

# Inflating Profits

Nitrogen programs are a growing way to drive revenues.

By John. A. Lucidi

If your dealership hasn't heard about the benefits of nitrogen inflation by now, someone is not paying attention. Flip through this current issue of Fixed Ops and you'll see several companies advertising nitrogen generators. This (relatively) new technology has quickly gained momentum.



Automobile dealers' have evolved, replacing early views of skepticism and doubt with the more current view of acceptance. Yet, when I speak with automobile dealers there is still one question that keeps coming up: "How do I make money selling this service?"

## Why nitrogen?

Nitrogen is an inert gas that behaves more predictably than compressed air. It's not about what is in the tire (nitrogen) as what's not (oxygen, water vapor, moisture). Nitrogen tire inflation provides two main benefits to the driver: better pressure retention and the elimination of moisture within the tire.

Tires filled with air lose 2 psi/month, on average, as oxygen permeates through the sidewall. It takes about four months to see a similar loss with Nitrogen. Since 85% of consumers do not monitor their tire pressure, this is a huge benefit. Nitrogen-filled tires allow the operator to remain closer to the recommended pressure longer (between services). By maintaining proper tire pressure longer, the operator can expect to see fuel efficiency and tire life improvements over under-inflated tires. The elimination of water vapor and moisture within the tire is a significant

benefit of nitrogen tire inflation. Moisture causes oxidation, leading to leaking valve stems, etc. Nitrogen is very dry (-50 degrees F dewpoint) when compared to compressed air (40 degrees F dewpoint at its best, but often approaching 70 degrees F in most shops). Lower dewpoint equals less moisture. In cold weather, water vapor condenses out of air as temperature drops, leaving a "puddle" within the tire. In warm weather, water vapor retains heat and causes inflation pressures to fluctuate wildly. Dramatic pressure fluctuations in the tire, either in liquid or vapor states, can be a source of problems with TPMS causing inaccurate alarms. By filling with nitrogen these false alarms can be minimized. Nitrogen is much more consistent than air, so it is easier to compensate for these temperature changes.

Those are the two major benefits of nitrogen tire inflation that yield numerous secondary

benefits. Nitrogen is safer because under-inflation is a significant cause of blowouts. Nitrogen is environmentally friendly because the improved fuel economy and longer tire life yield fewer greenhouse gas emissions. Under-inflation results in millions of gallons of wasted fuel every day. Removing oxygen and water vapor helps to eliminate chemical aging (breakdown) within a tire.

## Inflation through the service lane

Nitrogen is typically offered through the dealership service lane at an average price of \$40 per vehicle. Most dealers indicate that they can convince at least 10 percent of their service customers to switch to nitrogen tire inflation. This figure can vary dramatically depending on the dealership and it is not unusual for higher end brands to see 75%+ choose to make the switch. The chart below shows the impressive ROI for even the smallest dealerships by offering it only in the service department and only getting 10% of their customers to switch.

Nitrogen fits nicely in a service department, which is why it is becoming increasingly popular.

Tickets/Wk	Nitrogen (10%)	N2 Revenue	Payback (Weeks)
100	10	400	25
200	20	800	13
300	30	1200	8
400	40	1600	6
500	50	2000	5

It's a value-added service that effectively complements other offerings. It's affordable and the service can be performed very quickly, often in the time it takes for an oil change. Portable nitrogen generators make it easy and cost effective to reach multiple service bays with a single unit. Service writers can be easily trained to sell the service. It can be spiffed easily to help keep your service writers' interest. Numerous dealers sell only through the service lane, realizing excellent revenues and are content doing that.

Some of the most successful nitrogen inflation dealers still offer nitrogen in the service department, but only as a complement to their other services. Others utilize a total nitrogen inflation program that begins at pre-delivery inspection (PDI).

## Inflation through PDI

Dealers are already being paid to check tire pressure during the PDI process. Using a nitrogen generator to fill and check all four (or five) tires simultaneously can save time and increase accuracy. While the tires are being inflated with nitrogen, the technician is free to continue performing other duties. Offering nitrogen in PDI allows the dealership to add incremental profit on every vehicle.

Dealers who offer nitrogen inflation through PDI are using it to build customer loyalty and retention. The dealer offers a fixed price on the new vehicle sticker for lifetime nitrogen inflation and then fills with nitrogen for free during any other service visit. Dealers will often offer a good (20,000 miles)-better (life of tires)-best (life of vehicle) approach with this setup, and a valve stem cap kit is usually incorporated. Nitrogen inflation with a proactive kit program is an effective way to draw customers back for services they may not typically win.

More recently, we've seen things like road hazard agreements, customizable e-mail newsletters and other new technologies used to reinforce customer retention. With e-mail newsletters, the customer reg-

isters his nitrogen fill with the cap kit provider. The dealer picks the customizable options (coupons, frequency, etc.) and then the nitrogen customers are e-mailed regularly to remind them to return to the store for this month's special. A sample newsletter, as offered by the Get Nitrogen Institute, is shown on the right.

Offering nitrogen tire inflation demands commitment. It may require multiple generators (one for PDI, one for service) or a single generator with multiple auto-inflator installations. And it requires service writers who are trained to efficiently sell the benefits. But the proactive dealer will see substantial long-term benefits and a quicker return on his investment.



John Lucidi is the product sales manager of nitrogen inflation for the FNS division of Parker Hannifin, a manufacturer of nitrogen generators. ■

		
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