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Do changing times mean changing brands?

With increased focus upon consumers demanding optimal value for money (in order to part with their hard earned cash), retailers have needed to create new sales techniques/ strategies in an attempt to attract custom.

As leading tyre industry specialists, Encircle Marketing has examined how the Tyre Market has tackled these changing times and their findings show how the different channels have approached the situation.

When looking at first line recommendation by brand segment (Premium, Mid Range, Named Budget, Generic Budget) at a Total Market level, there are no real significant movements over the last 2 quarters of the year. However, a minor downward shift has been seen from Quarter 3 (July to September) with Premium brands loosing 1.08% of overall share of voice in Quarter 4 (October to December: 36.68% of all first line recommendations down to 35.60%).

Closer examination at a Channel level of all recommendations does indicate that some retailers are employing different tactics when recommending brands to a consumer.

Encircle have identified the key channels that are shifting. Let's examine the channels which have seen the most significant shifts.

Dealerships have seen their overall movement averaged at 1%, which on the face of it would suggest that their product mix/ sales techniques have remained constant. This would be the wrong conclusion however. Dealerships have moved away from Premiums, Mid Range & Named Budget recommendations in the last quarter of 2008 with greater emphasis on the Generic Budgets. The average decline for the three named segments is 6% versus growth for the Generics of 23%.

Within the Fast Fit channel we have seen a move away from Premiums of -9% (43.23% Q4 versus 47.37% Q3, 2008). The greatest shift is within Named Budget and Mid Range which have grown collectively at an average of 15% (42.47% Q4 versus 38.38% Q3, 2008).

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Regional Independents have shown a similar trend with growth at Named and Mid Range. In Quarter 3, these 2 segments accounted for 28.88% of all recommendations. This rose to 35.37% by Quarter 4 with Premiums losing the largest share of voice (-15% to 39.24%).

Elsewhere, Local Independents continue to push Budget but have seen a small growth for Mid Range in the last Quarter (25.3% versus 21.7%). Autocentres buck the trend by recommendation more Premiums (42.76% versus 38.53%). That said, growth has also been seen in Mid Range.

If we now focus our attention even deeper at Speed Rating, here Encircle report that all speed ratings have seen a downward move for Premium segment brands. The most significant is for V rated tyres which is down by 13% (31.6% versus 36.4%) followed by WYZ (-8% to 49%), S/T and H have seen -7% and -5% respectively (28.3% and 37.3%).

The biggest increases have been seen for Named Budget across all speed ratings. An average increase of 33.5% of which V and WYZ contribute the lion's share (average 60% growth).

Finally, in terms of selling techniques, Encircle Selling Way information details that the retailers are employing a technique of up-selling a brand in order to attract custom. If we look at argumentation used for the Mid Range segment we see that by and large "Tyres in stock" is the key selling point. Closer examination reveals however that retailers are appending a premium brand label to the product in order to make them more attractive to the undiscerning consumer (6.5% of all arguments used in the Mid Range segment).

To conclude, the tyre industry has definitely changed both the brand mix it offers to consumers and also the way it tries to sell them!

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