

Editorial

Create a Consistent Retail Experience to Gain Repeat Business

We expect a positive experience from the restaurants we frequent, the airlines we fly and the stores we shop at. And we reward their superior service by giving them our repeat business.

We order take-out from our favorite Thai restaurant because we know their Chicken Pad Thai is equally satisfying every time. We drop off our laundry at the best dry cleaner because we want our shirts to be perfectly pressed with the right amount of starch every time.

We seek out Starbucks around the world because we expect our premium coffee drink to taste the same every time.

But creating a retail experience that fulfills customer expectations is no small feat.

For the owner of a small bike shop with a handful of employees, offering a reliable customer experience requires dedication to creating a pleasant experience for every customer, every time.

Creating a consistent shopping ex-

perience is an even greater challenge for owners of multi-store local chains who must rely on store managers and employees to deliver consistently high-quality service.

That's why we were impressed to see that over the past five years a number of shops time and again were voted onto our annual list of Top 100 Retailers. Given the number of top-notch retailers throughout the country, to consistently make the list shows a constant commit-

ment to excellence.

To recognize this elite group of specialty retailers, we broke out those stores that have made the Top 100 for the past five years into a separate Five Star category this year.

We congratulate the Five Star Retailers for their outstanding performance. These stores recognize that delivering an exceptional experience to every consumer who walks in the door will create lifelong customers.

Guest Editorial

We Aren't Recession Proof But Shops Can Be Recession Resistant

BY JAY TOWNLEY

Unfortunately the current recession has not passed the U.S. bicycle industry by, and in a repeat of what happened during the recessions of the '70s and '80s, suppliers have cut production orders because of inventory buildup.

Since early March Shimano and Giant Manufacturing Company have reduced their 2009 revenue forecasts. Stan Day, president of SRAM Corp., summed up the situation at the Taipei Cycle Show: "The economic crisis has hit the bike industry. As an OEM component supplier, we see significant cutbacks at bike factories around the world. The industry is clearly positioning to go into the spring selling season with less bike inventory than anytime I can remember."

U.S. specialty channel suppliers re-

ported 2008 year-ending bike inventory 50 percent higher than 2007, with bike sales to dealers down 6 percent.

Because of the sharp reduction of production orders, 2009 U.S. market consumption of bicycles is now projected to drop around 20 percent according to the 2008 U.S. Bicycle Market Overview.

However, market consumption includes both retail inventory and retail sales for all channels of trade. A projected drop in market consumption of 20 percent does not mean bike shops will experience as sharp a drop, and the current projection is for a 5 to 7 percent decline in bike shop sales of new bicycles.

This brings us to bike shops taking immediate action to make their businesses more recession resistant.

Managing cash flow and inventory

turn are critical. The typical bike shop's inventory is better managed today and more dealers are using Gross Margin Return On Inventory (GMROI) as a key metric in determining what brands and merchandise to stock.

Next is the combination of service work and sales of parts, accessories, tires and tubes that bike shops experienced in 2008. Used bicycles were dragged out of garages, basements and purchased on Craig's List in record numbers last year, and the vast majority were taken to bike shops for repair and service.

It is highly likely that the used bike phenomenon will repeat in some form again this season, so bike shops can make themselves recession resistant by becoming a source for used bikes.

Service work is where bike shops have

a major advantage, so improving and expanding service department capacity and shoring up customer service become imperatives for this season.

This leads to being prepared for a repeat of the demand for parts, accessories, tires and tubes that follows the used bike phenomenon, and will be aided by consumers who have bikes needing service and purchasing accessories instead of spending on new bicycles.

Making your bike shop recession resistant today is all about delivering extraordinary customer service and a satisfying shopping experience.

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