**Tires Market 2017**

**Tire Sales Mostly Flat During 2016**

* The *Modern Tire Dealer* annual industry issue reported that total 2016 shipments of US replacement tires were 255.1 million, an increase of 0.8% from 2015’s 253.1 million. Passenger replacement tire sales decreased 1%, while light-truck sales increased 7.9%.
* Shipments of OE (original equipment) passenger tires decreased 0.3%, to 49.6 million units; light-truck OE sales increased 9.5%; and truck OE sales decreased 17.6%. Higher tire prices were also forecasted for 2017, due to higher raw material prices.
* Although 2016 sales were less than expected, sales during September 2016 improved significantly; however, October 2016 sales were essentially unchanged from October 2015. November 2016 sales increased a marginal 0.1% from November 2015.

**Independent Tire Dealer Statistics, 2016**

|  |  |
| --- | --- |
| Metric | Results |
| Share of all consumer tire retail sales | * 61%
 |
| Average annual sales per outlet | * $1.9 million
 |
| Number of brands carried | * 14–15
 |

 *Modern Tire Dealer*, January 2017 issue

**Other Revenue Statistics for 2016**

* Retread units decreased -4% during October, but increased 11% during November. The US retread market benefited from an expectation of increased tariffs, which caused a decline in cheap tires imported from China (-17.0%).
* Auto repair sales increased during November 2016 by 6% YOY, and accounted for 28% of total revenues. This followed a 7% increase for October and flat sales for September.
* Independent tire dealers gained market share (+.5%), while mass merchandisers (-1.0%) and tire company-owned stores (-.5%) lost share. Auto dealerships gained share as well (+.5%).

**How Tire Dealers View Near-Term Business, July–Nov 2016**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Categories/View | July | August | Sept. | Oct. | Nov. |
| Passenger tires: will improve | * 20%
 | * 80%
 | * 25%
 | * 50%
 | * 50%
 |
| Passenger tires: will worsen | * 0%
 | * 0%
 | * 0%
 | * 0%
 | * 0%
 |
| Passenger tires: will remain level | * 80%
 | * 20%
 | * 75%
 | * 50%
 | * 50%
 |
| Truck tires: will improve | * 17%
 | * 75%
 | * 50%
 | * 50%
 | * 100%
 |
| Truck tires: will worsen | * 16%
 | * 0%
 | * 0%
 | * 0%
 | * 0%
 |
| Truck tires: will remain level | * 67%
 | * 25%
 | * 50%
 | * 0%
 | * 0%
 |

 *Modern Tire Dealer*, January 2017 issue

**Outlook for 2017 Mixed**

* The NPD Group projects that lower retail prices and fewer miles being driven by Americans will cause sales to decrease during 2017 by 1.9%. Other factors include ride-sharing, car-sharing services and autonomous vehicles.
* Conversely, miles driven increased 3% through September 2016, although that declined towards the end of 2016. Gas prices are still relatively low, leading to an increase in miles driven and more tire wear-and-tear, causing some industry optimism.
* The fastest growing segment of the light-vehicle market is CUVs (crossover utility vehicles), such as the Ford Edge and Chevrolet Equinox, which now account for 27% of the total US auto market. The top 10 CUV tire sizes are half of CUV tire sales.

**US Replacement Tire Sales, 2016**

|  |  |
| --- | --- |
| Type of Tire | Sales |
| Passenger | $24.6 billion |
| Truck | $6.3 billion |
| Light truck | 5.1 billion |
| OTR | $1.6 billion |
| Farm | $512 million |

 *Modern Tire Dealer*, January 2017 issue

**Most Brands Stuck in Neutral or Moving in Reverse**

* Because dealers were overstocked with inventories during the beginning of 2016, shipments were less than normal, so excess market supply could be sold first.
* The major tire companies accounted for 75% of total sales; followed by imports, 10%; private, 9%; and associate, 6%.
* Goodyear had the largest market share, at 13% of passenger tire and 12% of light-truck tire sales, followed by Michelin for passenger at 9.5% and BFGoodrich for light-truck at 8.5%, and Bridgestone for both passenger at 8.0% and light-truck at 7.5%.

**Top 10 US/Canadian Leaders in New Tire Sales, Fiscal Year 2016 vs. 2015**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Company | 2016  | 2015 | Change | Company | 2016 | 2015 | Change |
| #1: Bridgestone | $7.7 B | $7.9 B | -2.5% | #6: Toyo | $1.4 B | $1.4 B | 0.0% |
| #2: Goodyear | $6.7 B | $6.9 B | -2.9% | #7: Yokohama  | $1.1 B | $1.2 B | +8.3% |
| #3: Michelin  | $6.5 B | $6.7 B | -3.0% | #8: Sumitomo | $.8 B | $.8 B | 0.0% |
| #4: Continental | $2.9 B | $2.9 B | 0.0% | #9: Pirelli  | $.5 B | $.6 B | -16.7% |
| #5: Hankook | $1.6 B | $1.2 B | +33.3% | #10: Kumho | $.5 B | $.6 B | -16.7% |

*Modern Tire Dealer*, January 2017 issue

**Other Tire Market Facts**

* Large-rim diameter tires, 17-inch, and larger are the new standard for passenger tires. Of the top 10 passenger tire sizes, four are large rim, as well as four for light trucks.
* Auto service sales generate, on average, 45% of total sales and 44% of earnings for independent tire dealers, with the most revenue coming from mounting and balancing, brakes and chassis/suspension.
* Most tire customers (70%) have no brand preference when they bring their vehicle to a shop. Of those who do have a brand preference, half buy a different brand based on the dealer’s recommendation.

**Top 10 US Independent Tire Dealers, 2017**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Dealer | Location | Total Outlets | Dealer | Location | Total Outlets |
| Reinalt-Thomas Corp. | Scottsdale, AZ | 940 | Express Oil Change | Birmingham, AL | 185 |
| TBC Corp. | Palm Beach Gardens, FL | 772 | Rent-A-Wheel/Rent-A-Tire | Los Angeles, CA | 141 |
| Monro Muffler Brake Inc. | Rochester, NY | 585 | Purcell Tire & Rubber | Potosi, MO | 110 |
| Les Schwab Tire Centers | Bend, OR | 409 | Tire Discounters  | Cincinnati, OH | 103 |
| Mavis Tire Supply Corp. | Millwood, NY | 335 | American Tire Depot | La Mirada, CA | 99 |

*Modern Tire Dealer*, July 2017 issue

**Commercial Sector Hits a Bump**

* Although the US government was expected to impose tariffs on truck and bus tires from China, it hasn’t occurred yet, leading to continuing competition for retreaders. The government is considering tariffs on steel, which would also hurt the tire industry.
* Independent dealers are also facing new competition, as Travel Centers of America truck stops are now in the tire business and are actively pursuing fleet business through fuel rebates and other incentives related to tire servicing across the fleet.
* According to *Modern Tire Dealer*’s October 2017 Dealer Near-Term Survey, 100% of respondents expect the truck tire business to remain the same. Sales have been flat in commercial truck tires and negative in retreads.

**Top 10 U.S. Replacement Medium/Heavy Truck Tire Brand Shares 2017**

|  |  |  |  |
| --- | --- | --- | --- |
| Brand | Share | Brand | Share |
| #1: Bridgestone (tied) | 16.0% | #6: Continental | 6.5% |
| #1: Michelin (tied) | 16.0% | #7: Hankook | 4.0% |
| #3: Goodyear  | 10.5% | #8: Double Coin | 3.0% |
| #4: Yokohama | 9.0% | #9: Hercules | 2.5% |
| #5: Firestone | 7.0% | #10: Roadmaster | 2.5% |

 *Modern Tire Dealer*, June 2017 issue

**Additional Analysis**

Currently, online tire sales are only 6% of the total consumer tire market, representing 14 million passenger and light-truck tires during 2016. Goodyear sold approximately 200,000 tires online during 2016. Simple Tire and Amazon also sell tires online.

Michelin North America and Goodyear Tire & Rubber Co. sell tires online, and then push the installation business to company-owned and independent dealers. Some dealers sell or showcase tires through their Websites and generates more service revenue.

Because Goodyear has its own stores, it can undercut its dealers through online deals, such as the one it offered on Black Friday 2016 for a free tire installation with purchase, causing some dealers to focus more on other brands.

**Customer Satisfaction, Tire Retailers, 2017**

|  |  |
| --- | --- |
| Retailers | Score |
| * Costco, Tirerack.com, Les Schwab Tire Centers, Discount Tire and independent retailers (tied for first)
 | * 90
 |
| * Fountain Tire, Amazon.com and Tire Barn Warehouse (tied for second)
 | * 89
 |
| * TireBuyer.com, Belle Tire Distributors and BJ’s (tied for third)
 | * 88
 |

 *Modern Tire Dealer* (*Consumer Reports*), August 2017

*Sources:* *Modern Tire Dealer* Website, 10/17; *Consumer Reports* Website, 10/17.

*Updated*: October 2017

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