


## CASE STUDY

# O.K. Tire Stores Inc.

“TO BEST UNDERSTAND YOUR BUSINESS, YOU MUST FIRST UNDERSTAND YOUR MARKET AND ITS CUSTOMERS.”

Bruce Hawley, National Dealer Development Manager, O.K. Tire Stores Inc.



PITNEY BOWES BUSINESS INSIGHT PROVIDES O.K. TIRE STORES INC. WITH VALUABLE MARKET AND CUSTOMER INSIGHT TO FUEL MORE EFFECTIVE BUSINESS PLANNING

## Challenge

To grow the business and improve the performance at each store, O.K. Tire Stores Inc. needed a tool that would provide accurate, customized data and analysis to support the company's broad store base and help store owners make the best business decisions for their individual stores.

## Solution

O.K. Tire Stores Inc. turned to Pitney Bowes Business Insight to conduct the market and customer analysis needed to help store owners gain a better understanding of the marketplace that their stores operate in. By uncovering patterns in local demographics, buying behavior and local customer needs, PBBI provides the information needed to help store owners improve their individual business.

## SUMMARY

O.K. Tire Stores Inc. was formed in 1953 by a group of independently owned and operated tire store retailers. The owners came together with the common goal of better serving consumers by offering a wider brand selection of tires. Today, O.K. Tire Stores Inc. is the largest independently owned tire franchise in Canada and has grown to over 260 locations and 11 regional warehouses posting annual retail sales in excess of \$250 million.

The franchise prides itself on offering all the benefits of a large franchise operation, such as nationwide warranties on tires and automotive services, while retaining the real interest in customer satisfaction through the personal service of a local owner. Each store is locally owned and operated and its owner decides what tire brands and automotive services will be offered including: brakes, shocks, alignments, tune-ups, oil changes, exhaust, cooling systems and road service.

In 2007, the company realized that to continue growing its store portfolio while maintaining the local ownership and operation of each store, it would need access to timely data and analysis on its key markets and customers. O.K. Tire Stores Inc. began working with Pitney Bowes Business Insight (PBBI), the leading global provider of location and communication intelligence solutions. Using PBBI's geodemographic segmentation system, O.K. Tire Stores Inc. gains valuable insight into customers, prospects and market

profiles. The segmentation system classifies Canadian neighbourhoods into mutually exclusive lifestyle groups — or 'clusters' based on select geodemographic metrics, location and indicators of consumer and lifestyle behaviour.

While other market analysis tools only provide general information, PBBI solutions enables O.K. Tire Stores Inc. to drill down to the defined trade area to analyze each individual market and help store owners make the best decisions regarding merchandising, store set up, inventory, advertising and marketing, for their particular store.

## RESULT

O.K. Tire Stores Inc. felt they could make the biggest impact on their business by working with existing stores to help them better understand their trade area and evolution of their customer base. Since 2007 the collaboration between O.K. Tire Stores Inc. and PBBI has grown to incorporate many different sources of data.

One of the challenges O.K. Tire Stores Inc. faced when rolling out the application was getting store owners accustomed to working with various data sources and incorporating the information into their everyday decision-making. As a result, the company decided to select a few store owners to work with, first to analyze their customer

“GIVEN OUR BROAD STORE BASE, WE NEEDED A TOOL THAT WOULD PROVIDE STORE OWNERS WITH PRECISE DATA ON THEIR SPECIFIC MARKET TO SUPPORT EVERYDAY BUSINESS PLANNING.”

Bruce Hawley, National Dealer Development Manager, O.K. Tire Stores Inc.

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and trade area data and construct a plan to improve the business in each store. The first phase involved looking at basic demographic data: household income, ethnic background and population density. The second phase involved analyzing the buying patterns of local customers to determine if a particular store's customer base is price oriented or brand oriented. The third phase, which launched in September 2009, is focused on taking into account data specific to preferred vehicles of local customers, such as the year, make and model, to help each store determine what their specific customers' needs are.

By combining this data and performing in-depth analysis, the Dealer Development Managers in each market are able to gain valuable insight and share it with each store owner to help them make the most appropriate and profitable decisions. Different parts of the data and analysis are used for different purposes, depending on the individual needs of the store. This approach helps ensure that while business decisions align with O.K. Tire Stores Inc.'s overall branding they are targeted and tailored and therefore optimally effective at the store level.

Looking at each store individually, the Dealer Development Managers work with PBBI to develop customized objectives going forward to guide each store's merchandising, inventory, sales forecasting, advertising and marketing.

For example, the advertising department matches the local demographics of a specific store to the regional radio stations when deciding where to place ads, which helps target advertising efforts more effectively and results in cost savings.

Since every market is different, PBBI solutions and services enable O.K. Tire Stores Inc. to work with individual store owners and discuss their specific market and customer base to determine what they need to do to improve. This is a much more effective approach than talking in generalities and looking at broader data. Additionally, adopting a more customized approach to decision-making for each of its stores enables O.K. Tire Stores Inc. to better serve its customers by providing the right products at the right time.

In addition to providing valuable customer and market insight, Pitney Bowes Business Insight also provides O.K. Tire Stores Inc. with one-on-one consulting with a retail expert who works specifically with the company and provides on-going support to the Dealer Development Managers. Now, the majority of stores are utilizing the data, making PBBI solutions an integral tool in the planning process for the O.K. Tire Stores Inc. franchise.

## THE PITNEY BOWES BUSINESS INSIGHT ADVANTAGE

As the largest independently owned tire franchise in Canada, O.K. Tire Stores Inc. has over 260 locations and 11 regional warehouses. To support business growth and increase profits throughout its diverse store base, O.K. Tire Stores Inc. needed to help store owners better understand their markets and target customer base. To gain insight into local market demographics and customer buying behaviors, the company turns to PBBI for sophisticated, in-depth customer segmentation analysis to support overall business strategy, as well as everyday business planning, at each store.

