

Road to recovery

A new business-to-business platform for reclaimed car parts is being launched by eBay and promises to bring a circular transformation to the automotive marketplace. **Phil Lattimore** talks to eBay's **Laura Richards** and project consultant **Chris Daglis**

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Consider the embodied carbon savings in automotive manufacturing that could be made by extending the lifetime of vehicles that would otherwise be written off by insurance companies. Often, the repair costs tip them over the brink and into the scrapyard – but what if this could be reduced to make them economically repairable? And think of the waste that could be reduced if decent-quality parts from scrapped vehicles were given a second life by insurance repairers to refurbish other vehicles.

Online marketplace giant eBay is looking to deliver just such a circular solution with its new Green Parts for Business e-commerce platform in the UK. eBay.co.uk already sells one reclaimed part every eight seconds on its portal; with its new platform, eBayforbusiness.co.uk is seeking to create a business-to-business (B2B) marketplace for automotive spare parts for repairs that links vehicle recyclers with insurance repairers.

Every year in the UK, insurance companies write off numerous vehicles as a total economic loss because the cost of repair exceeds the estimated value of the vehicle, or replacement parts are not (economically) available. While a proportion may be wrecks, the vast majority require cosmetic repairs – often with parts that could be readily harvested from other vehicles with no impact on safety, quality or performance.

Over the past couple of years, eBay has been working with the insurance industry, the Vehicle Recyclers' Association (VRA) and other parties to establish a verified reclaimed-parts strategy for the UK market for collision repairers and mechanical repairers. The Green Parts for



Business e-commerce platform aims to create a B2B market for approved buyers and sellers of recycled vehicle parts. This will enable businesses to reduce the cost of repairs to vehicles by using good-quality, harvested parts from other scrapped vehicles – with provenance, traceability and condition validated and verified by recyclers, under the independently certified VRA Certification scheme.

By using these perfectly good parts, and making repairs



more economical, more vehicles will be able to stay on the road longer and fewer new parts will need to be specially made – reducing waste and carbon emissions that would otherwise result from the manufacture of replacement vehicles and/or parts.

A presentation of the new platform was given at CIWM's Festival of Circular Economy in April. It outlined what was described as 'a game-changing new value chain' in the automotive repair aftermarket for repairs

of 'potentially immense scale', based on circular economy principles and meeting the needs for high-quality, verified parts for the insurance and repairer industries.

Here, we talk to Laura Richards, senior category manager, vehicle parts and accessories, at eBay, who heads up the project, and Chris Dagleis, an independent consultant and managing director of Auto Partnered Solutions, who has been working with eBay on developing this platform.

Circular (C): Do you have a background in sustainability or the circular economy?

Laura Richards (LR): I've been at eBay for six years, generally within the automotive area, but I've previously had roles that involved circular economy activities, such as working in a firm producing biodiesel from waste cooking oil. I also set up a small business purchasing, repairing and reselling crash-damaged motorcycles via online auctions.

With that experience behind me, I applied for a role with eBay. I think it's an interesting angle – considering sustainability alongside commercial viability. Marrying the two is really important; looking for the commercial opportunity within the sustainability activity.

Chris Daglis (CD): I have been working with eBay for the past two and a half years as an independent consultant – but have been in the automotive recycling industry all my life, since joining my father's business after university.

In 2003, we started building some strategies around how we can work closer with insurance companies to harvest good-quality, genuine, original equipment components from salvage vehicles, and reinvest those back into the value chain.

Bringing together circular economy principles and the commercial benefit is pretty critical in my view –

and eBay's Green Parts for Business strategy is one that really drives significant commercial and environmental benefit across the platform.

C: How was eBay's Green Parts for Business portal developed?

LR: eBay started to invest in, manage and work with the recycling industry in 2016. It became pretty clear when speaking to different industry stakeholders that there was an opportunity for increasing sales of these types of products if there was a certification scheme behind the inventory type.

We had that feedback from insurers, recyclers and industry stakeholders such as the VRA. So, ultimately, we realised – if you take a holistic view of the value of the parts that are sold on an annual basis to insurance companies in the UK – it is worth around £5bn. It's a huge spend. eBay is the only marketplace out there that could possibly aggregate a supply of vehicle parts that would almost be enough to

service that £5bn supply chain.

To be able to serve that industry, you need aggregated supply models. There are roughly 3,500 insurance workshops in the UK, and just more than 12,000 garages in the UK. A business-to-business service requires speedy transactions, and buyers need to be assured of the quality of the part – that it's certified, it comes with warranty, and so on. The Green Parts for Business portal delivers this.

We're initially working with four insurance companies, including Aviva – with which we started a pilot in February – LV, Direct Line and Zurich, and we're soon to start with Axa. We're working on a smaller-scale basis initially, and we've been doing pilots for each of the insurance companies. But it's going full to market in the summer, when all our advertising and marketing campaigns are going live.

We've taken on board feedback from many of the repairers, in terms of what they would like to see improved or added to the platform from the pilot, to make it easier for their business.

We're also launching with a company called WhoCanFixMyCar.com, a marketplace comparison site that provides around 4,500 active jobs through its portal

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Chris Daglis



on a monthly basis. That'll be interesting, because having a price variant for a green parts product will allow garages to be slightly more competitive with the guy down the road who's charging more for a new part. They will also be able to use a logo, so consumers can see that the garage is contributing to being green.

CD: One of the important elements is that we've taken a path of co-creation, as opposed to a 'let's build it and they will come' approach. We've worked very closely with the VRA, a number of the independent recyclers, insurers, and collision repairers. We've been taking a 'test and learn' approach – listening to and understanding what they need, rather than trying to tell them, and then working with them to develop a model that's going to suit them.

C: How important are sustainability and circular economy principles in the concept – and how do they feed in, in practice?

LR: They are hugely important. The insurance companies have their sustainability targets, as do large garage networks. This platform allows the vehicle-repairer market to access a vast array of reclaimed parts in the condition they need, from certified sellers they can trust, and with quality-control measures and returns assurances that suppliers and customers need. A really simple way of putting it is, we've just created a methodology for them to be able to chart their carbon savings via a carbon-savings calculator. So, every time a recycled part is used, the insurance company or recycler can see its carbon saving accumulating.

CD: Our goal is, ultimately, to make recycled parts an undeniable component of a quality, safe, cost-effective and sustainable repair.

C: How do you see the platform growing?

LR: Our journey began in 2016. Back then, we sold 378,000 green parts on the eBay business-to-consumer platform within the UK – equivalent to a saving of 12,249 tonnes of CO₂. Last year, we sold 956,000 green parts on the platform, equivalent to a saving of 29,000 tonnes of CO₂. The outcome is a new value chain that sits firmly within the circular economy, and our goal for 2025 is to have three million parts being sold back into the automotive sector.

The top three or four insurance companies in the UK account for approximately 60 per cent or more of all market claims. So, if you start with one, as we have done, others will see the benefit and want to get on board.



Laura Richards

CD: Insurers need to make sure that they're not left behind. Parts make up approximately 50 per cent of the average repair cost of a claim, and prices of new parts are rising for a number of reasons – so, this solution offers a great opportunity for an insurer to have a positive effect on their repair costs. Also, the idea is that the benefits, ultimately, flow through to policyholders, so – when we talk about commercial and environmental benefits of the strategy – the commercial benefits potentially go beyond that insurer, or the collision repairer or the parts seller.

If we can keep recycled products in the local market and harvest off those end-of-life vehicles – and then get those parts back into the repair chain – we've got a salvage reinvestment strategy that actually helps the repairer, the insurer, and, ultimately, the consumer through lower policy costs.

C: How do you maintain the quality and safety of the parts on the platform?

CD: The certification programme is critical. It's the backbone on which the solution is built. There are certain criteria that sellers and their used parts need to meet and, within that, there's a grading system for the parts.

One of the challenges with grading used parts is that it's quite subjective, and every part is different. Therefore, we're using a 'unit of damage' grading system as part of the certification process, taking away that subjective approach and putting in a more objective one that certainly helps the whole process.

Also, every part that's supplied through the eBay Green Parts for Business portal needs to be traceable.



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We need to be able to track it back to the donor vehicle and verify that the vehicle was procured in a totally legitimate way. All the records are kept as part of the audit process, on an annual basis, of the certification programme. Also, each of the recyclers must meet the environmental and quality requirements, plus work health and safety standards. They are critical ways of helping recyclers meet a standard that is consistent, and that the collision repairers can rely on.

C: In what other areas of business is eBay exploring this type of circular approach?

LR: eBay's role is as a partner to help businesses grow. As such, it is multi-market with a circular supply chain for almost every type of product that could offer circular economy solutions in many

markets – such as furniture, fashion or technology. For example, we have a partnership with ClearCycle, which offers recommerce and overstock solutions for retailers, helping to remarket stock that would otherwise

be liquidated. We promote sustainable fashion in our media, driving engagement with the customer-to-customer shoppers, and working with companies such as 2-DG, which turns disused fishing nets into clothing.

With the recently launched Certified Refurbished Technology portal, we offer businesses and consumers the trust that the products they are buying are

manufacturer-approved and certified, with a minimum 12-month warranty. We also have partnerships with Ikea and the British Heart Foundation for reusing products – and lots going on in the background, where we're part of a circular approach. ●

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