



clayfield industrial estate

doncaster, dn4 8qg

telephone:

+44 (0)1302 856 121

e-mail:

info@encircle-marketing.com

website:

www.encircle-marketing.com

company house:

6246113

PRESS RELEASE - TYRE TRADE NEWS – JANUARY EDITION, 2009

With the latest official UK Economy figures from The British Chambers of Commerce (BCC) reporting the worst trading results (in the UK) since records began in 1989, tough times ahead for 2009 are predicted.

Through the course of 2008, the industry has observed the cost of raw materials and manufacture rise, coupled with the strengthening of the Euro against the Pound. So how did these factors affect the UK Car Tyre Market? Has there been a general price increase across the board? How has this impacted on the consumer? Are they being offered a different selection brands at a perceived more affordable price?

Tyre Trade News put these questions to Encircle Marketing Ltd who have come back with some very interesting insights!

To begin with, during 2008 Encircle observed a market average price increase by 15% (Passenger Car). Closer examination of this reveals however that the most significant increases were experienced in the first 8 months of the year (January to August). Market average prices started the year at £69.91 and then saw price deflation until the end of March (£65.11).

After this, steady month on month increases were seen with prices increasing by 23% over the next 4 months (to £79.81 in August as an average) as the UK Economy started to weaken, the price of raw materials increase and the Euro strengthen.

After the high price increases seen, the market levelled out with average prices remaining relatively static in relation to what we had observed thus far in 2008 (January to August). Over the remaining months, average prices only saw an average increase of 2% month on month.

Closer examination of pricing by channel shows that since September 2008 (when price stability returned to the market) most channels kept their pricing in check. Fast Fits collective average price only moved +1% (£90.52 with no movement in the last two months of the year) which showed their determination to hold onto market share as consumers became more and more price conscious.

At the same time, Local Independents and Autocentres appeared to buck the market trend with their average price increasing 8% and 11% respectively (£74.35 & 79.86). These increases however still place the 2 channels below the price of a Fast Fit which would suggest they still have some room from manoeuvre in their pricing should trading times remain difficult through 2009.

With regards to the Pure Internet etailers, their average price has remained static since mid year. Their December average price was £64.16 compared to £64.57 in July. This channel offers a significantly lower price point compared to the rest of the market. The nearest channel would be Local Independents and this is still over £10 more expensive.

This can be attributed to the etailers overall brand mix/ policy which is significantly more biased towards budget and mid range lines (when compared to other channels). Encircle Marketing report that of all the brands offered online over the last six months of the year, 45% of these were Mid Range. This compares to 39% of the rest of the market.

...here to help you.



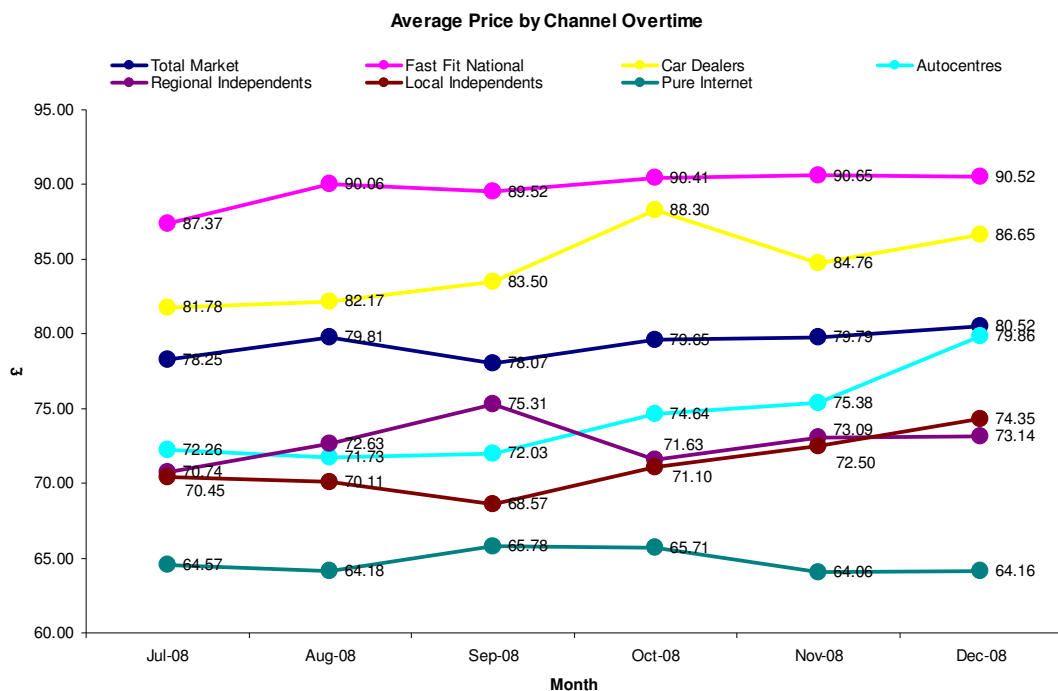
clayfield industrial estate
 doncaster, dn4 8qg
telephone:
 +44 (0)1302 856 121
e-mail:
 info@encircle-marketing.com
website:
 www.encircle-marketing.com
company house:
 6246113

Ok, so we have seen some channels differ in their pricing strategy but has this affected what brands are being recommended in the market. In short, yes. Some key brands have enjoyed significant increases in recommendation over the course of the year. Encircle Marketing report that Bridgestone has seen the greatest shift up (almost a 1%pt). At the same time its Firestone brand has seen one of the largest reductions (0.73%).

Kumho has also enjoyed increased share of recommendation (0.79%), as have Dunlop (0.51%), GT (0.38%), Nexen (0.37%), Pirelli (0.27%), Sava (0.25), Falken (0.21) and Fulda (also 0.21). Uniroyal the last of the brands to enjoy an increase in share of voice at 0.01%.

From the entire list of brands seeing an increase in share of voice, 80% of these are a mix of both Mid Range and Budget lines. This demonstrates how retailers have altered the mix of brands offered in order to keep their prices competitive to the Consumer.

In conclusion, 2008 saw both Manufacturers and Retailers fight hard to keep their prices and market share in tact. All pointers suggest 2009 could be another tough year for all concerned. For the Consumer value could be found, but this may mean switching their brand choice.



...here to help you.