



# AUSTIN DEALER TOUR



## City's boom both a boon and a bane

By Lynette Carpiet

Austin is known for its music festivals, food trucks and its burgeoning bike culture. But more recently, the Texas capital has made headlines for becoming the fastest-growing city in the nation. In 2013, Austin gained more people—nearly 21,000—than any other American city with fewer than 1 million residents, according to the Census Bureau.

Ranking as the 11th most populous city in America and sixth among U.S. cities with the largest numeric increases—along with Houston and San Antonio—the boom would seem at first glance to be music to the ears of the area's estimated 60-plus bike shops. But as it turns out, Austin's exponential growth is a double-edged sword.

While lagging road infrastructure and growing traffic congestion bode well for bikes, the demand for real estate has inflated property values and taxes, making affordability of space and store profitability a challenge.

Hill Abell, owner of Bicycle Sport Shop, said his property taxes at the largest of his three stores on South Lamar Boulevard, a rapidly changing corridor, went up 54 percent this year. "I'm looking at seeing it increase \$45,000 next year for that location," he said, adding that while he doesn't own the building, his landlord passes on the increases to him.

"It's such a booming market in that South Lamar neighborhood. We've seen seven new apartment projects with 2,500 units come in and that's driving property

Continues on page 19





# FINISH LINE™

## OVER 25 YEARS OF FIRSTS & BESTS!

For over 25 years, Finish Line has innovated the industry's most advanced lubricants and care products. By continuing its work with independent retailers & professional cycling teams, Finish Line looks forward to another 25 years of category leadership.



The first **"DRY"** LUBE, the best **WET** and **WAX** lubes, the first **CERAMIC** lubes, now the first **"1-STEP"** lube.



The first **SYNTHETIC BIKE GREASE** with Teflon® fluoropolymer, and now the industry's first **CERAMIC GREASE** for ultra clean and super long lasting protection.



The best & most innovative cleaning products including: **E-SHIFT** for electronic shifting, **SPEED DEGREASER** for no-residue rotor and drivetrain cleaning, **MULTI-DEGREASER** for sensitive parts, **CITRUS DEGREASER** for heavy grunge, **BIKE WASH** for overall cleaning and **SHOWROOM POLISH** for a water-repelling shine.



The first **NO-DRIP CHAIN LUBER**, the first Micro-fiber **GEAR FLOSS**, The first **GRUNGE BRUSH**, the best **CHAIN CLEANER**.



The first **RUST-BUSTING PENETRANT** that uses a freezing technology, the first **SUSPENSION SPRAY** with fluoropolymers, the best **BRAKE FLUIDS** and best **SUSPENSION OILS**.



For full in-depth product detail, be sure to visit our new website:

[www.FinishLineUSA.com](http://www.FinishLineUSA.com)

FINISH LINE : THE LUBE EXPERTS



## Dealer Tour Austin

Continued from 17

## City's boom

values, which over the last five years have tripled. That's going on all over Austin, but South Lamar is one of the hardest-hit areas in the city."

Not only do higher property values put a squeeze on businesses, but as more of consumers' household incomes goes toward paying home mortgages and taxes, they have less to spend on a bike, a new helmet or shoes, Abell noted.

Natalie Goforth, owner of Fast Folks Cyclery, has moved twice since she first opened for business in 2009. The latest move—from Sixth Street to East Cesar Chavez Street near downtown—was this past July. "I had to move because my landlord couldn't give me a longer lease. And she kept increasing my rent. She increased it \$1,000 per month and said she could get double the rent from someone moving here from New York," Goforth said.

"But if I hadn't gotten this location, I don't know what I would have done. I probably would have moved to San Marcos," she added.

Former working-class neighborhoods like the East Riverside corridor that were unappealing for business have gentrified and drawn new retailers like Nicole Zinn, owner of Rocket Electrics, who saw Austin's population boom as an opportunity to launch a business that could solve the city's growing congestion and traffic problems. With a growing network of protected bike lanes and bike paths, electric bikes could become part of the transportation landscape, she surmised.

"We knew the [Ann and Roy Butler] trail was going to open and the light rail was coming," she said. "That's why we opened. These apartment complexes didn't exist four years ago," she added, pointing to towering mixed-used retail and residential buildings across from her shop. "When we moved here, this corridor wasn't developed."

Bike retail newcomers have planted stakes in Austin's East Side in recent years, banking not only on more affordable rents in an area that, so far, has escaped gentrification, but on Austinites shopping closer to where they live as traveling to downtown and the northwest becomes a slog.

John Dalton III and his father, John Dalton Jr., opened Division One on East Seventh Street in 2012, a largely Hispanic neighborhood, just a few blocks from downtown in East Austin.

"For us, this community will grow and change. There's no high-end shopping here yet," said Ted Arnold, the store's general manager. "We're ahead of the curve."

While Arnold acknowledged that Austin is saturated with bike shops, he said the East Side is still untapped and could become a shopping destination as it becomes harder to get to more well-known shopping areas.



**Population boom:** Towering cranes pepper the Austin skyline as construction crews erect new office buildings, hotels and high-density condos.

Still, for many of Austin's established retailers, the point of saturation has been reached. Jim Fox, owner of University Cyclery, remembers when his family owned three of the 10 shops in the city in the 1970s. Now, he says, Austin has as many shops as Dallas and Houston combined.

"It's pretty saturated," he added. Only one of University Cyclery's stores remains.

Abell believes many of the small, newer shops may find it hard to survive given the high rents in Austin and the business focus many share: the urban hipster customer—"that single, 25-year-old to 35-year-old crowd. There's not that many people and they're not that affluent. It's a real challenging niche to try to occupy, especially with as many people trying to step into that niche." **BRAIN**

## Festivals drive store traffic

Known as the "Live Music Capital of the World," there is nowhere in Austin where a live act is out of place—even the airport. The city's love affair with music has also spawned a robust festival scene, with more than 20 on the calendar each year.

The arts and music festival South by Southwest (SXSW) is the granddaddy of them, spanning a two-week period in March. As the top revenue-producing event for the Austin economy, it brought in an estimated \$218 million in 2013. The Austin City Limits Festival comes to Zilker Park for two weekends in October, attracting thousands.

Austin bike shops capitalize on the events in some way. Mellow Johnny's hosts SXSW shows four times per day and organizes bike valet parking for the event, and Bicycle Sport Shop rents a fleet of 200 beach cruisers to attendees wanting to avoid traffic. In the past, both Austin Tri Cyclist and Bicycle Sport Shop have rented parking spaces during major events, since parking is so scarce.

Downtown-area retailers see a spike in apparel and accessory sales during the events, but notice a decline in bike sales because most locals tend to avoid the city center due to closed streets and traffic congestion.

Non-music events also draw tourists, including the Formula One Grand Prix of the Americas, held in October. "Sales were crazy this year during F1," said Marty Muehlegger, general manager of Bicycle Sport Shop. "We had a lot of Mexican nationals and South Americans in the store buying bikes to take home." —Val Vanderpool

## Streamline Cycles

Employees: 2

Sales floor space: 262 square feet

Time in business: About a month at time of visit (opened Sept. 25)

Emphasis: Service and repair

Main brands: No bikes, only service and replacements parts

Owner: Jesse Tonche

One of Austin's most unique—and newest—bike shops is Streamline Cycles. Jesse Tonche and Brian Robbins opened for business in late September. They focus on repair and service, and wrench out of a remodeled Airstream trailer.

"We pride ourselves solely on service," said Robbins, an industry veteran who helped Tonche, 28, get the trailer up and running. "We are the smallest Austin shop."

Robbins, who's from Chicago, has worked at a couple bike shops in Austin, and also coached triathletes. Before moving to Austin, he worked at Wheel & Sprocket in Wisconsin. He brought years of retail and mechanical experience to

the enterprise.

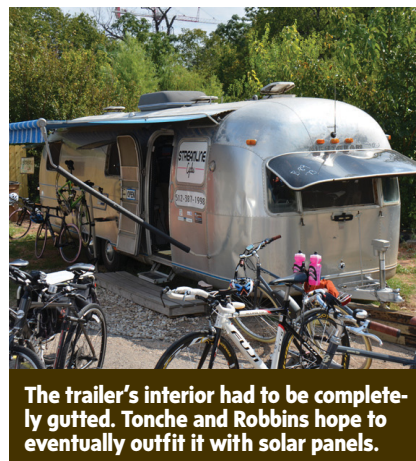
Tonche met Robbins through one of the Austin shops where he brought his bike in for repair. Robbins has built a couple of bikes up for Tonche including a Schwinn Paramount proudly displayed inside the trailer. Both Tonche and Robbins have a taste for old-school vintage steel bikes.

Tonche and Robbins found the trailer on Craigslist, bought it and completely gutted it—about a \$10,000 investment. They put in a tool bench, work stand and slat walls where they display parts like tires, tubes, stems, hubs and bottle cages. They order replacement parts from Hawley and Olympic.

Eventually, they would like to put solar panels on the roof to provide all the electricity they use. And if the business does well, they'd like to open two or three others in nearby small towns like Buda.

"We were sitting around on the Fourth of July and came up with the idea," Robbins said about how the business started. "Within 30 days we got it done."

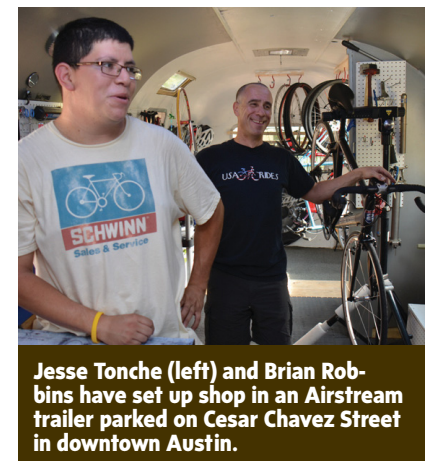
In a city renowned for its food



**The trailer's interior had to be completely gutted.** Tonche and Robbins hope to eventually outfit it with solar panels.

trucks—found practically on every corner—the idea of offering bike service from a parked RV is one that so far seems to be working. They share the lot on Cesar Chavez Street near downtown with a burger stand, where they rent a parking spot for \$1,000. And they say the location is theirs for two-and-a-half years. Plans are underway to build on the lot after that.

"Austin is changing so fast. Unless it's a W or Four Seasons hotel you're not guaranteed you'll be at the same loca-



**Jesse Tonche (left) and Brian Robbins have set up shop in an Airstream trailer parked on Cesar Chavez Street in downtown Austin.**

tion. And construction happens fast," said Robbins.

Tonche said they fix a lot of flats and many customers come from the nearby Town Lake hike and bike trail. They also do quick repairs for Austin's bike messengers. And they have a small fleet of bikes for rent.

"We don't want to sell bikes," Robbins said. "We're not that shop. We got what you need to get you back on the road. We send people to shops for other stuff." **BRAIN**



## Dealer Tour Austin

### Jack & Adam's Bicycles

**Employees:** 15

**Sales floor space:** 5,000 square feet plus 1,000 square feet of storage

**Years in business:** 11

**Emphasis:** Multisport

**Main brands:** Felt, Scott, Guru, Orbea, Surly

**Owners:** Jack Murray, Stacy Keese

In its third move in 11 years, Jack & Adam's Bicycles has finally landed in a space that accommodates a breadth of inventory for multisport enthusiasts, with enough room to grow. The shop opened in June in its new digs in Austin's South Lamar neighborhood, just around the corner from its previous location.

Jack & Adam's gained an additional 2,000 square feet of retail space and a 1,000 square-foot mezzanine storage area, which manager Angie Balentine

said allowed the shop to expand its running shoe, apparel and accessory offerings.

"We picked up a good selection of running shoe brands. The run season complements the typical bike shop slow season, which should help us maintain a steady sales pattern throughout the year," said Balentine.

"We've also expanded our lifestyle and mountain bike selection, and now have room for about 90 built bikes on the floor—twice what we had in the old space," Balentine added.

Jack & Adam's worked with retail consultants Three Dot Design, which helped with store layout, merchandising and staff training.

A room for classes and events in the back of the store has a sliding door made from reclaimed barn wood that allows



Retail consultants Three Dot Design worked with Jack & Adam's to maximize the space.

the space to be closed off. The store's fixtures are modular for easy rearranging to accommodate crowds and to facilitate product merchandising.

Jack & Adam's also increased the size of its Retül bike fit area, which stays busy



Jack & Adam's Bicycles owners Jack Murray and Stacy Keese with manager Angie Balentine (right).

all day during high season. A 200-square-foot juice bar operated by Austin's Daily Juice will open later this year, with a service window accessible from a spacious patio where Balentine said customers are welcome to lounge. **BRAIN**

### Fast Folks Cyclery

**Employees:** 5

**Sales floor space:** 2,000 square feet

**Years in business:** 5

**Emphasis:** Urban/transit

**Main brands:** Fairdale, Pure Fix, State Bicycle Co.

**Owner:** Natalie Goforth

From day one, Fast Folks Cyclery has been a labor of love. Owner Natalie Goforth opened the shop in downtown Austin in 2009 when she couldn't find the colorful parts she wanted for her fixed-gear bicycle anywhere but online. But Fast Folks was also born out of Goforth's desire to create a business that's in sync with her lifestyle.

"It all made sense when I looked at my life and where I was spending my money," Goforth said. "Biking is a lifestyle, and I really like coming in here

every day—that makes a big difference."

And a recent move allowed Goforth to further align Fast Folks with the community's needs, as well as her own. She opened a café and coffee shop inside the 2,000-square-foot store, a result of another lifestyle assessment. "I looked

again at where I was spending my money, and I spent a sh-t ton of it on coffee and good food. By bringing it in-house, I still spend a lot of money, but now at least it's convenient."

The café's spacious bar and a lounge area in the front of the store welcomes customers to stay awhile. Goforth serves Portland, Oregon's, Stumptown Coffee and mostly vegetarian and vegan fare. The service shop is set up in the back, and while repairs are not the shop's bread and butter, that part of the business is growing.



Fast Folks Cyclery owner Natalie Goforth plans to expand her café to offer beer, wine and a broader menu.

Art created by Austin artists hangs on the walls, and Goforth sells locally made apparel and accessories. Fast Folks hosts a number of parties and



Goforth uses vintage furniture and accessories to create unique and functional displays.

events, including benefits and bike polo pre-parties. "Events and the café keep people coming in, and are an asset to the store," Goforth said. "It's really a great space for bringing the community together." **BRAIN**

### Cycle Progression

**Employees:** 3

**Sales floor space:** 2,000 square feet

**Years in business:** 6

**Emphasis:** High-end mountain, including custom builds; cyclocross; commuter

**Main brands:** Pivot, Turner, Intense, Focus, BH, Orbea, Ibis, Brooklyn Bicycle Co.

**Owner:** Alex Arumi

Austin may have next to nothing in the way of elevation gain and loss, but it still has a thriving high-end mountain bike market.

The Greenbelt right in town packs 70 miles of rocky and rooty trails into a relatively small space—"a spaghetti bowl," Cycle Progression owner Alex Arumi calls it. Walnut Creek on the city's northern edge and Slaughter Creek 10 miles outside Austin beckon the dirt-addicted

on weekends. And nearby ranches like Reveille Peak Ranch in Burnet and Rocky Hill Ranch in Smithville offer trail networks, skills areas, pump tracks and flow lines.

With an average mountain bike sale of \$5,000, many of which are custom builds, Cycle Progression is a "hot rod shop," said manager Emil Ellis. "But if you've got a

sweet Huffy, we'll take care of that too," he added.

Mid-travel 27.5-inch and 29er models are the shop's current sweet spot, with bikes like the Pivot 429 and Ibis Ridley ideal for the local terrain.

"We carry commuters too, because this is Austin and everyone bikes," Ellis said. Models from Focus, Vassago and new addition Brooklyn Bicycle Co. fill that niche.



Manager Emil Ellis calls Cycle Progression a "hot rod shop."

The three-man store—mechanic Tim Carr, who owns a separate suspension tuning business, recently came on board—also performs service for other retailers in town, doing custom drilling of carbon frames, wheel builds, and



Cycle Progression is located in Austin's South Lamar neighborhood, a busy area for bike retail.

shock and fork tunes.

Got a moto that needs some TLC? They'll handle that too.

"We love riding bikes, but we love riding two wheels in general," said Ellis, who commutes by motorcycle. **BRAIN**



## Dealer Tour Austin

### Windmill Bicycles

**Employees:** 4  
**Sales floor space:** 1,000 square feet  
**Years in business:** 2  
**Emphasis:** Transit  
**Main brands:** Fairdale, Biria, Papillonaire, Metrofiets  
**Owners:** Sarah Goeth, Aaron Goeth

Located in the up-and-coming Cherrywood neighborhood on Austin's Eastside, Windmill Bicycles is one of the city's newest bike shops. In a short time, the sibling-owned shop has become a go-to for new riders and women, who make up about 60 percent of its clientele.

Seventh-generation Texans Sarah and Aaron Goeth opened Windmill upon returning to Texas after a stint in the Bay Area. Aaron began tinkering with bikes as a teen, but Sarah didn't become a cycling aficionado until living in Oakland, California, where her sole transportation was a bike built by Aaron.

The pair spent months researching and narrowed their focus to the transportation segment, with an emphasis on bikes to fit smaller riders.

"We visited so many bike shops," Sarah said. "I went into shops and didn't like how I was treated—either talked down to or hit on. I also noticed that so many didn't carry any bike lines that women or short

people could easily get a leg over."

The Goeths were also determined to create an approachable and friendly shop to serve the neighborhood. Despite rapid growth and development in Austin's Eastside, Windmill is the only bike store in Cherrywood, and new condos are driving traffic to the shop. "We get lots of students and neighborhood residents, especially emerging families who want to use bikes to get around," Aaron said.

Windmill's inviting décor features local art and other handmade items mixed with thoughtfully merchandised cycling accessories and gear. The Goeths have also incorporated elements from their childhood farm outside of San Antonio, including old windows that have been repurposed as dry-erase boards.

While service and repairs currently make up most of Windmill's business, the Goeths expect bike sales to grow, slowly expanding their product lines as cash flow allows.

"Space is an issue here, so inventory is always a challenge," Sarah said. "There are more transportation bike brands available now, but we're also pretty particular. If people aren't nice to us, we don't carry their products, even if they're awesome." **BRAIN**



Windmill Bicycles caters to commuters and urban riders, selling mostly "bikes with eight gears or fewer" and a carefully chosen selection of bags and accessories.



Siblings Sarah and Aaron Goeth, seventh-generation Texans, named their shop for the windmill on the family's property outside of San Antonio.

### Sun & Ski Sports

**Employees:** 22  
**Sales floor space:** 20,000 square feet (bike footprint fluctuates depending on season)  
**Years in business:** 34 (chain); 30-plus (Austin location)  
**Emphasis:** Full-service bike department  
**Main brands:** Fuji, Masi, Marin, Haro, Orbea  
**General manager:** Brandon Bromley

At some outdoor retailers bikes are just an afterthought—an abbreviated selection of price-point models and grab bag of accessories. Not so at Sun & Ski.

The 30-store chain with stores in 13 states has its roots as a ski and snowboard shop that sold bikes during the summer,

but two-wheelers from balance bikes and cruisers up to high-dollar aero road models and full-suspension mountain rigs—plus a large stock of apparel and accessories—are now a year-round presence. And a strong presence at that.

In the Austin location, the bike department takes up about a third of the 20,000-square-foot store during the winter season. Come spring and summer, half the store is bike, said general manager Brandon Bromley. About a third of annual sales come from the bike side, including apparel, accessories and service.



Sun & Ski Sports' bike department takes up a third of the 20,000-square-foot Austin location during winter, and half during the peak cycling season.

Sun & Ski carries Fuji, Marin, Masi and Haro at all of its stores, and other bike suppliers are salted into individual stores based on their presence in particular territories.

Once a year, Sun & Ski gathers the top bike experts from every store for a "bike camp" where reps from nearly all of the chain's bike and accessory brands bring in products to demo. "It's a like a mini-Interbike for Sun & Ski," Bromley said.

This year, for instance, bike staffers did an extended road ride from Houston to Smithville, where they staged a mountain bike demo the following day at Rocky Hill Ranch. In the evenings, supplier reps held product seminars.

"It's a unique opportunity to try out all the stuff and also get clinic'd on it. That way when you're on the sales floor you have hands-on experience with it," Bromley said. **BRAIN**

### Clown Dog Bikes

**Employees:** 3  
**Sales floor space:** 310 square feet  
**Years in business:** 15  
**Emphasis:** Service; affordable commuter bikes for University of Texas students and related accessories  
**Main brands:** SE Bikes, Fuji, Schwinn, GT, Mongoose, Fairdale  
**Owners:** Bryce Holt, John Chisholm

Bryce Holt and John Chisholm launched Clown Dog Bikes in 2000. Neither had any previous bike shop experience or startup cash. With a \$5,000 loan they acquired bikes from a pawn shop and sold them to friends. At first it was mostly for fun, and they kept other jobs to make ends meet on top of running the shop.

"This was a clubhouse—a place for us to party. But four to five years ago

we turned it into a real business," Holt said.

"We sold single-speed bikes and BMX bikes for a long time, and as we became ingrained in Austin, we found our niche. We fill in the gap between Wal-Mart and bike shops, whose bikes start in the \$500 range," said Holt. "We're very much a campus shop, fixing lots of flats and keeping kids on their Wal-Mart bikes."

Because of Clown Dog's location across from the University of Texas at Austin, its bread-and-butter repairs include fixing flats, truing wheels, tune-ups and replacing rusted cables and chains and bad brake pads on bikes students leave outside. Service is steady year-round except for holiday breaks like New Year's or Thanksgiving.

Their busy season for bike sales is



John Chisholm, an Austin native, is well known and draws in a loyal clientele.

from August to October, leading to the start of the school year. One of their biggest years was 2009, when gas prices hit a record high.

Clown Dog's mantra is to provide reliable bikes and service for students



Bryce Holt moved to Austin 20 years ago for school and became involved in the local BMX scene.

on a budget without the elitist attitude too commonly found at high-end shops. And they try not to take themselves too seriously, as evidenced by their "Mega Sale" video advertisement (<http://goo.gl/SxRBse>). **BRAIN**



## Dealer Tour Austin

### University Cyclery

**Employees:** 7

**Sales floor space:** 10,000 square feet

**Years in business:** 38

**Emphasis:** Second-generation family-owned bike shop

**Main brands:** Giant, Yeti, Jamis, Redline, Surly, Stolen, Fiction

**Owner:** Jim Fox

Fifteen years ago, Jim Fox and Mark Coltharp went to Interbike with the goal to find a new supplier to replace the struggling Mongoose brand. “The first booth we walked into was the Giant booth. Instead of replacing Mongoose we ended up replacing Schwinn,” said Fox, the second-generation owner of University Cyclery.

University Cyclery no longer carries

said of the move away from the brand that once dominated its floor.

Giant helped smooth that transition as an up-and-coming brand. “They were just starting; they were not the brand they are now. They are almost what I remember Schwinn being: They built bikes, had a lifetime guarantee, and were an easy company to deal with,” Fox said.

Now University Cyclery sells “a little

Schwinn, but restored Apple Krates, Orange Krates and Schwinn signage on the walls hark back to the days when it was a Schwinn Total Concept store. “We were freaking out at the time because we were University Schwinn,” Fox



**Jim Fox is at the helm of the business his family has owned since 1976.**

bit of everything,” though Giant makes up 80 percent of the shop’s bike sales, with Jamis, Yeti, Redline, Surly, Stolen and Fiction accounting for the remainder.

Family owned since 1976, at one

point the business consisted of three stores. The current location eventually grew to 10,000 square feet and the other two closed. Jim Fox bought it 12 years ago from his parents. His father, now 72, still comes in a few days a week. “We create enough problems for him to solve,” Fox joked.

Fox said his location is one of his biggest assets. Not only is it centrally located on busy Lamar Boulevard, but his family owns the building, so it can’t be taken over and turned into condos. “There are certain things you can control. We don’t have a landlord coming and saying they need to raise rent,” he said.

Fox said the market has become more competitive as new shops have opened in town, but longstanding customers remain loyal. “A message I’ve been getting is, ‘Thank God you’re still here.’” **BRAIN**

### Rocket Electrics

**Employees:** 12

**Sales floor space:** 1,700 square feet

**Years in business:** 3

**Emphasis:** All-electric bike shop

**Main brands:** Easy Motion, Juiced, Pedego, Stromer, Felt

**Owner:** Nicole Zinn

Rocket Electrics may be on the forefront of the next big thing.

Owner Nicole Zinn and general manager John Dawson opened Rocket Electrics as the first e-bike-only store in Austin in December 2011.

Zinn, who has a high-tech marketing background, and Dawson, an entrepreneur who used to export motorcycles, saw untapped potential in the market.

They opened the 1,700-square-foot shop in a new apartment complex in the East Riverside corridor, a recently gentrified neighborhood near downtown.

referencing the Boardwalk Trail at Lady Bird Lake, a \$25 million over-water path that just opened in June and runs to their door.

The shop also caters to tourists and visitors with a rental fleet of 40 colorful e-bikes. It has carved out a niche running foodie and music tours in the city that draw, on average, 60 people. The foodie tour includes a four-course meal, and the music tour led by a musician finishes with a 30-minute acoustic set at the shop.

“Austin is not a typical city,” said Zinn, referencing its rising culinary status and major music festivals like South

“This was a working-class Hispanic neighborhood five years ago. Now it’s becoming gentrified. We knew the trail was coming, we knew gentrification was coming, we knew the train line was on master plan,” said Zinn, refer-

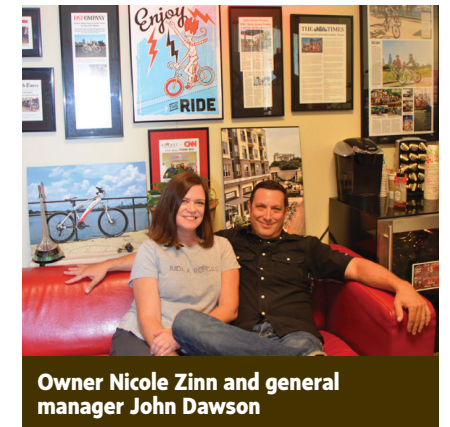


**The shop serves tourists with its fleet of 40 e-bikes and also runs food and music tours.**

west and Austin City Limits. “It’s a bike city, a food city and a music city. This is a natural extension.”

But their approach from the start was to engage non-cyclists and to promote e-bikes as transportation tools. “Our customer base is using e-bikes to commute. Range is increased on an electric,” said Dawson.

That wider range is appealing to an older demographic. “We’re trying to in-



**Owner Nicole Zinn and general manager John Dawson**

crease the size of the tent,” said Dawson. “Our oldest customer is 93 years old.”

Dawson noted one of their challenges is overcoming negative experiences with early e-bikes. “There is a legacy of bad experiences with garbage e-bikes that came out of China. We change perceptions as people get on a quality e-bike,” he said. **BRAIN**

### Division One Bicycles

**Employees:** 7

**Sales floor space:** 1,800 square feet plus climate-controlled 10-by-20-foot storage container behind store

**Years in business:** 2

**Emphasis:** High-end road, mountain and commuter; strong service business

**Main brands:** Public, Look, Cinelli, Transition, Bianchi, Alchemy, Fyxation

**Owners:** John Dalton Jr., John Dalton III

When general manager Ted Arnold calls Division One Bicycles’ showroom on Austin’s East Side a “showpiece location,” it’s no empty boast.

The sales floor and main display wall are built out of Skatelite composite ramp material, with a curved bottom resembling a velodrome. Service menus appear on digital screens mounted on the display wall and around the shop’s complimentary café, where customers can enjoy free cof-

fee and cold drinks. Components and accessories are lit up in elegant displays like expensive wares in a high-end European fashion boutique—no accident, since that’s exactly what father-and-son owners John Dalton Jr. and John Dalton III researched before opening the shop two years ago.

Outside, vibrant murals on the shop’s exterior command attention from the street, and a spacious front patio with a couch and shaded seating and tables encourages lingering.

The high-dollar build-out reflects the Daltons’ belief in the emerging neighborhood they chose for Division One. “This community is growing and changing, and we’re going to be part of it. We’re ahead of the curve, and we know that,” said Ar-

Outside, vibrant murals on the shop’s exterior command attention from the street, and a spacious front patio with a couch and shaded seating and tables encourages lingering.



**Division One’s main display wall is made of Skatelite composite material for a velodrome look. A café offers customers free coffee and cold beverages.**



**A brightly colored mural beckons customers.**

nold, an Austin retail veteran who has worked for Mel-low Johnny’s and Bicycle Sport Shop.

Division One is the first bike shop for the Daltons—son is an avid rider with a design background, father has built e-commerce systems for some of the world’s largest retailers. But John Dalton Jr. envisions growing the business into a chain and taking their retail concept, with a strong emphasis on high-touch service and using technology to improve the shopping experience, to the national level.

“The majority of the industry is in a mom-and-pop state,” he said. “They don’t have the money to exploit the technology side and the marketing side.” **BRAIN**





# BIKES FOR EVERY LIFESTYLE LIFESTYLES FOR EVERY BIKE

*Fuji's strong growth is driven by our range of innovative, quality products, competitive value, and exceptional customer service. Contact us today to see what we can offer your business.*

[www.fujibikes.com](http://www.fujibikes.com)  
[info@fujibikes.com](mailto:info@fujibikes.com)  
1-215.824.FUJI





## Dealer Tour Austin

### Ozone Bike Dept.

**Employees:** 7

**Sales floor space:** 3,500 square feet

**Years in business:** 22

**Emphasis:** Full-service, including BMX, road, mountain, fixie and commuter

**Main brands:** Kona, Bianchi, Marin, Fairdale, Firemans, Masi

**Owners:** Vytis Vardys Jr., Sally Vardys, James Hoyby

Vytis Vardys boisterously recounted Ozone Bike Dept.'s move in 1998 to its current building, where the shop first occupied 1,000 square feet next to a gay pornography store. The neighboring business served as something of a litmus test for his customer base.

"It's like, if you have a problem with that, get the f-ck out of here!" said Vardys, one of the community-oriented shop's three owners.

Located next to the University of Texas on Austin's busy Guadalupe Street, Ozone got its start more than two decades ago as the bicycle annex of consignment store Ozone Vintage Clothing, selling old bikes it fixed up largely with parts purchased from the neighborhood Schwinn shop (now University Cyclery). But obtaining a steady supply of vintage bikes proved unsustainable, so Ozone began bringing in new bikes around

1993—mostly 24-inch BMX cruisers from brands like Cycle Craft, SE Racing and MCS.

"Austin is a big cruiser town," Vardys said.

Today, Ozone is equal parts "core" and neighborhood shop,

selling a full offering of road, commuter and off-road bikes from brands including main supplier Kona and Austin-bred labels Fairdale and Firemans—the last of which specializes in "big gorilla cruiser bikes," Vardys noted.

"We're mostly mountain bikers and we also ride road," Vardys said. "But this is a campus and commuter neighborhood. You gotta be true to the neighborhood. If we don't have this particular inventory, we don't have customers."

The shop still deals in used bikes, an important part of serving the neighborhood's student clientele, and stocks the lights, locks, racks and bags that commuters and Longhorns need. This year, the *Daily Texan* student newspaper named Ozone its Best of UT Bike Shop.

Service, which accounts for 45 percent of Ozone's business, is done by appointment to provide one-day turn-



Ozone has been a Kona dealer for 15 years.

around and prevent having to store customers' bikes. But pop-ins for minor repairs aren't turned away.

"We do a lot of flat fixes here," co-owner James Hoyby said. "We're along a major bike lane and have a lot of people drop in." **BRAIN**

To view BRAIN's video of Ozone Bike Dept. co-owner Vytis Vardys, go to <http://goo.gl/U5JlZl>.



Co-owner Vytis Vardys says Ozone is all about community.

### Bicycle Sport Shop

**Employees:** 150 across three stores

**Sales floor space:** 22,000 square feet (Lamar), 4,500 square feet (Research), 6,000 square feet (Parmer); plus 12,000-square-foot warehouse

**Years in business:** 31; 29 under current ownership

**Emphasis:** Full-service shop

**Main brands:** Trek and Specialized account for 70 percent of the store's sales

**Owners:** Hill Abell, Laura Agnew and 148 employees

Bicycle Sport Shop is one of the longest-standing and largest dealers in Austin. It's also one of the most operationally sound, according to longtime general manager Marty Muehlegger.

"We run the numbers a lot," he said. "Hill [Abell] will say no one takes a shit unless it's on a spreadsheet," he joked.

Metrics like sales per square foot, sales by product category and employee sales efficiency are just a few things Muehlegger measures. A full-time CFO analyzes the numbers. Bicycle Sport Shop also conducts an annual strategic review to reassess what areas it wants to better compete in. These reviews have helped Abell and Muehlegger hone the business—pulling out of certain sales or services that don't take, like its coffee bar or spinning room, while focusing on other more successful aspects, such as the shop's trade-in bike department and

bike rentals.

In November, Bicycle Sport Shop was set to roll out its e-commerce platform. It has been in the works for some time, and Abell believes it is part of adapting to the new retail reality.

"I have several 25- to 30-something-year-old kids who work for me and we talk a lot about how they shop," Abell said. "That millennial generation does not go into stores. It's not entertainment or recreation for them."

Abell doesn't expect Internet sales to be a big revenue generator, but he anticipates the website might help turn around declining sales of parts and accessories, which he attributes to the Internet. It's all part of the plan to stay on top of a rapidly changing retail environment.

"I've done this since I was 9 and I've never seen it evolve at the pace it has recently," Muehlegger said. "We're trying hard to stay with it. Retailing isn't what it once was because consumers have so many ways to purchase stuff."

And the customer has also changed. While riders used to identify themselves as roadies or mountain bikers, today those lines are blurred. "You can't classify anybody anymore," Muehlegger said.

Bicycle Sport Shop's ability to adapt



The expansive South Lamar Boulevard store has room to display 350 bikes on the main floor and an additional 700 to 800 bikes in back stock.

and its drive to improve processes and services have kept it in business and thriving in an increasingly competitive and saturated market. From a single, 800-square-foot-shop selling mountain bikes in the early '80s, it has expanded to three locations—the newest store on Parmer Lane in northern Austin opened four years ago—and an off-site warehouse that opened less than two years ago. **BRAIN**

To view BRAIN's video of Bicycle Sport Shop manager Marty Muehlegger, go to <http://goo.gl/emdrpC>.



General manager Marty Muehlegger has worked at Bicycle Sport Shop for 27 years.





# BIKES FOR EVERY LIFESTYLE LIFESTYLES FOR EVERY BIKE

*Fuji's strong growth is driven by our range of innovative, quality products, competitive value, and exceptional customer service. Contact us today to see what we can offer your business.*

[www.fujibikes.com](http://www.fujibikes.com)  
[info@fujibikes.com](mailto:info@fujibikes.com)  
1-215.824.FUJI





## Mellow Johnny's

**Employees:** 35, including café

**Sales floor space:** 10,500 square feet; Pedal Hard Training Center and Fit Studio is 900 square feet

**Years in business:** 6

**Emphasis:** Race, fitness, city bikes. Social cycling hub and commuter center.

**Main brands:** Trek, Moots, Public

**Owners:** Lance Armstrong, Bart Knaggs

**M**ellow Johnny's may be the best-known bike shop in the country thanks to backing from a certain well-known cyclist.

Formed in 2008 by Lance Armstrong and investor partners, the shop name is a play on Maillot Jaune. Bright yellow paint accents run throughout the store and the ubiquitous logo with the yellow Texas star adorns T-shirts, hats and jerseys.

"A big percentage of apparel is branded Mellow Johnny's. We keep it fresh and make it an important part of our business," said marketing director David Mider, noting its branded merchandise is sold in-store and online.

The large in-store apparel section also features well-merchandised brand walls for Rapha and Chrome. They were intended to be temporary features but Mider said they have been successful so they have remained. The store also carries lifestyle brands like Southern-

California cult brand RVCA.

"We have tested a lot of waters and narrowed our selection. We learned we may love the product but we don't want to end up burdened with marketing and promotion. It may be the best product in

the world, but not if no one knows about you," Mider said.

Even with strong apparel sales, the largest percentage of sales is bikes. Trek's Project One program has been a big hit. "It's been a good seller for us, especially now that it's expanded. When you tell a customer about it that wants custom, it's a no-brainer," said Will Black, the store's general manager.

Despite its high-profile owner, Mellow Johnny's strives to be a community bike shop and social hub for cyclists.

The Juan Pelota Café (the pseudonym Armstrong often used while traveling) is a big part of the store vibe and draws regulars for Portland's Stumptown coffee.

Spacious on-site locker rooms and showers cost just \$1 for commuters.

The central, open service department strives to turn bikes around in 24 hours. "We're extremely proud of our service; we feel it's super important," said



Mellow Johnny's-branded items account for a large percentage of the shop's apparel sales.

Black. "We want people to be out riding their bikes, and we get them running on all eight cylinders."

Black said its prime location downtown is a blessing and a curse. Located in a former bottling and beer distribution center, the large open floor space allows the shop to host events, including live concerts when South by Southwest descends upon the city. But access can be an issue.

"We love our location downtown, but as construction is growing around us and there are more and more events downtown it can be tricky to get to. We

have to remind people we have a parking lot," Black said.

Like any local bike shop, Mellow Johnny's has challenges growing its customer base. "People perceive us as an elite high-end shop," said Mider. "But we do want to be more inclusive."

And lest anyone think Armstrong is not involved, think again.

"When he's in town he comes in quite often," said Black. "He's far more involved than most people would imagine, giving us input and suggestions for involvement. It's unique for someone like him to be involved." **BRAIN**

## Austin Tri Cyclist

**Employees:** 10-12

**Sales floor space:** 5,500 (downtown), 6,500 (Davenport), plus a 2,500 square-foot warehouse

**Years in business:** 19; 13 under current ownership

**Emphasis:** Multisport

**Main brands:** Cannondale, BMC, Boardman, Cervélo, Quintana Roo

**Owners:** Don and Missy Ruthven

**A**ustin Tri Cyclist's logo has become internationally recognizable, mainly because an armadillo on a bicycle is hard to forget. Racks of shop logoed apparel donning the iconic Texas animal are prominently merchandised in the store, which owners Don and Missy Ruthven have continuously expanded since they bought the business in 2001.

In the most recent remodel, Don and an employee with a knack for building installed new floors throughout the store and built dressing rooms in the shop's upper story, which also houses a new women's department.

"At this point, the entire store has been redone," Don said. "When we bought the business, it was one story, so we engineered some trusses and added on. We've done all the work ourselves." Other additions include employee showers and shipping containers used for storage, as the entire building is used for retail and three service bays.

Don estimates the second-story addition doubled ATC's retail space, allowing room for a sizable tri apparel section, a spacious bike fitting and training area, and an expanded swim and wetsuit selection that includes rental and demo

suits.

"Missy is the premier wetsuit fitter in the country, and there are probably only one or two other stores in the U.S. that stock as many wetsuits as we do," Don Ruthven said. "And honestly, we have a bigger inventory of swim than the swim shops in town."

The Ruthvens also stock about 150 built bikes on the floor, and bikes account for about 42 percent of ATC's sales. While ATC is a multisport shop that caters to triathletes, it also sells bikes and accessories for off-road riding.

Last year, ATC began adding more running shoe brands to its original line, Zoot, including Altra and Hoka One One, which has become its top-selling shoe. "We know we can't be the biggest bike shop in town because we can't touch Bicycle Sport Shop," Don said. "But our goal is to be the second-biggest bike shop, and the biggest running and swim store in Austin."

Part of that strategy involves attract-



Austin Tri Cyclist has served the city's multisport market in its current location since 1997.

ing new and visiting triathletes to the store. While ATC doesn't put on races or other events, the shop supports local and major events that come to town, and has a competitive women's team. "Events help quadruple the store's weekend sales," Missy said. "We do tens of thousands of dollars of business with athletes who come from Mexico for race weekends."

Store manager Kaleb West said ATC's strong Web presence, including online sales via SmartEtail, also helps bring out-of-towners through the door. "I think we're more well known than Bicycle Sport Shop nationwide, even though we're smaller," West said. "We attribute that to the Web, and the armadillo." **BRAIN**



Don Ruthven owns Austin Tri Cyclist with his wife, Missy, who is a competitive triathlete.



# Wash, fold, deliver by trike

Austin rolls out laundry delivery service on three wheels.

By Lynette Carpiet

When Gabriel Mandujano was thinking about where to expand his laundry and dry cleaning service on three wheels, it wasn't Portland, San Francisco or Boston that jumped out at him. It was Austin.

Mandujano, who launched his laundry bike delivery service in Philadelphia four

with the remaining third from residential, which includes students and families. Wash Cycle Laundry employs 47 people across the three cities, including riders, laundry staff, marketing and other administrative roles.

Austin's Wash Cycle Laundry rolled out Oct. 6, just a couple weeks before the BRAIN Dealer Tour. Tim Hussein, a pedicab driver from Arlington, Texas, moved to Philadelphia to work for Wash Cycle in 2013. When

personal circumstances required him to move back to Texas, he took up pedicabbing again. But he soon was recruited to lead out the expansion of service into Austin. And about a month in, business was slowly picking up.

"Nothing exponential yet, but it's picking up little by little," Hussein said in early November.

One challenge so far has been Austin's hillier terrain. Hussein's delivery bike is a Chinese-made trike outfitted with the Stokemonkey, a mid-drive electric motor for

cargo bikes developed by Portland, Oregon, retailer Clever Cycles, and a rear cargo box. While it provides some assist, it's not a throttle system.

"It works beautifully in Philly, but let's just say some of the hills here in Austin are pretty gnarly," Hussein said. "The hills you encounter every five minutes on any given route probably rival the biggest hill we've had to traverse in Philadelphia. And you can't just push a button and get to the top of a hill. You have to pedal for the electric-assist motor to kick in."

Hussein said the maximum cargo load is about 300 pounds.

In every city, Wash Cycle Laundry partners with a local laundromat that handles all of the washing, dry cleaning and folding. Cost is \$1.50 per pound in Austin, and turnaround on loads is 24 hours per order. Customers can book laundry pickup service online or by phone.

Hussein picks up and delivers to a two-mile radius from downtown Austin, but said he'll often go outside of that. For now, it's just him and a two-trike fleet. And so far he has delivered clean laundry to a barbershop, a dog grooming/pet shop, a bakery and a yoga studio—and also to a few homes and college students.

"A lot of people assume this is a gimmick at first," Mandujano said. "But the great thing about bikes is they make economic sense for delivery. They're a lot cheaper to use than trucks in urban markets. It's a win-win. It's good for the environment, but it's economically advantageous as well." **BRAIN**



Wash Cycle Laundry's electric-assist cargo trikes carry loads up to 300 pounds. The Austin service charges \$1.50 per pound for delivery.

**"A lot of people think this is a gimmick at first. But the great thing about bikes is they make economic sense for delivery. They're a lot cheaper to use than trucks in urban markets. It's a win-win. It's good for the environment, but it's economically advantageous as well."**

— Gabriel Mandujano, founder, Wash Cycle Laundry

years ago and has expanded to Washington, D.C., said Austin's mild winter, growing population and burgeoning bike culture all made the Texas capital an attractive third city choice.

"We get a lot of business from universities and other institutions. Salons, spas, yoga studios, hospitals and nursing homes make up the core of our business. And there's a concentration of them in Austin," said Mandujano, founder of Wash Cycle Laundry. "Being close to the University of Texas was also a big plus."

About two-thirds of the company's revenue comes from commercial businesses,

**BionX**

The e-bike that rides like a bicycle.



The most versatile e-bike system on the planet (from 20 to 29er)



Silent, lightweight, and powerful



Great margins!



"BBi2" - the world's best remote diagnostics tool for setup and ride-behavior analysis

BionX is the e-bike system of choice for more OEMs:

**TREK**

**smart**

**XTRACYCLE**

**yuba**

**OHM**

**eVO** ebikes

**NORCO**

For more information, or to become a BionX dealer, go to:

**>ridebionx.com**

or call us toll free at: 866-620-1109



Dealer Tour Austin



It's beer-thirty for Austin Tri Cyclist's armadillo mascot.



We dropped in on statewide advocacy group Bike Texas, where a solar-powered charge station is free for charging electric bikes and devices.



BRAIN's Val Vanderpool dresses the part at Austin Tri Cyclist.



The Dealer Tour crew crowds into Streamline Cycles' 262-square-foot Airstream trailer with owner Jesse Tonche (left front) and partner Brian Robbins (right front).



Cycle Progression mechanic Tim Carr shows off shop pooch Gigi. Good girl!

Photos by Gary Newkirk



## Dealer Tour Austin



Fast Folks owner Natalie Goforth wears her allegiance on her sleeve.



Bike frames and parts become art at Division One Bicycles.



Throughout our stay in Austin, we rolled from shop to shop on pink-accented tires provided by Dealer Tour sponsor Hutchinson in recognition of Breast Cancer Awareness month in October.



We couldn't help smiling at the greeting in front of Ozone Bike Dept.



Bikes from key victories in Lance Armstrong's racing career are featured throughout Mellow Johnny's, in which Armstrong is an active partner.

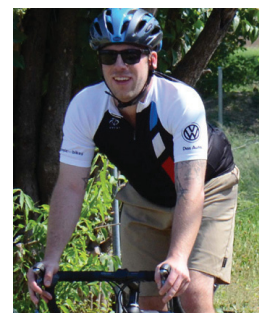


# Infrastructure a driving force behind bicycling in Austin

While every BRAIN Dealer Tour provides a solid insight into the inner workings of bicycling in local communities through local retailers, this trip through Austin shed new light on how infrastructure can influence these bike shops. With miles and miles of protected bike lanes and bike paths throughout the city, it is easy to see how bicycling has become such an integral part of Austin's identity in recent years.

However, these lanes, paths and this culture would be nothing without the local bike shops. Though each shop had a unique atmosphere and personality, the understanding that "customer service comes first" rang true through all 13 retailers that were visited on this trip. From this, it's easy to see how bicycle retailers in Austin are making sure these numerous bikeways are being put to good use. PeopleForBikes has helped local

groups and shops make biking better in Austin, the most notable being our work through the Green Lane Project. Seeing firsthand how these lanes and paths have influenced local bike shops by triggering increases in bicycle commuters and casual riders was truly a treat. Knowing that the lo-



cal retailers, infrastructure projects and groups like Bike Texas play a key role in the future growth of bicycling in the city, it's safe to say that there are only great things to come from Austin.

**Mitch Marrison**  
Retail program coordinator  
PeopleForBikes

## Tight community of retailers fuels robust Austin market

First let me say that I've been to both Portland, Oregon, and now Austin, Texas, as part of BRAIN's Dealer Tour and yes, they are both very cool towns—unique in their eclectic and diverse populations and their booming bike cultures—but Austin takes it in the weather department. Shorts and T-shirts every day versus layers of dry-wick and rain gear. Sorry, Portland, but I do think you take it in the doughnut department.



Austin bike retail is doing well and it seems that much of its success is due to a network of close-knit shop owners who have a very solid understanding of their market and their customer. Those customers reflect the diverse population, from commuters and tourists to triathletes, mountain bikers and families—you name it, and there was a rider for every type of bike.

And the stores catered to them all, ranging from small boutiques to ex-

pansive multi-store operations. There were multiple triathlon-specific retailers as well as an electric-only retail and touring operation.

Of course my favorite part of the Dealer Tour is meeting the retailers. Among them, we heard the amazing storied history of the Ozone Bike Dept.; learned about the family traditions that make up the foundation of Windmill Bicycles; and were treated to the very fun and lively atmosphere of the small-in-size-but-big-in-personality Clown Dog Bikes.

We are very proud of our diverse retailer group that represent the Advanced Sports International family of brands, and are looking forward to seeing Austin's bike culture and infrastructure continue to prosper.

**Frank Zimmer**  
Director of U.S. sales  
Advanced Sports International

## Witnessing retailers' passion an invigorating experience

What a beautiful industry we have! Our industry faces many challenges—an uncertain economy, online retailers, shrinking margins and increased competition to name a few. Three perfect bike riding days in Austin, Texas, while participating on the BRAIN Dealer Tour revealed a trait our industry enjoys in every city: Our industry attracts and rewards passionate, creative and resilient entrepreneurs.

Visiting four to five dealers each day riding in this eclectic and booming bike scene and having the opportunity to listen to their stories and learn about their path to becoming a member of our community was inspiring. Whether a large multi-store operation or a three-month-old neighborhood "bike mecca," hearing the passion and commitment come through as these retailers told their story with beaming pride as if they're raising a child was rejuvenating.

I believe we take our dealers for grant-

ed at times as we go about our business working hard to overcome the challenges we all face. Bicycle dealers are tough and smart. But most of all, they're committed to serving their communities. Each dealer we visited had grown and evolved in their own unique way, becoming a community asset. I am confident that as our industry continues to evolve, the bicycle dealer will have much to say about the future of our business. Many other industries face similar or greater challenges, but after three days riding my bike in Austin, I am excited about our industry's future because of the amazing people we attract.

Want to be inspired—or more likely, re-inspired? Get on your bike and visit the amazing bike dealers we have the privilege to serve. We have a beautiful industry.

**Roy Hough**  
General manager  
Hutchinson Tires North America



## Service a key part of retailers' mission in their communities

To say Austin is a competitive market for cycling is an understatement. I have had the privilege to ride along on a few BRAIN Dealer Tours in the past, and we would easily ride 50-plus miles a day while visiting four or five shops. In Austin our big day was 15 miles, barely a drop in the bucket. While it felt like you couldn't go two blocks without seeing a bike shop, every shop we visited was different and offered something unique. As the guys from Ozone Bike Dept. said, "It's more than just bikes, it's a community!"

The consistent theme at shops that were thriving was a community-focused way of doing business. This ca-

tered approach ensured that each shop looked after the local riders and helped to increase the appeal of cycling for all involved. Whether it was the work at promoting e-bikes done by Rocket Electrics, races and events put on by Jack & Adam's, or people grabbing a cup of coffee at Fast Folks Cyclery, these shops focused on what they could offer their community.

To that end, service played a key role at each shop. When you walk into a shop like Division One and see a service cen-

ter so carefully thought out and built, you begin to understand how much service means to consumers and the shop. Whether it is a commuter looking to get a flat repaired or the local crit racer coming in to get his Di2 tweaked, the mechanics were ready for anything.

This focus on service went beyond having highly trained mechanics. In a majority of shops it extended to an entire section of maintenance products from lubes and greases to tools and brushes.



These maintenance areas were always easy to find and an extremely helpful, and knowledgeable staff was close by to help if needed. There was no intimidation, just the tools needed to keep bikes running smoothly.

Each shop we visited did their best to tend to their local community, while working with all the shops in Austin to create a vibrant cycling city and culture. It was my privilege to get to know a few of these shops and learn more about their communities and mission.

**Derek Goltz**  
Marketing manager  
Finish Line Technologies Inc.



*See you on the road in 2015*



**HUTCHINSON**

[www.hutchinsontires.com](http://www.hutchinsontires.com)

Tubeless Nation