

Industry Trends Live

Q1 2016

An interactive, in-depth look into the latest Industry Trends Report from Mitchell



Industry Trends Webinar Q 1 2016

Greg Horn

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Financing Facts

- The average monthly payment for an auto loan is \$488
- Average new car ownership length is now 96 months/8 years
- In 2014, 24.9% of all new-car loans were 73 to 84 months long.
- Four years ago, less than 10% of loans were that long.

Financing Facts

- The impact of those lengthy terms have pulled the average new-car loan to 67 months.
- Average customer puts 1% of purchase price as down payment
- Average negative equity is \$1,300 rolled in to new financing
- 29% of new vehicles are leased at an average payment of \$407

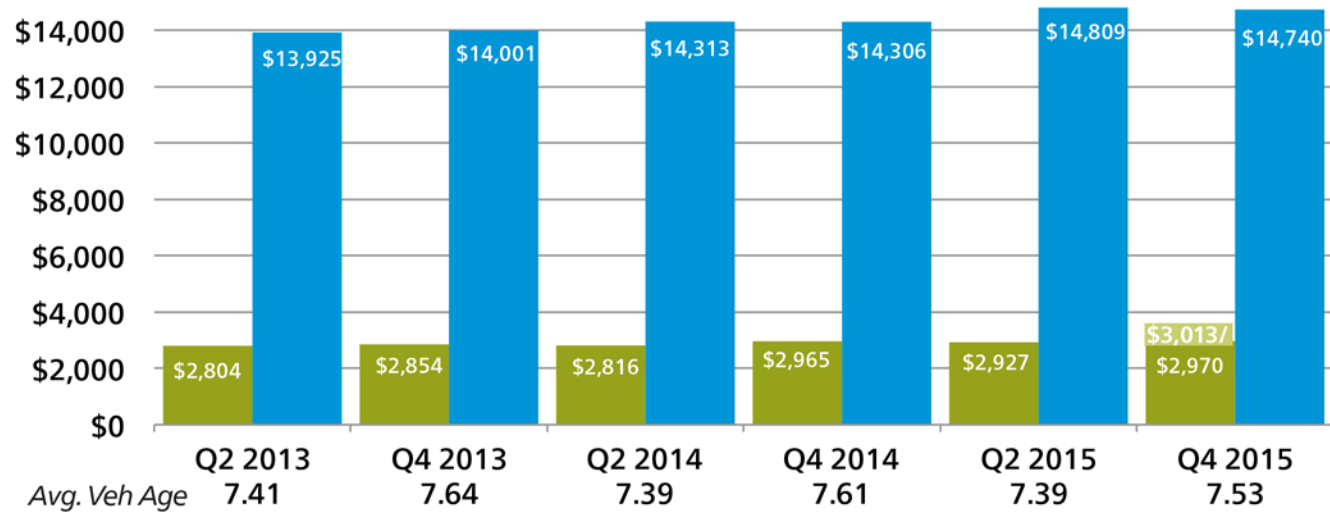
Canadian financing facts

- The average term of a light-vehicle loan in Canada is 69 months, with 62% of new loans being 72 months or longer.
- The average payment on a car loan in Canada is \$549 a month
- The lifespan of some car loans these days (96 months, or eight years), is approaching the average lifespan of a vehicle in Canada, which is 9.8 years.
- The hottest growing loan length is 84 months with 96 month loans doubling in frequency
- 30% of trade ins are upside-down in the loan
- 19% of vehicles are leased.

U.S. Vehicle fatalities increase

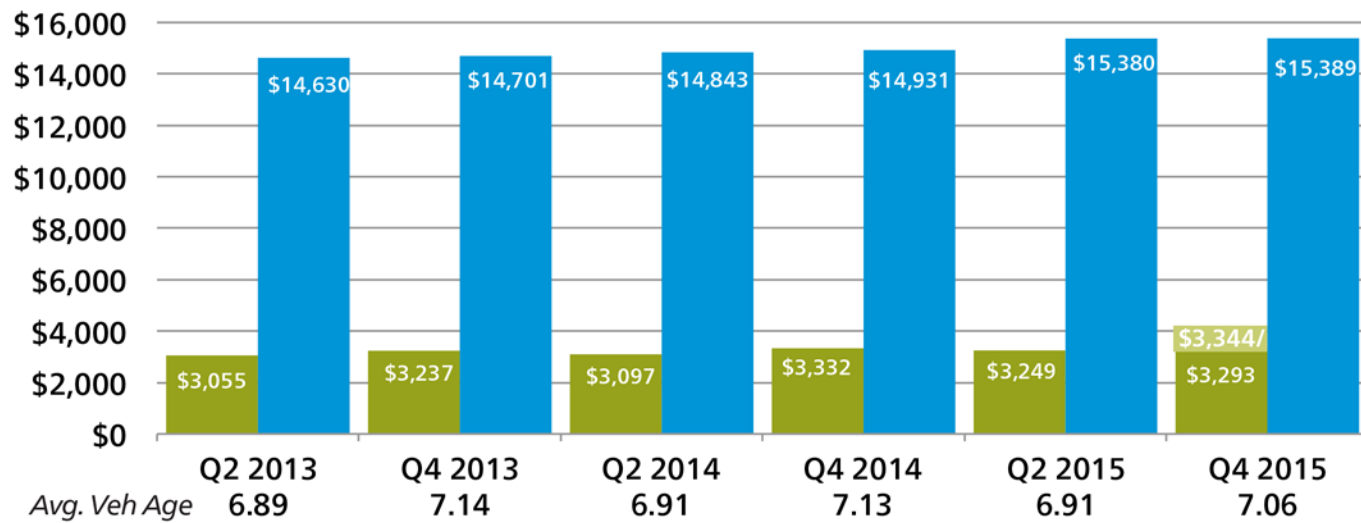
- After decades of steady decline, roadway deaths fell to a historic low in 2014. But a newly released report from the National Highway Traffic Safety Administration shows that the numbers are on track for a 9 percent increase in 2015.
- NHTSA estimates that 26,000 Americans were killed in traffic crashes between Jan. 1 and Sept. 30, 2015.
- At the current rate, that will near 36,000 for all of last year. Compared to 32,675 in 2015
- At the current rate, Americans are dying at the rate of two loaded 747s crashing every week.

Average Appraisal Values, ACVs and Age | All APD Line Coverages*



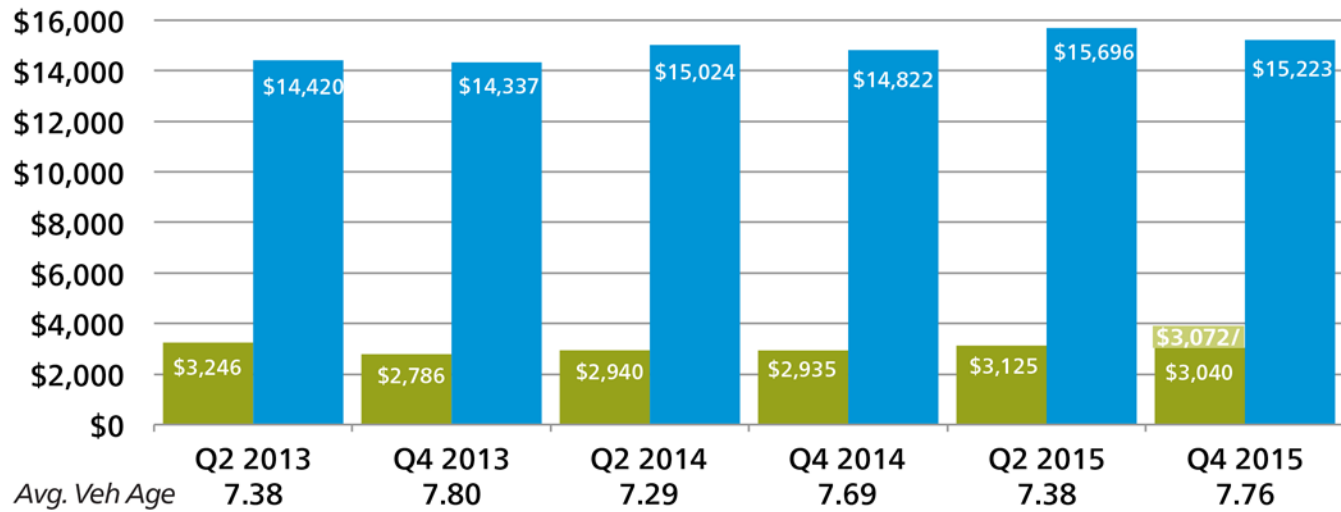
* Values provided from Guidebook benchmark averages, furnished through Mitchell Estimating. ■ Appraisals ■ ACV's

Average Appraisal Values, ACVs and Age | Collision Coverage*



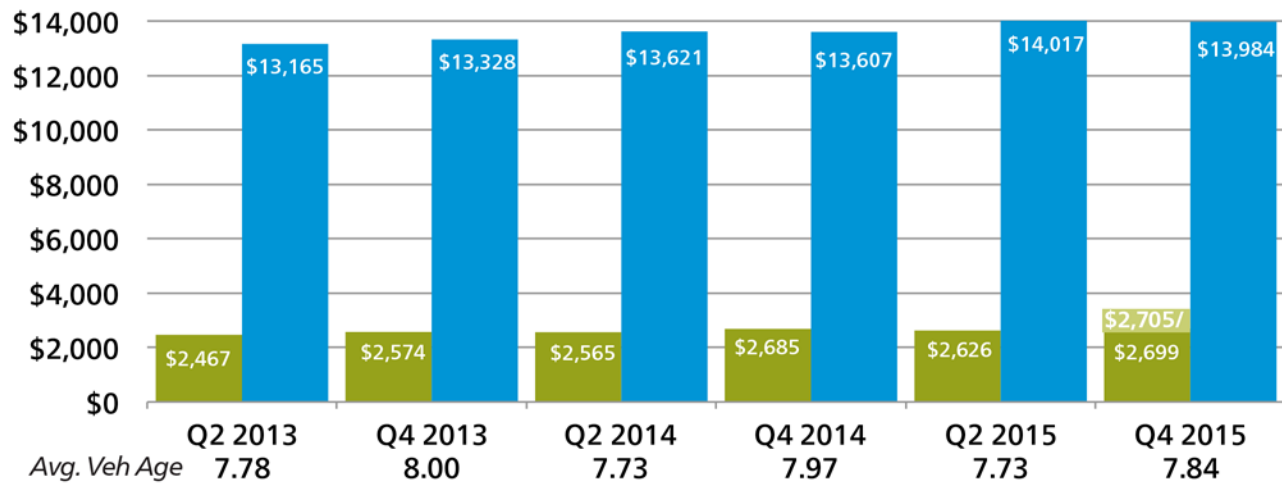
* Values provided from Guidebook benchmark averages, furnished through Mitchell Estimating. ■ Appraisals ■ ACV's

Average Appraisal Values, ACVs and Age | Comprehensive Losses*



* Values provided from Guidebook benchmark averages, furnished through Mitchell Estimating. ■ Appraisals ■ ACV's

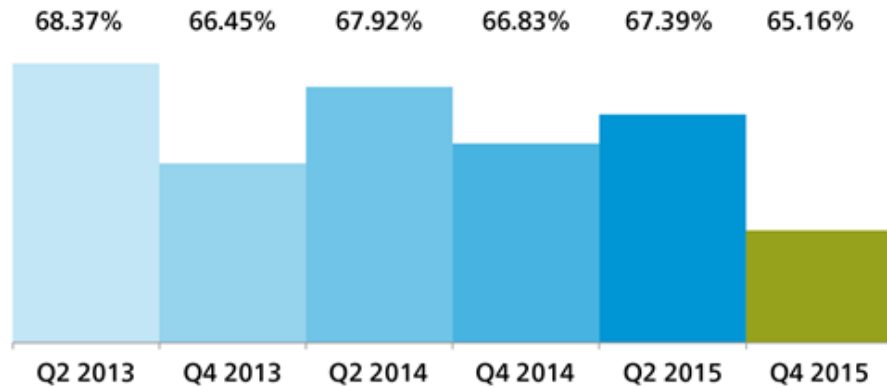
Average Appraisal Values, ACVs and Age | Auto Physical Damage APD*



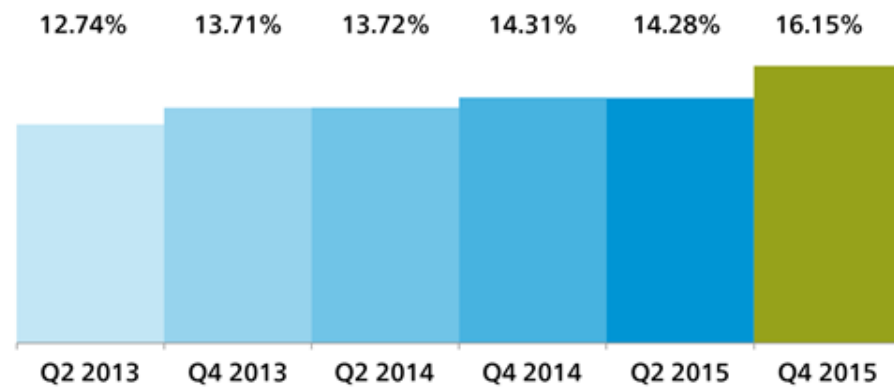
* Values provided from Guidebook benchmark averages, furnished through Mitchell Estimating. ■ Appraisals ■ ACV's

Percent of parts dollars

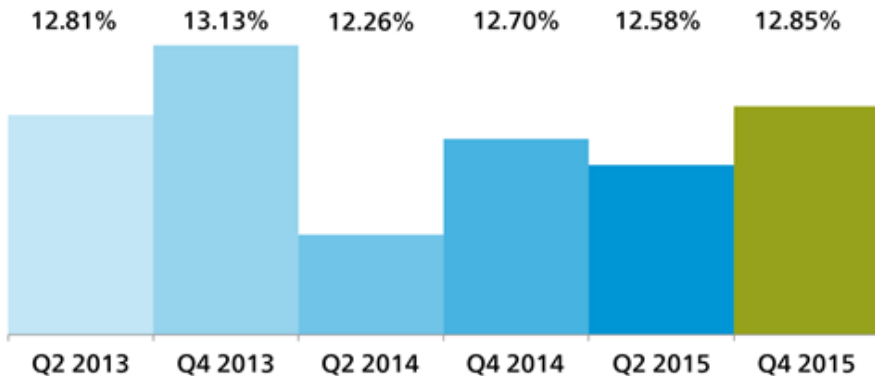
Parts-New



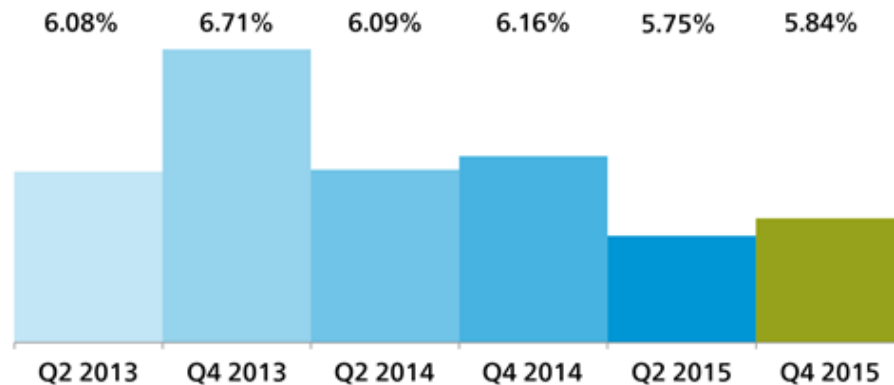
Parts-Aftermarket



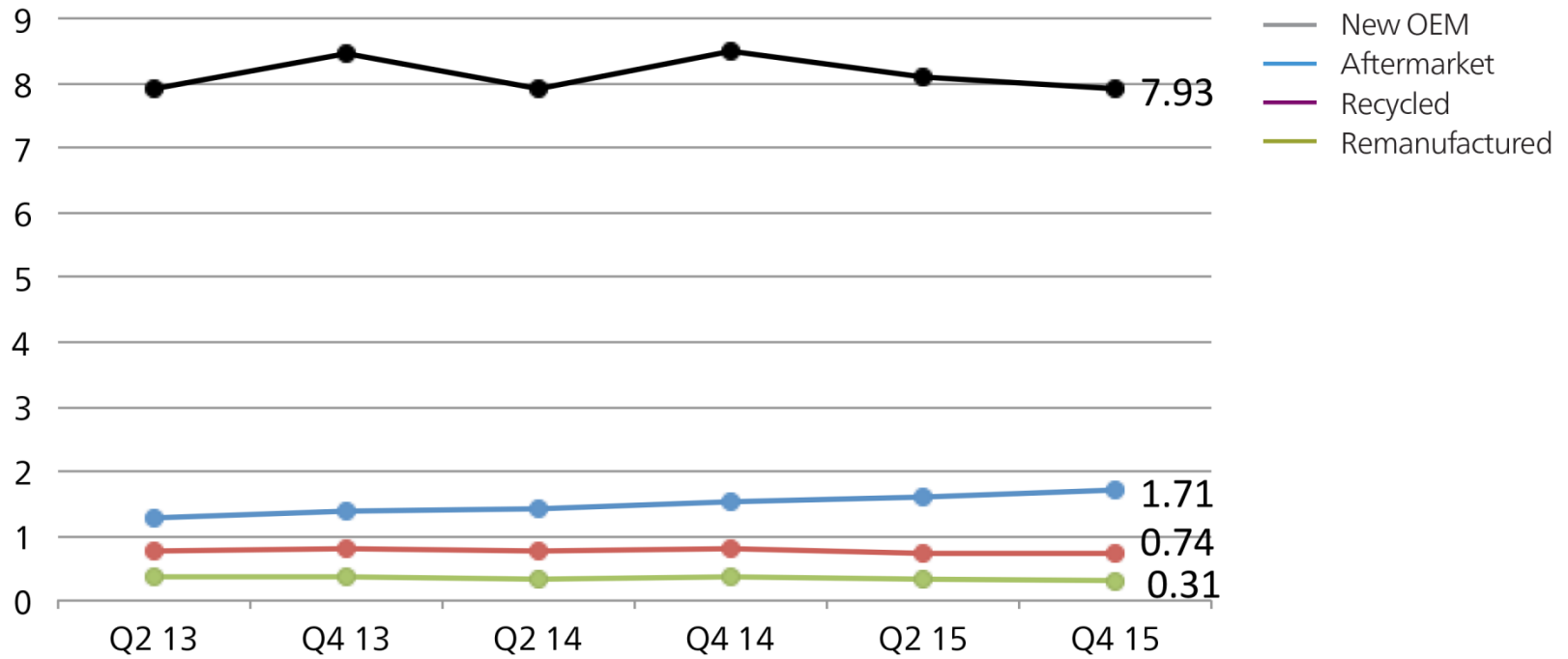
Parts-Recycled



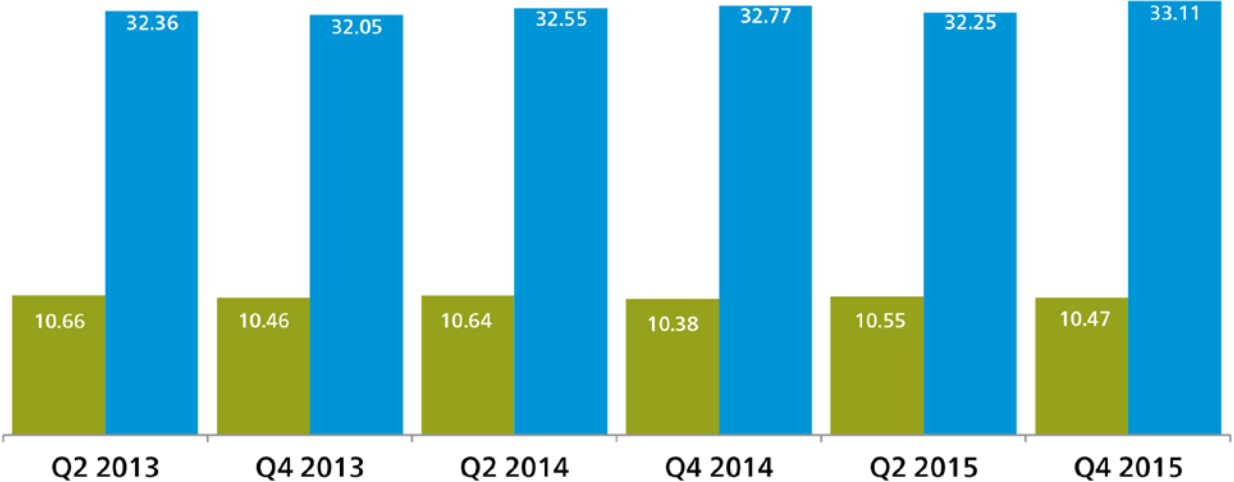
Parts-Remanufactured



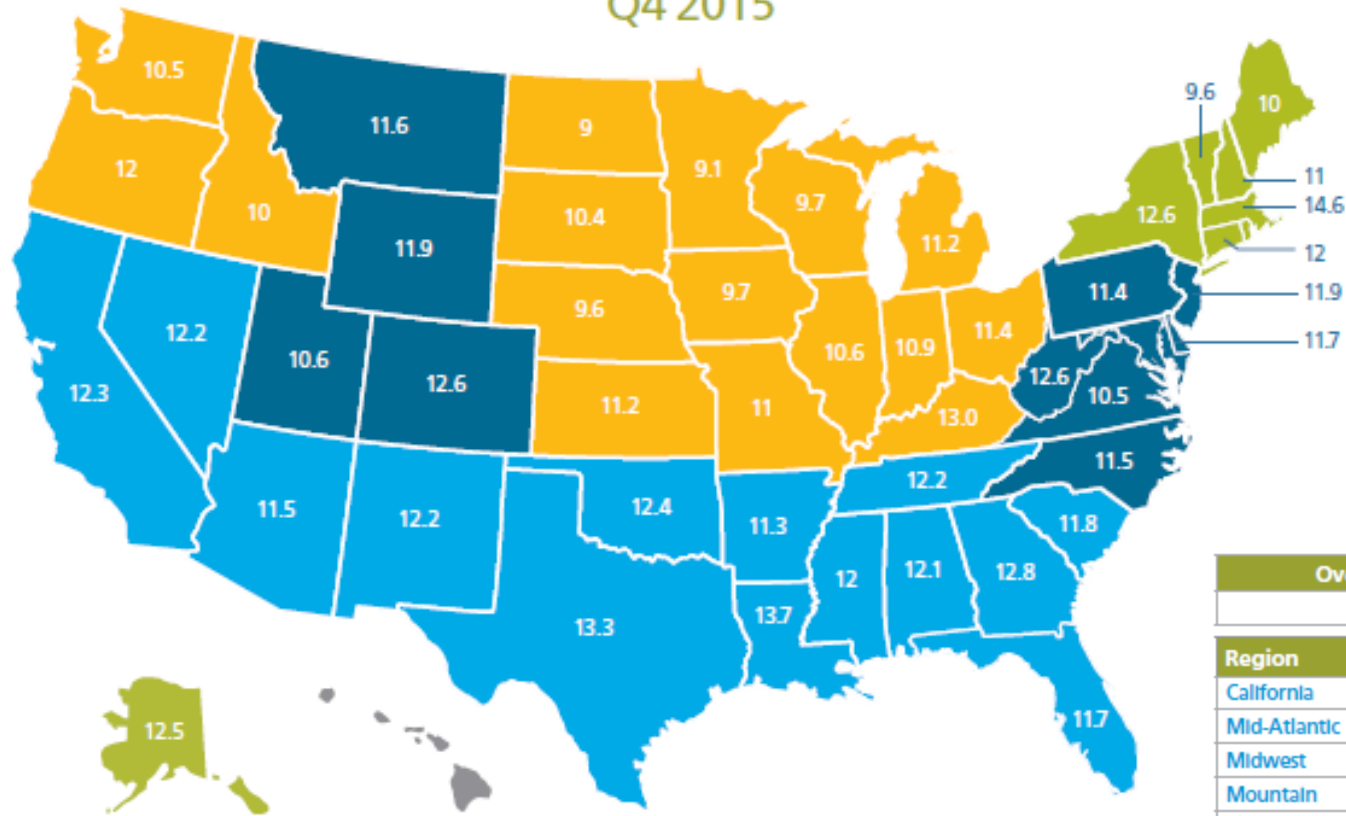
Number of Parts by Parts Type



Paint And Materials, By Quarter

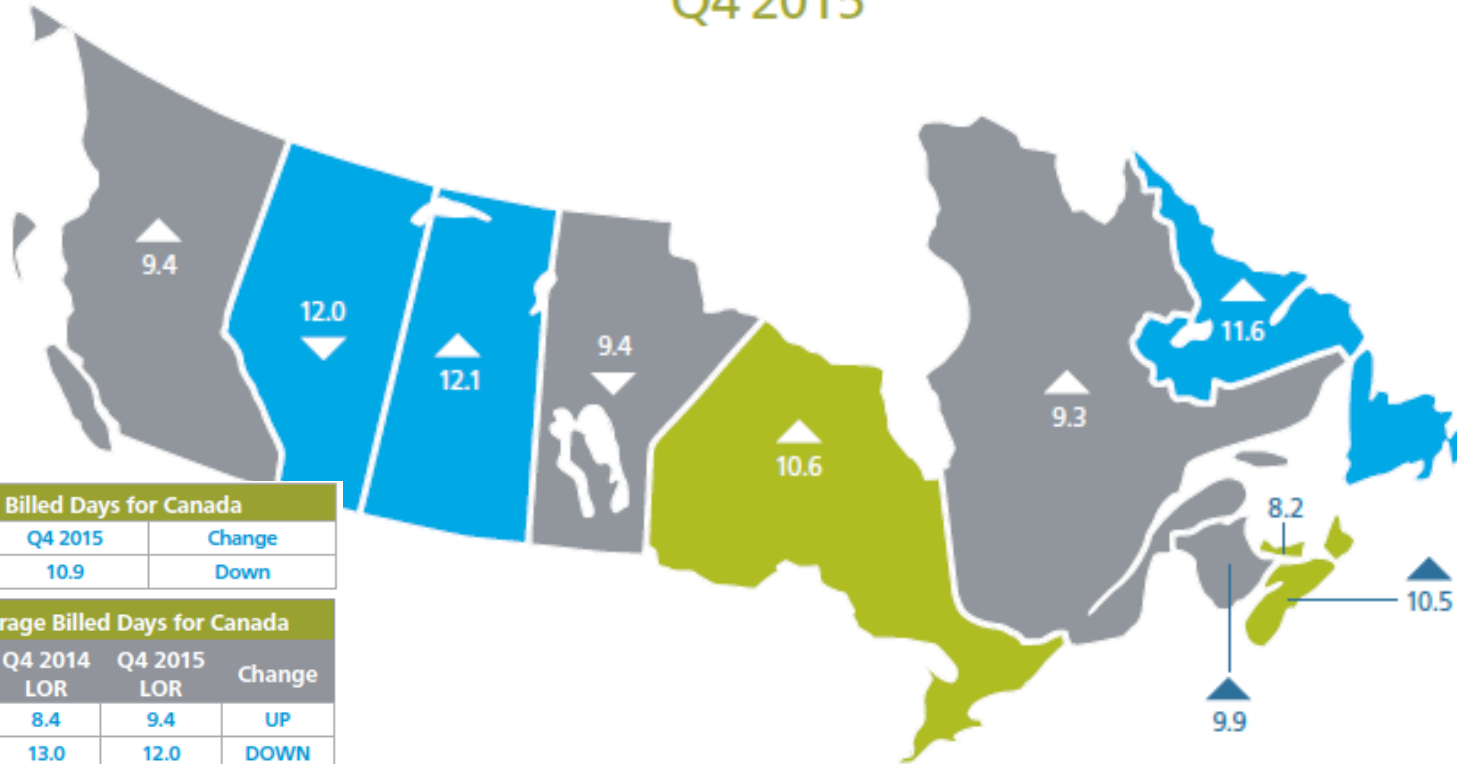


U.S. Average Length of Rental by State Q4 2015



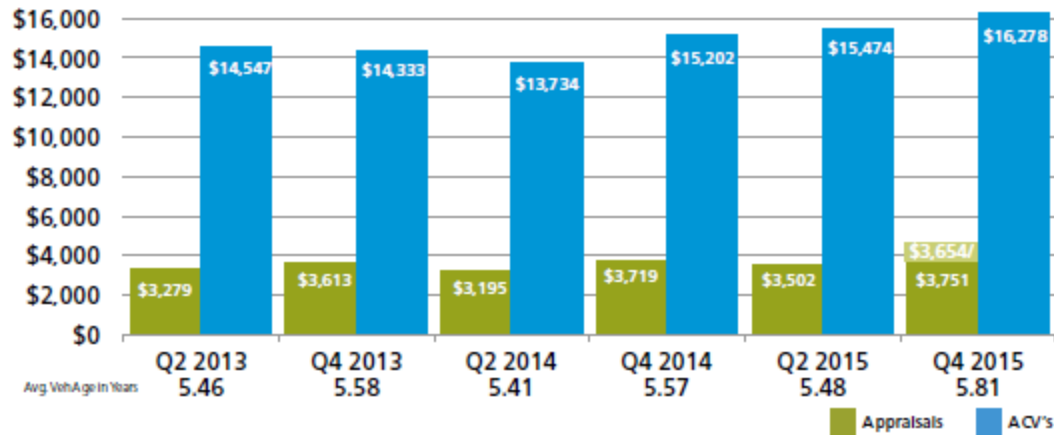
Overall U.S. LOR	
11.9	
Region	LOR
California	12.3
Mid-Atlantic	11.4
Midwest	10.9
Mountain	12.0
Northeast	12.8
Northwest	10.9
Pacific	10.8
Southeast	12.2
Southwest	12.9

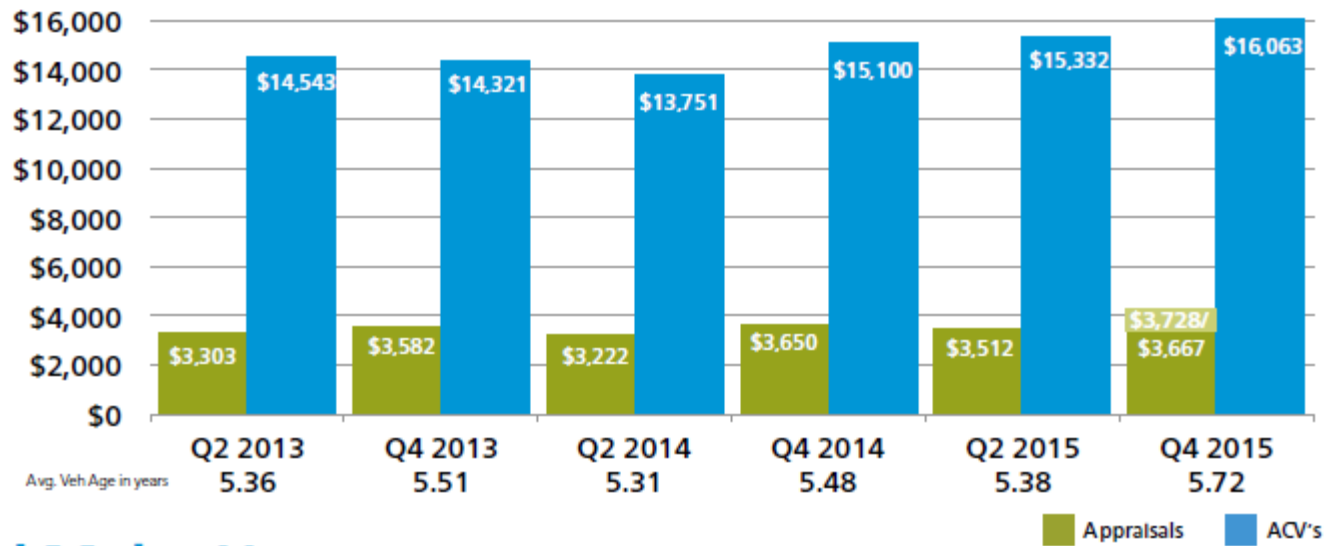
Canadian Average Length of Rental by Province Q4 2015

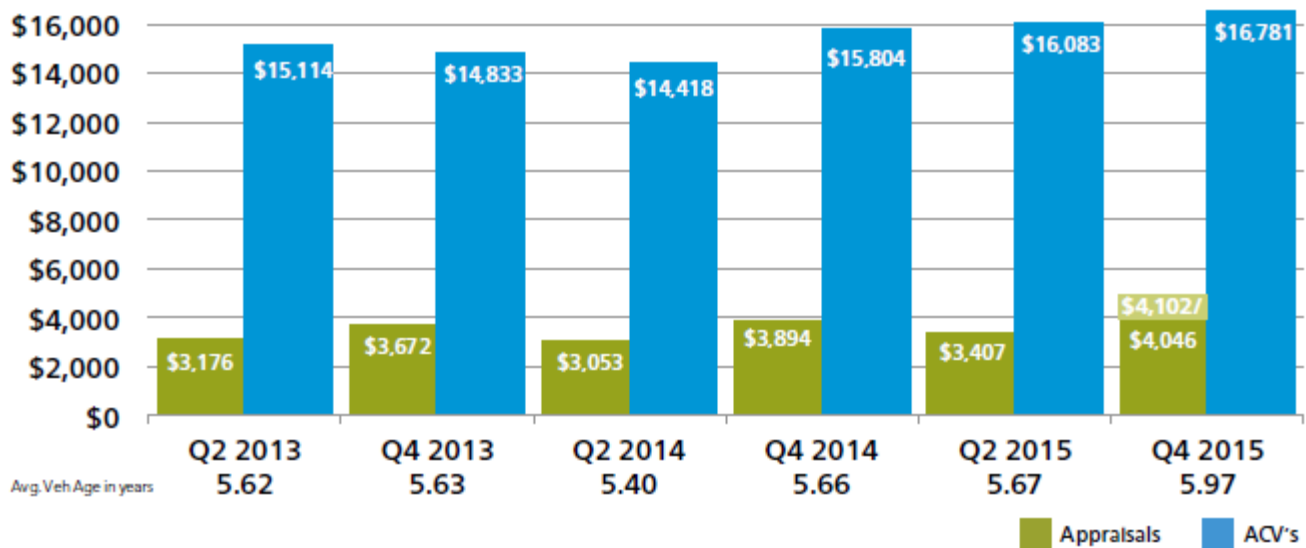


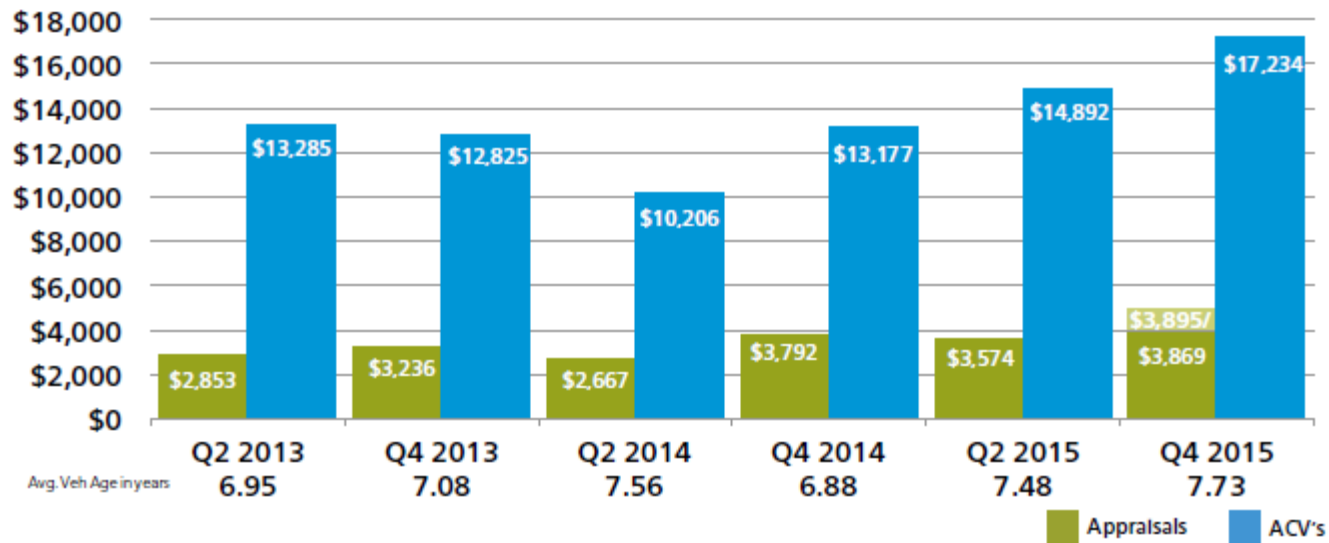
Average Billed Days for Canada		
Q4 2014	Q4 2015	Change
11.0	10.9	Down

Province Average Billed Days for Canada			
Province	Q4 2014 LOR	Q4 2015 LOR	Change
British Columbia	8.4	9.4	UP
Alberta	13.0	12.0	DOWN
Saskatchewan	10.6	12.1	UP
Manitoba	10.0	9.4	DOWN
Ontario	10.5	10.6	UP
Quebec	9.1	9.3	UP
Newfoundland and Labrador	10.4	11.6	UP
New Brunswick	9.7	9.9	UP
Nova Scotia	9.6	10.5	UP
Prince Edward Island	8.2	8.2	SAME









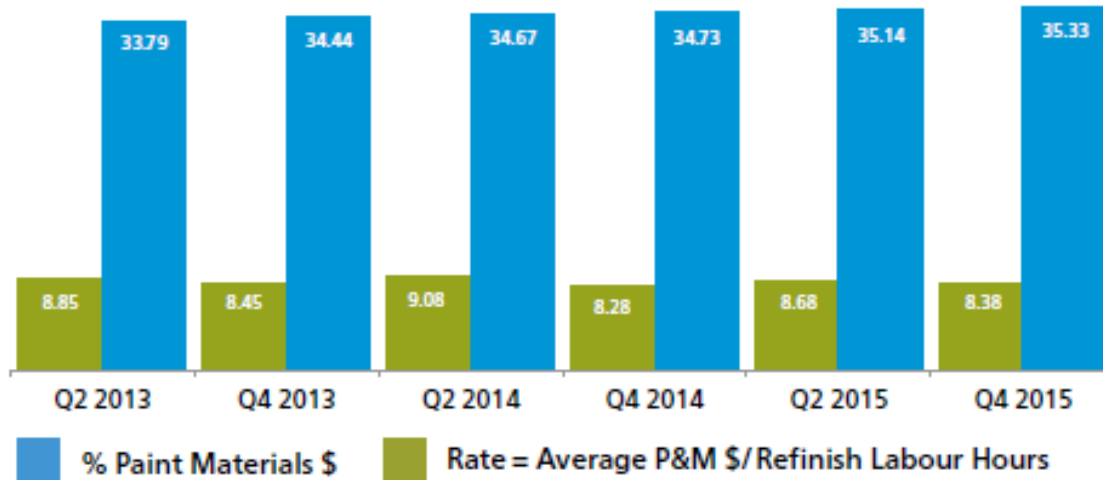




Figure 36—Parts-New

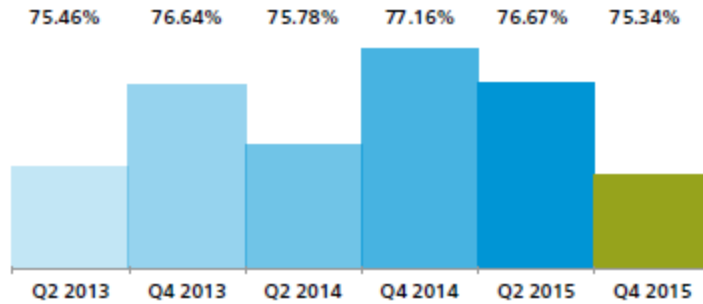


Figure 38—Parts-Aftermarket

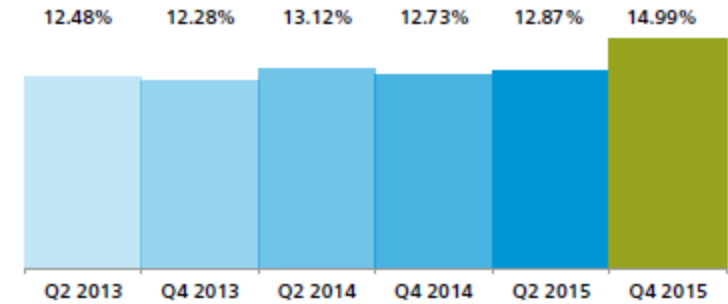


Figure 37—Parts-Non-New

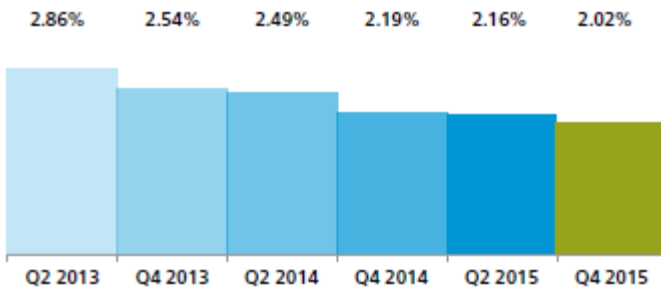
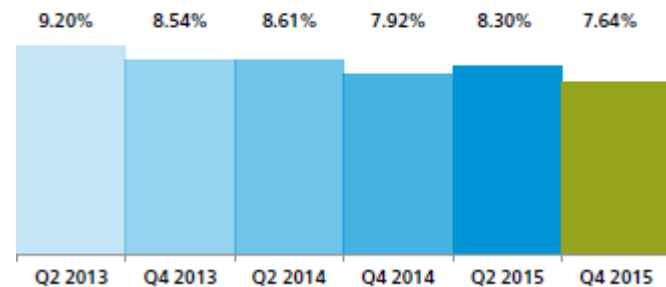
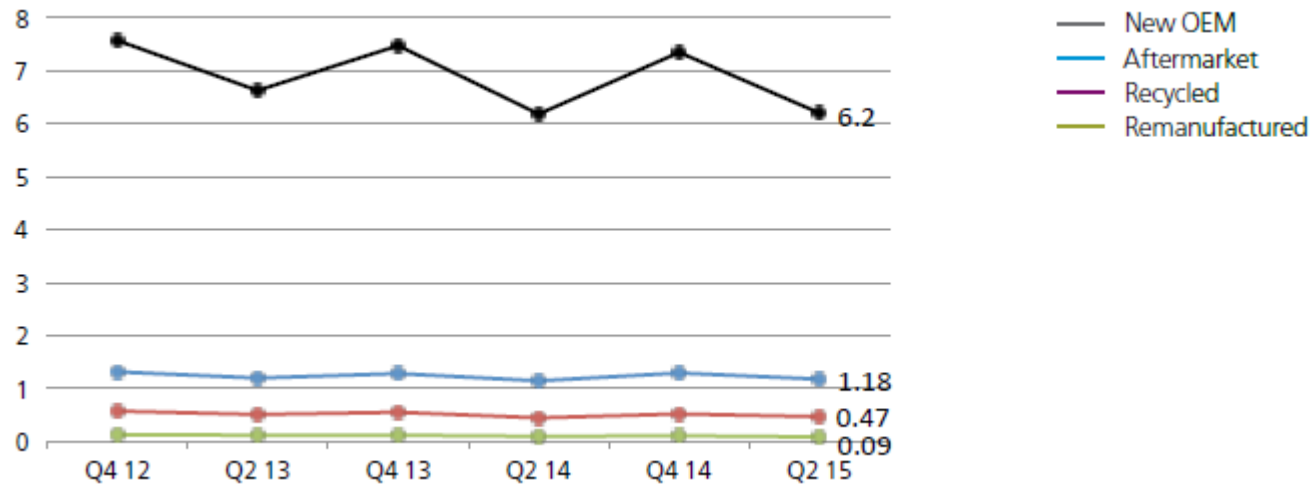


Figure 39—Parts-Recycled





Auto Physical Damage Edition



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Industry Trends Report

FEATURED IN THIS ISSUE:

The High Cost of High Tech

By **Greg Horn**

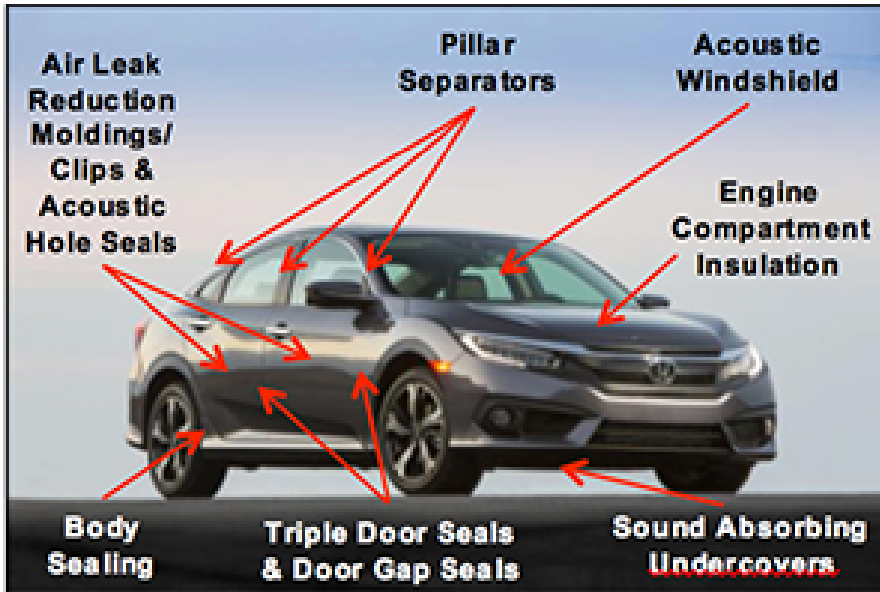
Vice President of Industry Relations, Mitchell



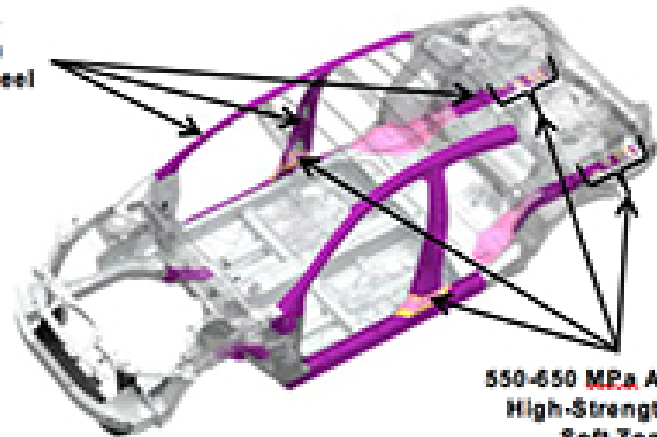
2010 and 2015 compared

Toyota Camry				Chevrolet Malibu			
	2010	2010-IA	2015		2010	2010-IA	2015
Average Severity	\$3,143	\$3,420	\$3,559	Average Severity	\$3,127	\$3,403	\$3,699
Average Part Amount	\$1,693	\$1,843	\$1,955	Average Part Amount	\$1,805	\$1,964	\$2,203
Average Labor Hours	29.9	29.9	30.1	Average Labor Hours	27.7	27.7	27.7
Average Labor Amount	\$1,408	\$1,532	\$1,568	Average Labor Amount	\$1,335	\$1,453	\$1,502
Average Labor Rate	\$47.1	\$51.2	\$52.0	Average Labor Rate	\$48.1	\$52.4	\$54.2
Average Paint Material Amount	\$285	\$310	\$337	Average Paint Material Amount	\$279	\$304	\$301
Average Paint Material Rate	\$24.6	\$26.8	\$27.4	Average Paint Material Rate	\$25.0	\$27.2	\$27.5
Average Part Quantity Replaced	12.1	12.1	12.6	Average Part Quantity Replaced	\$12.1	12.1	11.7



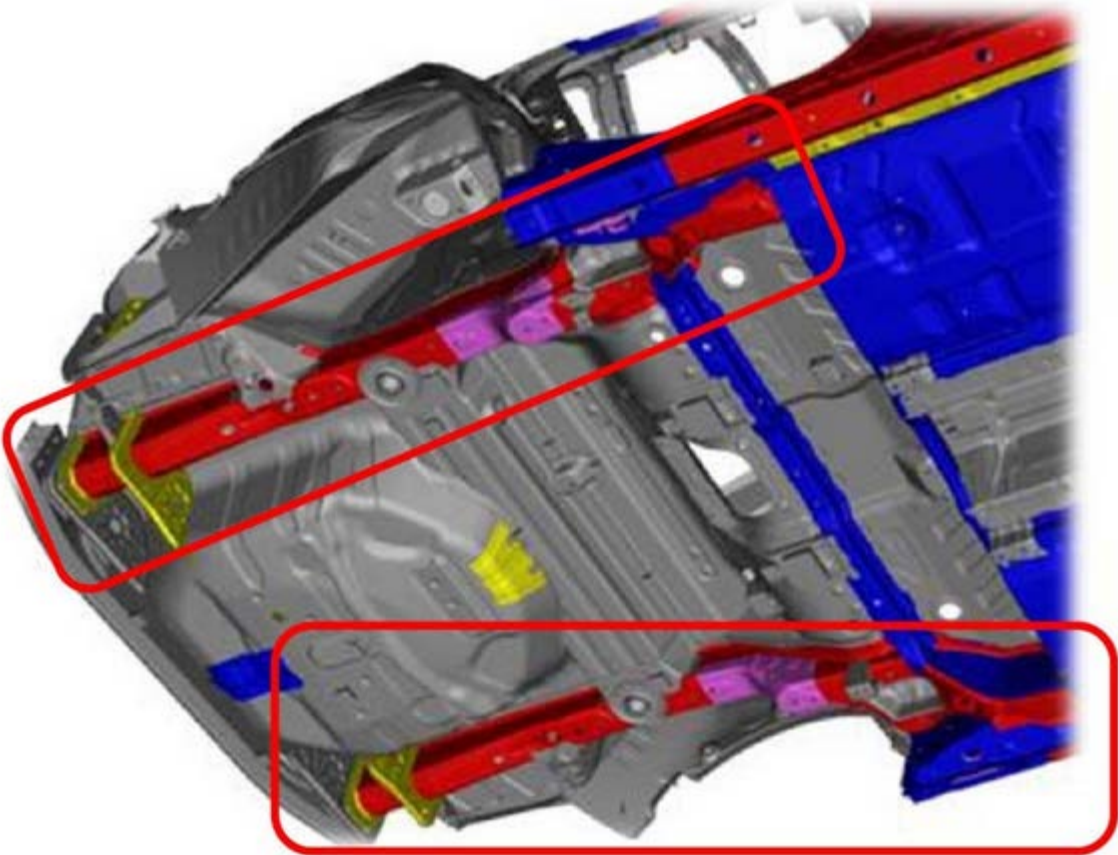


1500MPa Hot-Stamped Ultra High-Strength Steel Structures



From the Honda technical bulletin

- “The use of 1,500 MPa frame rails requires that they be replaced as complete assemblies at the factory seams, with no sectioning allowed.”
- “The basic repair procedure involves removal of the rear body panel and trunk floor to access the rear frame rails and requires a commercially-available 500mm spot welder extension arm. MIG brazing and MAG plug welding are used in areas inaccessible by the spot welder depending on the grade of steel involved. “
- “The rear outer (quarter) panel and wheelhouses do not need to be removed unless required by the severity and angle of impact.”



In the news

Volvo wants your phone to be the only car key you ever need

- By next year, Volvo wants to become the first manufacturer to sell cars without keys. Instead of a physical key or even a Bluetooth key fob, Volvo customers will use a "digital key" in a smartphone app to access (and share that access) to their cars.
- Drivers will be able to use the app (and a Bluetooth connection) to start their car, open the trunk, mess with the security system, or — like with a key fob — simply have the car unlock as you approach it.



Ford Fusion pothole control

- The new Fusion V6 Sport sedan will come equipped with a computer controlled shock absorber system that will automatically stiffen when sensors detect that a wheel is rolling into a pothole.
- That allows the shock absorber to keep the wheel elevated as it rolls over the hole rather than dropping down into it. The action of the front shock absorber also triggers a signal for the back wheel's shock absorber to respond similarly.
- Similar technology is available on some luxury cars, including Ford's Lincoln MKZ. This is the first time a mid-sized car in this price range has offered this sort of technology.



SUV's are back in a big way

- Sales of Ford's recently redesigned Edge SUV rose 34 percent to a record 14,399 last month
- The Lincoln Navigator soared by 50 percent.
- Deliveries of most of General Motors Co.'s crossover SUVs increased, with the Cadillac SRX and extra-long Escalade ESV each gaining more than 20 percent.
- Fiat Chrysler Automobiles NV's Jeep sales surged 13 percent to 79,652, led by the Wrangler and the Cherokee.

Ford expands SUV offerings

- Ford said that it expects interest in SUVs to flourish over the next four years
- Ford said that the four SUVs that it will release by 2020 are intended to attack segments in which Ford lacks products.
- The boom in US auto sales has been particularly defined by strong sales of SUVs, leading some industry executives and observers to conclude that a permanent shift away from sedans is underway.



Maserati Levanti

- the first crossover in the luxury brand's 100-year history.
- The vehicle, to be built in Fiat Chrysler Automobiles' Mirafiori assembly plant
- It will be unveiled at the Geneva auto show next month.



Bentley Bentayga SUV

- Base price is a far from reasonable \$231,825
- Claimed top speed of 187 mph
- Made possible by a twin turbo 600hp W12 engine
- electrically actuated suspension system that provides on-road ride sophistication and off-road ruggedness.
- The system features the first application of the auto industry's emerging 48V technology, resulting in a suspension that responds more quickly than a conventional hydraulic system setup.



Land Rover Defender ends production after seven decades

- It used lightweight aluminum for the body panels; initially because the shortage of suitable steel and lack of pressing tools required to bend any curves in the metal in post war England
- The slab-sided aluminum's resistance to corrosion brought a useful side effect: it is no coincidence that two-thirds of the two million-odd Land Rovers ever built are reckoned to still be on the road



- The Scion brand, which began as an experiment to attract young car buyers to Toyota 13 years ago, is being killed.
- The U.S.-only Scion will cease to exist this year and most existing Scions will transition to the Toyota brand starting in August. The tC coupe is being discontinued that same month, while the upcoming C-HR small CUV will be badged a Toyota.
- The Scion FR-S will be renamed as the Toyota FR-S and not FT or GT 86 as it is in the rest of the world

Scion no more



- “We are taking great care to embrace innovations that can boost safety and improve efficiency on our roadways. Our interpretation that the self-driving computer system of a car could, in fact, be a driver is significant,” said NHTSA Chair, Anthony Foxx.
- “But the burden remains on self-driving car manufacturers to prove that their vehicles meet rigorous federal safety standards”; he concluded



VW diesel sales update

- WardsAuto.com, is reporting that there were just 222 diesel-powered cars sold in the U.S. in January, a sharp decline from the 4,448 sold in the same period a year ago, and down about a third of the 631 sold in December 2015. Diesel car sales for 2015 peaked in May, when 9,300 units were sold.
- However, all may not be lost in the world of diesel vehicles. In the United States, diesel-powered trucks are more popular options than sedans.
- In January 2016, automakers sold almost 22,000 diesel light-trucks, a 16% decline compared with January 2015.



Das Emissions.

When life gives you lemons, make sausage?

- VW's latest sales figures show that the automaker sold more than 7.2 million sausages in 2015, compared to worldwide sales of 5.82 million cars last year.
- Volkswagen sales growth turned negative for the first time in at least four-and-a-half years in April and declined even further after the firm admitted in September it had cheated on emissions .Up to 11 million vehicles worldwide could have illegal software installed, according to the company.
- But sausage sales suffered no such slump, with an additional 1 million wursts sold compared to the previous year, according to media reports.



Your Questions