Passengers' relationship with the rail industry

Executive summary
August 2014

Passengerfocus
putting passengers first

Colin Foxall CBE

Foreword

In many walks of life there can be a gap between someone's general perception of an issue and their actual experience – for instance it isn't uncommon for the fear of crime to be worse than the actual level of crime experienced. This can also extend to a general or blanket perception of an entire profession or a service as in the case of restaurants as can sometimes be seen on Trip Advisor.

In the rail industry the debate centres on the difference between passengers' perceptions of an individual journey compared to their overall perception of the railways as an industry. Individual levels of satisfaction – as measured by the National Rail Passenger Survey (NRPS) – tend to be higher than the general mood of delays and disruption.

We wanted to understand how these differ, why and what can be done to narrow the gap. This isn't just an academic issue – there are billions of pounds being invested in tracks, trains and stations (on top of the fares passengers themselves are paying) and there is a risk that some of the value from this is lost so long as general perceptions of rail lag behind delivery. This research is an attempt to unlock some of this potential and to guide industry and policymakers to make good spending decisions about passengers' priorities. This research is not about improving the image of the railways rather it is about highlighting those areas where passengers' relationship with the rail industry is low and suggests how this could be improved.

Colin Foxall CBE
Chairman
Passenger Focus

Research structure

The research consisted of two elements - an initial qualitative study conducted by Illuminas which explored passengers' relationships with the railways and their attitudes towards the Train Operating Companies (TOCs). This consisted of ten focus groups and eight depth interviews conducted in London, Glasgow, Newport, Manchester and Doncaster in July/August 2013. This was followed by a large scale quantitative study (4,000 on-line interviews), conducted by Chime Insight and Engagement (CIE) in January 2014, to measure the attitudes of a representative sample of rail passengers on those dimensions identified as important in the qualitative exploration.

The two agencies' reports (along with this summary) are available on the Passenger Focus website:

- Executive summary: www.passengerfocus.org.uk/research/publications/passengers-relationship-with-the-rail-industry
- Passenger confidence, qualitative research: www.passengerfocus.org.uk/research/publications/passenger-confidence-qualitative-research-august-2014
- Rail Passenger Trust Survey, quantitative research: www.passengerfocus.org.uk/research/publications/rail-passenger-trust-survey-quantitative-research-august-2014

Background

The Rail Passenger Trust Survey (RPTS) was commissioned to explore the apparent 'gap' between journey satisfaction, as measured by our National Rail Passenger Survey (NRPS)[1], and perceptions of Train Operating Company (TOC) performance as reported in the media and on social networks. At the same time it aimed to determine the viability of developing a measure that aids understanding of the public's trust in the railways. To do this, RPTS assesses the impact of the overall relationship between TOCs and passengers. This encompasses both the journey experience as well as overall interactions with and perceptions of the TOCs. It therefore naturally sits alongside NRPS, which provides a network-wide picture of passengers' satisfaction with rail travel, with particular focus on key measures of specific journey performance.

[1] National Rail Passenger Survey: www.passengerfocus.org.uk/research/national-passenger-survey-introduction

Chart 1 Comparison of satisfaction measures

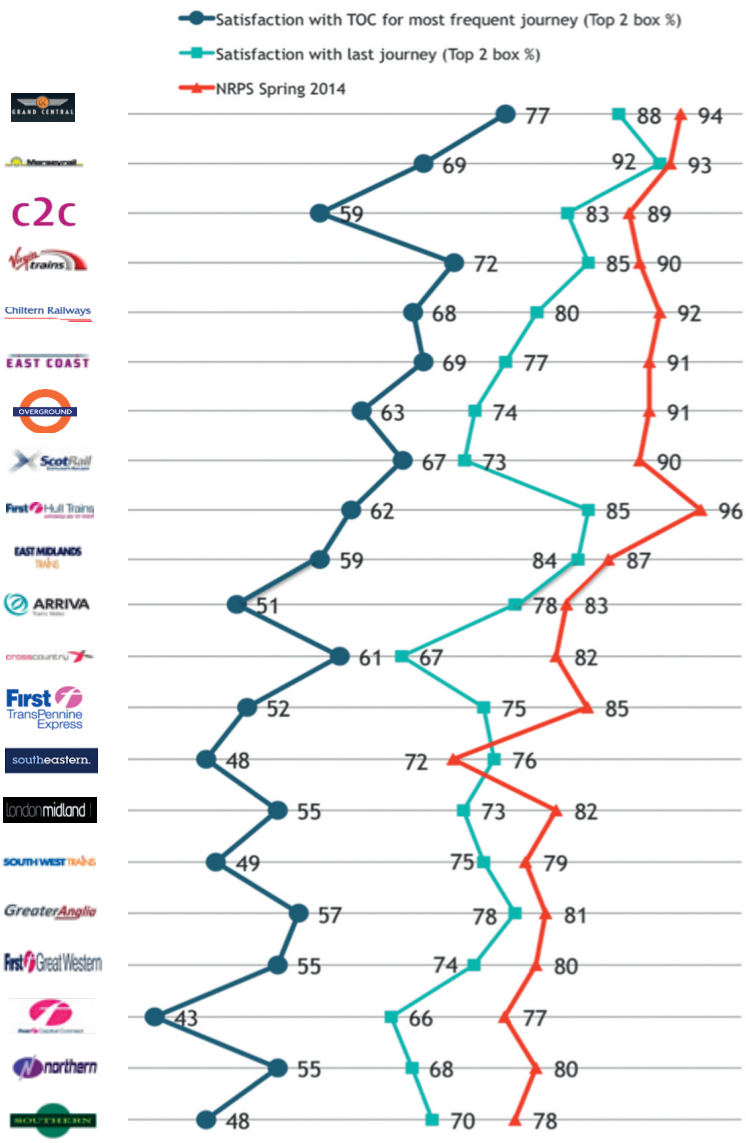
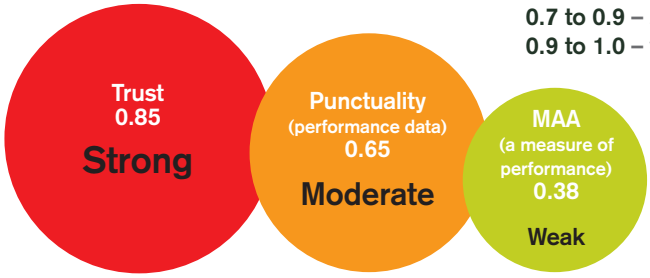


Figure 1 Correlation strengths

Strength of correlation between last journey satisfaction trust and industry key metrics

0.0 to 0.2 – very weak to negligible
0.2 to 0.4 – weak, low
0.4 to 0.7 – moderate
0.7 to 0.9 – strong, high
0.9 to 1.0 – very strong



Understanding satisfaction

RPTS compared satisfaction with the TOC used for the 'most frequent' journey undertaken by our sample of passengers with satisfaction for the last journey they had made. The overall picture is similar and the relative performance of individual TOCs is broadly the same. However, there are degrees of difference between the scores, with last journey scores (and indeed NRPS scores) consistently higher than scores for the TOC operating the most frequent journey undertaken (chart 1).

This gap can be partially explained by the time lag between the journey and the survey questions being answered (where satisfaction is highest directly after the event when customers have the greatest recall of the journey). But passengers also take other factors into consideration when thinking about their overall relationship with a TOC.

Statistical analysis shows that last journey satisfaction, as measured in this research, is in fact more closely linked with passenger trust than it is with industry measures of punctuality or performance[2] (figure 1).

Therefore, improving TOC relationships with customers at an overall level may contribute to an increase in satisfaction with individual train journeys. For example, although the punctuality of the service is important, being open and honest in communicating with customers about the reasons behind any delay is also critical. This in turn can improve perceptions of how well a delay is handled (and which NRPS shows to be the main driver of dissatisfaction).

A broader picture

Positivity towards a brand or industry encompasses both functional and relationship aspects. Passengers are fairly positive about rail; in fact, rail is rated closer to supermarkets and airlines than more maligned industries such as banking and energy (chart 2).

Some of the best performing TOCs enjoy mean scores as high as the NHS (the most positively rated sector in the

[2] Performance is measured by the Moving Annual Average (MAA) [Source: National Rail]

Chart 2 Consumer positivity towards various industries

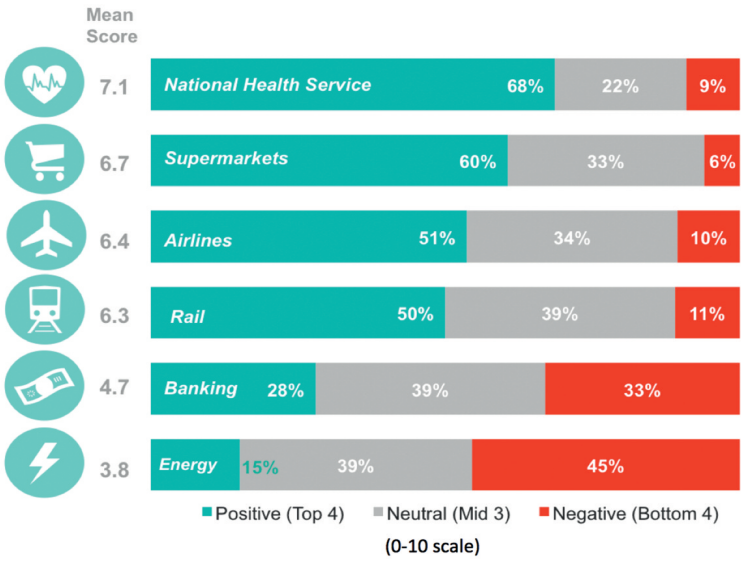
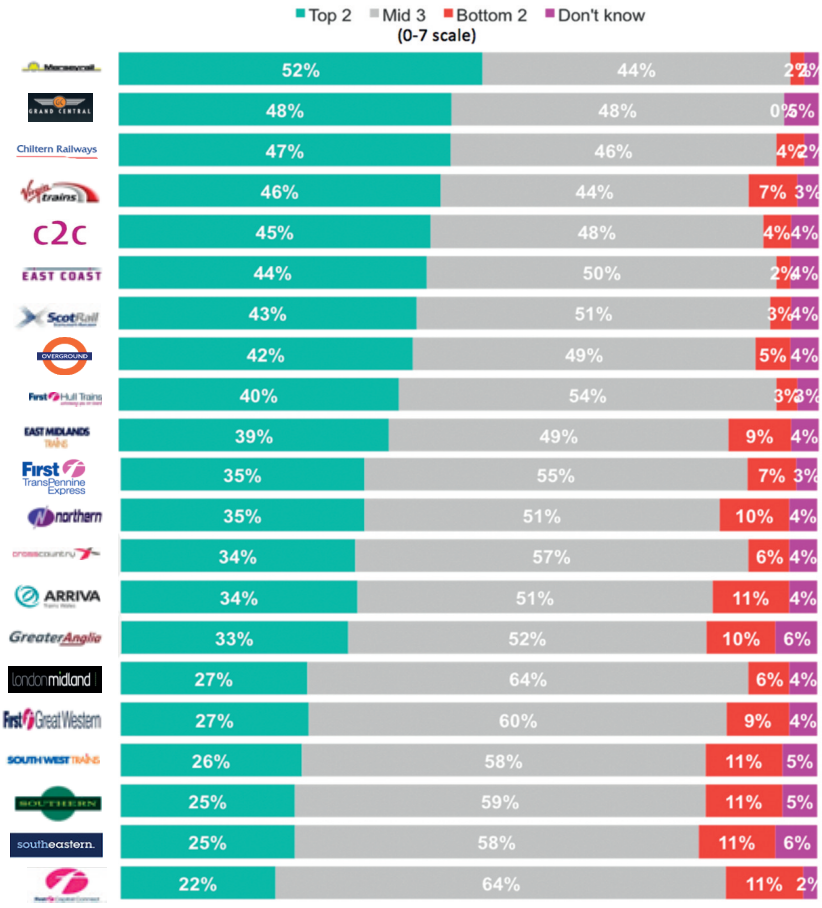


Chart 3 Levels of trust in individual TOCs



survey), and score much higher positivity than rail overall. However, others perform less well, particularly most of the London & South East operators. Scores for positivity with individual TOCs ranged from 65 per cent down to 36 per cent.

However, while passengers are fairly positive about the industry, few would recommend rail as a way of travel. This could reflect a rational decision on mode based on cost and convenience rather than the influence of any more emotional factor such as brand loyalty. TOC scores on last journey satisfaction are quite different from scores on recommendation – these differences may point to the more emotional nature of recommendation as a variable. Some TOCs do better than the industry overall, with Grand Central notable for having the only positive Net Promoter Score[3], but for many TOCs there is a low propensity to recommend. The Net Promoter Score is widely used across businesses as a measure of recommendation comparing the relative proportions of 'promoters' and 'detractors' to provide a benchmark for comparison with other organisations. London & South East operators in particular have lower Net Promoter Scores than their journey satisfaction score would predict, suggesting that the absence of any particular brand relationship is having a bigger impact.

Trust

The best performing TOCs all have relatively high levels of trust and low levels of distrust, reinforcing general positivity towards the rail industry (chart 3). For many of the lower performing TOCs it is more an ambivalence around trust than strong distrust.

The Trust Model used by Chime Insight & Engagement identifies how to improve relationships by looking at the different ways customers think about organisations. This model identifies three different aspects to trust:

1. **Trust in Service** – typically functional and relates to day-to-day service delivery
2. **Trust in Relationship** – covers engagement and more emotional factors
3. **Trust in Judgement** – relates to integrity and reputation.

[3] The Net Promoter Score involves asking people whether they would recommend something/someone on a scale of 0-10. Those scoring 9 or 10 out of 10 are classed as 'promoters' and those scoring 0 to 6 as 'detractors'. The Net Promoter Score is calculated simply as promoters minus detractors

What drives trust?

Key Drivers Analysis was used to identify which measures drive trust in TOCs (figure 2). Customers are much more likely to trust TOCs if they trust service delivery and have trust in the relationship. Trust in Judgement had limited impact in comparison.

Acting with honesty, being on the customer's side and treating customers fairly are important factors in driving trust, but are areas where TOCs perform less well than they do on actual punctuality and reliability. In qualitative research exploring these issues, passengers talked about how interactions were often limited to the more tangible and functional aspects and that TOCs seldom seemed to engage with customers on the more emotional or individual level. Passengers said that they trusted TOCs to get them safely from A to B within a reasonable timescale, but not to deliver anything more than this.

These findings can also be viewed in the context of a hierarchy of customer needs (figure 3). Van Hagen & Sauren suggested a model for the rail industry[4] that found measures of service delivery acted as hygiene factors or 'dissatisfiers' and therefore must be addressed first. Relationship measures cover more emotional needs and therefore can be developed once adequate service delivery is in place.

As a result, Trust in Service is a critical area to maintain, but is closely followed by Trust in Relationship and then finally Trust in Judgement.

Figure 2 Top 10 drivers of trust in train companies

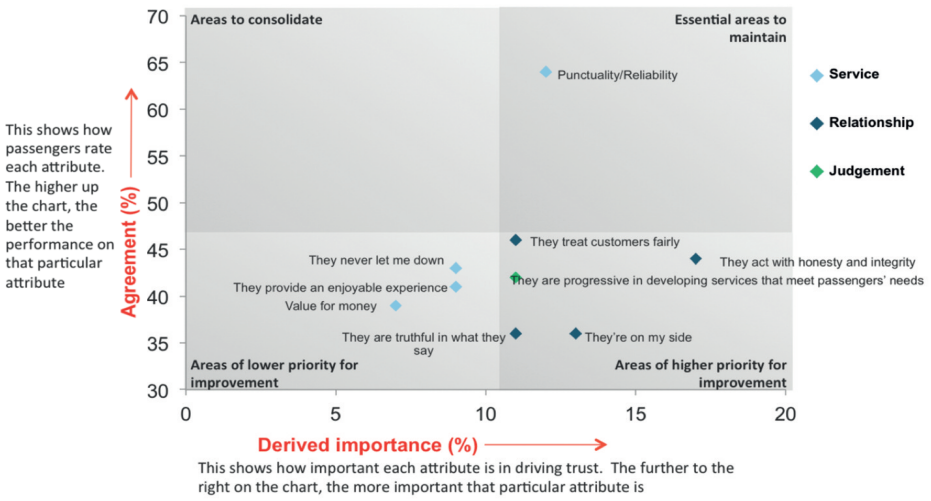
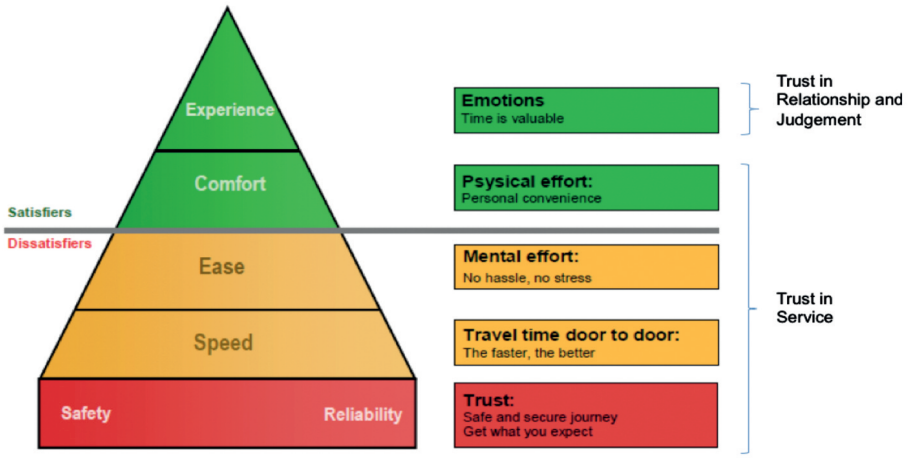


Figure 3 Hierarchy of customer needs



Trust in Service

TOCs have relatively low scores for Trust in Service (chart 4). This comprises key measures relating to delivery of the day-to-day service including:

- punctuality/reliability
- value for money
- problem resolution
- helpful staff on trains
- helpful staff at stations.

Passengers agreeing on at least four of these measures are taken as showing a positive attitude towards, in this case, Service. Passengers disagreeing on four or more measures are counted as holding a negative attitude.

Having a punctual and reliable service is essential in building trust and this is known to be particularly important for commuters as they are reliant on train companies to get them to work, and currently rate punctuality lower than other passengers. NRPS also shows commuters to be less likely to agree on another key driver, value for money, probably due to a combination of factors including being less satisfied with punctuality – a critical factor for them – as well as travelling at peak times when fares are at

> "**Trustworthy for me implies relationship**. There isn't a relationship like you would have with a regular service provider. There's no relationship at all."

[4] Van Hagen, M. & Sauren, J. (2013) *Influencing the train experience: using a successful measurement instrument*, Netherlands Railways

Chart 4 Trust in Service

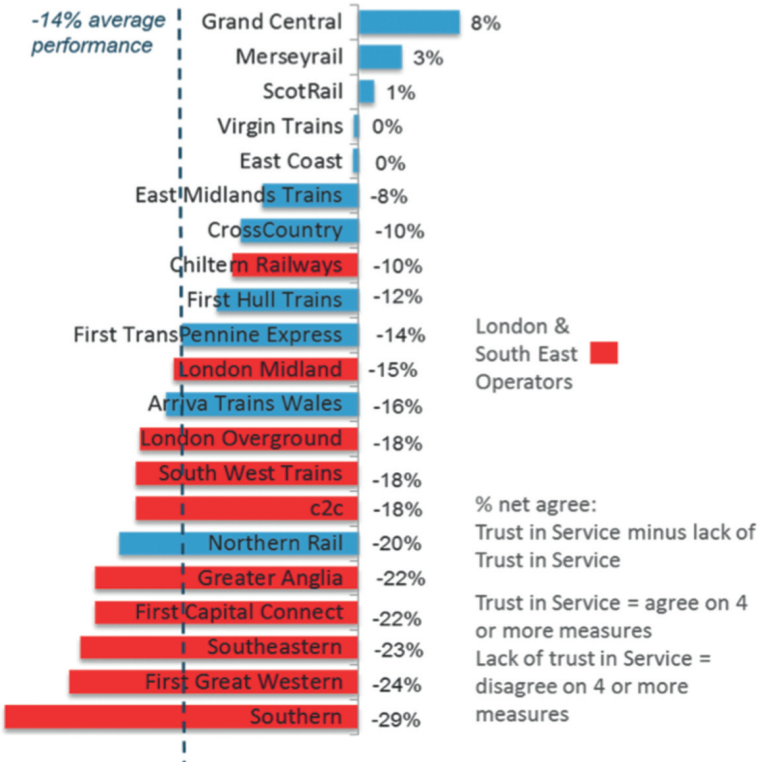
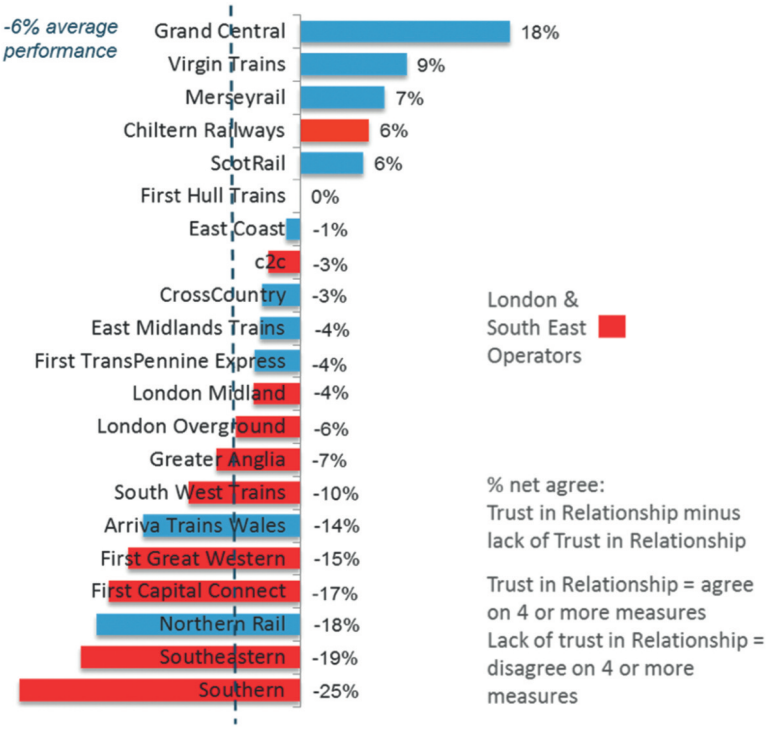


Chart 5 Trust in Relationship



their most expensive and the trains are busier and more crowded.

Improving reliability of services for commuters is therefore key to improving overall trust in the service provided. The earlier qualitative research showed there is also the potential for staff to bridge the gap between service delivery and the more emotional relationship side. However, interactions are currently limited, and there is a much greater role staff could play as communicators – particularly when there are delays or disruption.

Trust in Relationship

Once a reliable service is established as a foundation, it is possible to create higher levels of trust through building closer relationships with customers. The factors that make up Trust in Relationship are:

- being truthful
- acting with honesty and integrity
- building long-term relationships
- treating customers fairly
- communicating well with customers.

The prevalence of net negative scores on Relationship highlights that currently only a few of the TOCs have managed to form strong relationships with passengers (chart 5). This is particularly a problem for London & South East operators, where there are high proportions of commuters. While improving punctuality is a key starting point, communicating openly and honestly with passengers when there are any problems is also vital, and improving performance on these measures could help put passengers in a more positive state of mind when things do go wrong.

In qualitative research, customers talked about the TOCs lacking honesty and transparency – both in terms of confusion around ticketing options, but also because information on delays and alterations was often inaccurate or contradictory.

Where it happens, communication from TOCs is typically well received. However, few TOCs are seen as proactive in their customer communications (despite often having passengers' contact details), plus they are not the only ones communicating

Chart 6 Media exposure and assessment

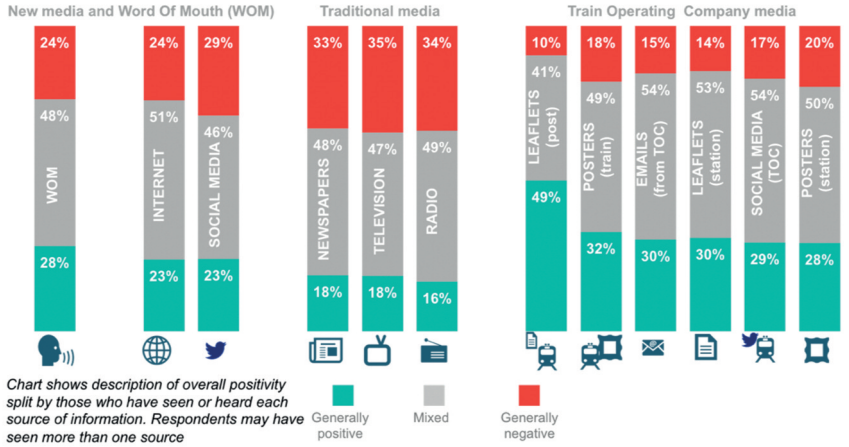
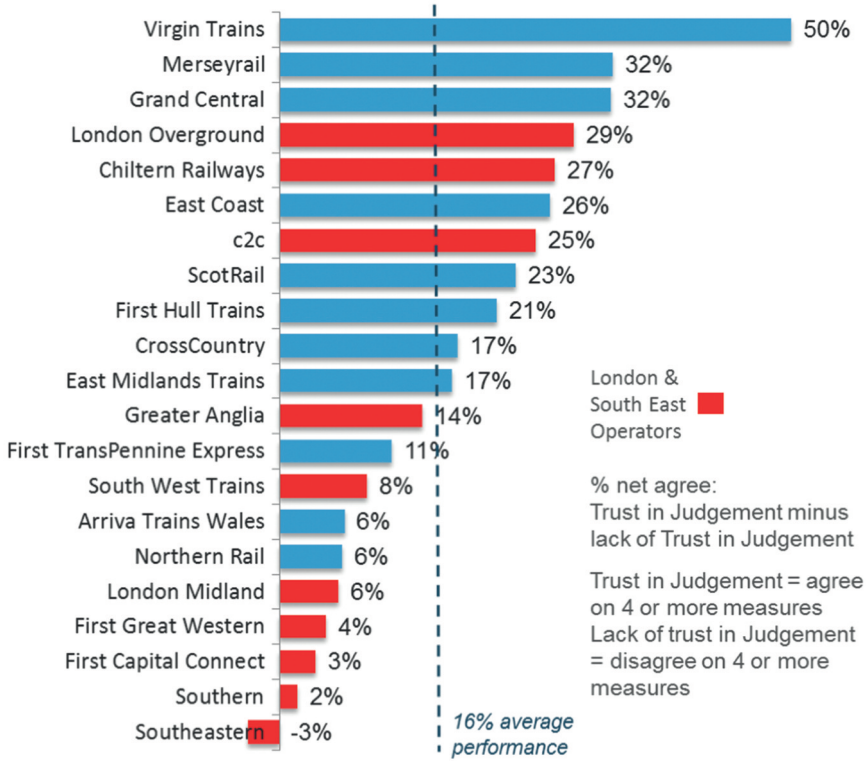


Chart shows description of overall positivity split by those who have seen or heard each source of information. Respondents may have seen more than one source

Chart 7 Trust in Judgement



with customers. Word of mouth is typically a mix of both positive and negative views, while negative coverage is typically driven by traditional media, including newspapers, television and radio (chart 6).

The TOCs that perform best typically have a customer base that is more exposed to communications directly from the TOC rather than hearing most of their news regarding the railways from traditional media sources – however, this is the exception rather than the rule. This was supported by the qualitative research, where many customers talked about feeling distant from the TOCs and that they made little attempt to communicate with customers and counteract the negative stories they hear in the press.

Trust in Judgement

Trust in Judgement is the only trust area with a positive net score (for all but one TOC) showing that, overall, passengers mostly do not question the intent of the TOCs (chart 7). It is also a weaker driver of trust and therefore less of a priority for improvement.

The key measures that contribute to Trust in Judgement are:

- having high principles
- doing the right thing even when no one is looking
- having a good reputation in the industry
- being progressive in developing services
- showing leadership in the rail industry.

Virgin Trains outperforms the other TOCs on Judgement, showing the impact of having a brand that is seen to have high principles and being forward-thinking. But this does not translate into leadership on overall trust (or satisfaction) due to the limited impact of Judgement on overall levels of trust.

London & South East operators perform closer to the industry average on Judgement than they do on Service and Relationship. While satisfaction may be lower, some London & South East operators, such as London Overground, are seen as industry leaders.

Conclusions

In business, consumer trust is accepted as important since it can bring loyalty and repeat purchase. While commuters may have little choice in terms of operator, a more positive relationship with an operator can help to move rail travel from being a 'distress purchase' and towards a more conventional customer/supplier relationship. We see this with leisure travellers actively seeking out the latest e-mail offers from 'their' TOC and in the relationship passengers have with both Virgin Trains and the open access operators. This benefit may become more apparent when franchises are due for renewal.

To build greater trust with passengers, it is important not only to deliver a punctual and reliable service, but also to build a

"Contrary to most stories in the news, **services are generally excellent**, in my view, and often good value."

stronger relationship with passengers, this being based on communicating openly and honestly.

There is low trust in the service delivered by TOCs, since they are perceived as failing to deliver on many of the hygiene factors. Therefore, to improve trust (and therefore satisfaction), functional metrics as measured by NRPS remain the priority.

Most TOCs can also increase satisfaction by focusing on passenger engagement as customers do not currently feel that TOCs are 'on their side', acting with their interests at heart. In particular, there is the potential to improve satisfaction by increasing the amount of TOC communication and being proactive, communicating with openness and transparency, particularly when things go wrong.

Overall, passengers do not lack faith in the TOCs' leadership and principles. However, this dimension of trust is the least important as the day to day interactions are more critical in shaping people's views. Despite that, being forward thinking and being seen to 'do the right thing' are areas that TOCs should consider as a route to improving trust. In particular, this should be looked at by those companies that are performing less well on Judgement than they are on Service and Relationship.

What next?

This research has important implications for the rail industry and governments. It shows that improving the reliability of services is key to improving overall levels of trust but that doing this alone will only get them so far. To really unlock the potential requires additional focus on engagement and trust.

There is much that individual train companies can do but there are also opportunities to tap into current programmes of work on franchising and the provision of information during disruption. For example:

- Our research on franchising[5] identified a real opportunity to give passengers a greater voice. Meaningful and well publicised consultation provides an opportunity to identify priorities; the winning bidder setting out its 'passenger promise' and including passenger satisfaction targets within the franchise builds accountability; and regular updates on progress in delivering these creates transparency. All of these can help to make passengers feel more valued
- Our research on unplanned disruption[6] found that the language and mode used to tell passengers about delays had an impact on trust – honest, factual explanations having a greater impact than generic, scripted versions.

Underpinning all this is an emphasis on transparency. The more access that passengers have to information about their particular service or station the more likely they will be to accept it. Company-wide averages for performance, for instance, can mask highs and lows across services, times of day and different points along the route. For information to be useful, it needs to be available at route level and with localised details. Ultimately there is no reason why a passenger should not be able to check on the performance of their specific train, using a database of performance statistics. Greater transparency can help generate trust.

Passenger Focus looks forward to working with the industry on these issues.

[5] *Giving passengers a voice in rail services*, June 2013
[6] *Information: Rail passengers' needs during unplanned disruption*, August 2011

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