

Bicycle Retailer

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AND INDUSTRY NEWS

Heard on the Street

Last night Raleigh celebrated its 125th anniversary. Raleigh is, without a doubt, a historic brand name in an industry where newcomers are as common as wheelsets sold on eBay. But it was a special moment for company executives as DTC's Victor



Raleigh CEO Alan Finden-Crofts announces the retirement of industry veteran Victor Sun (left), a founder of trading group DTC, a Raleigh subsidiary. "Victor is an icon in the industry," Finden-Crofts said. "He knows more about bikes than anyone around."

Sun announced his retirement. DTC has been Raleigh's trading partner in Asia

for decades. And those who know Victor credit his loyalty to the Raleigh brand and its staff for saving the company from bankruptcy. The night's gathering included key executives from Specialized, Suntour, FSA and many others. Several staffers from REI were on hand, as were several from Mike's Bikes. Specialized's Bob Margevicius said he has known Victor for 35 years, describing him as a mentor and praising him for his generosity in helping him and so many others understand the then-emerging Taiwan bicycle industry. Matt VanEnkevort, FSA's managing director in the U.S., recalled how Victor had personally kept Raleigh afloat, guaranteeing loans for the then-troubled company. VanEnkevort first met Victor years ago when he was an aftermarket product manager for Raleigh. He described him as one of the "fathers of the Taiwan bicycle industry." High praise. High praise, indeed.

Victor Sun's retirement announcement comes as the Taiwan industry continues to mourn the loss of Ike

Continues on page 8

Impact of Europe's financial woes differs by region

Ask industry folks roaming the halls of Nangang Exhibition Hall about the potential impact on sales this year from Europe's financial woes and you get a lot of shrugged shoulders and sighs.

So far, the general consensus is that the effect is very much country-specific in the EU 27. In Italy, for instance, where political turmoil has rattled consumer confidence, shoppers could be deterred even more by a new law

that requires a credit card be used to pay for purchases of 1,000 euros or more to discourage under-the-table cash transactions. That could keep some buyers out of shops.

"This year will be more difficult in Europe," said Gloria Radaelli of FSA Europe, which is based in northern Italy. "The U.K. is strong; it's weak in Spain and Greece. We are trying to face the problem in all of Europe."

FSA Europe will sell its new

Continues on page 4

A-Team update: Enthusiasts, not kids, drive U.S. market



Specialized's Bob Margevicius presents the U.S. market analysis for the annual A-Team meeting.

Change is afoot in the U.S. market, and a statistical analysis prepared for the annual A-Team meeting offers a hint of what suppliers and retailers should consider over the next few years.

Specialized's Bob Margevicius, asked to prepare the analysis, sorted through a variety of statistical reports to paint a picture of the changes the U.S. market is now undergoing.

Some key highlights that Margevicius cited include:

- **Bicycling isn't for kids anymore.** Kids riding bikes has dropped more than 20 percent between 2000 and 2010, while the number of adults who ride

Continues on page 8

Blue language: Park Tool repair book gets Chinese translations

Park Tool's Eric Hawkins got a taste of celebrity in—of all places—Taiwan. Who would have thought that Hawkins, a stalwart example of low-key Midwest civility, would be swamped by Chinese and Taiwanese fans eager for him to sign a book on how to repair bicycles.

But there he was, sitting at a table in the booth of Colmax, Park Tool's Asian distributor, posing for photos and video while chatting with a reporter from biketo.com, one of China's biggest cycling websites.

The book, *Big Blue Book of Bicycle Repair*, written by Park Tool's C. Calvin Jones, has just been translated into Chinese—only the second book on repairs to ever be formally translated and printed for a Chinese audience. The first was Leonard Zinn's book on repairs.

Erik Kimble, Colmax's general manager, supervised the translation and the initial printing in Taiwan of 1,000 copies.

"Now most of China can read it in Chinese," he said. And, he added, there's a real demand for the technical know-how found in the 17-chapter manual. "There are so many hacks not doing a proper job of repairs. And with five or six shops opening each week, there's a real need," Kimble said.

"We had requests for the book over and over again, so I approached Park Tool about doing it," he said. Kimble hired the Hong Kong translator who did Zinn's book. The project took a year as Kimble, who speaks and reads Chinese, combed through the translation to make sure the technical information was translated correctly. "It has got to be right," he said.

And the book's not cheap. It



Park Tool owner Eric Hawkins signs the *Big Blue Book of Bicycle Repair* on Thursday at the Colmax booth.

will sell for about NT\$900 (\$30) a copy. The *Big Blue Book of Bike Repair* has been translated from English into German, Czech and now Chinese, Hawkins said. Some 200,000 copies have been sold.

Kimble said the current Chi-

nese version was translated into formal Chinese, primarily for sale in Hong Kong, Singapore and Taiwan. Another version will be produced in simplified Chinese, making it more readable for consumers in mainland China.

—Nicole Formosa

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Event Calendar

Friday, March 9

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 to 11 a.m.: Press conference. Taipei Cycle rallies for Tour de Taiwan. Room 501.

9:30 a.m. to 4 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. Dahon North America, Kind Shock Hi-Tech, Tung Keng Enterprise Co. Ltd., Carol Cycle Industrial Co. Ltd., T-One R&D Corp., Tien Hsin Industries Co. (FSA)

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.

Saturday, March 10

Show hours: 9 a.m. to 3 p.m. Open to the public. Admission: NT\$200.

9 a.m. to 1 p.m.: LEV Test and Drive. Nangang Exhibition Hall. Cargo Ramp, 4F.

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

11 to 11:30 a.m.: New product launch. Chen Tech Electric Mfg. Co. Ltd. Battery exchange station operation platform and innovative services. N1323.

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

2 p.m.: Taipei Cycle post-show press conference. Room 405.

March 10-16: Tour de Taiwan 2012.

Europe's Woes

continued from cover

high-end BB386 K-Force at a 30 percent discount to end consumers—also discounting the selling price to distributors—to try to move some of the product. Radaelli said she expects FSA's top-end range to take the biggest hit as consumers are reluctant to spend 2,000 euros on a wheelset in today's economy.

Some brands are still trying to move through inventory piled up from the fourth quarter of last year, when bad weather slowed sales in many European regions. Discounting by the big boys ensued, which left a lot of small brands suffering because they couldn't compete, said one executive.

Speaking to the A-Team group of top Taiwanese manufacturers on Thursday morning, SRAM president Stan Day said Europe's financial troubles are not like the United States' in 2008, when the recession

hit fast and hard, swiftly pulling the rug out from under consumers and crippling retail markets.

"That hasn't happened in Europe yet," Day said.

Still, Day said, distributors have compressed inventory levels and orders from OEMs are soft in the first quarter. SRAM, which had revenue of \$610 million last year, an increase of 17 percent, pulls 55 percent of its sales from Europe.

Day said he was encouraged by a recent annual report from Accell Group, Europe's leading company, that pointed to continued growth in the e-bike market and in sport cycling in Europe. In his conversations on the show floor, he has heard that consumers in Germany are still buying and bike sales are strong in Spain despite its 20 percent unemployment rate. In the northern countries, consumers are nervous but business is OK.

"It's changing quickly," Day said of the European market. "There are still storms on the horizon. We're hopeful some of those storms will go away." —Nicole Formosa

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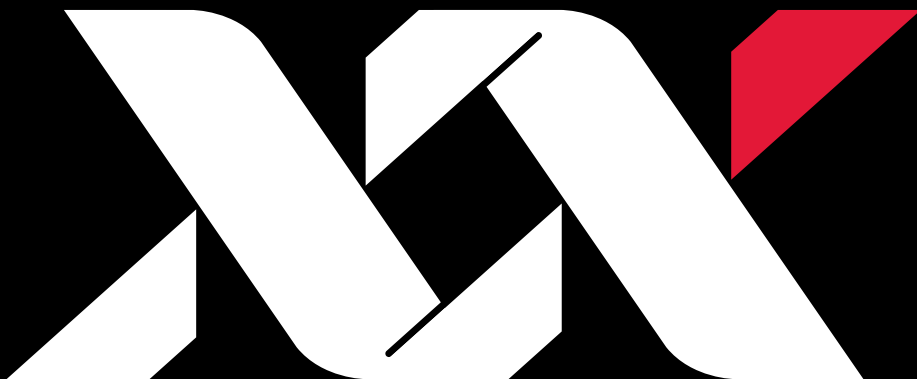


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Congrats to **JAROSLAV KULHAVY** for winning the 2011 XC World Cup overall and the Men's Elite XC World Championship.

SRAM



A large crowd turned out to celebrate Raleigh's 125th anniversary Thursday night at the Howard Hotel in downtown Taipei.



You've been warned: no funny stuff on the Taipei Metro system.



TaYa Chain's Golden Tseng presses a machine to cut a chain to hand out as a souvenir at the booth.



Raleigh CEO Alan Finden-Crofts announces the retirements of DTC founder Victor Sun (far left) and Raleigh Canada president Farid Vaiya (left) and the appointment of their successors: Chris Enoksen, the new president of Raleigh Canada, and Jane Wang, DTC's new president and one of its founders.

Ideal Bike moves Poland plant to new company-owned space

Taiwan manufacturer Ideal Bike Corp. will move its Poland assembly plant to a new company-owned facility this spring, with plans to have the new operation fully running by August, said Andy Lee, Ideal's chief operation officer.

Ideal rents the existing plant outside Warsaw and recently purchased land and a vacated factory nearby. Owning its building allows Ideal to keep its operating costs lower, Lee said. The 100 workers at the Poland facility assemble finished frames imported from Ideal's factories in Taiwan and China for sale in the European market. Until about a year ago, Ideal imported some raw frames and painted

them on site, but the company stopped because the cost was too high. That move reduced the work force by about 100. Ideal runs one paint booth in Poland to repair any damage that may occur during transportation.

Lee said Ideal is looking to position its Poland factory as a contract assembly plant to supply Europe's booming e-bike market. Because Ideal can ship duty-free from Poland to the rest of the European market, Lee envisions suppliers shipping Asian-made frames there for assembly with electric motor and battery, which would come in from Europe if a supplier specified the Bosch system, and e-components.

This would shorten lead times and allow suppliers to be closer to their customers, Lee said. A shipment from Asia could take two months on the water, a time frame Ideal could cut by half with delivery from Poland. This is a new business for Ideal, which is the primary supplier to and part owner of Advanced Sports International (parent company of Fuji, Kestrel, Breezer and SE) and also supplies frames for a number of smaller, quality-focused brands. It has manufactured frames for BMC, Eddy Merckx and Cannondale. Ideal also owns factories in Taichung, Taiwan, and Guangdong, China.

—Nicole Formosa

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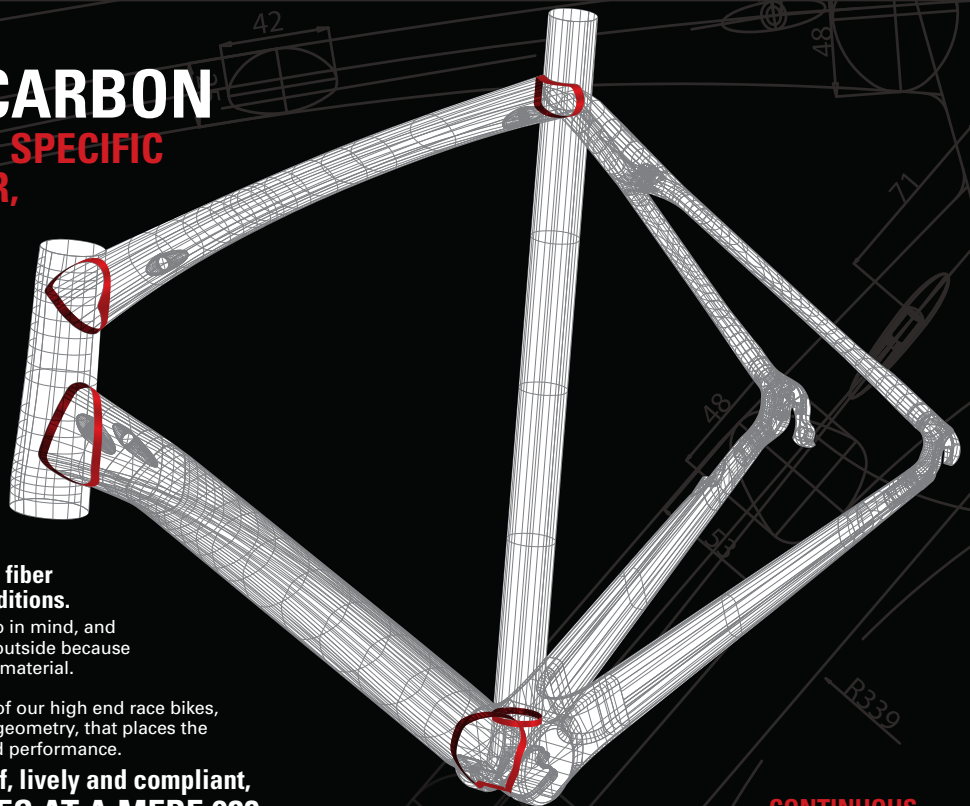
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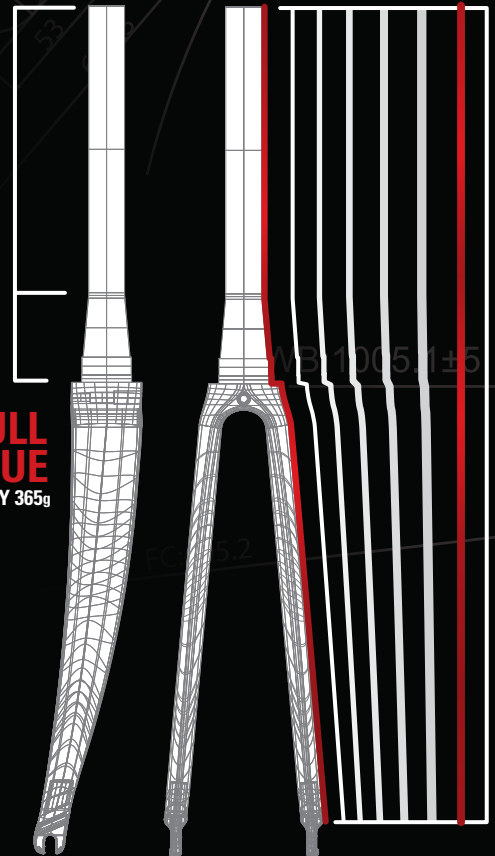


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POWERED BY RALEIGH

Heard on the Street

Continued from cover

Tseng, who founded Merida as a small factory and led it to become one of the premier bicycle manufacturers in the world. Tseng was an early pioneer and was among that first contingent of eager entrepreneurs who turned Taiwan into a global center for high-quality bicycles, parts and accessories. That generation is starting to fade away and a new generation of leaders is beginning to take their place. It is a time of transition for the island nation's industry, and Sun's retirement is among the start of that transition.

Moneyball, the book and the movie, was given a thorough review at yesterday's annual A-Team meeting as Specialized's Bob Margevicius, sporting an Oakland A's baseball cap, recounted Billy Bean's success at reinvigorating the lackluster A's. (By the way, there isn't an event in Taiwan held during the Taipei Cycle Show without Bob in attendance.) Specialized is one of the A-Team's earliest members, and Margevicius is often called upon to analyze the U.S. market. So to get the attention of the A-Team's membership, he tossed out a few of Billy Bean's theories on management. And, he warned them, now is the time to avoid complacency, particularly when the industry is generally doing well. As Bean would say: "You can learn little from victory. You can learn everything from defeat." Bob ended his review by giving Michael Tseng, the A-Team's president, an Oakland A's baseball cap and a baseball just so he wouldn't forget.

It's a company that we often overlook in the U.S. market, but Montague Corp., a manufacturer of full-size folding bikes, has a thriving international customer base, said David Montague, the company's president, as he sat in the company's busy booth. Besides supplying bikes for the U.S. military, Montague currently distributes its unique full-size folders in 26 countries—not bad for a small Cambridge, Massachusetts, outfit. And Montague likes to note that the company, now entering its 25th year, is one of the older American companies in the industry. "For us, business growth has been slow and steady," he said, adding that over the years Montague has stacked up an impressive pile of patents.

Enthusiasts, not kids, drive U.S. bike market

continued from cover

has increased slightly.

- **It's enthusiasts who drive growth.** More than 21.8 million adults rode a bike 109 days or fewer in 2010, about the same number as in 2000. But an additional 3.4 million rode 110 days or more, and the number of frequent cyclists increased 12 percent over the decade.
- **Most women have little interest in cycling.** About 10.2 million women rode 109 days or fewer in 2010, a decrease of 13 percent since 2000. But female enthusiasts are on the rise. The number of women who rode 110 days or more exceeded 1.3 million and increased 8 percent during the decade. At the same time, the number of men who ride that frequently jumped 15 percent.
- **Older riders ride more often.** Participation falls off after age 55, particularly among women. But male riders who belong to the enormous baby-boom generation show few signs of slowing down. In fact, riding days for men tend to increase after they reach age 65.
- **Youth equals diversity.** Most children in America's largest cities and states no longer have an Anglo-American cultural background. But more than

85 percent of bicycle riders are non-Hispanic and white. The future viability of the U.S. industry will depend on finding ways to appeal to black, Hispanic and Asian families. That's why it's of critical importance to make urban and suburban areas safe and bicycle-friendly.

In the short term, though, the U.S. market is currently enjoying a sales boost as mild weather dominated most parts of the country this winter, Margevicius said. And with gas prices rising, and the threat of \$5-a-gallon gasoline hanging over the nation, suppliers and retailers could see a surge in sales, particularly for repairs.

However, Margevicius noted that high gas prices are a two-edged sword. As consumers pour more of their dollars into their gas tanks, they will have less disposable income available to spend on consumer goods—and that includes bikes.

Still, he pointed out, two other factors could help keep sales moving along at a brisk pace. First, it's an election year and, historically, bicycle sales tend to increase during the election cycle. And the upcoming Olympics also tend to give sales a boost.

—Marc Sani

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