

Dealer Fixed Operations VENDOR PROFILE

Nitrogen tire inflation: Dealers deploy high-tech tool to boost back-end profits

Service manager Terry Doyle of Champion Audi, Coral Springs, FL, says his store adds about \$2,000 in extra gross profits per month from selling a \$40 nitrogen tire inflation program to customers.

"It's mentioned by our service advisors with every customer—especially those with a tire issue like low pressure or replacement," Doyle says.

The store has partnered with NitroFill (www.whynitrofill.com) to offer the program, which includes the machine that inflates tires and point-of-purchase materials to let customers know about the program. Nitrofill offers the program for \$10,000 to \$20,000, depending on the type of inflation system a dealership chooses.

NitroFill CEO Jay Lighter says the key selling points for nitrogen inflation include:

- Reduced wear on tires. Unlike compressed air, nitrogen doesn't permeate tire walls and, consequently, tires inflated with the gas don't lose pressure—thereby reducing the risk of added wear and tear due to inadequate inflation. Lighter says studies show nitrogen can extend the life of tires by 25 percent.

- Reduction in tire failures. Lighter says nitrogen inflation reduces tire failures by 50 percent as a result of more consistent pressure and wear than tires inflated with compressed air.

- Improved fuel economy. Nitrogen can help improve gas mileage by about 6 percent, Lighter says.



Currently, NitroFill is working with about 100 franchised dealerships across the country. The company offers a marketing program as part of its services that sends e-mail reminders and specials to customers.

The company, created by Kreska Technologies, began offering the inflation services to dealers after devising a way to cost-effectively provide nitrogen for retail applications. In the past, nitrogen inflation relied on tanks used to inflate tires. Kreska has developed a system that extracts nitrogen from the air and uses it for inflation. The company's system claims to offer 99 percent pure nitrogen—a key factor as purity determines the effectiveness of nitrogen inflation.

To date, many of the franchise dealers who have deployed nitrogen inflation as an additional revenue-producers have typically come from high-line stores, where top performance and longer tire life (some high-end tires run \$200 or more apiece) are key considerations. Lighter believes nitrogen inflation will catch on with enthusiasts like tuners—as well as mainstream customers. CostCo,

for example, has begun offering nitrogen inflation at some of its outlets.

Doyle offers a couple insights into his strategy for marketing the program:

- Spiff advisors. He gives them a \$3 spiff for every sale, plus a piece of the labor time. Total spiff: About \$5 per sale. The store retails the product for \$8 per tire. The spiff helps ensure advisors remember to talk up nitrogen inflation and its benefits with customers.

- Post brochures in customer areas. "It's the only brochure at the service counter," Doyle says. It's a natural for customers to pick it up and take a look.

- Tout the offering. Doyle says the store will begin pitching nitrogen inflation on its web site and other marketing efforts to raise the program's visibility.

Stores that are using the program typically retail it for about \$8-\$10 per tire. It takes about five minutes to fully inflate all five tires on a vehicle (including the spare). 