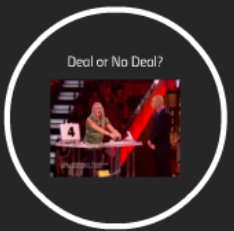
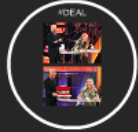


Team Management!!!!



GOOD YEAR TIRE AND RUBBER COMPANY Harvard Case Solution & Analysis

Key Details

- 8,000 units of sales
- National TV campaigns \$10-30 million
- Only when customers see knowledgeable about tires. They buy based on price and recommendations
- Leading national advertising in the US
- Customers are becoming more price conscious and less brand loyal

The Proposal & Questions

Seals' executives want you to write a deal or no deal memo. Contains hypothetical for Goodyear brand.

Questions for a deal or no deal:

1. Will you sell the deal at Sears?
2. How will you sell the deal?

The Market

Original Tire Market	Replacement Tire Market
<ul style="list-style-type: none"> • Sell to car dealers • 70% of the sale • 30% of the sale • Sell to car dealers • 70% of the sale • 30% of the sale 	<ul style="list-style-type: none"> • Sell to car dealers • 70% of the sale • 30% of the sale

Considerations

- About 2 million used Goodyear tires are being replaced by Sears yearly
- A 2% decline in the market share for passenger car replacement
- We will need to have a change in the distribution policy
- Do we let Sears carry one tire or more exclusively?

Proposed Deal's Pros and Cons

Pros:

- Increase in sales
- Increase in market share
- Increase in brand loyalty

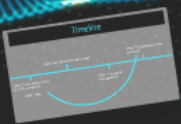
Cons:

- Decrease in profit margin
- Decrease in market share
- Decrease in brand loyalty

Summary for Deal or No Deal

Deal or No Deal?

Deal



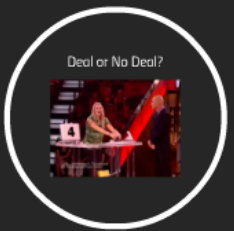
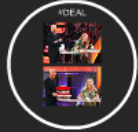
Market Analysis

Goodyear's sales in 1991
\$10.9 Billion

83% of sales in Tires & Tubes
10.9B * 83% = 9,047,000,000

Goodyear's 1991 Wide Earnings and US Sales Revenue
W.E - \$6,600,000
S.R - \$6,028,000
58%

Team Management!!!!



GOOD YEAR TIRE AND RUBBER COMPANY Harvard Case Solution & Analysis

Key Details

- 8,000 units of sales
- Nation's TV campaigns \$10-30 million
- Only when customers see knowledgeable about tires
- They buy based on price and recommendations
- Leading national advertising in the US
- Customers are becoming more price conscious and less brand loyal

The Proposal & Questions

Seize opportunity to sell more Goodyear tires

Questions for a class solution:

- Should Sears sell the full set of tires?
- How will Sears affect the competition?

The Market

Original Tire Market	Replacement Tire Market
<ul style="list-style-type: none"> Went to a car wash Went to a tire store Went to a gas station Went to a department store Went to a tire store Went to a gas station Went to a department store Went to a tire store Went to a gas station Went to a department store 	<ul style="list-style-type: none"> Went to a car wash Went to a tire store Went to a gas station Went to a department store Went to a tire store Went to a gas station Went to a department store Went to a tire store Went to a gas station Went to a department store

Considerations

- About 2 million used Goodyear tires are being replaced by Sears yearly
- 3-24% decline in the market share for passenger car replacement
- We will need to have a change in the distribution policy
- Do we let Sears carry one tire or more exclusively?

Proposed Sears Proposal

Proposed Sears Proposal

Proposed Sears Proposal

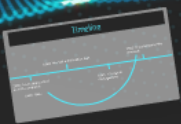
Proposed Sears Proposal

Summary of Sears Proposal

Summary of Sears Proposal

Summary of Sears Proposal

Summary of Sears Proposal



Market Analysis

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58%

Team Management!!!!



Deal on





You **Tube**

Goodyear Background

- Goodyear Tire and Rubber Company was founded in 1898 by Frank and Charles Seiberling
- Headquartered in Akron, Ohio
- Specialize in designing, manufacturing, and distributing tires
- One of the world's largest tire manufacturers

Timeline

1990: We had a \$38 million loss

1992: Reconsidering the proposal

1989: Sears approached us with a proposal

DECLINED

1991: Change in management

The Proposal & Questions

Sears executives want our tires sold at Sears Auto Centers (especially the Eagle brand)

Questions we asked ourselves

1. Which tires will we sell at Sears?
2. How will this affect our franchisees?



Key Details

- 8,000 point of sales
- Network TV campaigns \$10-30 million
- Only a few customers are knowledgeable about tires. They buy based on price and recommendations
- Leading national advertising in the US
- Customers are becoming more price conscious and less brand loyal