Editorial

We Need to Direct Our Competitive Spirit Elsewhere

For many in the industry, a competitive spirit is part of our genetic makeup. Many of us have raced competitively or still race. Even those who don't compete bring a high level of intensity to weekend rides or charity events.

That competitive fire guides many of our industry's leaders. It no doubt contributes to their success. But it may also undermine our success as a whole.

Two top researchers found that fierce competition among industry players is one of the biggest barriers to industry growth.

"The biggest obstacle is that industry players are not willing to cooperate," said Nicole DeHoratius, an assistant professor at the University of Portland. She and colleague Robbie Kellman Baxter, president of strategic marketing firm Peninsula Strategies, were hired by the Bicycle Product Suppliers Association to assess the industry's lack of growth.

A large number of suppliers, a flat market and a declining number of retailers have created a tremendous lack of trust in the industry, DeHoratius said.

Recent statements issued by top suppliers exemplify this attitude of mistrust. Much of this energy spent fighting each other could be redirected to grow the entire market.

By harvesting talent from other design-intensive industries, we could strengthen the collective talent pool of the industry. By working together to collect data we could forecast more effectively. And by promoting cycling we could bring more customers into the independent channel.

Our greatest threat isn't from one another; it's from other activities, sports and electronics that threaten to distract and lure away our customer base. Suppliers could win with a competitive strategy designed to steal dollars from other industries instead of each other.

Guest Editorial

Let's Update Our Marketing with Brand-Specific Dealer Groups

BY RICK VOSPER

A friend contacted me last month with news that Minnesota's Bicycle, Travel & Fitness Expo—a consumer event in a top 10 cycling market that last year had more than 11,000 paid attendees and over 4,000 consumer test rides—has closed for lack of support.

How, my friend wanted to know, could our industry ignore this kind of sales potential? He pointed out a modest one-in-10 close rate after the test ride with an average retail sale of $750 would have meant $300,000 in gross sales for participating retailers and an incremental 400 units for suppliers. Is business so good we can walk away from that kind of opportunity?

Cars, motorcycles, boats, skis and countless other industries have made a booming business out of consumer expos. So why are bike festivals failing for lack of industry support? The answer is that the model is flawed. Not the consumer show model, the bike industry marketing model. The good news is that addressing this flaw will mean a healthier, more profitable industry at zero net cost. It's a solution where suppliers, retailers and consumers can benefit.

The solution involves moving to a model that's common in motor and water sports: brand-specific retailer groups, analogous to "your local Toyota Dealers," funded by co-op from the bike brands for purposes of mutual, brand-specific promotion.

So consumer events become dealer association events ("see and test-ride all the new 2008 Fuji models courtesy of your Twin Cities Fuji Dealers"). That's a huge draw for consumers—and a huge potential net gain for Fuji dealers. Or Specialized or Trek or Felt or any other brand with enough brand presence to create a dealer association.

But first we need dealer associations like the car, ski, boat and other industries have. It's easy to do: suppliers earmark a portion of their existing marketing budgets to bootstrap the creation and funding of retailer groups. And the retailers will do the rest because they're already involved in local markets, and they already know how to effectively spend those funds to benefit the brand.

Shifting existing budgets to the creation of regional retailer associations would turn consumer bike festivals into massive test-ride opportunities that stimulate more brand awareness, not to mention actual sales, than the current allocations do. It would also give dealer groups the horsepower to advertise those brands in local media, reducing the industry's addiction to endemic print magazines that only reach a fraction of our potential customer base.

But it's a Catch-22 situation. Currently there are no regional dealer groups to give suppliers a viable infrastructure to work with, and no dealer associations because there's no supplier-side financial support. So let's get off our butts and make some.

Rick Vosper is the proprietor of the consulting group Rick Vosper Marketing Services. A White Paper based on these ideas is available at rvms.com.