This month I turned to Jay Townley, who recently returned from the OR trade show, to pick his brain on what our outdoor cousins were talking about in the research and statistics area.

“There was a lot of buzz around a recent Business Week article entitled, ‘The Incredible Shrinking Boomer Economy.’ Check it out,” Townley said.

I did, and it’s an eye-opener. BW talked to Mercedes, Starwood Hotels and Nordstrom to gauge their strategies for dealing with newly tight-fisted Boomer consumers.

The core statement of the article: “When 79 million people—nearly a third of Americans—start spending less and saving more, you know it won’t be pretty.”

Mercedes has seen U.S. sales drop by a third compared to last year. High-end bicycle sales have seen a similar percentage decline.

What is the frightened Boomer looking for? Value. Boomers “are making a virtue of value shopping, once viewed by this group as hopelessly déclassé,” the article said.

So instead of trying to upsell from Ultegra to Dura-Ace, offer the 105 bike as an alternative to Ultegra that can be upgraded later. Everyone thinks the economy will recover; it’s a “when” not an “if.”

“Our industry’s goods and services have always been an incredible value,” said bike industry consultant Bill Fields. “Understanding the fix that Boomers are in, respecting and responding to that, is the key to keeping sales strong.”

Hard Cash Facts

$400 billion: the reduction in U.S. consumer spending in the current downturn
47%: Boomer’s share of disposable income in 2005
From 1% to 5%: The projected increase in consumer savings

Retail Spotlight

More E-Bike Shops Open for Business

BY RAY KEENER

A flood of 2010 electric bikes from Trek on down the line is building. And specialty e-bike retailers are popping up nationwide.

Pete’s Electric Bikes in Boulder, Colorado, has deeper roots than most. Owners Dean and Matt Franssen also have a store in Calgary, Alberta, which they opened in 2004. Dean runs the Boulder store, which opened in April, and Mark runs the Calgary location.

“When we first went to China to research the products, there were 10 million electric bikes in use. Now there are 65 million,” Dean said. “We’re selling 15 to 20 bikes a month here in Boulder, with our buyers ranging from their 20s to their 80s.”

Pete’s best seller is the A2B from Ultra Motor, which retails for $2,700. Its 500-watt motor makes it a favorite among hill dwellers. The store also carries iZip, Zero Motorcycle and Optibike.

To get the big picture, we spoke to David Cabanban, business development manager for Sanyo North America.

According to Cabanban, 22 million e-bikes were produced in China last year, 60,000 were sold in Germany in 2007 and 121,000 were sold in the Netherlands last year.

“Our market share in Japan has increased progressively over the past two years and we expect to see this continue into the future,” Cabanban said.

“Our focus is on educating retailers and consumers about the benefits of electric bikes. When prospective retailers become aware of the growth in global sales, they’re a lot more receptive to the concept.”