

Heard on the Street

The annual ceremony opening the Taipei Cycle Show is not to be missed. Pageantry. Dancing. Music. Dignitaries. Speeches. Plus the obligatory fog machines. It's quite a scene. And this year visitors enjoyed a special treat. The president of Taiwan, Ma Jing-jeou, was the headline guest of honor who, in a brief speech, extolled the virtues of cycling and noted, under his administration, the growing number of kilometers devoted to bike paths. Smooth. President Ma has a law degree from New York University and another degree from Harvard. His English is excellent; he rides a bike and dabbles in triathlon. President Ma entered the packed conference room with minimal security—cameras were checked and tagged and guests had to perp walk through a scanner. A few years back, former Taiwan President Chen Shui-bian also welcomed guests to Taipei Cycle. His guards readily flashed a few automatic weapons plus a clever bulletproof shield that, at first glance, looked like a briefcase until it was snapped open folding out into a four-foot shield—bulletproof presumably. Awesome. Of course, someone had taken a potshot at the ex-president while in his election fight with Ma over the presidency. He lost. While Chen Shui-bian may have lost the election, he later won a 19-year stretch in the local hoosegow for political corruption. No Taipei Cycle Show for him this year.

To bring the opening ceremonies to a fitting end, a dozen guests of honor—all VIPs—were asked to step forward onto the stage. Each VIP held a section of a long yellow ribbon decorated with bows, but first they had to slip on a pair of white gloves. Young women—dressed in their finest—handed each guest a pair of scissors. And, on the count of three, each VIP sliced through the ribbon as a pair of fog machines blasted white steam into the air to an ear-splitting crescendo of music. Representing the U.S. bicycle industry was Pat Hus, Interbike's show director. No one is quite sure why, but Hus stood there

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Bicycle Retailer

Published by the NBDA

AND INDUSTRY NEWS

Potential in China a double-edged sword for industry

Increased market demand strains supply, lengthens lead times.

Encouraged by a new trade agreement that eliminates duties on bikes and parts shipped across the Taiwan Strait, Taiwanese exporters are betting on future business in China. Last year, Taiwan shipped 30,000 bikes to the mainland with 5 percent duties, compared with 10,000 in 2010 with the former 12 percent

duty. The average value of those bikes was \$500. That's 10 times the average value of the half-million bikes Taiwan imported from China last year.

Tony Lo, president of the Taiwan Bicycle Exporters' Association, said he expects Taiwan's export value to China to reach \$200 million. Lo praised Taiwan's President Ma Ying-jeou for enacting the Economic Cooperative Framework Agreement (ECFA) during his first term, which gradually reduced duties on a number of consumer goods made in Taiwan. President Ma, who was re-elected in January, attended the

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Forum eyes future retail, tech trends



A panel of four industry executives shared their outlook on future global industry trends during a two-hour forum Wednesday at Taipei Cycle with speakers from China, Europe, Japan and the U.S.

BRAIN publisher Marc Sani opened the discussion with his thoughts on the factors affecting the U.S. retail market over the past two decades, including

From left: China Bicycle Association's Yu Shi Guang, Yozo Shimano, TBEA's Tony Lo, Accell Group's René Takens, BRAIN's Marc Sani and KMC's Robert Wu

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TRP, Formula show hydraulic Di2 levers

TRP and Formula are each showing early versions of hydraulic disc brake road bike levers with integrated Shimano Di2 shifting.

TRP says its Hywire shifters will be available this summer. The system has two buttons mounted at the bottom of carbon brake levers; the front and rear brake calipers are optimized for each position. The company did not have a weight available, but said they will cost manufacturers about \$190 a set (that translates into roughly \$475 on the retail sales floor).

The company had the system mounted on a Stevens cyclocross bike, but TRP's Tina Ou said the system is more likely to end up on high-end road bikes. She said TRP's Paradox, which converts a cable lever to work with hydraulic calipers, is more likely to be popular with cyclocrossers, because it's less expensive.

Ou also said TRP does not yet have a hydraulic rim brake for the road, but hinted the company is working on one.

Meanwhile, Formula showed off a Colnago road bike in its booth (there was also one in the Colnago booth) with its new levers. They are similar in concept to TRP's, but instead of buttons, Formula uses two aluminum levers behind the brake lever.

Formula's Giancarlo Vezzoli said the Formula system—lever, hose, caliper, rotor and other hardware—is 10 grams lighter than the comparable Dura-Ace Di2 parts. And that's with aluminum levers. With titanium fasteners and carbon levers, the system could shed another at least a few dozen additional grams, Vezzoli estimated.

The Formula system will be available to OE customers in May and to the aftermarket

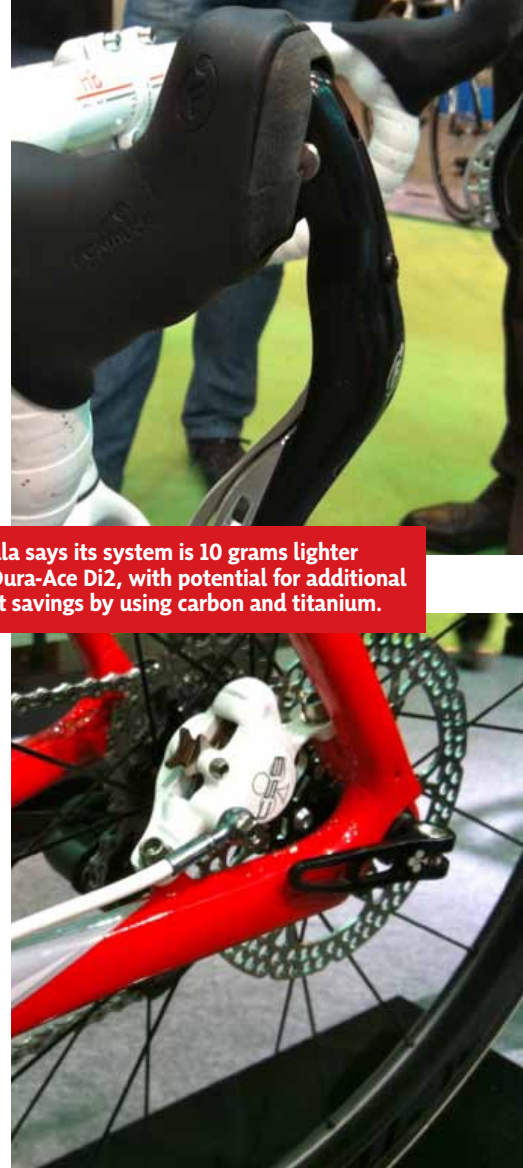
after August's Eurobike. Vezzoli did not have a price estimate.

A few bike manufacturers are showing road or 'cross bikes with cable-actuated discs in Taipei, but they are still rare. Specialized is expected to have at least one road model with discs this fall.

But there remains wariness among some about whether discs make sense for the road (even ignoring the fact that the UCI still bans them in international competition). Cervélo co-founder Phil White told BRAIN that road discs can heat up and fade, or fail altogether, on long descents. He favors hydraulic rim brakes, which Cervélo is already using on its time trial bike courtesy of a new design from Magura. SRAM also is working on a hydraulic rim brake and integrated shifter.

—Steve Frothingham

Formula says its system is 10 grams lighter than Dura-Ace Di2, with potential for additional weight savings by using carbon and titanium.



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Show hours: 9 a.m. to 6 p.m.

9 a.m. to 5 p.m.: LEV Test and Drive. Nangang Exhibition Hall. Cargo Ramp, 4F.

9:30 a.m. to noon: IBDC Academic Groups Invitational Tournament. Room 402.

9:30 a.m. to 5 p.m.: 2012 Taipei Power Forum Electric Two-Wheeler Symposium. Room 401.

10 a.m. to 4 p.m.: TES E-scooter Test Ride. Exhibition Hall. South Side, 1F.

11 a.m. to 4:30 p.m.: New Product Launch with Kim's Travel Service, Greentrans Corp., First Bicycle Components Co., QBicle Inc., KMC Chain, Jie Su Kang Industrial Co. Room 404.

11 a.m. to 2:50 p.m.: Cycling Extreme Performance with Allan Cooke and Ines Brunn from Chinese Taipei Extreme Sports Association. Nangang Exhibition Hall. North and south side, 1F.

1:10 to 4:30 p.m.: Reward of Pedelec Performance Testing and Road Testing Technology for Pedelec Seminar by ExtraEnergy. Room 402.

Potential in China

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opening ceremonies for Taipei Cycle on Wednesday morning.

"Under the ECFA framework, we see very positive outcomes," Lo said as Ma listened from the front row of the packed press conference.

Industry suppliers have been keeping a close watch on China for the past several years, predicting a potential boon for midrange and high-end products. Currently in China sales of high-end bikes only make up 8 percent of all sales, and midrange bikes make up 17 percent. The majority of the market is for low-end bikes, said Yu Shi Guang, director of the China Bicycle Association. The potential for premium bike products is in China's urban areas, where disposable income is rising and the middle class seeks luxury products to signify wealth.

Shi Guang said the China Bicycle Association has a five-year plan to make the country friendlier for bike sales. That includes campaigns to promote cycling culture, a directive

to increase the quality and quantity of components made in China, incorporate higher-end raw materials such as titanium into manufacturing and optimize sales models to reach consumers through online sales and better in-store customer service.

"China could be the largest world market in the future. It is one of the best opportunities for the industry in the future," Lo said, speaking later in the day at the International Bicycle Trend Forum held at the show.

But there are some side effects to the promising growth in China. Increased demand from emerging markets, in particular China, has stretched supply thin and lead times for key products are lengthening. Wait times for Shimano drivetrains at the Deore level and below have reached 120 days, or longer in some cases, as more suppliers get in line for product. If there's no similarly priced alternatives with other component manufacturers, suppliers have no choice but to wait, or place bigger orders earlier, said Phil Tinstman, Masi brand manager.

"It's difficult. It makes us either stock more product or go without," he said. —Nicole Formosa

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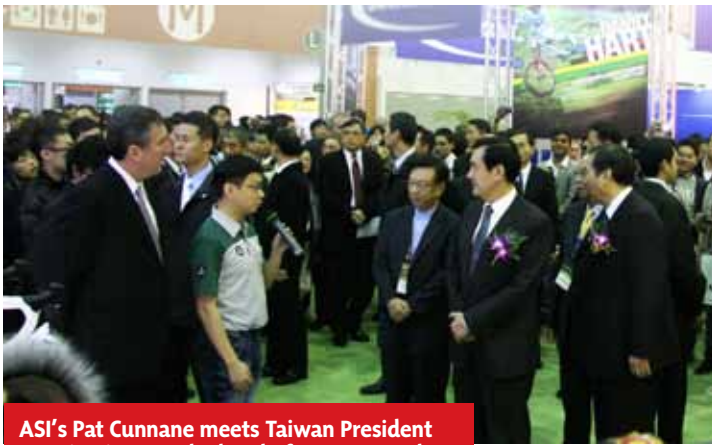
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SRAM



ASI's Pat Cunnane meets Taiwan President Ma Ying-jeou as the head of state tours the floor of Taipei Cycle Wednesday morning.



Taipei Cycle celebrates its 25th year with a flashy sign inside the main entrance of the Nangang Exhibition Hall.



President Ma (center) cuts the ribbon on the 2012 edition of Taipei Cycle.



Taipei Cycle celebrated its silver anniversary with a party and German draft beer for guests.



Interbike show director Pat Hus goes through security on his way into the opening ceremony—extra precautions given President Ma's presence.



A group of global industry dignitaries joined President Ma onstage to officially kick off the show.



President Ma's arrival at Taipei Cycle caused a mass media frenzy as local photographers covered the event.

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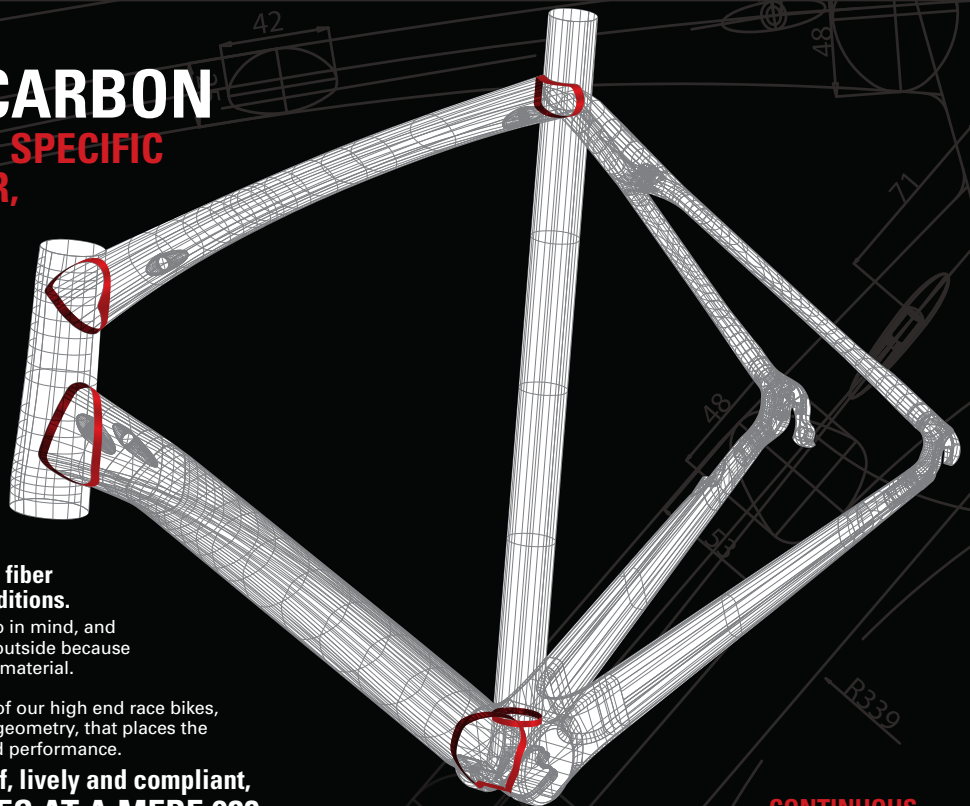
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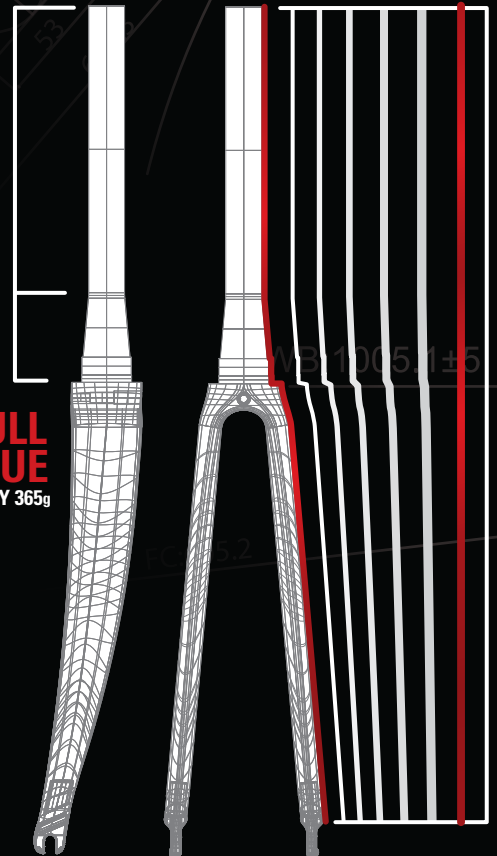


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POWERED BY RALEIGH

Heard on the Street

Continued from cover

sans white gloves. We can speculate. They ran out of gloves. His hands were too big. He was a last-minute addition. Nonetheless, Hus snapped the scissors shut with aplomb. No white gloves needed.

And speaking of Interbike, this is Andria Klinger's first visit to the show and her first visit to an Asian nation. Andria is Interbike's sales manager and she has a wicked sense of humor. By her own admission, she enjoys life behind what she calls the "Orange Bubble," a reference to one of the nation's more affluent communities—Orange County. But a trouper she is, boarding an EVA Boeing 777—a twin-engine airliner—for that 14-hour flight, mostly over the Pacific, armed with an ample supply of Ambien. Once airborne, however, the plane ran into severe turbulence that kept it shaking most of the way to Taipei. No Ambien for Andria. She wanted to contemplate her almost certain demise in a watery crash somewhere in the ocean. To add insult to injury, no sooner had the plane landed than a nearby passenger grabbed a vomit bag and promptly unloaded. Welcome to Taipei, Andria.

Enough with the color. Let's talk some business. Formula and Tektro's TRP brand have been quick to take advantage of Shimano's Di2 electronic shift technology in a way the Japanese giant might not have foreseen. Each is showing off hydraulic road-bike brake levers plugged into Di2 wiring. It's slick. Formula's folks even claim their lever and brake combo is lighter than comparable Dura-Ace Di2 parts. Wednesday afternoon Formula's booth was packed briefly with SRAM staff checking out the levers mounted on an elegant Colnago. "Shimano never saw this coming!" quipped one SRAMster. At TRP's booth, a similar system is spec'd on a Stevens 'cross bike. Tina Ou, the company's marketing manager, told us that folks from Shimano and SRAM had spent ample time ogling the rig. But TRP will beat them to market. Tina said production begins soon, with units shipping in July. Pricing is not available at the moment.

And in a final piece of news too good to pass up, we're pleased to announce that Sky Yaeger, the queen of cool, has apparently inherited a heap of money. And with all that cash she claims to have bought Trek. Yes, you read it here first. And Sky's first order of business, she said, was to cashier Trek's president, John Burke; hand Gary Fisher his walking papers; and move Trek headquarters to the Bay Area, where stolid Midwest business sense will meet and mingle with Silicon Valley's uber-cool hipsters. It was midnight in Madison when we learned of Sky's purchase. We'll check with Trek tomorrow to confirm.

Forum eyes future retail, tech trends

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retail consolidation—the U.S. retail base shrunk from 7,800 storefronts in 1992 to 4,500 today—technological innovations and the rise of the Internet. While the population in the U.S. has grown in that time, the number of bikes sold each year has remained steady between 2.5 million and 3 million. The customer has changed, however, becoming an older, wealthier buyer with more time to ride. Kids no longer ask for bikes for Christmas, Sani said.

In order to survive in these fast-moving times, retailers must adapt their businesses to the realities of the online world. That means incorporating social media tools

Accell Group CEO René Takens predicts a more automated delivery method where suppliers replenish stock automatically based on POS data from retailers.

to communication with customers, having a Web presence for the shop and focusing more than ever on the unique expertise and advice they can give shoppers.

"If they cannot sell service, they really will be out of business," Sani said.

René Takens, CEO of the \$1 billion Dutch conglomerate Accell Group, expanded on Sani's comments with perspective into the European market from the supply and retail side. IBDs, though facing competition from mass merchants, sports retail and e-tailers, will survive as long as suppliers make sure key stock is available, are flexible with dealers and focus on innovation so retailers have a product story to tell every year.

"The market, it's there," Takens said. "It's up to the industry, it's up to distributors to supply products to the industry and to make money from it."

In the future, Takens predicts a more automated delivery method where suppliers replenish stock automatically based on POS data from retailers. The system would stop shipping SKUs that aren't selling and replace them with higher-potential products. Takens believes sales of e-bikes will continue to soar in Europe,

while leisure and commuter bikes will decline. Sportive mountain bikes, including electric versions, will continue selling. Kids' bikes will remain under pressure and race segments will grow. He also sees a further trend toward customization of colors.

Yozo Shimano, president of the Japanese component manufacturer, said Shimano will continue to innovate with digital technology through its Di2 battery-powered shifting system. Di2 comes to the Alfine internal hub gear later this year and Shimano will release the updated Dura Ace version this fall, which is widely rumored to be an 11-speed.

Shimano dabbled in digital integrated intelligence as far back as 1999 and launched its Megatronix components at IFMA in Cologne, Germany, in 2002. That led to the Smover concept and an automatically shifting internal gear hub spec'd on Japanese city bikes. Eventually Di2 was launched in its current version in 2008.

"It was a bold decision, but by adopting digital technology we believed we could create still greater value to our customer," Shimano said. —Nicole Formosa

Bicycle Retailer

AND INDUSTRY NEWS

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SHOWSTOPPERS



The Bone Horn Bike Case for the iPhone was an award winner. We aren't sure why the horn is aimed at the rider, though.



The Egretta truss frames have more tubes than we could count. The design is said to improve comfort.

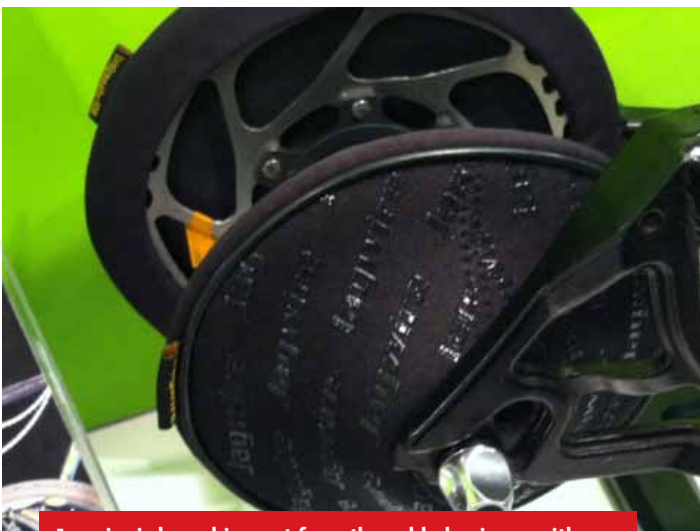


Gates' CarbonDrive may have some competition: Epoch showed a belt drive drivetrain, but didn't have a belt to show us.

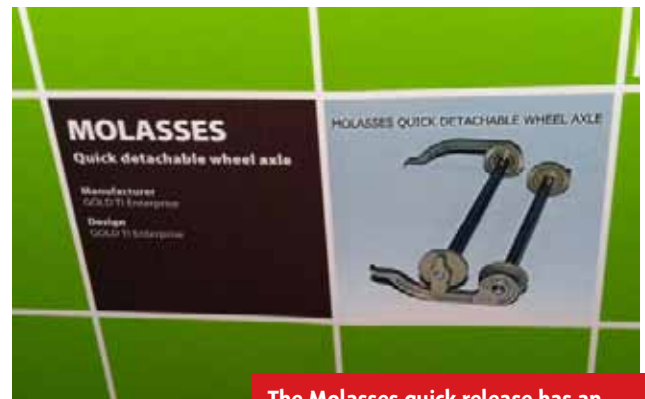
Foss showed an alternative to disc brakes for the road: a very simple cable-pull hub brake. We're not engineers, but overheating seems inevitable.



KMC's Cool Knight chain, for BMX freestyle, is designed to protect the chain and chainer from damage from grinds and other moves.



Jagwire is branching out from the cable business with some disc rotor, cassette and chainring covers for travel.



The Molasses quick release has an award-winning design but an odd name.