



Why buy used?

The opportunity for sustained profit is much greater

This article is centered on the topic of why to buy used parts, but the real purpose of this message is something much bigger. The used auto part and the benefits associated with its reuse can help reduce costs for all stakeholders.

After I decided on this topic I called up a colleague of mine, Howard Schwartz of Dix Automotive Recyclers Inc. in Lincoln Park, Michigan to get some of his insights. Howard, an experienced writer and professional automotive recycler, fuelled my fire as he not only knew the issues but also was able to describe them clearly. I knew buying used parts made sense, but what is key to me is painting the entire picture about the benefits of used auto parts.

The big picture as Howard states is centered on costs. The more it costs to drive, the less people will drive and the less accidents and repairs.

We are all aware that insurance accident claims are down and business is not as robust as it could be. There is a sense that the insurance premiums are scaring drivers off the road.

Used parts reduce costs

Insurance companies are beginning to take note! In a recent conversation with Doug Whitehead of Allianz Canada, he tells me that his objective for 2004 is to see Allianz Canada have used parts being used on 10% of their claims. As of March 1st Allianz Canada stood at 6.27% (national average) of used parts being used on their claims. Ontario statistics were a bit better than the national average at 7.5%.

Doug is currently pushing appraisers to list recycled parts as an option for the repair process. Doug has also stated that he has objected to appraisals from his field appraisers if they do not list used auto parts. The push is on to ensure that recycled parts get utilized in the repair process.

The vision that Doug has is in line with the purpose of this article as the

cost savings that are realized with used parts directly affect the collision repair business.

As Howard Schwartz says, "The insurance carrier again saves on the price of pre-owned vs. new parts for the repair of vehicles, and saves again in paying for fewer totaled vehicles than if they used new parts alone. The insured saves in a reduced premium allowing more people to drive."

Full potential

The repairer who is an integral part of this process needs to be recognized and appreciated in order for this to work to its full potential. The repairer sees certain benefits in used parts due to the fact that the parts are OEM. Also, these parts often come as an assembly (a door that comes complete with hardware and glass for instance). Together we can come up with a plan that will help promote the use of used auto parts.

As a member of the progressive auto recyclers community I can tell you that our ears are wide open and we want to do business with your industry. We realize that collision repairers need a significant mark-up for parts in the repair process and we support your efforts to be more profitable.

As a recycler, I can't stand the idea of crushing good useable products because used parts aren't considered as an option. Nor can I accept the use of our precious natural resources when a used part is not considered. The reuse of used parts is an automotive recycler's core function. Help us contribute more effectively. Please e-mail me your thoughts on this topic at the address below. **CR**

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