

Bicycle Retailer

Published by the NBDA AND INDUSTRY NEWS

Herd on the Street



Relaxing testicles redux: In yesterday's scintillating newsletter straight from the Taipei Cycle Show, we brought you a photo of a banner hanging in a 10-by-10 booth on the sixth floor of the Nangang Convention Center. It read: "Testicles Relaxing – We Invite You to Try." It appears to have sparked a chuckle among many of our faithful readers. But there was a problem. When we first spied the banner, no one was in the booth nor was there product to try. So we returned to gather all the facts and to test the "relaxing" saddle made by Ken Link Co., Ltd., a Taichung, Taiwan, company. The owner plus a cheerful salesman were on hand. They urged me to climb aboard a mountain bike sporting the saddle. They assured me that it would ease the friction between the buttocks and the seat. And, more importantly for men, it would offer more "free space for a man's testicles." It's true, sort of. The seat tends to be a bit slippery—hence semi-frictionless. But the second claim is absolutely true—everything swings free.



Fashion and flash: While cruising the floor Friday looking for new and exotic products, we stopped for a moment to check out a mannequin fully clothed with women's cycling wear. A pleasant woman stepped out and handed us a brochure and asked if we

Continues on page 3

Chinese flocked to Taipei show

With a waiting list for exhibitors and its location in the fast-developing Asian-Pacific rim, the Taipei Cycle Show will continue its role as the leading show in the region, predicts Erik Kimble, general manager of Colmax.

Kimble, who has lived in Taiwan for years and speaks fluent Mandarin, said he has never seen so many Chinese visitors. "I've been getting upwards of 40 or 50 visitors a day in my booth," he said. Colmax distributes brands including Park Tool, Finish Line, Continental, Kool Stop and other products in Taiwan and China.

He attributes Chinese interest in the show to growth in the relative affluence of the Chinese population—that's driving the growth in sales of U.S. brands in China. But other factors are also in play.

An easing of travel restrictions and increased flights between the two countries has helped open the market in China for Taiwanese-based businesses like Colmax. And an eco-

Continues on page 4



The Taipei Cycle Show ends Saturday, when it opens its doors to the public.

Meeting on new UCI approval process draws curious crowds

The number of questions still surrounding the UCI's approval process for frames and forks was made abundantly clear by the turnout at a meeting Thursday afternoon.

The fifth floor meeting room at Nangang Exhibition Hall quickly filled with bicycle designers, frame manufacturers, representatives from bike and components brands and the media eager to hear an update from the World Federation of Sport-

ing Goods Industries. That Switzerland-based group—not affiliated with the UCI—has been representing the industry in discussions with the UCI about the process, which went into effect in January.

During a spirited question-and-answer period, questions arose about the cost of the program, currently set at 5,000 CHF per frame. Even though the WFSGI was successful in lobbying the UCI to reduce its original fee

"The new UCI approval process surfaced late last year as a solution to bicycles and components pushing the boundaries of UCI regulations."

Continues on page 9

BX2. Perfect Fit Backpack.



Fit: Self adjusting shoulder straps adjust to the user.

Main compartment with 1.5 litres expansion capacity. Bladder ready. Optimised internal organiser.

Custom fit: 4 levels of vertical length adjustment - easily done.

4 Zone Air Flow: Optimized air circulation and damping thanks to open pad design and large mesh.

Ergonomically optimal - the load is pulled close to the body, thanks to the self-adjusting Trapez support connected to the shoulder straps.

Quick access pockets without removing the backpack - suitable for tools, snacks, phone etc.



Ergon shoulder straps with load compression - Load stabilized at the lower back.



Exact fit achieved through 4 steps back adjustment and the 4 point self adjusting shoulder straps.

BX2. Perfect ergonomics in every detail.

The main problem with backpacks made for cycling is the poor fit. This is especially apparent when riding off-road. For this reason Ergon deliberately chose this criteria as the main point to design a pack around. The result is the 'Perfect Fit Backpack'. Using a new shoulder strap setup, minimum user input is needed to find the correct fit. Simply adjust the back length (it has four levels) and the other straps automatically find the correct angle - be it at the hip, or shoulder.

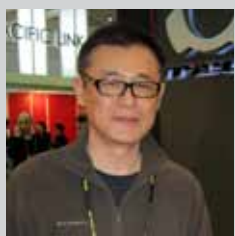
A second innovation the Ergon BX2 introduces is the load compression. The shoulder straps meet under the pack, compressing the load ensuring it is as close to the rider's centre of gravity as possible. It makes for a pack which is a lot more stable than a traditional pack.

Taipei Cycle
Booth L0523

Herd on the Street

Continued from cover

liked the look. Our two editors, Megan Tompkins and Nicole Formosa, were lukewarm. Nonetheless, we paused for a moment to chat with a representative from Lonjen Technology, a Taiwan apparel supplier. She explained that Asian women prefer to ride bikes while exposing as little skin to the harmful rays of the sun as possible—hence the head, arm and leg coverings. Many also prefer riding with a skirt, she explained, to camouflage the posterior. I thought the cycling skirt was attractive, but our editors were not impressed. Here's a photo. You be the judge.



A pump plus: Louis Chuang, the man and the mind behind Topeak, has a new pump ready for 2012. Chuang, who considers Steve Jobs a

genius when it comes to managing SKUs, notes that Jobs offers only two colors on his products—black and white. And Jobs keeps tight control over the number of Apple products. So Chuang, who claims he's taking a lesson from Apple, has a mini-pump that might ease the SKU count among retailers. In one package you get a mini-pump that handles both Presta and Schrader valves. It also comes with two CO2 cartridges. A rider fixing a flat can either use the pump to fully inflate the tire, or partially inflate it and then give it a final burst of air with a cartridge screwed into the other end of the pump. Interesting.

Show traffic slows as some attendees head home early

With the Taipei Cycle Show nearing the end of its four-day run, TAITRA, the show's organizer, said cancellations by some Europeans, Japanese and a few Americans has had little impact on the first two day's overall attendance.

Preliminary numbers indicate that attendance among international visitors increased 12.2 percent over last year with 4,955 walking into the show's main halls. The first day's show posted a one-day increase of 16.5 percent, officials said.

Show organizers will have final attendance numbers next week. Helping drive the increase were record numbers of Chinese distributors and some retailers who came to Taiwan to see the latest products as demand for more upscale cycling equipment grows. Improved relations and an easing in air travel between Taiwan and China also have made it easier for Chinese businessmen to visit the island.

"The result turns out to be satisfactory so far," said Jeremy Horng, TAITRA's executive director of exhibitions.

Still, the devastating earthquake, tsunami and the threat of a major meltdown at one of Japan's nuclear facilities near Sendai dampened the opening day excitement of the show with many officials and company executives offering condolences to the victim's families. Taiwan is approximately 1,400 miles from Japan.

However, some attendees left the show Friday, its third day, to avoid flying through Tokyo's Narita airport. Several of SRAM's U.S. employees left a day early as did Scott Rittschof, CEO of Focus Bikes USA. He caught an early flight after rerouting through Seoul, Korea.

Performance brought 12 people to the show, but sent most of them home Friday to sidestep Narita. Bill Heins, Performance's general merchandise manager, said he thought the

show had fewer visitors but he enjoyed a more leisurely meeting schedule.

"It was a little more casual," said Heins, who met with suppliers for Performance's proprietary brands.

While traffic seemed slower among suppliers housed on the fourth floor, parts and accessories companies and distributors exhibiting on the first floor enjoyed a lively host of visitors.

"This is the working floor," said Skip Swain, Norco's vice president of sales. "Upstairs is show-me and branding; down here is the nitty-gritty," he said.

Despite some cancelled appointments Friday, Swain met with most of his key distributors.



A model poses on an electric scooter from GreenTrans, a Taiwan company that makes electric power equipment for the industry.



Branding on Giant's women's saddle.

Norco hosted 12 distributors for a soft launch of 2012 products, showing off 25 of its models for the first time.

"With lead times in the industry, they had to place preseason orders. But we have an April 1 order window where they (distributors) can say 'that's cool, let's dial it up,'" Swain said. —Marc Sani

Bicycle Retailer

Got News? Reach us at:

PUBLISHER **Marc Sani**
msani@bicycleretailer.com

EDITOR **Megan Tompkins**
mtompkins@bicycleretailer.com

INTERNATIONAL EDITOR **Nicole Formosa**
nformosa@bicycleretailer.com

Chinese flocked to Taipei show

nomic agreement signed last year between Taiwan and China eliminated duties on bicycle products made in Taiwan and exported to China. However, a 17 percent VAT tax is levied on imports, Kimble said.

Kimble will again exhibit at the upcoming Shanghai show in May. It remains a domestic show for the Chinese market, he said, but it's becoming an ideal venue to introduce new products to that market.

Still, the Chinese government isn't eager to see its population return to bicycles for everyday transportation. Instead, the government is pushing consumers to buy electric bikes and scooters for everyday transportation. Bicycles are for recreation.

Ironically, Taiwanese suppliers and retailers are buried in excess inventory sold in the Taiwan market. And Kimble said it could take another six months or more before inventory levels are normalized.

"Right now Taiwan is flooded with inventory. There's just too much product in the market," Kimble said. Some retailers are still trying to sell

off bikes they ordered in 2008, 2009 and 2010. "And suppliers want them to take delivery on 2011 models," he said.

Taiwan, with a population of about 22 million, went through a major boom in recreational cycling several years ago. Sales skyrocketed as the Taiwanese discovered recreational cycling.

Even Kimble, a key distributor on the island, said he's still digging out from excess inventory he ordered thinking the boom would last forever.

"It was like the U.S. housing market," he said. Right now Taiwanese consumers can buy an XT-equipped mountain bike for as little as \$1,000 U.S. as retailers absorb losses just to clear excess inventory.

And Kimble is predicting a shakeout in brands. For example, two dozen helmet brands flooded the market during the boom. Some of those are going to go away, he said. "There's just not a market big enough to support all the brands," Kimble said. —Marc Sani



Erik Kimble, general manager of Colmax

COMPLIANCE TESTING
PRODUCT SAFETY • RESEARCH & DEVELOPMENT
QUALITY CONTROL • RECALLS



ACT Lab is an independent, professional, third-party, CPSC approved and accredited testing laboratory, providing unbiased product evaluation and testing to international standards and safety regulations for bicycles, bicycle accessories, helmets, scooters, children's products and more.

BE SURE YOUR PRODUCTS ARE SAFE
BE SURE YOUR PRODUCTS ARE COMPLIANT



ACT NOW! CONTACT US TODAY.

USA: ACT LAB LLC **CHINA:** Taicang ACT Sporting Goods Testing Co., LTD.

Tel: 1.310.607.0186 • info@act-lab.com • www.act-lab.com



MRP teams with SRAM to keep chains on drivetrains

Paul Aieta had the right product at the right time to help SRAM boost the shifting performance of its X-Glide 2x10 crankset. And Aieta, vice president of sales and marketing for MRP, is leaving the Taipei show and returning to Grand Junction, Colorado, all smiles.

His company will supply a co-branded chain guide that can be spec'd with SRAM's Truvativ XO cranks. "It's becoming more understood that chain guide management is critical to performance. It's no longer an application just for downhill bikes," Aieta said.

SRAM will deliver the MRP chain guide and skid plate in May for both aftermarket sales and OEM installation.

Tom Zurawski, SRAM's brand communication manager for Truvativ, said MRP is a leader in chain guide technology. Mountain bikers today are pushing the limits of their drivetrains as they seek increasingly more difficult terrain and reach ever-higher speeds. "So we want the chain to stay where it's supposed to stay," Zurawski said.

Eko Sport, a small company that also makes White Brothers suspension forks, Kreidler rollers, Power Grips and Tamer suspen-



MRP chain guide

sion seatposts, owns MRP, short for Mountain Racing Products. Aieta, formerly with DT Swiss, has been at MRP for six years.

MRP manufactures products in-house in Grand Junction as well as in Taiwan. And producing parts in Taiwan is key to its relationship with SRAM, where the company delivers parts to manufacturers on a 30-day timeline.

The X-Glide system lets riders shift instantly under load and without any cross-chain issues on its 11-36 or 12-36 rear cassettes. Adding the MRP chain guide further enhances the system's performance, Zurawski said.

MRP holds a variety of patents for chain guide technology, Aieta said. "SRAM recognizes our intellectual property," he added, "and that was certainly a factor." —Marc Sani



Paul Aieta, vice president of sales and marketing for MRP

Derby Cycle eyes acquisitions

CLOPPENBURG, Germany—Derby Cycle CEO Mathias Seidler said on Friday that his company is actively seeking acquisitions to help move its international business forward.

In an interview from Germany, Seidler said Derby would use a portion of the 98.6 million euros raised in its Feb. 4 IPO toward selective acquisition targets that would contribute to faster global growth. Seidler said Derby is looking to purchase at least one company now, and that the ideal acquisition would be a company successful in markets where Derby has not yet been.

"We are not working with accessories. We are successful because we are concentrating completely on bikes. That's a strategy we don't want to change," said Seidler, who was not at Taipei Cycle this year.

Derby, owner of the Focus, Kalkhoff, Rixe and Univega brands and license holder for Raleigh in much of Europe, is dominant in its home market of Germany, and is now looking to expand in France, UK, the Netherlands, Italy, United States and Australia.

Derby brought the Focus brand into the U.S. market about 18 months ago, and has been pleased with its success. Seidler declined to break out any numbers specific to Focus, but said he was positively surprised at the advancements so far.

"I thought it would be more challenging because we entered at a time when the recession locked in. I was pretty anxious. To gain success, I thought it would take longer. We are very happy about the first year," he said.

Also on Friday, Derby Cycle's executive

board bumped up its projected 2011 sales revenue to 200 million euros, which would represent growth of more than 15 percent over 2010. The board also said it expects its profit margin to improve to between 7 and 8 percent, up from 7 percent last year.

Growth will be fueled by demand for e-bikes and sport bikes and the company's advancing internationalism. Seidler said this forecast is conservative given Derby saw 30 percent growth in the first quarter, and grew 13 percent last year.

"Right now we are seeing very healthy growth over last year's growth. Our growth has been pretty independent from market development. Whether the market was slow or stronger we have been growing significantly on top of the market. That is something we have been doing continuously," he said.

Funds from Derby's IPO will also go toward R&D in electronic mobility and carbon fiber engineering. —Nicole Formosa

R RALEIGH

RALEIGH AMERICA MODEL YEAR 2011: STEEL ROAD



HERITAGE: OUR PAST.
OUR PRESENT. OUR FUTURE.



Asahi offers flexibility for small customers

Asahi is not the biggest Taiwanese factory, but its relatively small scale keeps it nimble.

The factory in Tainan, Taiwan's historic capital on the southern side of the island, produces 130,000 units annually. With the capacity to expand to 200,000 units, it is representative of a typical midsize Taiwan factory.

While Asahi may not be the size of the island's large factories, it shares their history. It was founded in 1972, roughly the same time as Giant and Merida, when Taiwan opened up to foreign business.

The factory hit a rough spot in 1985 when it lost customers it could not replace on its own.

"Trading companies put us in business but it's also why we suffered. We were held by a short leash. That's why we're not where Giant or Merida is—we were reliant on trading companies," said Richard Wittenberg, who came on board in October as chief operating officer of Asahi Bike and president of Asahi USA. "The era of the trading company has passed. Everyone is going direct now."

In 1998 the company began to work to attract customers on its own. "The company decided to move into the new millennium and not be captive to the trading companies," said Wittenberg.

Asahi became ISO certified in 1998 and at that time secured its longest-standing customer that remains its largest today. That customer, which services the Nordic countries, keeps Asahi honest.

"Having a challenging customer makes you a better supplier. In Nordic countries, if you don't do prep work correctly you have problems with weather," said Wittenberg.

Asahi sources its frames and components and assembles them on-site. Wittenberg described Asahi as a "classic assembler" that adds value to the supply chain in three ways: quality of assembly, quality of paint, and wheel building.

To address those areas, it built new offices in 2007 and added a modern paint facility in 2008. In 2009 it introduced a pro wheel build department for building high-end road wheels and threading carbon fiber rims by hand.

It has two assembly lines, which are 80 percent utilized. The standard batch processing line can build 700 bikes a day; a flexible line for short model runs and higher-end models can build 400 bikes a day. "Flexibility is our fundamental key," said Wittenberg,

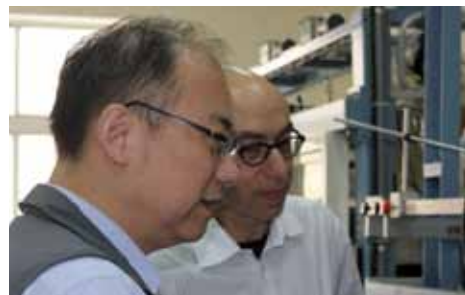
adding that it has a low 20-unit minimum per model.

Asahi currently has five separate paint lines plus a small area for carbon fiber painting. In May it will begin construction to convert an area of the factory into a next-level low-dust carbon fiber paint facility. Wittenberg said because carbon fiber paint is extremely time consuming and labor intensive, there is a bottleneck in carbon fiber finishing on the island. Asahi hopes to satisfy some of that demand.

Adding to its capabilities, Asahi will start

building electric bikes this year. It is working with JD Group, maker of TranzX bicycles, on a strategic basis to ensure it has proper testing certification and assembly procedures for the TranzX e-bike drive. "One of the reasons we're focusing on the JD system is they're providing training for our staff," said Wittenberg.

Asahi is part of the Chen Group, a public company traded on the Taiwan stock exchange. It owns two hotels, a steel company, and a stock trading company. —*Megan Tompkins*



Charles Kang, general manager of Asahi, and Richard Wittenberg, COO of Asahi with the company's in-house testing machines.



Richard Wittenberg explains the flexible advantages Asahi offers.



Richard Wittenberg explains the intricate hands-on process for decaling carbon fiber frames.



Asahi's painting facility.

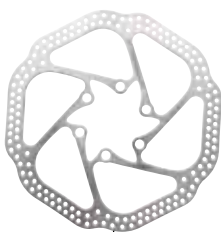


Asahi employees put decals on frames; mostly women because their hands are more dexterous.



Brakes that help you fly!

Welcome to the growing family.



www.avidbike.com

Introducing the brand new Elixir 9 and Elixir 7.

These new additions both feature the race-proven precision and control of the Elixir line, with our better-than-ever, next generation TaperBore™ technology. It'll be love at first squeeze. Adopt a pair today!

Meeting on new UCI approval

of 12,000 CHF, some small frame builders said the lower cost is still anti-competitive.

Dirk Bruynseraede, chair of the WFSGI's bicycle technical committee, said that the UCI has communicated that the current price is not necessarily set in stone moving forward.

"They are willing to review the situation," he said, adding that because the process is just beginning, the UCI doesn't yet know what its cost will be so the price structure could potentially come down.

Another issue that came up is one of open frame models: if a factory produces frames to sell to multiple OEM suppliers, can the factory gain one approval sticker that is valid for all buyers, or does each brand need to submit the frame to the UCI for separate ap-

provals?

Although the UCI hasn't yet provided answers to this issue, Josh Portner, technical director for Zipp Wheels, said in his experience working with the UCI to meet wheel regulations during the past eight years, the UCI has allowed Zipp to spread approvals on open model wheels to each customer.

A simple solution would be to allow frame manufacturers the same leeway, Portner said.

Portner said working with the UCI has become easier in the past few months since it's hired a technical director with a basic knowledge of the bicycle industry.

"It's still painful, but it's a dramatic improvement over dealing with a non-technical person," he said.



Ridley's Dirk Bruynseraede, chair of the WFSGI's bicycle technical committee, briefs the industry on the UCI frame approval process.

Another lingering question is whether the mandatory approval process will trickle down to the local level, potentially hampering amateur racing.

Robbert de Kock, secretary general for the WFSGI, urged the crowd to let their voices be heard and personally direct comments and questions to the UCI.

"It's important the message gets through to the UCI as best

as possible," he said.

The new UCI approval process surfaced late last year as a solution to bicycles and components pushing the boundaries of UCI regulations, resulting in products being pulled from the start line at high-profile races. Since it went into effect on Jan. 1, seven bike brands have had concepts for future frames approved. —Nicole Formosa

Pared-down Phorm line targeted at OE market

Ergon, known for its line of aftermarket grips and accessories, is making an OE push with a new line of lower-priced grips.

Ergon is marketing the grips under a separate brand called Phorm. "We feel they are a different distribution channel and we don't want to cannibalize sales of the core Ergon grip," said Albert Yeh, marketing manager for Ergon. "It opens an opportunity for OE to spec at a lower price."

The simplified Phorm line includes a plain grip and a bar-end grip that come in small and large sizes in blue and black. The grips are made in Taiwan with Ergon's manufacturing partners, but using a different mold.

The mold was finished last week, so the

Phorm samples it is showing here are hot off the press. Production will start next month.

"It is the same ergonomic idea but we tried to reduce the price," said Andreas Krause, Ergon engineer. "We took what we learned and applied it with pared-down options."

Ergon will expand the Phorm line later this fall when the company introduces saddles for the first time. It will offer a mountain bike and race saddle under the Ergon brand and lower-priced saddles under Phorm. It expects to show samples at Eurobike and Interbike this fall.

"Ergon will always be high level, but we'll use experience and team for pushing Phorm," said Krause. —Megan Tompkins



Andreas Krause, engineer of the Phorm line