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BUSINESS

As Tire Sales Decline, Installers Deliver Service

By KIM HART

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The tagline on the back of the truck is usually what catches people's attention: "Notice: Driver carries no old magazines or burnt coffee."

For David Leslie and Pat Garvey, co-founders of TireVan (www.tirevan.com), a Sterling mobile tire installation service, the disclaimer epitomizes the experience of replacing automobile tires in a traditional service center. The long wait, the limited selection and high price of tires drove the two entrepreneurs to start the business centered around convenience.

"We couldn't figure out why this hadn't been done before — it seemed like such an obvious business opportunity," said Leslie, who came up with the idea when he searched for a similar service to change his tires.

TireVan is one of the latest entrants in an increasingly fragmented tire market.

Competition among tire sellers has intensified as independent dealers — the traditional market leaders — are being squeezed by the growing popularity of online discounters and superstores such as Costco Wholesale Corp. and Wal-Mart Stores Inc.

That competition has intensified as the demand for tires has waned in recent months. September marked the 10th consecutive month demand has declined, with national shipments of tires falling 3.5 percent, compared with the same period a year ago, the Rubber Manufacturers Association said.

Tires are more durable and last longer these days, prompting some decline in sales. High gasoline prices may also be



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TireVan's Aaron Gunnerson brings his mobile tire-changing van to the customer's vehicle.

leading some people to drive less, industry analysts said.

A jump in tire prices, mostly because of expensive rubber and synthetic materials, has created an opportunity for big, national retailers and Internet outlets to undercut traditional dealers. And they have been helped by certain tire manufacturers, who have reduced their supply to small independent tire dealers while increasing their supply to wholesale distributors, who tend to focus on selling tires to mass merchandisers.

The shift has led some national tire chains to consolidate stores and prompted

independently owned dealers to merge with one another to offer a wider variety of services, according to research firm IBISWorld Inc.

For now, the independent dealers remain the dominant sellers, accounting for 69 percent of the replacement passenger market, the Rubber Manufacturers Association said. But mass merchandisers have captured 17 percent of the market and manufacturer outlets claim 10 percent. Internet sales make up about 4 percent.

"The challenge is that competition from the Internet and national retailers has increased. Tires are getting more ex-



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Aaron Gunnerson carries tire-mounting equipment on his truck.

persive. Even though they're lasting longer and the number of units aren't climbing as fast as dollar sales, everyone wants a share of that," said Skip Potter, executive director of the Chesapeake Automotive Business Association, which represents locally owned tire service centers in Maryland, the District and Delaware.

As drivers replace tires less frequently in the future, some dealers may find it more

search and education for the technician, and ultimately the consumer."

Tire Rack, the largest online tire distributor, has formed partnerships with local installers across the country so customers can purchase discounted tires online and install them locally. Many service centers offer mobile installation services similar to TireVan's, but they have been slow to gain traction with consumers.

difficult to establish a relationship with their customers, who may be tempted to shop online or look elsewhere to find good deals, Potter said. And if particular models and brands are not available in the local neighborhood shop, consumers might take their business elsewhere.

Also roiling the market is the fact that tire technology is advancing. More car manufacturers are equipping tires with pressure monitoring systems, making the procedure for mounting and replacing tires more complex. Fewer outlets will be able to find technicians educated in the new systems, which could mean even more consolidation, he said.

"Twenty years ago, changing a flat tire took under five minutes. With the new systems, you may be looking at 30 minutes per tire," he said. "It's going to take a lot more re-

"I'm not completely sold that it's necessary," said Kevin Tynan, who follows tire manufacturing companies for Argus Research Co. "The brick-and-mortar stores offer add-on services you can't get on the road with rolling installers."

Garvey said the main appeal of TireVan is the convenience of the service. The company orders tires for each customer, eliminating the expense of maintaining an inventory. The bulk of the business takes place in two roaming trucks, so the cost of rent is not passed on to the consumer. The vans are equipped with the tools needed to handle increasingly complex installations, he said.

TireVan recently closed its second round of private investor funding, bringing the total raised to \$1.25 million since it began operation last year. In addition to installing tires at residences, shopping malls and offices within 15 miles of the Beltway, TireVan has partnered with more than 30 area companies and government agencies, including Boeing Co. and Loudoun County, to offer tire services to employees while they are working. The goal is to maintain a steady presence in consumers' lives "so they automatically think of us when they need tire service, even if it's only once every four years," Garvey said.

Rev. Bill Welch, a minister at Unitarian Universalist Congregation of Fairfax, chose to use TireVan so he could order Yokohama tires, not always available at local dealers.

"It's a viable option for people who can't get out much or don't have the time to wait for hours at a mechanic's shop," he said while the tires on his Volkswagen Passat were replaced in the church parking lot.

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