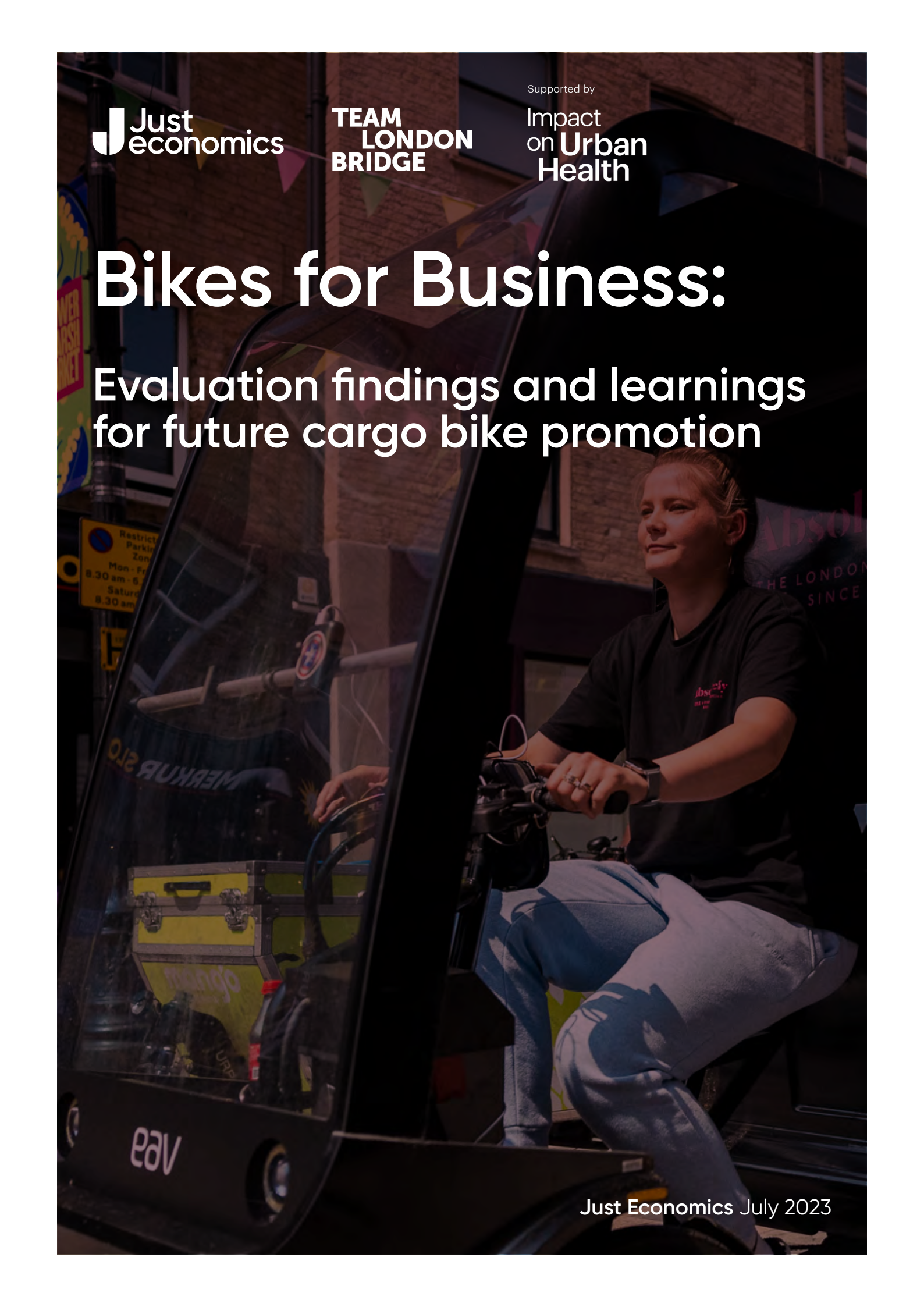


A woman with blonde hair tied back is riding a black cargo bike on a city street. She is wearing a black t-shirt with a small red logo and blue jeans. The bike has a large black cargo box on the back with 'mango' written on it. The background shows a brick building and a street sign.

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Bikes for Business:

Evaluation findings and learnings for future cargo bike promotion

Just Economics July 2023

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Executive Summary

Transport is the largest emitting sector of greenhouse gas in the UK and rapidly needs to decarbonise if net zero and air quality targets are to be met.

Cargo bikes are a leading alternative to petrol and diesel vans, with emerging evidence that they can reduce congestion, improve business efficiency, and support the development of more liveable and healthier cities.

Bikes for Business is an innovative programme promoting cargo bikes as a mainstream solution for business freight in London Bridge and north Southwark.

Hosted by Team London Bridge, a Business Improvement District, and funded by Impact on Urban Health, the programme sought to encourage businesses to switch to cargo bike deliveries through the provision of tailored advice and a subsidy towards bike purchase or courier trial.

By project end, the following results had been achieved:

- 150 businesses had either purchased a cargo bike or tried a cargo bike courier service
- A total of 1043 businesses had been given guidance on cargo bikes
- The majority of businesses switching to cargo bikes did so from polluting delivery modes, with 30% switching from a traditional courier and 36% from their own diesel/petrol van
- Annual carbon savings attributable to the programme from the 34 businesses purchasing their own bike is estimated at 16.9 tonnes

While 150 businesses switching is a significant achievement, encouraging businesses to make the switch to cargo bikes was often time-consuming and difficult. Many businesses were strongly anchored in their existing delivery arrangements, making switching both practically and financially challenging.

This points to the limitations of behaviour change programmes in the absence of wider policy action to encourage a transition to cleaner deliveries.

To this end, the report makes a series of recommendations for a range of stakeholders to increase cargo bike uptake. Key recommendations for funders and policy-makers include the following:

- Provide continued funding for programmes that provide tailored advice and subsidy in order to facilitate behaviour change by acting as a 'pull' factor
- Implement policies that level the playing field between cargo bikes and more polluting delivery modes, such as smart road pricing that more accurately reflects environmental and social costs of different modes

A number of recommendations are also made for organisations delivering cargo bike promotion programmes, including around how to engage and target businesses effectively.

Introduction

Transport is the largest emitting sector of greenhouse gas in the UK and rapidly needs to be decarbonised if net zero and air quality targets are to be met. Freight makes a significant contribution to these problems and is set to grow in absolute and relative terms. For this growth to be sustainable, there is an urgent need to prioritise low emission vehicles.

Cargo bikes are a leading alternative to vans, especially for last-mile deliveries. They demonstrate potential to tackle the twin environmental problems of greenhouse gas emissions and air pollution,¹ with emerging evidence that they can reduce congestion, improve business efficiency, and support the development of more liveable and healthier cities.

Bikes for Business is a programme that aims to promote cargo bikes as a mainstream solution for business freight in London Bridge and north Southwark.

Bikes for Business was hosted by Team London Bridge, a Business Improvement District (BID) that works with businesses in and around London's Low Line corridor in Southwark, and funded by Impact on Urban Health (IOUH). MP Smarter Travel, a sustainable travel consultancy, was engaged as the delivery partner.²

This report presents the findings of the Bikes for Business programme evaluation conducted by Just Economics.



¹ Air pollution has many adverse health effects that are not experienced equally across the UK. Research shows it's the most vulnerable and marginalised people in our communities, particularly those living in urban areas, who are disproportionately affected by air pollution. Air pollution is an environmental risk to health that can, and must, be solved systematically (see for example, Chief Medical Officer: Annual Report, <https://www.gov.uk/government/collections/chief-medical-officer-annual-reports?msclid=4eaaf9ab4f211ecb739d1b4a4226e0c>).

² See here for a map of the area covered by the programme: <https://www.teamlondonbridge.co.uk/b4b-project>

About Bikes for Business

Bikes for Business is an innovative, world-leading programme combining cargo bike promotion with tailored advice and a subsidy to encourage businesses to make the switch to cargo bikes. The programme was tested on a smaller scale in a pilot phase, funded by Transport for London, between 2018 and 2020. The most recent programme ran from March 2021 to June 2023.

The programme offered support and subsidy to encourage businesses to switch to cargo bikes via three pathways:

- **Courier switch:** Businesses could sign up with a courier service that uses cargo bikes for its deliveries (maximum subsidy £345)³
- **Own bike:** Businesses could purchase their own cargo bike (maximum subsidy £1500)
- **Service:** Businesses could use a service provider (e.g. electrician, window cleaner) that arrives by cargo bike (maximum subsidy £345)

In addition, MP Smarter Travel also undertook extensive market development in the Southwark area to grow the size of the cargo bike market and became a known and trusted source of information on cargo bikes, cargo bike operators and cargo bike promotion.

Evaluation methodology

Just Economics undertook a prospective, mixed-methods evaluation. Interim learnings were shared throughout the evaluation to enable programme refinement, including around programme targets, the subsidy and engagement methods. A full description of the evaluation methodology is available in the final evaluation report [here](#).



³ Subsidies were increased during the programme in response to evaluation feedback and increases in bike prices. Initial subsidy levels were: courier switch up to £250, bike purchase up to £700, service up to £250.

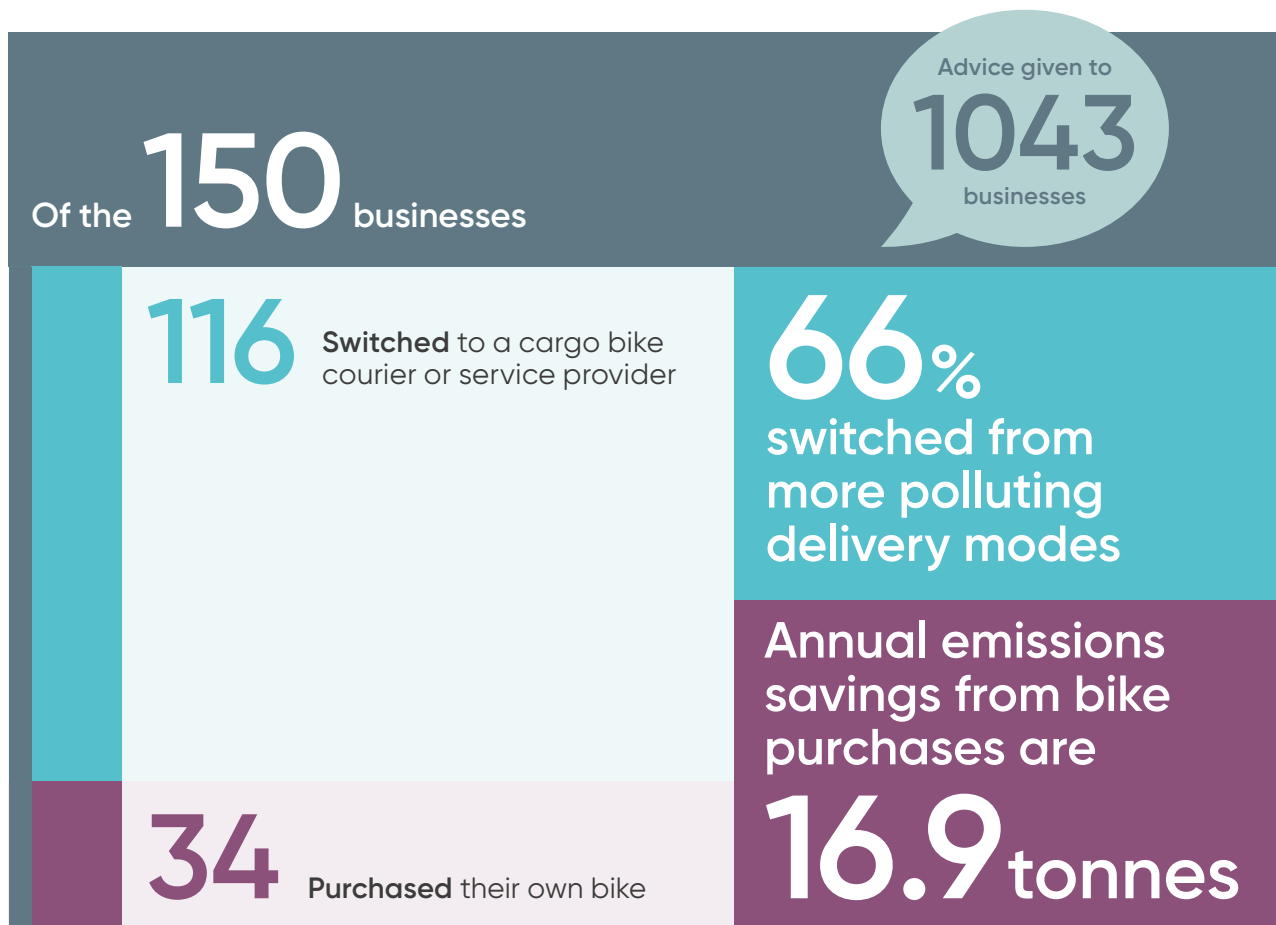
Results

By project end, 119 businesses had either purchased their own bike or trialled a cargo bike courier company or service. A further 31 businesses had a trial or purchase in progress, bringing the total number of businesses to 150. In total, 1043 businesses had been given advice on cargo bikes.

Of the 150 businesses, 34 had purchased their own bike and the remainder had switched to a cargo bike courier or service provider.

The majority of businesses switched from more polluting delivery modes. The most common prior delivery method was a traditional courier (30% of businesses) and own diesel/petrol van or car (36%).

It is estimated that the own bike pathway alone is responsible for carbon emissions savings of 325 kg per week or 16.9 tonnes per year.



Own bike

The businesses purchasing their own bike reported very high levels of satisfaction with their cargo bike. The average satisfaction rating was 4.6 out of 5 and 100% of businesses said they would continue using their cargo bike. Moreover, 85% of businesses said they would consider buying another cargo bike for their business if they had a need for it.

Businesses reported a range of benefits from their cargo bike, as set out in Table 1. The most cited benefit was environmental sustainability, with 85% of businesses purchasing their own bike saying this applied 'a lot' and a further 15% saying 'a little'. Businesses also reported that deliveries were more efficient, reliable, and easier to make, and that staff satisfaction/wellbeing improved. Brand and image benefits were also significant, as were cost-savings from reduced spending on fuel, parking tickets and the increased efficiency of deliveries.

Both the quantitative and qualitative data suggest that a number of the businesses purchasing their own bike may have done so even without the support of Bikes for Business. While most businesses were supported to purchase through the programme, some 40% of businesses responded "yes" when asked whether their business would have bought a cargo bike in the next 12 months anyway, even if Bikes for Business didn't exist. Some of these businesses indicated that the subsidy led them to purchase the bike sooner. Additional value for these businesses is, therefore, principally derived from the subsidy accelerating the bike purchase.



Table 1: Benefits to businesses from cargo bike purchase (Source: 1-month feedback form, N=20)

Benefit	A lot	A little	Not at all
Environmental sustainability	85%	15%	0%
Staff satisfaction/wellbeing	80%	15%	5%
Easier/less stressful deliveries	75%	20%	5%
Time-savings	70%	25%	5%
Fewer parking fines	70%	15%	15%
More reliable deliveries	60%	40%	0%
Improved brand/image	60%	35%	5%
Cost-savings	55%	45%	
More satisfied customers	45%	45%	10%
New customers	35%	40%	25%

3 Cycle Window Cleaning

Founder, Felipe Ramirez-Castrillon, started 3Cycle, after accompanying a friend on a job and seeing first-hand the environmental footprint of conventional cleaning companies.

Felipe started his business on a standard pedal bike but soon realised this was an inefficient way to carry water to multiple jobs.



The Bikes for Business team discussed Felipe's requirements, taking into account the equipment, cleaning supplies and ability to transport water, and helped him choose the right bike for his business: an Urban Arrow XL.

For Felipe, the Bikes for Business subsidy was a huge help to his start-up business.

Felipe loves his bike and now has two. Benefits have included:

Reduced emissions – covering more than 3,300 miles in a year, using a cargo bike has helped 3Cycle avert approximately 850kg of CO2 emissions.

Faster service – as cargo bikes are able to use cycle lanes and side streets and don't need to use a parking spot, 3Cycle can complete more jobs in a shorter space of time.

Health – riders are active and burning calories, rather than sitting behind the wheel of a van.

Great PR – having a cargo bike has proven popular with 3Cycle's clients, particularly their corporate clients, and has helped to attract and retain customers.

Cost-effective – cargo bikes have significantly lower upfront and running costs than a van and there are no parking fines to contend with.

Courier switch

Businesses switching to a cargo bike courier services were also very satisfied, with the average satisfaction rating for the cargo bike courier 4.6 out of 5. Two-thirds of the businesses (66%) said they plan to grow the amount of cargo bike deliveries in the future.

As with own bike, the most cited benefit was increased environmental sustainability, with 79% of businesses saying this applied to them a 'a lot' and a further 21% stating 'a little' (see Table 2). Deliveries were generally also described as more efficient and reliable. Some businesses reported brand and image benefits, but to a lesser degree than in the own bike pathway.

A significant finding is that cost-savings were much less of a benefit for those using cargo bike couriers than for the businesses purchasing their own bike. This is consistent with the interview data which identified that cargo bike couriers are often more expensive on a like-for-like basis than van couriers. This presented a significant barrier to businesses switching and also to the sustainability of switches in this pathway, with a number of businesses reverting to prior delivery arrangements after the subsidy period had ended.

Additionality is likely to have been higher in this workstream, with only 12% of businesses indicating that they would likely have switched to cargo bike couriers in the next 12 months if Bikes for Business did not exist.



Table 2: Business benefits from switching to cargo bike courier (1-month feedback form, N=53)

Benefit	A lot	A little	Not at all
Environmental sustainability	79%	21%	0%
More reliable deliveries	43%	43%	13%
Easier/less stressful deliveries	43%	38%	19%
More satisfied customers	43%	36%	21%
Improved brand/image	38%	45%	17%
Time-savings	36%	43%	21%
Cost-savings	17%	53%	30%
New customers	8%	38%	55%

Courier switch: Recorra

Founded in 1988, Recorra services thousands of businesses in London and the UK through its recycling collection and office supplies.

Prior to switching to cargo bike courier deliveries, Recorra's office supplies were sent out in vans direct from wholesalers.

Recorra worked with Bikes for Business to find a cargo bike courier company to take over its London deliveries. The Bikes for Business team matched them with Zedify, a Living Wage Employer and cargo bike courier with a large enough fleet to meet Recorra's needs.

Recorra undertook a successful pilot with Zedify, in which 75% of central London deliveries were sent by cargo bike. Since then, Recorra has continued to use Zedify for its central London deliveries, where possible.

Benefits have included:

Reduced emissions – in the trial period alone, 500 van deliveries were avoided

Great PR – the switch to cargo bikes has benefitted the brand and customer satisfaction. As the only office supply company using cargo bikes in central London, this has helped set Recorra apart from their competitors.



Indirect benefits

The businesses that purchased cargo bikes or received a subsidy for trialling a cargo bike represent the direct beneficiaries of the Bikes for Business programme. There are also likely significant indirect beneficiaries. Some of these will derive from the greater visibility of cargo bikes in the area encouraging businesses to make the switch independently of the programme and from other localities being inspired to set up similar cargo bike promotion projects. Bikes for Business also maintained a Directory of Cargo Bike Services that any business could access.⁴

More specifically, however, the Bikes for Business team also provided support to several large businesses to bring cargo bike services to the area. These included:

- Supporting First Mile Recycling to start cargo bike collections in the north Southwark area around nine months earlier than they had planned, thus saving the emissions for this period.
- Supporting Amazon to establish cargo bike deliveries in SE1 (London Bridge), only their second location in the UK.

⁴ See here for the Services Directory: <https://static1.squarespace.com/static/58d15ded6a49638c26e0888c/t/625fe412887f814c655cd7a6/1650451475387/Cargo+Bike+Services+Directory+April+2022.pdf>

Such indirect benefits are more difficult to evidence robustly as the programme often does not have a direct relationship with the beneficiaries that would enable data collection. Due to the strength of the anecdotal and qualitative evidence, however, it should be noted that the direct switches represent only a proportion of the total impact of the programme.



Learnings

The research literature points to the significant benefits that derive from the use of cargo bikes for deliveries within urban settings. This was confirmed by the businesses that received support through Bikes for Business, who were all highly satisfied with cargo bikes and reported more reliable, efficient and sustainable deliveries and flow-on benefits from this for their business.

Yet, despite this, the uptake of cargo bikes remains slow in general, and even Bikes for Business, which provided advice and a subsidy towards switching, found it difficult to persuade large numbers of businesses to convert to cargo bikes.

This has a number of implications for future efforts to promote cargo bikes as a business delivery solution, which we have summarised as six key lessons.

Lesson 1: People like cargo bikes and want to be sustainable, but this does not automatically lead to behaviour change due to strong anchoring factors

Increasing awareness of climate change and visibility of cargo bikes means that a substantial number of businesses want to be more sustainable and see cargo bikes as a good idea.

Yet many are also strongly anchored in their existing delivery arrangements, meaning that behaviour change towards lower emitting modes is time-consuming and difficult to achieve.

Initiatives that solely seek to promote or raise awareness of cargo bikes, without any additional “push” or “pull” levers to encourage behaviour change, are likely to be of limited effectiveness. Such push or pull factors can be subsidies to incentivise switching or may include policy changes that shift the choice context (e.g. measures that make the use of petrol/diesel vehicles more expensive or difficult).

Lesson 2: Cargo bikes have lower running costs, but whether they are a cheaper delivery option for a business depends on how they are used

Delivery costs are key to competitiveness for many businesses, especially those delivering goods of lower value where the delivery charge makes up a bigger proportion of the overall cost.

While cargo bikes have lower per mile running costs than petrol or diesel vehicles, this does not mean that a cargo bike courier is the most cost-effective option for a business. In fact, for ad hoc deliveries, traditional van couriers are often cheaper on a per delivery basis as they externalise many of their labour costs.⁵ Policy action is required to level the playing field between cargo bike couriers and traditional van couriers.

⁵ For a comprehensive discussion of these factors and recommendations for policymakers see our accompanying research report, Delivering Value: <https://www.justeconomics.co.uk/health-and-well-being/delivering-value>

Lesson 3: Target businesses for whom cargo bikes are likely to work and educate them on how to use cargo bikes cost-effectively

Reducing the negative impacts of urban freight depends on businesses making a lasting switch away from diesel and petrol vehicles.

Focusing on businesses for whom cargo bikes are likely to work is, therefore, key to delivering an effective cargo bike promotion initiative.

These are either businesses that can purchase their own bike or where the business is able to absorb the higher costs of a cargo bike courier or can cluster deliveries to use more cost-effective charging models, including per hour charging.

Lesson 4: Programme targets matter and should incentivise the delivery of impact, not throughput

Bikes for Business started with a target to engage 1,300 businesses and encourage 300 of these to switch, where this was defined as either purchasing a cargo bike or undertaking a 1-month trial with a cargo bike courier.

Within the first nine months of the project, it became clear that these targets (1) risked distorting project activities away from achieving impact and (2) were not giving a good indication of effectiveness and impact.

More specifically, Just Economics became aware that a number of businesses signing up for the 1-month subsidised cargo bike courier trial were not continuing beyond the trial period or only using it for occasional, surplus deliveries rather than as their main courier. This meant that numbers signing up to a trial were not a good proxy for impact because the desired change – switching away from diesel/petrol deliveries – was not sustained in a significant proportion of cases. It was also not a reliable proxy for vans displaced off the road as there was no distinction between switches that involved a handful of deliveries versus higher volumes.

In addition, the target incentivised the team to deliver throughput rather than putting the time into delivering impactful switches. Because any business signing up to the trial counted the same, irrespective of volume of deliveries and/or whether the change was sustained beyond the trial, the emphasis was simply on getting as many businesses to sign up to the trial.

Getting targets right is more than a technical point. Targets matter because they ultimately drive behaviour. To drive impact, targets must incentivise impactful switches over the volume of switches.

Lesson 5: Both how and what is communicated matters

The most effective engagement techniques used by the Bikes for Business delivery team were in-person, with email and telephone calls considerably less effective.

In-person methods included visiting businesses, demonstrating bikes and attending events. The delivery team found that peer-to-peer engagement was particularly effective, for example bringing a market trader that had already purchased a bike on a walkabout around Borough Market.

The message also matters. There is a danger that focusing solely on cargo bikes discourages those who perceive cargo bikes to be unsuitable to their needs from engaging. A consideration for future projects, therefore, is whether messaging around zero tailpipe emission deliveries or similar might increase engagement with the project, even if the main solution that is advocated is cargo bikes.

Lesson 6: Context matters

Given the environmental benefits of cargo bikes there is a temptation to see them as a panacea in any context. It is important, however, to recognise the role of context.

Inner London is an ideal place for cargo bike deliveries, with high-density and various mechanisms (e.g. Low Traffic Neighbourhoods [LTNs], Ultra Low Emission Zone [ULEZ]) making it more difficult and costly to use diesel/petrol vehicles. Moreover, there is now a suite of cargo bike operators and services available. Without the existence of this marketplace of providers, Bikes for Business could not operate as a programme. This is important for those considering replicating the initiative in other localities.



Recommendations

Based on the learnings, we make recommendations for a number of stakeholders to support the promotion and uptake of cargo bikes in the future.

Organisations delivering future cargo bike projects

Recommendation 1: Prioritise in-person and peer-to-peer methods when promoting cargo bikes to businesses.

Recommendation 2: Recognise that preconceptions about cargo bikes may limit their engagement potential among some businesses; consider leading with messaging that businesses find more engaging, for example focusing on zero tailpipe and low emission deliveries.

Recommendation 3: Undertake scoping to understand your context, including the cargo bike market and barriers to uptake, prior to designing your programme.

Recommendation 4: Target businesses for whom cargo bikes are likely to work, specifically businesses that can cluster deliveries, have sustainability at their core, or are selling mid-to-high value goods.

Recommendation 5: Educate businesses on how to use cargo bike couriers most cost-effectively, including by using per hour charging models.

Funders and future project commissioners

Recommendation 6: To enable scale up of cargo bikes in urban areas, further programmes are needed, which subsidise switches for businesses and promote cargo bikes

Recommendation 7: Funders and commissioners of cargo bike promotion projects should set outcomes-based targets that incentivise the delivery of impact, for example by tracking delivery volume or miles travelled and the length of time for which the switch is sustained.

Local and national policymakers

Recommendation 8: Implement policies that level the playing field between cargo bikes and more polluting delivery modes, such as smart road pricing and vehicle tax that more accurately reflects environmental and social costs of different modes

Recommendation 9: Invest in cargo bike infrastructure, including consolidation hubs and cycle lanes.

Conclusion

Widespread uptake of cargo bikes for business deliveries has the potential to significantly reduce air pollution and carbon emissions, improve road safety and make our cities healthier and more liveable.

The experience of the Bikes for Business programme demonstrates that behaviour change towards lower emission deliveries can be time-consuming and difficult to achieve. Many businesses are strongly anchored in harmful delivery modes, making switching both financially and practically difficult.

This points to the ongoing need for incentives for businesses to make the switch. Coupled with this, it is vital that policymakers create a context that supports the mainstreaming of cargo bikes.





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