

ATD Rolls Out New Tools, Analytics to Help Grow Business

Business

Huntersville, N.C.

Delivering products to dealers has taken on another meaning for American Tire Distributors Inc. (ATD).

The company, North America's largest tire distributor, has spent the last several years — especially over the last five months — inventing, refining and promoting a set of technological tools to help its customer network of independent dealers grow their business.

And that has become increasingly important these days, according to Owen Schiano, chief operating officer, as the U.S. continues to grapple with the COVID-19 pandemic.

In fact, Mr. Schiano credited two of these key tools — an app, called ATDMobile, and TireSeller, ATD's e-commerce solution shop — for supporting dealers as they navigate their shops during the pandemic.

Use of the ATD mobile app has skyrocketed, according to Mr. Schiano — he estimates a 50% uptick in use over the last couple of months — as more of ATD'S customers engage consumers online.

"That application enables our customers to meet consumers outside of their stores, using a phone or a tablet," Mr. Schiano said. "They can check inventory and pricing right there."

The platform also features a visualizer where consumers can see the tire before the purchase.

"We've seen very high adoption of this as consumers look to act in a digital way and a social distancing way," Mr. Schiano said.

"Through a lot of those tools and others that we are making available to our customers, I think it's helped our customers respond to some of the changing consumer behavior. ... It really seems to resonate, and we've had tremendous feedback from our customers, saying this is helpful."

The TireSeller platform gives dealers the ability to conduct transactions online with customers.

"We have seen several hundred of our independent dealers who did not have this capability adopt this and continue to adopt," Mr. Schiano said, noting that every week more people are signing up.

Spark flies

ATD also is investing in a micro-learning and communication platform, called Spark. It takes a commitment of just three to five minutes per day, Mr. Schiano said, for users to improve their skills.

The micro-learning site was designed not only to help educate ATD's sales team, measuring their progress and learning ability, but it also is being rolled out as a training platform for tire dealers, who then can educate their teams at their own retail stores. The goal, ATD said, is to drive engagement at an individual and team level — a key to retaining employees.

"What you can do is track over time the knowledge lift and growth that your team is seeing and align that to the result that each individual is driving," Mr. Schiano said. "We're seeing some very positive results internally, and we're piloting some of that work with our key customers as well."

The tire distributor will incorporate its customers' feedback on the site as part of the development and learning processes.

These innovations are among a toolbox full of technologies that ATD has made available in the aftermath of a tumultuous 2018, when it filed for bankruptcy protection before reorganizing and emerging later that year as a leaner, customer-focused entity.

"The whole industry has faced a lot of disruptions and challenges over the last couple of years," Mr. Schiano said. "We certainly have been part of that. So, we've really been actively not only managing those changes but also capitalizing on them."

Mr. Schiano said ATD put a great amount of energy into developing better digital capabilities, better insights and thinking differently about its relationships with its manufacturing partners. The goal, he said, is to work collaboratively with manufacturers and retail customers alike, while staying laser-focused on customers.

"It's always been a big part of who we are and how we operate," he said.

ATDMobile and the TireSeller platform are examples of that commitment.

In addition, Mr. Schiano said ATD is starting to release other tools to help its independent dealer and retail customers.

One such tool will arm dealers with information to help them sell the right tires in their market, be that in a specific region or just three miles from their store. This will provide them with insight on what inventory they should stock based on demand.

"Most of our tire retailers do keep a certain amount of inventory on hand," Mr. Schiano said. "We're working on tools that can help them make better decisions based on what we know about that market, what our advanced analytics team is able to gather and based on what they're actually selling. So we can help them identify where they over index and where they under index."

Another ATD tool uses data science to identify potential retail customers who are seeking tires and reside in a dealer's area. The dealer then can send targeted marketing materials to these potential buyers.

"With a product like tires, with a fairly infrequent purchase pattern and a long timeline, to be able to dial into that is very important," Mr. Schiano said. "We think that is going to resonate."

In addition, ATD will use advanced analytics to help customers optimize their overall pricing strategy, their margins and the their programs they participate in.

"By really helping apply advance analytics tools," Mr. Schiano said, "they can see, 'Hey, if I did X,Y or Z or made these minor changes, it could result in this type of profitability for me.' That's just not backside program dollars, but it's frontside retail margins. That's where we've put a lot of focus."

ATD is using tools such as microlearning to train, educate and advance its sales team, "so they can engage our customers and be more consultative than what's been historically more than transactional relationship.

Mr. Schiano called it "a big shift," something ATD has been working on over the last couple of years.

"It will vastly improve the use of doing business and prove the professionalism of our own work force," Mr. Schiano said. "We do this really just to stay focused on our customers to help them succeed.

"One of the things we say internally is our job is to help our customers thrive and drive into the future. It's at the core of what we think about. How do we bring these tools to the table so we help them make better decision as they go about their business? If we do that, and if we're viewed as trusted partner, that ultimately will be good for our business as well."

Reacting to pandemic

Like all other businesses in most every other industry, ATD made some significant adjustments over the last four months as a result of the COVID-19 pandemic.

As volume dropped significantly throughout March and early April, Mr. Schiano said ATD reduced the number of routes it runs from its 140-plus distribution centers across North America but did not elaborate.

The tire distributor emphasized the importance of communication with its dealers, so it knew which dealers had temporarily closed or were suffering from a severe drop in foot traffic. That included providing dealers all the essential information they needed in order to apply for federal assistance.

In addition, Mr. Schiano said ATD moved to put into place all of the safety protocols recommended by the Centers for Disease Control and Prevention (CDC) and the World Health Organization (WHO).

Business began to pick up in mid-April, just as the first wave of stimulus checks reached consumers.

ATD soon recognized that the landscape of tire sales and service was changing: consumers had a "higher desire" to engage digitally through online purchasing and scheduling.

"We wanted to make sure that our customers, if they didn't have those capabilities, we wanted to begin to make that available," Mr. Schiano said.

ATD did something that many other business didn't: It retained its entire sales force. Because of that, Mr. Schiano said, ATD had been able to adjust operations efficiently in order to support customers.

"Our supply chain has been built to respond a lot to disruption," Mr. Schiano said. "We have got planned redundancies built in, so we are working very closely with our field supply chain leaders and field sales leaders, so together, they ... stay very aligned about which customers have a need and for enhanced service, and we have that capability to add that back to them.

"But we want to do that smartly, too, to make sure we're managing the business very effectively on behalf our customers. Through that weekly coordination between our D/C management team and our sales leadership team, that's how we're staying very focused on customers and are able to bring back service levels to those that need."

Mr. Schiano said ATD did not attempt to reduce inventory levels during the pandemic, and in some case, purchased more inventory.

"We did that in anticipation there very likely would be bullwhip effect that the industry would see," he said, noting that as tire plants ramped back up, it would take time to be able to secure some of the most popular product.

The second half of the year looks promising, Mr. Schiano said, unless a second wave of the pandemic — or perhaps a continuation of the original wave — strikes.

"A lot of that we don't control, but we have to keep ourselves well-positioned," Mr. Schiano said. "We're making sure we're making the right moves in the short term to stay healthy as a company, which we are, and to make sure we are well positioned to weather anything the next six months hold, whether that's a recovery or rebound."

He said no matter what happens, ATD remains committed to investing in advanced analytics and its digital capabilities in order to serve its customers.

"We continue to make strong investments in people and in our team, and we'll continue that.," Mr. Schiano said. "We think it was very important to keep our team in front of our customers, and we think it's big part of how we show up and support them. You'll continue to see that from us.

"In the next six months, those are the things we will continue to work as we kind of bring our strategy to light and continue to stay customer-first in our approach."

About American Tire Distributors

American Tire Distributors is one of the largest independent suppliers of tires to the replacement tire market. It operates more than 140 distribution centers, including 25 distribution centers in Canada, serving approximately 80,000 customers across the U.S. and Canada. The company offers an unsurpassed breadth and depth of inventory, frequent delivery and value-added services to tire and automotive service customers. American Tire Distributors employs approximately 5,000 associates across its distribution center network, including approximately 800 associates in Canada.

By Don Detore, Tire Business

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