

Apparel

Zoic Clothing

San Diego, California
Years in Business: 11
Number of Employees: 3

Eric Swenson's road to Zoic Clothing and the company itself might not be what you think.

Swenson, a partner with Zoic, is originally from Boston. He moved to San Francisco after graduating from the University of Massachusetts with a sports management degree in 1994.



Eric Swenson

"I met Zoic at the old Napa Races in 1998, while I was working events for Powerbar," Swenson said. "After talking to the guys, I knew they were onto something and went to work in May of that year."

Zoic was the hottest thing since sliced bread in 2000. The company had just been nominated as REI Vendor of the Year, and mountain biking was experiencing a slight upswing.

"It seemed like everyone was buying mountain bikes, and our classic Vigor DeLuxe cotton short was killing it," Swenson said. "Still to this day, anyone you meet, whether they're in the industry, hardcore rider or casual consumer, talks about owning a pair of the old Vigor shorts."

In 2001, Zoic was sold to a multi-million dollar public company. Later that year, Swenson packed his bags for Lake Tahoe where he started a sales rep business, selling skis and snowboards.

Two years later the new owners came calling; they wanted Swenson back. The company had lost its focus and swagger. During this time span, the fog had been lifted from Zoic as the company moved south to San Diego.

"I figured it would be a good time to learn to surf," Swenson said of his decision to rejoin Zoic.

But the surfing would have to wait. Zoic was floundering because of the lack of attention and resources. In late 2004, Swenson and a business partner bought Zoic's assets, giving the company a much-needed fresh start.

Last year saw the reintroduction of the Zoic label with all new branding, designs, fabric innovations and some core mountain bike pieces.

"It was great to be back doing what we do best, making great product that's true to the sport," Swenson said. "It has been a great experience, and I think we are making a difference by pushing the product forward every year, while solidifying the brand. With Zoic not really in the news for a couple seasons, some dealers were a little worried about our future, but we've really taken the time to lay the basic foundations of the brand for years to come."

This year Zoic has again upped the ante. The company is introducing a bamboo/cotton fabric for several items including the men's Dose short (\$45) and two shorts from Zoic's new women's Streetside collection. Also new is Zoic's kids collection.

"Our product distinguishes itself from all our competitors, whether it's Hoss, Oakley, Swobo or any other brand in the space," Swenson said. "Our quality, construction details, pads and liners, and our ability to reinvent new product every year is our major competitive advantage."

Canari Cyclewear

Vista, California
Years in Business: 27
Number of Employees: 72

Who would have thought that the family behind Canari Cyclewear was also behind one of the top stain remover brands in the United States?

"We did manufacturing and had a company that made a stain remover called Zout. For years our family did that," said Chris Robinson, executive vice president of Canari, who works



The Canari Crew

alongside his brother and three sisters.

In 2000, they sold Zout to Dial and decided to "get something we knew, were into and had a good time with."

One of the first things they did after purchasing Canari was move garment production to its Vista, California, building from San Diego. "We were able to clean production up and implement definite QC processes, development and design areas," Robinson said.

Most of its cycling apparel is made in Vista, though some is outsourced overseas, including gloves, jackets and higher volume shorts. All custom and semi-custom apparel and much of its Canari-branded lines come out of the Vista facility.

"Since we do manufacturing in-house, we pick up orders from manufacturers that have lead times of 10-12 weeks. Suppliers that don't do business in-house can't fulfill needs in time," Robinson said.

Another area the Robinsons focused on was moving the brand beyond entry- and mid-level price points. "When we bought the business it was definitely the entry-level to mid-level brand in cycling," Robinson said. "We wanted to strengthen our foothold in that area

but also try to grow. We've done that by working with high-end developers and gradually making efforts to improve the quality and brand perception.

"We feel there's potential around \$70-\$80 price points for shorts. And over the past three to four years, we've done pretty good at getting a stronger foothold in higher price points," he added.

A couple of years ago, Canari hired a woman to lead the development of its women's-specific line. Since then it has introduced women's-specific fabrics, pads and fit. One of Canari's best-selling shorts is the women's Hybrid, which debuted last year.

Women's-specific apparel and custom represent the biggest growth potential. Custom currently makes up about 23 percent of overall business.

About 90 percent of Canari's apparel offerings are for road and 10 percent for mountain, however, this year the company took a serious look at the baggy side of the business.

"We built a new short (Singletrack Baggy) from the ground up working with Haro and so far we've gotten great feedback," Robinson said.

The company continues to do well on the licensing side, signing an exclusive deal with Dreamworks earlier this year to produce a Shrek jersey. "You think Shrek just appeals to kids but women and even men like them—there's a whole audience out there that wants that type of billboard," Robinson said.

One new offering this year is a pad that acclimates based on body temperature—cooling off when it senses heat and heating up when it senses cold.

"This is literally a gel insert and placed throughout a pad but it doesn't make you feel like you're wearing a diaper," Robinson said. Its G2 pad, which will be released in spring 2008, is a four-way stretch pad with gel inserts.

While the company has grown quite a bit the past few years, Robinson has ambitious goals.

"We'd like to see 15 percent growth this year, but our goal is to continue to improve the brand, the cachet, awareness and perception as well as grow the women and custom segments," he said.

Castelli USA

Portland, Oregon
Years in Business: 33 since brand creation in Italy
Number of Employees: 10

Racers and wannabes of the '70s and '80s revered Castelli cycling wear, worn with such panache by wheeled gods like Eddy Merckx, Francesco Moser and Bernard Hinault.

Deeply steeped in Italian tradition, the apparel line dates to 1876 and tailor Vittore Gianni of Milan. Armando Castelli, who joined the company in 1935 and bought it in 1939, built up the tiny cycling clientele by supplying professional teams, stitching for such post-war champions as Fausto Coppi.

Armando's son Maurizio, a promising racer before a crash ended a budding career, absorbed his father's craft and passion for excellence. He split away in 1974 to form Castelli, creating the brand and its scorpion logo.

All riders owe Maurizio a debt—he pioneered Lycra cycling shorts in 1978, then added sublimation dyeing to wildly colorize the peloton.

"That kind of heritage is definitely an important cornerstone for us. Those are the things we measure ourselves against," said Greg Cowan, president and majority shareholder of Castelli USA.



L-R: Rich Franca, director, sourcing and development; Greg Cowan, president; Chris Chapman, Sportful brand manager; Mike Sheppard, operations director; Anna Fort, senior product developer, Lauren Thies, project and account manager.

"It goes to what we try to do: provide innovation to our products for the cyclist who demands performance. That's what they did then; that's what we try to do today," he added.

Cowan, who took over not quite two years ago, said Castelli USA maintains a close partnership with Castelli Italy, the American company's second largest shareholder.

"They do probably 80 to 90 percent of the research, development and design, and we import 25 to 30 percent of our goods from them. We source about 70 to 75 percent ourselves," he said, primarily from within the States.

Why did Cowan come out of retirement to take over Castelli?

"It's simple: it was a great brand with a great heritage. Even though it was financially troubled, the potential for resurrecting the brand was great," he said.

The brand is definitely rebounding. "We'll have basically doubled in two years," Cowan said. The number of outside reps went from five to 17, and retailer numbers are up by about 40 percent.

"We came out with a more technical line and maintained the fashion heritage of the brand. So we improved the product's functionality, freshened it, and made it relevant again. It had gotten a bit stale," he said.

Cowan lists recent innovations such as the Superleggera jersey, the world's lightest at about half the weight of a standard jersey, and the Split Second jersey, wind-tunnel tested as the world's fastest and upgraded for '08 as the Split Due.

Castelli also redesigned the strapping and cut on its Free Bib to make it more comfortable and open up breathing room. "And *Bicycling* magazine picked our Wicked short as the best under \$100," Cowan said.

He's keeping the brand at the premium level. "We're not going to compete for a \$39 pair of shorts," he said.

And the future? "I'd say we want to continue to bring great product across all of our price points, and continually look at new materials and fabrics. We continually re-evaluate how consumers are using our products and always try to bring out new and innovative products," he said.

Sugoi

Vancouver, British Columbia
Years in Business: 20
Number of Employees: 240

While most apparel companies have moved manufacturing offshore, Sugoi still makes 35 percent of its apparel in-house.

Stan Mavis, the company's president, said the ability to manufacture garments gives Sugoi a leg up. "The production people are so familiar with our product, it's much easier to source



Over 200 people work at Sugoi headquarters.

also will share Cannondale's planned European distribution center in the Netherlands.

But Mavis said that Cannondale has been careful while leveraging its resources to preserve company culture. "The best thing is they've left us alone," Mavis said. "You think about so many companies that have been acquired in the sporting goods business, and they try to integrate this or synergize this, and it ends up taking out the heart and soul of the company. They have been very careful to make sure the culture of Sugoi stays intact."

Mavis joined Sugoi in January 2006, bringing a wealth of knowledge of sporting goods apparel and footwear. Along with founding Pearl Izumi in the United States and growing it over 12 years, he has worked for Hind and Brooks Sports.

Mavis will continue to position Sugoi as a premium brand. "The position of the company always has been premium," Mavis said. "It's one we're going to work really hard to maintain."

and work with other companies as well. Our biggest advantage is our ability to prototype; we can prototype faster than anyone that doesn't have the same kind of setup," Mavis said.

Its in-house capabilities also allow Sugoi to focus on custom apparel. Custom accounts for 20 percent of Sugoi's business, and is growing faster than any other segment, according to Mavis.

"It gives us the ability to do full custom sublimation in house. We do art, papers, transfer, cutting and sewing, so we can turn out a jersey in an hour if we want to," he said.

David Hollands and Carol Prantner founded Sugoi Performance Apparel in 1987 in Vancouver, British Columbia. Canada's work policies and insurance requirements, which are more lenient than those in the United States, made it feasible to manufacture there.

The company remains in Vancouver, but has strengthened ties to the United States since Cannondale acquired it two years ago.

Cannondale has made strategic moves to open a distribution center for Sugoi in Bedford, Pennsylvania. Sugoi

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Sugoi organizes its line into three categories: power, core and advanced. "Power is for that rider that is serious about shaving seconds, lowering heartbeat and creating more power, core is the recreational group and the advanced category is more lifestyle inspired," Mavis said.

Sugoi's spring line features new fabrics applied in specific ways. Its race series features aerodynamic fabric applied in what Sugoi calls "zonal construction." "It conforms to the body and to the body's movements through the bike and through the air," Mavis said.

Sugoi also is bringing a new fabric called Evo Plus into its power group at an attractive \$80 price point. In the advanced category it is offering new lined shorts made of stretch fabric for functionality.

Sugoi also has a new collection of gloves for 2008. Mavis said offering a full array of gloves is part of Sugoi's strategy to be a complete resource for retailers.

Pearl Izumi

Boulder, Colorado
Years in Business: 57 years in Japan, 26 years in U.S.
Number of Employees: 175 globally

When other apparel makers were hesitant to offer bib shorts in the \$300 range, Pearl Izumi responded with a \$500 short with built-in MP3 player and microphone that interacts with a Blue-

tooth-enabled cell phone.

"In the context of \$8,000 to \$10,000 bikes, a \$300 plus short really is not that outrageous," said Rob Mossman, vice president of sales.

This year Pearl Izumi focused most of its energies on a completely revamped mountain, triathlete and road shoe line. The company is keeping mum until the show, but hints its flagship road shoe should come in around 200 grams (7 ounces) in a size 43.

The brand was launched in Japan in 1950, and the Japanese company and its U.S. counterpart maintain a close relationship even though there is no formal business tie.

The U.S. company established its first wholly owned subsidiary in Europe in 2000 and is seeing its international business mushroom.

Crossover is a growing trend



Tony Torrance, Pearl's footwear designer

in apparel sales in the United States.

"At events like Elephant Rock, the Santa Fe Century and Ragbrai there are more cyclists on the road with mountain bike shoes, baggy shorts and a hydration pack," said Cache Mundy, vice president of marketing.

To address this Pearl is expanding its Versa line of loose-fit apparel that can be mixed and matched with other loose-fit or compression apparel for road, mountain or urban riding.

One hot segment is women's footwear and apparel. Explaining why sales are so strong, Todd Grant, national sales manager, points out that the number of women buyers and sales staff has grown. Women merchandising clothing for women, and women selling clothing to women is key.

"Female consumers are used to shopping a larger base of retail locations and there appears to be a growing trend of female-specific stores such as Title Nine

and Outdoor Divas successfully selling cycling apparel," Grant said.

Bike shops are Pearl's core retail channel; it estimates it's in about 40 percent of them. "There is not a great deal of crossover between our running shops and cycling, but we do see a growing number of triathlon-focused retailers doing a great job of selling both run and cycling," Mossman said.

Natural fibers are the rage in outdoor clothing now, and Pearl offers socks

and warmers from natural fibers.

To reduce manufacturing waste, its MicroSensor headbands are produced from leftover fabric from its shorts. And Pearl is working to minimize the packaging on its products.

Pearl's spring 2008 catalog was printed on New Leaf paper and includes an environmental report card. The company is looking into a similar standard for fabrics and other materials so it can put information in front of the consumer.