



Fares and Ticketing Study

Final report

February 2009



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Appendix A

Research report: Understanding drivers of passenger satisfaction with value for money

Appendix B

Research report: Comparisons between fares and ticketing in Great Britain and continental Europe

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Research report: Regional commuter fares and ticketing comparisons in Great Britain



Colin Foxall CBE

Chairman's introduction

This fares and ticketing study consisted of two principal parts.

Value for money

In recent years passenger satisfaction with value for money when travelling by train has lagged well behind overall satisfaction, which has been rising as a result largely of improved punctuality. Perhaps this is unsurprising given the widespread view that rail fares in Britain are expensive. This wide-ranging report has examined the factors that influence passenger satisfaction with value for money, and has considered what could be done to improve it.

European comparisons

For a long time people have sought to compare rail fares in Britain with those elsewhere in Europe, popularly perceived to be much less expensive. This is the first major report that attempts to compare prices and services in Britain with those abroad in a meaningful way. Its key findings are that commuting to London is expensive when compared with other principal European cities, although train frequency in Britain is generally higher. On long distance trains it is possible to travel more cheaply in Britain than elsewhere in Europe – if you manage to buy an Advance purchase ticket at the lowest price. However, our long-distance 'walk up' railway is expensive when compared with other countries.

Passenger Focus is publishing this fares and ticketing study at a pivotal moment. Fares policy in Great Britain currently assumes that passengers will continue to pay above-inflation price increases year after year, and that demand will continue to grow strongly. We are now in a very different economic situation and Passenger Focus believes this policy needs to be revisited.

In our conclusions we offer some immediate and longer-term recommendations to Government and the train operators. Over the coming months we intend to work with Government and the rail industry to explore these ideas further.

A handwritten signature in black ink, appearing to be 'Colin Foxall'.

Colin Foxall CBE
Chairman
Passenger Focus

Conclusions and recommendations

i Passenger satisfaction with value for money

Key findings:

- Commuters in London, South East England and the East of England rate value for money lower than in other parts of England, Wales and Scotland
- Value for money satisfaction is inextricably linked with ticket price, but quality matters too. The key issues for both commuters and long distance passengers are:
 - Punctuality and reliability
 - Being able to get a seat
 - Passenger information during service disruption

Recommendations:

- Short term:
 - much greater focus on passenger information during service disruption. For example, feeding station information systems direct from the National Rail real time database would be a huge step forward, enabling information to passengers during major disruptions to be dramatically improved.
- Long term:
 - the industry must continue to work on punctuality/reliability and delivering sufficient capacity – clearly core elements of a train service.

ii The price of commuter tickets

Key findings:

- The price of commuting to London is high in comparison with other European countries.
- The price of commuting to other major cities in Great Britain is lower than to London, but in most cases is still more expensive than commuting to the principal city in other European countries.
- Current funding policies were set in different economic times and, because of their impact on passengers through upward pressure on fares, need to be reviewed in the light of the economic downturn.
- Flexibility within the overall basket does not prevent individual passengers having substantial fare increases, year on year, on theoretically regulated tickets.

Recommendations:

- Short term:
 - Developing discounted travel for frequent commuters for whom a traditional season ticket is not cost-effective (e.g. 10 single journeys for the price of eight carnet books).
 - Develop and promote a facility to spread the cost of an annual season ticket – allowing more people to take advantage of 52 weeks for the price of 40.
- Long term:
 - that Government reviews the intention to move to 75%/25% split between passenger and taxpayer, and the impact on fare levels of high premium franchises.
 - that restrictions are placed on the fares basket flexibility that allows individual tickets to rise by 5% higher than the overall cap.
 - that train companies are prevented from passing on all of the permitted increase in regulated fares on routes where peak performance is poor.

iii Simplify the long distance fares structure

Key findings:

- The long distance fares structure must be simpler. Existing simplification was about presentation only – the underlying structure is still seen as complicated and not logical (e.g. two singles may or may not be cheaper than a return, return £1 more than a single).
- The price of flexibility is too high – passengers are baffled by the huge gap between the cheapest and the most expensive fares on the same train (the fact of which is confirmed in our European research).

Recommendations:

- Short term:
 - Lift the lid on the mystery by displaying at stations the cheapest 'buy on the day' return price for a through ticket to key destinations. It will remove doubt about whether you have got the best price. It will prompt thought about how to pay that price another day. Where else is a retailer not required to display prices to intending customers?
 - Building on the previous point, consider the merits of describing prices above that level in terms of the extra you pay and the extra you get – a 'menu' approach. 'Bundling', a term that could apply to an Anytime return, generally favours the supplier and not the customer – it makes it difficult to see if you actually need what you are paying for.
- Long term:
 - A fundamental review of the long distance fares structure to deal with myriad anomalies/complexities and tackle the current high price of flexibility.

iv Fairness

Key findings:

- The long distance fares structure needs to be (and needs to be seen to be) fairer to passengers. It requires greater transparency.

Recommendations:

- Short term:
 - Allow Advance purchase fares to be purchased much closer to departure (e.g. move the cut off time from 6pm to midnight the day before travel?).
 - Increase flexibility by allowing passengers to pay the difference between what they have paid already for an Advance ticket and the appropriate new ticket if they miss their train or need to change their plans. Flexibility at an affordable price was highlighted in our employers research.
 - Transparency regarding Advance purchase tickets: the industry must address the perception that 'cheap tickets' are never available.

Background

This Fares and Ticketing Study was commissioned in 2008 from Passenger Focus at the request of the then Secretary of State for Transport, Rt Hon Ruth Kelly MP, in response to her concerns about fares and ticketing in the context of continuing low passenger satisfaction with the value for money offered by Britain's railways. In the Autumn 2008 National Passengers Survey (NPS) 46% of passengers were satisfied or very satisfied with value for money against an overall satisfaction rating of 83%. In the Spring 2008 survey these figures were 40% and 80% respectively, reflecting the established pattern that satisfaction in Autumn NPS 'waves' is slightly higher than in the Spring.

In this Study we have:

- examined existing evidence available to Passenger Focus. This includes the NPS; research among employers; research into passengers' priorities for improvements; research into passenger requirements from rail fares; and what passengers tell us directly about their experiences of fares and ticketing.
- carried out qualitative and quantitative research into the factors influencing passenger satisfaction and dissatisfaction with value for money – and what could be done to improve satisfaction in this area.
- compared the cost and level of service in Great Britain with the cost and level of service in seven other European countries.
- compared the cost and level of service in different parts of Great Britain.
- taken account of how existing price controls designed to protect passengers from excessive price increases are working in practice.

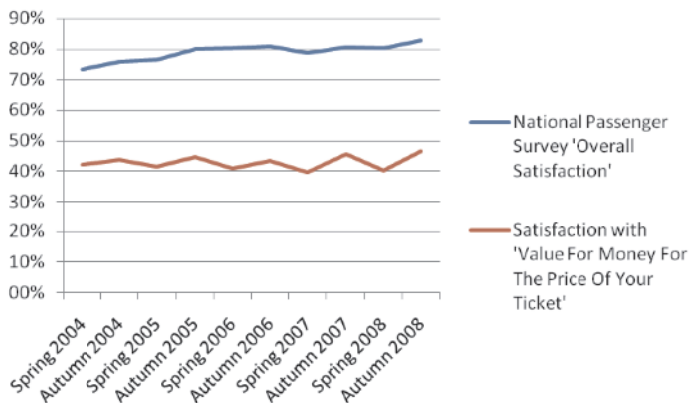
The level of passenger satisfaction with value for money

Autumn 2008 National Passengers Survey

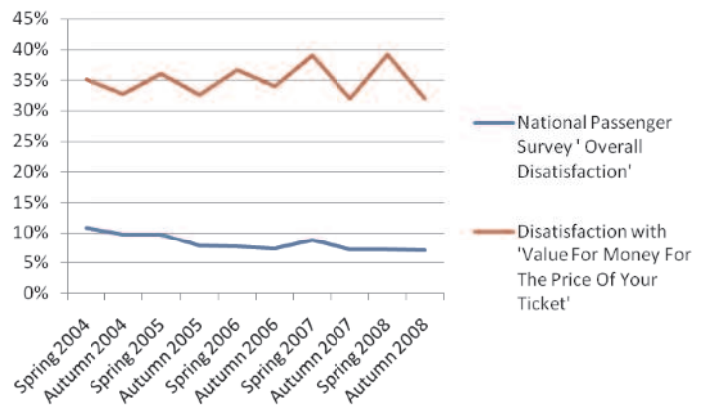
The National Passenger Survey (NPS), conducted twice-yearly by Passenger Focus involving over 25,000 passengers each 'wave', asks passengers about the "value for money for the price of your ticket". Here we examine the results for the Autumn 2008 NPS in greater detail.

NPS satisfaction with "value for money for the price of your ticket" stands at 46% at a time when overall passenger satisfaction is at 83%. Passenger dissatisfaction with value for money is 32% when overall passenger dissatisfaction is just 7%

Satisfaction



Dissatisfaction



Interestingly, "value for money for the price of your ticket" is one of only three areas of the NPS where dissatisfaction is broadly equal to or greater than the level of satisfaction.

Variation by train company

Satisfaction with value for money for the price of your ticket varies significantly between train companies, ranging from 33% to 71%. The figures for each company in the Autumn 2008 NPS are shown below: overall satisfaction/overall dissatisfaction is included to provide context.

| London & South East train companies | Value for money (satisfaction) | Overall satisfaction | Value for money (dissatisfaction) | Overall dissatisfaction |
|-------------------------------------|--------------------------------|----------------------|-----------------------------------|-------------------------|
| c2c | 47% | 90% | 28% | 3% |
| Chiltern | 54% | 90% | 25% | 3% |
| First Capital Connect | 36% | 77% | 41% | 9% |
| First Great Western | 51% | 80% | 31% | 8% |
| Heathrow Express | 35% | 93% | 42% | 1% |
| London Midland | 46% | 80% | 32% | 8% |
| London Overground | 59% | 77% | 20% | 11% |
| National Express East Anglia | 33% | 77% | 43% | 9% |
| South West Trains | 42% | 87% | 36% | 5% |
| Southeastern | 37% | 80% | 38% | 7% |
| Southern | 42% | 83% | 33% | 6% |
| London & South East (average) | 41% | 82% | 36% | 7% |

| Long distance train companies | Value for money (satisfaction) | Overall satisfaction | Value for money (dissatisfaction) | Overall dissatisfaction |
|-------------------------------|--------------------------------|----------------------|-----------------------------------|-------------------------|
| CrossCountry | 55% | 84% | 26% | 8% |
| East Midlands Trains | 49% | 81% | 32% | 8% |
| First TransPennine Express | 53% | 83% | 26% | 9% |
| National Express East Coast | 54% | 88% | 29% | 5% |
| Virgin Trains | 56% | 64% | 26% | 8% |
| Long Distance (average) | 54% | 84% | 28% | 8% |

| Regional train companies | Value for money (satisfaction) | Overall satisfaction | Value for money (dissatisfaction) | Overall dissatisfaction |
|--------------------------|--------------------------------|----------------------|-----------------------------------|-------------------------|
| Arriva Trains Wales | 61% | 86% | 23% | 7% |
| First ScotRail | 62% | 90% | 20% | 3% |
| Merseyrail | 71% | 90% | 15% | 4% |
| Northern Rail | 62% | 82% | 21% | 8% |
| Regional (average) | 63% | 86% | 20% | 6% |

Variation by journey purpose

NPS reveals that commuters are the least satisfied with value for money of the three 'journey purpose' categories (commuter, business and leisure).

| | Value for money (overall) | Value for money (commuter) | Value for money (business) | Value for money (leisure) |
|----------|---------------------------|----------------------------|----------------------------|---------------------------|
| National | 46% | 33% | 46% | 61% |

Variation by journey purpose and by train company

London & South East:

| | Value for money (overall) | Value for money (commuter) | Value for money (business) | Value for money (leisure) |
|-------------------------------|---------------------------|----------------------------|----------------------------|---------------------------|
| c2c | 47% | 41% | 61% | 61% |
| Chiltern | 54% | 37% | 61% | 65% |
| First Capital Connect | 36% | 28% | 37% | 48% |
| First Great Western | 51% | 33% | 46% | 64% |
| Heathrow Express | | | | |
| London Midland | 46% | 33% | 47% | 62% |
| London Overground | 59% | 55% | 71% | 67% |
| National Express East Anglia | 33% | 22% | 45% | 54% |
| South West Trains | 42% | 28% | 49% | 57% |
| Southeastern | 37% | 30% | 44% | 49% |
| Southern | 42% | 34% | 44% | 53% |
| London & South East (average) | 41% | 31% | 45% | 56% |
| All train companies | 46% | 33% | 46% | 61% |

Long distance:

| | Value for money (overall) | Value for money (commuter) | Value for money (business) | Value for money (leisure) |
|-----------------------------|---------------------------|----------------------------|----------------------------|---------------------------|
| CrossCountry | 55% | 42% | 45% | 60% |
| East Midlands Trains | 49% | 37% | 36% | 62% |
| First TransPennine Express | 53% | 35% | 52% | 64% |
| National Express East Coast | 54% | 36% | 40% | 65% |
| Virgin Trains | 56% | 40% | 45% | 63% |
| Long distance (average) | 54% | 37% | 42% | 62% |
| All train companies | 46% | 33% | 46% | 61% |

Regional:

| | Value for money (overall) | Value for money (commuter) | Value for money (business) | Value for money (leisure) |
|---------------------|---------------------------|----------------------------|----------------------------|---------------------------|
| Arriva Trains Wales | 61% | 44% | 70% | 67% |
| First ScotRail | 62% | 42% | 50% | 74% |
| Merseyrail | 71% | 59% | 79% | 79% |
| Northern Rail | 62% | 48% | 61% | 73% |
| Regional (average) | 63% | 48% | 60% | 74% |
| All train companies | 46% | 33% | 46% | 61% |

Variation by geography

The Autumn 2008 NPS shows that commuters in London and the two Government Office areas that surround it (East of England and South East) are significantly less satisfied with value for money than those elsewhere.

| Area | Value for money (overall) | Value for money (commuter) | Value for money (business) | Value for money (leisure) |
|----------------------|---------------------------|----------------------------|----------------------------|---------------------------|
| East Midlands | 53% | 40% | 39% | 65% |
| East England | 38% | 29% | 41% | 52% |
| London | 40% | 30% | 45% | 54% |
| North East | 57% | 57% | 50% | 60% |
| North West | 61% | 47% | 59% | 71% |
| Scotland | 63% | 42% | 51% | 74% |
| South East | 44% | 30% | 45% | 57% |
| South West | 59% | 42% | 45% | 70% |
| Wales | 61% | 50% | 65% | 66% |
| West Midlands | 56% | 48% | 49% | 62% |
| Yorkshire and Humber | 62% | 51% | 50% | 72% |

Variation by type of ticket held

NPS also shows that passengers holding season tickets, whether Standard or First Class, are significantly less satisfied with value for money than holders of other types of ticket. Overall satisfaction is included below to provide context.

| Ticket type | Value for money (satisfaction) | Overall satisfaction |
|-------------------------------|--------------------------------|----------------------|
| First single/return | 55% | 85% |
| First Season | 27% | 72% |
| Standard Single/return | 45% | 84% |
| Standard Season | 28% | 75% |
| cheap day single/return | 60% | 88% |
| Saver/SuperSaver | 62% | 84% |
| Away Break / StayAway | 58% | 91% |
| Apex / Super Apex | 76% | 89% |
| One Day Travelcard | 45% | 83% |
| Oyster (in London) | 45% | 79% |
| Freedom Pass (free in London) | 81% | 89% |
| All (nationally) | 46% | 83% |

Variation in value for money satisfaction among users of Railcards

| Railcard | Value for money (satisfaction) | Overall satisfaction |
|------------------|--------------------------------|----------------------|
| No railcard | 42% | 82% |
| Young Persons | 45% | 85% |
| Senior | 78% | 90% |
| Family | 70% | 83% |
| Disabled Persons | 73% | 87% |
| Network Card | 49% | 83% |
| Forces | 77% | 90% |
| All | 46% | 83% |

Variation by employment status

| Employment status | Value for money (satisfaction) | Overall satisfaction |
|-------------------|--------------------------------|----------------------|
| Working full time | 40% | 80% |
| Working part time | 53% | 87% |
| Not working | 58% | 87% |
| Retired | 79% | 92% |
| Full time student | 38% | 83% |
| All | 46% | 83% |

Variation by age and travel purpose

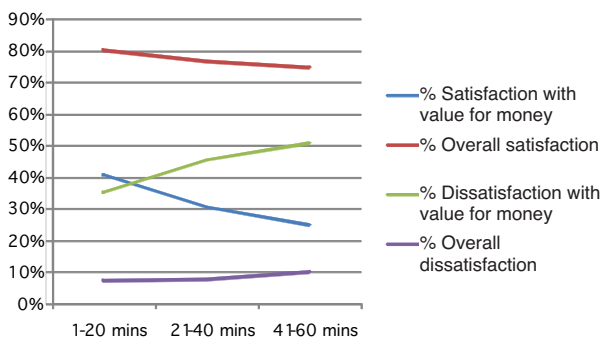
| Age group | Value for money (overall) | Value for money (commuter) | Value for money (business) | Value for money (leisure) |
|-----------|---------------------------|----------------------------|----------------------------|---------------------------|
| 16-25 | 38% | 33% | 52% | 43% |
| 26-34 | 35% | 28% | 35% | 48% |
| 35-44 | 41% | 31% | 45% | 56% |
| 45-54 | 46% | 35% | 47% | 62% |
| 55-59 | 50% | 38% | 43% | 64% |
| 60-64 | 69% | 51% | 59% | 80% |
| 65+ | 78% | 59% | 70% | 80% |
| All | 46% | 33% | 46% | 61% |

Variation by gender

| Gender | Value for money (satisfaction) | Overall satisfaction |
|--------|--------------------------------|----------------------|
| Male | 43% | 80% |
| Female | 49% | 86% |
| All | 46% | 83% |

Variation by commuting journey time

The Autumn 2008 NPS reveals that commuters making journeys of up to 20 minutes duration are the most satisfied with value for money and the least dissatisfied: satisfaction then falls and dissatisfaction rises as journey time increases. Overall satisfaction and dissatisfaction figures follow this trend, but it is less pronounced than with value for money. For journeys of over 60 minutes, small sample sizes prevent us from drawing firm conclusions. The average for all commuting journeys is 33% satisfied with value for money and 43% dissatisfied with value for money.



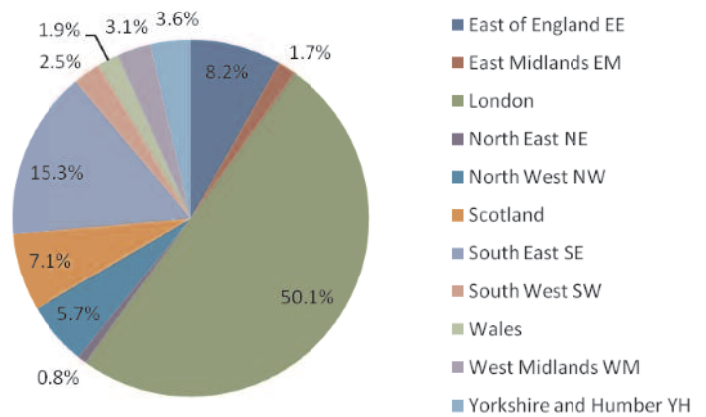
Distribution of passenger journeys by geography, train company type and ticket type

To understand the significance of passengers in one part of the country giving particular value for money scores, it is important to consider these data in the context of how the total number of passenger journeys undertaken annually (1,232 million*) is distributed by geography, train company type and ticket type.

*Source: Office of Rail Regulation National Rail Trends Yearbook 2007/08. The figure of 1,232 million passenger journeys for the 2007/08 year is estimated to be approximately 5% higher than the true figure because of the way journeys requiring a change of trains are counted.

By geography

The data below show where passenger journeys undertaken in 2006/07 originated – by English Government Office area, London, Scotland and Wales

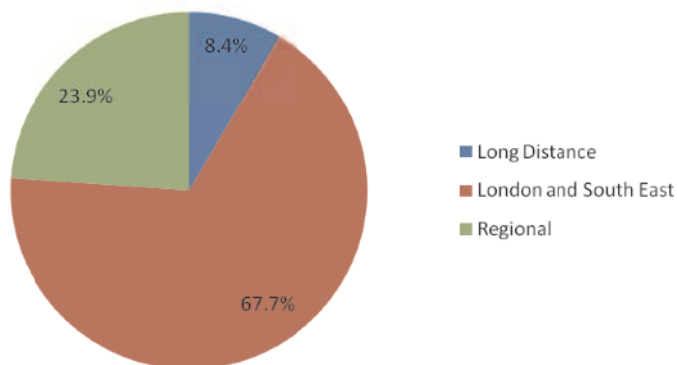


| EE | EM | London | NE | NW | Scotland | SE | SW | Wales | WM | YH |
|------|------|--------|------|------|----------|-------|------|-------|------|------|
| 8.2% | 1.7% | 50.1% | 0.8% | 5.7% | 7.1% | 15.3% | 2.5% | 1.9% | 3.1% | 3.6% |

Source: Office of Rail Regulation National Rail Trends Yearbook 2007/08.

By train company type (i.e. long distance, London & South East and Regional)

The data below show the distribution of journeys by type of train company, or sector of the passenger industry, in 2007/08.

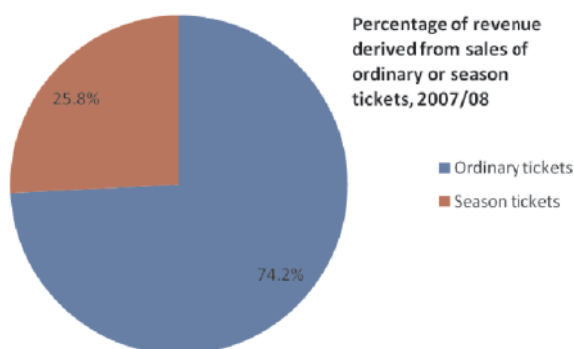
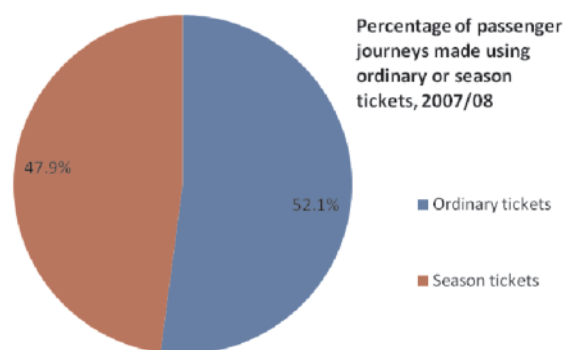


| Long Distance | London & South East | Regional | Total |
|---------------|---------------------|-------------|---------------|
| 104 million | 833 million | 294 million | 1,232 million |
| 8.4% | 67.6% | 23.9% | 100% |

Source: Office of Rail Regulation National Rail Trends Yearbook 2007/08.

By ticket type

The data below show, for 2007/08, the number of journeys made using season tickets and the number made using ordinary tickets (i.e. any ticket that is not a season ticket). They also show the proportion of revenue derived from each.



Journeys by:

| Ordinary | Season Tickets |
|-------------|----------------|
| 642 million | 590 million |
| 52.1% | 47.9% |

Revenue derived from:

| Ordinary | Season Tickets |
|----------------|----------------|
| £4,120 million | £1,434 million |
| 74.2% | 25.8% |

Source: Office of Rail Regulation National Rail Trends Yearbook 2007/08.

Proportion of passengers using full price, 'walk up' discounted and Advance single tickets

Unfortunately, there is virtually no publicly-available data to show in what proportions full price fully-flexible tickets, 'walk up' discounted tickets and Advance purchase tickets contribute to the 'ordinary' category. However, the Association of Train Operating Companies (ATOC) has provided data showing that in the long distance sector just over half of all non-season ticket standard class journeys are made using 'walk up' discounted tickets (e.g. Off-Peak, Super Off-Peak), with the remainder split between full price (e.g. Anytime) and Advance purchase tickets – each accounting for 20% to 25% of journeys.

In addition, the percentage of passengers travelling on the following routes using the cheapest tickets was included in the public presentation by ATOC to a Passenger Focus conference on 24 April 2008:

- Passengers obtaining the cheapest Advance purchase tickets from London to:
 - York – 10% pay £22.50 return
 - Leeds – 17% pay £22.50 return
 - Edinburgh – 6% pay £31.40 return
 - Cardiff – 7% pay £24.00 return
 - Weymouth – 19% pay £25.30 return
 - Manchester – 10% pay £26.00 return

Note: the prices quoted are the cheapest Advance purchase tickets available for these journeys, although from London to Manchester a £5 each way print-at-home ticket is also available.

- Proportion of passengers travelling for less than the full price fully-flexible single ticket:

| Route | Full price fare | 75% pay | 50% pay | 25% pay |
|----------------------|-----------------|-------------|-------------|-------------|
| London to Cardiff | £79 | £40 or less | £30 or less | £20 or less |
| London to Manchester | £115 | £45 or less | £35 or less | £25 or less |
| London to Edinburgh | £126 | £55 or less | £40 or less | £30 or less |

Factors influencing satisfaction with value for money

New research, a summary of which appears as Appendix A in this document, was carried out for this study to understand better the factors that influence passengers' attitudes towards value for money when they travel by train.

Inextricably linked with price

The research undertaken was qualitative and quantitative and shows that value for money is inextricably linked with price. For example, among long distance passengers, those holding advance single tickets rated value more highly than those holding full price Anytime tickets. In the qualitative phase the main spontaneous mention among passengers dissatisfied with value for money was the price they had paid. The quantitative phase shows that quality factors also play an important part.

The key factors

The quantitative phase of this research used stated preference methodology in which respondents were presented with 36 pairs of issues, matched at random, and asked to indicate which was more important as a driver of their satisfaction with value for money. This showed that the three most important factors

influencing value for money among both commuters and long distance passengers are:

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

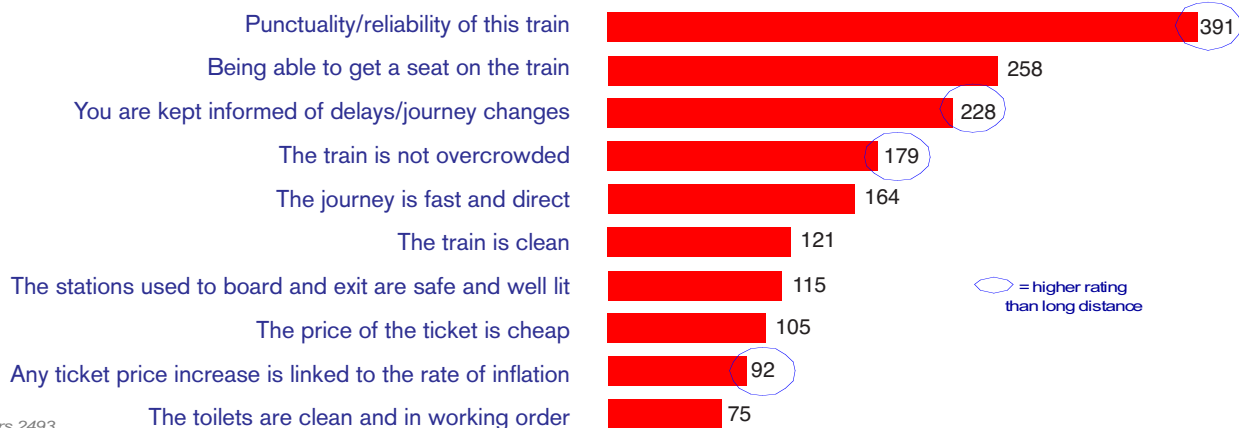
In the tables below, the numbers represent the score each factor achieved in the stated preference exercise. Factors scoring over 100 represent an important influence on satisfaction with value for money, while those scoring under 100 are less significant:

'Softer' service quality factors

In addition to the substantive issues of punctuality and reliability, being able to get a seat and passenger information during service disruption, 'softer' issues also affect value for money satisfaction. For commuters, the cleanliness of trains and that stations are safe and well lit are factors, while for long distance passengers cleanliness of trains and that train toilets are clean and in working order are important. The standard of train cleaning was a particularly strong influence on satisfaction with value for money among First Class ticket holders.

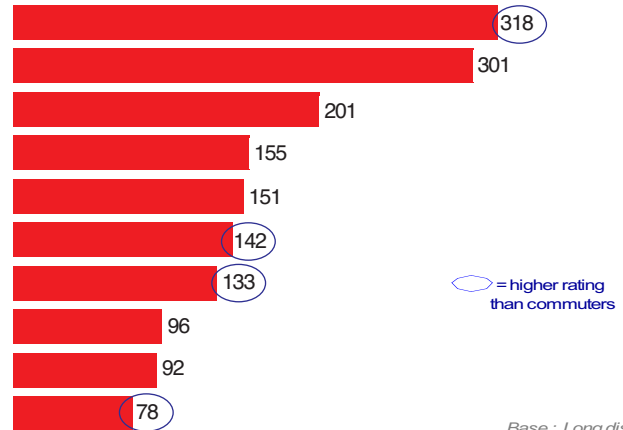
Commuters

Top ten value for money attributes



Base : Commuters 2493

- Being able to get a seat on the train
- Punctuality/reliability of this train
- You are kept informed of delays/journey changes
- The journey is fast and direct
- The train is not overcrowded
- The train is clean
- The toilets are clean and in working order
- The price of the ticket is cheap
- The stations used to board and exit are safe and well lit
- Price of my current invalid ticket is taken into account in additional fee charged



Base : Long distance 1271

The qualitative research also showed train cleaning to be a factor influencing value for money satisfaction, as did there being railway staff who take charge of situations and come up with solutions (i.e. going beyond the basics of their role), have a polite and helpful attitude and who are on hand to help when needed.

Analysis of National Passenger Survey findings, Autumn 2008

Passenger Focus has carried out multivariate analysis of the drivers of satisfaction and dissatisfaction with “value for money for the price of your ticket” using the Autumn 2008 NPS results. The percentages below indicate the importance of each factor as a driver of overall satisfaction or dissatisfaction. The tables to follow show the top five drivers of satisfaction and drivers of dissatisfaction with ‘value for money for the price of your ticket’ among all passengers, commuters, business passengers and leisure travellers.

| Drivers of satisfaction with value for money (all passengers) | | | Drivers of dissatisfaction with value for money (all passengers) | | |
|---|---|-----|--|--|-----|
| 1 | Length of time the journey is scheduled to take | 17% | 1 | Sufficient room for all passengers to sit or stand | 20% |
| 2 | Frequency of trains on that route | 14% | 2 | Punctuality and reliability | 13% |
| 3 | Connections with other train services | 13% | 3 | Frequency of trains on that route | 12% |
| 4 | Sufficient room for passengers to sit or stand | 12% | 4 | Length of time the journey is scheduled to take | 11% |
| 5 | Availability of staff on the train | 11% | 5 | Availability of staff on the train | 9% |

| Drivers of satisfaction with value for money (commuters) | | | Drivers of dissatisfaction with value for money (commuters) | | |
|--|---|-----|---|--|-----|
| 1 | Connections with other train services | 22% | 1 | Punctuality and reliability | 20% |
| 2 | Sufficient room for passengers to sit or stand | 15% | 2 | Sufficient room for all passengers to sit or stand | 19% |
| 3 | Length of time the journey is scheduled to take | 14% | 3 | Frequency of trains on that route | 10% |
| 4 | The availability of staff on the train | 12% | 4= | Availability of staff on the train | 8% |
| 5 | Frequency of trains on that route | 10% | 4= | Ticket buying facilities | 8% |

| Drivers of satisfaction with value for money (business passengers) | | | Drivers of dissatisfaction with value for money (business passengers) | | |
|--|--|-----|---|--|-----|
| 1 | Sufficient room for all the passengers to sit/stand | 19% | 1 | Sufficient room for all passengers to sit or stand | 20% |
| 2= | Personal security while using the station at which you boarded | 13% | 2 | Length of time the journey is scheduled to take | 16% |
| 2= | Length of time the journey is scheduled to take | 13% | 3 | Punctuality and reliability | 13% |
| 4= | Personal security whilst on board the train | 10% | 4 | Toilet facilities | 10% |
| 4= | Upkeep and repair of the train | 10% | 5 | Connections with other forms of public transport | 9% |

| Drivers of satisfaction with value for money (leisure travellers) | | | Drivers of dissatisfaction with value for money (leisure travellers) | | |
|---|---|-----|--|--|-----|
| 1 | Length of time the journey is scheduled to take | 28% | 1 | Length of time the journey is scheduled to take | 20% |
| 2 | Frequency of trains on that route | 16% | 2 | Personal security while using the station at which you boarded | 12% |
| 3 | Availability of staff on the train | 12% | 3 | Frequency of trains on that route | 11% |
| 4= | Punctuality and reliability | 8% | 4= | Connections with other train services | 9% |
| 4= | Connections with other train services | 8% | 4= | Ticket buying facilities | 9% |

Of note in these data is that, overall, four factors are common to the top five drivers of satisfaction and drivers of dissatisfaction with value for money – in other words, when good these factors drive up satisfaction, but when poor they drive up dissatisfaction. They are: sufficient room for all passengers to sit or stand; punctuality and reliability; length of time the journey is scheduled to take; and frequency of trains on that route – arguably the core elements of any train service.

Also notable is that among business and leisure passengers, where custom is more likely to be discretionary, ‘customer service’ issues appear in the top five drivers of dissatisfaction. These are: overall station environment (business), ticket buying facilities (leisure) and toilet facilities on trains (leisure).

Initiatives to improve value for money

Of the principal factors influencing passenger satisfaction with value for money, three are major, long term, strategic and policy issues that Government and the industry must consider if passengers are to regard travel by train as being good value.

However, we believe that there are a number of initiatives that the industry could take, almost immediately, to make a difference to satisfaction with value for money. We tested a number of ideas in qualitative and quantitative research.

Spreading the cost of an annual season ticket

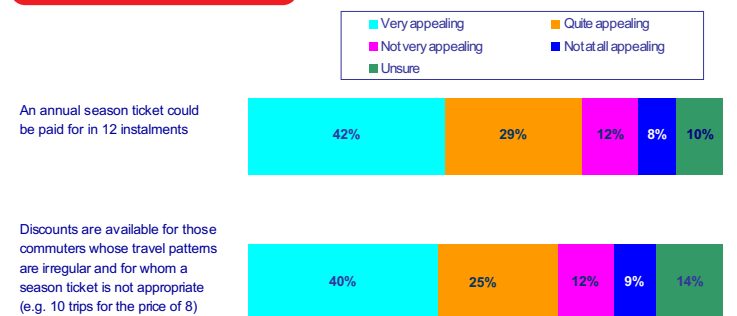
Relative to buying tickets every day, or using a weekly or monthly season ticket, an annual season ticket gives the cheapest 'per day' price for someone in full time employment commuting on the same route five days each week. However, for some passengers the up-front cost involved is prohibitive and they cannot take advantage of 52 weeks travel for the price of 40. Passengers in this category are likely to be those least able to pay the resulting higher price. We tested passengers' reaction to the idea that an annual season ticket should be payable in monthly instalments – 71% of passengers found the idea appealing, with even greater support among those currently using monthly tickets.

Regular commuters for whom an annual season ticket is not cost effective

Passengers who commute regularly, but don't travel every day often pay the same or almost the same price as somebody travelling five days a week. Part time workers, for example women returning to work after maternity leave, often pay more per journey than an annual season ticket holder – in some instances the highest price Anytime ticket is the only option. Other passengers are similarly affected, including those whose employer requires them to travel to different destinations in the course of a week. We tested passengers' reaction to the idea of 10 tickets for the price of eight, enabling regular passengers for whom a traditional season ticket is not cost effective to obtain some discount. Overall, 65% of passengers found this appealing, but this rose significantly among part-time workers (89%) and those commuting for education purposes (94%).

Appeal of ideas to improve commuters' satisfaction with value for money

Commuters



The high price of flexibility

An element of the current long distance fares structure in Great Britain is the high price passengers pay for flexibility in their travel plans. Our European comparisons research shows that long distance travel in Britain can be cheaper than anywhere else, but in return passengers have zero flexibility – the ticket is for one train, and one train only. At the other end of the spectrum, the price of complete flexibility is very high compared with other countries. The price of flexibility is high – up to 10 times higher than the cheapest 'one train only' ticket on some routes. In Passenger Focus research among employers, the high price of flexibility within the ticketing structure, for example to allow for a meeting that overruns by 30 minutes, was cited as a problem for businesses. Developing a way to give some flexibility at an affordable price is a key challenge. It is odd that we have what amounts to a bus service frequency on many long distance routes in Britain (e.g. three trains per hour London to Birmingham and London to Manchester), but the price of taking advantage of there being "another one along in a minute" is so high.

Comparisons with continental Europe

Passenger Focus was asked to make meaningful comparisons between fares in Great Britain and those in continental Europe. We examined fares, frequency and speed of rail services in the eight largest economies in Europe, measured by GDP. Other quality factors, for example crowding levels, did not form part of this work. Being a study purely from the passenger perspective, it did not take account of how state subsidy to railways or the rate of VAT applied to train fares varies from country to country. In addition to Great Britain, the countries are: France, Germany, Italy, the Netherlands, Spain, Sweden and Switzerland. The research compared commuting journeys to the principal city in each country in three distance bands, and long distance travel to the principal and second cities in each country. The Executive Summary of the research report appears as Appendix B in this document.

All prices referred to in Section 6 have been standardised to an average distance, converted to sterling at the average exchange rate for the period 31/08/07 to 31/08/08 and adjusted to reflect differing levels of disposable income in the various countries.

Recent exchange rate changes

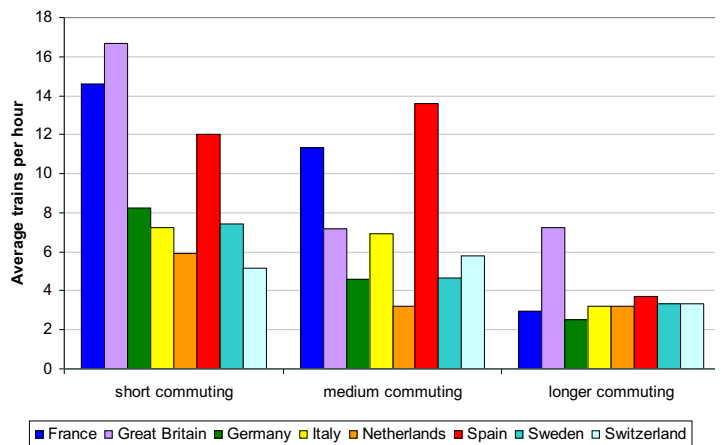
Using actual exchange rates for 31 January 2008, we examined whether the weakening of sterling during January 2009 had changed our findings and we found that it had not. A passenger earning money in sterling and converting it to another currency to buy train tickets abroad would indeed find that the price has risen because sterling is weaker. However, a key objective of this work was that the comparisons were meaningful – and to make them meaningful we have taken into account the variation in disposable income between Great Britain and each of the seven other countries. This means that fluctuations in exchange rates have zero impact on our findings: after all, nothing has changed for passengers earning euros and buying train tickets priced in euros. A detailed explanation is given as part of the research report, which appears later in this publication.

Commuter distance journeys

Frequency and speed

Of the three distance bands we examined, short (5-16km), medium (17-40km) and longer (41-80km), GB has the most frequent service in the 'short' and 'longer' bands. In the short

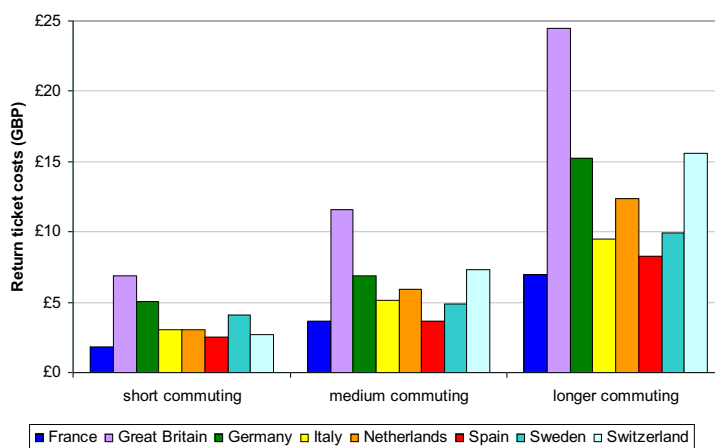
distance band France has the second most frequent service, at 88% of GB's frequency, while frequency in the country with the least frequent service, Switzerland, is 31% that of GB. Speed varies much less, with services in GB neither particularly slow nor particularly fast in comparison with other countries.



Unrestricted day return fares

(i.e. anytime in both directions):

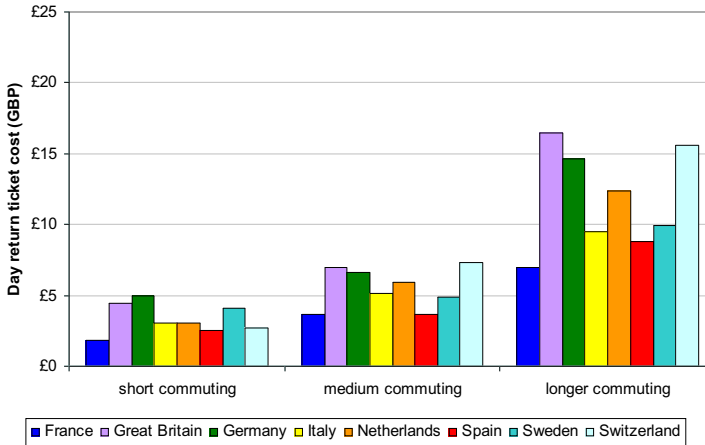
GB is the most expensive in short (5-16km), medium (17-40km) and longer distance (41-80km) commuter distance bands. For example, in the medium distance band GB fares are 1.59 times higher than those in the next most expensive country, Switzerland, and 3.19 times higher than those in the cheapest country, Spain.



Restricted day return fares

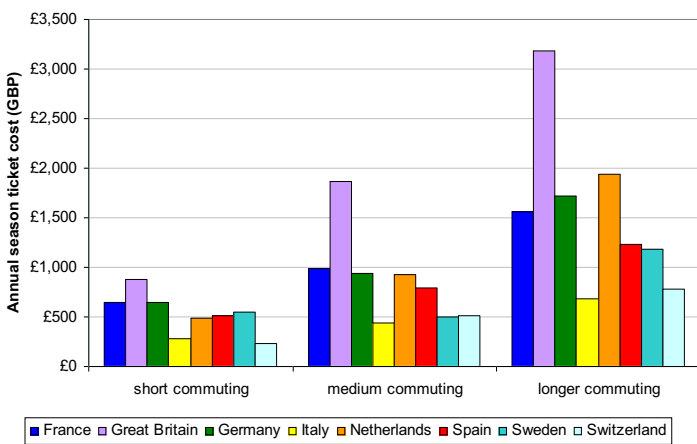
(i.e. arrive after 1000, return anytime):

Here GB fares are generally more in line with elsewhere, although still the most expensive or second most expensive in all three distance bands and substantially more expensive than some countries. For example, in the longer distance band fares in GB are 1.05 times higher than those in the next most expensive country, Switzerland, and 2.35 times higher than in the cheapest country, France.



Annual season tickets

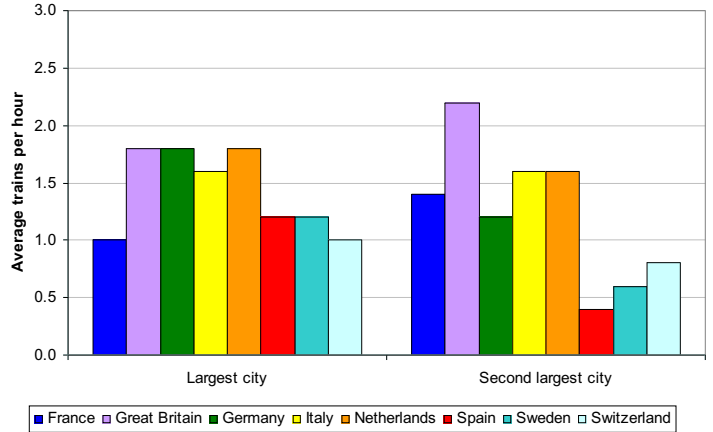
GB is the most expensive in short (5-16km), medium (17-40km) and longer distance (41-80km) commuter distance bands. For example, in the medium distance band fares in GB fare 1.88 times higher than in the next most expensive country, France, and are 4.19 times higher than those in the cheapest country, Italy.



Long distance journeys

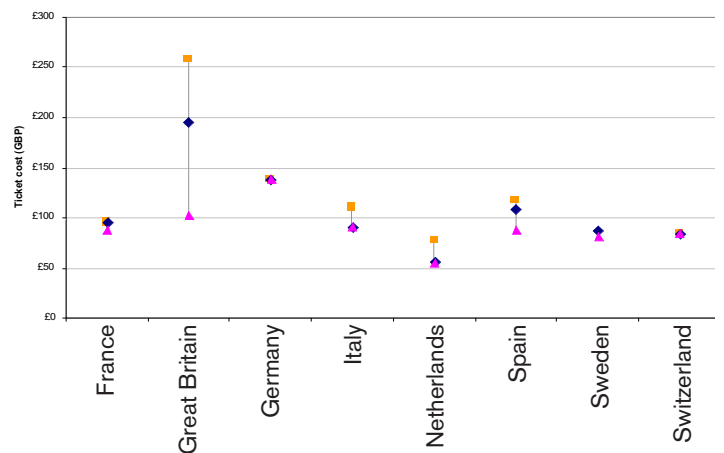
Frequency and speed

Service frequency to London is similar to other principal cities and greater to Birmingham than other second cities. Long distance journey speed in GB compares unfavourably with other countries, largely because of high speed lines in France, Germany and Spain.



Long distance walk-up day return fares to the principal city

GB long distance walk-up fully flexible day return fares to the principal city are expensive – 1.87 times higher than in the next most expensive country, Germany. GB fares are 3.31 times more expensive than in the cheapest country, The Netherlands. Underlining the high price of flexibility in GB, the most restrictive fares in GB are broadly the price of a fully flexible return ticket for a journey to the principal city in another country.



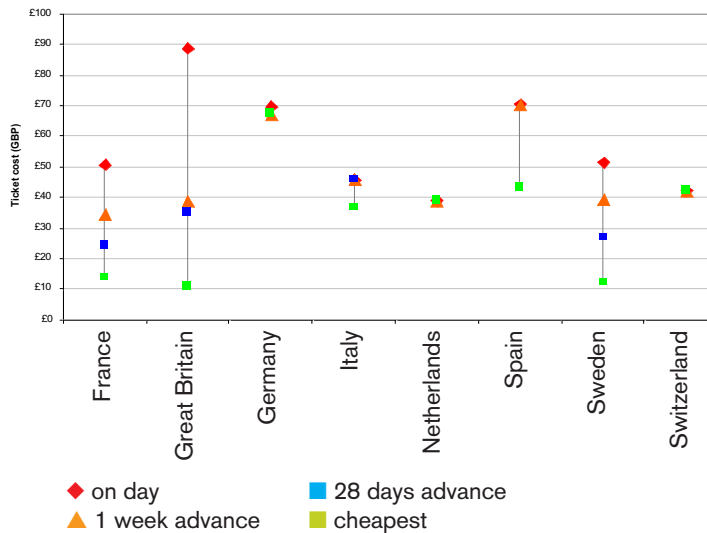
- Return arrive before 0900
- ◆ Day return arrive 1000-1200 (return unrestricted)
- ▲ Day return arrive 1000-1200 (return restricted)

Long distance walk-up day return fares to the second city

There is a similar picture with the second city. Germany is the next most expensive country for long distance walk-up fully flexible day return fares: tickets to Birmingham are 1.56 times higher than to Hamburg. The Netherlands is the cheapest country: fares to Birmingham are 2.54 times more expensive than to Rotterdam. The most restrictive fares to Birmingham are in every case more expensive than a fully flexible return ticket for a journey to the second city in another country.

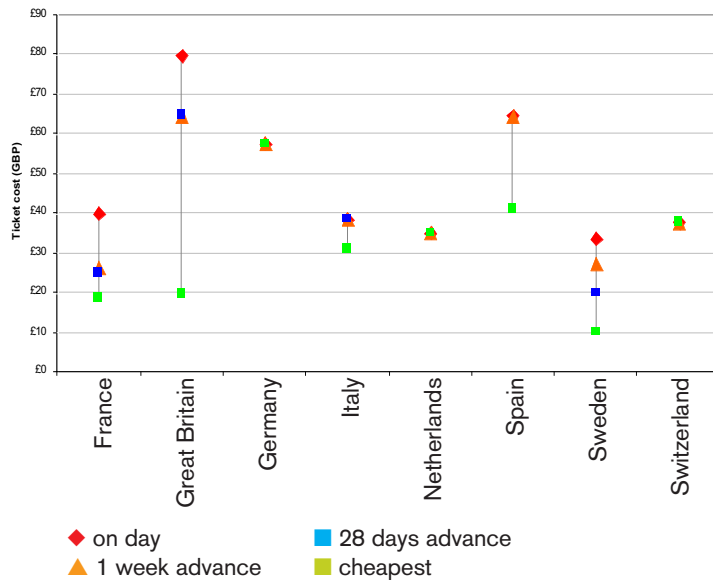
Long distance advance purchase single fares to the principal city

GB has the cheapest advance purchase single fares to a principal city, assuming seats at those prices are available on the trains you wish to use at the time you book. One week before date of travel GB prices were comparable with those in five other countries, while cheaper than in two. However, if you cannot get an advance ticket the GB price is significantly higher than in other countries.



Long distance advance purchase single fares to the second city

GB has among the cheapest advance purchase single fares to a second city, assuming seats at those prices are available on the trains you wish to use at the time you book. We found that even at 28 days before travel, fares to Birmingham were more expensive than to every other second city except Barcelona, and in some cases significantly so.



Regional variations within Great Britain

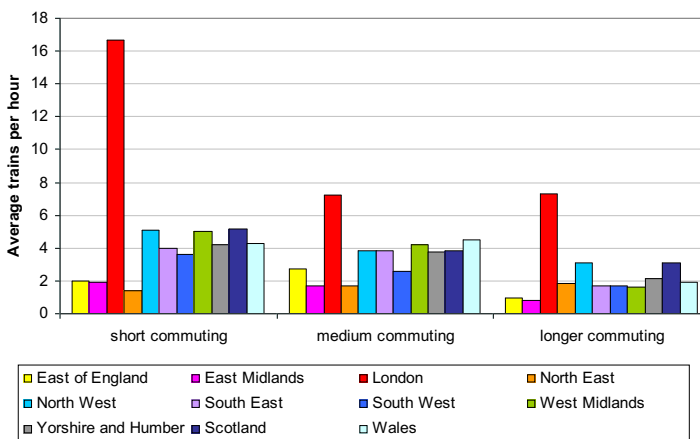
Passenger Focus concluded that a study of fares and ticketing should examine the variations in different parts of Great Britain. We therefore examined fares, frequency and speed of commuter rail services to the principal city in Scotland, Wales and each government office area in England. Other quality factors, for example crowding levels, did not form part of this work. The cities included were Birmingham (West Midlands), Brighton (South East), Bristol (South West), Cambridge (East of England)*, Cardiff (Wales), Glasgow (Scotland), Leeds (Yorkshire and Humber), London (London), Manchester (North West), Newcastle (North East) and Nottingham (East Midlands). A summary of the research report appears as Appendix C in this document.

* Norwich is the largest city in the East of England, however Cambridge was felt to be more significant in terms of rail commuting.

Please note that all prices referred to in Section 7 have been standardised to an average distance and adjusted to reflect differing levels of disposable income in the regions and countries of Great Britain.

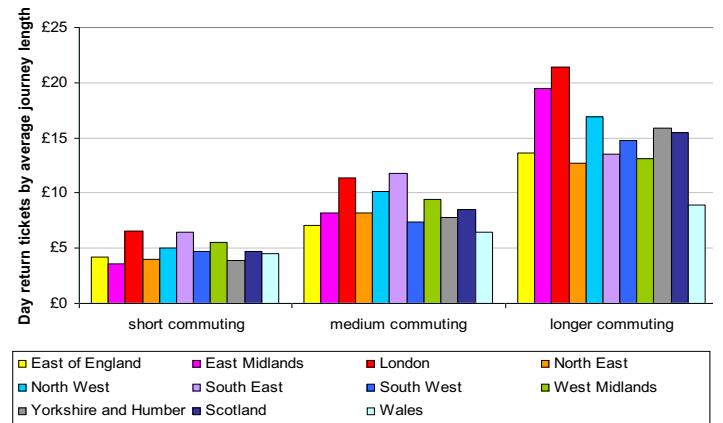
Frequency and speed

In the three distance bands we examined, short (5-16km), medium (17-40km) and longer (41-80km), London has the most frequent service. In the short distance band, London has over three times as many trains per hour as the cities with the next most frequent services (Birmingham, Glasgow and Manchester). Average speed varies much less.



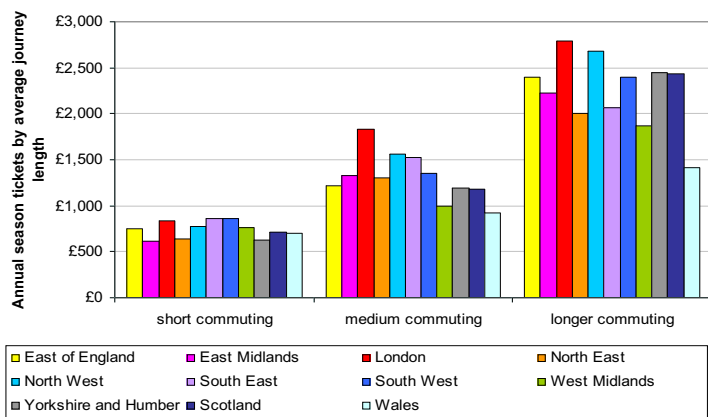
Unrestricted day return fares (i.e. anytime in both directions):

London is the most expensive in the short (5-16km) and longer distance (41-80km) commuter distance bands, while in the medium and longer distance bands Cardiff has the lowest fares. In the longer distance band fares to London are 1.1 times higher than to the next most expensive city, Nottingham, and are 2.4 times higher than those to the cheapest city, Cardiff.



Annual season tickets

There is relatively little variation in price of an annual season ticket in the short distance band. London is the most expensive in the medium (17-40km) and longer distance (41-80km) commuter distance bands. For example, in the medium distance band fares to London are 1.17 times higher than to the next most expensive city, Manchester, and are 1.99 times higher than those to the cheapest city, Cardiff.



Fairness, understanding and credibility of the system

There are a number of features of the current fares system that lead passengers to doubt its fairness to consumers and credibility as a coherent structure.

Fares regulation

In the qualitative research for this study we found that many passengers could not relate the fact that many fares are regulated with their personal experience. This may be partly because RPI had been running ahead of increases in earnings at the time of the research, but it may also be because:

- A system of regulation that allows prices to rise 1% ahead of inflation every year in return for a service that is not perceived to have improved does not feel like adequate consumer protection.
- Some passengers will have experienced price increases in excess of RPI+1, as operators take advantage of flexibility to raise individual fares by a further 5% so long as the overall cap on the fares basket is not breached.
- Long distance Anytime tickets are entirely unregulated and have been rising substantially above the rate of inflation for some years.
- Ancillary charges, for example car parking fees at stations, are entirely unregulated, despite train companies having a *de facto* monopoly.

A further problem is that there is currently no relationship between the level of punctuality and reliability on a particular route and the fares that can be charged on it. Even where season ticket holders are entitled to a discount on renewal*, passengers have found that the discount is subsumed by the annual price increase of what is nominally a regulated fare.

*a system which in any case no longer applies to some train operators.

Fares simplification

It is clear that further simplification of the long distance fares structure is needed to remove confusion, illogical features and unfairnesses. There remains a view that the fares structure is designed to confuse passengers into paying more than they need to. The new names for train tickets (Advance, Off-Peak, Anytime) introduced during 2008 under the banner of “fares simplification” were a step in the right direction – but the underlying complexity

remains. Research for this study found that the new names had not resonated with passengers, although the fieldwork was conducted too soon after full implementation of the changes to draw firm conclusions from this. Nevertheless it is clear that simplification needs to go much deeper than has been achieved so far.

Missing the train on which you hold an Advance purchase ticket

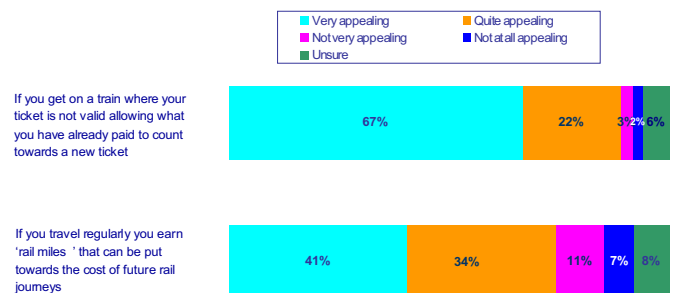
Passengers view rail industry policy that if you miss the train for which your Advance single ticket was issued it has zero upgrade value on the next train as deeply unfair, verging on ‘sharp practice’. A Leeds business passenger taking part in our qualitative research for this study summed up the feeling:

“You see people on the train all the time getting done for being on the wrong train. Last week I saw a guy having to shell out 160 notes. It’s not fair, the train was half empty anyway, you should be able to just pay the difference”

We tested a solution to this problem in the quantitative phase of the research. A system in which, if you miss the train on which you were booked, what you have paid already counts toward the price of the appropriate new ticket you need received overwhelming support – 89% of passenger said it held appeal. We also tested the idea of frequent travellers earning ‘rail miles’ that can be redeemed against future purchases of train tickets.

Appeal of ideas to improve long distance passengers’ satisfaction with value for money

Long distance



Base: Long distance 1135/1134

The huge variation in price for the same journey

Many passengers find it illogical that the same seat on the same long distance train can cost anything between £10 and £150. It feels intuitively wrong to people and fuels a sense, particularly among infrequent users, that unless you are clued up about the system you will end up paying through the nose. Are wider perceptions coloured by the “That’ll be fifty quid, mate. Now, if only you’d been here yesterday I could have done you that for a tenner” reality of the current system? The cost of driving does not jump several fold depending on whether you managed to get a deal by 6pm the day before your trip.

Lack of transparency about quota-controlled Advance ticket availability

We know that many passengers are sceptical about the number of cheap tickets, particularly at the cheapest ‘price point’ that are available on particular trains. The widely-held perception is that there are none or very few, forcing people to trade up to higher prices – so called ‘bait and switch’. The reality is different: many passengers do buy tickets at the lowest prices, but the suspicion remains.

It is not even clear to passengers who have failed to obtain an Advance ticket whether it is because:

- There never are Advance tickets available on that train/for that journey
- Advance tickets were available, but they have all been sold
- The Advance tickets have not yet been released for sale

‘Through’ fares that can be undercut

This is where passengers can travel using tickets for constituent parts of their journey at a lesser price – sometimes significantly so – than buying the formally-advertised ‘through’ fare.

Sometimes this relies on National Rail Condition of Carriage 19 that allows the use of a combination of tickets provided that the train stops at the station where you change from one ticket to another. In many instances, however, this is not relevant as a change of trains is required anyway. Passengers cannot comprehend that it is possible to travel from A to B for significantly less than those who innocently ask for a ticket between those points believing that they will be sold the cheapest option. This situation violates two consumer principles:

- information – is it available, accurate and useful?
- and
- fairness – are some or all consumer unfairly discriminated against?

Examples 1 to 4 at the end of this section illustrate the problem.

Particular journeys for which cheaper tickets cannot be purchased

From time to time we become aware of particular journeys for which cheaper tickets cannot be purchased – they simply do not exist. Often the reason is the perpetuation of a historic anomaly – which, once drawn to the relevant train company’s attention, is corrected.

The absence of cheaper tickets on some journeys for no practical or commercial reason highlights that aspects of the current fares structure have simply evolved. Individual train companies, let alone the industry as a whole, do not appear to periodically review the fares and tickets they are offering from particular stations to identify and remove peculiarities of this nature. While the industry responds to what is drawn to its attention, there appears to be no systematic review of the fares being offered.

This results in:

- particular passengers being disadvantaged
- bafflement as to why the price from one station is significantly different from another one nearby.
- creation of re-booking anomalies
- presentation of an unnecessarily high price in the market place, adding to perceptions of poor value for money and deterring use of the railway

Examples 5 to 7 at the end of this section illustrate the problem.

Different fares policies on different train companies

Each train company sets the interavailable prices and the associated time restrictions on a list of ‘flows’ that are allocated to it. For example, National Express East Coast sets the interavailable* fare from York to London, while South West Trains sets the interavailable fare from Portsmouth to London. Where this arrangement creates anomalies and confusion is that on certain routes the interavailable fare is set by a different train operator to the one running the train passengers use. This can mean fares – and the time restrictions that apply to them – that are consistent with the strategy of one train operator, but at odds with that of another. It can result in passengers travelling to adjacent stations being faced with different rules on the use of tickets with identical names – a recipe for confusion, disbelief and fuelling the view that ticketing is complicated, nonsensical and designed to trick.

Example 8 at the end of this section illustrates this problem.

*the price of a ticket that can be used on any train between two given stations, subject to applicable time restrictions, irrespective of which company operates that train

Website retailing errors

In a recent survey, the Association of Train Operating Companies found 100% accuracy with retailing through train company websites. However, Passenger Focus receives complaints about, and from time to time itself discovers, oddities with ticket retailing websites. We do not believe this is deliberate, however it nevertheless disadvantages passengers and undermines trust in the system.

Examples 9 and 10 at the end of this section illustrate the problem.

Examples of fare anomalies

'Through' fares that can be undercut

Example 1 Shrewsbury to Leicester travelling off-peak and returning the following day

'Through' fare £31.70

By buying separate Shrewsbury to Birmingham (£13.60) and Birmingham to Leicester (£14.10) tickets – a change of trains is required in Birmingham in any case – £4.00 (12.6%) can be saved. Note: all tickets quoted in this example are Off-Peak Returns.

Example 2 Peterborough to Cardiff travelling Standard on Advance single tickets

'Through' fare £75.00 using the 0610 Peterborough to London and 0745 London to Cardiff on 3 March 2009 (quote obtained on 3 February 2009)

By buying a Peterborough to London ticket (£12.50) and another from London to Cardiff (£47.50) and assuming £4 cash price on the London Underground it would cost £64.00*.

Using the same ticket type on the same trains you can save at least £11.00 (14.5%)

*Oyster pay as you go users would travel for £61.60.

Example 3 Ipswich to London travelling Standard in the peak in both directions, returning the same day

'Through' fare £60.00

By buying an Ipswich to Manningtree ticket (£6.10) and another from Manningtree to London (£41.10) you can travel for £47.20, saving £12.80 (21%). The trains used must stop at Manningtree station, even though you need not get off.

Example 4 Wellingborough to Exeter travelling on a Standard Open Return

In examples 1-3 we have deliberately compared like with like in terms of ticket type (e.g. Anytime and Off-Peak). However, example 4 illustrates how passengers can pay more than necessary if their journey starts when peak prices apply, but is completed in the off-peak.

'Through' Anytime Return £222.50 using the 0907 Wellingborough to London and 1106 London to Exeter. By buying a Wellingborough to London Anytime Return (£71.00), a London to Exeter Off-Peak Return (£63) and allowing £8 for cash fares on London Underground, this journey (assuming that morning peak trains from Exeter to London are avoided on the return leg) can be made on the same trains for £134.00, saving £88.50 (40%).

Particular journeys for which cheaper tickets cannot be purchased

Example 5 No Advance single fares existed for journeys from East Anglia via London to the West Midlands, North West England and Mid and North Wales – despite the full range of

'walk up' tickets being available. When Passenger Focus drew this to Virgin Trains' attention they created fares for these journeys, but if we had not intervened the situation might still exist in which the cheapest ticket from Ipswich to Manchester was a 'walk up' Off-Peak or Anytime Return, whereas from the next station along the line it was an Advance single?

Example 6 From stations on the line between Ludlow and Shrewsbury, the quickest route to London is by Virgin Trains into Euston. However there are no Advance singles from Ludlow to Euston, but there are from the next station along the line, Craven Arms.

Example 7 From Peterborough and stations in the East Midlands the quickest route to Manchester is often not the East Midlands Trains through service, but by changing trains at either Doncaster or Leeds. At present there are no Advance singles for these journeys – leaving passengers to choose between a higher-priced 'walk up' ticket on the quicker route or an Advance single on the through service. At Passenger Focus's request National Express East Coast will introduce these tickets on 17 May 2009.

Different fares policies on different train companies

Example 8 From Gloucester towards Worcester, passengers travelling to Cheltenham can buy an Off-Peak Day Return priced by CrossCountry that is not available for use before 0930 or between 1530 and 1815 in either direction of travel. However, an Off-Peak Day Return to Ashchurch – one station beyond Cheltenham – is priced by Arriva Trains Wales and valid for travel after 0830 with no evening restrictions. Gloucester to the station beyond Ashchurch, Worcester, is priced by CrossCountry and subject to their 0930 and 1530-1815 restrictions. In this example, the notion that the structure is nonsensical is heightened by the fact that in the case of Gloucester to Worcester the restricted Off-Peak Day Return ticket is 10p more expensive than the unrestricted Anytime ticket valid at all times!

Website retailing errors

Example 9 There are fares between Birmingham and Weymouth both via London and avoiding London. The Virgin Trains website will present passengers with timetable options for both – but when it comes to ticket availability only the via London options are presented. As a result, the unwary could end up catching trains that take longer and cost more than necessary.

Example 10 We discovered that National Express East Anglia Advance single fares from East Anglia to London were not showing for sale through the National Express East Coast website, resulting in the cheapest tickets on sale through that site being significantly more expensive than passengers needed to pay. The data mapping oversight was quickly corrected when we highlighted the problem, but is not known how many other undiscovered anomalies are leaving passengers out of pocket.

Ticket buying facilities

The mechanics of buying a ticket is an important element of any study into fares and ticketing. National Passenger Survey Autumn 2008 shows that passenger satisfaction with “ticket buying facilities” stands at 71%, while dissatisfaction stands at 15%. There is, however, some variation between the highest satisfaction at 87% (First ScotRail) and the lowest at 61% (Arriva Trains Wales). Below we summarise existing research in this area and in Section 10 iv we reproduce the conclusions of previous work and those of our research into future ticketing technologies, published in January 2008.

Ticket office queuing times

Passenger Focus research has looked at the length of time passengers have to queue at ticket offices, using as measures the three and five minute standards set out in the Ticketing and Settlement Agreement (TSA). Our most recent research, “Ticket queuing times at major rail stations” published in May 2008, involved observing 13,406 passengers queuing at ticket offices in 12 major stations. The results were:

| Station | Passengers queuing for more than 5 minutes at peak times | Passengers queuing for more than 3 minutes at off-peak times, weekdays | Passengers queuing for more than 3 minutes at weekends |
|-------------------------|--|--|--|
| Birmingham New Street | 0% | 4% | 22% |
| Cardiff Central | 3% | 6% | 13% |
| Glasgow Central | 2% | 1% | 15% |
| Leeds | 5% | 24% | 17% |
| Liverpool Lime Street | 2% | 22% | 15% |
| London Bridge | 14% | 26% | 46% |
| London Cannon Street | 8% | 18% | n/a* |
| London Kings Cross | 26% | 76% | 59% |
| London Liverpool Street | 15% | 31% | 41% |
| London Victoria | 6% | 28% | 60% |
| London Waterloo | 13% | 58% | 28% |
| Manchester Piccadilly | 3% | 34% | 28% |
| All stations | 8% | 22% | 34% |

* London Cannon Street station is closed at weekends

At these 12 major stations, almost one in 10 peak passengers queued for longer than five minutes; over one in five passengers queued for longer than three minutes at off-peak times on weekdays; and one in three queued for longer than three minutes at weekends. At Birmingham New Street, Cardiff Central and Glasgow Central queuing for longer than the standard was confined largely to weekends, whereas passengers using ticket offices at a number of London stations – notably Kings Cross – are very likely to queue for longer than the standard. At six of these 12 stations weekend queuing at ticket offices is a particular problem.

An earlier Passenger Focus study, “Mystery shop of rail ticket retailing – research summary” published in March 2007, found that in the off-peak 48% of passengers using ticket offices at the largest stations surveyed were queuing for longer than the three minute standard.

Our research begs the question whether train companies are making reasonable endeavours to meet the three and five minute standards, as required by the TSA.

Opening ticket offices at the times that they should be open

The minimum hours during which each ticket office should be open is set out in Schedule 17 of the TSA, another part of which requires that train companies make reasonable endeavours to adhere to those hours. From time to time Passenger Focus becomes aware of ticket offices at particular stations that are not open for the hours stipulated in Schedule 17, with resultant inconvenience to passengers. In some cases this will be caused by short notice staff illness, but the extent of the problem is not clear because few train companies report their failures to adhere to the required Schedule 17 hours.

Reducing the times at which ticket offices are open

The recent decision to reject part of a proposal by South West Trains to reduce the hours when ticket offices at some stations are open has highlighted this issue. While accepting that ticket retailing will change over time, research continues to show that passengers value staff at stations – to sell tickets, provide information and deter anti-social behaviour. The withdrawal of ticket office staff can have a detrimental impact well beyond the fact that passengers can no longer buy a ticket. For example, at many stations the ticket clerk is the only railway employee: once their shift is over, assistance for disabled passengers cannot be provided and waiting facilities, lifts and toilets are locked out of use. Passenger Focus will continue to listen to industry

proposals to reduce ticket office hours. However, we will seek assurances that there are effective alternative means to buy tickets and there must be a binding commitment to redeploy the staff time released for the benefit of passengers – simply reducing the salary bill is not acceptable.

Limitations on tickets that can be obtained from Ticket Vending Machines at stations

Passengers tell us about limitations on the tickets that can be purchased from some Ticket Vending Machines (TVMs); practical difficulties using TVMs, for example sunlight reflecting off screens; and their susceptibility to vandalism/attempted theft, resulting in extended periods out of action. One particular problem with TVMs, currently unresolved, is that they cannot sell add-on tickets from London Travelcard boundary zones. This results in passengers who already have a ticket to travel within specified zones, whether a conventional ticket or one loaded onto an Oyster card, having to waste time queuing up at a ticket office to pay their fare to travel a few stations further.

Previous Passenger Focus research

i Passengers' priorities for improvements in rail services, 2007

In 2007 Passenger Focus undertook research to complement what is known about passenger satisfaction and establish the areas that passengers regard as priorities for improvement. This work demonstrates that not only is passenger satisfaction with value for money low, but that passengers regard it as a priority to improve.

| Priority ranking | Factor requiring improvement |
|------------------|--|
| 1 | Price of train tickets offer excellent value for money |
| 2 | Sufficient train services at times I use the train |
| 3 | At least 19 out of 20 trains arrive on time |
| 4 | Passengers are always able to get a seat on the train |
| 5 | Passengers kept informed of delays |
| 6 | Maximum queue time no more than two mins to purchase tickets |
| 7 | Information on train times/platforms accurate and available |
| 8 | Trains are consistently well maintained/in excellent condition |
| 9 | Seating area on the train is very comfortable |
| 10 | Passengers experience a high level of security on the train |

Making improvements to the "price of train tickets offer excellent value for money" was the number one priority not only overall, but in Scotland, Wales, London and every English Government Office area. Also, it was the number one priority among commuters and leisure users, whilst being the second priority among business passengers (behind there being "sufficient train services at times I use the train").

When the Strategic Rail Authority conducted similar research in 2005, "price of train tickets offers excellent value for money" ranked second. As train punctuality has improved, and therefore lessened as a priority for improvement, value for money has replaced it as passengers' number one priority.

ii Passenger requirements of rail fares, 2006

In 2006 Passenger Focus undertook qualitative and quantitative research into passenger requirements of rail fares. Later in this section we reproduce relevant sections of the research reports, but a summary is given here.

Value for money

The qualitative phase of this research found that passengers' value for money assessments involve a complex mix of factors, some of which are subjective and extend beyond narrow consideration of price alone.

The variables will change depending on the circumstances of each journey, but the research found the following elements to be generally consistent in passengers' assessments of value for money for the price of their ticket:

- expectations, based on past experiences
- price paid for a ticket
- journey experience, not only that specific journey but also on previous occasions
- extent of choice of alternatives available
- comparisons between rail and other methods of transport

In addition, other factors will play a part in the assessment of value:

- media coverage of rail fares
- views of other passengers
- frequency with which the journey is made
- time of day
- length of journey
- purpose of journey

The quantitative phase of this work asked:

| | Commuters | Leisure | Business |
|---|-----------|---------|----------|
| Overall, how satisfied are you with the value for money of the price of the ticket you are travelling with today? | 40% | 68% | 51% |

Note: respondents answering satisfied/very satisfied

It also examined how value for money assessments varied depending on the type of ticket held and the journey purpose:

| Ticket type | Commuter | Leisure | Business |
|-------------------------|----------|---------|----------|
| Standard Single/Return | 36% | 57% | 46% |
| Standard season ticket | 35% | - | - |
| Saver/Supersaver | 57% | 63% | 60% |
| Cheap Day Single/Return | 53% | 76% | 68% |
| Apex/Super Apex etc. | - | 80% | - |
| First Single/Return | - | - | 50% |

Note: respondents agreeing/strongly agreeing that their ticket offered value for money

These findings are consistent with NPS in that commuters are the least satisfied and leisure passengers are the most satisfied. Unsurprisingly, passengers using cheaper tickets are more satisfied than those using more expensive ticket types.

Understanding, confidence and fairness

The qualitative phase of this 2006 research confirmed that passengers found the fares structure confusing and a hindrance to making ticket purchases. For example: the fact that in some instances two singles are cheaper than a return, while in others a return is 10p or £1 more than a single – and all on the same route. It also found frustration among passengers that they never quite know if they have bought the most appropriate ticket for their journey.

The quantitative phase gave the following results, confirming many of the issues that emerged during the qualitative phase:

| Statement | Commuters | Leisure | Business |
|--|-----------|---------|----------|
| Rail tickets are generally fairly priced | 15% | 26% | 18% |
| I am confident of being able to find the best value ticket for my journeys | 50% | 48% | 36% |
| I understand the range of tickets and fares available | n/a | 44% | 34% |
| There should be a standard price for a journey regardless of when you buy the ticket | n/a | 51% | 46% |
| I am confident of being able to find the cheapest tickets for the journey that I make. | n/a | 48% | 36% |

Note: respondents agreeing/strongly agreeing with the statement.

In this research, confidence and understanding about fares and tickets was under 50% among commuters and leisure passengers, and around 35% among business passengers.

It is notable that, albeit answering the question without full appreciation of the possible consequences, around half of leisure

and business passengers in this research felt there should be a single price regardless of when you buy the ticket.

Benefits of a season ticket

In the quantitative phase we sought to establish the level of knowledge about the savings offered by season tickets and found:

- 40% of season ticket-holders recognised that the tickets were better value for money than paying day by day, but there was little concept of the actual saving
- 40% had no idea how many weeks' 'free' travel an annual season ticket provided and only 5% correctly said 12 weeks
- 34% believed an annual season ticket gave between one and four weeks' 'free' travel

We also looked at why take up is not higher. Of those commuters who did not have a season ticket (and who therefore were buying daily tickets):

- 25% claimed not to have the money to pay in advance or that they can't afford one
- 59% said their reason was irregular travel patterns
- 61% had no financial help available if they wanted to buy a season ticket (22% did have)
- 39% said they would buy a season ticket if financial help were available
- 39% said they would buy a season ticket if they could pay in 12 instalments without interest

Trust in ticket sales channels

Passengers were asked to indicate the extent to which they trust ticket sources to provide them with the best value for money tickets for train journeys. The results show that the level of trust varies considerably and is lower for electronic channels: however, it should be noted that perceptions of this technology may have changed since this research was conducted.

| | Commuters | Leisure | Business |
|---------------------------------|-----------|---------|----------|
| Ticket office at train station | 87% | 88% | 82% |
| Ticket machine at train station | 48% | 36% | 34% |
| Internet | 57% | 55% | 68% |
| Telephone | 45% | 46% | 54% |
| Staff on train | 66% | 68% | 58% |
| Travel agent | 32% | 42% | 38% |

Note: respondents answering trust entirely or tend to trust each outlet to provide them with the best value for money tickets.

Advance Purchase tickets

Passengers were asked about preferences for booking ahead or buying on the day. The question "Do you generally prefer to buy tickets on the day of travel or to buy them in advance of this?" polarised opinion:

- on the day – 36% (leisure), 38% (business)
- in advance – 45% (leisure), 45% (business)
- no preference – 16% (leisure), 16% (business)

Those making journeys of over two hours duration are more likely to book ahead than others. The reasons passengers book ahead include:

- price
- not having to queue up
- getting a seat reservation
- not having to worry on the day
- needing to plan the trip in advance anyway, so why not?

Passengers were asked how far in advance they wanted to be able to book. One in four passengers said the booking horizon should be longer than three to four months and only 19% of leisure and business passengers had an accurate understanding of how long it actually was (about nine weeks).

Many people book holidays well in advance, but cannot buy the best value train tickets more than about nine weeks ahead. The short booking horizon may well deter use of rail and add to the perception that getting hold of the best value tickets is a lottery. For example, as at 2 February 2009 it was possible to book from London to Glasgow with EasyJet until 25 October 2009 and with Virgin Trains and National Express East Coast only until 9 April and 24 April 2009 respectively.

Sources: www.easyjet.com, www.virgintrains.co.uk and www.nationalexpressseastcoast.com

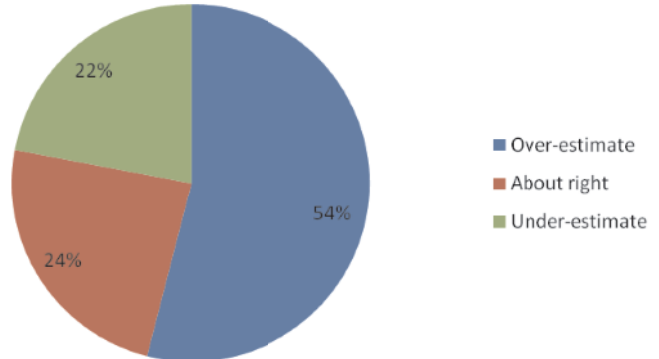
Employers' attitudes to value for money, fares and ticketing, 2007/08

During late 2007/early 2008 Passenger Focus carried out qualitative and quantitative research among employers to establish their views about rail travel, including value for money, fares and ticketing. 30 organisations took part in the qualitative study, while the sample for the quantitative phase was 500. The key findings relevant here are:

- 32% of those with knowledge of the cost of making a particular journey by train regarded rail travel for business as very good or fairly good value for money (30% said very poor or poor)
- those who travel by train on business regard it as better value for money than those who do not do so (39% very good or fairly good among rail users; 20% among non rail users)
- 75% said they were likely to know how to get the most appropriate ticket for their journey, with larger organisations (over 51 staff) expressing greatest confidence
- 36% bought tickets a few days in advance or on the day

- 54% overestimated the cost of travelling by train on a particular, typical journey

Employers over-estimate fares for typical train journeys



Perceived complexity and lack of transparency emerged in the research. One respondent said "well, I'm surprised that anybody understands it to be honest. It's if you travel at this time it's this amount and nothing seems to be documented anywhere. There's nowhere that you can just go and look and see the overall pricing structure."

Price plays a part in business trips being undertaken by car, but convenience factors appear to be more significant. Needing the car to carry things required during the trip; the station being too far away; having the car at the office anyway (so why not use it?); and the destination not having a railway/station are cited above trains being too expensive. Notwithstanding this, half of the sample would be encouraged to use rail more often if discounts were available for volume business usage.

A key message from employers was the need for flexibility at an affordable price. Many businesses reported that it is rare they can plan sufficiently ahead to take advantage of Advance purchase tickets (e.g. clients will request meetings at short notice). They also said that being tied to a specific train is impractical (e.g. if a meeting finishes later than expected or is moved at short-notice).

iv Extracts from “Passenger requirements of rail fares, Passenger Focus 2006.”

About value for money the qualitative research report states:

“It emerged during our discussions with passengers that the perceived cost of the rail journey is often calculated fairly narrowly, as follows: Fare minus Deals minus Discounts = Perceived Cost

Thus, factors such as the cost of travelling to the station, parking and refreshments on board the train are often ignored when calculating the journey cost. However, when evaluating value for money as opposed to cost per se, many factors are taken into consideration that results in a very subjective and complex ‘calculation’ for rail users. Indeed, this is such a complex issue that it will not typically be considered for all journeys but instead will exist at a perceptual level, based on experiences of past journeys.

Although the nature of the equation is variable and will change depending on the specific circumstances of each journey, the factors that tend to impact on consumer perceptions of value for money are generally consistent and can be summarised as follows:

- Expectations (based on past experiences)
- Actual price paid for ticket
- Journey experience (today and on previous occasions)
- Extent of choice of alternatives available
- Comparisons between rail and other methods of transport

These factors themselves do not form the whole picture as they will also be subject to a variety of influences from external sources such as media coverage of rail services and word of mouth experiences of other users. Finally, the value for money equation will not be a consistent calculation for each user since other factors that need to be taken into consideration on each occasion will be key issues such as the frequency that the journey is made, the time of day that travel is being undertaken and the length & purpose of the journey.

Overall therefore, at a considered level it would appear that consumer perceptions about the cost of rail travel are more than merely a response to the price paid for a ticket but are more to do with the evaluation of a number of factors that combine to form a subjective and complex value for money equation.”

About whether passengers are confident they get the best deal, the qualitative report says:

“For many rail passengers the overall impression is of a complex and confusing fare structure. This perceived complexity leads many to conclude that the current fare structure is a hindrance rather than an aide to making purchase decisions. In general, rail users would most like to be able to ensure that they are getting the best deal possible but many feel that the current system does little to show this in a transparent or helpful way.

“When you look at the website it tells you that it is sometimes better to get two singles than a return. Whereas it used to be that you paid £1 extra on longer journeys for a return. It’s all quite confusing”
[ABC1, Long Distance Leisure, Edinburgh]

While in many areas of decision making the wide availability of choices tends to be regarded as desirable, this was clearly an area in which consumers felt that they were being placed at a disadvantage by the breadth and complexity of the array of alternatives that they were often being presented with, especially when buying on-line. As well as being confused by this situation, many consumers were clearly frustrated at their inability to make informed decisions that gave them the peace of mind to feel assured that they had bought the most appropriate ticket for the journey that they were making.

“There is that feeling you get that however much effort you put into it, you’ll always be sitting next to someone who has got a better deal than you”
[ABC1, Long Distance Leisure, Edinburgh]”

The qualitative report's conclusions and recommendations were:

"In conclusion, the subject of fares is clearly an important issue for many rail passengers, but is often viewed in conjunction with a number of other factors such as expectations, (mis)perceptions of what the journey experience will be like, choice of other modes available etc. Thus, perceptions of value for money in rail travel are very subjective and somewhat complex. Furthermore, we feel that perceptions of value for money may be accentuated when prompted at the point of travel, and we have already made some suggestions to Passenger Focus as to how this could be taken into account in the ensuing quantitative phase of this research.

We have also uncovered in this research considerable confusion among certain user groups due to the perceived complexity of the rail fares structure and the number of ticket types available. Indeed, our overall thought having conducted this research, is that the current complexity of the fares infrastructure is often not allowing consumers to feel they are achieving best value on fares. In particular, passengers are fearful that they may end up choosing the wrong type of ticket. But the perceived complexity also serves to emphasise the key consumer requirement that they get the best deal without the responsibility of having to seek it themselves. The fact that consumers tend to operate on a 'need to know' basis and that ticket types is not information that they think they need to know, means that detailed information such as the benefits of Saver tickets and the 9 week window for advance discounted tickets remain largely unknown.

Flexible working is emerging as a growing trend and one that is changing customer requirements for period tickets. Awareness and knowledge of Oyster, both in the capital and further afield, has led some to request similar systems nationwide. However, those in locations further away from the capital whose commute only costs them a relatively small amount often seem happy paying daily. With regards to season tickets, we found that some who commute daily are simply unaware of the nature or extent of benefits available, while others are unable to take advantage of the benefits due to the amount of money they would be required to pay up front.

Advance booking discounts are important for those passengers making longer distance journeys although we did find that not all were taking advantage at present due to a lack of system knowledge. It also became clear that passengers often ignore advance booking discounts when the return journey can be made in a day, irrespective of the length of journey.

The concept of a National Railcard was well received by most, fulfilling some requests for a more inclusive product.

The problem of how to better manage demand on the rail network is a challenging one to solve since it is difficult to provide a solution without adding to the current perceptions of complexity. Our feeling is that a solution is more likely to require re-focusing of mindsets through societal changes rather than a re-structuring of fares.

Non-users of the rail network cite a number of reasons for choosing other modes of transport, and fares and cost are not

always the primary barrier to rail travel. Nonetheless, it is clear that more active promotion of existing deals could help to trigger future usage among current non-users, as well as serving to encourage a more positive mindset towards rail travel.

In light of the research, we would suggest that Passenger Focus could consider the following recommendations:

For Commuters:

- Promote benefits of season tickets
- Consider more flexible period ticket products
- Change 9-5 mindsets
- Incentivise off-peak travel
- Encourage commuters to lobby employers
- Increase peak/off-peak differential (make off-peak cheaper)
- Promotions on off-peak fares (especially earliest trains)
- Travel vouchers or equivalent with off-peak journeys
- Free drinks/newspapers for off-peak
- Re-define morning peak time

For Non-Rail Users:

- Promote current deals further
- Communicate benefits of rail travel

For All:

- National railcard
- Establish best fare system for ticket purchase (with help and advice)
- Further promotion of deals"

The overall conclusions of the quantitative phase of this research were:

- that there is a general feeling amongst leisure and business passengers that the rail fares structure is difficult to understand
- that ticket prices are currently acting as a barrier to train travel. Many passengers have decided against travelling by train due to ticket prices and the vast majority of leisure and business passengers claim they would travel more frequently by train if prices were reduced
- that passengers lack sufficient knowledge to enable or encourage them to access more favourable ticket options when they are available. A high proportion of those who buy tickets on the day of travel, for instance, do not know if their ticket would have been cheaper had it been booked in advance. Additionally, regular commuters who buy tickets on a daily basis grossly underestimate the number of effectively 'free' weeks travel that are offered by season tickets
- that there is an immediate requirement for informing rail passengers on how to get the best value for money tickets for the type of journey they are undertaking. Beyond this there is an ultimate need for simplification of the fares and ticketing structure and the possible introduction of initiatives, such as the National Railcard or interest free season ticket payment plans, designed to increase the affordability of rail travel for some segments

Extracts from Passenger Focus research into ticket retailing

Ticket queuing times at major rail stations, May 2008

"In September 2007, Passenger Focus commissioned independent market research agency TNS to undertake a study to measure queuing times at 12 major Category A stations that were found to be the poorest performers in the mystery shopping research undertaken in March 2007. The aim was to get a broad picture of queuing times across all times of the day and the days of the week at both ticket machines and ticket offices. This data would provide useful insight into whether the service is currently meeting the industry's Ticketing and Settlement Agreement (TSA) standard, which states that passengers should not queue for more than five minutes during the peak and three minutes during the off-peak to buy tickets at stations.

Our research found varying results between individual stations. However, there were two distinct groups, with stations outside London performing better than stations within London:

Peak vs. off-peak

- *The off-peak queuing times were longer than the peak, with one in six passengers queuing longer than three minutes compared to only 5% of passengers queuing for more than five minutes during the peak.*
- *During peak time, passengers at Birmingham New Street did not have to wait more than five minutes. Whereas at London Kings Cross, one in seven passengers had to queue longer than five minutes.*
- *Across all stations, weekends had the longest queues with one in five (21%) passengers queuing for more than three minutes. Almost two out of five passengers at London Victoria had to wait longer than three minutes at the weekend.*

Ticket machines vs. ticket offices

- *Generally ticket offices had longer queues compared to ticket machines. The average queuing time at ticket offices was over two minutes compared with only one minute at ticket machines.*
- *41% of all timings observed at ticket machines did not have a queue, whereas only 18% of all timings taken at ticket offices reported no queues.*
- *For ticket offices, nearly three out of 10 passengers queued more than three minutes during the off-peak compared with 9% during the peak. London Kings Cross had the worst queuing times during the peak and off-peak (one in four waited more than five minutes in the peak and three out of five queued more than three minutes in the off-peak).*
- *During the weekend, London Victoria had the worst queue lengths at ticket offices with three out of five passengers queuing more than three minutes.*
- *Birmingham New Street had no passengers queuing more than five minutes during the peak to use a ticket machine."*

Mystery shop of rail ticket retailing – research summary, March 2007

This set out the results of mystery shopping covering all the main 'channels' through which passengers buy tickets. That is, station ticket offices, station ticket machines, onboard trains, telephone sales and internet sales. The conclusions were:

"This research has identified a number of areas in which train operators are performing well. Ticket sales staff at stations were found to be helpful and courteous which is in line with earlier research carried out for Passenger Focus that found passengers trusted rail staff to give them the best deal and make sense of a sometimes complicated fares and ticketing structure.

However a number of problems do exist such as long queuing times particularly at off peak times. Queue times were found to be long at off peak times, with almost a half of passengers (48%) at the largest stations queuing for longer than the industry guidelines of three minutes or less. This suggests that the rail industry is not staffing ticket offices adequately at off peak times.

Queue lengths at ticket machines were generally short. However, some passengers will not use them, and our mystery shoppers found that railcard options were not always available on the machines. The rail industry is likely to further embrace new technology for ticket retailing and this could deliver real benefits for passengers and reduce queue lengths; however, they need to ensure that passengers can be confident of getting the best deal regardless of how they choose to buy tickets.

Passengers travelling on trains in South Wales sometimes find it difficult to pay for their journey; this is an issue that needs to be looked into further by the rail industry.

Many ticket sales staff are not aware of or are not communicating the benefits of All-line Rovers. Whilst this is clearly a ticket which will not be useful to the majority of passengers, where it is useful it should be offered, similarly weekend First Class upgrades should be offered as an option where passengers are clear that they are travelling at weekends on lines where they are available and no better offers are available.

Different websites do offer different deals. GNER was cheaper than other websites for some of its own tickets. www.thetrainline.co.uk charge a fee for using credit cards whilst the other websites we shopped do not."

Ticketing for the future? Research into ticketing technology, January 2008

In January 2008, Passenger Focus published the results of qualitative research into passengers' attitudes towards new technology which may become part of how you pay to travel by train in Britain. The key findings, included here for completeness, were:

"There is high interest amongst passengers in using new ticketing technology to resolve some of the problems that they experience when purchasing rail tickets. The problems predominantly focus on the inability of passengers to purchase tickets in a quick and convenient manner in advance of undertaking a journey.

Passengers believe that the solutions need not be radical in their use of technology and that it should be possible to introduce new methods of ticket purchase that are usable by all groups and will be practicable for the industry to implement. A contactless smartcard demonstrates the potential to resolve current ticketing problems without significant disadvantages from a passenger's perspective. Those who travel most frequently and have had experience of using Transport for London's Oyster card are most receptive to the concept of a rail smartcard and appreciate the benefits that it could offer in the wider context. All users agree that if introduced a rail smartcard needs to be compatible between the different train operators, and where possible other public transport operators.

Provided existing channels of purchase are maintained, even those passengers who are least likely to derive benefit from the introduction of a rail smartcard (low-frequency users, technophobes and older respondents) can appreciate the theoretical advantages of a smartcard. Importantly the introduction of a smartcard would not seem to deter these groups of passengers from travelling. However if there is to be widespread acceptance of smartcard technology amongst passengers a number of barriers to use need to be overcome.

Passengers like to compartmentalise their travel costs when budgeting their expenditure. There is, therefore, limited interest in extending the application of a rail smartcard to retail beyond the smaller purchases that a passenger might make whilst waiting for their train. Passengers seemed less receptive to the idea of incorporating ticketing technology into mobile phones, but recognised that this form of technology could play a role for those undertaking short ad hoc journeys. If mobile phones are to be more widely accepted as a method of ticket purchase, the most significant hurdles for the industry to overcome relate to concerns over reliability and the increased security risk of producing a mobile phone in a busy public place. Similar to mobile phones, e-ticketing and 'print at home' ticketing options capitalise on widespread technology and are felt to be useful for those who travel infrequently, in particular those who are undertaking longer journeys. However, transferring the cost of ticket printing to the passenger and potential acceptance problems at the barriers were just two of the limitations highlighted by passengers.

It is clear that smartcard, mobile phone and print at home technology all have a potential role to play in overcoming the problems that passengers currently experience when trying to purchase tickets in advance of their journey. However in order to gain widespread acceptance amongst passengers a number of significant hurdles has to be overcome and, most importantly, the solutions need to be carefully explained."

**Extract from “Fare structure?”, Passenger Focus
May 2007**

In May 2007, Passenger Focus conducted research into various issues relating to fares and ticketing and it is included here for completeness. However, things have moved on in respect of a number of the specific issues that were subject to research in this project. In particular, the references to an industry Price Promise refer to an **entirely different** document to the one currently under discussion by the Association of Train Operating Companies.

“This research provided confirmation of many of the findings of the Fares project conducted in 2006 for Passenger Focus: The complexity of the fare structure is felt to obstruct rather than facilitate decision making; passengers often feel they select the wrong ticket or do not get best value for journeys they are making; many are using Savers but without knowledge of their regulated status.

The suggested proposals to simplify the current fare structure are welcomed among passengers who expected that consistency of terminology would be beneficial to them. Additionally the proposed fare structure based on single leg pricing was already familiar and was expected to deliver better clarity and value for many journeys.

The new fare names were also well received and were expected to help make journey planning and ticket choice easier. There is a small caveat in this respect in that a small minority felt that Super Off Peak was somewhat less clear than the other names presented for research.

Although perhaps difficult to gauge accurately from this work alone, initial responses to the examples of the likely revised fare changes met with little resistance and tended to be generally well received across all user groups. These responses were based on the belief that the examples given were realistic rather than just illustrative. Those passengers with most flexibility recognise especially the potential advantages to them and others are able to understand the rationale of attempting to smooth demand by further penalising peak time travel.

The proposed deregulation of the Saver fare elicited a mixed response across the sample: although some were clearly aware of the benefits to consumers at a theoretical level (and in other markets), others were concerned that TOCs will exploit the effective monopoly that exist on routes without competition at the expense of rail users. Indeed, given the currently low levels of awareness of the details of Saver fares, it would appear that the main issue faced by passengers is the removal of a fare with symbolic status within the current pricing structure.

In this respect there was more concern about the removal of the safeguard against increasing fares that currently exists rather than the impact of losing the Saver fare at an individual level. Although passengers are not especially attached to the Saver

fare currently, they fear its removal will have negative long term consequences for them as users of the rail network.

It is important to bear in mind that although most respondents were unable to assess the immediate impact of deregulation, this story is unlikely to receive favourable treatment by the media. The actual strength of ultimate consumer resistance to the news once filtered through the media is therefore likely to be considerably stronger than that encountered during the course of this research. It is also important to remember that the nature of this research exercise placed a high emphasis on Saver fares and this distortion must also be taken into consideration since it is possible that Savers became a distraction from the real issue for many who will be reassured to know that Advance tickets will still be available. Furthermore the potential benefits likely to be derived from the increased flexibility of the single leg pricing structure also tended to be eclipsed by Savers as the primary focus of the research.

Finally, it was evident from the research that exposure to the details of the ‘Off Peak Price Promise’ may be more likely to create fears than allay them. While the sentiment of the ‘Price Promise’ was welcomed, it worked better at a theoretical level than it is likely to in practice. As presented for research it failed to provide sufficient reassurance to passengers about the future of Off Peak fares to the extent that it would be almost meaningless unless the highest (Anytime) fares are capped. The overall concern among passengers is that TOCs will be able to abide by the rules of the Promise but not spirit of it and still legitimately increase the price of Off Peak fares.”

Principal conclusions and recommendations

i Passenger satisfaction with value for money

Key findings:

- Commuters in London, South East England and the East of England rate value for money lower than in other parts of England, Wales and Scotland
- Value for money satisfaction is inextricably linked with ticket price, but quality matters too. The key issues for both commuters and long distance passengers are:
 - Punctuality and reliability
 - Being able to get a seat
 - Passenger information during service disruption

Recommendations:

- Short term:
 - much greater focus on passenger information during service disruption. For example, feeding station information systems direct from the National Rail real time database would be a huge step forward, enabling information to passengers during major disruptions to be dramatically improved.
- Long term:
 - the industry must continue to work on punctuality/reliability and delivering sufficient capacity – clearly core elements of a train service.

ii The price of commuter tickets

Key findings:

- The price of commuting to London is high in comparison with other European countries.
- The price of commuting to other major cities in Great Britain is lower than to London, but in most cases is still more expensive than commuting to the principal city in other European countries.
- Current funding policies were set in different economic times and, because of their impact on passengers through upward pressure on fares, need to be reviewed in the light of the economic downturn.
- Flexibility within the overall basket does not prevent individual passengers having substantial fare increases, year on year, on theoretically regulated tickets.

Recommendations:

- Short term:
 - Developing discounted travel for frequent commuters for whom a traditional season ticket is not cost-effective (e.g. 10 single journeys for the price of eight carnet books).
 - Develop and promote a facility to spread the cost of an annual season ticket – allowing more people to take advantage of 52 weeks for the price of 40.
- Long term:
 - that Government reviews the intention to move to 75%/25% split between passenger and taxpayer, and the impact on fare levels of high premium franchises.
 - that restrictions are placed on the fares basket flexibility that allows individual tickets to rise by 5% higher than the overall cap.
 - that train companies are prevented from passing on all of the permitted increase in regulated fares on routes where peak performance is poor.

iii Simplify the long distance fares structure

Key findings:

- The long distance fares structure must be simpler. Existing simplification was about presentation only – the underlying structure is still seen as complicated and not logical (e.g. two singles may or may not be cheaper than a return, return £1 more than a single).
- The price of flexibility is too high – passengers are baffled by the huge gap between the cheapest and the most expensive fares on the same train (the fact of which is confirmed in our European research).

Recommendations:

- Short term:
 - Lift the lid on the mystery by displaying at stations the cheapest 'buy on the day' return price for a through ticket to key destinations. It will remove doubt about whether you have got the best price. It will prompt thought about how to pay that price another day. Where else is a retailer not required to display prices to intending customers?
 - Building on the previous point, consider the merits of describing prices above that level in terms of the extra you pay and the extra you get – a 'menu' approach.
- Long term:
 - A fundamental review of the long distance fares structure to deal with myriad anomalies/complexities and tackle the current high price of flexibility.

iv Fairness

Key findings:

- The long distance fares structure needs to be (and needs to be seen to be) fairer to passengers. It requires greater transparency.

Recommendations:

- Short term:
 - Allow Advance purchase fares to be purchased much closer to departure (e.g. move the cut off time from 6pm to midnight the day before travel?).
 - Increase flexibility by allowing passengers to pay the difference between what they have paid already for an Advance ticket and the appropriate new ticket if they miss their train or need to change their plans. Flexibility at an affordable price was highlighted in our employers research.
 - Transparency regarding Advance purchase tickets: the industry must address the perception that 'cheap tickets' are never available.

Supplementary recommendations

i Ticket office queuing time

In the light of our own research and information from other sources, we recommend that the Department for Transport (DfT) in future requires train operators to formally report about adherence to three and five minute queuing times at their stations. In areas where Penalty Fares are charged, or where train companies will sell only full price tickets once you have got on the train, passengers have little choice but to stick in the queue – even if it means missing their intended train.

ii Ticket office opening times

The long-held suspicion that some ticket offices are not always open for the full hours they should be has been proved well-founded following analysis of data accompanying South West Trains' recent application to reduce "Schedule 17" hours at a number of stations. We recommend that DfT in future requires train operators to report formally against compliance with Schedule 17 hours at their stations.

iii Car parking fees

It may be that in law it is not possible to sustain an argument that train companies enjoy a monopoly in the supply of car parking around railway stations. However, many passengers feel that they have no alternative to parking in the station car park and paying whatever the train operator chooses to charge. Passengers who have experienced 120% price increases at East Coast Main Line car parks over 2½ years could be forgiven for thinking that train companies do indeed control both price and supply. We recommend that DfT reviews its current stance that car park pricing is a commercial matter for train operators. For many passengers the car park price is an extension of the train fare, particularly for commuters. Is it logical that one is regulated and the other is not?

iv Treating season ticket-holders like valued customers

In most industries customers who buy from you every day would be regarded as something special. Yet on the railway a discussion between passenger and booking clerk that goes "Stand aside and write your cheque for £4,000 while I serve some customers who aren't a nuisance" is only just unfair.

The product passengers are buying is, in its nature, intangible; commuters probably have mixed feelings about paying to get to work; and for many people – particularly in London and the South East – neither private car, bus nor a different train company is a realistic option. Passengers feel at the mercy of a monopoly provider. Therefore train companies need to counterbalance these factors by going out of their way to demonstrate that season ticket-holders are valued customers not being taken for granted. We recommend that DfT considers how future franchise specifications, particularly for commuter train operators where there is little commercial incentive to consider loyalty within a short franchise, can be shaped to tackle this problem.

v Combinations of tickets being cheaper than the official ‘through’ fare

This leaves the impression of an incoherent, even duplicitous fares system that results in the uninitiated paying a higher fare than they need to. We recommend that DfT requires each train operator to ensure that on the ‘walk up’ flows they control the official through fare never exceeds the sum of ‘walk up’ fares for individual legs of the journey, other than because a journey takes place partly at peak time and partly not. Simply amending National Rail Condition of Carriage 19 (which allows passengers to use a combination of tickets, provided their train stops at the station where they change from one ticket to another) would not solve the problem: in numerous instances a change of trains is required anyway.

vi Train company websites

We know that passengers are suspicious that train company websites favour their own services over those of other companies and/or don't offer the best value tickets for the journey being made. We have no evidence that this is anything other than error or omission in the mapping of data. Nevertheless, in the interests of building confidence among passengers, we recommend that impartial retailing rules be formally extended to cover all websites selling train tickets, whether operated by or on behalf of a train company or its parent, or provided by a third party licensed by the Association of Train Operating Companies.

Glossary of terms

75/25% funding split

Refers to an aspiration outlined in the 2007 white paper 'Delivering a Sustainable Railway', in which the burden of funding for the railways shifts from the taxpayer to the fare payer.

Annual season ticket

An annual season ticket typically offers 52 weeks travel for the same price of 40 weekly season tickets.

Anytime and Anytime Day

Tickets which can be used at any time of day. These tickets were formerly known as Open Return and Day Return.

Association of Train Operating Companies (ATOC)

Industry association that advocates on behalf of member train operating companies and has a number of specific responsibilities within the architecture of the privatised railway.

Carnet tickets

A carnet is a book of tickets, usually sold at a discount over purchasing individual tickets.

Fares basket

A mechanism used to regulate fares by placing a limit or 'cap' on the total weighted value of a group of fares. This group of fares is called a 'fares basket'.

Great North Eastern Railway (GNER)

A former train operating company that operated intercity east coast services. Train services on this route are now provided by National Express East Coast.

Multivariate analysis

A statistical technique that analyses the relationship between multiple variables.

National Passenger Survey (NPS)

A twice yearly survey carried out by Passenger Focus to find out passenger opinion of rail services in Great Britain.

National Rail Conditions of Carriage (NRCoC)

This is the basic contract between the train operating company and the passenger for domestic journeys.

Off-peak and Off-peak Day

Flexible tickets which can be used at off-peak times of day. These tickets were formerly known as Savers, Business Savers and Cheap Day returns.

Oyster

A form of electronic ticket in use within London.

Penalty Fares

A fare scheme applied to particular areas or routes in which passengers must pay a penalty fare if they are not in possession of a valid ticket.

RPI

Retail Price Index. Domestic measure of inflation which is used within the formula to calculate the maximum extent to which regulated tickets can rise. The RPI figure for July each year is used to calculate the maximum extent to which regulated fares can rise in the following year.

RPI+1%

The current formula which is used to calculate the maximum extent to which regulated tickets can rise.

Schedule 17

The minimum opening hours of booking offices as set out in schedule 17 of the TSA. Failure to meet these hours is technically a breach of the TSA, and therefore of a train company's licence.

Season tickets

Seasons tickets are available for seven days or any period between a month and a year. They offer a significant discount over purchasing tickets on a daily basis.

Strategic Rail Authority (SRA)

The SRA was abolished in 2006 and most of its functions transferred to the DfT.

Ticketing and Settlement Agreement (TSA)

The TSA sets out how rail fares are created, set, honoured, and refunded.