

# SHIFTING GEARS AT RIDE'N GLIDE

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## Abstract

Shifting Gears at Ride'n Glide is a case study about a retail recreation and sports specialty store. A brief history of the business is given & marketing & other business decisions are discussed.

Throughout a thirteen-year history, Ride'n Glide went through a number of minor & major changes to ensure success. These changes include product mix, promotion & pricing strategies & a "shift" in image. It is based on a real operation with real people.  
Potential Learning Environment

This case contains useful learning content for students in courses such as recreation and sport, business and entrepreneurship and commercial recreation.

## Learning Outcomes

Upon reviewing the case & answering the case questions, the learner will:

1. Gain an understanding of decisions facing small retail recreation & sport specialty stores
2. Gain knowledge in small retail marketing strategies
3. Develop an appreciation for short & long-term strategic planning

## HOW HAVE THE GEARS SHIFTED AT RIDE'N GLIDE?

Ride'n Glide was a bicycle and cross-country ski retail operation located in Red Deer, Alberta. Lyle Rowe & Ken Hammer, two friends who met during their studies in the Recreation Administration degree program at the University of Alberta, founded the store in 1986.

Although they had degrees in Recreation Administration and Management, they had no formal business training. They attended several courses in starting a small business and hired Ken's brother Brent Hammer to manage the store, Greg Muise to manage the service area and Brenda Hammer to assist with purchasing and sales. Both Ken and Lyle maintained their full-time employment while starting the business. Ken was an instructor at Red Deer College while Lyle worked for the City of Red Deer Recreation and Parks Department.

During the late eighties and early nineties, mountain biking became quite popular and supported growth in the business (see sales figures). Cross-country ski sales remained quite consistent over the years. However, during the early nineties, two major events happened at Ride'n Glide. First Lyle Rowe decided to leave the business and Brent Hammer became a full partner. Second, bicycle sales appeared to plateau (see sales figures).

With the help of Tom Sonnenberg, during his work experience for his fourth year of the Recreation Administration program at the University of Alberta, Ride'n Glide "Shifted Gears" to become the "Outdoor Equipment Company". This switch in product mix and image allowed the former Ride'n Glide to offer more products (especially in the areas of outdoor equipment and clothing) and to develop a new 'life cycle' for the business.



### **ARE THE GEARS WORTH SHIFTING?**

Over the years, the Outdoor Equipment Company had developed a number of strengths (Sustainable Competitive Advantage – SCA) that allowed them to serve cycling and outdoor enthusiasts for over thirteen years.

Quality Product – The Outdoor Equipment Company developed strong relationships with a number of high quality distributors and dealers. Bicycle lines included Trek, Specialized and Rocky Mountain. Fischer, Solomon and Peltonen were three of the cross-country ski dealers. Outdoor clothing and equipment lines included North Face, Sierra Designs, Louis Garneau and Sugoi.

Expert Associates – All of the associates that were hired over the years were bicycle and outdoor enthusiasts (e.g. Nick Shultz, Suzanne Blackwell, Wayne McKniff). They usually raced on bikes and skis and spent their summers hiking and camping. They would attend product knowledge sessions whenever they were offered and keep abreast of new products through reading and trying out the equipment.

Client Service – The organization prided itself in giving quality service to all of their clients. Free maintenance on bicycles purchased from the store, free water bottles with purchases, special event socials, educational clinics & seminars and using first names, were all strategies to better serve clients. A service recovery program was also developed to deal with issues and problems that arose.

Community Involvement – Being a good corporate, social and environmental citizen were fundamental to the Outdoor Equipment Company. Supporting local events with product, volunteers and expertise were strategies adopted by the organization. Sponsorship of a Ride'n Glide bicycle and cross-country ski team was another strategy.

Strategic Planning – The Outdoor Equipment Company believed strongly in planning for their future. Their strategic plans included setting objectives, analyzing their current situation and determining specific actions to take in product mix, promotion, pricing and placing their product.

## **SHIFTING INTO HIGH GEAR – CURRENT PLANNING**

At a recent strategic planning session, the current situation was identified and a number of future directions were discussed.

***Mission*** To enrich your outdoor experience by providing top quality equipment, exceptional value and superior service.

### ***Objectives***

1. To provide & guarantee: quality product; superior customer service; knowledgeable & professional associates; clean environment with attractive displays; positive & unique experience for our clients; source for fun, fulfillment & life-long personal growth
2. To practice & promote: safe cycling, cross-country skiing, hiking & environmental awareness

### **Benefits Sought by our Clients**

In a recent survey of clients, the following benefits were identified: Fitness-Fun-Adventure; Unique & Social Experiences; Quality & Performance Product; Comfortable,

Functional, Fashionable Clothing; Accurate, Timely Information on Product & Services;  
Outstanding Service & Value

### **Current Situation**

1. Leveling-off of sales (see sales figures)
2. Lack of awareness of new image (research uncovered the lack of awareness of the "Outdoor Equipment Company" name & product mix; past & potential clients were still using "Ride'n Glide" as the store name & referred to Ride'n Glide's product mix of bicycle & cross-country skis)
3. Lack of traffic & limited client base (a recent traffic count indicated a decrease in clients coming through the store; past clients were still loyal; lack of new clients coming into the store)
4. Need to move old & dead stock (outdated equipment such as skis & boots & some bicycle were accumulating)
5. Changing consumer behavior-Big Box Concept (more big-box retailers were moving into the community & selling similar products such as Costco, Sport Chek, Valhalla & so on)



### **Shifting Focus**

The following strategies were identified to deal with the "current situation":

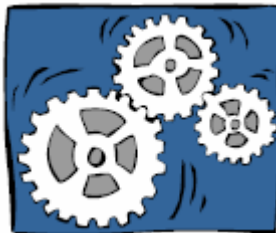
1. New Attitude – more aggressive; seek out new clients; take product to clients; experiment with new & old ideas; enhance our selling skills; find ways to enjoy what we do; treat old clients with like new clients; think positive!
2. New Product Mix – Bicycling (50%), Cross-country Skiing (20%), Clothing (20%), Hiking (10%); expanded rental program; expanded women's product; expanded children's product; expanded servicing of product

3. Elevate Our Client Service – service recovery; small touches; knowledgeable, professional associates; take the product to our clients, outside sales
4. Better Pricing – OEC pricing vs. suggested retail; focus on value; matching prices
5. New Partners – cross promotions; expanded team Ride'n Glide; new club involvement; expand networks; schools & college
6. New Promotional Focus – television; billboards; outside signage; indoor signage; vehicle signage; two-season rental brochure; seminar & activity brochure; spring & fall product launches; larger distribution of brochures; expanded clothing promotion

### **Shifting Gears Again – Future Planning**

In retail, it is a constant “shifting of gears” to stay competitive and profitable. Constant change, challenges and opportunities are presented that allow an organization to make many choices. As the millennium approached, Outdoor Equipment Company once again was confronted with change. Several years of small sales growth, Ken deciding to move out to the West Coast to take a position at Malaspina University-College, Brent looking at new opportunities to travel, once again allowed the organization to choose among a number of strategies.

1. Sell the store to the current staff or another buyer.
2. Sell off the inventory and close the store.
3. Obtain additional investors to grow and run the business (e.g. purchase a building instead of lease).
4. Change the marketing mix (i.e. product, promotion, pricing, place).
5. Continue as is with Brent managing the store and Ken retaining part ownership.



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### **Discussion Questions**

1. What do you think has contributed to the success of the Outdoor Equipment Company? What have been their biggest challenges over the years?
2. If you were an owner in the Outdoor Equipment Company, which of the five future strategies would you choose and why?
3. Do you think the Outdoor Equipment Company has the right marketing strategy to continue into the future? What would you recommend as the marketing strategy to take the organization into 2010?

4. What do you think the future is of small independent recreation and sport stores?  
What are the key success factors? What are the major threats?
5. What role does research play in operating a successful recreation & sport business? What research program would you recommend to the Outdoor Equipment Company?



Ken Hammer and Brent Hammer, Co-Owners of "Ride'n Glide"

*Table 1 – Ride'n Glide/Outdoor Equipment Company Financial Picture  
(sales provided are for illustration purposes & may not represent actual sales)*

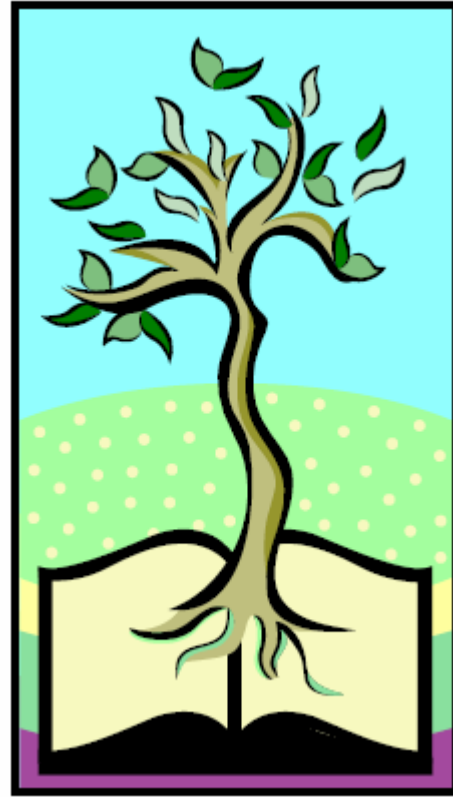
<b>Year</b>	<b>Sales</b>	<b>Cost of Goods</b>	<b>Gross Profit (margin)</b>	<b>Expenses</b>	<b>Gross Profit (loss)</b>
1986	162,000	105,000	57,000(35%)	75,000	(18,000)
1987	225,000	145,000	80,000(35%)	78,000	(2,000)
1988	240,000	155,000	90,000(37%)	85,000	5,000
1989	275,000	175,000	100,000(36%)	93,000	7,000
1990	290,000	185,000	105,000(36%)	99,000	6,000
1991	300,000	195,000	105,000(35%)	104,000	1,000
1992	350,000	225,000	130,000(37%)	119,000	11,000
1993	375,000	245,000	130,000(35%)	123,000	7,000
1994	400,000	260,000	140,000(35%)	135,000	5,000
1995	425,000	275,000	150,000(35%)	147,000	3,000
1996	430,000	278,000	152,000(35%)	153,000	(1000)
1997	425,000	280,000	145,000(34%)	150,000	(5000)
1998	445,000	285,000	160,000(36%)	153,000	7,000

*Table 2 – Ride'n Glide/Outdoor Equipment Company Statement of Income*

	<b>1997</b>	<b>1998</b>
<b>Sales</b>	425,000	445,000
Cost of Goods Sold	280,000	285,000
Gross Profit	145,000(34%)	160,000(36%)
<b>Expenses</b>		
Wages & Benefits	77,000	80,000
Rent	24,000	24,000
Advertising	15,000	16,000
Travel & Promotion	8,000	7,000
Utilities & Telephone	7,000	7,500
Bank Charges	5,000	4,500
Depreciation	3,000	2,500
Small Tools/Shop Supplies	2,000	2,000
Insurance	2,000	2,000
Office Supplies	1,000	1,500
Credit Card Discounts	2,000	2,000
Accounting & Legal	1,000	1,000
Business Taxes & Licenses	1,500	1,500
Interest on Long-Term Debt	1,500	1,500
<b>Total Expenses</b>	150,000	153,000
<b>Profit (Loss) for the Year</b>	(5,000)	7,000

# **Informed Leisure Practice:**

**Cases as conduits  
between theory and  
practice**



Nicole L. Vaugeois, Ph.D.  
Editor

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