Dealer Profile

The impact of the current economic downturn can certainly be seen in the results of Tire Review's annual Tire Dealer Profile Study. While the size and structure of today's independent dealer did not change, how dealers are doing business has, particularly in expense, promotion and hiring areas.

Tire Review's Tire Dealer Profile Study is the industry's most comprehensive and extensive research effort. To compile this year's report, Tire Review surveyed hundreds of independent tire dealers throughout North America, owners and principals who took time out of their busy schedules to answer detailed questions about their businesses.

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 invaluable insight 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 the most tires? What 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 are their pain points? What are their best months for tire and service sales? How much do they pay 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.

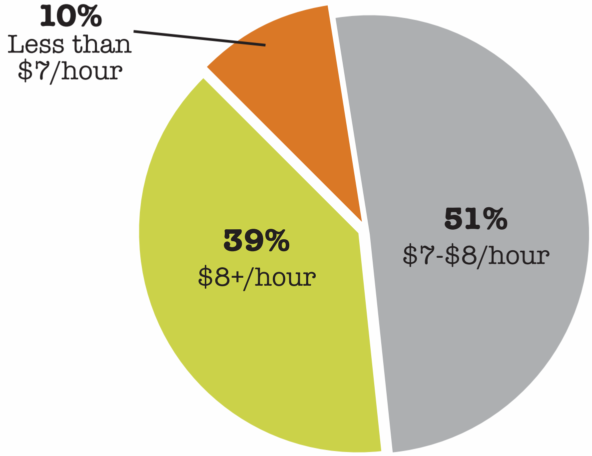
What Concerns Dealers Most

most important 0 — 1 — 2 — 3 least important

1.3	Profitability
1.3	Customer retention
1.6	Getting/keeping qualified employees
1.6	Cost of wages/benefits
1.6	Tire pricing by suppliers
1.7	Cost of business insurance
1.8	Service info availability
1.8	National/State legislation
1.9	Tire supply/fill rates
1.9	Price competition from dealers
2.0	Health of tire companies
2.1	SKU Proliferation
2.2	Competition from mass merchants/warehouse clubs
2.3	Auto dealer competition

What Dealers Pay New Hires

(without experience)



Sizing Up the Average Dealer

84.3%	Are family owned
63%	Attended or graduated college
59%	Are sole owners
$66.84	Avg. labor rate per hour
68%	Get management information from tire trade magazines
44%	Posted location sales of $1 million or more

Sizing Up the Average Dealer

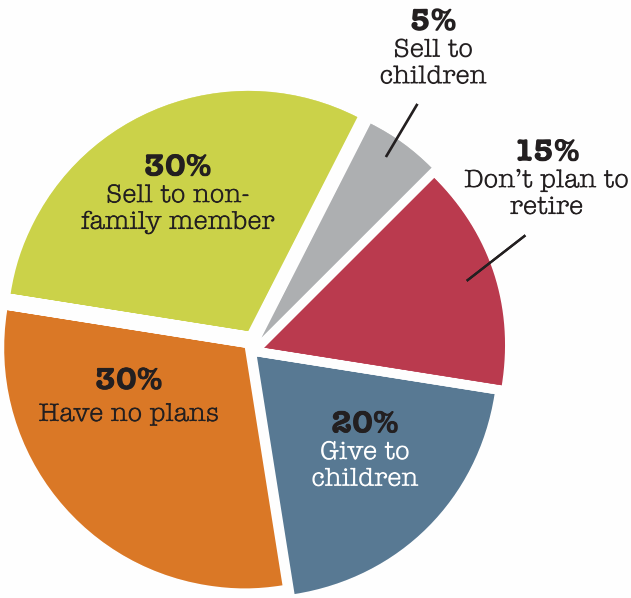
62%	Concerned about finding employees
77.8%	Sell used tires
76%	Sell medium truck tires
5.0 avg.	Service bays
62%	Offer medical benefits to employees
73.7%	Connected to the Internet
57.9%	Have a Web site
31.3	Average consumer tires sold per day
30%	Wrote more than 400 repair orders per month

Employee Retention: What Dealers Think Works

("1" being most critical)

1.6	Treat them with respect
1.9	Pay them well
2.0	Give regular schedules
2.3	Give adequate time off
2.5	Offer good benefits
2.5	Provide quality tools/equipment
2.6	Provide chance to advance
2.7	Training/education opportunities

What Dealers Will Do With Their Business at Retirement



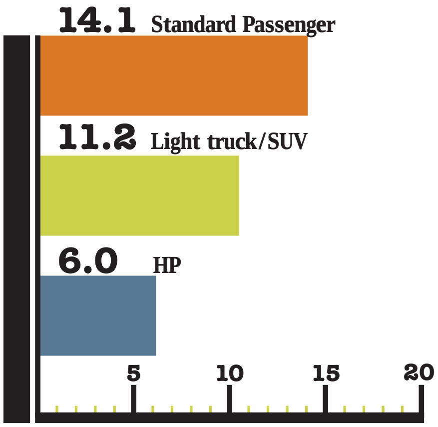
Sizing Up the Average Dealer

43%	Say product quality is the main reason they recommend a tire brand
63%	Have ASE-certified techs
67%	See more than 50% of their sales from repeat customers
13%	Have had TIA TPMS training in the past year
11%	Stock custom wheels
42%	Sell Chinese brand medium truck tires

Dealer Profile

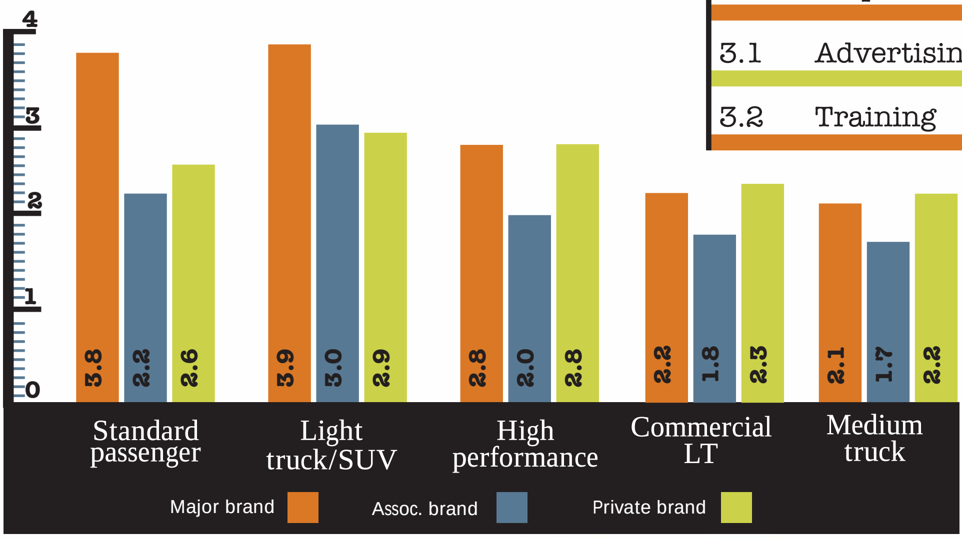
What Retail Dealers Sell Each Day

(average tires sold per day)



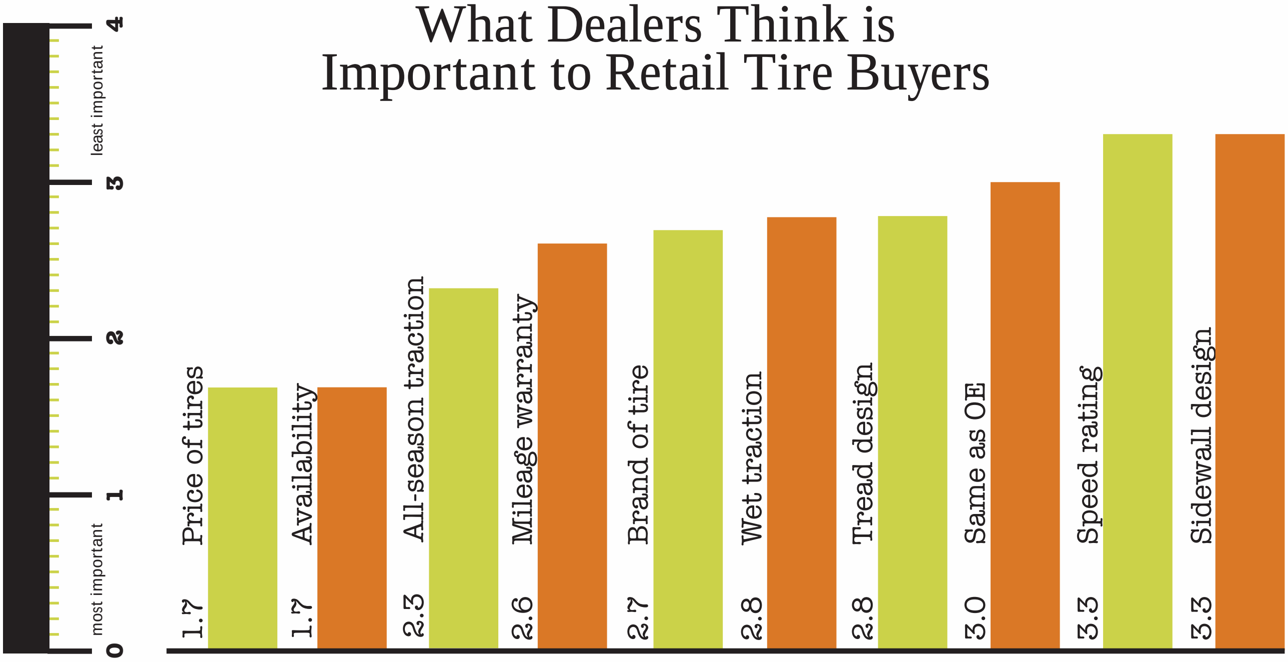
Why Retail Dealers Carry Certain Consumer Tire Brands

Number of Brands Retail Dealers Carry



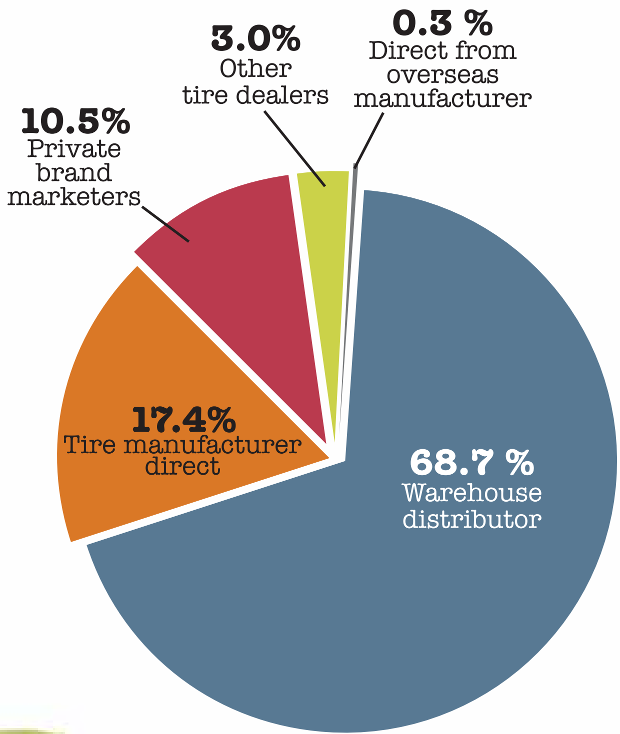
Dealer Profile

What Dealers Think is Important to Retail Tire Buyers



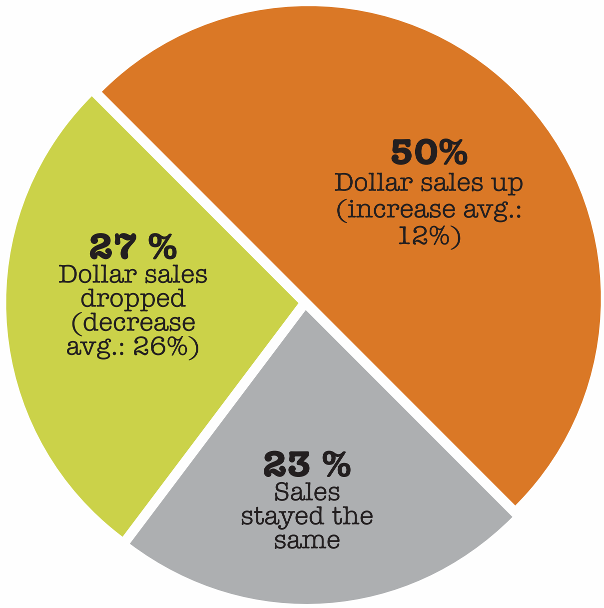
Why Customers Buy Particular HP Tires

Where Dealers Get Consumer Tires

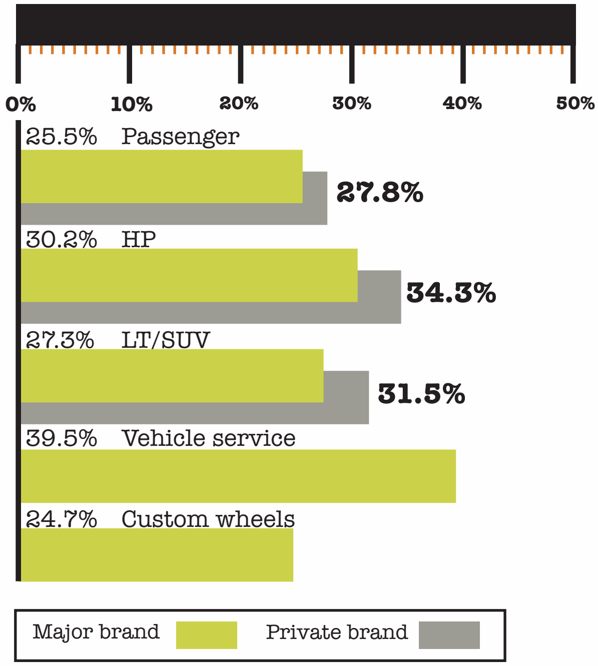


Dealer Profile

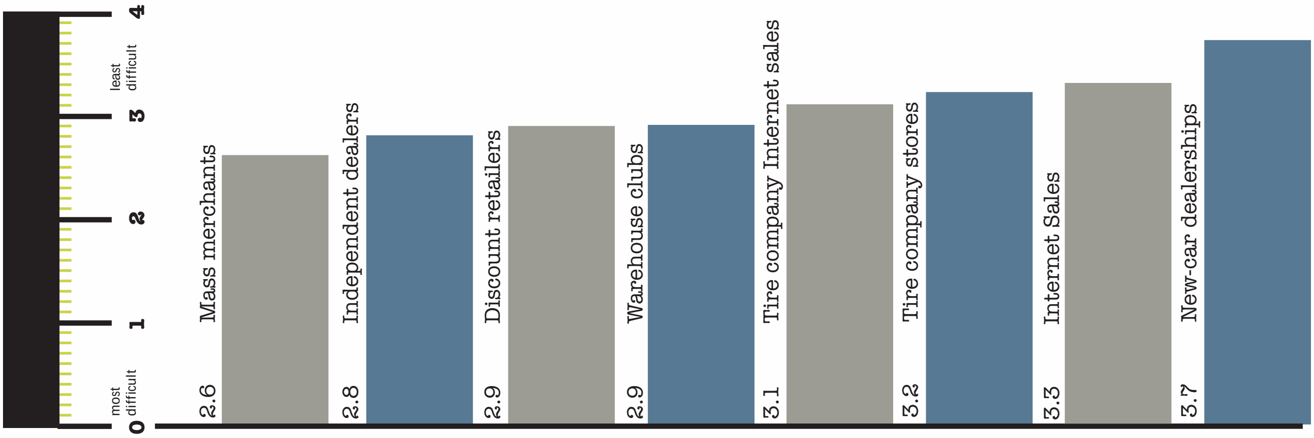
Dealer Sales Volume: Consumer Tires
(2008 sales vs. 2007)



Average Gross Profits: 2008 Sales



Who Dealer Sees as Most Difficult Competition



Dealer Profile

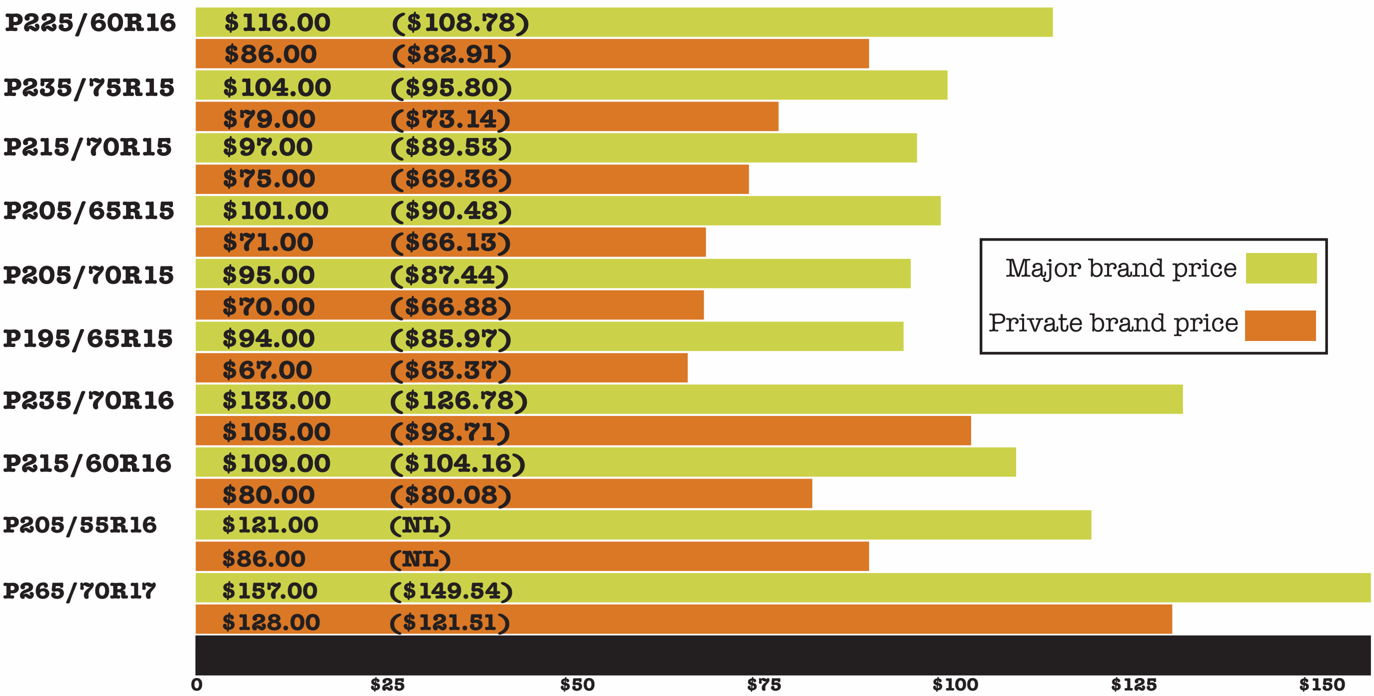
How Dealers Advertise/Promote

(methods used, paraenthesis denotes 2007 results) [more than 100% due to multiple responses]

- **53%** (57.1%) Yellow pages
- **38%** (57.1%) Newspaper ads
- **25%** (40.8%) Direct mail
- **25%** (32.7%) Web site
- **19%** (30.6%) Reminder cards
- **25%** (26.5%) Radio ads
- **6%** (22.4%) Cable TV
- **38%** (20.4%) Community service
- **6%** (12.2%) Field sales force
- **3%** (6%) Local network TV
- **9%** (6%) Other promotions
- **0%** (2%) Telemarketing

Average Retail Price: Replacement Passenger Tires

(most popular sizes)

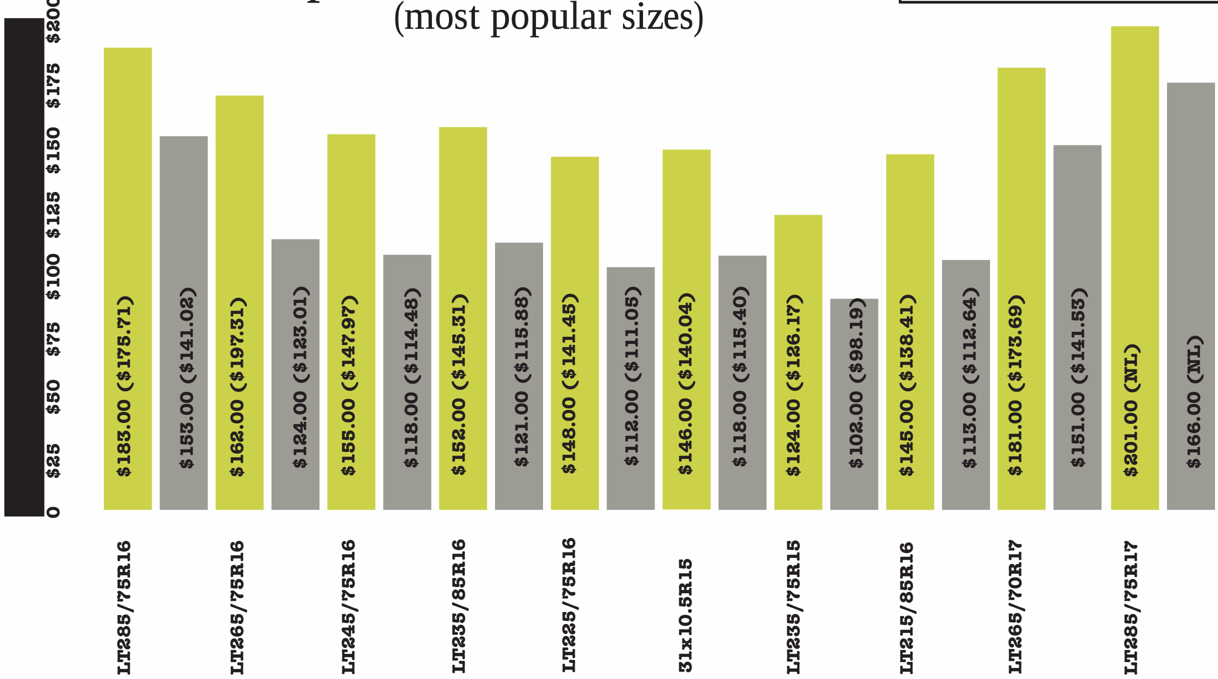


Figures in parenthesis are results from 2008 Tire Dealer Profile study. NL indicates that prices for that size were not tracked last year. Prices are for tires only.

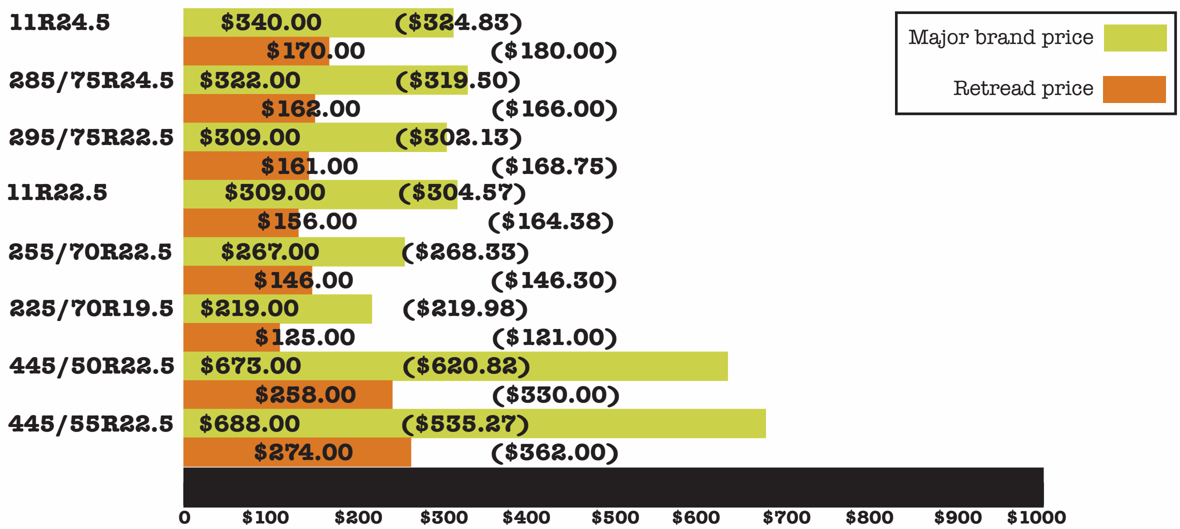
Dealer Profile

Average Retail Price: Replacement LT/SUV Tires
(most popular sizes)

Major brand price
Private brand price



Average Selling Price: Replacement Medium Truck Tires
(most popular sizes)



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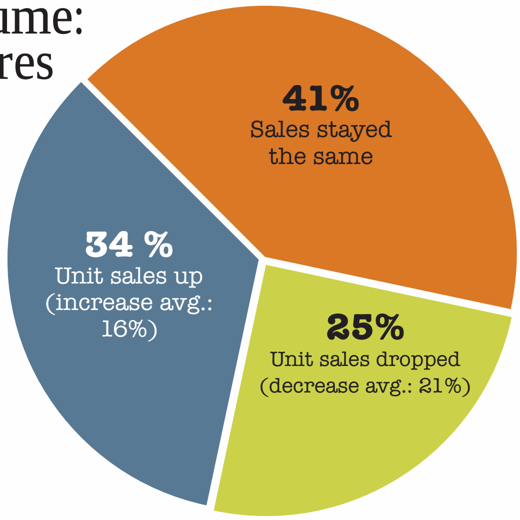
Dealer Profile

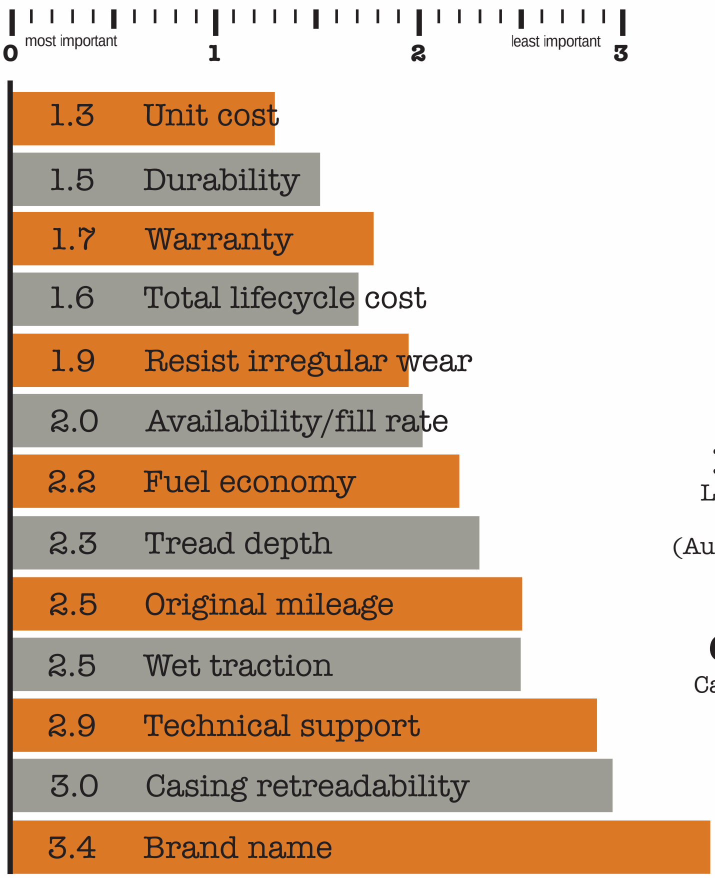
Dealer Sales Volume: Commercial Tires

(2008 sales vs. 2007)

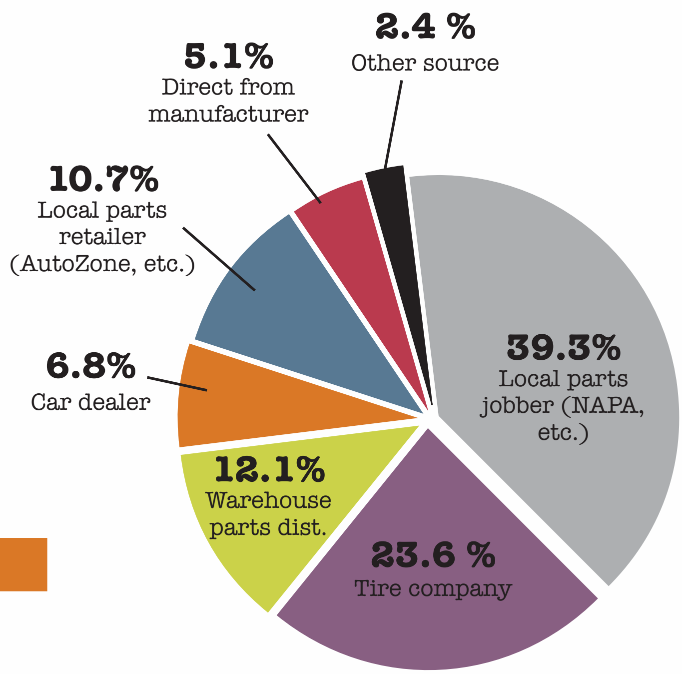


What's Most Important to Truck Fleets

(desired product attributes)

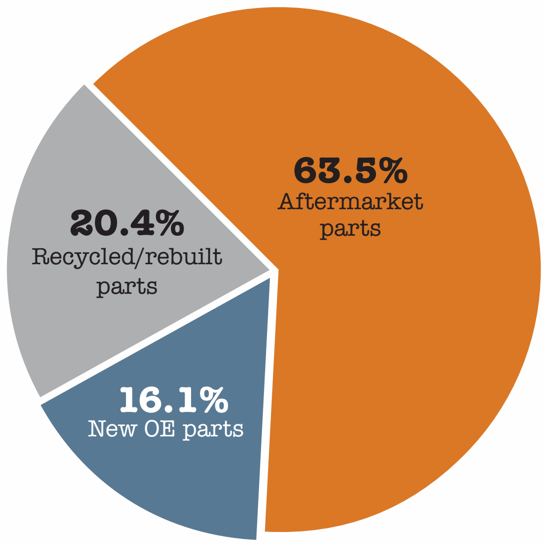


Where Dealers Get Service Parts

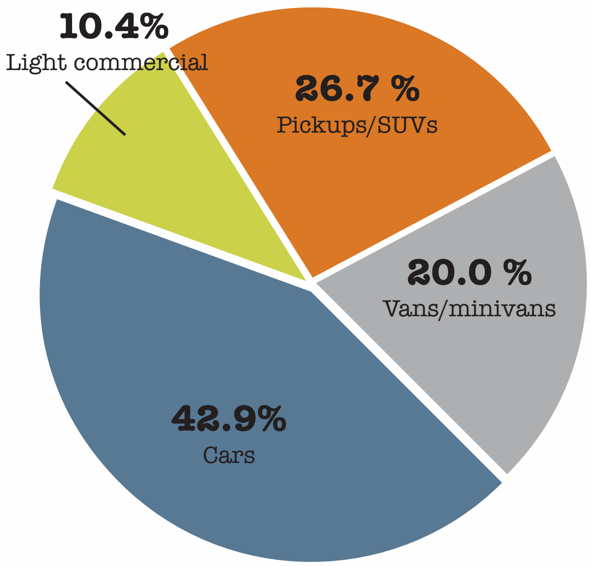


Dealer Profile

Service Parts Bought

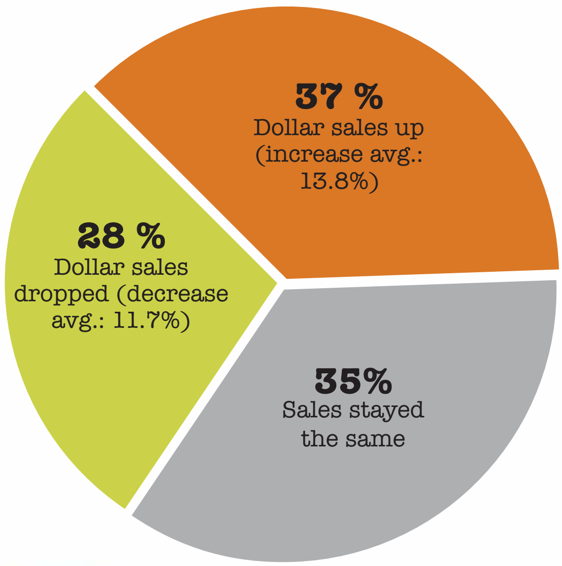


Vehicles Being Repaired



Dealer Sales Volume: Vehicle Service

(2008 sales vs. 2007)



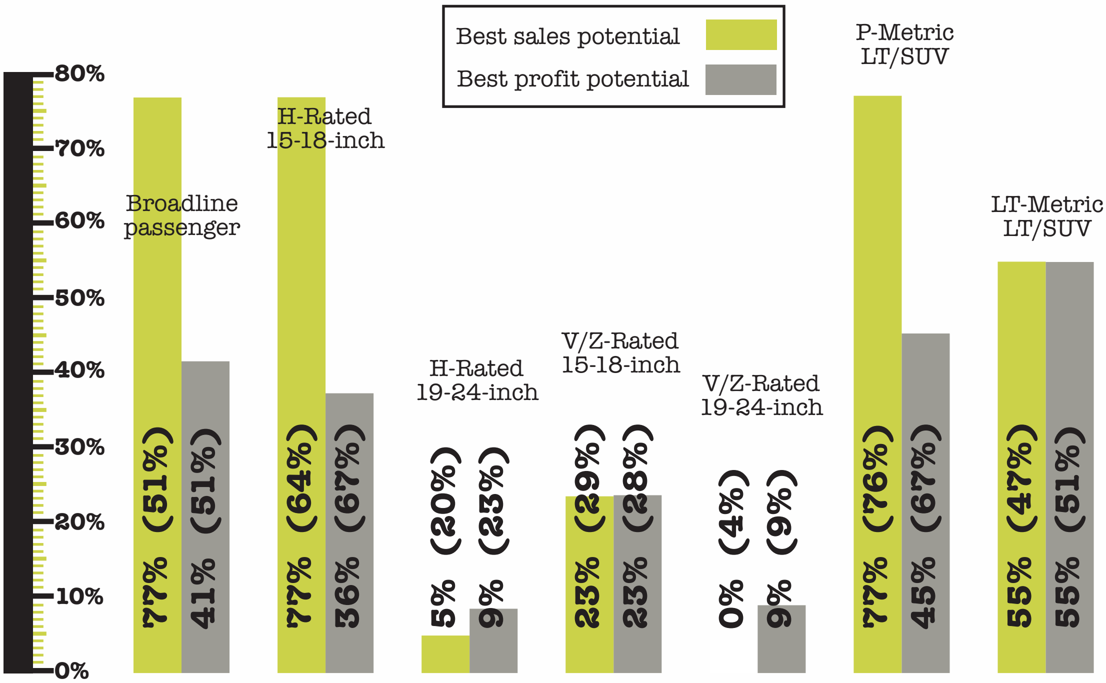
Dealer Profile

What Equipment Dealers Use

(percentage owning or leasing)

95%	Air compressor
84%	Tire changer: standard
93%	Computerized tire/wheel balancer
88%	Battery tester/charger
72%	Tire changer: euro style
84%	Above-ground lift
70%	Brake lathe: off-vehicle
67%	Parts cleaner
53%	Engine diagnostic analyzer
74%	Alignment rack
47%	A/C Refrigerant recycler
47%	Service truck
60%	TPMS reset/recalibrate tool
28%	In-ground lift
26%	Brake lathe: on-vehicle
26%	Nitrogen inflation system

What the Future Holds in Consumer Tire Sales



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Dealer Profile

How Dealer Influences Consumer Buying Decision

31% Customers ask for a specific tire brand, and...

54% Customers switch based on dealer recommendation

Which means that.....

85% Customers rely on dealer for the "right tire"

Seasonality of Dealer Sales