Transport for Greater Manchester

EVALUATION OF GREATER MANCHESTER'S £2/£5 BUS FARE OFFER – FIRST 3 MONTHS

March 2023

Summary

On 4 September 2022 Greater Manchester introduced reduced bus fares of £2 for an adult single and £5 for an adult daily ticket across all operators. This report summarises the evaluation of this offer over the first 3 months, from September – December 2022. The fares offer was extended to weekly tickets in January 2023, the impact of this is not captured in this evaluation. The evaluation is based on operators' ticket sales and around 2,400 survey responses. Key findings of this report are:

- Introduction of the fares offer has reduced the average cost of travel for bus users by almost 20%
- The bus fares offer contributed to an increase of bus patronage of 10%
- The single and daily cap was more likely to benefit more prosperous, less regular bus users. However, the extension of the fares offer to weekly tickets is likely to ensure that cost savings are extended to more regular and disadvantaged bus users
- The next phase of evaluation will begin in March 2023 with results expected in Summer 2023

1. Objectives of the £2/£5 fares offer

1.1. The objectives for the new bus fare offer were to:

- Help with the cost-of-living crisis
- Increase bus patronage
- Promote travel behaviour change, specifically mode shift from car, that would support medium to long term financial sustainability for the bus market

2. Effect on Cost of Living

2.1. Bus users who switch to the new fares in effect receive a direct cash benefit, which TfGM estimates to be equivalent to an overall average fare reduction of approximately 17%. Some passengers could have saved as much as 50% on routes that were most expensive pre-dating the cap.

2.2. We found a positive impact on travel horizons, as those using either the £2 single or the £5 all operator day tickets were significantly more likely to say the new bus fares mean they can travel as much as they want (60%), to more places (63%) and more often (68%). The new fares save them money (77%) and have been helpful to their cost of living (71%).

2.3. Frequent bus use is correlated with relative transport poverty and disadvantage. Almost half of our respondents (47%) bought tickets with longer validity (weekly or longer). As a result, the single and daily fares offer was more likely to be benefit more prosperous bus users and didn't necessarily reach those that use buses most often. On 08 January 2023 the fares offer was extended to include a £21 weekly ticket which is expected to extend these benefits to more regular (and more disadvantaged) bus users.

2.4. This average fare reduction is the expected consequence of customers being able to switch to a cheaper option. The £2 single, bought by 25% of those surveyed, will have been a better deal than operators' day tickets if they were making a simple there-and-back journey. While around a half of those purchasing the new £2 single previously bought singles, 30% had previously bought day or return tickets. Ticket-switching appears complex, with some customers also swapping singles for the £5 day offer: 14% bought the £5 day ticket and, although the majority of these (61%) had previously bought day tickets, 17% had changed from singles.

3. Bus patronage

3.1. Patronage totals from operators show an increase of approximately 10% for September 2022 to November 2022. It is difficult to directly attribute the proportion of this increase which results from the fares offer and what is attributable to the ongoing recovery of travel markets post pandemic. An added difficulty is the dependence on data shared by the operators, which will be addressed by franchising.

3.2. Operator sales data, covering all ticket types and including those which had their fares increased in September, shows net patronage growth of around 5% (September – November 22) compared to their own forecast of expected sales without the scheme. This suggests a positive impact on patronage of the order of what we should have expected from the average level of fare reduction.

3.3. From the survey, there was a net difference of +33% in respondents saying that the offer had meant they had used bus more or less often and that 5% of those using the £2 single or £5 day tickets didn't travel by bus in GM before. This also suggests a positive impact on patronage although it's not possible to infer from this by how much.

3.4. Further analysis is needed once more data is available to fully attribute the impact of the fares offer on patronage. If the indicative impact on patronage is correct, a 5% increase over three months, this represents a significant result in the context of bus patronage and equates to approximately 1.5 million additional journeys over that period.

4. Behaviour change

4.1. As mentioned above, the survey found that 5% of those using the £2 single or £5 day tickets didn't travel by bus in GM before. This indicates behaviour change has taken place, resulting in trip and revenue generation. This shows the offer has successfully attracted new customers to the network.

4.2. The positive to be taken away from the uptake of single and daily tickets by more prosperous users (mentioned above) is that this is likely to demonstrate a shift from car to bus.

4.3. New fares have prompted a spike in positive sentiment about travelling by bus in GM. While the jump in positivity is most dramatic for those who have used the new fares, even those who haven't used them express a significant increase in positive sentiment.

4.4. The net difference in those saying that the new bus fares meant they travelled by bus more or less often is +50% if they have used the new fare offers, +23% if they haven't. Of those that responded to the survey, 30% said that they think they will now travel less by car due to the lower fares, but 8% thought that they'd actually travel more by car. The increase in bus use and positivity towards bus amongst those who haven't used the new fares could be explained by the wider impact of *Get on Board* campaign. Discussions are underway with Communications colleagues to incorporate learning from the research into plans for spring/summer communication activity.

4.5. However, social media monitoring picked up many residents trying the bus for the first time as a result of the fares offer and expressing frustration at the quality of service. Comments included "Never again, the driver was arrogant and unhelpful, the bus was filthy and pelted with beer cans from youths on the route". This indicates that whilst delivering the reduced fares is an important step (which greatly benefits those who already use the bus) the wider benefits of franchising will need to be realised to attract greater numbers of new bus users and further grow patronage.

5. Risks to achieving objectives

5.1. As noted above, the subsidy support for the single and daily bus fares was less likely to benefit those that depend on travelling by bus the most as they tend to use weekly tickets. It is expected this risk has already been mitigated by the introduction of the £21 weekly fare offer in January 2023, protecting customers from future increases in the own operator weekly tickets.

5.2. There are a number of confounding factors which make it difficult to detect bus patronage change and attribute this change to the fares. These include the ongoing return of public patronage post-pandemic. Another factor is the reliance on operators to share data and report trends against their own baselines. The mechanism by which operators are reimbursed may deliver more conservative estimates for "new" customers.

5.3. There is uncertainty about price elasticity and the long-term effect on revenue. The uncertainty around how consumers change their demand in response to cost over time is heightened by the cost-of-living crisis.

6. Next Steps

6.1. A second evaluation, in March 2023, will continue to evaluate the £2/£5 fares offer and include the early impact of the weekly £21 ticket. The results from this will be available by Summer 2023.

6.2. There will be a further review of the fares offers in Summer 2023 that will determine whether the £2/£5/£21 fares levels should continue beyond the end of the one-year pilot in September 2023.