

The Online Market of Wheels and Tires in Russia

Mikhail Masienok

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| Author(s) Mikhail Masienok | | | |
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| <p>Abstract</p> <p>This thesis examines market situation of wheels and tires in Russia from 2014 until 2016. As the main type of cars were chosen passenger cars because they are used most.</p> <p>As a case study was chosen the biggest online store "Mosautoshina" and the most popular feedback site "Yandex.Market". These sites possess real customers' feedbacks, their opinion about each item and rating.</p> <p>To make right statistics for 2013 and 2014, I have used the work made by Discovery Research Group, which kindly shared information to the Internet. There we can find the leaders of the Russian market by size and amount of sales.</p> <p>In addition, the official document accepted by Custom Union was used in order to make clear the laws about when to switch summer and winter tires and when they become unsuitable to use.</p> | | | |
| <p>Keywords</p> <p>Wheels, tires, online market, Russia</p> | | | |

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1 INTRODUCTION

The aim of this thesis was to show how popular Russian online tire and wheel stores are specifically concerning passenger cars. How fast it grows and what are the amounts of tire and wheel production.

Using the most popular sites like “Yandex.Market” and “Mosautoshina” I tried to make right situation of the most popular types and brands of the discussed products according to Russian customers’ desires and ratings.

Chapter 2 introduces the theory of business risks based on the popular authors’ books and experience. In addition, will be shown online market history and what market is in general.

Chapter 3 describes wheels and tires as a product including such information like definition and types of wheels and tires.

In Chapter 4, it is told about the statistics for the last two years and predictions for the current year 2016.

Chapter 5 shows us the situation on online market stores, product price and product ratings. In addition, we will look at the picture showing us the average price for all the tire types.

Chapter 6 is about tire exploitation during the year.

Chapter 7 tells the methods of delivery and payment.

Finally, Chapter 8 concludes all the given information in general: what was found out, is this thesis useful and relevant, how reliable the results are.

2 ONLINE MARKETING

2.1 Effective Marketing

Online marketing is simply defined as using the World Wide Web to market products or services. Online marketing is also described as e-marketing, web marketing, and Internet marketing. The Internet is a system of interconnected computer networks, and online describes a system that is connected (often electronically) to a larger network. The web, an abbreviation for World Wide Web, is a system of interrelated documents contained on the Internet. Online marketing means many things to many people, but at heart, it is about making, keeping, cultivating, and rekindling relationships.

There are five key components to effective marketing:

1. *Awareness*. Marketing builds awareness. You can have the best service or product in the world, but if nobody knows, what's the point? Awareness can come from many sources including advertising, search optimization, referrals, online marketing, traditional marketing, word-of-mouth marketing, and, in these online days, "word-of-mouse" marketing.

2. *Communication/information distribution*. Marketing communicates, educates, and informs. Getting a message in front of current and prospective customers is the key to success. Communication can serve as information distribution (pricing, value, competitive value, distinction, product/service information, sharing, directions, videos, testimonials, photos, how to find you, etc.). Communication can also serve as a way to help to educate current or prospective customers so they understand the full value that you provide and why they want to do business with you. Communication is a critical component of marketing.

3. *Connection*. Meaningful marketing makes, builds, and sustains relationships, and all relationships are ignited with a meaningful connection. Successful marketing helps to build "know, like, and trust" factors. Buyers of a product or service need to know, like, and trust you, the product(s), service(s), and organization. On the web, connections are shared by positioning expertise, evoking passion, distributing content, using the "show me, don't tell me" power of video, voicing values, and much more. Connections count for most of marketing success.

4. *Service*. Marketing is about serving before selling. Service is the most commonly overlooked form of online marketing, and can be the most powerful. Customer service helps to close new sales and cultivate repeat sales. The best customers are current customers — service support reminds customers why they want to work with your organization. Being a service superstar on the web can yield mega results and leave the competition scratching their heads. Marketing strategy needs to include web use (website, e-mail, social media, and more) for the best customer service.

5. *Sales*. There is a saying that everyone is in sales. Marketing supports sales whether you're trying to sell yourself for that new job, sell products/services for an organization, or inspire donations or volunteers to support a nonprofit. Think of web marketing as a trusty sidekick that will help to build relationships and close sales. To achieve this, all the previous points (awareness, communication, connection, and service) must be part of the marketing puzzle. (1)

2.2 History of Online Marketing

The English entrepreneur Michael Aldrich invented online shopping in 1979. His system connected a modified domestic TV to a real-time transaction processing computer via a domestic telephone line. He believed that videotex, the modified domestic TV technology with a simple menu-driven human-computer interface, was a “new, universally applicable, participative communication medium — the first since the invention of the telephone.” This enabled “closed” corporate information systems to be opened to “outside” correspondents not just for transaction processing but also for e-messaging and information retrieval and dissemination, later known as e-business. His definition of the new mass communications medium as “participative” (interactive, many-to-many) was fundamentally different from the traditional definitions of mass communication and mass media and a precursor to the social networking on the Internet 25 years later.

In March 1980 he went on to launch Redifon's Office Revolution, which allowed consumers, customers, agents, distributors, suppliers and service companies to be connected on-line to the corporate systems and allow business transactions to be completed electronically in real-time.

During the 1980's he designed, manufactured, sold, installed, maintained and supported many online shopping systems, using videotex technology. These systems which also provided voice response and handprint processing pre-date the Internet and the World Wide Web, the IBM PC, and Microsoft MS-DOS, and were installed mainly in the United Kingdom by large corporations.

The first World Wide Web server and browser, created by Tim Berners-Lee in 1990, opened for commercial use in 1991. Thereafter, subsequent technological innovations emerged in 1994: online banking, the opening of an online pizza shop by Pizza Hut, Netscape's SSL v2 encryption standard for secure data transfer, and Intershop's first online shopping system. The first secure retail transaction over the Web was either by NetMarket or Internet Shopping Network in 1994. Immediately after, Amazon.com launched its online shopping site in 1995 and eBay was also introduced in 1995. Alibaba's sites Taobao and Tmall were launched in 2003 and 2008, respectively. Retailers are increasingly selling goods and services prior to availability through retail for testing, building, and managing demand. (2)

3 BUSINESS RISKS

Risk varies from business to business, but the dimensions of risk are similar across all businesses. The level of risk associated with a particular business or project will depend upon the following:

- The value of resources devoted to the project.
- The proportion of total business resources represented by those resources.
- The length of time for which the resources will be devoted to the project.
- The inherent risk of the project.
- The cost of exiting the project.
- The recoverable costs were the project to fail.

Many potential risks can be identified during the business planning process and strategies can be developed to mitigate them. There will also be unforeseen risks that a business must be able to deal with as and when they arise. A business's ability to manage unforeseen risks will largely depend on the calibre and experience of management and the nature of the event. An important aspect of business planning is that, as a result of having developed a comprehensive business plan, when unforeseen events occur, managers have the time and the resources available to tackle them.

3.1 Types of Risks

Business risks can be categorized as:

1. Operational
2. Industrial
3. Financial
4. Political.

1. Operational risks are internal to the business and relate to its ability to achieve its chosen strategy. They include the following:

- Key staff resign or is poached by a competitor.
- Unforeseen problems occur in the production process.
- Machinery breaks down or is incompatible with the raw materials.
- Stocks become damaged.

- Fire, theft and floods.
- Information technology problems occur.
- The product is so successful that the business cannot meet demand.
- The actions of a rogue employee result in large liabilities for the business.

2. *Industrial* risks are caused by external developments in the industry and may develop as a result of actions by the business itself. They include the following:

- A new firm enters the market.
- A key supplier closes and prevents the supply of crucial raw materials.
- Demand for the product falls or fails to materialise.
- A competitor aggressively cuts prices.
- A new technology is developed making existing products obsolete.
- Two competitors merge providing them with a major cost advantage.

3. Potential *financial* risks include the following:

- A stock market collapse prevents a crucial fundraising equity issue or a merger with a competitor.
- Interest rates increase dramatically, raising the cost of servicing the business's debts.
- There is a significant devaluation, which increases the costs of raw materials purchased from abroad.
- High demand for the product leads to overtrading and a lack of available working capital to fund the business's activities.

4. *Political* risks include not only governmental risks but also those resulting from the actions of trade unions, lobbyists and activists. They include the following:

- Sanctions imposed on a country prevent access to customers or raw materials.
- Taxation rates are changed or taxation policy is altered.
- Grants, loans and subsidies are altered.
- Trade unions organize industrial action, preventing production from continuing.
- Pressure from lobbyists requires a change in the business practices of the business.
- The business suffers from organized vandalism by radical protesters. (3)

Finally, Jacqueline Jeynes informs us about, at first sight, simply risks' impacts but, too, playing a big role in the business well-being:

1. Premises – where the firm is located, type of premises available for use, amenities, distribution routes, access for customers
2. Product – industry sector, features of product or service offered, lifecycle and fashion trends, materials used in production, green issues, quality
3. Purchasing – access to supplies, storage and warehouse facilities, stock control, payment terms, cost
4. People – the workers in the organization, skills, training needs, motivation and commitment, incentive packages available, employment contracts
5. Procedures – production procedures, record keeping and reporting systems, monitoring and review, use of standards, emergency procedures
6. Protection – personal protection of workers and others, property and vehicle security, insurance cover, information systems, data security
7. Processes – production processes, waste and scrap disposal, skills, technology and new materials
8. Performance – targets set, monitoring, measurement tools, consistency, validity of data
9. Planning – access to relevant data, management skills, external factors and levels of control, short- and long-term planning, investment options
10. Policy – range of policies that support the strategic plans of the firm.

Each element represents its own type of risk that interacts with, and has an impact on the others sometimes positively and sometimes negatively. No one can eliminate all the risks in all the areas – it is a risky business setting up, operating and developing a successful operation. With careful management they can, of course, be reduced or controlled sufficiently to alleviate or spread the risk, hopefully in such a way that retains the excitement and challenge of running a successful business while protecting all stakeholders from potential harm. (4)

4 WHEELS AND TIRES IN RUSSIA

In this chapter is described Russian drivers' opinions concerning tires and wheels.

4.1 Tire Types

Tires* can be divided to three types:

1. Summer tires
2. Winter tires
 - 2.1 Studless tires
 - 2.2 Studded tires
3. All-season tires

1. *Summer tires*. The main objective of the summer tires is to provide the maximum grip of the tire with the road and, thus, safe driving. Summer tires have good wear resistance and a high speed index. But when the air temperature is below +7 any summer tire begins to freeze and loose its grip. This leads to a significant increase in the braking distance and loss of car's control ability. In such cases, the winter tire is the best choice.



IMAGE 1. Summer tire

2.1 *Winter studless*. The composition of winter tires is softer and the tire does not “freeze” in cold weather. The tread of a winter tire is softer than summer one. The main difference between winter tires is a large number of sipes - the narrow slits in the tread pattern. Thanks to sipes, the tire has good contact with the road even in snow and ice. But such a tire begins to wear out quickly on dry pavement with an air temperature above 9 because of its softness. Usually, it is changed in spring time back to summer tire.

* A *tire* is a ring-shaped vehicle component that covers the wheel's rim to protect it



IMAGE 2. Winter studless tire

2.2 *Winter studded tires.* For the harsh winters, there are studded winter tires. Using these tires is in need during difficult winter conditions. Additionally, spikes are prohibited in many European countries because they damage the road surface. (6)



IMAGE 3. Winter studded tire

3. *All-season tires.* All-season tires are a compromise for countries with very mild winter conditions. Roughly speaking a tire has one half of winter and the other summer tread. All-season tires are of most interest of many car owners.



IMAGE 4. All-season tire

4.2 Wheel Types

Wheels* are also divided to 3 types:

1. Stamped wheels
2. Alloy wheels
3. Forged wheels.

1. *Stamped wheels*. Perhaps the most common type of wheels in Russia. Their popularity is largely due to their low cost (for a 14 inch in the vicinity of 1 000 - 1 500 rubles per disc). An important contribution to the dissemination of stamped wheels makes the fact that many of the new cars are sold on such wheels. In its turn, the owners do not hurry to spend money on new wheels and use stocked ones for the entire life of the vehicle.

The advantage of stamped wheels is their pretty good reaction after hitting the pit. Stamped wheels in this case usually do not crack and bend. After that, the damaged wheel can be restored and it will last long enough.

The drawback of stamped wheels is their weight that exceeds the weight of alloy and forged wheels. Also, disadvantage of stamped discs is their appearance. They are all identical and for some reason do not get much love from many car owners.



IMAGE 5. Stamped wheel

2. *Alloy wheels*. Another popular type of wheels is alloy wheels. Unlike the stamped wheels, which are made of steel, light alloy wheels are made from aluminum or magnesium alloy. In this regard, light alloy wheels have a lower weight, what causes a significant advantage.

* A *car wheel* is an integral part of the car and together with the tire is a wheeled vehicle mover

Also, alloy wheels have a greater thermal conductivity, and it contributes to a better heat dissipation from the brakes. Alloy wheels manufacturing technology allows them to attach virtually any shape. Therefore, in practice they look more attractive than stamped ones.

The disadvantage of alloy wheels is their relatively high price. In addition, these wheels can break when hitting a pit. It is impossible to restore such wheel. It requires a complete replacement. Nevertheless, alloy wheels have a lot of supporters.



IMAGE 6. Alloy wheel

3. *Forged wheels.* Third kind of rims are forged wheels. Manufacturing technique differs from the two previous types of disks. Advantages of such discs are shown in their high strength. Moreover, forged wheels are the lightest among the considered. Another distinct advantage of forged wheels is that in contrast to the alloy wheels, they do not crack when hitting a pit. Because forged wheels easily overcome hitting a pit, almost all the energy of the impact is transferred to the suspension, which adversely affect the condition of the car. The second drawback of forged wheels is that the design of these wheels is limited by the technology of their production. (7)



IMAGE 7. Forged wheel

5 MARKET ANALYSIS

5.1 Statistics for 2013 and 2014

According to the research of Discovery Research Group (DRG), which a Russian site “Colesa.Ru” has published: According to the DRG output of passenger car tires in Russia, including the participation of all foreign producers (Nokian, Michelin, Continental, Yokohama, Pirelli) in 2014 amounted to 34.1 million units. The release of truck tires is 4.4 million units. The production of agricultural tires totaled 1.22 million units and industrial tires were produced up to 0.07 million pieces.

In real terms, the import of passenger car tires in Russia in 2014 amounted to 20.7 million units. Light truck tire import was 2.339 million units, truck tires – 3.1 million units and import of agricultural tires was 0.1 million units.

Below is the leader board for passenger car tire sizes:

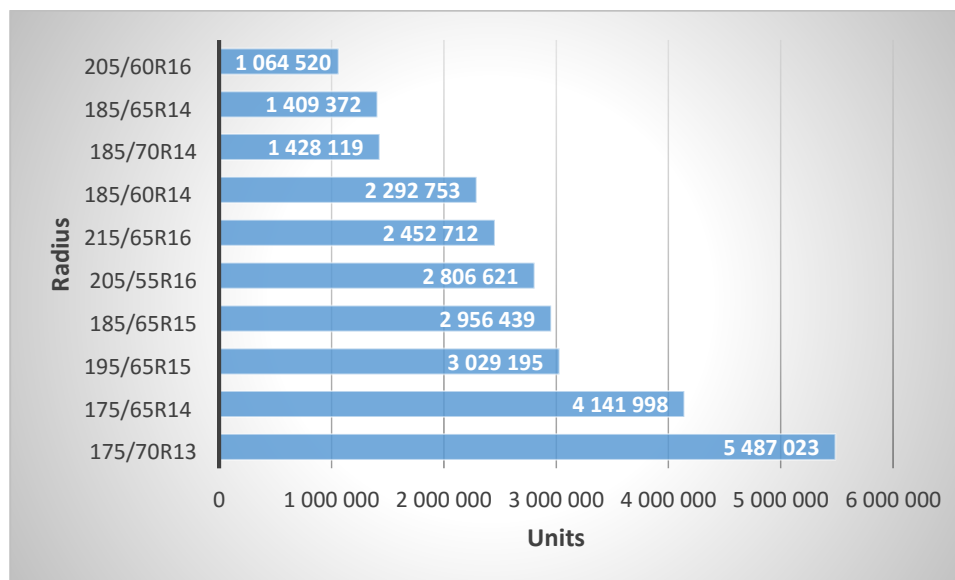


FIGURE 1. Passenger car tire radius leaders in 2014 (8)

Even though the leader is R13, it is recommended to begin from the 2nd place. The reason is that the first object is mostly used in car manufacturing such as Lada, in order to decrease the cost of the vehicle.

To compare, let us look at the statistics made in year 2013. The results do not differ so much and stay at the same order of the leaderboard:

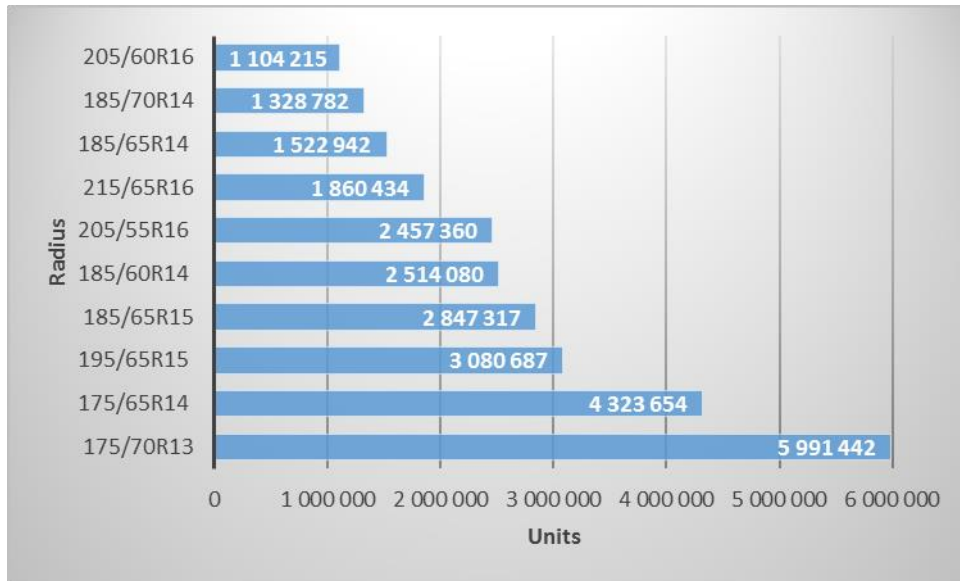


FIGURE 2. Passenger car tire radius leaders in 2013 (8)

Concerning truck tires, the situation is so, that 9R20 tops the board:

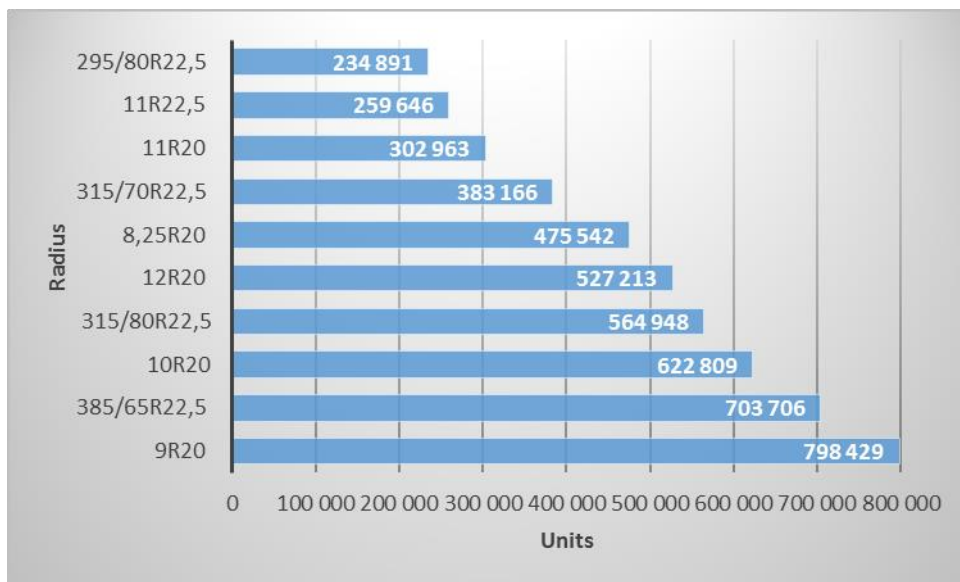


FIGURE 3. Truck tire radius leaders in 2014 (8)

The seven companies, leading in 2014 in the sales volume of passenger car tires by numbers and in money value, have been placed as follows*:

* TABLE 1-3 were translated from Russian by Mikhail Masienok

TABLE 1. Leading passenger car tire companies in 2014 (8)

| Company | Sales Volume, units | Sales Volume, RUB |
|------------------------|---------------------|-------------------|
| Nizhnekamskshina | 6 996 359 | 18 799 862 |
| Nokian | 6 236 618 | 67 075 747 |
| Kirovsk's Tire Factory | 4 664 249 | 15 234 937 |
| Yokohama | 3 101 127 | 22 013 916 |
| Continental | 2 885 707 | 16 669 149 |
| Bridgestone | 2 494 771 | 8 651 293 |
| Michelin | 1 870 767 | 15 040 285 |

To compare, the statistic of the year 2013 was not so good for Nokian tires. For one year, they have increased the volume by half:

TABLE 2. Leading passenger car tires companies in 2013 (8)

| Company | Sales Volume, units | Sales Volume, RUB |
|------------------------|---------------------|-------------------|
| Nizhnekamskshina | 7 947 915 | 18 034 336 |
| Nokian | 4 308 063 | 51 200 143 |
| Kirovsk's Tire Factory | 4 131 510 | 9 983 418 |
| Yokohama | 3 384 971 | 19 402 782 |
| Continental | 2 841 023 | 7 966 437 |
| Bridgestone | 2 556 373 | 15 670 198 |
| Michelin | 2 404 520 | 19 852 060 |

For truck tires the situation in 2014 was in a pure advantage for Nizhekamsk's Truck Tire Factory:

TABLE 3. Leading truck tire companies in year 2014 (8)

| Company | Sales Volume, units | Sales Volume, RUB |
|----------------------------------|---------------------|-------------------|
| Nizhnekamsk's Truck Tire Factory | 1 391 742 | 20 370 883 |
| Omskshina | 710 315 | 10 893 693 |
| Nizhnekamsk's Tire Factory CMK | 601 444 | 9 744 203 |
| Michelin | 376 264 | 7 877 072 |
| Altaisk's Tire Factory | 353 406 | 5 109 708 |
| Bridgestone | 197 894 | 3 799 341 |
| Goodyear | 170 574 | 3 502 739 |

The situation in Russia differs pretty much comparing to the world car tire manufacturer leaders. Here is what Statistic Brain Research Institute informs us in their article published on February, 5 in 2015 (9):

TABLE 4. Car tire leaders around the world according to “statisticbrain.com” site

| Car Tire Market Share Statistics | Market Share |
|----------------------------------|--------------|
| Goodyear | 15.5% |
| Michelin | 12 % |
| Bridgestone | 8 % |
| Yokohama | 8 % |
| Kumho | 7.5 % |
| Hankook | 6.5 % |
| Falken | 5.5 % |
| BFGoodrich | 5 % |
| Continental | 4 % |
| Dunlop | 4 % |
| Nexen | 4 % |

So, why do leaders vary so hard between Russian and world market? The answer is simple. All of the market leaders in Russia have their factories within Russian territory which causes cost price to be much less than imported analogs when for example, Goodyear has only a retail center.

5.2 Situation in 2015

Tire market fell by 20% in 2015, mainly because of its high dependence on the volume of new car sales. This forecast was done by GfK on the analysis of the sales of retailers in cities with a population over 500 000 people in several Russian regions. (10)

The main reason for the reduced market is the reduction in demand for new cars. According to forecasts GfK, the summer rubber market will stagnate less than the winter market, because sales of winter tires are directly dependent on the volume of new car sales.

Indeed, the Russian market has to change as the currency changes. As is well known, oil prices have been reduced by several times and Russian economics have bent under such low oil prices that have caused tire market to increase the cost price. Moreover, it is too risky for new companies to come to the Russian market because of unstable currency exchange rates. Some of them have reduced or removed performance in Russia.

A successful pricing strategy affects the success of the company, even in conditions of market decline. A few people can give a clear answer to the question of who will be the leader in the tire market in the near future. Availability of stocks affected the structure of the market. A large number of trade points is replaced with single larger stores. (11)

5.3 Predictions for 2016 on Tire Market

All participants of the tire market are trying to make forecasts for 2016. However, because of the unstable economic situation in the country and also because of many other factors make it quite difficult. Most operators are inclined to believe that there will not be market recovery next year. But we should not forget that in 2016 purchased tires will be car owners which purchased their cars in 2008 and 2012, when the sales of cars were the highest in the country. This can change the market situation. Namely, to maintain demand that was in 2015.

Here is what the general manager of 'Hankook Tire Rus', Kim Jong U says: "The main trends in 2015 were the fall of the market, especially in the segment of winter tires, a conservative purchasing behavior and a significant reduction in supply from China. In addition, demand has shifted from the segment A to the category B and from the class B to C. I think that 2016 will also be difficult for all market players. Demand will remain at the level of 2015 of a slight increase or decrease. Another trend will be to maintain a conservative consumer behavior. Consumers will give preference to cheaper brands. Our goal for 2016 is to maintain the current position in the market and the preparation of changes and improvements in the future."

In 2016 it is expected a further intensification of competition in the premium and mid-price segments. This year will be able to "survive" only those manufacturers who adapt to the current market conditions. To do this, they will have to work more with the Privacy Policy, use local capacity and expand the range of tires of a different price category.

Falling car sales have a major impact on the realization of winter tires, as this situation has a direct impact, informs ftimes.ru. The situation with summer tires is stable. (12)

6 ANALYZING TIRE SALES OF ONLINE STORES

6.1 Analyzing Sales of “Mosautoshina”

In the most popular online store, the situation of tire sales in January of 2016 was:

1. Goodyear UltraGrip Ice Arctic
2. Nokian Hakkapeliitta 7
3. Yokohama Geolandar A/T-S G012
4. Goodyear UltraGrip Ice Arctic SUV
5. Yokohama Geolandar I/T-S G073
6. Michelin Primacy 3
7. Continental ContiPremiumContact 5
8. Michelin Latitude Sport 3
9. Yokohama C.Drive AC02
10. Nexen Winguard Spike

This leaderboard is based on the sales for the last several months and surely does not respond to its quality and customers' choice. This rating could be published because these tires were on sale or with a special offer. Therefore, let us consider the rating sorted by amount of reviews:

TABLE 5. Summer passenger car tire leaders according to "mosautoshina.ru"

| Rating for summer tires | | |
|-------------------------|-----------------------------------|--------|
| Place | Tire Brand | Rating |
| 1 | Dunlop Direzza DZ102 | 4,75 |
| 2 | Dunlop SP Touring T1 | 4,57 |
| 3 | Continental ContiPremiumContact 5 | 4,27 |
| 4 | Goodyear Wrangler Duratrac | 4,27 |
| 5 | Dunlop SP Sport MAXX RT | 4,22 |
| 6 | Michelin Energy Saver+ | 4,13 |
| 7 | Continental ContiSportContact 5 | 3,98 |
| 8 | Nokian Hakka SUV | 3,93 |
| 9 | Hankook K715 Optimo | 3,84 |
| 10 | Dunlop SP Sport MAXX GT | 3,73 |

For winter studded tires the most effective tire that has been chosen is Matador:

TABLE 6. Winter studded passenger car tire leaders according to "moautoshina.ru"

| Rating for winter studded tires | | |
|---------------------------------|---------------------------------|--------|
| Place | Tire Brand | Rating |
| 1 | Matador MP-50 Sibir Ice SUV | 4,75 |
| 2 | Gislaved Nord Frost 100 | 4,6 |
| 3 | Continental ContiIceContact 4x4 | 4,59 |
| 4 | Dunlop Ice Touch | 4,58 |
| 5 | Goodyear UltraGrip Ice Arctic | 4,57 |
| 6 | Yokohama Ice Guard IG55 | 4,57 |
| 7 | Bridgestone Blizzak Spike-01 | 4,25 |
| 8 | Formula Ice | 4,25 |
| 9 | Continental ContiIceContact | 4,23 |
| 10 | Nexen Winguard Spike | 4,22 |

Concerning winter studless tires, the customers' option was famous Goodyear's product:

TABLE 7. Winter studless passenger car tire leaders according to "mosautoshina.ru"

| Rating for winter studless tires | | |
|----------------------------------|----------------------------|--------|
| Place | Tire Brand | Rating |
| 1 | Goodyear UltraGrip Ice 2 | 4,65 |
| 2 | Bridgestone Blizzak DM V2 | 4,45 |
| 3 | Toyo Observe GSI5 | 4,29 |
| 4 | Michelin X-Ice 3 | 4,25 |
| 5 | Dunlop Winter Maxx SJ8 | 4,24 |
| 6 | Yokohama Ice Guard IG50 | 4,19 |
| 7 | Michelin Pilot Alpin PA4 | 4,16 |
| 8 | Nokian Hakkapelitta R2 SUV | 3,97 |
| 9 | Nexen Winguard SUV | 3,88 |
| 10 | GT Radial Maxmiler WT | 3,87 |

The rating of all-season tires tops Toyo Proxes S/T II:

TABLE 8. All-season passenger car tire leaders according to "mosautoshina.ru"

| Rating for all-season tires | | |
|-----------------------------|-------------------------------|--------|
| Place | Tire Brand | Rating |
| 1 | Toyo Proxes S/T II | 4,35 |
| 2 | Kama Euro 236 | 4,16 |
| 3 | Hankook RF10 Dynapro ATm | 4,07 |
| 4 | Cooper Discoverer S/T Maxx | 3,95 |
| 5 | GT Radial Savero WT | 3,93 |
| 6 | Toyo Proxes CF2 | 3,91 |
| 7 | Cooper Discoverer H/T | 3,84 |
| 8 | Toyo Open Country H/T | 3,83 |
| 9 | BFGoodrich All Terrain T/A KO | 3,8 |
| 10 | Yokohama Geolandar A/T-S G012 | 3,78 |

The results above are impressive, concerning the fact, that the rating is pretty detailed.

When rating a product, a customer has to estimate such options like:

- control on dry roads
- control on wet roads
- control on snow surface
- control on ice surface
- driving comfort
- driving stability
- external noise
- braking efficiency
- resistance to aquaplaning
- speed characteristics
- durability
- build quality
- price / quality.

Therefore, as we can notice, summer tires' rating is high even though there are control on snow and ice surfaces options, which are obviously could reduce the ratings . It definitely shows us customers' desires. (13)

6.2 Analysis of “Yandex.Market”

Comparing to “Mosuatoshina” leaders, the situation on the Yandex.Market varies widely. This all is because of different customers and their desires. The ratings given on this site are listed below* (14)

* Rating was sorted by reviews, the amount of which was not less than 85.

TABLE 9. Summer passenger car tire rating according to “Yandex.Market”

| Ratings for summer tires | |
|-----------------------------------|--------|
| Tire Brand | Rating |
| Bridgestone MY-02 Sporty Style | 4,5 |
| Hankook Ventus V12 evo K110 | 4,5 |
| Kumho Ecsta SPT KU31 | 4,5 |
| Michelin Energy XM2 | 4,5 |
| Pirelli Cinturato P1 | 4,5 |
| Toyo Proxes CF2 | 4,5 |
| Bridgestone Turanza ER300 | 4 |
| Continental ContiPremiumContact 2 | 4 |
| Dunlop SP Sport LM703 | 4 |
| Kumho Solus KH17 | 4 |
| Michelin Energy Saver | 4 |
| Michelin Primacy 3 | 4 |
| Michelin Primacy HP | 4 |
| Nokian Nordman SX | 4 |
| Pirelli Cinturato P7 | 4 |
| Yokohama A.Drive AA01 | 4 |
| Yokohama AC02 C.Drive 2 | 4 |

Winter (studded and studless) tires rating is laid so:

TABLE 10. Winter passenger car tire rating according to “Yandex.Market”

| Ratings for winter studded/studless tires | |
|---|--------|
| Tire Brand | Rating |
| Dunlop Ice Touch | 4,5 |
| Bridgestone Blizzak VRX | 4,5 |
| Nokian Hakkapeliitta 5 | 4,5 |
| Nokian Nordman RS | 4,5 |
| Pirelli Ice Zero | 4,5 |
| Cordiant Polar | 4 |
| Cordiant Sno-Max | 4 |
| Goodyear Ultra Grip Extreme | 4 |
| Hankook Winter i*Pike W409 | 4 |
| Kumho I'Zen KW22 | 4 |
| Michelin X-Ice North XIN2 | 4 |
| Nokian Hakkapeliitta 7 | 4 |
| Nokian Hakkapeliitta 8 | 4 |
| Pirelli Winter Carving Edge | 4 |
| Toyo Observe G3-Ice | 4 |
| Yokohama Ice Guard IG30 | 4 |

Unfortunately, there are no more exact rating and the step of the score is 0,5. However, there are no options such as “control on the ice surface”, so this rating is based just on customers’ feelings and thoughts.

6.3 Average Pricing

We have discussed the rating from two most popular sites, which gave us a picture of the customers’ desires. Nevertheless, it is necessary to look at the pricing for these tires and see how much the leaders cost. Three first leaders from each figure have been taken (except all-season, because it performed on one site only), and the table has been made characterizes the price for a unit. As a main target was chosen R16 205/55 or higher if unavailable:

TABLE 11. Pricing for the leaders

| Site | Type of Tires | Model | Price | Radius | Average Price |
|-----------------|---------------------------------------|-----------------------------------|-------|------------|---------------|
| "Yandex.Market" | Summer tires | Bridgestone MY-02 Sporty Style | 3525 | R16 205/55 | 4409 |
| | | Hankook Ventus V12 evo K110 | 5701 | R16 205/45 | |
| | | Kumho Ecsta SPT KU31 | 4002 | R16 205/55 | |
| | Winter tires (sudded and studless) | Dunlop Ice Touch | 3870 | R16 205/55 | 4956 |
| | | Bridgestone Blizzak VRX | 4900 | R16 205/55 | |
| | | Nokian Hakkapeliitta 5 | 6099 | R16 205/55 | |
| "Mosautoshina" | Summer tires | Dunlop Direzza DZ102 | 3440 | R16 205/55 | 3600 |
| | | Dunlop SP Touring T1 | 3180 | R16 205/55 | |
| | | Continental ContiPremiumContact 5 | 4180 | R16 205/55 | |
| | Winter studded tires | Matador MP-50 Sibir Ice SUV | 3396 | R16 205/55 | 4532 |
| | | Gislaved Nord Frost 100 | 4800 | R16 205/55 | |
| | | Continental ContiIceContact 4x4 | 5400 | R16 215/65 | |
| | Winter studless tires | Goodyear UltraGrip Ice 2 | 4480 | R16 205/55 | 4613 |
| | | Bridgestone Blizzak DM V2 | 4360 | R16 215/65 | |
| | | Toyo Observe GSI5 | 5000 | R16 205/55 | |

As it is seen, the average price for a tire varies from 3 600 to 4 613 RUB and the cheapest type of tires is obviously summer. Nowadays, the average EUR exchange rate is 80 RUB. It means that the average price of one tire is about 45-60 EUR. Therefore, among the other options customers choose the most satisfying tires by price/quality option.

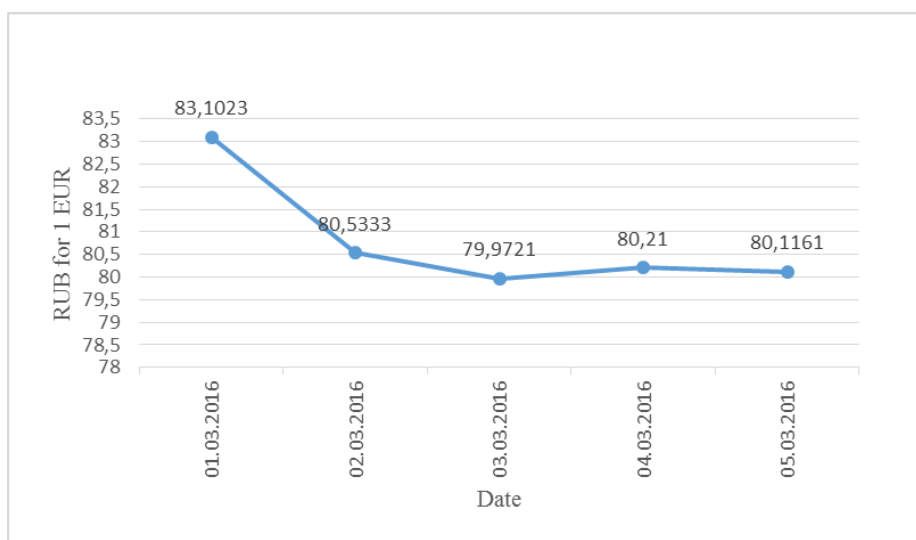


FIGURE 4. RUB to EUR dynamics 01.03.2016-05.03.2016 according to “cbr.ru”

6.4 Wheels Market

Today, many online stores offer customers plenty amount of wheels from different manufacturers. How not to make the wrong choice? For many motorists’ top producers rating is a guide in the selection of goods.

According the information found, it was found out that alloy wheels are the most popular. There are many articles about alloy wheels compared to other types. Moreover, mostly top rating for other types is just absent. Of course, they are bought but not by so many people like alloy ones. So, here is the rating of very popular alloy wheels in Russia (15):

- ALUTEC (Germany)
- СКАД/SKAD (Russia)
- IWheelz (Singapore)
- КиК/К&К (Russia)
- LS Wheels (Taiwan).

Below, the most popular models deserved customers’ choice because of their low price (16):

1. Alutec Poison tops the list because of its the unsurpassed German quality.
2. Скад Легенда/SKAD Legend. Wheels in demand due to the wide range of models, quality performance.
3. IWheelz Samurai. Differ by pattern with five spokes bulging outward. .
4. K&K KC632. Wheels have the form of five-toed gear.

5. LS Wheels LS 142. It provided a unique form of five-toed stars with cloven-rays.
6. ROTIFORM TMB Concave. These wheels have a bright unique design and excellent performance.

Because many factories produce cars with stamped wheels, online and usual shops cannot give relatively exact option that drivers choose. As it was said above, usually the factored wheels stay on cars and buying another type of wheels is just a customer's styling decision.

7 EXPLOITATION OF TIRES IN RUSSIA

7.1 When to Change Tires According to Law

Each year, with the approach of cold weather the drivers are beginning to wonder when to change winter tires. At present, the answer to this question is partly governed by regulatory instrument. Because Russian Federation has been included in Customs Union, it obeys Technical Regulations of the Customs Union TR CU 018/2011 on the safety of wheeled vehicles. In this part it is focused on the timing of the statutory replacement summer tires for winter.

- Consider paragraph 5.5 of Annex 8 to the technical rules of the customs union TR CU 018/2011 of the safety of wheeled vehicles:
- 5.5. It is forbidden to operate the vehicle manned with studded tires in the summer (June, July, August).
- It is forbidden to operate the vehicle unequipped with winter tires that meet the requirements of paragraph 5.6.3 of this annex in the winter (December, January, February). Winter tires are set on all wheels of the vehicle.

Terms ban operation can be changed in the direction of increasing regional governments of states-members of the Customs Union. (17)

What is regulated in this annex:

1. In the summer months (June, July, August) spiked tires are forbidden.
2. In the winter months (December, January, February) usage of only winter tires is allowed. Studded and studless tires can be used. The main thing is that they have to be marked as "M + S", "M & S" or "MS"
3. Terms ban operation can only be raised by local authorities and can not be reduced.

Therefore, the following periods of the tire use:

1. Summer tires (without marking M + S, etc.) can be used from March to November.
2. Winter studded tires (marked M + S, etc.) can be used from September to May.
3. Winter studless tire (labeled M + S and the like) can be used year-round.

Considering the table with the possible use of tires during the year:

| | Summer Tires | Winter Studded Tires | Winter Studless Tires |
|-------------------------------|--------------|----------------------|-----------------------|
| Winter (December – February) | | + | + |
| Spring (March – April) | + | + | + |
| Summer (June-August) | + | | + |
| Autumn (September – November) | + | + | + |

IMAGE 7. Use of summer and winter tires during the year

Thus, if drivers have got summer tires (non-marking) and winter studded tires, they need to replace it during the autumn from September to November.

Using all-season tires

In a separate group can be identified drivers using the all-season tires (designed for use throughout the year). All-season tires can be operated in the winter months (December - February) only if it has appropriate markings "M + S", "M & S" or "MS". Otherwise, the operation of all-season rubber in the winter months is not permitted.

Tire tread depth allowed

According to the reminded Technical Regulations of the Customs Union TR CU 018/2011 on the safety of wheeled vehicles, we have got following conditions:

5.6. The tire is considered to be unsuitable for use when:

5.6.1. The occurrence of one of the wear indicators (the protrusion at the bottom of the groove of the treadmill designed to visually determine the degree of wear, the depth of which corresponds to the minimum permissible tread depth of tires);

5.6.2. The residual tread depth of tires (in the absence of wear indicators) no more than:

for vehicles of categories L - 0,8 mm;

for vehicles of categories N2, N3, O3, O4 - 1,0 mm;

for vehicles of categories M1, N1, O1, O2 - 1,6 mm;

for vehicles of categories M2, M3 - 2,0 mm.

5.6.3. The residual tread depth of winter tires designed for use on icy or snowy road surfaces, marked by a sign in the form of a mountain top with three peaks and snowflakes inside it, as well as the marked signs "M + S", "M & S", "MS"(in the absence of wear indicators) during operation in surface - not more than 4.0 mm. (17)

7.2 Meaning Of Categories

Category L is a motor vehicles category, including subcategories:

- L1. Two-wheeled vehicles with a maximum design speed not exceeding 50 km/h
- L2. Three-wheeled vehicles with a maximum design speed not exceeding 50 km/h
- L3. Two-wheeled vehicles, an engine cylinder capacity (in the case of an internal combustion engine) is greater than 50 cm³ (or) maximum design speed (for any engine) is more than 50 km/h.
- L4. Three-wheeled vehicles with wheels asymmetrical relatively to the longitudinal median plane, an engine cylinder capacity (in the case of an internal combustion engine) is greater than 50 cm³ and (or) maximum design speed (for any engine) is more than 50 km/h.
- L5. Three-wheeled vehicles with wheels symmetrical relatively to the longitudinal median plane, an engine cylinder capacity (in the case of an internal combustion engine) is greater than 50 cm³ and (or) maximum design speed (for any engine) is more than 50 km/h.
- L6. Three-wheeled vehicles whose unladen mass is not more than 350 kg, excluding the mass of batteries (in the case of an electric vehicle) with a maximum design speed not exceeding 50 km/h.
- L7. Three-wheeled vehicles other than vehicles L6 category, whose unladen mass is not more than 400 kg (550 kg for vehicles intended for carrying goods), excluding the mass of batteries (in the case of an electric vehicle) and a maximum effective power of the engine does not exceed 15 kW.

Category M includes vehicles having at least four wheels and used for the carriage of passengers:

- Category M1. Vehicles used for the carriage of passengers and having, in addition to the driver's seat, not more than eight seats - cars.

Buses, trolleys, specialized passenger vehicles and their chassis, including:

- Category M2. Vehicles used for the carriage of passengers and having, in addition to the driver's seat, more than eight seats, technically permissible maximum weight not exceeding 5 tonnes.
- Category M3. Vehicles used for the carriage of passengers and having, in addition to the driver's seat, more than eight seats, the technically permissible maximum mass exceeding 5 tonnes.

Category N includes vehicles used for the transportation of goods such as cars trucks and chassis, including:

- Category N1. Vehicles used for the carriage of goods and having a technically permissible maximum mass not exceeding 3.5 tonnes.
- Category N2. Vehicles used for the carriage of goods and having a technically permissible maximum mass exceeding 3.5 tonnes but not exceeding 12 tonnes.
- Category N3. Vehicles used for the carriage of goods and having a technically permissible maximum mass exceeding 12 tonnes.

Category O is trailers (semitrailers) to vehicles of categories L, M, N, including:

- Category O1. Trailer, where the technically permissible maximum mass not exceeding 0.75 tonnes.
- Category O2. Trailer, where the technically permissible maximum mass exceeding 0.75 tonnes but not exceeding 3.5 tonnes.
- Category O3. Trailer, where the technically permissible maximum mass exceeding 3.5 tonnes but not exceeding 10 tonnes.
- Category O4. Trailer, where technically permissible maximum mass exceeding 10 tonnes. (5)

8 DELIVERY AND PAYMENT

8.1 Delivery

Usually, delivery is divided to:

- *Pickup*. This is the simplest way for company when the customer comes to the store and picks the ordered product himself.
- *Delivery within the area where the store* is characterized by less price for delivery. For example, if the store is placed in Moscow, then the delivery will be faster and will cost much less than to Saint Petersburg.
- *Delivery to other regions and countries* is similar to point 2, but the costs are higher and calculated according to the given address and taxes.

8.2 Payment

Payment can be done by any known method:

- *Cash when pickup*. A customer pays when picking it up from the store
- *Cash on delivery*. A buyer pays after the order was delivered to the given address.
- *E-Bank payment*. Characterized by payment online using while ordering a product.

9 CONCLUSION

Day by day, online stores take an essential part in human's everyday life. Indeed, do you know people, who use computers and Internet, but have never used online stores? It is so easy to visit a site, make a purchase online by clicking links, and pay for it by just a card. Moreover, an order can be delivered straight to your door. Surfing different online stores lets people find exactly what they want and what probably would not be found in their city. Especially, if the city is small and there is no such a big assortment of products.

There is almost everything on online stores that we would like to order, but in this thesis it is focused on the wheels and tires web and usual stores in Russia. However, these stores are strongly connected to each other, which means that the usual shops sales will be relevant to web stores as well. By making a research, it was noticed, that Russian people choose tires and wheels on Price/Quality criteria. Thus, they would rather buy a less quality tire than a more expensive one even though it was more qualitative.

Every year Russian tire market increases and it plays a huge role in the world, which makes international companies desire to allocate their production within Russian territory. Those companies, which do not have a factory yet, still would like to found one despite the crisis and current situation. This tells us about a big potential to do business in Russia.

Concerning all the information, we have a clear picture of the current conditions in Russia and this thesis will be definitely a good manual for marketers. Using all chapters, the leaders of the market can be found according to highlighted data

In addition, these researches are held continually. Every year a group of specialists works on this topic and sometimes shares with news portals, which kindly supplies us with the needed information. In addition, online stores show the leaders on their market at the moment and helped me to do as exact and right conclusions as possible.

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