

Auto Glass Repair 2017

Seeing the Market Ahead

- The number of US households that have done auto glass repair or replacement in the previous 12 months has remained stagnant since Spring 2014 when it was 18.6 million. In Autumn 2016, it was 18.62 million and 18.63 million in Spring 2017.
- Year-to-date sales of new vehicles in the US are down compared to YTD sales 2016 for all categories of cars. Sales of pickup trucks, SUVs and cross-over trucks have increased, but overall sales of new vehicles are 1.7% less than YTD 2016.
- Despite these otherwise negative factors, the outlook for the industry is looking up as high tech features come to auto glass such as improved strength, less weight, soundproofing, sun-proofing and even augmented reality (AR) increase prices.

Miles Driven by Region, 2016-2017

Region	2016	2017	% Change
West	51.8 billion	51.0 billion	-1.5%
North Central	54.2 billion	53.8 billion	-0.7%
South Gulf	49.7 billion	50.3 billion	+1.2%
South Atlantic	52.7 billion	54.3 billion	+3.0%
Northeast	32.5 billion	32.9 billion	+1.2%

Automotive Glass Repair and Replacement Magazine, May/June 2017 issue

Clear View of Auto Glass Shops

- Although Safelite AutoGlass maintained its dominance of the industry, it's revenues decreased from \$1.5 billion in 2016 revenues, to \$1.1 billion million for 2017, and a decrease from 800 locations + to 720+.
- According to the latest data available from the US Census Bureau, as of 2015, there were 6,106 automotive glass replacement locations and 4,810 companies (SIC 7536). Of these, 74.8% employ 0-4 people, 16.8% 5-9 people and 5.3% 10-19 people.
- Some of the top 10 auto glass repairers in *Automotive Repair and Replacement Magazine's* 2017 rankings have shuffled around. The list of 69 top companies in the industry includes five newcomers.

Top 10 US Auto Glass Repair Retailers, 2017

Retailer	Revenues	Locations	Retailer	Revenues	Locations
Safelite AutoGlass	\$3.49 billion	720+	Arrow Auto Glass	\$27.5 million	57
JN Phillips	\$70.0 million	56	Speedy Glass	\$25.0 million	34
Boyd Group	\$50.0 million	300+	ABRA Auto Body & Glass	\$25.0 million	335
Binswanger Enterprises	\$35.0 million	65	All Star Glass	\$24.1 million	31
TechnaGlass	\$28.0 million	42	Belle Tire	\$16.5 million	94

Automotive Glass Repair and Replacement Magazine, March/April 2017 issue

High Tech Glass in the Driver's Seat

- Smart technology, super strong and lightweight Gorilla Glass™ and laminated automotive glass are becoming more commonly used because of functional improvements, boosting the revenues of the more innovative auto glass replacement shops.
- Car manufacturers have started to incorporate more technology like front-facing cameras in windshields, and now insist that windshields be replaced with OEM parts which may take weeks to arrive at repair shops, causing customer service issues.
- With the trend of autonomous cars, manufacturers are challenged on how to replace the thrill of driving. Some are considering using the glass as information and entertainment, with interactive touch screens.

US Traffic Accident Stats, 2014-2016

Accident statistic	2014	2015	2016
Fatal crashes	30,056	32,539	34,439
Fatalities in urban areas	15,917	16,830	17,656
Fatalities in rural areas	16,791	17,572	18,590
Alcohol-impaired driving fatal crashes	9,049	9,350	9,477
Speeding-related fatalities	9,283	9,723	10,111

U.S. Department of Transportation National Highway Traffic Safety Administration data, 2016

Auto Glass Trivia

- OEM manufacturers account for over 80% of the auto glass made worldwide. In some states, like Florida for example, insurance companies are required to fix or replace broken windshield at no cost to the policyholder if they have full coverage.
- Safelite negotiated high-volume, low cost windshield replacement rates with the biggest auto insurance companies like Geico, Progressive and Allstate, effectively lowering the price that insurers are willing to pay and impacting small, independent glass shops.
- On average, front or rear windshield replacement costs \$300, but many windshields can be repaired for as little as \$20. When a windshield is replaced, sometimes car owners will also have to replace the special molding, which can add 20% to the cost.

Price Index for Auto Glass and Related Products and Services, October 2017

Product/service	Producer Price Index (PPI)
Specialty glass (which includes auto class)	+0.5%
Motor vehicle parts	+0.4%
Molded rubber mechanical goods automotive	+0.1%
Motor vehicle repair & maintenance	-0.5%

Bureau of Labor Statistics (GlassBytes), November 17, 2017

Glass Facts

- Some auto shops are adding paint protection film (PPF) to their list of services. This is a durable film that is added to the surface of a vehicle to protect the paint from chips, wear and tear and chemical stains.
- According to Gary Lubner, CEO of Belron, Safelite's parent company, the trend in the auto glass industry is down due to lower speeds, less traffic and more utilization of mass transit, resulting in lower auto glass breakage rates. They are considering adding other services.
- Some auto glass shops have been committing insurance fraud, doing repairs but charging for replacements. As a result, some states like Arizona, have introduced legislation to exempt insurance companies from covering auto glass replacement.

Additional Analysis

Sources: Statista Website, 11/17; *Automotive Glass Repair & Replacement Magazine* Website, 11/17; US Census Bureau Website, 11/17; Global News Wire Website, 11/17; Global Market Insights Website, 11/17; Sun Sentinel Website, 11/17; Windshield Guide Website, 11/17; National Highway Traffic Safety Administration Website, 11/17.

Updated: November 2017

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