

TIRE REVIEW Bridgestone



PLATINUM PERFORMER

11.2014 TIREREVIEW.COM

Opinions are subjective. So is your interpretation of something you saw or heard. The objective represents cold hard facts, like numbers in an account ledger or the size of a building or the service revenues generated for a year.

While we often get to visit with tire dealers and see their facilities at work, rarely do we have the opportunity to see a tire dealership as a data set, let alone a comprehensive measure of the physical, financial and philosophical facts of such a business.

But thanks to the massive amounts of data obtained in the first TIRE REVIEW Tire Industry Benchmarking Study, we can see not only the inner workings of a modern tire business, but understand how various elements interact, what elements are most important, and what really separates the top tire dealers from all others.

Welcome to the very first TIRE REVIEW Platinum Performers Awards.

Not only did our Benchmarking Study set standards of performance against dozens of real-world business measures, the results also allowed us to grade the actual results of participating dealers against the group. The end result is 10 tire dealers – some are pure retail, some with a mix of vibrant wholesale and/or commercial elements – that statistically rise above the rest: our 2014 Platinum Performers.

So how did we arrive at these 10 tire dealers as Platinum Performers? Without giving away the secret recipe, certain questions in the study were scored on a 1 to 4 scale, with 4 being the top score possible for each graded question. Scores were awarded based on the dealer's response to objective questions dealing with building/equipment, sales, operations, marketing and personnel.

While our 2014 Platinum Performers certainly scored well, they were not head and shoulders above the dealer group as a whole. A perfect score was 156, yet no dealer came within shouting distance of the mark; the best overall score posted was 118.6. So while Platinum Performers were

fairly consistent, it isn't surprising that they often did not outgun the rest of the dealer body; in fact they were considerably worse in certain categories.

And while some of the trends we found among the top dealers surprised us, it was quite impressive to see just how well the majority of participating dealers did score against both the benchmarks and themselves. What it showed us most clearly is that the majority of dealers, while perhaps a bit short on executing identified "must dos" (like having a business plan), have raised their games, becoming more formidable competitors in a very tough tire market.

The goal of this entire exercise – from the benchmarking study through the Platinum Performers Awards – is to uncover the real metrics today's tire dealers face, and provide details readers can use to not only measure their businesses but also see opportunities for improvement.

In reviewing the data sets for us, researcher George Taninecz, remarked, "The overriding differences among the top performing dealers versus the others is their ability to generate revenues and profits from services beyond tire work (based on space dedicated to services, revenues from, etc.), and their willingness to invest in their businesses."

As you go through each of the five sections highlighted in this article and consider each of the 10 top dealers, I'm sure you will also spot areas in your own dealership that require attention.

The dealers who participated in the 2014 Benchmarking Study are each receiving a personalized report that analyzes their business against other respondents and the benchmarks established by the study. The full data sets are only being made available to our sponsors: Tire Pros and Pirelli.

We plan to kick off our 2015 Benchmarking Study in the first quarter of the new year, so watch for announcements in TIRE REVIEW, on our website and via our daily e-newsletter. Remember, it costs nothing for tire dealers to take part in the study, and those dealers who do complete the survey will receive a detailed management report that can serve as an important road map to sustainable growth.



PLATINUM PERFORMER PROFILES



Boni Tire & Auto Service Inc. Flemington, NJ

Daniel Boni Sr.
President
boniauto@comcast.net

Type of Dealership: Single Location

Location Business: Retail

Years Location Open: 15

Total Square Footage: 6,800 sf

Total Service Bays: 6

Total Employees: 6-10 Group

2013 Total Gross Revenue: \$1-\$1.5
Million Group

2013 Tire/Service Mix: 35/65

Hours of Operation/Week: 53

% Weekly Customers - Repeat
Customers: 75%

Referrals as % of All Customers: 5%

Service/Repair Jobs Per Month: 1,003

Top 5 Consumer Tire Brands Sold:
Continental, General, Kumho, Nexen,
Bridgestone

Top 3 Medium Truck Tire Brands Sold:
N/A

Total Competitors/Trade Radius: 22
competitors/6-10 miles



Community Tire Pros & Auto Phoenix, AZ

Kim Sigman
Partner/General Manager
kim@communitytirepros.com

Type of Dealership: One Location of Six
Total

Location Business: Retail, Commercial,
Wholesale

Years Location Open: 23

Total Square Footage: 3,525 sf

Total Service Bays: 8

Total Employees: 6-10 Group

2013 Total Gross Revenue: \$1.5-\$2.5
Million Group

2013 Tire/Service Mix: 23/77

Hours of Operation/Week: 62

% Weekly Customers - Repeat
Customers: 85%

Referrals as % of All Customers: 15%

Service/Repair Jobs Per Month: 545

Top 5 Consumer Tire Brands Sold:
Bridgestone, Firestone, Hercules, Capitol,
General

Top 3 Medium Truck Tire Brands Sold:
N/A

Total Competitors/Trade Radius: 15
competitors/1-5 miles



Frasier Tire Service Sumter, SC

Tripp Lee
General Sales Manager
tripplee@frasiertire.com

Type of Dealership: One Location of
Four Total

Location Business: Retail, Commercial,
Wholesale

Years Location Open: 40

Total Square Footage: 42,975 sf

Total Service Bays: 8

Total Employees: 11-15 Group

2013 Total Gross Revenue: More Than
\$2.5 Million Group

2013 Tire/Service Mix: 80/20

Hours of Operation/Week: 50

% Weekly Customers - Repeat
Customers: 63%

Referrals as % of All Customers: 11%

Service/Repair Jobs Per Month: 287

Top 5 Consumer Tire Brands Sold:
Goodyear, Dunlop, Kelly, Delta,
Continental, General

Top 3 Medium Truck Tire Brands Sold:
Goodyear, Dunlop, Kelly

Total Competitors/Trade Radius: 33
competitors/11-25 miles

PLATINUM PERFORMER PROFILES



Hoffman Tire Pros
Fayetteville, GA

Richard Hoffman
Owner
hoffmantire@mindspring.com

Type of Dealership: Single Location

Location Business: Retail

Years Location Open: 38

Total Square Footage: 8,390 sf

Total Service Bays: 8

Total Employees: 6-10 Group

2013 Total Gross Revenue: \$1.5-\$2.5 Million Group

2013 Tire/Service Mix: 35/65

Hours of Operation/Week: 57

% Weekly Customers - Repeat Customers: 95%

Referrals as % of All Customers: 1%

Service/Repair Jobs Per Month: 490

Top 5 Consumer Tire Brands Sold: Michelin, BFGoodrich, Uniroyal

Top 3 Medium Truck Tire Brands Sold: Michelin, BFGoodrich, Uniroyal

Total Competitors/Trade Radius: 14/N/A



Hovis Tire & Auto
Cortland, OH

Paul Hovis
Owner
phovis@hovistire.com

Type of Dealership: Single Location

Location Business: Retail, Commercial, Wholesale

Years Location Open: 13

Total Square Footage: 15,000 sf

Total Service Bays: 7

Total Employees: 6-10 Group

2013 Total Gross Revenue: More Than \$2.5 Million Group

2013 Tire/Service Mix: 40/60

Hours of Operation/Week: 55

% Weekly Customers - Repeat Customers: 75%

Referrals as % of All Customers: 25%

Service/Repair Jobs Per Month: 992

Top 5 Consumer Tire Brands Sold: Michelin, BFGoodrich, Cooper, Goodyear

Top 3 Medium Truck Tire Brands Sold: Gladiator Michelin

Total Competitors/Trade Radius: 22 competitors/11-25 miles



Monroe Tire & Service
Shelby, NC

Chris Monroe
Owner
cm@monroetire.com

Type of Dealership: Single Location

Location Business: Retail, Commercial

Years Location Open: 40

Total Square Footage: 9,300 sf

Total Service Bays: 8

Total Employees: 6-10 Group

2013 Total Gross Revenue: \$1.5-\$2.5 Million Group

2013 Tire/Service Mix: 60/40

Hours of Operation/Week: 42.5

% Weekly Customers - Repeat Customers: 80%

Referrals as % of All Customers: 50%

Service/Repair Jobs Per Month: 780

Top 5 Consumer Tire Brands Sold: Cooper, Michelin, Yokohama, General, Continental

Top 3 Medium Truck Tire Brands Sold: Sailun, Double Coin, Power King

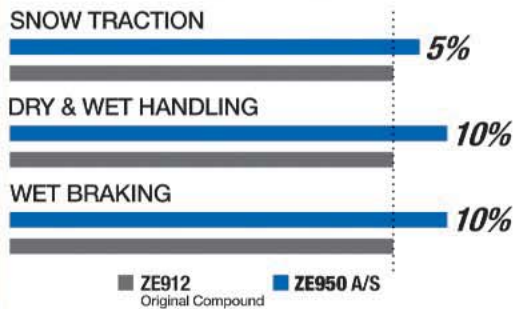
Total Competitors/Trade Radius: 19/1-5 miles

MORE MILES*

WITH
THE **ZE950 A/S**

REDESIGNED FROM THE ROAD UP

LISTENING TO OUR DEALERS AND WITH A KEEN EYE ON THE COMPETITION, OUR ENGINEERS DEVELOPED A NEXT GEN TIRE THAT REALLY DELIVERS. THE NEW ZIEX ZE950 A/S WITH DRT ACHIEVES AN INCREDIBLE 63%* BETTER MILEAGE THAN ITS PREDECESSOR, THE ORIGINAL ZE912.



Dynamic Range Technology enables the ZE950 A/S to provide great handling and exceptional treadwear performance all year round.

- OVER 95 SIZES AVAILABLE COVERING 108.7 MILLION VEHICLES¹
- 36 CUV SIZES
- 65,000 LIMITED MILEAGE WARRANTY**
- H, V, & W SPEED RATINGS

*Based on third party treadwear performance testing of Falken ZIEX ZE950 A/S, Falken ZIEX ZE912 original tread compound. Tested on a 2010 Toyota® Camry® LE with 215/60R16 tires. Actual on-road results may vary.

¹Total vehicle coverage is based on registered vehicle population in the United States as reported by third party data source.

**Mileage warranties range from 45,000 for W Rated and 65,000 for H and V Rated tires based on speed rating. Limitations and restrictions apply.



FALKEN

WE GET YOU GOING™

PLATINUM PERFORMER PROFILES



Olson Tire & Auto Service Inc.
Wausau, WI

Kent Olson
President
kent@olsontireandauto.com

Type of Dealership: Single Location

Location Business: Retail, Wholesale

Years Location Open: 27

Total Square Footage: 19,850 sf

Total Service Bays: 13

Total Employees: More than 15 Group

2013 Total Gross Revenue: More Than \$2.5 Million Group

2013 Tire/Service Mix: 35/65

Hours of Operation/Week: 60.5

% Weekly Customers - Repeat Customers: 90%

Referrals as % of All Customers: 10%

Service/Repair Jobs Per Month: 1,445

Top 5 Consumer Tire Brands Sold: Goodyear, Dunlop, Kelly

Top 3 Medium Truck Tire Brands Sold: N/A

Total Competitors/Trade Radius: 31/11-25 miles



Ray's Tire & Service Center Inc.
St. Augustine, FL

Dean Petty
Owner
raystire@aol.com

Type of Dealership: One Location of Two Total

Location Business: Retail, Commercial, Wholesale

Years Location Open: 35

Total Square Footage: 10,700 sf

Total Service Bays: 8

Total Employees: More than 15 Group

2013 Total Gross Revenue: \$1-\$1.5 Million Group

2013 Tire/Service Mix: 55/45

Hours of Operation/Week: 50

% Weekly Customers - Repeat Customers: 90%

Referrals as % of All Customers: 5%

Service/Repair Jobs Per Month: 529

Top 5 Consumer Tire Brands Sold: Goodyear, Michelin, BFGoodrich, Continental, General, Hercules

Top 3 Medium Truck Tire Brands Sold: Goodyear, BFGoodrich

Total Competitors/Trade Radius: 13/11-25 miles



Tokah Inc./Big O Tires
Yucca Valley, CA

Tom Huls
President
bigotireyv@hotmail.com

Type of Dealership: Single Location

Location Business: Retail

Years Location Open: 20

Total Square Footage: 6,000 sf

Total Service Bays: 6

Total Employees: 6-10 Group

2013 Total Gross Revenue: \$1.5-\$2.5 Million Group

2013 Tire/Service Mix: 60/40

Hours of Operation/Week: 68

% Weekly Customers - Repeat Customers: 70%

Referrals as % of All Customers: 15%

Service/Repair Jobs Per Month: 604

Top 5 Consumer Tire Brands Sold: Big O, Cooper, Goodyear, Falken, Sumitomo

Top 3 Medium Truck Tire Brands Sold: N/A

Total Competitors/Trade Radius: 11/25+ miles



Turner & Osborne Tire Co.
Columbia, TN

Walker Vining
General Manager
wvining@turnerandosborne.com

Type of Dealership: Single Location

Location Business: Retail

Years Location Open: 64

Total Square Footage: 10,300 sf

Total Service Bays: 8

Total Employees: 6-10 Group

2013 Total Gross Revenue: Less Than
\$1 Million Group

2013 Tire/Service Mix: 40/60

Hours of Operation/Week: 42.5

% Weekly Customers - Repeat
Customers: 80%

Referrals as % of All Customers: 10%

Service/Repair Jobs Per Month: 460

Top 5 Consumer Tire Brands Sold:
Michelin, BFGoodrich, Uniroyal,
Goodyear, Kelly

Top 3 Medium Truck Tire Brands Sold:
Firestone, Bridgestone, Goodyear

Total Competitors/Trade Radius: 17/6-
10 miles

MAKE UP OF THE PLATINUM PERFORMERS

BUILDING/EQUIPMENT

When it comes to the physical location, Platinum Performers are more likely to dedicate more space to service bays than any other portion of their physical building. The additional square footage equates to, on a median basis, two more service bays than other dealers.

Having more service bays does not equal more equipment though; Platinum Performers operate with virtually the same net array of equipment with very few exceptions.

Platinum Performers are also likelier to have smaller sales areas/showrooms (600 vs. 700 square feet) and a smaller warehouse (2,000 vs. 2,200 square feet).

The smallest space in a Platinum Performer's dealership is typically the customer waiting area, clocking in at 400 square feet on a median basis. This could be because Platinum Performers are also more likely to offer courtesy vans (45.5% vs. 24.3%) and/or courtesy rental vehicles (36.4% vs. 7.2%), allowing customers the freedom to not wait in store.

Other Building/Equipment Details:

- The median size of a Platinum Performer location is 9,300 square feet (compared to 7,030 square feet for other dealers) – with the greatest amount of floor space – 6,000 square feet – devoted to service bays.
- On a median basis, Platinum Performers report having 8 service bays. The other dealers report having 6 service bays.
- When it comes to filling those bays with gear, Platinum Performers and other dealers are on par: brake lathes – one each; tire changers – 3 for top dealers vs. 2 for others; tire/wheel balancers – 2 each; alignment racks – 1 each; engine diagnostics systems – 2 for top dealers vs. 1 for others.
- Interestingly, less than 1.5% of **all dealers** responding reported having a dedicated quick oil change lane.
- 50% of Platinum Performers say their trade area ranges as far as 11 to 25 miles, nearly twice as many as other dealers (27.6%).

“We have two bays dedicated to oil, lube and filter that we also do tire service in – an approach that we developed over the past 5-8 years in response to pressure from car dealerships. Getting the car up and on the rack is what drives service. And if I don't get cars in for that regular service, I won't get their business for more lucrative items like brakes and accessory items.”

–TRIPP LEE, GENERAL SALES MANAGER OF FRASIER TIRE SERVICE–

“The gross profit percentage in service is lucrative compared to tires and we need that to help sustain our bottom line. It’s also a safety issue. If we have a client in our shop and we realize there’s something that’s not right on his or her vehicle, we can advise them and keep them safe. It also gives the customer a one-stop shop.”

—KIM SIGMAN, OWNER OF COMMUNITY TIRE PROS—

minutes in over-the-counter face time with each customer. Other dealers reported they averaged 11.5 minutes per customer.

- The top dealers carried an in-house inventory of 600 tires (median) vs. 593 for other dealers, but turn their inventories 8 times per year vs. 7 times (median) for others.

- In breaking down 2013 sales, Platinum Performers reported median sales of:

- \$214,500 per service bay
- \$184.52 per square foot of total floor space
- \$190,667 per location employee

SALES

Compared to other dealers, service sales make up the majority of a Platinum Performer’s overall sales compared to tires. Platinum Performers reported a median tire/service sales mix of 40/60; other dealers reported a 57/43 mix. Simply put, Platinum Performers do more service jobs (168 median total more service jobs), make more on service and justify the larger space devoted to service bays by increasing the amount of jobs done in a month.

Platinum Performers also display a median mark-up of 56% on service parts compared to 48% for other tire dealers. Not only are Platinum Performers marking up the parts more, they’re also more likely to mark up the service and tire tech labor by about 20% more than other dealers.

These top dealers are also more likely to generate higher dollar amount per ticket for both tires and services than other dealers. This is likely driven by the ability of Platinum Performers to package services with tire sales. In order to do this, Platinum Performers offer courtesy checks at a higher rate (median 80% vs. 70%; average 73.6% vs. 52%). This leads to higher likelihood in favor of Platinum Performers to sell service as a part of the total tire sale.

Warranties are a special point of interest, with 15% of Platinum Performers’ monthly tire sales including tire road hazard warranties.

Other Sales Details:

- Platinum Performers reported median 2013 retail tire sales of approximately \$800,000 compared to approximately \$614,000 for other dealers.

- And the top dealers reported median 2013 service sales of approxi-

mately \$1 million vs. approximately \$570,000 for other dealers.

- Sales of accessories and other goods/services were fairly level between the two groups. But in 2013, Platinum Performers did far less

—TOM HULS, PRESIDENT OF TOKAH INC./BIG O TIRES—

“Performing a vehicle inspection goes a long way in selling additional services and accessories as part of the total service ticket. We want to give customers the ammunition to make an informed buying decision and we do that with a 21-point inspection on every vehicle. We tell the customer upfront exactly what we’re doing and what’s going on, that way it gives us the opportunity to communicate with them if there’s something on the vehicle that needs to be done.”

wholesale business (median of \$25,837 vs. \$100,000) and commercial tire sales (median \$150,000 vs. \$180,396).

- All in, Platinum Performers posted median total gross revenue for 2013 of \$1.716 million compared to \$1.669 million for other dealers.

- Despite the thin \$47,000 difference in 2013 revenue, 35.5% of other dealers said their 2013 revenue was down vs. 2012, and 47.8% reported that revenue stayed level year-to-year. Only 18.2% of Platinum Performers reported a downturn ranging from 1% to 10% year-over-year, and 63% said 2013 sales stayed level with 2012 results.

- When it comes to tire sales, Platinum Performers posted an average ticket of \$535.36 in 2013 vs. a \$409.56 average for other dealers.

- On the service sales side, Platinum Performers posted an average ticket of \$281.82 per job versus an average of \$199.73 per ticket for other dealers.

- It is interesting that Platinum Performers spent on average 8.5

- Other dealers reported 2013 median sales of:

- \$278,167 per service bay
- \$237.41 per square foot of total floor space
- \$189,660 per location employee

- Breaking down tire sales, other dealers tend to be more diversified in their product offering than Platinum Performers. As a percentage of tire sales, here’s the spread:

- Passenger/Light Truck: 81% of tire sales (Platinum Performers) vs. 72.5% (Other)
- Commercial Light Truck: 10.4% vs. 11.9%
- Medium Truck: 3.6% vs. 7.4%
- Retreads: 1.7% vs. 3.1%
- OTR/Ag: 1.2% vs. 3.7%
- Other: 2.1% vs. 1.4%

- When it comes to service sales, Platinum Performers outclass the rest, posting an median 545 jobs per month compared to 377 for other dealers.

MADE IN
THE USA

WITNESS ACCURACY BEYOND "OK"

The new Coats® Vero Series™ V200 eliminates the compromises that plague other balancing methods to deliver a performance balance, the first time, every time. Vero's exclusive ProBalance Technology™ eliminates the risks associated with other technologies that intentionally leave residual unbalances and generate unwanted vibration.

- **Powered By Direct Drive**

Accuracy begins at the drive system and ours is always calibrated to true zero.

- **ProBalance Technology**

A unique algorithm that easily and quickly delivers a performance balance.

- **Industrial-Grade Touchscreen**

85% of balances can be done touch-free but we build tough screens just in case.

- **Laser Guided Operation®**

Flawless, pinpoint accuracy takes the guesswork out of weight placement.



Visit www.veroseries.com
to discover the truth about balancing.

vero™
SERIES

COATS®

• And Platinum Performers make the most of their wheel-end service opportunities. Here are the average jobs per month:

- Brakes: 76.2 (Platinum Performers) vs. 45.8 (Other)
- Shocks/Struts: 17.2 vs. 13.5
- Wheel Bearings: 24.3 vs. 12.3
- Suspension/Chassis: 44.6 vs. 26.5
- Alignment: 98.1 vs. 83.9
- Oil Changes: 220.6 vs. 163.9
- Underhood Service: 52.8 vs. 52.6
- Transmission: 6.5 vs. 4.0
- TPMS (New/Rebuild): 37.2 vs. 40.9
- Other: 94.5 vs. 80.2

• Tire sales result in alignment revenue opportunities, and Platinum Performers convert at a higher rate than other dealers. On a median basis, 50% of new tire sales by top dealers include an alignment vs. 15% for other dealers.

• When it comes to selling road-hazard warranties, Platinum Performers do quite well. On average, 35.3% of their new tire sales include such warranties compared to 23.5% of tire sales by other dealers.

• Platinum Performers also excel at selling accessory items. Here is the percentage that stock/sell the following:

- Batteries: 100% (Platinum Performers) vs. 82.6% (Other)
- Wiper Blades: 90.9% vs. 81.7%
- Engine Chemicals: 63.6% vs. 52.3%
- Wheels: 45.5% vs. 45.9%
- Appearance Products: 18.2% vs. 11.0%
- Other: 18.2% vs. 15.6%

• Looking at gross profit margins on retail sales, the dealer groups were level on passenger/light truck tire sales at 25% GPM. But Platinum Performers earn a greater GPM than other dealers on service labor (75% vs. 69% median), tire tech labor (75% vs. 57.5% median) and repair parts sales (55% vs. 45%).

• Platinum Performers tend to do better with Tier 1 and Tier 3 tire brands, posting a median mark-up of 22% and 28.5%, respectively, com-

“Because we check the cars more thoroughly, we can sit down and explain to the customer that they’re going to get better mileage and life out of their car, and less break downs. We do courtesy checks and rotate tires for free with oil changes. Then we mark down brake percentages and stuff like that and use that information to send out flyers 30 or 60 days down the road to warn them that they’re going to need brakes. Because of that, they’re more likely to invest in the service.”

–DANIEL BONI SR., PRESIDENT OF BONI TIRE & AUTO SERVICE–

Not only do alignment sales come from customers, but they can come from other businesses in the area. Paul Hovis is able to leverage his alignment racks to get business from bodyshops, auto repair shops and even car dealerships in his area. “Some businesses don’t want to spend \$50,000 on a new rack and alignment machine in addition to paying someone another \$40,000-\$50,000 a year to run it. It’s easier to bring it down here and mark the price up \$10 to their customers.”

–PAUL HOVIS, OWNER OF HOVIS TIRE & AUTO–

“We have 100% alignment checks. We make it part of our service inspecting or checking at no charge, and honestly we convert most anyone that needs them. We tell people we want to care for your tires and your tire wear, and we can’t do that if we’re starting with an unknown. I can’t put rubber back on the tire once its started to get irregular wear we want to start with ‘ground zero’ protecting your investment trying to get you the best mileage and the best wear you can out of your car.”

–KENT OLSON, PRESIDENT OF OLSON TIRE & AUTO SERVICE–

pared to 20% and 25% by other dealers. In Tier 2, though, other dealers carry the day with a solid 25% mark-up compared to 21% for top performers.

• On service parts, Platinum Performers really show their strength, showing a median mark-up of 56% compared to 48% for other dealers.

OPERATIONS

As a percentage of all customer

“It’s interesting, in our market we have a lot of high-end stuff and a lot of low-end stuff. . .two different customers. A lot of them come in and want the cheapest thing you got or they realize the greater value proposition of the deal and are thinking of the purchase in terms of cents/mile or performance.”

–WALKER VINING
GM OF TURNER & OSBORNE
TIRE CO.–



We didn't reinvent the wheel – just the Tire Pressure Monitoring System.



The Tire Pressure Monitoring System that's miles ahead.



reddot award 2014
winner

visits, Platinum Performers are 200% more likely to schedule appointments (50% vs. 25%), which allows their businesses to optimize schedules and workflow, forecast trends and quote more jobs. In quantifiable terms, scheduling more appointments equates to a greater likelihood of increased cars per bay per month, as Platinum Performers average about 75 more cars per bay per month (8.0 cars/bay/day x 30 days vs. 5.5 cars/bay/day x 30 days).

Platinum Performers are more likely to have a formal business plan than other tire dealers in the survey, but still fall short. Just half of Platinum Performers have formal business plans.

The top dealers are also more likely to have an employee handbook, formal marketing plan, customer retention plan, benchmark competitors, customer service surveys, formal budgeting process, practice energy management techniques and have a formal continuous improvement program in place.

Platinum Performers are also more likely to be more efficient with their annual operating budgets. On an average basis, 38.9% goes to payroll/benefits/training (48.2% for other performers); 34.2% goes to fixed expenses (29%); and 26.9% targets controllable expenses (22.8%).

Other Operations Details:

- Platinum Performers fall flat in a number of areas where one would think the best dealers would excel:

- *When it comes to continuous improvement efforts, just 36.4% of Platinum Performers report having a formal program, compared to an even worse 25% for other dealers.*

- *Just over half (54.5%) say they have a current formal business plan in place, vs. 32.4% of other dealers.*

- *Still, 72.7% of the best dealers have a formal budgeting process vs. 32.4% for other dealers, and 72.7% say they have a current employee handbook vs. just 58.3% for other dealers.*

- Platinum Performers report a median customer retention rate of 85% (80% for others), and say that repeat business makes up 78.5% of their average weekly sales (75.2% for others). Those results are a bit of a surprise given that only 63.3% of

“It’s hard to drive your business to success if you don’t have a target. Your organization and all of its members need to know where that target is. That’s the motivation and reason why we have a business plan.”

—CHRIS MONROE, OWNER OF MONROE TIRE—

Platinum Performers have a customer loyalty program vs. 44.4% for other dealers; and just 54.6% of the top dealers perform customer satisfaction surveys and follow-ups compared to 42.6% for other dealers.

- Platinum Performers maintain control over their day-to-day routines; as a group they report that 50% (median) of their daily appointments are scheduled in advance vs. others with just 25%.

- But getting jobs on the schedule is still a tough task, no matter who you are. Platinum Performers fill 70% of their schedule by phone (compared to 60% by other dealers), 27% by walk-ins (20%), and just 5% using online scheduling systems (1%).

- On a median basis, Platinum Performers see 8 cars/day per each of their service bays compared to 5.5 cars/day per bay. That equates to a Platinum Performer seeing 64 cars per day vs. 33 cars per day for other dealers, based on an eight-hour day.

- Remarkably, Platinum Performers focus less of their operating budget on employee expenses vs. other dealers. In 2013, the median was 40% of revenue for top dealers compared to 50% for other dealers.

- Happy employees are the most productive and successful. The best performing dealers took good care of their employees and provided them with key growth opportunities. Here’s how they stack up on key benefits:

- Paid Vacation Days: 100% (Platinum Performers) vs. 85.6% (Others)
- Paid Sick/Personal Days: 63.6% vs. 50.5%
- Dealer Paid Medical Coverage: 63.6% vs. 45.1%
- Profit Sharing: 45.5% vs. 25.2%
- Management Training: 54.6% vs. 40.5%
- Technical Training: 100% vs. 71.2%
- Sales Training: 72.7% vs. 60.4%
- Promotion Opportunities: 63.6% vs. 47.8%
- Apprenticeship Program: 63.6% vs. 23.4%
- Accident Prevention Program: 54.6% vs. 32.4%

- For the most part, Platinum Performers and other dealers earmark the same share of revenue for IT (median 2% each), equipment and tools (median 3% each), and vehicles (median 1% and 2%, respectively).

- Where top performing dealers really differentiated themselves was in non-equipment related facility improvements and advertising/marketing. Platinum Performers earmarked 5% of sales for improvements and another 5% for advertising/marketing, compared to 2% and 2.8%, respectively, by other dealers.

- The proof is in the performance, and the best dealers garnered a 12% median net profit in 2013 vs. 6.3% by other dealers.

“I like to know what’s coming in so I know what parts and tires I need to stock as well as how many techs I need for the day. Nowadays with tire deliveries, most vendors deliver twice a day – you don’t have to keep \$300,000 worth of inventory in stock. We schedule on average about 40-50 work orders per day.”

— PAUL HOVIS, OWNER OF HOVIS TIRE & AUTO —

TOYOTIRES.COM/VERSADO



WE ARE SMOOTH AND STEADY
AND WRAPPED IN LUXURY

ALL NEW

VERSADO NOIR

Drive Luxuriously.

Our most advanced luxury touring all-season tire for your most important customers.
Quiet Ride | Longer Tread Life | 75,000-Mile Warranty | 500-Mile or 45-Day Trial Offer*

WE ARE TOYO. ALL OR NOTHING. **TOYO TIRES**[®]

*See ToyoTires.com for details. ©2014 Toyo Tire U.S.A. Corp.

MARKETING

As we just saw, Platinum Performers, on a median basis, devote 5% of their revenue on advertising and marketing in 2013, and they spent that money primarily on traditional forms of advertising: TV, radio, newspaper and direct mail.

Reaching customers digitally is key as well – despite the majority of budgeting going towards traditional forms of advertising. Online coupons are a popular trend among the top performers, with 100% of Platinum Performers offering online coupons to their retail customers.

Additionally, 90.9% of Platinum Performers manage a Facebook page and they are also more likely to have a Twitter and YouTube account compared to other dealers. Lastly, Platinum Performers beat others when it comes to updating their own websites: Platinum Performers are 690% more likely to update their dealership's website once each week.

To further their marketing efforts, 100% of Platinum Performers collect customers' phone numbers,

make/model/year of vehicle, and address. Ninety percent collect a physical address and 63.6% collect an email address. But, only six of 10 Platinum Performers collect vehicle service history.

Other Marketing Details:

- How do today's tire dealers get the word out? Well, Platinum Performers have very different ideas about the most effective and efficient means of advertising and marketing:

- Platinum Performers dedicate an average of 8.9% of their advertising dollars on newspaper; other dealers spend 6.3% there.

- *Radio (10.4% vs. 9.9%) and TV (16.6% vs. 10.4%) also get significant notice by top dealers.*

- *Yellow Page advertising, though, only sees an average of 2.3% of the top performer budget vs. 9.5% for other dealers.*

- *Unexpectedly, Platinum Performers spend less on events – 6.4% vs. 10.5% – and on their websites – 12.1% vs. 18.3%.*

- *Top dealers are on top of things when it comes to social media (10.6% of their budget vs. 4.1% for other dealers), direct mail (12.7% vs. 10.3%), and online reputation management (3.4% vs. 1.5%).*

“The local newspaper offers a 4x4 sticker that goes above the fold on the front page. I can reach 24,000 households for \$500. We do that eight times a year and promote seasonal specials.”

–TRIPP LEE, GENERAL SALES MANAGER OF FRASIER TIRE SERVICE–

plasteel[®]
PREMIUM WHEEL WEIGHTS

**LESS
EXPENSIVE
THAN LEAD
& ZINC**

“REALLY? I SAVE THAT MUCH!”

PLASTIC SHELL

STEEL CORE

TO LEARN MORE AND ORDER YOUR FREE SAMPLE VISIT
PLASTEELWHEELWEIGHTS.COM
1-888-558-7854


plombco

“We’re in the 5th largest city in the country – the conventional media advertising here is very expensive. With just six locations, we’re talking almost 5 million people and a large majority wouldn’t come to us anyway because we’re not in their buying market. Someone would not drive a half hour across town to get oil change and tires rotated. Social media allows us to target our customers.”

–KIM SIGMAN, PARTNER/GM COMMUNITY TIRE PROS & AUTO–

- But business computers are also employed to manage a dealer’s social media (72.7% for Platinum Performers and 50% for others), manage dealer websites (72.7% vs. 48.2%), and handle customer reviews (54.6% vs. 44.6%).

- When it comes to keeping their dealership websites fresh, Platinum Performers hold an edge: 72.7% of the top dealers update their websites at least once a week, 9.1% say once a month, and

- Speaking of digital media, 90.9% of Platinum Performers have a Facebook page vs. 75.7% of other dealers; 36.4% have a Twitter account vs. 20.6%; and 36.4% have active YouTube channels vs. 21.5% of the others.

- When it comes to the game-changing – and relatively simple – act of collecting key customer data, neither group shines. Here is how many claim to regularly collect the following customer information:

- Phone Number(s): 100% (Platinum Performers) vs. 97.3% (Others)
- Vehicle Make/Model/Year: 100% vs. 87.3%
- Street Address: 100% vs. 85.5%
- Email Address: 90.9% vs. 59.1%
- Vehicle Service History: 63.6% vs. 40%
- Customer DOB: 9.1% vs. 1.8%
- Names of Friends/Relatives: 0% vs. 1.8%

- Astonishingly, 36.4% of Platinum Performers fail to perform any kind of customer satisfaction survey, compared to a 43.3% fail rate for other dealers.

- The most popular method of conducting customer follow-up surveys is online, favored by 45.5% of top performers and 33.9% of other dealers. Next is in-store surveying, done by 9.1% of Platinum Performers and 13.8% of others, followed by a mail-in survey, used by 9.1% of the best dealers and 3.7% of the rest.

- Location computer systems are used heavily by both sides for things like tire and part ordering, business email, retaining customer records, service bulletin searches and general Web browsing.



As Seen at SEMA

Again First to Market with New Product Solutions that Others Can Only Hope to Follow

This SEMA 2014 Corghi did not only display their newest models in tire changers and balancers but we also showed for the first time the most advanced system in the market for performing touchless robotically scanned alignment with Pre-Check capabilities.

REMO robotic alignment plus Pre-Check – Completely Touchless – Simply drive the car onto the rack or alignment station, enter the vehicle information into the system and walk away. The robots with laser measurement capabilities will scan all 4 wheels and compare the readings to the manufactures specs. If an alignment is needed just proceed and as you lift the car and make adjustments the robots will follow you every step of the way and give you real-time feedback as you dial the car into spec.

If you don't see what's at Corghi - You won't see what's new in the market!!



CORGI USA Inc.
6067 Schumacher Park Drive,
West Chester, OH 45069
www.corghiusa.us
www.youtube.com/user/CorghiUSA



Segui Corghi - Follow Corghi

www.corghiusa.us • info@corghiusa.us

“We use Moving Targets for a birthday program where they can come up with a demographic, salary range and an age group and then blast the mailing group with a, ‘Happy Birthday! Come see me for a free oil change’ message.”

—TRIPP LEE, GENERAL SALES MANAGER OF FRASIER TIRE SERVICE—

18.2% claim once a quarter updates. Other dealers trend to once a month (40.4%) or less than once a quarter (20.2%).

- When it comes to monitoring web success, Platinum Performers tend to be a bit more on the ball, with 9.1% reporting daily analytics checks, 27.3% claiming once a week reviews, 9.1% checking their analytics once every two weeks, and the majority – 36.4% – handling it once a month.

- Conversely, 2.8% of other dealers dig in once a week, 9.4% look at progress once a week, 7.6% check web analytics every two weeks, and 36.8% wait an entire month.

- When it comes to time invested in social media, Platinum Performers average 3.6 hours per week compared to 3.2 hours by other dealers.

PERSONNEL

As we noted, Platinum Performers posted higher retail tire sales (\$800,000 vs. \$614,000) and higher service sales (\$1 million vs. \$570,000) for 2013. This is likely driven by a greater emphasis on practices and programs that make Platinum Performers better operationally and more attractive tire dealers with which to do business.

Above all, Platinum Performers have more practices in place that retain, encourage and motivate employees. Although Platinum Performers and other dealers pay their employees similar amounts position by position, Platinum Performers focus more of their revenue on payroll versus other performers (38% vs. 25%).

Platinum Performers are more likely to offer their employees benefits beyond a competitive salary. These include paid vacation, bonuses, reviews and raises, sick and personal days, medical benefits, promotion/advancement opportunities, and revenue sharing. Platinum Performers also offer employees the op-

portunity to excel with benefits like technical, sales and management training, and apprenticeship programs.

These programs likely motivate employees to do better work, and in the case of Platinum Performers, make more money with about the same amount of employees as the other performers (9 vs. 8.8 employees). Increased investment in training also equates to three additional cars per bay per day for Platinum Performers.

Other Personnel Details:

- Overall, Platinum Performer locations were staffed by 9.0 employees (median) compared to 8.8 for other dealers.

- Service techs at Platinum Performer dealers average 9.6 jobs per day vs. 7.0 at other dealers. Those service jobs resulted in an average ticket of \$281.82 compared to \$199.73 for other dealers.

- Tire and tire service is vital to Platinum Performers, so they use a wide variety of training resources.

81.8% of top dealers look to non-manufacturer suppliers for training compared to 73.8% among other dealers. Tiremakers are used by 81.8% of Platinum Performers vs. 57.9%; associations (like TIA) are sourced by 72.7% of top dealers vs. 48.6%; and other options are utilized by 45.5% of Platinum Performers vs. 27.1% by other dealers.

- On the vehicle repair and service side, good training is equally important to top dealers. 90.9% of Platinum Performers seek out training from non-manufacturer suppliers vs. 74% by other dealers; technical schools get the call by 72.7% of top dealers vs. 43.3%; parts producers are called on by 54.6% of Platinum Performers vs. 30.8% of other dealers; and 45.5% of top dealers look at a variety of other options compared to 43.3% of other dealers.

- In terms of wages, Platinum Performers tend to pay their staffs better. Here is the average annual wage paid breakdown by position:

“We’re able to have techs work on several cars a day through effective scheduling. We schedule everything try to schedule by appointments by doing that we can look at who’s doing what and we can move people in and out a lot faster than other shops.”

—RICHARD HOFFMAN, OWNER OF HOFFMAN TIRE PROS—

“We utilize all our suppliers like O’Reilly, NAPA, Big O for our training needs and send my techs to different classes and courses throughout the year. With the crazy Internet, we’ve found other ways to keep them up-to-date, as well. Free sites like YouTube and bergwall.com provide them ASE training.”

—TOM HULS, PRESIDENT OF TOKAH INC./BIG O TIRES—

- **Location Manager**
 - Platinum Performer: \$70,618
 - Other: \$67,129
- **Sales/Customer Service**
 - Platinum Performer: \$40,222
 - Other: \$43,410
- **Outside Sales**
 - Platinum Performers: N/A
 - Other: \$47,677
- **Back Office**
 - Platinum Performer: \$47,500
 - Other: \$33,746
- **Service Techs**
 - Platinum Performer: \$69,909
 - Other: \$52,149
- **Tire Techs**
 - Platinum Performer: \$34,682
 - Other: \$30,215
- **Field Service**
 - Platinum Performer: N/A
 - Other: \$35,923

TOP PASSENGER & LT/SUV BRANDS CARRIED BY SURVEYED DEALERS

(Total Mentions/Platinum Performer Mentions)

| | | | |
|-------------|------|-------------|------|
| Michelin | 67/4 | Toyo | 16/0 |
| BFGoodrich | 45/3 | Kelly | 15/2 |
| Goodyear | 41/4 | Mastercraft | 15/0 |
| Firestone | 39/1 | Hercules | 15/2 |
| General | 35/3 | Fuzion | 13/0 |
| Cooper | 34/2 | Dunlop | 12/1 |
| Continental | 33/3 | Capitol | 10/1 |
| Hankook | 23/0 | Yokohama | 8/1 |
| Bridgestone | 22/2 | Falken | 8/0 |
| Uniroyal | 21/2 | Kumho | 8/1 |

Other brands mentioned: Multi-Mile, Sailun, Dayton, Nexen, Sumitomo, Nitto, GT Radial, Sumic GTA, Cordovan, Fierce, Kenda, Mickey Thompson, Delta, National, Goodride, Nokian, Pirelli, Diamondback, Doral, Laramie, Starfire, Sigma, Jetzon, Federal, Runway, Summit, Autoguard, Americus, Dick Cepek, Ironman, Trazano, Milestar, Westlake, Delinte, Doral, Eldorado, Big O, Headway, Regul.

TOTAL PASSENGER & LT/SUV BRAND MENTIONS BY TIREMAKER

(Top Multi-Brand Tiremakers)

| | |
|--|------------|
| Michelin North America (Michelin/BFGoodrich/Uniroyal) | 133 |
| Bridgestone Americas (Bridgestone/Firestone/Fuzion/Dayton) | 76 |
| Goodyear Tire & Rubber Co. (Goodyear/Dunlop/Kelly/Fierce) | 69 |
| Continental Tire the Americas (Continental/General) | 68 |
| Cooper Tire & Rubber Co. (Cooper/Mastercraft/ Mickey Thompson/Dick Cepek) | 53 |
| Toyo Tire & Rubber Co. (Toyo/Nitto) | 21 |
| Sumitomo Rubber Industries (Sumitomo/Falken) | 15 |

CONCLUSION

This is just a snapshot of the mass data collected in our first Tire Industry Benchmarking Study, and we expect going forward as more and more dealers participate, the level of information and analysis will only improve.

Establishing clear-cut benchmarks that all dealers can use as guideposts to compare their business practices and results is the primary objective, but it is even more important to peel through all of the layers to reveal the characteristics that separate highly successful, profitable and growing independent dealers from their competition.

Again, only those dealers who participate in the Tire Industry Benchmarking Study will receive a FREE detailed personalized report and analysis on their business. The 2015 Benchmarking Study will kick off in the first quarter of the new year, so look for a formal announcement from TIRE REVIEW. ■