

‘Secret’ Giant is world’s biggest bicycle manufacturer and still growing

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The Taiwanese are excellent, but perhaps overly polite bicycle manufacturers.

“It’s not in the national characteristic to be loud about things,” says Jacky Lin, factory vice-manager at leading bike component manufacturer [SRAM](#).

“We are a polite nation. But we have learned to be more Western, to speak up if we have a good idea or input. This has helped with development,” Lin told [CyclingTips](#) last year.

Industry experts wonder if this inherent reserve is one reason why Taiwanese bike-making behemoth [Giant](#) is, in the words of its US general manager John Thompson, “the best-kept secret in the bike business”.

Founded in 1972, Giant began as a supplier to the US [Schwinn Bicycle Company](#), but has evolved into a vast original equipment manufacturer (OEM), assembling bikes for a client list that includes major brands Scott, Trek and Colnago. But since Schwinn switched to a cheaper Chinese manufacturer in 1987, Giant has also been developing own-brand cycles, such as its Defy and Propel models, the latter starring in Tour de France sprints in recent years.

However, the ‘made-in-Taiwan’ factor remains an issue. Giant CEO Lo Hsiang-an told Bloomberg. “Our roots are in technology and quality. Some brands are more marketing, more talk. I believe ours should be real.”

Lo highlighted the 1.85% increase in average unit price of exported Taiwanese bikes in 2014 as evidence of the local industry’s push towards quality, the rise bolstered by increasing international demand for high-end bikes and the US recovery.

In truth, Giant’s secret is out. It is already the world’s biggest bike exporter, accounting for as much as 10% of the market, according to JPMorgan. It shipped 6.6m units in 2014, with global sales of £1.4bn, up 10.4% from 2013, with 5.1% growth expected in 2015. Growth has been impressive in the US and Europe – despite a 14% EU tariff introduced for finished bicycle imports – although it has been hindered by the slowing Chinese economy.

The growth leverages a close-knit supply chain rich in precision-machinery development expertise. “The flow is very important,” says Lin. “In Taiwan, it is a short distance between the suppliers and the OEM companies like Merida or Giant, so we can all pull together and work out how to shorten the lead times in material and information flow.”

Taiwan’s dense bike-component production cluster is what convinced American industry giants SRAM, then a fledgling start-up, to move its production of gear levers to Taiwan in the late 1980s. And it’s still attracting new start-ups like GoChic, a niche maker of designer urban bikes.

GoChic founder Alex Chou says: “The island has a complete supply chain for bikes and the manufacturing technology is mature. I can produce a bike in half the time it would take if I were based in the United States. We are able to develop new products and bring them to market with much lower initial costs.”

US bike industry analyst Jay Townley believes Giant’s dual strategy of brand positioning and OEM business means they are a force to be reckoned with. “They are able to take a look at the market and think about the best mix, the best way in which they will be able to control the market. Right now, it makes Giant the best-positioned of any company in the global bicycle business,” he says.