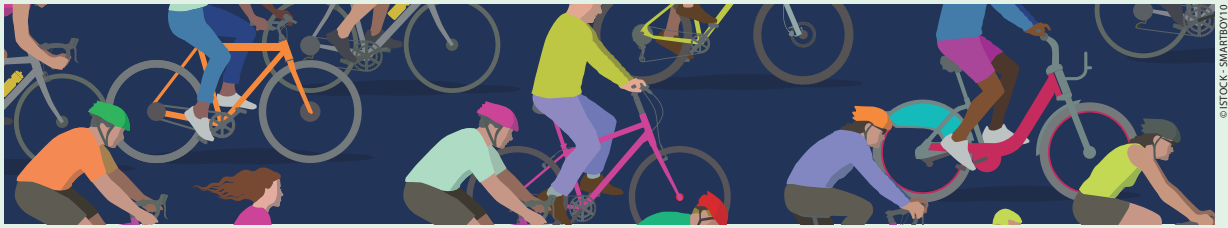


# All The Social and Environmental Value of the Bikeconomy

by Gianluca Santilli, Pierangelo Soldavini\*



**C**ities, but also other local areas, must be fully rethought. In Paris, mayor Anne Hidalgo created a department for the “15-minute city,” a new urban concept in which everything, from school to work and public services, must be close by and reachable with sustainable means of transportation in no more than 15 minutes. The idea is that livability cannot but be combined with sustainability. And it is no coincidence that the 15-minute city has rapidly become a trend that many administrators want to launch in their own cities.

Among the tools for mobility, some have the advantage of being more adequate than others. The bicycle is one of these. The city ends up no longer having borders, either internally or externally. This is where innovation must take place, this is where work and lifestyle intersect, this is where knowledge and research structures are concentrated, and this is where our economic and social future comes into play.

## IDEAL MOBILITY

So what is ideal mobility? The methodology applied in The Netherlands is simple: “Avoid, shift, improve.” First of all, to manage movement and the resulting need for mobility, it is important to avoid

what is not strictly necessary; and then to modify the behavior of those who move, acting on the types of use and functions of existing spaces and on movement habits and preferences. Only last is the improvement of integration between active mobility and public transport services. This methodology correctly identifies priorities for intervention and funding, optimizing the cost/benefit relationship.

In redesigning cities, great importance will be given to the management of the spaces to be used efficiently to reactivate neighborhood shops, to offer places where people can gather safely, with the increasing desire for public spaces available to the inhabitants. Then there must be effective incentives for the use of bicycles, and in particular the mode of bike-to-work, that should be made attractive also for those who don’t use bicycles. Lastly, we need to shift from the theme of mobility to that of accessibility. Sustainable Urban Mobility Plans (SUMPs) themselves should be rethought.

The solution is intermodality: public transportation + bicycles must be the center of local public transport (LPT) and any mobility plans. The bicycle is the perfect means for reducing the flow of passengers on public transportation on secondary lines and segments, reducing or modifying LPT services that can be concentrated on the main lines, increasing frequency. The same is true for the train + bicycle combination.

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Ignored by SUMP and the highway code until now, another solution could be the use of super bike paths, destined to commuters, with high flow capacity and high quality and safety standards; these are able to compete with automobiles and represent an important axis for connection and integration with LPT services.

### THE PHENOMENON OF BIKE TOURISM

Walking, pedaling, and enjoying tourism that is also an experience of contact with nature and culture is an increasingly valued alternative for Italians and foreigners in particular.

The bikeconomy has already calculated the value of bike tourism in the European Union to be at least 50 billion euros. The figure is destined to see a very strong increase, thanks also to the advent of the e-bike and the effects of the pandemic on people's lifestyles.

Italy is potentially a paradise of bike tourism and what is called "experiential tourism," a now widespread phenomenon able to mobilize billions of euros in business, thanks to its wealth of natural and cultural beauty, the incredible variety of its territory, and a food and wine culture without equals in the world. Yet these treasures must be promoted through actions at the national level, managed by experts, aimed at conducting training and attracting targeted public-private funding. And it is not always necessary to create bike paths, because the thousands of kilometers of secondary paths can be used, such as abandoned railways.

Too often the bike tourist is perceived as a poor person who is forced to go on vacation by bike because he isn't able to go by car. Then we discover that for a week on a bike in Italy rich Americans, English, and Chinese can pay over 10,000 euros a person. But the organizers of their vacations are almost always foreigners who offer tourists Italy, its local territories, its food and wine, its climate, and its incomparable beauty.

### INVEST IN TOURISM AND INFRASTRUCTURE

Infrastructure is needed that is coordinated in order to allow people to pedal safely, along with the ingenious bike hotels in Romagna, welcoming restaurants for cyclists, dedicated structures such as bike rentals and repair shops, specialized multilingual guides able not only to organize rides but also to show and illustrate the artistic and historical beauty of an area, simple but complete apps to consult with all of the information, and sites to access which indicate every type of offer able to attract any cyclist, including only potential cyclists, and trigger virtuous economic processes to flow back into the territories.

Two billion people in the world use bicycles today, and as we have seen, this number is destined to in-

crease sharply thanks to e-bikes, that have broken down all barriers.

We should also think of the work that would be generated, especially for youth; work that is healthy, rich, and sustainable directly in the areas of origin. For example, opening a holiday farm for bicycles, a restaurant with special attention to the needs of those who pedal, a repair shop, a rental outfit that guarantees all services (renting a bike, managing tour guides, specialist tour operators or also bike tourism consultants), if possible studying the best examples from around the world.

Study centers such as the Bikeconomy Observatory are currently able to guarantee extremely accurate analyses and identify all of the tools necessary to provide administrations, entrepreneurs, and investors what they need for an accurate planning of the interventions to carry out. This is also thanks to the international networks they belong to, such as those of the Dutch Embassy and the Dutch Cycling Embassy, which are used by companies that implement best practices around Europe. The scanning of the relevant territory lays the ground for the optimization of the offering for bike tourism purposes, identifying the correct infrastructure to be built, the commercial establishments to create, the tourist structures to construct, the types of services to provide, the digital tools to obtain, the costs to sustain, and the timeframe for return on the investments made.

The figures must be calculated not only considering direct ancillary activities, but also secondary effects. How many billions is health worth, especially in this particular moment of history, along with the improvement of the climate and the environment? How much are we willing to spend for a high quality of life? What investments are we willing to make to have a decided increase of high-income individuals interested in purchasing villas and farmhouses or apartments in the old town centers of areas that have been upgraded for this purpose? How important is it to be included among the top destinations of global tourism?

### SLOW TOURISM

People live longer today and have more and more time. And they increasingly want to spend it well, in beautiful and sustainable locations. Bike tourism is the type of tourism most consistent with these new logics, especially thanks to pedal-assisted bikes that are breaking down barriers, multiplying the army of pedaling tourists. Slow tourism, that with pedals, is an extraordinary magnifying glass of what surrounds us.

By car or by motorcycle, tourism is inevitably hurried. The cyclist stops often, eats and drinks abundantly, looks around, is curious, and goes anywhere thanks

to the bicycle. And they don't flee. They sleep in the hotels they find along the trip, and never tire of the pleasure that the slow trip guarantees.

A bicycle is not a slow means of transport, but an extraordinary magnifying lens of everything that can be observed the best way possible while pedaling. And today bicycles are also trendy. VIPs and people who have been famous for years prefer to have the handlebars of a bicycle in their hands rather than a gold club or a tennis racket. And as always, the stimulus that comes from famous people ends up influencing everyone, generating a fad.

This is why many luxury resorts have been concentrating on bicycle guests for a few years now. From South Tyrol to Apulia, luxury bike vacations are growing. Alpine resorts have been joined by magnificent farms, and Luxury Bike Hotels together with EcoLuxury are aggregating and offering advice to hotels and luxury resorts that intend to become bike-friendly.

Yet these are still spot interventions, not connected with each other and poorly communicated. They are not well-structured. Rather, often the idea is to compete with others, block similar initiatives, and operate only locally.

Being able to make use of the most beautiful places and environments in the world, and also the most engrossing history of cycling, whose heroic period was celebrated in the legendary stages of the *Giro d'Italia* thanks to great, almost mythological athletes, for our country it would certainly not be difficult to offer extraordinarily unique attractions. There is an embarrassment of riches: and around those environments, those paths, those mythical climbs, we find history, art, culture, food and wine, all with the splendid facets that Italy displays without interruption.

Finally, though, something seems to be changing, and in this case as well, the pandemic has acted as an accelerator. The precious experience of the Bikeconomy Observatory confirms the growing interest of local administrators and Regions for the phenomenon of bike tourism. The impressive funding expected from the European Union, which to be accessed will require presenting high-level projects, is another positive element to exploit without hesitation.

The limit of inadequate competence on the subject will gradually be overcome, thanks in part to the activity of communication and enhancing awareness that is underway.

### THE NUMBERS OF THE MARKET

The data published by Confindustria/Ancma shows growth of +60 percent and over 500,000 bicycles sold in Italy after the lockdown of spring 2020, for an annual total exceeding 2 million units, confirming the

unstoppable growth of the sector, with e-bikes rising by double-digit margins. Yet these numbers are still trifling if we look at the one million pedal-assisted bikes sold in Germany, where they represent the tool for mobility *par excellence*. Italy has enormous margins for growth, though. The delay is linked to a sales network unable to innovate and an objective difficulty to manage a product such as the e-bike.

However, the sales network will soon undergo a radical change and wipe out many current resellers. New players have entered the market, exploiting the success of pedal-assisted bicycles and the advent of digital and virtual platforms and of e-sports, that are already having an enormous impact. The trend is explosive, as demonstrated by the e-bikes produced by Mercedes, BMW, Audi, Ducati, and so on.

After the Asia-Pacific, Europe is the market with the strongest rates of growth. In 2018, the Old Continent represented 20.12 percent of the global market. In 2019, Europe saw over 3 million units sold, out of a total bicycle market of 20 million, a surge of 23 percent over the previous year.<sup>1</sup>

Until about twenty years ago, Italy was the undisputed leader thanks to its great manufacturing tradition and the innate brilliance of its entrepreneurs and artisans, who had been a point of reference for cycling for decades. In the area of competition, the teams were mostly Italian, and foreign champions came to Italy. Everyone pedaled exclusively with Italian frames made rigorously by hand by our master artisans. When we hear talk of narrative marketing, we think of the great Italian brands, that can fill up books that tell the history of cycling. There are five, above all: Colnago, Pinarello, De Rosa, and Campagnolo, followed closely by Cinelli; two in the field of accessories: Manifattura Valcisonon for specialist clothing, and Sidi for shoes. And last, but only because it's unique, Campagnolo. Unfortunately, Pinarello, Colnago, and Cinelli have ended up in foreign hands.

Excellence, fascinating stories, and extraordinary entrepreneurs. Yet the world has not simply looked on, and if Italian builders have a defect, it is to be attributed to their unshakable conviction that nobody could have knocked Italy and its producers from its position of leadership in cycling.

But this is not how things went, and it was easy to predict. Italian production of bicycles, which is still tops in Europe, was 5.8 million units in 1994, but fell to just 2.4 million in 2017; a collapse of 60 percent in 25 years.

Today many Italian companies, that are still able to produce absolutely excellent products, have managers who have not been able to innovate and improve their organizations, while foreign manufacturers, with pow-

erful financial and industrial groups behind them, have seen explosive growth.

A recent study by the Bocconi points the finger at the terrifying data on business mortality with every generational passage. A couple of examples suffice. Trek, the US company that became famous thanks to the feats of Lance Armstrong, has a turnover of 1.3 billion dollars; Pinarello doesn't reach 60 million euros. Shimano, the Japanese bicycle gearchange giant, entered the cycling market almost by chance, in order to diversify its products, that until then had been concentrated on fishing reels. Campagnolo, that until the 1970s boasted an absolute position of leadership, including in terms of technology, now has sales that are one-twentieth of those of Shimano, and one-sixth of Sram, that was founded only in 1987.

This makes it practically impossible to compete and forces Italian manufacturers to either operate in increasingly narrow niches, with prospects that are anything but encouraging, or to sell their operations to others.

### FINANCE AND CYCLING: A SOLUTION?

Although only recently, large-scale finance has entered the world of cycling as well, having recognized the importance of the bikeconomy and the enormous business potential that Made in Italy products are still able to guarantee.

Pinarello sold a majority stake to L Catterton, the largest consumer-focused private equity fund in the world, linked to the large luxury group LVMH. Equinox bought 40 percent of Manifattura Valcismon. Colnago sold its business to an Arabic fund from Abu Dhabi (Chimera Investments LLC).

Another excellent option could be represented by the Aim Italia (Alternative investment market), the Italian Stock Exchange market dedicated to SMEs, on which Askoll EVA had a very positive experience, as its turnover of 4 million euros on the listing date was valued at a total of 70 million euros.

It would also be useful to create a center of cycling excellence, drawing inspiration from the global luxury model represented by LVMH, in which companies could have the great advantage of concentrating exclusively on their products, generating enormous economies of scale, also guaranteed by high-profile management. The hope is that there can be a both rapid and radical inversion of the approach and an opening of the minds that is mandatory today to safeguard companies that after decades of success risk disappearing rapidly. In this case as well, the bikeconomy should be exploited, as it is practically unknown to the world of manufacturers, who believe the bicycle is limited to the area where it has been confined over the past 50 years.

The late recognition of the e-bike phenomenon, the substantial disinterest towards city mobility and the related phenomenon of smart cities, the underestimation of bike tourism and the potential of so-called "cycling for everyone," have relegated most Italian consumers to niches almost exclusively dedicated to competitive cycling and amateur athletes, who represent a minimal percentage of the market.

Then there will always be more companies from other sectors that due to a logic of diversification will invest in the bikeconomy area, that will be increasing attractive for the financial world, that is constantly seeking opportunities.

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<sup>1</sup> Source: CONEBI - Confederation of the European Bicycle Industry.

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## SYNOPSIS

- After the lockdown of spring 2020, over 500,000 bicycles were sold in Italy, for an annual total exceeding 2 million units. This is an unstoppable growth of the sector (+60 percent over the previous year), with e-bikes rising in double figures.
- The value of cycling tourism in the European Union now reaches 50 billion euros; and the figure is destined to grow even further thanks to the advent of the e-bike and the effects of the pandemic on people's lifestyles. Thanks to its wealth of natural and cultural beauty, the variety of its territory, and a food and wine culture without equal in the world, through targeted investments in infrastructure and services, Italy could become the bike tourism paradise.
- The late recognition of the e-bike phenomenon, the lack of interest towards city mobility and the related phenomenon of smart cities, and the underestimation of bike tourism have led to relegating most Italian producers to niches almost exclusively dedicated to competitive cycling and amateur athletes. This has led to a drastic collapse of bicycle production in Italy (-60 percent in 25 years), to the benefit of foreign manufacturers who have been better able to exploit the levers of finance.