

MEGA

62

February/2015
Bimonthly



CHINA BIKE & E-VEHICLE

**CANNONDALE
TURNED TO
E-BIKE DEVELOPMENT**

**BOSCH
ELECTRIC BIKE DRIVE
SYSTEM. FUTURE OF
E-BIKES**

**YADEA'S WAY
TO BRAND
GLOBALIZATION**

— AN EXCLUSIVE INTERVIEW
WITH ZHOU XIAOXIA, GENERAL
MANAGER OF FOREIGN TRADE
DEPARTMENT OF YADEA

**CHINA REMAINS
BIGGEST BIKE
PRODUCER BY FAR**



**TRANZX
THE SECRET TO A BRAND'S SUCCESS**



TranzX

The Secret to a Brand's Success

An intense focus on excellent customer service is proving to be one of the key success factors for the JD Group in the competitive European e-bike industry

On any given day, the ultra-modern TranzX headquarters and service center in Bad Nauheim, a town on the outskirts of the European financial center of Frankfurt, Germany, is a bustling hive of activity. Ringing phones and visiting customers are catered to by the friendly and professional staff that is on hand to resolve any customer issues. Courteous and knowledgeable, the staff is at the forefront of an excellent customer service that is transforming TranzX into a showpiece

of great service within its industry. With so much going on at the center it could be mistaken for the bustling service department of a big international IT firm rather than one in the bicycle industry. Pristine white walls are framed by a range of TranzX e-bikes' displayed around the entrance hall, as the tagline "inspiring your ride" is illuminated by the soft glow of the red TranzX logo in the company's impressive showroom. Overall the perception is of a welcoming, modern

and professional business, where guests are greeted by the proud product displays around the entrance and the friendly, active staff.

Readers might be surprised to learn that this highly successful headquarters, at the heart of European operations, started with an OEM bicycle parts supplier from Tai

company's TranzX brand stands for technological competence, reliable product quality and innovative development. JD employs more than 4,000 specialists in its subsidiaries in Taiwan, China, Japan, Germany and the USA, and holds over 700 patents for its various mobility products. JD enjoyed years of success as an OEM manufacturer of bicycle components for major bicycle brands

and achieved acclaim as the inventor of the aluminum scooter that became a global phenomenon in 2000. The company's TranzX brand however remained unfamiliar even within its own industry.

So how did the Taiwanese company go from being a bicycle parts supplier to becoming a leading maker of e-bike drive systems with

the fourth-largest market share in Germany? Set to launch into a market on the verge of exploding, JD sought out a marketing company that could spearhead their entry into the e-bike market in 2006. For over a year they searched until eventually they found an agency that could provide exactly what they needed. Enter ITMS Marketing, a German based agency led by founder and expat New

Yorker George Pascal. With his guidance and the firm's level of experience and creativity, the German agency proved the right choice to pro-actively steer JD's goals.

As a mid-sized firm based in Germany, ITMS had a strong international track record. It had established itself as an agency that knew how to positively build brands and successfully launch foreign products into the European marketplace. Entering into the market with a new innovative electric drive system would also involve rebranding the image of the e-bike from a mobility option for the senior citizen to a "lifestyle" choice for the young and trendy; which ITMS carried out through a carefully crafted strategy. The agency's marketing techniques had a notable effect in creating the desired brand image and increasing TranzX's market share in the booming European e-bike markets. Once the image of the e-bike was changed, the company could shift its focus to the needs of its new customers; service. JD had the foresight to understand that this would play a key role in success in the e-bike market.

But how to start in a foreign-language market? To begin, the Taiwanese manufacturer would need a European presence, as attempting to run the business from Asia would be impractical. Between Asia and Europe there are many cultural and business differences that would need to be addressed. Different operational practices as well as the different customer needs would have to be taken into account.



George S. Pascal



In addition, JD was unfamiliar with the particulars of the European marketplace and therefore in order to meet this need, and building on the good relationship with Pascal, JD had the astute idea to ask the agency's principal to launch its European operations. What at first glance appeared to be an unusual move, proved to be a pivotal and excellent decision for the Taiwanese manufacturer. The location was also important. By having a European center of operations, centrally located in Germany, it would be able to efficiently service the various European markets that were practically on its doorstep while being in the heart of the biggest e-bike market in Europe. Foresight from the new operations head established by TranzX in Germany, poised for the coming e-bike market expansion. This

somewhat unconventional approach ran contrary to the standard procedure which was to launch in the Netherlands with its highly developed market. It proved fortuitous however as when the boom came, TranzX, with its new European headquarters, was ready to ride the wave.

Entry into the e-bike market was a challenge for the young inexperienced brand, but one which it proved able to meet. With the expanding e-bike market a European presence was invaluable. Establishing the brand and marketing it to a new target audience were only the first steps towards creating the flourishing e-bike brand of TranzX that is here today. In order to stay successful and take full advantage of the surge in demand for e-bikes, service would have to have a much more prominent role. Pascal recognized the importance of a premium customer service as a key element for success. He therefore made creating a first rate service a focus for the European operations and in so doing moved this vital component of the business to become an integral part of the TranzX

brand, synonymous with quality.

As demand for e-bikes grew, so did customer expectations. Service was no longer simply about replacing chains and brakes; it was about company and customer interaction, meeting expectations as well as dealing with much more complicated systems. Bikes that housed tiny computers within their frames or had handlebar screens displaying sensory data would need more than a screwdriver and some lubricating oil. They would need highly trained technicians and support staff that knew the ins and outs of their products. More complex systems meant more things to potentially go wrong. These aspects would play a pivotal role in the makeup of the TranzX service system.

An essential element of this system was the perception of the consumer; excellent service perceived as excellent quality. Creating a customer orientated approach was crucial. Serviceability; speed, courtesy and competence of repair, became the watchword for TranzX. With the new marketing

and advertising creating a brand promise, it was imperative to deliver on this. Consumers are concerned not only about a product breaking down, but also with the time that elapses between this and the restoration of the product. The timeliness with which the service appointments are kept, as well as the frequency with which service or repairs fail to resolve the issue, also factor in to customer satisfaction. In addition, the nature of the interaction between the customer and the service personnel also impacts perceptions of the service provided; positive staff provides a positive perception. Most customers would also equate more rapid repair and reduced downtime with higher quality. All in all excellent customer service adds value to the product and the brand, building enduring relationships and customer satisfaction.

Providing all of this was critical for Pascal, as service quality is reflected at each service encounter. But instead of looking to standards in the bike industry of the time, TranzX would be based on a different set of criterion. Having built two successful businesses, the



American entrepreneur applied his management style to build a top-notch service system from the ground up. Wishing to thrive in a highly competitive business environment, benchmarks for TranzX were set at levels that the bike industry was not accustomed to, demanding a higher standard due to a passionate, details driven approach. Recruiting experts from outside the bike industry was an important part of the long-term strategy due to their experience and expertise in the relevant fields such logistics, service, IT or electronics. Providing these experts with training in the bike industry was a far better approach than the reverse, as the core skills needed were transferable between industries. Basing JD's service model on the telecommunication, financial and automotive industries, instead of bike industry standards, enabled the company to set itself apart from the rest of the pack. This also led to the decision not to contract out servicing since none of the "service outsourcers" in the bike business could meet the high expectations. Everything would be handled in-house, and TranzX would service what they sold, strengthening the ties to the customer and securing its market edge.

The new ultra-modern TranzX service center, recently opened in Bad Nauheim, is a culmination and physical representation of this drive and determination for customer satisfaction and quality products that JD and Pascal have strived for over the years. The 3,000 m² facility offers state-of-the-art technical services, service support and seminar facilities. It also includes a warehouse stocked with over 300 different parts and a modern workshop. It is fully equipped to repair, replace and supply virtually all TranzX components and e-bikes on demand. Within the facility customer service is handled through a variety of means: technical support staff deal with customer issues and questions via telephone and online; service technicians perform diagnostic work, repairs and replacements; and through high quality training seminars TranzX can pass along its technical expertise to dealers. All these aspects make up the sum of what service now means to TranzX.

The story of TranzX hasn't followed the standard industry path but instead has forged its own way and overcome a variety of challenges, adapting to each one and creating a place for itself within the e-bike market. From a little known company and



product list, to pioneer and global name, the JD Group have taken their entry into the e-bike market and created something on a whole new level. Guiding the Taiwanese company through the process, Pascal has kept JD on course for further expansion in Europe and made them into a viable player amongst other high-profile brands such as Bosch, Panasonic and BionX in what has become an \$8.5 billion industry.

For the future TranzX will continue to build on its excellent customer service and high quality products. It will also continue to be at the forefront and adapt to the evolving needs of the bicycle industry, constantly updating its extensive range of products and the capabilities of its service sector, as well as incorporating the latest technological innovations. With expanding sales of e-bikes worldwide, particularly in Europe, JD is riding high taking the lead on e-mobility solutions.

Comment: Separate Text Box (about ITMS and George S. Pascal)

Eight years ago George Pascal and his agency were newcomers to the bike business, introducing marketing principals that were at the time uncommon in the industry. This fresh perspective is the result of 25 years of agency achievements in advertising and public relations within the travel, automotive and sports sectors. Known for realizing marketing and branding strategies that carry across and merge different communication channels in order to position brands, ITMS Marketing is recognized as a key player in the marketing world. In addition to a synergetic and strategic approach which ITMS takes to position brands, it's principal Pascal is a sought after expert in crisis management; known as a first class advisor to corporations in diverse European markets as well as in Asia, the Middle East and America.

"At the end of the day, an agency is nothing less and nothing more than a business dedicated to providing excellent service to its clients. Delivering excellent service has always been at the core of my business endeavors and serves as a firm foundation for all of my work." **MEGA**