

Retail Spotlight

Small Parts Deliver Huge Margins

BY RAY KEENER

I was shocked and delighted when I went to my local bike shop and paid \$16.42 for four feet of cable housing and a brake cable.

Shocked at the huge margin I was paying, and delighted that the store was getting it.

“We’ve been charging \$2.99 a foot for housing for six or seven years, and have never had a complaint about it,” said Mike Anthony, parts and accessories buyer

for the five-store Bicycle Village chain headquartered in Aurora, Colorado.

“It all has to do with market visibility,” Anthony added. “Other than competing IBTs, no one knows what housing costs. You don’t shop it; you just buy it when you need it. That’s true of a lot of small items, so we make 60 to 80 percent mar-

gin whenever we can.

“Labor prices, on the other hand, are competitive. Customers have an awareness about what a tune-up should cost,”

he added. “We shop our competitors two or three times a year to make sure we’re in the ballpark.”

Other items Anthony pointed out: Seatposts that cost \$4.50 are \$19.95 retail. “Those are almost always sold to folks who have had their seat stolen,” Anthony said. “They

just want to be able to ride again.”

Jon Jeunette, another Bicycle Village buyer, summed it up: “I ask store managers to find me 10 items where we can raise the price and no one will care. Then find me three or four sensitive items where we can lower the price and it will increase sales.”



**Jesse Welch, Bicycle Village
Boulder store manager, with the
highly profitable housing.**