

# Cycling and the recession

**Apart from a dip in bike sales in 2010, UK cycling is booming. But in the harsh economic climate, local bike shops need to find a niche to survive**

**C**afe owner Peter Howarth is run off his feet, writes *Cath Harris*. A group of 15 female cyclists has just arrived at his popular outlet and every one of them is queuing for a hot drink and a delicious something from the inviting display on the counter. The group is one of around 20 formal and informal cycling clubs to pay weekly visits to Emily's Tearooms in rural Hertfordshire making up between 30 and 40 per cent of trade.

"It's getting on for 50 per cent on weekdays," Howarth says, a little breathlessly. "We took over six years ago, inherited a small trade of cyclists and built it up from there."

Emily's indoor and outdoor seating, ample bike space, free-to-use track pump and stock of inner tubes, tyre levers and chain oil make the cafe ideal for cyclists, enabling Howarth to target the cycling market. And despite the recession, there has been no downturn in business. "We're a fairly low-price alternative to something where you have to pay to go in. When the recession started it was positive for us. Now, cyclists are massively boosting our business."

There's no doubt that more people are cycling these days despite financial constraints and it's not just down to Tour and Olympic success. Membership of British Cycling has leaped since 2008 while CTC affiliation has been increasing steadily for several years.

Despite bike prices rising by more than 40 per cent since 2007, market research company Mintel has forecast "boom time for the cycling industry" and a 23 per cent growth in the cycling market by 2016. The Cycle to Work scheme has been a boon for the industry while simultaneously demand for cycling holidays has soared. Evidence suggests that more people cycling could prompt investment in cycling infrastructure

and that the recession could actually benefit cycling in the long run.

"Longterm increases in fuel and rail travel prices, the increase in congestion and concerns about the environment are combining to make cycling the obvious way forward," says Mintel's Michael Oliver. "There could be a critical point where things start to change in favour of cyclists and councils start thinking about making roads cycle-only." In other words, cycling could emerge from the recession in better shape than before; a change many say will be permanent.

## Money-go-down

Recession was confirmed in Britain in January 2009 after gross domestic product (GDP) had dropped for six successive months. Sterling slumped against the euro and the dollar. Woolworths had just gone bust. "These figures suggest that it's not going to be done by Christmas," the BBC's economics editor Stephanie Flanders reported. How right she was. Yet cycling has bucked the downturn trend. Apart from a decline in 2010, bike sales have risen continuously since 2007 and in 2012, ahead of schedule, British Cycling achieved its aim of one million more people cycling regularly. With thousands if not millions of people forced to cut their cloth, including many who have lost jobs, how has this happened?

Buoyed by the support of Sky, the anticipation of Olympic glory and the obligation to ensure a post-Olympic legacy, Ian Drake, British Cycling's chief executive, vowed to create "a nation of active cyclists, not a nation of couch potatoes". He added that "diversification to embrace all forms of cycling is absolutely the foundation of our plan."

Engagement with schools and a flurry of non-competitive mass participation and women-only rides suddenly appeared on the calendar.

Word spread, and by late last year, more than 5,000 free 'community' rides had been organised, 1,500 ride leaders trained and 45 local authorities primed to improve the cyclist's lot.

Tour de France and Olympic glory had much to do with this bubbling enthusiasm, but even so, there had been no let up in economic woe.

While participation at home has rapidly increased, cycle travel also seems immune to recession.

Adventure holiday specialist Explore has added 10 new tours to its 38-trip repertoire — plans that were in place long before the Olympics. Cycling holiday bookings with the company have risen by nearly 60 per cent. "It's now more common for people to have cycling in their lives," Explore's James Adkins explains. "People are just following their hobby and taking advantage of the opportunities."

Explore's trips attract committed cyclists and it's this kind of high-end cycling that's proving most resilient to financial pressures, according to Chris Holman, Director of the Cycle Show. A survey before last year's [2012] event found that 81 per cent of respondents had invested significantly in a new bike with many others planning to do so.

"When you're passionate about something you'll find the money to indulge that passion and cycling is

**"More people are cycling despite financial constraints and it's not just down to Tour and Olympic success"**

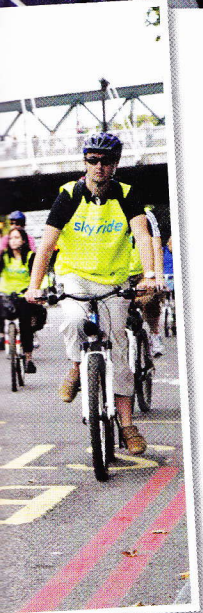


Events like Sky Rides have been a huge success for the sport





Cycling seems to be recession proof



Biking holidays are hugely popular



to get back to basics and live in a plain, simple, homely way."

Richard Owen, editor of the one-off magazine *On Your Bike* which was distributed at Sky Rides in 2012, has had similar success. "We wanted to engage more mainstream riders and educate them about cycling," he says. "We were aiming at families and women in particular, people who are under-represented in cycling."

Around 60,000 copies were published and more editions are planned in 2013 when content might highlight the new, premium range of casual cycle clothing now available, from brands such as Levi's, with no previous association with cycling. "They've seen the growth in cycling and want to be part of it," Owen explains. "There are lots more brands appearing that appeal to the casual cyclist." So while cyclists are still willing to splash out on costly bikes, we are also lavishing funds on what we wear to ride.

### Fashion conscious

It's this type of high-quality kit that Alice and Robin Barnes are determined to stock at their year-old multi-sports shop, Great Fit, in Royston. The gamble has paid off with cyclists seemingly content to buy clothing that will last. "They appreciate that something good will cost more," Alice has found. "Maybe it's because in cycling you have to make that initial investment in buying a bike and that sets your expectation level."

Steve Rhodes is another industry entrepreneur and like Alice, launched his cycle repair business with the country still mired in recession. Rhodes started as a mobile mechanic but soon swapped his van for a unit at an indoor market in Stevenage. "I'm not paying myself a wage yet, but I am covering overheads," he says. "Business is gradually picking up."

A repair service is a must for every new bike shop, the Association of Cycle Traders (ACT) says. "In the last 12 months, business has focused on the workshop rather than sales," it adds. Workshop-only businesses can cut overheads by locating in a warehouse or on a business estate.

The ACT is sceptical about claims that the cycling industry is doing well,



Designer cycling clobber has seen a surge

however. "Is cycling recession-proof? Probably, because people want to save

money on fuel. But for the cycling business, the recession in 2012 was not recession-proof." The shops that are surviving are those offering something different, finding a niche and employing bike mechanics. "Those not willing to move with the times are closing," says ACT.

Yet despite the Association's gloom, its own monthly poll comparing turnover for the first half of 2012 against that of 2011 shows revenue up rather than down for a far higher proportion of participating ACT members.

Cycle Show's Chris Holman also sees room for optimism and late last year [2012] was harbouring hopes of expansion. But will the cycling boom continue if and when we emerge from recession or will greater prosperity see us jump back in our expensive cars? Richard Owen is confident: "I can't see why the changes in cycling will be reversed. Fuel prices are only going to rise and it could be a long time before many people's wages will meet their cost of living."

Mintel's Michael Oliver believes cycling is largely recession proof and "that the recession has been a very positive time for cycling". He agrees that recent developments in cycling will stick because the downturn is not the only factor to have brought them about.

Back at Emily's Tearooms, Peter Howarth is hoping the optimists are right: "We are certainly seeing an increase in cyclists coming in. Sometimes it's crazy. There can be 30 in the queue."

something about which people get extremely passionate," Holman says. "It's true that show visitors are probably planning a new bike purchase, so it's difficult to say whether this applies to the rest of the population. But there has been no drop in attendance. Despite the ongoing recession, cycling is still a very buoyant market in the UK."

It is not just big money purchases that are holding up, however, Holman adds. The low end of the market — people buying inexpensive bikes, perhaps to commute — is also proving relatively lucrative.

It's this group of cyclists that Ben Irvine's free *Cycle Lifestyle* magazine is targeting. With eight issues behind him and each one of them profitable, Irvine is looking to expand beyond London.

"The response to the first issue was amazing," he says. "People want