Passenger Focus response to the Government's rail fares and ticketing review

June 2012

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Contents

1 **Introduction** ii

2 **Summary of Passenger Focus Research** iii

Some rail fares in Britain *are* very high iii
Passengers' assessment of value for money iii
The high price of flexibility v
The fairness and credibility of a complex ticketing system vi
The process of purchasing a ticket vi

3 **Passenger Focus response** viii

Passenger Focus response to the Government's 'Rail Fares and Ticketing Review' consultation

4 **Appendix A** xvii

Full list of improvements Passenger Focus is seeking

5 **Appendix B** 1

Outlook Research report

Colin Foxall CBE

Introduction

I welcome publication of the Department for Transport's (DfT) "Rail Fares and Ticketing Review" on this important, thorny subject. The consultation covers many of the issues highlighted by Passenger Focus research in recent years.

This report provides our response to the Government's consultation; summarises our research and recommendations about fares, ticketing and value for money; and publishes additional research in this field.

Passenger Focus was relieved that the Government acted to restrict the 2012 increase in regulated fares to RPI+1% – the result was still a big increase for passengers to stomach, but better than the intended RPI+3%. We strongly support the intention to end above-inflation rises entirely as soon as possible: for many passengers this cannot come soon enough. We welcome Government's recognition that price regulation has a continued role in the longer-distance market and its acknowledgement that buying a train ticket should not be the obstacle course it has become.

I wish to highlight four key areas:

1 Commuter pricing Passenger Focus welcomes that, in attempting to smooth peak demand, Government has rejected 'pricing off' as an approach: that is, deterring some passengers from travelling because it is simply too expensive. To be sure this does not happen, we believe it is critical that there is an explicit commitment that passengers will be incentivised to avoid travelling in the high peak, not penalised for doing so. This is vital because those least able to avoid the high peak are likely to be the least able to afford a high peak premium.

2 Long-distance pricing We also welcome Government's commitment to the principle of long-distance off-peak price regulation, but are unpersuaded that the protections passengers currently enjoy should be relaxed. Long-distance operators already use price to attract passengers out of the busiest periods to smooth demand. And the problem of crowding on the first off-peak trains after 19:00 is largely self-inflicted, a result of the relentless above-inflation price increases to long-distance Anytime fares since privatisation.

3 The ticket purchase obstacle course The rail industry must think differently about ticket retailing: the onus should be on train companies and retailers to *sell* the right ticket and less on the passenger to *buy* the right ticket. Passengers need to be guided more effectively to the right thing for them, not have to guess from a baffling array of different tickets. The options to trade up for greater flexibility, onboard quality etc. and the options to pay less for reduced flexibility should be fully-transparent. The industry must make it far harder to overpay and should make it a selling point that if you do, the difference will be refunded. While fundamental change is needed, I welcome the short-term improvements proposed by the Association of Train Operating Companies (ATOC) and hope these are delivered quickly by all train companies. The issues Passenger Focus wishes to see addressed are set out in Appendix A – we look forward to concrete proposals to address each one.

4 Station staffing The McNulty report highlights the costs involved in providing ticket offices at stations – but it did not sufficiently consider the *value* being delivered by that human presence. The reality is that Ticket Vending Machines (TVMs) are not currently up to the task of replacing ticket clerks and, until they are, significant reductions in hours – let alone outright closures – should be considered very carefully. But even if TVMs are dramatically improved, we urge Government to recognise the wider benefits passengers tell us a human presence provides, albeit perhaps in a broader customer service role than a traditional ticket clerk provides.

Passenger Focus will continue to work with Government, the rail industry and its regulators to ensure passengers' interests are fully represented as conclusions are drawn following this consultation.

Colin Foxall CBE
Chairman
Passenger Focus

SUMMARY OF

Passenger Focus Research

Some rail fares in Britain *are* very high

Although long-suspected to be the case, in 2009 Passenger Focus published meaningful comparisons between Great Britain and continental Europe[1] showing that some fares in Britain are very high. This has been confirmed in 2012 research commissioned by Passenger Focus and ATOC[2].

The 2009 research looked at fares, service frequency and speed on journeys to the principal and second city in Britain, France, Germany, Italy, the Netherlands, Spain, Sweden and Switzerland. To ensure comparability, the study took account of the differing levels of disposable income in each country.

The headline findings for commuter-distance journeys were:

- For passengers using an annual season ticket for commuter journeys, Britain was the most expensive country in all three of the distance bands[3] examined. In the medium band (17-40km) our fares were 1.88 times higher than the next most expensive country (France) and 4.19 times higher than the cheapest country (Italy). However, passengers in Britain generally had a more frequent service available to them.
- Britain had the most expensive unrestricted return fares (i.e. with no time restrictions in either direction) of all the other countries in all three distance bands. In the medium band (17-40km) our fares were 1.59 times higher than the next most expensive country (Switzerland) and 3.19 times higher than the cheapest country (Spain).
- Britain's restricted return fares (i.e. arrive after 10:00 and return at any time) were nearer to those in other countries, but ours were still the most expensive or second most expensive in all three distance bands.

The headline findings for long-distance journeys were:

- For passengers buying fully-flexible day return tickets, long-distance 'walk up' (i.e. a ticket bought on the day of travel) prices in Britain are high. Our fares were 1.87 times higher than the next most expensive country (Germany) and 3.31 times higher than the cheapest country (the Netherlands).
- Britain has the cheapest advance purchase single fares to a principal city, assuming that a seat at that price is available on the train you wish to use at the time you wish to book. Passengers unable to buy in advance face significantly higher prices in Britain than in other countries.

In summary, travelling by train in Britain is for many passengers more expensive than it is elsewhere in Europe, but service frequency is higher. Long-distance travel can be cheaper in Britain than elsewhere in Europe, but obtaining the best price requires passengers to book in advance, accept zero flexibility with no refunds and always carries the uncertainty of "subject to availability".

Passengers' assessment of value for money

The tables below show how passengers rated "value for money for the price of your ticket" in the Spring 2012 National Passenger Survey. Value for money is also high on passengers' list of priorities for improvement.[4]

Table 1

Value for money for the price of your ticket
(Results from the Spring 2012 National Passenger Survey)

	Sample size	% satisfied	% neither satisfied nor dissatisfied	% dissatisfied
National	26,437	42	21	37
London & South East	16,955	38	21	41
Long distance	5,593	54	18	28
Regional	3,889	54	19	28

[1] Fares and Ticketing Study, Passenger Focus, 2009 **http://www.passengerfocus.org.uk/media/812a4ffa45eab6347299637f17be2206f61e4333/fares__ticketing_study_1_report_.pdf**
[2] International Rail Fares and Ticketing Study undertaken by MVA consultancy for Passenger Focus and the Association of Train Operating Companies (ATOC), scheduled for publication Summer 2012.
[3] Distance bands for commuter journeys: short 5-16km; medium 17-40km; and longer 41-80km.
[4] Passengers' priorities for improvements in rail services, Passenger Focus, 2009 **http://www.passengerfocus.org.uk/media/f0f44dda1a6af4f3c8940c7623b57102d9783155/rail_priorities_for_improvement.pdf**

Table 2

Value for money for the price of your ticket

(Results from the Spring 2012 National Passenger Survey)

	Sample size	% satisfied	% neither satisfied nor dissatisfied	% dissatisfied
Arriva Trains Wales	1,114	56	18	25
c2c	1,030	42	22	36
Chiltern Railways	1,108	48	21	31
CrossCountry	1,117	49	22	29
East Coast	1,167	56	18	26
East Midlands Trains	1,155	52	18	31
First Capital Connect	1,824	34	22	44
First Great Western	2,867	48	20	33
First Hull Trains	543	56	19	25
First Trans Pennine Exp	1,098	56	18	25
Greater Anglia	2,251	30	21	49
Heathrow Connect	530	56	21	23
Heathrow Express	526	33	27	40
London Midland	1,052	53	21	27
London Overground	1,018	49	23	29
Merseyrail	461	67	12	20
Northern Rail	1,156	50	21	28
ScotRail	1,158	51	18	31
South West Trains	2,143	36	21	43
Southeastern	1,534	32	21	47
Southern	2,128	38	21	41
Virgin Trains	1,056	59	15	26

Note: Grand Central does not appear in this table because they take part in the National Passenger Survey annually, in the Autumn survey

Table 3

Value for money for the price of your ticket

(Results from the Spring 2012 National Passenger Survey)

	Sample size	% satisfied	% neither satisfied nor dissatisfied	% dissatisfied
Commuter	11,534	29	21	50
Business	3,807	44	24	32
Leisure	11,096	60	19	22

Passenger Focus's 2009 research into the factors influencing passenger satisfaction with value for money showed that it is inextricably linked to price. When passengers hand over £3,000[5] just to get to work they are unlikely to be overjoyed,

Table 4

Value for money for the price of your ticket

(Results from the Autumn 2011 and Spring 2012 National Passenger Surveys combined)

	Anytime	Off-peak/ super off-peak	Advance	Weekly or monthly season ticket	Annual season ticket
Arriva Trains Wales	58	51	65	43	-
c2c	43	58	-	34	30
Chiltern Railways	45	63	83	26	20
CrossCountry	44	52	64	21	-
East Coast	43	46	65	-	-
East Midlands Trains	51	52	67	24	-
First Capital Connect	41	49	-	21	13
First Great Western	44	56	68	27	18
First Hull Trains	40	56	73	-	-
First Trans Pennine Exp	53	58	80	26	-
National Express East Anglia/Greater Anglia*	29	45	67	22	12
Heathrow Connect	57	-	-	50	-
Heathrow Express	35	-	-	-	-
London Midland	52	60	-	38	29
London Overground	-	-	-	43	41
Merseyrail	58	-	-	48	-
Northern Rail	55	63	-	36	29
ScotRail	50	60	75	38	-
South West Trains	37	44	69	23	23
Southeastern	38	48	-	25	12
Southern	41	59	87	24	19
Virgin Trains	44	61	68	-	-

Notes: Grand Central does not appear in this table because they take part in the National Passenger Survey annually, in the Autumn survey
- Indicates a sample size of less than 100
* Autumn 2011 results for National Express East Anglia and Spring 2012 results for Greater Anglia combined

while the price of travelling long distance in the peak[6] can be eye-watering. The "gulp, this is a lot of money" factor plays a part in value for money satisfaction.

However, the standard of service you get for your money also plays a significant part. The research showed that the top three most important factors in passengers' views about value for money are:

- Punctuality and reliability
- Being able to get a seat
- Passenger information during service disruption

Softer quality factors (e.g. train cleanliness and toilets being in working order) are also important in passengers' assessment of value for money.

[5] January 2012 annual season ticket prices: Guildford to London £3,092; Chelmsford to London £3,420; Reading to London £3,800
[6] January 2012 Anytime Return ticket prices: Norwich to London £98.60; Peterborough to London £99; Leicester to London £139; Swindon to London £112

The high price of flexibility

The often huge gap between the Advance "one train only, no refunds" price and the price of a flexible ticket frustrates passengers. They cannot comprehend how wildly differing prices for seats on the same train can be fair.

Research among business travellers[7] shows they feel forced into paying high prices because they cannot be sure when meetings will finish or that their plans will not change. Although many passengers buy "one train only, no refunds" tickets because they cannot otherwise afford to travel, that does not mean they *desire* total inflexibility, a 'no refund' stipulation and the need to book weeks ahead. The rail industry should explore the options for more semi-flexible ticket types and must not forget that its main competitor, the private car, offers near-total flexibility right up to the minute of departure.

The following quotes are from passengers taking part in Passenger Focus qualitative research in 2011.

"Even when I have plenty of notice I don't book a ticket in advance because my plans might change and then I can't use the ticket"

[Business, medium distance]

"Super Saver is the cheapest but least flexible because you are restricted to specific times and dates and less sociable times that aren't necessarily convenient"

[Leisure, medium distance]

"You only get value for money when you buy tickets in advance, otherwise I feel I am paying twice the price for the same service"

[Business, medium distance]

"I have paid more to have that flexibility, but it's not a little bit more it's a lot, two singles in advance to Durham can be around £77, but a flexi ticket is over £200"

[Business, long distance]

"I would never buy a non-refundable ticket because I might not get it back from my employer"

[Business, medium distance]

Passengers are increasingly familiar with single-leg pricing, finding it logical, transparent and easy to understand. In contrast the traditional approach whereby a single is only £1 less than a return (or 10p less for shorter-distance journeys) is considered outdated and not a proper reflection of the train company's costs.

"There's no logic to that. How can a return cost only £1 more than a single? It penalises anyone who needs to buy a single ticket"

[Business, Shorter Journeys]

To allow passengers to effectively mix and match between Advance and Off-Peak 'walk up' ticket types, the industry should price Off-Peak Single tickets at 50% of the current Off-Peak Return fare.

[7] Employers' business travel needs from rail, Passenger Focus, March 2009
http://www.passengerfocus.org.uk/media/1487bccf06d649555dadc28447ef586a8aa679b3/pf_eb_travel_needs_web.pdf

The fairness and credibility of a complex ticketing system

Many passengers continue to feel that the fares structure is complicated, confusing and illogical.

The fact that for many long-distance journeys two singles may or may not be cheaper than a return; a through ticket may or may not be cheaper than re-booking en route; and an Anytime ticket is the most expensive option for some journeys, but it is the only ticket for others are just three examples of the very real difficulty passengers have in understanding how to get the best deal.

"I don't know how the system works or how to work it to my advantage"
[Leisure, medium distance]

"You can speak to someone across the aisle and his ticket has cost £20 and yours cost £120"
[Leisure, medium distance]

"It's a numbers game so the cost depends on how many tickets have been sold, not how far in advance you book – so you never know when the best deal will be or how to get it, you don't know where you stand"
[Leisure, long distance]

These issues are also highlighted in the Office of Rail Regulation's (ORR) June 2012 report "Fares and ticketing – information and complexity"[8]. In announcing publication of the report, ORR highlighted the following:
- Nearly three-quarters of all those interviewed were not confident what 'off-peak' times were
- Over 50% of online respondents agreed that 'it is a bit of a lottery as to whether you find the best price for a rail journey or not'
- 45% said that the fare system is too complicated for them to understand
- 41% of online respondents said they had previously purchased tickets and later found they could have made the journey on cheaper tickets
- 70% of on-train interviewees were unaware that they could only travel on the specified train on an 'Advance' ticket
- Among those travelling on an 'Advance' ticket, 37% interviewed did not realise that if they missed their train, and travelled on a later train, they would normally have to buy a new ticket.

The process of purchasing a ticket

Many passengers make simple transactions (for example, buying an annual season ticket). But for large numbers of people, the process of purchasing a ticket, being confident it is the most appropriate for the journey, and being sure it is the best price is a challenge.

As is being certain, having bought it, when that ticket can and cannot be used – the "see restrictions" and "valid as advertised" problem.

Passenger Focus has published research into passengers' experiences using self-service TVMs[9] and ticket sales websites[10]. We found that with TVMs passengers have difficulty with the layout of information on the screen (e.g. certain screens containing too much information, jargon that passengers do not understand); with programming issues (e.g. screens timing out while passengers are still deliberating); and with the paucity of supporting information about the times each ticket is valid or routes that can be used. To use a current-generation TVM with confidence, a passenger must already know which ticket he or she wants – TVMs do not guide passengers to the ticket that is best for them. We found that, even among passengers who managed to select the most appropriate ticket, many had little confidence that they had done so. The consequences of

[8] ORR, Fares and ticketing – information and complexity, June 2012 **http://www.rail-reg.gov.uk/upload/pdf/ticket-complexity-report-june-2012.pdf**
[9] Ticket vending machine usability, qualitative research, July 2010 **http://www.passengerfocus.org.uk/research/publications/ticket-vending-machine-usability-qualitative-research**
[10] Ticket retailing website usability, qualitative research, June 2011
http://www.passengerfocus.org.uk/media/f51da8c1754c77f89a5ea454834a3ad884421d61/ticket_retailing_website_usability_june_2011.pdf

plumping, for example, for an Anytime ticket on a TVM, but missing (or not comprehending) the small print "XYZ Trains Only" can be significant in terms of being issued with a Penalty Fares Notice or an Unpaid Fares Notice.

With ticket retailing online, the issues identified were the risk that passengers pay more than necessary because they lack sufficient knowledge of the fares system to locate the best ticket. In contrast to passengers' lack of confidence using TVMs, the sense of 'being in control' when buying online gave some people misplaced confidence that they had selected the most appropriate ticket – when they had not. Something simple like checking a box marked Open Return led some down the full-price Anytime road, when cheaper tickets would have met their needs. The problem of baffling jargon is an issue online as well, with routing information often confusing passengers rather than providing clarity and reassurance.

Passenger Focus welcomes the initiatives proposed by ATOC and set out in Appendix A of the ORR's June 2012 report "Fares and ticketing – information and complexity"[11], a number of which we have been championing since publication of our TVMs[12] and website research[13]. We hope these short-term measures are implemented quickly and comprehensively by all train companies. But, as ATOC itself recognises, more needs to be done. Culturally, there needs to be an acceptance that train companies and retailers have a duty to *sell* the right ticket rather than relying on a passenger to *buy* the right ticket. The options to trade up for greater flexibility, onboard quality etc. and the options to pay less for reduced flexibility should be presented to help passengers make an informed choice. It should be harder to overpay and, if you have, the industry should make no bones about refunding the difference. If a passenger presents an Anytime ticket on a train for which one is not required, why not make a virtue out of refunding the difference?

The specific areas where Passenger Focus wishes to see change are set out in Appendix A.

[11] ORR, Fares and ticketing – information and complexity, June 2012 **http://www.rail-reg.gov.uk/upload/pdf/ticket-complexity-report-june-2012.pdf**
[12] Ticket vending machine usability, qualitative research, July 2010 **http://www.passengerfocus.org.uk/research/publications/ticket-vending-machine-usability-qualitative-research**
[13] Ticket retailing website usability, qualitative research, June 2011 **http://www.passengerfocus.org.uk/media/f51da8c1754c77f89a5ea454834a3ad884421d61/ticket_retailing_website_usability_june_2011.pdf**

PASSENGER FOCUS RESPONSE TO THE GOVERNMENT'S

"Rail Fares and Ticketing Revi

The texts in this section are colour-coded to denote the following

■ and ■ **Text taken from the DfT's consultation document *Rail Fares and Ticketing Review***

■ and ■ **Passenger focus responses to the above**

CHAPTER 1
PRINCIPLES OF FARES AND TICKETING REGULATION

The consultation document sets out the Government's objectives for regulating rail fares and ticketing as:

- Protect passengers from possible market abuse and ensure that rail travel remains affordable for a wide group of people, particularly where they do not have a realistic alternative
- Allow more scope for innovation in fares and ticketing and encourage train operators to make better use of the capacity that is available
- Ensure passengers are treated fairly when they are buying tickets, and have easy access to a complaints handling system if problems occur when buying or using tickets
- Ensure that from a passenger perspective the rail network operates as an integrated whole

DfT question 1.1

Do you agree these are the right objectives? Is there anything we've missed?

Passenger Focus broadly agrees with these objectives, but makes the following comments:

- Bullet 2 talks of encouraging better use of the capacity that is available. The guiding principle should be incentivising passengers to use trains where capacity is available, not penalising them for travelling when they need to travel.
- Passenger Focus's May 2012 publication 'Ticket to ride?'[14] highlights that complaints handling systems are not always fair when passengers have problems resulting in a Penalty Fare Notice or an Unpaid Fare Notice being issued. It is vital that the proposed ATOC Code of Practice in this area[15] fully-delivers the objective in Bullet 3.

[14] Ticket to ride? Passenger Focus, May 2012 **http://www.passengerfocus.org.uk/research/publications/ticket-to-ride-summary-report-may-2012**
[15] ATOC press notice May 2012 **http://www.atoc.org/media-centre/latest-press-releases/firm-but-fair-approach-to-fare-dodgers---atoc-100702**

iew" consultation

The consultation document explains that Government regulates by:

• Protecting the availability and level of certain fares, generally: commuter fares; off-peak fares for longer-distance journeys; Anytime fares for shorter-distance journeys;

• Requiring train operators to participate in the National Rail Enquiries service and the National Rail Conditions of Carriage and ensuring that: a through fare can be purchased between any two stations even if it involves using the services of more than one train operator; a ticket from A to B can be used on the trains of any operator for that journey, unless it is specifically stated to be valid on only one operator's services; where train operators have a station ticket office or machine, they are required (except in certain defined circumstances) to sell tickets for any journey by any operator.

DfT question 1.2

How effective do you think the current system is in achieving the Government's regulatory objectives?

It is impossible to give a single answer applicable to all four objectives – in some cases current systems are effective, in others passengers would benefit from their being improved.

Passenger Focus makes the following comments:

• We question whether paragraph 45, indicating that DfT sees no need to regulate long-distance Anytime Return fares, is compatible with the objective to "Protect passengers from possible market abuse and ensure that rail travel remains affordable for a wide group of people, particularly where they do not have a realistic alternative". If somebody in Manchester needs to be in London before 11:30am at short notice, they have no realistic option but to buy an Anytime Single which, being unregulated, now costs an eye-watering £148. The fact that Office of Rail Regulation data show that unregulated fares rose by 47.7% in real terms between 1995 and 2010 (against a rise of 0.2% over the same period for regulated fares) is in large part responsible for the 'cliff edge' in fares that results in crowding on the first post-19:00 long-distance trains leaving London.

• There remain aspects of the National Rail Conditions of Carriage (NRCoC) which are not helpful to passengers (for example, where passengers are treated as holding no ticket even when they do). Furthermore, it is important that new forms of ticketing remain within the scope of the NRCoC and that the safeguards they provide are not eroded by caveats in the terms and conditions of particular ticket types. For example, NRCoC allows that in the event of delays a passenger who decides not to travel can have a full refund, but this is caveated in the terms and conditions of Advance tickets to apply only if a delay is 60 minutes or more. ATOC is seeking to address this because Passenger Focus expressed concern, but it highlights the potential risk to passengers.

• While in theory a through fare should exist between any two stations, we continue to uncover gaps where it is not the case. Even where a through fare does exist, it is not always valid for the route that is quickest or is sensible for another reason (e.g. avoiding crossing London or choosing 'Intercity' quality over regional services). Sometimes Advance tickets are available for certain routes but not 'walk up' fares and sometimes vice versa. Advance tickets are often not available for journeys involving two train companies, even when passengers will use trains on which the companies concerned sell Advance tickets for journeys confined to their 'territory' (e.g. Leicester to Aberystwyth). The price implications for passengers can be significant. The industry reacts when omissions are highlighted, but a comprehensive exercise to fill in gaps is overdue.

• As far as we are aware there is no formal requirement that TVMs sell tickets for any journey of any operator. Even on modern machines not all stations necessarily appear, and not all ticket types are necessarily available. For example, a passenger buying tickets for four adults would not find "Groupsave" as an option and would pay twice what is necessary – and with no warning. The fact that the consumer safeguards applicable to ticket office transactions do not apply to TVMs or online purchase is a gap that DfT should plug.

• DfT should consider whether train operators' obligations to participate in National Rail Enquiries should be extended to include not only the telephone service, but those channels which have developed since privatisation and which now account for the overwhelming majority of transactions.

CHAPTER 2
SMART TICKETING AND SEASON TICKETS

The consultation document identifies the main benefits of smart ticketing as:

- Greater speed and convenience for passengers
- Better journey data, allowing for new ticket types designed around the way passengers travel today
- Potential to attract more passengers to the railway
- Potential to make more efficient use of rail capacity
- Reduced risk of overpaying
- Improved security features
- Savings from reduced cost of sales
- More accurate allocation of revenue between train operators

And it identifies the main risks and issues of smart ticketing as:

- Greater complexity from a wider range of fares/tickets
- Data security issues
- Functionality issues (does the technology work?)
- The need to ensure systems remain inter-operable across the whole rail network despite a potential proliferation of technologies

DfT question 2.1
Do you agree with the benefits and with the risks and issues we've identified in relation to smart ticketing? Is there anything we've missed? How might we address the risks and issues?

Passenger Focus broadly agrees with the benefits and risks identified, but makes the following points:

- It is important that debate in this area is about smart ticketing, with smart cards, retailing through apps, print-at-home, mobile-phone bar codes and other nascent technologies all considered as potential solutions.
- Regarding making more efficient use of rail capacity, we reiterate that the guiding principle should be incentivising passengers to use trains where capacity is available, rather than penalising them for travelling when they need to. It must not be forgotten that, while some passengers may be able to change their travel patterns to avoid the high peak, many will still have no option but to arrive around 8.30am and leave around 5.30pm.
- The need for transparency about what you are about to pay. If you ask a booking clerk for a ticket or use a TVM and you don't like the price, you can choose to walk away. Depending on how the smart ticketing system works, there is a greater risk of passengers believing a fare is going to be X only to discover later that a much larger sum has been debited. Within London the Oyster Pay As You Go daily cap, the relatively small sums involved and the straightforward fares structure lessens the problem. None of these points apply to National Rail fares and present a challenge for the wider application of smart ticketing.
- Depending on how the cap arrangements work, there may be – as the consultation document notes – reduced risk of over-paying. However, the number of "incomplete journey" charges passengers experience using Oyster Pay As You Go suggests that there is also a risk of increased overcharging.
- The practicalities for administering refunds and compensation need to be thought through to ensure passengers do not lose out: filling in a form and enclosing a physical ticket ceases to be an option. At the same time, passengers' desire for greater automation and less 'hassle' when it comes to claiming compensation[16] could become easier to realise.
- An additional benefit from season tickets being loaded onto smart technology could be that lost or stolen tickets can be 'stopped' electronically, removing the, at times, financially devastating ruling about the non-replacement of season tickets if lost/stolen more than twice within a 12-month period.
- Smart ticketing will provide considerably richer data about where and when passengers are travelling than is currently available. DfT should ensure that this information, in a depersonalised form, is publicly-available to aid discussion and decisions about timetable development, capacity requirements etc.

[16] Train Operator Compensation Schemes Qualitative Research, Passenger Focus, June 2011
http://www.passengerfocus.org.uk/research/publications/train-operator-compensation-schemes-report-of-findings-june-2011

Passenger Focus is currently undertaking research, in conjunction with DfT, into passengers' experiences of/needs from smart ticketing which will further inform our thinking in this area.

The consultation document identifies the following issues with the current system of season tickets:

- **High upfront cost**
- **Commuters who travel fewer than five days a week pay more per journey than 5-day a week commuters, which may be acting as a barrier to some people wishing to enter or re-enter the job market**
- **Perceived financial disincentive to work flexibly or part-time**
- **No incentive to travel outside the busiest periods**

DfT question 2.2

Do you agree with the issues we've identified with the current system of season tickets? Is there anything we've missed?

Passenger Focus agrees that these are issues with season tickets, but would add:

- It is not just the high upfront cost, for many it is the high cost full stop. Commuting by train in Britain, particularly to London, is expensive whether paid upfront or otherwise. For many commuter households it will be the largest single expense after housing costs.
- Allied to the point about those commuting less than five days each week, those who travel daily – but not always to the same destination – are also disadvantaged.

DfT question 2.3

What features would you expect to see in a smart, flexible and more tailored season ticket?

- **Fares vary by time of day**
- **Fares vary by day of the week**

Passenger Focus makes three points about the acceptability of varying fares by time of day and day of the week:

- only if it is on the basis of incentivising passengers to use trains where capacity is available, not penalising them for seeking to travel when they need to. Similarly, passengers should be incentivised to avoid the busiest days, not penalised for needing to travel on them
- only if the price is fully-transparent to passengers before they commit themselves. This will be a major task, particularly if prices for the same train end up varying depending on day of the week
- only if there is reasonable stability in the price that applies at particular times of day – passengers should not have to guess which price bracket the '08:02' is in this week

- **Fares reflect the number of journeys actually made**

Passengers are likely to regard this as logical, but it must operate on the basis of rewarding passengers for making fewer journeys rather than imposing a price increase on those who have no option but to travel every day.

DfT question 2.4

Do you have any other suggestions as to how season tickets could be tailored to better meet the needs of particular groups?

To address the problem of high upfront cost, it is important that all train companies offer the ability to pay for an annual ticket by monthly direct debit at the same total cost as a conventional annual season ticket. It is worth noting that the Greater Anglia scheme (cited in Paragraph 74 of the consultation document) was introduced by the previous franchisee as a franchise obligation. DfT will need to consider its approach if encouragement via ATOC does not produce results.

Ideas to meet the needs of regular, but less than daily commuters and to give commuters a financial incentive to travel less frequently include:

- The facility to buy a specific number of electronic single tickets at a discount, but with a long (or no) 'end date', allowing passengers to use them up over time
- The facility to buy a monthly or annual smart ticket at the current 'paper' price, and accrue discount on renewal or earn 'cash back' if you travel less frequently than the assumed five days each week

CHAPTER 3
USING FARES TO ACHIEVE MORE EFFICIENT USE OF RAIL CAPACITY

DfT question 3.1
Do you agree that introducing new commuter fares could help the railway operate more efficiently by encouraging some commuters to change their travel patterns?

Efforts to encourage flexible working are to be encouraged; however, Passenger Focus is unconvinced that as many passengers as is hoped will – in practice – be in a position to change their patterns. Giving passengers greater visibility of which trains have seats available and which do not (floated in Paragraph 104 of the consultation document) could prove just as effective. Some train operators do this on a limited basis, but why not have a crowding indicator – perhaps average seat occupancy – showing against every train when passengers make journey planning enquiries? Passengers would then be able to make an informed choice about the risk that they will have to stand. Some train companies are considering whether the loading data modern trains collect could feed station information displays in real time – to help passengers board the least crowded part of a busy commuter train. It may be possible to achieve some shift in commuter travel patterns, but we urge that there is no let-up in plans to expand peak capacity.

DfT question 3.2
What do you consider to be the main benefits and the main risks/issues with introducing new commuter fares?

- The principal risk to passengers is that, either from the outset or over time, passengers who have no choice but to arrive around 8.30am and return around 5.30pm pay a higher fare than if price regulation of a traditional annual season ticket had continued. It is a risk that the lowest paid, with least flexibility over start and finish times, will pay more.
- Almost by definition "new commuter fares" will introduce complexity to a market where there is currently a simple weekly, monthly or annual price. If passengers are to trust a new system, pricing needs to be transparent and honest.

DfT question 3.3
How could we ensure that any new commuter fares structure was as fair as possible?

At the heart of a new commuter fares structure should be the principle of rewarding passengers who avoid the busiest times, rather than penalising those who cannot. One way to achieve this would be to ensure, on an ongoing basis, that the price paid over a year to use high peak trains Mondays to Fridays is no higher, taking into account inflation, than a conventional annual season ticket would be if one still existed. Such a commitment would ensure that new arrangements are, and would be seen to be, genuinely about trying to make better use of capacity and not about 'pricing off'. This could be achieved by selling a smartcard for the conventional annual season ticket price and allowing passengers to either build up 'credit' towards their next renewal or earn 'cash back' if they travel outside the high peak or less frequently than five days each week.

DfT question 3.4
How could we use fares to achieve more efficient use of rail capacity on intercity services?

Passenger Focus welcomes DfT's intention to retain off-peak long-distance fares regulation in some form and its recognition that a 'turn up and go' railway has great benefits to passengers. Railways are not airlines: even Britain's long-distance operators have a significant volume of commuters for whom a wholly book-ahead model will not work. Furthermore, why negate the benefit of high-frequency long-distance services by moving to a largely book-ahead railway?

Passenger Focus is not persuaded that current long-distance off-peak price regulation should be weakened and makes three points:

- Price is already used to ensure that potentially-unused seats are filled with holders of Advance tickets, many of whom will have been tempted to that particular train by the price. Although the current Advance ticket is inflexible and needs reform, Passenger Focus supports the continued use of lower-priced tickets to steer passengers to those trains where there is capacity.

- The crowding difficulties some Intercity operators report around the 19:00 cut-over from Anytime to Off-Peak fares is largely self-inflicted. Clearly, some passengers will always wait until the first cheaper train – but the gulf between the two, caused by above-inflation increases to Anytime prices since privatisation, is a major factor. Office of Rail Regulation data show that, in real terms, between 1995 and 2010 long-distance Standard Class unregulated fares rose by 47.7% fares while regulated fares rose by 0.2%.
- We must not forget that the regulated ticket (generally the Off-Peak Return, but sometimes the Super Off-Peak Return) is not particularly cheap. For example London to York is £94.10, Whitby to Bristol £131.50. If even higher fares are permitted at busy times, whether through an increment to the current regulated price or by extending the times when an Anytime ticket is required, some passengers will be 'priced off'.

CHAPTER 4 FARES AND TICKETING COMPLEXITIES

Passenger Focus is disappointed that Government does not commit (Paragraph 150) to limit train operators' ability to increase individual regulated fares by up to five percentage points on top of the nominal annual cap. Limiting the 'flex' to two percentage points, as in the South Central franchise, would reduce the postcode lottery in the way price regulation applies for individual passengers. We encourage DfT to reconsider on this point.

We are also disappointed that Government has not sent stronger signals (Paragraph 174) that reducing the price of Off-Peak Single tickets, many of which are only £1 less than a return, is key to addressing the high price of flexibility. By pricing Off-Peak Singles at 50% of the current return fare the industry would allow passengers to mix and match between Advance and other ticket types and would create a reasonably-priced, semi-flexible product mid-way between Advance and Anytime.

Currently, passengers with Advance fares valid only on one specified departure who miss that departure must buy a new ticket to travel on the next train (unless the missed departure is due to a missed national rail connection, in which case train operators generally accept the original ticket on the next service). We are considering whether passengers could be allowed to "pay the difference" instead (potentially on payment of a fee, if this was considered necessary to avoid perverse incentives).

DfT question 4.1
What do you see as the main advantages and disadvantages of such a change?

Such a change, long-advocated by Passenger Focus, would remove the sense of grievance many passengers feel when a train company refuses to take into account the money they have already paid. The principle applies irrespective of price, but it is a particular problem if the Advance ticket concerned is not especially cheap, perhaps only just less than a fully-flexible single for that journey. For example, a passenger who has already paid £111 for an Advance Single on the 16:05 London Kings Cross to Leeds, but missed the train, would have none of that sum taken into account when buying a new £124.50 ticket for the next train. Passenger Focus strongly welcomes this proposal, but it should not be seen as the only reform needed to the current ticketing structure – see Appendix A.

There is evidence of an imbalance (even after taking account of differences in average income) between fares in the London commuting area and other parts of the country, and that passengers on higher-yield services are effectively cross-subsidising passengers on lower-yield services. This is something we intend to explore further as part of the review, but we do believe that there is a case for reducing any significant regional imbalance in fares levels.

DfT question 4.2
What would you see as the main advantages and disadvantages of such an approach?

Passenger Focus's 2009 fares comparison research[17] found evidence of such a regional imbalance, which exists within the London commuting area as well. As it is unlikely those fares standing out as disproportionately high will be reduced, certainly not to the level of the cheapest, the main disadvantage of addressing the imbalance could be that passengers in all parts of the country end up paying London prices.

The Government is working with ATOC to consider how to provide open access to rail fares data. This could allow

private-sector companies to develop more innovative approaches to delivering rail fares information in a way which helps passengers to better understand the fare options available to them. However, we would need to minimise the risk of data being provided in a way that inadvertently resulted in passengers buying invalid tickets for their journey. We also need to consider possible wider consequences e.g. train operators changing their pricing strategies.

DfT question 4.3
What steps could the Government take to protect passengers' overall interests as part of providing open access to fares data?

• Passenger Focus is in favour of competition in this market, but cites the following as challenges to overcome if there is a proliferation of private-sector retailers independent of the rail industry:

- Passengers having certainty that the retailer is selling them the right ticket in the first place, neither overcharging nor undercharging
- Passengers being confused about whom to go to if there is a problem. If the retailer says the problem was the way the train company input information to the fares system and the train company says it is all the fault of the independent retailer, where does a passenger stand? (this is already a problem, but it could get worse)
- The likelihood that train companies will offer more and more tickets exclusively through their own channels, or discounts for using their channels, which will result in passengers not 'in the know' paying more than they need to (this happens already, but may become a more significant issue)

• In terms of protecting passengers' interests in this area, Passenger Focus makes the following suggestions:

- Extend the "impartial retailing" requirement that applies to transactions at ticket offices to online retailing. Currently, passengers cannot easily establish whether the website they are using is impartial or steering them towards travelling with a particular train company. The current National Rail accredited logo is, unhelpfully, displayed by both partial and impartial retailers. Giving passengers the confidence that all online retailing sites abide by the same rules of impartiality would help – passengers should not have to hunt out the 'small print' to understand the basis on which a particular website operates.
- Require online retailers to abide by a code of practice in dealing with passengers' queries which makes it transparent who is responsible for what, prevents passengers being sent from pillar to post if they have a dispute (e.g. tickets not received in the post, refunds for journeys, getting your money back in the event of weather disruption or industrial action) and prevents use of premium-rate telephone numbers as a means of contact with the retailer.
- Consider the options to ensure that passengers using what appears to be a rail industry-approved online retailer are not disadvantaged because they are unaware that the train operator has cheaper channel-specific tickets available through only its website.

[17] Fares and Ticketing Study, Passenger Focus, 2009
http://www.passengerfocus.org.uk/media/812a4ffa45eab6347299637f17be2206f61e4333/fares__ticketing_study_1_report_.pdf

CHAPTER 5
BUYING TICKETS

DfT question 5.1
Selling tickets through ticket offices is a major cost for the railways. How can we reduce this cost without deterring passengers from using the railway?

The proportion of tickets purchased through traditional station ticket offices is likely to continue falling and it is positive to offer choice to those happy to use a TVM. But the reality is that some passengers wish to buy their ticket from a fellow human being. This is not only a matter of personal preference: it is often for hard, practical reasons about being guided to the right ticket, the right route, getting the balance between speed and cost etc. There is also the fact that TVMs are not particularly user-friendly, requiring a degree of prior knowledge of the fares structure which some passengers do not possess – and they do not sell all tickets in any case.

The 'usability' of TVMs needs to improve, but so far little has been delivered to address the issues raised in Passenger Focus's 2010 publication "Ticket Vending Machine Usability"[18], for example introducing a screen layout developed in response to passengers' needs, which works for confident, regular users and for those unfamiliar with the ticketing structure, and which has been tested thoroughly with passengers before being rolled out.

DfT question 5.2
What are the costs/benefits of reducing ticket office opening hours? What would you consider to be an acceptable alternative to the ticket office that met most of your ticket requirements?

From a purely 'ticket requirements' perspective, to be an acceptable alternative TVMs must be able to sell all the tickets from that station; present information to passengers in a way that guides the unfamiliar to the best fare for their journey; and give passengers a means to speak to an appropriately-trained human if they need assistance with their transaction. All TVMs should also offer the facility to collect tickets bought previously on the internet – Ticket on Departure (ToD). Not all TVMs, even though they look similar, are currently ToD-enabled, with the result that some passengers have to have tickets posted to them, meaning they must allow time for them to arrive and may have postage fees added.

DfT question 5.3
What safeguards would need to be put in place for passengers in the case of changes to ticket office opening hours?

As well as the failings of current TVMs being fully-addressed, there is the issue of human presence on a station to provide reassurance to passengers; help deter anti-social behaviour; provide routine and disruption-related information (at some stations there is no means of making a public address announcement if no staff are present); and unlock and lock waiting rooms/toilets etc. at the beginning and end of the day (the complete closure of a ticket office generally also means waiting rooms and toilets are closed permanently). Passenger Focus believes that, rather than seeking to delete roles from the salary bill, DfT should be considering how people might be released from traditional ticket office positions to enhance the level of customer service passengers experience on stations – the 'out from behind the glass' argument. The dramatic improvement in passenger satisfaction at London Overground when it moved away from being a utilitarian, self-service railway, in part through increased staff presence at stations, should not be overlooked.

Whatever decisions are made in this area, Passenger Focus cautions against identifying candidates for withdrawal or reduction in ticket office facilities on the basis of the rail industry's somewhat arbitrary A to F station categorisation. Decisions must be made on a case-by-case basis, using robust, transparent and up-to-date evidence of usage.

DfT question 5.4
How important is it for passengers to be able to buy train tickets from a wider range of outlets (e.g. including post offices or retail outlets located away from the station)? Please feel free to make any additional comments about how you would like to be able to buy train tickets in future

[18] Ticket vending machine usability, qualitative research, July 2010
http://www.passengerfocus.org.uk/research/publications/ticket-vending-machine-usability-qualitative-research

Passenger Focus has two observations:

- Making train tickets available from a wide selection of outlets can only be a good thing. However, our comments in 4.3 about ensuring accuracy, impartiality and clarity about responsibility if something goes wrong apply here as well.
- With the best deals generally needing to be booked in advance, and with some available only online, there is the risk that those without internet access are disadvantaged and end up paying a higher price. Passenger Focus would suggest that DfT considers how post offices, libraries, local authority offices etc. could help, at least by providing online access to ticket retailing sites and perhaps by becoming ticket retailers themselves.

DfT question 5.5

What other improvements would you most like to see to make buying rail tickets easier?

Full details of the improvements Passenger Focus is seeking are included in Appendix A.

CHAPTER 6
NEXT STEPS

DfT question 6.1

Do you have any other comments about the impact of anything in this consultation document on passengers or potential passengers, including by income group, equality group(s) or any other group?

The issues around fares, ticketing and value for money tend to apply to all passengers. The NRCoC allow passengers with a disability that makes it difficult for them to buy a ticket before boarding to do so on the train. While it is difficult to quantify the problem, Passenger Focus from time to time sees evidence that disabled passengers find this more difficult in practice than they should. No doubt a general societal issue, but we sense that passengers with less-obvious disabilities, including learning difficulties, find it hard to convince staff that they have difficulties in using TVMs, for example.

APPENDIX A

In the area of fares, ticketing and value for money, Passenger Focus is seeking the following improvements on behalf of passengers:

Improvements to regulatory and legal arrangements

- That an individual regulated fare should not be allowed to increase by more than two percentage points above the nominal price cap (currently an individual fare can increase by five percentage points above the price cap, leading to a postcode lottery in regulated fare increases).
- That TVMs and ticket retailing websites should be subject to formal 'impartial retailing' rules, as are ticket offices at stations.
- As a 'second best' to the previous point, that TVMs and ticket retailing websites should be obliged to say explicitly if they sell all tickets and on an impartial basis, or restrict their range.
- That all normally-available tickets, whether issued as physical tickets or electronically, should be subject to the NRCoC, undiluted by more restrictive conditions applicable to the type of ticket held.
- As called for in Passenger Focus's May 2012 publication "Ticket to ride?"[19], that passengers should not be guilty of a criminal offence relating to ticketing without the train company demonstrating deliberate intent to defraud.

Improvements to the pricing structure

- That, in order for passengers to effectively mix and match between Advance and 'walk up' ticket types, Off-Peak Single tickets for long-distance journeys should be half the price of the current Off-Peak Return (this would deal with the illogical situation in which an single ticket can be just £1 less than a return and provide a mid-priced ticket that fills the gap between the complete inflexibility of Advance and the fully-flexible Anytime).
- That a comprehensive exercise should be carried out to identify where fares do not exist between pairs of stations; where they exist but are not valid for a perfectly reasonable routing; and where for no apparent reason Advance tickets do not exist for a journey between pairs of stations.

Improvements for commuters

- That passengers should be able to pay for an annual ticket by monthly direct debit at the same cost as a conventional annual season ticket.
- That ticketing arrangements should offer regular commuters, but who travel less than five days each week, a discount on the price of five full-price day return tickets.

Giving passengers confidence that they are not paying more than they need to

- That on any 'walk up' interavailable flow the through fare should not exceed the cost of buying 'walk up' interavailable fares for individual legs of the journey. One example of many where the unwary currently pay more than necessary is Aberystwyth to Leicester: the Anytime Single through fare is £55.50, yet an Anytime Single Aberystwyth to Birmingham ticket (£26.20) plus an Anytime Single Birmingham to Leicester ticket (£15.50) comes to £41.70. Addressing the problem by increasing the price of the individual legs of the journey would not be an acceptable solution.
- That TVMs should display only the tickets that it is appropriate to sell at the time, in order that passengers do not buy a more expensive ticket than they need (at present, many TVMs display tickets that are more expensive than needed at the time, leading to confusion and potential for the unwary to overpay).
- That TVMs and websites must charge the GroupSave price when a passenger seeks to buy three or four tickets for a journey where that product is offered. It is unacceptable that the unwary are charged for all passengers in their party when a 'three/four for the price of two' deal is available to anyone in the know.
- That to help passengers through the "two singles may or may not be cheaper than a return" jungle, ticket retailing websites should not sell a more expensive ticket than a passenger needs, without at least warning them first. Scenarios to cover include:
  - not selling an Advance ticket when a cheaper 'walk up' single ticket is valid on the same train.
  - not selling out and back Advance tickets (in the same transaction) at a higher price than a 'walk up' return ticket valid on the same trains.

[19] Ticket to ride? Passenger Focus, May 2012
http://www.passengerfocus.org.uk/research/publications/ticket-to-ride-summary-report-may-2012

• not selling a 'walk up' ticket for a specific train or trains without first warning the purchaser when a cheaper ticket is available for the same train or trains.

• That ticket retailing websites should alert passengers making enquiries about journeys where Advance tickets are normally available, but on dates where reservations are not yet open, that the cheaper tickets have not yet gone on sale (at present, there is nothing to stop passengers buying a 'walk up' ticket in the mistaken belief that it is the cheapest price – unaware that cheaper, potentially very significantly cheaper, tickets will go on sale at a later date).

• That towards the end of peak periods, booking offices, TVMs and websites should warn passengers making long-distance journeys that it may be cheaper to buy an Anytime ticket for part of the journey and an Off-Peak ticket for the remainder (for example, an Anytime Single from Kettering to Exeter for the 08:56 departure costs £175; however, by the time the passenger departs from Paddington at 11:06, Super Off-Peak tickets are valid – a Kettering to London Anytime Single at £60 including Underground from St. Pancras to Paddington, and a London to Exeter Super Off-Peak Single at £43 would save £72).

• That sufficient information (e.g. restriction times, geographic boundaries etc.) should be contained in the fares system about all Day Ranger tickets to enable websites to sell them to passengers making relevant journey enquiries. At present, many websites are 'blind' to Day Rangers, even when they are the most appropriate ticket for the journey in question, and passengers are instead offered a higher-priced ticket. Resolving this problem would, we understand, also allow Day Rangers to show on TVMs where relevant.

Acting in a fair and reasonable way towards passengers

• That if a passenger misses the train on which they booked an Advance ticket, the sum paid already should count towards the new ticket they need to buy (less a reasonable administration fee).

• That passengers who have a ticket for the date in question between relevant stations, but are asked to buy a new one or pay an excess because it is not valid for the train they are on, should be sold/upgraded to the cheapest 'walk up' ticket valid on that train. In these circumstances passengers should not be forced to buy a full-price Anytime ticket on a train where Off-Peak fares are valid. This is already the policy of Virgin Trains, Southern, ScotRail and Hull Trains and should become universal.

• That if a passenger cannot produce a ticket for the train they are on, but can prove – at the time or later – that they have bought an Advance ticket for that train they should not be asked to pay again, or should receive a refund of any additional fare paid.

• That passengers who hold a railcard-discounted ticket but who have forgotten their railcard should have the option to present it within a fixed period without financial penalty – with further action taken only if they fail to do so. A limit to the number of 'grace' occasions within a 12-month period may be reasonable; names and addresses should always be taken discretely in these circumstances. The industry should also consider how technology can help in future with on-the-spot verification that the individual concerned holds a valid Railcard.

• That passengers who have bought a train company-specific 'walk up' ticket, but travel on another company's train, should be asked to pay the difference between what they have paid already and the interavailable price – and not treated as if they had bought no ticket at all.

• Also called for in "Ticket to ride?"[20], that a code of practice should be introduced to provide safeguards for passengers, including appeal arrangements, around use of Unpaid Fare Notices by train companies.

• That passengers wishing to change previously-purchased Advance tickets for a different date or time should pay one £10 administration fee to cover all the tickets in the transaction (at present, a family of four needing to change out and back return tickets would face £80 in administration fees, which feels utterly disproportionate to the train company's costs and makes many Advance tickets de facto "no refund, no change").

• It should be permitted to change the origin or destination of an Advance ticket prior to departure (on payment of a reasonable administration fee). At present, there is no facility to change an Advance ticket from, say, London-York to London-Leeds, adding to the inflexibility of this ticket type. Venues change as well as dates and times.

[20] Ticket to ride? Passenger Focus, May 2012
http://www.passengerfocus.org.uk/research/publications/ticket-to-ride-summary-report-may-2012

- That TVMs should be programmed to allow off-peak fares to be sold early enough for passengers to buy one and board the first off-peak train. As soon as the last more expensive train has departed, the cheaper ticket should be available (passengers have problems with TVMs displaying off-peak tickets only from the moment they are valid, in some instances allowing no time to buy one and board the first train on which that ticket can be used).
- That Automatic Ticket Gates should be programmed to allow holders of off-peak tickets to access platforms in sufficient time to board the first off-peak train (in some instances passengers find that an off-peak ticket will not open the gates in time to get on the first train on which it is valid).

Transparency, clarity and reassurance

- That validity restrictions should be printed on 'walk up' tickets, whichever purchasing-channel is used.
- That booking offices, TVMs and websites should be able to show passengers the "permitted routes" applicable to any 'walk up' or season ticket.
- That season tickets should be sold with a "permitted routes" map.
- That to guard against passenger perception that no or very few tickets are available at the advertised headline price (e.g. A to B one way from £8), train companies should be transparent about how many tickets they have sold at the lowest Advance price for their key passenger flows.

Ticket vending machines and ticket retailing websites

- That validity restrictions, for both outward and return legs if applicable, should be clear to passengers before they commit to purchase the ticket.
- That TVMs and websites should recognise London stations with or without the prefix "London" (e.g. Paddington and London Paddington), with arrangements to prevent confusion around similarly-named stations elsewhere in the country (e.g. Waterloo on Merseyside and Charing Cross in Glasgow).
- That TVMs and websites should display "(5-15 years)" wherever child fares are referred to.
- That TVMs and websites should give a clear explanation of the London Travelcard Zones to which they are selling tickets.
- That sufficient information (e.g. restriction times, geographic boundaries etc.) should be contained in the fares system about all non-national Railcards to enable websites to sell discounted tickets to passengers making relevant journey enquiries. At present, some websites are unaware that particular Railcards exist, making it impossible for passengers holding them to buy online. Resolving this problem would, we understand, also allow TVMs to offer discounts relevant to those Railcards.
- That TVMs should be able to sell tickets with an origin station other than that at which they are located. A passenger wishing to buy out and back single tickets because it is cheaper than a return cannot currently do so using a TVM at the start of their outward journey. Boundary Zone 'add on' tickets also need to be available from TVMs. The 'remote purchase' option exists at ticket offices and TVMs should replicate this functionality to ensure passengers are not disadvantaged at times when the booking office is closed.

Access to Advance tickets

- That the cut-off time for Advance tickets should be two hours before departure, unless there is a genuine practical reason to make it longer.

Ticket office opening and queuing times

- That for each station, train operators should report regularly on their success at achieving published opening hours and at ensuring passengers do not wait more than three minutes (off-peak) or five minutes (peak). Passenger Focus research suggests that ticket office queuing times need to be monitored and managed more proactively by train companies[21].

Ticket sales during service disruption

- That ticket sales should be prevented on trains that have been cancelled, but should be possible on replacement trains or buses. There is partial progress in this direction, but more needs to be done.

[21] Still waiting for a ticket? Ticket queuing times at large regional rail stations, Passenger Focus, July 2010
http://www.passengerfocus.org.uk/media/16db065ede832a6213b61cd8798e57c480fbf919/pf_queuing_report.pdf

Passenger perceptions of fares and ticket options

Qualitative Research

Report of Findings

Prepared for:

Passenger Focus

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Table of Contents

	Management Summary	**3**
1.	**Research Context & Objectives**	**4**
1.1	**Context and Background**	**4**
1.2	**Research Objectives**	**5**
2.	**Methodology & Sample**	**6**
3.	**Main Findings**	**8**
3.1	**Passenger Mindset**	**8**
3.1.1	Leisure Users	8
3.1.2	Business Users	8
3.1.3	London Commuters	9
3.2	**Journey Planning and Channels**	**9**
3.2.1	Ticket Planning	9
3.2.2	Channel	10
3.3	**Fare Structure**	**12**
3.3.1	Overview	12
3.3.2	Simplified Structure	13
3.3.3	The Choice / Complexity Paradox	14
3.3.4	Validity	15
3.4	**Advance Purchase**	**16**
3.4.1	Awareness and Knowledge	16
3.4.2	Potential Disadvantages	18
3.5	**Value For Money**	**18**
3.6	**Fare Calculation**	**22**
3.7	**Managing Demand**	**24**
4.	**Conclusions**	**28**
5.	**Appendix**	
5.1	**Discussion Guide**	

Management Summary

The interim finding from the McNulty 'Rail Value for Money' study highlights the need for a number of reforms within the rail industry. Although Passenger Focus has amassed a substantial amount of evidence and knowledge on passengers' attitudes towards fares and perceptions of value for money over the years, some of the research is over five years old. Passenger Focus therefore commissioned Outlook Research to undertake research to understand consumers' views and requirements of rail fares and ticket options.

6 discussion groups (90 minutes each) were conducted among different user groups (commuters, business users and leisure users) and across a number of Train Operating Companies (TOCs). The research was conducted in February 2011 and findings were presented in March 2011.

The key findings that Passenger Focus should note are:

1. There was consistent evidence to suggest that complexities in the rail fare structure can still represent a barrier to passengers obtaining the correct tickets and the best deals.

2. Although the recent simplification of the fare structure was welcomed in principle, it has not addressed underlying problems and has had minimal impact on decision-making processes in terms of the way passengers purchase tickets.

3. Passengers still consider the fare structure to be complex, confusing and illogical, although there was evidence to indicate that online purchasing goes some way to enhancing transparency and facilitating access to deals.

4. Passenger perceptions of value for money continue to be dominated by the fare paid, even when this is under the control of passengers rather than the industry. There was evidence to suggest that the value equation is being recalibrated in the context of the current economic climate in which tighter consumer finances are balanced to some extent by fuel prices being at their highest recorded levels.

5. Advance tickets can play a pivotal role in establishing passenger perceptions of fares and train travel experiences. There was low awareness of how to use system to maximum advantage (with many leisure passengers being unaware of how to achieve the best fares). Good deals have become the benchmark for setting value for money expectations; however, the lack of flexibility and punitive conditions can also represent a barrier to use (particularly for business users).

1. Research Context & Objectives

1.1 Context and Background

The Government recently announced targets for the rail industry to achieve savings of £1bn. This announcement of reform followed publication of interim findings by Sir Roy NcNulty from the Rail Value for Money Study. The reforms highlighted in the study include longer output-based franchises, TOC innovation, improved alignment between Network Rail and TOCs and a review of fare regimes and maintenance standards.

In view of the potential for changes to fares as a result, Passenger Focus commissioned Outlook to undertake research exploring passengers' rail fare requirements to update their knowledge about fares, ticketing and value for money. Previous research conducted by Outlook for Passenger Focus and various TOCs has repeatedly found fare structures and ticket options to be a source of frustration and dissatisfaction for rail users. Passengers remain frustrated, even despite the 2008 fares simplification. Overall, passengers still have difficulty understanding how to obtain the best value and correct ticket for journeys they wish to make.

This is exacerbated by the perception that the cost of rail travel in Britain is high relative to other countries. In the context of the current economic climate generally, and as a consequence of the Comprehensive Spending Review in October 2010 specifically, passengers are likely to be especially sensitive to issues around fares and ticket prices. Furthermore, annual fare increases received significant adverse publicity in early 2011. Previous research has also highlighted that there may be considerable scope to smooth demand for the most popular services throughout the day through more overt promotion and attractive incentivisation of off-peak fares.

1.2 Research Objectives

The overall objectives of this research were to:

1. Understand how passengers go about planning a rail journey and buying a ticket.

2. Determine what would be regarded as a good deal and what makes passengers feel they have received value for money.

3. Understand how passengers think current fares are derived (distance, time of day etc.) and whether this is fair?

4. Explore current peak/off-peak definitions and whether fares should be a way to manage demand throughout the day.

5. Gauge awareness of current range of tickets available and identify advantages / disadvantages of current offering (complexity / choice etc).

6. Explore passengers' attitude to and awareness of discounted fares (in relation to restrictions that apply, their availability and level of discount offered).

7. Explore the trade-off between price of the ticket versus flexibility.

8. Explore any suggestions to current offerings or new ideas which can be adopted to help make passengers feel they are getting better value for money.

2. Methodology & Sample

Qualitative research comprising focus groups was conducted to meet the research objectives. The sample was constructed to represent customers travelling primarily for either business or leisure purposes (some business users were also commuters into London). All were recruited on the basis of the length journeys made as follows:

- Short – e.g. London to Birmingham, Peterborough, Oxford
- Medium – e.g. London to Manchester, Leeds, Bristol
- Long – e.g. London to Scotland, Newcastle, Wales

Fieldwork was conducted in London in February 2011. Full details of the sample structure are outlined below:

Six discussion groups, each lasting approximately 90 minutes as follows:

- **Business Users – Short Journeys**
- **Leisure Users – Short Journeys**
- **Business Users – Medium Journeys**
- **Leisure Users – Medium Journeys**
- **Business Users – Long Journeys**
- **Leisure Users – Short Journeys**

Recruitment criteria:

- A mix of both sexes across the sample
- A representation of age groups and lifestages as appropriate to each of the passenger categories e.g. mothers with (pre) school age children, students, retired/grandparents etc
- A mix of social grades to reflect the profile of the local population and rail user groups (e.g. BC1; C2D)
- Virgin Trains, East Coast and First Great Western represented in approximately equal proportions in each group
- All had made at least two return business or leisure journeys in the past six months
- Some Business users in each group were also regular commuters (across a mix of TOCs)
- Business users paid for travel themselves or had to adhere to a company policy
- All paid for the journeys made and all concessions were excluded.
- All had responsibility for booking / purchasing travel tickets themselves (none had this done for them through a business or Travel Agent)
- A mix of those who travel on specific trains and those who have some flexibility
- Leisure and Business users: A mix of frequent and infrequent travellers.

- Commuters: Using National Rail for commuting purposes 3+ days per week, including a couple who do not commute every day (and therefore may be unable to take advantage of discounts / travelcards)

Standard industry exclusions were applied to ensure that the research did not include any respondents who work in market research, marketing, advertising, journalism or anyone who works within the rail industry or public transport.

3. Main Findings

3.1 Passenger Mindset

3.1.1 Leisure Users

Leisure users were aware of the discretionary nature of many of their journeys and the benefits that were associated with this. Their mindset was more likely to be cost- and deal- focused since they could choose not to travel at all if tickets could not be bought cheaply enough.

"It's not so important for leisure journeys because it's not essential for me to make journeys if I can't get the tickets cheaply enough"
[Leisure, Medium Journeys]

Leisure users recognised that good deals were often available to them, especially when they were able to book in advance. Given the importance of price for these journeys, many were surprisingly detached from the fares structure in terms of their knowledge of the system and how to derive maximum benefit from it, to the extent that knowledge gaps were often preventing these consumers from obtaining best value fares.

"I don't know how the system works or how to work it to my advantage"
[Leisure, Medium Journeys]

3.1.2 Business Users

All Business users were recruited as having some degree of price sensitivity. All were personally involved in journey planning and purchasing tickets, and as such had some awareness of the fare structure. Although these passengers were reluctant to pay more for journeys than necessary, they were not always taking advantage of discounted fares even when they were able to plan journeys in advance.

Many claimed flexibility to be more important to their businesses than cost and were therefore disinclined to book Advance tickets in case their plans changed. Some considered the main benefit of booking Advance tickets to be the facility to reserve a seat rather than the cost saving offered. Indeed, many were more concerned about reliability than the cost of travel and the train was evaluated against alternatives to formulate a value equation that would be used to determine whether driving or flying would represent better value for money overall.

3.1.3 London Commuters

There was a general feeling of resigned acceptance among commuters in the sample – they perceived themselves to have the worst deal but no realistic alternative. Those with the least flexible working hours felt especially penalised by what was considered to be a 'regressive' fare structure.

There was some evidence of pragmatic attitudes to rail travel, especially in the context of considering the alternatives available and when contrasted with experiences of some commuting journeys on London Underground. There was evidence to suggest Oyster plays a positive role in overall value for money perceptions of commuting in London, since users are aware that they are able to take advantage of discounted fares on a Pay As You Go basis and without the financial commitment required for a season ticket.

3.2 Journey Planning and Channels

3.2.1 Ticket Planning

It was evident from the research that getting access to the best deals when planning journeys was often at odds with the circumstances, mindsets or contemporary lifestyles of each of the following user groups:

Leisure Users

Ticket planning was essential for Leisure users since cost was always a more important consideration than flexibility. Deals were highly influential within decision-making processes since most were able to take advantage of Advance and Off-Peak fares. This group were also most likely to consider alternative modes as part of the planning process.

"Having two kids we tend to plan in advance and it tends to work out cheaper that way as well"
[Leisure, Medium Journeys]

"Cost is really important to me because we travel long-distances and now you can get cheap flights to lots of places"
[Leisure, Long Journeys]

Business Users

The nature and extent of ticket planning depended on the nature of respondents' work. Some were aware of their schedules months in advance, but many needed to be more spontaneous. All were aware of the trade-off between flexibility and price, so when planning tickets cost was usually not the most important criterion (except for those who were self-employed). Some admitted to paying the walk-up fare rather than planning in advance, even though many resented doing so, to achieve the degree of flexibility they required.

"Even when I have plenty of notice I don't book a ticket in advance because my plans might change and then I can't use the ticket"
[Business, Medium Journeys]

Commuters

The role of ticket planning for commuters was recognised as minimal since they have fewer decisions to make. Any planning in this respect tended to be related to the affordability of season tickets, although the financial benefits of using Oyster Pay As You Go were occasionally factored into decision making.

3.2.2 Channel

In terms of channel preferences for ticket purchasing, the best deals were usually believed to be available online, although use of this channel pre-supposes a knowledge of the system that many do not have.

Online

Many of the respondents in this sample claimed that buying tickets online was becoming their default option. It was generally regarded as the quickest and easiest channel to use and was synonymous with the best deals available. Respondents welcomed the ease with which different retailing websites could be compared and the fact that exposure to different sites helped to illustrate the fare structure. Some claimed that regular checking of websites during the journey planning stage helped to determine the optimal balance of flexibility and price for journeys planned in advance.

"When you book online you can see all your options and if it's cheaper to go 10 minutes later and you can get some really good deals"
[Business, Medium Journeys]

"I tend to keep my eye on the ticket prices to see if they change when I am thinking of making a journey"
[Leisure, Medium Journeys]

"I keep checking the price until I see it going up then will buy if I am sure of making the journey"
[Leisure, Medium Journeys]

Phone

Although unlikely to use this channel to purchase tickets, some had positive experiences of it as an information source. National Rail Enquiries was cited as especially helpful in this respect on occasions when staff had offered advice on the cheapest fare options available for unfamiliar or longer (and more expensive) journeys.

"National Rail Enquiries is really good and they will search for the best price. They explained two options to me for the same journey that were £41 and £6"
[Leisure, Long Journeys]

Face-to-Face

Most claimed to be disinclined to use ticket offices due to their association with queues and inconvenience. Although there was some feeling that this channel is preferable to using the phone, experiences tended to vary according to individual staff members. Some staff were perceived to lack knowledge of how to achieve best fares, perhaps as a result of having a TOC-specific focus, and others were thought to have unhelpful attitudes.

"I don't trust people behind the counter. I know you can get cheaper tickets if you split the journey up and things like that but they get the right hump if you ask them to do it for you"
[Business, Medium Journeys]

However, some passengers clearly welcomed the reassurance that they felt was more likely to be available through this channel.

"I prefer to go to the ticket office because the pricing is unclear and they can tell you about all sorts of hidden things like Gold Card discounts"
[Business, Shorter Journeys]

Ticket Vending Machines

Most passengers regarded this channel as a helpful facility to avoid queues for walk-up fares, but many claimed to have low confidence in their ability to use the machines – coupled with a perception that they would not offer the same options and deals that are available online. One or two had experienced difficulties using TVMs, which had made them reluctant to consider using them to collect pre-booked tickets on departure, especially immediately prior to travel.

3.3 Fare Structure

3.3.1 Overview

Although the sample was biased towards regular users, it was apparent that many still perceived the fare structure to be complex. There was consistent evidence of knowledge gaps and misperceptions in this respect across the sample. There were several references to obsolete ticket names (i.e. Saver, Super Saver, Apex tickets), uncertainty regarding the definition and validity of open tickets and this confusion was exacerbated by perceived inconsistency in terminology used by TOCs.

"Super Saver is the cheapest but least flexible because you are restricted to specific times and dates and less sociable times that aren't necessarily convenient"
[Leisure, Medium Journeys]

Anomalies within system were felt to create further confusion such as huge variations in price for the same journey that some had experienced and uncertainty about whether it is best to buy two singles or a return.

"You can speak to someone across the aisle and his ticket has cost £20 and yours cost £120"
[Leisure, Medium Journeys]

Although online purchasing increases consumer exposure to a variety of ticket types, experiences tend not to enhance the clarity of the fare structure. Instead, internet bookers are focused on issues such as cost and ticket validity and the name and type of ticket is often thought to be irrelevant.

"I thought the price of the ticket related to the time of the train, not those three categories"
[Leisure, Medium Journeys]

"I always buy online, so I don't have to queue at the office and get all confused when they tell me about Apex and all the other ones together. The anytime, off peak and advance make sense and if they are laid out online I have time to think about what I want."
[Leisure, Shorter Journeys]

3.3.2 Simplified Structure

The 2008 categories (Anytime, Off-Peak and Advance) make sense to consumers, although the research suggests that it is unlikely to exert a direct influence over decision-making and purchasing.

"Why do they pretend there are only three categories? There are obviously more types of ticket than that"
[Business, Medium Journeys]

There was no spontaneous awareness of this name as respondents thought they were least likely to have noticed it online. Although usage recollection was low, most felt the name to be self-explanatory and straightforward, indicating that these tickets would be most flexible and most expensive. One respondent highlighted the possibility for misinterpretation by assuming that 'Anytime' implied that the passenger was prepared to travel at unsociable times and that this type of ticket would therefore be the cheapest available.

This also tended not to be well known as a ticket type, although the term was more familiar to passengers than the definition of it. At a considered level, the description was felt to lack clarity and there was some confusion regarding validity (when specific times were unknown).

"I think there's an off-peak open and a peak open but it's confusing because the different companies all use different tickets and names"
[Business, Medium Journeys]

"Is there a Super Off-Peak? I'm sure I have seen that before"
[Leisure, Medium Journeys]

"I don't know when off-peak times are so I would need to check that online or on the phone"
[Leisure, Long Journeys]

There was universal familiarity with this ticket type from frequent past usage. It was understood to be the cheapest and least flexible of the options available and the associated restrictions were often considered to be punitive. Advance tickets were not always known to be singles only and some were uncertain about whether seat reservations were compulsory with this type of ticket.

"With a flexible ticket you will still be inconvenienced if you have to cancel. You have to send off to get a refund and pay £10 so I would rather just buy it on the day"
[Business, Medium Journeys]

"As a family of four I go for the cheapest tickets and then just make sure we get to the station on time"
[Leisure, Medium Journeys]

"I have paid more to have that flexibility, but it's not a little bit more it's a lot, two singles in advance to Durham can be around £77, but a flexi ticket is over £200."
[Business, Long Journeys]

"I'm not sure if I have been getting Advance tickets. I get the one that says you have to get a particular train at a particular time, but I'm not sure if that is the cheaper Advance tickets, I just thought you had to get the train you booked on with all tickets."
[Leisure, Shorter Journeys]

3.3.3 The Choice / Complexity Paradox

Although the simplified structure was welcomed in principle, the majority felt that it did not have practical applications for ticket purchasing. Decisions tend not to be made on the basis of farenames, but are decided on a range of other factors, especially when buying tickets online.

Cheapest Standard Single Select your perfect combination		○ £109.70	○ £104.00	○ £104.00	○ £45.50	○ £104.00	○ £109.70	○ £104.00	○ £104.00
Cheapest First Class Single Select your perfect combination		○ £193.00	○ £90.50	○ £90.50	○ £60.50	○ £131.00	○ £193.00	○ £131.00	○ £131.00
▸ View all single tickets									
Super Off-Peak Return Selected off-peak trains. Return within 1 month.	£110.70	○	○	○	○	○	○	○	○
Weekender	£166.00	○	○	○	○	○	○	○	○
Off-Peak Return Any off-peak train. Return within 1 month.	£197.80	○	○	○	○	○	○	○	○
Anytime Return Travel any time of day, return within 1 month.	£287.00	○	○	○	○	○	○	○	○
Cheapest First Return First Off-Peak Return Any off-peak train. Return within 1 month.	£255.00		○	○		○		○	○
▸ View all First Class tickets									

Many acknowledged that the wide choice offered from a ticket retailing site such as shown above can highlight the inherent complexity of the fare structure, but that having such a wide choice will provide access to the best deals. So the paradox identified in previous research still exists and passengers need to navigate around the associated difficulties online in order to feel that the best fare has been achieved. However, this will not always overcome concerns that consumers have regarding validity and confidence to purchase and there appears to be considerable variation by purchase channel in this respect.

3.3.4 Validity

No channel provides a resolution to the choice / complexity paradox that provides passengers with total confidence to make purchases, but some are able to achieve this to a greater extent than others.

TVM

Although not raised in this project specifically, some problems were highlighted in other research Outlook recently conducted for Passenger Focus. This work indicated that passengers *can* use TVMs to select correct tickets, but often lack reassurance about ticket validity to have the confidence to purchase. The overall effect of purchasing tickets through this channel tends therefore to be to confirm that the choice / complexity paradox can represent a barrier to effective purchasing through this channel.

Phone

Some respondents had experience of this being a helpful information source that was trusted to identify best tickets or fares for unfamiliar journeys, thereby allaying validity concerns. However all acknowledged that they were unlikely to buy tickets on the phone so these would still need to be purchased elsewhere, meaning that the choice / complexity paradox can only be partially overcome through this channel.

Face to Face

Most felt that this should represent the optimal solution to ticket purchasing on the basis that staff should know their way around the fares system, in spite of some evidence of passenger mistrust in this respect. However, most claimed they were unlikely to buy in advance through a channel primarily associated with walk-up fares and poor value for money and, therefore, the paradox is not unresolved by purchasing at ticket offices.

Online

Buying online was claimed to be most likely to allay validity concerns as a result of having easy access to information required by navigating away from the site if necessary. Websites also tend to highlight exclusions when a service is selected and some sites are able to provide additional reassurances. In spite of the fact that this is balanced to some extent by uncertainty over terminology, some felt that they had the best chance of overcoming the choice / complexity paradox when buying tickets online.

3.4 Advance Purchase

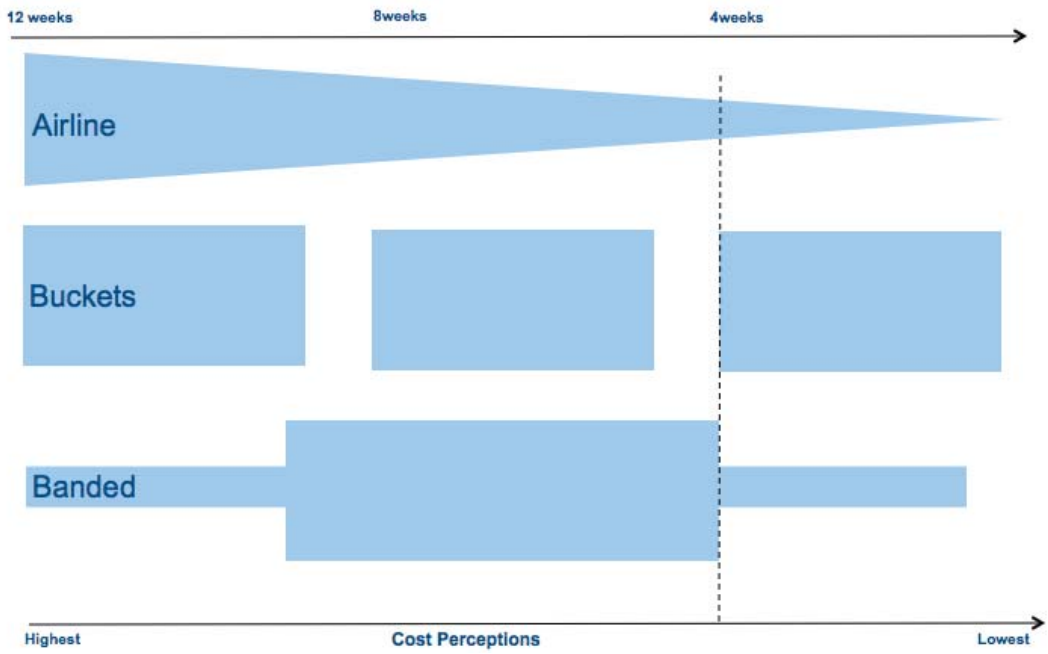
3.4.1 Awareness and Knowledge

Advance purchase was often identified as a critical consideration for the passengers in this sample making longer distance journeys. Leisure users claimed that this could influence their modal choice or even whether they make the journey at all. However, for Business users, the facility to book a seat may be a more important benefit than the potential cost saving of Advance fares.

In spite of this, however, there was minimal accurate awareness of the 12-week advance purchase window. Some Business users were disappointed at not being able to take advantage of best fares this far in advance due to their need for high flexibility within their jobs. Many Leisure users felt uncomfortable about booking this far in advance in case their plans changed, but assumed that they still benefited from smaller discounts if tickets were booked a few weeks before the date of travel.

"You need to book 12 weeks in advance to get the best deals and then you can get some amazing discounts"
[Leisure, Long Journeys]

Perhaps more importantly, many were unaware of how to obtain the cheapest fare during this 12-week period because of varying perceptions of how tickets were allocated by TOCs. Three possibilities were most often envisaged in this respect, as illustrated in the diagram below in which the number of tickets felt to be available is represented by the size and width of the three interpretations of how the system was perceived to work:



Some assumed an airline style structure with tickets sold on a 'first come, first served' basis, increasing in price closer to the date of travel. Some thought tickets were allocated in 'buckets' or lots with different price points. A few thought that a few very cheap tickets would be available initially, with the bulk of mid price tickets available for the longest period of time and any remaining tickets being sold at a higher price at the shortest notice.

"I think the fare relates to how many tickets have been sold for that journey. There are a certain number of cheap tickets and when they are gone you will pay more"
[Leisure, Medium Journeys]

"I've got no idea how it works. I don't know if tickets get more expensive nearer the time or whether they are released in batches"
[Business, Shorter Journeys]

In some respect these perceptions can be regarded as a microcosm of the fare conundrum faced by passengers in terms of uncertainty that the best deal is being achieved, especially since most were uncertain about how the price would be affected in the event of a TOC having unsold seats at the end of the 12 week window.

"It's a numbers game so the cost depends on how many tickets have been sold, not how far in advance you book - so you never know when the best deal will be or how to get it, you don't know where you stand"
[Leisure, Long Journeys]

3.4.2 Potential Disadvantages

An interesting and important finding to emerge from this work is that in spite of their benefits, Advance purchase tickets do not have a universally-positive impact on passenger perceptions of fares or rail travel.

There was some disinclination to book Advance tickets, especially among Business users with insufficient flexibility due to nature of their jobs. Some reported bad experiences of having unusable tickets when their plans had changed, which had resulted in hassle and / or additional cost. A minority expressed concern that their employer would not reimburse expenses incurred as a result of buying tickets too far in advance that could not then be used.

"I would never buy a non-refundable ticket because I might not get it back from my employer"
[Business, Medium Journeys]

Furthermore, and of potentially greater concern for the industry, there was occasional evidence to suggest that experiences using Advance purchase tickets may exert a negative impact on overall value for money perceptions because the rigid terms and conditions undermine the perceived value of a low-priced ticket.

3.5 Value For Money

NPS – All Passengers

The latest Autumn 2010 National Passenger Survey indicates a significant improvement on satisfaction with value for money across all train users (49% up from

45% in 2009) as a result of the fares freeze in January 2010, although still more than half claim not to be satisfied on this important dimension.

The value for money for the price of your ticket

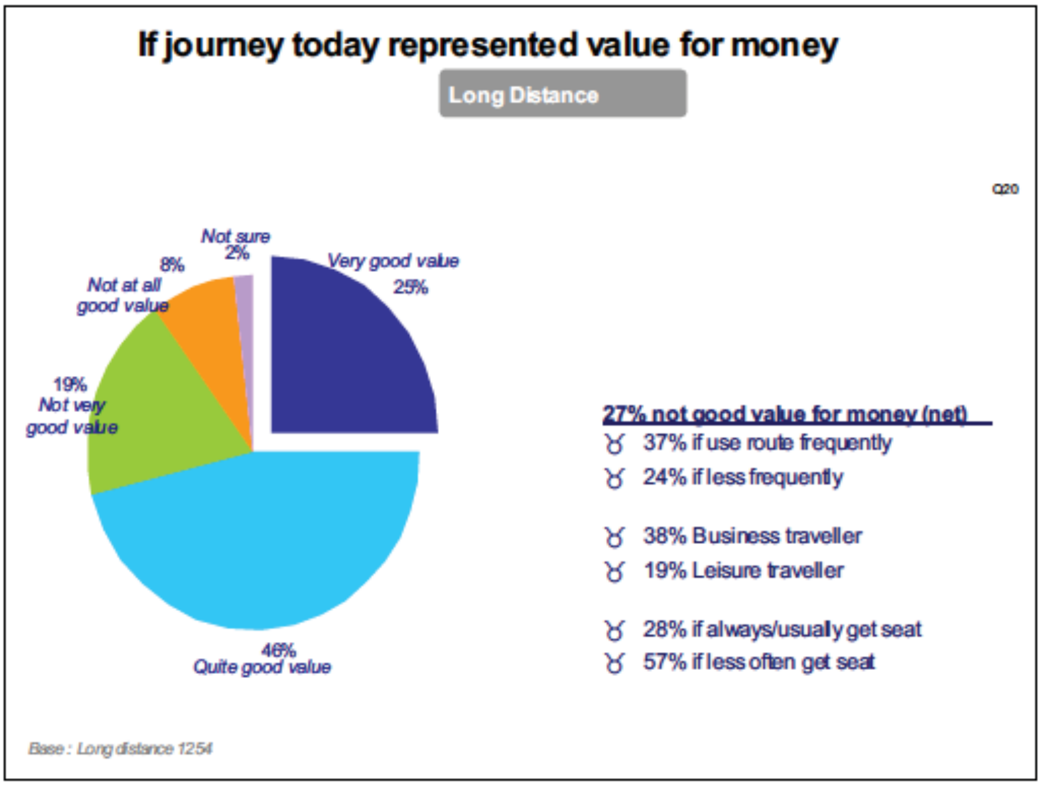
Improved / Unchanged / Declined

	Autumn 2010				Improvement/decline in % satisfied or good since Spring 2010		Improvement/decline in % satisfied or good since Autumn 2009	
	sample size	% satisfied or good	% neither/ nor	% dissatisfied or poor	% change	significant change	% change	significant change
Arriva Trains Wales	737	64	17	19	-2	Unchanged	2	Unchanged
c2c	1001	48	27	25	2	Unchanged	5	Improved
Chiltern Railways	1146	55	21	25	1	Unchanged	4	Unchanged
CrossCountry	1336	55	21	24	-2	Unchanged	-1	Unchanged
East Coast	1625	60	17	23	1	Unchanged	5	Improved
East Midlands Trains	1046	57	17	26	5	Improved	10	Improved
First Capital Connect	1445	38	27	36	0	Unchanged	2	Unchanged
First Great Western	3153	56	19	25	3	Improved	5	Improved
First Hull Trains	656	66	15	19				
First TransPennine Express	1012	59	19	22	-1	Unchanged	-4	Unchanged
Grand Central	633	74	13	13	1	Unchanged	-3	Unchanged
Heathrow Connect	458	65	21	14	7	Unchanged	9	Improved
Heathrow Express	575	41	27	32	9	Improved	12	Improved
London Midland	949	56	21	23	1	Unchanged	7	Improved
London Overground	620	59	21	20	11	Improved	4	Unchanged
Merseyrail	386	70	17	12	5	Unchanged	10	Improved
National Express East Anglia	1866	35	23	42	-1	Unchanged	1	Unchanged
Northern Rail	915	64	17	19	4	Unchanged	5	Unchanged
ScotRail	968	57	17	26	-4	Unchanged	-1	Unchanged
Southeastern	1484	39	24	37	0	Unchanged	6	Improved
Southern	2106	43	25	31	-1	Unchanged	2	Unchanged
South West Trains	2116	43	24	33	1	Unchanged	4	Improved
Virgin Trains	1280	65	14	21	1	Unchanged	1	Unchanged
Wrexham & Shropshire	727	92	5	3	6	Unchanged	0	Unchanged

Source: Passenger Focus NPS Autumn wave 2010

Value For Money Drivers – Long-Distance Journeys

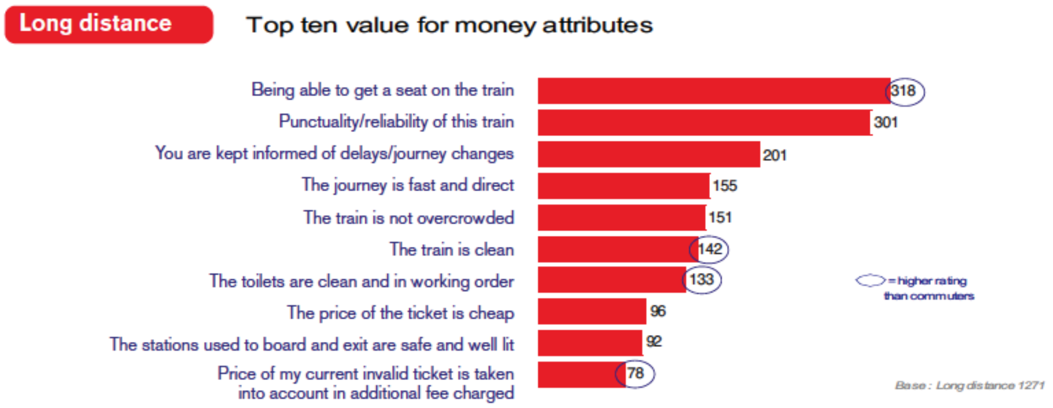
71% of long-distance passengers felt journeys represented very good or quite good value for money:



Source: Passenger Focus Understanding drivers of passenger satisfaction with value for money December 2008

Stated Preference

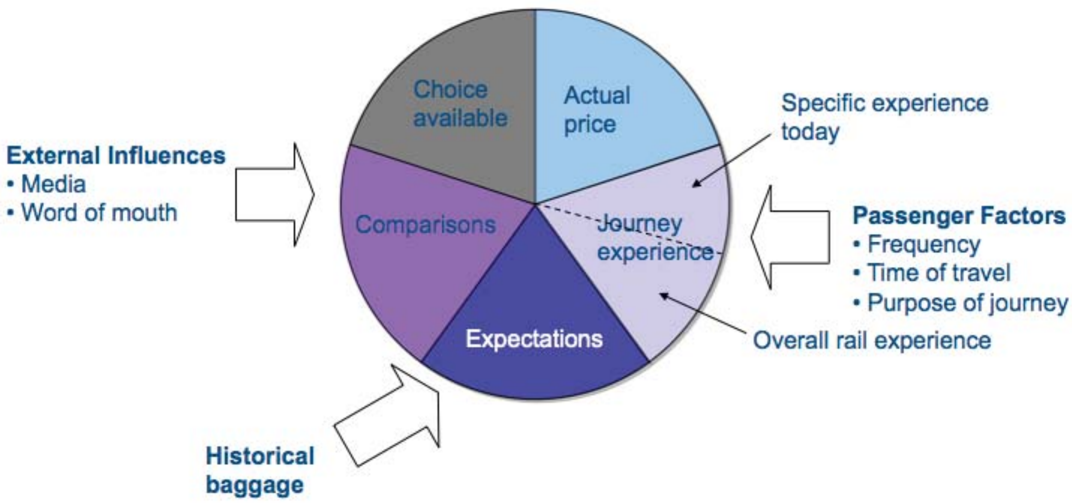
Previous research has shown key value for money attributes identified by passengers for a specific long-distance journey:



Source: Understanding drivers of passenger satisfaction with value for money December 2008

Factors Impacting on Perceptions of Value For Money

Previous qualitative research conducted by Outlook for Passenger Focus suggested that value for money is a very subjective and complex assessment, often less about price itself than other factors:



Source: Passenger Requirements of Rail Fares 2006

Value For Money Update

As illustrated by the references above to previous research, the overall value for money equation is unlikely to change significantly over time, although the relative emphasis placed on contributing factors will be influenced by a variety of circumstances that are relevant and salient for consumers at any given moment in time.

On this occasion, there was broad consistency with previous findings in terms of what factors influence value for money among long-distance passengers. The price paid for tickets consistently emerged as a more critical issue as a consequence of the prevailing economic climate, with punctuality and reliability being identified as important secondary influences. The ability to get or book a seat is unlikely to register in a positive way on perceptions when experienced, but will have a strong negative impact on value if seats are not available for longer distance journeys.

Some specific financial considerations were highlighted on this occasion that are contributing to understanding of the value for money equation in the current climate, as follows:

Fare Increases

This is an issue of high topical interest and conducting the fieldwork while annual fare increases were still fresh in the minds of respondents heightened consumer sensitivities. The recent increase in inflation (to 4%) was causing concern and putting pressure on household budgets, and some wondered how passengers would benefit if fares increased by more than this amount. This therefore exerted a negative impact on overall value for money perceptions of rail travel.

Fuel Prices

This was a critical consideration for respondents in this research since fuel prices were at a record high as a result of the ‘Arab Spring’ unrest in the Middle East. Since travelling by car was considered to be the most realistic alternative to most longer distance train journeys in normal circumstances, the common feeling was that fuel prices were causing car travel to be less realistic on the basis of being too costly. This therefore exerted a positive impact on overall value for money perceptions of rail travel, especially for those making journeys alone rather than travelling with families or as a group.

"Petrol is so expensive now that it makes a big difference. I couldn't afford to drive to Birmingham so the train is better value for money"
[Business, Medium Journeys]

"The train can be a lot cheaper than going by car. I'm going to Newcastle next weekend and it's £82 return. If I drove it would be much more than that and on the train I can relax, I can't if I'm driving."
[Leisure, Shorter Journeys]

"You can relax on a train journey and get up and walk around. I associate car journeys with stress and traffic and arguments, but it can be good value for money if there are a few of you"
[Leisure, Long Journeys]

Advance Purchase

Advance purchase can challenge conventional value for money perceptions when passengers are aware that great deals are available, especially online. However, this is balanced by low levels of knowledge of how to achieve the best fare and the fact they can establish an artificially low benchmark for future price expectations, which might result in disappointment on another occasion. Passenger experiences of fluctuating prices and punitive terms and conditions may result in Advance fares exerting a negative impact on value for money perceptions.

"You only get value for money when you buy tickets in advance, otherwise I feel I am paying twice the price for the same service"
[Business, Medium Journeys]

"The open returns are stupidly more than the advance purchase tickets, they can be at least three times as much, so I have just tried to get on if I have missed my train, and blag it"
[Business, Long Journeys]

3.6 Fare Calculation

Awareness

Respondents had no accurate awareness of how fares are calculated, so tended to make educated guesses based on the most simple and obvious criteria only (e.g. peak or off-peak; buying in advance or on the day of travel) and expressed minimal interest in knowing these details.

"It seems totally random, as if they have just picked a number out of thin air"
[Business, Medium Journeys]

There was a widespread assumption that TOCs have complete freedom to set prices. Since these were known to be private companies this generated some cynicism about them charging what they can get away with, rather than the fair market price. There was no specific awareness of regulation in this area, although some thought that fare increases were linked to inflation.

"They charge what they can get away with and then go crying to the government for a subsidy if they don't make enough money"
[Leisure, Medium Journeys]

There were indications that current anomalies within the system can distort perceptions of how fares are calculated. There were frequent references to having no room to stand in Standard Class when First carriages are empty, which caused some to question how TOCs are able to create a fair fares structure if they are unable to understand supply and demand for their services or manage this efficiently.

"Sometimes I have paid more than usual but the train has been half empty, so there is no reason for the price to be higher"
[Leisure, Medium Journeys]

TOC Approaches to Pricing

Single Leg Pricing

Respondents were asked for their views on the approach adopted by some TOCs whereby all fares are quoted as single journeys rather than assumed to be part of a return.

This was generally felt to be most logical and fair approach on the basis that those who buy single tickets are not being penalised for travelling only one way, even though the vast majority were making return journeys. This system was felt to have the additional benefit of being transparent and easy to understand.

"That's the logical way to do it and people are used to buying plane tickets in this way"
[Leisure, Long Journeys]

Off-Peak Return £1 more than a Single

This was recognised as the traditional structure but is now regarded as old-fashioned as passengers are becoming increasingly familiar with the concept of single leg pricing. Consumers were uncomfortable with a structure in which fares are obviously not a reflection of TOC costs and makes singles feel like poor value for money.

"There's no logic to that. How can a return cost only £1 more than a single? It penalises anyone who needs to buy a single ticket"
[Business, Shorter Journeys]

Channel-Specific Pricing

This refers to the relatively recent practice of certain tickets being available from a single source only. At the time of the research, Virgin Trains were offering a discounted ticket on some routes that could be purchased only from their website.

The rationale of the approach adopted by Virgin Trains was generally understood, but usually disliked. This was resisted on the basis that it assumes passengers will always be aware of the channel differential when making purchase decisions – and if they aren't it would be a potential source of confusion and irritation.

"Why aren't those tickets available everywhere? I would have thought that would make the system more confusing for passengers, not easier
[Business, Medium Journeys]

"This doesn't make sense unless you know about it and how would you?"
[Leisure, Long Journeys]

3.7 Managing Demand

Experiences

The problems of overcrowding that many had experienced were widely acknowledged to be a consequence of increasing passenger volumes, and this was identified as playing an important role in establishing value for money perceptions.

However, demand management was not such a top of mind issue in this research as it has been on previous occasions since the research was focused on long-distance passengers rather than commuters. This sample of Leisure users and cost-sensitive

Business users were more likely to exercise the option to travel on off-peak services where possible, although this was not always the case for Business users.

However, there was some awareness of the recent problems that have occurred on Friday evenings with Virgin Trains services leaving London Euston where the high demand for the first off-peak services for longer journeys resulted in a formally-enforced queuing system. This situation was generally assumed to be caused by the definition and length of the evening 'peak' period, which was regarded as an illustration of the TOC being more interested in maximising revenue than managing demand. This was also regarded as an example of how the trade-off between demand management and TOC objectives is unlikely ever to work out in the passengers' favour.

"At 7.00pm the price drops from £200 to £70 and you can't guarantee you will get a seat. They put a warning on their website about it, but I think they have put on an extra train in an attempt to solve the problem"
[Business, Shorter Journeys]

Two Sides of The Coin

Measures intended to avoid overcrowding were expected to be less favourable than the current situation for the majority of respondents represented in this sample.

Excess Demand

Being unable to get a seat was acknowledged to be primarily a commuter problem, but was regarded as the epitome of the train travel nightmare for longer distance journeys. This situation has the worst possible impact on value for money associations and the facility to book a seat was often cited as the main advantage of Advance tickets. Most considered standing to be an unfair outcome whatever price was paid for the ticket, and especially when train managers did not effectively police situations in which passengers were unable to sit in reserved seats due to overcrowding.

"When I go to Oxford it's the same service as commuters use. You can never get a seat and have to stand and it's just horrible"
[Business, Medium Journeys]

"You could turn up, spend £200 on a ticket, get on a train and then have to stand up for two and a half hours"
[Leisure, Medium Journeys]

Seat Allocation

The airline model of allocating seats to tickets was identified as a theoretical resolution to the problem of demand management, but at a considered level was strongly resisted as being impractical in reality. This was expected to create considerable problems for train travel and none wanted to pay the anticipated premium that TOCs would require to maintain current levels of revenue. Business users with experience of needing to travel on open return tickets were especially concerned about how they would be accommodated within such a system.

"You would never get a train out of Paddington in the evening if you had to have a seat reservation"
[Business, Medium Journeys]

"The concept might work on some routes but I wouldn't want to pay more and you can't travel if you haven't booked. There would always need to be one car with seats that can't be reserved"
[Business, Medium Journeys]

Suggested Solutions

As shown below, there were some inherent contradictions between what long-distance passengers want and the overall demand management objectives for the industry.

Passenger Suggestions From Research

- Increase differential between peak and off peak travel (make off-peak cheaper, not peak more expensive)
- Greater clarity and TOC consistency around afternoon / evening off-peak
- Flag when train is full at the time of purchase (online or at ticket offices) to alert passengers in advance so this can be taken into consideration as part of the decision-making process
- Offer option to stand on busiest services (at heavily-discounted rate)
- Address balance between (empty) First and (overcrowded) Standard carriages
- Access to cheap fares to take advantage of spare capacity (using a similar model to lastminute.com and others)

"Maybe they should sell a certain amount of standing tickets then you would know in advance what to expect and what you were getting for your money"
[Business, Medium Journeys]

But Also

- More flexibility with Advance tickets
- Facility to buy (or upgrade) ticket on train
- No fee for seat reservations

"It always gets me when they tell you to buy a completely new ticket, I don't see why they can't take into account what you have already paid and then you pay the extra on top of that"
[Business, Long Journeys]

4. Conclusions

This research has provided further evidence that fare structure complexities remain a source of confusion and frustration for passengers and can impede the decision-making and the ticket selection process. The simplification of the fare structure in 2008 has not resolved problems in this respect and inconsistencies within the system continue to represent a barrier to obtaining best value for some journeys. In many cases passengers have residual concerns that they may select the incorrect ticket because of uncertainties over validity and exclusions. This can lead to a more expensive ticket being purchased by passengers who are not confident in their knowledge of the system and do not want to risk getting a penalty fare.

However, there was evidence to suggest that the choice / complexity paradox that passengers face can represent a less significant barrier than it has in the past to feeling that the best deal has been achieved. Online ticket purchasing can help to make the fare structure more transparent as consumers can see and compare the alternatives available to them. There was also some evidence to suggest that single leg pricing may help to remove some of the anomalies and confusion that is currently present within the system. In this context, there was occasional acknowledgement that complexity may be an acceptable downside of having access to the cheapest tickets in certain instances and passengers would rather navigate around these complexities than have access to cheap tickets removed. However, a separate recent project conducted by Outlook for Passenger Focus indicated that the confidence consumers can feel when purchasing online can be misplaced.

Passenger value for money perceptions continue to move in the right direction, but the research has identified considerable opportunities for improvements in this area. The cost of the ticket still dominates value for money perceptions, but in reality price is part of a broader value equation, which includes the cost of other potential methods of transport. Perceptions in this respect continue to be highly subjective and may differ at a considered level than when measured at the point of consumption. Other factors including reliability, punctuality and ability to get a seat are sometimes considered more important for some users and for certain journeys.

Furthermore, current views of ticket prices are heavily-affected by a broad range of influences that are a direct result of the current economic climate. There were indications in the research that Advance purchase tickets do not always have a positive impact on value for money perceptions, despite their low price. Advance fares are a critical ingredient in the value for money equation for passengers, so it is essential that their benefit is not undermined by poor perceptions and experiences. Advance booking discounts represent an important incentive for many longer distance passengers and act as a counterbalance to negative media and PR imagery that is a characteristic of the industry. They can also determine whether discretionary leisure journeys are made by train, rather than other modes of transport.

There is some evidence that the benefits of Advance tickets are not being leveraged to maximum effect, especially for Leisure users who lacked sufficient knowledge of the booking window to derive full advantage from them. For Business users, the lack of flexibility and punitive conditions can outweigh the benefits of Advance fares to the extent that this can act as a deterrent to purchase, which in turn can have a negative impact on perceptions of the fare structure and the cost of tickets. Although this is a critical element of the overall fare mix, it is important not to lose sight of the fact that this must not be at the expense of providing a walk-up service that represents good value for those who are unable to plan in advance.

The research indicates that the opportunity exists to introduce changes and improvements that would be likely to increase passengers' overall propensity to make more journeys by rail in future. However, managing demand remains a challenging problem since this is difficult to resolve without having a negative impact on passenger perceptions of complexity. Greater consistency in the definition of evening peak times between TOCs is likely to facilitate understanding and relieve some of the current problems in this area. However, consumers are concerned that attempts to resolve issues relating to demand will benefit TOCs and penalise passengers. The commuter solution is more likely to require re-focusing of 'nine to five mindsets' in addition to a more creative approach to the current fare structure.

There was evidence to suggest that active promotion of deals that are available could help to encourage more positive attitudes and help trigger incremental use in future.

5. Appendix

5.1 Discussion Guide

Fares & Ticket options (90 minute Groups) Discussion Guide Final

Introduction and Context

- *The project has been commissioned to provide a detailed understanding of consumer attitudes to rail fares and ticketing options available*
- *Outlook are conducting the research on behalf of Passenger Focus, the watchdog for rail passengers whose mission is to get a better deal for rail passengers*
- *Research output may have important implications for rail fare structuring in future. Respondents have been selected to be representative of various rail user groups and all views are therefore important and will be listened to*
- *Outlook and Passenger Focus need help from respondents to identify and understand issues. This is a genuine opportunity to make a difference for all rail users*
- *Important to be open minded throughout session. Not enough time to get involved with individual anecdotes so instead need to consider issues from a broad perspective*
- *Essential for output of session to be constructive. Not acceptable therefore simply to identify negative issues or problems but to think about realistic possible resolutions*
- *[Moderator to explain that feedback will help inform decisions taken, but that any views expressed will not necessarily be implemented]*

Background (5 mins)

- Name, occupation, types of train journeys undertaken and frequency.
- Also to include exercise to encourage positive mind-set for purposes of discussion:
    - For last journey made by train, what advantages did this method of transport offer over possible alternatives?”

Experience of planning a journey and buying a ticket (15 mins)

- How much planning & preparation usually goes into the process of buying a ticket?
- What information sources are used to facilitate the process? Which do you trust most / least? Why?
- How much planning goes into selection of ticket type? What trade-offs go through your minds when narrowing down options – i.e. flexibility or speed of journey’ direct services? Or do you buy largely on price?

- Which channels do you use to purchase tickets (online / F2F / TVM). What are the strengths and weaknesses of each? Which do you trust most? Why?
- Is there anything that causes concern or difficulty when buying a ticket through a specific channel?
- How do you know you are making the correct decisions and have bought the ticket best suited to your needs? How confident are you that you about this? How do you know?

Current Ticket Offerings (15 mins)

- What are the different ticket types available for journeys typically made?
- What are the names of the ticket options available. Are you aware of Advance, Off Peak and Anytime fares. What do each of these mean?
- What are 'turn up and go' or 'walk-up' fares? How do these compare to the other types of ticket available. What are the strengths and weaknesses. When would they be used?
- Are you aware of regulation in this area? What would be the implications of regulation being removed? Would this impact on frequency of travel?
- How easy or difficult is it to understand differences in ticket types?
- What are the benefits / disadvantages of the choice available?
- Are you aware of restrictions that may apply on your ticket and where would you look to find this information? How do you feel about the range available. How could it be improved? When does Off-Peak begin / end?
- Is there a trade off between breadth of choice and complexity of offer? How is this ideally resolved for different journey types and lengths?

Cost / Value For Money issues

(Respondents to think about last occasion ticket purchased to allow drill down on specifics of ticket purchasing and price associations)

- Do you feel you are getting a good deal from train tickets? What is a good deal and how is this defined?
- What constitutes value for money in the context of (rail) travel? Do you feel that you are currently getting value for money? In what circumstances is good / poor value for money provided? Give examples
- What factors exert a positive / negative influence on value for money perceptions **[Flashcards]**
- Are any types of fare felt to offer particularly good or poor value for money (Standard Open Return; Advance Purchase, Season Ticket etc)? What are the specific factors that influence value for money perceptions among the different segments and user types? What about railcards?
- Do consumers tend to focus on the cost of the train alone or are associated costs factored in (eg parking)? How do these additional costs impact on overall value for money perceptions?
- How are value perceptions affected by consideration of alternatives (eg making journey by car / coach / plane). How is value for money determined for these other modes of transport?
- How do Oyster users feel about value for money it offers?
- How are perceptions influenced by what you hear in the media?

Future ticket options / alternatives
Fare Calculation (10 mins)
[Use stimulus to show different methods used by different TOCs]

- How are fares currently derived? What factors are taken into consideration? **[Flashcards]**
- Who is responsible for setting fares? TOCs or the government?
- How should fares be derived? How could the current system be improved? What would be the most acceptable / fairest way to set fares in future?
- What are the key guidelines for the industry to be aware of or to adopt?

Advance Purchase (15 mins)

- What does this mean? What do you know about this? Are you aware of quotas on Advance Purchase tickets and how these are set? How does availability of these fares impact on feelings about rail travel?
- How do you feel about the level of discount offered and the availability of such tickets? Are you satisfied with current offers / discounts available? Why / Why not? How could this be improved? What would make rail travel a more attractive option?
- How far in advance do you expect to have to book to take advantage of Advance Purchase fares? Is there any difference between leisure vs business travel?
- What is the current window for advance bookings? How do you know about this? How could this be improved / more transparent? How would this impact on discounted fare structure?
- How important is this window in terms of journey planning? Why is this important (planning important journeys, availability of cheap ticket quotas in advance, booking seat for journey etc)?
- Are you able to take advantage of discounted fares. How do you feel about this?
- What should be the cut-off point for buying advance purchase tickets? Should you be able to reserve a seat? Why?

Managing Peak and Off-peak Demand (15 mins)

- How should the discount structure operate to manage demand for tickets throughout the day? How does it currently work? To what extent does this influence journey planning?
- What are the specific issues by journey type and length
- What should be the definition of Peak / Off-Peak? Should this be determined by time of day or demand for services? Why? How should fares differ to account for this?
- How could this work for commuter services? Would you be prepared to be more flexible about when you travel to take advantage of off-peak services? What incentives could be offered to encourage this? What if you were always guaranteed a parking space or a seat? What level of discount would be expected / necessary? Would this need to be more than the current differential between peak & off-peak travel? What would be needed to lead to behaviour change?

- Are you aware of the recent issues with Virgin Friday evening services out of Euston? What is this problem caused by? Who is to blame? What do you think about how it is handled? What would be a better solution to this problem?

Fare Structure Brainstorm (10 mins)

- How do you feel about alternative pricing formats, e.g. single-leg pricing / semi-flexi ticket / pay for extras (eg seat reservation, table seat?)
- How would you feel if all or some trains became reservation only, i.e. you couldn't just walk up at the last minute and jump on. What would be the benefits and disadvantages?
- How could the ticket options available be improved / simplified / made more attractive for you as a user
- What could the industry do to resolve current dissatisfactions within the system?
- What would be required for you to choose to make more journeys by rail in future
- What would an ideal fares system look like in future? Discuss options and prioritise

Summary (5 mins)

Identify key learnings and points of interest from discussion, especially:

- Feelings about current range of tickets available and how to resolve the choice / complexity paradox
- How could fares be structured in a way that would be more fair to consumers?
- How to use fares to smooth demand?
- Turn up and go tickets vs advance bookings?
- How could fares be used to manage peak / off-peak demand in future?
- Which of these are the most important issues that respondents across the various segments represented want to see addressed? Which are likely to be most realistic and usable for Passenger Focus?

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Passenger Focus is the operating name of the Passengers' Council