

Bicycle Retailer

AND INDUSTRY NEWS

Show reflects growth in Asian markets

A clear shift is developing in the attendance and focus of the Taipei Cycle Show as Asia's fast-emerging economies, bolstered by a more affluent middle class, rediscovers cycling as a recreational activity.

Asian-Pacific nations like Australia, Indonesia, Thailand, Korea, Malaysia, New Zealand, Singapore, the Philippines, Vietnam and others are changing the show's complexion.

But of more importance to exhibitors were the record number of Chinese distributors and retailers walking the aisles at the Nangang Exhibition Hall. The Chinese now comprise the single largest contingent of foreign attendees, up 36.7 percent over last year. Their interest reflects the growing influence and buying power of China's new middle class.



A new metro line to the exhibition hall eased transportation at this year's show. The blue Bannan Line was extended to reach Nangang.

While the Taipei Show remains an important venue for the West, of the top five countries sending attendees to Taiwan, three were Asian—China (including Hong Kong), Japan and Korea. Rounding out the top five were the U.S. and Germany.

TAITRA, the show's organizers, said this year's event set new records with a 6 percent increase in exhibitors with 948 companies representing 36 nations filling 3,060 booths. The show also recorded a 10.5 percent increase in international visitors with 5,701 walking the aisles.

Despite the increase, attendance from Japan and Germany fell 20 percent as the massive earthquake and tsunami that devastated Japan's northern shore cast a shadow over the

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Alex Chen builds rim empire in Tainan

Alex Rims and A-Class Wheels are manufactured in Alex Global's massive 90,000-square-meter (968,751 square feet) compound in Tainan, Taiwan, which spits out about one-third of the annual 13 million units produced by the company.

The company has three other factories in China—in Shenzhen, Guangdong and Taicang—and employs 500 workers for its three divisions: bicycle, forged vehicle and materials extrusion.

The force behind the empire is Alex Chen, a soft-spoken man with a creative mind, an eye for design and an affinity for local teas.

Chen, along with his wife Sally Hsieh, has grown his business from a tiny 5-person operation he started in 1986 as a machine factory. Six years later, during the steel rim manufactur-

ing boom, he was approached by a partner to get into that business. The partner backed out of the venture, but suggested Chen continue alone, and he did.

Hsieh remembers how everyone did everything in those early days.

"We had three workers. I would go outside make the rims and go inside to type the order," she said.

Because Chen was so widely known for his high quality standard in machining, he saw success quickly.

"Because of that background people trusted him," she said.

Now, Alex offers 500 different rim types in a variety of materials that are sold through 80 aftermarket distributors worldwide. About 20 percent of Alex's business is private-label, producing rims for brands like DT

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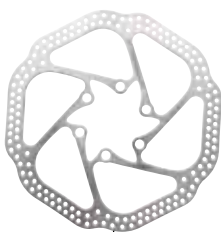


Alex Chen and Sally Hsieh



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rim empire



Chen serves up tea to a group that toured his Tainan factory last week.

Swiss, Shimano and Trek. The company holds 80 patents from numerous countries, all framed and hung on the walls in a dedicated patent room at the Tainan headquarters.

America is the No.1 market for Alex's wheels and rims with Europe a close second.

In 2001, the company started A-Class Wheels when customers began asking for a complete wheel option from the company. Alex sells about 100,000 wheelsets per year, about half of which are still handbuilt in Taiwan. Four years later, Alex branched into vehicle wheels, which it produces for cars, trucks and ATVs.

"Alex Chen wants to be the rim king," Hsieh said.

Much of the company's success can be attributed to the control it's retained over the manufacturing process. It imports high-quality raw materials for in-house extrusion and employs 10 engineers alone just to focus on finding new materials.

For instance, it's developed a new rim made with proprietary materials for long haul trucking that will give truckers an 8 percent gas advantage.

This year, Alex has branched into the tubing extrusion business at its China factory and is providing aluminum tubes to Merida. —Nicole Formosa

Ideal banks on China factory to keep production on track

Since taking on the expanded role of president and chairman of Ideal Bikes two months ago, Hermes Chang has reprioritized the manufacturer's business strategy, investing more resources into its China factory to help stay on target with lead times.

Ideal has purchased CNC machines to allow the factory to take over pressing and forming tubing, which should decrease its reliance on outsourcing, Chang said during an interview at Taipei Cycle.

He also invested \$2 million in upgrading the paint facility in China.

"The most critical issue is lead times because no matter the quality, you miss the lead time you're dead," said Chang, who recently

livered in a shorter time period. If the factory has an output of one million units per year, the manufacturing landscape now is such that 80 percent of those customers want product in a six-month period between the fourth and first quarters of the year.

Chang believes the investments in China should result in greater efficiency, allowing it to meet that shorter manufacturing window.

As such, Ideal is shifting more production to China while its facilities in Taiwan and Poland will remain assembly plants.

The Taichung, Taiwan operation will serve as Ideal's business headquarters, R&D facility and high-end assembly plant. In May, Ideal will add a third workstation dedicated



Hermes Chang, president and chairman of Ideal Bikes and Andy Lee, Ideal's COO (background)

became chairman of Ideal, along with president—a role he took on two years ago when his father, Pen-Tsao Chang, retired.

With so many factors out of his control, such as rising raw material and labor costs, an unstable value chain and currency fluctuations, Chang wants to focus on what he can control: quality, competitive pricing and staying on track with lead times. "Those three things together, you cannot miss any of them," he said.

Last year, Ideal experienced a bottleneck in production due to the growing demand among its customers for product to be de-

to assembly of high-end product.

Revenue from Taiwan operations is likely to drop this year as Ideal shifts more business to China and Poland, but the average selling price of the product coming out of Taiwan will rise, Chang said. Last year, revenue fell nearly 20 percent from Taiwan, but company-wide Ideal ended the year flat. "For us, it's not a revenue issue, it's mostly ASP, profit and revenue," he said.

Chang predicts Ideal will see 5 percent growth in revenue this year. Its customers include Cycling Sports Group and Advanced Sports International. —Nicole Formosa

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Praxis Works offers new forged chainring option to OEs

Praxis Works is aiming to break back open the crankset market with its forged chainring technology. The market has been stifled for the past five years since Shimano began requiring customers that purchased its forged chainrings to also purchase its cranksets, said Praxis Works' Adam Haverstock.

Most of the other alternatives on the market used traditional CNC manufacturing, which didn't shift well. Several years ago, David Earle, the engineer behind many famous Santa Cruz and Specialized platforms including Santa Cruz's Blur, Nomad and its VPP suspension design, joined with Dragon Technology's Ardy Chen to form Praxis Works.

Dragon's manufacturing capabilities in Taiwan allowed Earle to design a forged chainring that "opens the door to Shimano-level shifting at half the price," Haverstock said.

The chainrings are compatible with Shimano, SRAM and Campagnolo drivetrains, and Haverstock expects many companies that have left or stayed out of the crankset market, like Bontrager, WTB, Cinelli, 3T and Profile, will come back into the game given this new technology.

Praxis has already teamed up with several OE customers, and is now branching into the aftermarket. Its marketing, sales and engineering office is in Santa Cruz, California.

Praxis also manufactures a M35 bottom bracket system that is similar to the BB30 and PressFit30 size, but allows for the use of carbon fiber, titanium or lightweight aluminum for the crank spindle, as



Praxis Works' Adam Haverstock

well as standard bottom bracket systems and a BB30/PF30 conversion kit. —Nicole Formosa

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GP1 BioKork

The GP1 BioKork provides ultimate ergonomics for the hand just as the rest of Ergon's Performance Comfort series do, however the unique qualities of cork means that it is now antibacterial and hypoallergenic. Cork's natural damping qualities also make it an ideal grip material, and its low density mean the resulting grip is a lot lighter. The GP1 BioKork uses 40% cork, sourced from sustainable forests in Portugal which is certified for its ecologically sound production. This ecological theme is continued throughout the rest of the grip. The inner core is plastic reinforced using natural fibre, which make up 40% of its mass. In place of mineral oil, the gel in the palm section of the grip is vegetable oil based. The clamp can also be 100% recycled. It is all a result of Ergon's "GreenLab" initiative. Available for Rohloff / Nexus and Gripshift.



New Gripshift® and Rohloff®/Nexus® Versions.



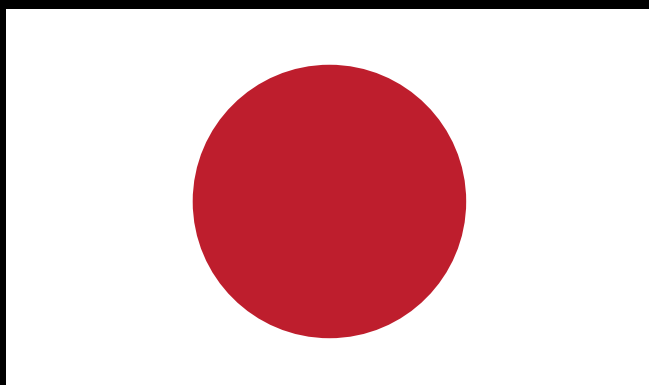
New GC3 BioKork.

The new GC3 BioKork offers all the ergonomic advantages of every Ergon Performance Comfort Series grip – dissipating pressure and optimizing the hand and wrist position, combined with the unique feel of natural cork. The angle adjustable multi-hand position bar end features rubberized inserts for a firm slip free hold.



New GR2 BioKork.

The new GR2 BioKork offers a different feel thanks to the use of natural cork, while offering all the ergonomic advantages of every Ergon Performance Comfort Series grip. The 3 finger angle adjustable bar end offers an additional hand position, and non-slip rubber inserts for a sure grip in all conditions.



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B I C Y C L E S

Parting Shots from Taipei Cycle Show 2011



BMXers put on a show outside the exhibition hall on the last day. Here a few brave souls risk harm so the rider can wow the crowd with a human-clearing jump.



Alex Chen serves up tea at the special table he designed and built for Alex Rims' new offices.



Kind Shock chose a bird cage to show its prototype new adjustable height seatpost. The still unnamed product offers a new routing system that feeds cable into the seatpost's collar instead of the head for a cleaner look and operation. It's also 400 grams lighter than the previous version. It will be spec'd on some 2012 bikes and available in the aftermarket next year.

Continued from cover

Show reflects growth

show, said Andrea Wu, a TAITRA spokeswoman.

"It's surprising that visitors from the Asia-Pacific area not only increased this year, but they were focusing on higher-end products and were very interested in French-made products, which is very different from the past," said Chiang Hailum, representing UBI France. Hailum organizes the French Pavilion, now in its second year at the show.

Mike "Wick" Wickland, KORE's sales and promotions director, echoed her view. "It's countries like Indonesia, Thailand, Singapore and others that are now riding bikes for recreation. This show is evidence that riding bikes (in Asia) is now more about recreation than it is about transportation," he said.

Wick, as he prefers to be called, said KORE's future growth as well as that of other U.S. and European brands will come from Asian-Pacific Rim nations. "That's where we will see our numbers increase," he said.

Stella Yu, founder and owner of Velo, said she met with a number of visitors from China, Malaysia, Singapore and Indonesia.

"One company from Indonesia (a re-

tailer) brought 38 people to the show," said Yu, whose company manufactures saddles for many of the industry's premier brands. "A lot of them are just looking right now," she added.

Erik Kimble, general manager of Colmax, a Taiwan distributor whose lines include Park Tool, Kool-Stop, Finish Line, Continental, Campagnolo and other U.S. and European brands, agreed.

"I've been getting upwards of 40 or 50 Chinese visitors a day in my booth," he said.

Keiran Earl, marketing manager for Pro-Lite, a brand sold primarily in Europe, also noted more interest from Asian nations. "Absolutely, yes. We've seen a lot of interest from Korea, Japan and Indonesia, but it's from stores that are just trying to get started," he said.

Still, for Taiwan manufacturers, the U.S. and Europe remain its key export markets with only Japan ranked in the top 10. And as Taiwan maintains its position as the global leader in high-value manufacturing and assembly, Taipei Cycle and its mid-March show make it a significant event on the trade show calendar. —Marc Sani

Next Year's Dates

The Taipei International Cycle Show moves up a week next year with the four-day event running March 7-10 at the Nangang Exhibition Hall. A new exhibition building now under construction next to the main facility opens in 2012. The new building allows TAITRA, the show's organizer, to include three other sports-related shows, which will open at the same time.

TaiSPO (Taipei International Sporting Goods Show), the Taiwan International Diving and Water Sport Show, and the Taiwan International Sporting Wear and Accessory Show will run concurrently with Taipei Cycle. "The combined shows will showcase the complete supply chain and high-value products from Taiwan's bicycle and sporting goods industries," said Andrea Wu, a TAITRA spokesperson. The new format makes it easier for visitors to see a full spectrum of sports equipment and sports apparel. Think of it as "one-stop shopping," Wu said.