

Hankook looks to keep momentum going

CANCUN, Mexico (Feb. 18, 2013) — Hankook Tire America Corp. is looking to build on the successful business practices that have propelled the company to 13-percent average sales growth the past seven years, company executives told several dozen key dealers and distributors gathered in Cancun this week at the firm's annual "Partner's Day" meeting. The company, a subsidiary of South Korea's Hankook Tire Co. Ltd., plans to augment those strategies in 2013 with a number of initiatives on several fronts, including: Launching products in targeted segments, such as summer UHP, winter passenger and wide-base truck/bus tires; broadening the firm's efforts to build brand image through advertising and social media; pursuing a few select new OE fitments on both the consumer and commercial sides; making as-yet undisclosed changes to the "One" dealer marketing program launched in 2012; and increasing the size of the commercial division field sales force to help dealers develop local and regional sales strategies. Hankook registered 20-percent sales growth in the U.S. last year to \$1.2 billion and company officials said they expect to reach \$1.4 billion this year, based in part on the increased availability of product due to capacity expansions at group plants in Indonesia and Hungary and the end of the elevated U.S. tariffs on Chinese consumer tires. Still on the horizon is the possibility of a U.S. plant, the chances of which were put at more than 80 percent by Hyun Bum Cho, chief marketing officer for the parent company. Site selection is still under way, Mr. Cho said, but neither he nor other Hankook executives disclosed any more details. Former Hankook Tire America President and CEO Soo Il Lee said at least year's Specialty Equipment Market Association show that the goal then was for production to start before year-end 2015. Shawn Denlein, senior vice president, marketing and sales, said Hankook's strategies are aimed at promoting "sustainable" growth for the company and its partner dealers/distributors. Among the characteristics Mr. Denlein emphasized were the breadth of the firm's product line and the quality of individual tires, the latter of which is underscored by several recommendations from "Consumer Reports" and other consumer testing bodies. New for 2013 will be: Ventus S1 Noble 2 UHP all-season, which was introduced at the 2012 SEMA Show and which goes on sale March 1 in 40 sizes in rim diameters of 16 to 20 inches. Winter i*cept iZ in 24 sizes, ranging from 14 to 18 inches in rim diameters; and Winter i*pike RS, a studdable winter tire featuring a V-shaped tread pattern, available in 37 sizes ranging from 13 to 18 inches in rim diameter. This tire features a 16-row stud arrangement. On the commercial side of the ledger, Brian Sheehy, director, commercial tire, noted that Hankook's global expansion program of the past few years is allowing the group to design more specific products for individual markets. "We want your customers to see Hankook as the quality alternative to the major (tire makers' brands)," Mr. Sheehy said, noting that Hankook wants to work with dealers to devise strategies that will help capture more business with local and regional fleets in their marketing areas. To this end, Hankook plans to increase the size of its field sales force by 50 percent, he said, to help dealers organize "sales blitzes"

locally. Hankook is not going after more fleet account business, he said, and instead wants to help dealers target specific competitors' products in their respective markets. Mr. Sheehy also noted that most of Hankook's products for sale in North America are now either SmartWay verified or designed to be SmartWay verified, referring to the Environmental Protection Agency's program to identify products and processes that help trucking fleets reduce their fuel consumption and with it reduce greenhouse gas emissions. Hankook also is gathering more cost-per-mile data in more markets in the U.S. and Canada and is using this information to help fine-tune new product development, he added. Among new commercial products on tap for 2013 are: AH15 wide-base rib for heavy-duty applications in 385mm and 425mm widths, to replace the AH10; DL12 drive tire designed with enhanced traction aids and to handle higher operating weights; DL07 and TL07 wide-base "ultra super single" drive and trailer tires, to meet demand for this growing market segment. These products will launch "relatively soon." Overall Hankook expects 2013 to present some difficulties along the way, but Byeong Jin Lee, president of Hankook Tire America since Jan. 1, suggested this can be a good thing. "In Chinese, the word for 'crisis' is written using of two characters," Mr. Lee said, "those for 'danger' and 'opportunity.'" "Just like a coin," he said, "there are always two sides to everything.... Keep optimism for opportunity."