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The **AUTO BODY** Monthly

from

D&R AUTO PAINT AND SUPPLY

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Hybrids: Is Your Shop Ready?

Collision shops can be smart and safe when servicing hybrid cars. What are some of the things you need to consider before doing collision repair on this new type of vehicle? Just as when unit body came into being, collision shops need to think about education, a new level of safety precautions, new equipment and some trial and error.

While just one out of every 100 cars sold today is a hybrid, these gasoline/electric-powered vehicles are gaining traction among consumers expressing concern with protecting the environment, unease over the nation's dependency on foreign energy imports and a growing animosity toward record profits being enjoyed by oil producers. Expect more than a million hybrids to be on the road by 2009.

A few body shops have been repairing hybrids all along - after first flat-bedding them over to the dealer to have them safely de-powered. Industry experts observe that serving these motorists can be accomplished in-house with an investment of about \$500, a pair of heavy rubber gloves and the proper training. Craig Totten, an instructional designer for I-CAR, forecasts that independent shops will see an equitable share of the collision work. "I think they'll show up at the same [dealer vs. independent] rates" as standard vehicles. "We are seeing the shops getting some of it already," he says. "Everybody should be ready for when they show up at the shop, so they'll know what to do when they get there." Now is the time to start thinking about how your shop will address these issues.

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Cut Your Buff Time Clean Up Your Paint Jobs

Buy 4 gallons of 3M 6837 dust control spray at
\$33.78 per gallon



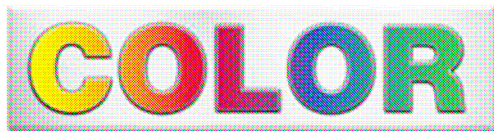
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Dust is held down and doesn't float when you sweep. It's an inexpensive way to cut the biggest time killer, buffing.

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Read More on Page 2!



**Bulletin Number 489 September 2005**

## **Deltron® 2000**

### **Mixing Toner Maintenance**

Mixing toners must be adequately shaken before use: Many variables can affect color match, an important one is agitation and mixing of PPG toners.

Adequately shaking toners is vital since some products contain ingredients that need to be thoroughly agitated to ensure that they are completely mixed. Simply inserting an agitator lid and placing on the mix machine will not properly integrate the ingredients for some of toners.

PPG strongly recommends shaking all toners for at least 5 minutes before placing on the mixing bank. It is critical that the following toners be shaken for 5 to 10 minutes prior to use:

- DMD1605
- DMD1606
- DMD1607
- DMD1609
- DMD1675
- DMD1676

Please follow all of PPG's recommended Best Practices for the Mix Room to ensure the best possible color match for all of your repairs.

### **Do You Print and Distribute This Newsletter to Your Techs? Sign Them Up!**

Many customers have told us that they distribute the D&R Auto Paint and Supply newsletter to their techs. Thank You! We hope it is a valuable service to your shop. If you would like your techs, managers, office staff, dealer owners, fixed op. managers, or other shop owners to receive the newsletter, simple click on the management site below and fill in the blanks. It's fast, easy, and will be appreciated by your co-workers.

[www.drautopaint.com/newsletter](http://www.drautopaint.com/newsletter)

**Sign up Dealer Owners, Managers, Techs, Office Staff, and Other Shop Owners!**

## **Audatex Reports Down Trend in Total Loss Frequency**

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**New data analysis refutes long standing belief that total-losses are still on the rise.**

For several years now, the trend in rising total loss percentages has been widely accepted as a fact in the collision repair industry. According to many in the industry, this trend continues. But, a new study completed by Audatex indicates that the total loss percentage of claims has actually been on the decline since 2004.

In a recent industry white paper authored by David McKay, vice president and chief knowledge officer for Audatex, indications are that the long-term trend of increasing total loss percentages reached a peak in 2004. The total loss percentage of appraisals actually declined 13 percent from 2004 through 2006, and 17 percent from 2004 through the third quarter of 2007, according to McKay's research.

McKay finds that in the nearly three years since 2004, the percentage of total losses has slipped back to near 2002 levels. In 2001, the percentage of total losses was just under 12 percent, rising to more than 16 percent by its peak in 2004. McKay predicts that if conditions are similar in the fourth quarter of this year to what they were in the fourth quarter of 2006, the total loss percent of appraisals will come in just over 14 percent for the year 2007.

According to McKay, this new downward trend can be attributed to two main factors: lower real repair costs and rising used vehicle values.

Comparing data from wholesale vehicle auctions, McKay found a strong correlation between used vehicle auction prices and the total loss percentage of vehicle appraisals. Used vehicle auction prices declined dramatically throughout most of 2002 hitting a low in the spring of 2003 and since that time prices have trended steadily upwards-rising sharply from 2004 through 2007.

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Continued on Page 3...

Words to Live By:

*"The unhappy seeds of life cannot
take root in a happy heart."*

Audatex Continued...

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Looking at the cost of repair, McKay found that average repairable vehicle appraisal values may have increased from 2004 to 2006 in dollars, but adjusting for inflation shows that this figure actually declined two percent over that same time period. The average gross appraisal values (GAV) for repairable vehicles increased by a modest \$292.00 since 2001, according to Audatex data, but on an inflation adjusted basis, the GAV actually declined \$69.00.

As far as the downward trend continuing, that may depend on the used car market. Acknowledging the recent softness in the general economy, and the used vehicle market in particular, Audatex expects the total loss percentage of vehicle appraisals to increase modestly in 2008 as used vehicle prices decline. McKay notes that average used vehicle prices are nearing the record highs they reached in early 2001 and concludes that these prices are unsustainable especially if the economy were to cool as many expect.

In the report, McKay also evaluates other factors that may affect total loss percentages such as catastrophic weather losses, new vehicle incentives, and new vehicle lease penetration. In 2006, new vehicle leasing increased to near 2001 levels which should make off-lease auction volumes increase towards the end of 2008, adding additional downward pressure on used vehicle prices at auction.

Audatex Vice President of Industry Relations Rick Tuuri commented, "This is the kind of valuable information that Audatex is pleased to make available to the industry, and with the addition of David McKay, who joined the company this year, we are in a tremendous position to further capitalize on the value of Audatex data, combined with other industry data, to analyze and predict trends for the benefit of the industry as a whole. Audatex intends to bring more of this type of valuable reporting and analysis to the collision industry in the future."

7 Things Auto Body Shops Won't Tell You

This was a very interesting article that recently popped up on the MSN home page. As a collision repair professional, what you agree or disagree with in the article doesn't matter. This is what is being sold to the public. It's very important that you're aware of public perception as you deal with vehicle owners. Many are skeptical. While I'm concerned with the information in topic number 2, topic number 7 hits the nail on the head. The key is educating your customer every chance you get.

Whether the accident is your fault or the other driver's, make sure you go to an appropriate repair shop -- and ask for what you require. Continued in next column...

1. That fender bender will be a major expense. If the accident is your fault and you have the typical \$500 deductible for a collision, kiss your money goodbye. A survey of repair shops in the Washington, D.C., area by Consumers' Checkbook, a nonprofit consumer information group, shows that replacing a fender on a 1998 Buick LeSabre can cost as much as \$982. A new front bumper on a 2006 Mercedes-Benz E-Class can go as high as \$1,350.

2. Approved shops are beholden to tightfisted insurers. Auto insurers contract with providers to repair vehicles for a pre-negotiated rate (think of it as managed care for sick cars). And your car could be the victim of cost cutting.

3. Not all replacement parts are created equal. Original-equipment manufacturer (OEM) parts are designed to match precisely and may be safer. But insurers prefer that shops use generic or salvage replacement parts because they're cheaper. If you cause an accident, you could be bound by wording in your policy to use aftermarket parts or pay the difference for OEM parts. But if someone hits you, tell the shop to use OEM parts.

4. The due date is most likely fiction. Mechanics routinely blame missed deadlines on delays in parts delivery. The truth is that many of them take on more business than they can handle. Before you commit your business to a shop, check the local Better Business Bureau and government consumer-affairs offices for complaints against it.

5. A rented car will cost you. Renting a car for three weeks could cost \$1,000 or more. Even if you have optional rental-car insurance (which costs \$1 or \$2 a month), your daily reimbursement may be limited to the cost of a compact car. If you need a minivan while your car is in the shop, make sure you have minivan-size coverage.

6. Your car needs a shop that speaks its language. Many European cars use aluminum and ultrahard steel that require special equipment to repair. Plus, replacement parts for late-model European vehicles have to be fit with an especially high degree of precision. Shops should be certified by the manufacturer to do the work, meaning they must have specialized training and equipment -- and charge higher rates. Insurers won't necessarily recommend these shops, but they should be willing to pay the tab.

7. The insurer's warranty isn't all it's cracked up to be. Insurers sometimes dangle warranties on the parts (for as long as you own the vehicle) to entice you to go to shops in their network. But the body shop's guarantee is the one that's important. Nearly all shops will guarantee their work, and parts makers guarantee their parts, making the insurance warranty all but worthless.