



RETAILER

Concepts in demand

For many years, specialized tyre trade has been in a transformation process. Nobody knows or will at least be able to give an outline concerning the destination of this journey. This, however, affects the whole area of vehicle trade. There are also many ideas and approaches and even many experts are insecure.

Specialized tyre trade has already managed several restructuring processes. It can no longer be denied that it has become rather difficult for lone fighters to prevail in the market or against competitors. If you only consider time and personnel needed for the organization of the workshop, accounting, marketing and purchasing. Thus, system headquarters are simply better equipped. As blessing can still be found in purchasing, big cooperations are able to achieve better purchasing conditions. This still incomplete enumeration already demonstrates that cooperations and elaborate concepts offer a variety of advantages.

Nonetheless, there is still an enormous number of so-called free and independent specialized tyre dealers without any intention of being linked to any concept or joining any cooperation during the past years. Some numbers were given at the BBE After-sales Forum, which are worth mentioning. According to experts, the specialized tyre trade landscape consists of about 5,500 points of sales for tyres. Those are organised by several cooperations, industry-close and industry cooperations or several wholesale tyre companies. About nine per cent, i.e. more than 500 are free and independent points of sales. At the same time, the number of sold items per branch has continuously decreased since 2011. An average number of 5,233 tyres in 2011 dropped to 4,096 tyres in 2016.

A growing tyre business in car dealerships and independent workshops explains the decrease in market share. Above all car dealerships are gaining and thus seem to meet customer requirements. First contact with brand name dealerships and extended warranties make life more difficult for specialized tyre trade. Furthermore, only a widespread network is able to carry out fleet business and to take care of fleets in a professional way. More and more fleets



Cooperations, workshop or partial concepts will play an increasingly important role in the future.

and car rentals pay attention to working together with a service company offering a ubiquitous national or even international coverage.

As a consequence, free and independent specialized tyre dealers soon find themselves in fierce competition for customers. We have repeatedly discussed new business models. The majority of experts are of the opinion that it will be impossible to run a business economically by merely selling passenger car tyres. Either the specialized tyre dealer will have to offer the complete range from passenger car to truck tyres, from EM to AS tyres or vehicle services will have to be added to the portfolio.

Whoever is still independent today and intends to run the tyre business for more than ten years to come, will have to decide whether there will be a possibility to integrate new business models into the existing concept. As mentioned before, vehicle service will offer an enormous potential. There are a number of concept suppliers offering support for their partner companies in many areas.

Whoever does not want to give up independence immediately, will also be able to move forward in small steps by using so-called partial concepts. There is a number of automotive suppliers and also parts wholesalers offering partial concepts to their workshop customers, like e.g. in the area of brakes. The use of partial concepts is ideal in order to position oneself in new business areas. Partial concepts will certainly have to be introduced by marketing measures and will have to be offered to the customers. Moreover, each entrepreneur will have to be aware of the fact that by offering new services their companies also become comparable to other competitors. In the meantime, even inexperienced car drivers have started getting informed about workshop prices and other service prices in the Internet. Thus, it will be extremely important for each entrepreneur to offer high-quality work in all the areas. This may be the only possibility to turn a customer into a regular customer who will like to come back to your company in the future.

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INTERVIEW WITH CHRISTIAN MÜHLHÄUSER

“Customers like buying tyres in a sophisticated ambience”

Specialized tyre trade companies will have to face the challenges of the market like e.g. serving demanding customers in an optimum way or offering adequate, convincing service. Our editors spoke with Christian F. Mühlhäuser, Managing Director at Pneumobil GmbH, about strategic goals and current challenges.



Christian F. Mühlhäuser, Managing Director at Pneumobil GmbH, is pleased with the high number of prizes and awards the company was able to get in the past years.

Pneumobil Reifen und Kfz-Technik runs about 80 branches in Germany. As we reported only recently, Reifen Schäfer e.K. in Cologne joined the trade chain. What advantages will result from this for Pneumobil?

We are increasing our market presence in North-Rhine Westphalia with this location and are expanding our network in a strategically important area. At the same time, we integrated a successful and professional team, whose attitude and competence fit ideally to Pneumobil's approach and premium orientation.

What will be your goal concerning the future number of branches in Germany and will there be areas in Germany where you will increase your presence?

We primarily organize taking care of and setting up our branch network according to qualitative criteria. This means that we do not fix any figures as goal for expansion but follow certain strategic premises. We would like to grow in a smart way, in logical and healthy steps. When choosing our locations the following is important: We sell premium products in a premium environment. Thus, we mostly operate in areas with high spending power. There we open a branch, often using a modern, high-value design of the trade concept Driver. Alternatively, we integrate companies into our network. When integrating the traditional company Reifen Wagner into Pneumobil's network, we decided, however, to keep the brand presence to which customers were used to a certain extent. It is important for us that the company's orientation fits to us. And we certainly pay attention to not competing with one of our existing partners.

Each trade chain has got its strengths. What exactly are Pneumobil's and how does the company differentiate from others?

When giving the answer I am very proud

to be able to refer to an independent third party. In the last years, Pneumobil received several prizes and awards. Two examples: In 2016 and 2017, we received the German Service Prize from the Deutsche Institut für Service-Qualität (German institute for service quality). In the years from 2014 to 2016, we were test winner of the survey Studie ServiceAtlas Reifen- und Kfz-Service carried out by ServiceValue GmbH. This means: Our employees extraordinarily succeed in putting our philosophy “we live service” into practice. A high degree of customer orientation and consistently aiming at offering the best possible service characterizes Pneumobil.

What are the current challenges Pneumobil, as specialized tyre trade company, will have to cope with?

Customers are getting more and more demanding. That includes both private people and operators of car pools and vehicle fleets. The factor time also plays an important role. There is a demand for tyre and vehicle services offered as a one-stop service and carried out in a fast and professional way. As a consequence, we offer apart from our vehicle service, inspections according to the manufacturer's requirements, carry out general inspections with certified testing organizations and offer attractive additional services like mounting tyres at the customer's premises and a vehicle collection and return service. We have noticed a high demand for these services. A further challenge refers to the customer's attitude concerning a purchasing event. They would like to buy in a sophisticated ambience. We will have to pay attention to this. Last but not least, we will early have to get prepared as mobility service company with regard to changes in the area of vehicles like e.g. electrical and hybrid vehicles.

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PNEUHAGE PARTNERS GROUP (PPG) – INTERVIEW WITH ROLF HOSEFELDER

“We as First Stop are and will remain an independent company“

After integrating First Stop into the Pneuhage Partner Group (PPG) as of 1st June 2017, Rolf Hosefelder turned into Managing Director at First Stop Auto Reifen Service GmbH at the same time. Our editors spoke with Rolf Hosefelder about the strategic reorientation of First Stop as well as about goals for this year and the years to come.

As of June, the Pneuhage Partners Group (PPG) officially started managing the First Stop organisation. What has changed so far?

An increased support of sales performance is considered to be one of the goals of management by Pneuhage Partners Group. As a consequence, we are establishing a new distribution structure, which will among other things reduce the number of areas. A faster and more direct management is also meant to decrease the number of hierarchy levels. Thus, our branches and partners will benefit from this too.

At the same time, we are employing 20 new field representatives at the operating level and 10 product specialists for AS, EM and industry tyres.

Moreover, there is still a vacancy for the position of a key account manager for commercial vehicle tyres, which we created. As a consequence, the whole product area of

passenger car, truck and commercial vehicle tyres will have to be restructured and reorganized. Furthermore, service for fleet customer is to be intensified too.

Additionally, a group-wide management of product groups for passenger car, truck and commercial vehicle tyres will support access to the full product range of the Pneuhage Gruppe. Thus, central service centres will also give advice concerning among others expert questions focusing on the possible areas of uses of the different products.

Besides, in 2017, the continuous integration of First Stop subsidiaries and partners into the fleet networks PneuNet and Fleetpartner will be pushed. In the future, this is meant to provide new customers.

Peter Schütterle, owner of Pneuhage, said in an interview with AutoRäderReifen-Gummibereifung that everybody would

benefit from a mutual exchange. How do you judge the process of passing on information and making decisions?

In the framework of the joint venture, the management of Pneuhage Partners Group is available for exchanging information and supports us with its expertise. Short distances characterize the process of making decisions.

The whole group will benefit from an expansion of linking the different locations. At the same time, we as First Stop are and will remain an independent company. As of 1st June, we were legally integrated into the group. Nonetheless, further steps will be necessary for an operative integration, e.g. adapting the IT environment as well as accounting. These steps will gradually take place and will support further exchange.

Would you give an example – what could Pneuhage learn from First Stop and vice versa?

By balancing the ratio between passenger car and commercial vehicle tyres as well as car service First Stop will reach high local market coverage.



At the moment, we are setting internal benchmarks in order to integrate them into our future planning. As a consequence, there are supposed to be learning effects for future joined market cultivation.

What about precise targets for First Stop?

All the current targets focus on the operative integration and optimization of First Stop's business operations. Thus, we will first of all judge and exploit existing potentials.

During the first time, our businesses will of course focus on growing within the given framework. By balancing the ratio between passenger car and commercial vehicle tyres as well as car service we will be able to reach high local market coverage. In the medium term, I could also imagine further sustainable growth in sales space. Moreover, we will also create conditions for future growth in our partner system.

What goals did you set as Managing Director at First Stop Reifen Auto Service GmbH?

My first priority consists of successful integration of processes and procedures into the PneuHage Gruppe. It is important to identify and make use of synergies in order to boost market cultivation in a continuous way.

Moreover, First Stop will have to further develop its own values and company culture to achieve a high level of employee identification with First Stop and to become an integrative part of PneuHage Gruppe at the same time.

Changes of the distribution structure and of the acquisition of new customers will function as basis for achieving set growth and profit goals.

First Stop partners will have to focus on needs analysis and optimization of customer service and we will as well concentrate on acquisition of new partners.

How will you respond to the increasing digitalization of trade business? What chances do you see for First Stop in this area?

In the future, we will have to address end-consumers via different online channels at various occasions. As a consequence, there will be various measures, as we will e.g. set up a functional online shop for end-consumers. Building up and expanding IT performances in the fleet business together with PneuHage-Gruppe will be a further reaction to increasing digitalization. Thus, there will be new possibilities concerning customer acquisition and customer loyalty for First Stop. *Kay Lehmkuhl made the interview.*



As of 1st June 2017, Rolf Hosefelder turned into Managing Director at First Stop Auto Reifen Service GmbH.

