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# **Strategic Analysis of Brompton's Business**

# Brompton's Bicycle Models

- Brompton produces three models, M, P and S
  - the X version of each model indicates a superlight specification made out of titanium

## M (and MX model)

- The all round, general purpose bike
- A best seller with room for luggage at the front
- UK RRP = £630 (and £1,050)
- Weight = 11.5kg (and 10.5kg)

## P (and PX model)

- The touring bike, with a rear rack for luggage
- UK RRP = £765 (and £1,185)
- Weight = 12.2kg (and 11.3kg)

## S (and SX model)

- For a more 'sporty' ride
- UKRRP = £630 (and £1,050)
- Weight = 10.7kg (and 9.8 kg)



# The Market for Folding Bikes

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- The market is growing fast at 20-25% pa by volume
- The clear market leader is Dahon, based in Los Angeles, who have a market share of about 66%
- Brompton is a small, niche player
  - sales of about 20,000 bikes per annum
  - one of only two volume producing manufacturers based in the UK, the other being Pashley
- There are healthy profits to be earned in this growing market which means that
  - there is an incentive for other companies to move into this product space
  - there are opportunities for competitors to challenge the Brompton USP at a much lower price
  - as Will Butler-Adams, Managing Director, Brompton says:  
“There is always the risk that someone could turn up with a bike just as good and compact as ours but for two thirds of the price”
- Three key buying criteria in the market are
  - ride quality/performance
  - compactness/folding
  - price

# Routes to Market

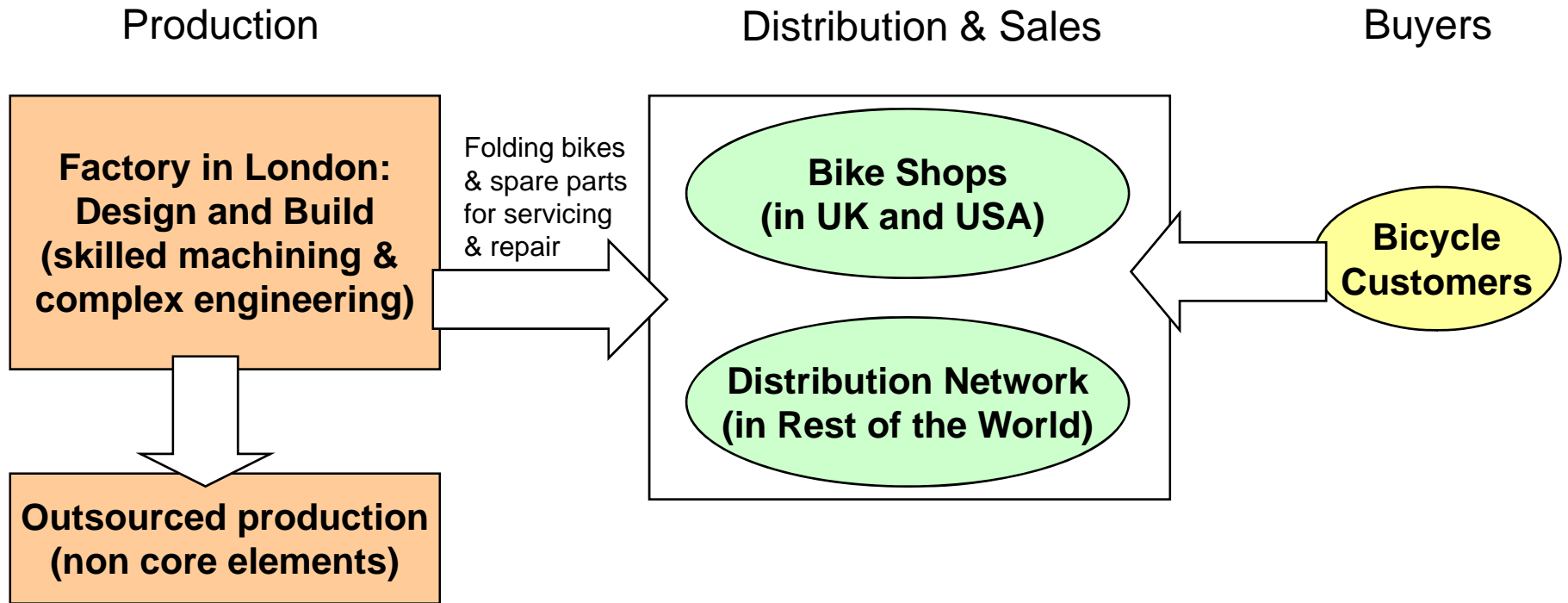
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- Evidence C and D refer to some of Brompton's competitors in the folding bike market. There are three routes to market:
- Traditional bike dealers (independents, bike shops and chains)
  - Work closely with the manufacturer
  - Provide a full after sales service / repairs
  - Medium and high priced bikes
  - Higher margin, lower volume
- Mass market, discount retailers such as Tesco and Argos
  - Retail bikes on behalf of manufacturers
  - Little or no after sales service
  - Low and cut price bikes
  - Low margin, growing volume
- Internet retailers such as Daudbikes
  - UK based importer
  - Outsourced own brand production and wholesaler for other bike brands
  - Provide internet/mail order delivery and no value added
  - Very low prices (from £69)
  - Low margin, emerging market

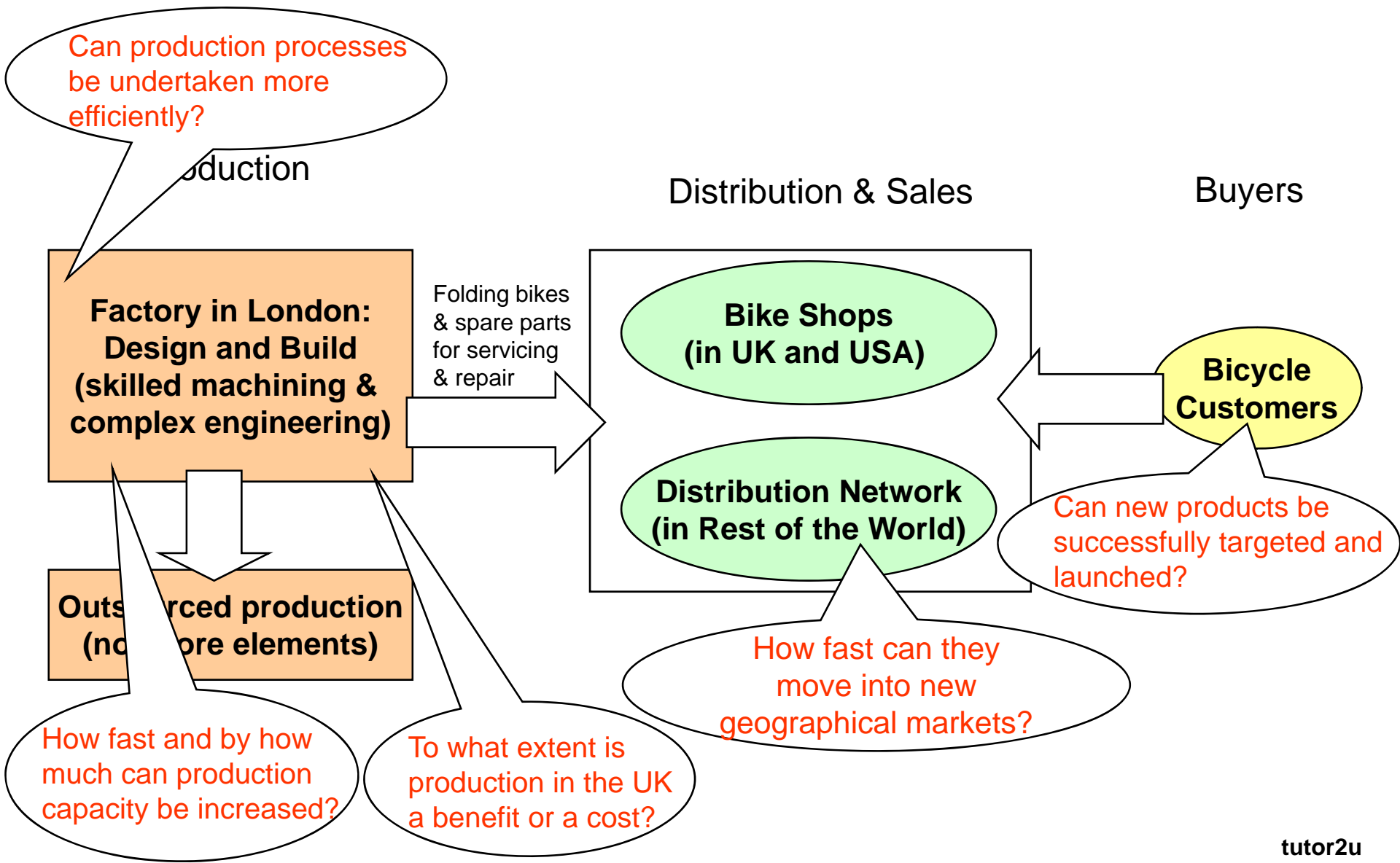
# Some of Brompton's Competitors

Competitor	Production	Summary
Airnimal	UK	High performance bikes. Good folders. From £800.
Dahon	China	Wide range of bikes including small and large wheels. USA based. Sold as Dahon or made by Dahon and sold under other brand names. £250 to £2,000
Di Blasi	Italy	Very wide range of bikes including trikes and mopeds. Good folders.
Giant	Taiwan	Wide range bikes. Giant Halfway is the best known. A good folder from £350.
Go-Bike	Taiwan	New entrant to the folding market. 20" wheel.
Green Gear Cycling	USA	Good riding performance. Custom built bikes. Leading brand is Bike Friday. From £900 to £2,000.
Mobiky	France	Good folder, but quite heavy.
Moulton	UK	Fast, sporty performance bikes. Poor folders. Expensive from £5,000.
Riese und Muller	Taiwan	German designed. Leading brands are the Birdy and the Frog. Good folders. From £800.
Pashley	UK	The UK's other volume supplier besides Brompton. Specialist, unconventional models such as trikes, unicycles and delivery bikes.

# Brompton Bicycles Limited: Business Model



# The case study raises a number of interesting questions about Brompton Bicycle Limited's business



**Brompton Bicycles' capability to compete successfully in the market for folding bicycles will be affected by the company's strengths and weaknesses**

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**Marketing**

**Operations**

**Key Strategy Question:**  
**What are Brompton Bicycles' Strengths, Weaknesses and Issues in its four main business activities?**

**Human Resources**

**Finance**



# MARKETING:

## Brompton has marketed itself successfully as a niche market player...

### Target Market

- People who need a folding bike to enjoy a sense of freedom and independence and who are prepared to pay for reliability and durability (perhaps people with limited storage space)
- City dwellers and commuters (to avoid the traffic, perhaps used in conjunction with public transport)
- Boat owners and caravan owners (to cycle to the shops and around the countryside)

### Company Growth

- Brompton is selling more bicycles year on year
  - 2005 = 14,000
  - 2008 = 19,000
  - Plans for 50,000 in the future
- Sales revenue has increased year on year

	2006	2007	2008 expected
Sales Revenue £M	4.89	5.28	7.00
Year on Year Growth		8%	33%

# **MARKETING:**

## **... with a strong brand name and strengths across the marketing mix...**

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### **Product**

- A range of rear suspension bikes that fold within 20 seconds to the size of a small suitcase and which can then be stored in a luggage rack, cupboard or under a desk
- Spares - additional revenue is generated from the sale of spare parts, all made by Brompton, for service and repair work done via the shop and distribution network

### **Price**

- Selling prices of £550 to £1,200, targeted at the higher end of the folding bike market

### **Place**

- Sales to bike dealers through a distribution network
  - Direct to bike shops in the UK (100 shops) and the USA (10 shops) – these shops become stakeholders
  - Via distributors in other parts of the world
- No internet sales because of the importance of after sales service with shops and dealers
- Sales income is distributed: Europe and the Far East = 65%, USA = 5%, Rest of the World = 30%
- Sales are made in 27 export markets

### **Promotion**

- Word of mouth marketing is very important
- Lots of personal selling – dealers come to the Brentford factory to “try and buy” the bikes
- Brompton World Championship (BWC) race is in its fourth year. It is a 13km race on Brompton bikes around Blenheim Palace. Tour of Spain winner Roberto Heras holds the world record time, set in Barcelona two years ago.