OPENCLAIMS

Why your customers have to wait so long for their repair, and how you can solve this!

Waiting times for repairs are up almost 40% compared to just two years ago, and it's impacting insurers and leasing companies internationally. Not just in terms of bad customer experience, but in costs for replacement vehicles as well. Specifically for non-driveable damages, these costs have risen substantially due to the longer average use of a replacement vehicle.

Where do these waiting times come from?

Compared to last year, or even the years before that, a lot has changed in the world. The world experienced its biggest supply chain disruption ever, whilst recovering from its biggest pandemic in recent history. Besides that, body shops are struggling to find qualified personnel as other branches can provide interesting careers to young technicians as well. The results of this 'perfect storm' are massive shortages in both parts and personnel and thus two factors that squeeze market capacity.

How to minimise the time your customers have to wait?

Based on our experience in projects with leading insurance and leasing companies, we have set up a four step approach that helps you take control of your repairs:

1 Gather your historical waiting time data

No better predictor for future waiting times than the historical waiting time data of your network. Logical data points to look for are the date when the damage was reported to the insurer or lessor, and, the date at which the vehicle arrived at the body shop. The difference between these dates is the measure we use of 'waiting time'. Most modern software systems (or calculation/ estimation systems) should have these data readily available. If not, be sure to set up an alternative way to measure your waiting times as this is vital in solving this issue, because without proper insight it is simply impossible to optimise outcomes. If different body shops, or chains, in your network provide you with (slightly) differently calculated data, be sure to translate all incoming data into a single and uniform variable, to eliminate possible flaws in your model.

2 Analyse your specific situation, where are your biggest problems?

Waiting times can differ massively per region, or even per body shop. A detailed analysis of your situation shows you where the true pain points are. Focus on the geographical regions and specific body shops that have a negative influence on your overall waiting times. Data shows that the average waiting time for a body shop can easily be double that of another body shop in the same region, or that by adding extra body shops to your network in a specific region, you can relieve the pressure on your current body shops.

3 Use the (recent) performance of your network as a predictor for the future

The key to the approach to optimise repair waiting times is to use the historic performance of body shops as a predictor of future waiting times. This is how you can do that in practice:

A Clean and transform the dataset to be representative of damages

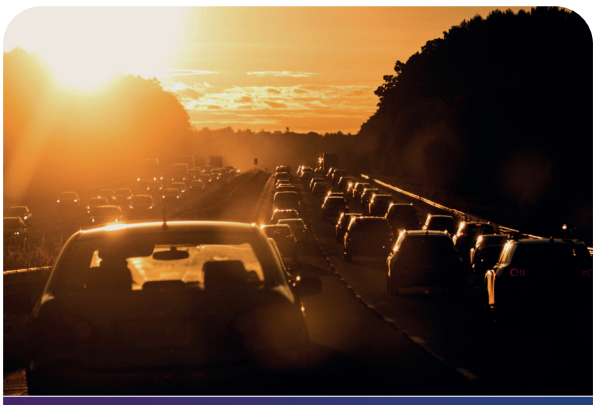
- Remove any duplicated data and extreme outliers from skewing the model (we, for instance, exclude damages with waiting times of longer than 90 days);
- Filter out glass repairs or other 'small' repairs that are known to not be representative of the waiting times that you are trying to predict;
- Aggregate the dataset to calculate the average waiting time for each month of the dataset for each body shop based on the reporting date.

B Create your forecasting model using the prepared data

- Create a model that you train on all available data from the previous 2 - 3 years (or less if that is all that is available);
- Make individual forecasts on the previous three months of data (in our experience data older than three months has a low correlation with the current waiting time prediction).

C Continually update the model with new data (and additional variables)

- Add new data to the model to make new predictions for the coming months;
- Regularly test the model to ensure the best performance with updated data and the changing repair landscape.



Other tips & tricks

- Use the insights you created to optimise the composition of your netwerk in geographical areas where waiting times remain a structural problem;
- Use waiting times as an important KPI for your repair network, so positive behavior is promoted;
- Share pictures and other relevant damage data upfront with your body shops, so they can plan better and order parts in advance;
- Create better insight into the specific technical capabilities of your network and distribute based on those capabilities to improve overall efficiency.

4 Use these predictors in a dynamic distribution (repair allocation) approach

The Openclaims platform allows you to do this in an automated way. Set up distribution based on just one factor (for example waiting times), or create and optimise your repair allocation based on multiple (combined) factors such as repair cots, key-to-key times, repair sustainability, customer satisfaction, etcetera).

Are you interested in how to minimise the waiting times for your customers? Reach out to the Openclaims team for more information!

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