

■ Title

The forefront of bicycle business -Startup edition-

■ Sub

The significance of taking on the challenge of starting a bicycle business

■ Thumbnail



■ Lead

JATCO is boldly taking on new business challenges while enjoying change. Continuing from last month, this issue features an interview with a team working on a bicycle business aiming for mass production in 2024. The second half of the issue is about business startups. What kind of drama was behind JATCO's venture into the bicycle business?

Check the first part of the article. ⇒ <https://my-jatco.com/english/>

## ■Member introduction

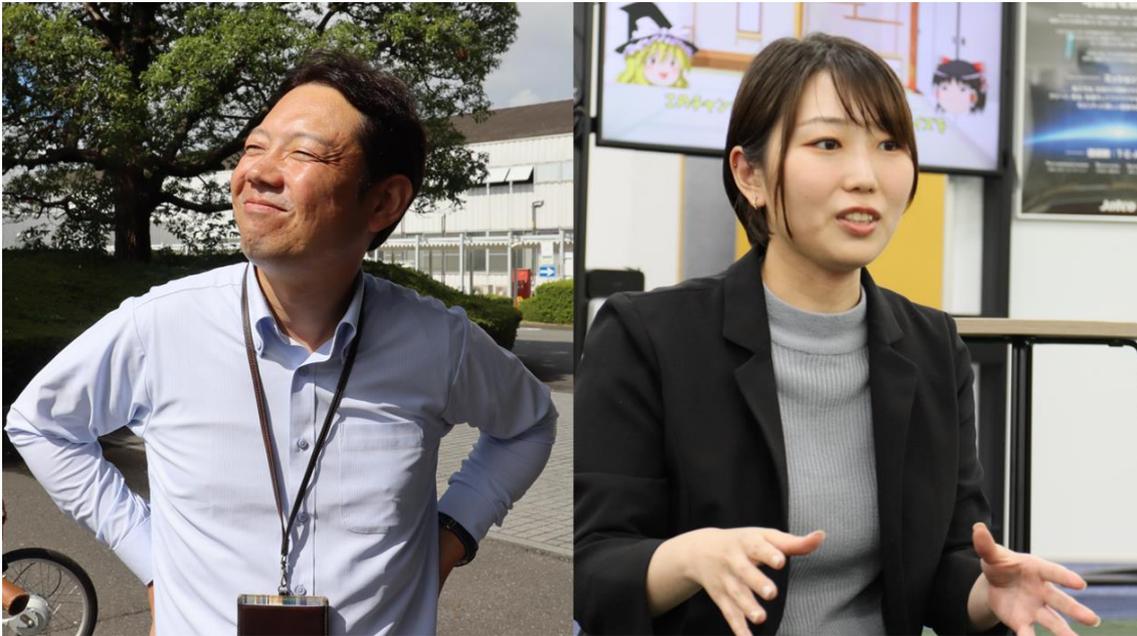


Fig1. From left: Mr. Okamoto (Project leader) and Ms. Inaoka (Sales representative) from the New Business Development Department.

## ■One night, what happened at a Yakiniku restaurant?

Okamoto: The story goes back three and a half years; it was the time when the coronavirus was just beginning to spread. When I had dinner with Sato CEO at an empty yakiniku restaurant, he said to me, "Mr. Okamoto, the automobile industry is in a period of change, the supply chain is undergoing major changes due to the coronavirus, and the way we work must also change significantly." "Because we are in a time like this when conventional wisdom is changing, I think JATCO should take on the challenge of new businesses, not only in the automobile industry, but also in other industries." Furthermore, he said, "Since this is a new business challenge for JATCO, I would like it to be a vehicle with wheels or mobility if possible. As electrification progresses, the structure will become simpler, unlike CVT/AT. "The ideal would be something that is a simplified version of something that can contribute value to mobility other than cars," says Sato CEO with a serious look on his face. From there, we explored new business possibilities and explored mobility market trends.



Fig2. Mr. Okamoto and Sato CEO at an in-house event

### **First marketing experience**

Okamoto: Since I joined the company, I have grown up in the CVT and AT fields, so I had no experience in marketing, so while studying a lot, I first conducted market research from four perspectives.

✓ Four perspectives of market research

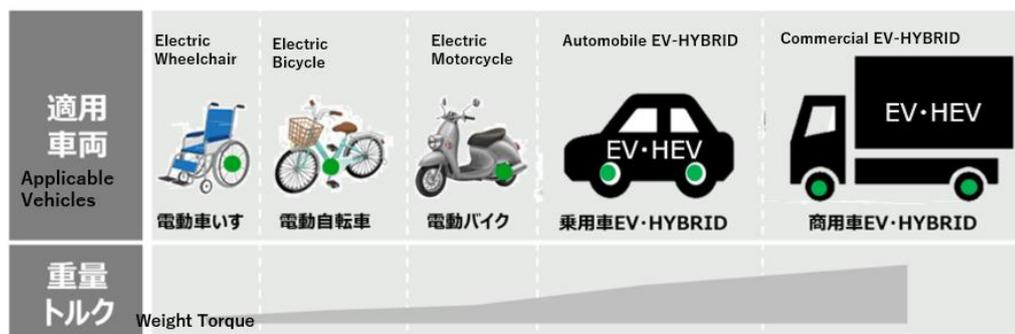
- ① Current market size and is there any potential for future market growth?
- ② Are there customers and needs?
- ③ Who are the competitors?
- ④ In what field we will fight? Can JATCO win?

After considering a wide range of mobility market trends, from large objects to small ones, we found that the electrically assisted bicycle business might have a chance.

Electrically assisted bicycles are so convenient that users who have used them once become repeat users, and the market is expected to continue to grow in the future. In terms of SDGs, a major deciding factor was that the vehicle emits almost no CO<sub>2</sub> and allows a wide range of users of all ages and genders to travel long distances.

## 拡がるモビリティの可能性 Expanding mobility potential

小さく始め、大きな世界に拡充 Start small, expand to the big



Expanding mobility potential

Furthermore, to start the electrically assisted bicycle business, we placed the utmost importance on the idea of “not just selling bicycles but creating valuable products that utilize JATCO's powertrain technology and delighting our customers.” In particular, we considered the market and target customers from multiple perspectives.

✓Marketing results (as of 2020)

Perspective ① 1: Which market to compete: Start with the Japanese market. At the time, we decided that it would be too risky to start overseas, as it was difficult to obtain information in an industry that we were newly entering, and it was difficult to know what was correct the information. First of all, we need to learn from Japanese customers.

Perspective ② Customer target: Categorize customers into four groups (major manufacturers, home retail manufacturers, wholesale manufacturers, and small manufacturers) and consider areas of approaching. Although when it comes to a major manufacturer, we can expect to sell a lot of units, but many of them use in-house products for their electric units, so they are characterized by demanding prices. Similarly, at home improvement retailer, the bicycle prices themselves were low, and it was clear that very strict demands would be made, so even though the number of bicycles was small, they were wholesalers based on a concept of design and convenience that was different from that of the major companies. We searched for connections between Company A and Company B, who are small manufacturers based in Shizuoka Prefecture.

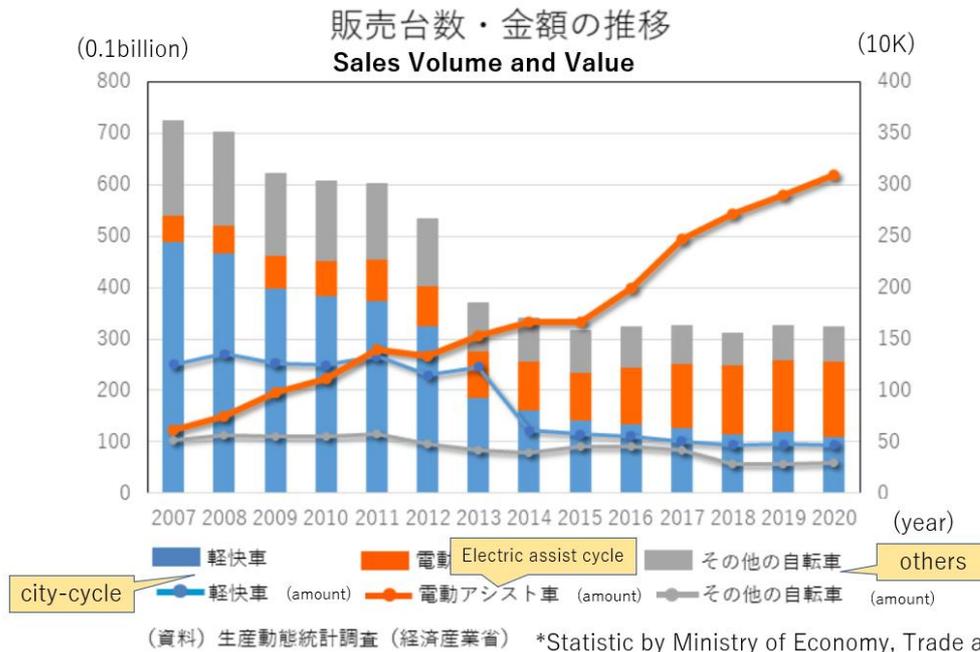


Fig4. Bicycle market trends: the market for electrically assisted bicycles is expected to continue to rise!

\*Source (e.g. Quotation): Ministry of Economy, Trade and Industry website

### ■ Give it a try without fear and get information on your own

Nex is, how will you contact your customers? In the end, we were able to connect with them through an introduction from the bank that we had long term business with. As a new entrant, we do not know if our marketing scenario is correct even if we take some time, so we decided to prioritize contacting customers right away with 'give a try without fear' mentality.

In fact, at our first contact, we proposed to the customer a specification that included a motor and speed reducer, but no transmission mechanism, but they said, 'We are working with JATCO, why don't you include a transmission in the drive unit? You cannot take advantage of your company's strengths, nor can it differentiate itself from existing drive units. 'It's not fun because it becomes a cost battle' we received some harsh feedback from customers.

Inaoka: After that, we further investigated customer feedback and market needs, but we experienced difficulties which had not been faced in the automobile industry. There are many ways to get information about cars and I've never had any problems, but there aren't many ways to get information about bicycles. **For information on new business, "Get information on your own!"** I learned that.

In addition to the needs of bicycle manufacturers, we implemented various projects to meet the needs of our main target, female users.

The opportunity to actually ride the bicycles we had received direct feedback which was a very rewarding moment.

✓Measures taken

① Opinion hearing from mothers who are highly interested in electrically assisted bicycles

→ Directly contact customers who visited the bicycle corner of the home retailer.

②Event exhibition

Provide opportunities for more end users to test drive.

→When we held a test drive at an event held at Fujisan Messe (Fuji City, Shizuoka Prefecture), it was well received.😊

③Exposure in the media

Recently, there has been an increase in media exposure. The other day, I was interviewed by NHK and TV Shizuoka. I want to increase the popularity more and more!



Fig5. Event scene (Fujisan Messe)



Fig6. TV interview scene

## ■Challenge to a new business with the mind of One JATCO

Okamoto: Up until now, the bicycle business has been on a path without a path, but of course we have not been able to challenge it alone. The bicycle business is different from the automobile business in terms of processes, schedules, volume, parts suppliers, development technology, production technology, and so on. R&D division, Purchasing division, Production division, and other divisions to work together to truly move forward as the mind of One JATCO.

Although there are some tough moments, I am very grateful to have been able to chase my dreams together, and I think the same thing will happen with our new business in the future,

so I would be happy if you could refer this case as a reference 😊

### **Expanding possibilities for JATCO**

Okamoto: In the end, our product became a 2-in-1 drive unit, but this is only the first chapter. The current drive unit is made with a structure adapted from the AT structure, but the second generation of miniaturization drive unit uses a new structure not found in transmissions. (Patent pending)

In this way, by taking on the challenge of starting a new business which is bicycles, new ideas not found in existing businesses will be created, which will be fed back into the electric powertrain business. We will also utilize this knowledge in new businesses that expand the possibilities of new mobility. If we can continue to create a virtuous cycle through mutual business like this, JATCO's business potential will greatly expand. Aiming for such bright future, I would like to make this bicycle business a reality!

Everyone, please support this business together!!



Fig7.



Fig8. Nissan Motor Co., Ltd. CEO Uchida also took it for a test drive in July! I was nervous explaining it (lol) by Ms.Inaoka