



# **Bus fare offers evaluation**

**Insight and implications, July 2023**



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# Bus fare offer evaluation

## Summary

The last few years have been a challenging time for customers, operators, and the city-region. The cost-of-living squeeze, changes to how some work, and continued impacts of the pandemic has required us to think how the transport network can best meet these challenges and best support those traveling on the transport network in Greater Manchester.

This is why, on 4 September 2022, we introduced reduced bus fares across all operators: £2 for an adult single and £5 for an adult daily ticket. This was further complemented by the seven-day ticket, giving customers a week of unlimited bus travel for £21 or less.

The introduction of these new fares and tickets was the first major step towards the introduction of the Bee Network. The objectives for the new bus fare offers were to:

- Help with the cost-of-living crisis
- Increase bus patronage
- Promote travel behaviour change, specifically away from car, which would support environmental ambitions and the medium to long term financial sustainability for the bus market

The response to the change has been overwhelmingly positive, with this report<sup>1</sup> finding:

1. Introduction of the fares offer has reduced the average cost of travel for bus users by about 15%<sup>2</sup>
2. Initial indications are that the bus fares offer contributed to an increase of bus patronage of 12%. We estimate the fares offer has generated around 3 million additional journeys in the first six months of operation
3. The £2 single fare cap benefits people who use the bus 2-3 days a week, who are usually more well-off. However, the £21 weekly ticket has greatly improved how people view their travel options and has helped balance the benefits. The introduction of the £21 weekly cap has significantly improved customer's views on affordability as well as where and when they can travel. "It makes me less hesitant to take a bus somewhere, making it easier to plan journeys"

## Helping with the cost-of-living

The cost-of-living is a key concern for customers<sup>3</sup>, with inflation and the rising cost of housing, food, fuel and energy still an ongoing national issue. 27% of GM households do not own or have access to

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<sup>1</sup> This report summarises the effect of these offers, up to April 2023, and is based on operators' ticket sales and two waves of survey responses. Unless cited otherwise, all stats are from the residents' survey

<sup>2</sup> Gathered from TfGM intelligence and operator data (not the survey)

<sup>3</sup> [Greater Manchester Residents' Survey \(GMCA\) | 02 – 14 March 2023](#)

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a car<sup>4</sup>, meaning that taking the bus is often the main mode of transport for many across the city region (47% of public transport trips are made by people with no car in the household).

Our surveying has found that customers who switched to the new fares have seen a direct cash benefit, which is equivalent to an overall average fare reduction of 15%. The average fare reduction is due to customers switching to cheaper options. About 30% of those surveyed bought the £2 single ticket, which is often a better deal than day tickets for a round trip.

### **Ticket-switching is complex**

From our survey, half of those buying the £2 single used to buy single tickets, and 36% used to buy day or return tickets. Additionally, 10% bought the £5 day ticket, with 48% of them previously using day tickets and 27% switching from singles. Over a third of £21 weekly ticket buyers used to purchase single or return tickets.

### **Awareness**

Customer awareness of the £2 single fare is very high at 89%, and 75% are aware of the £5 day ticket, meaning that the vast majority of those travelling by bus know that there is potential for savings if they use these tickets. Currently the lowest customer awareness is for the £21 weekly option, at 50%.

It is sometimes complicated to know what the best option is; some people may buy day tickets when they would be better served by two singles, while some customers may buy several singles when they could have unlimited all-day travel for a lower cost.

Overall, 82% of customers using the new fares said they were sure that their tickets are the best ones for their bus journey.

### **Popularity**

The £2 single ticket is our most popular, increasing since our first survey<sup>5</sup>. The day ticket and weekly tickets had an initial spike in popularity after their launch, though this has declined. Customers find that the longer their ticket validity, and increased familiarity with the bus network, the greater assurance they have that they have the best option for their needs. We will ensure that promotion of the right options are better communicated to our customers, ensuring that they are getting the best value for money.

### **Travel Horizons**

Overall, there has been a positive impact on travel horizons, as two thirds of those buying the capped tickets agree that the new fares mean that they can travel more often and to more places. Prior to the introduction of the £21 weekly ticket those using the £2 single and £5 day were more likely to appreciate these advantages, however the new weekly has significantly improved

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<sup>4</sup> TfGM | GM Travel Diary Survey (TRADS) 2022 | [2022 Summary report](#)

<sup>5</sup> [TfGM wave 1, 01 Nov - 03 Dec 2022, sample of 2467; TfGM wave 2, 03 March - 10 April 2023, sample of 1822](#)

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perceptions among customers, with respondents continuing to claim the new fares save them money (76%) and have been helpful to their cost of living (72%).

Frequent bus users are more likely to experience transport poverty and disadvantage. The £2 single fare cap benefits those traveling 2-3 days a week the most, and these users are generally more prosperous. The £21 weekly ticket was introduced to address this imbalance, but its cost-benefit is less significant for frequent travellers and those using the £21 ticket.

From our survey, those who buy the £21 weekly ticket are typically frequent travellers, ethnic minorities (especially black respondents), and people without access to a car or bike. Men are more likely to buy this ticket, even though 62% of frequent bus users (3+ days a week) are women. This indicates that the £21 weekly ticket isn't as appealing to women, and efforts are needed to make it more equitable.

Additionally, 44% of people who didn't use any capped fare offers come from the Acorn Urban Adversity group<sup>6</sup>, suggesting that more needs to be done to align bus fare options with their needs and affordability, despite their high awareness of these offers.

## Increasing patronage

Increasing patronage is one of our key aims for the Bee Network: increased patronage improves services for customers, making routes more viable and reliable, while allowing us to re-invest into the network, providing a greener, fairer, more prosperous city-region.

### **Patronage**

Patronage has increased 12% from the introduction of the new fares in September 2022, to April 2023<sup>7</sup> (compared with the same period the year before). While there are other factors such as ongoing recovery of the market in the post-pandemic period, differences in services and reliability, and dependence on data shared by operators, this increase has been mirrored – and corroborated – nationally. As we move towards franchising, we will also be able improve the reliability of our network and data.

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 operators' 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. 55% of customers surveyed said they had used one of the new tickets say that the offers have meant they have travelled by bus more. We estimate that there has been a 12% increase in bus trips among respondents since the new fares were introduced, led by those travelling five days or more a week, the same figure found in overall operator sales.

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<sup>6</sup> 26% of the GM population were classed as Urban Adversity, however they make 45% of bus trips in GM (p23)

<sup>7</sup> Gathered from TfGM intelligence and operator data (not the survey)

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3% of those using the new capped fare offers previously didn't travel by bus in GM. If this, and the 5% increase is maintained, then this represents a significant result in the context of bus patronage and equates to approximately 3 million additional customer journeys over the six-month period.

## Attracting new customers

Attracting new users to the bus network benefits existing customers, reduces road congestion, improves air quality, and saves money on parking and fuel. Capped fares have successfully brought in new customers, with 3% being first-time bus users likely switching from cars. Respondents report a 25% decrease in car use.

The net difference in those saying that the new bus fares meant they travelled by bus more or less often is +46% if they have used the new fare offers, +26% if they haven't. The counterintuitive increase in bus use amongst those who haven't used the new bus fare could be explained by some returning business after the Covid pandemic, wider impact of the *Get on Board* campaign, and social norms. Additionally, 30% of non-users of the new fares plan to use buses more in the next three months.

Positive sentiment towards bus travel spiked initially with the new fares but has since dropped, especially among those using the £2 single fare and traveling 2-3 days a week. Infrequent travellers also show a decline in positivity, indicating that reliability issues may overshadow the appeal of lower fares.

While reduced fares are beneficial, further benefits of franchising are needed to attract more new users and increase overall bus usage.

## Risks to achieving objectives

As noted above, the revenue 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 regular users on lower incomes from future increases in the own operator weekly tickets.

There are several 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.

There is also 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.