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Dear Ms West

Developing a strategy for smart and integrated ticketing

I am responding on behalf of Passenger Focus to the above consultation. Passenger Focus is a statutory body (established by the Railways Act 2005) to represent the interests of rail passengers. From April 2010 (subject to Parliamentary approval) Passenger Focus will also take on a similar role for England's bus passengers (outside of London) and coach passengers on scheduled domestic services.

General vision

Passengers want to be able to buy a ticket quickly and easily. However, Passenger Focus research with rail passengers shows that:

- 13% of rail passengers are dissatisfied with ticket buying facilities at stations[1]
- rail passengers are often having to queue for longer than the industry standard[2]
- rail passengers want queuing times reduced. The ability to purchase a ticket without queuing for more than two minutes was sixth in terms of priority for improvement, just behind headline issues such as value for money, punctuality and provision of information[3]
- passengers do not trust (or understand) the current structure of fares on the rail network[4]

Undertaking a journey by train has traditionally required passengers to purchase a card ticket from a ticket office and produce it for inspection when required by the train operator, be that on board the train or at each end of their journey to pass through ticket barriers. Bus travel has also

[1] National Passenger Survey. Spring 2009. Passenger Focus
[2] Ticket Queuing Times at Major Rail Stations. 2007. Passenger Focus
[3] Rail Passengers' Priorities for Improvement. 2007. Passenger Focus
[4] Fares and Ticketing Study. 2009. Passenger Focus

traditionally involved a paper product – whether that be a season pass or a single ticket. As technology plays an increasingly important role in most aspects of daily life and the demands of passengers change, there is a clear opportunity for the rail and bus sectors to expand the number of channels open to passengers to purchase a ticket. As the consultation document acknowledges, smart/integrated technology could help to address these retailing priorities as well as enabling a more multi-modal approach to travel.

As such the document presents a clear and cohesive vision which we welcome.

Implementation

However, it is much less clear from the document how this vision is to be delivered. There are a number of issues that the strategy/vision touches on but perhaps does not give enough weight to and which DfT/local authorities would need to consider as/when the strategy is implemented. We have tried to group these under three main headings:

a) Universal coverage

It is right that the vision aspires to universal coverage – why should one group or area be left out from the potential benefits? However, in some (typically rural) areas the issue isn't so much one of choice/integration but simply about having a bus service at all; in other areas bus services are provided as a virtual monopoly; and elsewhere there is no public transport access to the rail network. In such instances it is harder to see how the potential benefits would be realised while the money could arguably be better spent improving the basic level of service. Smartcards are not a panacea.

It is far more likely that any implementation of the vision will start in urban areas where there are a likely to be range of inter-connecting services, and links between bus and rail; with the more remote rural areas following later, perhaps on a smaller scale. It would be helpful were the document to reflect this tiered approach to implementation and to set out how the more rural areas might benefit in more detail. This ought to be possible without compromising the overall vision/aspiration.

b) Removing barriers to using public transport

The document talks about smart/integrated ticketing overcoming the barriers to using public transport and drawing people out of their cars. DfT's own research[5] for rail passengers shows that the main drivers/barriers are cost and convenience. Likewise, similar DfT research on bus travel[6] found that the main reason for not using buses more was the convenience of car travel and the time the bus journey would take.

[5] Public experiences of and attitudes towards rail travel. DfT. September 2009

[6] Public experiences of and attitudes towards bus travel. DfT. June 2009

While convenience would certainly extend to not having to fumble around for change/exact money it also covers areas not addressed by smartcards such as the frequency and punctuality of services, speed of journey, and decent connections – although in principle smart ticketing can help speed up bus journeys, especially if vehicles are designed to facilitate this - e.g. separate doors for getting on and off.

The 'hassle factor 'of using public transport is a very real issue but It is important to put it into context - having an integrated ticket will not 'crack' the issue of 'convenience' on its own.

In the Office of Fair Trading's recent survey of bus operators, all had entered into multi-modal ticketing but only 56% (20 of the 36 respondents) had entered into multi-operator ticketing arrangements. Many of the potential benefits of smart ticketing will be missed if current levels of multi-operator ticketing are not increased. It would be helpful if the DfT could emphasise the opportunities for operators to take advantage of block exemptions to the Competition Act which enable such arrangements.

The introduction of smartcards presents an opportunity to address barriers for particular groups penalised by current ticketing systems for the frequency with which they use public transport, such as part-time workers.

c) Not creating new barriers to using public transport

It will also be important to avoid creating an environment where not having a smartcard is itself used as an excuse to not use public transport. The ability to 'turn-up-and-go' is a much valued feature of the public transport network. While some rail and coach journeys are planned in advance many are not, so it is important that any new ticketing structure can accommodate unplanned, pay-on-the day travel. If it becomes 'too much hassle' to travel without a 'pre-loaded' smartcard then the simple fact of not having got around to getting one could become the excuse for driving. It would indeed be ironic if the wider introduction of smartcards were to make it more difficult for non-concessionary pass holders to travel by bus outside their immediate area just when the Government's concessionary fares policy has made it easier for those holding concessionary passes.

This means ensuring that the process for getting a smartcard is easy. If going down the line of a Pay As You Go (PAYG) style credit system it also means making it simple and convenient to load the product with 'credit'. Experience in London suggests that a good number of people will look to load the precise amount of money required for a specific journey on their Oyster PAYG before travel – they do not (or cannot afford to) leave credit 'lying around'. This requires a good network of outlets or machines where you can top-up your smartcard at a time convenient to you.

It is also going to be important to avoid the “computer says no" situation – technology can be implacable. Some passengers will be very wary of getting on the wrong train with the wrong smart or integrated ticket and getting into difficulties. There is a long way to go before smart ticketing can replace current ticketing entirely.

Smartcard operation also increases the potential for operators to use more graduated and sophisticated pricing structures – i.e. multiple fare points at different times to help smooth demand. Operators will need to be very careful that they do not end up with punitive prices at certain times – if the new system is seen as a ‘backdoor’ way of introducing price rises it risks losing any goodwill it may otherwise have generated.

Review of possible options

The consultation document presents a number of welcome and attractive scenarios of how passengers may use, and benefit from, new schemes. It also invites views on possible ticketing options considered.

This was an area looked at by Passenger Focus in 2007[7]. We asked rail passengers what they thought of ideas such as smartcards, tickets on mobile phones and print-at-home technology and their possible impact on attitudes to travel. We found that there is high interest amongst rail passengers in using new ticketing technology to resolve some of the problems that they experience when purchasing rail tickets.

Passengers believed 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) Smartcards

The report found widespread support for a contactless smartcard, even amongst passengers who had not used one before. To some extent this was driven by both knowledge of and/or experience of using Oyster within London. This highlights the importance of having a ‘living-breathing’ role model showing what an integrated smartcard is and what benefits it can offer; and how important this can be in forming opinions and challenging preconceptions.

However, there was a desire not to overcomplicate the smartcard product - i.e. they were content to have a product that dealt with travel rather than complicate things by also offering 101 other functions. Clearly there are some synergies between a smartcard and

[7] Ticketing for the Future. 2008. Passenger Focus

other public services but our work shows that the interface will need to be simple and easy to understand. This is especially true when it comes to paying for travel. There was a real desire to keep budgets separate – i.e. a 'jam-jar' approach to budgeting with one pot for your travel money, another pot for food etc. Having travel costs mixed in with, say, phone bills or credit card bills made some of the people we talked to worried about losing track of how much they had spent.

There is also the potential to disadvantage those without smartcards who could already be disadvantaged for reasons such as lack of public transport (rural areas), low income (not able to tie up money in smart cards), and no convenient access to the internet.

Provided existing channels of purchase were maintained, even those passengers who were least likely to derive benefit from the introduction of a rail smartcard (low-frequency users, technophobes and older respondents) could appreciate the theoretical advantages of a smartcard. The key point here was choice.

b) Mobile phone
Passengers seemed less receptive to the idea of incorporating smart 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 were to be more widely accepted as a method of ticket purchase, the most significant hurdles for the industry to overcome related to concerns over reliability and the increased security risk of producing a mobile phone in a public place. At many stations – and indeed at many bus stops – passengers are strongly advised to keep their phones hidden – and yet mobile phone ticketing technology would entail the very opposite, especially if it was required to open barrier-gates at train stations. It would be incongruous to say the least for the ticketing strategy to contradict public safety advice. Great care would need to be taken to review the impact on children – for whom mobile phone related crime is a real issue.

c) E-ticketing and 'print at home' ticketing
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.

So it is clear from our research that there is support for new technology but only where it is sensibly applied and, crucially, easy to understand. Our work on the structure of rail fares clearly shows that many passengers do not understand or trust the current structure[8]. One of

[8] Fares and Ticketing Study. 2009. Passenger Focus.

the strengths of Oyster is that it is based on a relatively simple zonal structure with easily understood charges – even those who don't know the precise cost of a journey know that daily fares are capped so the consequences of 'clicking-in' blindly (or indeed of not clicking-out) will not be huge. This again could be replicated in urban areas.

However, the national nature of the rail network and the cost of some of the fares - e.g. £104 Anytime single from London to Newcastle – mean that few people would just 'click-and-go'. The consequences of getting it wrong could be huge. Passengers making these journeys would want to know how much the fare was and when they could travel before boarding the train, not once they had clicked-in at the barrier. There are a number of ways of obtaining this information – some can be done on the internet and some by phone. The consultation document shows how some people might be able to take advantage of this. However, our research still shows that many people still like to get advice and purchase tickets from the ticket office – especially when they find the structure of fares confusing and opaque. A common theme of our research is that people trust people. The vision also assumes high levels of internet access. Libraries certainly provide valuable opportunities but we think that more research is needed to test the extent to which people would go to the library to book their tickets to travel.

It is important that new technology is not seen as a way of stripping the human factor out of the retailing experience. It may save money but if the structure is hard to understand – and the consequences of getting the wrong ticket very expensive – then there will still be a need for staff on the ground to assist passengers both before travel and after (i.e. the back office function of complaints and queries over bills). Technology on its own is not the solution.

The roll out of smartcards also won't happen unless there are commercial agreements in place, and attendant back-office systems. It would be helpful if the DFT could clarify what pressure it is putting on operators to create the necessary commercial agreements and back-office settlement systems.

Stakeholders

The document also mentions stakeholders and how they might be involved in the process. We note that this does not include passengers and their representatives. We think it is crucial that passengers are involved in developing and implementing schemes and that their wishes and concerns (some of which we outline above) are addressed. It cannot just be a technical solution imposed on passengers – it must also be something that passengers want to use.

We would be happy to discuss the comments in our submission document further if you feel it would be helpful.

We can also confirm that there is nothing in our response that we consider confidential.

Yours sincerely

Mike Hewitson
Head of Policy