

# Bicycle Retailer AND INDUSTRY NEWS

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## Heard on the Street



Wheel Giant's Grace Ruan addresses the A-Team meeting on Thursday.

**Whither Cambodia?** It seems a discussion about Cambodia at Thursday's A-Team meeting may have touched a nerve. Public mention of key brands now making bikes there, just across the border from Vietnam, was off limits. Grace Ruan, chairman of Wheel Giant and BRAIN's agency in Taiwan, offered A-Team members her view on the pros and cons of bicycle production in Bangladesh, Vietnam and Cambodia. But she was reminded that diplomacy called for circumspection, particularly when it came to naming names. At BRAIN, we like to name names. Specialized, of course, has been building children's bikes—24 inches and smaller—in Cambodia for several years, as we've previously reported. No big secret. Felt sources some models there, as does Europe's Accell Group. Most of the bikes made in Cambodia are destined for Europe, where Cambodia is currently free of punitive import duties. Still, several A-Team members are intensely focused on keeping bicycle manufacturing in Taiwan and China, and they take a dim view of major brands roaming far afield from their established factories. China's domestic market is where they believe future growth must occur. So building component and accessory factories in Cambodia to support frame production and assembly is a topic best left to private conversations. While investing in production facilities in Cambodia, or any other country for that matter, is always a capital risk,

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# New general manager looks to revive sales of Exustar products in U.S.



Exustar grew out of a subsidiary brand first established at Taiwan pedal maker VP Components.

TAICHUNG, Taiwan—Exustar is a small manufacturer that has big plans as it begins to rebuild sales in the U.S. market for its shoes and pedals.

Sam Zhao, president of Exustar Global, said the company is revamping its policies, cracking down on discounted web sales, and wants to rebuild a new base of independent retailers and

distributors in the U.S.

"To be successful in the U.S., a brand must control its distribution and pricing so customers can make a decent profit," Zhao said in an email interview with *Bicycle Retailer & Industry News*.

Zhao recently hired Dannie Nall, a longtime industry



Dannie Nall, U.S. general manager for Exustar

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## NEWS BRIEFS

### Guru makes its first appearance at Taipei

Robert Pinazza made his first-ever trip to Taiwan and to Taipei Cycle this year. The time seemed about right. Pinazza, Guru's vice president of sales, said the Canadian brand has seen a consistent increase in demand from consumers and retailers in Asia. The brand set up Chinese



Robert Pinazza

distribution a year ago, and also has distribution agreements in Japan and Thailand, but it's looking to pick up distribution in Australia, Malaysia and other Pacific Rim nations, and was at the show to make those connections. Guru's newly released Photon Series of bikes caught the eye of at least one multi-store run and triathlon

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# Exustar

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veteran, as the company's U.S. general manager. Nall has begun to restart Exustar's business out of Fort Collins, Colorado. Nall already has signed Texas distributor Hans Johnsen, the first since Exustar's general exit from the market several years ago.

"After collecting all the inventory from a previous distributor and a third-party warehouse and moving it all to a new warehouse in Fort Collins, the next priority has been to contact previous customers to let them know Exustar is here in the U.S. again," Nall said.

"The second challenge has been to rein in distribution. Over the years Exustar product has been sold on many uncontrolled websites and through a plethora of distributors," added Nall, who has worked for companies ranging from Specialized to mass-market supplier Dorel.

Zhao is realistic about how competitive the U.S. market is for shoes and pedals. "Bike companies have their own brand of shoes



Exustar's relaunch in the U.S. is focused on shoes, pedals and pedal-related parts.

and they are well established. But there is always room for new brands with good products," he said.

Part of Nall's plan is to concentrate efforts on selling shoes, pedals and pedal-related parts. The company also sells a variety of accessories ranging from helmets and bottle cages to saddles and titanium bolts. From Nall's perspective, the brand offers dealers a line that differentiates them in competitive markets.

The company traces its roots to 1993 when VP Components—a major Taiwan pedal manufacturer—launched Exus as a special project focused on high-end pedals. Several Exus engineers, convinced that competitive cyclists would be better served with fully integrated clipless pedaling systems, began producing shoes as well as pedals.

The Exus team subsequently bought the brand from VP and relaunched it as Exustar. The new group began making carbon fiber products in 2004 and in 2008 launched Exustar Pro, a high-end line of cycling products. The company also entered the motorcycle market with boots, helmets and apparel. It currently manufactures its pedals in Taichung, and its shoes are made in Taiwan and China.

Today, the company generates about \$10 million in revenue with offices in the Netherlands, China, Taiwan and now the U.S. While bicycle equipment constitutes most of its sales, its motorcycle line, especially boots, is growing, Zhao said.

Europe remains the company's biggest source of sales, but business is growing in Asia and Latin America. Still, Zhao and Nall said the U.S. market is a priority.

"The plan is to develop a network of good IBD distributors with sales reps to cover the IBD market. Shoes and pedals are products that are best sold by knowledgeable people who can give tech talks to retail staff," Nall said.

Currently, the company has a limited selection of shoes, pedals and parts in Fort Collins. Dealers earn keystone pricing on orders and the U.S. office will handle customer service.

# Taipei Cycle Day 2



At the ATC party at the Howard Plaza (left to right): Kimo Toguchi, managing partner at American Cyclery in San Francisco; Chris Speyer, executive vice president of product and marketing at Raleigh America; Mark Landsaat, senior product manager at Raleigh; Bradley Woehl, American Cyclery's owner; and Steve Bellefeuille, Raleigh's director of purchasing.

Kind Shock general manager Martin Hsu toasted with guests at each table during the company's annual dinner. This year, the gala included a 10-course meal, live music and breathtaking views of the city from Taipei 101's 86th floor.



Guests go "Gangnam Style," joining the performers on stage at the Kind Shock dinner.



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## Heard on the Street

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privately discouraging such ventures among the A-Team's 20 members does make for interesting conversation. Let's just call it the "Chiwan" strategy.

**Accell accelerates I:** Rene Takens, Accell Group's CEO, offered a few words of welcome to employees and several hundred guests at the company's annual bash in the Howard Plaza Hotel in downtown Taipei. He also announced a name change. DTC, Raleigh's longtime trading partner before Accell bought Raleigh last year, is now officially owned lock, stock and shares by Accell Group. Instead of DTC, it's now known as ATC, or Accell Trading Co. Takens and others quipped they changed the name to ATC when no one could recall what the "D" stood for.

**Accell Accelerates II:** Greg Blackwell refers to himself as Seattle Bike Supply's president "in training." Black-



**Greg Blackwell will take over as president of Seattle Bike Supply in June.**

well, a tall and personable Californian who now lives in Seattle, has been sharing an office with Chuck Hooper, SBS's longtime honcho. Hoop retires in June and Blackwell can then move from the conference table to Hooper's desk. Blackwell is attending his first bicycle trade show and this is his first visit to Taiwan. A distribution expert Accell snagged from the motorcycle industry, Blackwell was in and out of Japan many times over the years, where brands like Honda, Suzuki and others are headquartered. As an aside, Blackwell and his wife enjoy scooting about Seattle on some very hot Ducatis. Hmm ... perhaps they should plan a ride with Scot Nicol.

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retailer from the Philippines on Thursday, who dropped in to ask about distribution in that country. Pinazza said that Guru's higher-end bikes are manufactured entirely at its Quebec facility, and that appeals to many Asian customers. The show's timing also coincided with the Photon Series' midseason launch, providing a global stage to unveil the lightweight carbon bike line, he said. Guru showed the three-model lineup at the North American Handmade Bicycle Show a few weeks ago. The HL (Hyperlight), R (Race) and SL (Superlight) come in stock and custom geometries. Prices range from \$4,500 (stock SL) to \$8,500 for the sub-670-gram (54-centimeter size) custom HL frameset.

## Germany's Cratoni taking a crack again at U.S. market



Oliver Lennarz-Kellner

German helmet maker Cratoni is taking a second stab in the U.S. The company recently announced plans to re-enter the already crowded lid market in North America, teaming up with SKS USA, which will be its exclusive distributor. At the show, Cratoni export manager Oliver Lennarz-Kellner had the brand's 2013/2014 lineup on display. Only eight models will be immediately available for U.S. consumers since the company will have to ensure they meet strict U.S. Consumer Product Safety Commission helmet testing before putting them on retail shelves. Likely the U.S. versions will be heavier since European standards are much more lax, Lennarz-Kellner said. The range begins at \$69 for the one-size-fits-all C-Blaze and goes all the way up to the \$189 C-Breeze in road and mountain bike versions. The Bullet is a lightweight road helmet that will sell for \$159 and weigh less than 200 grams. Lennarz-Kellner says the company still gets one or two emails a week from U.S. consumers asking for replacement liner pads for helmets the company sold in the 1990s, which is encouraging. "We're optimistic about the U.S.," he said. "We believe in our product. In every category of helmet we're one of the lightest with fantastic ventilation." Cratoni has been around for 27

years and is well known in Europe. It's among the top five helmet brands in market share in its home market, Lennarz-Kellner said. Cratoni helmets are sold in more than 70 countries. The eight-helmet line should be in stock in the U.S. by July.

## Bushing maker Saint-Gobain pushes into roadie realm

Saint-Gobain, a French company that is more than 300 years old, is expanding its business in the bike market, branching out from supplying mountain bike makers with suspension bushings to supplying road bike component makers. The company's Norglide PTFE bearings are used in SRAM road bike components, including its shifters and derailleurs. The company's bike market manager, Paul Humphreys, said front and rear SRAM road derailleurs contain a total of 15 Saint-Gobain-made bearing sleeves. Cane Creek also uses a bearing from the company in one of its headsets, and Humphreys said a certain "major Japanese component company" he could not name also has used its products. Saint-Gobain was founded in 1665 as the Royal Glass Works. It's now a \$56 billion company whose primary business is in the construction materials market.

## Soma Fabrications set to release road bikes for kids

You don't see many American retailers strolling the aisles of Taipei Cycle. But Bradley Woehl and Kimo Toguchi, owners of American Cyclery, are show veterans. Besides retailing, the duo also moonlight as product managers for distributor Merry Sales' in-house brands, which include Soma Fabrications, IRD and Paké. So they stroll the show looking for product ideas and sources for their next bike or part. Here at the show they were going over final spec and details on the Bart and Lisa, two new road/touring kids' bikes they're introducing under the Soma brand this summer. "All the kids' bikes on the market now are designed as an afterthought," Toguchi said. "We know it's not a huge market, but it's our passion because we have kids and think parents who are into cycling would buy it." Woehl has a 6- and an 8-year-old who are his testers. Toguchi has a 6-year-old and a 6-month old. The bikes, which will come in 20- and 24-inch wheel sizes to start, will be available as steel framesets with separate parts kit that includes kid-size cranks,

wheels, pedals, saddles, brake levers and bars (flat and dropbar options). They should offer weight savings over traditional kids' bikes. Toguchi and Woehl hadn't set a price for the frame and parts kit, but they estimate the complete bike can range between \$800 and \$1,500 depending on the drivetrain spec shops select. Soma is starting out small, offering only 100 framesets. Tange is its frame and bar supplier. "Our goal is to drive the price point down to be more accessible," Toguchi said.

## Saris finds growing market for racks, power meters in China

Wisconsin's Saris is expanding in China, where a growing middle class is eager for its power training equipment and auto racks, company spokesman Daniel Carruthers told BRAIN. Saris has two distributors in the country for its CycleOps power meters and is developing a marketing campaign that includes the Chinese versions of Twitter and Facebook, "ambassador" consumers, contests and power training clinics, some of which Carruthers leads. Saris also is selling its auto racks in China, he said. "Consumers have cars now and they want to transport their bikes outside the city to the mountains," he said. Carruthers noted that all Saris products are still made in the U.S. and shipped to China, a system that reduces the possibility its products will be counterfeited by Chinese factories or sold "out the back door" of factories, he said. "For CycleOps, that's no problem. And the power meters are very technical and hard to copy," he said.

## Kali preps new road helmets, grows in Asia

Kali Protectives, which launched its cross-country mountain bike helmets last year, is getting ready to ship its first road-specific helmet, company founder Brad Waldron said. (The company's Maraka helmet, released early this spring, comes in both road and XC mountain versions.) Kali's \$190 Phenom model will ship in about 60 days, he said. Another road helmet, still unnamed, will be available in 90 to 120 days and will retail for about \$99. Waldron said about two-thirds of the company's sales are in the U.S., with significant sales in France and Germany as well. Sales are also growing in Asia, and the company recently introduced its first model sized for an Asian head form.



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