

Overview and Scrutiny Committee

20 January 2022

Evaluation of the Concessionary Bus Fare Reduction in August 2021

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Monitoring/Assurance
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

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Executive Summary

In August and September 2021, SYMCA agreed to discount the majority of TravelMaster products by up to 25% for a period of eight weeks.

The summer discount was established to encourage patronage return to public transport as well as stimulate economic recovery in our towns and city centres.

This paper summarises the impact of the summer sale during that eight-week period on travel and purchasing patterns as well as some qualitative customer feedback.

What does this mean for businesses, people and places in South Yorkshire?

Board should note the findings of this report and consider what promotional activity might be appropriate in future should funding be available.

Recommendations

That Board members note the content of this report.

Consideration by any other Board, Committee, Assurance or Advisory Panel

None

1. Background

- 1.1 Since March 2020, the region has been significantly affected by the Covid-19 pandemic. This has suppressed passenger demand on public transport by up to 90% and seen all sectors of the economy impacted by the restrictions and measures in place at points in time.
- 1.2 Bus and tram use in South Yorkshire have experienced a turbulent two years, with patronage in the first lockdown dropping as low as 10%, recovering during the summer and autumn of 2020 to around 70% of pre-Covid only to drop back to 25% in January 2021 following the second national lockdown.
- 1.3 Recovery from 21 July 2021 saw positive increases in demand, however the SYMCA recognised the importance of public transport in stimulating patronage return to more sustainable levels as well as providing a mechanism for residents to return to towns and city centres to support local businesses.
- 1.4 SYMCA therefore took the decision to negotiate and agree a level of subsidy with TravelMaster (the regional multi-operator ticketing company) to discount the majority of their ticket range as close as and up to 25% of their commercial retail price.
- 1.5 The discount period commenced on 2 August 2021 and ran for eight weeks until 27 September 2021. This period covered a month of the summer school holiday and also benefitted the return to school in September along with an expected return of commuter demand as well as the return of university students at the end of September.
- 1.6 As the summer sale was agreed with shortened timescales between approval and launch, there was limited time to develop and deliver an entirely new marketing campaign to support the launch. However, SYMCA marketing and communications officers re-used an existing campaign which was planned for summer 2021 and adjusted messaging so customers were aware of the offer available.
- 1.7 Since the discount period ended, SYMCA officers have analysed the results and incorporated their findings into this paper. Board members should note that the periods covered by the discount experienced significant changes in public behaviour with the removal in prior weeks of final restrictions due to Covid-19 along with a shift in public attitude towards the safety of public transport more generally. These points should be considered alongside the demand generated by the summer discount given the volatility in demand which has been seen since March 2020.

2. Key Issues

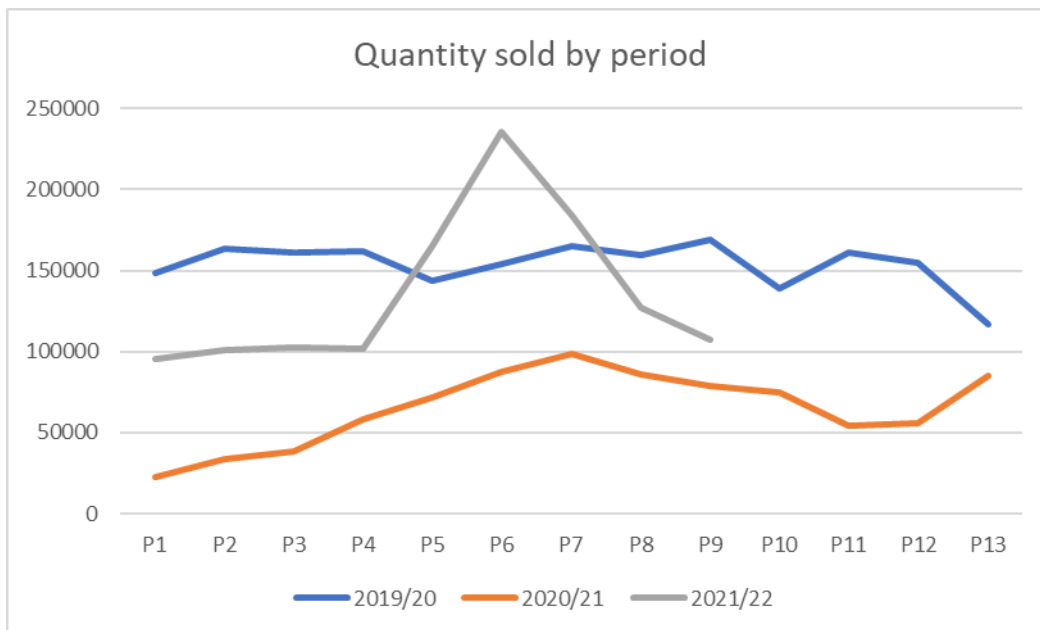
- 2.1 In total, 430,811 tickets totalling 1,095,796 days of travel were sold during the eight-week discount period. This incurred a cost of £932,182.79 in subsidy for SYMCA.
- 2.2 The most popular tickets sold were 1-day CityBus and CityWide tickets (both covering Sheffield) which retailed at £3.50 and £3.80 respectively. These prices were lower than the single operator-own equivalent day tickets and a reduction

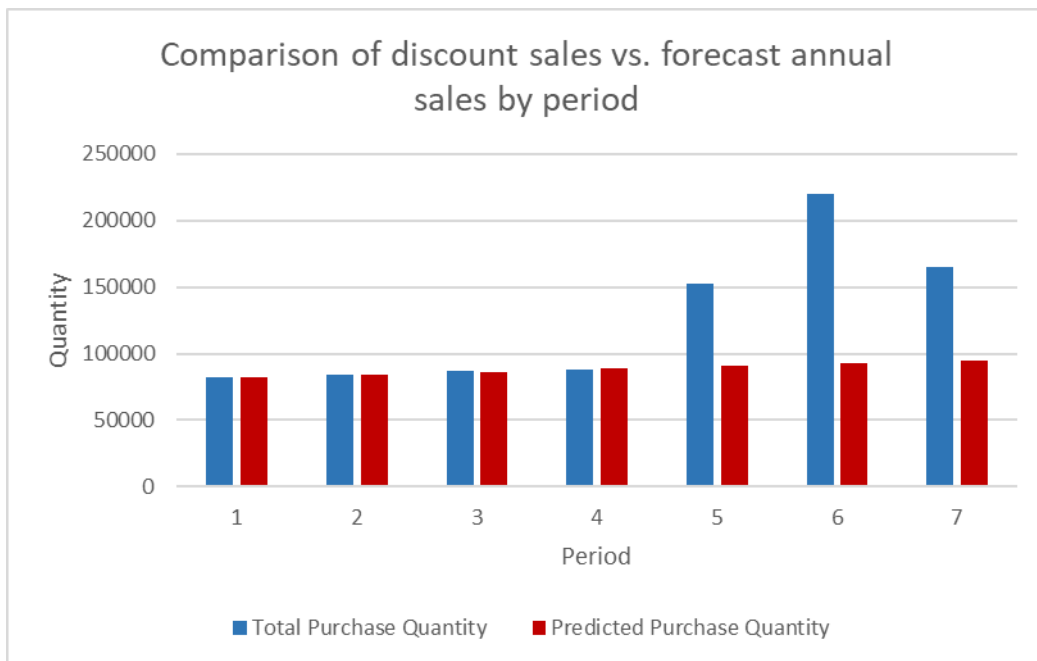
from their normal price of £4.70 and £5.10 respectively. By way of comparison a First bus day ticket is £4.00 online and £4.20 if purchased on vehicle.

A total of 347,989 of one-day tickets were sold.

This indicates that customers were clearly price sensitive and ready to switch to a cheaper ticket which also afforded them more flexibility in which bus operator they could use.

- 2.3 Towards the end of the eight-week discount period, there was a notable increase in the number of 28-day and annual tickets purchased. This indicated a clear attractiveness to those customers to purchase a ticket which gave them benefit beyond the end date of the sale period itself. A total of 82 annual tickets were sold during the discount, locking those customers in to a year of travel on public transport.
- 2.4 Overall, the discount had a pronounced impact on anticipated sales, with total sales significantly exceeding forecast sales had the summer discount not occurred. It is notable that total sales in the periods covered by the sale (P5, P6 and P7) outsold even pre-Covid sale volumes during 2019/20.

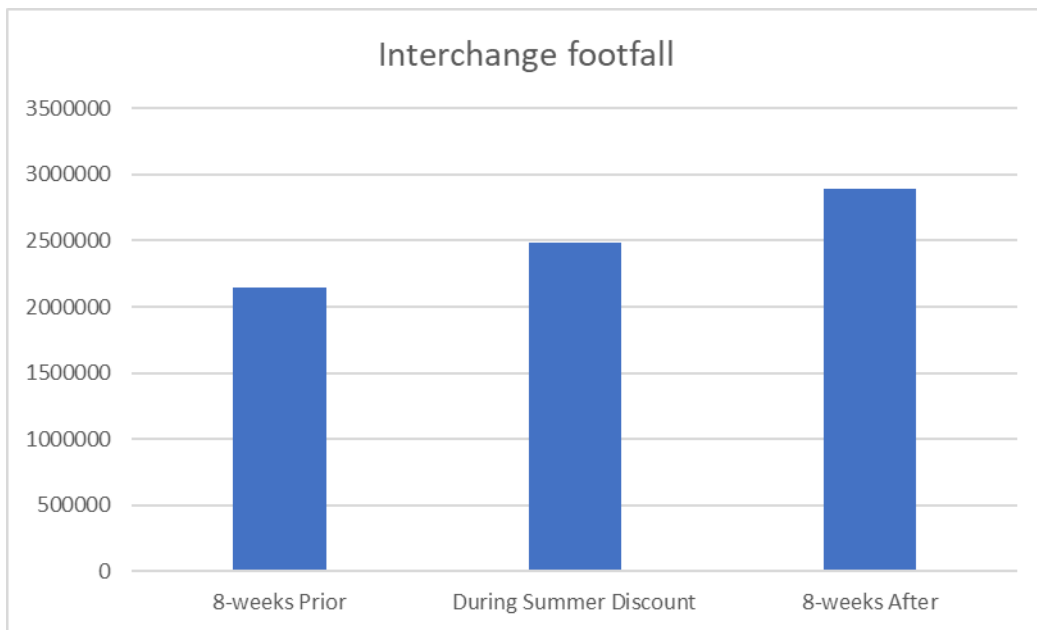




However, as we do not have access to single operator own products and ticket sales, it is impossible to know if the discount generated additional trips and patronage or just transferred customers to the cheaper product. If this were the case, this is still of benefit to the customer as it is subsidising their cost of travel and given pressures on cost of living and the impact of Covid-19, this can only be seen as a positive outcome.

2.5 We have also analysed interchange footfall data during the discount period which provides a further dimension to the response to the discount period.

Overall, footfall increased at our main interchanges by 16% during the summer discount period compared to the 8-week period prior to it commencing. However, footfall in the 8-week period after the summer discount ended rose a further 16%. We should take in to account the ending of national restrictions, the return to work and education settings and general easement of passenger behaviours which this indicates and is borne out by a wider rise in patronage over the same corresponding timeframe.



- 2.6 Owing to the short timescales available prior to launch, and the relatively short timescales during which the discount was available, no direct customer research was undertaken.

However, we do have available data on our social media channels during that time and the sentiment expressed by customers which increased to 81% overall in August and September, compared to 80% in July.

We have also evaluated the marketing campaign into which the summer discount was incorporated. This generated 240,175 impressions and 2,300 clicks from Google Display Network advertising. Facebook advertising generated 209,447 impressions and 1,344 clicks. There were 5,875 total views of the Summer Sale landing page, and 4,840 unique views.

Organic social reached 5,200 people on Facebook, generated 26,437 impressions on Twitter and generated 271 engagements.

There were also six-sheet posters up at 40 tram stops, static and digital adverts on Alight shelter end panels and a radio advert on Hallam FM throughout the duration of the discount period.

3. Options Considered and Recommended Proposal

3.1 Option 1

Overall, the levels of demand generated through the summer discount were significantly higher than anticipated. This has demonstrated clearly that customers both appreciated the offer in place, recognised the benefit of reduced public transport costs on bus and tram, and that they are price-sensitive to even relatively small differences between product price.

- 3.2 We therefore recommend that Board members endorse the benefits that the summer discount generated and consider under what circumstances future discounts might be beneficial.

3.3 Option 1 Risks and Mitigations (please refer to the [Risk Management Policy](#)) :

The only significant risk in relation to this option is the funding of future discount periods. Given this discount was funded on a one-off basis through the investment fund budget (which is part of overall South Yorkshire transport budget funded through the levy) which is committed in future years to the protection of priority services, any future funding required for equivalent discount schemes would need to find a suitable discretionary funding source outside of the levy.

3.4 Option 2

This option considers board members not endorsing the benefits achieved through the summer discount, as the direct evidence of sustained modal shift from the activity does not exist (though it is hard to argue this was its primary intent).

3.5 Option 2 Risks and Mitigations (please refer to the [Risk Management Policy](#)):

There is a risk that in not endorsing the benefits of the summer discount, the Board are not supportive of the investment made and hence that the discount did not offer value for money.

4. Consultation on Proposal

4.1 Not applicable.

5. Timetable and Accountability for Implementing this Decision

5.1 Not applicable.

6. Financial and Procurement Implications and Advice

6.1 The total cost of the summer saver discount scheme was £950k, of which £932k was paid as a subsidy to TravelMaster and £18k was incurred by way of marketing, management and administration costs.

6.2 As noted in paragraph 3.4, the investment fund budget (£1m) covered the cost of the scheme on a non-recurrent basis. Subject to MCA approval, it is proposed to commit the investment fund budget to the protection of priority services, in other words to cover the anticipated cost pressures on the tendered bus services budget. Therefore, other sources of funding would need to be found, should members advocate that options be explored to repeat this or other such schemes in the future.

7. Legal Implications and Advice

7.1 There are no legal implications as a result of this report.

8. Human Resources Implications and Advice

8.1 Not applicable.

9. Equality and Diversity Implications and Advice

9.1 Not applicable.

10. Climate Change Implications and Advice

10.1 Not applicable.

11. Information and Communication Technology Implications and Advice

11.1 Not applicable.

12. Communications and Marketing Implications and Advice

12.1 As outlined in 2.6 above, should there be a desire to conduct a similar discount in future, more time should be given to prepare and deliver a more widespread marketing and communications campaign to ensure maximum reach to both existing customers but more importantly new potential customers.

List of Appendices Included*

- A Summer discount analysis
- B Interchange footfall analysis

Background Papers

None