CPA Practice **Advisor**

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

consumers switched to bikes for exercise and stress relief. Parents were hoping their kids — staying home from school — would burn up their pent-up energy. As America slowly

May. 19, 2020



Mike Olson, who owns 13 bike shops in Oregon and California, hasn't had a moment's peace.

Since COVID-19 hit, customers have been lining up outside his Bike Gallery and Trek Bicycle Superstore shops every single day, sometimes for two hours. Models of all types have been flying out the door, leaving Olson in a struggle to stay stocked.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

slowly reopens, commuters are turning to bicycles to stay away from crowds in subways and buses. More than 80% of Americans see cycling as safer than taking public transportation, according to an April survey of 1,000 Americans by manufacturer Trek Bicycle, one of the the biggest-selling brands in the U.S., and researcher Engine Insights.

As a result, the \$54 billion global bicycle market, which grew 6.9% last year, should see some road-bike categories shoot up 35% this year, according to WinterGreen Research, based in Lexington, Massachusetts. Before the pandemic, the industry largely was stagnant, with battery-powered e-bikes and gravel bikes showing growth, and sales of traditional road bikes plummeting.

Much of the growth in recent months has been in the U.S., where bike shops were deemed essential businesses and allowed to stay open in many states. (In parts of Europe, they were shut). The shops offer online sales, curbside pickup and delivery. Many are only letting one customer in at a time, and are putting clothing items clients tried on in a "decontamination zone," where the products stay untouched for a while. With summer weather approaching, most bicycle-shop owners expect high demand to last for another month.

The question is: Will it be a fad or will it last? Susan Eustis, chief executive officer of WinterGreen, thinks the latter. The new coronavirus is expected to remain a risk for the next three years.

"People will use bicycles to avoid risk during that time," she said.

Road and mountain bikes in the \$450 to \$1,000 price range are the most popular, according to the Urban Cyclery Shop in East Orange, New Jersey. These bikes are almost sold out, and now customers are snapping up unpopular colors like orange

and turquoise, and unusual sizes such as extra small and extra large, said co-owner

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

"And we are doing it on more limited hours, and with more limited staff," said Ben Hinker, manager of the store. "Our service department is a solid two weeks, maybe three weeks out." The store is almost out of kids bikes, he said. Fortunately, some of his suppliers are diverting shipments intended for Europe to his store.

With manufacturers low on stock, Toga Bikes in New York is now trying to get supply from third-party vendors. Sales are double what they were a year ago, said manager Will Alvarado. On Mother's Day weekend, he sold 80 bikes, up from between 30 to 40 in pre-COVID-19 times.

As the supply crunch continues, prices are spiking on eBay: Some kids bikes are offered at more than double the list price at regular stores.

There are signs that shortages are easing now that China, where much of the bike production is based, has reopened its factories following closings at the end of January as part of its own efforts to contain the virus.

"That's the time of the year when they are making the bikes that are supposed to be in the U.S. in April, May and June," said Eric Bjorling, brand director at Trek Bicycle, whose bikes are also made in Holland and Germany. "We are seeing thousands of bikes arriving every single day now; we think we are through the worst of it."

^{©2020} Bloomberg News

Visit Bloomberg News at www.bloomberg.com

Distributed by Tribune Content Agency, LLC.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us