

Climbing up the tyre satisfaction index

The Indian tyre industry is fast responding to changing consumer preferences with better quality and performance products, says Mohit Arora, executive director, J D Power Asia Pacific.



The automotive industry has witnessed a significant increase in the level of tyre awareness among car buyers within the short span of five years. In 2011, only one in two car owners could correctly recall the brand of their new car. When J.D. Power asked the same question in our most recent 2013 tyre study, two-thirds of car owners correctly recalled their tyre brand. Moreover, a quarter of new-car buyers are also pro-actively selecting the tyre brand to go with their new car.

With higher awareness comes a parallel rise in consumer expectations and demands. In 2011, tyre customers expected a lifespan of 47,000km from their tyres. Today, lifespan requirements have risen (just under 10 percent, with tyre customers demanding that their tyres last 51,500km on the road. Customers are also

factoring fuel expenditure into their overall cost of operation, with an upswing in demand for tyres that provide better fuel mileage occurring simultaneously when oil pump prices peaked in 2012.

The increase in demand for better performing tyres, however, has not translated into downward pressure on the price of tyres. In 2011, around 9 percent of the respondents surveyed had cited high cost as a deterrent from choosing the same tyre brand for repurchase. Today, this figure has now shrunk to only 2 percent. Car owners are reporting that factors like a quiet ride, brand image and durability rank high in their consideration mindsets rather than cost.

We can now catch a glimpse of today's modern car owner - highly knowledgeable, savvy, and sensitive to macroeconomic changes - yet willing to pay premium prices for a set of wheels that meet his/her needs



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HOW THE TYRE MANUFACTURERS HAVE PERFORMED

Even as customers become more perceptive and demanding, tyre manufacturers too have stepped up their efforts in understanding what these expectations are and have made significant strides to bridge these gaps. Our yearly assessment has shown that overall satisfaction levels with original tyres have been steadily increasing, reaching a record high of 860 points on a 1,000 point index this year.

One of the major findings of J.D. Power Asia Pacific's 2013 India Original Equipment Tyre Customer Satisfaction (OE TCS) study is that there is a notable reduction in the percentage of frequent purchasers - dropping significantly to 9 percent from 18 percent in 2011.

In taking a step to appreciate what has contributed to this

improvement in the level of customer satisfaction, we have to understand the focus from the auto manufacturers as well as the lure of the massive replacement tyre market that underscores the importance of climbing the satisfaction index in the tyre industry.

THE PUSH FROM AUTOMOBILE MANUFACTURERS

In our 2013 tyre study, the appearance of tyre is the strongest driver of customer satisfaction contributing nearly 40 percent to the overall index. Why is this so? When shopping for a new car at the dealership, the average customer is not able to ascertain the build quality of the tyres or its long-term durability (as by looking at them). They, on the other hand, can easily see the appearance of the sidewall, tread design and the tyre rim the moment they visit the showroom.

What this means is that tyres have a direct



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influence in the overall perception of vehicle appeal and performance which automakers cannot afford to overlook and are therefore, directing OE tyre manufacturers to help them achieve their aim.

Each car manufacturer makes the decision to prioritise certain tyre attributes that they know will help to yield the greatest satisfaction from their customers. For example, a car manufacturer which is banking on vehicle design may opt for tyres with bigger and sporty treads whereas vehicles that are marketed on the parameters of fuel efficiency would demand tyres that perform better on lowering rolling resistance.

In addition, the perception of a vehicle's overall ride and handling is directly influenced by the quality and durability of tyres. When a car owner begins to drive his new vehicle, the tyres' ability to absorb bumps on the road as well as resist punctures clearly influences not only

his perception of the tyre performance but also his overall satisfaction with his new car. Therefore, this element of consumer behaviour further necessitates added focus from automakers to partner with tyre manufacturers to improve these characteristics to create positive perceptions of their vehicles.

THE LURE OF THE REPLACEMENT MARKET

Nearly three-quarter of car owners who are delighted with their OE tyre experience are likely to repurchase the same brand versus less than 40 percent saying so for customers who are relatively dissatisfied.

Assuming that a car owner is likely to replace the tyres at least 4-5 times in an entire car's lifetime, the revenue that tyre manufacturers earn from replacement is much more than from OE fitments (from auto manufacturers). However,



Latest J.D. Power 2013 India tyre study says that appearance of the tyre is the strongest driver of customer satisfaction.

tyre manufacturers must provide customers with a positive experience on the first original set to even have a chance of customers returning to fit the same brand for replacement.

What this underscores once again is the importance of OE tyre customer satisfaction on how it should not be simply understood and studied in isolation.

THE WAY FORWARD FOR INCREASING TYRE CUSTOMER SATISFACTION

Our data indicates that there is an increasing demand from customers who are requesting for more advanced technology from their tyres such as self-sealing and run-flat functions. In 2011, 58 percent of customers reported that run-flat tyres are very important. Today, this percentage has risen to 75 percent.

In light of Indian road and climate conditions where 22 percent of car

owners reported tyre punctures and blow-outs, this tyre technology may well be the saviour in a case of a life-and-death scenario. Additionally, with the government's emphasis on national road safety, the awareness of these advanced tyre technologies looks set to increase.

However, the price premium of these tyres - around 20 percent higher than conventional tyres - deters many car owners from making this purchase. Tyre manufacturers must look to innovate and provide the right technology of tyres but market them at an affordable price point.

Clearly, India is an emerging market so the kind of price points that one can command in developed markets are not possible in a market like India. Tyre manufacturers who can find the sweet spot of manufacturing advanced tyres at a reasonable price point will be able to differentiate themselves and continue to be successful. ■

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