Carnet proposition

Research Debrief

PREPARED BY ILLUMINAS
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Prepared in compliance with the International quality standard covering market research, ISO 20252 (2012), The MRS Code of Conduct, and the Data Protection Act 1998 by Illuminas, 183-203 Eversholt Street, London NW1 1BU, UK

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Background, Objectives and Methodology

Background

- The overall aim of the project was to design some new ticket products that could be used by the less frequent or irregular passenger and to explore likely take-up of these new products

- Three focus groups were carried out in Birmingham, Manchester and Bristol with the aim of helping to inform the development of new travel products aimed at irregular travelers, with particular emphasis on gauging interest in a carnet product

    - Passengers wanted a more convenient ticketing solution and it was felt that a smartcard would deliver on this front. A carnet product was also attractive as was the potential to receive a discount on tickets. Hence a carnet product delivered on a smartcard, was seen as the most attractive option

- Following the initial findings from Birmingham, Manchester and Bristol, it was important to review the hypothesis that there may be different needs from ticketing in the South East of England

- Previous research has indicated that carnets have appeal at a general level in this area
    - Predominantly because ticket prices are higher in this region, working hours are more flexible, and passengers want cost savings

- Therefore, further research was conducted that focussed on the detail of carnets and what is wanted in terms of quantity of tickets, level of discount, time before expiry, etc.

- Four focus groups were then conducted in London with rail passengers who travelled into and around the capital. This research validated carnet appeal in the South East region and informed the quantitative phase of research.

Stages of research

Stage 1	• Qualitative focus groups in Birmingham, Bristol and Manchester
Stage 2	• Qualitative focus groups in London
Stage 3	• Stakeholder interviews
Stage 4	• Quantitative conjoint questionnaire

Stage 2 - Qualitative research findings (from London)

- For the majority, receiving a discount in the cost of their single or return ticket was seen as the main benefit of a carnet
- Some mentioned that convenience would also be a key benefit
  - No need to queue every time to purchase ticket
- Also, the value of a ticket only depreciates when a journey is made
  - Unlike season tickets which depreciate by the day

"I would use it [a carnet] if it would provide a discount on the tickets, but otherwise, I don't see why I would need it."
Student, London

"Personally I think the price is really expensive, it's £30 a day. My husband pays about three and a half thousand a year in train travel into Waterloo."
Irregular worker, London

- The findings from London groups were contrasting to the main findings from Birmingham, Bristol and Manchester which found that the main benefits of a carnet would be the convenience aspect
- Convenience was considered a benefit, but achieving a discount was the significant attraction for passengers travelling into London

- Many of the issues considered when purchasing tickets in Birmingham, Bristol and Manchester are not realised in the areas around London
  - TVM machines are more prevalent
  - The majority of stations are staffed and tickets can be purchased directly from members of staff
- In addition, cost of travel into London is considered excessive, with passengers looking for ways to save money, hence the appeal of a discount on carnet tickets

Stage 2 - Qualitative research findings (from London)

- For those passengers that were not interested in the idea of a carnet product, this was for several reasons:
  - They don't make journeys to a consistent location
  - They don't make journeys via a consistent route
    - There may be several routes that can be taken to access the capital
  - If aware when travelling, it is still cheaper to purchase ticket online, in advance
  - Would be required to purchase a London travel card on top of the carnet
  - Significant financial outlay required upfront to purchase tickets
  - If change travelling points e.g. move home/job, will be stuck with unusable tickets

"When I went to University up north, I always bought them online, pre-book you know, you book a seat, and you can see what times are cheap and what times aren't."
Student, London

"It's a lot of money and the only way I'd be able to finance it would be to take out a season ticket loan from my employer."
Irregular worker, London

"I'd want it to include a London travel card otherwise I'd have to buy one of those when I got into London!"
Irregular worker, London

Stage 3 - Stakeholder interviews

- Prior to the conjoint research, we invited representatives from 14 organisations to give their views on the appeal of carnets. Telephone interviews were conducted with the four we managed to speak to, who represented students, working families and part-time workers.

- These interviews highlighted some concerns that these organisations had with current rail ticketing
  - Cost
    - Struggle to afford peak time rail tickets into college/university/work
    - Season tickets not feasible as upfront payment required and income not available
  - Flexibility
    - Season tickets often not considered value for money if not working 5-day week
  - Confusion
    - Lack of clarity as to what different tickets offer means that passengers don't always get the best deal

- All of the organisations felt that carnets would appeal significantly to the people that they represented.

Stage 4 - Objectives and methodology

Following the focus groups there was a need to conduct quantitative research to validate the research findings on a broader scale as well as to test some of the features of a carnet product.

Objectives of the quantitative study:

- To formally test the viability of a carnet proposition within key TOC regions
- To provide Transport Focus with an idea of the absolute and relative value of any given feature
- To provide Transport Focus with a view of what constitutes the ‘optimum’ carnet proposition

Methodology:

- 1000, 20 minute structured online interviews
- Conjoint exercise included within questionnaire
- Respondents included a mix of all travel patterns and areas within the SE region

- From the online questionnaire, develop a working simulator which allows different carnet scenarios to be measured in terms of likely appeal / uptake

Sample: We spoke to people whose travel patterns would fit a carnet product

Who we spoke to within the study:

- Commuters, business and leisure passengers
  - To be classified as a commuter, passengers were required to be travelling to college/university/work at least twice a month, but no more than four times a week
  - To be classified as a business passenger, passengers were required to be using the train for business purposes at least twice a month, but no more than four times a week
  - To be classified as a leisure passenger, passengers were required to be using the train for leisure purposes at least twice a month, but no more than four times a week
- Passengers were able to qualify as more than one type of passenger, for example they could commute to work three times a week and use the train for leisure purposes twice a week
  - Where applicable, passengers classifying as more than one type of passenger would be asked questions for each type of journey they undertake
- No quotas were put on the number of commuters/business/leisure passengers we spoke to and this fell out naturally
- Passengers were also required to be travelling to the same destination from the same place whenever they used the train
- This was to ensure that the people that we spoke to would in theory suit a carnet product

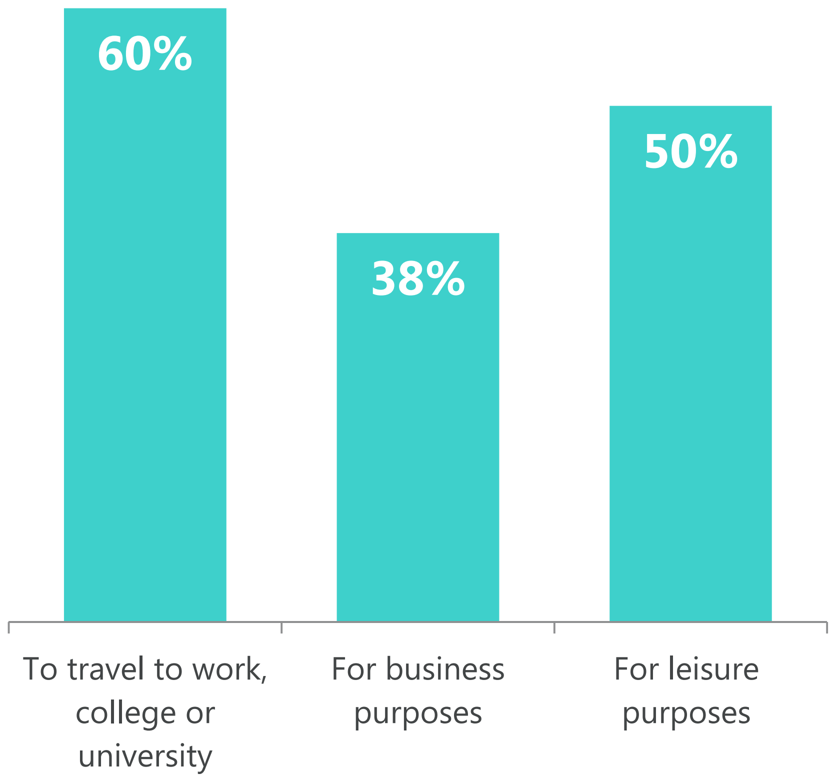
Other criteria

- Not already use a carnet product
- Live outside the Oyster boundary and not use an Oyster card for travel
- Required to personally pay for their own travel (i.e. not funded by employer or government)

Sample profiles

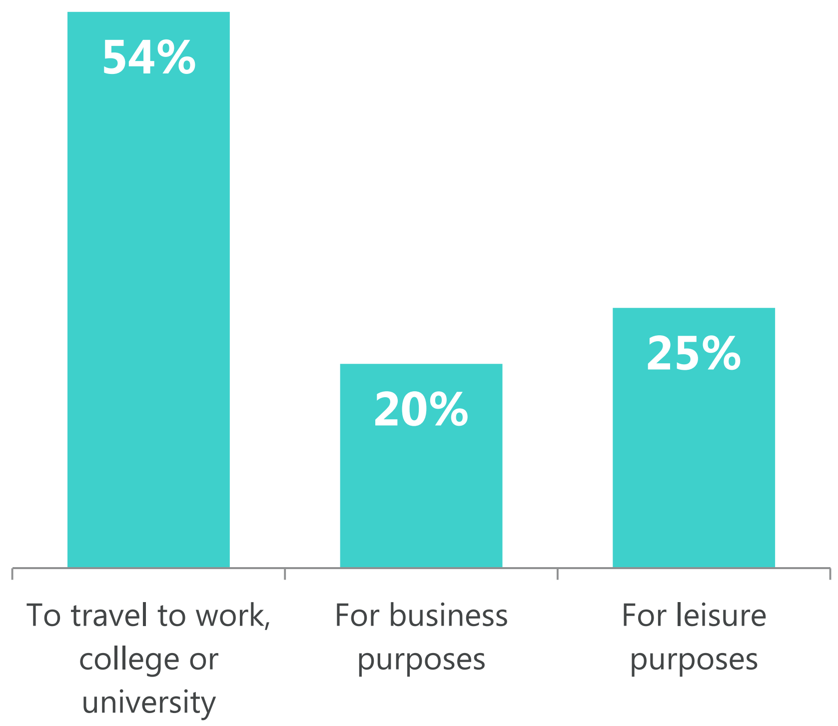
The majority use the train mainly to commute to work, college or university

Q4. Train usage



Base size: 1,004

Q5. Main train usage



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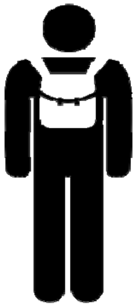
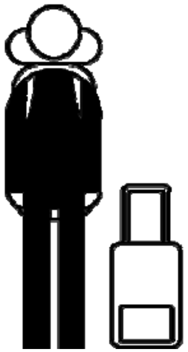
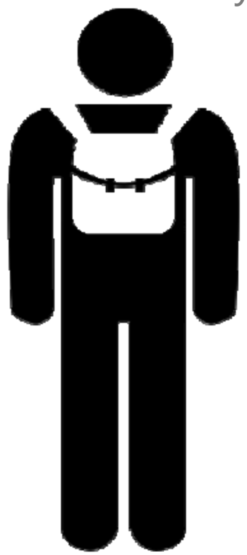
What makes a commuter, business passenger or leisure passenger?

		Q4. Train usage	*Q5. Main train usage*
	To be classified as **commuters**, passengers were required to be travelling to college/university/work at least twice a month, but no more than four times a week	**60%**	**54%**
	To be classified as **business passengers**, passengers were required to be using the train for business purposes at least twice a month, but no more than four times a week	**38%**	**20%**
	To be classified as **leisure passengers**, passengers were required to be using the train for leisure purposes at least twice a month, but no more than four times a week	**50%**	**25%**

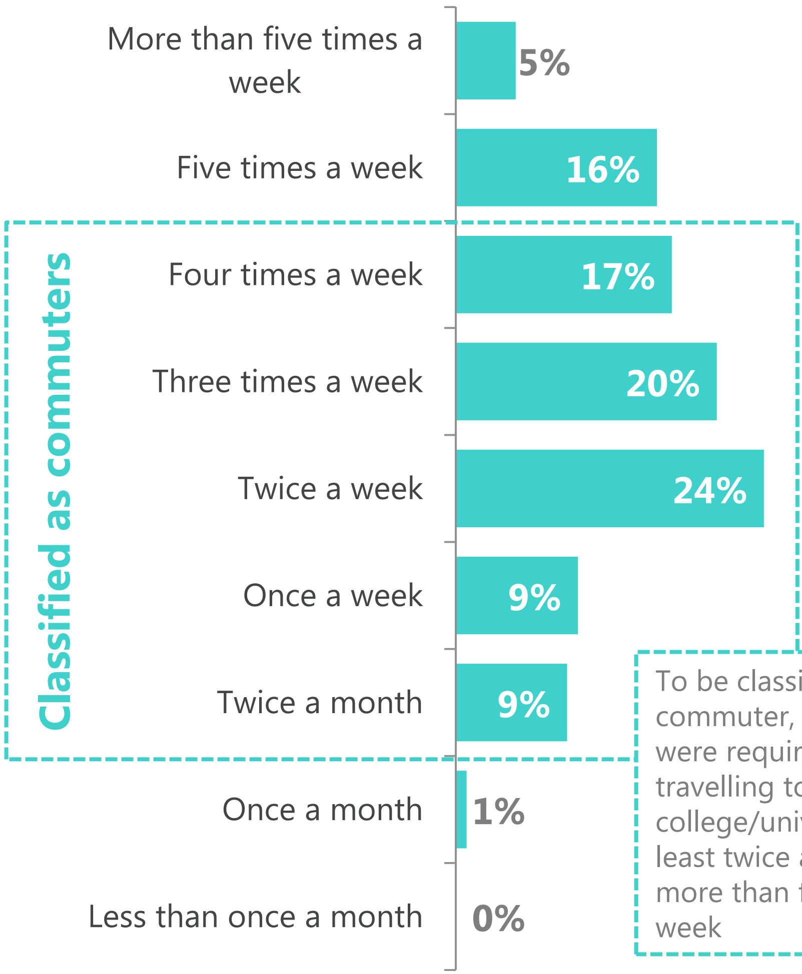
Commuter journeys overview

- The more frequently the commuters in our sample travelled, the more likely they were to have a season ticket
- However of those commuters travelling less frequently (2-3 times per week), over half are still buying season tickets
  - This is because they are more likely to be using the train for purposes as well as commuting
  - And like the convenience of a season ticket
- The main concern for commuters buying season tickets is the up-front cost
- Commuters with season tickets are more satisfied across all fronts, compared to those buying single/return tickets
  - Commuters buying single/return tickets are the least satisfied with the value for money of the tickets they purchase.



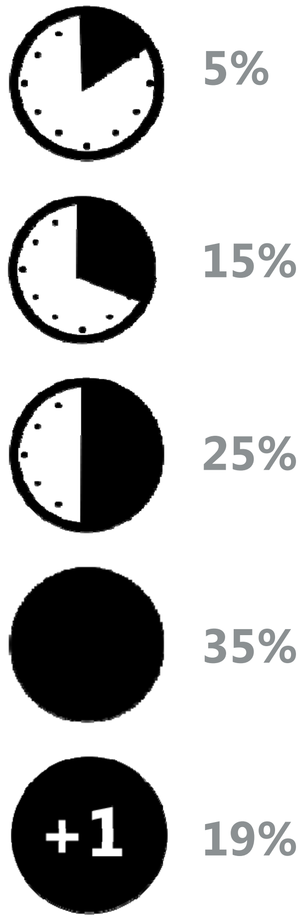
Commuter journeys

Q6. Journey frequency



To be classified as a commuter, passengers were required to be travelling to college/university/work at least twice a month, but no more than four times a week

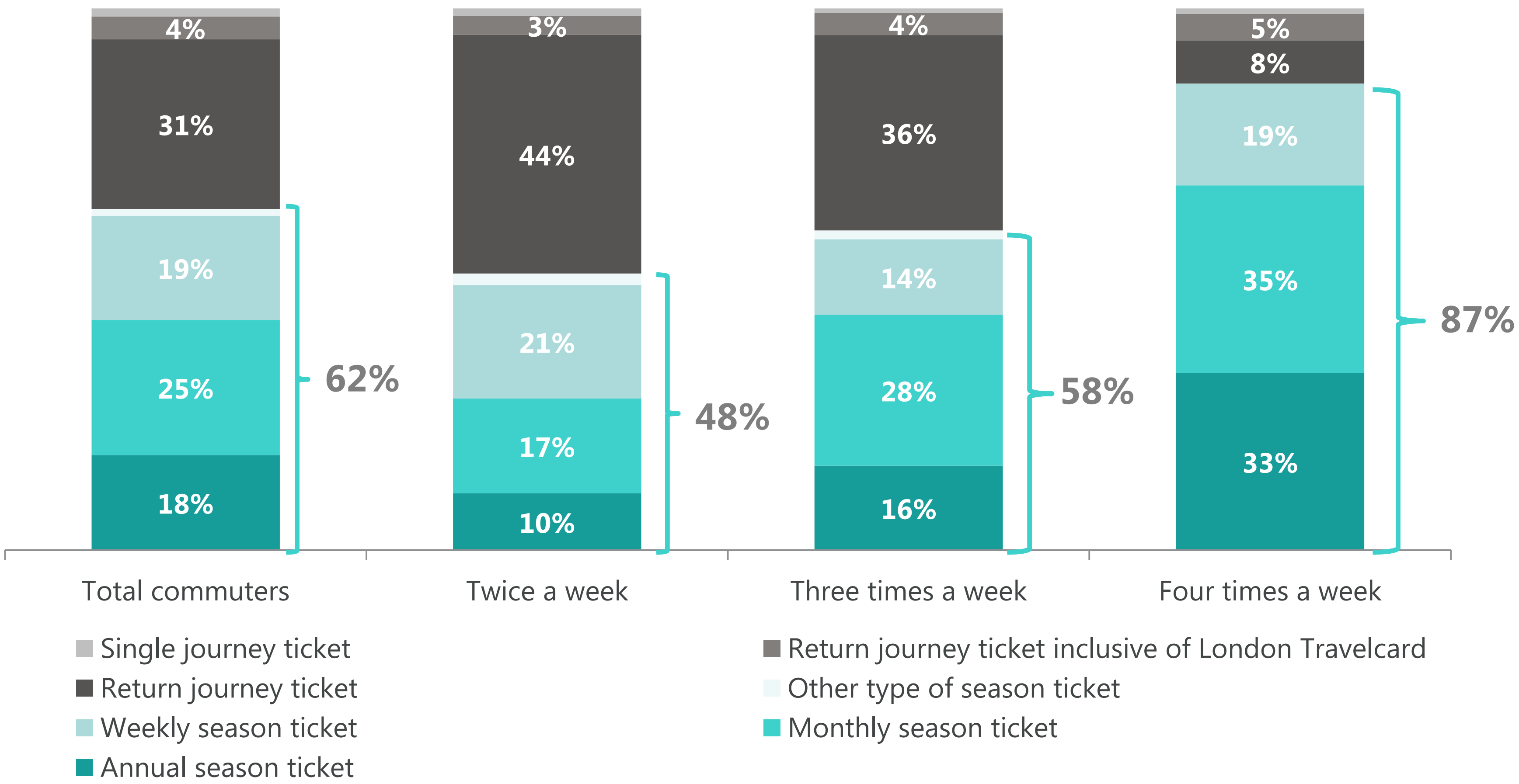
Q15. Journey length



Base size: Total commuters – 603, classified commuters - 473

Season tickets more likely to be used when commuting is more frequent

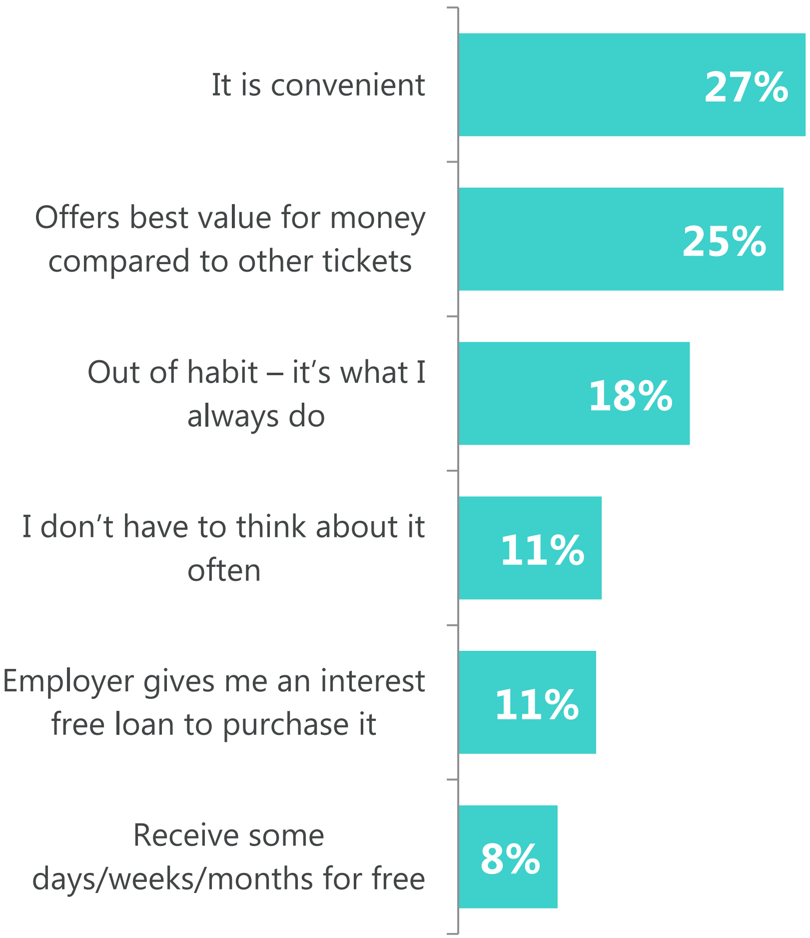
Q17. Ticket type purchased X Q7. Frequency of travel



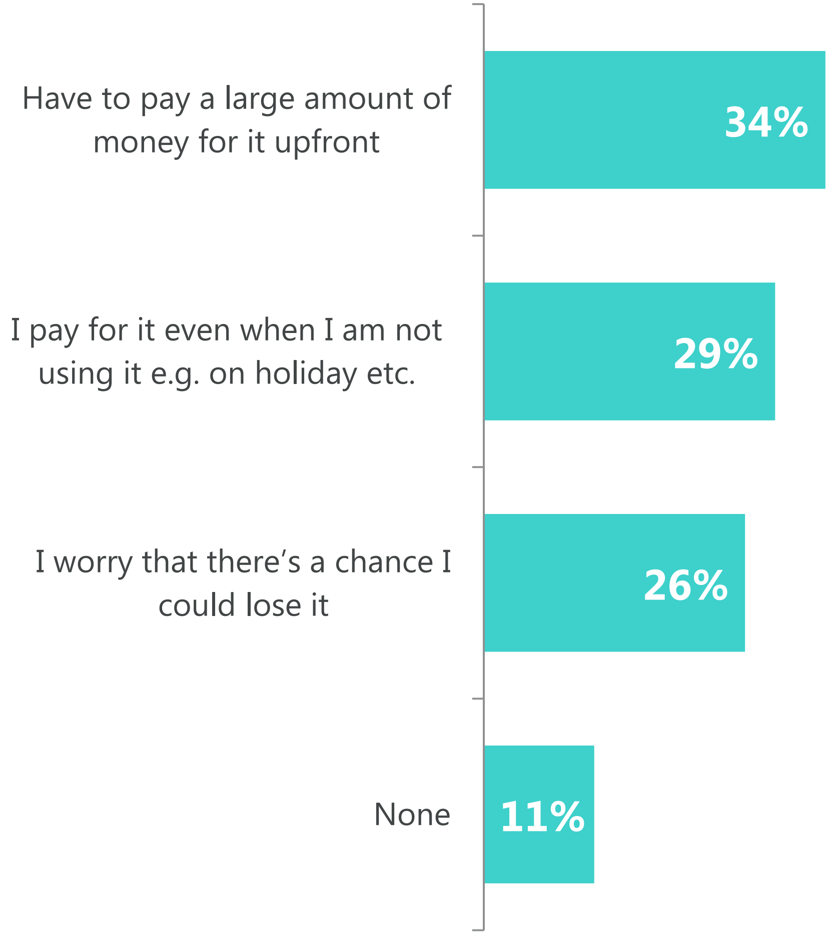
Base size: Total commuters – 473, commuters twice a week – 143, commuters three times a week – 122, commuters four times a week – 101

Commuters travelling less often purchase season tickets for the convenience aspect, rather than value for money

Q28. Reasons for purchasing season tickets



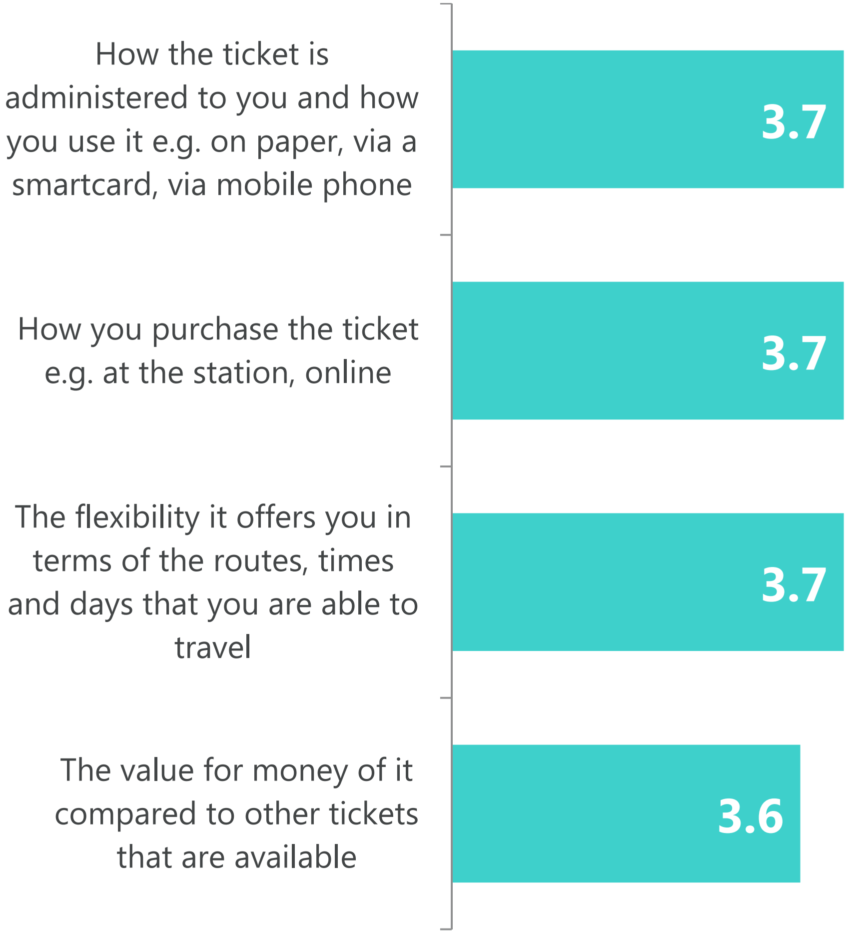
Q29. Drawbacks of a season ticket



Base size: Commuters - 603

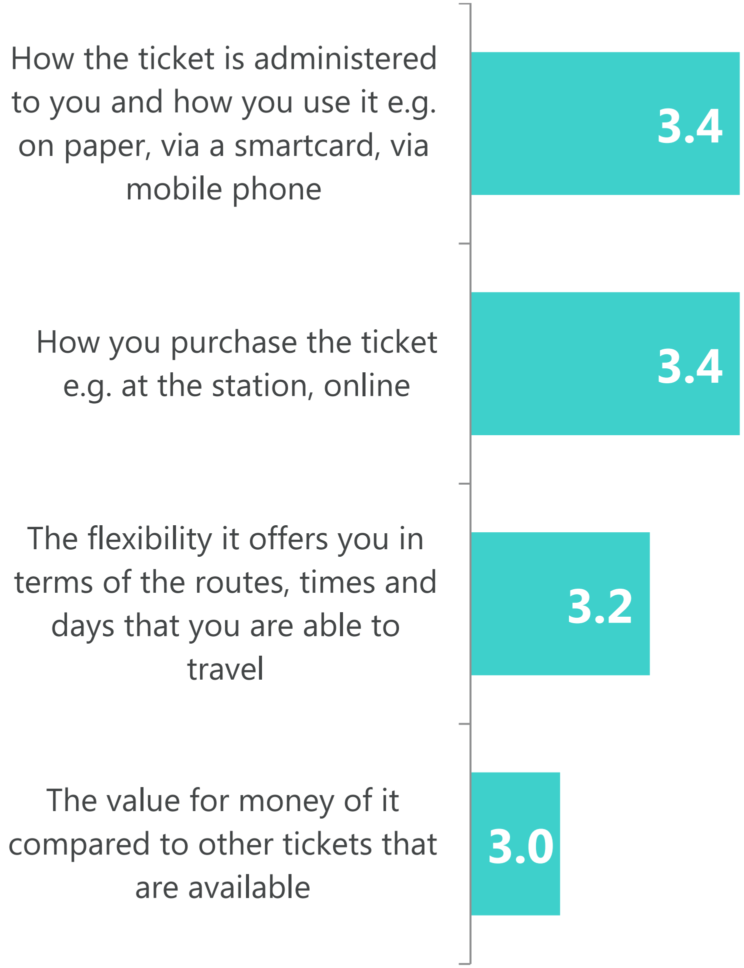
Commuters with season tickets more satisfied than those buying single/return tickets

Q30. Satisfaction with season tickets (mean score out of 5)



Base size: Commuters with season tickets - 298

Q27. Satisfaction with single/return tickets (mean score out of 5)



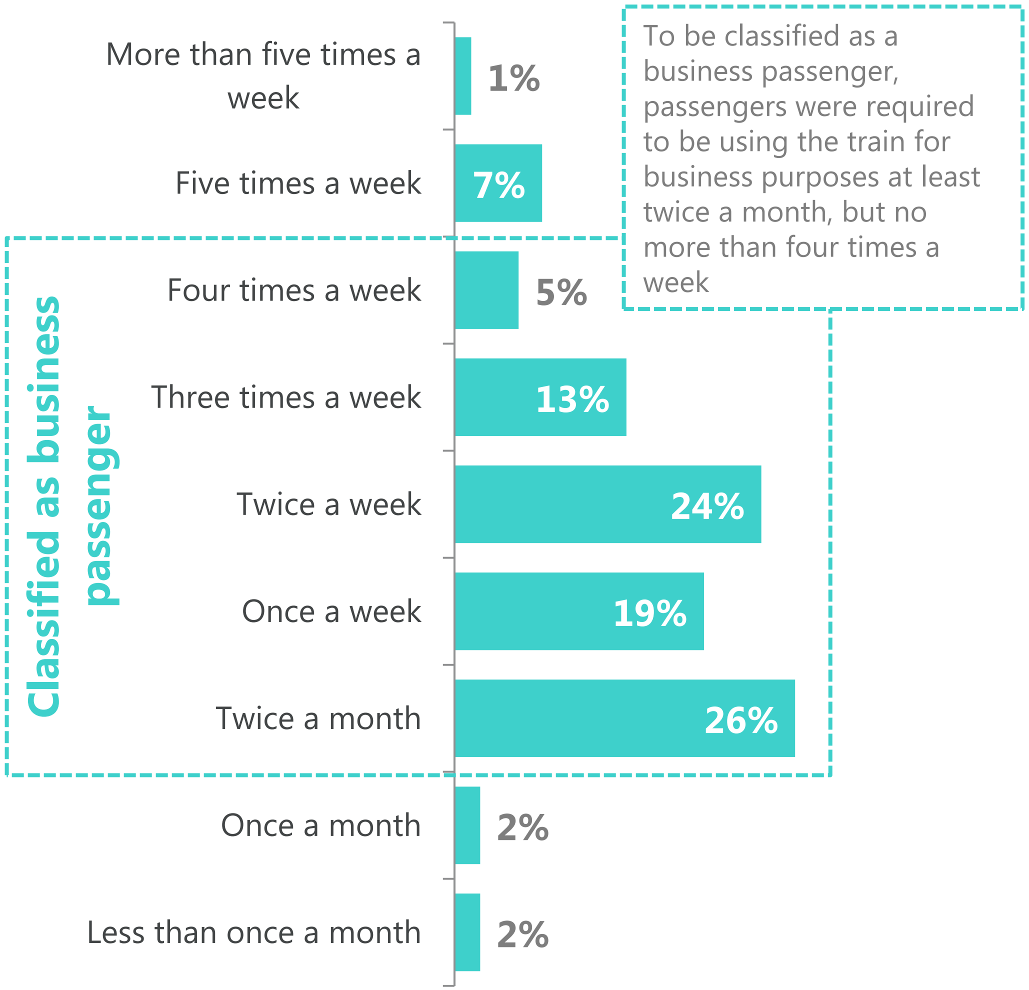
Base size: Commuters with single/return tickets - 175

Business journeys overview

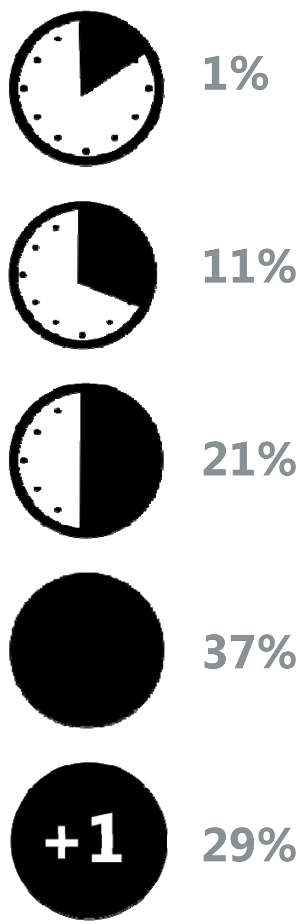
- Half of those classified as business travellers in our sample use season tickets when making business journeys
- This is reflected in the fact that most business travellers also commute
- Business travellers with single/return tickets are relatively satisfied with them, but want better value for money

Business journeys

Q8. Journey frequency



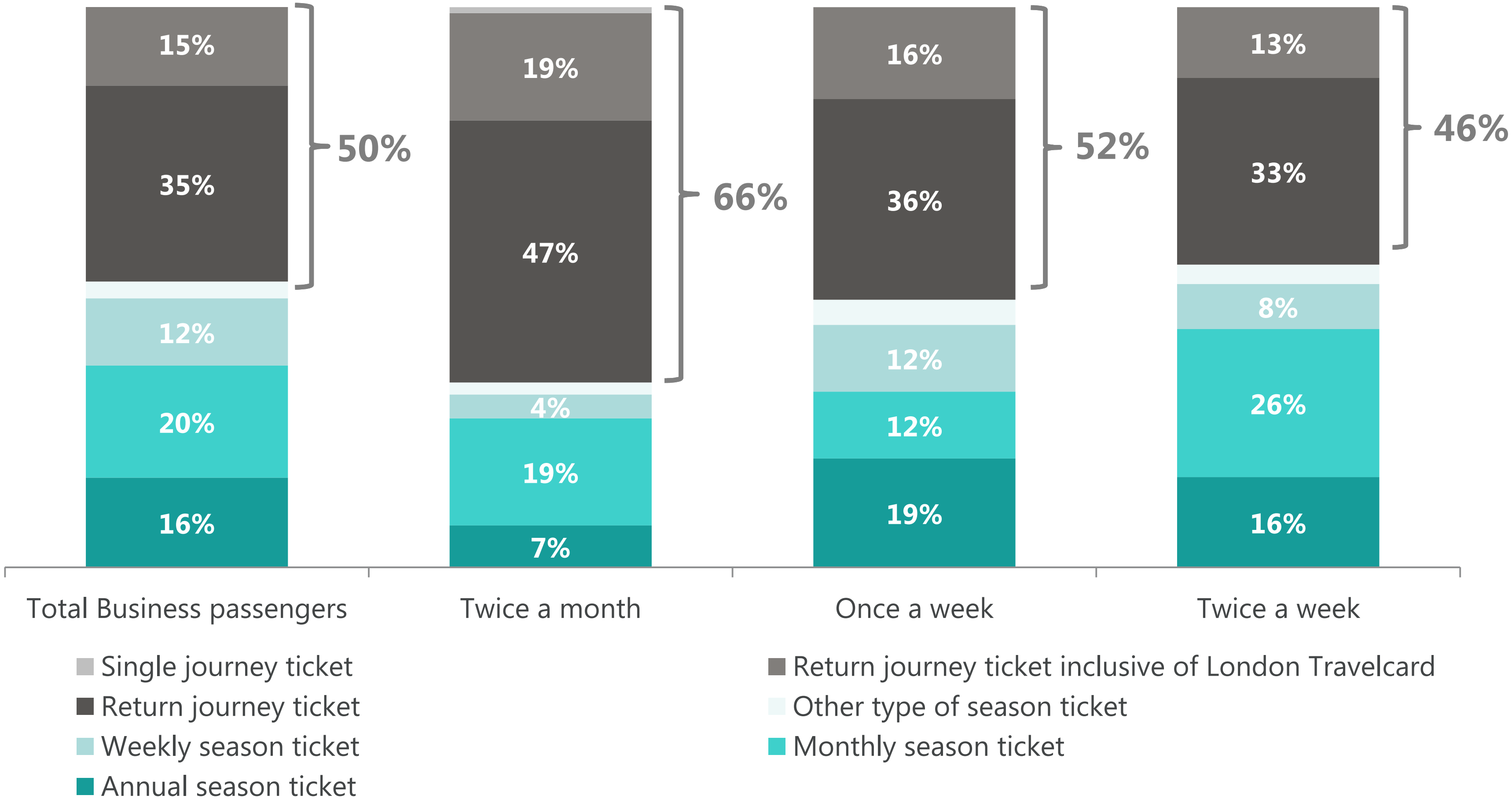
Q15. Journey length



Base size: Total business – 382, classified business – 314

On business journeys single/return tickets are used around half of the time

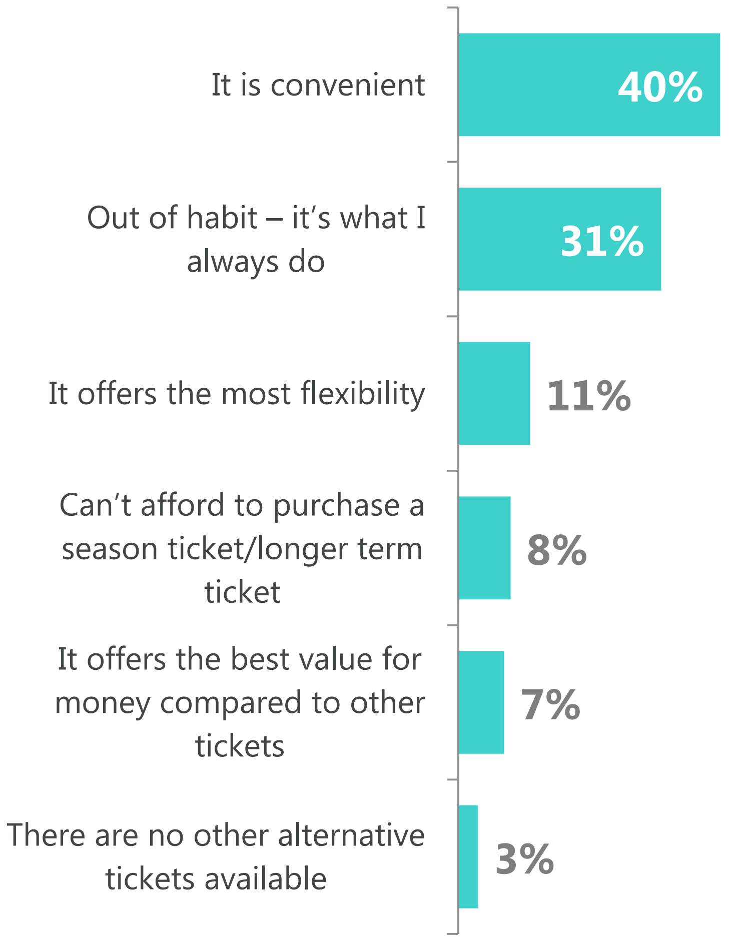
Q17. Ticket type purchased X Q8. Frequency of travel



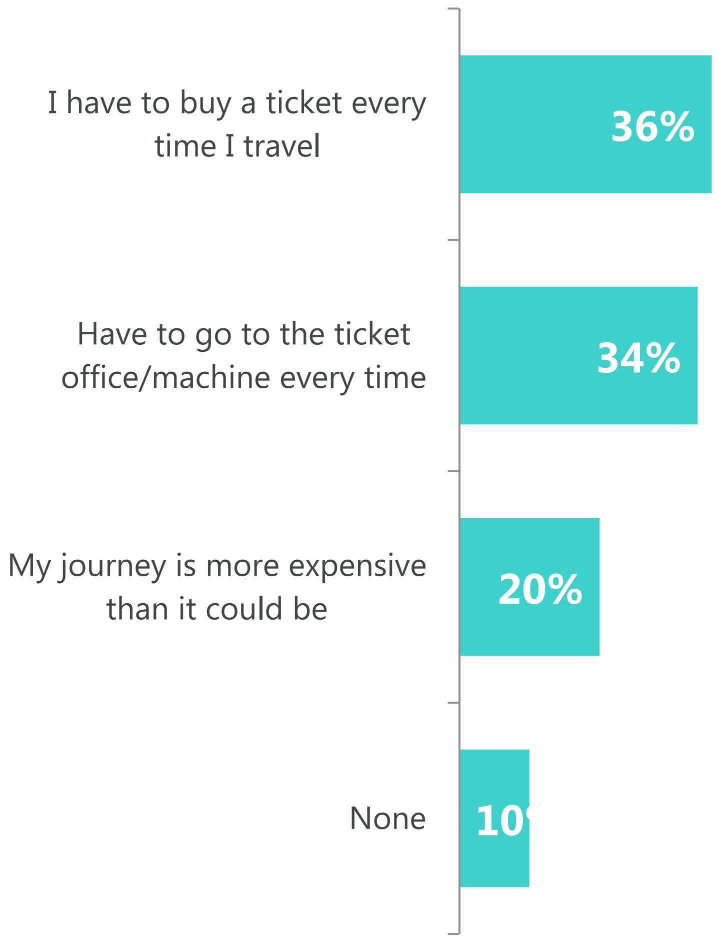
Base size: Total business – 314, business twice a month – 94, business once a week – 67, business twice a week - 87

Having to purchase tickets every time when travelling considered the main drawback of single/return tickets

Q25. Reasons for purchasing single/return tickets



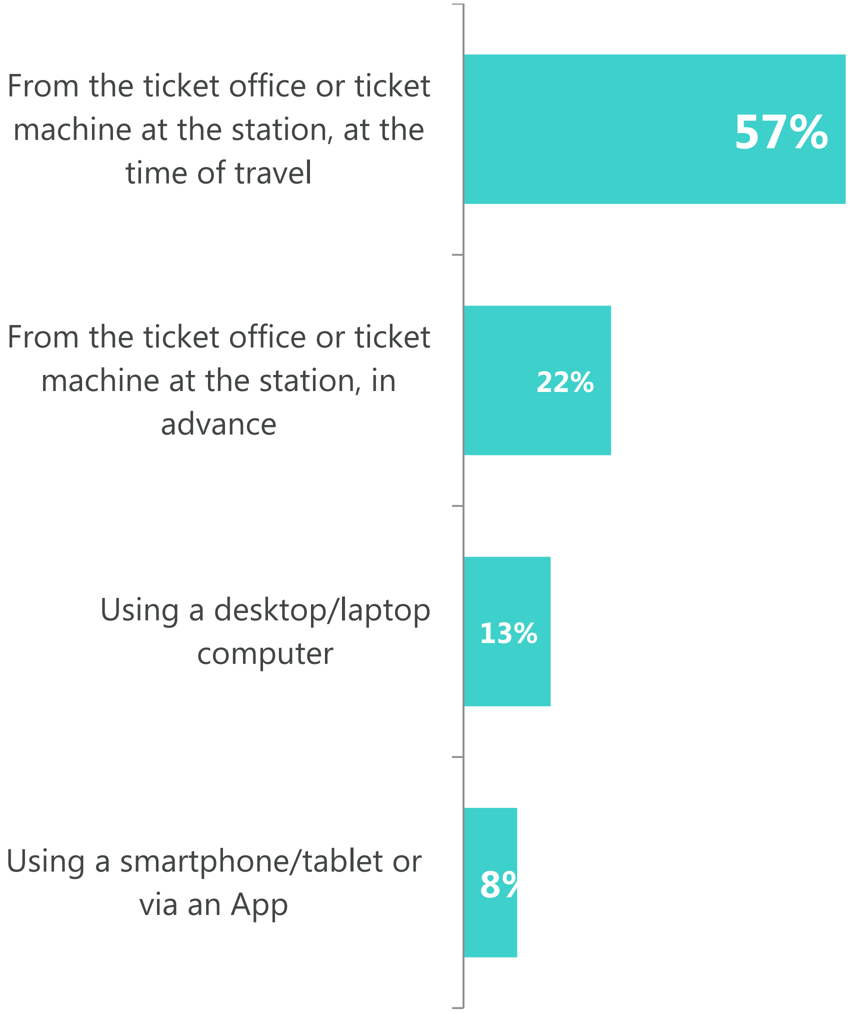
Q26. Drawbacks of single/return tickets



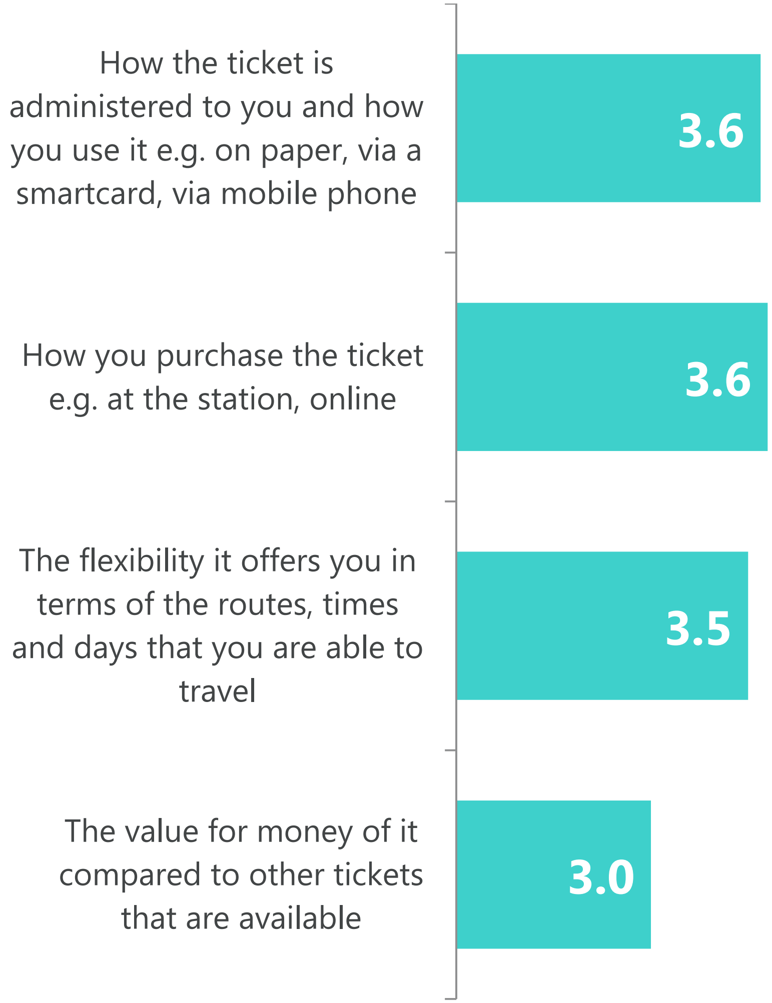
Base size: Business travellers with single/return tickets – 166

Value for money of tickets the area of least satisfaction for business travellers

Q24. How single/return tickets are purchased



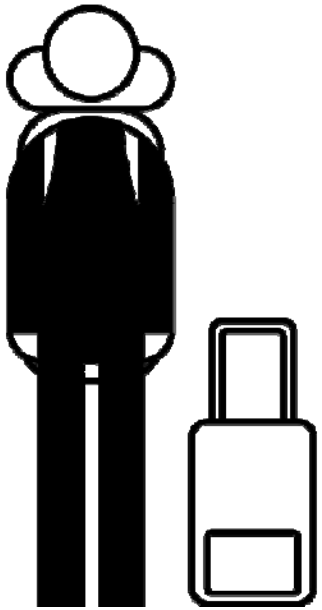
Q27. Satisfaction with single/return tickets in terms of… (Mean score out of five)



Base size: Business travellers with single/return tickets – 166

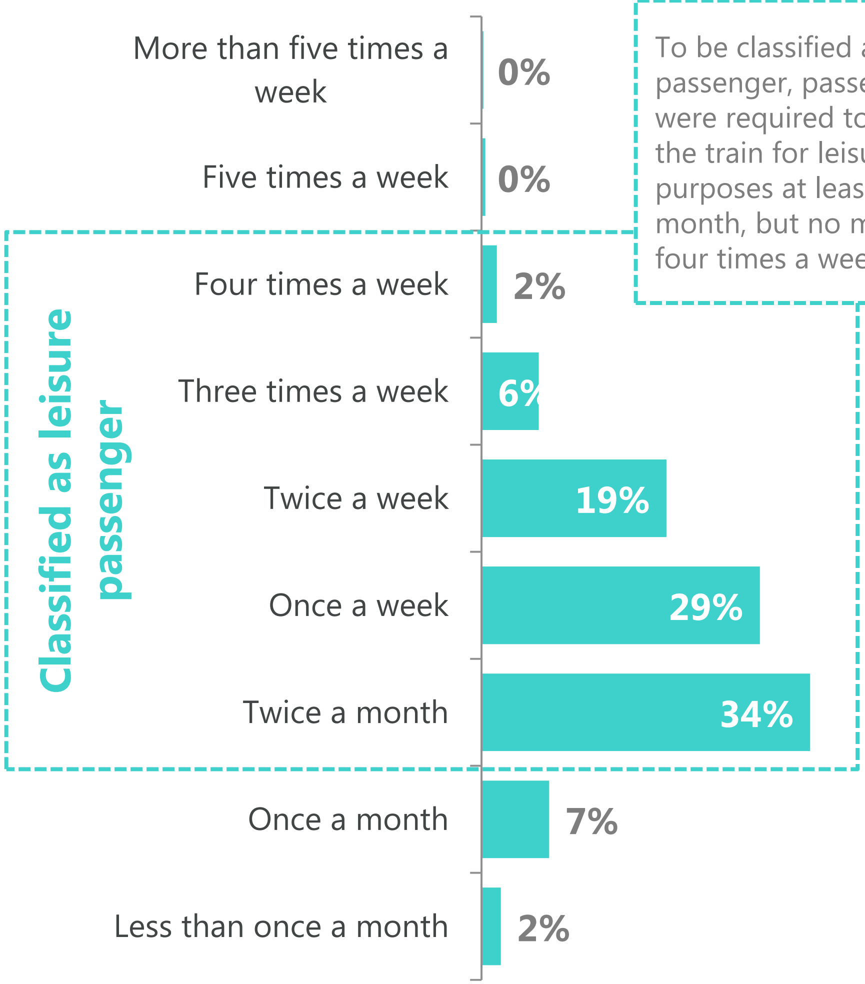
Leisure journeys overview

- Single/return tickets are used for the majority of leisure journeys
- Season tickets are used on leisure journeys by those passengers who also commute
- Having to buy a ticket every time they travel is the main issue for passengers who buy single/return tickets for leisure journeys
- They are also most dissatisfied with the value for money of these single/return tickets
  - Those purchasing online, in advance, feel they get better value for money.



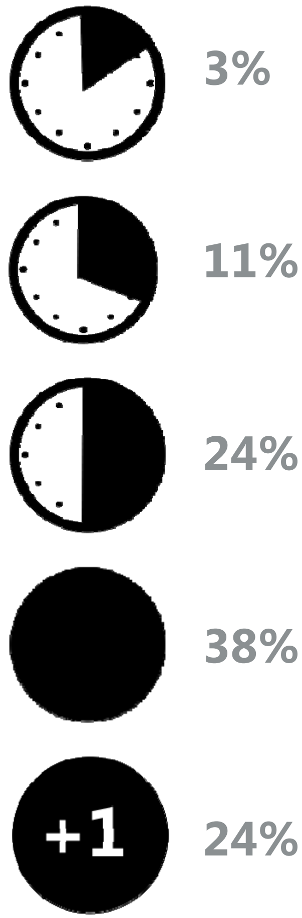
Leisure journeys

Q10. Journey frequency



To be classified as a leisure passenger, passengers were required to be using the train for leisure purposes at least twice a month, but no more than four times a week

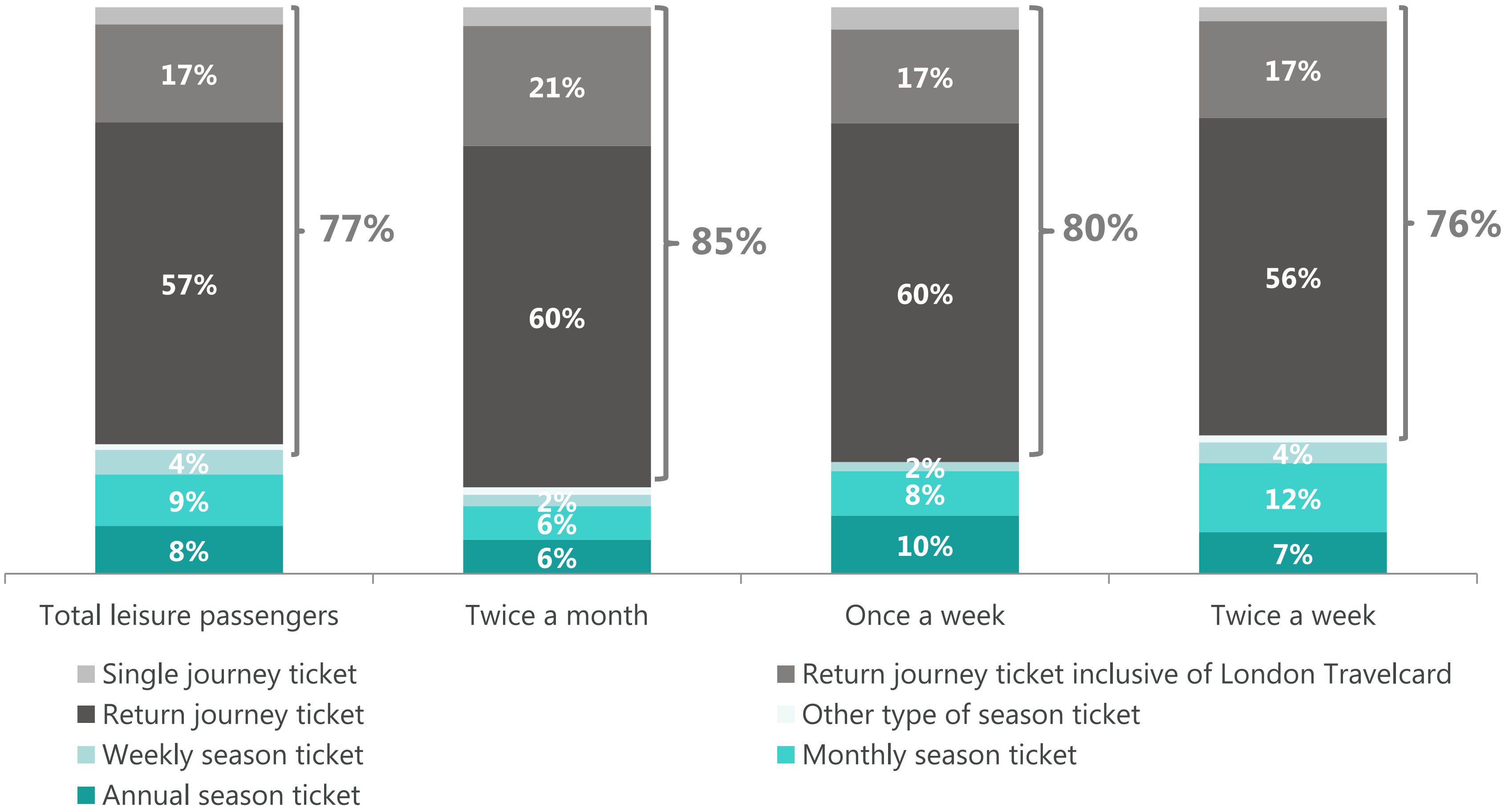
Q15. Journey length



Base size: Total leisure – 507, classified leisure – 394

Single/return tickets are used on the majority of leisure journeys

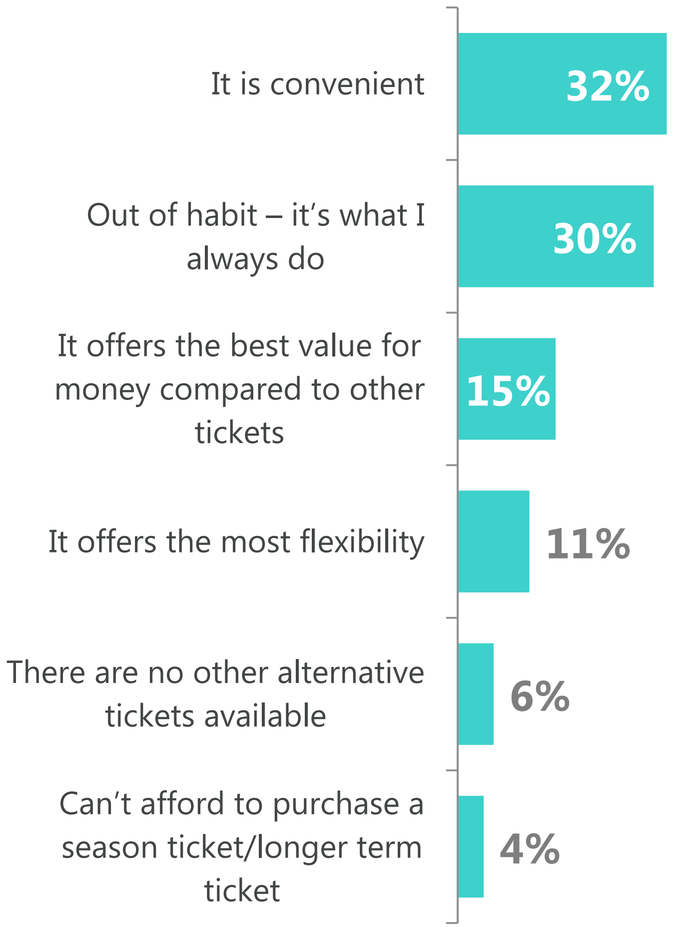
Q17. Ticket type purchased X Q10. Frequency of travel



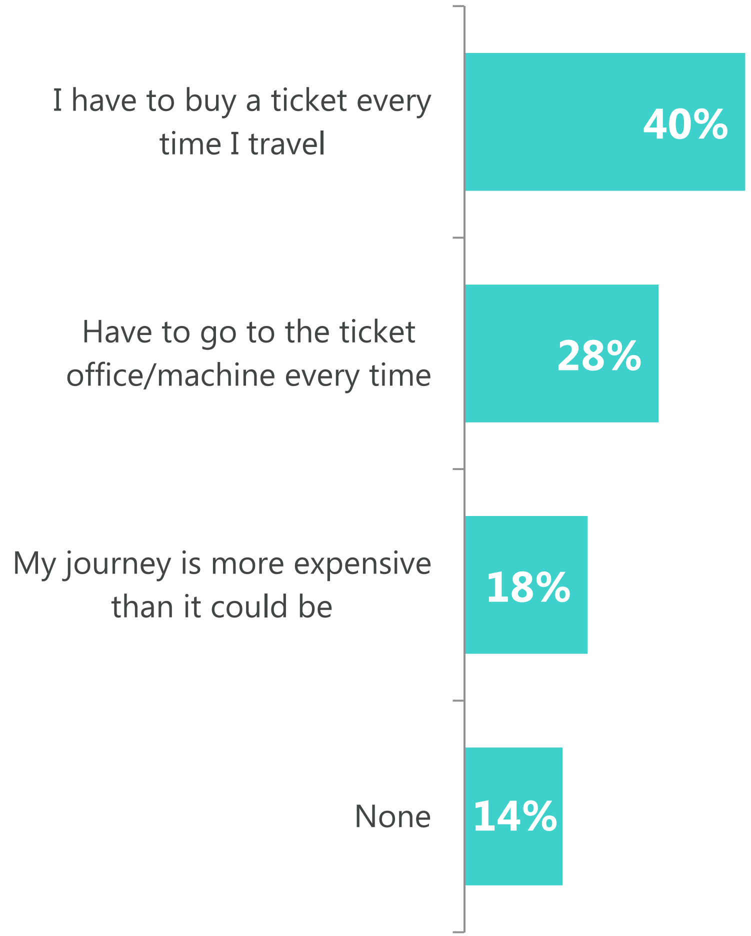
Base size: Total leisure – 394, leisure twice a month – 151, leisure once a week – 127, leisure twice a week – 82

Having to purchase tickets every time when travelling considered the main drawback of single/return tickets

Q25. Reasons for purchasing single/return tickets



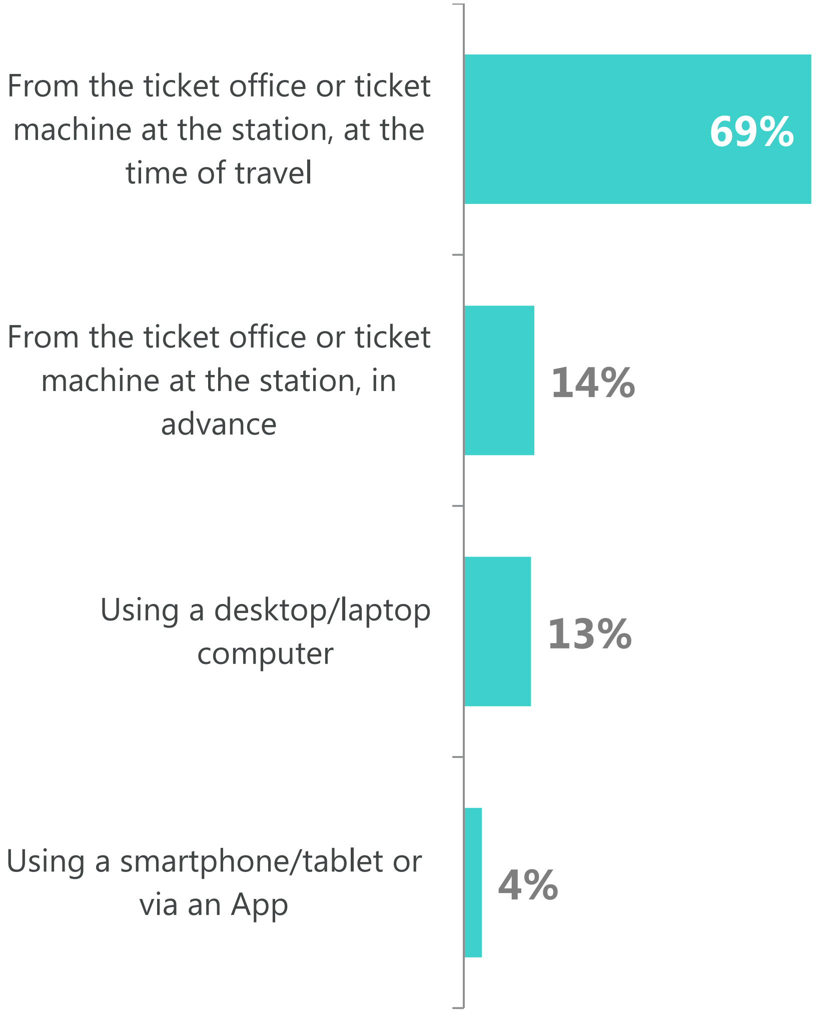
Q26. Drawbacks of single/return tickets



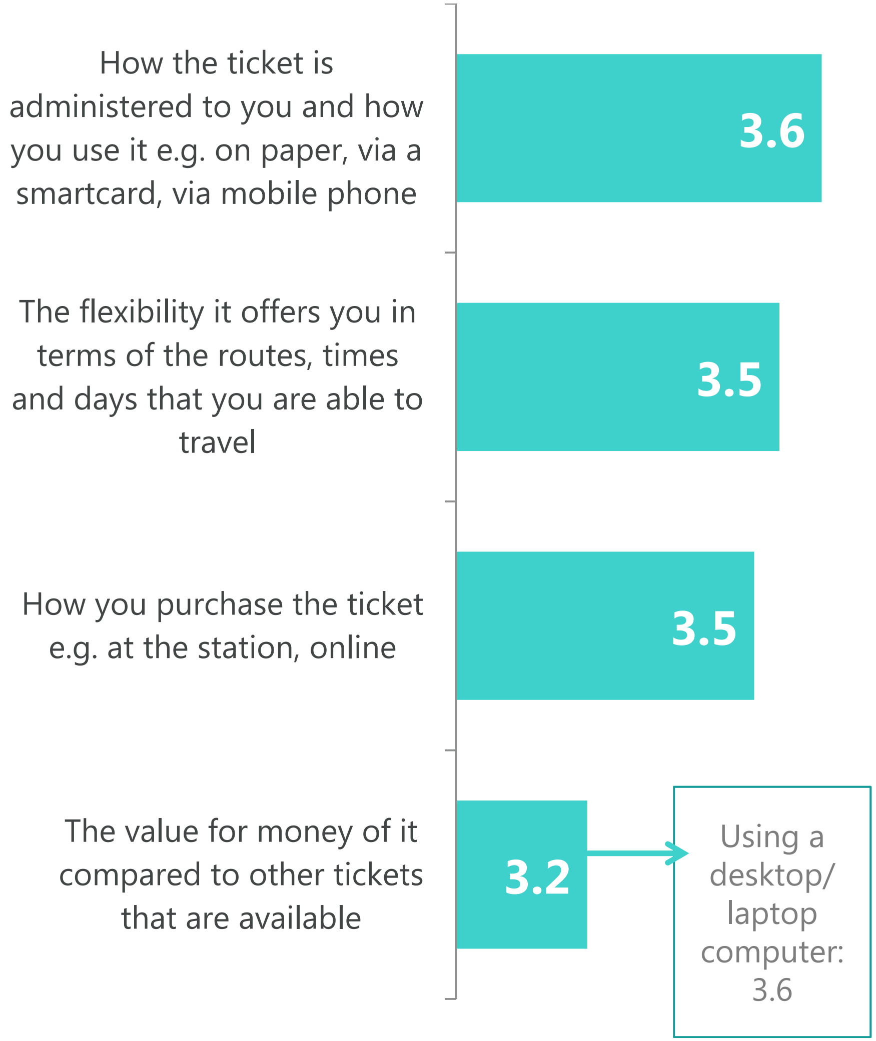
Base size: Leisure travellers with single/return tickets – 307

Value for money the area of least satisfaction for leisure travellers (apart from those buying online, in advance)

Q24. How single/return tickets are purchased



Q27. Satisfaction with single/return tickets in terms of… (Mean score out of five)



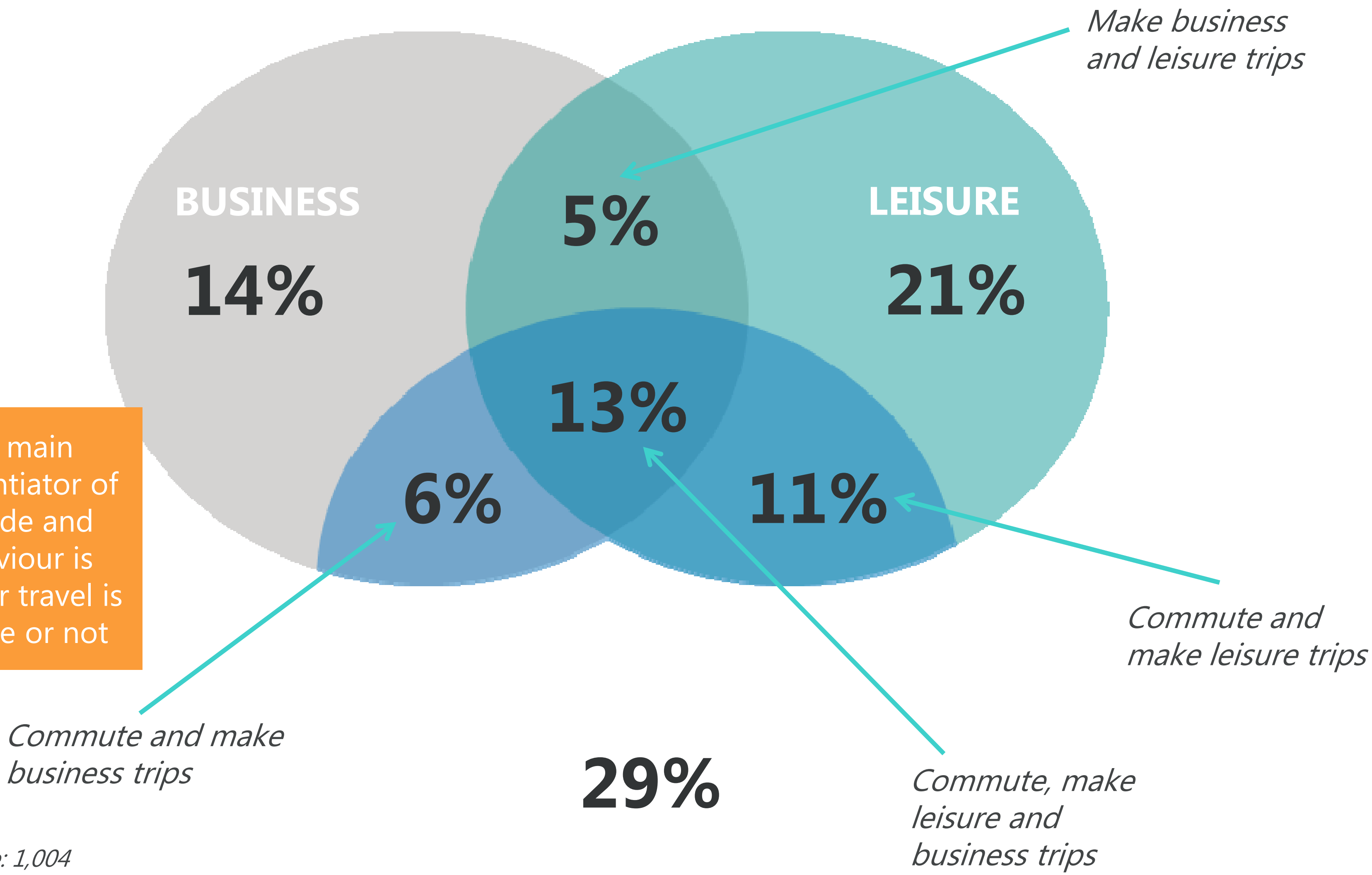
Base size: Leisure travellers with single/return tickets – 307

Illuminas

Variation by multiple journey type

Around one third of passengers in our sample use the train for more than one purpose

Q4. Train usage
% of people using the train for each reason



The main differentiator of attitude and behaviour is whether travel is elective or not

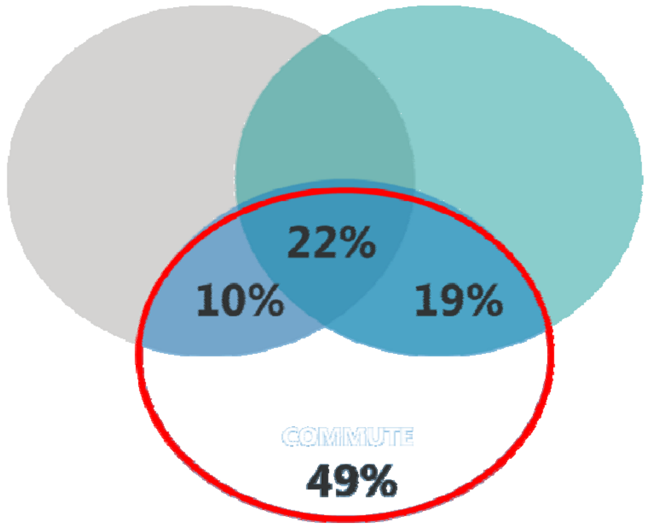
Base size: 1,004

Commuting is the main driver of season ticket use

- 51% of commuters also make other types of journeys
  - 10% commute and business
  - 19% commute and leisure
  - 22% make all types of journey

- Business passengers who also commute purchase similar tickets to those who only commute
  - Business and commute – 63% use season tickets
  - Commute only – 69%
  - Commute, business, and leisure – 63%

- Leisure travellers are different
  - Commute and leisure – 42% use season tickets



Business passengers in our survey use a mix of season and single/return tickets

- There is a split amongst business passengers who only use the train for business purposes across season tickets and single/returns
    - 38% season tickets
    - 62% single/returns

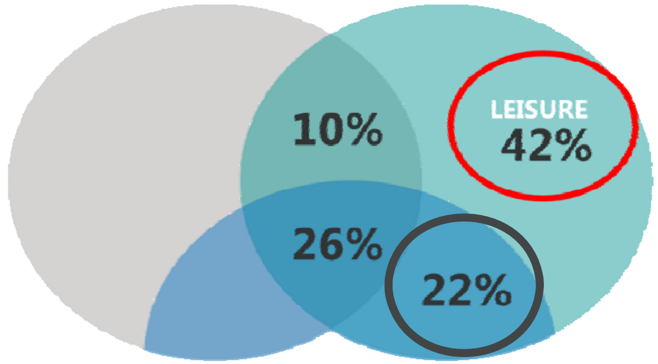
- Those who make leisure trips as well as business trips have identical patterns in the type of tickets that they use
    - 38% season tickets
    - 62% single/returns

Leisure only passengers in our sample are the anomaly

- Leisure travellers only, behave as you would expect
  - 95% buy single/return tickets

- Those who commute and make leisure journeys are not entirely like commuters
  - Only 42% use season tickets
  - Versus 69% for commuters only

- Commuter and leisure passengers are more likely to be younger
  - 33% under 30 years old versus 26% of total sample

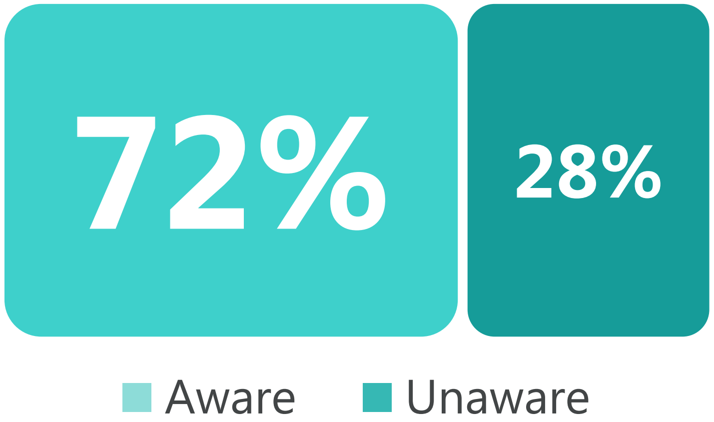


Illuminas

Smartcards

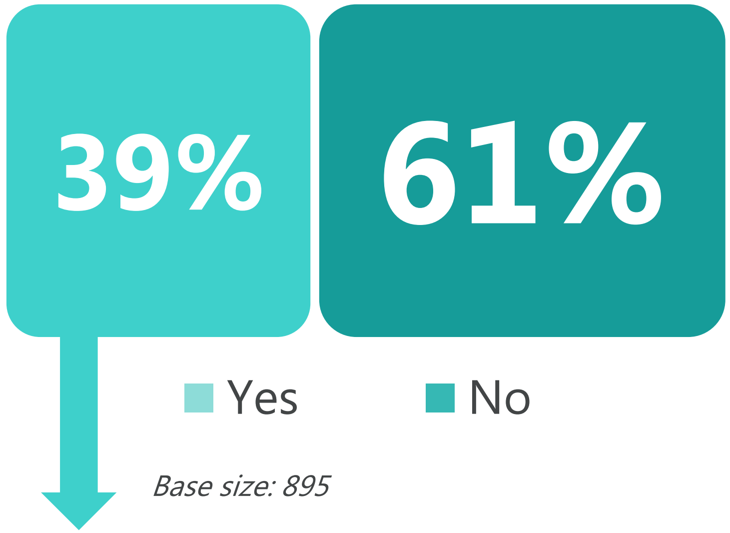
Most aware of smartcards and some have used them previously

Q20. Awareness of smartcards amongst non-users



Base size: 895

Q21. Previous smartcard usage amongst non-users



Base size: 895

Q36. Country used in

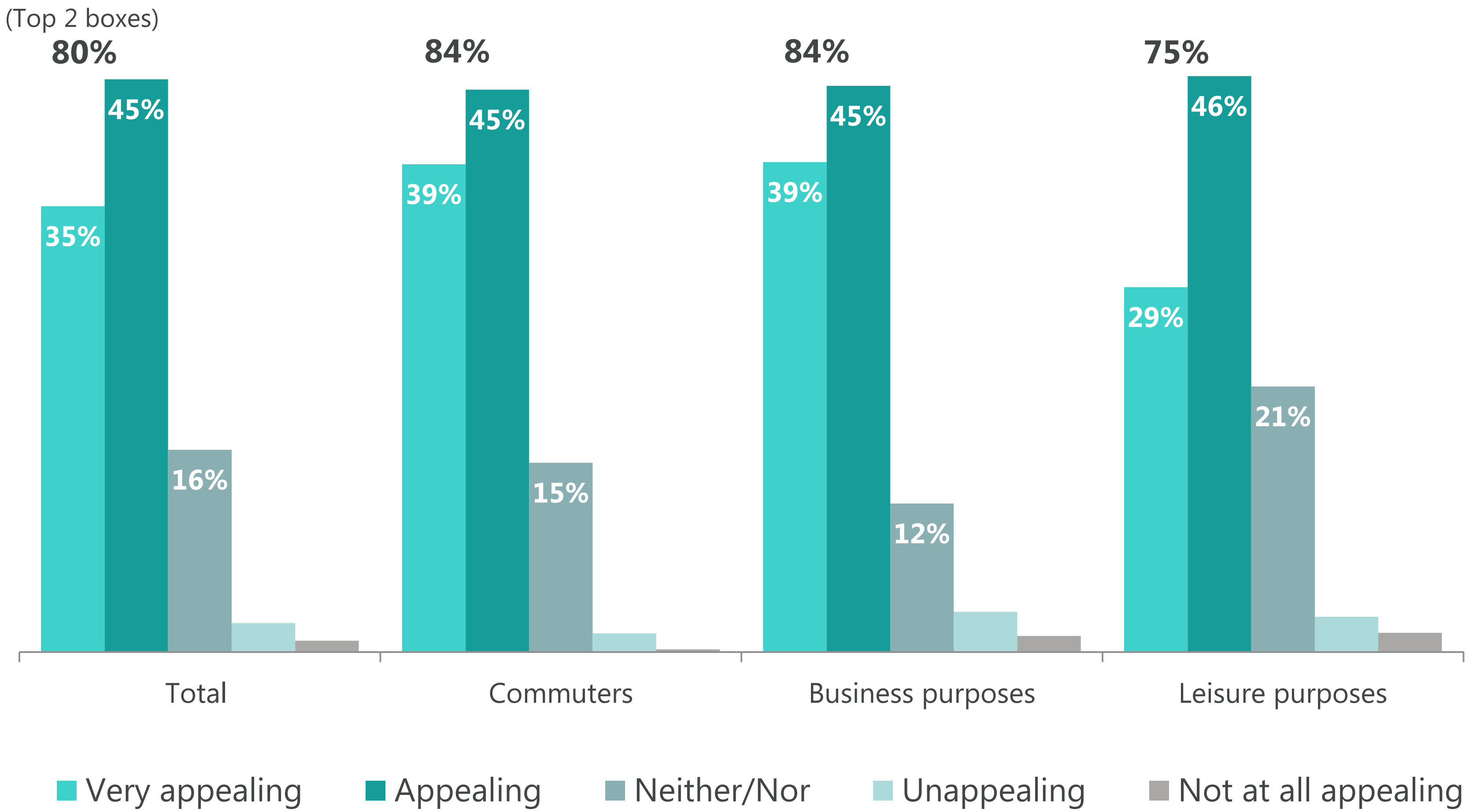
- United Kingdom (63%)
- United States
- France
- Canada
- Australia
- Singapore

Q35. Mode of transport used on

- Train
- Tube/Metro
- Bus
- Tram

The large majority find smartcards appealing

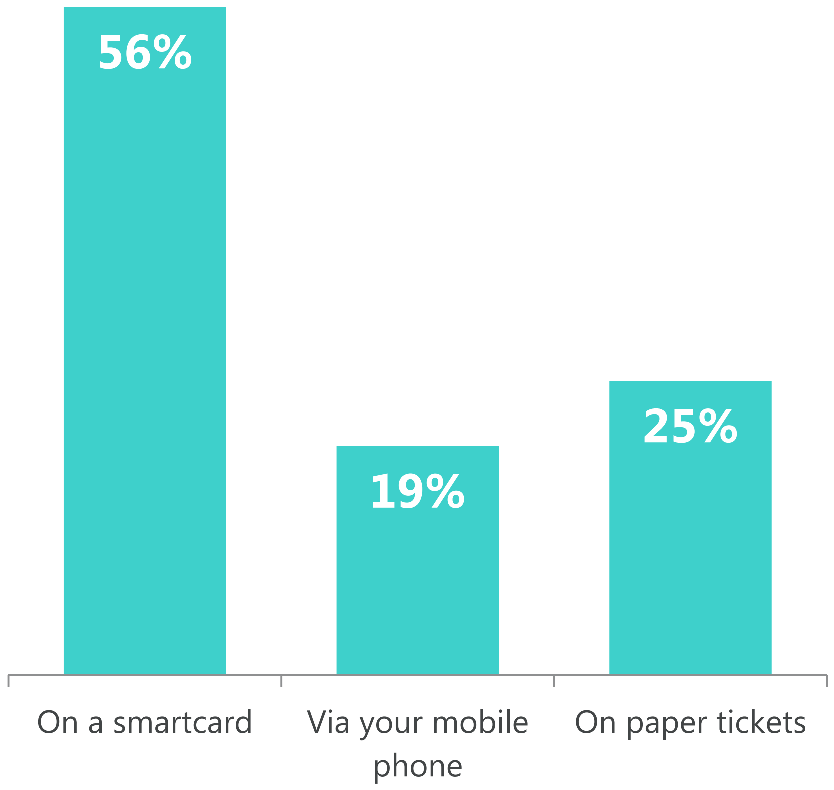
Q23. Appeal of a smartcard



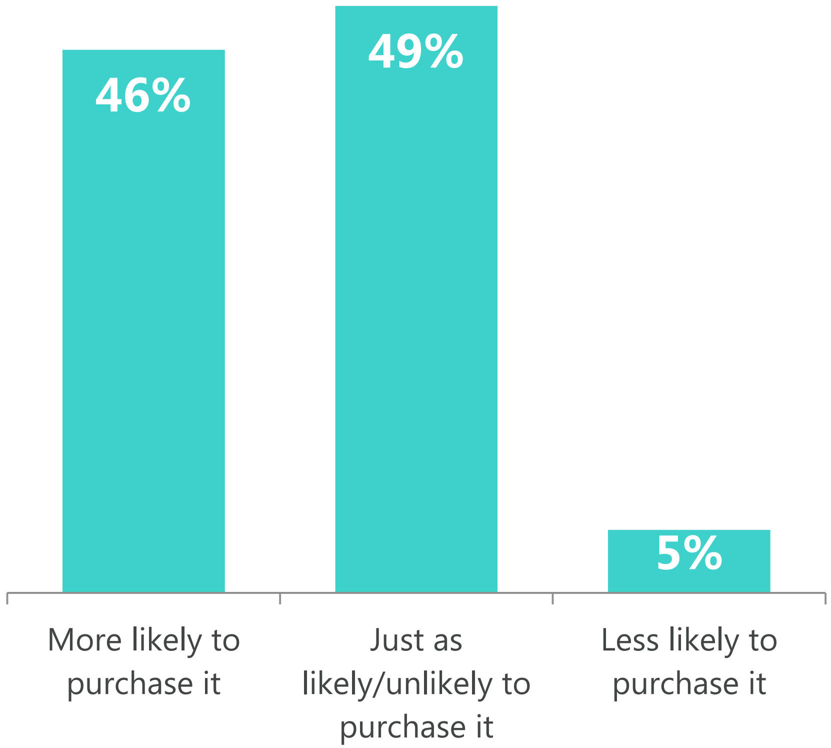
Base size: to travel to work/college/university – 473, for business purposes – 314, for leisure purposes – 394

Most expect a new ticket product to be delivered via smartcards with very few turned off by this format

Q45. Expected delivery of a carnet



Q46. Extent to which smartcard delivery would increase likelihood to purchase a carnet

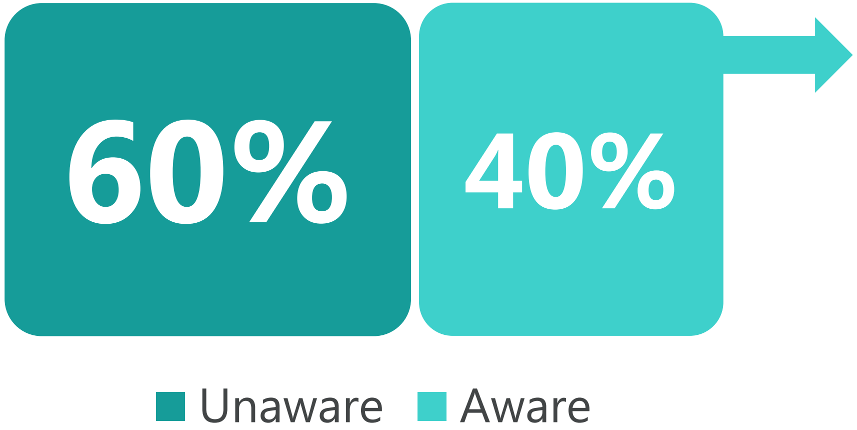


Base size: 1,004

Carnet appeal

Less than a fifth of people have purchased a carnet before, either in the UK or abroad

Q33. Awareness of carnets



Base size: 1,004

Q34. Purchase of a carnet

Base size: All that are aware of carnets - 406

Q35. Train operator providing carnet

- Virgin Trains (20%)
- East Anglia (17%)
- East Coast (13%)
- East Midlands Trains (12%)
- Chiltern Railways (10%)
- Grand Central (8%)
- First Hull Trains (8%)

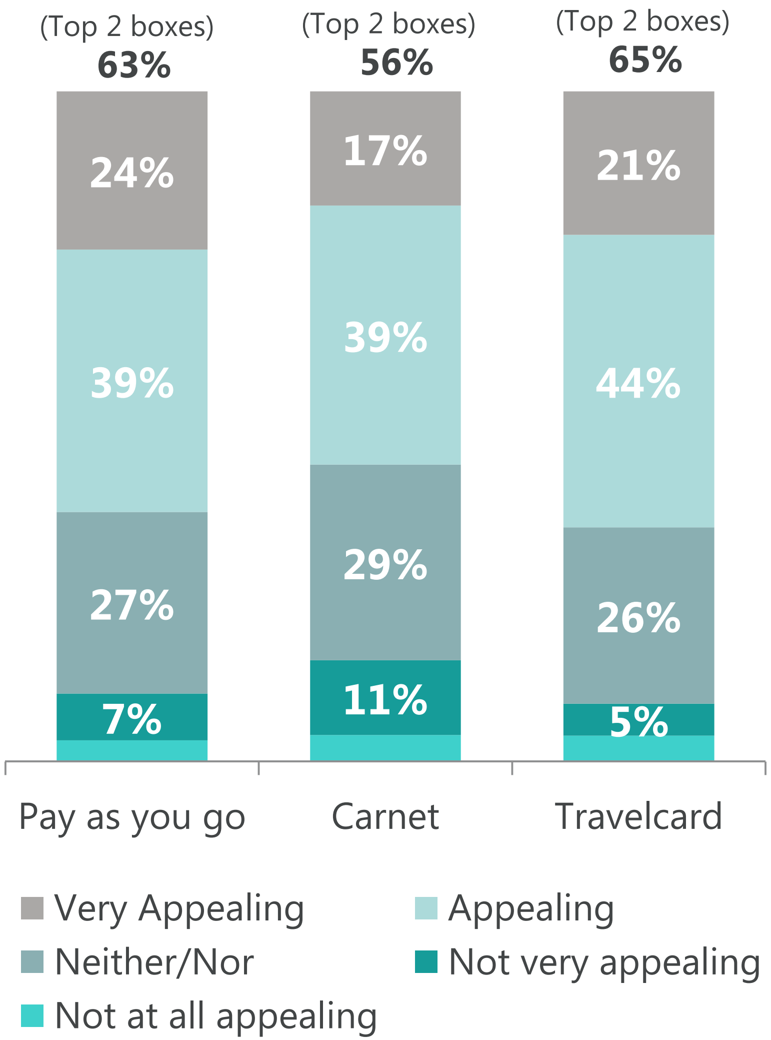
Q36. Country ticket used in

- France
- Italy
- Spain
- Belgium

Base size: All that have purchased a carnet - 173

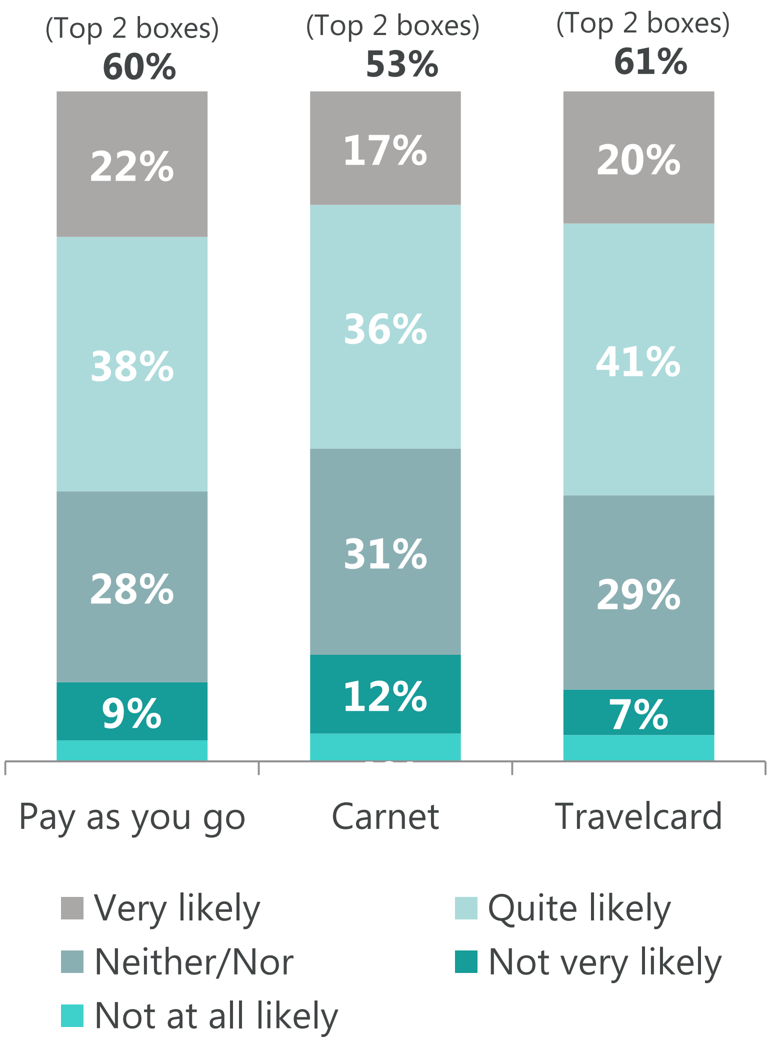
Initial appeal of carnets lower than Pay As You Go and travel cards

Q31a. Appeal of different ticket products



Base size: 1,004

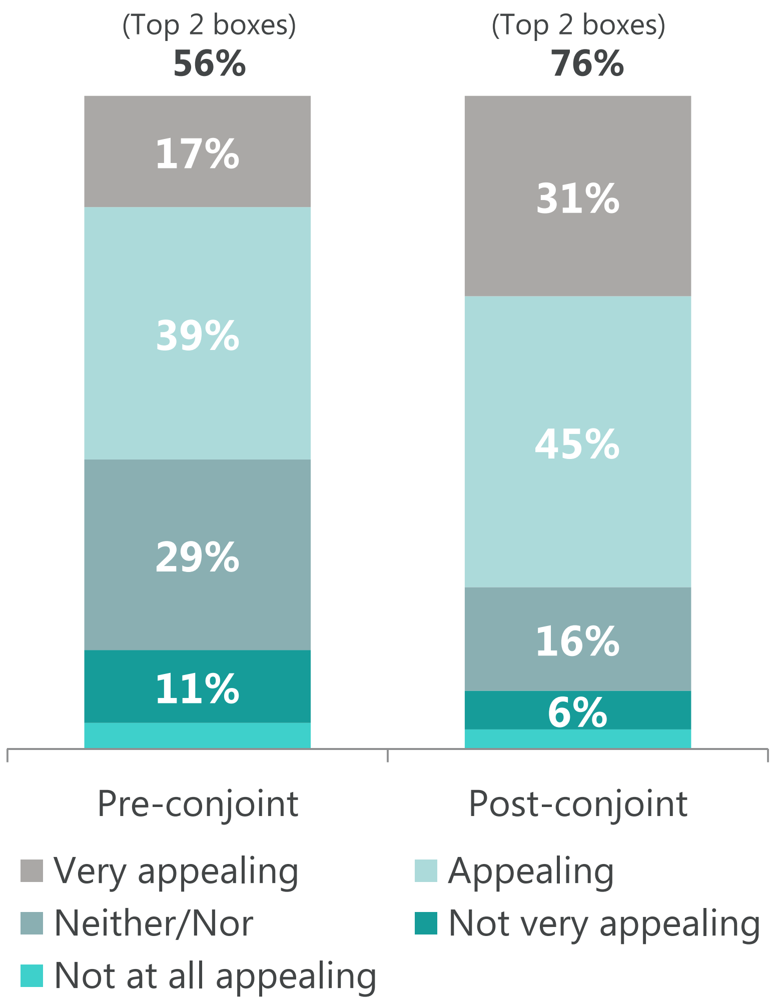
Q31b. Likelihood to buy different ticket products



Base size: 1,004

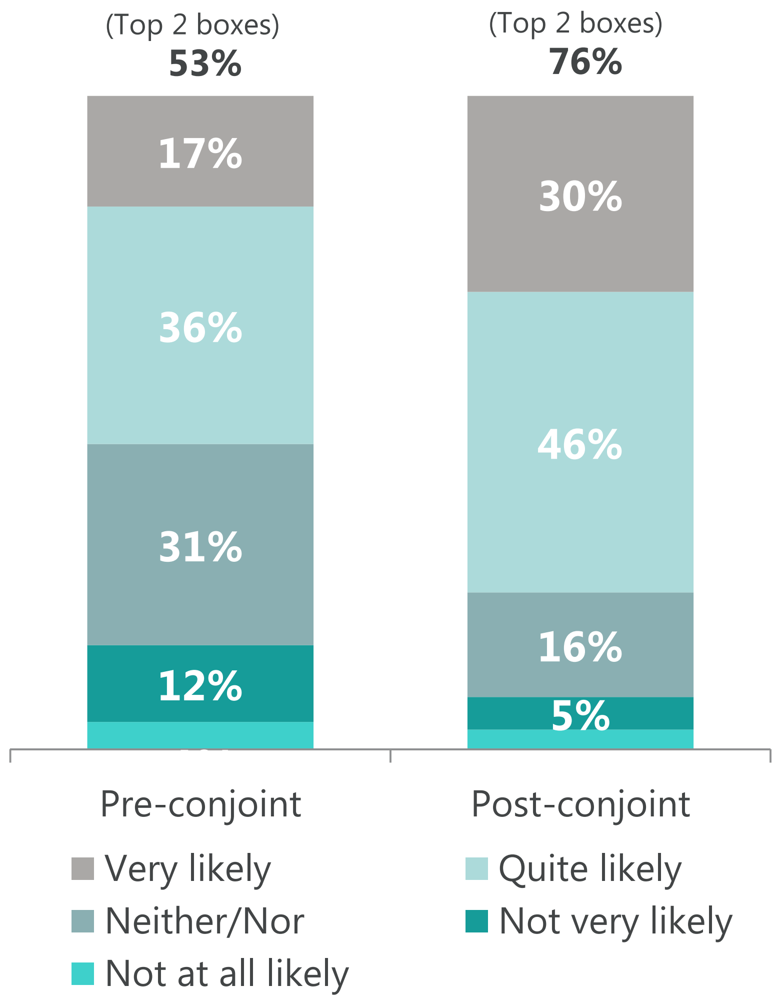
Appeal increases significantly following further learning of the product (and completion of the conjoint)

Q31a. Appeal of carnet pre & Q40a. post conjoint



Base size: 1,004

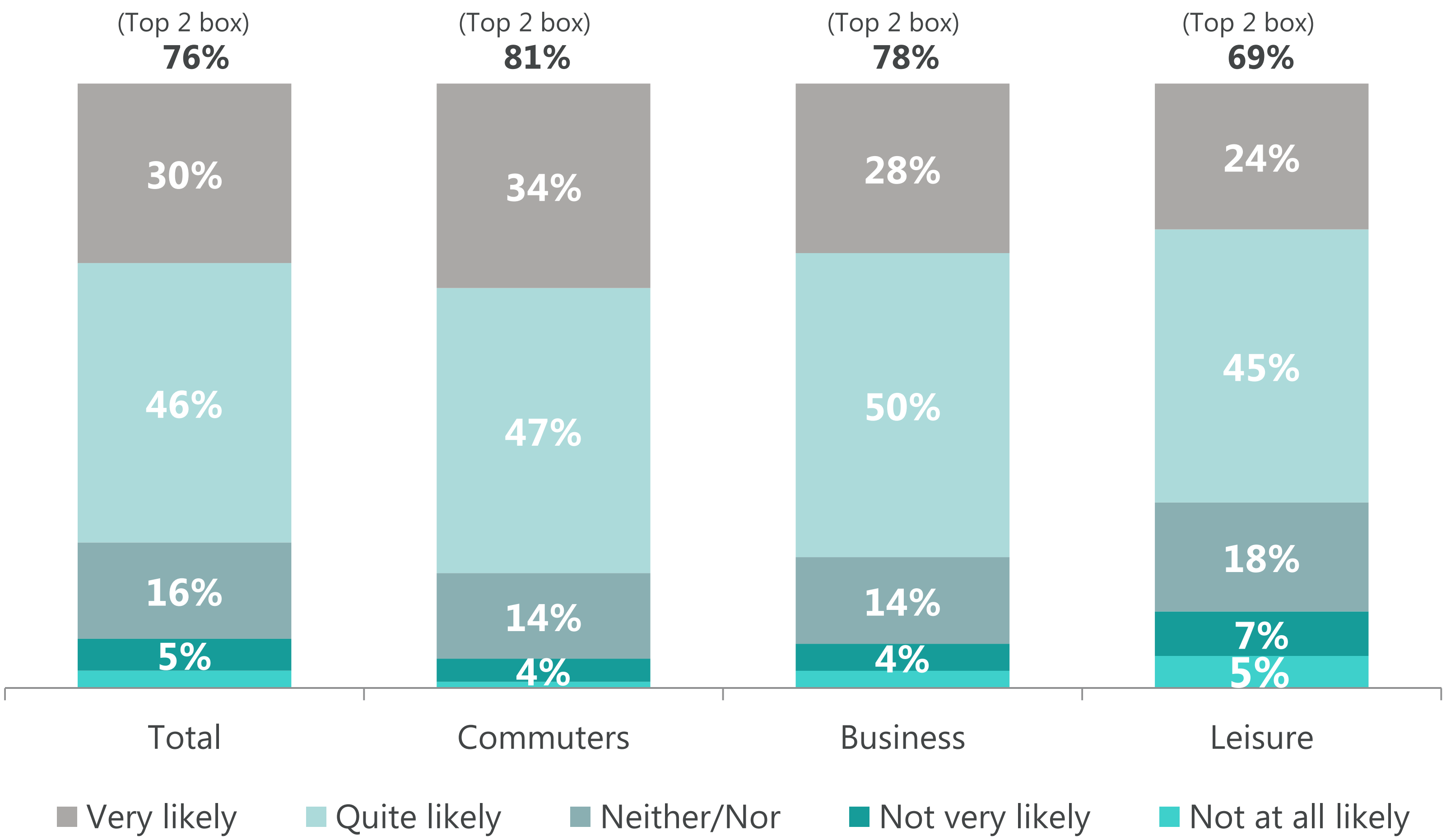
Q31b. Likelihood to buy carnet pre & Q40b. post conjoint



Base size: 1,004

Likelihood to purchase high amongst all groups in sample, particularly commuters

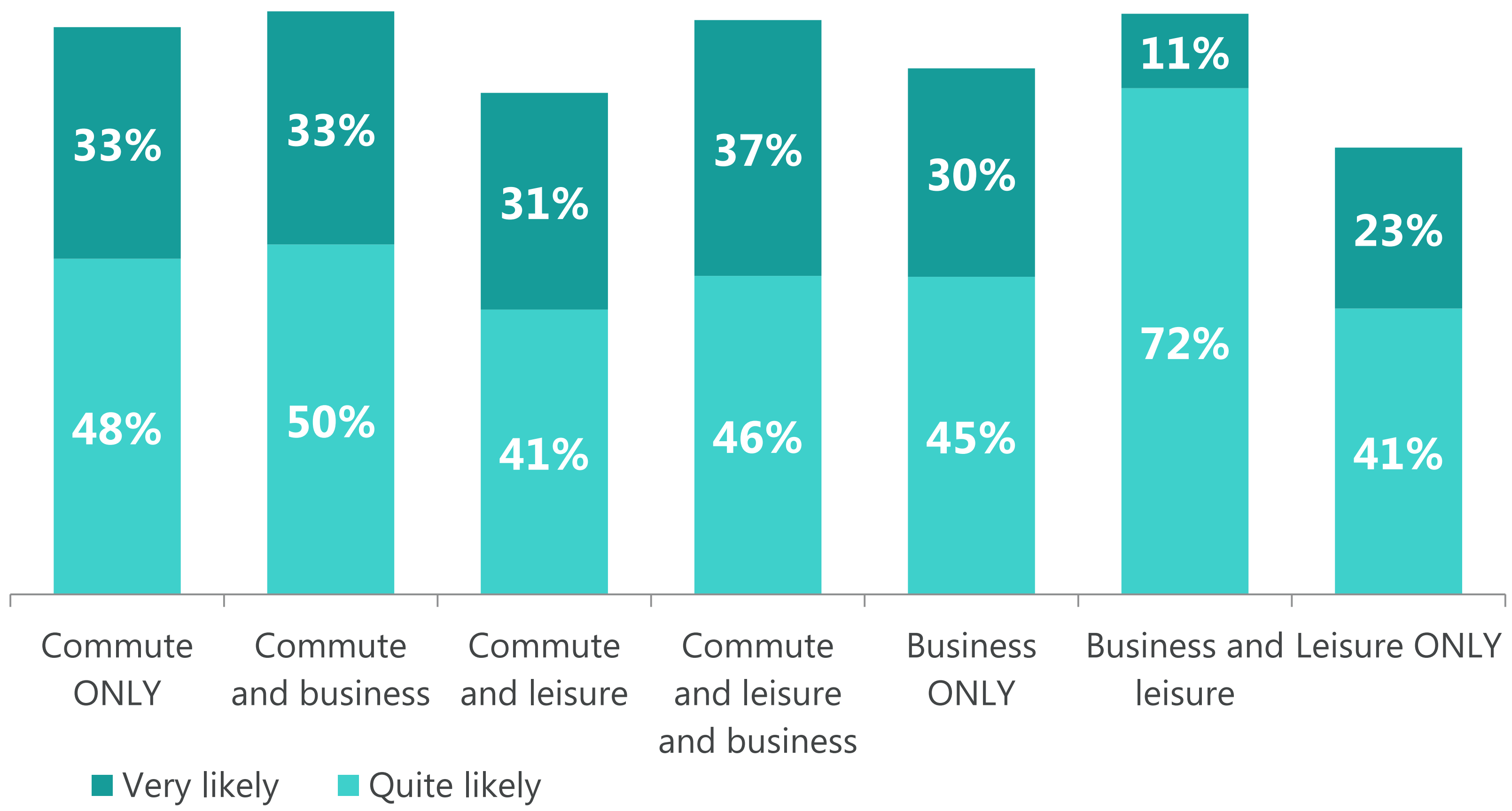
Q40b. Likelihood to buy (post conjoint)



Base size: Total – 1,004, commuters – 473, business – 314, leisure – 394

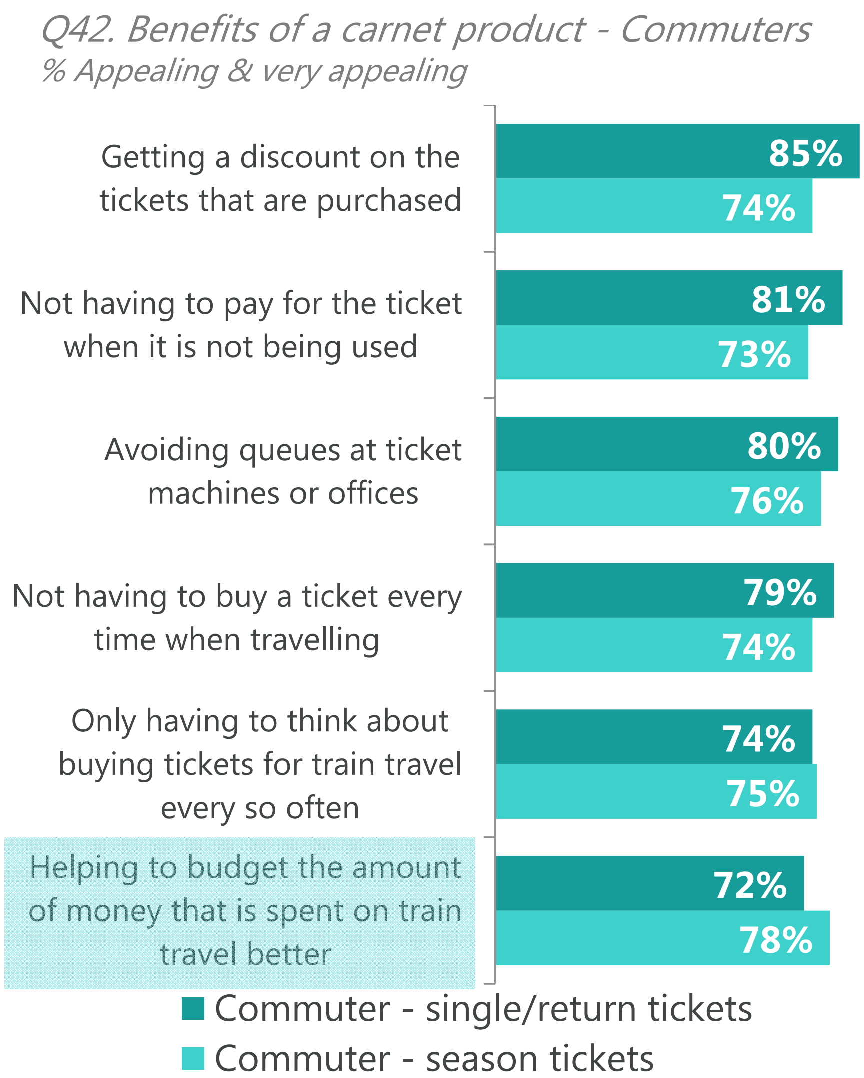
Most appeal (top box) amongst those who commute and travel more frequently

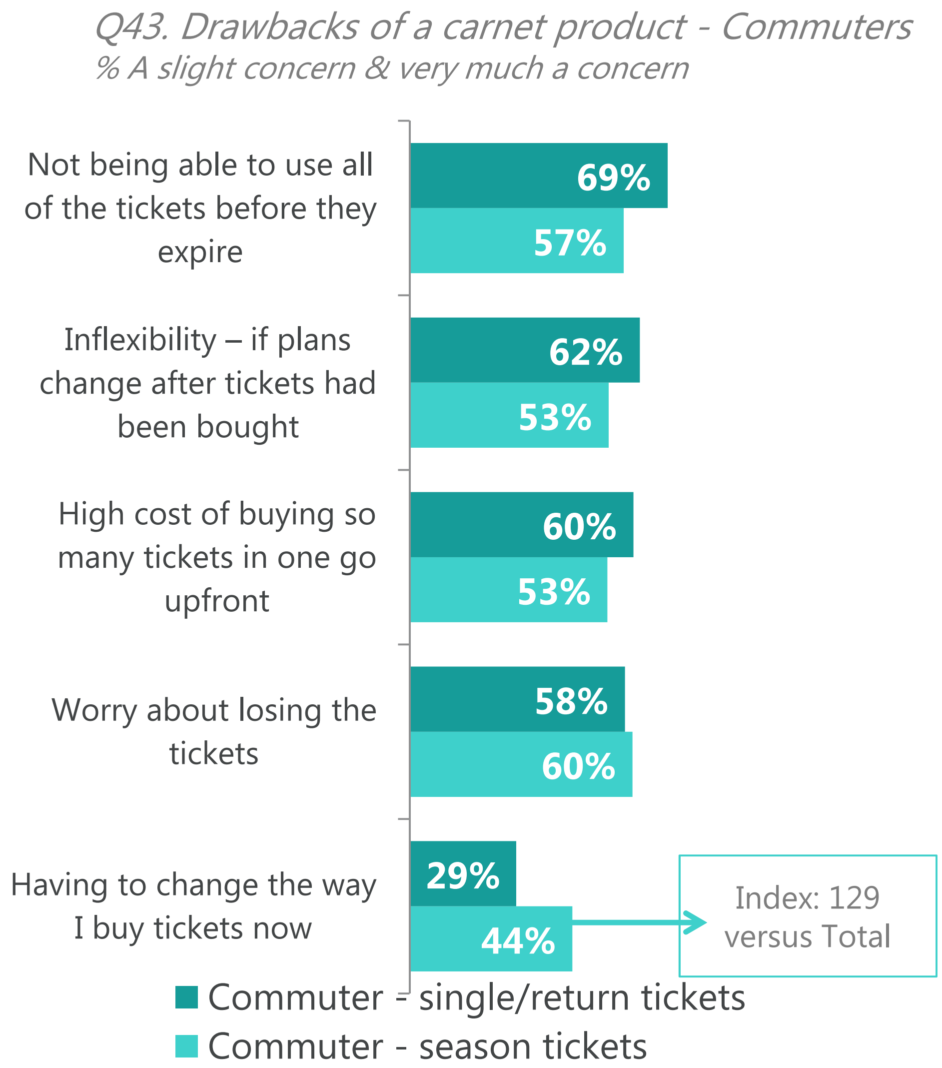
Q40b. Likelihood to buy (post conjoint)



Base size: Commute ONLY – 93, Commute and leisure and business – 55, Leisure ONLY – 202, Commute and business – 20, Commute and leisure – 74, Business and leisure – 32, Business ONLY – 87

Carnets offer budgetary help to commuters buying season tickets and discounts to those buying singles/returns

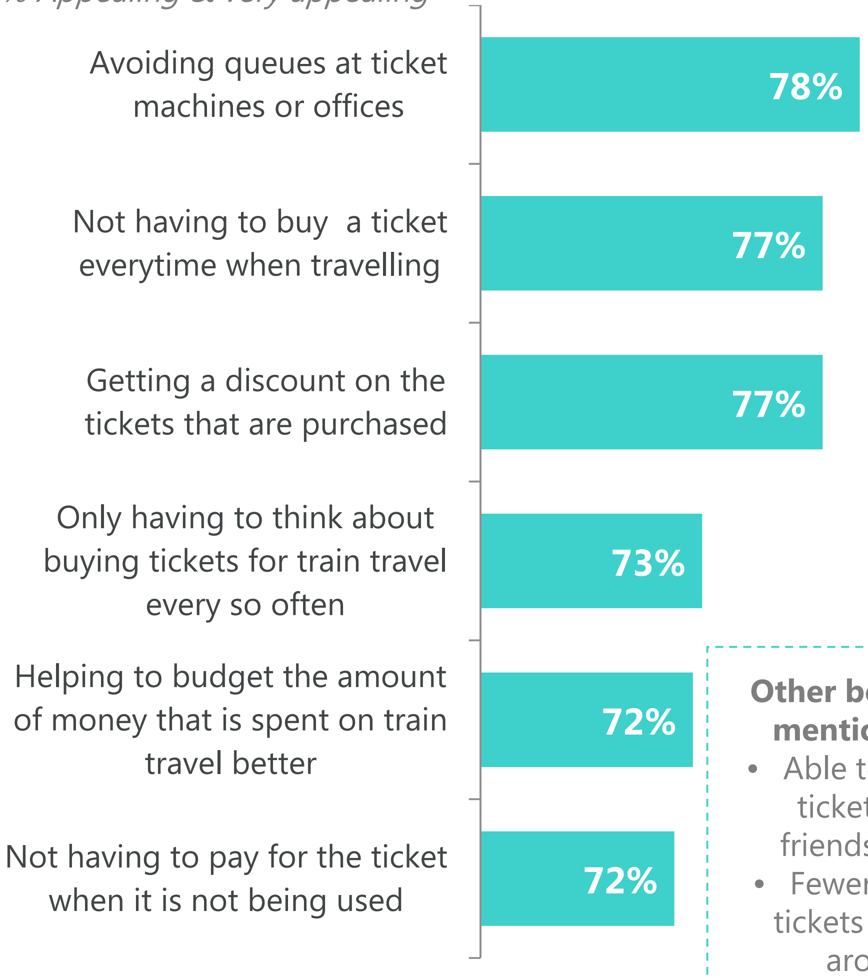




Base size: Commuters season tickets – 296, Commuters single/return – 175

Business travellers like the convenience of a carnet

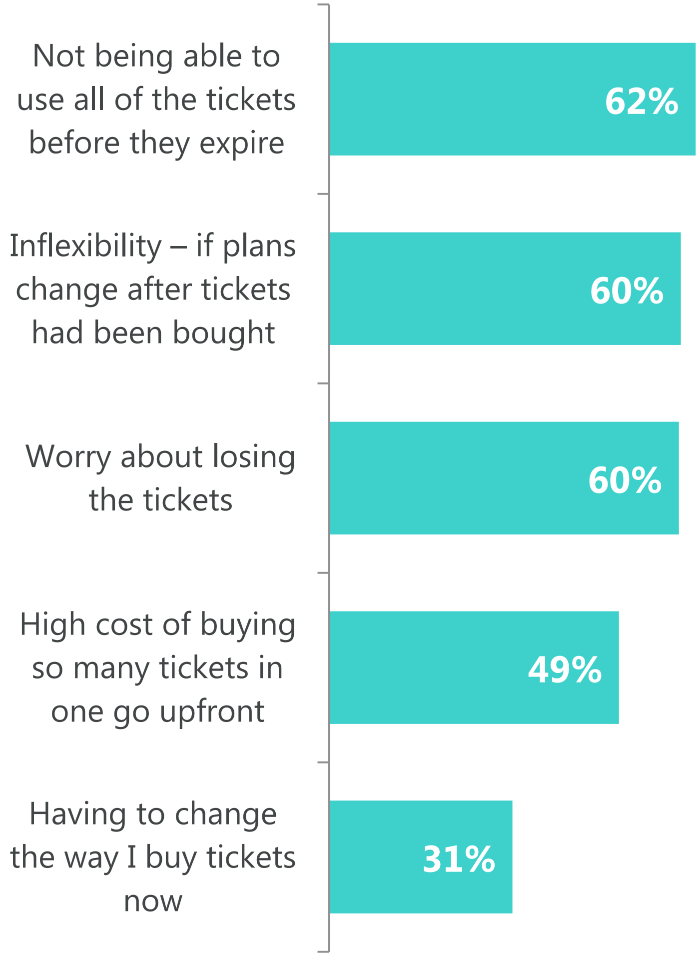
Q42. Benefits of a carnet product – Business travellers
% Appealing & very appealing



Other benefits mentioned:

- Able to share tickets with friends/family
- Fewer paper tickets to carry around

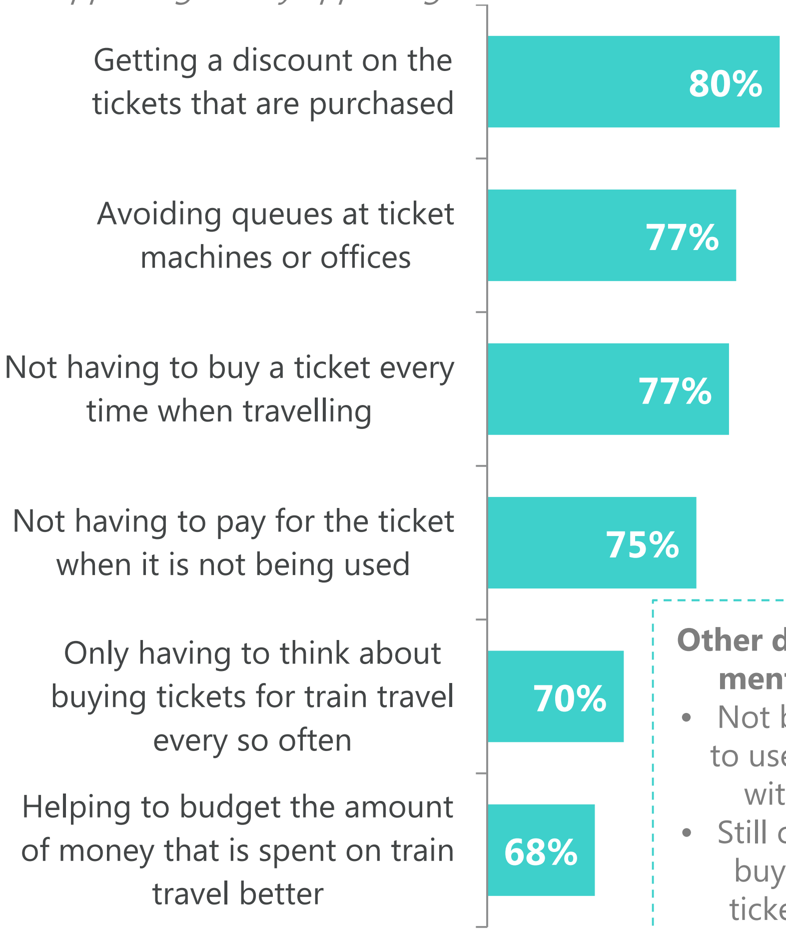
Q43. Drawbacks of a carnet product – Business travellers
% A slight concern & very much a concern



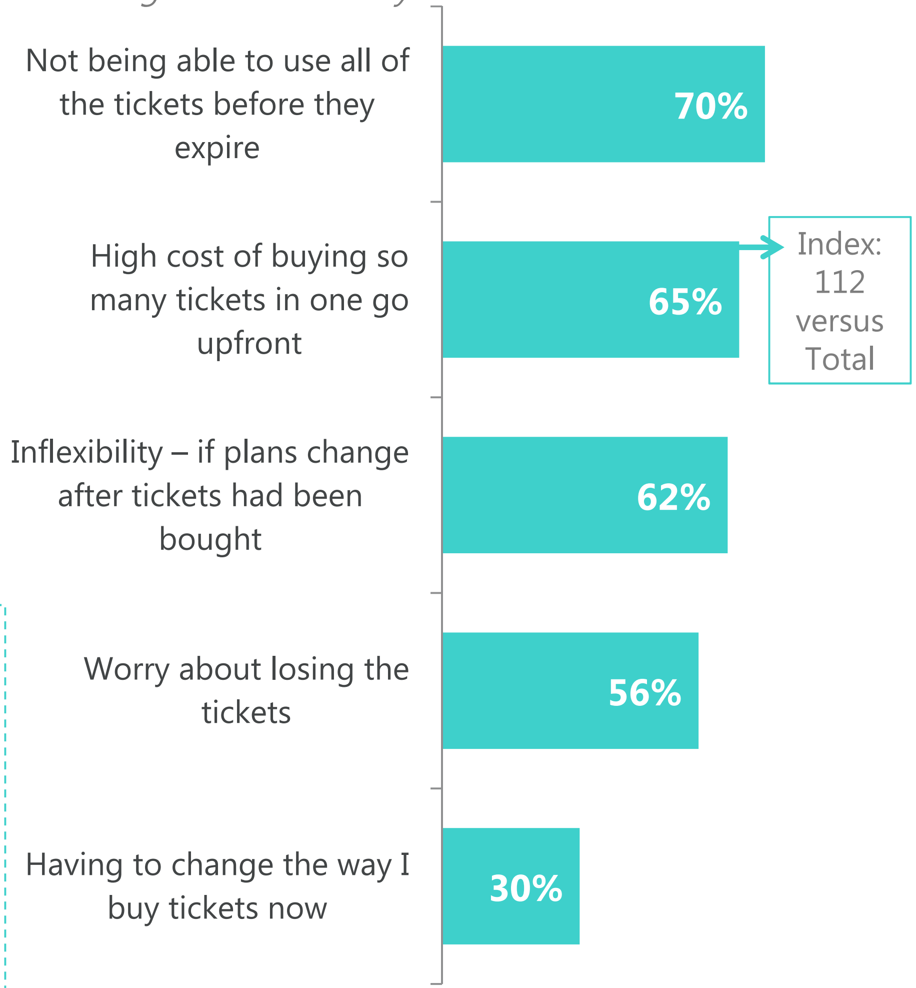
Base size: Business – 314

Leisure travellers want the discount they would receive from a carnet

Q42. Benefits of a carnet product – Leisure travellers
% Appealing & very appealing



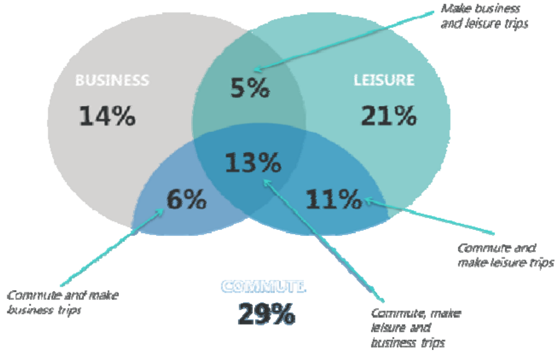
Q43. Drawbacks of a carnet product – Leisure travellers
% A slight concern & very much a concern



Other drawbacks mentioned:
- Not being able to use a railcard with carnet
- Still cheaper to buy advance tickets online
- Forget to take ticket to station

Base size: Leisure – 394

Benefits differ depending on journeys made

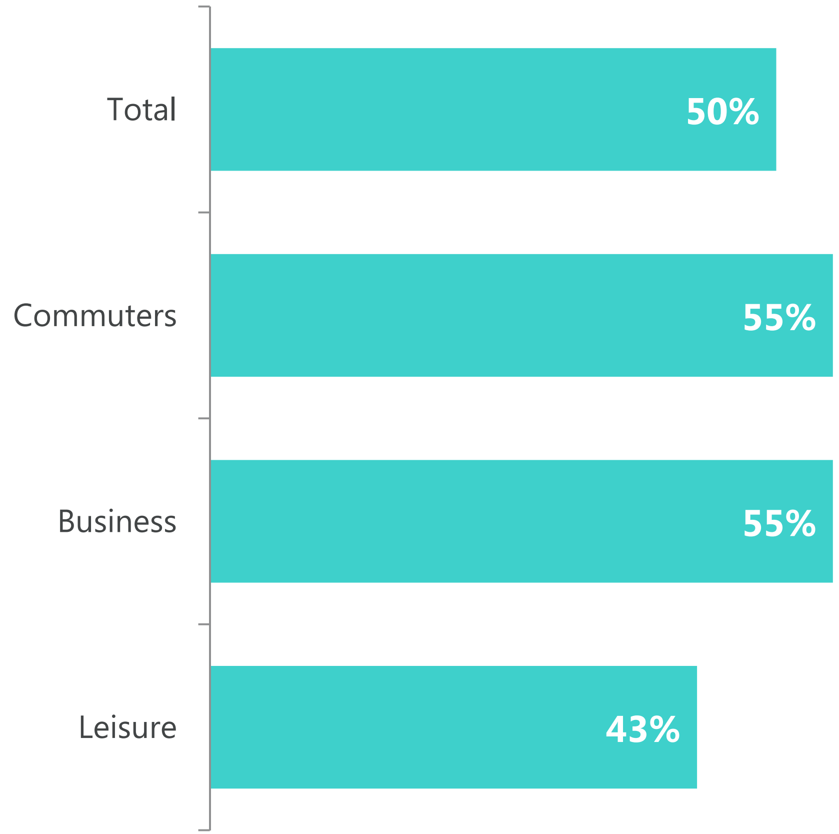


- Those sub-groups who are more likely to use single/return tickets (i.e. Leisure only, commuter and leisure)…
- …are more likely to want the discount offered by carnet tickets

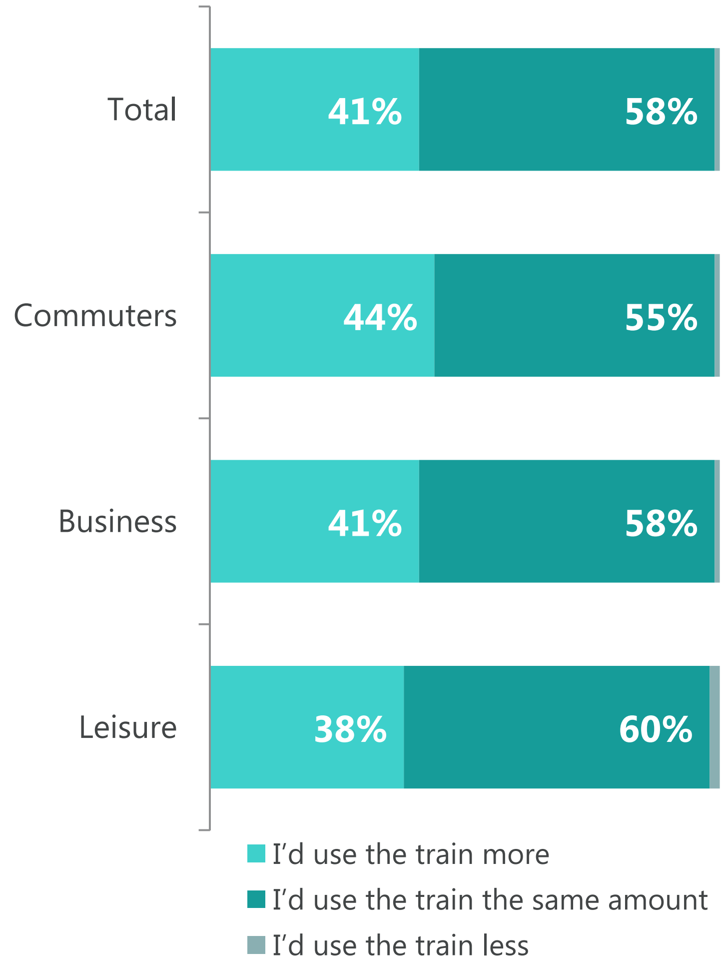
- Those sub-groups who are more likely to use season tickets (i.e. Commuter only, commuter, business and leisure, commuter and business)…
- …are more concerned with budgeting and convenience

Being able to spread the upfront cost of carnets further increases likelihood to buy

Q44. Spreading upfront cost of the carnet
% more likely to purchase carnet



Q47. Frequency train usage would change after introduction of carnet



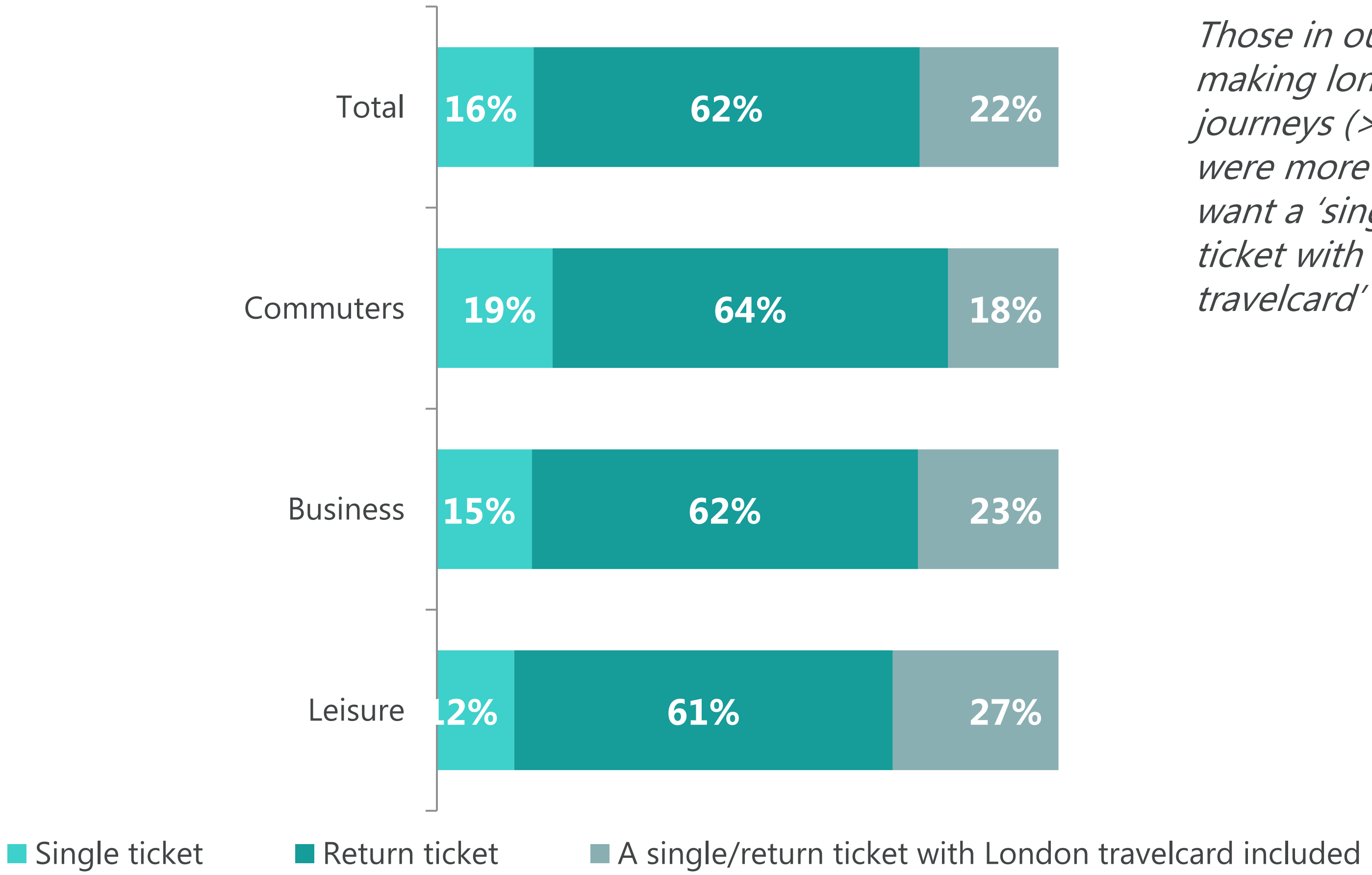
Base size: 1,004

Illuminas

Carnet features

Return tickets most popular as part of a carnet

Q38. Type of ticket desired as part of a carnet

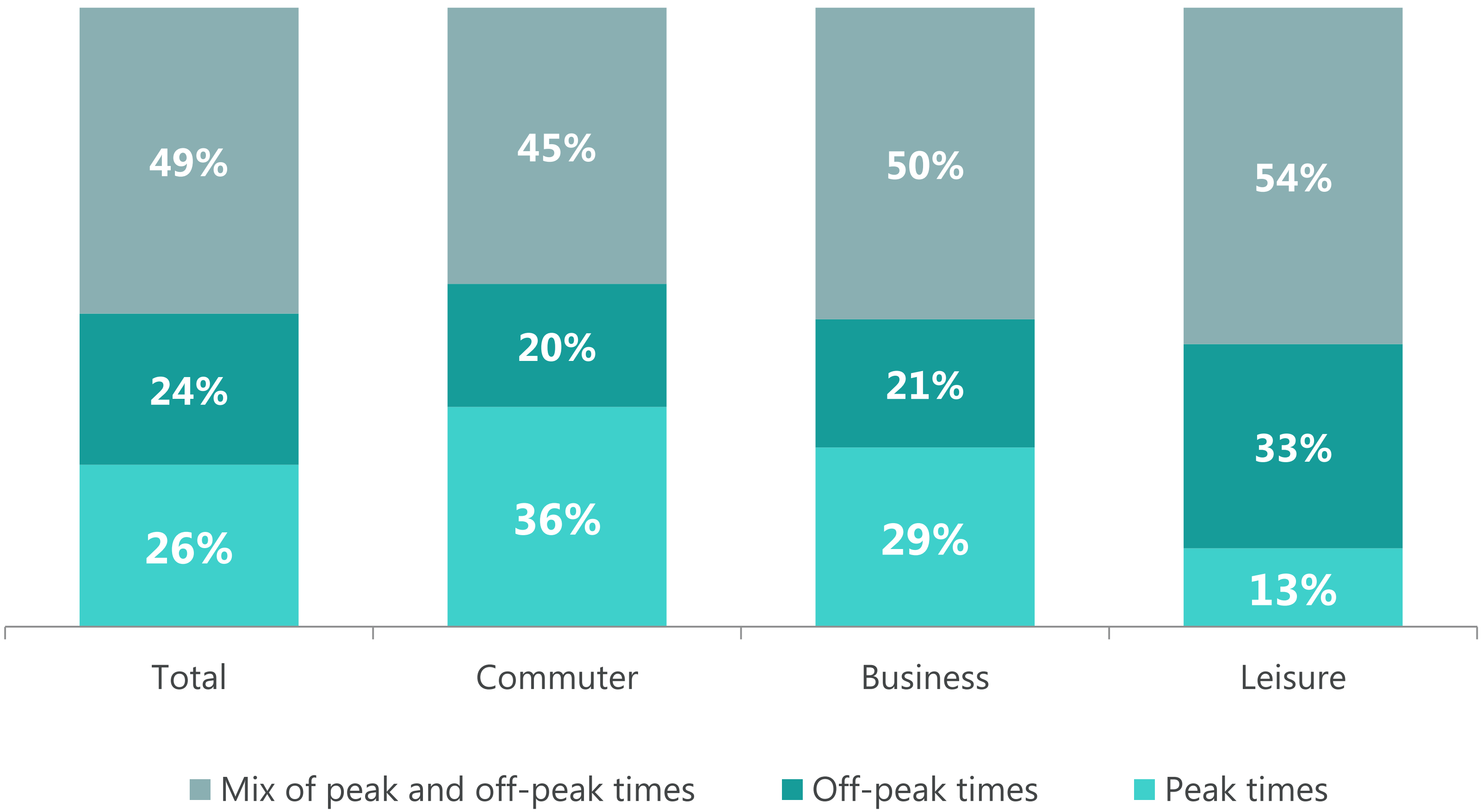


Those in our sample making longer journeys (>31 mins) were more likely to want a 'single/return ticket with London travelcard'

Base size: Total – 1,004, Commuters – 473, Business – 314, Leisure – 394

Carnets made up of both peak and off-peak travel most popular

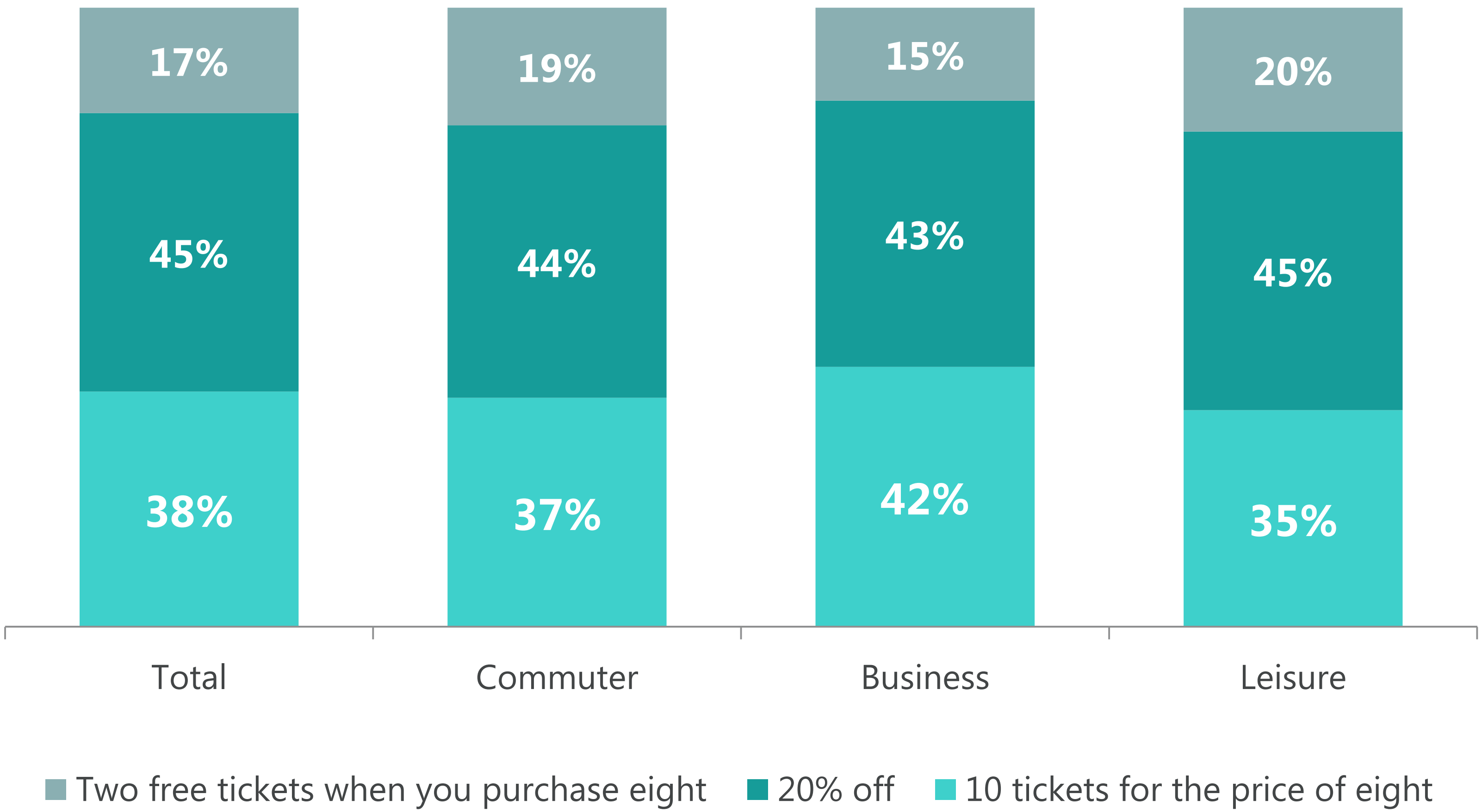
Q39. Time ticket valid for



Base size: Total – 1,004, Commuters – 473, Business – 314, Leisure – 394

Most want discount expressed as a % saving or 10 tickets for the price of 8

Q37. Expression of discount



Base size: Total – 1,004, Commuters – 473, Business – 314, Leisure – 394

Illuminas

Conjoint results

What is conjoint?

- Conjoint is a technique that determines what combination of attributes is most influential on respondent choice
- In a choice based conjoint exercise, a controlled set of potential attributes (in this case carnet product features) are shown to respondents
- Specifically, respondents are presented with a number of carnet options and asked to state a preference
- The conjoint will provide a view as to what constitutes the 'optimum' carnet proposition
  - For example, the optimum number of tickets, discount and expiry

Conjoint utilised a statistical experiment to determine the appeal of each possible feature of carnets

- In the survey, respondents saw 10 choices similar to below and indicated which appealed most and whether they would actually buy the most preferred compared to their usual ticket

Tickets	5 tickets	10 tickets	40 tickets
Discount	*5%*	*0%*	*10%*
Expiry date	18 months	6 months	12 months
Most appealing choice	o	o	o
I would buy this in preference to my usual ticket		Y/N	

Progress 0% – 100%

Interpreting the output

The number of tickets within the carnet product

The amount of discount offered for buying this number of tickets

The length of time available to use that number of tickets in

Number of tickets	Level of discount (%)	Expiry date	Pereference share %
20	15	12 months	46.7
10	10	3 months	24.2
5	5	1 month	11.8
40	0		0.0
40	0		0.0
40	0		0.0
40	0		0.0
40	0		0.0
40	0		0.0
40	0		0.0
I would buy my usual ticket			17.3

The % of people that would buy the stated product

For example if the three products on the left were offered:

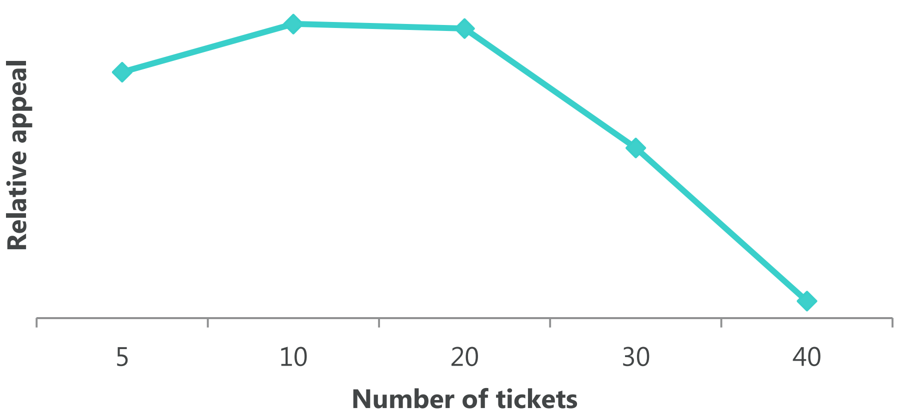
- *46.7% of passengers would buy a carnet consisting of 20 tickets with a 15% discount and an expiry of 12 months*
- *24.2% of passengers would buy a carnet consisting of 10 tickets with a 10% discount and an expiry of three months*
- *11.8% of passengers would buy a carnet consisting of five tickets with a 5% discount and an expiry of one month*
- *The remaining 17.3% of people would not buy a carnet and continue to purchase their usual ticket*

- ***This means that 83% of people would switch from buying their usual ticket to a carnet product, if the products offered here were made available to buy***

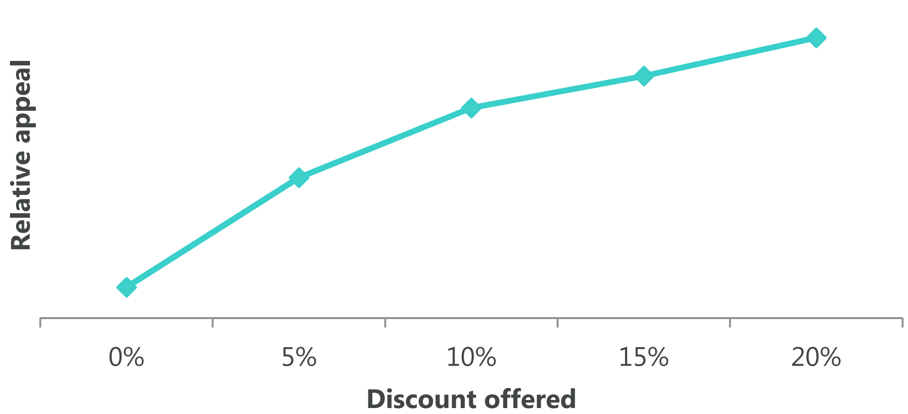
A summary of the appeal levels of each attribute show clear preferences

- Relative appeal gives an indication of appeal based on statistical analysis

Relative appeal : Number of tickets



Relative appeal : Discount



Relative appeal : Expiry length

- From an 'expressed preference' perspective the 'average' ideal is:
  - Between 10-20 tickets
  - 12 months expiry
  - Maximum discount – although increasing discount has diminishing returns
- However the simulator, which combines levels gives a more accurate picture…

We have used the individual preference information to build a simulator and looked at some initial scenarios

- We have explored ‘preference share’ (defined earlier) for various scenarios and products offered:

  - A single ‘ideal’ i.e. **the best possible option**
    - An offer of five tickets, at a 20% discount and 18 months expiry = **79.5% of people would purchase**

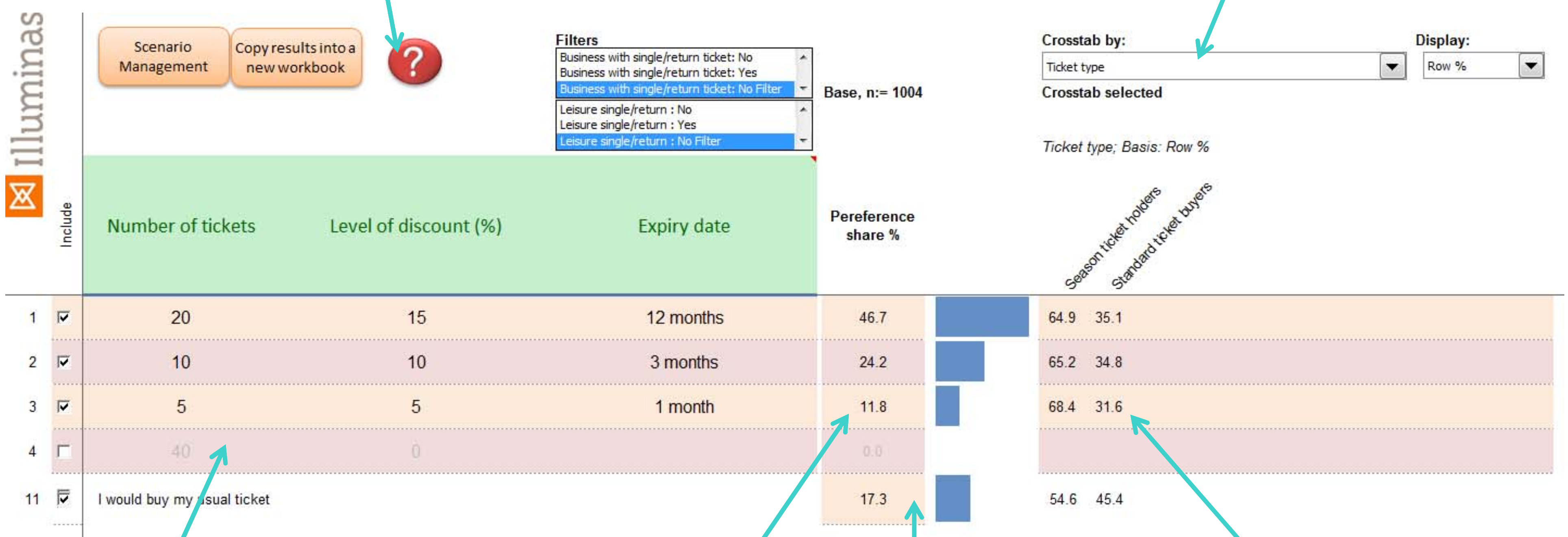
  - If **three different carnet products** were offered, with **progressive discounts for increased quantity and expiry**, e.g.
    - 20 tickets, 15% discount, 12 months expiry = 46.7% of people would purchase
    - 10 tickets, 10% discount, three months expiry = 24.2% of people would purchase
    - five tickets, 5% discount, one month expiry = 11.8% of people would purchase
    - Therefore, **82.7% of people would purchase at least one of the products**
    - 17.3% of people would continue to buy their current ticket

  - Even **if zero discount was offered**, i.e. 20 tickets with 18 months expiry, 47.7% of people would still purchase
  - If three different carnet products with ranging quantity/expiry were offered and still no discount
    - 20 tickets, 12 months expiry = 46.7% of people would purchase
    - 10 tickets, three months expiry = 24.2% of people would purchase
    - Five tickets, one month expiry = 11.8% of people would purchase
    - **61.3% would purchase at least one of the products**

Other scenarios can be explored using the Excel based simulator and its 'point and click' interface

Help tab

Crosstab by different passenger groups e.g. business passengers, commuters with season tickets



Add/remove different carnet offerings. The more options you add the higher the total preference share will be

Preference share: The % of people that would buy the stated product.

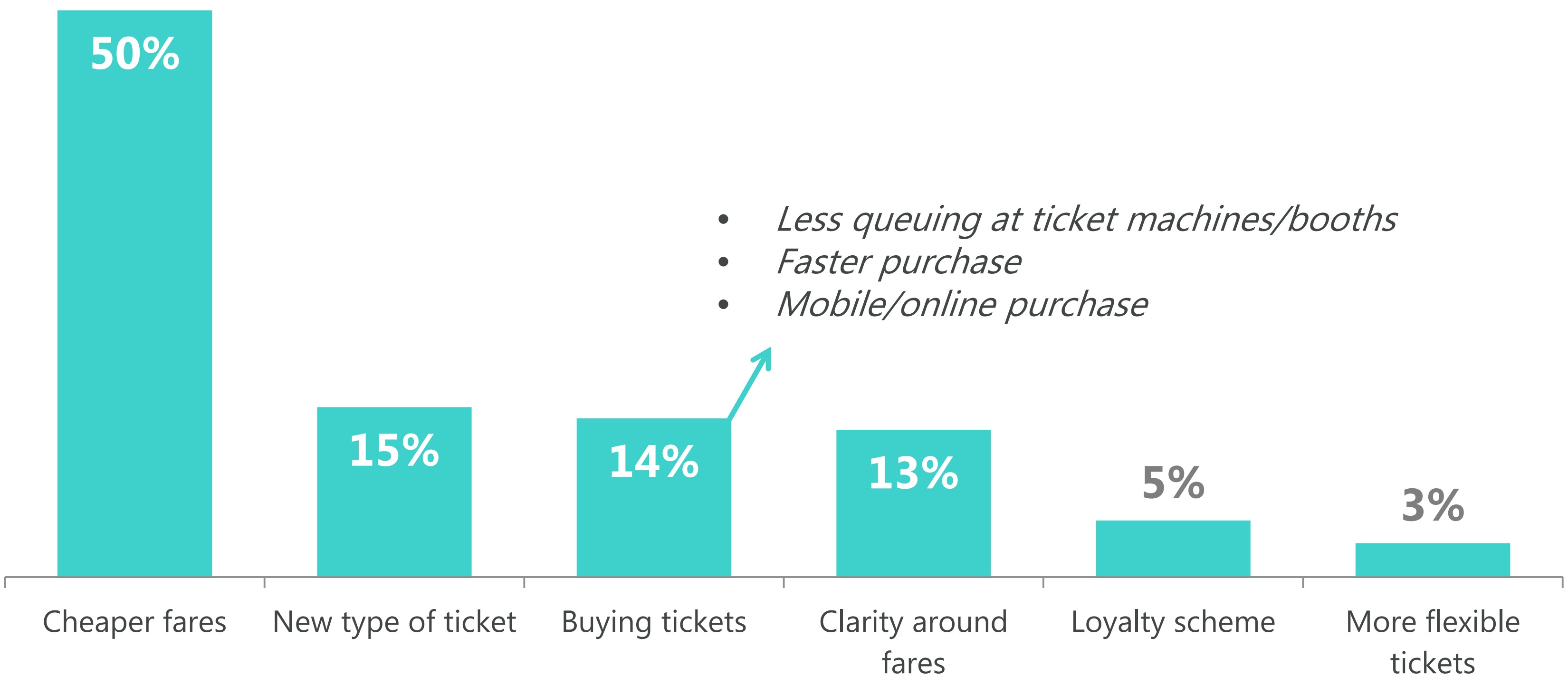
The % of people that would continue to buy their usual ticket, despite the carnet offerings.

Preference share for the passenger groups selected in the crosstab

Other issues with ticketing

Most common ticketing improvement wanted by participants was cheaper fares

Q48. Improvement wanted to rail ticketing



Base size: 440

Other improvements to train ticketing

A fairer pricing system. Twice a year I travel from Kent to Scotland. I book my tickets in advance and pay only slightly more than I do for my regular trips to Portsmouth.

Clarity as there is too many different fares for the same journey depending on factors like time of day, advance booking, stations called at etc.

More flexible return ticketing (i.e. Buying a ticket that allows me to return the next day for the same price as a day return ticket).

A loyalty scheme!

Flexibility to use tickets on other forms of travel i.e. Tram or underground.

It's probably a good idea to have smartcards instead of tickets, more efficient and quicker.

Reduce queuing times when buying a ticket.

A general and massive reduction in rail fares is necessary.

Far fewer ticket options - finding the 'best' price is an absolute nightmare at the moment with so many different options/websites/companies.

I'd like to see standardised prices across the entire UK network with simple pricing structures.

Make the difference between single and return fares more reasonable.

Mobile tickets!

Summary and Conclusions

A carnet product would achieve high levels of take-up

- **Carnets have high appeal across all passengers in our sample**
- All types of travellers claimed they would be likely to purchase a carnet
  - Particularly those who currently purchase season tickets i.e. commuters and those that make a range of journey types - better budgeting is the key perceived benefit for these passengers

- **Consistent with the qualitative findings** from the London focus groups…
  - Discount is the key driver of appeal for carnet amongst those currently buying single/return tickets and making fewer journeys

- **Any carnet product would be likely to achieve high levels of take-up**
  - A ‘realistic’ three tier offering attracted around 83% of passengers in our sample to purchase a carnet over their current ticket
  - Even a carnet with no discount at all resulted in over half of travellers in conjoint saying they would purchase
    - This indicates passengers are attracted to carnets for reasons other than discount
  - N.B. these figures do not take into account the commercial models of train operators

Optimum product
20 tickets, 15% discount, 12 months expiry = 46.7%
10 tickets, 10% discount, three months expiry = 24.2%
Five tickets, 5% discount, one month expiry = 11.8%
82.7% of people would purchase at least one of the products