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BIG DOLLARS, BIG INFLUENCE?

Advocates tout industry's economic impact—a reported $6.5 billion in U.S. retail bicycle sales alone—in efforts to sway transportation policy.

By Doug McClellan

WASHINGTON, D.C.—Bicycle sales have proved to be a $6.5 billion big stick that cycling advocates can wield on Capitol Hill.

That was the size of 2012 retail bicycle sales, according to a study commissioned by the League of American Bicyclists from consultant Christopher Georger of Georger Data Service.

A League official said the study, broken down by congressional district and by state, has been a useful tool for cycling advocates as Congress moves toward a crucial reauthorization of the transportation funding bill. The bill authorizes hundreds of billions of dollars for highways along with money for biking and walking projects.

"It's definitely been helpful," said Caron Whitaker, vice president of government relations for the League. "It definitely helps with folks who are on the fence."

The numbers showed that the business of selling bicycles employed more than 71,000 people in the 50 states and the District of Columbia.

California unsurprisingly led the list, with 2012 retail bicycle sales of $770 million—significantly higher than the No. 2 state, Florida, at $418 million, and more than twice as much as Texas, No. 3 at $372 million.

The study also showed that nearly 16,000 retail outlets sold bicycles, a number that is significantly higher than the 4,000 IBDs counted by the National Bicycle Dealers Association (which operates *Bicycle Retailer and Industry News* under a licensing agreement).

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Cozy niches at retail

New retailers approach the market with a sharpened focus and take the shopping experience to the next level.

By Val Vanderpool

Even though 2013 was not a remarkable year for the industry, with storefronts continuing to close, cycling participation numbers on a steady decline and IBD sales lackluster, it's not all doom and gloom. According to data from the U.S. Bicycle Market 2013 prepared by Gluskin Townley Group for the National Bicycle Dealers Association, sales did finish strong in some categories, including transit/fitness and lifestyle/leisure bikes, and some positive trends began to emerge.

Although 2014 has also gotten off to a slow start, there are some bright spots. From January to May, IBDs sold 4 percent fewer mountain bike units than in 2013, but the average retail selling price is 6.7 percent higher than

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BUSINESS FOCUS OF ALL U.S. BIKE SHOPS*	2013
Family bike shop	86.1%
Maintenance & service shop	45.5%
High-end road race shop	23.8%
High-end mountain bike shop	23.3%
Used bike shop	11.9%
Urban bike shop — mix of brands including domestic	10.9%
BMX/freestyle shop	8.9%
Women's bike shop	5.9%
Electric bike shop	4.0%
Custom boutique	3.5%
High-end touring shop	2.0%
Urban bike shop — locally made bikes	0.5%
Community-oriented non-profit bike shop	0.5%
Recumbent bike shop	0.5%
Other	13.0%

* Some shops fall into more than one category
Sources: NBDA Specialty Bicycle Retailer Study and the Bike Shop List

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Influence

Georger said his study counts storefronts, and that the high number reflects the fact that most bicycles are sold outside of IBDs. The survey includes big-box retailers, sporting goods chains and such alternative outlets as toy stores, skate shops and ski retailers—stores that may individually sell small numbers of bikes, but collectively represent a significant level of sales.

(The NBDA reported $6.1 billion in bicycle sales in 2012, based on research by the Gluskin Townley Group.)

Georger's analysis did not include online sales. Nor was he asked to estimate the economic impact of other segments of the bicycle industry—such as Trek's influence as a significant employer in the state of Wisconsin, for example, or Quality Bicycle Products' impact in Minnesota.

The numbers are impressive—but, Whitaker said, so are testimonials from city and state political leaders that help put them into perspective, and that cite the benefits of investing in cycling infrastructure.

Advocates hope there is enough support to pass a more long-term transportation bill—including support for cycling and pedestrian projects—during this year's lame-duck session because so many members of Congress are retiring at year's end.

Indianapolis Mayor Greg Ballard, a star among bike advocates because he is a pro-cycling Republican mayor, recently testified in Congress that cycling and pedestrian projects have boosted his city's economic development prospects.

"A highway to a new factory may still be critical to attracting new jobs and moving those goods to market … but if you want to attract that facility's workers to live in your city, you need sidewalks, bike lanes, greenways and so much more," Ballard told members of the Senate Environment and Public Works Committee in March. That committee, chaired by Sen. Barbara Boxer, D-California, oversees the Senate version of the transportation bill.

He said Indianapolis is investing more than $500 million to improve streets, sidewalks, trails, greenways, bridges and parks.

The 8-mile Indianapolis Cultural Trail, which used to be traffic lanes and parking spaces, now accommodates cyclists and pedestrians and has attracted more than $100 million in new investments, Ballard testified. "In fact, just last week we approved a new 28-story residential and retail tower on a lot that fronts the trail in downtown Indianapolis."

Other cities have reported positive results from investments in cycling and pedestrian infrastructure, according to the 2014 Benchmarking Report by the Alliance for Biking & Walking.

A New York City study found that businesses near new cycling lanes and other improvements saw sales increase more than usual. When a pedestrian plaza was built in Brooklyn, local businesses saw sales rise by up by 172 percent, the city said.

In Minneapolis, cyclists who used the Nice Ride bike share system spent an additional $150,000 at restaurants and other retailers near Nice Ride stations.

Soon after the hearing that featured Ballard's testimony, Boxer's committee approved its version of the transportation bill. The measure received solid marks from the League because it includes several provisions that cycling advocates have been pushing for.

Crucially, Whitaker said, the Senate bill would require the U.S. Department of Transportation to develop a "non-motorized safety performance measure." In other words, it would allow states to use highway funds on safety measures for cyclists and pedestrians.

That's significant because, according to the 2014 Benchmarking Report, nearly 15 percent of roadway fatalities are cyclists or pedestrians but only 2.1 percent of federal transportation funding goes to cycling and walking projects.

Any transportation bill also has to pass the Republican-controlled House. But Whitaker said the number of Republican members who support cycling has been growing.

"In 2012, in all of our marker bills in the House, I think we had three or four Republicans, and most of them were on more than one bill," she said. "This year, I would say we probably have 15 to 20. That's not a huge amount, but it's a huge increase from having three guys who stood up for everything to having 20, and there's very little overlap."

They will need all of the support they can get, as several members—many of them considered friends of cycling—are retiring at the end of the year. One is Rep. Tom Petri, R-Wisconsin, who Whitaker said has been one of cycling's leading Republican advocates.

Congress is under pressure to act because the Highway Trust Fund, which spends the funds authorized by the transportation bill, is projected to run out of money in August. Whitaker hopes Congress will do more than pass a short-term extension, which has been its preferred solution because members have been unable to agree to a full six-year bill.

"Voting for new spending is so painful that they don't want to do a six-month extension and then another six-month extension," Whitaker said.

Advocates hope there is enough support to pass a more long-term transportation bill—including support for cycling and pedestrian projects—during this year's lame-duck session because so many members of Congress are retiring at year's end.

"For a lot of people, there is no political fallout" because they are leaving Congress, Whitaker said. "A bill sooner rather than later is good for us."

Cycling advocates have at least 6.5 billion reasons to agree. **BRAIN**

ECONOMIC IMPACT OF BICYCLE RETAIL SALES

STATE	No. of retail stores tracked*	No. of bike shop employees	2012 bicycle retail sales
Alabama	213	893	$83,511,000
Alaska	46	220	$20,078,000
Arizona	382	1,708	$157,700,000
Arkansas	155	662	$61,497,000
California	1,883	8,462	$770,857,000
Colorado	474	2,141	$196,777,000
Connecticut	192	867	$80,360,000
D.C.	21	126	$17,170,000
Delaware	53	236	$21,873,000
Florida	1,030	4,484	$417,829,000
Georgia	414	1,778	$164,138,000
Hawaii	61	271	$25,188,000
Idaho	132	622	$56,917,000
Illinois	663	2,888	$268,850,000
Indiana	331	1,426	$132,648,000
Iowa	198	890	$82,222,000
Kansas	146	633	$59,166,000
Kentucky	202	854	$79,431,000
Louisiana	177	753	$69,966,000
Maine	98	437	$40,400,000
Maryland	259	1,143	$105,261,000
Massachusetts	356	1,640	$150,452,000
Michigan	512	2,293	$211,643,000
Minnesota	348	1,570	$144,603,000
Mississippi	116	492	$45,907,000
Missouri	319	1,380	$128,218,000
Montana	97	451	$40,771,000
Nebraska	96	432	$40,098,000
Nevada	154	684	$61,992,000
New Hampshire	122	1,560	$51,532,000
New Jersey	394	1,765	$162,422,000
New Mexico	123	548	$49,747,000
New York	746	3,427	$317,284,000
North Carolina	451	1,944	$179,030,000
North Dakota	42	195	$17,940,000
Ohio	584	2,502	$233,308,000
Oklahoma	187	812	$75,291,000
Oregon	278	1,255	$113,773,000
Pennsylvania	679	3,007	$278,491,000
Rhode Island	47	206	$18,741,000
South Carolina	215	927	$86,206,000
South Dakota	51	238	$21,826,000
Tennessee	311	1,343	$124,611,000
Texas	943	4,017	$371,955,000
Utah	219	1,002	$91,683,000
Vermont	64	313	$28,597,000
Virginia	421	1,816	$168,452,000
Washington	378	1,725	$154,908,000
West Virginia	109	483	$44,883,000
Wisconsin	372	1,712	$157,161,000
Wyoming	56	263	$24,296,000
Total	15,920	71,496	$6,507,660,000

* Includes IBDs, mass merchants, sporting goods chains and other retailers that sell bicycles

Source: League of American Bicyclists, Christopher Georger/Georger Data Service

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Niches

last year, which has kicked overall sales dollars up 2.6 percent.

"These changing dynamics are attributed to the continued adoption of 29-inch and 650b/27.5-inch mountain bikes, both of which sell for approximately twice the price of 26-inch MTBs," said Greg Shoenfeld, senior retail relations manager at Leisure Trends.

For the first five months of 2014, 27.5-inch mountain bikes have already captured nearly 15 percent of MTB revenue, and by the end of May approximately 13 percent of the mountain bikes in retail inventories were 27.5-inch. Shoenfeld said he expects that number to climb even higher as more options become available in the wheel size.

And according to Leisure Trends, lifestyle/leisure and transit/fitness categories are also up so far in 2014 over the same period last year. That more shops are opening to cater to these categories is a testament to the growing demand for everyday bikes.

Rise of the niche shop

Whether the category is growing, flat or in freefall, retailers are opening stores to cater to specific niches. While there is no hard data available for the number of new shops that have opened over the past couple years, BRAIN is made aware of new shops opening each week—and more often than not, these new retailers are positioning themselves to serve a specific category or demographic.

There are even niches within niches emerging: European cargo bike shops, locally made urban shops and the mobile bike repair shop.

Industry veteran Duncan Benning opened Transit Cycles in Tucson, Arizona, in late January. The shop sells bikes for transportation, and Benning said he identified a need in his market and opened the store to cater to it.

"I've worked in bike shops in Tucson for years, and my idea of what kind of shop I wanted to open has changed over time," Benning said. "There is a growing commuter market here, and I want to help cyclists who are riding bikes to get from point A to point B."

The growth of urban and utility niche stores is inextricably linked to increases in cycling infrastructure in bike-friendly cities like Chicago, Illinois, Washington, D.C., and Portland, Oregon.

"There is a growing demand for utilitarian transportation, and it's emerging from communities where everyone, including women and families, feel safe riding their bikes," said Jay Townley of Gluskin Townley Group, an industry consulting firm.

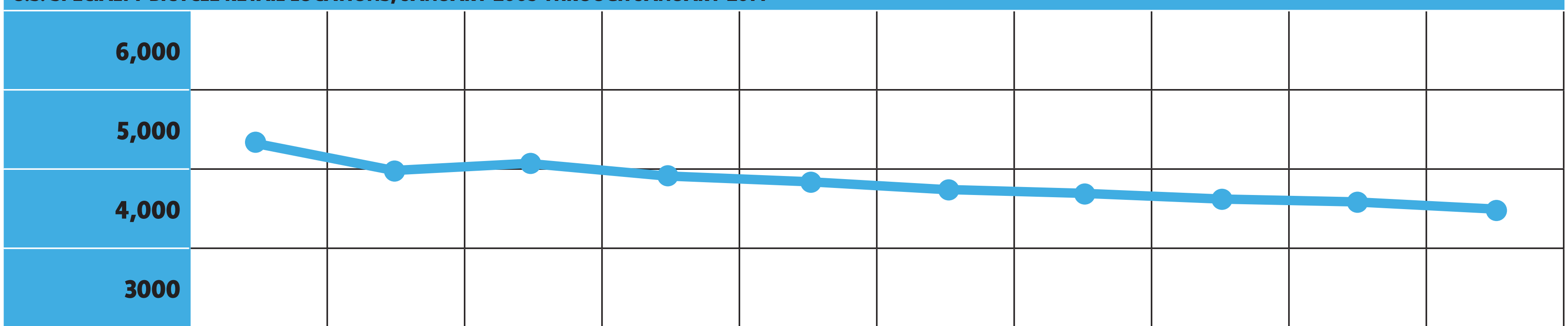
The majority of Transit Cycles' customers have been female—something Benning did not expect. "One of my biggest surprises have been that the bulk of my initial customers have been women, which is nice reassurance that I'm on the right track," he said.

But new niche shops are also opening to serve enthusiasts. Andres Douzoglou opened Beyond Aero, a dedicated road and tri shop, in Berkeley, California, in May. Douzoglou knew he didn't want to open a traditional bike shop, and saw a need in his local market. "There is really no one catering really well to the mid to high-end market here," said Douzoglou.

SERVICES PROVIDED TO CUSTOMERS BY U.S. BIKE SHOPS	2012	2013
Bike fitting	n.a.	84.7%
Bicycle rentals	40.1%	56.5%
Coffee bar	12.2%	14.7%
Coaching	9.8%	14.1%
Spinning classes	10.8%	13.0%
Training	12.9%	13.0%
Beer	4.5%	7.3%
Electronic trainer time rental (on-site)	3.8%	5.6%
Repair & maintenance classes	n.a.	4.0%
Rides/tours	n.a.	4.0%
Yoga	0.7%	2.3%
Juice bar	0.3%	1.7%
Café	0.7%	1.1%
Demo bikes	n.a.	0.6%
Full-service restaurant	0.7%	0.6%
Massage	0.7%	0.6%
Other	12.9%	6.6%

Sources: NBDA U.S. Bicycle Market 2013

U.S. SPECIALTY BICYCLE RETAIL LOCATIONS, JANUARY 2005 THROUGH JANUARY 2014



	2005	2006	2007	2009	2009	2010	2011	2012	2013	2014
Total U.S.	4,704	4,599	4,451	4,394	4,319	4,256	4,178	4,089	4,055	3,950
Change in number of locations	-278	-104	-150	-57	-75	-63	-78	-89	-39	-105
Percent change	-5.6%	-2.2%	-3.3%	-1.3%	-1.7%	-1.5%	-1.8%	-2.1%	-0.8%	-2.6%
Change 2005-14										-754
Percent change 2005-14										-16%

Sources: NBDA U.S. Bicycle Market 2013, the Bike Shop List

U.S. BIKE UNIT AND DOLLAR SALES AT IBDs, JANUARY-MAY YEAR OVER YEAR

Measures as values	Units Sold					Dollars Sold				
	2011	2012	2013	2014	% change	2011	2012	2013	2014	% change
Road	160,698	169,086	154,099	152,710	-0.90%	$248,576,153	$271,574,165	$249,433,616	$226,608,678	-9.15%
Mountain	225,366	232,323	211,148	203,167	-3.78%	$176,902,555	$203,117,591	$192,497,286	$197,503,745	2.60%
Lifestyle/leisure	88,902	82,144	76,671	84,311	9.96%	$33,644,848	$32,944,143	$31,406,828	$34,917,245	11.18%
Transit/fitness	226,373	256,571	236,330	275,078	16.40%	$119,828,231	$142,404,287	$135,083,304	$156,631,178	15.95%
Other	11,335	11,816	11,161	12,677	13.59%	$9,720,283	$9,497,716	$9,167,206	$11,045,471	20.49%
Tandem	1,204	1,111	686	546	-20.35%	$2,226,412	$1,758,469	$1,185,181	$1,093,507	-7.74%
BMX	34,721	36,755	25,353	19,159	-24.43%	$11,101,651	$12,021,756	$8,384,925	$6,283,340	-25.06%
Children's	136,842	154,469	147,842	166,959	12.93%	$31,828,900	$36,616,869	$36,603,051	$41,760,669	14.09%
Carryover	11,083	5,768	8,447	8,697	2.96%	$4,631,508	$2,929,486	$3,490,435	$3,806,617	9.06%
Frames	6,403	6,859	5,469	5,120	-6.37%	$10,269,041	$12,216,511	$8,815,512	$7,824,153	-11.25%
Total bicycles	**902,927**	**956,903**	**877,206**	**928,425**	**5.84%**	**$648,729,582**	**$725,080,994**	**$676,067,344**	**$687,474,602**	**1.69%**

Source: Leisure Trends Group

And brand new in Portland—a market some would say is saturated with bike shops—is mountain specialty shop Hi-5 Bikes. Owner Max Miller opened the shop to serve the Pacific Northwest's growing enduro race scene.

Many retailers who open new niche shops complement what the other established stores in their area are offering. And they tend not to focus as much on the inventory they carry and the prices they charge as on the services they offer and the experience they provide.

"There are already plenty of traditional bike shops here, and you can always find things cheaper somewhere else," said Douzoglou. "We're selling us, and that's something different. It's never going to work out if it's just transactional."

Slat wall, be gone!

When it comes to merchandising, more bike shops have been taking a page out of mainstream retail's playbook to create a more appealing shopping environment. Rounders, 4-ways and other standard freestanding fixtures are giving way to tables and shelving units made of recycled and repurposed materials. Retailers are finding creative ways to display their goods, maximize space and save money without using traditional pegboard and slat wall.

Cozy areas in the store where customers can lounge—some complete with sofas, coffee tables and rugs—are also becoming increasingly common.

But beyond the furniture, retailers like Beyond Aero have created a gallery effect. Framed artwork intermingles with bikes and gear that are displayed to look like art. Gone are cluttered, branded display racks, replaced by wooden shelves, crates and baskets. Back stock is relegated to the storeroom, and only a handful of each item is on display. "I wanted to create a bike shop that doesn't look like a bike shop, at least in the traditional sense," Douzoglou said.

The new retail experience

Douzoglou and others who have opened shops in 2014 have done so in what is so far being classified as a down year. What these shop owners all have in common is this: They're taking a risk, but most aren't just flying by the seat of their pants. Business plans were written, and careful considerations were taken when deciding when, where and how to open their stores.

These new shop owners are thinking about retail in a different way, often taking a nontraditional approach to reach a new consumer and not necessarily going after the mainstream. "These 'new wave' retailers are looking forward, and there is a difference in mindset," Townley said. "They're not going after the mainstream, but tapping into a portion of the stream."

But this doesn't mean next-generation retailers are any less passionate about cycling than the established shop down the street. What it says is that owning a bike shop can be a legitimate way to earn a living and feed a passion at the same time—as long as priorities are kept straight.

At this year's IBD Summit in Monterey, speaker Mike Cosentino, who owns seven successful running stores in Atlanta, told retailers and suppliers that the thing that was going to make their business successful wasn't their love for bikes, but their love of retail.

"If you're not passionate about retail, you might as well close your doors right now," he said. "Because when you own a store, that's what you're there to do. Your business is retail."

And the bar has been raised even higher when it comes to quality of the retail experience. Whether it's the new kids on the block opening chic, creatively merchandised stores or the 50-year old shop revamping its sales floor with the help of their main suppliers, more emphasis than ever is being placed on improving the shopping experience.

"It's another way to make ourselves different," said Douzoglou. "I know when I walk into a store and it looks good, it makes me feel good."

Townley predicts that the number of shops will continue to fall over the next few years, but that the quality will rise, and that retailers who focus on customer service will become more resilient.

"The specialty retailers that have a plan to deliver an extraordinary retail experience stand a much better chance of not only surviving the new retail economy, which includes online competition, but actually prospering in it," Townley said. **BRAIN**

Mobile repair provider Beeline Bikes embodies the new wave of niche shops.

Import numbers point to rough sledding for specialty retail

By Marc Sani

No one in the industry had any illusions about the state of the market in 2013—it was a down year all around. And final import numbers from the U.S. Commerce Department have etched the numbers in ink.

So how bad was it? The total number of imported units fell 13.5 percent from 2012 with double-digit declines in all wheel sizes tracked by the government.

The total import value and average wholesale price per unit in dollars also dipped 8.5 percent to $1.47 billion, mirroring the overall decline.

More dramatically, the average wholesale price in the all-important 700c category was almost flat at $276.47 when compared with 2012. That figure continues a three-year decline from 2011, when the average wholesale value for a 700c bike hit a record $310.39.

What's worse, that fall-off appears to be ongoing through the first four months of this year, with 700c unit wholesale values off 8.7 percent from 2013 to $253.91—the lowest unit value in more than six years. In general, road bikes are in a free-fall price-wise.

More worrisome is that 2013 imports for all bicycles fell 8 percent or 1.4 million units below the five-year average ranging from 2008 through 2012. That trend is showing some staying power based on four months of import data for 2014.

So where is the market headed? Based on the federal data—with more than 95 percent of all bicycles sold in the U.S. coming from China and Taiwan—the industry is in a slow decline despite what may be temporary bright spots in any given category.

Michael Forte, who leads the statistics committee for the Bicycle Product Suppliers Association, said he made that exact point in a presentation given at the annual Bicycle Leadership Conference this spring.

"The market is declining, more so for IBDs than for the overall market," said Forte, Felt Bicycles' general manager. "This is something we [the industry] have to start paying attention to," he added.

The vast majority of imports—low-priced kids' bikes headed for the mass market and sporting goods outlets—constitute the bulk of sales in terms of units. They also tanked last year—19-inch and below were down 13.4 percent; 20-inch models were down 11.3 percent; and 24-inch bikes plunged 17.8 percent.

But the two import categories that reflect bicycles typically sold at higher price points—26-inch and 700c—also posted stark declines in 2013, off 14.8 percent (4.3 million units) and 12 percent (1.6 million units), respectively.

Dollars were also down in those two key categories—off 2.4 percent in the 26-inch segment, although that weak number may have been bolstered by an influx of 29er and 650b models sold at higher price points. The Commerce Department does not break out those wheel sizes.

(The Bicycle Product Suppliers Association started breaking out 29ers and 650b units in its reports beginning in January. Its numbers are based on reporting by individual companies.)

The 700c segment fared worse, however, plummeting 11.3 percent in dollars to $445.8 million. Suppliers also imported fewer 700c units, which includes 700c flat-bar models.

Nonetheless, road bikes entered the U.S. with down-spec'd components, particularly on carbon fiber frames, to hit price points ranging from $1,500 to $2,200. It's fair to say the bloom is officially off the road bike market.

Jay Townley, a longtime industry veteran, agrees with Forte's warning that the industry is in a long-term decline. "It has become more exclusive and less inclusive," said Townley, who analyzes reams of data for the National Bicycle Dealers Association and others.

Weather may have had a small impact on the numbers from a specialty retail perspective, but the trend line is clear and it has been ongoing for a number of years, he said.

And the downward trend as noted in the Commerce Department numbers parallels participation declines found by a recent National Sporting Goods Association annual study.

Townley and others point out that the industry is failing to even keep pace with population growth. "It's as if the industry is walking away from the American market," he said.

What the industry is witnessing, Townley speculates, is the leading edge of a significant market shift driven by demographics. Baby boomers who were in their 40s in the mid-1990s and later gave sales of mountain and road bikes a significant boost. Those boomers are aging out of the market, and not just in cycling. The same is true, Townley noted, in snowsports, golf and other outdoor activities.

Further complicating these shifts is a relatively weak economy coupled with stagnant wages; more and more Americans worried about saving for retirement; and the fact that the next wave of consumers—Generation X—is a smaller cohort of potential cyclists than the baby boom generation. BRAIN

U.S. DOMESTIC EXPORTS BY CATEGORY							% change	Year through April 2013	Year through April 2014	% change
	2008	2009	2010	2011	2012	2013				
Tires < 25 inches	28,993	31,838	35,935	32,765	28,636	30,663	7%	9,195	7,966	-13%
Tires > 25 inches	45,882	43,885	46,193	42,663	50,830	42,928	-15.5%	14,889	27,276	83.2%
	74,875	75,723	82,128	75,428	79,466	73,591	-7.4%	24,084	35,242	46.3%
U.S IMPORT LANDED AVERAGE UNIT VALUE										
Kids' sub-20-inch	$30.11	$29.25	$30.44	$32.43	$33.28	$34.08	2.4%	$34.97	$33.92	-3%
20-inch	$42.69	$39.30	$45.84	$49.13	$49.43	$48.31	-2.3%	$49.03	$47.60	-2.9%
24-inch	$62.63	$61.11	$60.30	$63.47	$64.89	$65.93	1.6%	$64.59	$66.53	3%
26-inch	$106.65	$105.36	$101.01	$119.48	$120.67	$138.18	14.5%	$134.17	$122.25	-8.9%
700C	$274.09	$284.36	$284.78	$310.39	$274.04	$276.47	>1%	$278.00	$253.91	-8.7%
U.S. IMPORT UNITS BY CATEGORY										
Kids' sub-20-inch	5,095,446	4,682,134	6,321,675	4,716,749	5,642,908	4,884,397	-13.4%	1,167,700	1,400,635	19.9%
20-inch	5,590,241	4,282,929	5,374,343	3,710,461	4,521,107	4,012,165	-11.3%	1,047,424	1,024,796	-2.2%
24-inch	1,175,257	821,497	1,289,550	1,110,592	1,362,042	1,119,873	-17.8%	366,917	399,506	8.9%
26-inch	5,294,668	3,829,805	5,316,420	4,418,353	5,070,145	4,319,785	-14.8%	1,622,713	1,676,824	3.3%
700C	1,220,789	1,167,157	1,323,582	1,475,888	1,832,873	1,612,354	-12%	609,191	596,681	-2.1%
Total	18,376,401	14,783,522	19,625,570	15,432,043	18,429,075	15,948,574	-13.5%	4,813,945	5,098,442	5.9%
U.S. IMPORT VALUE BY CATEGORY										
Kids' sub-20-inch	$153,423,676	$136,930,864	$192,460,397	$152,984,436	$187,791,781	$166,483,527	-11.4%	$40,831,212	$47,504,894	16.3%
20-inch	$238,660,479	$168,332,934	$246,349,616	$182,299,378	$223,464,316	$193,828,257	-13.3	$51,357,105	$48,780,674	-5%
24-inch	$73,604,064	$50,201,346	$77,756,631	$70,493,195	$88,387,260	$73,834,809	-16.5%	$23,699,435	$26,577,458	12.1%
26-inch	$564,650,282	$403,504,521	$531,692,550	$527,906,821	$611,832,016	$596,916,745	-2.4%	$217,714,688	$204,997,164	-5.8%
700C	$334,602,603	$331,888,367	$376,935,998	$458,097,883	$502,275,820	$445,766,152	-11.3%	$169,355,967	$151,505,354	-10.5%
Total	$1,364,941,104	$1,090,858,032	$1,425,195,192	$1,391,781,713	$1,613,751,193	$1,476,829,490	-8.5%	$502,958,407	$479,365,544	-4.7%

Source: U.S. Commerce Department

Thriving U.S. race scenes an encouraging sign for industry

By Toby Hill

MONTEREY, CA—When the Sea Otter Classic opened registration for its first enduro race this spring, limited to a field of 250 riders, it was an almost instant sellout. Little surprise given the explosion of the enduro format in the U.S. the past two years.

What caught Sea Otter president and CEO Frank Yohannan a bit off guard was the significant growth of this year's circuit, criterium and select other road events that had remained at fairly constant levels in recent years. "That's where we really saw some growth. We were up 10 percent on those," he said. Overall, athlete registration rose 13 percent at this year's Sea Otter—and that's on top of a very strong 2012, Yohannan noted.

Indeed, organizers from a myriad of racing disciplines report recent gains in membership and athlete participation—a welcome sign for an industry beset by declining bicycling participation statistics from groups like the National Sporting Goods Association (see accompanying story on page 32).

And these enthusiasts are ready to spend to feed their competitive habit. In USA Cycling's 2013 membership survey, more than 60 percent of respondents said they were at least "somewhat likely" to purchase a bike within the coming year. Almost 19 percent said they "definitely will," up from 17 percent in 2012. The 2013 USAC survey pegged members' annual average estimated retail bicycle spending—including bikes, accessories and nutrition—at more than $4,500.

USAC has seen a steady rise in race participation over the last decade, with a total number of competition licenses nearly doubling since 2002, according to Kevin Loughery, USAC's communications manager. More recently, licenses rose 15.5 percent to more than 76,000 from 2009 to 2013, with a corresponding 17.1 increase in racer days to almost 711,000 over the same period.

The sanctioning body's strongest growth lately has been in cyclocross, more than doubling to 128,609 racer days from 2008 to 2013. Following double-digit growth the past two years, 'cross has now surpassed mountain biking as USAC's second-most-popular discipline, trailing only road.

Swim-bike-run

At USA Triathlon, the number of sanctioned events and clinics leveled off in 2012 and 2013 following several years of vigorous expansion. "It's plateaued. That's sort of a natural market correction, I would say, because you don't want to saturate the market," said Chuck Menke, chief marketing officer for USAT.

Membership, on the other hand, continues to grow, jumping nearly 13 percent in 2012 and rising 5.5 percent in 2013. Youth membership has almost doubled since 2009, with the 17-and-under age group accounting for nearly a third of all USAT members in 2013—a positive sign for the sport's long-term outlook.

On the adult side, the quality of membership has improved, with more adults opting for annual memberships rather than one-day memberships for isolated events, according to Menke. "For us, that is an encouraging trend because it indi-

USA Triathlon membership, 2009-2013

Membership gains have slowed since the explosive growth USA Triathlon saw in the early to mid-2000s, but the organization's total membership is up 36 percent since 2009, and youth membership has nearly doubled over the same period.

Year	Total	% change	Adult	Adult % change	Adult % or total	Youth	Youth % change	Youth % of total
2009	128,571	4.58%	99,458	0.15%	77.36%	29,113	23.20%	22.64%
2010	134,276	4.44%	101,061	1.61%	75.26%	33,215	14.09%	24.74%
2011	146,657	9.22%	104,031	2.94%	70.93%	42,626	28.33%	29.07%
2012	165,698	12.98%	114,113	9.69%	68.87%	51,585	21.02%	31.13%
2013	174,787	5.49%	116,941	2.48%	66.90%	57,846	12.14%	33.10%

Note: In 2012, USA Triathlon moved from a mandatory youth annual membership (age 17 and under) to an annual and one-day membership option. In order to maintain equal comparisons over the years, USA Triathlon has combined the two categories in this chart.

Source: USA Triathlon 2013 Membership Report cates that we're having more adult athletes becoming more engaged within the sport and doing more races each year," he said.

The next generation

USA Triathlon's strong youth growth contrasts with the relatively low youth participation at USA Cycling. While 33.1 percent of USAT's members are 17 or younger, cyclists 18 and under account for just 8.5 percent of USAC's license holders.

Meanwhile, the National Interscholastic Cycling Association (NICA)—organizer of high school mountain bike leagues—grew its number of student-athletes last year by 57 percent to more than 3,000. It's also bringing on four new leagues this year, expanding its total to 14, and has begun piloting middle school programs in select leagues. All told, NICA executive director Austin McInerny expects the number of student-athletes to reach nearly 3,900 by the end of 2014.

He says race promoters already are benefiting from NICA's growth.

"Where there are leagues that have been around a couple years, other promoters are reporting that they're seeing more juniors showing up at their races. Why? Because the kids are confident with racing. They've experienced it in a high school setting," McInerny said. "They've become mountain bike racers, and they're looking for races outside the high school season."

Non-sanctioned racing

On the grass-roots side of racing, perhaps no genre has grown more quickly the past couple years than gravel races and fondos, a trend reflected by the flood of bikes and other products suppliers are bringing to market for the riding style.

The Dirty Kanza 200 in east-central Kansas, one of the world's most renowned gravel events, has grown from 38 participants at its first 200-mile race in 2006 to a capped field of 750 this year that included riders from 45 states as well as Australia, Europe, Hong Kong and Mexico. An additional 450 riders signed up for the half-distance Dirty Kanza 100, introduced last year and staged with the 200-mile original. Both 2014 events sold out in less than two weeks.

The combined Kanza field could grow to as much as 1,500 next year, according to Jim Cummins, executive director of Dirty Kanza Promotions LLC.

Cummins attributes the Kanza's success to the event's appeal among a broad spectrum of cyclists. "It definitely appeals to the road racer but also to the mountain biker. The adventure racer too," he said. "People are just looking for something new. They've grown tired of the hour-and-a-half cross-country event and want something that's going to challenge them a bit."

Something new is what race director Michael McCormack had in mind when launching Colorado's Breck Epic five years ago. He sees the six-day mountain bike stage race as an antidote to the "regimented and rule-bound experience" of sanctioned off-road racing.

"We felt that the greater MTB community deserved larger experiences set against grander backdrops—and the TV-friendly version championed by national and international sanctioning bodies had come to represent something very different, something very edited," he said.

After getting off to a modest start amid the recession in 2009, the Breck Epic has been a sellout for three years now. At 350 riders for this August's edition, capacity has pretty much maxed out, in McCormack's view.

"Limiting our field to that number allows us to preserve the on-course experience that we feel is essential to the discipline," he said.

The enduro wave

After successfully introducing an enduro event this year with 250 racers, Sea Otter's Yohannan is looking to expand the format to a full day of racing with a field as big as 500 riders for 2014. "We're going to expand the enduro opportunity and push out the field to get more riders to participate in that, because we saw that there was a real interest among riders to race the enduro," he said.

The Oregon Enduro Series, which has its roots in the state's decade-old Super D race scene, is now in its third year as a dedicated enduro format, drawing 200 to 300 amateurs in addition to its pro men's and women's fields at each of the series' five races. But after growing by 20 percent per year for two years, the recent proliferation of enduro races throughout the western U.S. has tamped down the series' growth.

"This year has flattened out, and I can definitely say that's due to the saturation of enduro events," said series executive director Devon Lyons. "People used to have to travel from Idaho, Wyoming and Nevada to come to our Oregon races because we were the main enduro series in the country. And now that there are series in California, Washington, Nevada, Idaho—and of course the Big Mountain Enduro Series in Colorado and Utah as well—it's making it easy for people to stay local and not have to travel as far."

Still, the series is drawing strong fields of racers this year and continues to enjoy broad industry support.

"I think the industry really recognizes that this is a great format to get people into buying new bikes. Enduro fits a wide spectrum of athletes, from cross-country or downhill and anything in between—or if they're not even competitive and they just want to go out and experience this type of event," Lyons said.

"Really, this event lends itself to the noncompetitive person. It's a tour of an area, it's a great way to socialize and meet new people, and you get a lot of riding for your money." **BRAIN**

USA Cycling, events and participation, 2009-2013

USA Cycling race licenses have increased steadily over the past five years. Racer days declined slightly last year following a spike in 2012, but were still up more than 8 percent from 2011.

Year	Licenses	Members*	Event sanctions	Racer days
2009	65,845 (+5.6%)	57,435 (+6.4%)	2,638 (+4.0%)	606,695 (+9.9%)
2010	69,771 (+5.9%)	60,493 (+5.3%)	2,933 (+11.2%)	641,056 (+5.7%)
2011	70,829 (+1.5%)	61,527 (+1.7%)	3,041 (+3.7%)	656,311 (+2.4%)
2012	74,516 (+5.2%)	64,817 (+5.3%)	3,138 (+3.7%)	723,895 (+10.3%)
2013	76,046 (+2.1%)	64,183 (-1.0%)	3,107 (-1.0%)	710,742 (-1.8%)

*Members include officials, coaches, mechanics, race directors and competitive cyclists of all ages and abilities.
Source: USA Cycling

NICA registered student-athletes, 2009-2013

LEAGUE	2009	2010	2011	2012	2013	% CHANGE 2012-2013
NorCal*	462	536	508	577	659	14%
SoCal	106	195	242	322	409	27%
CO	--	171	323	460	629	37%
WA**	--	--	65	127	--	--
TX	--	--	--	73	143	96%
UT	--	--	--	292	619	112%
MN	--	--	--	146	341	134%
NY	--	--	--	--	47	--
TN	--	--	--	--	71	--
AZ	--	--	--	--	208	--
Total	**568**	**902**	**1,138**	**1,997**	**3,126**	**57%**

*The Northern California league was founded in 2001 with 94 members. All other leagues listed include membership figures since their founding year.

**The Washington league ended its partnership with NICA after the 2012 race season and is now overseen by the Evergreen Mountain Bike Alliance.

Note: NICA leagues are also organizing in Georgia and Alabama but have not staged races yet. NICA additionally will begin administering existing school programs in Wisconsin and Virginia this year. All told NICA will be overseeing 14 leagues as of this fall.

Source: National Interscholastic Cycling Association (NICA)

Is cycling up or down? Depends who you ask

PeopleForBikes takes step to find more reliable data.

By Lynette Carpiet

MOUNT PROSPECT, IL—Last year saw a significant drop in cycling participation, according to figures from the National Sporting Goods Association. But Dustin Dobrin, director of research and information from the NSGA, said a one-year drop doesn't constitute a trend. He did say, however, that the picture in general for cycling isn't a good one long term, especially among youth.

"When we look at bicycle riding over a longer period of time, adult participation has been relatively flat. The concern is youth participation continues to decline," he said.

The NSGA's latest report pegged bicycle participation among Americans ages 7 and older at 35.6 million in 2013. That's down 3.7 million or 9.4 percent from 2012's 39.3 million, and 7.5 million or 17 percent from 2000. That decline is entirely on the youth side—Americans ages 7 to 17—which saw a 43 percent drop from 17.6 million in 2000 to 10.1 million in 2013. Among adults ages 18 and older, participation remained flat at 25.5 million from 2000 to 2013.

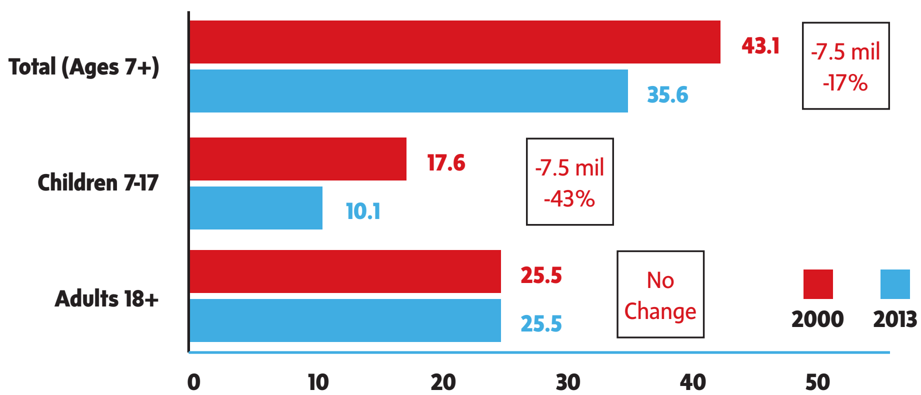
The NSGA defines participants as those who have ridden a bike six or more days per year, and tracks this for Americans ages 7 and up. But the NSGA has been using the same methodology to track participation for 30 years. It conducts an online survey annually of a representative panel of U.S. households and the findings are projected to the total U.S. population. "The study is based on approximately 40,000 individuals age 7 and older and it would be representative of what the breakout is within the U.S.," Dobrin said.

Dobrin believes the dramatic one-year drop from 2012 to 2013 could have been influenced by the weather. "It was a very wet and cool summer and spring last year," he said. "And we did see some fairly significant declines among other sports as well. I don't want to blame it all on weather, but 2012 was a very warm and dry year."

Meanwhile, the Outdoor Foundation's annual report painted a rosier picture, pegging youth participation in biking at 19.2 million last year. It defines youth as those ages 6 to 24. Among adult ages 25 and up, participation was 27.4 million—for a total of 46.6 million. That's up nearly 4 million from 18 million youth and 24.8 million adult participants for a total of 42.8 million in 2012. The Foundation's survey defines a participant as someone who rode a bike once or more.

While these two sources provide different views, PeopleForBikes is commissioning a study of its own. The Boulder, Colorado, nonprofit issued an RFP for a ridership study in May. In it, PeopleForBikes specified that the research deliver participation figures that include all riders regardless of age and type of riding; benchmark participation rates; and develop a methodology that could be applied to specific geographic areas.

Bicycle Particicpation (in millions) **Adults vs. Children**



Source: National Sporting Goods Association

Advocacy groups have long questioned the accuracy of data and whether it captures the growing numbers of commuters in many U.S. cities where installation of bike share and protected lanes are helping move the needle.

The League, for example, relies on data from the U.S. Census Bureau's American Community Survey and research from the National Highway Traffic Safety Administration. League president Andy Clarke said that while the NSGA's numbers show flat participation, that doesn't jibe with what's happening in certain pockets of the U.S.

"There's an apparent disconnect," he said. "In the D.C. area, for example, now there are anywhere from eight to 10 people at every intersection on bikes. It used to be me and one other person before."

Clarke pointed to cities like Portland, Oregon, and New York where daily ridership is up in the thousands since the early '90s. "The numbers are appreciable," he said. "Are we talking millions yet? No, but we started from a relatively small place. It would be helpful to know what's going on." **BRAIN**