



# Bicycle Retailer

AND INDUSTRY NEWS



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## Heard On The Street

### Randy Restaurant

Corralling a dozen editors from three countries and herding them into an old barn masquerading as a restaurant on the outskirts of Livigno, Italy, can test any cowhand. But



we walked in a large glass window offered a birds-eye view into...the barn. And behind the glass were a half-dozen goats chewing their way through that evening's meal of hay—sans cheese and wine, of course. And across from the goats were two donkeys—a frisky fellow and his hoped for mate more interested in hay than amore. It was a scene, prompting a round of ribald comments from the inspired guests.

### Restaurant Payola

Our hostess and our waitress was not a spring chicken. But spry she was, dishing out plates of cheese, meats, bottles of wine and water with a swift hand. But as we left, word flashed through the party—*No Credit Cards Accepted*. Who would stay to do dishes? After convincing our hostess that we weren't deadbeats, Easton-Bell's Senior VP of Cash, Greg Shapleigh, rounded up the gang, stuffed us in vans, and drove us back to the hotel. He and Chris Battig, owner of Chris Sports System, a Swiss distributor, began roaming the streets of Livigno seeking a few willing ATMs to pay the 700 euro bill. Our hostess was much relieved when they arrived late at night cash in hand.

## Shimano, Specialized, Sidi Face New Competitor in Shoe Market

LIVIGNO, ITALY—Giro is officially in the shoe market. Backed by the resources that its parent company Easton-Bell can deliver, Giro is taking aim at the big three in cycling shoes—Shimano, Specialized and Sidi.

The company unveiled its modest, seven-model line of road and mountain bike shoes—two days before Eurobike—in the resort town of Livigno, high in the Italian Alps in weather that ranged from bright and sunny to wind, rain and snow.

The timing was key. Eurobike, which draws thousands of retailers, offers a first-hand look at the new road and mountain bike line. Those who follow the gritty details of the Tour de France may have spied Levi Leipheimer wearing Giro's pre-production Prolight SLX shoes.

Greg Shapleigh, senior



Giro's top-of-the-line Prolight SLX is a three-strap shoe that weighs 205 grams.

vice president at Easton-Bell overseeing the launch, described Leipheimer as "fanatical" when it comes to shoe fit. He had been wearing Trek's Bontrager line but switched to Giro after testing the shoes. "He's fanatical about fit and he doesn't even have an unusual

foot," Shapleigh said.

Leipheimer has a relationship with Giro; he wears its helmets. He also lives in Santa Rosa, California, not far from Giro's headquarters near Santa Cruz. That helped get him into the shoes, Shapleigh said.

See Giro on Pg. 2



## Greg Shapleigh

Senior Vice President for Easton-Bell Sports who oversees the Giro, Bell and Easton Cycling businesses

# Q&A

Ask the staff at Giro about Greg Shapleigh and this is what they tell you—he's a thoughtful, low-key and decisive leader. He's also very competitive, whether at work or play. And there is a noticeable glint in his eyes when the topic turns to the launch of the company's new road and mountain bike shoe line.

Taking on Shimano, Specialized and Sidi, the market's benchmark brands, isn't

See Greg Shapleigh on Pg. 3



# Giro *Continued from pg 1.*



Eric Horton, Giro's industrial design manager for softgoods, holds the Factor, a mid-price road shoe from the company's new collection. Giro is showing seven models that comprise its 2011 offerings here at Eurobike.

Leipheimer, who just won the grueling Leadville 100, wore Giro's new Code mountain bike shoes—a pair given to him just three days before he set a new record at Leadville.

But for most in the industry, Eurobike is a chance to check out a new competitor gunning for a share of the \$160 million wholesale cycling shoe market.

At the same time, the company will take a shot at the general footbed market with its new "Supernatural Fit Kit"—a footbed with three interchangeable arch supports in small, medium and large.

The kit will come free with Giro's premium priced shoes, but will be an aftermarket item that retailers can sell with Giro's lower priced shoes or sell as a stand-alone footbed. Retailers can easily cut their footbed SKUs with the \$50 package.

Giro is gingerly stepping into the market with just seven models for 2011. In 2012, the line will balloon to 20 models as Giro trickles down its technology and experience into lower price points.

This season, however, its road line includes three men's models and one for women—the Espada, an elegant design that retails for \$199. The men's

line starts at \$199 for the Trans; \$280 for the Factor, and \$350 for the Prolight SLX. (For weight watchers, the Prolight tips the scale in a size EU 42 at 205 grams.) Sizes range from EU 39 through size 48 with half-step sizes throughout the line. The women's Espada, sized from EU 36 through 43, also features half-step sizes.

On the mountain bike side, the men's top-of-the-line Code retails for \$279 while the Gauge sells for \$199. The women's mountain bike shoe, the Sica, is priced at \$199. Men's sizing ranges from EU 39 through 48.5; the women's Sica ranges from 36 through 43.5.

Shapleigh said Giro's sales force of 40 independent reps in the U.S. market will focus on retailers who embrace the company's philosophy and technology. (See the October issue of *Bicycle Retailer & Industry News* for a complete run-down on Giro's technical positioning in the market.) Still, aggressive pricing may help convert the undecided.

In general, retailers can expect to make a 50-point margin on the shoes. That could easily increase to 60 points depending upon commitment and volume.

"We start at 50 and add on discounts," Shapleigh said. —Marc Sani

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# Greg Shapleigh *Continued from pg 1.*

for the faint-hearted. But Shapleigh's a bike guy. At age 13, he worked part-time at a shop in his hometown of Cincinnati, Ohio. That was 1983. He raced bikes through high school and college and after graduating, moved to Santa Cruz, California, to race full time.

After a season in California and then a season racing in France, he returned to Santa Cruz to join Giro. He's been a product manager, brand manager, director of marketing, vice president of marketing and product development, and now, at age 42, he's senior vice president for Easton-Bell Sports and oversees the Giro, Bell and Easton Cycling businesses.

**BRAIN:** *How long has Giro been studying the footwear market?*

**Shapleigh:** *Cycling footwear is a category that has always interested us, but all of the ingredients didn't come together until about two-and-a-half years ago. At that time we started actively researching the market and defining our vision for Giro.*

**BRAIN:** *How many units of road and mountain bike shoes do you estimate are sold worldwide each year and what's their dollar volume?*

**Shapleigh:** *We think the worldwide cycling shoe market is approximately 4 million pairs. We believe the worldwide dollar volume is about \$160 million at wholesale.*

**BRAIN:** *In your research, what were the opportunities and obstacles you found?*

**Shapleigh:** *We felt that no brand was offering the ideal combination of fit, performance and value. A few offer two of the three, but every brand seems to come with a compromise. Our objective was to bring to market a 'no compromise' footwear program. There are always obstacles and our way of creating product is inherently difficult. We hold ourselves to high standards and always want to bring products to market that are superior to what's available. This forces us to try new things and it takes a long time to prove out great ideas.*

**BRAIN:** *Why now? You face a formidable competitive set—Shimano, the overall unit leader including its subsidiary, Pearl Izumi; Specialized and Sidi.*

**Shapleigh:** *There is no significance to the timing of our launch. We didn't start with a business plan and work backwards. We started with some ideas for how to make*

*better cycling shoes and set about bringing these ideas to life. Once they were ready, we began planning the launch schedule. I always assume that our competitors will be strong, but I keep our team focused on Giro. And we are quite comfortable in the role of challenger. History has shown us that if we execute our strategies well, we will be successful.*

**BRAIN:** *What's your strategy in terms of selling into retail?*

**Shapleigh:** *We plan to launch the footwear program with our best retailers, ones who support our brand and who are willing to take the time to explain to their customers the technology and philosophy behind Giro footwear. In turn, these dealers will make great margins selling our shoes and will receive additional support including retail merchandising and dealer listings in print.*

**BRAIN:** *Where will you position your brand price point wise?*

**Shapleigh:** *Overall, our first collection features road and mountain bike shoes at premium prices: \$200 to \$350 at retail. With subsequent collections we will trickle down Giro footwear technology to lower price points. More than ever we know that our retailers need products and prices that appeal to a wide audience and we will move quickly to expand our footwear product line to meet those needs.*

**BRAIN:** *Will you package shoes as part of your Giro/Bell/Easton orders?*

**Shapleigh:** *Giro footwear will have its own sales program with discounts and incentives that mirror those in our helmet and accessory program. But we will only work with retailers who understand what makes Giro shoes special and who are excited to share them with their customers. We are not going to leverage them into our dealer base. All of our products are sold through independent sales reps and we provide service through our in-house customer service group and our B2B site.*

**BRAIN:** *What countries will get first crack at the new line?*

**Shapleigh:** *Giro footwear will be sold in Canada through our exclusive distributor: Outdoor Gear Canada. Besides the U.S. market, the shoes will also be available in Britain, Germany and Switzerland.*

—Marc Sani

## Velo Saddles To Detail Plans For Push Into Aftermarket

**V**elo Enterprise, the largest player in the OEM saddle market, has scheduled a press conference at this week's show to reveal details on a planned expansion into the aftermarket.

Velo will announce its new business strategy Thursday morning at 11 in the Rome conference room.

The company's new PR team, ITMS, is expected to touch on a new advertising and dealer campaign to support Velo's aggressive push into the aftermarket.

The aftermarket lines include Velo's Plush and Senso saddle groups as well as its Attune grips and Wrap grip tape.

Plush is a line of comfort saddles targeted at the entry-level rider and Senso is Velo's mid-range performance line.

Although the products have already been sold aftermarket for two years, Velo has never promoted their sales or specifically supported dealers or distributors who carry the lines.

Velo's Ann Chen said the saddle behemoth recently decided to change this relaxed approach due to the number of consumers contacting Velo's headquarters looking for product after seeing the Velo name on other saddle brands.

The Taichung, Taiwan-based manufacturer has hired German public relations firm ITMS marketing to head up the project, which includes a revamped Web site directed to consumers instead of the trade, new product slogans and advertisements, dealer newsletters and POS displays.

Velo manufactured 15 million saddles in 2009 in its four factories located in Taiwan and China, and reported revenue of \$49 million. The company was founded by Stella Yu in 1979.

—Nicole Formosa



# Eurobike Is Bustling, But Product Managers Eye Taichung Bike Week

**T**aichung Bike Week continues to grow in importance and organizers are asking participants to register now even as Eurobike kicks into high gear today.

Product managers already are quietly focusing on 2013 products amidst the bustle at the industry's biggest trade show.

More than 100 exhibitors are expected to participate this December at the Taichung event offering a peek at 2013 model-year prototypes, said Steve Fenton, owner of Pro-Lite.

"If we know how many people are coming, we can gear up," said Fenton, a volunteer organizer for Taichung Bike Week.

"We are growing Taichung Bike Week by making it easier for people to get there, easier to get around while there, and easier to interact with other product managers and vendors who are there," Fenton said.

Exhibitors also represent a broader range of products. "In the beginning, Taichung Bike Week was a high-end OEM event," Fenton said. "Now you've got a broader base of

product managers who are doing mid- to high-end bikes, so now there are more manufacturers coming in."

Depending upon the company and the goal, the eight-day schedule can be confusing.

The official Taichung Bike Week runs from Dec. 5-8 and is held at the Evergreen and Tempus hotels in downtown Taichung. Both are within easy walking distance of one another.

Taking place at about the same time is Ride On Taiwan, which combines product presentations with test rides, from Dec. 1-6. And then SRAM's annual Taiwanathon is held Dec. 5-8.

To attend Taichung Bike Week, register at the event's Web site, [www.taichung-bike-week.com](http://www.taichung-bike-week.com). Cathay Pacific, the event's official airline, is offering discounted fares to Tai-

wan. Those offers are available through a link on its Web site.

Participating hotels, including the Tempus (formerly known as the Landis), the Evergreen, Hotel One and the Holiday Inn Express are offering special room rates for those who contact them through the Taichung Bike Week Web site. Room rates are available for about \$100 a night, including breakfast.

Beginning this year, those who want to attend the popular Taichung Bike Week dinner, hosted by Taichung's mayor, must register in advance. The dinner event has become too big to accommodate drop-in attendees.

The City of Taichung also will have buses running every 30 minutes between the Evergreen and Tempus hotels and the far-flung Freshfields, where Ride On Taiwan takes place.

## Sleepy German Town Awakens As Crowds Arrive for Eurobike

**W**hen Eurobike officially opens its convention center doors today several thousand retailers will pour into the multi-hall complex and once again reaffirm Eurobike's role as the world's most important industry trade show.

Over the years Eurobike has created an international brand and a loyal following among its customers that other shows can only envy. "Our trade show venue has won the loyalty of the bicycle industry because of the atmosphere at Eurobike," said Stefan Reisinger, the show's project manager.

It's also become a key show for the worldwide media. This year more than 1,500 journalists will prowl the halls snapping photos, taking notes and uploading thousands of digital images to the Web. Many exhibitors, aware of the show's reach among the media, will unveil new products in hopes of sparking a buzz among the wired generation.

An Le, Giant's global marketing manager, sums up what many suppliers say about Eurobike. "Eurobike is now our global show. We come there to showcase our global line of bikes and products and, from a trade show standpoint, it's our official launch."

And Giant has company—more than 1,100 exhibitors from dozens of countries will fill 12 halls plus a nearby hangar once

used to house the town's most famous product, the Zeppelin. (These semi-rigid airships are still manufactured here and are often spotted floating lazily over nearby Lake Constance.)

Exhibitors will showcase their wares across 1.1 million square feet of space as an estimated 35,000 visitors swarm the open-air halls during Eurobike's three-day trade fair.

On Saturday, thousands of consumers will brave traffic jams that snake for miles along the two-lane roads leading to Friedrichshafen just to get a glimpse of 2011 bikes and accessories.

"Eurobike 2010, now in its 19th year, continues its growth curve," said Reisinger, describing Eurobike as the "most important" platform among trade shows now on the calendar. In terms of importance, Eurobike trumps Interbike, the Taipei Cycle Show and China Cycle held in Shanghai.

While German retailers have laid the foundation for Eurobike's ongoing success, today the show attracts retailers from throughout Europe. Walking the halls is to hear a potpourri of accents and languages.

In terms of numbers, the German market is the largest in Europe. Last year 4.3 million units were sold at specialty retail, almost a million more than in France, Europe's second largest market. And the



European market is predicted to grow as Germany and other European nations view the bicycle as a key component in solving a host of transportation, environmental and health problems.

While it's too early to tell how profitable the German market was this season, especially given some of the wet weather that's plagued parts of Europe and the weakening euro, Reisinger said most dealers were generally satisfied with sales.

"Even though the weather conditions were not perfect this season, their business is running at a high level," he said.

And Eurobike is paying attention to the future as it expands its reach into the burgeoning demand in some markets for electric bikes.

Last year Eurobike hosted 76 exhibitors selling electric bikes and parts with many housed in the Zeppelin hangar across from Hall A2. This year more than 120 exhibitors will tout their electric products and Eurobike has set up various test tracks for retailers to take bikes out for a spin.

—Marc Sani