

Covering the News
Each Day – Every Day

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Heard in Taichung

Funn Lovers

When your company's name is Funn, you have certain expectations to live up to. Fortunately, the Taiwan manufacturer of gravity bike components got some unexpected help from the Tempus Hotel—and made the most of it.



Their hotel room had been double booked, so the Tempus offered Funn the use of its "Le Bar" during Taichung Bike Week, said Troy Jungheim, the company's European product manager.

Funn had planned to throw a party for its customers. But with a full-fledged bar at their disposal, they opened up the doors to the entire Taichung Bike Week crowd last night.

Scantly dressed go-go dancers entertained the crowd and personally poured tequila shots straight into waiting mouths—as our own Matt Wiebe and Nicole Formosa can attest.

It wasn't all just for fun. Funn Mountain Bike—which is no longer associated with the Funn brake brand—is looking to build its OEM business. It's gotten spec on such brands as GT, Mongoose, and Lapierre, as well as several small brands in Europe.

Jungheim's counterpart in North America is Rich Vitiello, who is in Phoenix. Europe accounts for 70 percent of Funn's sales, but Vitiello is working to boost the U.S. share.

Funn's parent company in Taiwan makes motorcycle and automotive parts for customers including Ducati, Jungheim said. With 65 CNC ma-

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TAICHUNG BIKE WEEK NEWSLETTER

Bicycle Retailer

AND INDUSTRY NEWS

Exhibitors: Slow Traffic At Splendor Not So Splendid



S-Sun's Yannick Pu

The Splendor's last-minute decision to participate in Taichung Bike Week opened up more space for the mini-show's exhibitors. But some wondered whether it was worth the trouble, given the less-than-splendid amount of traffic.

"My boss flew the roost and took a bunch of his business cards over to the other hotels," said George Tzeng, who was representing Gigapower, an OEM supplier of brake shoes and pads. "You can't just sit here and die"—that's what he said."

Rotor Bike Components closed its door and left product materials and business cards on a table outside, along with a handwritten note asking potential customers to leave their business cards.

Tzeng, who was set up in the hallway amid the 15 hotel rooms occupied by exhibitors, said he has spoken to only about 10 people a day for the first three days. He's hoping that future Bike Week exhibitors will be divided evenly among the three participating hotels—the Splendor, the Tempus and

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DT Swiss Ready to Spec From Taiwan Factory

After methodically ramping up its manufacturing and assembly operations in Taiwan and Poland, DT Swiss has a message for bike manufacturers: It's ready to spec.

DT Swiss has had a subsidiary in Taiwan for several years, but only in the last three years has the company been building up its manufacturing capacity to serve OE manufacturers on the island.

Now that it is confident of the Taichung

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DT Swiss' Daniel Berger

Heard in Taichung

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chines available, the bike side can turn out sophisticated bars, stems, cranks and other components for downhill, 'cross, MTB and other gravity enthusiasts.

They can also respond quickly to market trends. At Eurobike, Jungheim said, Funn realized that funky anodized colors were in. By November, the company had developed a line of color-matched bars, cranks and other components.

"At Eurobike, we realized that anodized is definitely back in fashion. We didn't have it at Eurobike, but being able to react quickly because of the contacts we have in Taiwan, we were able to bring seven new colors into our line on multiple products," Jungheim said.

Funn is also producing aggressively priced entry-level products made to be attractive for emerging markets in such countries as Romania, Poland, Russia and Portugal, Jungheim said.

DT Swiss Ready

Continued from pg 1

factory's quality and capacity, it is eager to put the word out to customers, said Daniel Berger, head of marketing and product management.

"In '11, Giant started to massively spec DT Swiss, and they will do it more in '12," Berger said yesterday at Taichung Bike Week. "If something happens, we're here. They can come to our factory."

He said DT Swiss now can offer Taiwan-made, high-end spokes, rims, wheels, hubs, quick-release systems, and some shocks to Taiwan manufacturers. In June it will begin production of some magnesium shocks.

"We want to be a serious supplier. That means being global," he said. "Nothing is more global than the bicycle industry."

DT Swiss is also counting on its Taiwan factory to help

cement relationships with U.S. brands.

"We have a very strong relationship with American brands, including Specialized and Trek," he said. "The American bicycle industry is here now. Cannondale is here. Specialized is here. Trek has only some limited production in the U.S."

The Taichung-area factory began making quick-release hubs about three years ago, while DT Swiss steadily ramped up production of other products.

Today, DT's headquarters in Switzerland continue to be the sole source of some of the company's most sophisticated components, such as welded rims, forks and carbon parts.

DT also owns an assembly plant in Poznan, Poland, which it supplies with Swiss-made components. The Polish

location allows DT Swiss unfettered trading access to the European Community. Switzerland, which is not a member of the European Union, does not enjoy the same trading benefits.

Berger said DT Swiss is gaining market share from competitors in a relatively flat market.

By spreading out its assembly and production, DT Swiss has gained some valuable protection against currency fluctuations.

The Swiss franc has appreciated strongly against the U.S. dollar and other currencies, he said, forcing the company to hike some of its pricing on Swiss-made products this year by 20 percent.

"You can't say to all your customers, our prices have raised 20 percent," Berger said. —Doug McClellan

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For Magura, Quality Will Be Made in Taiwan

While other European manufacturers shut factories and shifted production to Asia in the '90s, Magura put its head down and focused on made-in-Germany products. In fact, it proudly advertised its "Quality Made in Germany."

Now, even Magura has seen the wisdom of launching Asian production. Come the first quarter of 2012, Magura Asia, which has warehoused German-produced components, will begin making many of the same components as its German headquarters factory—but without the lead times and currency issues that hamper products from the continent.

No one is smiling more at the news than Jeff Enlow. Enlow, general manager of Magura's U.S. subsidiary, has worked tirelessly to win Magura spec on U.S. brands. But cost and currency fluctuations often scuttle any promising deals, as well as drive up prices on aftermarket products.

"Magura quality, priced in Taiwanese

dollars, made right here next to the bike factories? You bet that is going to change the game for me in the U.S.," Enlow said in Taichung. Magura is one of the members of Ride On, which ended its mini-show on Monday.

Factory lead times are growing as bike production steps up to meet demand from Asian cyclists, and as shortages of key items like tires are delaying shipping. Because European-made components take longer to reach Asian assemblers, that alone can eliminate them from contention in the sharp-elbowed scrambling for spec.

"It's more than bringing the cost of production down or simplifying currency issues," Enlow said. "That's great, but it also is giving our customers confidence that we can step up the volume of our business like any other OEM supplier."

Magura will continue manufacturing products in Germany for European manufacturers. Magura Asia will supply all Taiwanese and Asian manufacturers from a new 30,000-square-foot factory in Taichung.

Magura introduced many new brake and suspension components at Taichung Bike Week for the 2012 model year. The company plans to develop automated assembly lines for those products in Germany over the next year. Then, once production is running smoothly, some of the lines will be disassembled and shipped to Magura Asia.

"That means our Asian product is made on the same lines as our European product. This keeps the quality high and tells our customers it's the same brake even though it's now made in Taiwan," Enlow said.

Better pricing should greatly enhance Magura's competitiveness with other aftermarket brake and fork makers.

"For the forks especially, they are a great product but are not cost-competitive with other forks on the market. And getting strong acceptance of Magura's components in the aftermarket in the U.S. is key to building our OEM business there," Enlow said.

He said Magura Asia should begin producing aftermarket parts for North America in late 2012. —Matt Wiebe

The Hive Feels the Growing Buzz in Taichung

The small, eclectic company known as The Hive produces components as diverse as hugely oversize Chub carbon hubs, ultra-light Revl carbon road brakes and two-piece ethirteen aluminum cranks built around a three-sided polygonal interface.

These decidedly non-mainstream components have an endearing appeal to the bicycle cognoscente. But they are clearly of limited interest to OEMs. Right?

Not so, said sales and marketing director Chris Costello.

"There are trends in the industry working in our favor right now. Product managers are looking hard to differentiate their product and our parts do that better than most," Costello said.

The Hive's ethirteen cranks use a three-sides polygon interface for the non-drive side connection. While that's unique for bike cranks, the interface is commonly found in machine tools and in drivetrains for F1 racecars and tanks. The crank axle and external bottom bracket bearings are all BB30 spec, yet the crankset fits traditional bottom brackets.



The Hive's Joel Peters (left) and Chris Costello.

"It's a story simple enough for any retailer to tell and easy for a rider to see the difference," Costello said. "With one crank a product manager has turned a bike that looks like everything else into a unique

product."

It's The Hive's first appearance at Taichung Bike Week, and Costello could not be happier. It's also the first time since the company merged with chainguide manufacturer ethirteen that the Hive has displayed the combined lines.

The Hive has had an office in Taichung for a while, headed up by the company's Joel Peters. Now that Santa Cruz is spec'ing its cranks on some models, and Specialized is using an ethirteen chain-guide on a bike, Costello said the time is right for the company to push its OEM business.

"In addition to signing OEM business here, it puts us out as an OEM supplier to brands that may be unfamiliar with us. It says we are a player. Plus, we can float new products to all the product managers stopping by and get valuable early feedback on our ideas," he said.

"It really is a serious selling show where we are doing good business," he added. "I can't tell you how many times I've spent an hour or more with someone at Interbike explaining our components, only to learn they are the friend of a friend that has a good friend that works in a bike shop." —Matt Wiebe

Ultra Motor Shows E-Bike Kit

Shimano did it this year, as did Suntour. So did auto parts giant Bosch. All three companies introduced e-bike propulsion systems, with Bosch perhaps making the biggest splash.

Now, e-bike manufacturer Ultra Motor is also getting into the business of offering a complete propulsion system for e-bikes and electric scooters. The system includes 250-watt motor, a slim lithium manganese battery box that is incorporated into a rear rack, and a back-lit, customizable LCD display.

"We want the OEMs to know that we're in the business. We showed the system at Eurobike, we showed the system at Interbike, but we wanted to show it during Taichung Bike Week," said Mike Fritz, vice president of technology development.

He said most OEMs could adapt their lines to accommodate the system, which requires that the manufacturer drill two holes into the bottom bracket shell to fit a torque sensor.



Mike Fritz with the LCD display unit.

Fritz said the England company, best known for its A2B e-bike, will provide the propulsion system for a Brompton folding e-bike.

—*Doug McClellan*

Abus Looks Beyond Rim Locks

Dutch bike builder Vanmoof raised eyebrows and collected awards this year for its bike design, including the 2010 Eurobike City Bike award, European Aluminum Award 2010 Industrial Design, and Dutch Design Award for best consumer product. And German lock maker Abus is pulling for Vanmoof's success.

Vanmoof sourced an Abus chain lock for its award-winning design and made it disappear into its frame tubing when not in use. This integration of bike security into frames goes beyond the standard rim lock, a fixture on many European city bikes.

"We're best known for our rim locks, which are included on most bikes sold in the Netherlands and Scandinavia. But we are getting growing interest from e-bike and lifestyle bike makers in our other products," said Axel Roesler, Abus' area sales and marketing manager.

Abus sells battery locks for e-bikes that use the same key as the bike's rim lock, so riders need only one key for both the battery and the bike. Abus is showing its various e-bike systems to manufacturers during Taichung Bike Week.

The company believes Vanmoof's integrated chain lock approach will prove popular with bike builders, especially in markets where rim locks are uncommon.

"In markets like the U.S., rim locks are not as popular as cable or chain locks, but no one likes to have to carry a chain lock around," Roesler said. "Not only is the chain



Abus' Axel Roesler (l) and Michael Buenfeld

easier to carry when it's integrated into the bike, but it's never left behind."

While integrated locks like the Vanmoof system are attracting attention, most of Abus' business are its bread-and-butter rim locks.

"The reason for the high volume of rim lock sales in the Netherlands and Scandinavia is that bikes incorporating an approved lock like we sell are automatically covered by the cyclists' homeowner's insurance against theft," Roesler noted.

It's no surprise bikes destined for markets that with no incentives leave the rim lock off.

Abus said rim lock sales are growing in North America, mostly as aftermarket retrofits for mountain and city bikes. J&B Importers and Cycles Lambert distribute its locks in North America.

Abus is also experimenting with alarms and may incorporate electronic features in the future. —*Matt Wiebe*

Exhibitors

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the Evergreen—so everyone gets equal exposure. The Evergreen and Tempus sit almost across the street from one another, while the Splendor is a five-minute walk away.

Elsa Lin of DK City, a Taichung supplier of e-bike kits, said she thinks the Taichung city government should do more to promote Bike Week locally.

"There are many suppliers who still don't know about the show," Lin said, standing in her empty hotel room. She reported seeing only about five people walk in each day on Monday and Tuesday.

The Splendor has been part of Bike Week in the past, but didn't reach an agreement with event organizers to participate this year until about two weeks ago, after organizers had already sent out some of the promotional materials.

Lin, like most of the exhibitors at the Splendor, acknowledged that she waited until the last minute to sign up for Bike Week. Next year she'll plan further ahead to get space at the more heavily trafficked hotels. Lin also said DK City's product line may not have been the best fit for Bike Week.

"Most of the visitors here are looking for bike parts and accessories, not for e-bikes," she said.

Others were happy just to get a foot in the door at the fast-growing Bike Week. S-Sun Enterprise, a Taichung-based light company, is trying to kick-start its OEM business. It made a last-minute decision to attend Bike Week, said the company's Yannick Pu, standing in front of a table of blinking lights set up in the company's hotel room.

Pu took a more upbeat view of the situation. Even if few potential customers found their way to S-Sun, a single lead on a major OE client could lead to big opportunity. Pu said he was hoping to meet with a Trek product manager on Tuesday. "It's a chance. We're here looking for the chances," Pu said.

And if you could land that important meeting, the slower pace at the Splendor could actually work in your favor, said Even Wang of Airborne Bike Accessories.

"Here you have more privacy and more quiet. Customers can feel more comfortable meeting in here," she said.

—*Nicole Formosa*

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