FACTS ISSUE 2014

Modern Tire Dealer breaks down the North American marketplace for the 48th consecutive year, with 27 charts (four more than last year!) spread over 13 pages. Here's a list of what you'll find.

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Replacement and OE tire shipments
Chinese imports
Canadian tire shipments and market share

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All figures in the 13-page Facts Section are *Modern Tire Dealer* figures unless otherwise noted.

The signposts up ahead? Tire sales

With the economy starting to pick up, there are many indications that 2014 will be a year to remember

By Bob Ulrich

If the headline sounds familiar to my fellow baby boomers, it may remind you of the classic television series "The Twilight Zone."

"You're travelling through another dimension... a journey into a wondrous land whose boundaries are that of imagination. That's the signpost up ahead — your next stop, the Twilight Zone!"

In this case, there are multiple signposts indicating pent-up demand may be released in 2014. The signs are not imagined.

Passenger tire shipments were up 5% in 2013 vs. 2012, while light truck tire shipments remained stable (see Chart 2). Nick Mitchell, senior vice president for Northcoast Research Partners LLC, says "aftermarket demand recovery" began prior to the fourth quarter of 2013, and carried through the end of the year. "We believe persistent tailwinds should drive continued expansion in early 2014."

Bret Jordan, managing director and senior analyst for BB&T Capital Markets, a division of BB&T Securities LLC, also is optimistic about automotive and tire sales in early 2014. He says increased demand for maintenance, a trend that began in the fourth quarter of 2013, will continue to gain momentum in the U.S. He cites the following signs:

- early inclement winter weather on the East Coast;
- below historic mean November temperatures through most of the country;
- a record high mean age of the vehicle fleet; and
- a growth in miles driven through the first 11 months.

"We believe the aftermarket's most sluggish category post the Great Recession (i.e., tires) could also be poised for solid

Chart 1
2013 U.S. REPLACEMENT TIRE SALES
(A $37.3 billion industry)

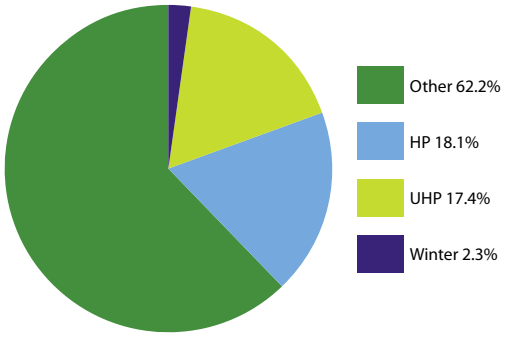
Passenger tires:	$25.0 billion
Light truck tires:	$4.9 billion
Truck tires:	$6.3 billion
Farm tires:	$560 million
OTR tires:	$590 million
In 2012, U.S. replacement tire sales totaled $37.7 billion.	

Chart 2
U.S. UNITS SHIPPED
2009-2013 (in millions)

Year	Replacement	OE
PASSENGER TIRES		
2013	201.6	44.0
2012	192.0	40.5
2011	196.5	36.0
2010	198.7	34.6
2009	184.0	25.0
LIGHT TRUCK TIRES		
2013	28.3	4.4
2012	28.3	4.2
2011	28.6	4.1
2010	28.0	3.5
2009	26.0	2.6
MEDIUM/HEAVY TRUCK TIRES		
2013	15.7	5.0
2012	16.0	5.3
2011	17.0	4.9
2010	15.3	3.0
2009	12.7	2.1

The record for replacement passenger tire units shipped is 205.8 million, set in 2005. The OE record is 61 million, set in 1999.

Chart 3
2013 REPLACEMENT PASSENGER TIRE MARKET
(Based on 201.6 million units shipped)



expansion in 2014 as higher wear rates and improving utilization trends point to likely improving replacement demand."

Vehicle miles driven were at a pace to close in on the 3 trillion mark before severe winter weather struck many parts of the U.S. in December. However, that led to more winter tires being sold, which more than offset any loss in sales due to the reduction in miles driven.

Lower fuel costs were partially responsible for the 11-month increase in miles driven, which were the most since 2008. According to the American Automobile Association (AAA), gasoline prices were down in 2013 compared to the previous year.

"As a result of increased domestic oil production and lower demand... the national average price of gasoline should peak at $3.60 to $3.80 per gallon barring any significant unanticipated events," said the AAA before the final statistics were in. "That compares to a peak of $3.94 a gallon in 2012."

Drivers paid an average of $3.49 per gallon of gas at the pumps in 2013. They paid a record average of $3.60 a gallon in 2012.

"Our hope is that prices will continue to fall as cars grow increasingly fuel efficient and refineries expand production to take advantage of the recent boom in North American crude oil," says Avery Ash, a AAA spokesman.

Mintel Group Ltd. expects modest growth in the replacement consumer tire industry over the next five years. The market research company estimates sales will increase to $33.5 billion by 2017, a 12.1% increase. That is in-line with our estimate of $29.4 billion passenger and light truck tire sales for 2013 (see Chart 1 on page 26).

"However," according to Mintel, "at an inflation-adjusted basis, sales will only increase to $30.8 billion, a 3.3% increase."

Dr. Ken Mayland, president of ClearView Economics LLC, says the immediate future for replacement tire sales looks bright. For example, North American light vehicle manufacturing, which finished the year at close to 16.3 million units (13.4 million in the U.S. and Canada), has not maxed out yet.

Also, the average age of passenger cars and light trucks in the U.S. is 11.4 years and 11.3 years, respectively, according to Polk, a division of IHS Inc.

Because tires are a "necessary purchase," tire retailers can't help but benefit as a result.

Mayland adds that because the price of labor in China has been escalating, tire dealers "are in a better position to underwrite tires (for the consumer) with better quality."

In the first full year since the 25% tariff on passenger and light truck tires imported from China expired, a record 170 million consumer tires were imported into the U.S. China accounted for 30% of that total, or 51.2 million units (see Chart 4). That, too, is a record, more than 10% higher than the 46.5 million Chinese imports from 2008 — the year before the tariff first went into effect.

Canada surpassed South Korea as the second most popular consumer tire import partner of the U.S. (see Chart 5). South Korea had finished runner-up to China the last two years. But the biggest leap in the top 10 rankings was by Indonesia, which finished fifth and was close to passing Mexico for fourth place.

Mexico also jumped two spots, helped by increased production at Pirelli Tire LLC's two-year-old plant in Silao, Guanajuato, Mexico.

Domestic truck tire imports were down 8.5%, to 9.7 million units, last year versus the year before, when 10.6 million units were imported. China again led the way as the top importer, accounting for 65% of the total, or 6.3 million units (see Chart 6).

Chart 4
U.S. CONSUMER TIRE IMPORTS FROM CHINA
(In millions of units)

Year	Units	Yr./yr. change
2013	51.2	+57.5%
2012	32.5	+25.0%
2011	26.0	-16.1%
2010	31.0	-27.9%
2009	43.0	-7.5%

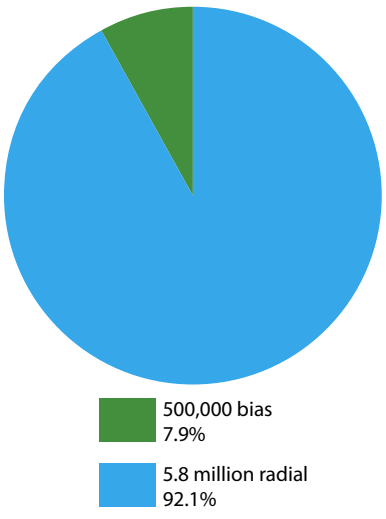
Sources: U.S. government, *MTD* figures

Chart 5
U.S. CONSUMER TIRE IMPORTS BY COUNTRY

2013 rank/ country	2012 rank	% change vs. 2012
1. China	1	+57.5%
2. Canada	3	-0.4%
3. S. Korea	2	-14.0%
4. Mexico	6	+0.8%
5. Indonesia	7	+10.0%
6. Thailand	4	-3.0%
7. Japan	5	-1.4%
8. Taiwan	8	+26.2%
9. Chile	9	+31.7%
10. Germany	11	+5.5%

The top 10 countries account for 90.2% of all consumer tire imports in the U.S.
Sources: U.S. government, *MTD* figures

Chart 6
2013 U.S. TRUCK TIRE IMPORTS FROM CHINA
(Based on 6.3 million units)



Sources: U.S. government, *MTD* figures

Facts section: Tire shipments

RMA predictions

The Rubber Manufacturers Association (RMA) estimates passenger, light truck and truck tire demand will total 302 million in 2014, an increase of nearly 2%.

"A declining unemployment rate, a rebound in housing, increases in vehicle sales and vehicle miles traveled, as well as other macroeconomic factors are expected to account for the 2014 increase."

Here are the RMA estimates for 2014 by category, based on its own figures for 2013, and the reasons behind them. (The RMA includes an estimation of temporary spares in total original equipment and total replacement shipments, but does not report them publicly.)

1. OE passenger tires: up approximately 1.5 million units. "Light vehicle sales are expected to approach 16 million units."

2. OE light truck (LT) tires: up 100,000 units, or 2%, "as the economy continues to expand."

3. OE medium/wide-base/heavy truck tires: up nearly 200,000 units, or 5%, "New truck demand is expected to rebound in 2014."

4. Replacement passenger tires: up 2 million units, or 1%, because of "continued improvement of economic conditions coupled with lower fuel prices."

5. Replacement LT tires: up 600,000 units, or nearly 2%, "as the economy gains additional momentum."

6. Replacement truck tires: up 300,000 units, or 2%, "as truck tonnage and manufacturing continue to grow."

Canadian vs. U.S. tire shipments

Canada has one-tenth the number of residents the United States does. It makes sense, then, that tire shipments should follow the same pattern.

Last year, there were 18. 7 million replacement consumer tires shipped in Canada. That compares to nearly 230 million in the U.S. Here is the breakdown in millions, including truck tire shipments:

Tire type	2013	2012	% change
Passenger:	15.8	15.6	+1.3%
Light truck:	2.9	2.8	+3.5%
Truck:	1.7	1.6	+6.2%

However, there are more winter tire shipments in Canada. An estimated 4.7 million "true" winter tire units (those displaying the mountain snowflake symbol) were shipped in 2013, which made up 30% of Canada's total replacement passenger tire units.

In the U.S., winter tires made up about 4.6 million units, or less than 3% of total units (see Chart 3 on page 26).

The RMA, in its yearly Factbook, includes winter tires in the "traction and snow treads" category. Because it is made up of not only winter tires but also tires with "all-terrain and traction treads," the number is much higher than *Modern Tire Dealer*'s estimate.

Michelin North America Inc. has more consumer tire market share in Canada than any other brand. With its Michelin, BFGoodrich and Uniroyal brands, the company owns a 20.8% share of the market (see Chart 7).

Goodyear Tire & Rubber Co., with Goodyear, Dunlop and Kelly, is second with a 15.2% market share, followed by Bridgestone Canada Inc. which is third at 11.8%.

Motomaster, a private brand tire owned and sold by Canadian Tire Corp., is fourth with a consumer tire market share of 11.6%. Motomaster is manufactured by Hankook Tire Co. Ltd. and Cooper Tire & Rubber Co.

Private brand tires account for 16.6% of the replacement consumer tire market in Canada.

Canadian Tire, with 490 stores across the country, is the largest tire retailer in Canada. It also sells the Goodyear, Pirelli, Michelin, Continental, Dunlop, BFGoodrich, Hankook, Cooper, General, Uniroyal and Toyo brands.

The largest independent tire dealer group in Canada is OK Tire Stores Inc. with 285 outlets. ■

Chart 7
2013 CANADIAN REPLACEMENT CONSUMER TIRE BRAND SHARES

PASSENGER TIRE (Based on 15.8 million units)		LIGHT TRUCK TIRE (Based on 2.9 million units)	
Brand	**% of total**	**Brand**	**% of total**
Goodyear	12.5%	Goodyear	16.0%
Michelin	12.0%	Michelin	11.0%
Motomaster	12.0%	Motomaster	9.5%
Bridgestone	8.0%	BFGoodrich	9.0%
BFGoodrich	6.0%	Bridgestone	8.5%
Hankook	6.0%	Firestone	5.5%
Continental	4.0%	Yokohama	5.0%
Toyo	4.0%	General	4.5%
Firestone	3.5%	Toyo	4.0%
General	3.5%	Hankook	4.0%
Nexen	3.5%	Continental	3.0%
Yokohama	3.5%	Uniroyal	3.0%
Cooper	3.0%	Hercules	2.0%
Uniroyal	2.5%	Kumho	2.0%
Dunlop	2.0%	Pirelli	2.0%
Hercules	2.0%	Dunlop	1.5%
Kumho	2.0%	Cooper	1.0%
Nokian	1.5%	Kelly	1.0%
Delta	1.0%	Multi-Mile	1.0%
Falken	1.0%	Others	6.5%
Pirelli	1.0%		
Others	5.5%		

Numbers are rounded to the nearest one-half percent except to reach 1% in market share.

Anchors aweigh!

Michelin remains the favorite brand among the *MTD 100*

The *Modern Tire Dealer 100* is the largest, most influential list of independent retail and commercial tire dealers in the United States. They represent 18.6% of the 30,000 independent tire dealers.

They average 12 tire brands per outlet, and sell more than 110 different brands combined. They are a microcosm of the aftermarket as a whole.

Would you be surprised, then, that 82 of the dealers (there were 102 in 2013 because of an eight-way tie for 95th place) offer the Michelin brand? For the eighth consecutive year, Michelin topped the list of brands sold by the *MTD 100*.

The brand is sold by 82 dealers representing 81% of the outlets (see Chart 8). That is significant growth from 2007, when Michelin was sold by 71 of the 102 dealers on the list (another tie) that represented 3,318 outlets.

(In the eight-year span between 2006 and 2013, the *MTD 100* dealers increased their store count by 29%. That's either a lot of growth, a lot of consolidation, or both.)

Goodyear, second in number of dealers last year, was tied for second in number of dealers this year, but fell behind BFGoodrich in number of outlets.

Bridgestone was second in outlets represented because of its strong affiliation with the larger dealers, but compared to the other brands, was down in the number of dealers who sell the brand. Bridgestone is offered by 10 of the top 12 dealers in the country, including the top six; no other brand can make that claim.

In the last four years, the five biggest gainers in terms of outlets represented by the *MTD 100* are Falken, Cooper, Kumho, Firestone and Toyo (see Chart 9).

Replacement market share

In the replacement passenger tire market, the anchor brands lead the way. Goodyear is the clear number one in market share, followed by Michelin and Bridgestone (see Chart 10 on page 34).

However, when taking associate brands into account, Bridgestone Americas Inc. comes out on top. Its Bridgestone, Firestone and Fuzion brands account for 14.5% of the market. Goodyear Tire & Rubber Co., with its Goodyear, Dunlop and Kelly brands, is second at 13.6%, while Michelin North America Inc., with its Michelin, BFGoodrich and Uniroyal

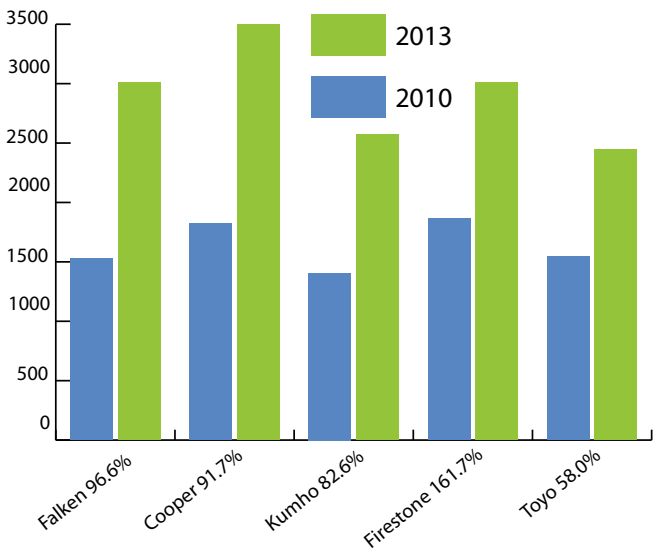
Michelin has been the most popular brand among our *Modern Tire Dealer 100* dealers for the last eight years.

Chart 8
2013 BRANDS LISTED BY THE *MTD 100*
(Total outlets: 5,578)

Rank by number of dealers	Dealers/ outlets
1. Michelin	82/4,519
2. BFGoodrich	71/4,319
3. Goodyear	71/4,289
4. Bridgestone	61/4,437
5. Continental	57/3,383
6. Firestone	57/3,012
7. Yokohama	55/3,769
8. Cooper	54/3,496
9. Dunlop	47/3,602
10. General	47/3,094
11. Uniroyal	46/2,243
12. Kelly	41/1,758
13. Hankook	40/3,374
14. Pirelli	37/3,825
15. Toyo	32/2,444
16. Falken	26/3,011
17. Kumho	24/2,569

Chart 9
***MTD 100* MOVERS AND SHAKERS**

From 2010 to 2013, the biggest brand gainers on the *MTD 100* list in terms of outlets represented were:



Compared to 2010: Bridgestone was up 51.5%; only the Uniroyal brand was down in outlets.

brands, is third at 12.7%. Together, the three companies account for 40.8% of the replacement passenger tire market.

Bridgestone also is first in new tire sales in the U.S. and Canada, with Goodyear and Michelin tied for second (see Chart 11). The numbers do not include retail sales through company-owned outlets.

OE market share

For the first time, Cooper Tire & Rubber Co. has an original equipment tire with a major vehicle manufacturer. The Cooper Zeon RS3-A, in size 215/50R17, was selected by Ford Motor Co. as a standard fitment for the 2013 Ford Focus SE and Titanium models.

Chart 10
2013 U.S. REPLACEMENT CONSUMER TIRE BRAND SHARES

PASSENGER TIRES (Based on 201.6 million units)		LIGHT TRUCK TIRES (Based on 28.3 million units)	
Brand	**% of total**	**Brand**	**% of total**
Goodyear	13.0%	Goodyear	12.0%
Michelin	8.5%	BFGoodrich	9.0%
Bridgestone	8.0%	Bridgestone	8.0%
Firestone	7.5%	Michelin	7.0%
Cooper	5.5%	Firestone	6.5%
BFGoodrich	4.5%	Cooper	6.0%
Hankook	4.0%	General	4.5%
Yokohama	4.0%	Multi-Mile	4.5%
Falken	3.5%	Yokohama	4.0%
General	3.5%	Hankook	3.5%
Continental	2.5%	Toyo	3.5%
Kumho	2.5%	Pirelli	2.5%
Nexen	2.5%	Falken	2.0%
Pirelli	2.5%	Hercules	2.0%
Toyo	2.5%	Kumho	2.0%
Hercules	2.0%	Mastercraft	2.0%
Multi-Mile	2.0%	Uniroyal	2.0%
Dunlop	1.5%	Big O	1.5%
GT Radial	1.5%	Continental	1.5%
Mastercraft	1.5%	Cordovan	1.5%
Sumitomo	1.5%	Dunlop	1.5%
Uniroyal	1.5%	Eldorado	1.5%
Big O	1.0%	Kelly	1.5%
Cordovan	1.0%	Maxxis	1.5%
Delta	1.0%	Nexen	1.5%
Fuzion	1.0%	Delta	1.0%
Kelly	1.0%	GT Radial	1.0%
Nitto	1.0%	Others	6.0%
Sigma	1.0%		
Others	8.0%		

Because numbers are rounded to the nearest one-half percent, the total may not equal 100%. Brands must have at least 1% of the market in shipment numbers to be listed at 1%. This applies to all the market share charts.

Chart 11
WORLD LEADERS IN NEW TIRE SALES
(Fiscal year 2013; in billions of U.S. dollars)

Company	2013	2012
Bridgestone Corp.	$31.2[1]	32.0
Groupe Michelin	$26.8	$27.4
Goodyear Tire & Rubber Co.	$18.9	$20.2
Continental AG	$13.0	$12.4
Pirelli & Cie SpA	$8.0	$7.7
Sumitomo Rubber Industries Ltd.	$6.9[1]	$7.7
Hankook Tire Co.	$6.6	$6.3
Yokohama Rubber Co.	$4.9[1]	$5.6[1]
Cheng Shin Rubber Ind. Co. Ltd.[2]	$4.5	$4.4
Kumho Tire Co. Ltd.	$3.4	$3.6
Cooper Tire & Rubber Co.	$3.2	$4.2
Toyo Tire & Rubber Co. Ltd.	$3.0[1]	$3.6[3]

U.S./CANADIAN LEADERS IN NEW TIRE SALES
(Fiscal year 2013; in billions of U.S. dollars)

Company	2013	2012
Bridgestone Americas Inc.	$9.2[1]	$9.4
Goodyear Tire & Rubber Co.	$8.0	$8.6
Michelin North America Inc.	$8.0	$8.2
Continental Tire the Americas LLC	$2.9	$2.7
Cooper Tire & Rubber Co.	$2.4	$3.1
Sumitomo Rubber Industries Ltd.[4]	$1.4[1]	$1.4
Hankook Tire America Corp.	$1.4	$1.3
Yokohama Tire Corp.	$1.3[1]	$1.3
Kumho Tire U.S.A. Inc.	$.7	$.8
Pirelli Tire North America Inc.	$.64	$.61
Toyo Tire Holdings of America Inc.	$1.4[1]	$1.5[3]

[1] The average exchange rate between the yen and U.S. dollar increased 22.3% from 2012 to 2013 in favor of the U.S. The strong yen hurt the results from Bridgestone, Sumitomo, Yokohama and Toyo.

[2] Doing business as Maxxis International.

[3] Toyo's fiscal 2012 was a one-time-only nine months long. The 2012 total includes 4Q 2011 results.

[4] Sumitomo Corp. of America is run independently of Sumitomo Rubber Industries.

(In 2008, the Cooper RS3 was named the "official tire" of Roush Performance Products Inc. The W-rated, ultra-high performance tire, in size 275/40ZR18, ran on all of Roush's 2009 modified Mustangs.)

The fitment gives Cooper a 1% share of Ford's OE business in the U.S. and Canada, and a 0.2% share of overall OE market. Nine other brands also increased their OE market share in the last two years (see Chart 12).

"This new relationship with Ford marks our company's entry into the U.S. passenger car OE tire market, a strategic decision aligned with our goal to drive profitable sales by diversifying product mix, expanding sales channels and leveraging technology," said Roy Armes, Cooper's chairman, CEO and president, last February. Ford is the second largest vehicle manufacturer in the U.S. and Canada, with a 19.5% market share. General Motors Corp. is first at 19.9%.

Chrysler Group LLC, which soon will become a wholly-owned subsidiary of Fiat SpA, is third at 15.4%, followed by Toyota Motor Sales U.S.A. Inc. (13.5%), American Honda Motor Co. Inc. (12.9%), Nissan North America Inc. (6%) and Hyundai Motor America (5.8%).

Falken Tire Corp. will have an OE fitment in the U.S., its first, on a 2014 Chrysler model, according to Andrew Hoit, Falken's vice president of marketing. ■

Nexen Tire Corp.'s CP671, an all-season passenger tire, is OE on the 2014 Chrysler 200 and Dodge Avenger.

Chart 12
U.S./CANADIAN OE CONSUMER TIRE MARKET SHARE
(Excluding imported vehicles; based on 57.4 million units)

	2013	2011
Goodyear	27.2%	27.5%
Michelin	20.0%	22.9%
Continental	10.7%	9.9%
Bridgestone	10.4%	13.6%
Firestone	6.3%	5.0%
Hankook	4.9%	4.0%
Kumho	4.4%	3.2%
BFGoodrich	4.3%	5.5%
Pirelli	3.2%	3.4%
General	2.7%	2.5%
Dunlop	2.0%	1.2%
Toyo	1.6%	<0.5%
Nexen	1.1%	<0.5%
Yokohama	1.0%	<0.5%
Cooper	0.2%	0.0%
Others*	0.0%	<0.5%*

* Others refers to Uniroyal (General Motors). Because the numbers are rounded to the nearest one-half percent in 2011, the total may not equal 100%.

Who said production is dead?

3 plants open, with 3 more to come

Yearly tire capacity, not production, in North America totaled 307.9 million tires at 55 plants as of Jan. 1, 2014. That's up one-half percent compared to 2013, when capacity was 306.3 million tires. (The total does not include race or aviation tires.)

In the United States, annual capacity increased by 2.1 million tires to 247.4 million units. Canadian tire plant capacity is 27.2 million tires a year, a 2% decrease versus 2013. Mexican plant capacity remained at 33.3 million tires.

Three new plants helped with additional production in the U.S., although two of the plants, Michelin North America Inc.'s OTR plant in Anderson, S.C., and Bridgestone Americas Inc.'s OTR plant in Aiken County, S.C., produce a combined 60 large OTR tires a day. The Michelin plant is part of a $750 million investment that includes expanding the company's existing earthmover manufacturing plant in Lexington, S.C.

Bridgestone also is entering phase two of the expansion of its consumer tire plant in Aiken County. When completed in August 2015, the plant will be able to produce 37,700 units a day.

The combined cost of the expansion and building the OTR plant will reach $1.2 billion.

Continental Tire the Americas LLC's new consumer tire plant in Sumter, S.C., began manufacturing consumer tires ahead of schedule. The $500 million plant has the capacity to produce 4,500 passenger and light truck tires per day, or more than 1.6

Chart 13
NORTH AMERICAN TIRE PLANT CAPACITIES
As of Jan. 1, 2014 (in thousands of units)

Plant location/ Year constructed	Non-union	ISO[1]	QS[2]	Passenger per day:	Light truck per day:	Truck per day:	Others per day:	Total
Bridgestone Americas Inc.								
Aiken County, S.C., 2013	x			0.0	0.0	0.0	0.05	0.05
La Vergne, Tenn., 1972		x	x	0.0	0.0	6.2	0.0	6.2
Warren County, Tenn., 1990		x	x	0.0	0.0	9.0	0.0	9.0
Bloomington, Ill., 1965		x	x	0.0	0.0	0.0	0.29	0.29
Des Moines, Iowa, 1945		x	x	0.0	0.0	0.0	4.57	4.57
Wilson City, N.C., 1974 [3]	x	x	x	30.5	3.5	0.0	0.0	34.0
Aiken County, S.C., 1999	x	x	x	20.5	9.2	0.0	0.0	29.7
Joliette, Quebec, 1966		x	x	9.3	7.2	0.0	0.0	16.5
Monterrey, Mexico, 2007	x			8.0	0.0	0.0	0.0	8.0
Cuernavaca, Mexico, 1980		x	x	11.0	4.4	0.0	0.0	15.4
Total:				79.3	24.3	15.2	4.91	123.71
American Industrial Partners (formerly Carlisle Tire & Wheel Co.)								
Jackson, Tenn., 2009	x			0.0	0.0	0.0	26.0	26.0
Clinton, Tenn. (Dico), 1974	x	x		0.0	0.0	0.0	15.0	15.0
Total:				0.0	0.0	0.0	41.0	41.0
Continental Tire the Americas LLC								
Sumter, S.C., 2013	x			3.9	0.6	0.0	0.0	4.5
Mount Vernon, Ill., 1973	x	x	x	28.0	3.0	6.0	0.0	37.0
Total:				31.9	3.6	6.0	0.0	41.5
Cooper Tire & Rubber Co.								
Findlay, Ohio, 1917		x		7.0	16.0	0.0	0.0	23.0
Texarkana, Ark., 1964		x		24.0	8.0	0.0	0.0	32.0
Tupelo, Miss., 1984/1960	x	x		42.0	0.0	0.0	0.0	42.0
Total:				73.0	24.0	0.0	0.0	97.0
Goodyear Tire & Rubber Co.								
Buffalo, N.Y., 1923			x	4.0	2.5	2.3	5.2	14.0
Danville, Va., 1966		x	x	0.0	0.0	11.0	2.0	13.0
Fayetteville, N.C., 1969		x	x	30.5	10.5	0.0	0.0	41.0
Gadsden, Ala., 1928		x	x	14.5	11.5	0.0	0.0	26.0
Lawton, Okla., 1978	x	x	x	63.0	0.0	0.0	0.0	63.0
Topeka, Kan., 1945		x	x	0.0	1.5	5.5	0.1	7.1
Medicine Hat, Alberta, 1960		x	x	0.0	0.0	0.0	12.0	12.0
Napanee, Ontario, 1990	x	x	x	19.0	0.0	0.0	0.0	19.0
Total:				131.0	26.0	18.8	19.3	195.1
GTY (General/Yokohama)								
Mount Vernon, Ill., 1988	x	x	x	0.0	0.0	3.9	0.0	3.9
Michelin North America Inc.								
Ardmore, Okla., 1969	x	x	x	40.5	3.5	0.0	0.0	44.0
Dothan, Ala., 1979	x		x	1.0	4.0	0.0	0.0	5.0
Fort Wayne, Ind., 1961				21.0	9.5	0.0	0.0	30.5
Greenville, S.C., 1975	x		x	28.0	0.0	0.0	0.0	28.0
Greenville, S.C. (C3M), 1997	x	x	x	7.0	0.0	0.0	0.0	7.0
Lexington, S.C., 1981	x		x	19.0	5.0	0.0	0.0	24.0
Lexington, S.C., 1998	x	x		0.0	0.0	0.0	0.1	0.1
Spartanburg, S.C., 1978	x		x	0.0	0.0	7.0	0.0	7.0
Starr, S.C., 2013	x			0.0	0.0	0.0	0.01	0.01

Plant location/ Year constructed	Non-union	ISO[1]	QS[2]	Passen-ger per day:	Light truck per day:	Truck per day:	Others per day:	Total
Tuscaloosa, Ala., 1945			x	23.0	7.0	0.0	0.0	30.0
Bridgewater, Nova Scotia, Canada, 1973	x		x	11.0	3.0	0.0	0.0	14.0
New Glasgow, Nova Scotia, 1971	x		x	7.0	1.0	0.0	0.0	8.0
Waterville, Nova Scotia, 1982	x		x	0.0	0.0	0.0	5.0	5.0
Queretaro, Mexico	x			6.0	0.0	0.0	0.0	6.0
Total:				163.5	33.0	7.0	5.11	208.61
Mitas Tires North America Inc.								
Charles City, Iowa, 2012				0.0	0.0	0.0	0.5	0.5
Pirelli Tire North America Inc.								
Rome, Ga., (MIRS), 2002	x	x		1.2	0.5	0.0	0.0	1.7
Guanajuato, Mexico, 2011	x			2.8	1.2	0.0	0.0	4.0
Total:				4.0	1.7	0.0	0.0	5.7
Specialty Tires of America Inc.								
Indiana, Pa., 1915	x			0.0	0.4	0.0	4.6	5.0
Unicoi, Tenn., 1997	x			0.0	0.0	0.0	1.6	1.6
Total:				0.0	0.4	0.0	6.2	6.6
Titan Tire Corp.								
Bryan, Ohio, 1967		x	x	0.0	0.0	0.0	0.33	0.33
Des Moines, Iowa, 1943		x		0.0	0.0	0.0	11.25	11.25
Freeport, Ill., 1964		x	x	0.0	0.0	0.0	8.1	8.1
Total:				0.0	0.0	0.0	19.68	19.68
Toyo Tire North America Manufacturing Inc.								
White, Ga., 2005	x	x		7.8	7.8	0.0	0.0	15.6
Yokohama Tire Corp.								
Salem, Va., 1968 [4]				25.7	1.1	0.0	0.0	26.8
Grupo Carso/Euzkadi (Continental AG)								
San Luis Potosi, Mexico				15.0	5.0	0.0	0.0	20.0
JK Tyre & Industries (formerly CIA Hulera Tornel)								
Mexico City, Mexico				0.5	1.0	1.5	0.64	3.64
Tultitlan, Mexico				7.0	1.5	0.5	0.4	9.4
Tacuba, Mexico				2.5	2.5	0.0	0.0	5.0
Total:				10.0	5.0	2.0	1.04	18.04
Corporacion de Occidente SA de CV (Cooper Tire)								
Guadalajara, Mexico, 2005	x	x	x	10.0	7.2	2.8	0.0	20.0
U.S. Totals				442.1	105.1	50.9	79.7	677.8
Canadian Totals				46.3	11.2	0.0	17.0	74.5
Mexican Totals				62.8	22.8	4.8	1.04	91.44
TOTAL:				551.2	139.1	55.7	97.74	843.74
2014 vs. 2013				+0.4%	+0.9%	+1.1%	-0.1%	+0.5%

Footnotes:
[1] Plants that are ISO (International Organization for Standardization) 9001:2000 certified (www. iso.org).
[2] QS (Quality System) 9000 certification, required by suppliers to Ford Motor Co., General Motors Corp. and Chrysler LLC (www.qscertification.com).
[3] ISO 50001 (Industrial Energy Management Systems). [4] ISO 14001 (Environment Management Systems).

million tires annually. By 2017, the plant will have a production capacity of approximately five million units per year.

Additional capacity will be available in the next two years when three more plants come on-line.

1. Construction of Kumho Tire U.S.A. Inc.'s $200 million plant in Macon, Ga., which began in 2008 but was put on hold, is back on. CEO and President Harry Choi says the plant is on schedule to begin producing replacement and original equipment consumer tires in August 2015. Initially, the facility will produce 2.1 million tires annually.

2. Yokohama Tire Manufacturing Mississippi (YTMM), the new manufacturing subsidiary of Yokohama Tire Corp., officially broke ground on its new commercial truck tire plant in West Point, Miss., on Sept. 23, 2013. It is slated to begin operations in October 2015. Yokohama is making an initial $300 million investment in the facility. When completed, it will produce up to one million tires annually.

3. Hankook Tire America Corp. will begin construction on a consumer tire plant in Clarksville, Tenn., this year. Production at the projected $800 million facility is expected to begin in 2016 following phase one. When the facility is completed following phase two in 2018, annual capacity will be 11 million tires.

Toyo Tire & Rubber Co. Ltd. broke ground on a project to expand production capacity at its Toyo Tire North America Manufacturing Inc. plant in White, Ga., late last year. The $371 million project will add 2.5 million Toyo and Nitto brand tires to the plant's capacity.

On Oct. 20, 2013, Carlisle Companies Inc. entered into a definitive agreement to sell its Transportation Products division to American Industrial Partners for $375 million. Carlisle Tire & Wheel Co. is part of Transportation Products. The deal closed before the end of the year.

American Industrial Partners is a middle market private equity firm based in New York, N.Y. ■

Retreading revitalized

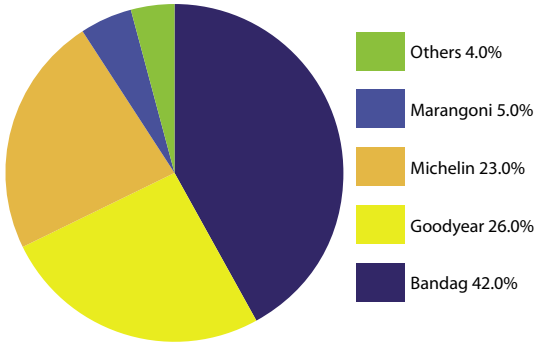
More casings and higher prices complemented new tires

The number of retreaded truck tires in the United States grew in 2013 compared to 2012. In contrast, replacement truck tire shipments decreased. That only brought the two segments closer together. Literally.

The spread between retreads (14.9 million in 2013, up 100,000 units) and new replacement truck tires (15.7 million, down 300,000 units) is only 800,000 units. The last time the two commercial segments were that close was 2009, when retreaded truck tires actually outnumbered new tires (see Chart 15).

Does it really matter who winds up on top every year? It does to the 680 retread shop owners in the U.S., who enjoyed a steep 9.6% increase in retread pricing last year.

Chart 14
2013 U.S. MARKET SHARE, RETREADED TRUCK TIRES
(Based on 14.9 million units)



Retreaded truck tire pricing (including casings)

2008: $197.95	**2009:** $184.61	**2010:** $209.79
2011: $247.55	**2012:** $228.24	**2013:** $250.24

The average cost of a casing dipped from $79.10 to $78.61 in 2013. However, the retreaded truck tire market as a whole still rose to $3.7 billion. Combined with $6.3 billion in new truck tire sales, the replacement market totaled $10 billion.

The order of the top retreading processes hasn't changed since Michelin North America Inc. purchased Oliver Rubber Co. from Cooper Tire & Rubber Co. in 2007. In order they are: Bandag precure at 42%; Goodyear precure, mold cure and UniCircle at 26%; Michelin Pre-mold and Custom Mold and Oliver precure at 23%; and Marangoni RingTread and precure at 5% (see Chart 14).

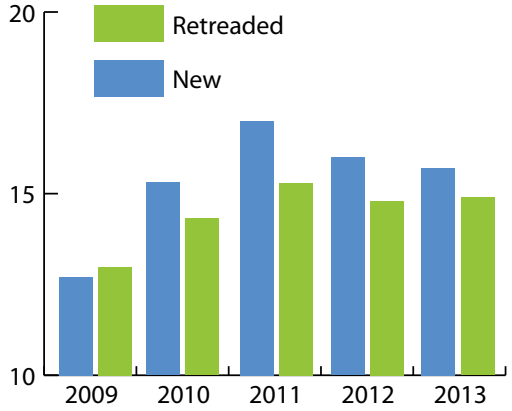
Continental Tire the Americas LLC continues to add ContiLifeCycle retreaders to its network. The company estimated more than 300,000 ContiTread precure retreaded truck tires were produced for North and South America in 2013.

What to expect

The Big Three tire manufacturers account for 60.5% of the replacement truck tire market with seven brands (see Chart 16). Not coincidentally, they have strong retreading networks, which will keep them entrenched at the top for a long time.

Cooper lost Roadmaster brand share when workers at its Cooper Chengshan (Shandong) Tire Co. Ltd. joint venture plant in China went on strike in protest of Apollo Tyres Ltd.'s proposed acquisition of Cooper. The deal has since been called off; if the strike also ends, Cooper could regain the market share it lost within the year.

Chart 15
2013 TRUCK TIRE REPLACEMENT MARKET BREAKDOWN
(Before 2009, the number of retreaded truck tires produced last topped new truck tire shipments in 2004)



The average price of a retreaded truck tire in 2013 was $250.24.
The average price of a new tire in 2013 was $401.27.

Chart 16
2013 U.S. REPLACEMENT MEDIUM/HEAVY TRUCK TIRE BRAND SHARES
(Based on 15.7 million units)

Brand	2013
Michelin	18.0%
Bridgestone	17.0%
Goodyear	12.5%
Yokohama	10.0%
Firestone	8.0%
Continental	5.0%
Double Coin	4.0%
Hankook	3.5%
General	3.0%
Hercules	3.0%
BFGoodrich	2.0%
Dunlop	2.0%
Dynatrac	2.0%
Toyo	2.0%
Roadmaster	1.5%
Sailun	1.5%
Sumitomo	1.5%
Gladiator	1.0%
Kelly	1.0%
Kumho	1.0%
Other	3.0%

Chart 17
2013 U.S. REPLACEMENT FARM TIRE MARKET SHARES

REAR RADIAL (310,000 units)	
Firestone	30.0%
BKT	20.0%
Michelin	16.0%
Goodyear	15.0%
Alliance	6.0%
Titan	5.0%
Trelleborg	3.0%
Others	5.0%
REAR BIAS (470,000 units)	
BKT	40.0%
Firestone	23.5%
Titan	10.0%
Goodyear	7.0%
Alliance	6.0%
Harvest King	3.0%
Trelleborg	2.5%
Akuret	2.0%
Carlisle	2.0%
American Farmer	1.5%
Others	2.5%
SMALL FARM (1.25 million units)	
Firestone	21.0%
Goodyear	18.0%
Titan	17.0%
BKT	16.5%
Carlisle	10.0%
Akuret	4.0%
American Farmer	4.0%
Harvest King	4.0%
Trelleborg	2.5%
Alliance	1.0%
Others	2.0%

Titan Tire Corp. produces both the Titan and Goodyear brands at its three plants.

There were more new commercial vehicle and trailer registrations last year than in any year since 2007. That bodes well for the future of both new and retreaded truck tire sales.

Farm tire shipments

Replacement farm tire units, both rear and small, were up only 1.3% year-over-year. They totaled slightly more than 2 million tires in 2013 (see Chart 17). Original equipment shipments, on the other hand, were up in every category: 9.2% in rear farm tires (see Chart 18) and 5.6% in small farm tires. ■

Chart 18
U.S. OE REAR FARM TIRE MARKET SHARE
(730,000 radial and bias units)

Firestone	41.5%
Goodyear	28.0%
Titan	20.0%
Others	10.5%

Keep these sizes in inventory!

You can't rely on your wholesalers for everything

Vehicle manufacturers drive tire sizing. If they applied the same size tire to similar chassis more often, size proliferation might cease.

That will not be the case in 2014. There are 343 radial passenger tire sizes, according to the Tire and Rim Association. There are 199 radial LT sizes.

Together, they add up to 542 sizes, 1.7% more than in 2012. That compares favorably to 2008, when there were 519 sizes.

Only a 4.4% growth in the number of sizes in six years seems to indicate a slowing down of size proliferation. Still, there has been a net gain in sizes every year.

So, what sizes should you be watching for in 2014? These SKUs, previously needed only for limited applications, will be appearing on the popular cars that drive into your shop in the near future.

1. 205/65R16: OE on the 2011 Hyundai Sonata, 2011 Kia Optima, 2012 Toyota Camry and 2013 Honda Accord.

2. 195/50R16: OE on the 2011-2014 Ford Fiesta, 2012-2013 Hyundai Accent and 2012-2013 Toyota Yaris/Prius C.

3. 235/55R19: OE on at least a dozen large car and crossover vehicles since 2011, most recently the 2014 Kia Sorento SX.

Most popular

In Chart 20, we have listed the most popular OE P-metric and LT sizes for 2012 and 2011, courtesy of the Rubber Manufacturers Association, to give tire dealers a better idea of what to look for and stock in 2014.

There were 150 consumer tire sizes in 1977, when the top 10 replacement radial passenger tire sizes covered more than 90% of the radial market. In 2012, the top 10 P-metric/metric sizes represented 22.5% of the replacement market, according to the RMA. ■

Chart 19
NEW P-METRIC, LT AND TRUCK TIRE SIZES/SKUS IN 2014

P335/25R20 SL	P285/30R19 SL	P215/50R18 SL/XL
P185/60R16 SL	LT275/55R20 LRE	LT265/60R18 LRE
LT245/65R17 LRD	LT255/70R17 LRE	LT255/70R18 LRD
33x10.50R17LT LRE	33x10.50R18LT LRE	34x10.50R17LT LRE
33x11.50R18LT LRE	34x12.50R18LT LRE	33x13.50R15LT LRC
40x13.50R17LT LRD	35x14.50R15LT LRC	38x15.50R20LT LRD
40x15.50R20LT LRD	40x15.50R22LT LRD	295/80R22.5 LRH/J

Source: Tire & Rim Association

Chart 20
MOST POPULAR DOMESTIC OE PASSENGER AND LT TIRE SIZES

2012 OE P-metric/metric		2012 OE light truck (LT)	
Size	% of total	Size	% of total
P215/55R17	6.1%	LT245/75R17	22.1%
P265/70R17	4.4%	LT245/75R16	14.7%
P215/60R16	3.8%	LT225/75R16	11.1%
P275/65R18	3.4%	LT265/70R18	8.1%
P205/65R16	3.1%	LT265/70R17	7.7%
2011 OE P-metric/metric		**2011 OE light truck (LT)**	
Size	% of total	Size	% of total
P215/60R16	9.1%	LT245/75R17	22.3%
P265/70R17	5.1%	LT245/75R16	15.6%
P215/55R17	4.2%	LT225/75R16	11.9%
P235/70R16	3.2%	LT265/70R17	7.8%
P275/65R18	3.0%	LT265/70R18	7.0%

Source for Charts 20-22: Rubber Manufacturers Association

Chart 21
TOP U.S. PASSENGER TIRE SIZES, 2012

Replacement (Top10 = 22.5%)	
1. 205/55R16	6. P215/60R16
2. P235/75R15	7. P225/60R16
3. 225/60R16	8. 195/65R15
4. 215/60R16	9. 195/60R15
5. P265/70R17	10. 215/65R16

Chart 22
TOP U.S. LIGHT TRUCK TIRE SIZES, 2012

Replacement (Top 10 = 72.4%)	
1. LT245/75R16	6. LT285/75R16
2. LT265/75R16	7. 31x10.50R15
3. LT265/70R17	8. LT215/85R16
4. LT235/85R16	9. LT245/75R17
5. LT225/75R16	10. LT285/70R17

LT245/75R16 was the top OE LT size from 1993-2010, and has been the second most popular OE size the last two years. Not coincidentally, it has been the number one replacement size for the last five years.

Tire dealers vs. car dealers

Both are making noise; only one is way up in market share

Is the independent tire dealer market a mature market? You might say that.

Independent tire dealers have owned their stores an average of 22 years, and 68% are single-store locations. The typical owner is a Caucasian male in his 50s.

That will change eventually, at least for 37% of the owners who have their children in the business. But what about the other 63%?

Even with a succession plan, many of those dealers might be willing to sell for the right price. Two of the largest players in the retail market are looking for those very opportunities.

Monro Muffler Brake Inc. owns 941 outlets in 22 states and the District of Columbia.

Nearly 44% of them are independent tire dealerships doing business as Mr. Tire, Tread Quarters Discount Tires, Autotire, Tire Warehouse, Tire Barn, Towery's Tire and Auto Care and, since August, Curry's Auto Service. The rest, classified under "Miscellaneous" in Charts 23 and 24 below, are muffler shops that also sell tires. (Chart 24 indicates which channel received the tires from the factory. They are either then wholesaled or sold directly to the end user. Each tire sale is only counted once.)

"On a combined basis, the acquisitions we have completed and announced... in fiscal 2014 represent nearly 5% annualized sales growth, and we are encouraged by the opportunities for additional attractive acquisitions by our fiscal year end (on March 31, 2014)," says John Van Heel, CEO and president.

Pep Boys-Manny, Moe & Jack is also on the prowl for new Service & Tire Centers. The mass merchandiser purchased 17 Discount Tire Centers in Southern California from AKH Co. Inc. last fall. The acquisition gives the company 211 tire dealerships in addition to its more than 540 Pep Boys stores and Supercenters.

Pep Boys averages 10 bays per retail store. The average independent tire dealership averages eight bays.

But car dealerships are selling more tires at the retail level than ever before, and they are growing at a faster rate than any other distribution channel. In 1999, they accounted for 1% of the replacement consumer tire market. That number has increased dramatically since then.

Retail market share by distribution channel

Channel	1999	2013
Independent tire dealers	59.5%	60.5%
Mass merchandisers	17.5%	14.0%
Warehouse clubs	8.0%	8.5%
Company-owned stores	8.0%	7.5%
Auto dealerships	1.0%	7.5%
Miscellaneous outlets	1.5%	2.0%

Since 2005, auto dealerships have more than doubled their share of the consumer tire market. Ford Motor Co. and its more than 600 Quick Lane Tire & Auto Centers outlets nationwide deserve a lot of the credit — no other vehicle manufacturer has its own tire-specific retail stores.

In the fall, Ford aggressively ran a full-page color advertisement in USA Today promoting its Quick Lane tire and automotive services. The ad promoted what is becoming an industry standard: a mail-in rebate on the purchase of four tires. Goodyear, Dunlop, Continental, Hankook, Pirelli, Bridgestone and Yokohama were the brands associated with the rebate, which jumped to $140 if the Quick Lane credit card was used. (Quick Lane also sells the Michelin, BFGoodrich, Uniroyal, General, Toyo and Firestone brands.)

For an oil change, the stores charge as high $39.95. That

Chart 23
U.S. CONSUMER TIRE RETAIL MARKET SHARE
(Based on retail sales)

Distribution channel	2013	2012
Independent tire dealers	60.5%	60.5%
Mass merchandisers	14.0%	14.0%
Warehouse clubs	8.5%	8.5%
Tire company-owned stores	7.5%	7.5%
Auto dealerships	7.5%	7.0%
Miscellaneous outlets	2.0%	2.5%

Chart 24
CONSUMER TIRE DISTRIBUTION CHANNEL MARKET SHARE

Initial channel	2013	2011	2009	2007
Independent tire dealers	77.0%	77.0%	75.0%	74.0%
Tire company stores	8.0%	8.0%	8.5%	8.5%
Miscellaneous*	15.0%	15.0%	16.5%	17.5%

* Miscellaneous includes mass merchandisers, warehouse clubs, car dealers, auto parts chains, muffler shops and oil companies/service stations.

includes tire rotation, a multi-point vehicle check and up to five quarts of synthetic blend oil, the same "routine" oil change that is regularly used as a loss leader. For the year, based on newspaper, direct mail and Web advertising, the price of a synthetic blend oil change was $21.63, about the same as last year (see Chart 26). That takes into account car dealerships, muffler, shops, auto repair shops, tire dealers, mass merchandisers and company-owned stores.

However, that total isn't an apples-to-apples comparison to Ford's price. The average advertised oil change price with a multi-point inspection and tire rotation was $22.24. The average price without them (meaning they were not listed in the advertisement) was $20.60.

Again, those are advertised prices. *MTD*'s most recent Tire Dealer Automotive Service Survey paints a different picture.

The average price per what the survey refers to as "oil and lubrication service work" was $37.51, much closer to Ford's advertised price (see Chart 25). The profit margin per job is 34%.

Advertised tire pricing

Passenger tire pricing was down 5% last year compared to the year before. The drop in advertised pricing was even greater.

Pricing on two of the sizes in Chart 27 also were tracked last year. The advertised price on a P185/65R14 was down 28.1% compared to $88.32 in 2012. The comparative price on a P195/60R15 was down 26.4% from $102.07.

In his analysis of consumer tire pricing over the course of 2013 and beyond, Nick Mitchell, senior vice president for Northcoast Research Partners LLC, was not surprised by the decrease in pricing.

"Generally speaking, retail tire prices trended as one would have expected at the start of the year. Specifically, prices declined gradually throughout the year reflecting the expiration of Tariff 421 at the end of 2012 and the impact of lower raw materials prices moving through the supply chain.

Chart 25
AVERAGE AUTOMOTIVE SERVICE JOBS PER MONTH

Service	No. of jobs	Avg. ticket
Air conditioning:	18	$353.55
Alignment:	67	$80.45
Batteries/electrical:	28	$134.28
Bearings/seals:	12	$242.96
Brakes:	45	$244.58
Chassis/suspension:	23	$309.33
Cooling systems:	19	$151.37
Engine diagnostics:	23	$123.77
Exhaust systems:	9	$246.30
Mounting/balancing:	250	$53.79
Oil/lubrication:	135	$37.51
Shocks/struts:	11	$360.78
TPMS:	21	$85.88

Source: *MTD* 2012 Tire Dealer Automotive Service Survey.

"The average retail price for a light passenger tire dropped a little more than 4%... with prices sliding more in the value category relative to the pressure seen among Tier One brands.

"I think retail tire prices will be down 2% to up 2% in 2014," he says. "The key drivers will be the trend in raw material prices and the strength of demand at retail, as I think the impact from the increased supply from China is largely behind us."

Even before sales picked up in the final quarter of 2013, more than 40% of the retail tire dealers and wholesale tire distributors predicted they would finish the year with double-digit increases in both unit and dollar sales.

When asked in October how the year would end for them, 42.7% of the retail dealers and 43.7% of the wholesale dealers responding to *MTD*'s Exclusive State-of-the-Industry Survey believed their tire unit sales would be up by an average of 12%. Another 16% of the retailers and 18.8% of the wholesalers predicted their unit sales would remain the same.

A similar number of retailers and wholesalers were as optimistic about their dollar sales as they were about their unit sales. Once again, they projected their dollar sales would be up by close to 10%.

However, the number of dealers who believed their dollar sales would be down was greater than the number of dealers who believed their unit sales would be down. This is in contrast to the results from *MTD*'s final 2012 survey, when many more dealers said higher prices offset fewer unit sales. ■

Chart 26
2013 AVERAGE ADVERTISED OIL CHANGE PRICING
(In the U.S.)

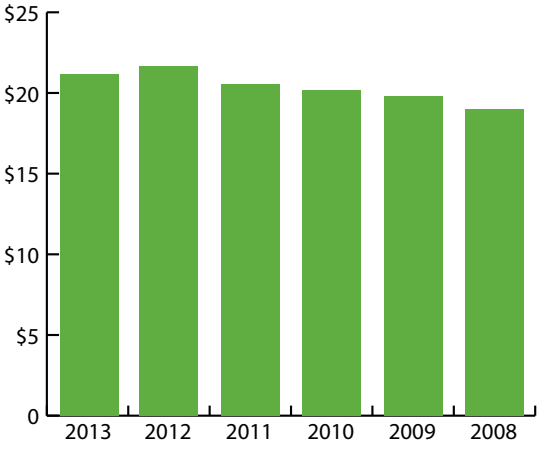


Chart 27
2013 AVERAGE ADVERTISED TIRE PRICES
(In the U.S.)

Size	Price
P185/65R14	$63.48
P185/65R15	$77.18
P195/60R15	$75.06
P205/55R16	$95.59
P225/45R17	$117.28