

Bicycle Retailer

AND INDUSTRY NEWS

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Heard on the Street

Bosch—is it the new Shimano?

Markus Fritsch, founder and editor of Velobiz, a news website for German dealers and suppliers, knows as much about the European market as anyone. So chatting with Markus about the future of e-bikes is always time well spent. The conversation ranged from how the market is doing (just fine, thank you) to when will it plateau and stick suppliers and retailers with hard-to-move inventory (no one knows, but it will happen sooner or later given the industry's track record). Then we turned to motors. "In Germany, people are saying Bosch is the new Shimano," Markus remarked. How can that be? Shimano is ... well, everywhere. Not so fast. Many German consumers buying e-bikes could care less about Shimano or SRAM components, or bicycle brand names for that matter. All they want to know is whether it's powered by Bosch, an iconic Germany company with its name stamped on everything from dishwashers to spark plugs. Even Geert van der Weg, purchasing manager for Batavus, agrees with Markus' assessment. As Markus put it before leaving for his next appointment, "In Germany you're not considered a man unless you have a Bosch power drill in the house."

Trek and Specialized Down Under:

One of the joys of an international event is the opportunity to chat with folks like Markus Fritsch. From the Land Down under, another industry expert is Phil Latz, publisher of *Bicycling Australia*. He leads a group of consumer magazines, a small book publishing empire (perhaps a bit of an exaggeration) and is now launching into designing bike lanes for Australian municipalities. Of course, the conversation begins with "How's business?" Well ... it's tough. Chain Reaction and Wiggle are driving dealers crazy with prices that leave distributors and dealers with margins somewhere around net zero. And, of course, Trek, Specialized and others are putting the squeeze on dealers—think of the 80 percent rule. That's 80 percent of a dealer's floor space. Thank you very much.

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Taipei Cycle organizers consider move to July



Taiwan dignitaries including TBEA chairman and Giant president Tony Lo, Taiwan Vice President Wu Den-yih and Giant founder and chairman King Liu cut the ribbon, signifying the opening of the 26th edition of Taipei Cycle.

Remark by Giant's and TBEA's Lo catches show attendees off guard. Date change would come in 2015 at earliest.

It came at the end of Tony Lo's speech at the opening ceremony for the Taipei Cycle Show. The Taiwan External Trade Development Council (TAITRA), he said, is exploring a major shakeup in the international trade show calendar—moving Taipei Cycle to July.

Lo's seemingly offhand comment easily could have been missed as he ended a speech on Taiwan's future as a global leader in manufacturing and innovation. But as president of Giant, the world's largest bicycle

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SELLING A CYCLE CITY

Officials from Ogden, Utah, get an up-close look at the industry as they pitch the city's 'cycling cluster' to suppliers at Taipei Cycle.



From left: Ogden Mayor Mike Caldwell, guide Kevict Yen of ID ART, Utah economic development official Todd Brightwell and Ogden business development manager Stephen Fishburn. Several industry suppliers—including QBP and TRP/Tektro—have opened facilities in the Utah city in recent years.

What's the mayor of a small city in Utah doing at the Taipei Cycle Show, 11,000 miles from home? Looking at bikes, sampling the food and hospitality and looking for more bike industry members who'd like to relocate to his town, Ogden.

Mayor Mike Caldwell, a 42-year-old bike enthusiast, is hoping a few more brands would like to join TRP/Tektro, Quality Bicycle Products, Scott Sports,

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ROBBERT DE KOCK:

Federation head is a diplomat and tough negotiator

BERN, SWITZERLAND—Robbert de Kock is a man on the move. Last Tuesday he was in Zurich. The next day he was in London at a UCI meeting. And several days later he was on a flight to Taipei.

As secretary general of the World Federation of the Sporting Goods Industry (WFSGI), de Kock will meet with industry officials Friday at 2 p.m. to review supplier concerns with UCI processes and technical regulations.

Topping that discussion will be issues surrounding wheels and current UCI rules, de Kock told *Bicycle Retailer & Industry News*.

For manufacturers the issues revolve primarily around safety. What is a safe wheel—whether it's made of aluminum or carbon fiber? How should wheel material be tested? And what about braking, particularly with carbon fiber rims?

“There is quite a debate around these issues. We want to find the right balance for our industry, so as not to increase costs for suppliers, and to understand certain practices so that the products we deliver have a certain security. Where are the limits and where are the boundaries? These are the discussions taking place on the wheel side,” he said.

Part of de Kock's mission is to help streamline regulations and standards so as to help suppliers control costs yet encourage them to innovate with new designs and materials. For example, de Kock said he believes UCI's wheel testing program is out of step with new materials used in manufacturing wheels.

Currently, to test wheel strength the UCI attaches a wheel to a fixed frame and then rams a weighted slide into it. Other tests, using the same fixture but at different angles, attempt to correlate the weighted impact with hitting a pothole or curb. De Kock pointed out that carbon fiber forks are more likely to snap before some of today's modern wheels crumple.

Many countries recognize EN and ISO standards when it comes to bicycle safety, he said. “We would like to limit these [UCI test] procedures and not increase costs for our industry. But at the same time we can debate those [IN and ISO] standards, for sure,” he said.

De Kock is as much a diplomat as a negotiator. He and the WFSGI's four bicycle committees work with the UCI, the International

Olympic Committee and others on a host of issues surrounding competitive cycling, transportation and sustainability. De Kock is also a player at the World Health Organization in supporting efforts to increase physical activity through sports among children and adults.

Last year the federation and the UCI worked with Olympic organizers to boost the visibility of brand-name logos on bikes ridden in the 2012 London Olympics—a significant victory for brands spending thousands of dollars to participate at the Olympic level.

The industry officially joined the WFSGI in 2010 after a group of 30 companies in July 2009 formed the Global Organization of Cycling Equipment Manufacturers (GOCEM) in part to confront the UCI over rules and spiraling costs. Since then brands like Mavic, Campagnolo and Schwalbe have joined the federation, bringing cycling's membership to more than 40 companies.

De Kock, a former professional badminton player who won dozens of titles in the 1990s, has a degree in economics. Early in his career he worked at the IOC. He later joined Bern-based Intersport International Corp., a 9 billion euro operation, and rose to director of licensing and global business development. The WFSGI named him secretary general in 2007.

De Kock has also weighed in on the various drug scandals that have plagued competi-



Robbert de Kock, secretary general of the World Federation of the Sporting Goods Industry, will review supplier concerns over UCI policies on Friday in Taipei.

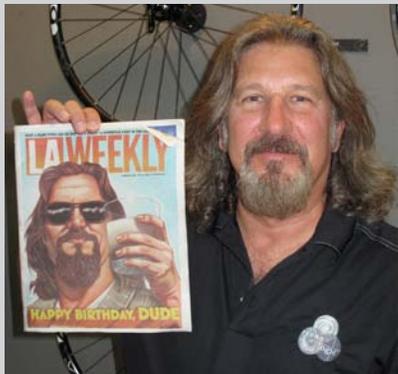
tive cycling, including the Lance Armstrong affair and the relationship he had with the brand names that backed him. “I think the Lance Armstrong issue is very serious. On the other hand, we have had experience in the past with other sporting goods brands in these types of scandals,” he said.

Most sales based on competitive success make up a small portion of the overall cycling market, so the fallout is limited. “Most brands, I think, reacted correctly and none have made a mistake in their handling of it,” de Kock said, adding that the Armstrong scandal would have little impact on sales worldwide.

Heard on the Street

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Who is this man called Wick? If you hang around Steve Fenton's Pro-Lite booth for long, you meet an interesting assortment of characters. And if you're Italian by birth you can knock back a shot of very ex-



pensive grappa, courtesy of Pro-Lite's executive dispenser. So while sipping some grappa, who walks into the booth but none other than The Dude. At first I thought Jesus Christ had just discovered the Taipei Cycle Show. But it was The Dude—a Jeff Bridges look-alike straight from the Coen brothers' film *The Big Lebowski*. In this cult favorite, Bridges plays Jeff Lebowski, an

unemployed slacker whose love of bowling is matched only by his appetite for White Russians. And there was Bridges as Lebowski on the cover of a recent edition of the *LA Weekly*. Posing with the *Weekly* was the spitting image of Lebowski played by none other than Wick. Yes, that's his name. Sort of. We've known him as Wick for so long, no one can recall his real name. Check out the photo. You be the judge.

Bicycle Retailer

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Taipei International Cycle Show 

TAIPEI CYCLE

MARCH 5-8, 2014

TWTC NANGANG Exhibition Hall
TWTC Exhibition Hall 1



Organizer:



Co-organizers:



Taipei Cycle d&i awards



www.TaipeiCycle.com.tw



Taipei Cycle date

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manufacturer, and as chairman of the Taiwan Bicycle Exporters' Association (TBEA), when Lo speaks most people listen—closely.

Still, his comment that TAITRA, the show's organizer, was considering such a move caught listeners and others on the trade show floor by surprise. And some questioned whether his comment was more a trial balloon to gauge reaction to a potential shift.

But in an interview with *Bicycle Retailer & Industry News*, Lo said such a change, if taken, would have to wait until 2015 at the earliest. "It would be too soon for next year," he said.

Still, Stan Day, SRAM's president and CEO, when asked what a July date for Taipei Cycle would mean for his company, replied that it was the first he had heard of it—and SRAM is a major manufacturer in Taiwan. Day at first thought such a shift didn't make much sense, but then he paused and said he would need to think about it.

When asked about a July date, a Taiwan distributor with offices in China said, "That's crazy. I don't see how that could work."

On the other hand, a smaller Taiwan manufacturer reacted differently. "I need to

think about it. It could be OK. I just don't know," he said.

Stefan Reisinger, Eurobike's show director, and Pat Hus, Interbike's show director, said Lo's comment was a surprise to them. But they immediately began to calculate the potential impact of such a date change on their own shows.

Reisinger put it simply: "It's difficult to consider at the moment." Eurobike is considered the first major show on the calendar with its late-August date, and it has become a mecca for international visitors, particularly from Asia and South America. Eurobike also backs an October show in Nanjing, China.

Interbike follows in late September in Las Vegas, but is primarily a dealer show. "I don't think it would have much of an impact on us," said Hus, who met with officials from TAITRA at a luncheon Wednesday.

Nonetheless, growth in North America and Europe is generally flat, although Europe's e-bike market continues to gain.

So why the move to July?

For years the show has been held in March, Lo said, but as Asian economies have

become more affluent, demand for higher-quality bicycles and components is growing fast. "Asia is now becoming a very important market to develop," he said.

Ask any supplier at this show where they see growth, and all reply Asia. Consumers in China, Korea, Thailand, Singapore, Indonesia and other Southeast Asian nations are demanding better products whether its bikes, cars or cellphones. Lo used the word "evolving" to describe the burgeoning economies throughout the region.

Lo noted that major suppliers like Specialized, Trek and Giant are already showcasing new product lines at a variety of July dealer events in the U.S. And last year Trek left Eurobike to host its own event at a separate venue well before Eurobike opened its doors.

"Eurobike and Interbike both have their purposes," Lo said, in terms of reaching dealers in their respective markets. But, he added, Asian markets may now need their own show.

Every country in Asia has some sort of a trade show, Lo said. But Taiwan, a major supplier throughout Asia, is relatively easy to reach by air, and air travel is rapidly expanding across Asia.

By centralizing a major trade show in Taiwan, he said, manufacturers could significantly reduce costs. "Such a change could mean a lot for the global market," he said.

Selling a cycle city

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Enve and Amer Sports, just some of the outdoor sports companies that have opened Ogden facilities—large and small—in the past eight years.

Since the city of 90,000 hosted events at the 2002 Winter Olympics, town and state officials have made a concerted effort to make long-term hay from the Games, Caldwell said.

"After 17 days, the IOC [International Olympic Committee] rolls up the tent," he said. Without an organized effort to promote the region afterward, "it's a huge missed opportunity."

Caldwell, along with city business development manager Stephen Fishburn and state economic development official Todd Brightwell, are spending the week in Taiwan. Earlier this week they visited factories, including Tektro's.

"We wanted to visit some of the business that we already have in Ogden, to show support and make efforts to educate ourselves," he said. The trio also visited some companies that don't currently have U.S. offices to sell them on the benefits of Ogden.

Caldwell, of course, was more than willing to sell those benefits to BRAIN, as well.

Ogden's biggest selling point is the quality

of life for outdoor enthusiasts, what Caldwell called the "metro to mountain" factor. With three ski resorts, hundreds of miles of mountain bike trails and two rivers that converge near downtown, outdoor athletes have plenty to keep them busy.

And unlike some other outdoor meccas, Ogden still has affordable housing and office space. TRP's Lance Larrabee relocated from Mountain View, California, last year. After considering a move to Boulder or Fort Collins, Colorado, Larrabee settled on Ogden in part because of more affordable real estate. Housing in Ogden costs 20 percent as much as Mountain View and significantly less than on Colorado's Front Range, he said.

Another benefit to Ogden is the developing "cluster effect," Caldwell said. "As we got a couple of the big [companies], that really helped. There is a lot of synergy and the last eight years has really transformed the community."

A recent economic study found about 2,500 people in Ogden who were directly employed by the outdoor industry, and a total of perhaps 9,000 jobs indirectly benefiting from the growth in the outdoor industry there.

The Utah trio is being guided around Taiwan by Kevict Yen, owner of ID ART, a San Francisco Bay Area-based communications agency. ID ART works with TRP, KindShock, Novatec, Rove and other Taiwanese bike brands.

Yen said some Taiwanese brands have developed U.S. brand equity without taking the next step toward really selling into the country, a step that might require a U.S. presence. And Ogden might be just the place to center that effort, he said.

Caldwell, an avid rider and racer who has been involved with bike race organization, said he has enjoyed touring factories and learning the human stories behind some of the products.

"Meeting the owners that live on the premises [of their factories] ... who take such pride in what they do and to see their inspiration has been my favorite part of this trip. There is a lot more soul and passion than you imagine. That's really been eye-opening to me," he said.

The Utah trio will attend the next two days of the show and on Friday they'll meet with city officials in Taichung, the center of bike manufacturing in Taiwan. Fishburn said he hopes to discuss possible "sister city" collaboration between municipal officials in Taichung and Ogden, which he called the center of the "North American cycling cluster."

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Taipei Cycle Day 1



Two thumbs up: Taiwan vice president Wu Den-yih (center) with this year's D&I gold award winners, which included the Equinox M.I.S.S. wheelset by Gigantex of Changhua County, Taiwan; the Caress children's bicycle seat by Hamax AS, Moss/Norway; Bikepro Insole by Global Action Inc. of Taipei, Taiwan; and the Spyre brake caliper by Tektro Technology Corp. of Changhua, Taiwan.



From the show floor (left to right): Mike's Bikes' Matt Adams, Raleigh America's Steve Meineke, American Cyclery's Kimo Toguchi and Mike's Bikes' Ken Martin.

Ellsworth founder Tony Ellsworth and his wife (and international purchasing agent for Ellsworth), Chiapin Chen, enjoy food and drink at Taiwan Cycle Night at the end of the first show day.



Live music kept the crowds entertained at Taiwan Cycle Night.

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Taiwan vice president Wu Den-yih addressed a packed ballroom during a press conference that kicked off the first day of the show.

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