Raleigh and its Retailers
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Raleigh and its Retailers

Much cycle press news has focused recently on Raleigh, a company with a long, often troubled, yet highly significant history within the overall story of the bicycle. Raleigh is the longest-surviving manufacturer in the world, dating back to the late 1880s. Its first factory on its current site in Nottingham (which it is now making plans to leave) was built in 1896. And, just as recently the cycle trade has been concerned about possible changes in Raleigh's 5-star dealer network, relationships with retailers have had their ups and downs ever since the earliest days.

This was probably most notable during Raleigh's time as the Cycle Division of the TI Group, from 1960 through till the late 1980s. This was a period marked by great changes in the industry, in its products and in the market. Just like today, the industry was struggling to carve out an identity in the face of various challenges.

The challenges then were that more people were starting to buy cars, so cycling was declining sharply, both for commuting and leisure. Economic changes were making international exchange rates less stable, and Britain's position as practically a monopoly supplier to the entire world bicycle market was becoming less certain. Indigenous industries began to compete with the ubiquitous Raleigh. And Raleigh - exporting around 60% of its output - had to rethink its strategy.

The solution it chose was to develop new products and to rethink its approach to the whole business. Marketing, product management, consumer research, dealer support, stock control and sales management all needed to change.

In the late 1950s, the company had foolishly rejected Alex Moulton's design for a small-wheel suspension bicycle. In 1965, it began to catch up by launching the RSW 16, setting into being the product range that would revive the company's fortunes.

More important, though, was the new way the company began to view its products and its dealers. Whilst building up the new small-wheeled range, the company also pruned back the proliferation of other models it had inherited through the merger with TI - standing at around 900 different specifications.

Bicycles were now to be regarded as consumer products rather than a means of transport, and this led Raleigh towards a new approach, involving PR exercises, advertising campaigns and a restructuring of the dealer network. Peter Seales, the Head of Marketing at the time, put it this way: 'the products have to be pulled through the dealer by the appeal to the consumer, and the dealer has in effect to become a loosely affiliated employee of the manufacturer'. This, then, was the motivation behind setting up the 5-Star Dealer Network and also colours Raleigh's newest retail format, Cyclelife.

How effective was this transformation of the company and of the cycle trade? Raleigh kept on its feet through most of the 1970s, and celebrated its successes with new products - the small-wheeled folders and 'shoppers' that followed the RSW, and especially the Chopper and other kids' bikes.

These products certainly appealed to the consumer, no doubt helped by the oil crises that forced a few more people into cycling. Critics would say, though, that they damaged our chances now of using the bicycle to solve the problems of traffic congestion and pollution, since too many people associate cycling with children or shopping - and not with commuting.

The first real test of Raleigh's new strategy came in 1981, when complaints were made against it by nine retailers for refusing to supply bikes to them. Six of these were multiple retailers - Argos, Asda, Comet, House of Holland, Tesco and Woolworth - and the other three IBDs. The Office of Fair Trading investigated the claims and then passed the case up to the Monopolies and Mergers Commission.

The outcome was something of a fudge - Raleigh was told it had to supply bikes to these retailers, but that these did not have to be the Raleigh brand. However, the retailers would then be free to identify Raleigh as the supplier.

The broader effect of this case was to throw out Raleigh's claim that there was a 'public interest' in preserving the British cycle industry. The case hinged around several aspects of Raleigh's dealer strategy - it was only willing to supply the Raleigh brand itself to dealers that:

* were not too close to existing dealers;
* would not be selling bikes as a loss leader;
* could provide some form of technical support;
* would supply spare parts;
* and could demonstrate a year-long commitment to selling bicycles.

Most importantly, Raleigh argued that this strategy served the public interest in two ways. Firstly, supplying to multiples whose staff could not set up a bike correctly or provide after-sales support would be a threat both to consumer safety and Raleigh's reputation. Secondly, supplying Raleigh bikes to anybody who asked would diminish existing retailers' confidence in Raleigh and might lead them to switch to imported brands - thus threatening the viability of the British bike industry. Clearly, neither argument held much water with the Monopolies & Mergers Commission.

In retrospect, the multiple retailers in this case proved less of a threat to the British bike industry than the fact that Far Eastern manufacturers were far more astute at capitalising on the mountain bike phenomenon that was just about to appear. That and the failure of Raleigh's parent company,

TI, to modernise and invest in its Cycle Division - this left the company trying to apply the modernist production and organisational methods of the 1950s in the age of niche markets and flexible technologies.

It was only in the mid-1980s that Raleigh began to climb out of this hole, with modernisation, new forms of factory organisation, new owners and, above all, the mountain bike boom to boost sales and carry the company through these changes. Current developments show the changes are not over yet, for Raleigh or its dealers.