

Your customers don't trust you

Operators, passenger representatives and customer service experts debate the 'thorny issue' of trust



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► *Your Customers Don't Trust You* was perhaps a provocative title for a seminar, but Alex Warner wants the message to be heard. The author of this magazine's *Travel Test* column

has preached from the customer service gospel throughout his career - but in his eyes there are still too many unbelievers. Having failed to put customers at the heart of everything it does, he believes that the passenger transport sector is not trusted by its customers.

Warner organised the seminar on behalf of headhunters Veredus, who hosted the lively ensemble of bus and train operators, passenger representatives and customer service gurus in their boardroom at Blackfriars in London. And the head that he hunted to promote his provocative proposition was that of Anthony Smith, chief executive of Passenger Focus.

Trust is a thorny issue

"Trust," Smith argued, "is an incredibly important issue in human relationships. You can't contractualise it, you can't write it into franchises, but it oils the whole of our lives, our relationships with people, our relationships with organisations that we rely on.

"I think trust in public transport is a particularly thorny and interesting issue."

The challenge is for transport operators to build brands that their customers can trust, but Smith pointed out that brand loyalty implies there is choice involved, where the reality is that there often isn't one.

"How can you build a brand in that environment? It's quite difficult. People don't feel like they've got any choice. If I need to get to St Albans, by and large I've got to go on FCC. I haven't got much choice," he said.

"I think the only brand that has resonance across the industry is probably Virgin's brand, for all sorts of reasons. It imports to it some values from other brands.

"From the research that we've done there is very little understanding of brand in the transport business. I think with buses you've

probably got more of a chance of that because of the local nature of delivery, on the rails it's very difficult. I still get letters from people complaining about British Rail."

But hang on, Passenger Focus has just published survey data that shows 85% of rail users and 84% of bus users are 'satisfied'. However, Smith explained that everyday experiences of a brand may not match the overall opinion about the industry involved.

"I've banked with HSBC for about 30 years. Frankly, I will never move because of utter inertia. They run my bank account perfectly satisfactorily and they've never made a mistake. Do I trust bankers? Absolutely not, bunch of shysters," he said. "Our research shows the everyday experience of most passengers, most of the time, is good ... Do they trust you as an industry? I don't know. We need to debate that."

We know we're not perfect

Michael Roberts, chief executive of the Association of Train Operating Companies, made the rail industry's case, but he didn't seek to pretend that all is rosy in the garden.

"I don't believe that in every respect as a sector, we have gone as far as we should have, to earn as much trust as we should have amongst our customer base," he conceded, before identifying three key challenges.

Firstly, Roberts says that the average

passenger doesn't fully understand railway finances. "That's not the passenger's fault - our industry is a very complex industry," said Roberts. "But what they don't understand they are less likely to trust and that is something that we need to deal with as an industry."

For this reason, Roberts argued that it is not surprising many think that annual fare increases are to fund bumper profits for the train operators - how many are aware that the average margin for a train company is 3%?

The second challenge identified by Roberts is about the deal between the customer and the train operating companies. "Nothing is likely to undermine customer confidence more than if they think there's a bundle of conditions that apply to the thing that they have just bought, or that if they make an honest mistake they get the book thrown at them in full volume, and full colour," he said.

The third and final challenge is the debate around transparency. "There is a heavy dose of scrutiny applied to our industry. No-one can say that we are not under the gaze of the public spotlight," he said. "The problem for our industry is that it's not clear what good looks like, in terms of transparency. It's not clear what the bar is, to which we should be aspiring and over-achieving."

We're better than we used to be

Next up and representing the bus industry (although not in an official capacity) was James Freeman, chief executive of local authority-owned Reading Buses. He focused on the role of front line staff in winning and retaining the trust of customers.

Freeman started by claiming that significant progress has been made since he started his career 38 years ago. "However bad it is now, it's a bloody sight better than it used to be," he said. "Attitudes have changed quite dramatically.

"I remember as a rookie bus conductor my driver saying: 'We need to get through Portsmouth before all the bingo clubs come out because otherwise we'll have to carry all them people'. I'd like to think that if you came

to Reading and talked to my staff today, they would think that was a pretty awful way of carrying on."

Freeman says that one of the problems that the bus industry faces is that the people who work in it don't see themselves as the equals of the people they carry. "When I first started there was a distinct vision of that the people who were taking jobs as bus conductors, drivers and so on were the people who hadn't quite made it," he said. "What's changed - certainly in Reading - is that we've spent a tremendous amount of energy trying to get our staff to regard themselves as proper people, capable of delivering service. And, by doing that, we've had quite some success in changing people's feeling about themselves.

"[It changes] the deal with the customer and suddenly we're all dealing with each other as equals. And when you're dealing with people across the table directly, what you're capable of doing is starting a personal relationship with people which is entirely different."

Freeman wants customers to feel it was "a good life decision" to use the bus. But this requires that the people who deliver the service are "really, really up for it".

"It's an individually delivered service," he said. "We don't have automatic buses lined up in a row; you have to go to Heathrow Terminal 5 for that. We're not like trains, it's much more personal than that.

"To say that there is no trust between the two sides of the customer and the deliverers of the service is overdoing it, but that's not to say that we haven't got a great deal further to go."

Do you trust your customers?

Once Smith, Roberts and Freeman had spoken, guests were invited to air their own views, and a passionate debate ensued.

Stephen Morris, deputy chief executive of Bus Users UK, said trust was damaged by the readiness of too many operators to "treat customers like criminals".

"There is an absolute fixation with making sure that you've got every last bit of revenue, and very often too little recognition of the fact that actually you've made it quite difficult in the first place for the person to know whether they are paying the right fare or not," he argued. "And then if they don't, god help them."

Morris offered the example of a local bus company which raised its Adult Single fare

from £1.80 to £2.00 at the start of the year. The operator requires its customers to have the exact change, which is deposited into a slot by the driver, who then issues the corresponding ticket. This landed some passengers in hot water when they unwittingly handed over their usual £1.80, but only received a £1.70 short hop ticket. When they were later discovered to be travelling without a valid ticket, they were landed with a £25 penalty fare - which doubled to £50 if not paid immediately. A hefty fine for a 20p shortfall!

"It's still a very common attitude that the passenger is wrong and we must go out of our way to try and defeat that," said Morris.

Chris Mephram, interim franchise compliance manager at London Midland, offered a train operator's perspective.

"I think as an industry the margins are very slight ... so maximising the revenue coming in is extremely important - not least to offset subsidy from the taxpayer," he said.

While recognising that some passengers do make genuine mistakes, he said that too many others sought to cheat the system.

"I'm not sure there is another product on sale in the open market that people view it as their right not to pay for," he said.

He offered an example of three businessmen, with smart suits and laptop bags, who he had recently witnessed exiting Birmingham New Street. As he walked behind them he heard them "discussing openly how clever they were because they'd managed to evade the ticket, because there wasn't any gate staff".

"Just because there isn't a security guard on the doors of Tescos, doesn't mean to say I can go in there and do my shopping for free - as it is my right," Mephram argued. "So there is a constant battle with actually just getting people to pay for the service."

At this point, Jeremy Drew, a transport economist who is currently on assignment with the Department for Transport, cut in. "Are you suggesting that if you get on at a station where there is nowhere to buy a ticket, you travel on a train where there is nobody to sell you a ticket, you arrive at the station and there's no ticket barrier ... that the customer should go and find somebody to buy their ticket from?" he asked.

"You've had the service, you should pay for it," Mephram responded.

But Drew was not convinced. "I'm a fare evader on that basis," he confessed. ►►



Anthony Smith:
satisfaction
with everyday
service does
not indicate
trust in sector

Beverly Shears, representing Veredus, and a former deputy MD of South West Trains was aghast. "I wouldn't walk out of Marks & Spencer with four yogurts because their machine was broken," she said. She asked for a show of hands to see how many people would pay under these circumstances and I admit I was surprised to see so many arms raised. Poor Jeremy Drew must have wondered if he was about to be led away in handcuffs! "The railway company has not done its job - to take fares at a convenient time," he explained, but the jury had already spoken.

Rob Barber, head of service quality at London Midland, argued that the financial constraints of the rail industry meant that train operators can't afford to be too trusting. He doesn't think that the 'customer is always right' model employed by online retailer Amazon is transferable to rail. "If you ring Amazon, they say: 'We don't care whose problem it was, we will refund this or we will do that', but their profits are dipping and they can't sustain that."

In Barber's eyes, it's about striking the right balance between failing to listen to customers and believing every word they say. Over the past 10-15 years, he doesn't think that anyone has got the balance right.

What's the solution?

Rob Barber believes that the rail industry would benefit from some fresh ideas. Why, for example, do train operators put the fares up in January, during a period of the year when the weather means that performance is at poorest? Why not, he asked, put the fares up in July, when the RPI figures that fare increases are linked to are published?

"There's a load of stuff we don't do because we've always done it one way," he said. "And that's what the problem is with the industry - it's full of middle-aged white managers, always doing what they've always done."

Angie Doll, head of service quality at Go Ahead Group, expressed scepticism about comparisons with the airline and retail sectors. "I think what we need to accept is that the railway is quite unique in the way that it operates," she said. "It doesn't operate like a retail outlet, it doesn't operate like an airline, it doesn't operate like anything we use - and whilst we should take the best from those organisations and improve the railway, I think we need to understand it is quite unique in the

way that it operates."

"Even though we try to operate under ATOC, it is very fragmented with different operators," Doll continued.

"At big stations, you can have many train operators at one station, all operated by different staff - TOCs, Network Rail - all have got different training programmes.

"You can be a passenger and you can interact maybe in your journey with three different train operating companies and [London Underground], but your expectation is that you're going to be given the same service.

Doll thinks trust would be enhanced if there was greater consistency in how rail staff apply the conditions of carriage. She would also like to see better training for staff how to cope with stressful situations. "You can give staff all the handheld tablets and devices you want, you can give staff all the information about where the train is, but if they still can't manage that interaction with the passenger when they are delivering that information, then it's not going to change," she said.

Anthony Smith challenged Doll's claim that train operators are not like retailers. "You say it's not like retail, but in a way it is because the maxim in retail is that the last nine yards is the most difficult thing," he said.

"You can have the most beautiful shop, the most beautiful product but if your staff are just

"If you go into McDonald's, you know exactly what you're going to get"



passing people off, it won't work. It's exactly the same with public transport - it's a very difficult thing to get right, isn't it?"

Smith cited McDonald's as an example of a retailer that provides consistently good customer service.

Rob Barber agreed. "You would never take a partner to McDonalds for an anniversary meal but, wherever you go in the world, if you go into McDonalds, you know exactly what you're going to get, exactly how much it's going to cost you and exactly how that food is going to taste - and that's what we haven't achieved in the rail industry yet," he said. "It's getting that everywhere feels the same - not British Railways - but everywhere feels the same. That's what we should be getting to."

James Freeman expressed concern at the way the discussion had gone. "I think it's rather depressing this conversation and I don't think it needs to be," he said. For Freeman, the key is equipping staff with the skills to drive the relationship in any one-on-one discussion.

"Have you noticed folks that if you smile at somebody, they've bloody well got to smile back at you?" he said. "You immediately change the relationship because you start to drive it.

"When we first started saying to our people at Reading Buses 'the thing to do folks is smile at people', they thought we were potty, out of our minds, stupid. And then ingrained, long service people started saying to me 'do you know what, that works, it's extraordinary'."

He continued: "What frightens me here is that we are in danger of locking down the relationship to the worst standard, and we should actually be aspiring to go to the other standard. I know that there are legal things and that we become so litigated that it's frightening to step outside the front door half the time, but ... we need to rise above that as service providers [because] otherwise we're always going to be locked into this syndrome.

"And it is possible, and McDonalds is a good example of it, actually, just to ignore all that and to say ... we're going to deal with the customers in the best way."

Freeman offered an example to back up this philosophy. He said that research had found that Reading Buses was "hated" by young people, who resented being asked for ID by drivers in order to prove their age. Freeman's response was to throw out the rulebook and get rid of ID cards. If a customer says they are

under 19, they can travel at the child rate - no questions asked. That trust is now paying a dividend - ridership by young people is up by 60% year-on-year, and on a rising curve.

Anthony Smith hailed this as a brilliant example of "detoxifying the front line", and he said was an area that the rail industry needed to study more closely.

"How do you detoxify that relationship on the front line, because that strikes me as the key? Until you do that, you can't have trust," he said. "Fundamentally the [rail] industry says it trusts its passengers - [but passengers hear] 'you're a ligger, you've forgotten your railcard - gotcha! Thirty years, you've paid, no bad debt, one day you forget your railcard - 'we've gotcha!'"

Chris Mephram wasn't convinced. He drew a comparison with his first ever parking fine, which he recently received in Harrogate.

"That was the one time I parked non compliantly and I got fined for it. The same was true that one time you forgot your railcard. The fact that I had parked compliantly 100 times before doesn't alter that fact that I was non-compliant then," he argued.

He added that when passengers who have been fined write to the train company with a copy of their railcard, 90% are refunded.

"Not everybody tells the truth - it's as simple as that," he said. "Not everybody is honest."

Smith shot back. "But not everyone is dishonest either," he said. "Why on earth are you irritating all those people who had no intent to defraud you by treating them as a criminal - and then prove you are not a criminal afterwards?"

With Smith and Mephram at loggerheads, Angie Doll intervened, pointing out that technology may offer solutions, and challenges, for providers of public transport. "Look at people's expectations of what you can do on a phone now, compared to what we used to do," she said. "[People ask] why can't you look it up on the database and see that I've got a railcard? Why can't you see that I've got a season ticket?"

Technology might make it easier to identify regular customers, and help to provide them with a standard of service which keeps them travelling with the company.

This resonated with Anthony Smith. "It's a uniquely strange industry, isn't it?" he reflected. "You can turn up for 40 years as a customer and then you turn up another Monday and it's afresh." ■