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Taichung Special

Bicycle Retailer

AND INDUSTRY NEWS

Issue Four

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Heard In Taichung

What Show? Where? Taichung is the epicenter of Taiwan's bicycle industry, so you'd think that Taichung Bike Week would be a red-letter date on the calendar for the dozens of factories that exist within an hour

"You're Taiwanese, and you didn't know you had a show here?"

or two of downtown. After all, product managers from some of the biggest brands in the world are here to size up spec for 2011. Turns out that many Taiwanese companies had never heard of Taichung Bike Week. Blame the somewhat chaotic nature of the event, which has sprouted like a weed with no central planning until this year. Vivian Hsu of Sunny Wheel, which makes fenders, baskets and other accessories, said she found out about it from her foreign customers. She wondered why so many happened to be in Taiwan this time of year, and she was puzzled when they said they

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Continues Trimming Retailers

Giant's Tony Lo Sees Flat U.S. Market

The global economy appears to be shrugging off the so-called Great Recession as consumers start spending and orders for new goods start rising. But Tony Lo, Giant's chief executive officer, expects the U.S. market will take more time to recover.

Asia, on the other hand, is rebounding quickly. "Last in, first out," said Lo, referring to Asia's late entry into the recession and its much quicker recovery. "But the overall (global) economy is getting

better," he added Wednesday during a wide-ranging interview at Giant's factory in Tachia, a 35-minute drive from downtown Taichung.

Lo is one of the few chief executives in the industry to acknowledge that his company has excess inventory in the U.S. But the situation is much different in Europe.

"Overall, I think Europe is doing fine," he said, thanks

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Tony Lo

Photos by Marc Sani

This is One Call to Duty They'd Rather Not Answer

No one at Taichung Bike Week was happy to hear word that the U.S. Congress wasn't planning to extend duty suspension on a variety of imported parts and components.

Ask Dave Kemmerer and Tom Curran, executives at Kemco International, and they will tell you that, to put it bluntly, it sucks. "What's really going to happen is

that consumers are going to pay for it," said Curran, the company's president and a 30-year industry veteran.



Tom Curran

Kemco sources a variety of products from China, including its name brand Vuelta rims and components. "We didn't know it was coming," said Kemmerer, the company's CEO. "We went

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ASI Buys Oval

Fuji parent Advanced Sports, Inc. has bought Oval Concepts and will license its patented JetStream and SCCS technology.

"We have been looking for a top-notch, branded parts and accessories line for some time," said ASI President Pat Cunnane, who has been in Taichung this week. Oval is exhibiting at the Tempus.

ASI will immediately start selling the Oval aftermarket line through Oval's existing distributor network and through ASI's IBD network.

Since 2002, Oval has offered unique aerodynamic handlebars, stems, aero-bars, seat posts and forks.

ASI's Steven Harad will be Oval brand manager.

Giant . . .

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to an entrenched cycling culture, robust electric bike sales, and a greater awareness of environmental issues. And, he added, Europe wasn't hit as hard as the U.S. economy when financial markets flirted with collapse late last year.

The 62-year-old executive said he thinks 2010 sales will be flat at best, with high-end unit sales absorbing the brunt of an

ongoing consumer pullback. "The U.S. is a very mature market, while in Asia many of the developing countries are offering new opportunities," he said.

In the United States, Giant is actively trimming its retail base. From nearly 2,000 dealers at its peak, Giant now has 1,200, and Lo would like to see it continue dropping to 1,000.

"This way we can build a more secure dealer network and better serve and support them. A thousand dealers would cover the U.S. very nicely," he said.

"It's not our goal to sell a million units," Lo added. The company wants to appeal to a broad customer base, reflecting Giant's manufacturing capabilities—from building

bikes that compete in the Tour de France to making comfort bikes that appeal to average consumers who don't know a peleton from a potato.

"We want to help a dealer with a 3,000-square-foot store. It's not how big they are, but that they are the right people. Attitude is what we want to choose," he said.

—Marc Sani

Duties . . .

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to Interbike with pricing and now we may have to eat the increases or raise prices."

In the recession-wracked U.S. market, they said, raising prices isn't a likely outcome. "It's not an option," Curran said. For example, the company's Vuelta rims will see duty increase from

1.8 percent to 5 percent.

While that may not sound like much for one \$50 rim at wholesale, tack that increase on to several thousand rims and now the Kemco executives are tabulating real money.

For cranks, the duty jumps from 6.1 percent to 10 percent.

Vuelta has an extensive line of cranks, including a bomb-proof model for single-speeders.

"We don't want any problems," said Curran, citing the potential for liability claims.

Despite the duty issues, the two veterans predict continued growth in the "fixie" market.

And dealers can order deep-dish aluminum rims in a variety of colors, including pink, to satisfy fashionistas.

The rims will wholesale for about \$50, while giving retailers ample room for margin, Curran said.

—Marc Sani

Heard in Taichung . . .

Continued from page 1

were coming to a show. "No, I'm sure there's no show here," she replied. Her customers were amazed that she had never heard of the event. "You're Taiwanese, and you didn't know you had a show here?" they asked. So to help spread the word to Taichung-area companies like Sunny Wheel, organizers asked Chrissie Huang of First Bicycle Components for help. She spent hours talking to companies, just days before the event. "This is so unofficial, they don't get information from the media or the city government," she said. Now that the word is out, more Taiwan companies should attend next year. "The city government can start the explanations earlier, so we can get the information out earlier," Huang said. And local factory officials won't have to wonder why all these foreigners are suddenly showing up at their gates.

Temperature Controlled. Speaking of barbarians at the gates, when we visited the Haoli Precision Industrial factory today, the guard met us with some kind of electronic device in his hand. At first we thought it was some kind of security device, and when he

held it close to our companion's right eye we wondered for a moment if he was going to scan her iris. Were we walking into a Double Secret briefing? But no, it was just an electronic thermometer; he was making sure that neither of us carried the dreaded H1N1 bug (we weren't). Returning to the hotel after the interview, we realized that a big TV screen in the lobby we pass by is also reading our temperature. Makes you wonder why Taiwan is taking the H1N1 so seriously, while in the U.S. you can't get a flu shot even if you want one. Does Taiwan know something?

Over the Hill Gang. Chatting with Tom Curran and Dave Kemmerer is like getting a history lesson on the rise and fall of cycling brands over the last 30-plus years. Both men have held numerous slots in the business. Both worked together at Raleigh, then left to relaunch Kemco International, a company founded by Kemmerer's father to service the hardware industry. Curran and Kemmerer noted that old guys—those over 50—aren't getting a lot of love when it comes to seeking jobs, no matter how much a veteran may know about the business. So working their own gig seemed like the right way to go. They recently added another 50-plus veteran, Ron Blocker, to the lineup. For the record, Tom is 52 and Dave is 57.

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