



The Perfect Racing Line

October 2010

As more cities gear up for cycling, one British company, Rapha, is accelerating from successful start-up to globally recognised brand. Richard Lofthouse reports

Bikes are where it's at right now," proclaimed Lewis Allen, brand analyst at Portland Design Associates, at a recent urban retailing conference. "It's the new golf," says Matthew Wootliff, author of *Project Vélo*, a just-published market intelligence report, which sees European bike expenditure growing 20% year-on-year. But there is a growth in value as well as volume. "There are now lots of people earning €100,000 a year, willing to spend lots of money, particularly on accessories and clothing," notes Wootliff. "That is where the growth is concentrated."

With a turnover nudging £7.5m (€9m), Rapha – whose slick jerseys and backpacks have been augmented with soothing CDs and skincare among other spin-offs – is riding this wave in style.

The London company was created in 2004 by Simon Mottram, who jettisoned a marketing career to launch "a road racing emporium; a passion brand" rather than the sort of label that "might branch out into surfing gear".

This emporium was a virtual one, though, which started out with just one style of jacket. Yet as Net-a-Porter proved that women would buy pricey outfits over the internet, Mottram quickly established that an online boutique could reach an even more far-flung and demanding group of consumers. There is already a loyal customer base of around 30,000, mainly in the UK, and Rapha's recent appointment of Net-a-Porter's ex-financial director Carrick Whitney – who oversaw the e-tailer's tenfold rise in turnover to £50m (€60) – hints at Mottram's global ambitions.

This is the confidence of someone who saw his business accelerate into profit even as the wheels were falling off the global economy 18 months ago. "We started 2009 anxiously, as it wasn't clear how the recession would impact luxury retail brands," Mottram confesses. "However, it turned out to be a massive breakthrough year." Instead of tanking, sales of €150 jerseys and €240 softshell jackets were actually up by an incredible

75%. Mottram even managed to change banks, unlocking a credit line to facilitate "a huge push to exploit a major global opportunity." The result is a newly launched clothing line in partnership with designer and cycling fanatic Paul Smith alongside 60 or so other products slated to launch over the next few months. The Rapha + Paul Smith collection is big on fluorescent pinks, and polka dots are lavished on rain jackets, silk scarves, leather 'town gloves' and even a 'gentleman's cap'.

Rapha's approach has been to extol no-frills racing – "the glory and suffering of road riding" as its website celebrates – while making items more commuter-friendly. One successful partnership, with high-end London tailor Timothy Everest, yielded a €4,000, three-piece tweed suit, cut for the ergonomics of a cyclist bent over handlebars. Mottram has not ruled out any collaboration as long as it connects with the road racing philosophy. This "passion marketing" has led to a CD, art exhibitions and even a publishing house, Rouleur, which offers pricey magazines and limited-edition books beloved by collectors.

One unexpected success has been a travel offering with partner La Fuga, in which the boutique travel firm organises a seven-day cycle challenge in the Alps, the Pyrenees and Tuscany. As part of a group of up to 12 people, Rapha customers get to ride famous mountain passes steeped in racing history, covering as much as 150km a day for a week – a gruelling way to drop upwards of €2,500. The Rapha Condor pro-team, created three years ago, has also helped the brand's kudos, with a string of wins in city races earlier this year and sponsorship from electronics giant Sharp. The expectation is that it will one day contest a major European tour such as the Giro d'Italia or the Tour de France.

Although Rapha already has lassoed 2,000 mainland European customers without any specific marketing, the continent represents a sizeable challenge. Mottram recently appointed former Adidas communications chief Kieran Riley to the new role of sales and marketing for Europe. Riley's priority is to develop the Benelux, French and German markets where there is already a staunch fan base.

Mottram insists that he's hardly started. The next six months will see the release of an iPhone app designed to allow club riders to track each other in real time when they get separated; cycling-specific jeans with stretchy panels; and a new skincare line called Mont Ventoux. He is in the middle of building a complete women's range and says that the company will expand into luggage and eyewear too.

"This is not diversification in a conventional sense," insists Mottram, "because we're not serving non-cyclists or trying to please everyone. In fact, we're not moving away from the original philosophy one bit. It's just that cycling has its own requirements and they're not being met by the other brands." His buoyancy partly reflects a summer of experimentation with pop-up stores opening on London's Clerkenwell Road and New York's hip Bowery district. "They've exceeded expectations," he claims, adding that next year Rapha wants to open five more for three months each in cities including Tokyo, San Francisco and Los Angeles, all growing markets for the brand. These stores have also carried speciality coffee as well as clothing, exhibitions, special events and big screens showing the Tour de France on a live feed.

"It's all part of a lifestyle shift," says Jeffrey Young, an analyst at Allegra Strategies. "There are currently three trends in particular: coffee, cycling and mobile technology." Or as Rapha puts it on a label tucked inside a gingham shirt aimed at creative types: "No tie, no words, no brakes – the wet track lines from my wheels are my strokes."