## Dealer Proflee

What does the typical successful North American tire dealer look like? How is his/her business structured? Where are they seeing successes, and where are the failures?

Welcome to Tire Review's 2007 Tire Dealer Profile Study the industry's most extensive, most coveted research effort. To compile this year's report, Tire Review surveyed hundreds of independent tire dealers throughout North America, businesspeople who took time out of their busy schedules to answer these important questions.
Those surveyed dealers served as a unified voice, helping us and our readers better understand the size and scope of today's successful independent tire dealer.
These dealers offered valuable insights into the industry's most pressing questions. They answered fundamental questions, such as: "How is a successful tire dealership structured?" "Where do they buy their tires?" "When do they sell

## What Concerns Dealers Most

| $\begin{gathered} \text { most important } \\ 0 \\ \hline \end{gathered} 1$ |  |
| :---: | :---: |
|  |  |
| 1.3 | Profitablity |
| 1.4 | Customer retention |
| 1.4 | Cost of business insurance |
| 1.4 | Getting/keeping qualified employees |
| 1.5 | Cost of wages/benefits |
| 1.6 | Tire pricing by suppliers |
| 1.7 | Tire supply/fill rates |
| 1.9 | Price competition from dealers |
| 2.0 | Service info availability |
| 2.0 | Competition from mass merchants/warehouse clubs |
| 2.0 | Health of tire companies |
| 2.1 | National/State legislation |
| 2.2 | Auto dealer competition |

the most tires?" "W hat are the average selling prices of consumer and commercial tires?"
They also offered inside information that's not available anywhere else: How much profit do they earn on those tires?
Who do dealers consider their toughest competition? Where anywhere else: How much profit do they earn on those tires? are their pain points? Seasonally, what are their best months for tire and service sales? How much do they pay their employees?
Presented here are a few of the key questions asked in this year's study. For complete study results, contact Bob Roberts, Babcox Research, at 330-670-1234, ext. 252, or by e-mail at broberts@babcox.com. <br> \title{
What Dealers Pay New Híres <br> \title{
What Dealers Pay New Híres (Without Experience)
}
$7 \%$
Less than
$\$ 7 / h o u r$

## Dealer Proflee

## Sizing Up the Average Dealer

Sell Chinese brand passenger and LT/SUV tires

## What Dealers Will Do With Their Business at Retirement



Service bayssold per day

Concerned about finding employees

Sell used tires
Sell custom wheels

Full-time employees per day

## Employee Retention: What Dealers Think Works

most important
least important
1.5 Treat them with respect
1.7 Give regular schedules
1.8 Pay them well
2.1 Provide quality tools/equipment
2.3 Offer good benefits
2.3 Give adequate time off
2.3 Provide chance to advance
2.6 Training/education opportunities

## Sizing Up the Average Dealer

70\%
11.7\%

37\%
22.9\%
11.5\%

39\%

Had employee turnover rate of $10 \%$ or less

Offer nitrogen inflation

Provide 401(k) plans to employees

Have had TIA TPMS training in the past year

Have taken TIA's passenger tire service training

Sell Chinese brand medium truck tires

## Dealer Profile

## What Retail Dealers Sell Each Day <br> (Average Tires Sold Per Day)

| Why Retall Dealers Cany |  |
| :--- | :--- |
| Certain Consumer The Brands |  |
| 1.4 | Product quality |
| 1.6 | Product availability |
| 1.6 | Supplier relations |
| 1.7 | Profit margin potential |
| 2.0 | Fill rate |
| 2.0 | Product cost |
| 2.2 | Consumer brand awareness |
| 2.5 | Innovation/technology |
| 2.6 | Line/SKU coverage |
| 2.8 | Buying terms |
| 2.9 | OE position |
| 2.9 | Merchandising support |
| 3.1 | Advertising/promotion support |
| 3.2 | Training |

18.7 STANDARD PASSENGER


## Number of Brands Retail Dealers Carry



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## What Dealers Think is Important to Retail Tire Buyers



## Where Dealers Get Consumer Tires

## Why Customers Buy Particular HP Tires


1.8 Price of tires
2.2
2.6 Brand of tires
2.7 Cornering \& handling ability
2.7 Wet traction
2.8 Tread design
2.9 Speed rating
3.2

Same as OE tire
1.9\%

Other sources


## Dealer Proflee

## Average Gross Profits: 2006 Sales

## Dealer Sales Volume: Consumer Tires (2006 Sales vs. 2005)



$\square$

Who Dealer Sees as Most Difficult Competition


## Dealer Profle

## How Dealers Advertise

(Methods Used)
[More than 100\% due to multiple responses]

| $67 \%$ | Yellow pages | $2.7 \%$ | Web site |
| :--- | :--- | :--- | :--- |
| $49 \%$ | Newspaper ads | $1.6 \%$ | Local network T.V. |
| $4.2 \%$ | Radio ads | $1.6 \%$ | Other promotions |
| $31 \%$ | Community service | $1.3 \%$ | Field sales force |
| $29 \%$ | Direct mail | $1.1 \%$ | Cable T.V. |
| $29 \%$ | Reminder cards | $2 \%$ | Telemarketing |

## Average Retail Price: Replacement Passenger Tires

(Most Popular Sizes)
P225/60R16


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## Average Retail Price: Replacement LT/SUV Tires

 (Most Popular Sizes)> Major brand price

Private brand price
$\square$


## Average Selling Price:

 Replacement Medium Truck Tires(Most Popular Sizes)

| 11R24.5 | \$323.88 | (\$310.21) |  |
| :---: | :---: | :---: | :---: |
|  | \$188.14 (\$192.53) |  |  |
| 285/75R24.5 | \$308.64 | (\$311.49) |  |
|  | \$183.76 (\$184.18) |  |  |
| 295/75R22.5 | \$301.05 | (\$289.38) |  |
|  | \$187.80 (\$180.04) |  |  |
| 11R22.5 | \$302.77 | (\$289.37) |  |
|  | \$183.55 (\$181.38) |  |  |
| 255/70R22.5 | \$281.90 | (\$261.20) | Major brand price |
|  | \$177.89 (\$164.78) |  | Retread price |
| 225/70R19.5 | \$221.22 | (\$212.81) | Retread price |
|  | \$166.55 (\$149.78) |  |  |
| 445/50R22.5 | \$725.53 |  | (\$693.06) |
|  | \$287.50 | (NL) |  |
| 445/55R22.5 | \$734.31 |  | (\$709.00) |
|  | \$265.32 | (NL) |  |

Figures in parenthesis are results from 2006 Tire Dealer Profile study. NL indicates that prices for that size were not tracked last year. Some figures based on TR estimates.

## Dealer Profile

## Dealer Sales Volume: Commercial Tires (2006 Sales vs. 2005)




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 Of Service Parts Bought...

Vehicles Being Repaired


Light commercial

## Types of TPMS Encountered (of all TPMS-equipped tires serviced)

$10.7 \% \quad$ Direct/valve stem sensor
$19.8 \% \quad$ Direct/drop center sensor
$39.5 \% \quad$ Indirect system

## What Future Holds in Consumer Tire Sales

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Biggest Problems Selling Wheels


## Are You Suffering The Shortage Of OTR Tire Supplies?

Contact American Tire Corporation now because:

It's $100 \%$ U.S.A. corporation
Its brands are $100 \%$ U.S.A. intellectual property
It's the $3^{\text {th }}$ manufacturer producing $63^{\prime \prime}$ OTR tires
It's the $6^{\text {th }}$ manufacturer producing full range of $57^{* \prime}$ tires for USA users
It provides different tire solutions for different users, and using conditions
It's the most stable supplier for all OTR sizes with prompt doliveries throughout USA
It's the best OTR lire supplier providing warranty \& infelime liabrity insurance worldwide
It produces gient OTR tires by utilizing the newly developed equipments and technologies

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