

Bicycle Retailer

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A N D I N D U S T R Y N E W S

Andre Shoumatoff (right) began running Park City Bike Demos, a consumer-facing bike rental and demo concept, out of converted bread trucks in 2015. The company moved into a brick-and-mortar location last year.

Photo courtesy Photo-John for Park City Bike Demos



GETTING INVENTIVE WITH BIKE RENTAL

By Val Vanderpool

PARK CITY, Utah — Three years ago, Andre Shoumatoff had an unconventional business idea. He bought two bread trucks and 35 bikes and began delivering rental bikes directly to Park City, Utah's, many riding locales. Park City Bike Demos could be anywhere the customer needed a bike for a day of riding.

"It's a different model than a bike shop. Demo-quality rentals and selling an experience is the core, rather than selling product," Shoumatoff said. "We wanted to execute the experience on the terms of the customer. It required considerable investment and specialization, and we are just starting to get it all nailed, but when it works, it

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Service on the go

SPECIAL REPORT:

This is the second part of a two-part series on North American mobile bike shop/service franchises. Part 1 ran in our March 15 issue.

Beeline Bikes franchisees slowly ramping up business

By Toby Hill

LAGUNA NIGUEL, Calif. — Allen Ostergar fits the profile of many Beeline Bikes franchise owners. An attorney by vocation and cyclist by avocation, he purchased — as an investment — the rights to six Beeline franchises covering all of Orange County in Southern California. He's not experienced in the bicycle industry, and has so far rolled out

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Rental

can work well.”

And it has gone well — so well that Shoumatoff said Park City Bike Demos became the largest Felt dealer in the state, despite having no actual location. But Shoumatoff recognized that there were merits to having a permanent location, including storage for the bikes, room to do maintenance and being able to showcase the rentals in a nice environment. And, he found that some customers still wanted to walk into a brick-and-mortar location.

“We found we were sometimes forcing the idea to meet people at trailheads and various locations. So in our second year, we opened a prototype demo center and later moved into the space we’re in now,” Shoumatoff said. “We also upped our volume to 140 bikes in 2016.”

Park City Bike Demos is now a dealer for 12 bike and accessory brands showcased at its brick-and-mortar location, but the main focus still is on rentals and test rides.

Other retailers are experimenting with how they handle rentals, which have long been a part of the IBD model, and finding creative ways to manage, process and present their fleets.

Park Chambers, who owns Portland, Oregon’s, Fat Tire Farm, 21st Avenue Bicycles and Traction Works Suspension, also turned the traditional model on its head in 2015 and moved his rental bikes to a dedicated satellite shop, Hood River Bicycles, one hour east in Hood River, Oregon. With Hood River being a popular riding destination, most of his rental bikes ended up in there anyway, so he decided it made more sense to rent closer to the trails to simplify logistics for his customers.

And in Durango, Colorado, Joey Ernst, co-owner of Velorution Cycles and Bedrock Bags, is currently testing a new rental model.

“Everyone always wants a deal, so we are renting everything on the floor and pricing according to the amount of use it gets,” said Ernst, who opened Velorution, which specializes in bikepacking and mountain biking, in 2012. “The sale price will drop certain percentages after the fifth, 10th and 15th ride.

“It’s an idea, and I think it has merit. In some shops, customers want to see rows of shiny, perfect bikes. That’s not Durango,” he added. “But we can order new bikes if someone doesn’t want to buy one that’s been rented.”

Embracing technology

Between maintenance, time spent booking, answering calls and setting up bikes, rentals can be a lot of work. Many shops use some type of an online booking platform to streamline the process, but until a few years ago, these programs

weren’t specific to the needs of the IBD.

When Doug Stoddart moved to France from the U.K. in 2007 to set up a bike rental business, he fired up his spreadsheet and promptly realized there had to be a better way. A former software engineer in the banking industry, Stoddart designed a program, Bike Rental Manager, tailored to the IBD, and launched it in 2010.

“No one was doing it then,” he said. “We quickly realized the software couldn’t be too dictatorial because everyone does it differently. With rentals, shit happens — people are late, they don’t like the color — there are so many complicated touchpoints that it has to be flexible.”

Bike Rental Manager integrates with Lightspeed’s POS and provides a customizable booking platform on the retailer’s website. The software allows the retailer to track maintenance with a visual indicator and opportunities to record problems. The program keeps a maintenance history, which can be helpful for determining resale values and timelines.

East Burke Sports owner John Worth maintains a fleet of more than 100 mountain bikes for visitors riding Vermont’s Kingdom Trails. Worth began using Bike Rental Manager in 2016 to simplify reservations and cut down on labor.

“If you’re doing anywhere near the rental business I’m doing, you have to look into any help you can get,” Worth said. “It’s made a big difference.”

A new player is Spinlister, a company that launched a peer-to-peer bike rental program (think Airbnb for bikes) two years ago. But as the service grew, the company noticed that retailers were listing their rental and demo fleets on Spinlister.

“We sat down with a lot of shops to see what they needed so that we could create an online rental system just for the IBD,” said Curren Bates, Spinlister’s director of marketing.

Spinlister Pro, which launched in January, provides retailers with an iPad kiosk that customers use to book, register, complete waivers and pay. It interacts with the retailer’s website to prevent double booking. Spinlister takes a cut of the rental fee, but provides liability insurance and will handle the case when a bike goes missing or is damaged during a rental, taking some of the burden associated with rentals off of the retailer.

It also integrates with Lightspeed, and listings are customizable. Spinlister charges \$49 per month for the kiosk to cover its cost, but retailers have the option of using their own iPad or laptop.

When Anna Maria Wolf opened Sun and Air in Brooklyn, New York, last fall, rentals weren’t part of her plan. But when she heard about Spinlister Pro, she decided it was a low-risk way to test the waters.



Portland, Oregon retailer Park Chambers moved his mountain bike rental fleet into a dedicated satellite store, Hood River Bicycles, and closer to mountain bike trails.

“It’s been great to not have to take on the liability that goes along with rentals,” Wolf said. “And, we pay for it only when it’s being used. So in winter, you’re not paying for a service you’re not using.”

Beyond the cruiser

When consumers think of bike rentals, cruisers likely come to mind. But the reality is that just about every kind of bike, from fat and gravel to triathlon and plus-size models as well as e-bikes, are showing up in rental fleets at IBDs — another way retailers are setting themselves apart.

Velorution’s Ernst rents bikes and bags specifically for bikepacking the Colorado Trail. In Alaska, where the fat bike reigns supreme, Speedway Cycles owner Greg Matyas rents a fleet of Fat-backs. And East Burke Sports’ Worth only rents fat bikes from November to March.

Besides interest in niche categories, retailers are also seeing increased demand for high-end models, both in popular mountain biking destinations like Kingdom Trails and Park City and even places like Las Vegas where business travelers rent bikes to continue their training.

Grant Miller has rented premium road bikes to tourists and athletes visiting Kona, Hawaii since the early 1990s.

“Back then, we rented cruisers for \$10 a day,” said Miller, who opened Hawaiian Pedals, a cruiser rental business, before opening Bike Works in 1991. “So these road bikes had to be cheaper than renting a car, right? No, not really. People are doing it for the experience, to ride the Ironman course. I still thought it would never work.”

But his rental business skyrocketed, and today Bike Works rents 120 road, mountain and triathlon bikes out of its two stores. The majority of his road rentals are high-end carbon models, and before races like the 70.3 Ironman, he

books 90 percent of his fleet.

“Unless they’re trying to win their age group or get an Ironman slot, 95 percent of competitors rent a bike,” Miller said. “Even for Ironman, some people will just rent.”

Potential to profit

Rentals have the potential to boost a shop’s profitability, especially for those that deal in the high end or do high volume. Rates for premium, carbon models equipped with Di2 can top out at \$200 a day. Most retailers flip their fleet at the end of the season, and those sales likely cover the cost of the bike.

East Burke Sports’ Worth begins taking deposits in March and by mid-summer, most of his bikes are sold — typically for about half of the retail price. But customers can’t take the bike home until the trails close in November.

Retailers in small markets are often careful not to flood it with a rush of used bikes at the end of the rental season, and Park City Bike Demos’ Shoumatoff said one assurance is that his demos are always for sale.

“If a customer, no matter where they are from, loves the bike and wants to take it home, we will credit the cost of the rental and ship it to them 90 percent assembled,” he said.

But rentals also provide a customer service that IBDs value — much like a repair department.

Bike Rental Manager’s Stoddart said more retailers around the globe are capitalizing on rentals as destination tourism grows.

“People are demanding of having the right thing, so they’ll pay for it. I see the rental market only getting busier,” he said. “And bike shops can offer high-quality service and high-end rentals.”

“Retail is under enormous pressure, but I do think this sort of thing is a way for it to fight back and offer something the internet can’t,” he added. **BRAIN**