



Press Release

J.D. Power and Associates Reports: Automakers Turn to Tires to Help Reach CAFE Standards for Fuel Efficiency, Despite Customer Concerns with Run-Flat and Low-Rolling Resistance Tires

Michelin Ranks Highest in Three Vehicle Segments; Pirelli Ranks Highest in One

WESTLAKE VILLAGE, Calif.: 28 March 2013 — Satisfaction is declining among customers whose vehicles are equipped with run-flat or low-rolling resistance tires as part of automakers' efforts to improve fuel efficiency, according to the J.D. Power and Associates 2013 U.S. Original Equipment Tire Customer Satisfaction Study,SM released today.

As automakers explore all options to meet the Corporate Average Fuel Economy (CAFE) standards, they are increasingly looking at the effect of tires on fuel consumption. Two key tire-related actions automakers are taking to improve fuel efficiency are equipping vehicles with run-flat tires in lieu of a spare tire and using low-rolling resistance tires. While potentially improving fuel efficiency, both products are falling short of customer expectations in terms of satisfaction with their tires.

Run-flat tires are primarily being used on luxury and performance sports vehicles. In both instances, overall satisfaction with tires is lower when vehicles are equipped with run-flat tires, compared with when they are equipped with standard tires.

Overall satisfaction among owners of luxury vehicles with run-flat tires is 728 (on a 1,000-point scale), compared with 739 among those who own luxury vehicles with standard tires. The gap is even more pronounced among owners of performance sports vehicles, among whom overall satisfaction is 665 with run-flat tires vs. 732 with standard tires.

Part of the gap in satisfaction is due to the necessity of having to replace run-flat tires more frequently, compared with standard tires. Nearly one-third (31%) of customers whose vehicle is equipped with run-flat tires have had to replace at least one tire, compared with just 19 percent of those whose vehicle is equipped with standard tires. In addition, customers with vehicles equipped with standard tires replace their tires after an average of 22,559 miles, more than 6,000 miles beyond the average life of run-flat tires.

“Automakers are trying to reach the next level of fuel economy, and are looking to their suppliers—in this case, tire manufacturers—to help them get there,” said Brent Gruber, director, global automotive division at J.D. Power and Associates. “The challenge is doing this while finding tires that meet customers' expectations. Run-flat tires are not currently meeting those expectations.”

KEY FINDINGS

- **In 2013, customers report fewer problems with their original equipment tires for the fourth consecutive year.**
- **Customers with run-flat tires are twice as likely to have to replace their tires as are those with standard tires.**
- **Customer satisfaction with their original equipment tires averages 686, unchanged from the 2012 study. Satisfaction is highest (738) in the luxury vehicle segment.**

Customers with vehicles equipped with run-flat tires are nearly twice as likely as those with vehicles equipped with standard tires to have to replace a tire due to a flat or blowout. Run-flat tires cannot be repaired and often need to be replaced in pairs rather than as a single tire.

“Owners of performance sports cars with run-flat tires say they ‘definitely will’ recommend their tire brand to friends and family only half as often as those whose car is equipped with standard tires (14% vs. 28%, respectively),” said Gruber. “That has a potentially tremendous financial impact on tire manufacturers.”

Consumer Insights and Social Media Research

The study also finds that customers often express apprehension regarding low-rolling resistance tires. Research conducted by J.D. Power's Consumer Insights and Strategy Group to track social media activity surrounding these tires finds that many consumers are concerned that equipping low-rolling resistance tires on their vehicle means compromising traction and durability in exchange for better gas mileage. Additionally, these consumers perceive that automakers select the best type of tires for their vehicle and, thus, they are apprehensive about straying too far from the original selection. While consumers ultimately conclude that low-rolling resistance tires may improve fuel efficiency, they are confused and concerned regarding the associated sacrifices.

“While the marketing of low-rolling resistance tires has primarily focused on fuel efficiency, tire manufacturers may also benefit from advertisements that help educate consumers about the traction and dependability of the tires,” said Gruber. “Consumers don’t fully understand the benefit of low-rolling resistant tires. They believe they are forfeiting important aspects of tire performance by opting for low-rolling resistant tires, yet don’t know how much improvement in fuel efficiency they should expect in return.”

Overall Satisfaction and Quality

The study measures tire owner satisfaction in four vehicle segments: luxury, passenger car, performance sport and truck/utility. Satisfaction is examined in four factors: tire wearability; tire appearance; tire traction/handling; and tire ride. Rankings are based on owner experiences with their tires after 2 years of vehicle ownership.

Overall satisfaction with original equipment tires is 686, unchanged from 2012. Satisfaction increases in three of the factors, while tire ride satisfaction decreases by six index points year over year. Overall satisfaction is highest in the luxury segment, with an average score of 738, followed by the performance sports segment at 728 and the passenger car and truck/utility segments tied at 676.

For a fourth consecutive year, customers are experiencing fewer problems with their tires. On average, customers report 74 problems per 100 (PP100) vehicles, an improvement from 76 PP100 in 2012 and 84 PP100 in 2011. The most frequently reported problems are road hazard/punctures, slow leaks, excessive road noise and fast tread wear. Overall satisfaction is 135 points lower among customers who experience a specific tire problem than among those who do not experience any problems (748 vs. 613, respectively).

Highest-Ranked Tire Manufacturers

Michelin ranks highest in three of the four segments: luxury (775); passenger car (729); and performance sport (751). Pirelli ranks highest in the truck/utility segment (737).

The 2013 U.S. Original Equipment Tire Customer Satisfaction Study is based on responses from more than 30,835 new-vehicle owners who purchased a 2011 or 2012 model-year vehicle. The study was fielded between October and December 2012.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company providing forecasting, performance improvement, social media and customer satisfaction insights and solutions. The company’s quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on car reviews and ratings, car insurance, health insurance, cell phone ratings, and more, please visit JDPower.com. J.D. Power and Associates is a business unit of The McGraw-Hill

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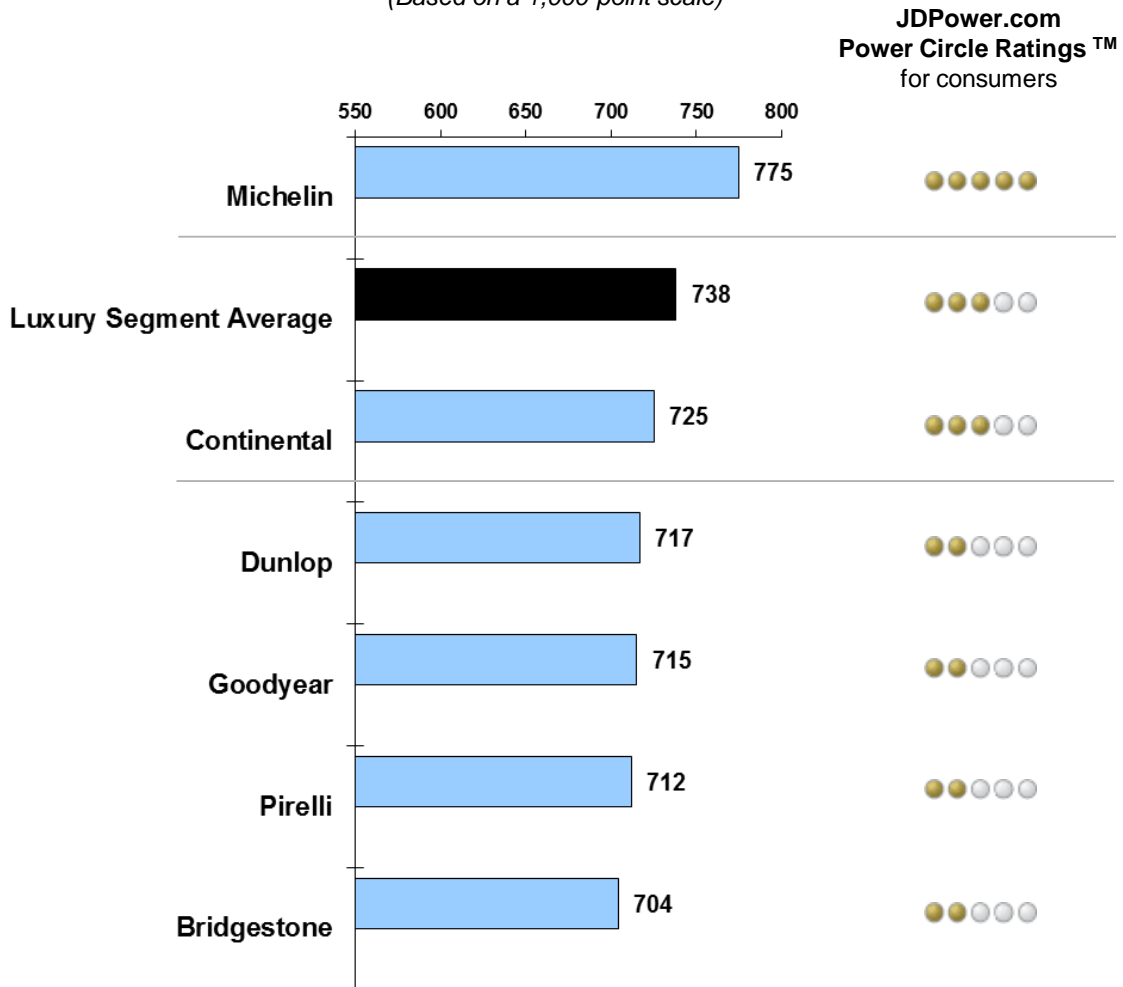
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NOTE: Four charts follow.

J.D. Power and Associates 2013 U.S. Original Equipment Tire Customer Satisfaction StudySM

Customer Satisfaction Index Ranking *Luxury Segment*

(Based on a 1,000-point scale)



Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

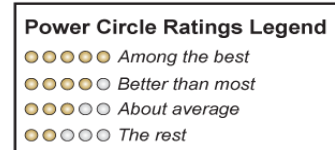
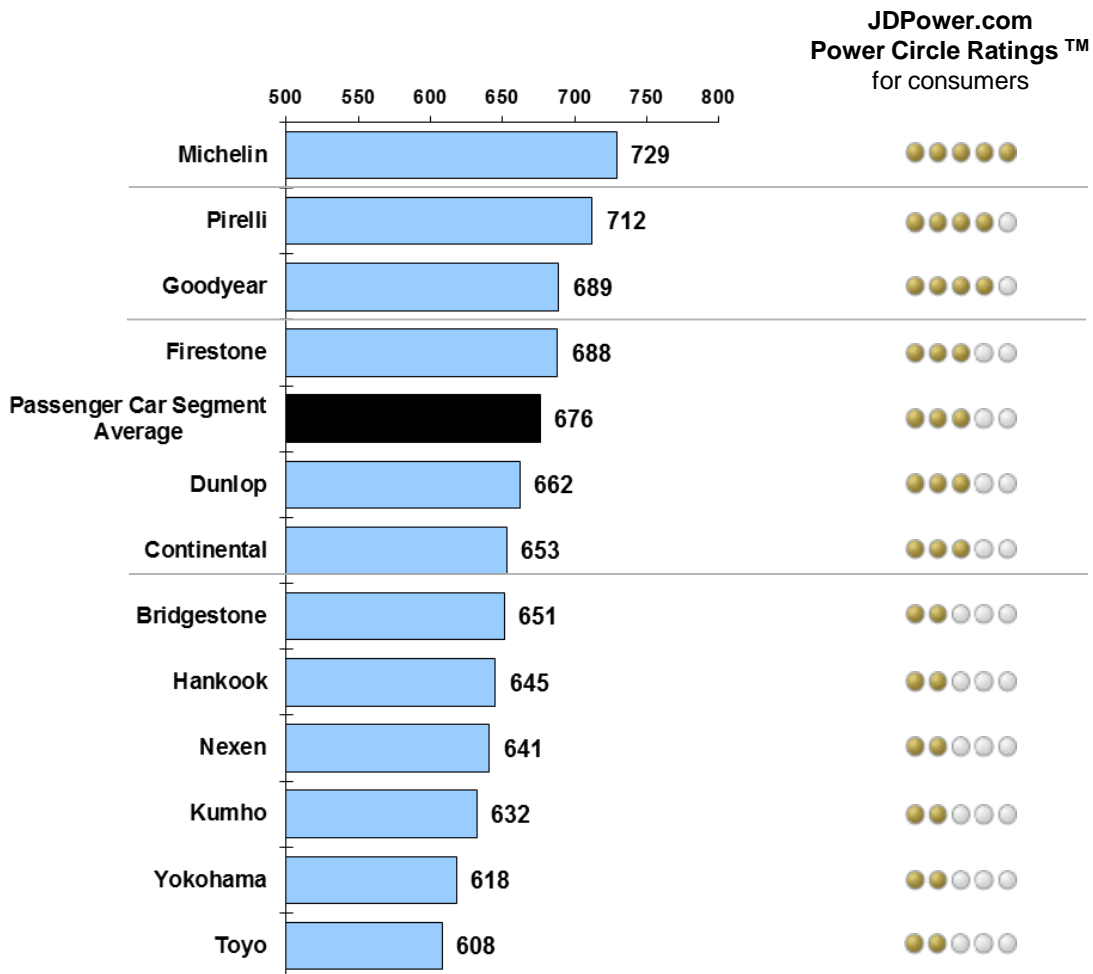
Source: J.D. Power and Associates 2013 U.S. Original Equipment Tire Customer Satisfaction StudySM

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J.D. Power and Associates 2013 U.S. Original Equipment Tire Customer Satisfaction StudySM

Customer Satisfaction Index Ranking *Passenger Car Segment*

(Based on a 1,000-point scale)



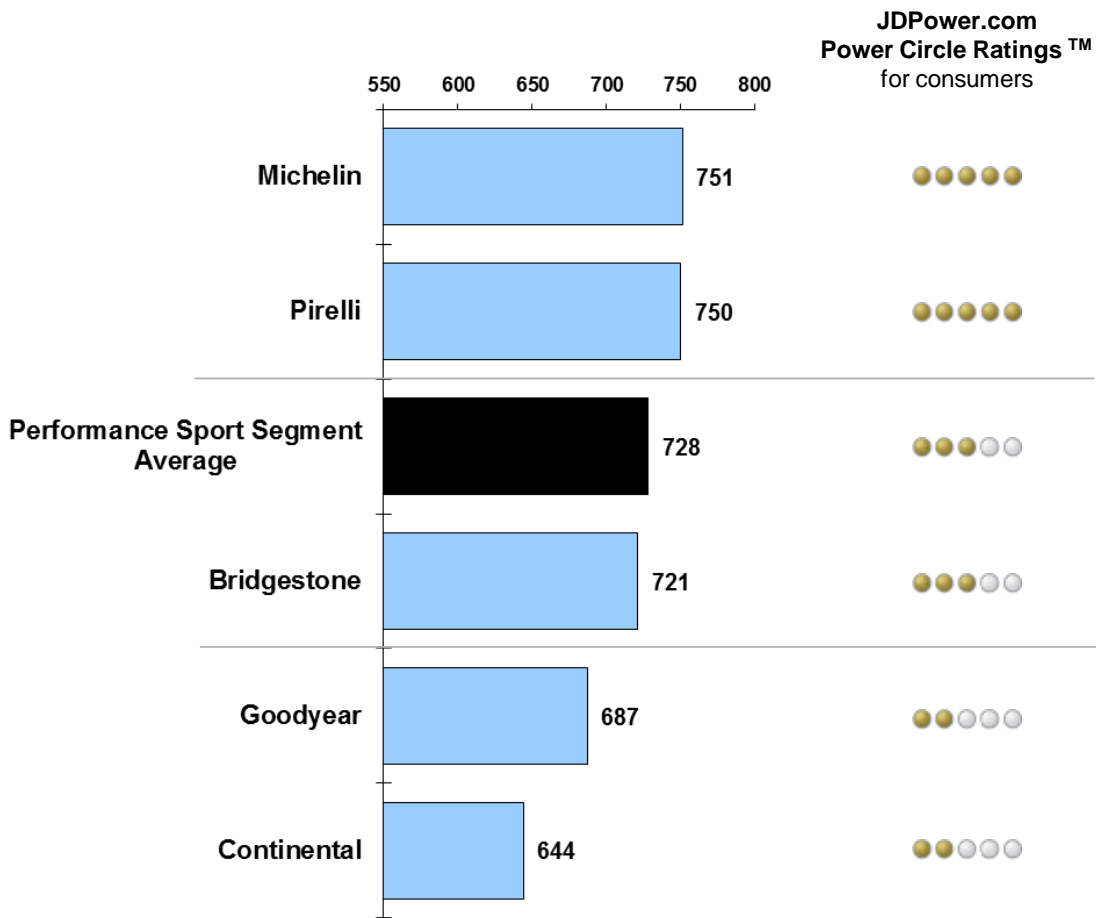
Source: J.D. Power and Associates 2013 U.S. Original Equipment Tire Customer Satisfaction StudySM

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J.D. Power and Associates 2013 U.S. Original Equipment Tire Customer Satisfaction StudySM

Customer Satisfaction Index Ranking Performance Sport Segment

(Based on a 1,000-point scale)



Source: J.D. Power and Associates 2013 U.S. Original Equipment Tire Customer Satisfaction StudySM

Power Circle Ratings Legend

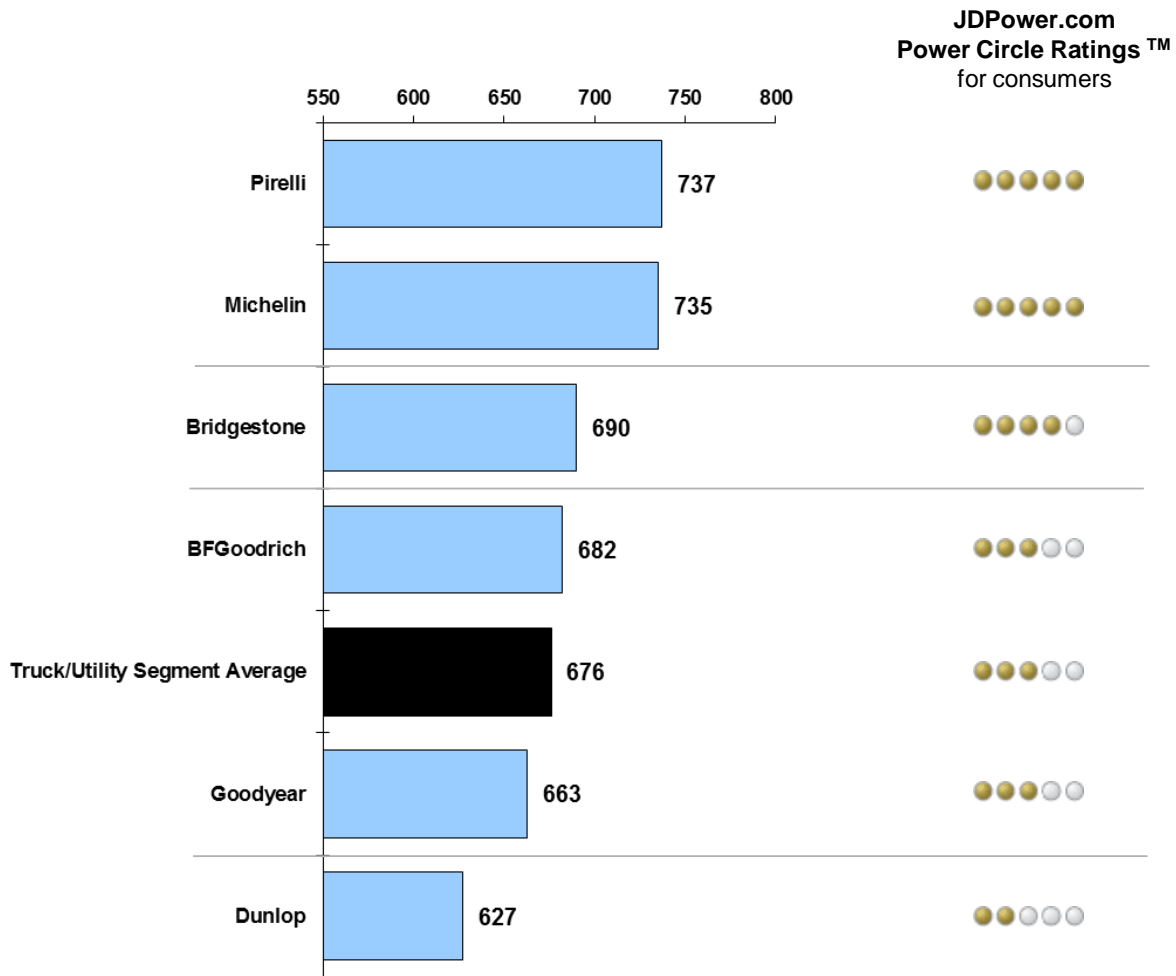
- Among the best
- Better than most
- About average
- The rest

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J.D. Power and Associates 2013 U.S. Original Equipment Tire Customer Satisfaction StudySM

Customer Satisfaction Index Ranking *Truck/Utility Segment*

(Based on a 1,000-point scale)



Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

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