

Our Marketplace

Cycling Market

The cycling market is highly fragmented, with an estimated 2,500 bike shops in the UK, the majority of which are independently owned. Our research shows that these shops are closing at an average of 10% per year. Halfords Group is the market leader, with strong brand awareness in bicycles, parts, accessories and clothing.

Cycling

Key Facts

Overall

>£2bn

Market size

19%

Our market share

2%

Forecasted Market Growth

Performance Cycling

>£0.7bn

Market size

9%

Our market share

1.5%

Forecasted Market Growth

Our response

Cycling

Market leaders lead from the front. To do so, we continually develop ways in which to leverage the market. Through our partnership with the Government-supported Bikeability scheme, we help deliver vital cycling proficiency skills to schoolchildren and our support for corporate Cycle-to-Work schemes enable us to bring innovative services and products to a large and diverse market. A great example of this is our recent release of the Cybic Legend range – the world's first Alexa-connected 'smart bike'.

Our response

Performance Cycling

As the cycling market continues to grow, we know the importance of keeping pace with latest trends. We have invested in the growing popularity of E-Bikes; growing our proposition through targeted marketing and by offering products and services for which we know strong demand exists, such as the Brompton E-Bike and E-Bike servicing plans.

As a result, we are one of the UK's leading retailers in the emerging E-Bike market and have trained colleagues in every store to deliver E-Bike servicing and maintenance.



Cycling Market – Competitor Landscape

Mainstream Cycling

- Predominantly generalist competitors with own-label bikes
- Limited online penetration in mainstream bikes
- Physical service locations are important
- Cycle-to-Work continues to be an important driver
- Major sports retailers starting to diversify into cycling e.g. JD Sports / Go Outdoors

How is Halfords Group different?

Halfords Group boasts the biggest and most popular cycle brand in the UK – Carrera. We also sell other own brands for both children and adults. Our stores are conveniently-located, and our online platform provides support and information to help customers choose the product and services they want.

Many customers take advantage of our Click & Collect offer, placing orders online via our website and picking up from a designated store at a time which is convenient to them. This also drives positive store footfall. Additionally, we are a leading partner of the UK's Cycle-to-Work scheme; supporting sales and introducing new customers to our brand.

Performance Cycling

- Predominantly branded bikes
- Traditional specialists and independents struggling
- Big brands starting to go direct to customers
- Online pure-play continuing to grow and consolidate
- Physical service locations are important
- Cycle-to-Work is an important driver

How is Halfords Group different?

Through Tredz and Cycle Republic, Halfords has a strong and increasing foothold in the performance cycling market. Offering products and services of particular appeal to performance cyclists has contributed to growth in the overall number of customers. Cycle-to-Work vouchers can also be redeemed at both Tredz and Cycle Republic stores, contributing significantly to the ongoing success of that partnership. Both brands' bold online presence differentiates them from the independent cycle shop community and helps them stay relevant and competitive in a challenging market environment.

Long-term market trends

Looking ahead, we continue to see good growth prospects for the cycling market. Participation levels in the UK remain lower than in many other European countries, particularly among the female population. Government-led schemes and investment in cycle-friendly city infrastructure continues to support a positive future outlook.

In addition, consumers are increasingly engaged with issues which affect the environment and which influence the living of a healthy lifestyle; both of which are intrinsically linked to the benefits of cycling.

The advent of E-Bikes – power-assisted cycling – is serving to widen the market by providing cycling opportunities for older generations and consumers less physically able. E-Bikes are rapidly growing in popularity and, if the UK trend continues to mirror those experienced in Germany and the Netherlands, the expectation is that E-Bike sales will increase from the current level of 8% of all bikes sold, to around 20% over the next few years.

Finally, existing participants in the cycling market are willing to spend more on their cycles and accessories. As a result, whilst volume is predicted to remain relatively flat, the value of the market will grow via demand for cycle and accessory upgrades or additional cycles for a different style of riding.

Whilst the unpredictability of the weather will continue to impact the timing of purchases, the overall trends in the market are positive and show that scope for growth remains.