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Episode 20: Making Better Collision Repair Parts Decisions

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When it comes to automotive parts, price is only one part of the equation. Host Ryan Mandell and Greg Horn, vice president of sales enablement at PartsTrader, explore how parts pricing, availability and delivery times affect collision repair decisions. They discuss supply chain disruptions, price matching, parts inflation and competitive sourcing, along with how carriers and repairers can balance cost with cycle time, throughput and profitability.

Ryan Mandell: Welcome back to the Mitchell Collision Podcast. I'm your host, Ryan Mandell, and today I am joined by a very special guest, my new coworker, Greg Horn from PartsTrader. Greg, what is your official title at PartsTrader these days?

Greg Horn: So the official one, it changed a lot. It is officially now vice president of sales enablement.

Ryan Mandell: Well, it's great to be with you. We're here at the Enlyte Envision conference in sunny San Diego and we thought we would take this opportunity to really focus on what's going on in the parts world and what should carriers and repairers be thinking about when it comes to parts. Obviously being part of PartsTrader, that's what you guys live and breathe every day.

But maybe before we get into all of that business stuff. I'd love for people to learn a little bit more about how we all kind of got started in this industry and I know we've each got very different stories. So maybe, Greg, you tell me a little bit about how you ended up in the claims ecosystem. What got your start in this beautiful industry?

Greg Horn: And it is a beautiful industry. I've been fascinated with cars since I can remember. My first job was working in a parts department. So hence my love of parts that, you know, still goes on to this day. And then I took a detour and lived in Germany for a while where I worked at a VW dealership and was working, surprise, in the parts department and also was not officially allowed to work on cars because I didn't have the qualifications, the official paperwork, but I did that at night and after school.

And then came back to the U.S. and applied at two insurance companies. I applied at Progressive and Safeco Insurance and got both offers and made the strategic decision to take the Safeco offer because they would let me take the car home. That was big, you know, to have a free and clear car that I could reimburse personal mileage, it was great. And so, I stayed there until I joined Mitchell my first go around. So yeah, that's how I got started.

Ryan Mandell: Yeah, it's funny how kind of just the general need for employment kind of got us into this industry. But I think there is something attractive about not only the automotive aspect, but I think for me, at least at the time, my first job was with Progressive, and I was just working as a claims adjuster. And what got me interested is, at the time I was actually spending the summer in Peru working on an archeological excavation. My undergraduate degree was in anthropology and archeology. That's what I thought I wanted to do.

And I remember sitting in an internet cafe, because that's how you connected back then in 2004 and thinking, my gosh, when I get home, I need a job. I have to be able to make some kind of money. And was looking at these ads and found Progressive. And to me, kind of the almost investigative aspect of it and trying to put together the pieces of a puzzle is kind of like what you're doing in archeology. I was like, oh, this kind of translates a little bit. And 22 years later, here we are.

So, it's funny the different paths, but I feel like a lot of people kind of end up in this industry almost by accident, but you come to love it I think, very quickly.

Greg Horn: Yeah, exactly. And I think if you're dedicated and you're devoted, you do move up. I mean, that's the great thing about this industry.

Ryan Mandell: So when it comes to parts gosh, you've been doing parts research for a good part of your career. And I imagine when you came to PartsTrader, you were kind of exposed to a different level of data. So maybe tell me a little bit about the different perspective that gave you. I mean coming from Mitchell, where you see a lot of the estimatics data, what was different and what was kind of special about what you saw at PartsTrader?

Greg Horn: Yeah, I think that was one of the big attractions for me coming over to PartsTrader, was the depth of parts insights and actionable insights on top of that.

PartsTrader data can say, look you chose an alternate part, but there were three that were cheaper that had the same delivery days. Why didn't you choose one of those? And in the PartsTrader Marketplace, if you don't choose the optimal part, it will flag you and say you have to record a reason. Right now, we get close to eight quotes per part for every part that's put up for bid. And that is recycled, price matching, aftermarket, new OE, OE surplus, reconditioned, all of those go into the mix. And it's a fascinating thing to look at over time.

Ryan Mandell: I would imagine that days to delivery is a piece of the equation that might get overlooked sometimes in that decision-making process.

Greg Horn: Yeah, it truly does. And the other thing is we can look at that and say if your job isn't scheduled, if you've got a reasonably priced part, but it's going to take seven days to get here because it's a headlamp that has to come from Florida, will that work? And if you order it now, yeah, that could probably work and you wouldn't have any delays.

And we look at the median delivery days, median plus two standard deviations. And people will say are you that big of a parts geek and a math geek? And I'll say absolutely, very proudly I'll say that. But looking at the simple average will dilute the impact of an outlier. So, if you have 10 parts at an estimate and they all take about a day,

day and a half, but you have one part that takes nine days to get there. If you did a simple average, you're going to work out to about six. It doesn't really say, wow, there's a big, big outlier out there.

So, looking at it at the median plus two standard deviations, we can see the impact of seasonality. We saw the impact in 2023 of the UAW strike, and it went down to the individual manufacturer and how they were managing that. And right now, we're seeing the aftermath of back-to-back fires with the Novelis Aluminum production facility in Oswego, New York. So those are some insights that you can see that other people would go, wow, you're going to have delays because this part isn't available.

Ryan Mandell: Absolutely. And I think days to delivery was a little bit more magnified during some of the COVID years when we were seeing a lot more backlogs, more, you know, back orders of parts where, that was impacting overall cycle times.

Today, are there things, are there leading indicators that someone can look at to say, hey, this is an early sign that we could be seeing some disruption. Are there data points that you look at that say, hey, this kind of signals to me that we may be seeing some supply chain disruptions, some sort of indicator that days to delivery may increase in the near future.

Greg Horn: Yeah, there's a couple of really big things to look at. And it goes down to the part type. So, when we looked at the dock strike of the longshoremen in California in particular, when that was announced, they did a slowdown that said, hey, normally we stagger our lunch and dinner breaks, because they're working around the clock.

And we said, is that going to impact delivery dates? Because the ship has got to come in, it's got be unloaded, and then it's got to be sent out on trucks or rail. And we started to see that. And we were able to say, hey, if this goes to a full-fledged strike, or a larger slowdown, or a more widespread slowdown, we could see delays of up to one and a half to two days for aftermarket parts. And that did happen. And, you know, the strike was resolved and almost immediately we saw the delivery days come back into the normal range.

Ryan Mandell: That's interesting to hear that you're able to see something in the data that was kind of a proxy to understand what that impact of a greater disruption might lead to. And so, you know, I'm thinking about if I'm an insurance carrier, if I am a shop, you have an understanding some of these indicators may lead me to make some different decisions.

I may decide that maybe a remanufactured part is more optimal than an aftermarket part or you know any other different set of combinations because if I could save a day or two on delivery that could potentially translate into rental savings. Or if I'm a shop, improve my throughput, free up a bay sooner. So, when you're talking to insurers or shops how do you help them kind of quantify where that balance is?

Greg Horn: That’s a great, great question. One of my big things and challenges to every insurance carrier, as well as MSOs and collision repairers are you're very happy to get a price-match part. You know the sort of tagline is you get an OE part at the aftermarket price, but there's a couple of caveats in that.

And one of the caveats is we talk about price matching, and the assumption is that it is penny-per-penny of the exact price, the list price of the aftermarket part. In reality, it's not. It's usually 6% to about 9% higher that the insurance company is paying for that “price matched part.” So, I've coined the term “it's price close enoughing.”

And then the other thing too is that we see the median delivery days is more than double what it is for aftermarket. And that is in some part because not every collision part is available on the shelf in every dealership. They have to get it from the PDC. So that's going to add days to delivery.

You as an insurance company and you as the collision repairer have to make that informed decision. Is that going to affect your cycle time and then, you know, the potential rental? Is that going to put a gum in the throughput of your shop? Those are things you have to ask once you fully understand the impact of the potential delivery day.

Ryan Mandell: And by PDC, I assume you mean primary distribution center.

Greg Horn: Yeah, that's an old GM acronym. I spent a while at General Motors and they have 15 distribution centers across the U.S. and it's similar for every manufacturer. They have a regional distribution center that handles various states.

Ryan Mandell: When you look at price matching or “price close to enoughing” as you say, do you see that there's a difference in the days to delivery performance? You said there's definitely a difference between the price-matched part and an aftermarket part. Are you seeing that there is a difference between the different OEM parts? So, a price-matched OEM versus a non-price matched OEM.

Greg Horn: Yeah, it can come down to the type of part or the individual dealership. So, there are some domestic manufacturers that have gone outside of their corporate sanctioned matching program. This is the actual dealer's parts department giving up some margin to win that deal. When they do that, they're going to have the part in stock. So that's not going to be affected.

Now, if they're on the OE-sponsored price-matching program, that means, yeah, they'll be able to get it and be fully made whole when they order it from the distribution center and ship it out. So, it's a little bit of a two-pronged approach. And we see a fair amount of dealer participation outside of the sanctioned part number SKUs for reimbursement.

Ryan Mandell: Now, one of the things that I've heard talked about a lot, in a variety of different circles, is when it comes to price matching is the concern on the part of OEMs with increasing total loss frequency? And the notion that maybe there's an opportunity to get more aggressive in price matching, conquesting, whatever term you want to use, to help retain some of those borderline total losses in that repairable ecosystem.

Especially, I mean claims volume is down overall, so shops are a little bit more incentivized to keep some of those vehicles, but also from the OE's standpoint I have to imagine they'd prefer that vehicles stay repairable, so they get the parts sale even at a reduced margin and they can secure any potential service revenue in the future that they're seeing. Is that something that you're hearing as well or are you seeing any evidence of some of these programs?

Greg Horn: Yeah, it's something that the OEs have always focused on. And then years ago, and it kind of dates me, but American Honda did this literally manual program where they would bundle up after they got a repair plan and sacrifice margin to get it in the repairable column. And that was moderately successful. But because it was manual, everyone else on the OE roundtable was saying, yeah, we don't have the bandwidth to do that.

And in the PartsTrader platform, it kind of lends itself to be able to do that where you can say as a repairer, here's the bottom line. And if I can get all of these parts bid and match it, then the car stays in the repairable column.

Ryan Mandell: And so, we've talked a lot about days to delivery and the efficiency of the parts procurement process.

The other big headwind that people are concerned about, probably more on the insurer side, is the increase in prices and parts price inflation. And we obviously saw a lot of that during COVID. You know, 2022 and 2023 are very high inflationary years. But, you know, when we look at our Mitchell data, we started to see inflation accelerate around mid-year 2025. And I think we're seeing that trend continue, probably more of the OE parts right now. We haven't seen as much in other part types.

Where do you expect that trend to lie if we're sitting here a year from today? Where do expect us to be sitting when it comes to inflation? Maybe not an exact number, but what do you think that trajectory is going to look like?

Greg Horn: So it's interesting. I look at some of the information providers and they are doing just sort of here's the average part dollar amount by part type and that's fine. But, it kind of looks like an EKG depending on what the market mix is month to month.

So, what I did is I put together this market basket of three-year-old parts, the most popular parts and then split it out by part type to say, if this stays the same, what would the inflation rate be? And we have mapped that since 2021. So we got the impact of COVID, we got the impact of the UAW strike for the domestics, and we see the OEM part price inflation rate being the highest. Second highest is recycled, and you would sort of expect that because recycled is going to be price factored against the OEs.

Ryan Mandell: Yeah, it's indexed.

Greg Horn: But we're starting to see that gap widen, because in the PartsTrader—what we call competitive marketplace—we see competitive tension. Which is if I'm a recycler and I'm competing against the aftermarket, which has not experienced inflation at near the rate of the others, it's flat as flat can be for the aftermarket part, they (recyclers) are getting pulled downward in pressure because of the aftermarket.

So, the outliers, the true new OE part has the highest inflation rate. And then comes recycled and it's starting to increase. And then when we look at price matching, there's two things that are happening. There is that price "close enoughing", so it's going to come in higher than the aftermarket, but it too is sort of dictated as an index against the aftermarket. So, it's staying very, very flat as well.

Ryan Mandell: One of the interesting things that I found looking at our data and looking at the data that you produced is that relatively flat trend for aftermarket parts. That surprised me and it surprised me because I would have expected, my hypothesis was that aftermarket parts would have seen more inflation recently because they are essentially universally exposed to the tariffs, also to rising shipping costs. So, what is it that has kept that number in check?

Greg Horn: That is amazing. I was in Taiwan before April 2025 and everybody on the Taiwanese manufacturer side and their suppliers in the U.S. all knew that tariffs were potentially coming. It wasn't a secret. And we were in one of the large manufacturers looking at their loading docks and I said, you know, you've got 38 trucks lined up here at the loading bay. Which ones are going to the U.S. versus Canada versus the rest of the world and he smiled because all of these 38 were going into the U.S. People were buying as much as they could and they were getting some favorable banking loan terms from Taiwanese banks, but they were buying as much ahead of tariffs as they could.

And then I talked to the U.S. suppliers and when they bid in the PartsTrader system and they said, you know, they don't say: "Hey, this came in at $38 (just a random figure) pre-tariff and this one came at $43. I'm going to price them different." They look at cost of acquisition and they average the two, which also dilutes any sort of inflationary trend. Initially it was going to be a 25% tariff, and then that was negotiated down into the tariff deal at 15%. But when we look at the inflation rate, they have absorbed the entire amount of that tariff. Again, it's a tariff off the acquisition part cost, not the list price that's being paid on the estimate. So it is a smaller percentage, and it is being absorbed in large part by the U.S. supplier.

Ryan Mandell: And I think that's a good point that you just made around the tariff applies to the acquisition cost. And I think it's probably more pronounced when you talk about aftermarket parts than when you talk about some other part types, because of the generally larger margin that is associated with aftermarket parts. So, it's not going to have as big of an impact as maybe an OEM that operates on slimmer margins.

Greg Horn: Right. If I'm an aftermarket supplier in the U.S. and I am not doing a cost-plus pricing example, I am doing a competitive OE-minus to get my sell price and my list price. That allows me much, much more margin and the ability to absorb what's in there.

Ryan Mandell: So is there a point in time where we start to see the suppliers not absorbing those costs and we start to see that getting passed along or is it minimal enough that we can probably plan to see it being absorbed in perpetuity in exchange for greater volumes?

Greg Horn: Right. I think that's kind of the showcase of what our competitive-tension model is. So, when we have that many bids, again, just under eight per part, that means multiple aftermarkets are competing against recyclers, against OEs, what have you. So they're all in a blind auction and nobody gets a last look, nobody knows the other bidders' bid at the time. So, they have to put their best foot forward every bid. When they do that, that keeps the inflation rate absorbed.

Ryan Mandell: It's a best-and-final right off the bat.

Greg Horn: Yep.

Ryan Mandell: So maybe just to close out here, as we're already in the second half of the year, kind of hard to believe, but if you were an operating insurance carrier or repairer, whatever perspective you want to choose, what is maybe one piece of advice that you would give that company in terms of how to be thinking about the future of the exposure of parts price increases, challenges in the supply chain? Any takeaway that they can say, I can look to this or I can think about the parts world in such a way to be better positioned to manage my expenses or to be more profitable in the year ahead.

Greg Horn: Yeah, I think the one thing I would challenge every carrier and collision repairer to look at is, if it comes down to price matching, make sure it is a true price match. If you're a repairer, are you comfortable with that reduced margin? Because that's the other thing, when an OE part is price matched, you are making less money as a collision repairer because you're earning less margin. So that, and do the delivery days impact your throughput? Those are the two things. Let's look at, is it a true price match and can you live with delivery times?

Ryan Mandell: Understanding the impact on the larger ecosystem of the job itself.

Greg Horn: Yep.

Ryan Mandell: Well, Greg, it has been great sitting down with you today, especially getting to be together face to face. Really appreciate your time today. Thanks so much for joining the program.

Greg Horn: Thanks for the invite, Ryan. Appreciate it.

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