

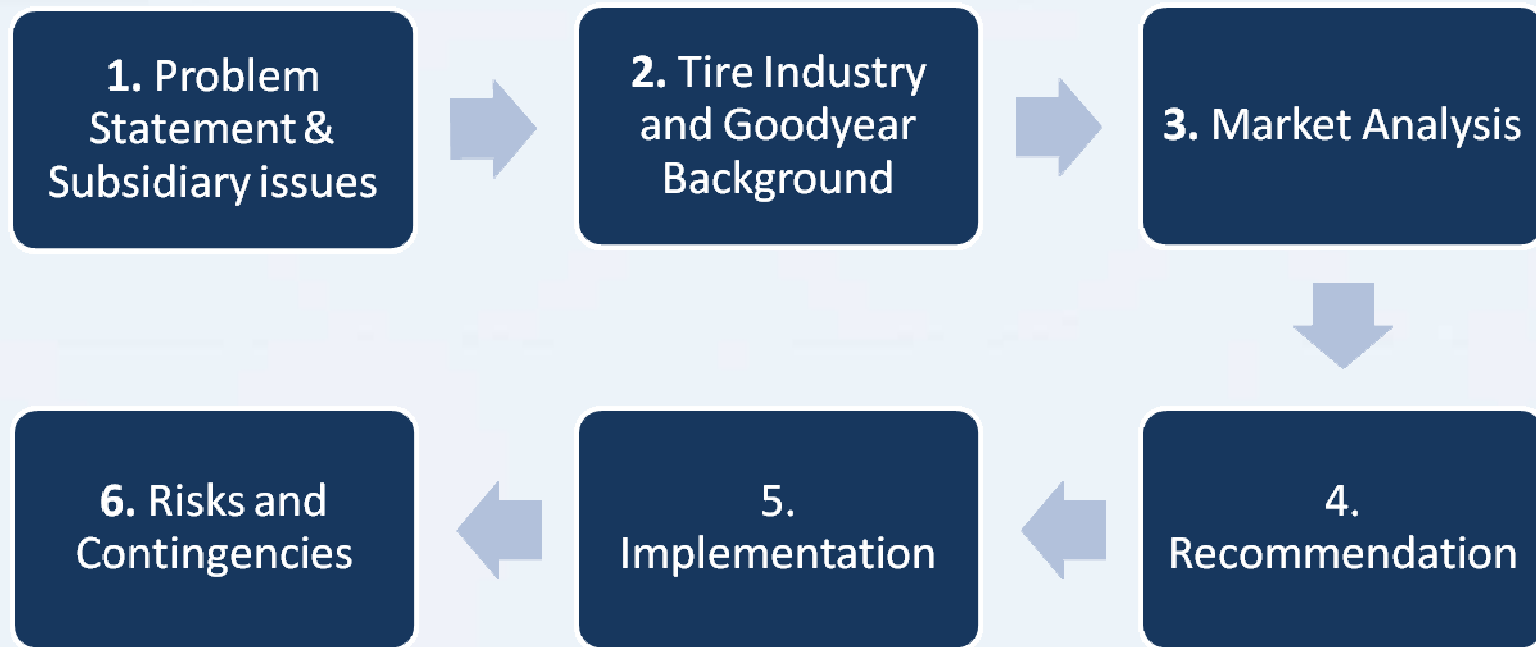
GOOD **YEAR**

:The Aquatred Launch

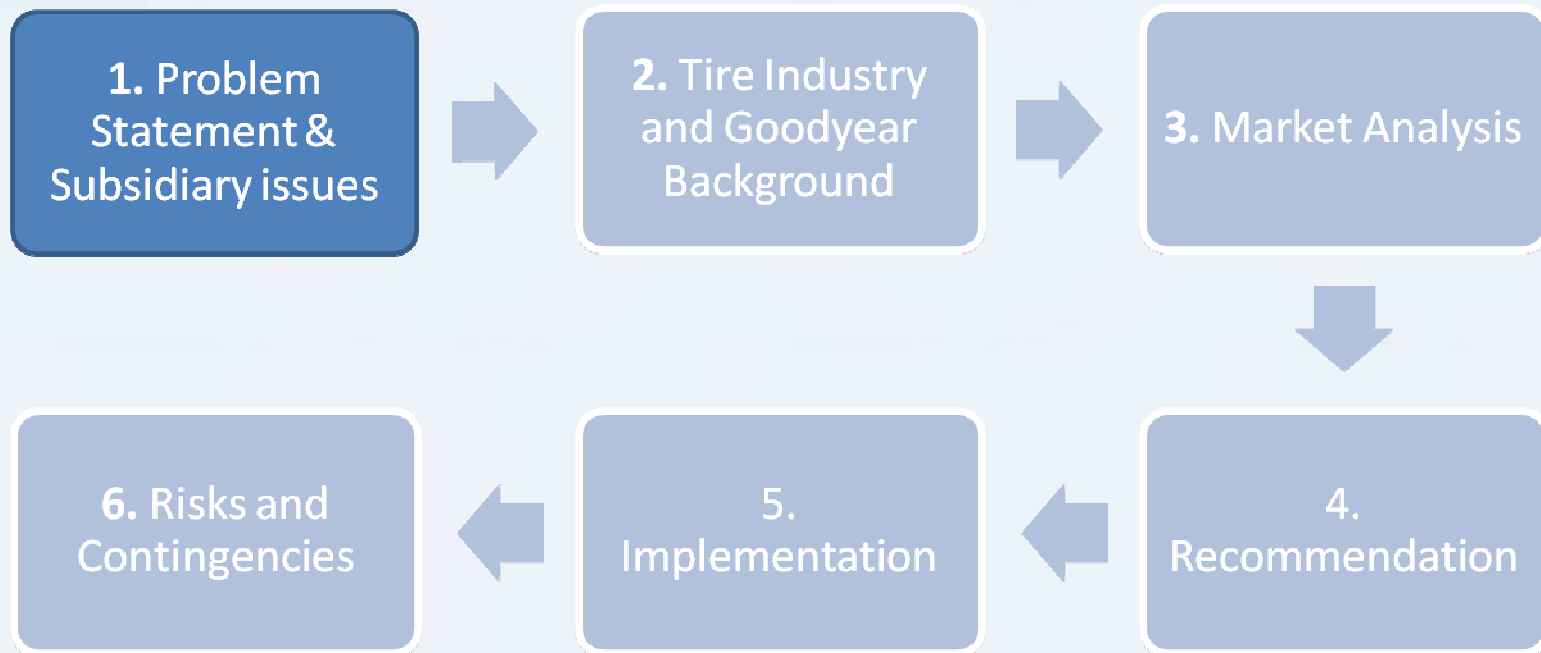


Great Year Consulting Group [Team 2]

Agenda



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1. Problem Statement

Analyzing the current market to determine the **viability**, **timing**, and **positioning** of a possible launch of Aquatred.

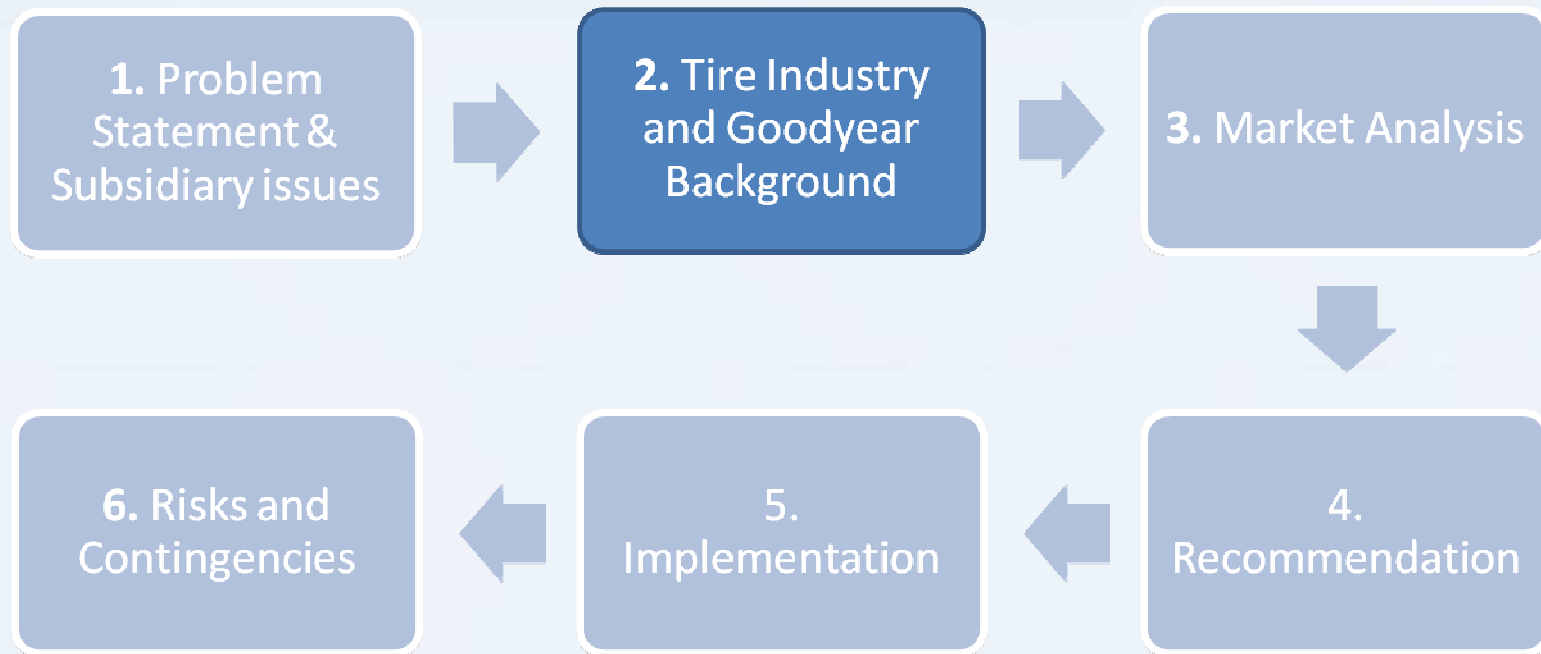


1. Subsidiary Issues

- **Maximizing the benefits of a launch** through an appropriate mix of marketing and distribution
- Option of expanding to **new distribution channels**
- Avoid further damage/repair existing **distribution relationships**
- Determining proper positioning with regards to market segmentation



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2. Background: The Tire Industry

- **Five major companies** based out of Akron, Ohio
- Dominated the market from 1900s to 1970s
- Bias & Bias-belted tires were phased out by **radial tires**
- **Foreign competition** reduced market share per company
- **Rising oil prices** led to decreased frequency of sales
- A number of **mergers/acquisitions** modified the industry

Tread Life

Wet
Traction

Handling

Snow
Traction

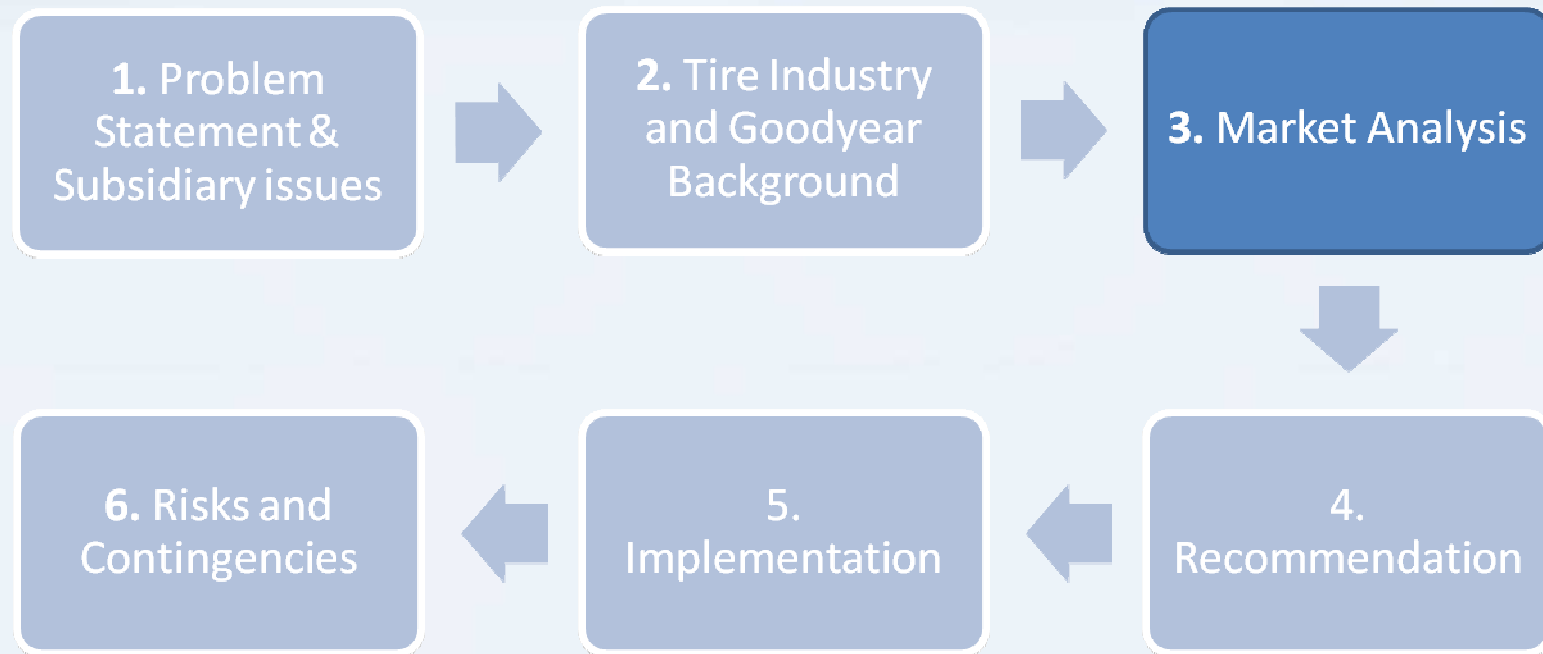
Dry
Traction

2. Background: Goodyear

- **1 of the 5 to dominate** the industry, only remaining
- Quick to convert to **radial production**
- Profits hurt by **international competition & oil prices**
- Strong track record of **innovation**
- **Diversified** in 1980's but earnings were sluggish
- 1991 Stanley G Gault
 - Sold indirect investments
 - **Priority on new development**



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3. Market Analysis: S.W.O.T.

Strengths

- **Innovative products & Service**
- Only original mfgr not acquired
- **Good customer-base balance**
- Strong w/ price-constrained and commodity buyers
- **Strong position w/ independent dealers**

Opportunities

- **High performing design**
- Olympic advertising contract
- **Visibly unique product**
- Rare innovations in industry

Weaknesses

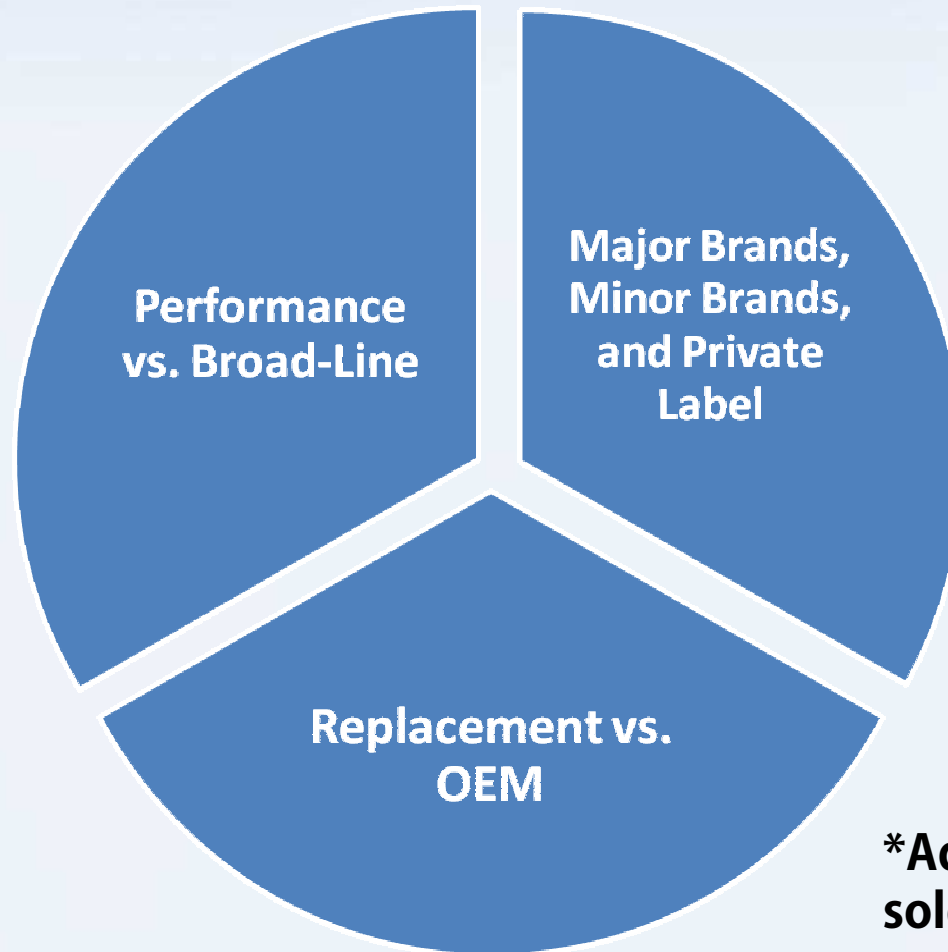
- **No clear strategy**
- Cannibalization
- **Large Interest Payment**
- Mature market with slow growth & extreme competition
- **Less of a warranty than competing new products**

Threats

- **Michelin and Bridgestone new development**
- Michelin has stronger image with value-oriented & quality buyers
- **New channels compete w/ current**

3. Market Analysis: Segmentation

***Aquatred would be Broad-Line**



***Aquatred would be part of the major Goodyear brand**

***Aquatred would be sold as a replacement**

3. Market Analysis: Customers

- Value price and outlet
- Trusting Patrons and Bargain Hunters
- *Goodyear Strength

- Loyal to outlet and brand
- *Goodyear weakness



- Buy the best within the budget
- Little loyalty to brand
- *Goodyear Strength

- Search for preferred brand at the best price
- *Goodyear weakness

3. Market Analysis: Consumer Criteria

Fast Service

Price – product price point

Can Trust Personnel – effectiveness of current channels

Store Attractiveness – distribution channel options

Mileage Warranty – competition from other brands' new tires

Brand Selection – Goodyear vs. Michelin

Maintains convenient hours

3. Market Analysis: Key Characteristics

Key for the Market

- Quality Radials
- Precision Handling
- Large Dealership Network

Key for Aquatred

- Safety (lowest stopping distance)
- Durability (60,000 miles > Industry average)
- Best Wet Traction
- Appearance: New, Innovative, & Contemporary Design

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4. Recommendation: Alternatives

1

Launch Aquatred through existing channels; focus on independent dealer expansion through a franchise to independent training and certification process

2

Launch Aquatred and focus on channel expansion into warehouse clubs; provide tiered discounts to independent shops based on services used

3

Don't launch Aquatred, but expand distribution channels for existing products.

4. Recommendation- Alternatives

	Option 1	Option 2	Option 3
Profitability	4	2	2
Vendor Relations	5	2	2
Viability	4	3	3
Timing	5	4	2
Product Match	3	2	2
Positioning	4	2	3
Sales Volume	3	5	4
Totals	28	20	18

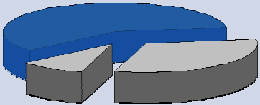

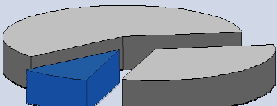
4. Recommendation

1

Launch Aquatred through existing channels while focusing on independent dealer expansion through a franchise-to-independent certification process

4. Recommendation: Considerations

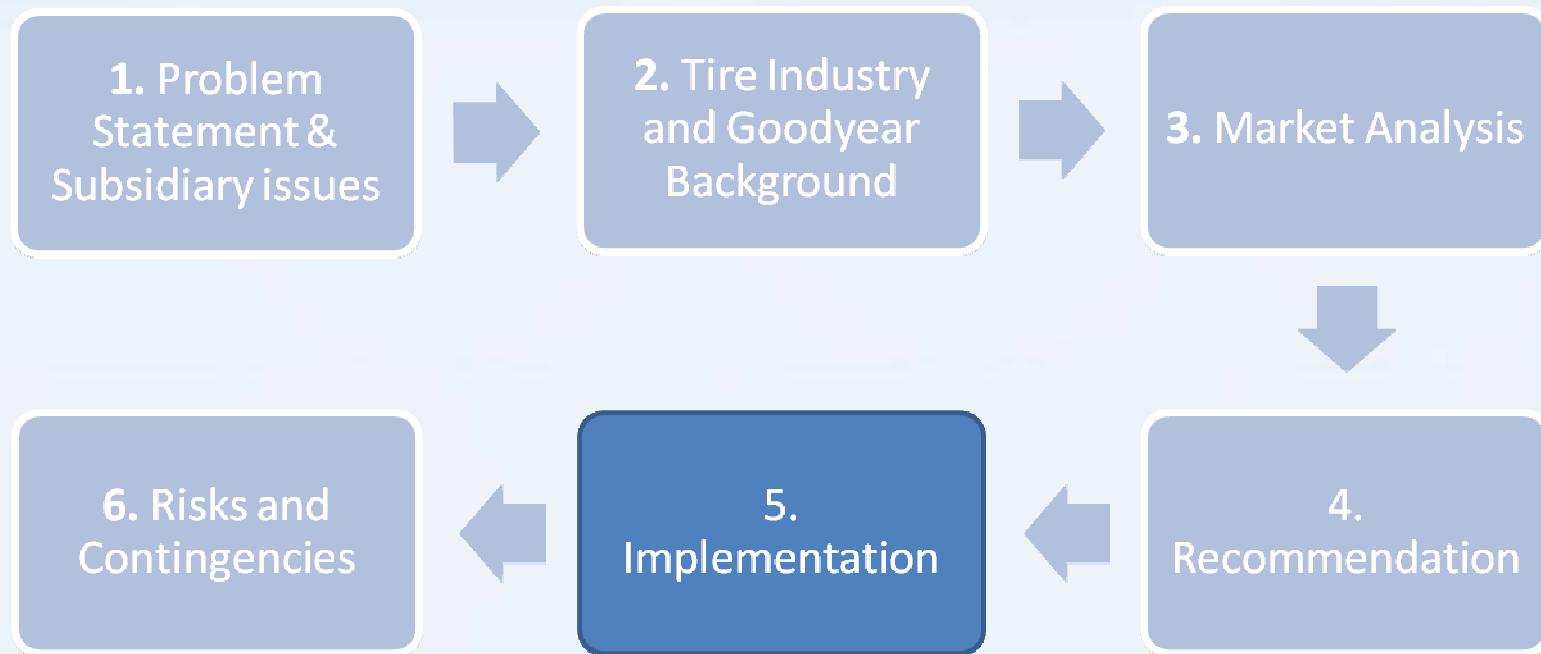
Why Independent Dealers?

Type of Distributor	# Of Locations	% of Sales Revenues	% of Sales / Store
Independent Dealers	2,500 Active	50% 	0.02%
Company Owned Outlets	1,047	27% 	0.025%
Franchised Outlets	600	8% 	0.0133%

4. Recommendation: Considerations

- Excess channels cannibalize current ones & dilute image
 - Ind. dealers complain of channel competition
- Independent dealers: account for 50% GY sales and have relative loyalty to GY [only 50% stock other brands]
- Launch would beat Continental's anti-hydroplaning tire to market
- Increase in consumers who aren't brand loyal [36-53%]
- Aquatred meets most top 5 performance attributes
- Unique styling is recognizable (boosts brand awareness) and increases the likelihood of a 4 tire purchase

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5. Implementation: Plan

1. Price

Maximize profit

Should be based on
test markets

Remember \$6 range
for broad-line
products

2. Promotion

Utilize Olympics

Utilize promotions

3. Distribution

Independent dealers

Program to establish
franchises

Training & support

Build service uniformity

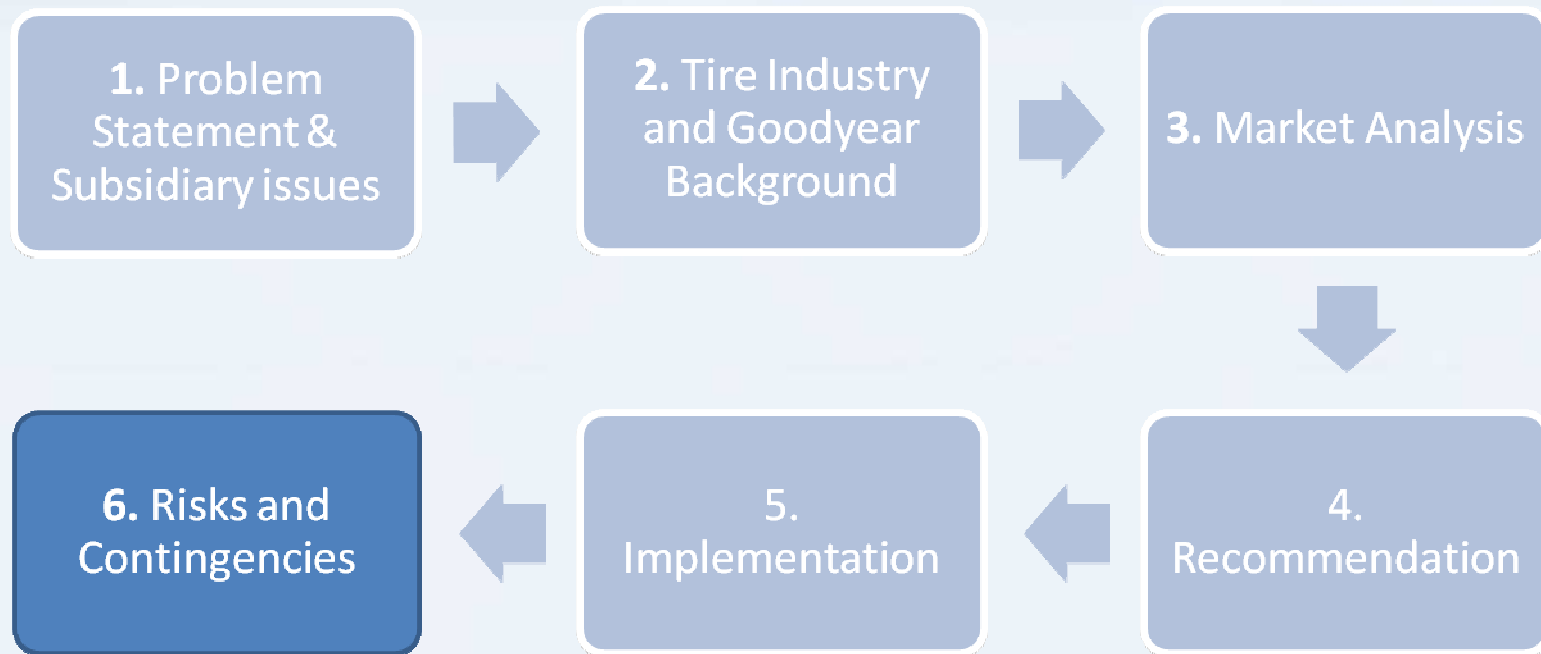
5. Implementation: Timeline

Year 1

Year 2

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Establish Pricing	Direct Company Stores Toward Franchising Framework						
Develop Franchise to Independent Framework	Develop Framework for Independents to Certify Business Practices in Order to Meet Eligibility Requirements for Opting out of Goodyear Services						
Develop and Deploy Olympics Ads							
Deploy Reps to Train Dealers @ Aquatred							
	Start Molds for Foreign Mkts		Measure & Refine				Measure & Refine

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6. Risks & Contingencies

Continental introduces anti-hydroplaning tire sooner than anticipated



Continue T.V. ads; reevaluate pricing competitiveness with Continental offering; **offer incentives** to independent dealers **for sales targets**

Aquatred sales are lower than forecast or are stunted by the higher mileage warranties on competitors' products



Reevaluate the value being conveyed to dealers and consumers, adjust message accordingly; **market Aquatreds to OEMs; consider an increased warranty** or other competitive guarantee

Advertisement during Winter Olympics creates demand for smaller sized import cars which the company can't meet.



Recommend Invicta GS- very similar traction ratings; **plan sales promotion** when tires for imports are on the market; **work to implement necessary modifications**

Questions?

