

Case study – Michelin – From selling tyres to selling kilometers!



CLEAR
Circular Economy Adult Training
ToolBox- Knowledge ReUse





Background

Michelin is a worldwide leader in the tyre industry, based in Clermont-Ferrand in the Auvergne region of France.

Michelin was witnessing huge profit losses and pressure from management.

Its core business is to produce and sell tyres, making a possible solution difficult to achieve.

- Should they move from their traditional core business?
- Do they need to start thinking of a new product?

Management was negative regarding the above. They produce and sell tyres, thus, a solution needs to be found based on this presumption.



Content

1. Learning objective
2. Case study description
3. Practical examples
4. Results and benefits
5. Activity
6. Lessons learned

EQF level	EQF level	EQF level
4	5	6



1. Learning objective

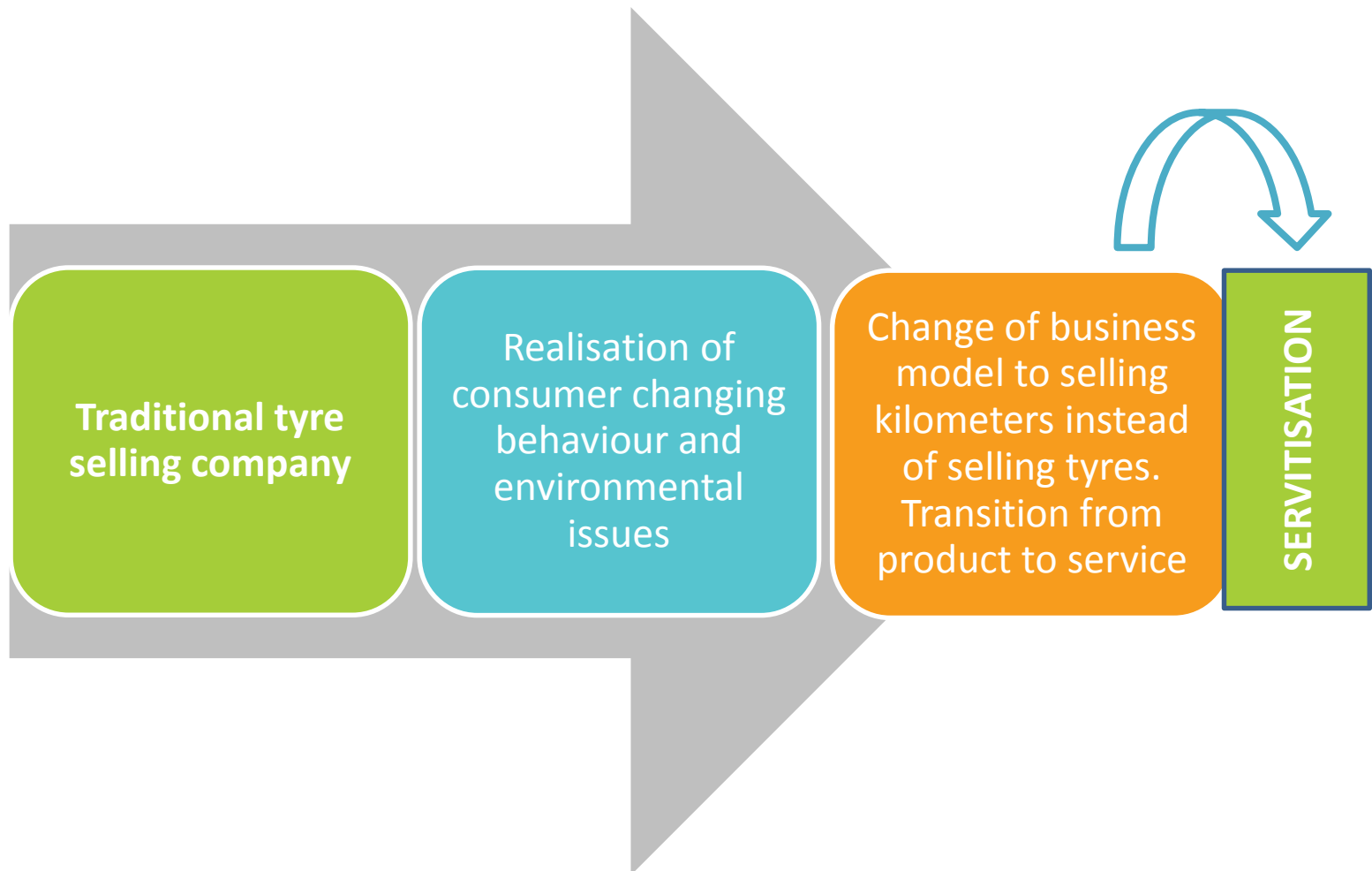
1. Describe changes in customer behaviour.
2. Present the need to change the business model.
3. Analyse steps taken in changing a business model.

Target group:

Adult trainers, SMEs,
& Seniors



2. Case study description (1/3)





2. Case study description (2/3)

Michelin's core business is to manufacture and sell tyres. They are a leading business although huge drop in profits are witnessed every year.

The management decided to bring in a consulting company but after three years of reviews and analysis, the figures were still low.

A change in the business model was suggested: transition from product to services.



2. Case study description (3/3)

In addition, consumer behaviour is increasingly changing while being heavily influenced on positively affecting the environment.

Companies are expected to show corporate responsibility and the car industry is heavily affected due to its characteristics.

The question remains: how can Michelin accommodate the above while keeping the same product?



3. Practical examples – solution proposed

Michelin launched Michelin Fleet Solutions to offer transportation companies comprehensive tyre management solutions for their fleets of vehicles over a three to five year period.





4. Results and benefits

Michelin's transportation customers where offered a servitisation based solution. Instead of buying new tyres every 3-5 years, they could rent them by the kilometer.

The deal would offer customers a number of peace-of-mind benefits including better cost control, fewer breakdowns and less administration.



5. Activity

1. Review the steps taken by Michelin in order to reach the final outcome.
2. Investigate into the model of servitisation and present the main characteristics.
3. Describe the consumer behaviour and how it is affected by service offers instead of product buying.



6. Lessons learned

Investigation into a possible solution: meetings, bringing in a consulting company, review options, review core business model.

Solution: Change in the business model.
Offering tyres by the kilometre. Transition towards services.

Identification of a problem.
Product sales are low,
consumer behaviour is
changing.

