Where the writ of market forces does not run

In theory competition encourages a focus on good service. But in the bus and rail market alike, effective competition is hard to find and the normal rules seem not to apply

"You take Virgin, I'll take Chiltern…" …preferably sung to the tune of "The Bonnie Banks o' Loch Lomond", neatly sums up the real choices facing passengers wanting to travel between the West Midlands and south-east England. As a consumer organisation Passenger Focus likes competition – it tends to encourage a focus on consumers that is hard to replicate otherwise.

Competition between railway companies is still fairly limited, for obvious reasons. The most extensive is probably between East Coast, Hull Trains and Grand Central. Nearly 17% of scheduled long-distance trains on the east coast route are now open access. The recent award of the East Coast franchise to a Stagecoach/Virgin bid raises some interesting questions about competition with East Midlands Trains (also Stagecoach) and Virgin Trains on the West Coast. One presumes the competition authorities are content with this one. However, most of the time, if you want to travel by train there is only one provider.

In many cases there is a time, destination or cost difference that points you to one operator or another, unless of course you have a valuable Anytime or Off-Peak inter-available ticket which lets you use any train company's services. Not that the ticket itself gives you any clues about this.

The route that intrigues me most is between London and Birmingham. In theory you have three companies to choose from: Virgin from Euston, Chiltern from Marylebone, or London Midland, again from Euston. London Midland is generally ruled out as a long-distance option because its service stops frequently, although you can get some really cheap fares. However, Chiltern and Virgin do compete.

In my mind, though, there is no competition. Some rail journeys I dread, some I look forward to. Birmingham with Virgin is dread. With Chiltern, anticipation – and usually much better value for money. If you can spare the extra 20-odd minutes Chiltern takes, it represents a superior experience.

I have never liked the Pendolino trains Virgin uses. Cramped and claustrophobic, they are OK on limited-stop long runs such as to Manchester, where everyone settles down and, as long as you have an empty seat next to you, it is tolerably comfortable. On the Birmingham run, it all really starts to fall apart at Coventry. Students, shoppers and commuters pile on, clearly preferring these services to the slower London Midland alternative. The crunch comes at Birmingham International. More passengers cram on, some with luggage from the airport, some commuters. No ticket checks, and it all seems like a free railway journey.

> **It seems to me that good-quality bus services outside London are the result of some sort of alchemy**

It's not just me saying this. A close analysis of the National Rail Passenger Survey shows that, combining the last five years' results together to get a bigger sample, Virgin's overall score with satisfaction to sit or stand sinks from 78% overall to 53% for the Birmingham New Street to Birmingham International and Coventry corridor. HS2 will help eventually, but in the meantime trying to serve a metro, commuter, airport and long-distance market with a single, very long distance train is not great.

Chiltern is great, as the survey shows. Admittedly, it is generally easier being good when you are smaller but Chiltern does it well. Staff are chirpy and helpful. Stations are well maintained. The trains are comfortable and generally not crowded. Why are they not full of folk avoiding the prices and crush on Virgin?

I suppose it is very difficult, in the absence of a compelling reason like engineering work, to get people to be aware, or to care enough to choose. For a relatively small company like Chiltern, mounting an effective advertising campaign is difficult. Most corporate booking is, by default, on speed.

Bus competition has defeated many analysts – including the Competition Commission. It seems to me that good-quality bus services outside London are the result of some sort of alchemy. Mix together a degree of restriction in city or town centres, political will, investment and good management. Add a small dose of competition and, hey presto, you can get good services. It's hard to generalise though. Brighton & Hove Buses have limited competition but their passengers like them, as we know from the Bus Passenger Survey. And what would National Express Coaches be like without Megabus nipping at their heels?

The role of competition is interesting and complex. In the absence of competition, the option of high-quality specification, as in London, is often the preferred way forward. Franchising attempts to walk a very difficult tightrope between setting out what is wanted and allowing commercial freedom. In some cases there does seem to be a case for arguing that, as with water supply, a natural monopoly exists. This debate will not go away as devolution gathers pace.

Anthony Smith is chief executive of Passenger Focus.