



Taipei Cycle Show

Live Daily Coverage From
Nangang Exhibition Hall

Heard On The Floor

Lady Luck's Feathered Fortune Teller. At first I thought I was getting hustled at Taiwan Cycle Night, a party put on by TAITRA to help celebrate the annual show. I was quickly steered to a fortuneteller who asked me to sit down. A few inches from my elbow was a white bird in a bamboo cage. An interpreter told me the bird would pick three cards out of 24 held in several boxes. The seated seer would then divine my future based on the bird's picks, much to the amusement of those standing about. A quick summation of



Marc Sani lands a fortune.

what this bird picked included a new woman in my life. (Not such a lucky pick once I considered my options.) And while I would have money, I'd spend most of my life working for it. And, finally, any thought of retirement was just that—a thought. I apparently will pass on while still at work.

Good Samaritans Drive Tax- is. John Pagliaro had that look. You know, that semi-panicked "oh my god where did I lose my wallet" look.

Continued on page 4

Bicycle Retailer

Issue Two

AND INDUSTRY NEWS

March 18, 2010

Fuji Honors Japanese Heritage



Photo by Nicole Formosa

Anniversary Toast: Pat Cunnane, president of ASI, thanks the company's longtime supporters by pouring each dinner guest at its anniversary gala a cup of sake.

Fuji is honoring its 111th year in business in 2011 by returning to its Japanese roots.

The brand, originally established as Nichibe Fuji in 1899, will spec only Shimano drive-trains this year, solidifying an exclusive partnership with the 89-year-old Japanese components company.

Additionally, some Fuji frames will be handmade in Japan, said Pat Cunnane, chief executive officer of Advanced Sports Inc., Fuji's parent company, speaking to a crowd that gathered last night at the Grand Hyatt in downtown Taipei to celebrate.

"This is not for nostalgia or looking back. This is about looking forward," Cunnane said before inviting guests including Shimano chairman Yoshi Shimano

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Suppliers Eye Fickle Weather Patterns

A Warm Spring Could Put a Zing in Sales

Hope is seldom a strategy for success, but it appears bicycle suppliers at the Taipei Cycle Show are cautiously optimistic that business will pick up if and when warm spring weather

Forward Look

spreads across the United States.

Suppliers have significantly reduced 2009 and 2010 inventory clogging the wholesale pipeline. Most of the glut—some 668,000

units at the start of the year—has been moved from warehouses to retail showrooms the old-fashioned way. Suppliers cut margins to the bone, selling off heavily discounted units to dealers willing to take them, said Steve Meineke, Raleigh America's president.

Still, suppliers are keeping a sharp eye on long-range weather forecasts. Here's why: A long, cold spring like last year's would dampen sales. As a result, retail-

ers would be in no mood to take on additional deliveries of 2010 bikes much less 2011 models set to arrive in early summer.

Steve Parke, director of global sales for Advanced Sports Inc., predicts that suppliers will rapidly move 2011 models into the market as early as June but concerns over spring weather linger. "That's a huge question right now," said Parke, a 32-year industry veteran.

Parke added that 2010 is an

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Taichung Bike Week Moves to November

Industry Gives Earlier Dates a Thumbs Up

Backers of Taichung Bike Week are distributing upwards of 6,000 catalogs at the Taipei Cycle Show now that the final dates of the event are known.

Steve Fenton and Katerina Rejchrtova made it official yesterday: Taichung Bike Week will be held Nov. 15 through Nov. 19, almost three weeks earlier than last year. The dates, in general, are meeting with applause from industry executives.

“Those dates will be much more useful to us this year,” said Chris Speyer, vice president of Raleigh America. “For us and others that is one of the most important times in the year.”

Rejchrtova said companies like Hayes and the Accell Group are planning on taking advantage of what has become a concentrated week of business that’s inexpensive and timed well as product managers start to fore-

cast for 2012.

Fenton, owner of Pro-Lite and Rejchrtova, chief executive officer of WTB Europe, said the dates were set after discussions with dozens of product managers and after several informal polls done by *Bicycle Retailer & Industry News*, *Bike Europe* and several email surveys sent to more than 1,500 people. All registered strong support for the earlier dates.

Fenton said he had to consider the Thanksgiving holiday in the U.S. and, more importantly, Taiwan regional elections to be held the first week of December.

“Nobody wants to travel to Taiwan that week,” he said.

Organizers also had to consider the multi-week Christmas holiday season in Europe. Waiting until January to accommodate the European market would be too late, Fenton said.

Like last year, the two key downtown hotels will be The Splendor and the Tempus (formerly the Landis) and Ride On participants will continue to meet outside the city at the Freshfields Resort.

Fenton said that there were some concerns that factory pricing would be unavailable that early, but he pointed out pricing is always tentative at that time of the year. “This way product managers can see the target prices rather than wait until January,” he said.

While Fenton and Rejchrtova have been at the forefront in promoting Taichung Bike Week, the city of Taichung is organizing the bike routes, transportation and other activities.

“I’m a customer of the event and I live in Taiwan, so I feel like my helping this is contributing to the city,” he said. —*Marc Sani*

Today’s Key Events

9 a.m. to 5 p.m.: LEV Test & Drive, Nan-gang Exhibition Hall, Cargo Ramp (4F)

9 a.m. to 6 p.m.: Outdoor Demo, Near North Spare Cargo Entrance

9:30 a.m. to 1:00 p.m.: 2010 International Bicycle Trend Forum—Phase II, When the Orient Meets the Occident—The New Aesthetic Mobility, Conference Room 402

9:30 a.m. to 5:45 p.m.: Taipei Power Forum—2010 LEV Symposium, Conference Room 401

11 a.m. to 4:30 p.m.: Taipei Cycle New Product Stage, Conference Room 404

10 a.m. to 12 noon; 2 p.m. to 5 p.m.: Design and Value Face to Face Meetings, Conference Room 625

11 a.m. to 11:30 a.m.; 2 to 2:30 p.m.: Cycling Extreme Performance—BMX Park, Biz Plaza Entrance

1:10 p.m. to 3 p.m.: 2010 International Bicycle Trend Forum—Phase III, The Future Development of Light Electric Vehicles, Conference Room 402

6 p.m.: French Pavilion Cocktail, Vanille Restaurant, 3rd Floor

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Warm Spring...

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“odd year” with consumers able to find closeouts on 2008, 2009 and 2010 models on some show-room floors.

“Right now I don’t get a sense that dealers are over-stocked or that they are over buying,” said Chris Speyer, chairman of the Bicycle Product Suppliers Association’s statistical

committee.

Wholesalers who were “incredibly” cautious when ordering 2010 units will try to get 2011 models in as early as possible, predicted Speyer, vice president of Raleigh America.

“The question to ask is who will swing hard for 2011 sales first,” Speyer said, acknowledging that poor spring weather could lead to another year-end glut if consumers again put off buying new bikes.



Steve Meineke

On the other hand, sales of parts and accessories appear to be a bright spot in the market, according to Matt VanEnkevort, FSA’s general manager in the U.S.

While consumers sharply curtailed new bike purchases in 2009, many upgraded their old bikes with new drivetrain components, wheels, stems and handlebars, said SRAM’s David Zimmeroff. —Marc Sani

Photos by Marc Sani



Chris Speyer

committee.

Dorel’s Top Exec on Bike Biz: An ‘Exciting Ride’

Martin Schwartz, head of Dorel Industries, made a rare industry appearance at Taipei Cycle yesterday joining a panel of five speakers at the International Bicycle Trend Forum to discuss the impact of last December’s Copenhagen Climate Conference on the bicycle industry.

Schwartz sat down with us afterwards to talk about his company’s position in the bike industry.

Schwartz, 61, started his home furnishing busi-

ness in North America and Pacific Cycle looked good because it was a mass merchant company. We knew the product line to a certain extent, but we also knew Taiwan and China—where to get products and how to deal with the suppliers,” Schwarz said.

Four years later, Dorel broke into the specialty side with its purchase of Cannondale and Sugoi. The company has since acquired Iron Horse, PTI and distributors in Australia and the UK and in 2009, reported revenue of \$681 million in its recreation and leisure segment.

Schwartz sees Cannondale as a key to future growth in that segment. “Cannondale was very much undertraded when we bought it. The name is bigger than the company and what we’re doing now is we’re building the company. ... We feel that the top line growth of Cannondale over the next several years is going to grow a lot higher than the average in the industry,” he said.

Dorel also plans to expand its P&A business in the IBD channel through development of existing brands or acquisition, and it plans to triple its apparel business through Sugoi. It also recently brought Schwinn and Mongoose branded apparel into the mass.

For Schwartz, Dorel’s entrance into the bike industry has been an exciting ride, and even prompted him to get back on a bike after a 40-year lapse. But first and foremost, it’s a business.

“If you forget that, you’re not going to grow. We have to keep focused on the products and the marketing, especially keeping the dealers happy and that takes a lot of work.” —Nicole Formosa



Martin Schwartz with Mathias Siedler of Derby Cycle, Matt VanEnkevort of FSA and Bicycle Trend Forum moderator Chao-Tung Wen.

ness in Montreal in 1969 under the Ridgewood name and in 1987, merged with Dorel Industries, his father’s juvenile products company.

Though the \$2.2 billion company is now publicly traded on the Toronto stock market, Dorel remains very much a family business with Schwartz’s two brothers and brother-in-law filling out the executive team. In 2004, looking to add a third leg to its business, Dorel entered the bike industry with its purchase of Pacific Cycle.

“We’re very well established with the mass mer-

Photo by Nicole Formosa

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Industry Keeps an Eye On Rising Chinese Labor Rate

Manufacturers are keeping a wary eye on labor issues particularly in China's Guangdong province—the so-called Bicycle Belt—where many Taiwanese companies have built factories.

No one is predicting a surge in price hikes due to labor costs, but it's just one more issue bubbling on the backburner as the industry, like so many others, recovers from the global recession.

Josh Hon, vice president of Dahon, said labor costs are rising as the Chinese government tightens labor laws, increases minimum wage rates, and as factories fight over a tight labor supply.

A factory worker in the Guangdong area earns—on average—about 930 yuan a month or about \$135, according to Reuters.

“For example, back in December 2008, the government passed a pro labor law dealing with employee benefits, which isn't necessarily a bad thing, but it was a 20 percent increase in labor rates. That caused a lot of marginal factories to close,” Hon said. “It was across the board

and it had an impact.”

Part of the problem for manufacturers, including those building bikes and accessories, is that as the recession bit deeply into factory orders from the West, Chinese workers returned to homes deep in China, fleeing the high cost of living along the South China Sea.

And as the global recovery sputters along, factory managers are reluctant to re-hire workers out of fear sufficient orders will fail to materialize. How these factors will impact OE production as well as costs is uncertain.

SRAM's Stan Day said that for some companies manufacturing in China there is no longer a cost savings in labor.

Manufacturing IBD-level quality bikes requires a high level of skill and some of that manufacturing could return to Taiwan, he added.

Another executive said higher labor costs could have an impact on carbon fiber bikes and accessory production. These products—mostly laid up by hand—are time and labor intensive. —*Marc Sani*

Fuji Honors...

Continued from page 1

and Chairman Chang of Ideal Bike, part owner of ASI, to participate in a traditional Japanese sake barrel opening ceremony.

Fuji was the first Japanese brand sold in the U.S. in 1971, and ASI was formed in 1998 to buy the brand. It's now sold in 35 countries through 3,000 dealers worldwide. Last year, it ranked as the No. 5 brand in the U.S., Cunnane said.

“That's our highest ranking ever,” he added.

and signed by the frame maker, Mr. Tetsuya Ishigaki.

The Yaiba is spec'd with Dura-Ace and comes with the original Fuji headbadge and leather accessories including a classically designed saddle bag, tape, toe clips and toptube protector. The gold-plated chain will spin on a Sugino chain ring.

The Kissaki is a fixed-gear handmade by Cherubim, Fuji's original frame maker. The steel tubing is constructed of Japan's

Kaisei, and the brazing and alignment of each frame was made by master frame maker Mr. Konno.

Fuji is also launching a new line, the Nichibe series, decorated with

minimal graphics and a polished, clean finish using an innovative painting process. Models include the carbon fiber Nichibe SST, the Nichibe ACR, the Nichibe Roubaix, Nichibe Finest and men's and women's Nichibe Absolute. —*Nicole Formosa*



Photo by Nicole Formosa

To celebrate, Fuji is releasing a crop of 111th anniversary bikes this year, including two handmade steel bikes inspired by the brand's original road and track models. Fuji will produce 111 of the Yaiba road bike and the Kissaki track bike, each numbered

Heard . . .

Continued from page 1

That was Tuesday morning. Late yesterday afternoon, day two of the Taipei Cycle Show, Pagliaro had the look of someone who couldn't believe that a Taipei cabbie found his wallet and returned it. Pagliaro, Fallbrook Technologies' marketing and brand development manager, had arrived at the Nangang Exhibition Hall to set up the NuVinci booth. Juggling a briefcase, Blackberry, brochures and other show-going necessities, he managed to pay the driver and get a receipt. It took but a moment for Pagliaro to realize he didn't have his wallet. Somehow it had slipped away. Meanwhile, the driver was lost in a sea of yellow cabs. But Al Nordin, NuVinci's president who was with Pagliaro, remembered the cab number. And they had a receipt. Staff at the show's information booth called the cab company and asked for help tracking down the driver. They soon told Pagliaro that the cabbie had found the wallet and would take it back to his hotel. To make sure that Lady Luck stays on his side, Pagliaro gave the cabbie \$2,000 NT or \$62 and change as a tip. Nice move, John.

Trade Show Smack Down. When it comes to trade show stats, add a dollop of skepticism and a smidgen of doubt to numbers and claims. As it stands now, there are three key shows that routinely Hoover cash from exhibitor wallets. And each likes to maintain bragging rights. Eurobike gets the nod for an industry first place. That leaves the Taipei Cycle Show and Interbike to duke it out for second place bragging rights. TAITRA officials, at yesterday morning's opening ceremony, cast their vote for second place. There was no surprise in their choice—Taipei Cycle Show. That leaves Interbike as the hapless No. 3 on the show circuit. Interbike's show director, Andy Tompkins, attending his first Taipei show, shrugged off the public downgrade noting that TAITRA packs the halls with consumers. Meanwhile, Klaus Dittrich, chairman and chief executive officer of Messe Munich, has his sights set on Eurobike. He and a bevy of staff members are in Taipei trying to peel away exhibitors for Munich's Bike Expo. It's like farming, he said. You need to plant a few seeds.



Shots From the First Day



Photos by Nicole Formosa

Big Winner: TAITRA's YC Chao awards Giant's designer with the 2010 Annual Innovative Bicycle Parts and Accessories Competition Award for its Trinity Advanced SL road bike.

Lost in Transmission: Perhaps a nod to St. Patty's Day, the GreenTrans mascot roams the show to promote the Taiwanese company's bikes.

Sake Bomb: ASI officials, vendors and partners take part in the Japanese breaking of the barrel tradition to celebrate Fuji's 111th year at a gala last night.



Wicking It: Pronet Cycling's "Wick" puts the last-minute touches on the Kore booth.

Podium Start: Ying-Ming Yang, chairman of the Taiwan Bicycle Exporters' Association, addresses crowds at the official opening.



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