

Modern Tire Dealer
Buying Commercial Tires on the Internet

“We make money the old fashioned way...!”

-- From a very old television commercial

The commercial segment of the tire industry has bays-full of very traditional, conservative businessmen. And when you mention “change” to them they’ll likely say it’s something they do to worn out tires. They may be accepting of change, but the change is likely to come at the speed of 50-weight motor oil dripping off a dipstick at 20 degrees Fahrenheit.

It doesn’t mean that they won’t try something new, but there has got to be some incentive to get them to make that first step.

And so it goes with using the Internet as a business tool. In a recent, random sampling of more than 50 tire dealers in 24 states across the United States, two-thirds said they continue to order commercial tires in the traditional manner – via the phone and/or fax machine. The most common reason?

“I’m a people person. Some things I buy on the Internet, but not my tires!” said Charles Cox, owner of Cox Tire Services, Jacksonville, Fla. “I order on the phone – it’s easier for me, and I buy most of my tires locally. It’s quicker.”

The overwhelming reasons that the dealers didn’t use the Internet were the urge – the genuine pleasure – to talk to someone in person, and location, location, location.

“It’s probably just a matter of habit,” said Allen Nurmi, president, Fleet Tire Sales, Inc., Warren, Mich. “I’m skeptical about using the Internet. It’s an unknown. It’s hard to know the pricing, terms, etc. I received a few flyers in the mail from suppliers promoting their systems. I looked at them and didn’t like them.

“I might try it out if someone else did it and it worked, but right now I don’t want to order 10,000-20,000 tires over the Internet. I’m unfamiliar with the system. We have \$1 million in annual sales, and I have a good reputation of being a shrewd buyer.”

While only 34 percent of more than 50 dealers surveyed said they used the Internet to order commercial tires – and the majority of them said that included other tires, too – there was a strong belief by most of the dealers that the increased usage of e-commerce was imminent. But even most of those who said they use the Internet to order their tires gave qualified answers.

“It’s the beginning of a very good idea,” said Herman Schermer, president, Statewide Tire & Service Center, St. Louis, Mo. “The reason I say that is because we have our own POS (point of sale) system, and the only fault I have with the manufacturer’s system is that they are not interested in developing a system that will incorporate my own order-entry system.

“So when I go into my supplier’s site, I have to re-key the information into their system. Essentially, I’m doing the work for them. I suggested that they develop some type of software that enables me just to transfer my own order right into their system. What sort of file would they need? What format? I can provide anything they want.

“I know there are security issues that must be resolved, but it would save me time having to enter all the data again by hand. I think the system is just one step away from being excellent.”

As such, Schermer says his company only orders about half of his tires online.

Gary Mabe, co-owner, Benchmark Tire, Inc., Fontana, Calif., uses the Internet to order tires, but has a different concern. While almost all of his sales are commercial, he orders less than five percent through the Web.

"We don't have access to high-speed Internet yet," he said. "We have attempted to use Goodyear's XPLOR, but can only get dialup, and the satellite is very expensive. If we could get a faster connection, we'd use the system more."

Jerry Schroppel, president, Big O Tires, Conifer, Colo., also orders only about five percent through the Internet, but for a different reason.

"We prefer to go through a local supplier," he said. "Buying from a warehouse three days away is just too far."

While the number of commercial dealers who do not order their tires online is greater than those who do, the small number of users are pleased with their systems – for a variety of reasons.

Mark Carpenter, president, Jerry's Tire, Lake Odessa, Mich., said about 60 percent of his business is commercial tires (includes farm, etc.).

"I use Goodyear's XPLOR and I'm very pleased with it," he said. "I can view back orders, product brochures, etc., 24 hours a day, seven days a week. I love it. It's a huge timesaving for me. If you call an 800 line, you're likely to be put on hold 10-15 minutes. When we use the Internet, WE can control it from here."

Carpenter said he was one of the first dealers to use the system, and now he said he creates almost all of his orders (about five a day) online.

"We've been using the system for three-plus years. We were a test case. It's a wonderful tool. My people are on it all day long. We used to have just two computers, now we have seven people on computers all day long."

David Koplowitz, chief operating officer, Perth Amboy Tire, Inc., Perth Amboy, N.J. said he has the capabilities of using the Internet to handle his commercial tire orders which are 85-90 percent of his business

"But I don't use it that much just because I'm 70 years old, and I feel more comfortable with the fax and the phone. It's faster for me. I get a quick return and I can see things when I write them down."

While Koplowitz shies away from the Internet, another dealer can't use it often enough.

"You can accrue points to purchase equipment, trips, wearables, etc., and this is a nice incentive," said Mert Sutton, owner, Sutton Tire Company, Greenville, N.C.

Sutton was referring to Michelin's BibNet and a couple of other suppliers (such as American Tire Distributors) and the extra goodies that go with using their systems.

"We are set up to use Michelin, Bridgestone, and Conti/General," said Sutton. "We order about 20 percent of our tires on the Internet, but plan to do much more in '03 – probably 70 – 80 percent by the second quarter."

With annual sales approaching \$2 million, Sutton says extra incentives from the suppliers are good things. "We get so many points for a certain number of dollars and/or units purchased. They (the incentive systems) work well. I like this trend because it encourages a paperless business. It's easy to do it on the Internet. I don't see a downside."

Stephen Cairns, president of Commercial Truck Tire Center, East Syracuse, N.Y., said he orders 40 percent of his tires through the Internet.

"I like the system. We've been using Goodyear XPLOR for three years, and we're pleased. We order our tires through them 100 percent of the time. It's much quicker. And I hate being placed on hold when I have to phone in an order. The Internet provides 'real time.' It's great. In less than 10 minutes you can get all of your ordering done. It saves about half the time of the traditional phone/fax method."

Bernard Richards, president, Southern Tire Sales, Pearl, Miss., also orders his commercial tires through Goodyear's XPLOR.

"It's a good system, but it could be tweaked a little. Still, I like it. We've used XPLOR for about two years and I am pleased. We order about 90 percent of our tires through the Internet, and it's a good system for us."

Like the multi-brand trend, most of the commercial tire dealers routinely use more than one company's on-line ordering service.

One of those dealers is Terry Sparks, president of Sparks Commercial Tire, Findlay, Ohio, whose company has about \$4.5 million in annual sales.

"We order 90 percent of our tires through the Internet," Sparks said. "We use Goodyear's XPLOR, and Continental/General's ContiLink. Primarily, we use XPLOR, and we are very satisfied with the system. It gives us a lot of information.

"One thing I like is that it gives us a preferred warehouse and an alternate warehouse. It is very accurate. We have used it for almost two years. We signed up right away. I like the system because I can check on the availability of tires all hours of the night.

"The only thing I dislike is when they say they're going to have an 'enhancement' on the product – I know then, that there's going to be some downtime. I hate that."

The major manufacturers offer a variety of products to their commercial dealers, but there is a disparity in usage.

While Goodyear's XPLOR was the most popular among those surveyed, the tire industry leader was mentioned in only nine of the 50+ dealers who were surveyed. The other major manufacturers who were mentioned were Michelin (BibNet), Bridgestone/Firestone (EntireNet), Cooper (CooperWorld.Net) and Continental/General (ContiLink).

There were a good number of other sources the dealers mentioned. Some of the more frequently mentioned were: Zurcher Tire (www.zurchertire.com) of Evansville, Ind., S&S Tire (www.sstire.com) of Lexington, Ky., Target Tire (www.targettire.com) of Atlanta, American Tire Distributors (www.americantiredistributors.com) of Huntersville, N.C., and Allegiance Tire (www.allegiancetire.com) of Port Colborne, Ontario, Canada.

One of the dealers who conducts B2B e-commerce through someone other than one of those big tire companies is Tim Shay, president of Main Tire, Buffalo, N.Y.

“We go through a local supplier’s web site (Didn’t want to mention the supplier),” said Shay. “He’s a supplier that ships to all 50 states and internationally as well. His site is strictly a database that tells us what he’s got in inventory, but his accuracy level is outstanding.

“ We check on the availability of tires then we pick up the phone and order. It only takes 15 minutes to get to the warehouse. We’ve been a customer of his for 20 years and have used his Intranet for 2 years.

“ We also order a small quantity from Bridgestone and Goodyear, and I guess it has worked well. I haven’t had any complaints from anyone. I don’t hear any negatives. Down the road we might increase our use of the Internet to order tires. I guess it just depends on the customer.”

Shay is like a growing number of other dealers who use the Internet, but don’t go through major manufacturers.

Alan Kram, president, Kram Tire Company, Conley, Ga., is one of those dealers.

“We order 100 percent of our tires online,” said Kram. His wholesaler is Target Tire in Atlanta (www.targettire.com). “They have their own web site,” he said. “It shows everything – It’s very convenient. We’ve used them for two years, and there is no downside to using their system at all.”

Kram also takes advantage of his online ordering in a different way.

“It’s a good selling tool, too. We see the entire inventory and can tell a customer exactly what we can offer and how soon we can offer the product. It’s a very complete setup.”

Kram is enamored with the Internet, and says, “ We are in the process of developing a web site ourselves.”

Other dealers like Kram use the Internet and the online system in different ways.

Earl Covard, president of Boulevard Tire Centers, Deland, Fla., admits, “ We use electric connectivity, but not all the time. We use Bridgestone (EntireNet) and Michelin (BibNet), and order about 35 percent of our tires over the web. We’ve used both of them the last two years.

“We use their sites primarily for information gathering rather than ordering. There’s a big learning curve right now for some of the suppliers,” he said. “But I think anything we can do to help the electronic ordering process is great – we need to do it more and more with less paper.”

But overall, Covard is pleased with online ordering.

“The system is beneficial because we can check our credit online, and you can track all of your orders. But we need to use the process more – become more efficient. We need to use electronic capabilities to simplify things.”

Covard also has a Website – www.boulevardtimes.com. “But we don’t do a lot of e-commerce. We use it more for information than anything else.”

Ordering of commercial tires online is also an exercise for Blake Towe, commercial retail sales, BR Retreading, Glasgow, Ky., who orders primarily through two distributors, S&S Tire (www.sstire.com) and American Tire Distributors (www.americantiredistributors.com).

“We use the system every day,” he said. “It makes business easier. We’ve been using it for six months and I love it. I now look up everything online.”

Towe said his suppliers “Update their systems often. American updates theirs every 30 minutes, and S&S updates their system daily.”

Towe says BR Retreading orders about 80 percent of its tires on the Internet. “We average about 24-50 a day. It speeds the process, and saves us time – almost four minutes in savings per order.”

Still the nay-users outweigh the users – overwhelmingly.

“I don’t like using it (the Internet),” said Dennis Stough, President, Atlanta Commercial Tire, Atlanta, Ga. “I might consider it in the future, but I still prefer the personal touch. I don’t have much confidence in the system right now, but our suppliers might force us to use it down the road.”

Brandon Keilers, owner, CY-Fair Tire, Houston, Texas, said, “I don’t use the system. We have a wholesaler almost on every corner around here. Might use it in the future – maybe in the first quarter of 2003. Also, I like the personal approach. Besides, some of my suppliers don’t update their sites that often. It’s more convenient just to call. The web isn’t that timely or accurate. Inventory isn’t accurate, too. I’m sure they will be better in the future, though.”

Another dealer in West Virginia echoed Keilers’ thoughts about the infrequent number of times that suppliers update their sites.

“I used the Internet with one supplier, but it took too long, and the site was not very user friendly,” said Robert M. Lemon, owner, Giant Tire Service, Parkersburg, W. Va. “I had to do too much scrolling to find out what I wanted to know. They (the supplier) probably didn’t have the capability to keep it current.

“Don’t get me wrong, I’m all for it (the Internet), still, when all is said and done, I like to deal with people, face-to-face.”

Finally, one dealer summed it up.

“We’re just getting into it (using the Internet to order commercial tires),” said Jeff Kirk, wholesale manager, Zurcher Tire, Monroe, Ind. “As a matter of fact, we’re setting up the system right now.

“We have extensive commercial business, but I believe online ordering is more for the end-user – the dealers. As a wholesaler, you just have to keep up with the marketplace. It’s just another tool to do the job.

“We will always keep in personal contact with our customers, but sometimes you just have to change – just try to keep the wolves away from the door.”

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