88
LCV	205k	£675.92	40.0%	£573.40	33.9%	£347.89	20.6%	£93.10	5.5%	£1,690.30	17.99
<b>2017</b>	<b>1.90m</b>	<b>£721.47</b>	<b>42.2%</b>	<b>£559.04</b>	<b>32.7%</b>	<b>£338.39</b>	<b>19.8%</b>	<b>£89.01</b>	<b>5.2%</b>	<b>£1,707.92</b>	<b>16.39</b>
Car	1.68m	£721.47	42.5%	£554.29	32.7%	£334.04	19.7%	£86.80	5.1%	£1,696.60	16.14
LCV	216k	£721.48	40.2%	£596.11	33.2%	£372.25	20.7%	£106.23	5.9%	£1,796.08	18.33
<b>2018</b>	<b>1.94m</b>	<b>£789.06</b>	<b>42.4%</b>	<b>£600.14</b>	<b>32.3%</b>	<b>£366.68</b>	<b>19.7%</b>	<b>£104.61</b>	<b>5.6%</b>	<b>£1,860.49</b>	<b>16.78</b>
Car	1.71m	£786.88	42.7%	£595.13	32.3%	£360.48	19.5%	£102.37	5.5%	£1,844.85	16.48
LCV	221K	£806.00	40.7%	£638.86	32.2%	£414.67	20.9%	£121.93	6.2%	£1,981.47	19.12
<b>2019 H1</b>	<b>951k</b>	<b>£801.36</b>	<b>41.5%</b>	<b>£621.23</b>	<b>32.2%</b>	<b>£392.47</b>	<b>20.3%</b>	<b>£113.92</b>	<b>5.9%</b>	<b>£1,928.98</b>	<b>16.90</b>
Car	834k	£802.68	41.8%	£617.48	32.2%	£385.84	20.1%	£112.52	5.9%	£1,918.52	16.59
LCV	117k	£791.99	39.5%	£647.89	32.3%	£439.68	21.9%	£123.91	6.2%	£2,003.46	19.14
<b>Grand Total</b>	<b>12m</b>	<b>£671.75</b>	<b>41.6%</b>	<b>£540.45</b>	<b>33.5%</b>	<b>£323.28</b>	<b>20.0%</b>	<b>£79.85</b>	<b>4.9%</b>	<b>£1,615.33</b>	<b>16.19</b>

Source: Audatex / Trend Tracker

The table clearly shows the percentage of Paint and Materials used per repair has remained relatively constant (19.3% in 2013 to 20.3% in 2019 H1), however as with the other elements, the actual cost has risen – from £274.27 in 2013 to £322.47 in 2019 H1.

When the above three main elements of a repair, along with additional items, are evaluated, the overall average cost repair has risen quite significantly; from a weighted average of £1380.46 in 2013 to £1928.98 for the first half of 2019 (a 39.7%, or £548.52, increase over the period).

The table shows that repair costs processed via the Audatex system have risen year-on-year and this, not surprisingly, has been a trend since we started producing our market reports, with the exception of a slight blip in 2011.

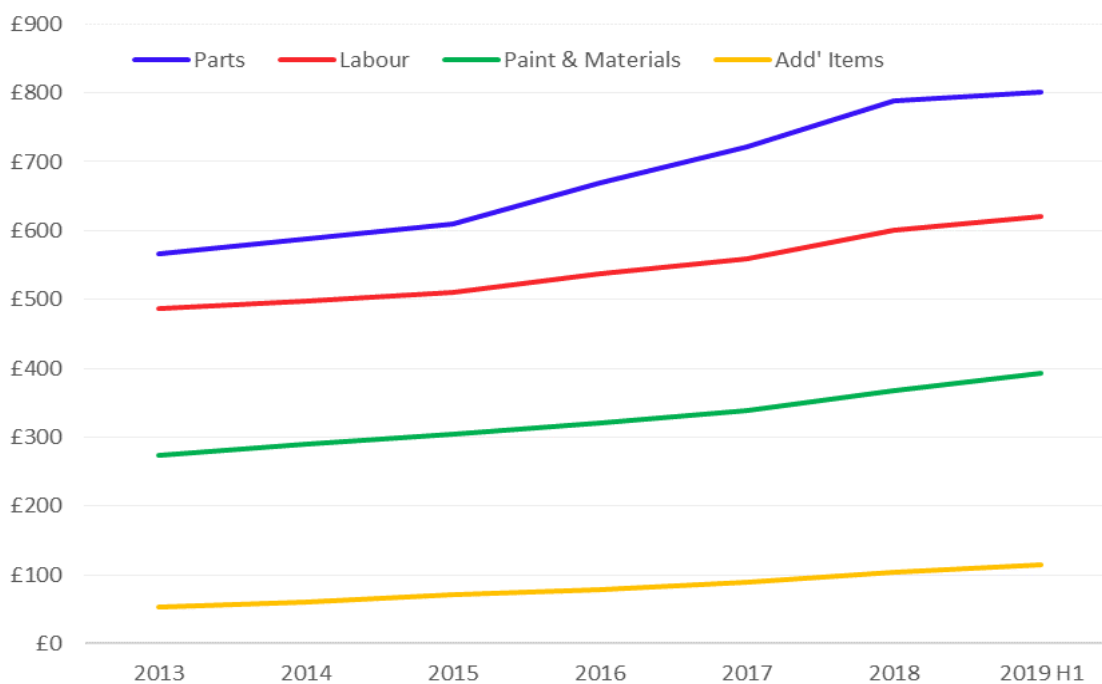
If we take a slightly longer-term look, between 2003 and 2013, overall repair costs as generated via the Audatex system increased by 33% in this ten-year period with replacement parts costs rising by 30%, labour costs by 16%, and paint and material costs rising by 95%.

In the period since 2013, overall repair costs generated via Audatex have increased by 39.7% (a significantly greater increase to that of the previous ten-year period), with parts costs rising by 41.6% and paint and material costs increasing by 43.1% over the period.

The overall labour cost per repair has increased by 27.5% since 2013 to 2019 H1. Labour hours per repair have also gradually increased over the period covered within the table; from 15.82 hrs in 2013 to 16.9 hrs in 2019 H1 – a 6.8% increase – although the percentage per repair has fallen by 3.1%, from an average of 35.3% to 32.2% in 2019 H1.

We can also calculate the average hourly rate per repair from the table, which has risen from an average of £30.80 in 2013 to £36.75 in 2019 H1 – a 19.3% increase (RPI has risen by 14.7% from Dec 2013 to June 2019 according to the Office of National Statistics).

**Figure 2 – Average repair cost split for car and LCV as generated by bodyshops using the Audatex repair system, 2013–2019 H1**



Source: Audatex

## Repair Volume by Vehicle Make

The following chart – Figure 3, next page – of repair volume by vehicle manufacturer is based on an analysis of repair jobs on cars only completed by UK bodyshops using the Audatex estimating system. There are approximately 2,200 bodyshops that use Audatex as their main estimating system; a figure that has been constant for over ten-years. This accounts for over half of the total UK bodyshop population and approximately two-thirds of primary bodyshops.

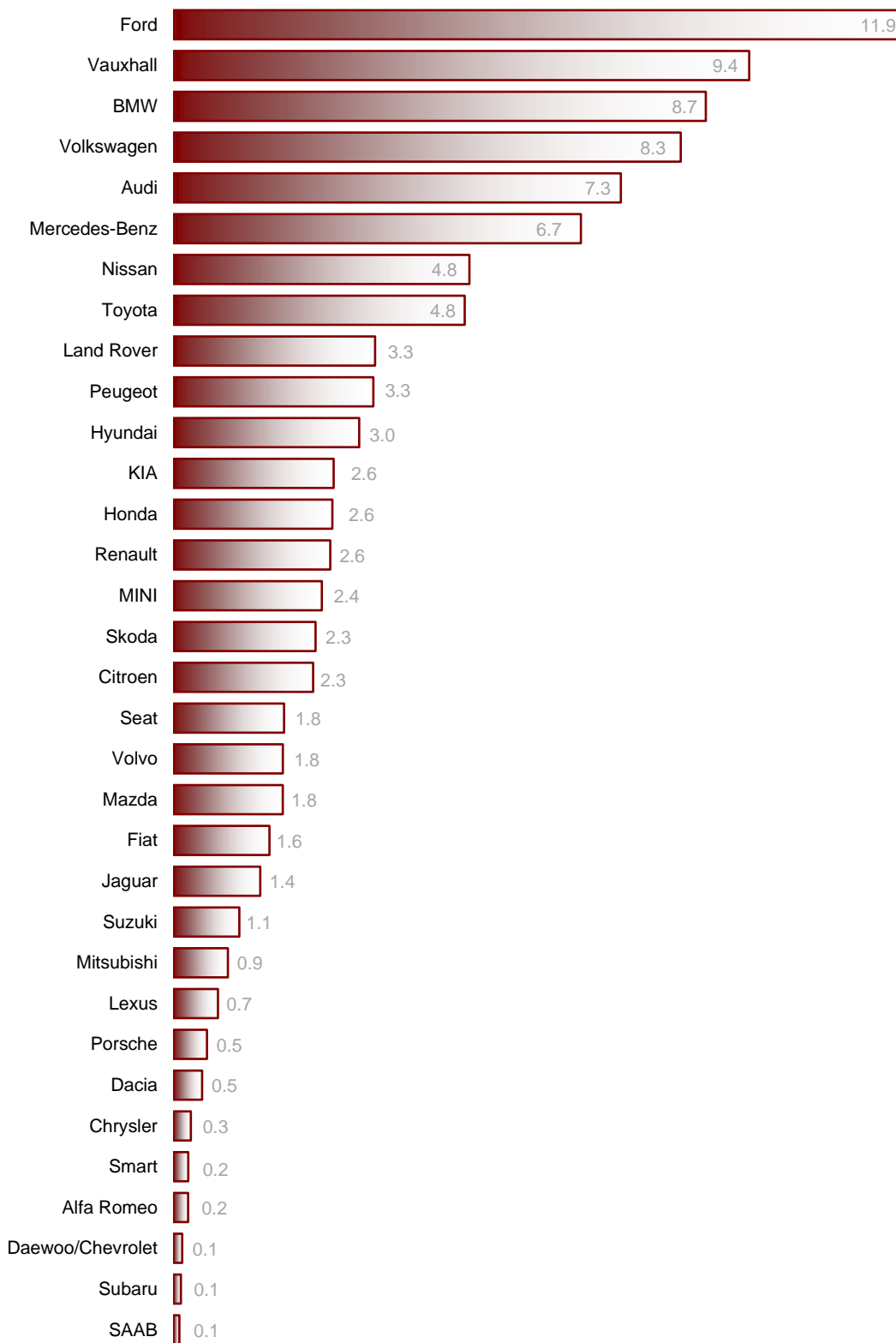
The data analysed for the next series of graphs is based on a repair volume of 2.55 million car repairs between January 2018 and June 2019.

The vehicle makes that experience the highest repair volumes are a combination of those makes which are a high proportion of the total car parc (private and fleet) and those which have high levels of usage.

Consequently, the leading five vehicle manufacturers by market volume of repairs; Ford, Vauxhall, BMW, Volkswagen and Audi, have a combined 1.16 million repairs in 2018/2019 H1, representing 45.6% of all repairs (a slight decrease from the 2017 to 2018 H1 period).

The next five brands that have had the most accident repairs completed via the Audatex system are Mercedes-Benz, Nissan, Toyota, Land Rover and Peugeot, who between them represent 22.8% of the total market; a combined 581,000 repairs. Although these brands are not as highly represented in the car parc, they have a comparatively high volume of repairs because they are also more likely to be operated by fleets.

Figure 3 – Analysis of car repair volume % by vehicle manufacturer, 2018 & 2019 H1



Source: Audatex

## Repair Costs by Vehicle Manufacturer

### Average repair costs by manufacturer

Referring to Figure 4, next page, and the charts on pages 10 to 15:

- The average total repair costs for the main vehicle manufacturers, with applicable discounts deducted but customer excess contributions included, ranged from a low of £1,347 for Smart to almost three times as much for Porsche at £3,895. The overall average repair cost is £1,869, which represents a 6.8% increase, from the £1,742 in the previous 18 month period (2017 to 2018 H1) covered within the full Trend Tracker 2019-2024 report.
- Average labour costs per repair range from £470 for Hyundai to £1,242 for Porsche. The weighted average labour cost per repair is £602.
- Average parts costs show a much greater variance than labour costs with Porsche almost four times greater at £1,802 than Smart at £466.
- Average paint and materials costs ranged from a low of £255 for Smart to a high of £600 for Porsche.
- The manufacturers' cars with the highest net total repair costs in 2018 and 2019 H1 within the 2.5 million repairs via the Audatex system above the overall average of £1,869 not surprisingly included the prestige marques of which; Porsche (£3,895), Land/Range Rover (£2,443), Mercedes-Benz (£2,402), Jaguar (£2,398), BMW (£2,313) assume the top five positions. These makes combined represent 20.6% of all repairs carried out by bodyshops using the Audatex estimating system in 2018 and 2019 H1, a slight increase from the 19.7% figure contained within the full 2019-2024 Trend Tracker report.
- The five vehicle makes with the lowest average repair costs are; Smart (£1,347), SAAB (£1,433), Daewoo/Chevrolet (£1,506), Hyundai (£1,532) and Dacia (£1,567). The largest volume manufacturers, Ford, is next within the lowest average repair cost table at £1,573 across 303,467 repairs. The five vehicle makes with the lowest average repair costs account for only 4% of all repairs carried out by bodyshops using the Audatex estimating system in 2018 and 2019 H1. Ford has the largest market penetration with 11.9% of all repairs undertaken.

### Average labour cost within repairs

- With the weighted net average labour cost of repairs across all vehicle manufacturers amounting to £602 in the 18 month period 2018 to 2019 H1, the five makes with the highest labour repair costs above the overall average included the prestige manufacturers; Porsche (£1,242), Jaguar (£761), Mercedes-Benz (£744), Land/Range Rover (£705) and Lexus (£704).
- The high labour repair costs of these premium brands are potentially more lucrative for bodyshops because of the gross margin achieved on labour sales, although some of these brands only represent a small proportion of total repair demand.
- The five vehicle manufacturers with the lowest labour repair costs in this period were Hyundai (£470), Daewoo/Chevrolet (£510), Smart (£517), Ford (£525), and Vauxhall (£531).
- Lower labour sales mean these brands are potentially less attractive for bodyshops, perhaps with the exception of Ford and Vauxhall, both of whom have a double figure market share.

Figure 4 – Analysis of average car repair costs by vehicle manufacturer, 2018 & 2019 H1

	Repairable Jobs		Parts		Labour		Paint & Materials		Additional items		Average Cost of Repair
	No.	%	£	%	£	%	£	%	£	%	£
Alfa Romeo	6,153	0.2	719.99	38.1	621.37	32.9	431.47	22.9	115.05	6.1	1,888
Audi	186,036	7.3	957.35	43.7	703.26	32.1	395.09	18.0	136.21	6.2	2,192
BMW	221,366	8.7	1,119.64	48.4	641.53	27.7	407.74	17.6	144.37	6.2	2,313
Chrysler	7,292	0.3	945.89	48.6	571.67	29.3	336.04	17.3	94.25	4.8	1,948
Citroen	58,120	2.3	667.78	39.8	577.09	34.4	352.49	21.0	78.75	4.7	1,676
Dacia	11,975	0.5	546.45	34.9	583.28	37.2	361.90	23.1	75.52	4.8	1,567
Daewoo/Chevrolet	3,699	0.1	582.79	38.7	509.90	33.9	343.93	22.8	69.73	4.6	1,506
Fiat	39,969	1.6	577.21	36.1	577.56	36.1	354.52	22.2	88.89	5.6	1,598
Ford	303,467	11.9	655.67	41.7	524.73	33.4	311.10	19.8	81.54	5.2	1,573
Honda	66,118	2.6	716.92	43.7	550.72	33.6	294.08	17.9	77.73	4.7	1,639
Hyundai	77,271	3.0	640.89	41.8	470.42	30.7	340.20	22.2	80.07	5.2	1,532
Jaguar	36,148	1.4	1,081.65	45.1	760.94	31.7	427.72	17.8	128.08	5.3	2,398
KIA	66,660	2.6	599.72	37.5	539.67	33.8	370.68	23.2	87.75	5.5	1,598
Land Rover	83,879	3.3	1,223.28	50.1	705.71	28.9	376.32	15.4	137.82	5.6	2,443
Lexus	18,553	0.7	931.74	41.7	704.18	31.5	471.24	21.1	126.52	5.7	2,234
Mazda	45,508	1.8	560.54	34.2	564.64	34.4	429.30	26.2	86.10	5.2	1,641
Mercedes-Benz	169,431	6.7	1,097.45	45.7	743.97	31.0	419.20	17.4	141.78	5.9	2,402
MINI	61,747	2.4	708.64	41.7	552.81	32.5	319.08	18.8	118.64	7.0	1,699
Mitsubishi	22,691	0.9	1,077.66	49.6	616.81	28.4	391.25	18.0	88.95	4.1	2,175
Nissan	123,093	4.8	748.81	42.2	570.68	32.2	362.18	20.4	90.72	5.1	1,772
Peugeot	83,157	3.3	711.15	41.4	571.63	33.2	358.60	20.9	77.94	4.5	1,719
Porsche	13,996	0.5	1,801.82	46.3	1,242.29	31.9	600.15	15.4	250.74	6.4	3,895
Renault	65,255	2.6	716.44	43.0	538.23	32.3	331.26	19.9	78.96	4.7	1,665
SAAB	2,521	0.1	474.92	33.1	534.26	37.3	341.96	23.9	81.73	5.7	1,433
Seat	46,048	1.8	647.29	37.7	591.57	34.5	370.32	21.6	106.75	6.2	1,716
Skoda	59,129	2.3	602.01	35.4	601.27	35.4	389.68	22.9	107.25	6.3	1,700
Smart	6,207	0.2	465.61	34.6	516.94	38.4	254.96	18.9	109.16	8.1	1,347
Subaru	3,155	0.1	749.12	40.4	592.57	32.0	432.61	23.3	79.63	4.3	1,854
Suzuki	27,441	1.1	559.29	35.1	569.26	35.7	385.22	24.2	80.42	5.0	1,594
Toyota	121,136	4.8	606.84	37.2	555.79	34.1	382.35	23.5	84.91	5.2	1,630
Vauxhall	239,401	9.4	610.22	38.6	530.68	33.5	359.42	22.7	82.58	5.2	1,583
Volkswagen	210,938	8.3	684.28	38.5	608.20	34.2	367.39	20.6	119.53	6.7	1,779
Volvo	45,531	1.8	940.18	48.0	577.03	29.5	336.21	17.2	104.66	5.3	1,958
Others	14,313	0.6	1,261.03	41.3	1,163.92	38.1	452.29	14.8	179.80	5.9	3,057
<b>Grand Total</b>	<b>2,547,404</b>	<b>100</b>	<b>792.05</b>	<b>42.4</b>	<b>602.45</b>	<b>32.2</b>	<b>368.78</b>	<b>19.7</b>	<b>105.69</b>	<b>5.7</b>	<b>1,869</b>

Source: Audatex / Trend Tracker



## Average parts cost within repairs

- The average net parts cost of repairs estimated by bodyshops using the Audatex system in the 2018/2019 H1 period was £792, up 5.9% from the £745 figure contained within the full 2019-2024 Trend Tracker report.
- The five vehicle manufacturers with the highest replacement parts cost are Porsche (£1,802), Land/Range Rover (£1,223), BMW (£1,120), Mercedes-Benz (£1,097), and Jaguar (£1,082). These marques represent 20.6% of repairs estimated by bodyshops using Audatex.
- The five makes with the lowest replacement parts costs in this period were Smart (£466), SAAB (£475), Dacia (£546), Suzuki (£559) and Mazda (£561). However, these marques represent only 3.7% of repairs estimated by bodyshops using the Audatex system.

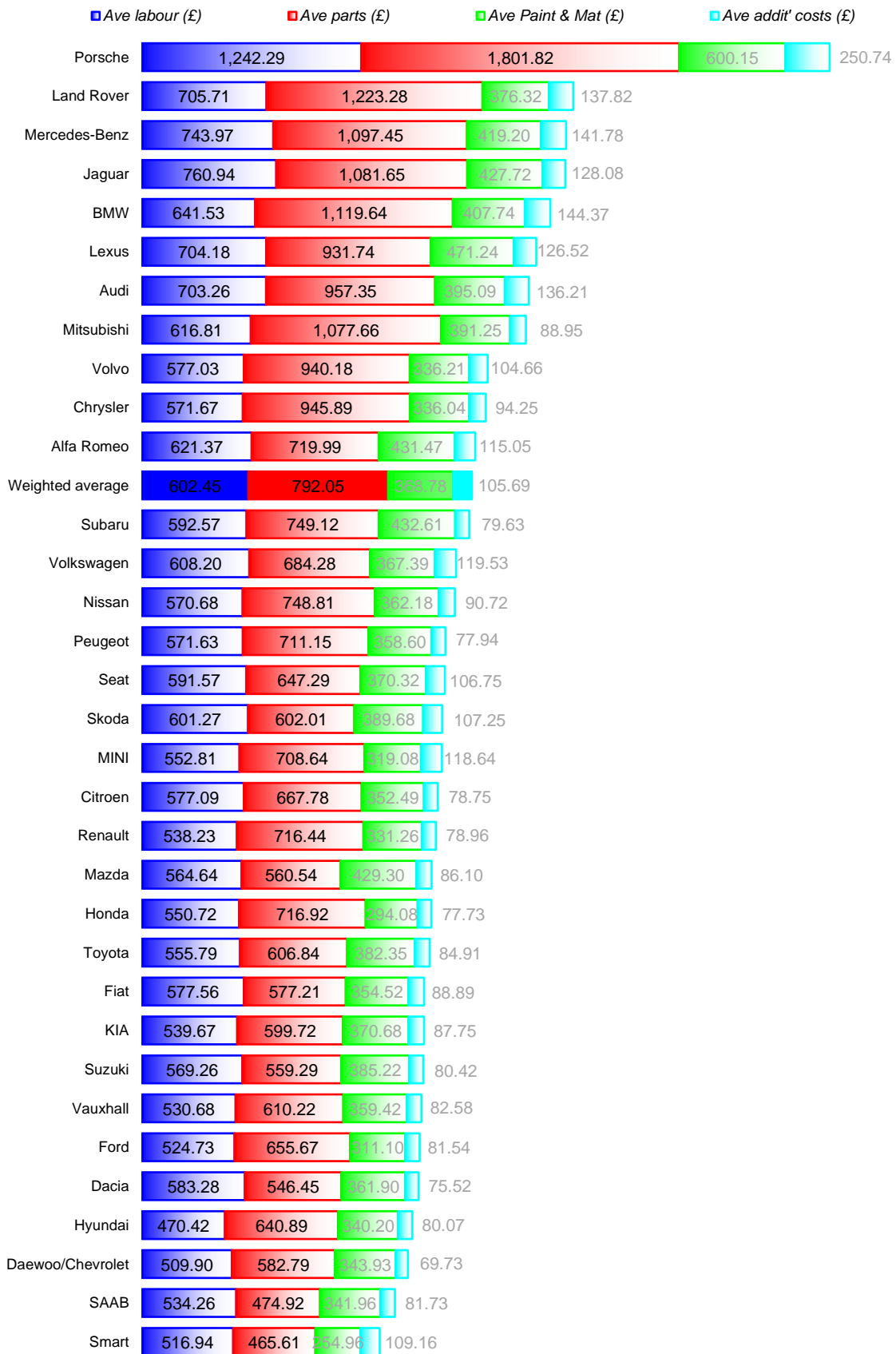
## Average paint and materials cost within repairs

- The average net paint and materials cost of repairs for all vehicle makes, through independent and franchised dealer bodyshops using the Audatex estimating system, was £369 in 2018/2019 H1.
- The five vehicle manufacturers with the highest average paint and materials repair costs in this period were Porsche (£600), Lexus (£471), Subaru (£433), Alfa Romeo (£431) and Mazda (£429).
- The five vehicle manufacturers with the lowest average paint and materials repair costs in this period were Smart (£255), Honda (£294), Ford (£311), MINI (£319), and Renault (£331).
- Within the above costs per repair, metallic paint equated to 53.4%, pearlescent 18.3%, basecoat clear 24% with two-pack, unknown type of paint and specific paint per model accounting for the remainder.

## Charts of Repair Costs by Vehicle Make

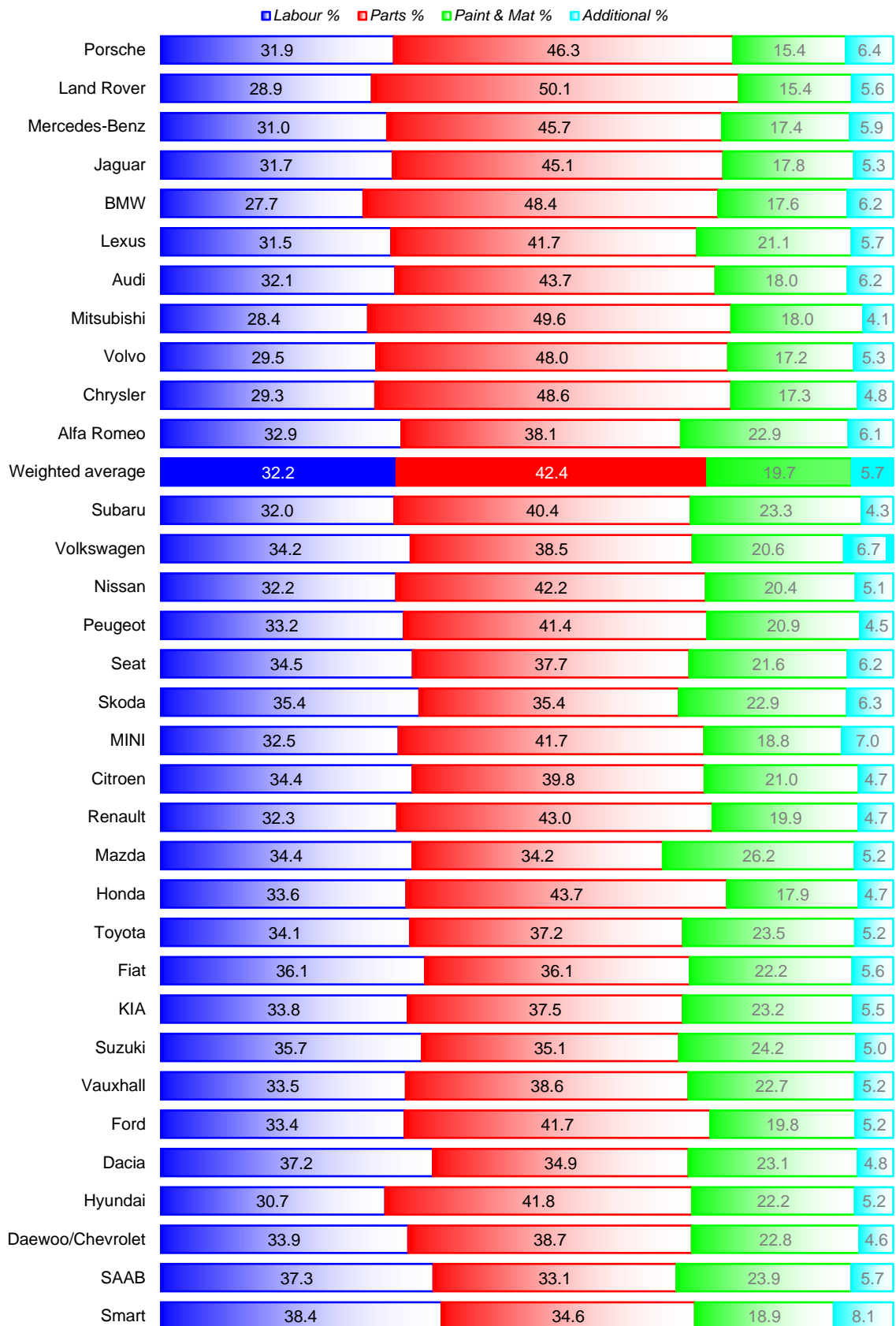
The charts following on pages 10 to 15 present average repair costs by make of vehicle from the analysis of 2.55m repairs carried out by franchised and independent bodyshops using the Audatex estimating system.

Figure 5 – Average segmented car repair costs by vehicle manufacturer (£), 2018 & 2019 H1



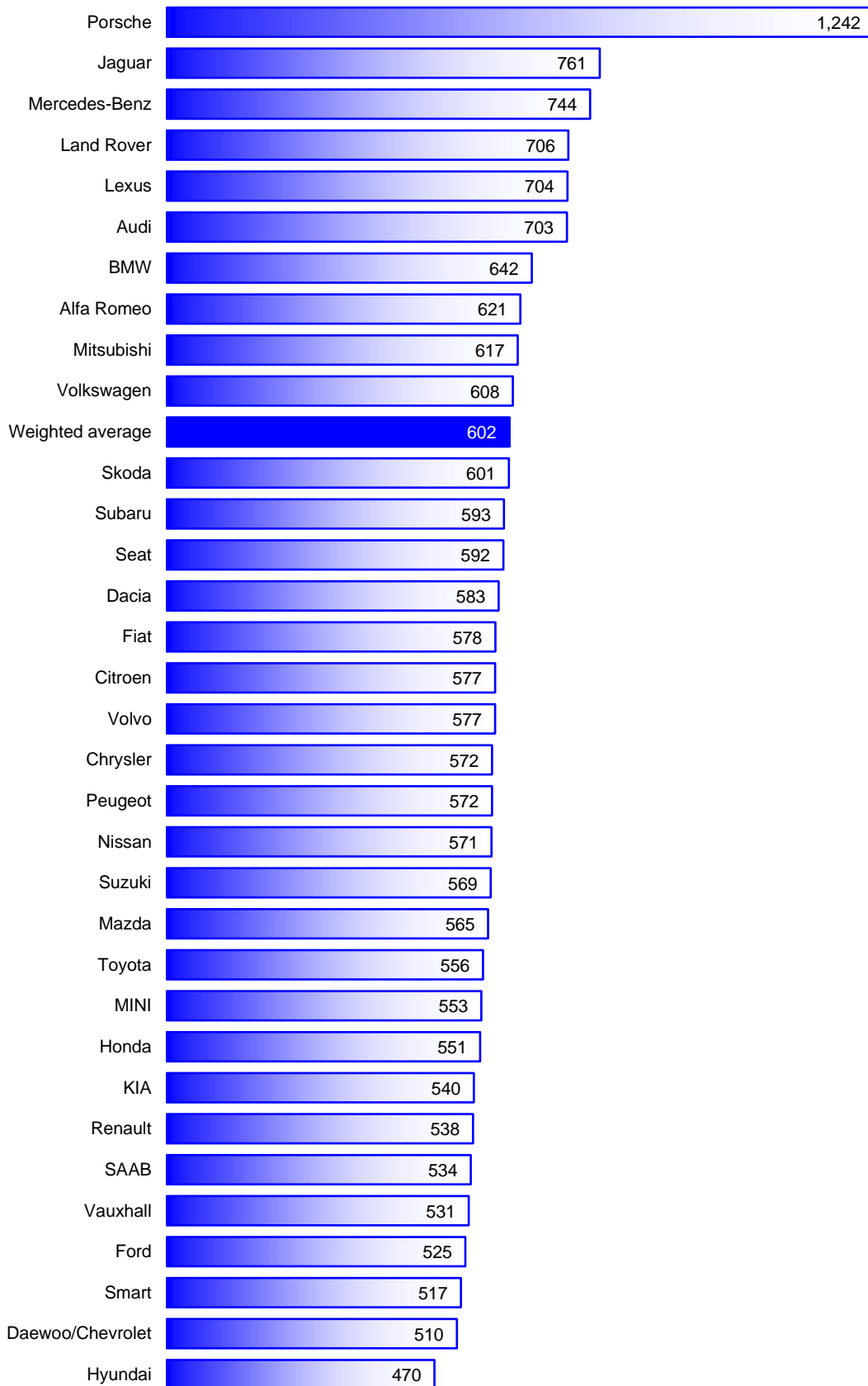
Source: Audatex

Figure 6 – Average segmented car repair costs by vehicle manufacturer (%), 2018 & 2019 H1



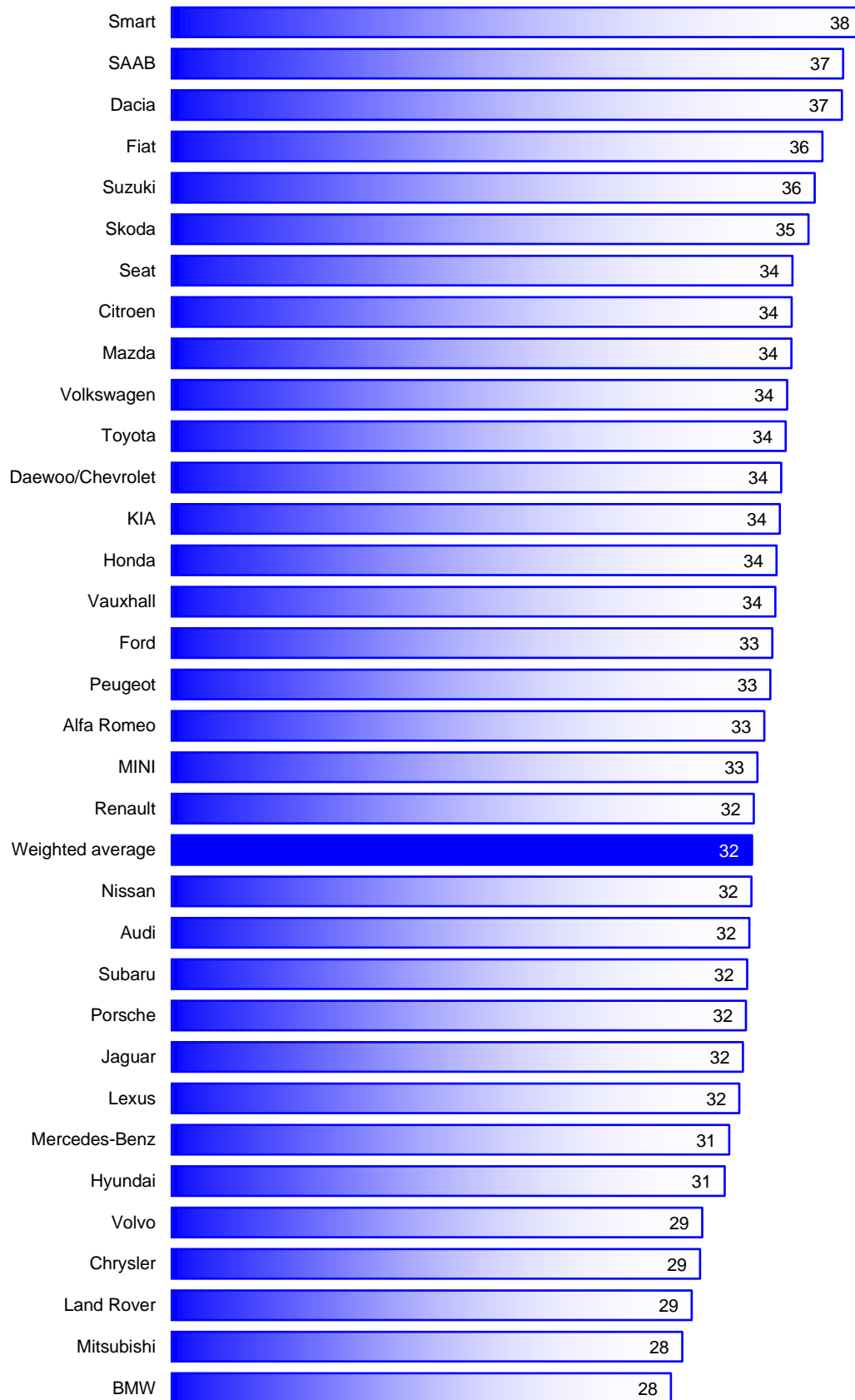
Source: Audatex

Figure 7 – Average labour repair costs by vehicle manufacturer (£), 2018 & 2019 H1



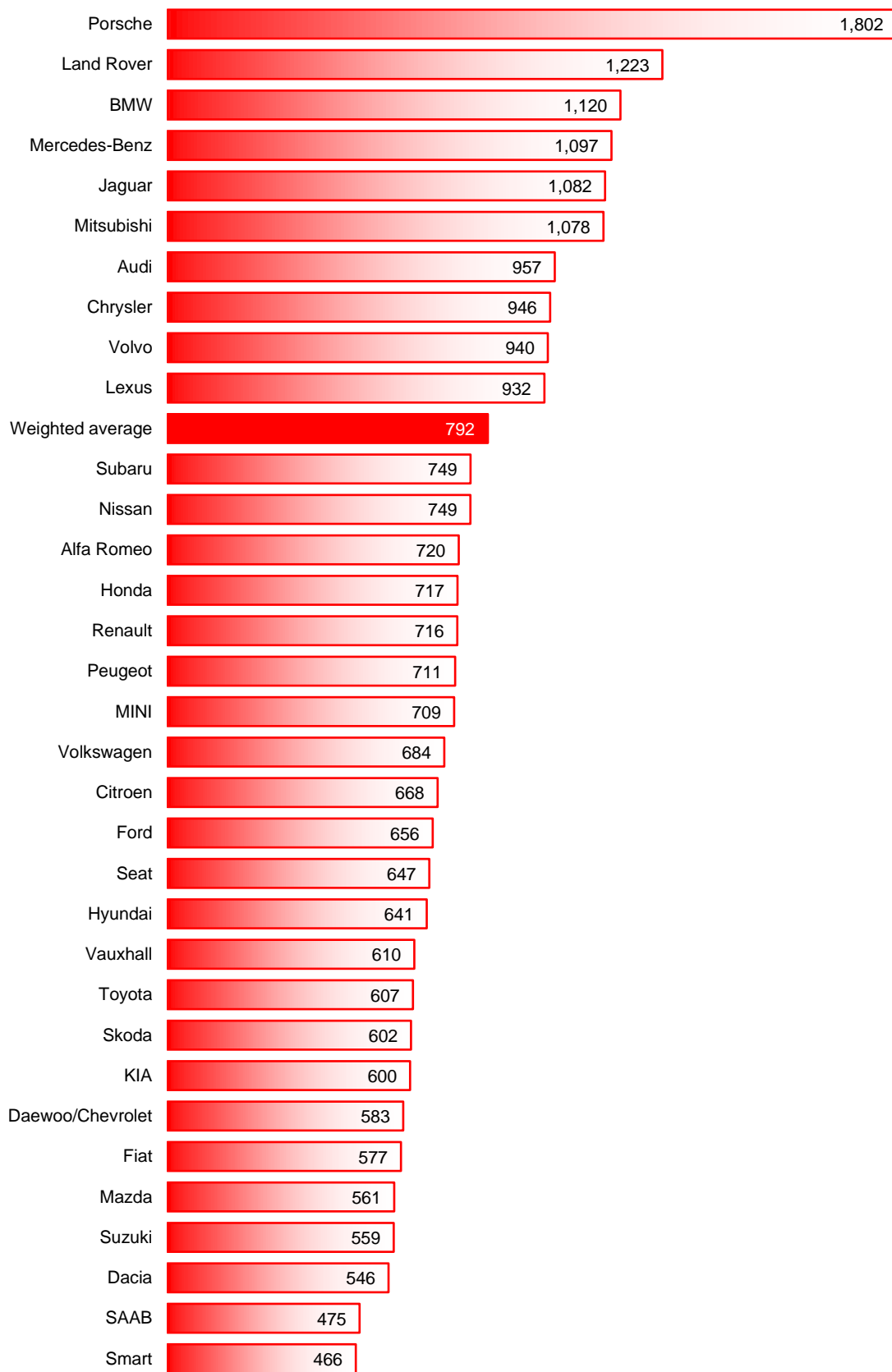
Source: Audatex

Figure 8 – Average labour repair costs by vehicle manufacturer (%), 2018 & 2019 H1



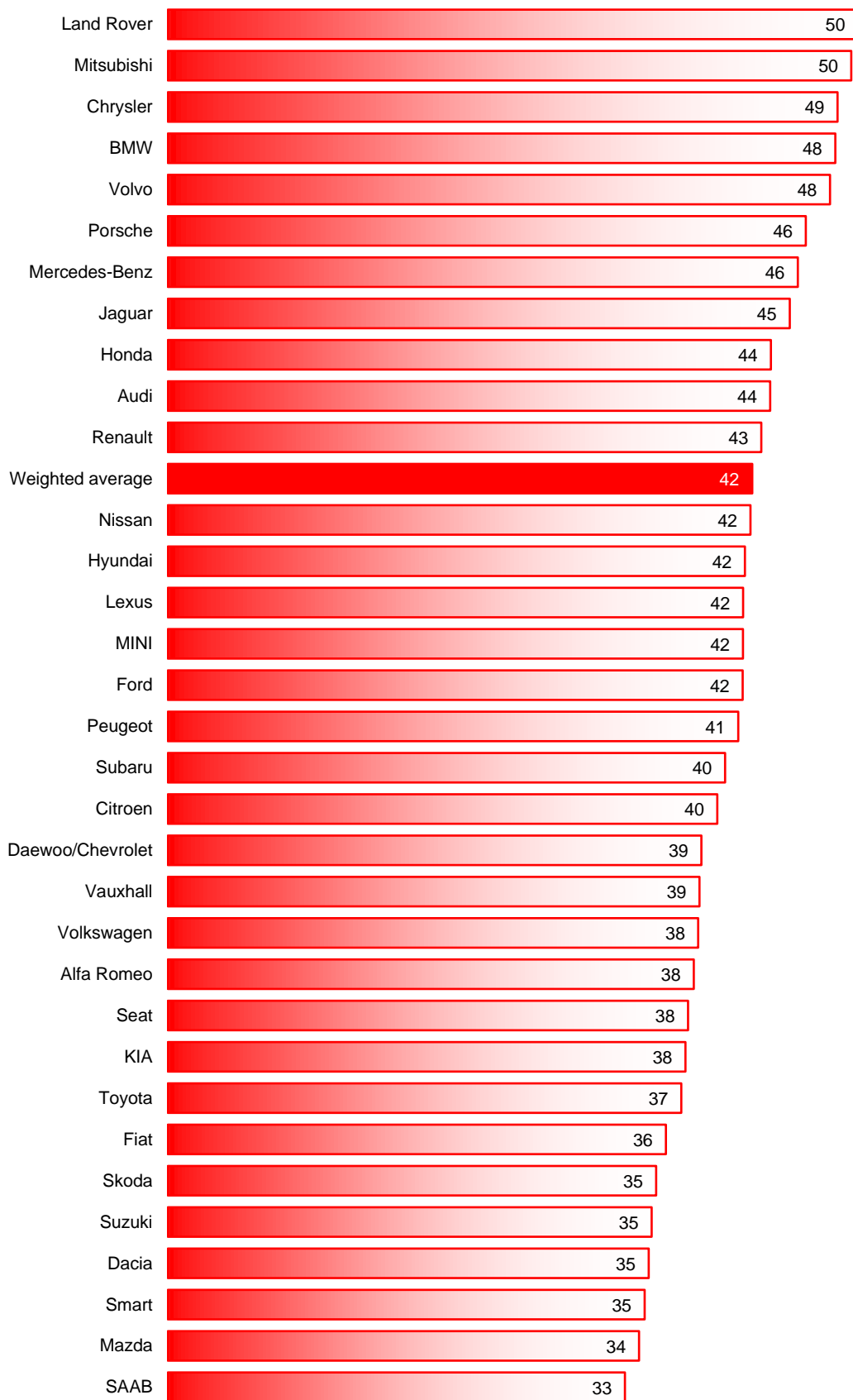
Source: Audatex

Figure 9 – Average parts cost per repair cost by vehicle manufacturer (£), 2018 & 2019 H1



Source: Audatex

Figure 10 – Average parts cost as a percentage of repair costs by vehicle manufacturer, 2018 & 2019 H1



Source: Audatex

## Repair Gross Margins

In this section, we provide a brief analysis, focusing on repair cost variation between the different vehicle manufacturers. The repair mix of a car bodyshop can have a significant impact on the profitability of the business, as today's market has to accommodate differing repair technologies for the various manufacturers.

Overall, the parts margins available to repairers are lower than those available for selling labour hours or paint and materials, in particular as several insurer/accident management company contracts include a bottom line discount that further erodes parts margin.

If we look at repairs by manufacturer in general terms, the vehicle makes that attract a higher negotiated labour repair are more profitable – often these are the prestige manufacturers, repairs of which are often directed to 'manufacturer approved' bodyshops by customer request.

Assuming the following average gross margins, which have been retained from our 2015 report for reasons of comparison, we have applied them to the 2018 & 2019 H1 repair cost data from the Audatex system, we are able to arrive at some idea of the relative profitability of repairing different makes of car:

- Labour 62%
- Replacement parts 18%
- Paint and materials 32%

Again, for comparison reasons, we have excluded 'additional items', however if these were included, the average gross margin (in £ terms) would only increase by approximately £14.00 per manufacturer.

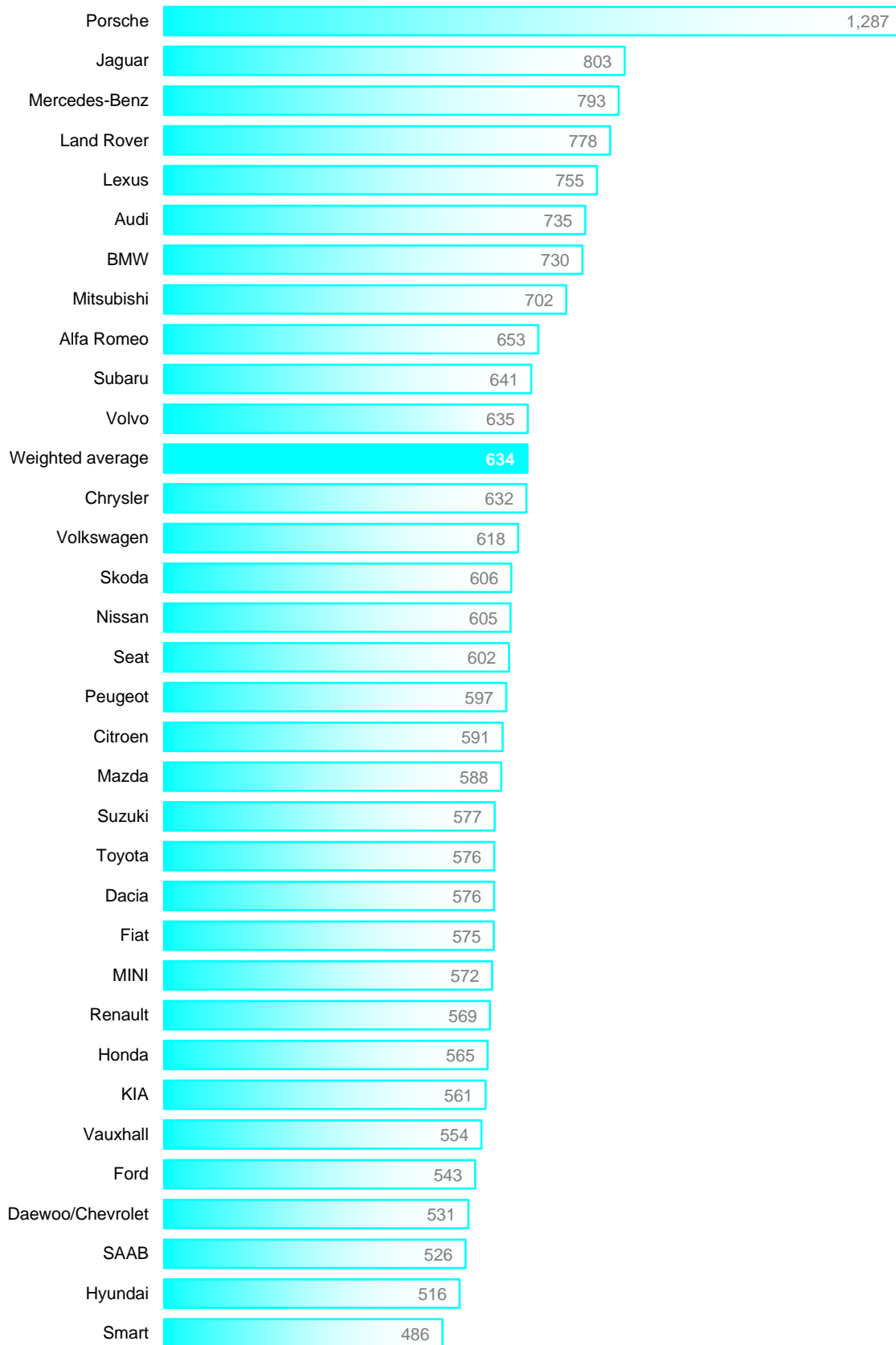
The results of this analysis can only be indicative because gross margins will vary by vehicle manufacturer, e.g. as noted below, labour gross margins are likely to be considerably higher for prestige makes. In addition, for franchised dealer bodyshops, the gross margin on parts for the franchises they represent will invariably be higher than can be obtained by an independent bodyshop. Margins will also be affected by the size and scale of a bodyshop for paint and parts due to buying leverage, hence the gross margins being suggestive for illustration purposes.

## Gross profit by make of vehicle

Based on the above gross margins assumed for labour, replacement parts, paint and materials, the 'notional' gross profits achieved per job by make of vehicle are listed in Figure 11, page 17, for 2018 & 2019 H1 repair cost data extracted from the Solera Audatex system.

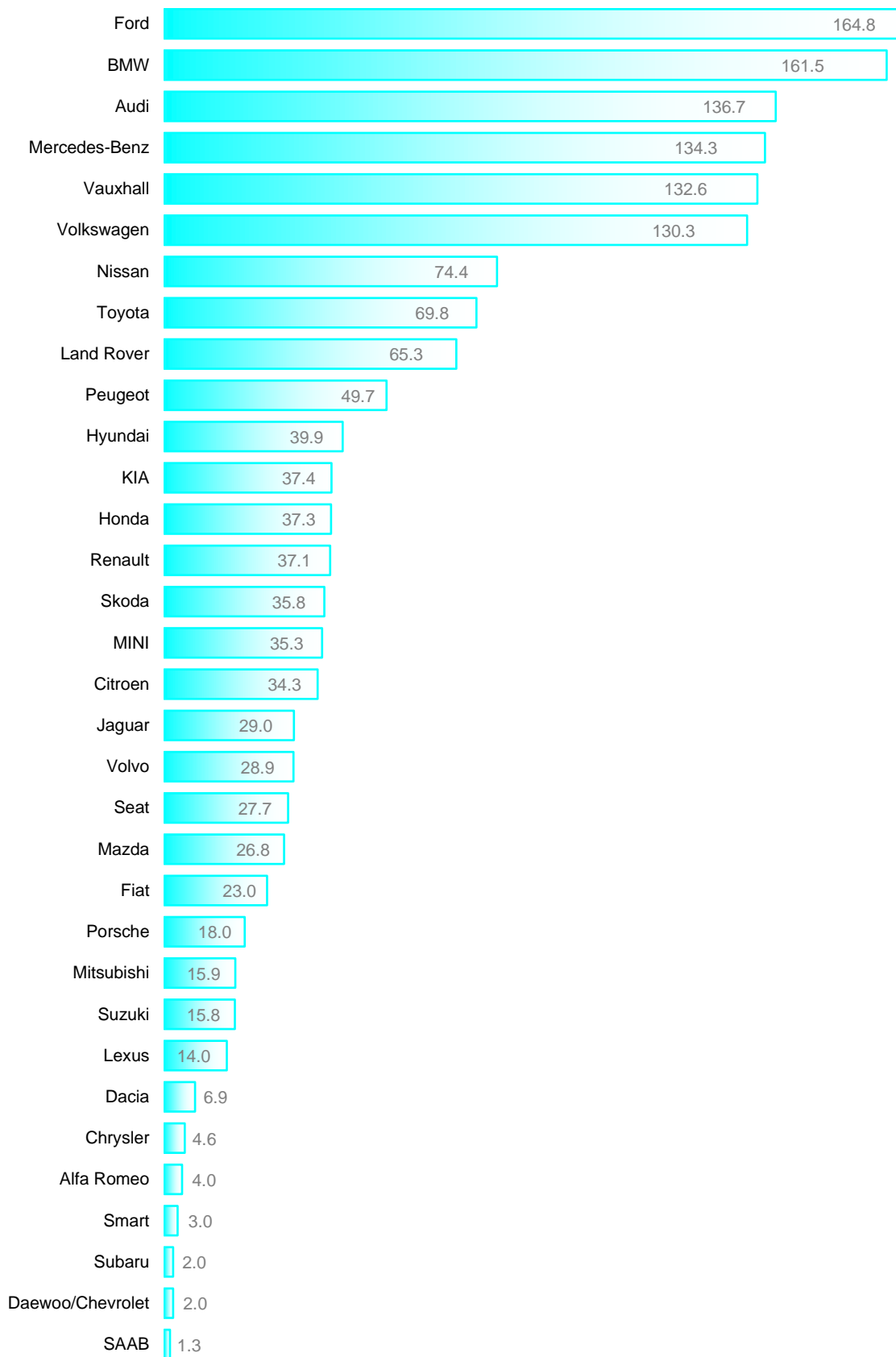


Figure 11 – Gross margins (£) per car repair by vehicle make, 2018 & 2019 H1



Source: Audatex / Trend Tracker

Figure 12 – Total gross car repair margins (£m) by vehicle make, 2018 & 2019 H1



Source: Audatex / Trend Tracker