

Westlake Tyres plans to double export sales

London, 21 May, 2012.– One of the first-time exhibitors at the recent Commercial Vehicle Show in the UK was Westlake Tyres, whose impressive stand featured products from the range of truck and bus radials. Among the personnel in attendance was Mr. Johnson Su, from the Hangzhou Zhongce Rubber Co., the manufacturers of Westlake tyres.

Mr Su's job title of 'Manager, Import & Export' is deceptively simple, as he is responsible for the importation of all raw materials used in the production of tyres and also for all export sales of the finished product. His career with Hangzhou Zhongce spans more than 30 years.

Hangzhou Zhongce and Eskay Tyres (the distributor for a number of European countries for the Westlake brand) used the period before and during the CV show to meet with a host of European distributors to discuss what they and their customers are looking for in terms of performance from their tyres. It was certainly an intensive experience, with Mr. Su and his team of two salespeople and two engineers visiting Van Aalderen in The Netherlands, Districash in France, Pirelli Driver in Spain and Dispnal in Portugal. To round it all off, Direct Tyre Management, who had recently been appointed as Exclusive Distributor for Westlake truck and bus tyres, occupied the neighbouring stand at the CV Show.

These visits were more than just sightseeing, as the three-cornered discussions (HZ, Eskay and dealers) covered a variety of subjects, from feedback on existing product performance to discussing what new products were needed for European roads.



Speaking at the CV Show, Harjeev Kandhari, Executive Director of the Al Dobowi group, explained that this is the way that the partnership has operated for the past 19 years. Al Dobowi has been selling HZ-made truck tyres in various markets and the manufacturer appreciates that different markets have different requirements and is keen to receive as much feedback as possible, in order to improve and develop its products. Mr. Kandhari described the relationship with both factory and customers as "a real partnership" in which all three sides work together to add value for their mutual advantage.

Mr Su agreed, pointing out that the best way to find out what are the requirements of the differing markets is to ask those who sell the tyres and also the end users. This way the factory/distributor can produce a range tailor-made for a particular region.

For example, he said that patterns can vary considerably, with European operators now used to axle- and application-specific patterns and construction to maximise performance and reduce costs. Conversely, in South East Asia, these sophisticated patterns are less important, but what the operators do require is a more robust tyre to cope with the rougher conditions.

A Marketing Opportunity

Of course, as well as the different road conditions, climates etc., there are some artificially-imposed differences. In Europe, the two most obvious of these are the REACH-compliance legislation and the introduction of tyre labelling.

Mr. Su could be forgiven if he regarded these as annoyances, or even as barriers to trade, but in fact the opposite is true. Mr Su pointed out that Westlake tyres are already REACH-compliant and, when it comes to labelling, he suggests that this could provide a great marketing opportunity. Tyres will have to carry a label giving details of their performance in three areas; rolling resistance, wet grip and noise, rated from A to G and graphically represented in a similar manner to that used for white goods.





To produce a tyre that scores A for both rolling resistance and wet grip would involve an enormous investment in R&D and, frankly, it is unlikely that any increase in sales would justify the expense. However, there is another important criterion to tyre purchase and that is value for money; a tyre that performs adequately and is attractively priced could well appeal to operators.

This, Mr Su believes, is where Westlake tyres could have an advantage, particularly as their service life can be further extended by regrooving and retreading, helping to reduce PPK costs.

A Giant – and Still Growing

When speaking to the people at Eskay, one thing that comes across strongly is their determination to make a real impact in the various European markets and a driving ambition for the Westlake name to become as familiar as many, older, household-name brands. In Hangzhou Zhongce, it has found the ideal partner, as the world's 10th largest tyre manufacturer also shares these goals.

It is easy to forget just how large an organisation HZ is; it employs 25,000 people in nine factories and produces around 11 million TBR tyres a year, of which two million went for export. Domestically, said Mr Su, HZ is the largest manufacturer of TBR tyres by some distance and holds an industry-leading 14% share of the market, with its Chao Yang brand. In fact, to put things in perspective, HZ is the fourth largest truck tyre manufacturer in the world.





The company has experienced rapid growth in recent years and has invested millions of Euros in the latest manufacturing and quality control equipment. For some in the West, there are question marks over the quality of some tyres made in the Far East and both HZ and Eskay work hard to ensure that these fears are groundless when it comes to the quality of Westlake tyres. Perhaps the clinching argument on the question of quality, said Mr. Su, is that HZ has offtake production agreements with a number of internationally-famous tyre manufacturers.

Despite its size, HZ's great advantage, said Mr. Su, is its flexibility and speed of response. Again, this is where the partnership with Eskay Tyres shows its worth, as feedback from Westlake dealers and end users is relayed to the factory and the R&D department ("We have over 100 engineers in our R&D division" said Mr. Su), where work begins on designing a tyre to suit the requirements.

The result is a product range of tyres tailor-made for different markets and different applications and one furthermore that is constantly monitored and updated to ensure that it fulfils customers' needs and expectations.

HZ, aided in no small part by the Westlake brand, has come a long way in a short time, with Westlake consolidating the company's presence in new, European markets. What of the future? The answer, said Mr. Su, is "more of the same" with an ambitious expansion programme underway. A new factory has been opened in Thailand, plus the company has bought a plot of land in Jiangsu Province, China, in order to build a brand-new tyre factory. Actually, the words "plot of land" only tell part of the story, as Mr. Su said that the purchase will double the existing HZ factory land area.

These new factories will mean an increase in production figures of many millions of tyres and, while the domestic market will account for some of these, HZ has its eyes firmly set on export markets, with Mr. Su revealing that the company plans to double its export sales, certainly within a decade, if not sooner.





In Europe, the Westlake brand will be at the spearhead of this effort and to achieve this ambitious target will mean an even closer relationship between factory and distributor. Certainly Mr. Su is confident that the goal can be achieved, saying "Hangzhou Zhongce has developed very quickly, and our relationship with Eskay Tyres is very good. Together we can produce the best tyres for sales around the world."

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