The OEConnection: The Best Solution to Buying Collision Parts



Missing out on rapid delivery, correct parts, easy ordering, genuine OE quality and the best possible profit? You can improve your OE replacement parts business with OEConnection.



OEConnection LLC (OEC) helps Nissan & Infiniti dealers and independent collision shops nationwide overcome a constant, shared challenge. The paradox they face is managing repair costs efficiently while doing what is right for their customers.

In a perfect world, simply providing the best repair possible would be the standard. But several factors compound the challenge, including price disparities between original equipment (OE) and non-OE replacement parts; price-conscious car owners; and pressuring 'suggestions' from insurers that facilities use lessexpensive aftermarket or salvage replacements parts, rather than Nissan Infiniti OE parts.

Most everyone in the repair equation recognizes that cheaper isn't necessarily better. Value and safety also matter. Non-OE parts have inherent risks, including unknown wear (if salvaged or non-certified), poor fit and lengthened repair cycle time.

Despite what insurers may suggest, vehicle owners and repair technicians both prefer OE parts. For example, consider the findings of a 2009 BodyShop Business magazine Industry Profile survey, in which respondents reported that:

- 79 percent felt pressure by the insurer to use non-OE parts.
- 91 percent said that OE collision parts provided an acceptable fit.
- 54 percent of certified aftermarket collision parts and 35 percent of non-certified aftermarket parts provide an acceptable fit.

The bottom line? The choice of replacement parts not only affects fit, it also impacts cycle-time, can lead to lengthy calls to insurers to approve a different alternative and increase inconvenience for vehicle owners.

Nissan incentives + OEConnection = a level, competitive playing field

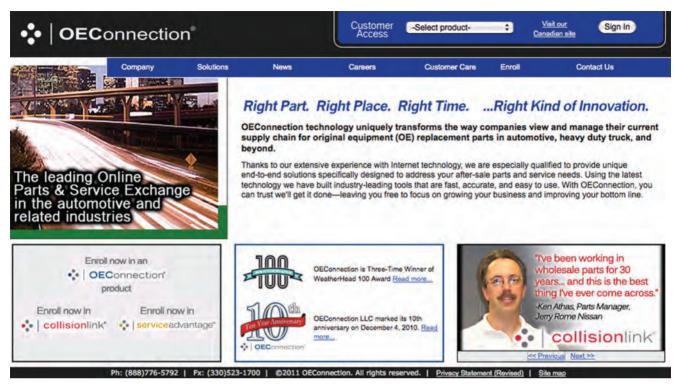
No longer does an independent collision shop need to choose, based solely on cost, between an OE part and an aftermarket part. Automaker incentive programs, such as Nissan's Market Shield, which was launched in 2009, are designed to gain conversion sales — wherein a collision facility chooses to use a competitively-priced Nissan OE replacement part rather than a non-OE alternative. OEConnection has helped Nissan and other automakers take these incentive programs one step further, namely, to sell even more OE parts with fewer returns.

"Since the beginning, we have followed the same guiding principles: increase dealer efficiency, improve customer satisfaction and help dealers sell more OE parts," says OEConnection President and CEO Charles Rotuno. "As our relationships with dealers, repairers and OEMs have grown, along with our expertise in the automotive and vehicle manufacturing industries, we have continued to introduce new solutions to achieve these goals."

In December 2009, shortly after launching its Market Shield incentive program, Nissan selected OEConnection's CollisionLink Internet-based parts ordering and fulfillment system for Nissan & Infiniti dealerships and their independent collision shop customers nationwide.

The agreement included CollisionLink's Parts Marketing Administration (PMA) program marketing technology, which automates and manages automaker parts programs. PMA is the engine that drives automakers parts marketing programs based on predefined rules. PMA allows dealers and their collision repairers to access automaker incentives and parts promotions from within CollisionLink so that dealers can obtain OE parts at competitive prices compared to non-OE parts. Essentially, PMA automated Market Shield to make it easier for both dealers and aftermarket independent shops to participate.

CollisionLink was first introduced to the market in 2001, and has now been adopted by more than 75 percent of large wholesale dealerships in the U.S., as well as thousands of their collision shop customers nationwide. Besides helping dealers increase OE parts sales to shops repairing their brands, collision shops can better solve the best repair/cost efficiency paradox, insurers can approve OE quality replacement parts and consumers can realize more value. In addition, by using the OEConnection program to purchase OE parts from dealers, collision shops have also been able to:



The OEConnection Website

- Reduce nonproductive order-taking phone time and order data entry.
- Minimize parts returns.
- Offer and sell more OE parts at competitive non-OE pricing.
- Improve customer satisfaction.

A Case Study: Jerry Rome Nissan

Consider the experience of Jerry Rome Nissan, located in West Springfield, Mass., one of the first dealers to participate in the Nissan program. Ken Athas, the dealer's parts manager, says that before the MarketShield/CustomerLink program, he and his staff could only convince a few independent shops to order Nissan OE parts thru the dealership. He credits the new program for helping to get more independent shops to use the online technology and sell more Nissan OE parts to them.

"I've been working in wholesale parts for over 30 years, and this program is the best thing I have ever come across," Athas claims. "The best thing that Nissan did was to say the only way independent shops could get a discount was to go through the CollisionLink product." Under the program, Nissan reimburses dealers for the incentive pricing provided to collision customers and allows participating dealers to determine how to use the reimbursed funds. In order to win more OE parts sales from independent collision centers, Jerry Rome Nissan decided to take the net cost less the Nissan Market Shield rebate and then markup 10 percent. That decision has helped the dealer consistently rank in the top five of all Nissan dealerships for OE parts conversion dollars.

"I didn't want collision shop customers to say, 'Oh, I got a deal on this part, but not on that one' because that isn't enough to make them sway," explains Athas. "We learned that shops will use CollisionLink, and they will want to switch to us from non-OE aftermarket parts if they know they will always get a value. In the end, the dealer gains customers who believe and trust in us."

The dealership also realized other benefits to having their most active independent collision customers sending orders electronically. It has streamlined ordering, reduced errors and leveled off the pace of work. "For instance," Athas notes, "I don't have to urgently take down a 30-line order while all the phones are ringing, a retail customer is standing in front of me and a technician is yelling something at me from another corner. It's nice to avoid those situations where you're just going to mess up."

The parts department staff at Jerry Rome Nissan also reaches out proactively to acquire business from independent collision facilities, whether it's more sales to a particular shop or gaining business from new shop customers. For instance, they regularly call longtime customers and visit other shops to hand out program literature and discuss the value of Nissan OE parts and the discounts available, when compared to non-OE parts.

In addition, when collision shop customers send in orders, with some line items being blacked-out aftermarket parts, staff makes an added effort to provide price comparisons on comparable Nissan OE parts available through the program. "One shop faxed me an order, which had a fair amount of aftermarket parts on it," Athas shares. "Once I told him what other OE parts I could offer – which would save them \$500 off the regular OE price – the shop was elated. They signed up with CollisionLink and resent me their revised, larger order."

Athas credits the Nissan program with waking up some of the local collision centers. "Once these shops started using it, and realized how valuable the discounts are and how easy it is to use, they have bought into it. My hope is that as time goes on, we will get 100 percent of their orders whether there are conversion opportunities or not."

In just the first three months after beginning the program, Athas says the dealer's parts department signed up more than 15 independent collision shops and generated more than \$30,000 monthly in new conversion OE parts sales. "Since then, we've gained another dozen collision centers, including the largest two in their market area."

With its primary goal of "putting the right part in the right place at the right time for the right customer," OEConnection is transforming the way dealers and collision companies view and manage their current supply chain for Nissan OE replacement parts. By working directly with automakers, the program has helped level the replacement parts landscape for everyone's benefit. Sometimes, everybody wins. The OEConnection LLC supports 12 technology solutions used by customers throughout North America. Some of these are:

D2D Express —

Fills OEM-needed backordered parts online, with same- or next-day delivery, based on an automaker's solution rules.

RepairLink —

Independent shops today only buy 23 percent of their mechanical replacement parts from OE dealers, preferring the ease, convenience and speed of aftermarket supplier online ordering. RepairLink levels the playing field, giving independent shops a standardized, complete OEM parts catalog with your parts pricing and availability.

ServiceAdvantage —

On average, dealerships provide maintenance services to just 30 percent of the vehicles they sell. ServiceAdvantage helps dealers capture more sales by enabling counter staff to begin every customer visit with a customized maintenance menu of services specific to the vehicle's mileage and VIN, make, model and year.

CollisionLink —

CollisionLink is a Web-based OE parts ordering system for transactions between dealerships and independent body shops, specifically designed to convert non-OE part sales to OE part sales and provide collision shops with the right parts the first time.

For more information of the services and products available, visit www.OEConnection.com.