

Bicycle Retailer

AUGUST 2019

and INDUSTRY NEWS



Capital achievement

Litespeed gets the presidential treatment

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STATE OF RETAIL



Albert Cabbad, chief operating officer, R&A Cycles, Brooklyn, New York

How do you manage relationships with brands that also sell direct-to-consumer?
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Photo courtesy Terry Bicycles

Apparel with appeal in 2020

By Ray Keener

BOULDER, Colo.—In the ever-evolving world of bicycle retail, the apparel category is changing along with consumer buying patterns. Retailers are adapting quickly by using their open-to-buy in both traditional and creative ways.

As BRAIN offers a sneak peek of 2020

Spring Summer designs in this issue (pages 18-19), we're also taking a look at how savvy retailers are buying apparel.

One thing seems certain: In the IBD, apparel sales are in decline. According to the NPD Group, which tracks sell-in and sell-through of all our industry categories, dollar sales in apparel have declined nearly

APPAREL page 16

Free to fly: BMX turning 50 emotes nostalgia

By Dean Yobbi

LIVINGSTON, Mont.—Freedom means something different to every person. Bob Osborn knows what it represented to a generation of kids growing up in the BMX culture of the 1970s and the role he played.

"Those days have become legend to a bunch of 50-year-old guys," said Osborn, founder and publisher of *BMX Action* and *Freestylin'* magazines. He spoke with BRAIN a few days after the sport officially



The sky remains the limit as BMX reaches year 50.

BMX page 12

Weapons of mass rotation Stealthy and mobile, e-bikes gain traction among law enforcement

By Dean Yobbi

YUCAIPA, Calif.—While the number of agencies using e-bikes is unknown, a police bicycle safety group said their adoption is "growing rapidly," further fueling the e-bike market. That's leading to opportunities for suppliers and retailers, and the need for patrollers to update their training as more officers navigate bikes with top speeds of 28 mph and weighing an average of 50 pounds.

With more than 12,000 police and 3,000 sheriff's departments nationwide, the Bureau of Justice Statistics currently only tracks the number of bike patrols, not which type of bike or how many are used. Maureen Becker, the International Police Mountain Bike Association's executive director, estimated about 4,000 police departments, sheriff's offices and campus law enforcement agencies use



The LAPD is busy converting all of its bikes to electric.

STEALTHY page 12

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FROM THE COVER

APPAREL

15% in the last two years. It's hard to say if the market for bike clothes is shrinking overall, or if IBD sales are being replaced by consumer-direct sales (online and through company stores), custom kit sales to teams, events and corporations (which usually bypass retailers), or sales through other channels.

But a recent (unscientific) BicycleRetailer.com poll found that 57% of shops are reducing their commitment to selling apparel this year, while only 10% are increasing it. So how are retailers buying smartly in a declining market?

Speaking with retailers, suppliers and industry consultants, two trends have become clear. First, some retailers are increasingly abandoning preseason ordering in favor of more frequent and smaller just-in-time buys throughout the season.



Photo by Michael Weiss

Big Shark Bikes' Michael Weiss has altered his apparel ordering strategy.

Second, custom-designed jerseys and kits are a growing part of the product mix in most shops. The traditional "shop jersey" offering is being expanded to include designs featuring local breweries, sports teams, and more.

Even the venerable term "open-to-buy" is being updated. "We like to think of a different term, 'prepare to sell,' rather than open-to-buy," retail expert Dan Mann said. "It all starts with a carefully researched plan based on your sales history and your understanding of the changing apparel trends."

Michael Weiss, owner of Big Shark Bikes, a three-store St. Louis chain, is employing both the JIT and custom strategies. "Our apparel-buying strategy has definitely shifted," Weiss said. Big Shark is just about average in terms of apparel sales, with the category representing 5.2% of its \$4-5 million in sales over the past three seasons.

Weiss previously bought into the preseason programs of his two full-line

apparel vendors: Louis Garneau and Castelli. "We'd follow the sizing curves the manufacturers supplied, get in huge orders that filled the store and looked great, but the sell-through just wasn't keeping up with the payment terms, which negatively affected our open-to-buy."

So Weiss and Big Shark have moved to just-in-time apparel ordering. "We're doing weekly cycle counts now and placing weekly orders," Weiss said. "Of course, there's some risk, since our key brands might run out of staple items like black shorts and \$30 gloves."

Weiss told us he's finding that 30 orders of \$1,000 each work better for his stores than one order for \$30,000. "It's more work for sure, and the faster turns pretty much cancel out the smaller margins we're getting by skipping preseasons."

David Martinez, VP of operations for the six Trek Superstores in San Diego and Albuquerque, has plenty of open-to-buy and a solid strategy around a flat sales curve. "In this digital age, consumers have all the colors, brands, sizes and options at their fingertips, therefore it's more difficult to compete," Martinez said. "Working with great vendors like Bontrager, Pearl Izumi and Fox is a big deal. We like brands that allow stock rotations, dealer discounts, strong inventory throughout the year, and a functional B2B site."

Martinez's strategy is to see the offerings from all of his brands at one time and select what's best in terms of materials, price and aesthetics. "By seeing all the brands at once, you will spot trends like the blue bib short in 2019 and see colorways that may be a stretch," he said. "I don't have the best fashion sense. So I'll ask other team members, and even some of our guests, on how they feel about certain colors or patterns."

Bontrager no longer asks Martinez for a preseason order, and he's hoping that trend will spread to other vendors. "I understand the vendors' need to see what retailers want to stock in order to forecast," Martinez said.

"However, two things still happen year after year. First, when my preseason order arrives, it usually arrives 90-95% complete, and even worse, core items are still not available in the middle of season."

Despite these concerns, Martinez is still a heavy preseason buyer. "Our preseason orders are pretty safe; there's not a lot of risk in terms of sell-through," he said. "As for open-to-buy, we have our budgets set and keep a pretty close eye on inventory, but we won't turn down a good closeout buy."



Photo courtesy of Assos

A recent BicycleRetailer.com poll revealed that 57% of shops are reducing their commitment to selling apparel this year.

Vendors are adapting quickly to the new dynamics of the apparel market and dealer buying patterns. Some have done away with preseasons entirely, but Pearl Izumi is tailoring its programs based on retailer feedback, said Jason Armknecht,

"We're doing weekly cycle counts now and placing weekly orders. Of course there's some risk, since our key brands might run out of staple items like black shorts and \$30 gloves."

— Michael Weiss, owner of Big Shark Bikes

national sales manager for the Shimano-owned brand.

"We're working to adapt to give our retailers the best of both worlds," Armknecht said. "So they can either buy full line in preseason, then we want to assure maximum access for dealers who don't want to pre-book."

Despite the trend toward just-in-time ordering, Pearl Izumi still does 70% of its business through preseasons. "We're a little surprised that it's staying that high," Armknecht said. He pointed out that there are many advantages to preseasoning, including online support and social media assistance for added value, not just bigger discounts.

"We're adjusting to the new world of buy-in, and it's a massive shift," Armknecht said. "We need to be better at

helping customers be more successful. Instead of pre-booking, it's more about business planning. That's where the open-to-buy comes in."

Dan Mann summed up by recommending a coherent open-to-buy strategy. "First, you create a category plan," he said. "What percentage of bib shorts versus waistband shorts at what price points, for example. Then, an assortment plan: what brands and models of each. If you come to the table prepared, you control the relationship with your brands. If not, they will be directing you."

Custom growth

The growth of custom items within the apparel segment is reflected not only in more sales at retail. There are also more custom vendors than ever, with

companies shifting from main-line offerings to primarily custom.

Hugh Walton, an apparel company leader for decades with brands like Pearl Izumi, Descente and Hind, now is a purely custom supplier. "Apparel printing has become amazingly efficient due to digital printers churning at blinding speeds and automatic Gerber-type cutting tables," Walton said.

Also feeding retailer movement toward custom are the rapid turns possible. "Lead times at Chinese custom factories are down to 21 days, and minimum orders are a thing of the past," Walton said. "Plus, retailers are finding value and volume in items unique to their store."

Weiss concurs. "We're doing 10 to 20% of our apparel volume in custom, depending on the category. Not just shop jerseys — anything with a local focus. We call them culture pieces. We've teamed up with local breweries; we make St. Louis Cardinal and Blues sports team jerseys. They all sell well and turn quickly."

"While 95% of our sales are in main-line goods, we for sure see the need to do more custom," Martinez said.

Pearl Izumi is glad to support that. "We're doing limited-edition designs for our premier dealers two or three times a year," Armknecht said. "The strategy is making capped quantities tied to a local artist. It's an important and growing part of our business."

Other brands, like Giro and Louis Garneau, offer limited-edition designs several times a year.

While consumer demand for cycling apparel is still strong, it's being spread over a wider variety of sources beyond the local shop, just like every other product category. Both vendors and retailers are doing their best in challenging market conditions to get the most from their evolving programs and open-to-buy. **BRAIN**

Apparel with appeal in 2020



Club Ride: The Bella Vista jersey features mesh venting, a Henley neck, and a stretch fabric that is now UPF-50.

Leatt: The DBX 5.0 jersey has wind block fabric on the chest and sides; the short is waterproof/breathable.



Castelli: This women's jersey is part of Castelli's new Unlimited series, designed for gravel adventures.

Terry: High-viz, loose-fits, and minimal seaming have been top-selling features for Terry.

Pearl Izumi: The Rove Jacket is part of the brand's 2020 BikeStyle collection.





Endura: New colorways for its 2020 SingleTrack line were featured at the ISPO show in July.



Stolen Goat: The UK-based brand is offering new colors for its popular Bodyline jerseys.



Giordana: The brand enters the triathlon market for the first time in 2020, with in-line and custom offerings.

Reggie: This brand was founded by a brother-and-sister team and emphasizes fun, fast, and unusual styles.



Assos: The Mille GT Half Shorts for women feature a soft waistband on the front, with grippers on the rear for a bib-like fit without suspenders.



HEDO: This new brand is targeting performance fondo and gravel riders with colorways inspired by its California home.

'Filling the parking spots'

Five years after launch, 7Mesh demonstrates it's more than a jacket brand

By Steve Frothingham

SQUAMISH, British Columbia (BRAIN) — 7Mesh was founded by a crew with years of experience in the technical outdoor apparel market, so a technical cycling rain jacket was a natural centerpiece of its first seasons.

But its founders always had bigger plans for the brand.

"There was a risk that would be perceived as the jacket company,"

co-founder and CEO Tyler Jordan told BRAIN. "We knew we knew how to make good outerwear and that we had a lot to learn about what goes on underneath. So we consciously decided to risk being pigeonholed."

Five years after launch, the company is filling out its product line for 2020 with a complete array of shorts and jerseys for men and women.

"It's a pretty substantial increase in SKUs," Jordan said. "Five new shorts for men, five for women, a



7Mesh will expand its lineup in 2020 with men's and women's shorts and jerseys, covering the road, gravel and mountain bike disciplines.



new hoodie. It's a big expansion, and now the pieces fill all the spots in the parking lot. Not that we won't expand more, but all the spots are filled now."

The line includes road, gravel and mountain bike clothes, including thermal pieces, jackets, vests, over shorts, liners and tights.

Gravel and mountain bike items include 7Mesh's "Anything System," a modular storage system that includes as many as five "floating" rear pockets on jerseys, and a variety of pockets on liner bibs and overshorts.

Jordan started his career at the outdoor brand Arc'teryx when its only product was a climbing harness. He went on to lead the brand as CEO for eight years. Arc'teryx, now owned by Amer Group, is today one of the best known outdoor apparel brands in the world. His two co-founders at 7Mesh also are former Arc'teryx executives.

Arc'teryx's outerwear technologies and styling have influenced that market for over a decade. Jordan and his partners were confident they could do something similar in the cycling market.

"Arc'teryx drove a lot trends in lamination technologies, zippers, weight mitigation with lighter fabrics ... The way we put together apparel influenced multiple industries. You can see it in tactical wear, ski and snowboarding, and hunting and fishing."

Cycling, however, was later to the game. "We felt cycling was lagging behind. It's less true now, but cycling apparel had stayed very traditional for a long time. We decided that we could do something that added value. We didn't come here to make the same product as everyone else."

7Mesh sells online through its own website, but a majority of sales are through brick-and-mortar retailers. **BRAIN**

Sustainability trend at forefront for 2020

LOUISVILLE, Colo.—The trend may have come to the cycling world a little later than the outdoor market, but the 2020 model year is shaping up to be the year of sustainability.

Nearly every clothing brand has at least a few items made from recycled or sustainable materials, and brands are working to reduce packaging and hangtags. Pearl Izumi, whose sustainability program we wrote about in the July issue, has even stopped printing catalogs as part of its sustainability program.

The trend extends to details like zippers and cycling pads, showing that the suppliers to the suppliers are getting on board.

YKK, the Tokyo-based zipper supplier, announced its GreenRise zipper in June. The zipper replaces polyester made with fossil fuels with a plant-based material derived from molasses. The company plans to launch an Environmental Vision program next year that aims to reduce water waste and reduce production waste materials.

Elastic Interface, the Italy-based company that provides many of the pads used in high-end cycling shorts and bibs, increasingly has adopted recycled fabrics for its pads.

EI uses polyamide and elastane fabrics made from industrial waste of yarn, and polyester material from recycled plastic bottles.

Recycled foams for the pads are hard to find, but the company is working to make its existing foams more eco-friendly by reducing production waste and energy used in production.

Pedal Mafia, an Australian brand entering the U.S. this year, offers ECO jerseys and bibs consisting of fabric made nearly 100% from recycled nylon and elastane.

According to the brand, every 2,200 pounds of recycled nylon used reduces atmospheric CO2 emissions by 3,100 pounds.

Isadore Apparel, a brand launched in 2013 by Slovak brothers Martin and Peter Velits (each former World Tour racers) is moving more of its product line to recycled fabrics. The brand's Alternative Line features bibs and jerseys that are made of 100% recycled materials. "We are not certain that the sustainability message can be classified as a trend yet, but we are doing our best to promote and encourage the idea," Peter Velits told BRAIN.

Finally, the sustainability movement mates well with a mainstay cycling fabric: merino wool, which is sustainable, biodegradable and always in style. **BRAIN**

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The designs shown on page 18-19 were chosen by BRAIN's editors from brands' 2020 Spring/Summer collections. The companies included:

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Club Ride clubrideapparel.com

Pearl Izumi pearlizumi.com

Leatt leatt.com

Castelli castelli-cycling.com

Terry terrybicycles.com

Page 19

Endura endurasport.com

Reggie reggie.bike

Stolen Goat stolengoat.com

Giordana giordanacycling.com

Assos assos.com

Hëdo hedo.la