



Andrei Pantioukhov, General Manager at Nokian Tyres Russia, has been responsible for building and developing the plant in Russia.



The biggest Nokian plant is placed in Wsewolochsk in Russia.

EDITORS VISIT “THE MOST EFFICIENT FACTORY IN THE TYRE BUSINESS”

# Nokian Tyres sets course for growth

**Nokian Tyres is repositioning itself. At the beginning of this year, the Finnish tyre manufacturer changed its organisational structure. According to responsible people, this was a necessary precondition for more growth and customer orientation. An increased OE commitment and building a tyre factory in North America will be further elements of the new orientation.**

The divisions Passenger Car Tyres, Nokian Heavy Tyres and Vianor are still parts of Nokian Tyres. The company management announced that a management with market and product line orientation started for the business unit Passenger Car Tyres at the beginning of 2018. It was supposed to be easier to increase efficiency in global processes by means of a scalable structure. As a consequence of the strategy, the new business areas are to be responsible for profit and loss and customer-oriented business development. From now on, the new business areas are organized according to the preferred markets, which means America, Europe, Russia and Asia. “We are going to focus more on our main markets with the new management and operative model. It will accelera-

te the implementation of common working procedures, will increase cross-divisional and international cooperation and will offer excellent possibilities for competence development. Moreover, the change will strengthen our ability to react faster to market changes and customer needs”, says Hille Korhonen, President and CEO at Nokian Tyres.

### Factory in Wsewolochsk with biggest punch

A visit of the tyre factory in Russia illustrates, how necessary it was to redirect the focus on Nordic markets. Although the Finnish manufacturer has been able to show a continuous growth during the past years, it still belongs to the smaller players of the tyre industry. The presence of Nokian

products in northern Europe and Russia is incredible, but if the brand is interested in playing a bigger role in the global business in the future, it will have to expand its production-related possibilities. Setting up a plant in the USA is meant to be a first step. At the moment, Nokian Tyres disposes of two plants. The Russian plant in Wsewolochsk has the biggest punch with an annual capacity of 17 million tyres. Tyres from the Russian plant are used for the business in America – the plant in Dayton is meant to take pressure from the Russian production unit in the future. Thus, there will be free capacities in Wsewolochsk enabling a new level in Europe and an increased commitment in the area of original equipment too. So far, Nokian Tyres has not been a big number in the OE area, but there will



A selection of European journalists was allowed to visit the production unit.

be a future boost in this area, as the BMW Group announced the approval for original equipment for the Nokian WR D4 at the end of 2017. Although Nokian Tyres has been working together with automotive manufacturers in the Nordic countries, the cooperation with the BMW Group will move this commitment to a new level. “Further expanding our original equipment business will be a crucial step for us”, explains Markus Honkala, Group Sales Manager at Nokian Tyres. Nokian Tyres produces the winter tyres, which are to be delivered to BMW in the Finnish plant in Nokia.

#### 54,000 tyres per day

Andrei Pantioukhov, General Manager at Nokian Tyres Russia, has been responsible for building and developing the plant in Wsewoloschsk. He has been working for

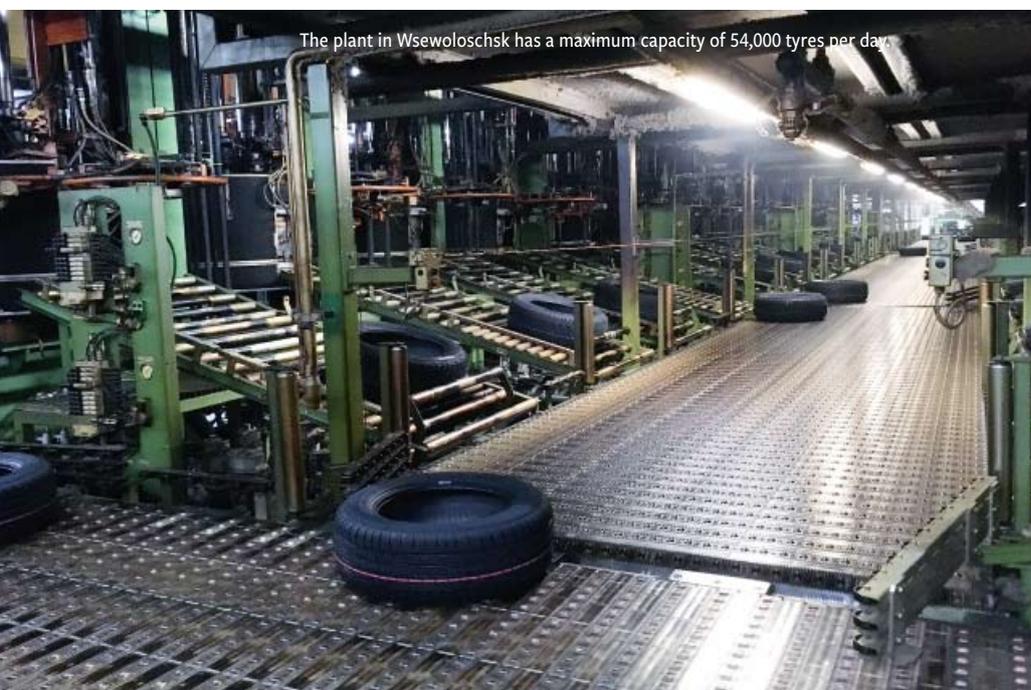
the Finnish brand for 14 years; he was even interim President and CEO for a short time in 2016. “We are still a small manufacturer, which is, however, growing faster than the market”, describes Pantioukhov. In the last year, Nokian Tyres generated 25 per cent of the total turnover in Russia, 14 per cent in Finland and 26 per cent in central Europe. Unstable economic factors impede especially in Russia further growth. The General Manager describes the central-European market as a preferred growth market. Because of its enormous capacity, the Russian plant plays a key role for the export of Nokian treads. “This plant is one of the biggest international plants and the second-biggest in Europe”, says Pantioukhov. The current production capacity with a daily output of 54,000 tyres is two times bigger than originally planned. In 2004, the factory was built with the support of local authorities in less

than a year. “Today that would not be possible, as there is a different level of bureaucracy”, illustrates Andrei Pantioukhov. The production level of the factory is impressive. During the day, 50 trucks bring material supplies and the same number of vehicle units leaves the plant with new tyres for the replacement market.

The Finnish brand will further exploit its potential in the European and American markets. Thus, the investments in a new testing centre in Spain for an improved development of summer tyres and setting-up the tyre plant in Dayton are logical consequences. There are also plans for building a further plant in Europe, but Pantioukhov does not want to inform about any further details. The production unit in Tennessee is meant to produce four million tyres per year. The location in the USA will as well have a distribution centre with a storing capacity of 600,000 tyres. People responsible at Nokian Tyres already set ambitious growth goals: the turnover figures in North America are to be doubled within the next five years.

Originally, Nokian Tyres entered the market as a niche manufacturer of winter tyres. In the meantime, the Finnish company offers a comprehensive portfolio, which is absolutely competitive in all the quality areas. The northern Europeans are now starting an attack in the premium segment by changing the organisational structure, further opening their original equipment presence, and building the tyre plant. The plant in Wsewoloschsk confirms impressively how powerful the brand and its 4,500 employees all over the world are.

(kle)



The plant in Wsewoloschsk has a maximum capacity of 54,000 tyres per day.



Location of THE TIRE COLOGNE: the trade fair area in Cologne.

## PREMIERE OF THE TIRE COLOGNE

# Focus on future topics

**Expectations of THE TIRE COLOGNE are gigantic. Furthermore, the people responsible for the trade fair defined a rather high height of fall with their enormous announcements in the framework of a press conference at the end of 2017. Nonetheless, attitude and procedure have been consistent. Several times, the organizers of trade fairs in Cologne have already created top-class industry events. The people responsible at BRV are as well absolutely convinced of the concept – actually, many industry players are in excited anticipation of the event.**

For many years, the tyre industry has been in permanent change – there is no doubt, it will need new impulses. By opening towards new areas like “digitalization”, THE TIRE COLOGNE would like to become the new leading trade fair of the international tyre world. The tyre industry represents high innovation power – both concerning manufacturers and trade – and offers potential for an even stronger international representation. Thus, the German Tyre Retailer and Vulcanization Trade Association (Bundesverband Reifenhandel und Vulkaniseur-Handwerk - BRV) supports the new specialized trade fair, which is supposed to take place in Cologne every two years from 2018 on, as conceptual supporter. “Koelnmesse stands for modernity, orientation to growth, and internationality, and has already proven several times that the location is an ideal area for ambitious industries”, explains Stephan Helm, Chairman at BRV, in the framework of the European press conference at the end of November. Koelnmesse offers without any doubt an ideal environment for the trade fair with the fifth-biggest trade fair area and its transport connection. Furthermore, Helm is also the one who expresses during

the press conference that the old trade fair concept did not offer anything concerning future topics. There will be a focus on them at THE TIRE COLOGNE.

### Digitalization of the tyre industry

According to the organizers of the trade fair, digitalization will affect all the areas of economy and will have a huge impact. Digital transformation will, however, offer big chances for more quality of life, new business models and more economic efficiency. In the framework of a digital strategy, Koelnmesse will deal with all the aspects of digitalization, which could be relevant for the company or the trade fair business. It goes without mentioning that digitalization has already arrived in the tyre industry. The special area ‘Digital Reality’ is supposed to show in several different ways what digitalization means for the participants of the tyre industry already today and how it can be used for your business: from internet-based trade to data management in the connected workshop and driving assistance systems to exciting possibilities of digital sales support.

Gerald Böse, Chairman of the Management at Koelnmesse, speaks about an in-



Gerald Böse, Chairman of the Management at Koelnmesse, talking with moderator Susanne Schöne.

tensive preparation period of nearly three years in front of press representatives. “Today’s trade fairs are events, which are of course meant to further convince because of the quality and depth of its offer and perfect circumstances for a successful business development of the customers. At the same time, they have to make it possible to experience the values, trends and topics, which are moving the respective industry. Modern trade fairs are a mix of business and emotional events, which create



For three years in permanent action: Ingo Riedberger, Project Manager for the first THE TIRE COLOGNE.



Stephan Helm, Chairman of the BRV (German Tyre Retailer and Vulcanization Trade Association), is convinced that Cologne is an ideal location for ambitious industries.

additional incentives, set new impulses and move markets. From our point of view, but also according to the industry itself, these features were missing in the traditional tyre trade fairs of the past. THE TIRE COLOGNE will be both at the same time, a business trade fair and an event trade fair with attractive show acts and event programmes – also at the outdoor area of the Koelnmesse”, announces Böse. THE TIRE COLOGNE is supposed to be an image of the industry at all levels, which will exactly correspond to the needs of the market and will stress the future orientation in specialized tyre trade: According to Böse that means of course the tyre industry and tyre trade with all the affiliated industries like rims, retreading, wholesale, but also services in the tyre workshop e.g. brakes, light, engine adjustment or shock absorbers.

The new trade fair will make use of the whole northern area of the Koelnmesse. There will not be any relevant player not being present in Cologne. Tyre manufacturers, tyre wholesale and rim manufacturers will be in halls 6, 7 and 8. Topics like motor vehicle services and workshop requirements will be in hall 8 too. Segments like tyre retreading as well as recycling and disposal of old tyres will be presented in hall 9, which will attract new visitor target groups at the same time. According to people being responsible, nearly 95 per cent of the planned hall areas are already occupied. A total of about 600 exhibiting companies from 40 countries are expected, among them 20 companies of the current “international tyre ranking”, which is based on the highest turnover.

According to their own information, Koelnmesse and the conceptual supporter BRV put addressing and keeping new visitor target groups at the top of their to-do lists. The trade fair organizers focus among

others on fleet and car pool managers. When optimizing a fleet of vehicles, tyres will play an even bigger role in the future. Costs are one topic as well as downtimes when changing tyres will have to be minimized, furthermore, if possible lower rolling resistance – thus, combined with lower consumption – which is supposed to offer the highest possible safety level as well. This will include managing truck fleets like e.g. forwarding agents, or passenger car fleets like e.g. a company fleet with partly gigantic fleets of rented or leased vehicles, or as well car sharing fleets. Fleet and car pool managers are meant to get the necessary input in the TIRE Fleet Lounge.

According to people responsible for the trade fair, topics like tyre retreading as well as recycling and disposal of old tyres were not sufficiently in the centre of interest in the past. Nonetheless, they will be crucial for the development of the industry when considering the global discussions of resources and climate. Apart from retreading thermal and material use will offer interesting development potentials. As a consequence, segments like retreading and recycling will need their own presentation in hall 9. The Recycling Forum in the centre of the hall is to give a complete overview of all the aspects in the area of tyre recycling. Moreover, the global conference for the retreading industry will be organized and supported by the European retreading association BIPAVER and Koelnmesse in the framework of the premiere of THE TIRE COLOGNE in Cologne.

#### **Diversification in related business areas**

The topic of motor vehicle service is supposed to be more in the centre of interest in Cologne than it used to be at other tyre trade fairs. “For a longer time, we have

been observing a change from tyre expert with focus on trade to a service company around the motor vehicle”, says Stephan Helm about the German market. On the one hand, a higher competitive intensity in all the areas of the automotive aftermarket is responsible for this. Companies react to this with diversification in related business areas. As a consequence, the former clearly separated boundaries between the distribution channels of tyre trade and motor vehicle workshops have continuously disappeared. On the other hand, both private and professional fleet customers expect a convincing total package consisting of products and services around the motor vehicle from the workshop of their choice. Thus, the BRV supports its members as association with studies, consulting and coaching offers concerning the development of future-oriented business models. Additionally, the trade fair concept of THE TIRE COLOGNE will support the market participants with a comprehensive offer in the area of workshop equipment.

The editors of AutoRäderReifen-Gummibereifung always felt welcome at the REIFEN in Essen – nevertheless, when looking at the development in the industry, there has often been a wish for change in the trade fair area within the team. It can be considered as an ideal situation that we are going to experience a so to speak home match at THE TIRE COLOGNE in Cologne this year. As editors from Cologne, we are fully aware of the city’s qualities, but also of the potential for improvement. After visiting several events at Koelnmesse, we are absolutely convinced that the BRV found an ideal partner with the Koelnmesse and an ideal location for the future international leading trade fair of the tyre industry. We are in eager anticipation of this event.

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