

## KF<sup>2</sup> Strategy

### No end in sight to ebike market boom

*KF<sup>2</sup> Strategy highlights different aspects of the ebike*

Ebikes are battery powered bicycles with either limited or unlimited pedal support. This much is certain. Aside from that, ebikes are full of contradiction. The uses for ebikes are as different as the lifestyles of their owners. China is currently the world's largest market for ebikes, with 23.5 Mio. units sold in 2009. There electric bicycle serve predominantly as an affordable means of transportation for securing one's livelihood. In Europe, USA and Japan, where bicycles are predominately a lifestyle product, ebikes are mainly used for sporting and leisure purposes. In these regions ebike sales reached around 1.2 Mio. units in 2009, 0.75 Mio. units being sold in Europe. While China and Japan are estimating moderate growth rates, the relatively "young" markets like Europe and North America are expecting strong growth during the next years. Markets such as India and South America are also becoming more relevant.

The global bicycle market is traditionally highly fragmented and characterized by numerous players. For bike manufacturers ebikes represent an additional growth opportunity as well as a consequential expansion of their existing product portfolio. Although in the short term the surge in ebike popularity will lead to an increase in total bicycle sales, traditional bikes will increasingly be replaced by ebikes. The extent of the substitution effect and resulting market share of ebikes will reflect segment specific development, with the product displacement in city and trekking bikes being typically higher than in mountain bikes.

Other than the consumer bicycle business, the supplier market for electric drives is for the most part open. At the moment many firms are scrambling to position themselves in order to get a piece of the cake of this very promising new market. According to Dr. Andreas Kipp, CEO of the Top Management consulting firm KF<sup>2</sup> Strategy, "in the area of electric drives there are currently around 10-15 candidates which have the chance to be among the top players during the next five years. There will be a global competition in which the role of the developing countries is not to be underestimated due to their technical competence, proximity to key markets, and cost advantage."

It is certain that the ebike will take a lead role in the growing trend towards electromobility. The expertise pertaining to the complexity of the interaction of mechanics and electronics as well as the gathered market experience allow a knowledge transfer to the development of other electrically powered vehicles. Dr. Andreas Kipp stresses: "The automotive industry will watch the market development of ebikes very closely. But also the energy firms are sensing their chance to break into the value chain architecture of ebike and electric drives manufacturers in order to access lucrative growth opportunities."

In case of questions please contact:

#### **KF<sup>2</sup> Strategy GmbH**

Angelika Fischl

Ainmillerstrasse 9

80801 München

Tel. +49 (0)89 3885 9232

Email: [angelika.fischl@kf2strategy.de](mailto:angelika.fischl@kf2strategy.de)

[www.kf2strategy.de](http://www.kf2strategy.de)