

Fare Structure?

Research Report

Prepared for:

Passenger Focus
Whittles House
14 Pentonville Road
London N1 9HF

Date:

May 2007

Table of Contents

Management Summary	3
1. Research Context & Objectives	5
2. Sample & Methodology	6
3. Main Findings	
3.1 Profile of User Categories	7
3.2 Ticket Types	9
3.3 Simplification of Fares	11
3.4 Response to Fare Changes	15
3.5 The Off Peak Price Promise	19
4. Conclusions	22
5. Appendices	
5.1 Discussion Guide	24
5.2 Examples of Fare Changes	28

Management Summary

- This research was commissioned by Passenger Focus to gauge passenger views and attitudes towards the present fare structure, a proposal to simplify the structure, the potential deregulation of the Saver fare and the application of a draft code of practice provided for the research by ATOC.
- **6 discussion groups** (6-8 respondents each for 90 mins) were undertaken among rail passengers (including, leisure and business users and those occasionally travelling on shoulder peak services). Research was conducted in March 2007.
- The research provided further confirmation of the perceived complexity of the current fare structure¹. The complexity caused by the current range of fares available tends to obstruct rather than facilitate decision making for most passengers, many of whom are forced to make uninformed decisions that they fear may result in them selecting the wrong ticket or not obtaining the best price available.
- As was found to be the case in work conducted for Passenger Focus in 2006, most rail users have limited if any accurate knowledge of Saver fares, even if they are using a Saver ticket. The preference expressed in this previous project for a regulated Saver over market pricing by TOCs however, remains unchanged.
- All passenger groups represented are able to appreciate the potential benefits to themselves and other user groups of the proposed simplification measures. There was universal approval of the new fare names which were hoped to provide at least a partial resolution to the current choice/ complexity paradox. In this respect, the suggested new names were considered to be sensible and intuitive although there was some feeling that an alternative to 'Super Off Peak' could potentially add even greater clarity.
- There was widespread acceptance of the proposed changes to the fare structure on the basis of the examples presented for research, provided that they were realistic rather than merely illustrative. Those user groups who have the lowest levels of flexibility recognise that they are most likely to lose under the new system but at the same time are able to appreciate the advantages of a fare structure based on single leg pricing.

¹ As confirmed in Passenger Focus's research 'Passenger Requirements of rail fares' published in 2006

- The concept of the 'Off Peak Price Promise' provided a degree of theoretical reassurance to rail users but exposure to its details was often counter productive for the purpose of the research exercise since this tended to have the effect of raising concerns about the impact of deregulation that had often not emerged spontaneously. Although the Promise communicates the correct sentiment, many expected that they would be likely to be disadvantaged by TOCs who would take advantage of passengers in what would become effective monopoly situations following deregulation and the removal of the Saver 'safeguard'. Many were concerned that TOCs would have freedom to raise the price of the new Off Peak fare and still adhere to the conditions of the Promise rather than the spirit of it.

In summary therefore, the research has indicated that the proposed simplification of fares and the revised fare structure is likely to benefit many user groups. However, the way in which the changes are communicated to passengers may change perceptions.

1. Research Context & Objectives

The Association of Train Operating Companies is considering rationalising the current rail fares structure. Proposals include a number of changes to the present structure that will directly impact on the passenger experience – one proposal for consideration is the deregulation of the Saver fare.

One suggestion was that a ‘code of practice’ could be considered alongside the rationalised structure to provide passengers with some assurances if Saver fares are to be deregulated. This code would aim to encourage consistency across the network when the new structure is implemented. It would also aim to ensure that the industry can be held accountable for its actions and that passengers can be assured that the new fares structure is based on a set of clear industry-wide guidelines.

RESEARCH OBJECTIVES

- To gauge passengers’ views on the present fares structure and the future proposals to simplify the structure.
- To test the proposed ‘code of practice’ amongst passengers to gauge the extent to which it reassures passengers. The proposed ‘code’ has been produced by ATOC and is called the ‘*Off peak Price Promise*’
- To ascertain passengers’ reactions and attitudes to the proposals and to identify what they feel are the associated benefits of the package.

2. Sample & Methodology

This project used a qualitative research methodology of 6 group discussions (6-8 respondents each for 90 minutes). Details of the sample breakdown are given in the tables below:

	MANCHESTER	
Group:	1 <input type="checkbox"/>	2 <input type="checkbox"/>
Type:	Long distance business passengers (peak and off peak)	Long distance leisure passengers (off peak)
SEG²:	ABC1	ABC1
Gender:	Mix	Mix
Age:	25-39	40-55
	BRISTOL	CHIPPENHAM
Group:	3 <input type="checkbox"/>	4 <input type="checkbox"/>
Type:	Long distance ' shoulder peak ' Mix of business and Leisure passengers	Commuters who don't hold season tickets.
SEG:	ABC1	ABC1
Gender:	Mix	Mix
Age:	25-39	40-55
	LEICESTER	
Group:	5 <input type="checkbox"/>	6 <input type="checkbox"/>
Type:	Low income passengers (off peak)	Turn-up-and-go leisure passengers
SEG:	C2D	ABC1
Gender:	Mix	Mix
Age:	25-39	40-55

Research was conducted in March 2007.

² SEG – Socio-economic group

3. Main Findings

3.1 Profile of User Categories

Journey Flexibility

In order to assess the likely impact of the proposals to deregulate the Saver fare, it was necessary to gain an understanding of the extent of flexibility that applied to each user group in terms of journeys being made. Across the sample, those who had the least amount of flexibility with regard to journey times required the most flexible tickets and tended to have the lowest levels of awareness of ticket prices (or at least were less price sensitive than other user groups).

It is interesting to note that not all of the user groups represented in this research perceived themselves to have the degree of flexibility that might have been anticipated from the definitions and criteria imposed for recruitment purposes. The extent to which journeys were perceived to be flexible was also a function of whether they were regarded as compulsory or flexible and feelings across the key user groups can be summarised as follows:

Some 'Commuters'

In reality, it proved to be difficult to locate and recruit long distance commuters (in Chippenham) who were making compulsory journeys to work infrequently enough to not be able to justify purchasing a Season ticket. None were travelling very frequently on shoulder peak services due to the arrival time of these services into London which meant that none regarded themselves as off-peak commuters. The changing working culture means that more workers in future will have the flexibility to be home (rather than office) based, which in turn will minimise the likelihood of these people considering themselves to be commuters (especially on longer distance routes).

Leisure Travellers

Leisure Travellers recognised that they had the best of both worlds. Since the vast majority of the journeys they were making were discretionary, they were able to choose to travel at times to suit themselves. Naturally this usually meant that they would travel most often on less busy, off-peak services. Since these passengers were avoiding peak time trains, this also meant that they were able to benefit from discounted fares. Many were able to take advantage of further cost savings on occasions when they were able to plan and book their travel in advance.

London Day Trippers

The group of London Day Trippers conducted in Leicester produced some interesting findings regarding the nature of the journeys they were making. Although these journeys were for leisure purposes and therefore entirely discretionary, most of the respondents claimed to have lower levels of flexibility than for leisure journeys being made by other respondents. This was due to the fact that they travelled on shoulder peak services in the morning to avoid peak time fares and crowding in order to make the most of their day out. Rather than plan in advance, they tended to 'turn up and go' to catch the train that suited them best rather than one that would offer the cheapest fare. As such, these passengers displayed low levels of price sensitivity for these specific journeys on the basis that they were not travelling to London frequently enough for cost issues to be a significant problem for them.

Business Users

Business users were making compulsory journeys, typically with no or minimal flexibility. Often they were unable to plan journeys in advance due to the need to be responsive to immediate demands of employers or clients. Consequently, this user group displayed the lowest levels of price awareness among the sample since they were often not booking tickets themselves. Business users also have the lowest levels of price sensitivity as they were regularly having to pay premium prices but with someone else's money.

3.2 Ticket Types

Awareness of Tickets Available

In line with previous research conducted for Passenger Focus, 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 an obstruction rather than an aide to making informed purchase decisions. In general, rail users would like to be able to ensure that they are getting the best deal possible but in reality, many feel that the current system does little to facilitate this in a transparent or helpful way.

Knowledge and awareness of fares was mixed across the sample. The most knowledgeable passengers are those who book their own tickets in advance (primarily Leisure Users and some Business Users) who have acquired information over a period of time while planning journeys by train. Those who use the Internet to plan and book train travel are exposed to the greatest variety of ticket types and consequently many can feel confused by the number of fares available to choose from.

The rail users who tend to be least knowledgeable are those who only make limited or specific use of the rail network. Even when awareness of fares was limited, the current structure was perceived to be too complicated to be sure that the correct or cheapest ticket available had been purchased.

The Choice/ Complexity Paradox

When faced with such a broad range and variety of ticket types, many passengers feel bewildered and bereft of the necessary knowledge to make informed purchasing decisions. Many therefore claim they would prefer a more simplistic system that presents them with the best available option for their journey. The current system does not inspire confidence. Many fear that not only are they likely to miss out on the best available deal, but also that when they do make their selection, the ticket they end up with will be the wrong one due to unknown restrictions that will apply. In addition to the sheer number of different ticket types available many feel that with the exception of one or two, most are not relevant to them and the journeys they make.

With the exception of the most confident rail users, the vast array of ticket types that were occasionally known to be available was regarded as a minefield for almost all. The perception of complexity was often exacerbated among those who were aware that it was sometimes cheaper to buy two single tickets for certain journeys rather than a return (that was widely considered to be the most natural choice).

Although in many situations in which consumers are required to make purchase decisions the concept of choice tends to be regarded as desirable, breadth and complexity of choice does not present an advantage to consumers in this instance, especially when buying online.

Perceptions of Saver Tickets

In accordance with previous findings, respondents on this occasion demonstrated little if any accurate spontaneous knowledge of Saver tickets. Many were conversant with the terminology but were unable to differentiate their role within the wider fare structure. In fact, there was evidence of repeated examples of users who had inadvertently bought a Saver ticket without knowledge of having done so at the time.

“I can’t believe there is a cheap ticket that you can buy on the day you travel”

[Long Business, Bristol]

“You can’t get a Saver at the last minute you have to pay the full fare”

[Long Leisure, Manchester]

The government regulation of the Saver tickets was a totally unknown concept to respondents, although some were not surprised to learn that this was the case. This was seen as desirable by certain consumers to prevent TOCs setting the prices for all tickets.

Following further exploration of existing Saver tickets during the course of the research, responses were universally enthusiastic at a conceptual level. These discussions did however tend to cause some confusion among the groups as to what services Savers were valid on, specifically in terms of whether restrictions applied for peak vs off-peak journeys. This exercise highlighted the overall perception of the current fare structure being complex and difficult for consumers to understand.

Regulation / Deregulation

In the context of discussions surrounding the Saver fare, many respondents were unaware of what regulation means for them with regard to rail travel and tickets. Most were therefore unable to attempt an accurate assessment of the likely impact of the proposed deregulation of the Saver fare, although this tended to raise concerns at three levels:

- Although deregulation was felt to be good in principle for consumers in situations where competition exists, many recognised that there is no competition between TOCs on many routes.
- Importantly, rail travel is still regarded as public service by many who therefore consider that it is essential for it to remain not only accessible but affordable in order to provide a continued incentive to use it.
- Many consumers are naturally resistant to the notion of change in any circumstances and are pessimistic that things will change for the worse rather than to their advantage

Overall therefore, while there was a distinct lack of knowledge about Saver tickets, the general consensus was that their continued availability represents better value to the consumer than tickets which are subject to market pricing by TOC's.

3.3 Simplification of Fares

Concept

The simplified fare structure will provide three main benefits:

- The introduction of common fare names and terms across the network
- The withdrawal of little used fares
- The introduction of a structure based on single fares on longer distance route, allowing customers to mix and match single fares to ensure that they get the best value deal for their journey

Response

All groups were able to see the benefit of the proposed simplification measures.

Common Fare Names, Terms and Conditions

Most groups had previously requested something similar to this without prompting. The notion of introducing common fare names was universally expected to simplify the current confusing ticket structure, and thereby offer considerable consumer benefits, especially if the names were adopted by all TOC's.

*“We've already said it would be better if the names were common
across all companies. It would be simpler”
[Day Trippers, Leicester]*

*“It is confusing with all the different tickets that are around”
[Business/Leisure, Bristol]*

Withdrawal of Little Used Fares

This was not seen to be an issue if the fares to be withdrawn are genuinely not widely used. However this was naturally anticipated to be likely to pose a problem for those customers who do currently use these fares.

*“I'm wary about the withdrawal of little used fares because they might
be the cheap ones I am currently using”
[Leisure, Manchester]*

*“If fares are little used and we don't know about them it won't matter if
they are withdrawn”
[Low Income, Leicester]*

Structure Based on Single Fares

Many passengers had some initial difficulty grasping this concept. When explained by the moderator there was further confusion as to how this would differ from the current system. Those passengers who currently book their tickets online were already familiar with obtaining the best value fares in this way since they are encouraged by some sites to do so. A minority felt that the proposed system was counter-intuitive on the basis that they logically expected that a return ticket should represent better value.

“I thought you could already mix and match fares because that often comes up as the cheapest option”
[Business, Manchester]

“Singles would give you more flexibility rather than being tied to a fixed return”
[Leisure, Manchester]

New Fare Names

Old Names	New Names
Open	Anytime ⁽ⁱ⁾
Saver / Business Saver / Network Awaybreak	Off Peak ⁽ⁱ⁾
Super Saver / Cheap Day Returns / Pricebuster etc.	Super Off Peak ⁽ⁱ⁾
APEX / Super Advance / Advance etc.	Advance

(i) These names will be prefixed by ‘Day’ in one day validity areas and for shorter distance journeys.

Response to Concept

The suggested names were seen to provide at least partial resolution to the current choice/complexity paradox. The principle of simplification was universally approved by all groups. Indeed, many were positive towards the apparent simplicity of the idea and were surprised that it had not been implemented sooner. In terms of their clarity and simplicity, the suggested names were felt to have the potential to remove much of the current confusion from the ticket purchasing process.

Only minor reservations were occasionally expressed. Some thought that the consolidation would result in a loss of choice and perhaps at worst, the best fares, especially if there were to be only four fares available (as some incorrectly assumed might be the case from the way the stimulus material was presented).

*“It’s not as daunting, is it? It would make buying tickets easier”
[Business, Manchester]*

*“It looks like you can still get a variety of tickets but without the variety of names for them”
[Long Leisure, Manchester]*

Response to Names

‘**Anytime**’ was generally thought to be preferable to the existing ‘Open’ name, even though this was perceived as the one least in need of change. ‘Anytime’ was felt to be straightforward and self-explanatory with minimal potential for customer confusion, with the caveat that it would need to be valid on every train.

There is much confusion surrounding the various versions of the current Advance fares. As an example of this, some customers are unaware what Apex fares are. The suggestion to use ‘**Advance**’ as an overall collective title for these fares was generally well received although felt to be somewhat ambiguous for a small minority of passengers who felt that it may imply ‘best’ rather than ‘available in advance’.

'Off Peak' made sense to passengers on the basis that it echoes their own vocabulary when talking about travel during this period of the day. The name was therefore felt to provide clear differentiation and to highlight usage restrictions that would apply. The only issue raised in this respect was that Off Peak times would need to be known or made clear to avoid any possibility for confusion.

There was occasionally a degree of initial rational resistance to the suggestion of the proposed **'Super Off Peak'** name. Some felt that this was a source of potential confusion within Off Peak and therefore had the effect of adding complexity in an otherwise clear and simple structure. Although most anticipated that this ticket type would offer them financial advantages, they wanted to take advantage of this benefit without the compromise that the ticket name was felt to represent.

Overall, the proposed names were seen as natural and intuitive choices.

3.4 Response to Fare Changes

NB: The examples of proposed fare changes provided for the research can be found in appendix 5.2 (page 28).

A number of costed examples of typical but non-specific medium and long distance journeys were provided for research. The full range of stimulus materials used for this purpose can be found in the appendix to this document. Each group were shown a selection of these that were relevant to the nature of journeys that they were frequently making, in order to demonstrate the likely impact of the proposed deregulation of the saver fare and the potential new fare structure based on single leg pricing. A summary of responses to the examples provided is outlined below.

Overview

Across the sample, the overall consensus of opinion in relation to the suggested fare changes was generally positive. These comments were based on the belief that the examples given were realistic rather than just illustrative.

After a brief period of initial consideration, the majority of respondents were able to appreciate potential benefits of the revised structure in practical and/or financial terms. Many assumed that the underlying rationale for the changes to the fare structure was to meet an industry-wide objective to smooth passenger demand to help relieve overcrowding on the busiest services by creating a (further) financial disincentive to travel during peak times. It was widely apparent and acknowledged that those with the greatest amount of flexibility would stand to gain most from the revised system, especially as a direct consequence of the single leg pricing structure.

Many expressed the view that in reality, outside the artificially focussed environment of the group discussion, that they would be unlikely to have noticed the difference between many of the current and proposed fares and that even when directly flagged during the research process, they had been given no reason to resist deregulation of the Saver fare on the basis of the examples provided. Indeed as further indication of the general level of acceptance of the fare examples provided, some expressed hope that these were a realistic taste of what to expect under a revised structure rather than illustrative only or best case scenarios.

Impact By User Group

The user groups with the least flexibility in terms of journeys made (Business Users and London Day Trippers to a lesser extent) recognised that they were most likely to be worse off under the revised fare structure. Importantly however, even these passengers were able to appreciate the (theoretical) advantages of single leg pricing over the current system in which a single journey often costs practically the same as a return.

The anticipated impact of the revised fare structure on each of the key user groups represented in this sample is detailed as follows:

Leisure Travellers

Unsurprisingly, those passengers who had been recruited as Leisure Travellers were the most receptive to the proposed changes and were very positive overall. They were quickly able to recognise that there were considerable benefits that they were able to take advantage of if they were able to be flexible about the time that they were travelling. Since this user group were generally able to travel at times that suited them, they appreciated that they would derive most advantages under the new system than other user groups. Leisure Travellers also therefore recognised that they also stood to gain most from the cheapest Super Off Peak fares on occasions when they were able to travel at the appropriate times.

“For the types of journeys we are all making it looks like the fares will decrease not increase so bring it on!”

[Leisure, Manchester]

“I don’t care how the price changes as long as I can still book in advance and get a cheap ticket”

[Low Income, Leicester]

Long Distance Commuters

As previously explained, this group were something of an anomaly in that they were only able to be flexible because they did not regard themselves as commuters. Unfortunately, due to the fact that their agenda was dominated by dissatisfaction with the TOC on their route, they were able to offer little by way of constructive input and resisted anything that was perceived as being likely to impact on the future price of journeys made either by themselves or other user groups.

London Day Trippers

The response among this group was interesting and perhaps somewhat surprising in the context of the overall research objectives. They were broadly receptive to the proposed changes to the fare structure although tended to admit that they were unable to calculate the likely impact on their journeys on the basis of the information presented. Accurately, they claimed to need further details of Off Peak and Super Off Peak periods in order to determine whether the specific journey type they were making would be positively or adversely affected. The general consensus tended to be that they expected to be worse off if they wanted to continue to travel on a shoulder peak although they accepted what they regarded as a reasonable price increase on the basis that they considered themselves to be only 'infrequent' users rather than regular travellers.

"All I want to know is what time the train is and how much it is. The cost is irrelevant if you only go to London four times a year"
[Day Trippers, Leicester]

Business Users

The Business User group recognised that they would be the main losers under the new structure as they would be affected by the higher Anytime fares. However, this was offset to some extent by the fact that these passengers typically had the lowest levels of price sensitivity given that they were not paying for tickets themselves (unless they were self-employed). Furthermore, all recognised the incentive to be flexible and travel at off peak times where possible since this represented an opportunity to gain and potentially balance the impact of higher Anytime fares.

“At the end of the day I don’t think you’d notice if you weren’t paying for it yourself, you’d just book it”
[Business, Manchester]

“If 10.30 was Super Off Peak that would be great because I had assumed that it would be ridiculous or unsociable hours”
[Business/Leisure, Bristol]

3.5 The Off Peak Price Promise

Concept

It was interesting to observe during the course of the research that the introduction of the idea of a Price Promise or Code of Practice created an interesting dynamic within the group discussions. At a broad, theoretical level, the sentiment underlying such an idea was universally welcomed as passengers recognised that the intention was to provide them with a sense of reassurance and peace of mind in light of the proposed changes to the fare structure.

However, at a more considered level, exposure to the details of the Price Promise often seemed to produce the opposite effect to that intended. The fact that it was necessary to introduce a Code of Practice prompted many who had been receptive to the proposed changes to reappraise their positions to the extent that some became cynical and suspicious at this stage in the sessions. Although these were genuine concerns and responses, it should also be remembered that they are somewhat artificial to a certain extent since in reality most will be either unaware of the existence of the Price Promise or unlikely to scrutinise the content of it in such detail. Overall therefore, the Price Promise provides a degree of reassurance to rail users at a theoretical level but exposure to precise details was often counter productive for the purposes of the research exercise.

“The price promise is good as a marketing message but can be changed so it doesn’t replace the regulation that used to be in place”
[Business, Manchester]

Price

Exposure to these details often raised concerns about the impact of deregulation that had not previously emerged spontaneously through discussion. Although it was generally agreed that this element of the Price Promise addressed justifiable fears, the process of discussing it led many to believe that these fears would be likely to materialise in reality. The suggested minimum gap between Anytime and Off Peak fares was welcomed at the top end of the proposed range (50%) but many expected that this would be 35% in reality which would mean that the minimum gap would not be wide enough. While the higher discounts offered by Super Off Peak fares were welcomed, the most cynical respondents instead wanted to focus on what additional restrictions would be applied to these fares.

One of the key concerns consistently expressed throughout the research related to the expression of the Off Peak fare as a percentage of the Anytime fare. Initially, passengers were reassured to know that the Off Peak fare would not be more than 65% of the Anytime fare since this was regarded as an informal substitute for the current regulation that applies to Saver fares. However, some were suspicious about what they regarded as unconvincing statistics. Indeed, a small number of respondents suggested that there was nothing in the Price Promise to stop TOCs from increasing the price of their Anytime fares and thereby being able to manipulate the price of Off Peak fares in this way. This raised some concerns across the sample that TOCs would be able to adhere to the terms of the Price Promise as presented if not the spirit of it leading many to express reservations about the extent to which they would trust TOCs not to take advantage of passengers in the effective monopoly market circumstances that would exist as a result of deregulation.

Time You Can Travel

The research findings again indicated that the principle of this part of the Price Promise was felt to be better than the likely reality of it for rail passengers. The actual definition of Off Peak times were naturally felt to be critical to the appeal of the revised fare structure overall and naturally to the relevance of this element of the Price Promise. Some respondents were concerned on exposure to the details that eight Off Peak hours sounded insufficient, especially since this would include the dead hours for travel between 11.00am and 3.00pm.

Indeed, some commented that as presented, this part of the Price Promise seems to represent a compromise for rail users since they pointed out that there are currently more than eight Off Peak hours between the hours specified in the proposals. The overall conclusion for this element of the Code is that it communicates the correct sentiment but in a way that many user groups feel will disadvantage them.

Trust

The fact that TOCs would publicly commit to abide by the terms of the Price Promise was welcomed, as was the proposal for it to be policed by an independent body that gave further credibility to the promise for many passengers. The no quibble refund provided further reassurance and was widely felt to strengthen the Price Proposal and make it feel more passenger-facing in its tone. However, some questioned how enforceable its terms would be in reality, even in the event of passengers being sufficiently familiar with the Promise and its details. Given that many felt that they would therefore be unlikely to spot breaches when they occurred or to bother to go through the lengthy procedure of registering a complaint, the Price Promise failed overall to instil the intended level of trust required for passengers to feel they would have total confidence in it.

4. Conclusions

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.

5. Appendices

5.1 Discussion Guide

Introduction

- Individual or paired introductions
- Respondent demographics / details
- Nature of train journeys most frequently undertaken
- Brief warm-up exercise (as required)

Journey Types

(To establish typical rail journeys made by respondents)

- Types of journeys made by rail in past 6 months or so
- Focus on journey type made most often
- What is main purpose of these journeys
 - Commuting; Business; Leisure; Other
- How frequently are these journeys typically made
- Do you consider these to be short or long distance
- What are respondent definitions of short and long distance

Ticket Types

(To establish general awareness of ticket types available for journeys made)

- What ticket types do passengers currently purchase
- What are the names of the tickets they currently use
- How do passengers refer to these tickets? What do they call them?
- Are passengers aware of alternative ticket types
- How easy or complicated do they feel it is
- How easy is it to get any information needed to buy a ticket
- Are respondents satisfied they get the right ticket? How do they know?

Travel Planning and Flexibility

- Why do passengers travel at the time that they do
- Do passengers travel at the time they would actually like to
- What restricts them from travelling at other times
- Do passengers understand peak and off-peak times
- What is the perceived cost difference between peak and off-peak fares

Saver Tickets

- Any awareness of current 'turn up and go' fares
- Extent of current knowledge of Saver Tickets
- Are consumers aware that a 'Saver ticket' is offered for many off-peak journeys
- Explore previous usage of Saver tickets
- Extent to which availability of these influences journey planning
- How do these impact on attitudes to rail travel
- Do consumers know that Saver ticket prices are regulated by the government
- Attitudes to possible withdrawal of the current off-peak turn up and go Saver ticket in favour of market pricing by TOCs
- What implications would this be likely to have on rail fares in future

Proposed Simplification of Fares

Moderator to briefly explain that the fares structure is going to change and there will be a direct impact on passengers. The aim is to simplify the number of ticket types available and introduce standard terms and conditions. One of the main issues is the impact that these changes will have on passengers who buy Savers

Moderator to briefly explain the main proposed changes (from Appendix B) including the new fare names via stimulus materials

Stimulus 1: Simplification of Fares - Benefits

- Initial reactions
- Response to proposed benefits
- Extent of likely benefit for passengers
- Which passengers will derive most benefit
- Likely future impact on journeys made and journey planning

Stimulus 2: New Fare Names

- Response to name changes
- Extent to which this is likely to benefit passengers
- What are the perceived advantages for passengers
- Does this resolve any problems previously identified

Stimulus 3: Simplification of Fares – Details

- Overall response to proposals for simplification
 - How do passengers feel about reducing the number of ticket types
 - How do they feel about the categories chosen
 - To what extent will this be helpful if implemented
 - How do they feel about standardising terms and conditions
 - How do they feel about de-regulating the Saver product? Any concerns/benefits?
 - How do they feel about the move towards single-leg pricing
 - How do they feel about the concept of mixing-and-matching ticket types (e.g. Advance Purchase on outward leg and Saver single on the return)

Stimulus 4: Examples of Fare Changes (A – D)

- How do passengers feel about the options shown.
- Do they feel they have more choice? Less choice? More flexibility?
- Do they consider the solution to be good value for money?
- What benefits do they see from the proposals?
- Would they take advantage of this? How?
- What determines how much they are willing to pay
 - Time of service? Cost? Others?

Peak / Off-Peak / Shoulder Peak

- Do they have to travel directly after the peak
- What would influence them to travel later in the day
- If not possible to travel later in the day, would they still continue to travel?
- If there were two off-peak fares, a more expensive fare valid directly after the peak (shoulder peak) and then a cheaper fare valid later still, would this influence when they travel? i.e. Off Peak and Super Off Peak tickets
- In the future, what times of the day do you consider to be off peak
 - Why these times?
- Should these time periods apply to all train companies
 - What benefits would this have?
- What benefits do they think creating a shoulder peak fare would have
- Would this persuade them to always travel out of the peaks
- Would this help to spread passenger numbers throughout the day
- Are they concerned about spreading the peak to ease congestion?
- Are they able to get a seat at present
- Would they pay a higher price off peak fare in the shoulder peak if they were more likely they get a seat
- Would they book ahead to ensure a seat?
- Should there be a peak times at weekends? If not, why not?

Off Peak Price Promise

Moderator to explain that it has been suggested that there is a need to bridge the gap between the existing level of Saver fare regulation and having no regulation at all. The suggestion is for some sort of 'Off-Peak Price Promise' that limits/restricts the extent to which Off Peak fares (current Saver fare) could change (in terms of cost or availability).

Stimulus 5: 'Off peak Price Promise' Easy Guide (x4)

- What are the initial reactions to the proposed 'Off Peak Price Promise'
- Response to proposed minimum discount of 35-50% on Off Peak tickets
- Does this meet the requirements of the group? If not, why not?
- Response to the Super Off peak fare (will always be a higher discount than the Off Peak fare)
- Does this meet the needs of the group? If, not why not?
- What benefits do passengers see with the proposed fixed minimum discount for the Off Peak and the Super Off Peak
- Does the proposal provide reassurance regarding the price of fares
- Response to proposed availability of the Off Peak fare (minimum 8 hours a day), what are the groups views? Is this period long enough?
- Considering the availability of Off Peak tickets and the ability to use advance purchase (at any time) does this offer better value
- Are the proposals strong enough? If not, what could be added?
- Are there any areas missing from the 'Off peak Price Promise'? If so, which areas are missing?
- How should the 'Off peak Price Promise' be governed? Who should govern/control it?

Wrap

- What do passengers, on the whole, think about the proposal – both the simplification of fares and the 'Off peak price promise'? What are their attitudes towards it?
- What do they feel are the main benefits/disadvantages?
- Is the overall package of fares and the 'Off peak Price Promise' fair?

5.2 Examples of Fare Changes

Cost Example A

Current Fares on a commuting route in a one-day validity area

Standard Day Single	£10
Standard Day Return	£20
Cheap Day Return	£14
Fare Buster Return	£12

Example Fares from xxx on the Same Route

Anytime Day Single	£10
Anytime Day Return	£20
Off Peak Day Return	£14
Super Off Peak Day Return	£12

Apart from the introduction of common fares names and consistent terms and conditions, there are no changes for customers

Cost Example B

Current Fares on a regional route

Standard Single	£15
Standard Return	£30
Saver Return	£20
Cheap Day Return	£17.50

Example Fares from xxx on the Same Route

Anytime Single	£15
Anytime Return	£30
Off Peak Return	£20
Off Peak Day Return	£17.50

Apart from the introduction of common fares names and consistent terms and conditions, there are no changes for customers.

Cost Example C (1)

Current Fares on a Medium Long Distance Route

Open Single	£60
Open Return	£120
Saver Single	£44
Saver Return	£45
Advance Singles	£10, £15, £18, £20, £25

- Open fares may be used at anytime.
- Savers cannot be used during weekday mornings and evening peaks.
- Advance fares are train specific.

Example Fares from xxx on the Same Route

Anytime Single	£70
Off Peak Single	£30
Super Off Peak Single	£20
Advance Singles	£10, £15, £18, £20, £25

- Anytime fares may be used anytime.
- Off Peak Fares can't be used weekday mornings and evening peak periods.
- Super Off Peak Fares cannot be used during weekday morning and evening peak periods or on Friday and Sunday afternoons between 1400 and 1800.
- Advance Fares are train specific.

Cost Example C (2)

- A.** Customer travelling out on Tuesday at 0830 and back anytime on Thursday. Unable to change outward travel plans but flexible on return. Not prepared to book in advance.
Now: Open Single at £60 + Saver Single at £44 = £104
Future: Anytime Single at £70 + Super Off Peak Single at £20 = £90.
Customer pays less.
- B.** Customer travelling out on Tuesday at 09.30 am and back on Thursday at 09.30 am. Unable to change travel plans or book in advance.
Now: Saver Return at £45
Future: Two Off Peak Singles at £30 each = £60
Customer pays more.
- C.** Customer travelling out on Tuesdays at 10.00 am and back anytime on Thursday. Unable to change outward travel plans but flexible on return plans.
Now: Saver Return £45
Future: Off Peak Single at £30 and Super Off Peak Single or Advance Single. Depending on train/availability cost will be between £40 to £50.
Customer may pay less or more.
- D.** Customer making a single journey out at 10.30 on Thursday. Unable to change travel plans and unable to book in advance.
Now: Saver Single at £44
Future: Super Off Peak Single at £20.
Customer pays less.

Cost Example D (1)

Current Fares on a Typical Long Distance Route

Open Single	£100
Open Return	£200
Saver Single	£69
Saver Return	£70

Advance Singles £10, £15, £20, £30, £40, £50

- Open fares may be used at anytime.
- Savers cannot be used during weekday mornings and evening peaks.
- Advance fares are train specific.

Example Fares from xxx on the Same Route

Anytime Single	£110
Off Peak Single	£45
Super Off Peak Single	£30

Advance Singles £10, £15, £20, £30, £40, £50

- Anytime fares may be used anytime.
- Off Peak Fares can't be used weekday mornings and evening peak periods.
- Super Off Peak Fares cannot be used during weekday morning and evening peak periods or on Friday and Sunday afternoons between 1400 and 1800.
- Advance Fares are train specific.

Cost Example D (2)

- A.** Customer travelling out on Tuesday at 0830 and back anytime on Thursday. Unable to change outward travel plans but flexible on return. Not prepared to book in advance.
Now: Open Single at £100 + Saver Single at £69 = £169
Future: Anytime Single at £110 + Super Off Peak Single at £30 = £140.
Customer pays less.
- B.** Customer travelling out on Tuesday at 11.00 am and back on Thursday at 11.00 am. Unable to change travel plans or book in advance.
Now: Saver Return at £70
Future: Two Off Peak Singles at £45 each = £90
Customer pays more.
- C.** Customer travelling out on Tuesdays at 10.00 am and back anytime on Thursday. Unable to change outward travel plans but flexible on return plans.
Now: Saver Return £70
Future: Off Peak Single at £44 and Super Off Peak Single or Advance Single. Depending on train/availability cost will be between £55 to £75.
Customer probably pays less.
- D.** Customer making a single journey travelling out at 10.30 on Saturday. Unable to change travel plans and not prepared to book in advance.
Now: Saver single at £69
Future: Super Off Peak Single at £25
Customer pays less.