

Hold Prices on Dated Inventory to Protect Future Margins

Retailers have trimmed down this season. Many are sitting on less inventory than ever before and are feeling healthier as a result. That's the word we've been hearing from dealers for months now and was reiterated by storeowners in Boston during the BRAIN Dealer Tour in October.

That means suppliers have been left

holding the bag. According to figures from the Bicycle Product Suppliers Association, suppliers were sitting on 39 percent more inventory in September than in the same month last year.

As new 2010 product arrives, suppliers have to move excess inventory. Retailers stand to benefit from spectacular deals and closeout pricing from their

suppliers.

Still, there is inherent danger in all these bikes priced to move. If retailers heavily discount overstock this late in the season they stand to devalue 2010 product—and no one in the channel can afford to take reduced margins on inline product.

Consumers will be looking for dis-

counts this holiday season and retailers will be tempted to satisfy them with heavy markdowns on last season's models. But if retailers can hold the line on pricing of dated inventory and lightly discount, they can eek out ample margins to round out this year and help position the industry for better profitability in the next.

Guest Editorial

Focus on Value Products Is Needed to Attract New Customers

BY CHRIS DUPUIS

As I look around our industry I can't help but see the same focus on the top 1 percent of the market that has been there for my last 20 years. This is not a new dilemma but more of a self-perpetuating theme. We as industry insiders all love the technical aspects of cycling and product development. Nothing gets us more excited than the latest carbon fiber, ultra-light, power enhancing, aerodynamic, efficiency gaining widget! That being said, 90-plus percent of our potential customer base is not interested, nor sees the value in this type of development. The result is a continuous recycling of the same potential buyers.

I think many dealers would agree. How many of you or your customers started out with a road bike, then bought a mountain bike or vice versa, then a single-speed, then a 29er and

now a fixie. That sounds great in principle, but we are still nowhere close to reaching the masses of potential cyclists in this country. Why? I believe it is a multi-dimensional problem. First the lack of infrastructure is limiting rider involvement because they fear it is dangerous or too difficult to ride. Second is the fundamental belief that bicycles are just for Lycra-clad recreation and not for viable transportation for "real" people. Finally there is a sense that bicycles are too technical and costly for the average person.

We need to focus on these three areas if we want to grow cycling. When I travel to Europe I see how cycling is seen as a viable form of transportation and safe recreation for the whole family. Many European countries have made the decision to invest in cycling infrastructure that we are slowly touching upon

in certain areas in the U.S. That being said, there needs to be a mentality shift for the average person to get behind the validity of cycling as transportation in the States. For this to happen our industry from management to product developers to retailers need to embrace the idea that cycling for the average person should be simple, fun and low cost for the pie to grow. The continued development of high-end product is great, but it will not bring many new customers into our industry.

Our industry needs to put a lot more emphasis on well-designed, value-based products. The kind of products that families of four, students and retired couples would consider buying. They want cool looking, simple to use, comfortable to ride and affordable bikes and gear. They also want sales people who understand their needs and are involved

in the buying process. They don't want a person behind the counter that only understands the "latest-link" six-inch travel suspension design or UCI limit carbon fiber bikes! They want to know if the riding position is comfortable, how the seat feels, how soft and comfortable the grips are, is it easy and smooth to shift and brake, will the tires go flat quickly, how much and how often does it need service, will it take a lot of extra income to buy it, and does it look cool?

Value, versatility, comfort, fun and attractive design: these are the needs of the current greater consumer base. We need to broaden our focus on the general consumer's needs so we don't contribute to the extinction of new cycling customers.

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