

“We offer our customers comprehensive advice to reduce their tire-related costs”

Ralf Benack is responsible for fleet solutions for the EMEA region at Continental. In this interview he explains what the technology company is doing to help fleets minimize costs and discusses the benefits offered by retreaded truck tires.

Mr. Benack, with the arrival of the new Generation 5 commercial vehicle tires you are also placing the spotlight on your LODC approach. What does LODC stand for?

LODC stands for Lowest Overall Driving Costs. It lies at the heart of our comprehensive consultancy approach that helps fleet customers minimize their tire-related operational costs.

What do you mean by ‘comprehensive’?

For us, ‘comprehensive’ means that we apply our full expertise in the field of tires, tire servicing, digitalization, data analysis and process mapping. Needless to say, we always start off with the core of our business model, the tires themselves. It is only possible to fully harness their potential, however, with the help of a good LifeCycle solution complete with casing management and a high level of transparency on tire usage via digital solutions. In this way, LODC strikes the perfect balance between economy, ecology and safety.

What role does the customer play in LODC?

Our approach has been designed deliberately to be collaborative in nature, meaning we need trust and transparency on both sides. For example, the fleet customer provides us with telemetry data and we use this data to deliver proposals for cutting costs – which we then focus squarely on implementing together. Rather than simply calculating the potential savings, we get actively involved together with our network of service partners and achieve tangible results.

Now, let’s be honest – is it about giving advice or making a sale?

Both really. The basic premise of our LODC approach is that our after-sales advice will generate clear added value for our customers, so they will want to do business with us again in future. The analysis paves the way for a combination of products, services and solutions intended to minimize customer costs – and create a partnership lasting many years.

What type of fleet customer is your consultancy approach aimed at?

Generally speaking it is applicable to fleets of any size, spanning all sorts of different applications and configurations. We work together with our retail partners to come up with an optimum solution for each specific customer based on their individual profile. ContiTrade plays a key role when it comes to matters such as the ongoing improvement of service quality and refining our tire management solutions. However, this does not mean that our independent partners are any less important. On the contrary – they form a vital link to the end users of our products and will continue to do so in the future.

Let's go into a little more detail: what are the key levers in the LODC methodology?

The most important levers are without doubt optimum tire selection, maximization of uptime, measures for increasing tire mileage and fuel efficiency, data-driven servicing management resulting in tire checks at exactly the right time, a 24/7 breakdown service, and optimization of ordering, administrative and invoicing processes.

How can uptime, for example, be maximized?

We use intelligent digital solutions to optimize tire maintenance and pressure. This extends tire life, increases uptime and saves fuel.

You have said that tire retreading also plays an important role in your comprehensive approach. Could you explain that in more detail?

Of course. When looking at the most suitable tire for a particular application profile with the LODC method, we always give careful consideration to the appropriate retread solution – i.e. hot-retreaded ContiRe or cold-retreaded ContiTread tires – at the same time. We strive to find the best solution for the particular application and customer. In fact, this all starts even further back at the tire development stage, with our teams of engineers for new tires and retreads working hand in hand with one another.

What are the benefits offered by retreading, which has now become common practice for commercial vehicle tires?

For one thing, there is the sustainability aspect: when retreading a tire, we are able to reuse around 70% of the original tire, saving raw materials, water and energy. And then there is the cost aspect: retreads are cheaper than new tires – but also completely safe and very durable. A worn-

out Continental tire that has been professionally retreaded using either our hot or cold retreading solutions delivers exactly the same performance as a new Continental tire.

What exactly happens during retreading?

New tread and sidewall rubber is applied to the worn-out casing of tires which are still of sound structural quality. The retreaded tire then undergoes a curing process to vulcanize the new rubber to the original casing. This results in a new tire with a new tread pattern that meets all requirements in terms of safety and durability.

How much money can retreaded tires save fleet operators?

Our retreading solutions using well-maintained Continental casings can reduce a fleet operator's tire costs by 30 to 40 percent. This is also what makes retreading an important factor for our LODC approach – and for sustainability in general.

What proportion of a fleet's overall costs do tire costs account for in total?

At first glance, tires would only seem to make up around 2% of a truck's total operating costs. However, they also have significant impact on fuel, maintenance and repair costs, which account for over 27% of total costs. This makes tires a key lever – and LODC a genuine success factor – for fleet customers in difficult times.

How are general market conditions set to evolve for your fleet customers in future?

It's always difficult to make forecasts, but cost pressures are likely to grow even further. Fuel prices are going to stay high for the foreseeable future, and this is being compounded by the European carbon tax on fossil fuels. Various European and national regulations will force fleet operators to invest heavily in vehicles with zero tailpipe emissions if they wish to avoid toll charges and restrictions or benefit from incentives. So, there is an even greater necessity to get operating costs down by choosing the right tires.

Continental develops pioneering technologies and services for sustainable and connected mobility of people and their goods. Founded in 1871, the technology company offers safe, efficient, intelligent and affordable solutions for vehicles, machines, traffic and transportation. In 2021, Continental generated sales of €33.8 billion and currently employs over 190,000 people in 58 countries and markets. On October 8, 2021, the company celebrated its 150th anniversary.

The **Tires group sector** has 24 production and development locations worldwide. Continental is one of the leading tire manufacturers with more than 57,000 employees and posted sales of €11.8 billion in 2021 in this group sector. Continental ranks among the technology leaders in tire production and offers a broad product range for passenger cars, commercial and special-purpose vehicles as well as two-wheelers. Through continuous investment in research and development, Continental makes a major contribution to safe, cost-effective and ecologically efficient mobility. The portfolio of the Tires sector includes services for the tire trade and fleet applications, as well as digital management systems for tires.

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Ralf Benack, Head of Fleet Solutions EMEA at Continental.

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