

Russia becomes our third-biggest market for replacement tires, after Japan and the United States

Defying a Market Downturn with Continued Sales Growth

Thousand tires/year
3,000



Our unit sales of tires in Russia increased more than 30% in calendar 2009 and exceeded 2 million tires for the first time. That growth occurred despite a sharp downturn in demand. The Russian market for replacement tires shrank more than 25% amid economic weakness, to about 30 million tires (source: LMC International Ltd.). Focusing on premium-grade products, we became Russia's largest tire importer, and Russia became our third-largest market for replacement tires, after Japan and the United States.

Focusing on large wholesalers in building sales channels

An important factor in our Russian sales growth in calendar 2009 was our progress in cultivating business with large wholesalers. Those partners have been a central emphasis for us in building sales channels. Our wholesaler recruiting includes initiatives for highlighting our high-performance products. Those initiatives include holding product presentations and conducting behind-the-wheel driving sessions at skating rinks to demonstrate studless snow tires. Reinforcing our appeal to wholesalers is our demonstrated commitment to providing partners with reliable supplies of superior-quality tires and with conscientious service.

Also expanding our network of affiliated retailers

Measures for broadening our marketing reach in Russia include recruiting more retailers for the Yokohama Club network. Retailers earn their membership in that network by fulfilling prescribed targets for sales of Yokohama tires. They receive preferential treatment in the allocation of tires, and we provide them with marketing tools and other support. The number of Yokohama Club retailers in Russia doubled in calendar 2009, to 220.



Retail outlets in the Yokohama Club network in Russia

Bolstering the Yokohama brand with an extensive product line and numerous sizes

We are working to strengthen our brand presence in Russia by deploying a more-extensive product line than our competitors and by offering tires in more-comprehensive ranges of sizes. Snow tires are the heart of the Russian market, accounting for about 60% of demand, and most of the snow tires sold in

Russia are studded tires. We deploy studded tires in Russia in more than 80 sizes to ensure a close fit for every user need. Most of our competitors in Russia focus on the core snow tire market, and we have earned high regard from dealers and from consumers by providing products to serve tire needs all year round.

Aiming for sales of 2.2 million tires in calendar 2010

Having passed the 2 million tire mark in calendar 2009, we are aiming for sales of 2.2 million in calendar 2010. We are deploying new products in snow tires with an eye to increasing our market share in that product sector. Meanwhile, we continue working on expanding our sales channels. A newly established office in Vladivostok will coordinate our measures for extending our sales reach beyond Russia's biggest metropolises.

Building a Russian tire plant

We began work in March 2010 on a tire plant south of Moscow in the Lipetsk special economic zone. That plant, slated to open in calendar 2011, will produce passenger car tires to serve Russia's immense potential demand. It will position us to help foster that demand with locally produced tires geared to local needs. We are investing about 4.8 billion rubles (about ¥14.8 billion) in the plant, which will be a showcase of environmentally sensitive and energy-efficient manufacturing. Our plans call for the plant to have an initial production capacity of 1.4 million tires a year.



Architect's rendering of the tire plant that we are building in Russia