



Movement Matters is a series of thought leadership events, presented by Steer, exploring new ideas about places, people and economies and providing a burst of fresh thinking.

Post-event summary

WHAT'S NEXT FOR THE BLACK CAB?

10 May, 2017

8.15am-10.15am

Blue Fin Venue

110 Southwark St.

London, SE1 0SU

The black cab is an iconic image of London, but recent technological advances and changes in the Taxi and Private Hire market have meant that it faces an uncertain future. As part of our Movement Matters series, we brought together three industry experts to debate whether the black cab faces decline, disruption or both.

The panel spoke about potential responses to new transport technologies and how these technologies and integration in the wider transport network may shape the future of the industry. This discussion was followed by a Q&A with the audience.

The first speaker was **Tom Moody, Head of Policy and Service Deployment for Transport for London (TfL)**. He offered an overview of the challenges and opportunities facing the industry from TfL's point of view. In his presentation:

- He set out TfL's multi-faceted role as regulatory, licencing and enforcement body. Transport for London is responsible for both setting and enforcing standards and consults regularly on issues such as tariffs. It also employs a dedicated compliance team, who carry out on-street inspections.
- Tom noted that TfL is embracing technological advances and supports new private hire apps, providing they meet legislative standards. The efficiency and convenience which these apps bring are welcomed, but he noted that legislation relating to Taxis and Private Hire Vehicles (PHVs) can sometimes be antiquated, and needs to be refreshed to keep up with technology.
- He spoke of the Taxi and PHV Action Plan 2016, the Mayor's strategy for the industry. The Plan includes 27 measures, ranging from enhancing public safety to lobbying for additional powers, to improve the industry. The Plan gives £65m funding to deliver the greenest taxi fleet in the world, with a commitment to developing zero-emissions capable vehicles with all newly-licensed taxis subject to these new standards from January 2018, prior to the implementation of the Ultra Low Emission Zone.

EVENT SUMMARY

Matteo de Renzi, CEO of Gett UK presented next. His experience at Gett has given him an insight into how taxis can use evolving technology to their advantage.

- Matteo spoke of the huge growth in the on-demand market over recent years. The market is currently worth \$10 trillion annually, and it is expected that, by 2025, 50% of these miles will be operated as part of an on-demand service.
- He highlighted the importance of sustainability and how the black cab can be used for "sustainable disruption". Matteo explained that this sustainable disruption could be achieved by changing the way in which taxis work while optimising the usage of the fleet and the integrated network of over 20,000 drivers. These measures could include increased use of technology to improve utilisation and the use of fixed fares. Gett is currently applying this, and some drivers now have a utilisation of up to 80%.
- Matteo spoke of the importance of affordability and noted that, while taxis offer a premium service, it is important to reach an equilibrium between usage and fares, which mean that the drivers are earning the maximum. Gett is currently using data-driven pricing, which replaces the traditional meter and can work well with future taxi-sharing solutions as they develop.

Matthew Clark, Associate at Steer, presented last and explored the future of the black cab now, in the near future and the in-between stage.

- Matt pointed out the need for the black cab market to react to changes in the wider transport network, such as better integration to serve increased demand from the opening of the Night Tube and the future Crossrail. Increased levels of activity in Outer London, and growth in the night-time economy, could increase demand while also reducing dead mileage and congestion in central London.
- "Mobility as a service" might be the solution to achieve even deeper integration of black cabs with other transport modes in the near future. Offering transport services as a bundle – as mobile phone providers currently do – could create more stable levels of demand for drivers and provide opportunities to negotiate prices and off-meter rates. This concept is currently being trialled in Helsinki and might soon be offered in Birmingham.
- Presenting a map of 24 hours of transit in New York City, Matthew contrasted this with the partial picture that exists in London, stemming from the lack of Origin-Destination trip information from taxi services. He highlighted the benefits that a more complete dataset would offer in terms of helping to understand and address the current and future challenges to the industry.

The Q&A after the presentations focused on what TfL as a regulatory body can do to create a more holistic modelling of transport services, while integrating data from PHV and data that other mobility providers have collected in the recent years.

Tom was asked about the incentives that TfL is providing to achieve the ambitious target of 9,000 electric vehicles by 2050. He pointed out three key drivers to facilitate this transition: a dedicated rapid charging network; an increase of the existing Ultra Low Emission grant; and a scrappage scheme for vehicle owners. Matteo further commented that there is a significant appetite from customers and businesses for new taxi vehicles that will become available in January 2018.

Interesting points were raised about the changing nature of the black cab identity and ways to retain quality while also incorporating technological advances. The debate concluded with questions on the competitive versus complimentary nature of the Taxi and Private Hire industries, and insights into how the sharing economy can help maximise the use of the existing network to avoid an increase in single occupancy trips.

EVENT SUMMARY

KEY THEMES

In conclusion Mike Goggin, Director at Steer, acting as Chair on the morning, highlighted three key points emerging from the presentations and further discussions:

1. It is clear that the black cab offer is differentiated and evolving, with new payment methods now in place, and a new breed of environmentally-friendly vehicles soon available.
2. There is disruption in the black cab market but, by building on existing regulatory infrastructure and the capabilities of the vehicles, and positively capitalising on technological advances, this may not necessarily lead to a decline.
3. There remains an opportunity to retain the black cab as an iconic London facet in the future, but this is likely to require improved integration with other modes for journey convenience, and an accompanying review of broader Taxi and Private Hire regulation as the market evolves.

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