

Customer Service and Operational Performance Panel



Date: 10 July 2024

Item: Santander Cycles Customer Hires

This paper will be considered in public

1 Summary

1.1 The number of Santander Cycles hires was below target for financial year 2023/24. This paper provides a summary of changes in demand within the market, including details of the uptake of pedal cycles and electric cycles, ahead of the contract re-let in 2025.

2 Recommendation

2.1 **The Panel is asked to note the paper.**

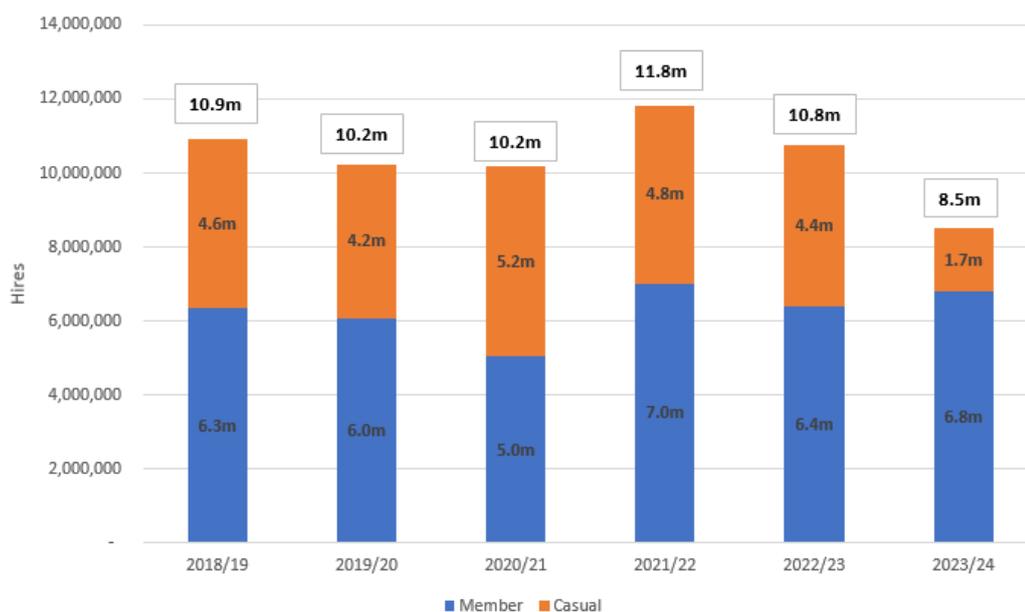
3 Background

3.1 During 2021/22 we saw the highest number of Santander Cycles hires at 11.8 million. This was primarily due to customers using the scheme for travel during the coronavirus pandemic. Since then, the number of hires has fallen due to a number of factors, referred to in section 5 below.

3.2 Annual hire trends for the last six financial years are set out below:

| Hires (millions) | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Member | 6.3 | 6.0 | 5.0 | 7.0 | 6.4 | 6.8 |
| Casual | 4.6 | 4.2 | 5.2 | 4.8 | 4.4 | 1.7 |
| Total | 10.9 | 10.2 | 10.2 | 11.8 | 10.8 | 8.5 |

Member and casual hiring 18/19 - 23/24



3.3 During 2023/24 the number of overall hires significantly dropped to 8.5 million, although the number of hires by members rose to 6.8 million. We believe the member hires increase was driven by the requirement to be a member of the scheme to access our e-bikes.

3.4 During the same period, we also noticed a change to our customer base with the number of casual users declining. The increased competition from dockless e-bike schemes may also have adversely impacted our casual user hire numbers. This was slightly offset by an increase in members joining the scheme, the highest number of member activations in the scheme’s history.

4 Impact of e-bikes

4.1 E-bikes have significantly grown in popularity over the last few years and we have started to see the number of hires for these bikes start to outperform the classic pedal bikes by a ratio of almost 2:1. On average e-bikes are hired 3.9 times per day per bike, almost double that of the classic bike at 2.2 times per day per bike.

4.2 The implementation of e-bikes has been a success and on 29 May 2024, we achieved the milestone of over one million hires since their introduction in October 2022 – with customers riding over four million kilometres. E-bikes originally made up four per cent of the cycle hire fleet but account for eight per cent of all hires, following full deployment of the new e-bikes a total of sixteen per cent of the fleet will be electric, delivering circa £2.8m in incremental revenue. On 25 June 2024, 3,500 e-bikes were hired which is the highest volume to date and accounted for 10 per cent of total hires that day.

5 Reasons for changing demand and mitigating actions

5.1 Customer hires have reduced for a number of reasons:

- (a) the introduction of the single trip tariff replacing the 24-hour tariff impacted the number of casual hires;

- (b) the rapid expansion of the unregulated dockless e-bike market both in and beyond the scheme boundary offered our traditional customers a different proposition; and
- (c) the customer experience is important, especially on the ease of hiring and the ability to pay using mobile devices at our bike stations. This functionality will be rolled out across the Santander Cycles hire estate this autumn.

5.2 We have taken a number of actions to ensure our service remains an attractive proposition to our customers, including:

- (a) introducing a day pass on 3 March 2024 offering unlimited 30-minute trips within a 24-hour period for £3.00. In the first three months of the introduction of the day pass there were 500,000 hires representing 18 per cent of the total hires;
- (b) due to the demand for e-bikes, we introduced 600 docked e-bikes in October 2022. A further 1,400 e-bikes will be rolled out over the summer, with the first tranche of 429 introduced in June. Once all bikes have been deployed they will account for 16 per cent of the total fleet; and
- (c) additional summer hubs (customer on street service) have been implemented, providing customers more certainty that they can hire and dock their bike no matter how popular the station is in the busiest areas.

5.3 We plan to introduce mobile payments at bike station terminals during autumn 2024.

List of appendices to this report:

None

List of Background Papers:

None

Contact Officer: Trish Ashton, Director of Rail & Sponsored Services
Email: TriciaAshton@tfl.gov.uk