Electronics giant Pioneer sees big potential in cycling

By Lynette Carpiet

LONG BEACH, CA—Walking through Pioneer America's expansive headquarters in an industrial zone of Long Beach, it's clear how firmly rooted the Japanese company is in electronics. On the way to Pioneer's newly established Centralized Installation Center (CIC), where it assembles all of its new crank-based power meters, we walk through one room with storage shelves lined with audio and video head unit consoles Pioneer built for Toyota, Honda, Ford and others that are in for service.

In between an open area filled with cubicles and desks is a display of some of its pro-level disc jockey products including a turntable and mixer. A huge warehouse attached to the main office building stocks mostly replacement parts, refurbished products and inventory damaged while in transit.

This 150,000-square-foot building houses some 300 employees across its car and home electronics, DJ, optical drive and technical audio device businesses. And, more recently, it became the production facility for cycling, its newest business segment.

In March Pioneer began assembling its second-generation dual-leg power meter onto Shimano cranks out of two rooms here. One room houses two industrial-size ovens that speed up the curing process once strain gauges have been glued onto crankarms. In the other room, workers remove Shimano cranks from chainrings, glue on strain gauges, mount transmitters, reassemble, then individually calibrate power meters on bikes before packaging and shipping them to distributors.

It's a process Pioneer is fine-tuning. Since unveiling its prototype power meter at the 2012 Interbike show, Pioneer has tweaked and revamped its first-generation system heeding feedback from a handful of test-market retailers. The company tested the waters using both dealers then distributors for the crank install, but soon realized that with a national rollout, taking the process in-house was more efficient and allowed them more consistent quality control.

The company can assemble up to 18 power meters per day, but Russ Johnston, executive vice president of marketing and corporate communications, said it has capacity to ramp up production to 50 units. Pioneer doesn't assemble anything else out of this facility, which handles customer service, sales, marketing, product planning, engineering, and back office operations for cycling and its other business divisions.

Cycling seems an odd expansion for a company that began manufacturing speakers in 1938 and cut its teeth bringing CD players and GPS navigation into vehicles and high-def plasma displays to homes. But Johnston notes that at the heart of its products—whether for cars, homes, nightclubs or bikes—is its expertise in how products read, process and transmit data.

"We entered the pro DJ business in 1993 and everyone thought it was crazy," Johnston said. "Now it makes up a significant part of our revenue in North America. So this isn't new for us."

Along with power meter production, Pioneer America has been busy setting up a sales and distribution structure. Early this year, it hired Brenda Lyons, a former BMX, mountain and road racer who worked in sales for Cardo Systems and as a rep for Advanced Sports International, as national sales manager. Lyons helped orchestrate Pioneer's latest partnership with the UnitedHealthcare Pro Cycling team. The Belkin Pro Cycling squad rode Pioneer's first-generation system in 2013 and provided much feedback to engineers early on and continues to do so today.

Pioneer's second-generation dual-leg crank-based power meter is available on Ultegra and Dura-Ace cranks ranging from 165 to 180 millimeters, and compact and standard chainrings.

Lyons also works with inside and outside sales reps at Quality Bicycle Products and KHS, training them on product and approving every retailer that signs on as an authorized dealer. Johnston said because of its authorization process, Pioneer is adding dealers slowly. In mid-May it counted 68 storefronts as authorized sellers. Johnston anticipates Pioneer doubling its dealer base by end of summer, though he acknowledged that bike retailers aren't very comfortable with electronics. But dealer involvement is crucial as it's a highly technical product that requires educating consumers and proper placement on the bike.

Pioneer built jigs, presses and the plastic templates used to affix the strain gauges and transmitters onto Shimano cranks and chainrings.

The company is also growing in international markets. It's establishing an installation center in Belgium, and an Australian distributor recently began installing and selling products to that market.

Pioneer's power meter is offered installed on new cranksets for $1,850 (Dura-Ace 9000) and $1,550 (Ultegra 6800), priced in between Stages Cycling's crank power meter and comparable crank-based systems from SRM and Quarq. It's offered bundled with Pioneer's SGX-CA500 Cycle Computer, though the computer can be bought separately for $299. With built-in Wi-Fi, it automatically uploads to Strava and Pioneer's online service Cyclo-Sphere. It works with any ANT+ sensor or power meter.

Pioneer plans to sell the power meter without the crank, allowing consumers to ship their cranks to distributors for installation. For Ultegra, that would be a savings of about $150. That option would have a substantially greater price difference for Dura-Ace. Johnston said Pioneer also is considering bringing the system to additional cranks from FSA, Campagnolo and SRAM by the fall.

"Setting up the new business has been a lot of work from an operations and sales standpoint," said Johnston, who has worked for Pioneer for more than 20 years and at one point was at the helm of its home and car electronics divisions. "But as far as a startup business, we have huge horsepower behind us with Pioneer's back office support and infrastructure. I see a long path for this product." **BRAIN**