

TIRE BUSINESS

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Changes are a-coming



Chris Donovan (left) of Sullivan Tire Co. talks with Clemson keynote speaker Chris Hesel of Goodyear.

Goodyear exec talks technology at Clemson

By Miles Moore
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HILTON HEAD ISLAND, S.C.

Advanced vehicle technology is coming fast, and it will have a major impact on tire technology as well, according to speakers at the 35th Clemson University Global Tire Industry Conference at Hilton Head, held April 10-12.

Keynote speaker Chris Hesel, chief technology officer at Goodyear, noted that vehicle technology has undergone radical changes periodically throughout history.

"In the 1950s, automatic transmissions eliminated the clutch," Mr. Hesel said. "That was a big change, but I think you'll agree it turned out OK."

New trends in mobility, with changing consumer habits

and original equipment manufacturer expectations, are in turn presenting new challenges to tire manufacturers.

"We've been dealing with change all along," he said. Goodyear uses the acronym FACE — fleets, autonomous vehicles, connected vehicles and electric vehicles — to describe the forces driving change in mobility.

"Long-established companies are now in danger of not being leaders or even survivors," Mr. Hesel said.

To remain a leader, Goodyear has established cooperative projects with advanced mobility pioneers such as Waymo L.L.C. and Tesloop Inc., according to Mr. Hesel. The company also exhibited non-pneumatic tires on an Olli autonomous shuttle bus at the most recent Geneva Auto Show in

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Government, industry must work together on tire ID program, says Discount Tire strategist. Page 20 |

Industry embracing electronic ID program

By Miles Moore
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WASHINGTON

The tire retailing industry is ready to work with the National Highway Traffic Safety Administration (NHTSA) to help create an equitable, technologically achievable electronic tire identification program, according to Roy Littlefield III, CEO of the Tire Industry Association (TIA).

"We don't care which technology is used," Mr. Littlefield said. "We just want it to be uniform. We want to make sure everybody has the same thing. We're technology-neutral."

Requiring electronic identification of tires based on tire identification numbers is technologically feasible, according to a report NHTSA submitted to Congress April 9.

"However, additional industry effort and possible NHTSA regulatory action may be required to ensure use of a single type of technology and standard identification format," the agency said in the report.

NHTSA performed the study as directed by the Fixing America's Surface Transportation (FAST) Act, which then-President Barack Obama signed into law Dec. 4, 2015.

The FAST Act required NHTSA to consider whether it was feasible to require new tire manufacturers to incorporate TIN-based electronic identification technology on all tires. It also required the agency to determine whether that identification could be

accomplished using a single technology and information format.

The new study addressed the second question, NHTSA said in the report's executive summary.

NHTSA based the report partly on the results of stakeholder meetings that included representatives of major tire manufacturers, large tire dealers, the U.S. Tire Manufacturers Association (USTMA) and TIA.

In the study, NHTSA considered two main electronic collection technologies — radio frequency identification (RFID) tags and two-dimensional (2D) barcodes.

Both RFID and 2D seem technologically feasible, and NHTSA said it believes a standard format could be achieved between the technologies, provided electronic tire identification contained unit-level identification, the agency said in the report.

Since the format of the data on RFID tags is fairly inflexible, NHTSA said, achieving compatibility would require 2D barcodes include a 96-bit serialized global trade item number (SGTIN)-format electronic product code (EPC).

"Although 2D barcodes on tires do not currently follow this format, the capacity of the barcodes would allow them to do so," it said.

The report discussed the limitations of both technologies. Tire servicers would have to purchase an RFID scanner, it said, whereas 2D barcodes could be read through

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Artist's rendering of Nokian's U.S. plant.

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OTR tires at heart of Ponzi scheme

By Bruce Davis
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COLUMBUS, Ohio

An Ohio man has agreed to plead guilty to orchestrating a Ponzi scheme involving OTR tires that defrauded at least 46 investors of an estimated \$50 million.

Jason E. Adkins, 40, of Jackson, Ohio, was arraigned April 8 in U.S. District Court in Columbus. According to case documents, Mr. Adkins carried out his scheme as proprietor of two companies, Landash Corp. and Midwest Coal L.L.C.

According to the plea agreement, Mr. Adkins conspired from 2012 through 2018 to solicit millions of dollars from investors under false pretenses, failed to invest the funds

as promised and misappropriated investors' funds for his own benefit and the benefit of others.

Mr. Adkins and others claimed they were buying and selling large OTR tires used on earthmoving equipment and/or mining equipment. Investors were told their money would be used to buy the tires at a steep discount, and that the tires would then be re-sold to a buyer at a much higher rate.

Investors were promised a 15- to 20-percent rate of return on investment, generally within 180 days, the U.S. Attorney's Office for the Southern District of Ohio said. Mr. Adkins sometimes would pay the return on investment for the first

SEE PONZI, PAGE 22



An Ohio man has agreed to plead guilty to bilking investors in a Ponzi scheme involving OTR tires.



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IndustryNews

BREAKING NEWS

ITC votes to levy duties on Chinese truck wheels

By Miles Moore
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WASHINGTON

The International Trade Commission (ITC) has voted to levy permanent antidumping and countervailing duties against manufacturers and importers of Chinese steel wheels with rim diameters of 22.5 to 24.5 inches.

The ITC's action is part of its determination that steel commercial wheel imports from China are causing material injury to the U.S. steel wheel industry. The vote was 3-2, with Commissioners Irving Williamson, Rhonda Schmidlein and Jason Kearns voting in the affirmative.

In August 2018, Commerce proposed antidumping duties of up to 231.7 percent and countervailing duties ranging from 48.75 to 172.51 percent on Chinese wheels.

Accuride Corp. and Maxion Wheels Akron L.L.C. petitioned the ITC in March 2018, seeking relief from Chinese steel wheel imports under Sections 701 and 731 of the Trade Act.

At an ITC hearing March 14, Accuride and Maxion officials presented figures showing that Chinese steel truck wheel imports increased 14.6 percent from 2015 to 2017.

Imports grew 26.6 percent in January-May 2018 over the same period in 2017, but fell 47.1 percent in June-September 2018 after Commerce issued its preliminary duties, they said.

Accuride Wheels North America President Gregory Risch said at the hearing his company would be forced to close its plant in Henderson, Ky., and relocate to China unless the ITC provided relief.

In support of the Chinese importers, Amanda Walker, chief operations officer for Trans Texas Tire, said her company depended on the Chinese for aftermarket wheels.

U.S. wheel producers are unwilling to provide smaller lots of specialized wheels, or to offer suitable terms of sale, Ms. Walker said.

China exported 1.01 million steel wheels with rim diameters of 22.5 to 24.5 inches to the U.S. in 2017, according to ITC data. The ITC will notify Commerce officially of its decision May 13, the agency said.

This ITC decision has no bearing on a separate investigation of Chinese imports of steel trailer wheels, 12 to 16.5 inches in diameter.

On April 16, Commerce issued preliminary antidumping duties of 38.27 to 44.35 percent on those wheels.

TB publisher: Embrace disruption, innovation

By Miles Moore
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HILTON HEAD ISLAND, S.C.

Disruption is now almost a daily event in the tire industry, according to Dave Zielasko, publisher of *Tire Business*.

But disruption is good for business as long as you're prepared to face it, Mr. Zielasko said in his presentation at the 35th Clemson University Global Tire Industry Conference, held April 10-12 in Hilton Head Island.

"Disruption can be an opportunity," he said. "You need to embrace innovation and the turbulence that comes with it."

Part of the opportunity comes from not being afraid to work with your competitors, according to Mr. Zielasko. In the past year, Goodyear and Bridgestone Americas formed TireHub from their company-owned wholesale operations, while Michelin North America and Sumitomo Corp. of America/TBC Corp. merged their wholesale operations to create National Tire Warehouse.

This didn't just mean the coming-together of two major whole-



Zielasko

sale operations to ensure the availability of tires, he said.

"Because of disruption, there was a real opportunity for regional wholesalers to gain additional business."

There was also disruption caused by changing consumer vehicle preferences and resulting shifts in car manufacturers' product mixes.

In 2018, light truck sales in the U.S. rose 7.7 percent to just shy of 12 million units, a level passenger car sales never achieved, he said. Simultaneously, car sales fell 12

percent to 5.4 million units, the lowest since 1958.

Anticipating this change, Fiat Chrysler Automobiles shifted its focus to its Jeep and Ram models, and Ford Motor Co. announced it would stop selling sedans in North America. General Motors Co. phased out six models — including the Cruze, Volt and Impala — and closed five plants.

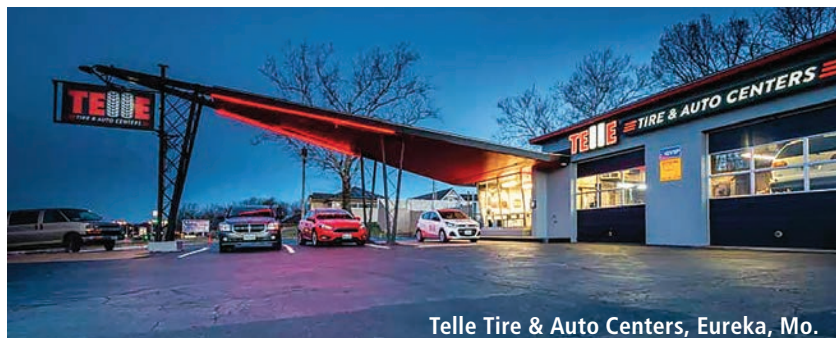
For tire dealers, however, these changes mean the opportunity to sell higher-value tires, Mr. Zielasko said, although it also means doing analytic work in local selling and servicing statistics to understand the potential.

Understanding the electric vehicle market is also critical to success down the road. In 2018 alone, EV sales nearly tripled over 2017, he said.

"It took five years to sell the first million electric vehicles, but it took just six months to sell the last million," he said.

Over the next five years, auto makers will introduce 158 new battery-powered vehicles, Mr. Zielasko said, citing data from Paul Eichenberg Strategic Consulting.

SEE **DISRUPTION**, PAGE 20



Telle Tire & Auto Centers, Eureka, Mo.

Telle Tire expands again

Family-owned business completes fourth acquisition in 15 months

EUREKA, Mo.

Telle Tire & Auto Centers has expanded to 10 retail stores in Missouri with the recent acquisition of Assured Automotive L.L.C. in Eureka, a southwest St. Louis suburb.

The acquisition — Bridgeton, Mo.-based Telle Tire's fourth in the past 15 months — expands the family-owned business' reach to nine stores in the greater St. Louis metropolitan area, plus one in Jefferson City, Mo.

Telle Tire has retained the five employees who worked at the three-bay auto service center in Eureka, a community of about 10,000 roughly 25 miles southwest of downtown St. Louis.

Telle Tire has upgraded both the customer and service areas of the former filling station and plans to expand the facility in the coming year to add two more service bays, according to CEO and President Aaron Telle, in part to facilitate the addition of tires and tire-related services at that location.

Financial terms of the deal were not disclosed.

Telle Tire's other recent acquisitions were Midtown Tire & Auto in St. Louis and Kwik Kar & Lube in Jefferson City in the fourth quarter of 2018 and Shamel Auto & Tire in Bridgeton, Mo., in January 2018.

The expansion coincides with other business moves by Telle, including a decision to restrict business hours at its St. Louis-area stores to Monday-Friday in order to provide employees more time with their families, Mr. Telle said. The move was in response to employee feedback to an internal survey.

"This company is built on years of people dedicated to providing the best service and best products; having that extra day to rejuvenate has been greatly appreciated by all and we offer cutting edge convenience to make it easy for our customers to do the same."

Telle Tire will focus in 2019 on improving processes and operations, Mr. Telle said, including implementing a new point-of-sales system and a web redesign involving Tire Gurus that should enhance administrative efficiencies.

Icahn unveils Pep Boys Fleet to service large, small fleets

SOUTHFIELD, Mich.

Icahn Automotive Group L.L.C. has launched Pep Boys Fleet to provide vehicle service for fleets on-site or at Pep Boys service locations in an effort to capture a share of the growing fleet market as ride-hailing and online retail become more prevalent.

With a new tagline, "Driving your business forward," Pep Boys Fleet will seek to be a preferred partner of large, national fleet management companies as well as small fleets emerging from the explosive growth of transportation network companies and last-mile delivery services, the company said.

Pep Boys Fleet will offer inspections, warranty-backed repairs and preventive maintenance, such as tires, brakes, batteries and suspension, at more than 1,000 company-owned locations or via Pep Boys Mobile Crew, which launched in 2018 with state-of-art service trailers.

The Mobile Crew has expanded to include smaller-format fleet vans that are fully equipped with the necessary supplies and staffed by trained technicians to complete common fleet maintenance and repair needs on-location, the company said.

Changes have been made to the service format in Pep Boys locations to establish dedicated Pep Boys Fleet bays reserved exclusively to expedite fleet jobs, and locations also are being updated to include meeting rooms with amenities where fleet customers can conduct business while their vehicles are undergoing maintenance, the company said.

"No matter the size of the fleet, our goal is always to decrease the vehicle's downtime, ultimately providing a more convenient, flexible and personalized way of addressing repairs and vehicle maintenance," Brian Kaner, president of service, Icahn Automotive, said.

"Pep Boys Fleet is the only service provider to be backed by a national network and offer mobile maintenance and repairs, as well as provide dedicated fleet team support and solutions designed to both streamline the fleet manager's role and help an owner focus on the running the business and not the fleet."

The Pep Boys Fleet team representative will develop a customized service program and pricing plan to help manage a customer's fleet business. Pep Boys Fleet



Icahn Automotive has launched Pep Boys Fleet to capitalize on the growing fleet market.

also provides customers with a universal fleet services credit card that allows fleet managers to track and pay for vehicle repairs and preventive service and earn rewards, the company said.

All fleet customers can use a specialized online invoicing and payment system and a 24/7 towing program to any Pep Boys location.

Pep Boys Fleet is an official tire, brake and preventive maintenance supplier of Amazon's Delivery Service Partners (DSP), which provide negotiated pricing for Amazon DSP maintenance, along with a pro rewards program and fleet credit.

Later this year, Pep Boys plans to launch a management technology solution to help small and mid-size businesses manage their fleet maintenance better.

The launch of Pep Boys Fleet is a continuation of Icahn Automotive's investments in its service business and follows the announcement of a comprehensive program to recruit and train automotive service technicians to meet the demands of the industry, which are being driven largely by the fleet customer, the company said.

Icahn Automotive consists of the Pep Boys automotive aftermarket retail and service chain and Auto Plus automotive aftermarket parts distributor, along with the franchised Precision Tune Auto Care, AAMCO Total Auto Care and Cottman Transmission auto service centers.

VISIT TIREBUSINESS.COM: Check out our redesigned website.

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LIVESTREAM: Be sure to catch editors Don Detore and Dave Zielasko discussing disruptions in the tire industry, live on May 14. Sign up today.

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IndustryNews

Nokian U.S. plant on schedule for 2020 start

DAYTON, Tenn.

Eighteen months after breaking ground on its first North American tire facility, Nokian Tyres P.L.C. is on schedule to begin producing tires commercially by early 2020.

The Finnish tire maker said the hiring process is under way, with 200 of the facility's 400 employees expected to be working by year-end.

Peter Chia, Dayton factory operations director, cited the "tremendous collaboration" among several involved parties for keeping the project on schedule.

"When we were recruiting this project, our goal was to strengthen the community and our economic base," Dennis Tumlin, executive director of the Rhea Economic and Tourism Council, said. "It has exceeded our expectations with how quickly we have seen economic growth as a result. We couldn't be more pleased."

Construction of the \$360 million plant, Nokian's third globally and first in the Americas, was disclosed in May 2017. Groundbreaking was held in September of that year, and full-scale construction began in earnest in March 2018.

Four months later, construction teams had



Artist's rendering of the Nokian Tyres Dayton, Tenn., tire plant.

erected the first wall and laid the foundation of the production building, using more than 6,000 cubic yards of concrete.

In December, contractors began installing equipment, a process that continues today as the finishing touches are being made on the production and mixing buildings. The mixing silos are complete and ready to house raw materials when the production process begins.

According to Nokian, contractors are prepar-

ing to connect utilities to major areas of the facility. The tire maker also is hiring and training workers who will participate in the production ramp-up process.

"While it's gratifying to build the facility itself, we're even more eager to build a strong workforce that will craft premium tires," Mr. Chia said. "We're looking for driven employees who want to be part of a positive, productive culture."

Mr. Tumlin said the construction project has benefited the local community since the announcement was made.

"Our lodging tax collections increased significantly in 2018, which was driven by the construction traffic, and our local option sales tax and housing market have experienced similar growth."

Mr. Tumlin said lodging tax collections have risen 11.7 percent since the company began construction, and local option sales tax receipts are up 7.24 percent.

At full capacity, 400 workers will be hired. At capacity, the plant will produce 4 million passenger, SUV and light truck tires per year, specifically for North American consumers.

Commerce levies duties on Chinese steel trailer wheels

Miles Moore
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WASHINGTON

The U.S. Department of Commerce has issued preliminary antidumping-duty margins of 38.27 to 44.35 percent against imports of 12- to 16.5-inch steel trailer wheels from China.

The antidumping duties follow the preliminary countervailing duties of 58.3 to 293.27 percent Commerce levied on the same product in February 2019.

Elkhart, Ind.-based Dexstar Wheel Co., a division of American Development Inc./Kenda Rubber Industrial Co. Ltd., petitioned the International Trade Commission (ITC) in August 2018 for antidumping and countervailing relief under Sections 701 and 731 of the Trade Act.

In the antidumping determination issued April 16, Commerce found a dumping margin of 38.27 percent against Changzhou Chungang Machinery Co. Ltd., and 44.35 percent as the "China-wide entity" rate based on the adverse facts available to the agency.

Commerce also agreed with Dexstar that critical circumstances exist in the case of the Chinese imports. This means that Commerce will instruct Customs

and Border Protection to collect duties retroactively, effective 90 days before the publication of the antidumping duty notice in the *Federal Register*.

The cash deposit rates for the wheel imports are 37.65 percent for Changzhou Chungang and 43.73 percent for the China-wide entity, Commerce said.

The scope of the investigation includes on-the-road steel wheels for road and highway trailers and other towable equipment, including utility trailers, cargo trailers, horse trailers, boat trailers, recreational trailers and towable mobile homes, Commerce said.

It includes rims and discs for these steel wheels, whether imported as an assembly, unassembled or separately, the agency said.

Commerce said it will announce its final determination on the Chinese wheel imports on or about July 2. The ITC's final determination on material injury is scheduled on or about Aug. 15.

This investigation is different from that involving Chinese steel wheels for commercial vehicles (rim diameters of 22.5 to 24.5 inches), which began in April 2018 after Accuride Corp. and Maxion Wheels Akron L.L.C. petitioned the ITC.

ATD earns awards for technological advances

CHARLOTTE, N.C.

American Tire Distributors Inc. (ATD) was lauded recently for its efforts in technology, receiving three Blue Diamond Awards for creating business impact via technology and human capital.

The Charlotte Area Technology Collaborative (CATC) presented the awards on April 7 in Charlotte, recognizing ATD for creating the business value in the deployment and use of information-technology systems and making major contributions to the development and recruitment of IT talent to the Charlotte area.

The Blue Diamond Awards recognize innovation in both the creation and use of information technology in Charlotte, as the region becomes a hub for industry and finance.

Huntersville, N.C.-based ATD won two awards for creating business impact and a third for human capital.

"When I first came to ATD, we were sitting on 80 years of industry knowledge and information that had never been fully tapped," Tim Eisenmann, chief analytics officer and senior vice president of advanced analytics at ATD, said.

"What we created, literally from scratch and in a very short period of time, was a tool to tap that vast body of information and put it to work for our customers, helping them operate more profitably and see that we were focused on their success, and in the process deepen the trust between us and our customers."

ATD received the first Business Impact Award for creating the Advanced Analytics Center of Excellence (AACoE) tool, which helps tire dealers maximize their profits.

ATD earned its second award for a technology solution for customers designed to simplify, automate and add complete transparency to the order placement and fulfillment process. Using a combination of technologies, ATD created a solution that makes the entire distribution process transparent to users, especially high-urgency orders that the company realized needed to be tracked in real time.

CATC judges noted that these innovations improved the



Schuette



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OBIT

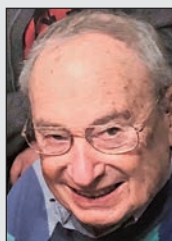
Perth Amboy Tire co-founder Koplowitz

PERTH AMBOY, N.J.

David Koplowitz, 89, co-founder of Perth Amboy Tire Inc., died April 20 of heart failure.

Mr. Koplowitz began his career in the tire retailing industry at Jersey Tire, which was founded by his father, the late Louis Koplowitz.

In 1960, he and his brother Edward founded Perth Amboy Tire, purchasing the location from General Tire



Koplowitz

& Rubber Co. Eventually the dealership became one of the largest Bandag-system retreaders in New Jersey.

In 2011, Mr. Koplowitz sold the business to Service Truck Tire Centers Inc. (STTC) for an undisclosed sum. STTC discontinued the Bandag operation.

Preceded in death by his wife Rochelle and brother Edward, Mr. Koplowitz is survived by his son Michael and daughter Jennifer.

NEWS IN BRIEF

U.S. Tire Safety Week to be held May 20-27

WASHINGTON

May 20-27 will be National Tire Safety Week in the U.S. this year, according to the U.S. Tire Manufacturers Association (USTMA).

National Tire Safety Week is an annual industry-led initiative that educates motorists about tire care, safety and maintenance, including the potential dangers of unsafe used tires.

"We are urging motorists, including first-time drivers, to 'Know Your Roll' before taking to the roads this Memorial Day and in advance of the busy summer travel season," USTMA President and CEO Anne Forristall Luke said.

"Just like fastening your seatbelt — an action that's become synonymous with safety — proper tire care and maintenance also need to be top of mind when it comes to ensuring the safety of all motorists on the road," she said.

The USTMA also is taking aim at a less well understood risk to consumers — unsafe used tires. Once a tire has been mounted on a rim and installed on a vehicle, it's considered a used tire.

While new tires must meet stringent federal safety standards to be sold in the U.S., worn tires can be resold as used with virtually no restrictions in most states.

U.S. tire manufacturers recommend drivers check their tire pressure monthly, regularly check their tire tread depth and ensure their tires are rotated and properly aligned. Proper maintenance and periodic inspections by a tire professional are essential for optimum performance and service life of tires.

STREF Scrap Tire Conference set for Dec. 4-5 in Greenville

GREENVILLE, S.C.

The Scrap Tire Research and Education Foundation Inc. (STREF) will host its 8th Biennial Scrap Tire Conference Dec. 4-5 in Greenville.

Co-sponsored by the U.S. Tire Manufacturers Association and the South Carolina Department of Commerce, the conference will focus on scrap tire markets in a sustainable, circular economy, the USTMA said.

Topics at the conference will include emerging trends in circular economic thinking, as well as challenges and opportunities for existing and potential scrap tire markets including rubberized asphalt, micronized rubber powder, tire-derived fuel, civil engineering, pyrolysis and devulcanization.

The Scrap Tire Workgroup, a U.S. Environmental Protection Agency entity, will have a meeting in Greenville Dec. 3 preceding the conference. The workgroup includes representatives from government, trade associations, scrap tire publications, scrap tire recyclers, academia and consultancies.

The meeting will be held at the Hyatt Regency in Greenville.

Federal UHP tire wins award

TORRANCE, Calif.

Federal Corp.'s Evoluzione F60, the company's flagship ultra-high performance tire, has won a Red Dot Award, according to the tire maker.

Federal said the Evoluzione F60 offers superior responsiveness, expert handling and outstanding braking and grip. The tire features a reinforced carcass that provides optimum performance and steering stability with a low noise level.

Joe Kao, Federal Tire North America operation manager, said this marks the third consecutive year the company has been recognized with the award. The Xplora MTS and the 595 RS-RR won awards previously.

"Federal Tire continues to focus on bringing more innovative, premium quality products to market," Mr. Kao said.

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GENERAL TIRE

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OUR VIEW

Making sense of winter tire market

Winter tires have an identity problem with most U.S. consumers. Or maybe it's an image problem.

Whatever the reason, winter tires, which clearly provide superior handling and grip on snowy, icy roadways than their all-season brethren, are not appreciated by vast numbers of drivers in the northern parts of the U.S.

It's different in Canada, where winters are harsher and longer. The added safety of winter tires prompted Quebec to mandate winter tire usage during several months of the year. According to a recent survey, three-fourths of Canada's personal vehicle owners said that they own winter tires. Canadian drivers get it.

But not those in the U.S., where shipments of winter tires have slipped to just 2 to 3 percent of total replacement passenger tire shipments in recent years. The performance qualities and safety characteristics of winter tires appear to be lost on the majority of American drivers.

Part of the problem may be that winters in the U.S. are not as harsh, and snowfall amounts are less than they were years ago. Many drivers likely think that the all-seasons fitted on their vehicles will do just fine in most cases, and they do — to a point.

But when the snow gets deep, the north wind whips and the streets ice over, there is no comparison between a winter tire, with its snow- and ice-gripping properties, and all-season alternatives.

Winter tires are better in the snow and cold because they are built to operate in that environment. Winter tire tread compounds are designed to remain pliable as temperatures fall and innovative siping designs molded into tread patterns provide added grip on snow.

However, consumers now can consider another alternative — the “all-weather” or “four-seasons” tire, which growing numbers of tire makers are bringing to market for drivers in traditionally mild winter regions.

Such tires, which meet the industry's three-peak mountain snowflake performance standards for snow traction, aren't replacements for winter tires, but they outperform all-season tires in winter conditions, according to a number of independent tests.

As such, this emerging category of tire may very well be fulfilling the premise that all-season tires promised when they burst onto the scene 50 some-odd years ago.

Dealers in areas with a true winter climate should be reassured that research and development into pure-bred winter tires goes on, yielding grip levels on snow and ice unheard of even a few years ago.

In those climates dealers can continue to sell the safety benefits of winter tires while also reminding their customers of the long-term economics of having two sets of tires, even taking the changeover fees into consideration.

It's a compelling story for winter tire use that more vehicle drivers need to hear.



Forum

Letters to the editor

American-made, American-proud

I want to commend *Tire Business* and contributing writer Dan Marinucci for the Jan. 29 column titled “Monitoring parts origins makes dollars and sense.”

Every member of the auto service industry, from manufacturer to service provider, plays a vital role in delivering the quality, reliability and value expected by today's vehicle owners. The parts and other products we design, manufacture, specify and install are central to our industry's value proposition. They can also affect the consumer's safety.

Given these facts, it is imperative that tire dealers and, yes, consumers, know the origins of the parts they choose. Where were they produced and by whom? Are they from established brands? Do the manufacturers stand behind their products?

The differences between one part and a lookalike unit from a low-cost provider can be staggering. In the case of a strut assembly, for example, several “invisible” characteristics — grade of steel, type of spring technology, internal valving design, and more — can determine how satisfied, and perhaps even how safe, your customers might be.

Ask yourself, would you install the part on your own vehicle?

In an age when many technicians and consumers might assume most replacement parts are manufactured in China and other low-cost countries, I am proud to report that Monroe shock absorbers, struts and Quick-Strut assemblies are designed by our engineering team in Monroe, Mich., and originate in our manufacturing, product assembly and distribution facilities in Paragould, Ark.

We're committed to U.S. manufacturing and proud of it.

John Perrin, executive director,
Product Management, N. A. Aftermarket
Tenneco Inc., Monroe, Mich.

Simple way to increase TPMS awareness

I am writing in response to the Feb. 4 article on page 8, “TPMS Warning Light Awareness Lacking.”

I think there is a very good explanation as to the lack of awareness. Consider the warning light symbol.

It's a cross-section view of a tire with an exclamation point in the middle. People in the tire industry recognize it immediately, but how many members of the driving public have ever actually sliced into a tire to see a cross-section?

Why can't the image, instead, be the far more famil-

iar sidewall view of a tire and wheel assembly? Where the tire is, you know... obviously flat on the bottom.

Ruth Michelson
Communications Consultant
East Wing Marketing, Chicago

Consumers pay for higher tariffs

With respect to Keith Crain's editorial (“It's time to eliminate all tariffs,” March 18) focused on the lack of merits of tariffs in the auto industry, he certainly captured the futile benefits of tariffs, especially to consumers.

When governments impose tariffs on tires, importers/distributors are forced to add the tariff costs to their net landed price. In most cases importers simply cannot absorb the tariffs and pass on the higher cost to their dealers.

Tire dealers typically base their selling price to consumers on their net cost. So it's not hard to figure out that inevitably it's the consumer who pays the tariff through higher costs. As you are aware, most Tier 3 tire lines are manufactured in Asia.

The application of tariffs on Tier 3 products simply does not protect American tire manufacturers. If the intent to impose tariffs is to cripple Asian Tier 3 products and protect American tire workers, unfortunately history will support this is an unrealistic approach.

American tire producers are not in a position to produce sufficient quantities of entry-level, cost-effective products. Given this scenario, a segment of consumers will continue to postpone new tire purchases and gravitate to used tires or continue to use tires that require changing.

I applaud Keith for his realistic stance on this important issue.

Richard G. Bender, president
Tire Dealers Association of Canada
Drayton, Ontario, Canada

Communicating change imperative

I really appreciated Don Detore's article on change (“A change for the better,” April 15) Congratulations on your new location and all that goes with it. As a journalist, the job of communicating changes is imperative and at the same time, the history stuff can really pile up!

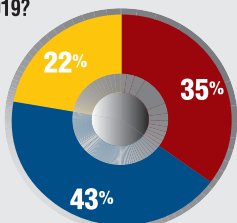
Keep up the good stuff.

Greg Ring, director of training, development
K&M Tire Inc., Delphos, Ohio

TIRE BUSINESS Online Poll

Question: How would you describe the first quarter of 2019?

- We're exactly where we thought we'd be.
- Business has been great. We're ahead of expectations.
- We're down somewhat, but there's a lot of year left.



Total Votes: 46 Poll dates: April 11 - 25, 2019

TIRE BUSINESS/Michael McCrady

Letters to the Editor

Tire Business encourages letters to the editor on any subject of interest to independent tire dealers. Send a letter to: Editor, *Tire Business*, 2291 Riverfront Pkwy, Suite 1000, Cuyahoga Falls, Ohio 44221. Letters also can be emailed to tirebusiness@crain.com.

Letters must be signed and may be edited for length and clarity. Please include a daytime phone number for verification purposes. Letters also may be published on *TB's website*: www.tirebusiness.com.

TIRE BUSINESS

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Automotive Service

Pep Boys recognizes 'Tech of the Year' winners

SOUTHFIELD, Mich.

Pep Boys – Manny, Moe & Jack recently recognized seven of its automotive technicians with “Tech of the Year” awards, based on performance and customer service metrics from 2018.

“Our automotive technicians are the backbone of our service organization,” Brian Kaner, president of service at Icahn Automotive Group, said. “They are the hard-working members of our team who make our customers’ safety a priority every day. The ‘Tech of the Year’ winners represent the very best of our team from across the country.”

Pep Boys is part of Icahn Automotive Group.

Each winner was honored at regional leadership meetings, Pep Boys said. The recipients were chosen based on the quality and volume of their work; record of excellent



Pep Boys Techs of the Year are (top row, left to right): Rob Rathbun, Manchester, N.H.; Robert Daigle, Nashua, N.H.; and Alan Bethyou, Chicago. (Bottom row, left to right): Peter Madhoo, Apopka, Fla.; Alexis Gonzalez-Rosario, Caguas, Puerto Rico; John Forsythe, San Antonio; and Raffi Kazanjian, Van Nuys, Calif.

customer service efforts; and a proven commitment to ongoing professional development and continuing education.

The respective stores of each win-

ner also are singled out as being the “home” of one of the company’s most outstanding technicians.

The winners are Alan Bethyou, Chicago; Robert Daigle, Nashua,

N.H.; John Forsythe, San Antonio; Raffi Kazanjian, Van Nuys, Calif.; Peter Madhoo, Apopka, Fla.; and Rob Rathbun, Manchester, N.H. (master technicians); and Alexis Gonzalez-Rosario, Caguas, Puerto Rico (technician).

The winners represent the various regions where Pep Boys operates.

These awards were presented as Icahn Automotive launched its “Race to 2026” initiative, a commitment to help fill the industrywide technician talent gap projected to be at 46,000 in seven years.

The Race to 2026 program includes initiatives to attract those to the skilled trades, while supporting the Icahn Automotive Group’s own employee network through this and other similar recognition programs, tuition assistance, an apprenticeship program and additional company-sponsored training and certifications.



Massachusetts looks to enhance right-to-repair

By Miles Moore
mmoore@crain.com

BOSTON

The Massachusetts legislature is considering legislation that would update and enhance the state’s Motor Vehicle Owner Right to Repair that was signed into law in 2013.

The bill, several versions of which were introduced early this year, would require vehicle manufacturers starting in model year 2022 to equip all new models with telematics systems with “an inter-operable, standardized and open access platform” that would securely communicate all vehicle data via direct connection to the platform.

The bill also would require that vehicle owners and lessees have access to the data, and that they may authorize independent repair facilities and franchised dealers to have access as well.

“Access for vehicle owners and independent repair facilities shall be standardized and not require the use of any authorization, directly or indirectly, by the manufacturer unless that authorization system for access to vehicle networks and their onboard diagnostic systems is standardized across all makes and models,” the bill states.

The question of access to telematics data needed to be clarified from the original bill, according to Aaron Lowe, senior vice president of regulatory and government affairs for the Auto Care Association.

A growing number of vehicle manufacturers require their own authorization to access onboard diagnostic information, Mr. Lowe said.

Massachusetts was the first state to pass Right to Repair legislation, which requires auto makers to provide to car owners and independent repair shops, in a readily accessible and affordable manner, the same diagnostic and repair information they make available to their franchised dealers.

Two different versions of R2R passed as a bill in the state legislature and as a ballot initiative in 2012. The legislature passed a reconciliation bill late in 2013, which then-Gov. Deval Patrick signed.

The provisions of the Massachusetts R2R bill went into effect with model year 2018, according to Mr. Lowe.

The ACA is a member of the Massachusetts Right to Repair Coalition, which advocates for Right to Repair and monitors compliance with the law.

“We have tested virtually all makes and models to determine compliance, and we have had a lot of really good success,” Mr. Lowe said. “We’ve definitely had good cooperation, although some automakers have been more cooperative than others.”

All the versions of the R2R update that have been introduced are the same bill, according to Mr. Lowe. No hearings have yet been set for any, he said.

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Automotive Service

Establish, honor interim diagnostic deadlines

By Dan Marinucci
tirebusiness@crain.com

Automotive service personnel can boost customer confidence and loyalty by establishing interim deadlines on diagnostic procedures and repair work.

Likely, tire dealers and service shop operators reading this column have seen diagnostic procedures — not to mention the actual repairs — take longer than they had expected. If you've been around a service department for any length of time, you recognize that technicians complete some tasks sooner than anticipated.

But sometimes, diagnoses and/or repairs devour time — particularly when service managers least expect it or are least prepared for it. Coping with this unexpected time may be the biggest challenge to customer satisfaction that managers face.

My years of field experience have convinced me that the inevitable time "overruns" are only as hurtful as service personnel choose to make them. During my earliest work experience back in the late 1960s, I recognized that fixing the vehicle correctly the first time was the business practice to follow.

At the same time, however, I also realized that unwanted surprises could occur in the process of trying to perform the proper repairs. In fact, the only thing we really counted on was that unexpected things could go wrong and delay a job.

A diagnosis or repair that runs long spells bad news for both the vehicle owner and the business itself, but bad news never, ever becomes more palatable — less bad, if you will — when service personnel don't inform the customer promptly.

Typically, long-term customer relationships are built on trust. That trust includes the belief that you'll provide a good value and treat people fairly.

In turn, fairness demands prompt updates on any obstacles to the goal of providing value. On the one hand, some motorists behave unreasonably — no matter what the situation. On the other hand, I'll wager that reasonable people comprise the core of your long-term clientele.

Typically, reasonable people expect the same courtesy from you that they demand from professionals such as doctors, dentists, etc. Matter of fact, they also want prompt updates from skilled trades people such as carpenters and plumbers. So, this expectation is nothing new, radical or revolutionary.

Now, suppose that your staff has no guidelines or procedures in place. If not, I urge you to hold team meetings at which you establish sensible deadlines for updates.

For instance, I believe technicians should report unforeseen problems as soon as they see them. Of course, sometimes a tech sees additional trouble the moment he or she raises the lift. In other cases, they don't encounter those surprises until the job is partially or totally disassembled. Nonetheless, the deadline is right now.

Next, a service manager or service salesperson should assemble the information — including estimates of ad-



Dan Marinucci is a freelance automotive service writer and former editor of two automotive service magazines.

ditional time and cost. Then contact the car owner as soon as humanly possible. Waiting until later is counterproductive.

Also, study the time techs have been spending diagnosing electrical and drivability issues. Usually, these

Typically, long-term customer relationships are built on trust. That trust includes the belief that you'll provide a good value and treat people fairly.

are the more-difficult problems to solve and to estimate.

Then, based on the techs' time expenditures, set interim diagnostic deadlines for diagnoses; adjust and fine-tune them as you gain more experience. For example, create

a 30-minute interim deadline for drivability testing and 45 minutes for electrical.

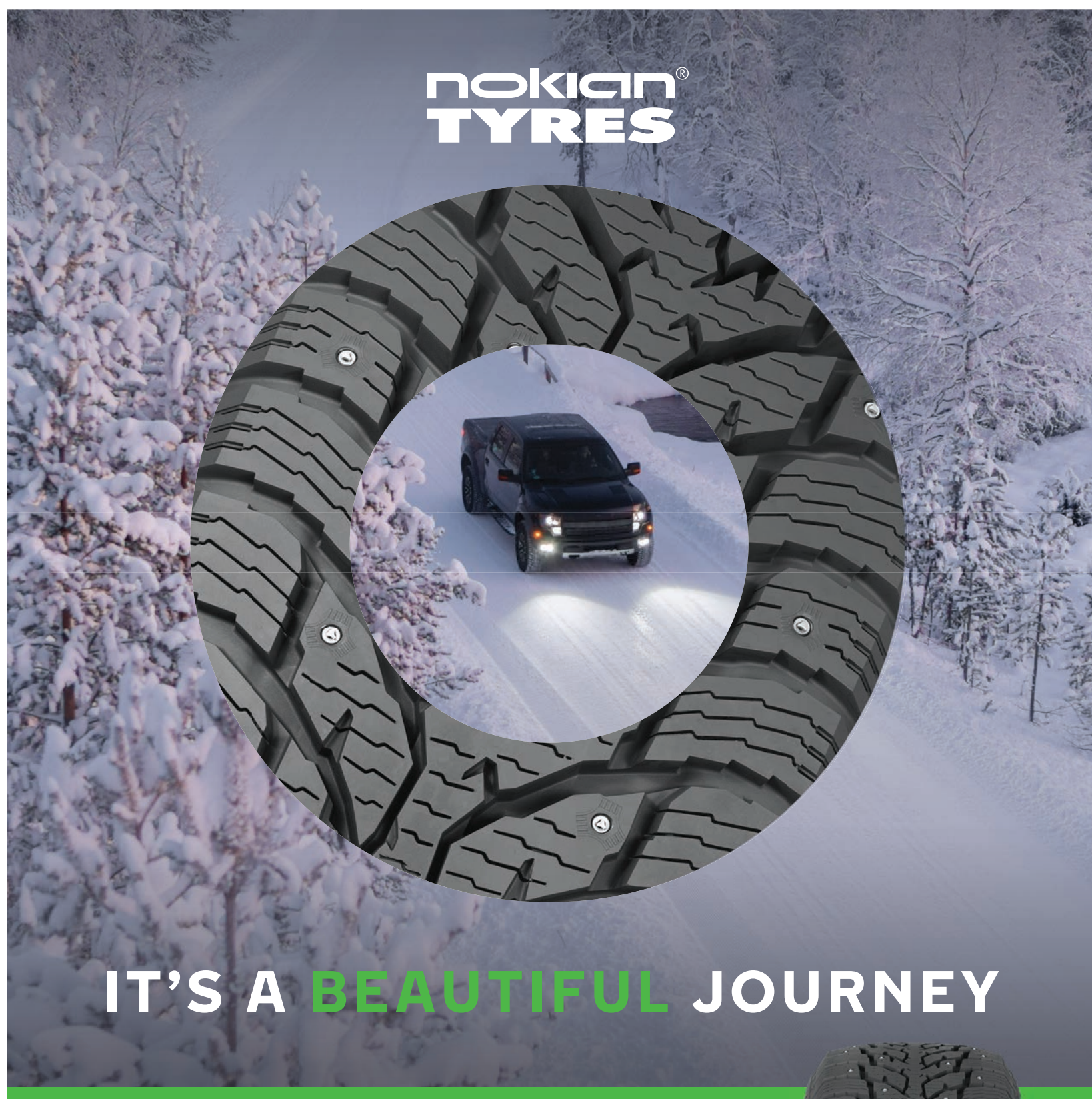
Suppose a tech is struggling to pinpoint the car's problem and has reached the interim deadline of 30 or 45 minutes. At that point, he or she

must update the shop foreman or service manager about the job's progress.

It may be time to reassess the process; perhaps it's necessary to charge the customer for more diagnostic time.

But whatever interim checkpoints you establish, the troubleshooting process should not and cannot turn into a runaway train. Instead, there should be accountability earlier in the job rather than hours later.

Dan can be reached via e-mail at tirebusiness@crain.com. His previous columns are available at www.tirebusiness.com.



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Automotive Service

Openbay debuts virtual auto service adviser

CAMBRIDGE, Mass.

Online automotive repair services software provider Openbay Inc. has launched an automated, artificially intelligent application designed to serve as a virtual automotive service adviser.

The platform, called Openbay Otis, supports vehicle owners by interacting with automotive aftermarket businesses and dealership service departments. Openbay said the first-of-its-kind, 24/7 service simulates the knowledge and language of an automotive service adviser and can perform tasks usually associated with an automotive services business.

Openbay said Otis understands and responds in natural language by messaging through a communication platform, engaging in conversations that are two-way, private and personalized. The company said Otis understands millions of mechanical services for both import and domestic vehicles, allowing it to answer questions to consumers looking to repair or service their vehicle.

Rob Infantino, founder and CEO of Openbay, said a recent survey of 300 vehicle owners using Otis revealed that 90 percent of them "had a positive reaction to having an online conversation with the automotive service business."

"Openbay Otis is industry-changing technology aimed to modernize the way automotive service businesses interact with the behavioral characteristics of the modern-day vehicle owner," he said.

According to Openbay, Otis can:

- Deliver information on several types of vehicles and services offered, in real-time during and after business hours;
- Deliver price estimates for automotive ser-

vice based on vehicle year, make and model;

- Allow vehicle owners to book a service appointment at times dictated by the business;
- Deliver automated vehicle recall information;
- Communicate with consumers based on

their platform preference (text, email, phone); and

- Have personalized simultaneous private conversations with consumers.

Citing data provided by Gartner Inc., a global research and advisory firm, Openbay said 85 percent of consumers will engage with a business absent of human contact by next year, and 60 percent of millennials today choose to interact with businesses via virtual platforms.

According to Openbay, many consumers "expect an instantaneous, personalized connection to their service provider and access to services, specific to their needs," and today's automotive service businesses don't reflect the expectations of younger millennial and Generation Z consumers of 69 million drivers.

Openbay's Otis has provided that, according to Barry Steinberg, CEO of Direct Tire & Auto Service.

"Openbay Otis provides an amazing experience to our website visitors and customers," Mr. Steinberg said. "It streamlines the process of directing client needs from start

to finish. Whether it's scheduling, tire pricing or mechanical repair, Otis handles it all."

Bob Lane, vice president operations and general manager of Direct Tire, said appointments have increased across all locations since installing Otis.

"Additionally, Otis is working outside of business hours, handling more than 20 percent of daily inquiries reaching a customer segment we would not have otherwise been able to reach," Mr. Lane said.

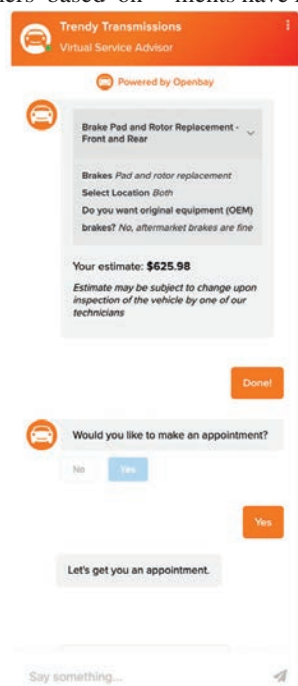
Joe Panichella, automotive service manager of Boston's Honda Village, said Openbay Otis helped his company increase service appointments booked online and add more millennials to its customer base.

"We attribute the customer growth to Otis' ease of use and how it performs on mobile devices," he said.

Openbay said Otis is being used on automotive service websites and marketing solution providers such as Net Driven, TCS, MechanicNet and Kukui.

The platform is available as a subscription service featuring multiple tiered plans suitable to anything from a single location, multiple locations and an enterprise, Openbay said. Each plan has a free trial period.

For more information, visit openbay.com.



Openbay's Otis application is designed to serve as an automotive service adviser to vehicle owners.

ASA seeks dialog via video series

NORTH RICHLAND HILLS, Texas

The Automotive Service Association (ASA) is planning to produce a video series, called "Garage Challenges," designed to help business owners solve everyday challenges.

Produced in partnership with Frank Leutz, host of "Wrench Nation" radio broadcast and owner of Desert Car Care in Chandler, Ariz., the online videos will be created twice monthly and be available online at autoinc.org and through the ASA's Facebook, Twitter, Instagram and other social media accounts.

The goal is to produce needed information for shop owners and then for it to create discussion among ASA members.

"We want the industry to weigh in on these challenges and share their experiences and ideas for the betterment of your shop and the industry as a whole," ASA Executive Director Ray Fisher said.

"Coming together discussing common, everyday garage concerns by way of sharing ideas for solutions is critical," Mr. Leutz said. "My hope is that we can further the discussion in a quick and easy format to help each other out."

The ASA is a not-for-profit trade association dedicated to and governed by independent automotive service and repair professionals.



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Automotive Service

YourMechanic collaborates with Goodyear

AKRON

The mobile car repair network YourMechanic Inc. is adding a tire installation component to its business model through a collaboration with Goodyear and its goodyear.com-affiliated installers.

Goodyear and its dealers will be providing tire sales and installation via goodyear.com to customers of YourMechanic.com, an interactive platform that delivers mobile repair, maintenance, inspection and reconditioning services directly to consumer, mobility and fleet clients.

YourMechanic said its partnership with Goodyear is “directly in line” with its model of mobile repair by enabling its affiliated mechanics to inspect, diagnose and order tires for vehicles directly at their point of need.

By integrating with Goodyear/Goodyear.com, YourMechanic affiliates can order tires directly

from consumers’ homes or fleet lots and provide an expedient tire inspection, recommendation and buying option.

“Drivers want efficiency and convenience as well as optimal vehicle performance, and YourMechanic delivers on those consumer demands with its technology-enabled service model,” Mike Dauberman, Goodyear’s chief digital officer, North America consumer, said.

YourMechanic CEO Anthony Rodio said the goal is “to provide a comprehensive solution for all auto care, for both shared and personal mobility. We believe this is an important step toward realizing that vision.”

Initially launched in 2017, YourMechanic’s Fleet Solution has doubled its customer base in the rental,

rideshare, corporate and government markets in the last 15 months, the company said.

YourMechanic said it has mechanics in more than 5,000 cities throughout the U.S. and Canada. Its network of mechanics offers more than 800 on-site repair, maintenance and diagnostic services for customers at their homes or offices, seven days a week.

In October, YourMechanic secured \$10.1 million in funding to accelerate the expansion of its mobile car repair platform into Canada.

The company said it will use the funding to build additional services for rental, rideshare, corporate and government fleet managers.

Founded in 2012, the company said it has secured \$35.3 million in funding to date.



Rodio

Canadian Tire, Fountain, Unimax among honorees

TORONTO

Canadian Business magazine has named Canadian Tire Corp., Fountain Tire and Pneus Unimax Ltd. to its “Best Managed Companies” in Canada list in recognition of their overall performance and sustained growth.

Fountain Tire is considered a “platinum” category winner (on the list for at least seven straight times), while Canadian Tire is a “gold” category winner (for the fourth, fifth or sixth straight year). Unimax is on the list for the second straight year.

Companies being considered for this recognition are evaluated by an independent judging panel comprising representatives from program sponsors in addition to guest judges, according to Rogers Media, publisher of Canadian Business. Among the criteria considered are a clear strategy and vision, investment in capability and commitment to talent.

Companies must have annual sales of more than \$15 million to be eligible.

“It’s much more than just financial performance,” according to Peter Brown, co-leader of the Canada’s Best Managed Companies program and a Deloitte Private partner. “The ingredients to success also include overall business performance and sustained growth. It takes dedication and commitment from the entire organization.”

“Canada’s Best Managed Companies deserve recognition for their entrepreneurial approach to excelling in an uncertain economic climate. They truly bring out the best in Canadian business leadership,” Mr. Brown added.

The 2019 winners were honored at a gala in Toronto on April 17. Boucherville, Quebec-based Pneus Unimax goes to market with seven retail banners, the most prominent of which is the Point S program, which succeeded the “Unipneu” brand three years ago.

Since then, Point S has climbed to the top of the industry in terms of advertising awareness, Unimax said, noting it serves more than 850 independent retailers across Canada and distributes in excess of 3 million tires annually.

In addition to managing the Point S retail program in Canada, Unimax offers two other retail marketing programs, primarily for smaller dealerships in Quebec and Maritimes provinces — Prestige Tire and Pneus Max Plus.

There are 210 Prestige Tire outlets in Quebec and Ontario and 65 Pneus Max Plus outlets.

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Trends In The Winter Tire Market

Who's all in for all-weather designation? Support grows for adding four-season category to industry product mix

By Bruce Davis
bdavis@crain.com

Is it time for the industry to consider adding “all-weather” to the accepted product mix vocabulary?

There's a growing community of players, led by Nokian Tyres, Kal Tire and others, arguing that the time has come to add all-weather tires as a distinct category to the mix of products for customers in areas of the U.S. and/or Canada that experience “milder” winter conditions.

All-weather — or “four seasons” — tires are considered an upgrade on the traditional “all-season” tires, which some have started calling “three-season” tires.

This trend coincides with the growing use of the three-peak mountain snowflake (3PMS) symbol as a marketing tool to promote a tire's winter performance capabilities.

Launched in 1999 jointly by the Rubber Manufacturers Association (now the U.S. Tire Manufacturers Association, or USTMA) and Rubber Association of Canada (now Tire and Rubber Association of Canada, or TRAC), the 3PMS is a performance-based standard to identify passenger and light truck tires that attain a traction index equal to, or greater than 110 (compared with a reference tire that is rated 100) during the specified American Society for Testing and Materials (ASTM) traction tests on packed snow.

The standard was developed to help consumers identify tires more easily that provide a higher level of snow traction, the associations have stated.

Tire makers themselves conduct the tests and determine whether to designate their products with the 3PMS. There is no third-party testing or oversight, although *Consumer Reports*, Tire Rack and others have been comparing and contrasting the traction qualities of 3PMS tires versus all-seasons and “true” winter tires in recent articles.

The ASTM reference tire is a Uniroyal Tiger Paw.

The 3PMS designation differs from the older, 1970s-vintage M+S (mud & snow) designation for winter tires, which is based on physical design characteristics, such as the size, direction, depth, angle, width, etc. of tread elements. An M+S tire should have a tread contact surface void area of at least 25 percent, based on mold dimensions, according to a USTMA Tire Information Service Bulletin.

In Canada, Kal Tire has embraced the all-weather designation, promoting the category on its website with a schematic showing the differences between all-weather, all-season (which it shows as “3-season”) and winter tires, both studded and non-studded.

In this schematic, Kal suggests all-weather tires are an appropriate choice for “milder winter conditions, with heavy rain, snowfall that melts quickly and slush” and capable of performing in conditions both above and below the 45 degree (7 degree C) winter/summer tire temperature threshold.

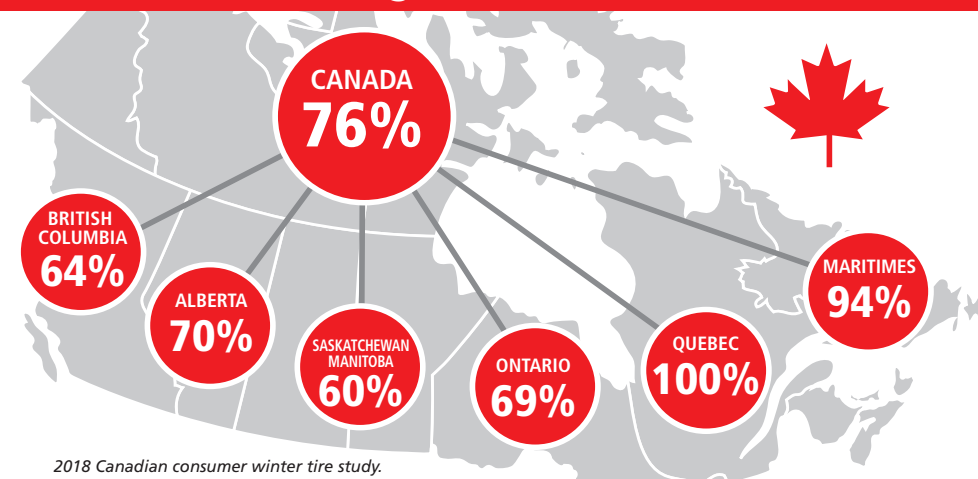
The description for all/3-season tires is “warm, dry and mild wet conditions.”

The 3PMS designation, in many circles, has become acceptable for winter driving in areas that require winter tires, such as mountainous regions or in Quebec, where winter tires have been mandatory on passenger vehicles and taxis during winter months since the winter of 2008-09.

Quebec amended the law in 2014 designating that tires needed to have the 3PMS designation.

2018 Winter tire usage

TRAC Winter Tire Report



Province	Utilization 2018 (%)	Utilization 2017 (%)	Utilization 2016 (%)	Utilization 2014 (%)
National	76	66	68	58
Atlantic Canada	94	83	81	73
Quebec*	100	100	100	100
Ontario	69	59	65	56
Manitoba/Saskatchewan	60	48	50	39
Alberta	70	57	55	45
British Columbia	64	60	49	38

*Mandatory winter tire usage since 2008

Quebec recently extended the winter tire mandatory period by 14 days, moving the starting date to Dec. 1 from Dec. 15, beginning in 2019. The end date of the mandatory period remains at March 15. The law does not apply to commercial vehicles or light trucks.

A bill that would have required Maine drivers to use winter or all-season tires between Oct. 2 and April 30 of each year failed to gain traction in the state legislature recently.

In Canada 76 percent of personal vehicle owners said in a recent survey that they own winter tires, with residents of the Atlantic Provinces and Quebec rated higher than the average and residents of the Western provinces lower.

The surveying company, Leger Marketing Inc., did not seek to distinguish between M+S and 3PMS-designated tires, so it is assumed all-weather tires were included as winter tires. The survey, conducted in late 2018, also showed that two-thirds of Canadians claimed to have owned winter tires for six or more years and that 80 percent of those who used winter tires said they believed using them had saved them from being involved in “potentially hazardous” driving conditions.

Both the USTMA and TRAC are facing questions as to how to account for 3PMS-marked tires in their statistical reporting.

The USTMA, for example, noted in its industry statistical report for 2018 that it introduced a new tread code, “all-season tires with 3PMS,” in January 2017.

As a result, it reclassified a portion of tires previously categorized as “traction & snow” tread as “all-season tires with 3PMS” tread and included them in the all-season tread group.

This change skewed the trend line for winter versus all-season products and was in part responsible for a 2-percent drop in winter tire shipments in 2018, to 5.2 million units, or just 2.4 percent of all aftermarket passenger tire shipments.

For now the USTMA will continue to monitor the trend to determine whether further action would be necessary, a spokesperson said.

Shipments of winter tires in the U.S. have fallen three straight years, USTMA data show, whereas winter tire shipments (which include some 3PMS tires) in Canada have been growing the past six years at an annualized rate of 4.5 percent and now account for an estimated 45 percent of annual aftermarket passenger tire sales.

Among recently launched products that fit into the all-weather category are the Nokian WR G4 family and Toyo Celsius.

Nokian launched the all-weather WR G line in 2009 in North America and since has upgraded to the G4 line-up, including a separate SUV product.

Toyo introduced the Celsius in 2015 as a “variable conditions” tire to address the concerns of drivers who need the attributes of winter tires during occasional heavy snowfall but don't want to incur the expense of buying, installing and storing winter tires.

The all-weather designation is also gaining momentum in the light truck/commercial sector, where recently Michelin North America Inc., Pirelli Tire North America and Toyo rolled out products featuring the 3PMS rating.

Michelin is pitching its Agilis CrossClimate light truck tire line for commercial truck and van use as an all-weather tire, capable of operating in severe snow conditions.

Pirelli's Scorpion All Terrain Plus light truck and SUV tire, launched in late 2018 as a replacement-market only product, is promoted primarily for its all-terrain performance, but some of the tire's design characteristics — such as a tread compound designed for improved wet performance and more siping — also qualify it for the 3PMS designation.

Toyo added an all-weather medium truck tire, the M655, that features the 3PMS designation indicative of its ability to perform in snow and ice conditions.

A boost for sales, profits

Tire warehouses may provide opportunity

By Nancy Dunham
tirebusiness@crain.com

As you start to consider your winter tire order, keep in mind some dealers are moving toward a new service to boost sales and reinforce customer loyalty: seasonal tire storage.

There are no raw data, but anecdotal evidence indicates such storage is growing in popularity among retail auto and tire dealers.

“It's a great service for the dealership to offer,” Kem Chowbay, retail fleet manager, Performance Acura in St. Catherine's, Ontario, said. “It also becomes a profit center for the dealership.”

Mr. Chowbay introduced the concept to his dealership group a few years ago when Tire Resort — a full-service tire storage company with facilities in Brampton, Niagara and Stoney Creek, Ontario — was founded in Niagara Falls, Ontario. The service provides high-end storage, delivery, wheel washing, rim repair and refinishing. Mr. Chowbay estimated about 80 percent of dealership customers use the service, primarily those nearing retirement age.

The dealership pays \$69.95 to the warehouse for each set of seasonal tires stored. Customers pay the dealership \$89.95 per set and generally switch tires every six months.

“Demographics come into play,” Mr. Chowbay said. “Clients that are (Baby) Boomers or have more income buy these luxury cars and need snow tires. But owners don't want to lug tires into their garages or homes, store them and then lug them back out.”

The service not only continually draws customers back to the dealership but offers opportunities for additional service work.

“Statistically, the first opportunity for loss of a customer is tire sales,” Mr. Chowbay said. “The reason is you think of Meineke, Midas, all of those drive-in services that offer multiple services and have lower labor rates. If people begin to use their services, you'll never see the customer again. Tire storage is something those shops can't offer.”

Nick Fox, co-owner of Point S J&J Tire & Auto Service and Point S Capital City Tire & Auto Service in Helena, Mont., said even without auto dealer clients, his tire warehouse service does about \$2 million in business annually at each of the company's two retail locations.

Customers primarily are those who run commercial fleets and private

SEE WAREHOUSES, PAGE 22

Nokian launches premium winter tire for light trucks

By Bruce Davis
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COPPER MOUNTAIN, Colo.

Nokian Tyres P.L.C. has upgraded its portfolio of premium winter tires with the Hakkapeliitta LT3 winter tire and WR G4 SUV all-weather tire for light trucks and SUVs, respectively.

Designed for demanding winter use, the Hakkapeliitta LT3 — which replaces the LT2 in the winter tire lineup — is reliable and safe on icy roads and snow-covered worksites alike, Nokian said, thanks in part of the development of stainless studs for areas where studs are allowed

It stands out from its predecessors, the company said, thanks to the distinct stud innovations and increased tread depth. In addition, it outperforms the LT2 in ice and snow handling and grip and offers improved grip on wet and slushy conditions.

Nokian has identified North America, the European Nordic countries, Central Europe and Russia as the LT3's key target markets. The tire will be offered both with factory studding and as a non-studded variant, the company said.

To maximize the LT3's durability, Nokian developed what it claims are the world's first stainless steel studs tailored for heavy-duty use. The Arctic stud concept consists of a new stud model and body material, improving durability in heavy use and winter conditions, Nokian said.

The stainless steel studs are corrosion resistant, so the tire is able to withstand salted road conditions longer.

In addition to the new material, the new studs are oriented into the stud hole using the new bottom flange. The new studs are 12.7 millimeters in length, or 2 millimeters longer than in the LT2, offering longer life, Tommi Ajoiviita, development manager, said.

Other key features include:

- The use of a tear- and cut-resistant "Arctic Grip" tread compound developed for heavy-duty use;
- An "aggressive" arrow-shaped tread pattern to remove snow and slush effectively — the center tread design improves stability and steering response, while the tailored siping offers enhanced traction and cornering grip;
- Deeper tread grooves for added slush-planing resistance and self-cleaning capability when driving in deep snow; and
- Aramid Sidewall technology for enhanced durability and protection for demanding driving conditions.

The tire will launch this fall in 16 SKUs covering rim diameters of 16 to 20 inches with a Q speed rating. Nokian did not provide actual sizes nor comment on pricing.

The WR G4 SUV — the latest iteration of Nokian's WR all-weather line — is designed specifically to provide high-performance, all-season handling and reliable winter grip on North American roads.

"The strong and durable SUV structure combined with reinforced, puncture-resistant sidewalls ensure that the tire is stable and can withstand sudden impacts and cuts that may occur while driving," Nokian said.

The new tire is a companion to the Nokian WR G4, a passenger tire introduced last year. With the WR G4

SUV, Nokian now has 78 sizes covering 14- to 20-inch rim diameter fitments in its WR G4 product range.

Nokian performed rigorous testing around the world to ensure the exemplary performance of the WR G4 SUV. The testing, the company said, included wet and dry performance testing in Germany and Spain, tread-wear performance testing in the U.S. and winter testing at Nokian's facility in Ivalo, Finland, 200 miles north of the Arctic Circle.

Aramid fiber is key to Nokian's puncture-resistant sidewall compound, and

it has become integral throughout Nokian's SUV and LT product line.

The WR G4 SUV also features low rolling resistance for fuel savings and eco-friendly driving.

Its functional tread blocks with blade grooves efficiently route rain, snow and slush away from the contact surface, and its Snow Claws improve longitudinal grip especially on snow and improves cornering and lane changes, the company said.

The WR G4 SUV tire is available in 36 sizes in 16- to 20- inch rim diameters.



Nokian Tyres' premium light truck winter tire, the Hakkapeliitta LT3.

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A new Bridgestone Blizzak is born

Tire maker launching WS90, offering longer life, enhanced performance

By Don Detore
ddetore@crain.com

STEAMBOAT SPRINGS, Colo.

He might not have been passing out cigars, but Brad Robison felt like a proud father nonetheless.

The product manager of Bridgestone Americas Tire Operations (BATO) spent a few days earlier this year near the tire maker's Winter Driving School, touting the company's latest winter tire offering, the Blizzak WS90, designed for sedans and minivans.

Thanks to a new tread pattern, Mr. Robison said, the tire not only will stop vehicles 14-percent shorter on ice than winter tires from leading competitors, but it also will last a season longer than previous Blizzaks.

But that's only one of the reasons Mr. Robison referred to the new product as "his baby" repeat-

edly during the ride-and-drive media event, held near picturesque Steamboat Springs ski resort. The thing he's most excited about, he said, is the difference the tire will make for winter driving aficionados.

"Every winter season, sure enough the feedback comes in: 'Hey Blizzak, I was able to get out of my driveway the first time, and I was the only one to get to work. ... I am going to put them on my daughter's car when she goes to college,'" Mr. Robison, a 15-year Bridgestone employee, said.

"Honestly, the most satisfying thing is making that impact, working on a product for that long, then getting feedback and actually changing people's lives for the better, giving them more confidence in winter.

"That keeps me going. It's cool."

The tire will be released to Bridgestone-authorized dealers in May in 51 T- and H-rated sizes encompassing 15- to 19-inch rim diameters, covering 86 percent of fitments for sedans and minivans in the market.

Pricing has yet to be released, but Bridgestone officials said it would be consistent with previous products. The Blizzak WS90 will be produced in Japan and replace the WS80.

Mr. Robison said the tire is engineered with a new tread compound that features Bridgestone's multi-cell technology, formulated with hydrophilic — water-absorbing — properties that are designed to attract water and draw it away from the surface of ice to enhance grip.

"When that multi-cell pulls that thin layer of water off the ice, the rubber that's on the ice is getting a better grip," Mr. Robison said. "It's a new, improved version of the WS80 compound, giving you that extra traction. It really is my favorite technology."

Engineers, meanwhile stiffened the pattern via EdgePerformance Technology, with block edges and numerous sipes and grooves that im-



Bridgestone Blizzak WS90

prove grip on ice and snow.

"These sipes actually underload," Mr. Robison said. "So when you're turning, accelerating or braking, they actually stay locked. This acts like one firm block."

As a vehicle goes through the footprint, the sipes will remain stiff, "but you don't lose the edges in the winter. The pattern itself is stiffer.

"It's going to stay more intact like an all-season tire, but you still have that feature on it. That is going to help with your responsiveness."

The stiffness, he said provides the extra season of use.

"(The tire is) moving around a lot than rubbing on the road a little bit more, so it's not generally going to wear as fast because of that," Mr. Robison said.

"It's a hard technology to explain, because a lot of people talk about stiffer and softer, they think compound, but independent of the compound, throughout the pattern, we have been able to maintain that pattern's stiffness."

Robert Saul, director of consumer tire product strategy, U.S. and Canada for BATO, said engineers can model the physical behavior of an



Bridgestone's Blizzak WS90 is designed to pull a thin layer of water away from the surface to enhance grip and stability.

individual tread block.

"All of the innovations they are delivering help the whole package perform in optimal situations," Mr. Saul said.

"It's amazing what they do."

Mr. Saul, who has been involved with Bridgestone's winter products for more than 25 years, said the tire maker has a "relentless focus on these winter tires," bringing new, improved products to the market consistently, as winter conditions put average users often in extreme situations.

"I want to make sure, if you're on one of our products, that you have the stability and the confidence in the product," he said. "We believe strongly in these winter tires. ... That's where the tires separate themselves: At those limits, at those clutch times."

Mr. Robison said engineers already are formulating the next Blizzak iteration,

"Winter tires are a big priority for Bridgestone," he said. "This is a great product. In our world, this is our Super Bowl."



Brad Robison, product manager at Bridgestone Americas Tire Operations, is proud of the tire maker's latest offering, the Blizzak WS90.



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editor

Winter tire bill in Maine officially dies

AUGUSTA, Maine

A bill that would have required Maine drivers to use winter or all-weather tires between Oct. 2 and April 30 of each year failed to make it out of committee.

State Rep. David McCrea (D-Fort Fairfield) introduced H.P. 176 on Jan. 22. The bill was ordered printed and referred to the Maine House Committee on Transportation.

On Feb. 5, the state Senate placed the bill in the legislative files, according to the Maine legislature's website. This means the bill is officially dead, the website said.

The bill would have assigned the duty of defining "winter" and "all weather" to the chief of the state police.

In Canada, winter tires have been mandatory during winter months in the province of Quebec since 2009. The province recently extended the period by two weeks, moving the starting date for installation on passenger vehicles and taxis to Dec. 1 from Dec. 15, starting in 2019.



Nexen adds passenger, CUV/SUV winter tire to lineup

DIAMOND BAR, Calif.

Nexen Tire America Inc. has updated its winter tire lineup with the release of the WinGuard WinSpike WH62 for passenger vehicles and the WinGuard WinSpike WS62 for CUVs/SUVs.

According to Nexen, the studded tires, which were developed from scratch, deliver enhanced snow/ice performance due to an optimal arrangement of the stud line. The two tires will replace P metric sizes of the WinGuard WinSpike.

The WH62 covers sizes of 13 to 18 inches in rim diameter, and the WS62 will cover rim sizes of 15 to 20 inches. Each tire has 20 stud lines, eight more than the predecessor models, the South Korean tire maker said, which improves grip and minimizes

stud noise.

A square-shaped contact patch improves braking and handling, Nexen said, which together with a new tread compound offers increased flexibility at lower temperatures, ensuring “optimal” performance on snow and ice.



The tires, both available for factory-direct container orders, come in 20 additional passenger and CUV/SUV sizes, expanding Nexen’s winter tire coverage to 85 percent of the U.S. winter market.

The tires will be manufactured in South Korea and offered “at a reasonable price point,” according to the company.

Nexen also offers 36 months of roadside assistance.



WinGuard WinSpike WH62

WinGuard WinSpike WS62



Alliance 551

Alliance adds winter tractor tire to N.A.

WAKEFIELD, Mass.

Alliance Tire Group has launched a steel-belted radial designed for modified front-wheel drive assist (MFWA) tractors operating in snow and ice.

The new tire, the Alliance 551 Multiuse Professional, combines an R-3 block tread pattern with a tread compound optimized for grip and flex, even in low temperatures, Alliance said.



Alliance plans to offer the 551 in six popular sizes: 440/80R24 (144D and 149D), 440/80R28, 440/80R34, 540/65R30 and 650/65R42.

The tire’s steel belts provide a broad footprint for improved traction and stability and help boost fuel efficiency by reducing rolling resistance, according to James Crouch, Americas national product manager – agriculture.

The Alliance 551 is rated for speeds up to 40 mph (65 km/h).

Alliance is targeting municipal and commercial operators, as well as farmers, with the new tire.

The tire’s R-3 block tread pattern features variable-depth sipes that provide extra biting surfaces as well as directional channels to clear snow and slush from the tread surface, according to the tire maker.

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VikingContact7 built to tackle varied winter conditions



By Kathy McCarron
kmccarron@crain.com

MONTREAL

Continental Tire the Americas L.L.C. has developed a directional winter tire, the VikingContact7, that it claims offers a balance of flexibility for slippery road conditions and stiffness for longer life.

The VikingContact7, which replaces the Conti WinterContact SI, is designed to perform in various winter conditions throughout the season, ranging from wet roads, to slush, to snow and ice.

The tire carries the industry's three-peak/mountain snowflake designation and will be available in 88 sizes, including three runflat sizes, covering 15- to 20-inch rim diameters with T and H speed ratings.

The tire covers 87 percent of the vehicle market, compared with 71 percent with its predecessor. Target vehicles include passenger, CUVs, SUVs and light trucks.

"In the development of this tire, we basically had one focus. We wanted to create a tire with superior snow and ice performance but at the same

time no compromises in terms of performance," Timur Yilkiran, project leader for Continental winter tires, tire line development worldwide, said during a media and tire dealer ride-and-drive event in February.

"We wanted to keep the high level of the predecessor tire line, WinterContact snow and ice, on the same level as for wet performance, comfort, noise, rolling resistance and dry braking."

To achieve this goal, the development of the tire was based on three pillars — the compound, the structure of the tire and additional features, he said.

The Nordic tread compound uses active silica for providing grip in wet conditions and a rapeseed oil additive that keeps the tread compound flexible in extreme cold conditions, Conti said.

The oil additive helps to lower the glass-transition temperature of the rubber compound so the tire avoids getting brittle at low temperatures and improves performance on icy roads, Mr. Yilkiran said.

The tread design features a groove



Continental VikingContact7

network that reduces hydroplaning on slushy roads and interlocking block ridges to provide improved tracking and stability on snow.

Grip edges, located on the outside of the blocks, grab into surfaces with snow and ice. In combination with the 3D sipe structure — which prevents bending of the blocks under the influence of driving forces — the contact area of the tire is increased, which leads to better traction and braking on ice and snow, Conti said.

The tread pattern is designed to overcome the conflict between handling properties and ice performance with a directional v-shaped pattern, wide main grooves and block design that avoids turbulent flow, Mr. Yilkiran said.

Additional pattern features in-

clude the 3D sipes that provide more edges and more snow performance, with snow pockets to collect snow and compact the snow to provide additional snow friction.

"Our goal was to develop a very well-balanced tire without any compromises in terms of technology," Mr. Yilkiran said. "So the goal here was to have a balanced tire bringing our customers safely through all winter conditions."

Compared with the WinterContact SI (snow and ice), the VikingContact7 reduced ice braking distances by 7 percent and improved ride comfort, noise, dry braking and snow traction, he said. However, wet braking increased by 2.5 percent.

"We accepted this due to two reasons," Mr. Yilkiran said. "The first reason is that the WinterContact SI performed on a very high level in terms of wet braking. And the second one, ... we have a direct target conflict between ice performance and wet performance."

"And I have said we have elevated this tire conflict to a higher level and this is shown very well here by the test results. If we had just shifted from wet to ice, we would have lost 2 percent and gained 2 percent, ... but we have lost 2 percent (in wet

braking) and gained 7 percent in ice braking. So it's a higher level of the target conflict, and this is what we wanted right from the beginning."

The Viking line launched last year in Scandinavia and Russia. Since the line has more vehicle coverage than the WinterContact line, Conti decided to bring it to North America and continue using the Viking name going forward in both Europe and North America, Joe Maher, product manager for passenger and winter tires, said.

Conti acquired the Viking name in 1983 with its takeover of Norwegian tire maker Viking Tyres.



The VikingContact7 is designed to perform in various winter conditions.



The media and tire dealers test drive the VikingContact7 at Montreal's Circuit ICAR track in February.

Goodyear introduces mid-tier tire

By Don Detore
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GRAPEVINE, Texas

Goodyear has taken another step toward enhancing its winter tire portfolio, adding a "mid-tier" product — the WinterCommand — in 54 sizes and with studding capability.

The Akron-based tire maker showed off the new product in late January during its annual dealer conference in Grapevine.

The tire, which became available in March, comes with the industry's three-peak mountain-snowflake designation. It covers fitments on passenger cars, CUVs, SUVs and light trucks in Q, S or T speed ratings, for up to 20-inch rim diameters.

The tire features three zigzag tread pattern variations designed to be paired with specific vehicle types for optimal, customized performance, all formulated with a "proven" specialized winter tread compound.

Mike Dwyer, Goodyear's chief



Goodyear WinterCommand

customer officer, North America consumer, said that as Goodyear looks to revitalize its winter lineup, "we are confident that the WinterCommand gives us a strong winter offering that will drive growth in a segment with enormous potential."

Mr. Dwyer said it was "important" to rename the tire to reflect the improved product.

Goodyear said the WinterCommand offers enhanced snow and ice grip throughout the life of the tire, performing well at low temperatures because of directional tread patterns that feature multiple biting edges designed for enhanced traction on snowy roads.

It replaces the Ultra Grip Winter tire in the Goodyear winter tire lineup. The tire maker offers 10 other Ultra Grip tire lines, including three Eagle Ultra Grip performance offerings.

Yokohama 'tribology' research could yield better ice traction

TOKYO

Yokohama Rubber Co. Ltd. (YRC), together with researchers at Kanazawa University, have developed a way to visualize the "frictional state of contact" of rubber on ice, which YRC claims could lead to studless winter tire designs with improved grip on ice.

When running on ice, a tire is unable to make firm contact with the road surface due to the watery film generated by the icy surface, thus reducing the tire's grip, YRC said. Studless snow tires depend on tread patterns with high drainage performance and water-absorbing agents in the tread compound to counter the watery film.

Up to now when studying a tire's contact with the road, it has been difficult to distinguish the area where water is between the road surface and the rubber from the area where the rubber is in direct contact with the road surface (real contact area). As a result, it has been difficult to grasp the degree of real contact accurately.

Now, however, YRC said it expects the work conducted by YRC and researchers under Associate Professor Tomoaki Iwai with Kanazawa University's Tribology Laboratory into this phenomenon will enable the discovery of new compounding agents with enhanced water absorbency and facilitate the development of tread patterns that deliver higher drainage performance.

Tribology is defined as the science and engineering of interacting surfaces in relative motion, comprising the study and application of the principles of friction, lubrication and wear.

YRC's joint research with Kanazawa University led to the development of a testing machine equipped with a high-speed camera that enables visualization of a tire's contact with the ground and succeeds in identifying the real contact area. The partners also established an analytical technique for digitizing contact images, which led to evaluating the water absorbency and drainage of tire rubber numerically.

The machine is able to observe frictional behavior between a rubber sample and ice or a smooth transparent disk used to replicate ice at speeds of up to 31 mph (50kmh). Its high-speed camera can take 1 million micro-level images per second of the tire's contact area with the road surface, while simultaneously measuring the frictional force during the test.

Images taken with this testing machine are dark only in the real contact area. Rubber that includes a water-absorbing agent shows darkness over a wider area than rubber that does not include the water-absorbing agent, YRC said.

Furthermore, digitizing the image with the newly developed analytical technique to associate the contact area with the frictional force revealed that the calculated numerical value has a high correlation with the frictional force of the rubber.

Yokohama pointed out that its three-year medium-term management plan, Grand Design 2020 (GD2020), includes a winter tire strategy that aims to assert performance leadership in winter tires supplied in the Japanese, European and Russian markets.

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OnTheMove

Coetz to head Conti tire division

HANOVER, Germany

Continental A.G. has promoted Christian Koetz to head up the firm's tire division as part of a management restructuring.

Nikolai Setzer, tire division head since mid-2011, will become the spokesman for the newly created "automotive board" as well as continue on the firm's executive board, Conti said.



Koetz

Mr. Koetz, who has led the commercial vehicle tires business unit since July 2018, assumed the three-year tenure as head of tire division and corporate purchasing April 1 and will become a member of Continental's executive board, the company added.

Mr. Koetz studied engineering management and joined Continental's tire division as a trainee in 1996. Later, he was responsible for key account management for original equipment in North America, and then for research and development.

From 2011 to 2018, he headed the passenger and light truck tires replacement business for Europe, the Middle East and Africa before taking the top position at the commercial vehicle tires business unit.

From 2015 to 2017, he also was president of the European Tyre & Rubber Manufacturers' Association (ETRMA).

Mr. Setzer's position on the executive board has been extended by five years "ahead of time" to March 2024.

In his role as the spokesman for the automotive board, Mr. Setzer will be in charge of "maintaining a unified business strategy" in this area.

Additionally, his team will be complemented with a chief technology officer (CTO) as of 2020, to advance automotive development activities.

Conti hires Cox to aid ContiLifeCycle clients

FORT MILL, S.C.

Continental A.G. has hired retread industry veteran John Cox to fill the newly created position of global technical services to enhance process technologies for its ContiLifeCycle retread partners worldwide.

Mr. Cox has more than 20 years of experience in the North American retreading industry, both at the supplier level and in retread manufacturing. He also supported the development of IT software solutions for retread manufacturing, ensuring that Continental's systems will continue to support the needs of ContiLifeCycle partners, the company said.



Cox

"We are partnering with our retread shops around the world to maximize productivity and quality and to drive process innovation," said Catherine Loss, Continental's global head of retread. Conti supplies nearly 60 ContiTread retread shops worldwide, including 30 in the U.S. and Canada.

Kenda names Koczan to auto tire sales team

REYNOLDSBURG, Ohio

Tire industry veteran Edward Koczan has joined Kenda Tire USA Inc. as a member of its automotive sales team.

Mr. Koczan will be responsible for several roles in the automotive sales channel, including managing strategic accounts, driving growth of Kenda's automotive tire channel sales and identifying new growth opportunities.

He will report to Branden Stotsenburg, vice president of automotive division, for Kenda USA.

Prior to joining Kenda, Mr. Koczan worked for Sumitomo Rubber North America Inc.'s Falken brand. He also has worked for Toyo Tire USA Corp., Nexen Tire USA and Sentury Tire North America.

According to Kenda, Mr. Koczan will contribute to enhancing Kenda's Light Truck Boot Camp dealer experiential incentive program, the Kenda Traction associate dealer program, product education and dealer training initiatives for Kenda's existing partners.



Koczan

George to lead customer service team at CMA

MONROVIA, Calif.

Double Coin Holdings Ltd. and its CMA L.L.C. subsidiary have promoted Rafael George to international customer service team lead, where he will support the customer service team and reinforce the organization's commitment to its values and customers.



George

Mr. George previously handled numerous accounts across the U.S.

His expanded role includes customers in Canada, Mexico and Central America. He will be tasked with communicating the concerns and policies to management and team members locally and globally.

Mr. George joins Jackie Concepcion's team "to communicate and implement Double Coin's Mission Excellence promise," the company said. Ms. Concepcion was named director of customer service on Jan. 1.

Double Coin's Mission Excellence campaign highlights Double Coin's business, from products to customer service.

Mighty hires three to strengthen offerings

NORCROSS, Ga.

Mighty Distributing System of America Inc. (MSDS) has made three hires to support growth in its Mighty Auto Parts network in servicing the automotive aftermarket.

The new hires are: Gabrielle Young as director of marketing, Jordan Taylor as a field support specialist and Mike Sugawara as an operations analyst.

Ms. Young will work with Mighty's franchise advertising board and council, support the product team and the marketing group and work with outside agencies to build Mighty's brand awareness and grow sales.

She previously was director of marketing for Southwire Co.

Mr. Taylor will support users of the company's Autopart platform and its electronic data interchange (EDI) initiatives. He's a recent graduate of Georgia Southern University with a degree in mathematics.

Mr. Sugawara will support franchise development, inventory management, initial set-ups, changeovers and margin analysis. He most recently was inventory coordinator for Veritiv Corp.

Belle Tire hires Canestri to oversee procurement

ALLEN PARK, Mich.

Belle Tire Distributors Inc. has hired industry veteran Felix Canestri as its director of procurement, where he will oversee Belle Tire's procurement procedures and support its growth plans.

Mr. Canestri, previously vice president of purchasing at Tire Discounters Inc., said he has admired Belle Tire for years, and its plans for the future drew him to the company.

He joined Cincinnati-based Tire Discounters in 2003 as an e-commerce and sales support manager. He advanced through procurement at Tire Discounters and was named vice president in 2016.



Canestri

Clark joins Michelin CEO's exec committee

CLERMONT-FERRAND, France

Group Michelin's incoming CEO Florent Menegaux has named nine senior managers to his executive committee, including Scott Clark, executive vice president, automotive business management, motorsport, experiences, Americas regions.



Clark

The new CEO, who will take up his post at the end of Michelin's May 17 shareholders meeting, "has decided to set up a tight group executive committee focused on strategic arbitrage," Michelin said.

The board, which met for the first time March 25, has three new senior managers — Jean-Claude Pats, executive vice president, corporate personal management; Eric Vinesse, executive vice president,

operational research and development department; and Mr. Clark — along with six senior managers from the previous executive committee.

Goodyear taps Phillips SVP, general counsel

AKRON

Goodyear is promoting David E. Phillips to senior vice president and general counsel, effective June 4, replacing the retiring David L. Bialosky.

Mr. Phillips currently is associate general counsel, Americas. Mr. Bialosky, senior vice president, general counsel and secretary, is retiring after 10 years with the tire maker. He will remain with Goodyear as an officer through his retirement date of Sept. 30 to assist with the transition.



Phillips

Goodyear also said Dan Young, senior legal counsel and assistant secretary, will become secretary and associate general counsel.

Mr. Phillips joined Goodyear in 2011 as senior legal counsel, real estate and finance.

Mr. Phillips has led several key initiatives for the Akron-based company, including the launch of Tire-Hub L.L.C., the 50-50 distribution joint venture operated by Goodyear and Bridgestone Americas

TGI hires Wheeler as national sales VP

MIAMI

Tire Group International L.L.C. (TGI) has hired tire industry veteran Rick Wheeler as vice president of national sales, a newly created position.

Mr. Wheeler brings 25 years' experience with Goodyear, Michelin North America/TCi Tire Centers and Kumho Tire USA Inc. to his new position, where he will be responsible for sales, marketing and customer service teams for the North American market.



Wheeler

VIP Tire opens 4th Mass. store

FRAMINGHAM, Mass.

VIP Tires & Service has opened a retail store in Framingham, its fourth in Massachusetts and 59th overall.

The facility, like all VIP locations, will offer tire sales and service and full-service automotive repair, including brake repair, preventative maintenance, muffler and exhaust repair, multi-point vehicle inspections, wheel alignments, state inspections and oil changes.

The new store is in a 5,000-sq.-ft. former Midas Auto Service outlet that VIP has been renovating since leasing the building in early April. The store has six service bays and the ability to store up to 1,500 tires, according to VIP, reducing wait times and providing an array of products for customers.

The store, which will have a staff of four technicians and two service advisers, will be open Monday through Saturday from 7:30 a.m. to 6 p.m.

Tim Winkeler, president and chief operating officer of VIP, said it was all about "finding the right op-

portunities — locations like Framingham where we can provide valuable auto repair and maintenance services to customers while growing our business."

The company is renovating the waiting area, adding a new bar built for laptops that features multiple seats with individual plug-ins. VIP said it is also adding a beverage station and remodeling two customer bathrooms as well as the showroom and customer service counter spaces.

Veteran auto service manager Mike Escola will lead the Framingham location. The company said it plans to hire two more technicians in the next few months.

VIP said it will host a community grand opening celebration in May as well as launch a charitable initiative called Oil Changes for Education designed to raise money to benefit area schools.

VIP has 35 locations in Maine, 19 locations in New Hampshire and one in Vermont as well as the four in Massachusetts. Framingham is a western suburb of Boston with a population of about 68,000.

RNR Texas franchisee set to open 6 stores in Arizona

LUBBOCK, Texas

RNR Tire Express & Custom Wheels franchisee JSA Tires Inc. has struck a deal with RNR to open up to six RNR stores in Arizona in the coming years, RNR Tire said recently.

Owned by rent-to-own business veterans AJ Arthus and Jason Summers, JSA Tire has four RNR Tire locations open in west Texas and is readying a fifth, in Laredo, to open in the coming months, according to Vince Ficarrotta, vice president of franchising with RNR.

JSA opened its first two RNR Tire stores in 2016 in Lubbock and followed up with stores in Corpus Christi, Texas, and Clovis, N.M.

According to Mr. Ficarrotta, JSA wanted to keep growing and approached RNR about rights to open stores in Arizona. As yet the franchisees haven't disclosed which cities will be first on the list.

Mr. Arthus is owner of six Vision Furniture

& Appliance lease-to-own stores in the Lubbock area; Mr. Summers joined Mr. Arthus in 2016 as managing partner after 10 years with Sprint.

At the same time, RNR is looking for "qualified multi-unit franchise partners" to open up to three stores in the Las Vegas area, which the franchisor has identified as a market that fits its business model.

RNR representatives attended the Multi-Unit Franchising Conference March 24-27 at Caesar's Palace in Las Vegas with that in mind.

RNR founder and President Larry Sutton noted that Las Vegas' "demographics and tremendous long-term growth potential make it a perfect fit for the (RNR) concept. ..."

Overall, RNR sees the potential to add nearly 40 locations this year, building on the network of 118 existing RNR locations in 23 states.

26th Annual

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Nominations will be judged by an independent committee outside of the tire industry. The winner will receive the Tire Dealer Humanitarian Award Medal and a \$2,500 donation to the charity of his or her choice. The award will be presented during the 2019 Tire Industry Association convention/SEMA Show Nov. 4, in Las Vegas.

The award is open to any independent tire dealer or retreader in North America, regardless of business size or sales volume. Nominees must have an ownership in the business. Self nominations are welcome. Nominators are encouraged to renominate candidates if they are not past winners. To enter your nominee, complete the online nomination form, upload detailed support material and mail as soon as possible.

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Entry deadline July 31, 2019

TIRE BUSINESS

Discount Tire exec: Industry, agency must work together

By Miles Moore
mmoore@crain.com

HILTON HEAD ISLAND, S.C.

Now that a federal rule on electronic tire identification is a possibility, industry and government must work together to ensure any such rule is done right, according to John M. Baldwin, senior vice president and chief product and technical strategist for Discount Tire/America's Tire.

Mr. Baldwin expressed his views in an address at the 35th Clemson University Global Tire Industry Conference, held April 10-12 in Hilton Head Island.



Baldwin

Two days before he spoke, the National Highway Traffic Safety Administration (NHTSA) released its report to Congress on the technological feasibility of requiring electronic tire identification. (See story on page 1.) NHTSA was directed to submit the report under the Fixing America's Surface Transportation (FAST) Act, which then-President Barack Obama signed into law in December 2015.

Mr. Baldwin summarized the report as a

consideration of various electronic identification technologies, including radio frequency identification (RFID) chips and two-dimensional (2D) barcodes. The report stresses that the ID format be uniform for all tires, he said.

"When the TPMS (tire pressure monitoring system) rule was launched, it was chaos," he said. The NHTSA regulation allowed many different formats and technologies, he said, to the point that the Tire Industry Association (TIA) must publish a revised TPMS service chart every year for tire technicians.

"So if we do electronic registration, can we just do it one way?" Mr. Baldwin asked.

TIA and the U.S. Tire Manufacturers Association (USTMA) formed a joint task force in January 2017 to develop consensus recommendations to NHTSA on electronic tire identification. The task force met several times in 2017 and 2018, focusing initially on passenger and light truck tires, Mr. Baldwin said.

"The meetings started out to be fairly contentious," he said. "It took us over a year to agree on a framework, but we have reached consensus on several high-level themes."

The common objectives of the task force were to improve the customer data, including tire registration data, available during tire re-

calls, as well as the effectiveness of tire recalls and safety campaigns.

Tire manufacturers said they must have tire purchasers' information, which can be collected only at the point of sale, he said.

However, tire retailers were concerned over data privacy and the proprietary nature of customer data, he added. They also had concerns about enforcement of registration regulations, especially for small dealers, and wanted opportunities for compliance assistance.

The areas of focus, according to Mr. Baldwin, were:

- How should registration work? Could multiple approaches, such as designees and online tools, be developed to address different types of retailers and tire sales?

- What tire data should be collected and maintained?

- Could compliance assistance tools, along with industry communications and education, be developed to help smaller tire retailers comply with the regulations?

- Could the initial focus of the regulation emphasize compliance assistance over enforcement?

TIA and the USTMA eventually agreed there could be three approaches to electronic registration, tailored to the type of retailer.

- A system in which eligible tire dealers could serve as designees to hold customer data and transmit them to manufacturers in the case of a recall;

- An online portal for collection of tire registrations from non-designee dealers, overseen but not operated by NHTSA; and

- Private agreements for providing data between manufacturers and retailers or purchasers.

The information collected should include tire identification plus customer names and addresses (required), plus phone numbers, email addresses and social media information (optional). However, customers should be able to opt out of providing personal information, Mr. Baldwin said.

NHTSA should offer a compliance assistance program for tire retailers, coordinating with safety partners and the states to get the word out. Manufacturers and retailers should help communicate the new requirements and educate dealers, he said.

"The goal is to have customer information available as specified in a timely manner for each recall," he said.

If NHTSA finds the industry approach acceptable, many details still have to be worked out, he concluded.

Vehicle

CONTINUED FROM PAGE 1
Switzerland.

"Synergies will create more disruptions in the next 10 years than in the last 50," he said.

Jason Barr, team leader for digital twin and software engineering at Bridgestone Americas Inc., noted that his company, like other tire makers, has to find new ways to bring value to its customers.

"Vehicles are now computers on wheels," Mr. Barr said. "With this comes new apps, new services and new business models."

Tires of course will remain an important component of a vehicle, but the patterns of use will change with automated vehicles (AVs) and ride-sharing, he said.

"The cost per mile will go down, largely through increased utilization, but vehicle maintenance will remain static as a vehicle expense, because it will be a larger focus."

With the coming of connected and autonomous vehicles, "reinventing the wheel" has become a necessity, according to Mr. Barr.

"How a ride feels will go away with AVs," he said. The emphasis going forward for tires will be on reducing downtime and having sufficient strength for continuous mobility.

Bridgestone's Digital Tire Twin concept offers customers a combination of advantages through the capture of data, Mr. Barr said.

"You can capture data, but you have to do something with it."

What the Digital Tire Twin system does with data, he said, includes tire usage optimization, predictive and prescriptive maintenance, system performance optimization and uptime maximization.

The Digital Tire Twin system can predict and

optimize tire wear life, traction performance and the fuel-economy contribution from rolling resistance, he said, making it particularly useful for fleet management.

Bruce Lambillotte, vice president, technical consulting for Smithers Rapra Inc., said the growth of the global electric vehicle (EV) market will have a major impact on tire development.

Smithers released a study in late 2018 on EVs and their influence on tire technology that focused on battery-electric vehicles (BEVs), which run exclusively on onboard batteries, Mr. Lambillotte said.

China is the world's largest market for EVs, and "BEVs and hybrids are the only EVs in their market," he said.

The EV market is growing rapidly throughout the world, though starting from extremely small preliminary numbers. Despite a high compound annual growth rate, the EV market will be limited through 2028, except in China, he said.

"EVs are starting to get over the hump of having enough charging stations, especially in China and to a lesser extent in Europe," he said.

Reducing urban pollution and dependence on imported oil is spurring EV growth in China.

Electrics accounted for more than 30 percent of new bus sales in China in 2016, and more than 3 million low-speed, two-passenger EVs are on the roads in China now, he said.

Low rolling resistance for fuel efficiency and increased service range are crucial for EV tires, as are noise and vibration reduction, good traction, wear resistance and load carrying capacity, according to Mr. Lambillotte.

"If you think we have a proliferation of sizes now, just wait," he said. "EV tires don't need to be radial or steel-reinforced, or offer ride comfort. The two important things are cost and durability."

Disruption

CONTINUED FROM PAGE 3

"Tire dealers will have to know how to service these vehicles," he said, "which otherwise will go to franchised dealers — which also are in the tire business."

It's vital for tire dealers to determine how many EVs and hybrid vehicles are in their marketing areas and to train their technicians and shop personnel to deal with those vehicles effectively.

"You have to promote that you're in this (EV/hybrid) business," he said.

Tire retailers and distributors have been dealing for some time with disruptions such as the soaring number of SKUs, the proliferation of online tire sales and the imposition of tariffs and duties on imported tires, according to Mr. Zielasko.

He quoted the U.S. Tire Manufacturers Association (USTMA) as saying that commercial tire imports are forecast to decline 6.8 percent this year, largely due to the anticipated drop in tire imports from China because of the tariffs.

Online tire sales are vitally important, Mr. Zielasko said. Yet the research firm Treadhunter Inc., surveying more than 20,000 independent tire dealerships, found that 90 percent had inadequate e-commerce websites and 30 percent had no websites at all, he said.

"All of it is a different way of communicating with customers," he said.

"Today, there are two major types of retail customers: Millennials and Baby

Boomers. Each communicates differently," he said.

"Baby Boomers prefer face-to-face communication, while Millennials prefer communicating online. A dealership's communications need to cater to both."

Convenience matters, and smart dealers will make it as easy as possible for customers to do business with them, according to Mr. Zielasko.

Goodyear's "Roll by" concept, which is testing in Washington, D.C., and Philadelphia, is a current example of putting customer convenience first, he said.

Aimed at time-starved customers, the Roll-by stores are placed in upscale areas of a city, according to Mr. Zielasko. Customers purchase tires via iPad in the store and then arrange to have the tires installed while they shop, via valet or mobile service at no extra charge, he said.

Dozens of independent tire dealers nationwide are also providing mobile service, according to Mr. Zielasko. "If the customer wants it, that's what they're going to demand," he said.

Throughout their history, independent tire dealers have been resilient, and their market share has remained remarkably steady, according to Mr. Zielasko. He noted that their share of the replacement passenger tire market was 68 percent in 2018, compared with 67 percent in 2008 and 64 percent in 1995.

"In a 24-year period, they have actually gained market share," he said. "Never forget: tire dealers continue to reign supreme in tire retailing."

Merlin franchises get new owners

ELGIN III.

Two Merlin 200,000 Miles locations changed hands within the last month.

Merlin 200,000 Miles franchisee Luis Olmos has added a second Merlin 200,000 Miles Shop location by buying the business rights and assets of a shop in Elgin.

Meanwhile, former Firestone Automotive retail store executive Keny Reese has acquired the Merlin 200,000 Miles Shop in East Peoria, Ill., where he was the general manager for the past five years.

The locations are part of 25 Merlin 200,000 Miles locations in Illinois.

Mr. Olmos has been a Merlin

200,000 franchisee since 2015 — when he acquired a shop in Carpentersville, Ill., from the previous owner Tim Williams — but has been affiliated with the Merlin brand since 1992, when he started as an entry-level technician at the Merlin shop in Hanover Park, Ill.

He then moved to a Midas franchise, according to Merlin 200,000 Mile Shops, where he advanced to general manager and led that franchise to a top ranking among Midas franchises.

He rejoined the Merlin organization in 2009 and was employed as the general manager of several corporate-owned Merlin shops until 2015 when he

bought the Carpentersville store.

"I'm happy to have taken the step to multi-shop ownership," Mr. Olmos said, referring to the acquisition, terms of which were not disclosed.

"My shop teams serve the neighboring communities of Carpentersville and Elgin, and we look forward to helping customers maintain and repair their vehicles," Mr. Olmos said.

The four-bay Elgin shop was newly built in 1997. Ace Bhimani was the previous franchise owner.

Mr. Reese, who spent a total of 17 years in the Firestone retail network, acquired the East Peoria business from Donnie Crittendon, who had purchased



Luis Olmos has acquired this Merlin 200,000 Miles Shop in Elgin, Ill.

the franchise for the store in 2016 from Merlin Corp. and operated it under his own company, DC Motors L.L.C.

Mr. Reese started with Firestone as a service manager in 1993 at a Chicago area store and was promoted to assistant store manager within a year.

"I'm excited to take the next step

as a business owner serving the East Peoria and Peoria communities," Mr. Reese said. "My team and I look forward to helping customers reach their mileage goals and discover that life is better without car payments with our easy and affordable Drive For 200,000 Maintenance Program."

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Tire Discounters to open 19 stores, including 7 in Indy, by mid-2020

By Bruce Davis
bdavis@crain.com

CINCINNATI

Tire Discounters Inc. has disclosed plans to open 19 stores in the coming 12 months, including seven stores in the Indianapolis metro area, a new territory for the Cincinnati-based retailer.

The new stores will expand Tire Discounters' footprint to 135 stores in six states by this time next year. The first of the new stores in Indianapolis are scheduled to open before mid-year. Among the communities where stores are under construction are Carmel, Greenwood, Noblesville and Plainfield, Ind., according to the dealership's online store locator.

The company, the ninth largest independent retail tire dealership in the U.S. with 116 stores and 1,200-plus employees, did not disclose where else it's planning to open stores.

Tire Discounters has doubled in size since 2011, expanding southward into Alabama, Georgia and Tennessee along the way.

To support this aggressive growth strategy, the company is realigning and expanding its management team to "streamline responsibilities and maximize efficiencies."

"As we grow in stores, our leadership team is also adapting to meet the needs of our employees and business strategies," President Jamie Ward said.

"We can't achieve future years' objectives with previous years' efforts. We are evolving, adapting and getting in front of what is coming."

To prepare for growth, Tire Discounters over the past year has upgraded its digital platforms with projects such as a new warehouse management system, new learning management system, new phone system and new point-of-sale software.

Among the personnel changes are:

New recruit David Cahill assumes the newly established role of director of training, research and development. Mr. Cahill joined Tire Discounters at year-end 2018 from Safelite Group. He brings 25-plus years of

automotive industry experience to his new job, which includes responsibilities for expanding the training program and leading innovation.

Chris Albertz, 17-year company veteran, was promoted in March to purchasing manager to help identify and incorporate new systems for improving merchandising and other store focused solutions.

Dave Chirello, who joined Tire Discounters last August, is promoted to division director of sales. His 25 years of retail automotive repair industry experience includes employment at Pep Boys – Manny, Moe & Jack; Kauffman Tire; National Tire & Battery; and Jiffy Lube. He will oversee sales and operations in Alabama, Georgia, Kentucky and Tennessee.

Eldon Riggs, who also joined the company last year, was promoted to director of retail operations, responsible for the company's expansion into the Indianapolis metro area. He came to Tire Discounters after a 25-plus year career with Tire Barn, another Indianapolis-area dealership.

In addition, Tire Discounters hired Aaron Eck, Jim Phillips, George Reynolds and John Ross as field leaders, tasked with supporting and leading new and existing markets such as Dayton, Ohio; Huntsville, Ala.; and Knoxville, Tenn.

These new hires bring 90-plus years of collective multi-unit automotive aftermarket experience to the company.

Brandon Grubbs was promoted to director of commercial sales and service, leading business development for the Northern and Southern Divisions.

Tire Discounters' targeting of Indianapolis coincides with Belle Tire's push into the same territory. Allen Park, Mich.-based Belle Tire has opened nine stores in the Indy area in the past several months and has plans for 11 more in Indiana in 2019.

Belle Tire recently hired Felix Canestri — vice president of purchasing at Tire Discounters for the past three years — as its director of procurement, overseeing Belle Tire's procurement procedures and growth plans.



Tire Discounters plans to open 19 stores in the next 12 months, including 7 in Indianapolis.

ID

CONTINUED FROM PAGE 1
a Smartphone app.

However, 2D barcodes cannot be read while the tire is in motion, and cannot be read easily if the barcode is on an inside-facing sidewall, the report said.

RFID tags have limited memory, and it is difficult to identify individual RFID-tagged tires when they are stacked, according to the report. It is impossible to read 2D barcodes on stacked tires, it said.

2D barcodes would be cheaper than RFID tags — 18 cents per tire for barcodes on both sidewalls, compared with 50 cents to \$1 for two RFID tags, the report said.

There have been no formal durability studies of either technology, but stakeholders expressed no durability concerns about either, according to NHTSA.

"While some cost information and anecdotal comments noting potential benefits were shared in the context of stakeholder meetings, a full analysis of the costs and benefits associated with implementation of electronic identification in all tiers was not performed in the context of this study," the agency said.

Asked when an advance notice of proposed rulemaking on electronic tire identification might appear, Mr.

Littlefield, who attended stakeholder meetings, said, "I think it will be quicker than I would have said a week ago. It looks like they're trying to get something out this year, but that's just a guess."

The move toward electronic tire identification was based on complaints that tire registration rates were abysmally low, Mr. Littlefield said.

"Actually, registration rates were a lot higher than people thought," he said. "But now that we're here, we want to do it right. The bottom line is getting the recall rates up."

The USTMA, which also attended stakeholder meetings, said it is still reviewing the report.

"Overall, we believe it is a good foundation for dialogue as NHTSA moves forward in developing a tire registration rulemaking," the association said.

In a statement, Bridgestone called the NHTSA report "an important next step in enhancing tire registration efforts."

"These technologies can serve to improve the process of notifying consumers with speed and accuracy in the event of any field action, customer satisfaction campaign or possible recall," the tire maker said. "We look forward to working with NHTSA and other partners to ensure technology promotes safe transportation and mobility in the future."



ATD

CONTINUED FROM PAGE 4
replacement tire industry, acknowledging the challenges facing companies attempting to change the way traditional industries conduct business.

For the Blue Diamond Award for Human Capital, ATD was recognized for creating a work environment that was challenging and innovative, attracting more than a dozen data scientists to Charlotte in a short period.

ATD President and CEO Stuart Schuette said the most gratifying part of the awards isn't their focus on investment in technology, "but the results those investments delivered to our customers, our partners,

our people, and the business as a whole.

"For ATD, transforming through technology has always been about unlocking the untapped value in this business for the benefit of everyone — from the manufacturer to the consumer — and that capability lies at the heart of the value we deliver to this industry," Mr. Schuette said.



Warehouses

CONTINUED FROM PAGE 12
customers. They pay \$60 for tire changeovers and \$50 for storage.

The outlets are in very different areas of town, but both do solid business in a mix of 60 percent tires and 40 percent mechanical work.

"We are one-stop shopping," Mr. Fox said. "We inspect tires as they come through."

Customers are notified of flaws or damage to the tires and can have them fixed or replaced on site. Whatever the decision, tires are stored in climate-controlled warehouses with sophisticated inventory and fire/security systems.

Cory Hobson, service manager for Findlay Audi Reno Tahoe in Reno, Nev., said seasonal tire storage is a hit with his customers. At any given time, he has about 50 sets of seasonal tires stored for customers who paid \$50 per set for the storage, mounting and balance.

"We have a lot of professionals coming in, and they have a good understanding that their time is worth more than saving \$20," he said. "But the tire business is very competitive. If they're not satisfied, they'll leave and go elsewhere."

"Tire sales are at a low profit margin, so we have to think what we can offer that the other guy doesn't. That's seasonal tire storage."

There aren't any tire resorts/

warehouses in his area, though, so the tires are stored at two off-site Findlay locations. That can create costly headaches in inventory management, though, so it's vital to stay on top of the details.

"There are lots of moving parts when you're handling all of these tires," he said. "If they aren't tagged correctly, someone can mistake them for old, used tires and throw them away. If they are a \$1,000 set of tires that we made pennies on selling, we need to sell a lot more tires to make up for that mistake."

That's one reason the dealership doesn't advertise the service aggressively. If a tire resort was in the area, though, Mr. Hobson said he'd be more than willing to explore it as an option and increase his business.

Phil Maguire, owner of Maguire Family of Dealerships in Ithaca, N.Y., said he is not aware of any such tire storage services in his area. Although he chooses not to offer storage due to lack of space and liability concerns, he would consider a third-party service.

"Most dealers struggle with just checking 100 percent of tire wear on the cars already in our shops. The tire sales come from identifying the need and asking for the sale," he said, noting there are upsides to the service for some dealers.

"Storage isn't necessarily the initial traffic generator but it definitely would create retention once the customer was in the door."

Ponzi

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transaction with investor victims.

"Making good on early investments perpetuated (Mr.) Adkins' scheme by appearing to corroborate his claims, which helped him attract more investors," Benjamin Glassman, U.S. Attorney for the Southern District of Ohio, said.

"What the victims didn't know was that (Mr.) Adkins was paying off early investments with the money from later ones. Although the product that Jason Adkins was purporting to buy and sell — oversize tires — was unusual, the operation of his scheme was not. It was right out of Ponzi's playbook."

For example, the office said, two specific investors were paid for their initial investment of \$20,000 with Mr. Adkins in 2016, but they received only \$320,000 from Mr. Adkins in return for approximately \$1 million worth of investments overall.

Mr. Adkins used several methods to conceal the scope of the Ponzi scheme and to minimize associated tax liabilities, the district attorney's office said. In one case, he and others sent various amounts of investor funds through a long series of wire transfers to a number of bank accounts he had created to receive and distribute funds obtained fraudulently from investors.

Mr. Adkins also laundered his "ill-gotten" proceeds for at least five years by investing in front businesses created by co-conspirators and other methods.

He allegedly bought cars, vacations and property with the funds from the scheme. For example, the documents show he paid for the

construction of a pool at his personal residence and also paid more than \$20,000 to lease a private jet.

Further, Mr. Adkins failed to file individual income tax returns reporting his income derived from the scheme, the district attorney's office said in the complaint. In 2013 he reportedly earned at least \$1.1 million, which caused a tax loss of nearly \$237,000 to the Internal Revenue Service (IRS).

"A person who creates a web of financial lies will soon be caught up in it. Mr. Adkins offered rates of return of 15 to 20 percent to investors and unfortunately these were false promises," William Cheung, acting special agent in charge, IRS, Criminal Investigation, Cincinnati Field Office.

Mr. Adkins has agreed to plead guilty to three counts of wire fraud and six counts related to money laundering — all crimes punishable by up to 20 years in prison — and one count of tax evasion, which carries a maximum penalty of up to five years in prison.

Individuals who believe they may have been a victim of Mr. Adkins's scheme are urged to contact Barbara Vanarsdall, the U.S. Attorney's Office victim witness coordinator, at 614-469-5715.

In addition, Great Southland Ltd. of Mooloolaba, Australia, filed suit in August 2017 against Mr. Adkins, his wife Rebekah and 13 other co-defendants seeking to recover more than \$2.4 million it claims it lost in dealings with Mr. Adkins and the other co-defendants.

It has asked the U.S. District Court to foreclose on security interests and allow it to take possession of and sell any collateral that can be secured.



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