YEARBOOK 2017

Canadian Collision Repair Industry

AUTOMOTIVE INDUSTRIES
ASSOCIATION OF CANADA

aia Canada

Canadian Collision Repair Industry Yearbook 2017 - Executive Summary

Automotive Industries Association of Canada
180 Elgin Street, Suite 1400
Ottawa, Ontario K2P 2K3
Ph: (800) 808-2920 | Fax: (613) 728-6021
Email: info@aiacanada.com
Website: www.aiacanada.com

ISBN: 978-1-7750359-2-3

For permission requests, please contact:
communications@aiacanada.com
Tel: (613) 728-5821 | (800) 808-2920 | Fax: (613) 728-6021

Prepared by:

desrosiers
AUTOMOTIVE CONSULTANTS INC.

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Introduction

DesRosiers Automotive Consultants Inc. (DAC) is proud to present the second edition of the Canadian Collision Industry Forum (CCIF) yearbook; it aims to build on the success of the first yearbook published in 2015 with updated and expanded information. The report gathers together relevant data for the collision sector in one place to provide valuable and insightful information.

There are two sections in this book, the national industry profile and the provincial profiles. In the national industry profile, you will find information regarding the size and scope of the collision industry in Canada. Some of the key data covered in the national section include: establishment counts, employment estimate, total dollar sales volume, collision statistics and financial performance of the collision industry.

In the provincial section, there is a more in-depth analysis of the collision industry for each of the ten provinces in Canada. Some of the key variables and metrics covered in the provincial section include: overall living cost, some auto specific items' cost, labour productivity measures, the structure of the vehicle fleet and the growth of vehicle sales etc.

This report is intended as a starting point upon which further research can be built to increase the amount, scope and utility of information available on the collision sector in Canada. DAC welcomes feedback on the report and ideas for additional data sets that the industry would like to see included. For more information or to suggest further research please contact Andrew Shepherd (andrew.shepherd@aiacanada.com) and Chanel Ghazzawi (chanel.ghazzawi@aiacanada.com).

The Canadian Collision Repair Industry – Oversight and Direction

For many decades, the Canadian collision industry has developed in a fashion unlike any other country. The emergence and ongoing dominance of repair networks (whether MSO, banner or franchise-based) here in Canada is striking – currently some 60%-70% of repair activity is carried out by this segment of industry.

This consolidation has enabled the operation of very effective discussion and decision-making collectives and has given the domestic industry a very powerful tool to tailor "Made-in-Canada" solutions to industry challenges.

Canadian Collision Industry Forum (CCIF)

CCIF's origins can be traced back to a meeting facilitated by the Automotive Industries Association's Paint, Body & Equipment Council in September 1998. It was attended by collision repairers, insurers, suppliers, trainers, trade associations and service providers from across the country.

At the September 1998 meeting, it was felt that a national voice and a catalyst for change were necessary in order to address the critical issues. There was no desire to create a body that would compete with existing industry associations or duplicate their work. Instead, it was decided to create a forum that would facilitate debate on the issues and provide an opportunity for all industry stakeholders from across the country to become involved, i.e. collision repairers, insurers, suppliers, trainers, service providers, trade associations, and vehicle manufacturers.

CCIF has become that national voice and catalyst for change, as it has drawn support and involvement from industry stakeholders across the country. Holding CCIF in different provinces brings the Forum to the people and supports the development of relationships between provincial groups that previously had little contact with each other. This has enabled CCIF participants to learn from each other and take the best ideas from across the country. CCIF has become the catalyst and promoter of the industry and is well connected to the more structured organizations such as the Automotive Industries Association (suppliers and wholesalers), CARS Network (federally funded to support the human resource needs of the automotive repair industry), I-CAR (technical training) and the provincial trade associations, i.e. all those who have the power and resource to act on recommendations and ideas produced by CCIF participants

Organization

CCIF operates as a volunteer body with no members, only participants. However, there are administrative and meeting venue costs to be covered and these are funded through sponsorship.

CCIF is managed by a chairman, an administrator and an advisory committee, comprising representatives from each industry stakeholder segment, from each region and from the CCIF committees.

CCIF is not an association and has no direct lobbying status. However, it provides inspiration, influence and direction to those that do.

Executive Summary

The number of establishments in the Automotive Body, Paint and Interior Repair and Maintenance (NAICS 811121) industry in Canada has been trending upward for the past two years. In 2016, there were a total of 4,957 establishments recorded, up from the 4,915 total figure observed in 2015. This category also includes restoration, glass and customization companies. Ontario (1,577 locations), Quebec (1,173 locations) and British Columbia (756 locations) had the highest establishment counts across Canada. It is estimated that, in 2016, there were a total of 22,311 employees in the Canadian collision industry. This figure represents an increase over the previous year (22,280 employees), but is not higher than the series peak of 22,813 employees in 2014. From a provincial perspective Ontario had the highest estimated count at 6,769 employees while PEI had the lowest at 84 employees.

In 2014, there was a total of 110,500 collisions that resulted in at least one injury and a total of 1,667 collisions that resulted in at least one death. This combined total of 112,167 collisions represents an 8.1 percent decline over the previous year (122,101 collisions).

According to the 2016 Insurance Bureau of Canada Fact Book, the total cost of claims for private passenger auto in 2014 was $10.5 billion. Of that $10.5 billion dollar total, collision claims accounted for $850 million while comprehensive claims accounted for $1.5 billion in 2014.

The Canadian Vehicle Use Study (CVUS) was discontinued in 2016 with the 2015 CVUS providing the last full year of data for the study. Looking at the 2015 study, distance driven increased across all the listed categories. In 2015, the average distance driven by a study participant was 16,509 kilometres, up from 2014's average distance driven of 15,616 kilometres. Given the relatively short period of time the study was active for it is difficult to establish any dominant trends about vehicle usage without more data.

As of 2014, there were a total of 24.9 million licensed drivers (including motorcycle counts) across Canada. The number of licensed drivers in Canada has been trending upward for the majority of the years observed with the exception of a slight decline between 1999 and 2000. As a result, in 2014 there was a total of 0.98 vehicles per licensed driver and a total of 0.85 vehicles per driving age individual. These were up from their 2013 figures of 0.95 vehicles per licensed driver and a total of 0.82 vehicles per driving age individual.

The average age of a vehicle in the 2016 light vehicle national fleet was 9.66 years. On average, a light truck in the fleet was 9.13 years of age while a passenger car was 10.21 years old. The oldest fleets in Canada were reported by British Columbia and Saskatchewan with an average age of 11.64 years in both provinces. The youngest fleet was found in Quebec at 8.92 years old.

In 2010 and every subsequent year since, new light truck sales have outpaced passenger car sales. Demand for light trucks has only continued to increase as 66.0% of all new vehicle sales in 2016 were light trucks. From a brand perspective, luxury vehicle manufacturers saw the largest growth in 2016. The Ford F-Series and Honda Civic were the best-selling new vehicles in their respective markets in 2016.

Based on collision data drawn from the 'Industry Trends Report' published by Mitchell International Inc., the average appraisal value in Q4 2016 was $4,008, a $128 increase when compared against the same quarter in 2015. All provinces reported an increase in average body labour rates in 2016. The Northwest Territories reported the highest increase from $90.47 in 2015 to $93.48 in 2016.

Based on the collision repairer sales data from the CCIF Business Conditions Survey, a 16.0% year-over-year increase was seen when comparing the third quarter of 2016 to the third quarter of 2015. Sales per store totalled $423.3 thousand in the third quarter of 2016, an increase of 1.15% when compared to the third quarter of 2015.

CCIF also gathers data from major software providers to track total claims volume. National claims increased 14.9% while body shop sales increased 16.0% for the third quarter of 2016. 18.0% of claims were declared a total loss for the third quarter of 2016 while the average age of vehicles declared total losses was 9.78 years.

The Automotive Body, Paint, Interior and Glass Repair industry as a whole averaged a net profit of 7.7 percent and derived a majority (98.5%) of its revenue from goods and services. Only 1.5% of the total revenue from these companies did not fall into that category. Looking at cost of sales, 13.6% went to wages and benefits while 42.0% went to purchases, materials and sub-contracts.

Canada's overall Consumer Price Index (CPI) including all items rose 1.4% in 2016 versus 2015. Newfoundland and Labrador observed the largest increase in costs relative to 2015 at 2.2% while Quebec reported the smallest increase at 0.7%. The CPI for energy dropped 3.0% across Canada with Newfoundland and Labrador as the only province that observed an increase at 0.9%. The CPI for gasoline dropped 6.0% across Canada. Saskatchewan reported the largest decline in gasoline prices, dropping 8.9% relative to the previous year. The cost of insurance remained consistent nationally with the highest increase recorded in Alberta following a 3.8% increase versus 2015. The CPI for passenger vehicle parts, maintenance, and repairs increased 2.0% nationally with Manitoba and Prince Edward Island reporting the highest increase at 3.1%.

Looking at total registrations, there were 26,263,152 vehicles on the road in Canada in 2016. Of the overall fleet, 36.0% were registered in Ontario. The smallest provincial fleet was found in Prince Edward Island which accounted for only 0.5% of the national fleet.

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