

Portland Dealer Tour 2012

# Culture, bike paths power Portland's retail engine

**P**ortland's stature as the top cycling city in the U.S. is well documented. The City of Roses has the highest percent of bike commuters of any major U.S. city with 6.3 percent of total commute trips done by bike.

Cycling is such a part of the DNA in this city of 600,000, that it's a major driving force for the local economy. A 2008 study by Alta Planning + Design pegged total economic activity from the bike industry at \$90 million, with retailers accounting for about 60 percent of that or \$52 million.

But Alta Planning president Mia Birk says that number is likely higher now. She says that at least 20 new retail stores have come onto the scene since the report.

Local retailers and manufacturers estimate that around 80 businesses sell, rent or repair bikes in the Portland metro area, which has a population of just over 2 million. This high concentration has led to greater competition among stores, which have not only had to up their game but also focus on a specific rider or category to set themselves apart.

"There are so many niches in this town," said Jay Graves, owner of Bike Gallery, a landmark Portland retailer with six stores in the area.

Whether it's retailers who sell practical, transportation and cargo bikes for families or full-suspension trail bikes, shoppers in this city have a wide range of options not only for buying bikes and accessories but also for maintenance and repairs as a new wave of service-only shops open for business.

Retailers who have been around since the 1980s and even into the 90s recall a time when the city was overrun by crime and traffic and bikes were a rare sight. Today, much has changed thanks to investments in bike facilities and public transit coupled with Portland's nascent culture of sustainability and active living. The city's vast network includes 328 miles of bikeways, making it easier and safer for more people to ride more often and that means more money to power Portland's retail engine.

"It's everything—it's investment in infrastructure, it's city programs like SmartTrips where every person that moves here gets information on biking, walking and public transit," said Rob Sadowsky, executive director of the Bicycle Transportation Alliance, a statewide nonprofit that promotes cycling. "It's also a city with a real commitment to sustainability that promotes composting, recycling, water management and other



Photos by Robert Huff

Continued on page 19





# THE REVERB HELMET

DESIGNED FOR LIFE ON THE MOVE

The world is changing, and nowhere is that more evident than in the streets of New York City. **Paul Steely White** of *Transportation Alternatives* in NYC is leading the mission to create more efficient, livable cities. From advocating for a massive bike share program and infrastructure improvements, to championing the benefits of mass transit and the rights of pedestrians, Paul is helping to reshape America's greatest city. Roll along with him at [giro.com](http://giro.com) to learn more about T.A. and see the transformation first hand.

 **GIRO**



# Family owned Bike Gallery rooted in advocacy

Jay Graves has been a part of Portland stalwart Bike Gallery since the beginning when his parents opened their first shop in 1974 in the city's Hollywood neighborhood. Graves is now the sole owner of the business, which operates six stores in an 8-mile radius. But the family tradition continues; Graves' 25-year-old son Simon is a mechanic at its downtown store.

The Bike Gallery is Portland's only Trek retailer and runs efficiently with one central warehouse at its flagship location on Sandy Boulevard and scheduled freight deliveries during the week to the other shops. Trek does not have a concept store in the city, where residents take

pride in shopping at locally owned, independent businesses, although Graves has talked to Trek about the idea. He came close to pulling the trigger on a concept store in 2008, but scrapped plans when the economy took a nosedive. He has gradually amassed six stores by buying shops from retailers who couldn't survive the saturated market.

Even a seasoned retailer like Graves doesn't always hit the mark. Last month, he moved his Division location because the spot turned out to be unfriendly to retail with very little foot traffic.

Graves considers his biggest successes his staff—with numerous employees tenured at 15 years

or more—and advocacy, a tenet on which the Bike Gallery was founded. Graves was an early supporter of Portland's Bicycle Transportation Alliance; and a founding board member of Cycle Oregon and Community Cycling Center. He began supporting the BTA in 1993 by paying the postage for its mailings at about 100 per month and has watched it grow into an organization with 20 employees and a budget in excess of \$1 million.

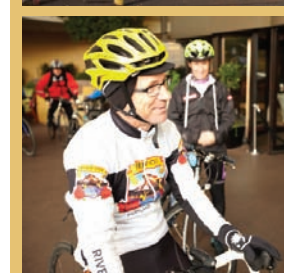
"Advocacy is local first," said Graves, who regularly attends the National Bike Summit and speaks at advocacy seminars for the National Bicycle Dealers Association. —Nicole Formosa



## Bike Gallery Hollywood

**Employees:** 14; 85-100 companywide  
**Shop floor space:** 10,000  
**Years in business:** 38  
**Emphasis:** Full service: kids to pro level  
**Main brands:** Trek, Bontrager, Shimano, Pearl Izumi  
**Owner:** Jay Graves

# Small-shop attention but big-shop selection



## River City Bicycles

**Employees:** 55 at main store; 8 at outlet  
**Shop floor space:** 10,000 square feet at main store  
**Years in business:** 18  
**Emphasis:** Full-service: kids to pro  
**Main brands:** 20 or so bike brands and too many P&A brands to name  
**Owner:** Dave Guettler

River City Bicycles rings up sales that perhaps nip at the heels of larger, multi-store competitors in town. But owner Dave Guettler manages to do so with a mom-and-pop approach that stresses top-notch service, relies on the expertise of its staff and prioritizes community involvement.

"We're more human-based than data-based," said Guettler, who admits that he has no point-of-sale system. He doesn't need one to know what to order or how his business is doing, he says. "It's about focusing on the basics," he notes, and making the shop a place that's fun for himself, his customers and his employees.

That philosophy seems to have worked for Guettler, who first cut his teeth in bike retail in the Bay Area as part owner of a multi-store chain there before moving to Portland in 1994 to start a business and

run things his way. Over the span of nearly two decades he's created a sizeable retail empire that consists of a three-floor store with indoor test track and outside BMX ramp, a nearby 20,000-square-foot warehouse, a fit studio, and an outlet where he sells closeouts. On a busy day in early spring, River City can easily crank out \$100,000 in sales. And that's sans the Internet.

His staff is his most valued asset so he invests in it, paying higher-than-industry-average wages, providing health benefits, profit sharing, commissions and other less-tangible perks like beer and pizza lunches and flexible hours.

Community is another priority. River City is the title sponsor of the Cross Crusade Series, the largest cross event in the region, gives and participates in dozens of other races and rides, and sponsors local clubs and teams. "If you race in Oregon,

we're on your number," Guettler said.

Depth of inventory—he's got a corner devoted to stems on the second floor of his main store, for example, and can display up to 800 bikes while housing up to 1,500 more at the warehouse—and number of bike and accessory brands is unusual, but something Guettler takes pride in. A bike geek at heart, he has worked to make his shop a candy store for enthusiasts with vintage bikes hanging from the ceiling and rows upon rows of bikes, clothing and parts in almost size and color at hand's reach.

Guettler, a musician in his spare time and woodworker who's built the display counters, coffee bar and signs throughout his store, is humbled and surprised by what River City has become. "I truly have the best job in the world," he said. —Lynette Carpiet

Continued from pg. 17

## Portland Dealer Tour

land use issues."

The foundation for biking in the city was set back in the 1970s when Oregon passed a law requiring that new roads accommodate bicycles and that a portion of transportation dollars be spent on bike and pedestrian facilities. That policy focus has become stronger over the years and is supplemented by public outreach and education, said Roger Geller, the city's bicycle program manager.

For example, in the summer Portland shuts down miles of roadways to cars once a month from May through

September for its Sunday Parkways. It also works with 80 schools citywide on Safe Routes to School programs that encourage biking and walking. The number of

students who walk or bike to school has skyrocketed from 8 percent before SRTS to 31 percent, Sadowsky said.

The city also has installed 85 bike corrals—on-street bike parking in front of commercial businesses—and another 85 are in the works, Geller said. And citywide bike sharing is set to launch next spring.

"Encouragement is perpetuating use of bikes and helping them become part of the city and part of the local culture," Geller said. "People like to ride bikes, find it fun and create opportunities to ride."

Portland hosts nearly 4,000 bike-related events including races, rides and tours every year, mostly put on by individuals, clubs or retailers. Pedalpalooza, a three-week festival celebrating all things bike, brings people together in June with a schedule of close to 300 events, including the famous Naked Bike Ride that regularly draws 5,000 participants.

And Portlanders are nearly as crazy about advocacy as they are over cycling, coffee and beer. Inside nearly every shop visited during the Dealer Tour, there was a story of an owner or staff member sitting on the board of the local trail alliance, sponsoring Sunday Parkways or lobbying for cycling-related dollars at the national level. This is one city where retailers understand that trails equal sales. —Lynette Carpiet

## Portland facts:

- Portland is one of only three platinum level Bicycle Friendly Communities in the U.S., a designation awarded by the League of American Bicyclists.

### PORTLAND HAS 328 MILES OF BIKEWAYS, WHICH INCLUDE:

- 69 miles of bike boulevards or neighborhood greenways (low traffic, low volume streets with no stop signs and marked with shared arrows)
- 180 miles of bike lanes
- 79 miles of off-street bike paths

THIS IS UP FROM 250 MILES A DECADE AGO AND 81 MILES 20 YEARS AGO.

Source: Oregon Department of Transportation



# Internet retailers boom in tax-friendly Oregon

Together Universal Cycles and Western Bikeworks ring up \$30 million in annual sales—roughly half of Portland's total bike retail tally—but only about one-third of that gear is sold to customers walking through the Portland shops' doors.

The bulk of those purchases end up on the doorsteps of cyclists in neighboring California or Washington who ordered online through one of Western's four Internet sites or Universal's web store.

The two businesses aren't related, but they have a similar story: both were started by Bay Area entrepreneurs who ultimately left pricey Northern California for Portland's lower-cost and tax advantageous climate.

"The original idea was to go to Portland because there was no sales tax," said Jay Torborg, co-owner of Western Bikeworks. "But there's such a great wealth of employees here and it's become such a cycling Mecca."

Because Oregon does not have a sales tax, online businesses carry a significant advantage over their web-based competitors, as they are not required to charge sales tax on purchases originating in states that do have a tax. That is changing, though, as brick-and-mortar retailers lobby for a level playing field. In September, Amazon.com began charging sales tax to consumers in California after losing a heated

battle with the California Legislature the year before over whether e-tailers should have to charge the sales tax.

Seeing a shift on the horizon, both Western and Universal opened storefronts in Portland in recent years and plan to expand their physical footprints in the future to offset a potential decline in online shopping as the sales tax issue inevitably evens out across all channels.

Western, whose No.1 market is California, opened its 10,000-square-foot space in Portland's Pearl District in May 2011, which now accounts for one-third of Western's overall sales, and one-tenth of company sales. Owners Torborg and Louis Doctor, who met on the first day in college in 1976, run 11 e-commerce sites including biketiresdirect.com, urbancyclist.com, cyclocross.com and sites for billiards, golf, GPS and action sports camera equipment. Next up, they plan to further build their physical storefronts to include additional locations along the West Coast.

At Universal, a second brick-and-mortar shop opened last month in Ogden, Utah, near its warehouse there. Universal, which started as an Internet retailer in San Bruno, California, in 1997, also staffs distribution centers in Santa Fe, New Mexico, and Minneapolis, Minnesota, and is considering opening a fourth warehouse on the East Coast. In Portland, a

6,000-square-foot retail space is attached to a warehouse of the same size that stocks 10,000 SKUs to fulfill online orders.

Universal has developed its business by focusing mostly on parts and accessories like tires, tubes, fenders, helmets and bags—commodity items that typically sell well online. Inside the shop, Universal does carry a small assortment of complete bikes from commuter-focused brands like Surly, Salsa, Civia and All-City, but it is better described as the Napa Auto Parts of the bike industry, said manager Victor Sandrin.

"We carry everything you can think of besides the car," he said.

While, Universal and Western's online business model isn't always viewed favorably among Portland's brick-and-mortar contingent, many of which have yet to start selling online at all, they have managed to coexist.

For Universal, one strategy has been to stay out of the down-and-dirty pricing game; Sandrin said he chooses to work primarily with suppliers that are serious about enforcing their pricing policies. The shop also contributes time and money to local advocacy efforts, sponsoring Portland's popular Sunday Parkways, which closes various downtown streets to promote walking and biking and working to gain mountain bike access in the city's Forest Park. —Nicole Formosa



## Universal Cycles

**Employees:** 11  
**Shop floor space:** 6,000 square feet retail (19,000 square feet total)  
**Years in business:** 15  
**Emphasis:** Parts and accessories for commuters, high-end U.S. made parts  
**Main brands:** Surly, Salsa, Civia, Troy Lee Designs, Castelli, Endura, Shimano, SRAM, Chris King, Sellwood and Paul Components, Brooks, Fox Racing Shox, Ortlieb  
**Manager (left, photo):** Victor Sandrin



## Western Bikeworks

**Employees:** 15 in-store; 50 total including Web business  
**Shop floor space:** 10,000 square feet  
**Years in business:** Website, 9 years; storefront since May 2011  
**Emphasis:** Road, higher end urban bikes  
**Main brands:** Cannondale, Focus, Cyfac, Bianchi, All-City, Felt  
**Owners:** Louis Doctor, Jay Torborg

# Shop is top venue for cycling, community events



## Velo Cult

**Employees:** 6  
**Shop floor space:** 5,000-square-foot showroom/tavern and 5,000-square-foot finished basement  
**Years in business:** About 7, including time in San Diego; open 7 months in Portland  
**Emphasis:** Culture and bike subcultures such as commuting, touring, randonneuring and cyclocross  
**Main brands:** Raleigh, Surly, Bianchi, Linus, Redline  
**Owner:** Sky Boyer

Velo Cult is less a bike shop than a place where cycling culture, in all its varied and idiosyncratic forms, comes together to be celebrated by bike geeks.

Owner Sky Boyer closed his 5-year-old shop in San Diego, California, at the start of 2011 and brought his staff to the Rose City—both a lifestyle and business decision. Steeped in culture, art and niches such as randonneuring and touring, Velo Cult was always a Portland shop stuck in a triathlon town. "I was trying to create Portland in San Diego. I was really pushing it, but in the end there was a ceiling to it," Boyer said.

Boyer is now set up in a 10,000-square-foot former antique mall that dwarfs his cramped Southern California shop. He's built out the main floor with a full-size

café and bar setup; a performance stage for bands fashioned from the 1,500-pound drawbridge of a 1920s castle home that flips down like a Murphy bed; a 100-inch projection screen TV for showing bike races and movies; and benches and tables in front of the service area so customers can chat with mechanics. The finished basement houses a lounge and photo studio for maintaining Boyer's online bicycle museum; a screening room with vintage theater seating for 40; and much of Boyer's vintage mountain bike collection.

All of it is the product of Boyer's single-minded obsession with bikes and the culture and lifestyle around cycling. He knows what he likes. He also knows what he doesn't like—and that includes most bike shops. That may be why one can walk half-

way into the main floor of Velo Cult without even seeing any bike stuff for sale. Nearly all complete bikes—including cyclocross, urban, touring and randonneuring rigs from Surly, Redline, Bianchi and Linus—are displayed along the back wall.

The full-size bar and café and table seating dominate the front of Velo Cult, the better for hosting bike events—advocacy and cycling groups get the space or the downstairs theater for free—as well as concerts, square dances and a burlesque show. Two weddings are scheduled next summer.

Meanwhile, repairs and service have become the biggest contributors to Velo Cult's bottom line. Boyer hopes to be in the black within two years, but admits he has always reinvested any profit into his shop. —Toby Hill



TAKE MORE ...  
**CAPTAINS**



# **YAKIMA BIKE RACKS**

Get the gear out of your  
car and take more friends

**YAKIMA.COM**

**ROADIES**



**MUDDERS**



**ROOKIES**



**YAKIMA**  
TAKE MORE FRIENDS



Yakima is a registered trademark of Yakima Products, Inc.



# Fat-tire retailer thrives in commuter town

If off-road specialty shop Fat Tire Farm faces one central challenge, it's the lack of quality sanctioned mountain bike terrain in Portland.

Fat Tire Farm, for example, is a short pedal from Portland's Forest Park, but bikes are marginalized there mostly to dirt and gravel roads. Single track remains the dominion of hikers and trail runners.

"I've been at the trailhead for 15 years, and there's a lot of money that opposes bike access," said owner Park Chambers.

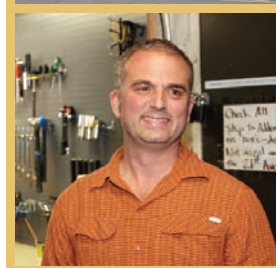
Fortunately for Fat Tire Farm, the city's dirt-addicted are willing to put in some drive time to get their fix. First-class trail facilities like Post Canyon and Sandy Ridge

are within an hour's drive, while the epic selection of purpose-built trails in farther-off Bend lures many for long weekends. Downhill riding at lift-assisted Ski Bowl on Mount Hood and challenging terrain at Port Angeles keep long-travel rigs from the likes of Devinci, Santa Cruz, Specialized and Giant moving out the front door.

Not that Chambers is content with the status quo of trail access. His shop supports trail advocacy group the Northwest Trails Alliance, and he has had a full-time employee dedicated to building trails at Sandy Ridge, a Bureau of Land Management trail system dedicated to mountain bikes.

Recent headway on access is encouraging. Renegade trails in the Lewis & Clark area outside Lake Oswego are on track to be legitimized, and Portland Parks and Recreation Commissioner Nick Fish has called for the building of bike-specific single track in Forest Park, though that has been floated in the past, Chambers said, with no result.

Chambers, who also operates Portland commuter and road shop 21st Avenue Bicycles, stays in contact with land managers with the goal of improving relations with the mountain biking crowd. "It helps with riding in the community. It doesn't matter whether the riders know about it," he said. —Toby Hill



## Fat Tire Farm

**Employees:** 8 full time, 4 part time

**Shop floor space:** 3,000 square feet retail, 1,500 square feet service

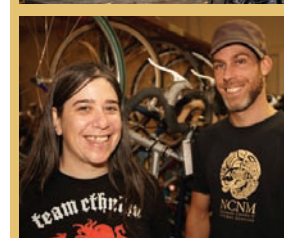
**Years in business:** 15 years under current owners

**Emphasis:** Mountain

**Main brands:** Specialized, Giant, Santa Cruz, Kona, Pivot, Scott, Rocky Mountain, Devinci, Deity, Salsa

**Owner:** Park Chambers

# Co-op keeps commuters cycling ... and recycling



## Citybikes Annex

**Employees:** 26

**Shop floor space:** 5,000 square feet

**Years in business:** 26

**Emphasis:** New and refurbished transportation bikes

**Main brands:** KHS, Surly, Jamis, Birria

**Owners:** Seven co-owners; pictured are two: Hazel Gross and Ryan Smith

Doing business as a co-op can be an egalitarian ideal. But sometimes, it's just a pain. Decision-making gets bogged down in the pursuit of consensus—one of the reasons Citybikes Annex still doesn't have a POS system. And the retailer, which deals primarily in refurbished transportation bikes—plus new bikes from KHS, Surly, Jamis and Birria—and also operates a repair and accessories shop 11 blocks from the Annex, has six committees to address such issues as finance, personnel, operations and inventory. But the model works for the quarter-century-old business.

"The idea is that the shop can keep going long after the original

owners are gone," said Hazel Gross, who joined Citybikes four-and-a-half years ago and is one of seven current co-owners compensated based on the work hours they put in each year.

Citybikes started out selling only secondhand bikes but couldn't keep up with demand, so new bikes were added in 2003. The shop's biggest seller now is its own custom KHS Urban Express, which gets a swept-back bar rather than a flat one, plus upgraded tires and derailleur. Citybikes orders the \$550 bikes from KHS about 200 at a time.

On the used side, reconditioned transportation, children's and mountain bikes fly out the door. As a condition of the shop's second-

hand business license from the city, all used bikes taken in are subject to a 15-day hold and police serial number check.

The shop's bike rehabs dovetail with Portland's ethos of recycling and repurposing, Gross says. Citybikes also recycles all leftover metal, tires, tubes and plastic bags. Rubber goes to Portland company Cycle Dog, which turns tires and tubes into "earth-friendly" pet products, and to a local maker of rubber floor mats.

The two-shop operation employs 25-30 staffers, all of whom are trained mechanics in order to help with any service issue or head-scratching bike rehab. No one is a manager; all are equals. —Toby Hill

# At tiny neighborhood shop, it's all about repairs

It's not the size of the bike shop that matters, but whether the mechanics can use their tools properly," is the slogan that greets visitors to the UpCycles website. It's a fitting motto for this small business, which Kai Druzdzel and Mark Hoskins started out of a converted car garage on NE Dekum Street.

UpCycles is among a growing number of service-only neighborhood shops in Portland. Tune-ups, flat fixes, wheel truing and bearing overhauls are its bread and butter, but the shop also handles a fair amount of wheel builds and assembles custom touring and commuter bikes with Soma frames.

Druzdzel and Hoskins started the business with little to no inventory, funding it with their savings. "We didn't need huge inventory so

we didn't have to take out a loan," Druzdzel said.

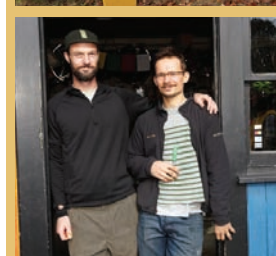
In addition to the main 400-square-foot location, they lease a smaller space a couple doors down where they house a third work stand. Their rent is a manageable \$600 per month. While they would like more room to be able to stock more product, including new bikes, they're also wary about raising their cost of doing business. They prefer to keep overhead low and service prices reasonable: tune-ups start at \$35 and go up to \$180 for a full overhaul.

Despite cramped quarters, the co-owners have built up their business serving the area's commuters. The shop is located in the revitalized Woodlawn neighborhood close to Holman—a bike boulevard and popular commuter route—and

open until 7 p.m. during the week for riders who need to drop in for service on their way home from work. It also sells a few refurbished bikes and offers basic bike maintenance classes.

Hoskins, a United Bicycle Institute graduate who worked at several local shops before buying his own stand and tools, said they have seen steady growth in business since opening two and a half years ago. "The neighborhood has embraced us," he said.

The two co-owners—and the shop's only employees—work on just about any bike, even beaters that other shops turn down. Druzdzel said they put into service old bikes for customers en route to the annual Burning Man festival. "Many come in and say, 'I just want it to pedal.'" —Lynette Carpiet



## UpCycles Bike Shop

**Employees:** 2

**Shop floor space:** 400 square feet

**Years in business:** 2.5

**Emphasis:** Service and repair

**Main brands:** Soma for custom builds

**Owners:** Mark Hoskins and Kai Druzdzel



# Concept store flourishes in downtown location

**M**ark Ontiveros may own one of the newer shops in Portland, but he's not new to bike retail. A 16-year employee and at onetime part owner of River City Bicycles, he left to open a Specialized Concept Store in January 2011 with business partner Mike France.

West End Bikes is aptly named after the West End shopping district, an eight-block enclave in downtown Portland that over the past decade has seen a major facelift. Run-down apartments and empty storefronts have been transformed into mixed-use retail and urban housing. And trendy new restaurants, coffee shops and hotels now teem with customers. "You

walk around and can't believe what's going on," said Ontiveros.

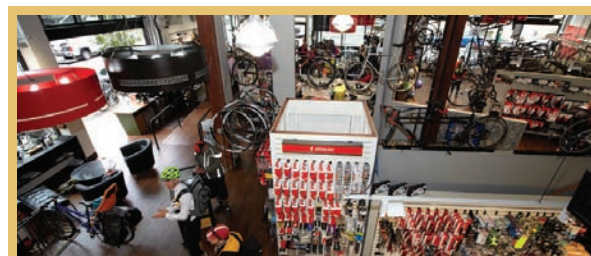
West End is located in a corner building that dates back to 1911 and used to house Django Records, and Ontiveros kept some of the old signage and wallpaper when he remodeled. The space, which he leases, required extensive renovations, but he said the location on SW Stark Street with a protected bike lane was key. "I wouldn't have opened the store if not for the dedicated bike lane out front," he said.

West End is the only Specialized Concept Store in Oregon and the first in the Northwest. So far, Portland seems to be welcoming this model, in which Specialized ac-

counts for about 75 percent of product. "We've done \$1.5 million in the first year with no ads or Internet sales," he said.

While West End has a very polished look, Ontiveros stays true to Portland's tastes and needs, stocking a wide selection of commuter apparel and messenger bags from San Francisco company Mission Workshop, and 'cross and city bikes from U.S.-made brands such as Stomper and Beloved. Portlanders prefer to buy American and locally made products, after all.

He also rents out space to the Maglia Rosa, which offers curbside espressos using Stumptown Coffee beans. —*Lynette Carpiet*



## West End Bikes

**Employees:** 13  
**Shop floor space:** 5,000 square feet  
**Years in business:** 1 year, 11 months  
**Emphasis:** Urban/city and road bikes, and 4- to 5-inch-travel mountain bikes  
**Main brands:** Specialized is 75 percent of product mix; also sells Wilier, Calfee, Beloved, Santana, Brompton and Cinelli  
**Owners:** Mike France, Mark Ontiveros

# High-end road rules in swanky Lake Oswego



## Lakeside Bicycles

**Employees:** Seven full-time, three part-time  
**Shop floor space:** 5,000 square feet  
**Years in business:** 15  
**Emphasis:** High-end road bikes and accessories  
**Main brands:** Colnago, Pinarello, Peggoretti, Bianchi, Assos, Campagnolo  
**Owner:** Gordon Haber

**S**pecializing in high-end bikes and accessories hasn't been easy in recent years in Portland, hard hit by the global economic downturn. But Lakeside Bicycles is making the best of a difficult situation by shaving costs or seeking out European brands that differentiate the shop from its vast competition.

"You scramble," said owner Gordon Haber. "Basically, every morning I get up and I sprint until I go to bed at night."

These days, Haber rolls 400 to 500 bikes every year out of his shop in Lake Oswego, an affluent suburb seven miles outside the city, at an average selling price of \$1,750. That's down from an average of

\$2,250 before business started slowing down, first after the dot-com bust and followed by the start of the recession in 2007.

That's in addition to the dilution of the market and increased pricing pressure due to the rash of new shops opening in the city. Competition is so fierce on items like tubes or black road shorts that prices stay the same even as operating costs go up, Haber said.

The store pulls in about \$1 million in annual revenue, compared to \$1.5 million in more prosperous times, even with its location along Highway 43, a main thoroughfare for 45,000 cars per day.

"The Portland market is so heavily populated by dealers, there

are always a handful desperate to make a deal," which has made it nearly impossible not to wiggle on prices, Haber said.

But Haber has a few tricks up his sleeve to set his shop apart from the pack. He goes to the Eurobike trade show to seek international brands that may not be represented in the U.S. market, like Maloja, a small German apparel manufacturer.

"That's been our most successful women's clothing brand," he said.

He's also considering starting an online store and stocking a warehouse near the Canadian border so shoppers avoid paying sales tax on Web orders and pick up their orders from the warehouse. —*Nicole Formosa*

# Used bikes and little debt at core of success

**S**ellwood Cycle Repair started two decades ago selling only used bikes on consignment for locals. New bikes are part of the mix now too, but the original foundation is still tightly weaved into Sellwood's DNA with close to half of the shop's \$1.5 million in annual sales coming from previously owned bikes.

The formula is fairly straightforward: if the bike sells, the customer gets two-thirds of the selling price, or three-quarters if they spend their profits at the shop. It may seem more lucrative than selling only new bikes, but the margin is less on used bikes due to the amount of labor involved, said Erik Tonkin, a former Kona Factory Team rider, U.S. cyclocross world championship team member and a well-

known figure in Portland's cycling circles. Tonkin has been a partner in the business since 1999 and sole owner since 2009.

About 90 percent of the used bikes that roll through the door eventually find a home, but Tonkin admits his laidback approach to consignment may need to change and he's considering instituting a 90-day review to make sure the inventory is turning in a reasonable amount of time. Because Sellwood's business model differs from most Portland shops, it's found itself on neutral ground, and often buys or sells used bikes from other shop owners or employees.

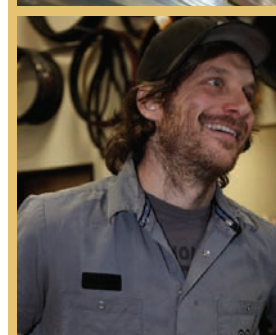
Another reason Sellwood stands out is Tonkin's unique financial and management philosophy, which allows him to run the busi-

ness the way he sees fit without being beholden to banks or suppliers.

The business is debt free (except for a small mortgage on the building) and reinvesting profits back into the operation is the top priority. When Tonkin moved into a new space, five times the size of Sellwood's longtime location in the height of the recession, he was able to pay half the asking price in cash.

The staff of 12 is paid between \$14 and \$16.50 an hour, including Tonkin, which eliminates a management hierarchy and allows more money to go back into the shop.

So far, so good. Sellwood has seen annual sales growth of 25 to 30 percent over the last few years and has little to no employee turnover in a highly competitive bike retail employment market. —*Nicole Formosa*



## Sellwood Cycle Repair

**Employees:** 12 full-time  
**Shop floor space:** 5,500 square feet  
**Years in business:** 21  
**Emphasis:** Consignment bikes, road, mountain, urban bikes and frames  
**Main brands:** Kona, Giant, Scott, Yuba and whatever rolls in the door  
**Owner:** Erik Tonkin



# PART OF THE FUJI FAMILY YET?



**A BIG THANKS TO OUR FUJI FACEBOOK FANS  
FOR SHARING THEIR FAMILY PHOTOS.**

Share yours at [facebook.com/fujibikes](https://facebook.com/fujibikes) or on  
Instagram @fujibikes.





## **NO BETTER TIME THAN NOW.**

- One of the best freight programs in the industry
- The models you want in stock now
- Aggressive dealer pricing
- Higher retained dealer margins
- Holiday promotions starting now

Join the Fuji Family  
today by calling:

**1-800-631-8474**



### **OTHER NOTABLE FUJI FAMILY PERKS:**

No need to stomach *(insert awful family recipe here)*

You don't have to sit through the inevitable retelling of the Blizzard of '77 survival story

No pestering about your singlehood or when to expect grandkids

**And they say you can't choose your family...**

**ADVANCED  
SPORTS**  
INTERNATIONAL





# Editors' Picks: What works in Portland



**Solving the closeout conundrum:** Customers are always looking for a deal and suppliers always have those bikes that don't move or missed their selling window. That sparked the idea for Dave Guettler to open the **River City Bicycles Outlet** two blocks away from his main store where he sells closeouts, overstock or bikes that were delivered late. Everything is close to 30 percent off suggested retail. Bikes are color-coded by size so shoppers can easily find one that suits them. Better yet, it's separate from River City's main store, keeping margins there intact. Plus, the RCB Outlet also serves as a testing ground for bringing in a new bike brand or product with less risk. If it sells well at the Outlet, they move it into the main store.

**Keep kids entertained:** **Clever Cycles** gets a lot of family traffic. And many of the parents like to linger over the shop's stylish wares. So Clever has a children's play area stocked with Legos and other toys to keep tots occupied for what can turn into a lengthy stay. "We have customers who easily spend an hour, an hour-and-a-half here milling about," said co-owner Martina Fahrner. "It's a comfortable atmosphere and there's a lot to look at. They like to pick up all the stuff."

**Play to your strengths:** Acknowledging the fierce pricing competition from online sellers, **Fat Tire Farm** owner Park Chambers focuses more on stocking a broad selection of complete mountain bikes over components and accessories that are more vulnerable to price slashing on the Internet. Double-tiered racks hold 110 completes on the sales floor, with an additional 100 or so either built or boxed in the back of the shop. Merchandise sales break down about 70 percent bikes, 30 percent components and accessories.



**Diversify to fit your surroundings:** The **Athletes Lounge** is the city's clear leader in triathlon with a shop stocked full of aero bikes, wetsuits, running shoes and apparel, but it happens to be located next to the city's 5,100-acre Forest Park. Dirt cycling trails are minimal, but the terrain that is available is perfectly suited for cyclocross so it devotes a small corner of its 6,000-square-foot shop to Scott and Stevens' cross bikes and gear.

**Find your financial comfort zone:** **Velo Cult** owner Sky Boyer started out selling vintage bikes from his condo, then opening a small repair shop—which may be why he still prefers a cash business. He funded Velo Cult's move from San Diego to Portland in part by selling off 70 percent of his vintage bike collection, but he also had to take on terms with suppliers for the first time. It's not something he's comfortable with. "I'll pay that off, then I'm never doing that again," Boyer said.

**Teach women to wrench:** It's no secret that bike shops can be closed-off boys' clubs. **Citybikes** and **Citybikes Annex**, however, want to break down those barriers to better serve its diverse customer base. "Women really appreciate our apprenticeship program" that trains future employees, said Hazel Gross, one of the three female co-owners, out of seven total, at the two-shop retailer. For some women, the "From Cyclist to Mechanic" apprenticeship can be their first step toward a career in bicycle retail or the larger industry.

**Espressos served curbside:** Great coffee shops are a dime a dozen here—and many bike shops include a coffee bar in their stores. So **West End Bikes** in the heart of downtown had to offer something unique if it was to compete. Owners Mark Ontiveros and Mike France lease space to Phuong Tran, a United States Barista Champion, who runs the operation. No fancy caramel macchiatos or chai tea lattes here. The Maglia Rosa, which has a handy bike-through street counter, only serves up single origin espressos using beans from Stumptown Coffee.



**Tailor hours to your customers:** **Universal Cycles** scored a premium location about 18 months ago along SE Ankeny Street, a main commuting route for cyclists heading into downtown from the east side of the river. With shared-road arrows and a direct line to the Burnside Bridge, some 14,000 riders whiz past in either direction during the busiest days. So, Universal opens its doors at 6 a.m. on weekdays and serves free coffee to early morning pedalers.

**On par pay:** **Sellwood Cycle Repair** long ago instituted a flat management model in order to create a workplace where everyone on staff could do well. All 12 full-time staff members are paid between \$14 and \$16.50 per hour, including the owner, regardless of tenure or job title. It's a philosophy that has fostered a stable workforce and it also allows more profits to be reinvested into the shop, helping Sellwood to run virtually debt-free.



**Look for branding partners:** Portlanders love their beer and love their bikes. **Bike n Hike's** Kevin Chudy found a way of combining both. A longtime friend of local brewmaster Christian Ettinger, he rebrands a line of urban SE Bikes with Ettinger's Hopworks Urban Brewery name. SE's line of beer-named single-speeds—the Draft, Draft Lite, Lager and Tripel—come with integrated bottle openers. Chudy had a local graphic artist create Hopworks stickers to slap on the frames. "We sell more bikes from Advanced Sports (SE's parent company), it helps brand Hopworks, and for us it's a bit unique," Chudy said. Chudy's been selling the Hopworks Pub Runner since April, throwing in a beer with each purchase for good measure.

**Keep it simple and local:** In a city where there's a bike shop just about on every corner, **UpCycles Bike Shop** has carved out a niche by offering affordable repairs and service only. Kai Druzdzal and Mark Hoskins keep prices reasonable by controlling their overhead; inventory is limited to a few essential accessories. They focus on their neighborhood—employees from local businesses are regulars.



**Be creative to retain staff:** A big challenge in Portland is keeping full-time staff employed during the slow winter months. At **Bike Gallery**, head mechanic Brett Fleming has found a way around this by slashing the price of a service overhaul from \$275 to \$145 during the winter. By convincing customers to pay for a tune-up during the busy summer months and save the comprehensive cleaning for the off-season, he creates plenty of work for his staff. As a result, the mechanics at Bike Gallery churn out 1,000 to 1,300 overhauls in the winter with an average ticket price of \$260.

**Think internationally:** **Lakeside Bicycles'** owner Gordon Haber has been in the bike retail business for 15 years in Portland so he knows how pivotal it is to stay one step ahead. A while back he started flying to Germany to attend Eurobike, the industry's largest trade show, to seek out unique brands that might set his high-end Euro-focused shop apart from the pack. As a result, he's picked up brands like Parlee, Enve and Maloja, a small German apparel manufacturer available in only one other shop in the U.S.



UNSTOPPABLE



*Philippe Gilbert*

**2012 WORLD ROAD CHAMPION**  
BMC RACING TEAM

[BELLHELMETS.COM/GAGE](http://bellhelmets.com/gage)



# Longtime owner aims for higher bar at retail

**K**evin Chudy gave up his newspaper delivery gig for his first bike job at Bike n Hike's Corvallis store. Ten years later he became partner in the business, and in 1984, helped expand the name north with the Beaverton store. Chudy now owns four of the six Bike n Hike stores in the area, including the Portland store.

Bike n Hike has carried a variety of brands, but in the past decade grew its business with Giant, converting two stores—Beaverton and Portland—into Giant Retail Partner locations. Bike n Hike is not the only Giant dealer in town, but it is the largest, Chudy said.

"We're super loyal to those guys," he said. "We've carried alternative

brands to give more selection but at the end of the season we found that the second-tier brand didn't move and were left with product we had to mark down."

Becoming a GRP also upped the retail environment as both stores underwent a merchandising makeover that included energy efficient lighting, modern fixtures and graphics. Chudy even invested in a scent service to drown the odor of rubber and lube.

At the Portland store, a 2,000-square-foot women's department was added during a 2009 GRP remodel. Now, more than 50 percent of adult bikes that roll out of the door are to women.

A big focus on merchandising

is part of Chudy's vision to raise the bar of bike retail. Increased competition from new shops, combined with the economic downturn and three very wet springs and summers, has tempered growth at Bike n Hike. Sales have been flat following a record year in 2008 and Chudy is predicting more of the same at the end of this year.

But he's confident that Bike n Hike is primed for growth when the climate and the economy make a turn for the better. "At the end of the day, we have a good thing going. We own some buildings, have good relationships with suppliers and good leases. We've created this machine that feeds people," he said. —*Lynette Carpiet*



## Bike n Hike

**Employees:** Portland store: 12-15; total for all six locations: 42-44

**Shop floor space:** Portland store: 7,500 square feet; mezzanine about 2,000; basement 3,400; 34,000-plus square feet for all locations

**Years in business:** 41

**Emphasis:** Women's-specific products, flat-bar road and city bikes

**Main brands:** Giant, Electra

**Owner:** Kevin Chudy

# Athletes Lounge taps into area's tri community



## Athletes Lounge

**Employees:** 10 full-time in the peak season

**Shop floor space:** 6,000 square feet

**Years in business:** 3 under existing ownership, 8 total

**Emphasis:** triathlon

**Main brands:** Cervélo, BMC, Scott, Hammer, Newton, BlueSeventy, Orca, ZXU

**Owners:** Scott Benjamin (pictured), Gary Wallesen and Chris Boudreaux

**F**or as booming a bike market as Portland is, triathlon is one segment that hasn't captivated the city's cycling crazed the way other two-wheeled options have.

But that hasn't stopped Athletes Lounge from making its mark as the go-to, one-stop-shop for triathletes in the Pacific Northwest.

"You will not find too many tri stores outside of San Diego with this kind of inventory," said Scott Benjamin, one of the shop's three owners, standing in the middle of the 6,000-square-foot shop filled with aero bikes from Cervélo, Giant, BMC, Argon 18 and Scott, a wide range of wetsuits, running shoes, apparel and nutrition, showers and a fit studio.

Portland is not exactly a hotbed for triathlon, but it is showing signs of growth—this year's Portland Triathlon saw 900 racers, up 30 percent over the previous year, making it the largest tri in Oregon.

The Athletes Lounge name has been around Portland for more than a decade, first as an online forum and store, then in physical form for the past eight years. Benjamin and his business partners, Gary Wallesen and professional triathlete Chris Boudreaux, bought the business out of near bankruptcy three years ago. Since then, the trio has moved into a building that is four times the size of the old shop and doubled revenue to \$2 million annually. Along with appealing to cus-

tomers through a deep inventory commitment to gear for all three of the sport's disciplines, Athletes Lounge's clinics, open swim classes and race and athlete support and its reputation as the city's experts on aero and fit have cemented the shop's importance in Portland.

While most of Portland's bike retailers rely on the weather to dictate business, Athletes Lounge is not as subjected to Mother Nature's whims.

"The Ironman calendar really determines our sales," Benjamin said. "In spring, weather is an issue, but if an athlete signed up for Coeur D'Alene, they've got to be training, they can't wait for nice weather to get on their bike." —*Nicole Formosa*

# Transportation shop has the practical answers

**M**artina Fahrner describes one typical customer to walk through Clever Cycles' front door: the road rider who got married, started a family, and now wonders, "What do I do with my kid on the bike?"

It's a situation the shop's owners, couples Todd and Martina Fahrner and Dean and Rae Mullin, all have dealt with in their own lives.

For five years now, Clever Cycles has been meeting Portland's utilitarian cycling needs, whether it be young, hip commuters after a fashionable city bike, car-less urbanites in need of a Dutch-style Bakfiets to haul groceries, or families seeking balance bikes or mini-cruisers for their growing brood.

Martina says she emphasizes listening to what customers want out of a bike, then opening them up to new possibilities. For instance, a commuter might not ever consider that rather than a stylish mixte, their needs might be better met by a Surly Long Haul Trucker touring bike fitted with swept-back bars to give them a comfortable riding position while also providing all the gears they will need for the ups and downs of city streets.

Prices range from the low hundreds for children's and balance bikes to \$3,000 and more for Portland- and Dutch-made cargo bikes. The average bike sale comes in at about \$1,000.

With wood floors, high ceilings

and accessible apparel and accessories—nothing is behind a counter and many products are displayed in the cargo bays of oversized Bakfiets—Clever fosters a warm, relaxed shopping experience. Clothing, from brands including Endura, Ibex and Showers Pass, is both practical and stylish, as are bags from Caradice, PoCampo and Koki. Brooks saddles and accessories command significant shelf space.

It's all about instilling "brand evangelism" in customers—both for their chosen bike and, by extension, for Clever Cycles, noted Martina.

"We're always learning," she said. "It's a long process. None of us had been in retail before. It's just a labor of love." —*Toby Hill*



## Clever Cycles

**Employees:** 9

**Shop floor space:** 3,500

**Years in business:** 5

**Emphasis:** Commuter, transportation, cargo and folding bikes

**Main brands:** WorkCycles, Breezer, Brompton, Surly, Tern, Linus

**Owners:** Todd Fahrner, Dean Mullin and Martina Fahrner (not pictured: Rae Mullin)



## Portland is model city for bike facilities in U.S.

This was my first time in Portland. I arrived expecting a rainy and desolate city, but to my surprise found a town alive with dynamic people living active lives. Portland offers a diverse landscape of walking and biking paths, unique restaurants, and a thriving bike culture bolstered by a young, vibrant community.

Portland is home to a group of dealers who have coexisted for many years, next door to retailers who have just recently opened their doors. We visited a wide array of shops while traveling the city by bike, touring businesses that specialize in repairs, shops with assembly lines of pre-built product ready to hit the floor, and even a store that moonlights as a brewery with an amazing collection of museum-quality, retro bikes.

Hopworks Urban Brewery, the HUB, featured a collection of frames and parts strewn throughout the building and lends its name to a run of custom single-speed bikes sold through Bike n Hike, another local landmark retailer we were fortunate enough to visit.

And thanks to our tour guides from River City Bicycles, we were able to see unique parts of the city that we may have otherwise missed. As we toured around on our Breezer bikes, fully equipped with



Frank Zimmer

fenders, lights and racks for storage of rain gear and dry clothes (a must in the Portland weather), we fit right into the local biking and transportation culture. Bike lanes were aptly placed, and routes throughout the city were easy to follow. I never once felt unsafe despite the city's high volume of car, bike and pedestrian traffic, and I started to wonder more and more why every American city isn't like Portland. We should all take a cue from its infrastructure.

They say that commuting by bicycle reduces stress—if you need proof, spend a day in Portland. — Frank Zimmer, director of U.S. sales, Advanced Sports International

## Portland shops have limited inventory dollars and category choices

The Portland Dealer Tour brought us into some of the strongest bicycle retailers in the business: The Bike Gallery, River City Bicycles, Bike n Hike and others. I was unique in the group in that I was the only attendee representing a rack company.

Quite frankly, it was humbling to see how few bike racks were offered by these strong retailers. For those in the category, racks seem like such an obvious product line. After all, most people who buy a bike get there by car, and they all need to get their new bikes home. Many bike dealers have tremendous success with the racks. Managed correctly, the category offers high margins and turns. But the reality is that the rack category was not well represented in most of the stores we visited.

Each retailer we visited said that they sell racks, and see it as a valuable category. But they also voiced concerns about category complexity, competition from large retailers and limited floor



David Fee

space. They only have so many dollars and square feet, they said. It is clear that the challenge facing the rack companies is the same facing many accessories manufacturers: it's up to us to communicate why racks are a wise investment in their limited inventory dollars and retail floor space.

Further, although cars and bikes become more complex, the onus is on the rack manufacturers to present to bike dealers only those products that are right for their specific consumer, and no more. —David Fee, general manager for U.S. and Canada, Yakima Products

Kids don't realize they can't do things. They just try. So even if your toddler isn't ready to pedal a bike, MyKick™ lets her power along by kicking her feet. She'll quickly learn to coast and balance on two wheels.

### Introducing MyKick

It's a natural evolution from riding in a child trailer. With an adjustable seat post and handlebars, it grows with your child. It's a safe, fun way to get a jump on riding a bike.

## Look, Ma, no pedals >>>



BURLEY®

A perfect holiday gift for active kids.

www.burley.com







Photo op during a short detour to Washington Park on the second day.



We rode scenic switchbacks up River View Cemetery on our way out to Lake Oswego, a suburb about eight miles south of Portland.



BRAIN editor Lynette Carpiet and Advanced Sports International president Pat Cunnane lead a group through Tryon Creek State Park.



Knobby tires as bathroom mirror frames? Only at Portland's Fat Tire Farm.



Advanced Sports International's Kaitlyn Phillips fits into the crime scene outline at River City Bicycles. Hmmm.



One of our ride leaders from River City Bicycles, Dani Dance, brought daughter Zoe along for the ride on day two.



Rapha's Chris DiStefano and Breezer's Joe Breeze take in game one of the World Series at the Rapha headquarters. The building used to house offices for Paramount Pictures. Rapha has stayed true to the Hollywood history with a 25 theater-seat screening room.



## Portland Dealer Tour 2012



ASI's Karen Bliss and Pat Cunnane met Jake Gillum during our visit to Lakeside Bicycles. Gillum, an Oregon native, recently recovered his stolen 2009 carbon fiber Fuji himself. He documented the civil arrest with a video posted on YouTube.



Andria Klinger of Interbike and JT Burke of Breezer Bikes battle it out for an Oreo cookie-covered Voodoo donut. Clever Cycles welcomed us with two pink boxes full of goodies.



Athletes Lounge retail manager Brittany Olsen introduced us to her darling Jack Russell terrier Ben.



Shop cats were as popular as shop dogs in this city. Here's Magnus from Lakeside Bicycles.



Joe Breeze fuels up at River City Bicycles.



The ASI crew hang out and play Uno at Velo Cult after taking a tour of the shop.



Fenders are big sellers in Portland with several retailers ordering them by the pallet. We saw some of the most creative displays, too, like this one from Clever Cycles.



Chula, Sellwood Cycle's resident pooch



Portland's Hawthorne Bridge in the early morning



## Portland is home to diverse shops, inclusive community

Portland is regularly touted as the model city in our nation for its bike facilities and bike-centered culture. Being able to ride in BRAIN's Dealer Tour and see it firsthand was a great opportunity.

One thing that became apparent in the Portland bike community is its inclusive nature. Whether you are fixed or free, townie or race, helmet or hat, everyone seems to be building bike karma. No culture or class wars here. Ultimately, the winner will be bicycling and the community at large.

The 14 shops we visited could not have touched on a broader cross section of the industry. Included in our stops were big concept stores, Internet parts retailers and a service shop in a former garage that would barely hold one American car.

With its rainy climate, Portland's significant number of bike commuters requires service quite regularly. Each location took a different approach to service. One shop opened at 6 a.m. to be accessible to the morning commuter. Another shop that did 75 percent of its sales in service is on a "bike boulevard," guaranteeing a steady supply of customers. This auto-garage-turned-service-center could not have been more than



Steve Strickland

300 square feet. Each shop emphasized quick turnaround on service and repairs to keep people on their bikes. Many times it may be the only transportation that person has.

The city has made it virtually trouble-free for residents to go by bike. Could it actually be safer than a vehicle? It certainly is easier and healthier, which is leading to a growing and vibrant bike business in this model city. —Steve Strickland, account manager, Burley Design

## Bike culture is more than skin deep in Portland

I thought I could escape unnoticed by doing the sheepish, fast walk, don't-make-eye-contact thing as I rolled my grimy bike down the freshly swept hallway. But no dice—the mechanical carpet sweeper stopped moving and I could feel his eyes on me.

"Hey," said the hotel cleaning guy as I braced for a scolding.

"That blinky light is insanely bright—what kind is it?" he continued, apparently unconcerned about the grit stripe I just painted on his carpet.

I gave him the rundown on the Blackburn Flea light clipped to my backpack, then ducked into my room for its USB charger and gifted him the kit for his third-shift commutes.

While we had our share of "Portlandia" moments during the BRAIN Dealer Tour, I took this encounter as an encouraging harbinger—proof that bikes here are about more than the "Unipiper," a guy dressed as Darth Vader in kilt who plays the bagpipes while unicycling. (The Unipiper was featured on Portlandia, a satiric comedy show filmed in Portland.) No, this was just a regular guy, working an everyday, real world job—THIS is the guy we as an industry want to connect with. While our tour of Portland's finest bike deal-



Don Palermi

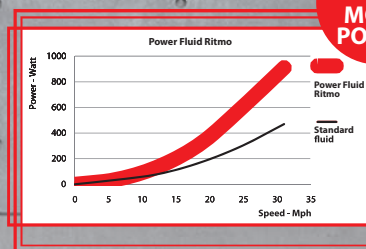
ers was enlightening and educational, this was my ah-ha moment.

I was reminded of the democratic nature of bikes and, how given the right confluence of culture, necessity and infrastructure, they can be truly transformative. I ride away with a renewed vigor for both our industry and advocacy, because it occurs to me that we'd be a whole lot better off with more hotel guys on bikes...and maybe even another Unipiper or two. —Don Palermi, director of marketing, Bell and Blackburn

# ELITE

elite-it.com

## Power Fluid Ritmo



**ELITE**  
LIFETIME WARRANTY



Used by professional teams: **BMC** & **sky**  
racingteam PRO CYCLING