Bicycle Industry Survey Report - Wholesale

2013/14

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BIA
BICYCLE INDUSTRIES AUSTRALIA

As part of Bicycle Industries Australia's commitment to providing the industry with the information and data required to make informed business decisions, the industry body undertook its second annual industry survey.

This data provides the industry will provide both a current snapshot for the year along with historical data to create increased awareness of historical industry trends.

NOTE - The import figures relates to the entire bicycle industry, all other information in this report relates to the Independent Bike Dealer network, and does not include information on large 'big box' retailers such as Kmart or Big W.

Australian Bicycle Imports – 2013/14

424,724
Childrens

884,285
Adults

1,309,009
Total

* All import figures are taken from the Australian Bureau of Statistics.

Adult bicycle imports down 10% compared to 2012/13

Children bicycle imports down 3% compared to 2012

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WHOLESALER LOCATIONS

There are a significant number of importers, which service the Australian bicycle market. These importers range dramatically in size, focus and business priorities outside of the bicycle industry.

There were several changes to importers in the market in the last 12 months, and these affected businesses of all sizes. The most notably for bicycles were Cannondale Sports Unlimited and Orbea moving away from a direct distribution model in Australia, The Bicycle Corporation for P&A, being sold to Texas Peak, which also has import agreements for a variety of brands including in Prince, Helly Hansen, Brooks and Diesel fashion wear.

Victoria remains the most popular location for bicycle importers to be based.

IMPORTERS

- ACT - 13
- NSW - 133
- NT - 0
- QLD - 65
- SA - 22
- TAS - 4
- VIC - 167
- WA - 21

RETAIL STORE OWNERSHIP

The industry is a low investment sector, with minimal physical infrastructure or education/qualification requirements to open a bicycle retail store or commence operating as a bicycle retailer.

Although 2013/14 did see a move by some brands to have to open stores owned by the brand, the majority of stores remain independently owned and operated.

STAFF EMPLOYMENT

The Australian bicycle industry employs approximately 10,000 staff with the higher proportion of these employed in the retail sector in full time positions.

The industry has significant changeover of staff, with a large number of these moving within the industry. For many staff it is considered a step up to move from a retail staff member to a position within an importer.

- 65% of shops indicated a staff shortage during the year.

Within the importer sector, there is a significant larger number of female staff employed.

An identified reason for this figure is the larger number of office or administration based roles (including marketing and promotions), which are filled by female staff in comparison to retail.

Contracted sales reps continue to be an area dominated by males. Of the importer that responded to the survey, none had contracted a sales rep.

FEMALE FRIENDLY STORES

- 58% of stores have female specific displays in their stores
- 17% had run a female specific promotion during the previous 12 months.

The average Australian is a 37 year old female

Females make up more than 53% of the Aust adult population

Women control 80% of all Australian household budgets*

For the average store in Australia, female product sales account for less than 15% of all sales.

According to Australian Government figures, women control three quarters of household budgets and discretionary spending, and up to 95% of lower economic household budgets.

Women are referred to as the gatekeepers, controlling the access of their children to cycling and often having a significant input into their husbands ability to purchase, the willingness or desire for a female to enter a retail store can be critical for the sale of all products – including children's and men's.

TRAINING

Almost 45% of importers do not deliver product training for retailers.

SOCIAL MEDIA

The majority of wholesalers believe there are significant benefits to connecting with customers through social media.

Facebook is identified as both the most accessible and easiest form of social media to utilise.

PERCENTAGE	TYPE OF ACCOUNT
72%	Facebook account
56%	Twitter
24%	Instagram
8%	Linked In
0	Pinterest
21%	Online Blog

ELECTRIC BIKES

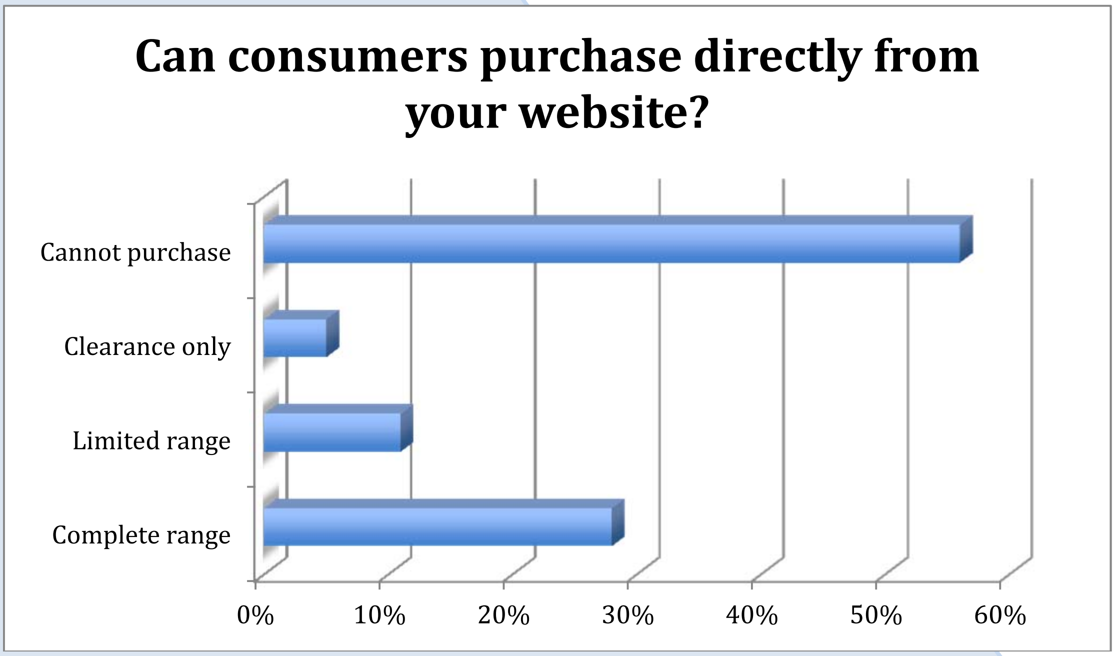
6% of stores indicated they will commence selling electric bikes next year

WEBSITE

94% of wholesalers have there own website

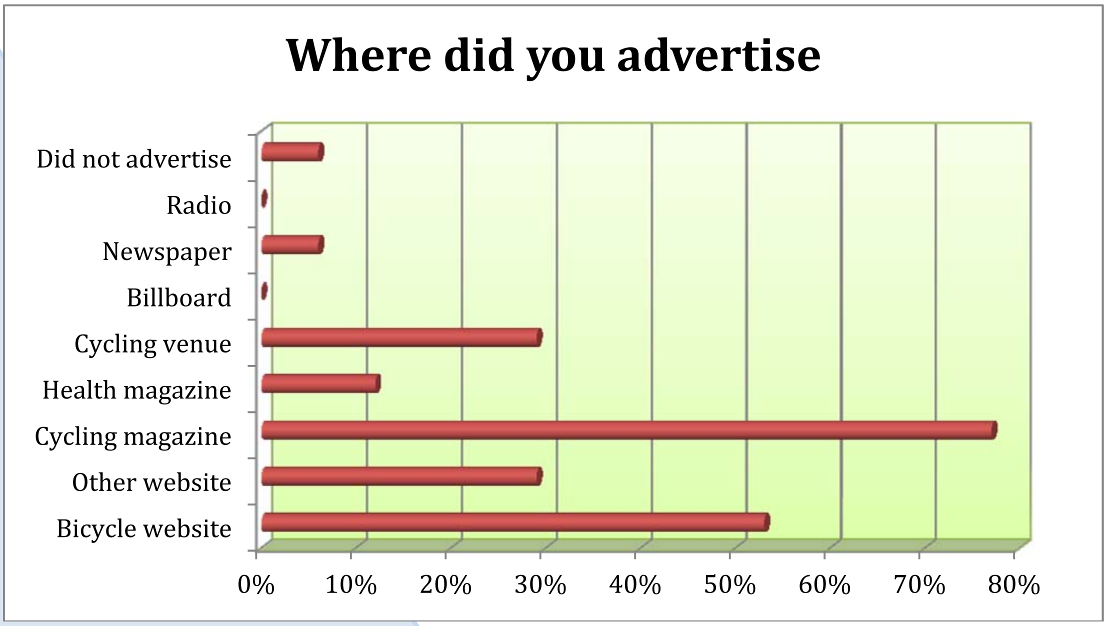
66% of wholesalers allow product ordering by retailers through their website

50% of wholesalers feature real time stock levels



ADVERTISING

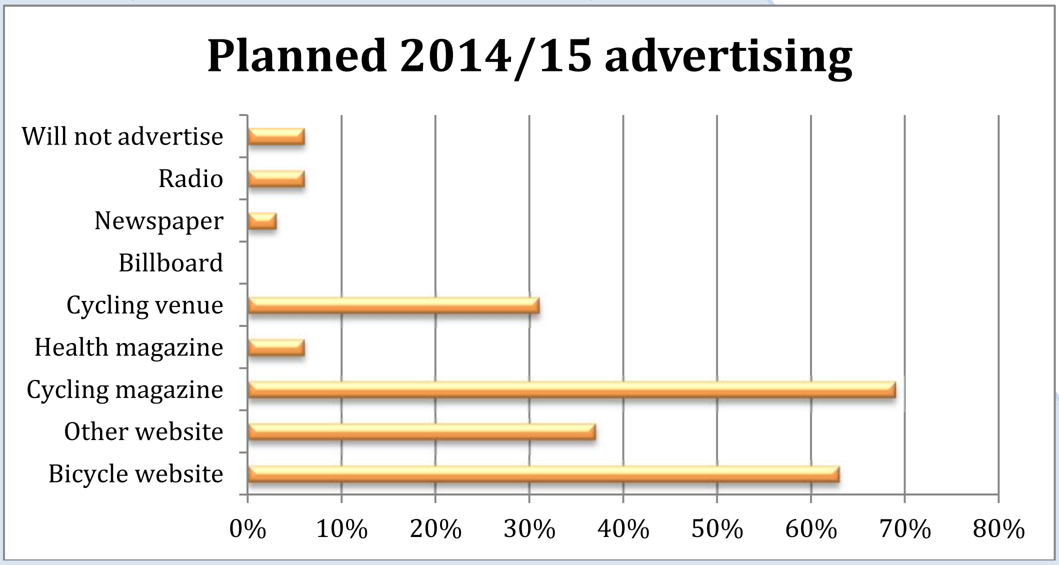
The primary locations that bicycle retailers advertise



- The level of advertising purchased by bicycle importers in 2013 reduced from the previous year.
    - Half of importers reduced their advertising spending from 2012,
    - 32% maintained advertising levels in 2013
    - 18% indicated an increase in advertising spend

The level of advertising spending overall is expected to remain relatively constant in the coming 12 months.

The advertising spend is expected to continue its trend from traditional print media to greater levels of online advertising.



SPONSORSHIP

There was a small increase in sponsorship in 2013 but stores are expecting to have a significant increase in the coming 12 months.

The majority of support from bicycle retailers was directed to local community events not related to bicycles or riding.

There has been little change in sponsorship spend from 2012

Importers have predicted a small increase in sponsorship spending in the coming 12 months.

DISPLAY OF PRODUCT

In the last three years, over 60% of importers had displayed stock at Ausbike.

With the lack of bicycle shows in 2014/15, riding events, road, MTB and triathlons are expected to receive an increased focus.

MTB and triathlon races are seen as more accessible and valuable for importers to become involved with.

HOW SHOPS RATE ISSUES ON IMPORTANCE TO THEIR BUSINESS.

	Extreme concern	High concern	Mid concern	Minimal concern	No concern
Offshore internet sales	31%	19%	31%	6%	13%
Getting own business online	7%	13%	40%	0%	40%
Collapse of retail stores	41%	24%	12%	6%	18%
Getting qualified and skilled staff	6%	19%	19%	38%	19%
Increased number of brands on market	6%	38%	38%	6%	12%
Keeping up with product technology	12%	19%	25%	31%	12%
Long term government investment in infrastructure	12%	37%	31%	12%	6%
Increase in tenancy costs	19%	31%	19%	12%	19%
Increase in utility costs	25%	31%	0%	25%	19%
Increase in wage costs	19%	31%	12%	19%	19%
Training of retail staff in your product	0%	37%	19%	25%	19%
Impact of Aus standards	12%	12%	31%	19%	25%
Loss of brands	25%	25%	19%	6%	25%
Manufacturer supplying Wiggle/chain reaction etc.	37%	25%	12%	6%	19%
Counterfeit product on the market	25%	6%	31%	12%	25%

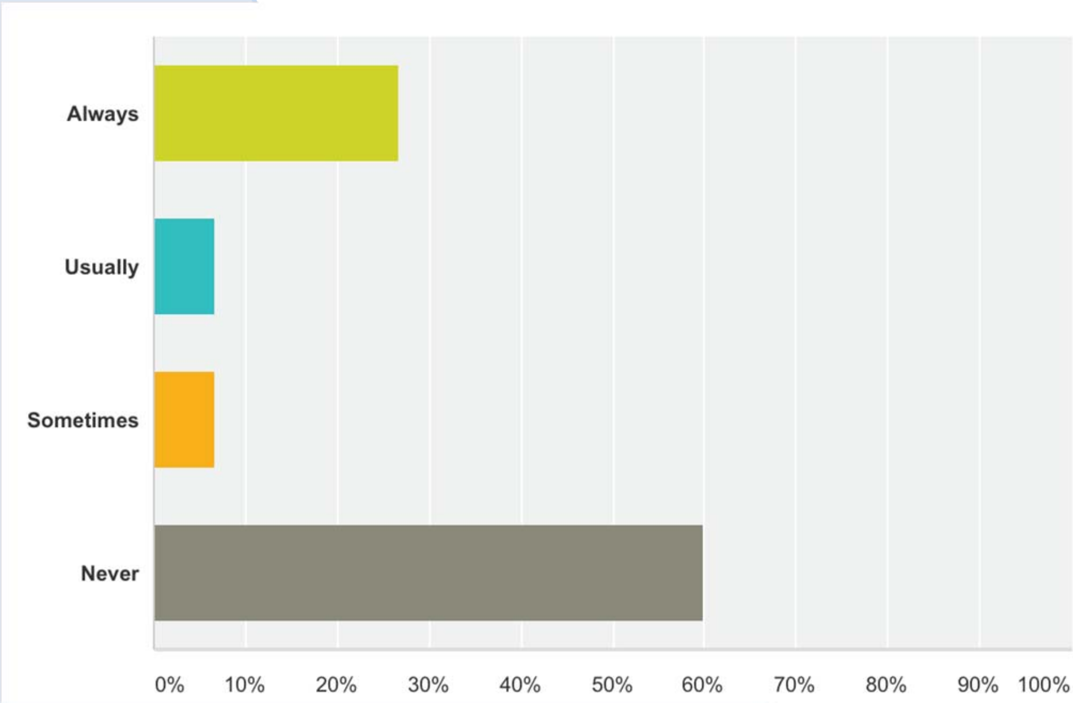
CRITICAL ISSUES FOR RETAILERS TO WHOLSALERS

The most critical issue that retailers complain about from wholesalers is warranty support followed by product availability and order accuracy. Product margins are also seen as critical items.

OFFSHORE IMPORTS

Almost 80% of products sold in the bicycle industry retail for less than $1100

Do importers provide warranty service for your brands if they are purchased from outside Australia?



IMPORTANCE OF SELECTED BIA ACTIVITIES TO IMPORTERS BUSINESS'

- 85% of bicycle importers indicate they usually read the BIA monthly industry update

	Critical	Very important	Important	Slightly important	Not important
Represent the industry on the Aust Bicycle Council	19%	25%	50%	0%	6%
Represent the industry on the Aust Standards Committee	19%	37%	37%	0%	6%
Collect and distribute bicycle import data	12%	31%	50%	0%	6%
Distribute relevant information through the monthly industry update	0%	44%	50%	0%	6%
Collect bicycle import data	12%	31%	37%	12%	6%
Lobby for changes to regulations eg. Electric bicycles	6%	37%	25%	19%	12%
Lobby for changes to the Low Value Threshold	44%	25%	19%	0%	12%
Develop training package for bicycle mechanics in Australia	12%	25%	44%	12%	6%

The issue that is most important or critical to the largest portion of the importers is Lobbying to achieve changes to the Low Value import threshold.

This information also indicates that the majority of the wholesalers believe the work of the BIA is important or very important.

20%

- Of importers lobbied their local members regarding the low value threshold.

CYCLING PROMOTION FUND

On average, importers are aware of approximately 20% of the activities undertaken by the CPF.

The most well known activity is Riders on the Hill, the CPF sponsored parliamentary riding group in Canberra that has been operating and led by CPF Government Relations Manager Stephen Hodge since 2005.

Riders on the Hill is an extremely successful political engagement tool that is communicated to the industry for almost 10 years.

The critical outcome of this survey is the lack of awareness in the industry of the work of

	YES	NO	UNSURE
Federal Parliamentary dinner	35%	53%	12%
Moving People 2030 policy development	18%	65%	17%
Riders on the Hill cycling group	41%	47%	12%
Urban Policy Forum	23%	65%	12%
National Transport Summit	35%	59%	6%
Transport tax roundtable	6%	88%	6%
International Cycling Luminaries Awards	29%	59%	12%
Nation Building II – lobbying	6%	82%	12%
Parliamentary sports festival	6%	88%	6%
Federal budget submissions	29%	59%	12%
Council of Capital City Lord Mayors	18%	76%	6%
'Move it' policy	6%	89%	5%

OUTLOOK FOR 2014/15

Overall importers believe that the coming year will be similar to the previous 12 months.

THANK YOU

Thank you to the Australian bicycle importers who chose to contribute to this survey and provide data for the benefit of the entire industry.

If you require further information on this report or any other service offered by the BIA, please contact:

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All data included in this report has been provided by Australian retailers. All attempts to ensure accuracy have been taken, but BIA takes no responsibility for business decisions taken utilizing this data.