

Marketing

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Competitive Forces. It is estimated that over 2000 companies worldwide manufacture bicycles and cycling related products for retail. Within that group, there are approximately 100 different brands available at retail at any given time. While the majority of the bicycles sold at retail are for either transportation or recreation, only about SIX percent are sold in the pro/luxury category. 2. Economic Forces. While rising fuel costs may suggest a rise in bicycle expenditures, on the whole, consumers looking to save on transportation costs generally purchase 'comfort' bicycles at an average retail price of \$350.

Currently, Freeholders' models range from \$1, 500 up to \$10, 000. Other economic forces include a shift in the high-end bicycle manufacturing industry toward outsourcing and overseas production, which thereby significantly decreases manufacturing costs even with lower price tags at retail. 3. Political Forces. As trade regulations are lifted in developing economies, nations such as China are providing lucrative incentives to US and European manufacturing firms. Freeholders' firm commitment to handcrafted, locally produced bikes places them at a competitive disadvantage with regard to manufacturing overseas. Inversely, organizations such as Bikes Belong ([www. Bookkeeping. Org](http://www.Bookkeeping.Org)), Blackest, a political action committee, and the American Bikes Coalition are working to raise awareness of bicycling. Lobbyists have asked Congress for laws and grants to build and maintain bicycle paths and bike lanes on major roads to make biking a safe and economical mode of transportation. 4. Legal and Regulatory Forces. All Freeholders' bicycles and manufacturing facilities comply with EPA, OSHA and other government safety guidelines.

There are no other regulatory or legal forces impacting Firesides' operations at this time; however, steps must be taken to insulate the company from frivolous injury-related lawsuits as well as legitimate suits brought as a result of equipment failure.

5. Technological Forces. Advances in CAD software, ultra-light, durable bike frame bicycle manufacturers to create a demand for faster, lighter, more durable and more aesthetically appealing products. It is predicted that as the demand for these materials increases, the cost to source these materials will decrease.

6. Coloratura Forces. One potential competitive advantage for Firesides is their commitment to the "Hand-made in the USA" label. The affluent Baby-Boomer generation favors products considered to be 'hand-crafted', 'socially responsible' or 'green.' These same values can be seen passed down to the children and grandchildren of the Boomer generation: consumers in the teen to early 30s demographic. The net result is an increase in potential new customers for Firesides' products.

B. Target Markets.

Firesides' primary target market is male, age 16-35, professional racer/extreme sport mountain biker. Secondary market includes affluent and athletic men, aged 20-45, who trend toward premium and socially responsible brands. Since 1999, Firesides has positioned itself as a leader in the highly competitive bicycle manufacturing industry through superior design and rigorous performance standards. The Firesides brand also ranks in the high 90th percentile for all brands in the consumer sporting goods category with regard to best practices in social and environmental responsibility.

In recent years, the Firesides secondary target market has expanded to include suburban, athletic women in the 35-45 demographic. While these new findings are promising for the company, they are currently only seen in the so-called "Blue State" regions of New England, California ND the Pacific Northwest. At this time, Firesides' bicycles are only available directly through the company and at select independent bicycle shops. C. Current Marketing Objectives and Performance.