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# Strategic Opportunities in Rental Companies and Ridesharing

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Goodyear Dealer Network 2.0 Primary Research

Strategic Opportunities in Rental Companies and Ridesharing

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## **Overview of Secondary and Primary Research**

Given the future of mobility, the increase in online shopping, and the ease of ridesharing, companies need to adapt their network to one that uniquely utilizes their resources to cater to these dramatic changes. The task in this case was to re-image Goodyear's dealer network and find possible ways to use their excess space to help establish themselves in the future of mobility. The team conducted secondary research on three main topics: retail versus online shopping, Goodyear's services compared to services needed by Uber and Lyft drivers, and information regarding the current and future status of ridesharing.

The purpose of our secondary research involving online versus retail shopping focused on the importance in keeping up with the increase of e-commerce sales. Goodyear is currently capturing market share with their brick-and-mortar stores along with their services that are offered online. The question arose if customers preferred to buy services online or in-store. One survey conducted found that 85 percent of customers preferred to make larger purchases in store compared to online (CPA Canada, 2018). With tires being a large section of Goodyear's current portfolio, customers tend to purchase tires in-store to get a good look at what they are purchasing.

With the ease in access to the internet and reduction in phone prices, more and more people are gaining access to e-commerce. Although e-commerce is drastically increasing compared to the traditional retail market, experts believe that the traditional market will always be larger. Primary research was conducted to determine if Goodyear should increase their brick-and-mortar stores or focus more on online shopping.

Since the online market is constantly growing, we conducted research on how companies are currently succeeding in the traditional retail market due to this increase in online shopping.

Two retail powerhouses came to mind when we conducted research on this topic: Walmart and Amazon. Both companies have similar strategies that contribute to their success. They focus on the customers first and worry about profit second. Making sure the customer gets the best value is their most important goal. After Walmart and Amazon were able to create a loyal customer base, profit came easy with the decrease in their supplier's bargaining power.

Our next focus in our secondary research involved the services Goodyear offers compared to the services that Uber and Lyft drivers need for their vehicles. When Goodyear comes to mind, most consumers think tires are the only service Goodyear offers. While tires make up a large portion of their annual sales, their other services also contribute to their success in becoming one of the largest companies in the world. Some of these other services offered are: oil changes, brake installation, battery changes, check engine light issues, and a 29-point inspection (Goodyear Tire & Rubber Company, 2018). All the services they offer apply to the services needed by Uber and Lyft drivers. The idea that a vertical business combination could benefit them both raises the question on why it has not yet happened.

Our last major secondary research topic was the current and future status of ridesharing. We found that as urban areas continue to grow, the need for ridesharing will increase. People who live in large cities are starting to sell their cars because of the pain of driving through a crowded urban area. Right now, the average person takes 45 rideshares in a large city per year (Schaller Consulting, 2018a). Since the population in urban areas is increasing year-to-year, ridesharing could one day takeover as the standard transportation method within urban areas.

After considering all the possible factors in which to conduct our primary research, we decided to focus on the increase in e-commerce and how customers are responding to this

change; how to increase Goodyear's brand awareness; and to concentrate on ways to partner with Uber and Lyft.

We wanted to evaluate if the online retail market is exceeding the volume of the traditional retail market, and if so, how Goodyear can continue to keep up with the change. If not, what can they do to continue to compete in the market they are already in? If the traditional market is shrinking, Goodyear needs to start increasing their marketing and pushing online purchases. If the online market continues to stay smaller than the traditional market, Goodyear might want to think about expanding their brick-and-mortar stores. To get a better idea on consumers' thoughts about online shopping versus the traditional retail market, we put together a survey containing questions involving this topic. Our survey was randomly distributed to students and staff around the University of Akron, and was also put on social media to allow a variety of groups to participate. We needed to understand Goodyear's customer loyalty, so we put a few questions in our survey regarding customer satisfaction to see if they are properly concentrating on their customers. Based on the satisfaction results, we can suggest ways to help improve customer satisfaction while also decreasing costs.

We also conducted a focus group asking the participants about their current use of online services and how they feel about buying tires, oil changes, and other services online versus in person. These questions had set answers to more easily standardize the results. This data was then used to gauge how many people actively use online retail and to gauge interest in purchasing Goodyear services through an online format.

Our feedback began to give us an idea on what, and how, consumers feel about the online versus traditional retail markets. This gave us an idea whether Goodyear should continue to

expand their brick-and-mortar stores or try to get deeper into the up-and-coming e-commerce market.

Our reason for choosing to conduct primary research on brand awareness is because we believe brand awareness is the most important attribute to expanding a business. When we think of specific companies like McDonald's or Ikea we think of the Golden Arches and the bright blue and yellow building. We wanted to research if there is a way Goodyear can make their brick-and-mortar stores more well-known. People do picture the blimp when they think of Goodyear, but we need consumers to drive past a store and immediately recognize it as belonging to Goodyear.

In order to do this, we gathered relevant information from a survey and a focus group, asking participants on their knowledge of Goodyear and the services they offer. This focus group was the same focus group used in the retail versus online objective. We used this data to reinforce the idea that Goodyear needs to change the direction of their stores to match expectations of future consumers. We used graphs to quickly and effectively convey the results and to help us analyze the data. Our main goal was to see if people are familiar with Goodyear brick-and-mortar stores and if Goodyear was doing an effective job in marketing their brand. If not, we will offer recommendations as to what they can do to change this problem, based on our primary research findings.

Perhaps the main focus on our primary research dealt with opportunities for Goodyear to partner with ridesharing companies such as Uber or Lyft. When considering a partnership with Uber or Lyft, it is important to know how Uber and Lyft cars are serviced and if any possible partnership exists. To that end, we interviewed Uber or Lyft drivers to get a better understanding of their needs, asking them various questions about how they choose where to service their car,

and if they have ever considered Goodyear for such services. We wanted to find a symbiotic relationship where both Goodyear and the ridesharing company benefit. An advantage of ridesharing is the driver is always random when you need a ride. This allowed us to have a truly random sample when conducting the in-car surveys. We also structured the survey to discuss the drivers' current situation with the company and what the company can do to improve that position in the drivers' mind. We analyzed their needs and paired Goodyear's services to satisfy them and create benefits for both parties. We used our results to assess what recommendations we should give to Goodyear when it comes to forming a relationship with Uber and Lyft.

### **Overview of Primary Research Findings**

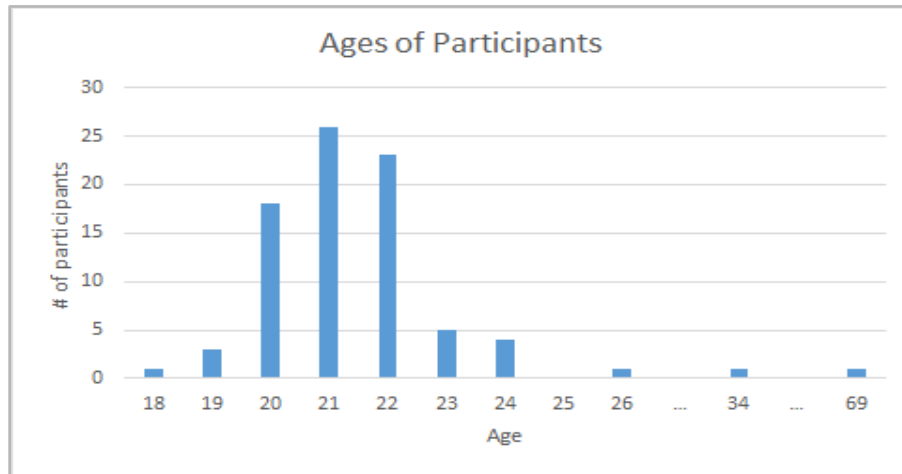
#### **Survey of Brand Knowledge and Shopping Habits**

A survey was created to determine consumer sentiment of Goodyear as a brand as well as customers' preference of purchasing products online versus in store. The survey was taken by 82 people who answered 21 questions that gauged their interest in Goodyear brick-and-mortar stores and their current purchasing habits. The questions also helped to determine the participants age, race, and gender in order to see if certain groups were more likely to use Goodyear stores or purchase items online. The results from the survey are summarized below along with a discussion of some of the implications of these findings.

#### ***Background of Participants***

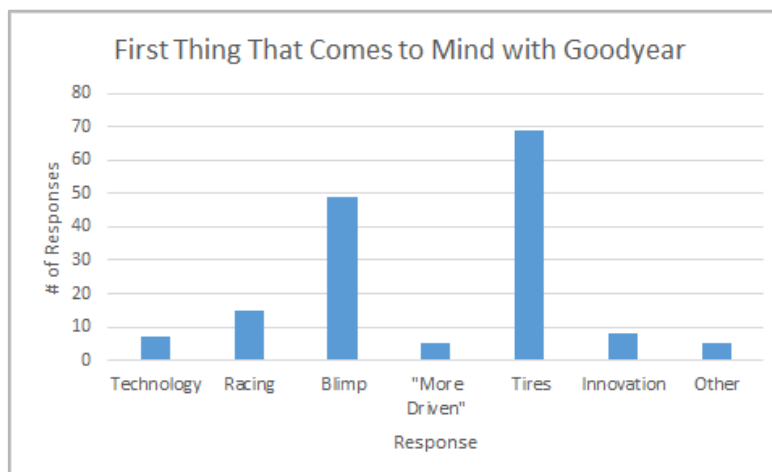
Of the 82 participants in our survey 60 percent were male and the remaining 40 percent were female. The race of the participants was primarily white, making up 95 percent of the total group. The remaining participants were split evenly between Hispanics and those who did not wish to disclose their race. The ages of the participants was heavily weighted towards the late teens (18-19) and early 20s (20-24) with the remainder being split across a wide range up to the

high 60s. From this, it is clear that the majority of the individuals who participated in the survey are under the age of 26 and white. This is something that could introduce bias or error into the results, but with a sample of over 70 surveys, this is a reasonable sample size for testing.



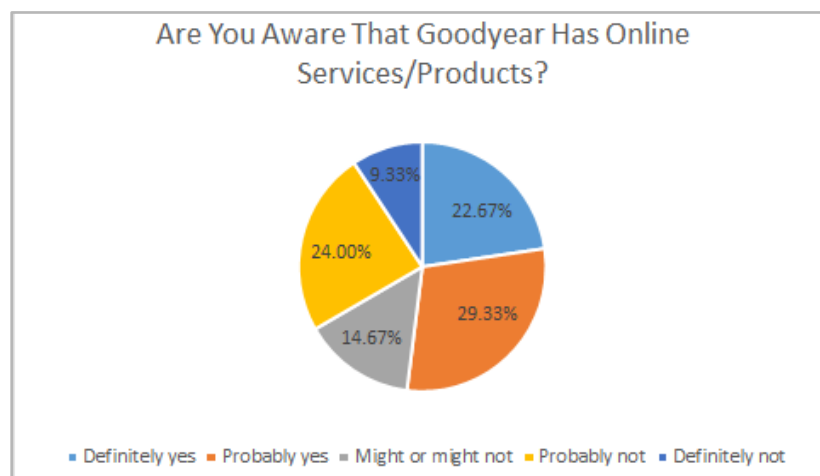
### ***Survey Results Regarding Brand Awareness***

To determine what people associate with Goodyear and its brand we asked questions that relate to its image and what products and services they offer. Our first question asked what the participant associated the Goodyear brand with. The two most common responses were the Goodyear blimp and tires, below is a graph detailing the number of responses as well as the rest of the possible answers to the question. The participants could choose as many of the responses as they wanted in order to fully capture their thoughts.

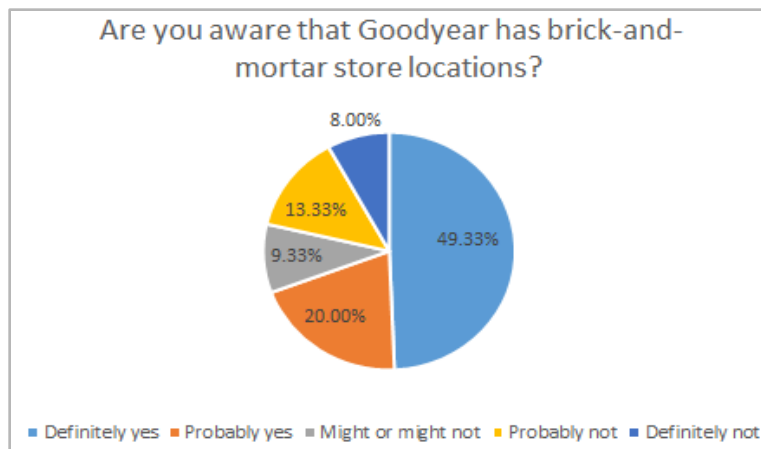




In order to determine if our participants were aware that Goodyear had online services and products we gave them a scale from definitely yes to definitely not. Roughly 48 percent were either not sure or did not think that Goodyear had these online services and products. This is a fairly large portion that Goodyear could try to inform of these services and products. The other 52 percent said either probably yes or definitely yes, further showing there is room for improvement to move everyone to the definitely yes category. Below is a pie graph going into further detail of these results.



The next question was regarding if the participant knew that Goodyear had brick-and-mortar stores. Just over 49 percent of the participants had responses that they were completely sure that Goodyear had these stores. Only about 30 percent answered that they weren't sure that Goodyear had brick-and-mortar stores, which indicated that a reasonable proportion of people surveyed were not fully aware of these stores and this is an area that Goodyear could further improve upon. Below are the results of this question organized into a pie graph.



We then asked the participants if they passed by a Goodyear store on their daily commute to determine if the stores were in a good location. Only 16 percent of the participants passed by a Goodyear store on a regular basis. Some of the participants who answered yes counted the Goodyear Headquarters as a “store” which would bring the percent of those who pass an actual brick-and-mortar store to about 14 percent. This is pointing towards the Goodyear stores being in poor, low traffic locations, which is a situation that could be hurting them due to missing out on the free advertisement. This could also point to low consumer brand awareness in that people may be passing Goodyear stores and not realize that is what they are. This could open opportunities for Goodyear to look into ways to expand knowledge of these stores to more consumers.

We asked the participants what services they knew that Goodyear offered to see if their auxiliary services, those outside tires, were well-known. We excluded tires from this question because Goodyear is already well-known for their tires and tire-related services. Oil changes were the most commonly known service followed by fluid changes and brake services as the other two most well-known services that Goodyear offers. There was then an equal disbursement of known services, with every remaining item having a similar total number of votes. The fact

that our participants knew of almost every service that Goodyear offers in a fairly uniform manner is a good sign that people are already aware what Goodyear can help with.

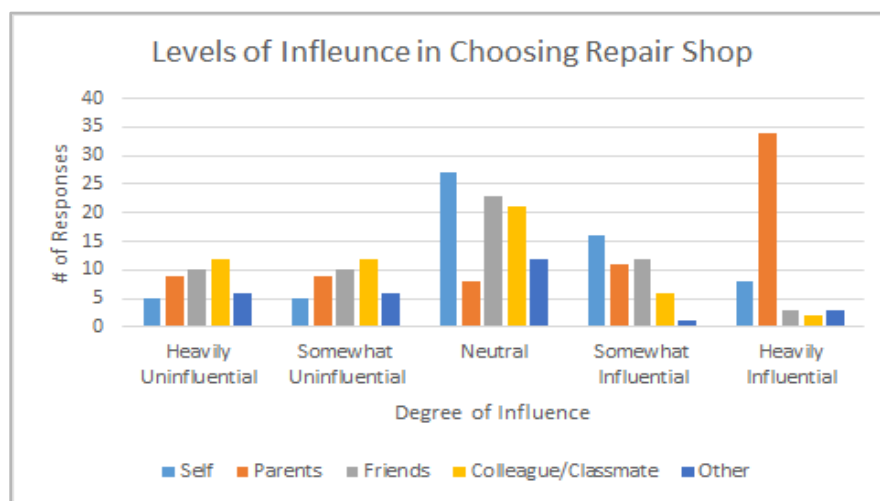
Along with the previous question we asked if the participants had ever used Goodyear to service their car. We found that only ten participants had ever used Goodyear stores to service their vehicles and of that ten, five of them used the store for new tires and nothing else. Only one of the participants used the Goodyear locations for multiple services. With these two facts combined it is clear that Goodyear has a reputation for mostly tire replacement services and not for the many others they offer, even if people are aware that they offer those services.

We then asked those who had used Goodyear's services who influenced them to choose Goodyear to service their vehicle. Unsurprisingly, with our participants being college-aged, parents were the most influential people in many participants choosing Goodyear. We also found that the least influential people were both friends and classmates. Goodyear therefore needs to capture the older crowd that has children in order to influence the next generation to choose their stores. Goodyear could also work to find ways to communicate their brand and services more clearly and directly to young adults to get them to one day choose Goodyear for themselves.

Of the remaining participants who did not use Goodyear for their car services, we asked where they got their car serviced instead. The most popular alternative was local mechanics with a wide gap between it and the other options. Dealerships, other chain store brands, and self repair were all within two votes of each other making it a very small difference. To remain competitive, Goodyear is going to have to be able to compete with the local mechanics who are the option chosen most frequently.

We also asked those who use other car maintenance shops to tell us who influenced them the most to choose those shops. This was done in order to see if how they were influenced

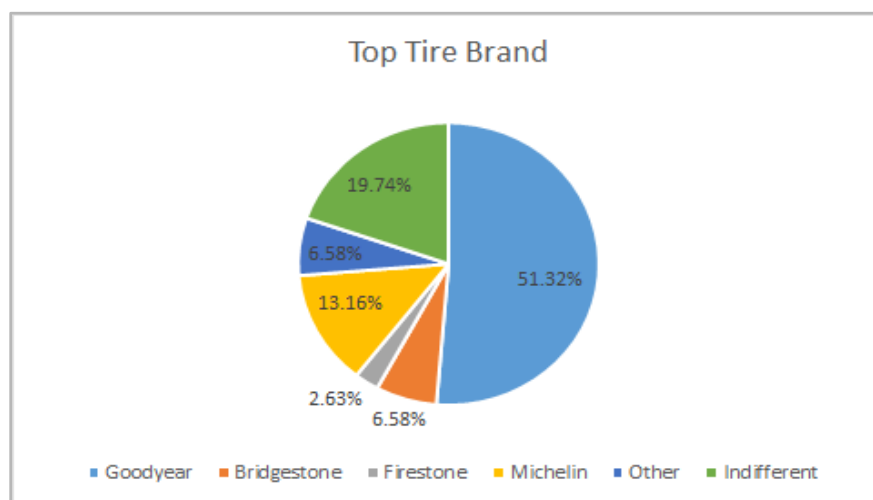
differed from those who chose Goodyear. This followed the same exact trend as those who were influenced to use Goodyear shops with over 50 percent of the participants saying their parents were the most influential factor in where they serviced their car. Colleagues and friends were responsible for about 46 percent of the total “least influential” category, similar to the participants who use Goodyear. This further cements that Goodyear needs to focus on keeping parents pleased with their service in order for them to influence their children to go there and get the future generations using Goodyear service centers. As stated before, Goodyear may also need to try and capture this market by more clearly communicating their value to young adults who may be making their own decisions in the near future.



We maintained a similar pattern as we did in regards to those who used Goodyear and asked what services they have had done to their vehicles at other service locations. The most commonly done services were oil changes and brake services. This is a stark contrast compared to Goodyear stores where we had a majority of the responses pointing towards tire replacements and services. Following those other services, battery services and check engine light problems were the other two big services people outsourced to the other repair shops. Clearly, people do more than tire services at repair shops and Goodyear needs to capitalize on this missed business.

Next, we asked how likely the participants were to recommend Goodyear to a friend or colleague. A strong 56 percent of the participants said they were likely to recommend Goodyear. Only 11 percent of the participants said they were not likely and the remaining 33 percent said they had no feelings either direction. This is a good position to be in for Goodyear's brand which seems to be based primarily on the quality of their tires, but this could help drive traffic to the brick-and-mortar stores for services outside tires.

For our final question about brand awareness we asked what tire brand was the participants' top choice for their vehicle. We wanted to know which tire brand came to mind first for our participants. Goodyear dominated this question with just over 51 percent of the total vote. After Goodyear, the most selected choice was "indifferent," with just under 20 percent of the total vote. The remaining vote was split between Michelin, Bridgestone, other brands not given as an option, and Firestone in that order. This is a good sign that Goodyear is doing well at advertising their tires, but it is important to remember that this survey was taken by mostly people from the University of Akron where Goodyear has multiple buildings and sponsorships. If this survey were to be expanded and given to a larger sample of people from different areas, the results could be very different for this question.



### *Survey Results Regarding Retail Versus Online Shopping*

The next section of our survey was aimed to learn more about the shopping habits of the participants. To assess consumers' habits with online shopping, we first asked if they prefer online or in-store shopping. We were surprised to see that about 66 percent preferred to shop in-store compared to online. This was especially surprising due to the fact that the majority of our participants are in their early 20s, an age group that is considered to prefer online shopping. Due to Goodyear already having stores, they are already in a good position to capture the largest portion of the market by appealing to those who prefer to shop in the store rather than shopping online.

We next asked how comfortable the participants were with purchasing goods online to determine if putting their information into an online database was something they were comfortable with. 89 percent of the participants gave either a positive or neutral response while the remaining 11 percent were at worst only moderately uncomfortable. The results of this question show that consumers are fairly comfortable with purchasing online goods and none of our participants were extremely uncomfortable with this method of shopping. Goodyear can take advantage of this by pushing their online storefront in their brick-and-mortar stores in order to increase website traffic.

The focus group revealed more about this question as well. When asked to give examples or dig-deeper into their response, many of the focus group participants expanded on their answer. These expansions showed us that for the most part, if it is a site the individual trusts and knows has a good reputation for keeping information safe, Amazon for example, then they are comfortable using it for purchases. On the other hand, if the site is one they were not familiar with, they tended to be more wary of putting their information into the system. Goodyear needs

to establish their online purchasing services as trustworthy and safe in order to capture this segment of the market share.

The next two questions were both to determine when, or if, the participants have bought tires, and if so, did they buy it online or in-store. 72 percent of the participants have bought tires at some point in their lives and the remaining participants have never purchased tires. Nearly a majority of the participants, 45 percent, had purchased them within the last year. Of those that purchased tires at any point, only 11 percent of that group had purchased them using online mediums. This is a very large number of consumers not using the helpful online tools that Goodyear has developed for online tire shopping. Goodyear customers may not be aware of these tools and it may help to advertise them more.

### **Uber and Lyft Survey Results**

One of our main goals for our primary research was to interview Uber and Lyft drivers to gain further insight into what rideshare drivers are looking for in regards to servicing their vehicles. Our team was able to interview 20 drivers in the surrounding area including Akron, Cleveland, and Lakewood. We asked a total of five questions that examined quantitative and qualitative variables. The results from the interview are summarized below along with a discussion of some of the implications of these findings.

### ***Interview Results***

To gain further insight, our team wanted to know how long each driver had been working for Uber or Lyft. For the 20 rideshare drivers that were interviewed, 7 were employed by Lyft and 13 were employed by Uber. The average length of employment for the rideshare drivers interviewed was one year. The maximum length of a driver was seven years, while the minimum

length was seven days. From this range we were able to get great insight into what rideshare drivers were looking for in car service.

We proceeded to ask the rideshare drivers how many miles on average they drive a month. Every driver answered that they drive over 1,700 miles a month, which is unsurprisingly above the national average (U.S. Department of Transportation, 2018). The average miles driven by our interviewed drivers a month is 3,114, with a maximum of 10,000 and a minimum of 1,700. With rideshare drivers driving more than the average consumer they need to get their car serviced more frequently than the average driver would. The services they need more frequently consist of oil changes, tire rotation, tire replacement, and many other services that are normally based on mileage.

Our next question addressed where the drivers get their car serviced currently. We had a variety of answers that consisted of local mechanic shops, national chains such as Valvoline and Midas, dealerships, Walmart, and self-service. Each of these places offers the drivers something that they like in their car servicing experience.

We then proceeded to ask the drivers what they were looking for in car servicing. A common answer with the drivers was speed. The rideshare drivers are looking for a place that does not take hours to complete service on their vehicle. After all, this is time that could be used for other avenues, such as completing more rides and making more revenue. Another common answer among drivers was cost. Most rideshare drivers are driving to make extra income and are not wanting to spend more than necessary on vehicle service. Some other answers obtained were reliability, customer service, and ease of service. Rideshare drivers are looking for a place that is quick, cost friendly, and that they can trust.



Our final question for the drivers asked what their ideal car service experience would be. Our team was interested in what rideshare drivers ultimately want when servicing their vehicle. Drivers answered with a variety of things but the majority mentioned wanting something easy and trustworthy at a good price. Drivers also mentioned wanting the option of a one-stop shop for rideshares where they could also get their car washed and vacuumed, as well as the mechanical services their car needs.

### **Recommendations Based on Primary and Secondary Research**

Our first recommendation involves a partnership with Uber and Lyft for their drivers to get serviced exclusively by Goodyear at a discounted cost. In our secondary research we found that there was a 120 percent increase in rideshare users between 2016 and 2018 (Schaller Consulting, 2018). Therefore, ridesharing will be a continued form of transportation in the future. Within our survey of rideshare drivers, we found that all participants drive over 1,700 miles a month. The U.S. Department of Transportation reports that the average number of miles people drive a year is 13,746 (U.S. Department of Transportation, 2018). This comes out to a little over a 1,100 miles per month, which is much less than what the rideshare drivers we interviewed drive. This means that rideshare drivers are needing car servicing such as oil and tire changes more often than the average driver.

In our interviews with drivers, we also found that none of the drivers went to Goodyear to receive service for their car. Most participants were looking for speed and reliability when getting their car serviced. Goodyear could leverage themselves by creating service partnerships with rideshare companies such as Uber and Lyft. Under this partnership, rideshare drivers would go to Goodyear exclusively to service their cars at a discounted rate. This partnership would make Goodyear well-known within the rideshare market and expand their presence more. The

partnership would also build a relationship between drivers and Goodyear that could be carried on after the driver stops ridesharing.

Within this partnership, Goodyear could require that drivers display a “Goodyear Service” sticker in their vehicle. This sticker would denote that the driver goes to Goodyear for service. Ultimately, this would raise awareness that Goodyear offers vehicle servicing and also allow the company to be more visible. In our survey, Goodyear was the top choice for tire brand with 51 percent of participants choosing them. When it came to knowledge of Goodyear’s brick-and-mortar stores however, only 49 percent of participants were sure that the locations existed. This shows a weak spot in Goodyear’s brand image. Goodyear is well-known for their tires but their retail stores and other services are lacking in visibility. Adoption of a “Goodyear Service” sticker could ultimately increase awareness of Goodyear stores with a targeted demographic of rideshare users.

Another recommendation our team came up with is a discount for students to receive vehicle service from Goodyear. We believe that a discount for students could make a younger age group more aware of Goodyear, and make Goodyear more prominent in their minds. Also, students that use this discount will be more likely to use Goodyear for servicing after they graduate. Our primary research, which consisted of mostly college-age participants, found that parents were the most influential in those who had previously used Goodyear for service. A student discount could leverage more parents to suggest use of Goodyear to their children or convince more students to choose Goodyear for themselves. In addition, 30 percent of people surveyed were not sure that Goodyear had brick-and-mortar stores. This is a problem for Goodyear because people are not aware they can take their car to get service at a Goodyear brick-and-mortar location. A number of participants mentioned cost being a big factor in

deciding where to go for servicing as well. With college students having tight budgets, a discount is sure to entice more people to come to Goodyear for their car servicing needs. A discount program for students would allow Goodyear to effectively target a younger demographic and foster continued business after graduation.

Our next few recommendations fall under the broad category of brand awareness. We believe brand awareness is the most important attribute a company needs to focus on in order to expand their reputation and consume a greater market share. A consumer needs to pass a Goodyear brick-and-mortar store and instantly be able to identify it as such. Based on our survey, most participants could not even tell us where the closest Goodyear brick-and-mortar store is located. With a majority of these participants living in the greater Akron area, this is a serious concern for the company's brand awareness in regards to the look of their stores. We recommend Goodyear creates a more "standardized" look to their stores in order to be quickly identifiable by customers driving past. If the consumer knows exactly where the nearest store is, they will be more likely to keep Goodyear in consideration when deciding to get their car serviced. Not only would a more standardized look increase brand awareness, but it would make building new stores easier because the blueprints are already drawn up. This leads to our next recommendation, which is to increase the number of brick-and-mortar stores.

Our secondary research helped us conclude that consumers prefer buying tires in-store rather than online. We also know that the traditional retail market will most likely continue to stay larger than the online market as a whole because consumers like to see what they are purchasing before they purchase the good or service. If Goodyear built and expanded the number of brick-and-mortar stores throughout the country, customers would be more satisfied and Goodyear would increase their brand awareness. Building more stores is a large capital

investment, but sacrificing some profit margin to build a stronger customer base could be worth the risk. This brings us to our last brand awareness recommendation which involves adopting the strategies of successful retail powerhouses.

With the increase in online shopping, Amazon and Walmart have continued to thrive, while other large retail stores such as Kmart and Target have been shutting down across the United States. After researching how each company continued to compete within the new market, we found a few similarities that Goodyear should consider adopting.

Making sure the customer was getting the best deal and that they were completely satisfied was the original goal of Walmart. If the customer was getting the best deal, there is no reason they would not become a loyal customer and continue shopping at Walmart for years to come. With years of Walmart taking a small hit on their profit margins, they created a very loyal customer base that will continue into the future. If Goodyear can adopt this strategy for a few years, they can ultimately widen their loyal customer base and become more well-known for servicing cars.

Another recommendation based on powerhouse companies is through comparison to Amazon. Customers do not like waiting for the products they order or the services they request. Amazon set themselves apart from other retailers by offering a Prime Membership. This gave the customers free two-day shipping along with other free services. Some would call it an all-inclusive package to keep the customers satisfied. If Goodyear can offer a similar membership to their customers, they could increase customer satisfaction and their market share at the same time. Perhaps the membership can offer discounts on services, guaranteed one hour oil change, free tire rotations, or other services. The membership can be a combination of the services or products most valued by customers to incentivize them to stay with Goodyear.

### **Constraints of the Secondary and Primary Research**

As with any research and consulting project on a strict time schedule, our team faced some obstacles that may have hindered our ability to fully develop a method of expanding Goodyear's dealer network. We had to overcome internal as well as external forces in order to piece together the pertinent aspects of this project. In the future, we would try to combat more of the internal forces to better create a path for success for not only our team, but the project we envisioned.

Internally, we dealt with communication issues. While our teammates were transparent with one another, business professionals have incredibly busy schedules. With Goodyear being a multibillion-dollar corporation, maintaining adequate contact with our representatives within the company proved itself a difficult task. In the future we would better develop a plan with our representatives and make expectations clear in order to mitigate feeling rushed towards the end of our research trying to fit in the other requirements that were to have been completed earlier in the semester per our previously designed time table.

Due to the difficulties with communication, we were also unable to complete what we felt was a compelling section of our primary research in interviewing brick-and-mortar store associates, as well as any customers in those shops. We did not want to interfere with their daily operations or overstep the boundaries as a team researching for this project without having prior consent from both our representatives and the store managers.

Besides interviewing associates and customers, it may have been beneficial to simply observe their overall behavior. Body language comprises the majority of what we perceive from others, so watching the experience of employees and shoppers from a body language standpoint may have told us what their words could not or would not have shared. This information would

have been beneficial in narrowing down what exactly the store associates provide to their customers and what they think the customers are expecting in a car servicing environment. It would have also allowed us to better understand the car servicing and tire buying environment as many of us are not very familiar with the process. We could have precluded this constraint by recognizing further in advance that we would need to seek permission for doing research of this nature. We also could have tried reaching out to the stores directly to see if they felt it would interfere with daily operations or if they had any other suggestions for us.

We were also unable to complete the tour of Goodyear's global headquarters and the check-in with the representatives until very near the end of our project. At that time, we were able to see a deeper glimpse into what ideals and business processes the company holds highly and also receive feedback on our research thus far. While the feedback was appreciated and helpful, it left little time for additional research to be conducted. With further planning and check-ins with the representatives before the implementation of our primary research stage, it would have been possible to implement strategies to better answer the questions that arose in our meeting with them during the tour. This would not only have heightened the level of our work, but greatly benefitted Goodyear because we would be giving more relevant information to our representatives. As previously mentioned, developing a better plan with our representatives and making our expectations on both sides clearer would have benefitted us.

Another improvement would be to hold the tours promptly after being assigned a company because it may lead groups to a more relevant and complete topic for the project. A preliminary tour that is more informative about the company and its needs coupled with a tour later along with a professional meeting before the implementation of primary research strategies may lead to a more concrete and conclusive outcome to the project in the future.

Externally, receiving ample responses to our survey and feedback within our focus group was a challenge. The majority of the sample population for our survey was college-aged and of other similar demographics. While the survey did give a better look into what young adults are thinking in terms of brands and car servicing options, it is hardly representative of all young adults as the participants shared many similar traits. Our main methods of disseminating were social media and personal connections. In the future it would be beneficial to discover modes that have a further reach to different demographics in order to obtain more well-rounded information.

Our focus group consisted largely of personal connections we had prior to starting this project. Since similar people tend to be acquainted with one another, our focus group did not offer many different insights into the car-related wants and needs of consumers that we did not already know. This may have created a bias in that we focused on what was important to us and others like us, but not necessarily what people generally want. Both our survey and focus group consisted of people in or from this area of Ohio as well. This could have greatly swayed our research and findings because Goodyear is headquartered in Akron, and thus a household name. In order to better gauge the average Goodyear customer, polling beyond the Akron area would be an appropriate change in the future.

In interviewing rideshare drivers such as those who work for Uber and Lyft, our options were limited to what was available at the time and in the areas when we were set to perform the interviews as well. Since ridesharing options are not available in some towns and counties, our research primarily consists of rides taken later in the evening and night, and within the Akron and Cleveland areas. This is a limitation because people who drive in cities are going to have different wants and needs than those who drive in suburbs or rural areas predominantly, whether

it be for ridesharing or personal purposes. While Goodyear does service people in cities, people in suburban and rural areas may be more likely to go into a Goodyear brick-and-mortar store simply because it is more accessible in those areas. Many of the drivers also said they service their own vehicles, so they would not even be on the market for going to a Goodyear store. In the future, planning Uber and Lyft rides around trips out of town or out of the state may offer more conclusive results.

Additionally, we originally planned to have completed far more ridesharing rides than we did as a team in order to interview drivers about their personal experiences and wants. Our teammates are all working or taking classes at the very least, so that severely limited the time available to take an Uber or Lyft. Our drivers were those who frequently or even exclusively drove on the weekends as well, so there was little variation in their overall experiences and feelings towards their respective companies and car servicing needs. Our team could have better planned by strategically taking Uber and Lyft rides, whether they be at night or during the day, or short or longer rides to get better and more representative interview results.

Despite the challenges we faced as a team, we were able to overcome and develop a carefully curated plan for the potential partnering of Goodyear and ridesharing services, as well as bringing attention to the brand recognition Goodyear currently possesses. With more time, each of these limitations could be overcome with further planning and implementation. Our biggest takeaway from this project is learning to quickly understand and counteract the constraints we faced. In the future, we realize that we will not be given straightforward projects in our careers, so learning how to research and develop solutions with creative ideas before graduation will prove very beneficial. We have also learned how to stay on target with our time



constraints when there are so many different outlets we desired to research. Overall, this project has allowed us to learn valuable information both inside and outside of the classroom.

### **Action Steps on Further Research**

Based on our findings and the constraints we encountered, we believe Goodyear can implement different things in order to increase brand awareness and potentially partner with rideshare companies. By surveying a larger geographic area, thus expanding the demographic sample, Goodyear will have a better understanding of what exactly it is that people recognize about the brand and where they can focus their efforts in efficiently increasing awareness. We also recommend including a section on whether students would be interested in a student discount and ensuring that the survey reaches college towns, particularly universities where many students have vehicles.

Since we were unable to interview associates and customers in the brick-and-mortar stores, we also recommend completing these interviews to see the true daily operations and what customers, including those who participate in rideshare services, like and dislike about them. The last step would be to develop relationships and discuss the feasibility of partnering with companies such as Uber or Lyft. In those discussions, Goodyear could decide in what ways they can create a mutually beneficial relationship and which services to offer exactly. These are all steps Goodyear can take to further the research we have completed and implement the recommendations we have made.

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Goodyear Dealer Network 2.0 Secondary Research

Strategic Opportunities in Rental Companies and Ridesharing

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**Introduction: Retail and Online Shopping**

Fifteen years ago, the traditional consumer market was dominated by brick and mortar retail stores. Face-to-face interaction was the most common way for a consumer to buy goods and services. With the introduction of e-commerce in 1991, businesses started to change their approach on how they targeted consumers (Laudon & Traver, 2008). Because the thought of purchasing available goods and services over the internet using secure connections and electronic payment services scared businesses and consumers, e-commerce didn't become a trend for another ten years. E-commerce started taking off in 2000, once the brick and mortar companies started noticing the success of implementing e-commerce. E-commerce sales in proportion to total U.S. retail sales increased from 4 percent to 10 percent, from 2000-2018 (US Department of Commerce, 2018). With the evolution of the internet, a 6 percent jump isn't out of the ordinary. Experts expected a much larger jump in e-commerce sales with the ease of buying from your home. According to the U.S. Census Bureau, online retail stores increased by 27 percent from 2011-2012, while brick and mortar stores increased by only 0.1 percent in the same period. Experts say that the online retailers will continue to grow at this rate for the next 5 years as more people start to have internet and phone access. However, they don't believe the market will ever be as big as a traditional retail market (Unruh-Enos, 2015).

Businesses are concerned with this increase in e-commerce retail sales because most businesses operate solely from a single store. Owners believe that if they don't start selling online, their businesses will continue to suffer as e-commerce evolves. This is untrue. Eighty five percent of consumers prefer to buy certain goods in store compared to online because they get the chance to physically see the item before buying it. Consumers don't feel comfortable spending their hard-earned money on products without being able to physically see and feel what

they are buying. For this reason alone, experts expect the e-commerce market will reach a peak by 2023 (CPA Canada, 2018).

When online retail was first introduced, people were ecstatic about it. The ease and secureness of buying from their home freed up a lot of time for consumers to focus on other important aspects of their lives. With the improvements in delivery-time, logistics, and price due to competition, economists predicted consumers to become more satisfied with online shopping overtime. People aren't any more satisfied with online retail than they were 15 years ago. Consumer's satisfaction ratings have fluctuated from 77 to 83 percent from 2000-2017 (Statista, 2018d). One major reason why the satisfaction rate isn't higher than that is because of their concerns with security and safety. 70% customers agreed that they are fearful in using credit cards/debit cards for online payment, 7.5% customers disagreed with this and 21.5% customers were uncertain about it (Rongali, 2017). With only 7.5% of customers being completely satisfied with the safety of online shopping, this shows a concern on the growth of e-commerce in the future.

As of now, there are two kinds of people who spend too much time worrying about the future of retail. There is the "retail apocalypse" group, who believe that virtually all shopping will eventually be done online, and that brick-and-mortar stores are in trouble. At the other end of the spectrum are the disruption deniers who acknowledge that the retail climate is indeed changing but who take comfort in the fact that physical retail is still growing and, more notably, that e-commerce represents "only" about 10 percent of all retail (Dennis, 2018). As online shopping continues to increase, so will the traditional brick-and-mortar stores across the U.S.

### **Success in the Traditional Retail Market**

Goodyear has over 2,000 franchised brick-and-mortar stores across the United States alone. Each location is responsible for all of Goodyear's services they offer which include: tire installation, tire rotations, oil changes, realignments, and much more. Consumers drive by these locations every day on their way to work, the local recreation center, and even the movies. These stores are the face of their brand to their customers. (Goodyear Tire & Rubber Company, 2018).

How a company deals with their brand awareness is the key factor to perfect if a company will succeed in the long-run. Consumers make a lot of rational decisions, with most of them contributing to if they recognize the company or if they don't. Take McDonalds for example. Most consumers can name their slogan, their arches, and even their mascot. They have done an exceptional job making their brand well-known. Brands that stand apart in a crowded market often have a visual identity that clearly realizes this opportunity and use it to build a more positive connection with the consumer. They know the importance of good design to permeate and connect within a market (Bladin, 2018). When companies start to see a decline in growth rate over a few years, they should start the rebranding process and figure out what the consumer is looking for in the corded market, and design it to fit their needs. A recent study by Microsoft claimed that humans, on average now have a measurable attention span of eight seconds. If this is indeed true, the challenges faced by communication designers of all forms have never been harder (Bladin, 2018).

Perhaps, the most complicated obstacle Goodyear needs to overcome, is being effective in the retail industry. Big retail chains are suffering due to online shopping. Stores like Macy's, Toys-R-Us, Target, and Kmart are shutting down all over the country, while other companies like Amazon and Walmart are flourishing more than ever. Everyone wants to know how

Walmart has annual sales of 120 billion dollars a year while continuing to grow their consumer base. It's unlikely that Goodyear can mimic all, or even most of Walmart's strategies, however, every company has a strategy that fits their business best.

Walmart's goal since they started in 1962 has been, "To save people money and improve their lives." They have succeeded in retail because they have stayed true to their word. They don't concentrate too heavily on their profit/loss statement. They look at if their customers are getting the best deals. From this reason alone, they created millions of loyal customers (Moloney, 2017). Walmart keeps their costs down at all costs. Instead of hiring contractors for trash duty, cleaning bathrooms, or cleaning their windows, they have their employees specialize in many jobs. Every additional cost they incur, will eventually be passed down to their customer.

When Amazon introduced that Amazon Prime holders receive free guaranteed two-day shipping, their membership rate skyrocketed to 55 percent of their customers buying Amazon Prime. Walmart quickly adopted the same principle to make sure their customers are still getting "the best deal" (Moloney, 2017). Companies that decide to go the online retail route, always make sure that their shipping is fast because they know how important that is to consumers. Amazon's main strategy to compete in the retail industry was investing in growth for their first five years as a company. Walmart adopted this idea, and grew at an exponential rate because they surrendered profit increases to focus on growth and reaching more consumers (Moloney, 2017). They took a hit on their gross margins to gain a more diverse consumer base.

Douglas Rushkoff, writer of *Throwing Rocks at the Google Bus: How Growth Became the Enemy of Prosperity*, believes that, "A company must pivot away from its original mission in order to grow enough to reach a 'home run' in the form of an acquisition or IPO. They'd rather the company die, than live as a moderate win" (Rushkoff, 2016). Companies that are already

showing a profit continue to grow and become a monopoly like Amazon is doing with retail, and Uber with taxis. Companies are incentivizing CEOs to push for growth at any cost even if it affects the company's profits for shareholders and the company itself. At a conference with the CEOs of the largest 100 companies in the world, it has been observed that they all talked about the growth of their companies, and "if one of the world's 100 biggest companies isn't big enough, then what is?" (Rushkoff, 2016). Corporate profits over net worth have been decreasing for 75 years. It's stressful and risky for companies to surrender profit to focus on growth for a few years. However, doing this will allow them to expand in the online market, and in brick and mortar retail stores.

### **Goodyear Founding**

The Goodyear Tire and Rubber Company was founded in Akron, Ohio in 1898 by Frank Seilberling. Seilberling obtained a 3,500-dollar loan from his brother-in-law and purchased the company's first factory. The company specialized in the production of rubber items such as bicycle, pneumatic carriage, and automobile tires. Goodyear originally employed only thirteen workers, but by 1926 it was the largest rubber company in the world. Throughout the 20th century the company was able to expand more and became well known for their innovation. Today, Goodyear has annual sales of more than \$15 billion, employs 66,000 individuals, and is one of the leading tire companies in the world. Operating two innovation centers located in Akron, Ohio and Luxembourg, Germany, they continue to innovate and stay ahead of the curve (The Goodyear Tire & Rubber Company, 2018d).

### **Goodyear's Day-to-Day Operations**

Goodyear Tire and Rubber maintains the largest share of the tire retreading and recapping market globally, which is an option many consumers choose to take instead of purchasing new



tires every time they are needed. Despite an expected fall in annual revenue in 2018, Goodyear will remain on top. Goodyear's current success is due in part to its size, with 48 manufacturing facilities in 22 countries around the world, making it one of the largest tire manufacturers in the world. (IBIS world, 2018c). Goodyear benefits from having a large and accessible network, which plays a role in maintaining its hold on the market because nearly all people across the globe have access to Goodyear's innovative products.

Having this hold of the market gives Goodyear the ability to negotiate prices with suppliers, which was especially helpful with the previously changing rubber prices. When the price of rubber falls as it did in 2014 and 2015, consumers are more likely to buy new tires instead of retreading their current tires because it is more cost effective. While it is typically more cost effective to retread tires, the price of tires fall with falling rubber prices. The cost of retreading, however, does not vary much because the service itself still needs to be paid for. Consumers then choose to buy new tires rather than retreading the ones they already own. Tire companies can experience a loss in revenue when the price of rubber falls due to this phenomenon. However, because of Goodyear's expansive product list, it has avoided losses as large as its competitors by increasing revenue from other products and services. Its yearly operating income, not including the revenue earned from the manufacturing of tires, reached its peak in 2016 at 84.4 million and has since declined, but has not dropped lower than the 2013 operating income of 61.4 million (IBIS world, 2018c).

Ground transportation is crucial with today's growing need for timely deliveries. For many companies, trucks breaking down on the highway in between their destinations could cause a loss in revenue because of missed delivery times or spoiled goods. Goodyear has recognized this problem and developed services to remedy it as best as they can. Goodyear offers 24-hour

roadside assistance to its commercial consumers, specifically with an app that connects drivers to roadside assistance directly (The Goodyear Tire & Rubber Company, 2018c). With a goal of completing a service call in two hours or less, Goodyear has been able to decrease the downtime drivers spend on the side of the road waiting for assistance (“Nationwide Dealer Network”, 2018).

Furthermore, with a business model that ensures the same high-quality service at each location around the globe, Goodyear has given commercial drivers an easier path across the country for whatever products they may be delivering. For both commercial and retail consumers, Goodyear also offers warranties which not only adds value to their experience but also ensure customer loyalty (“Nationwide Dealer Network”, 2018).

### **The Markets Goodyear Operates Within**

Before delving into the different markets Goodyear is involved in, it is important to discuss the overall tire market in the United States. In the United States, new car registrations have been increasing since the low of the recession in 2009 (IBIS World, 2018e). Despite this increase, auto production has decreased in the United States since 1994 from 6.75 million to just 3 million in 2017 (Statista, 2018a). While this may have many factors, including increased imports from overseas, decreased new vehicle purchases, and increased used vehicle purchases, there are other statistics that help make the image clearer. In 2008, there were 195 million replacement passenger tire shipments in the United States. By 2017, this number had increased dramatically to 208.3 million, an increase of 6.8 percent (Statista, 2018a). Furthermore, as of March of 2018, there were 272.1 million vehicles in operation. This was an increase from 268.3 million vehicles in March 2017 (Experian, 2018). From this data, it becomes clear that as people are buying more cars, they are purchasing more replacement tires for those cars. This can

possibly be explained by people driving their cars longer and further before getting a new car, and thus wearing out their tires, and other parts, more often.

### **Goodyear's Services**

Since examining the market which Goodyear operates, next it is important to examine the overall tire industry and the segments within it. First there is the tire manufacturing industry. This segment is defined as the manufacture of “aircraft and motor vehicle tires, inner tubes and tire repair materials. The finished products are then sold to aircraft and motor vehicle manufacturers and tire wholesalers,” (Lifschutz, 2018b) which are largely original equipment tires. Then there is the tire dealer industry which retails tires and tire tubes for passenger cars, sport-utility vehicles and commercial trucks. Businesses that offer maintenance services in addition to tire sales are included in this industry. Mail order and online tire sellers are excluded (Cook, 2018a). Tire wholesalers are an industry that operates as “wholesale distribution of new and/or used tires and tubes for passenger and commercial vehicles” (Cook, 2018b).

There are also many services outside of tires that Goodyear offers. These companies are often called Oil Change Service companies. The oil change service industry is defined as ones that “change motor oil, lubricate the chassis of automotive vehicles and provide other automotive repair and maintenance services [...]. Unlike auto mechanics, companies in this industry do not provide mechanical and electrical repair and maintenance” (Hyland, 2018).

At their brick and mortar locations, Goodyear offers many of the services of an oil change service company as well as the services and products of a tire dealer. Goodyear offers popular auto services including oil, brake, and battery changes, and check engine light issues. They also offer maintenance services including a 29-point inspection and fluid changes (brake, coolant, antifreeze, and the like). Furthermore, Goodyear provides repair services of air

conditioning, belts and hoses, and some electrical problems. Of course, Goodyear also offers tire services from alignment to installation to rotation (The Goodyear Tire & Rubber Company, 2018b). These are all services that all drivers will need at some point need. In particular, cars that are being driven further and more frequently than the average car. This, along with companies whose cars are driven more than average, are where Goodyear has its advantage.

Since the services above are actually part of multiple industries including the tire dealer (Cook, 2018a) and the oil change service industry (Hyland, 2018), there is little research on the segment of the market that Goodyear possesses for those services. Within those services of Goodyear and their dealer network that are part of the oil change services industry there are some statistics on the overall market. Of that market, revenue as of 2017 was seven billion dollars and industry growth was 0.8 percent between 2012 and 2017 annually. Within this industry, there are over 34,190 businesses that perform these services (IBIS World, 2017), and it is all those companies that Goodyear is competing against.

### **The United States Consumer Market**

For a better understanding of their products, it is important to know the environment in which Goodyear is operating when it comes to households. The US Census Bureau estimated in 2017 that there were 126.22 million households in the United States. A household is defined as all the people in a housing unit. Since the 1970s and before, the United States has seen a dramatic shift in the composition of American households. In 1970, one person households accounted for just 17 percent of all households. They now account for 27.98 percent of all households as of 2015, and that number is expected to continue increasing. On the other hand, households with more than five people have dropped from 21 percent in 1970 to less than 10 percent in 2015 (US Census Bureau, 2017).

Reports have shown that of the 126.22 million households in the United States, approximately 1.3 million would usually be patrons of Goodyear and buy Goodyear tires over other companies (Statista, 2018c). Compared to other tire manufacturers, when ranked by tire related sales in billions of dollars, Bridgestone comes out on top with 26.2 and Michelin is in second with 23.4. Goodyear comes in third with 14.6 billion in sales (Statista, 2018a). Goodyear has a decent portion of the market share, but there is definitely room for them to gain more.

Another major change in American households in the last 50 or so years is the location of households. This period has seen urbanization in full force in the United States. Urbanization is the migration of people into cities, mostly from more rural areas but can also include those coming from other countries. In 1967 the degree of urbanization within the nation was 72.61 percent, but as of 2015, that number had risen by nearly ten percent to 81.62 (World Bank, 2018). This trend is expected to continue in the coming years as more opportunities develop in the urban areas. As people move from rural areas into urban ones, their lifestyles will change and their habits change as well.

Another trend in the United States is the increase in per capita disposable income. This is all income from wages, government transfers, and rental income, and removes any taxes, savings, and some other non-tax payments. That number is then divided by the total population. This value is estimated to grow by 2.1 percent in 2019 to \$44,630. It is then estimated to continue to grow by another 1.3 percent in 2024 to be \$47,710. Since 2012, when the nation was beginning to come out of the recession, there has been continuous growth in per capita disposable income, and this trend is expected to continue until 2025 (IBIS World, 2018f). As incomes continue to increase, more will have to be done to determine whether that will increase Goodyear's customer base, or decrease it.

## **Evolving Transportation**

In the United States, transportation is ever changing and Goodyear needs to be able to adapt to these changes. There has been a huge change in transportation over the last couple of years and this change will continue to happen in the future. The population of the United States is expected to grow by 70 million people over the next 30 years. This population growth is expected to be centered in the south and west, which have largely been dependent on the automobile (U.S. Department of Transportation, 2017).

There has been a shift recently with vehicle buying and people are looking for alternative ways to travel. Unstable fuel prices and increased maintenance costs, coupled with high purchase costs, make car ownership a luxury of some sort (Efthymiou, Antoniou, & Waddell, 2013). The use of ridesharing has skyrocketed with services such as Uber and Lyft. Car sharing services such as zipcar and CarNow are growing rapidly. Public transportation is also growing rapidly with a 37.2 percent increase from 1995 to 2013 (Bafuture, 2017). Eco Friendly travel has been a big topic lately as well. A study done in Austin, Texas found that 63 percent of Austinite's support a feebate policy to favor fuel efficient vehicles. Feebate is a policy in which rebates are given for energy-efficient or environmentally friendly practices and failure to partake in such practices is penalized with surcharges (Musti & Kockelman, 2011). A feebate policy is one that rewards buyers of fuel-efficient vehicles, but penalizes those that continue to operate vehicles with high carbon emissions. The study also found that 56 percent of people would consider purchasing a Hybrid Electric Vehicle despite if it cost \$6000 more than its conventional, gasoline powered counterpart (Musti & Kockelman, 2011).

As urban areas continue to grow, there will be an increased demand for transit buses, trains, vans, and other means of transport (Bafuture, 2017). 30 percent of households in high

population density areas (with more than 10,000 people per square mile) had no vehicle and this number is continuing to grow (Federal Highway Administration, 2009). In rural areas a car is almost a necessity, but in urban areas the many transportation options have made cars less of a necessity. It is expected that by 2050 one fifth of the adult population will not drive (Kamga, 2015). There is a need for carsharing, ridesharing, increased public transportation, and autonomous vehicles, now and in the future.

### **Car Rental Market and Trends**

Rental car companies also continue to be a staple in American travel, with the use of rentals for leisure to business the industry continues to grow and expand into new areas. Americans are continuing to make more and more domestic trips with expected rises from just below 650 million trips in 2010 to over 850 million estimated trips in 2024. With this rise in trips will come the need for more rental car use and leasing from the rental company. Enterprise, a rental car company, is expanding their operations globally as well as domestically in the form of ride share services and leasing (IBIS World, 2018d).

In 2012 there were an estimated 1.85 million rental cars in use which translates to roughly 7.4 million tires that could be changed in a year with yearly changes. Using a mid-range price tire that Goodyear offers for passenger vehicles at \$120 this partnership with rental companies could result in roughly \$888 million dollars of income a year which translates to a roughly 6 percent increase in total yearly sales. Of course, the sales number could go drastically up or down depending on the price range of tires that the rental car uses. As rental cars are used more frequently for trips, more rental cars will be put into circulation which will continuously drive sales forward (IBIS World, 2018d).

The problem with the approach of selling and installing tires to the rental agencies is that, in general, they sell the cars before replacing the tires transferring that cost away from themselves. Most of these cars are sold between 25,000 and 40,000 miles, which is the prime time for tires to be replaced (Haile, 2014). Due to this Goodyear would have to focus on selling other services to the rental car companies such as oil changes and tire rotations. These are some of the main services that these Goodyear locations provide on a short notice (IBIS World, 2018d).

Rental car companies are already in the practice of partnering with other travel/vehicle related companies such as airlines and car dealerships. Problems with this approach will be that this partnership heavily rests on the idea that rental car use will be high enough to be a worthwhile venture. Unfortunately, the rental car companies heavily depend on leisure use of the rental cars for roughly 44 percent of their total collective revenues of 43.151 billion dollars with only 25 percent coming from business travel. Travel generally drops with the economy making this partnership open to a dramatic decrease in revenue with a downturn in the economy. Without the scale of cars that a rental company could provide it could mean that the profits would not outweigh the costs (IBIS World, 2018a).

Similar to oil changes, a tire rotation should occur about every 5,000 miles to ensure ideal tire wear (MacPherson, 2018). Goodyear already packages their higher oil changes with other services such as tire rotations and general car inspections (The Goodyear Tire & Rubber Company, 2018b). Currently, rental companies just pair with local dealerships and shops in order to service their cars. Goodyear offers an advantage through consistent pricing across all branches and allows for one partner across all franchises to simplify the process (IBIS World, 2018d).



Rental car companies have two main areas of operation; in or around airports (52 percent) or from leasing (22 percent). Rental companies are also highly concentrated in certain states such as Ohio, California, and Texas. Partnerships could be done on a franchise-to-franchise basis from only existing Goodyear Stores in order to not overextend into areas where rental fleets are small. Key customers of rental car companies currently are from the insurance industry and car body shops. The insurance agencies send their customers to get repairs and pay for a rental car in the meantime, thus allowing the customer to drive still, but this is only for work that would be covered by insurance and not for personal use. Unfortunately, these types of shops require larger spaces for storage of multiple vehicles that the current shops are not equipped for (IBIS World, 2018d).

Another barrier to this partnership with rental companies is choosing which one to partner with. There are three major companies that make up 50 percent of the total market, while a large number of small companies comprise the remaining 50 percent of the market. Enterprise is the largest and fastest growing of the larger rental companies and takes almost 27 percent of the total market. Enterprise is the fastest and most steady growing due to its dependence on being temporary replacement cars for insurance companies and not relying on individual consumer use (IBIS World, 2018c).

### **Rental and Ridesharing Expansion**

The average driver in the United States drives their car somewhere between 13,000 and 15,000 miles annually. This number varies by state of residence, age, and gender and varies from one year to the next (Reference, 2015). It can be extrapolated that, on average, rental cars in particular take on these miles or perhaps more. Rentals will “typically last a short time (30 days or fewer) while leasing agreements last longer (12 months or more)” (Lifschutz, 2018a).

Of the 126.22 million households in the United States as of 2017 (US Census Bureau, 2017), an estimation is that 31.98 million of them used a rental car company in 2018. That's more than 25 percent of the households in the country using a rental car company in 2018. Furthermore, it is projected that in 2019, 32.99 million households will use a rental car, and in 2020 33.8 million (Statista, 2018b). Clearly, the use of rental cars is expected to increase in the coming years and with this increased use there will be more wear on those vehicles.

Another portion of the industry that is rapidly growing is ridesharing. In 2016, the total number of users of several ridesharing companies were 1.9 billion. The estimated total users of these companies in 2018 was 4.2 billion (Schaller Consulting, 2018b). In just those two years, there is an estimated increase of over 120 percent, and more growth can be expected from the industry in the future, especially in cities.

In the New York metro area, the average person took 19 rideshare trips per year. This value decreased as they progressively moved outside the city to urban tracks outside the central city and the rest of the metro area. In eight large dense metropolitan areas; Boston, Chicago, Los Angeles, Miami, Philadelphia, San Francisco, Seattle, and Washington D.C., the average in the city was 45 trips per year. In another eleven less-dense metropolitan areas, which included Baltimore, Dallas, Phoenix, and Milwaukee, the average in the city was eight trips per year for each person. Suburban or rural areas only had an average of one trip per person per year (Schaller Consulting, 2018a). With the increased use of both ridesharing and rental cars, there is a market available for Goodyear to take advantage of a partnership with these companies to grow their brand.

### **Ridesharing Financial Analysis**

Uber and Lyft are the two biggest companies in the ride sharing market. Recently, Uber and Lyft were valued at 62 and 15 billion dollars respectively (Besinger, 2018). The two companies have seen momentous growth over the past couple of years but still are operating on losses. The ridesharing market in general has been unprofitable, with Uber having a 4.5-billion-dollar loss in 2017 (Aiello, 2018). The taxi industry, which ride sharing is attempting to capture, has low barriers to entry, high variable costs, low economies of scale, and intense price competition (Sherman, 2017). Besides this, Uber's growth is exceptional and profitability is in the near future. Uber's gross bookings grew by 34 percent year-over-year to 12.7 billion dollars in the third quarter of 2018 (Nace, n.d.). Uber's monthly active riders grew from 50 million in 2016 to 75 million in 2017, delivering 5.5 billion rides overall in 2017 (Trefis, 2018).

### **Car Sharing Market**

Car sharing is a form of car rental where people rent cars for a short period of time. Car sharing began in 1948 when a housing cooperative in Zurich, Switzerland began a car share agreement. In the 1970s and 1980s more car sharing projects started, but none took off as much as hoped. In the 1990's a small car share called StattAuto in Germany was credited with leading the way to the first program in the United States (Portland, 2011). A couple of current companies that do car sharing are Zipcar, car2go, and Turo. Car shares generally operate on a membership model, which includes automatic insurance coverage and an annual fee.

Car sharing reduces emissions, pollutions, congestion, and parking requirements and encourages active lifestyles with increased walking (Schwieterman & Bieszczat, 2017). Since 2015, automobile manufacturers have stepped into car sharing with Audi, BMW, Daimler AG, and General Motors, but none of these are as big in the United States as Zipcar (Schwieterman &

Bieszczat, 2017). North America is the third largest car sharing market in the world with fleets growing by more than 250 percent and membership by 350 percent between 2010 and 2016. Compound annual growth rate estimates predict that car sharing will grow by around 17 percent annually for the next 7 years. This rate is expected to grow further in the future (MOVMI, 2018).

People who use car shares are usually well educated and environmentally aware. The highest percentage of car sharing users are between the age of 25 and 35. The study also found that half of the users have an income of more than \$60,000 and 72 percent of them live in a household with no other cars (Efthymiou, Antoniou, & Waddell, 2013). The most important factors affecting car sharing is distance of the station from house or job, ability to return vehicle to a different station, time of day, reservation process, available types of vehicles, and availability of electric vehicles (Efthymiou, Antoniou, & Waddell, 2013).

### **Where are we heading with our primary research?**

After our team conducted hours of research on a number of topics regarding Goodyear Dealer 2.0, we decided to split our primary research into three main groups. The topic given to us by the Goodyear staff asked us to consider the possible uses of the space inside and outside of the buildings, as well as what new innovations we come up with for Goodyear to compete with the future of mobility.

One main topic that we will conduct primary research on is brand awareness. We believe brand awareness is the most important attribute to expanding a business. Looking into effective ways to make Goodyear more well-known and give itself a brand identity is going to be our main goal. We will do research on companies who succeeded in brand awareness many years ago.

However, most of our primary research will be done on new innovations and ideas that Goodyear can use with the advances in e-commerce and increased competition. Some of these

ideas we will conduct research on are: car sharing, rental car companies, and new services that Goodyear's brick and mortar stores can offer through those car sharing companies.

Our last major topic that we will conduct primary research on will be related to the online retail market and the traditional consumer market. We want to research how consumers think about the advancements in the consumer market and see how Goodyear can capitalize on their thoughts. While conducting our primary research mainly on these few topics, we are open to any new ideas that may be sparked during the process.

### **Background Research**

Urbanization in the United States has led to the rapid growth of several counties. These include Los Angeles County, California; Cook County, Illinois (where Chicago is); and Harris County, Texas (the area around Houston). Overall however, the most growth has been seen in the smaller cities that lie outside these major centers. For example, San Marcos City, which lies between Austin and San Antonio, was the fastest growing "large" city in 2014. While the United States still has a significant portion of agriculture within its borders, which is why it is ranked thirtieth based on degree of urbanization, urbanization is increasing and will continue to do so in the coming years (US Census Bureau, 2018).

With an increasing amount of disposable income and growing urbanization in the outer cities, it is only logical that the number of motor vehicle registrations in the United States will be changing too. Up 1.6 percent since 2013, the 2018 estimated registrations is 277.6 million. There have also been forecasts out to 2023 of 309 million. These values include cars, motorcycles, trucks, and buses throughout the United States and there has been considerable growth since the economy rebounded in 2011 (IBIS World, 2018b).

As vehicle registrations have increased, it is not surprising to find that statistics show that total vehicle miles driven over the calendar year have also increased. This again includes cars, trucks, motorcycles, and buses. The estimated 2018 value is 3.35 trillion miles, which is up 2.3 percent since 2013. Again forecasted out to 2023, this value increases again by 2.3 percent to 3.75 trillion miles. Overall, the number of miles driven has been increasing steadily since 1991, with only three years presenting a decrease in miles driven (IBIS World, 2018e).

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