



Department for Transport

Rail Fares and Pricing Research

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britainthinks.com

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1

Key findings

Headline findings

1

The structure of the rail pricing system and attitudes towards train travel mean that passengers are approaching this system very differently to the majority of other purchasing decisions.

- Passengers often start from a position of little understanding of the pricing system and comparatively little motivation to understand it.

2

Fairness, transparency and simplicity are seen as vital to a good pricing system, and rail is largely seen to be performing poorly against these principles.

- In the context of rail pricing, simplicity is interpreted as helping passengers navigate the choice available to them.

3

Information about the rail pricing system leads to a slight increase in positivity.

- Passengers are broadly happy with the way that the pricing system is funded and are pleased that the majority of fares are reinvested into the railways.
- Explaining the demand management system aids understanding, but does not address frustrations around peak time travel.

4

When asked to come up with suggestions for changing the pricing system, a number of participants suggested concepts resembling those DfT are considering.

- Some ideas involved an improved, centralised account, and basing prices on distance travelled.

Concept testing headline findings

1

When considering changes to the pricing system, cost is front-of-mind with consumers seeking to understand whether or not costs will increase or decrease.

- This is particularly important in rail, considering that trust in the system is especially low, and that pricing is seen as high: passengers are afraid that any changes are masking price increases.

2

Reactions to the concepts are often lukewarm, but there are nevertheless ideas that perform well.

- Account-based ticketing concepts in particular are seen as having the potential to help with all three key principles. Products for part-time workers and bespoke packages are seen as both useful and enhancing fairness, and it is thought that a more unified, online account system will enhance simplicity.

3

Whilst the appetite for account-based ticketing is high, changes to pricing legs are also favourably perceived, as is enhanced communication around peak times (rather than standardising these across the country).

4

Demand management pricing concepts are the worst received across audiences.

- Dynamic changes to prices are seen to add more uncertainty and complexity to the purchasing experience, and to make current issues around peak time travel even worse;
- The idea of ancillary pricing is not viewed as an opportunity for a more bespoke journey, but as a way for TOCs to profit.

2




Background and methodology

Background and objectives

- Exploring ways to reform fares to is a priority for the rail industry. This research was commissioned to inform the Department for Transport's proposals for reform. The range of possible outcomes from this work is wide-ranging and may entail recommendations for an overhaul of elements of the current system. There will be a particular focus on ensuring that the rail pricing and ticketing system is keeping pace with change to the way we work (e.g. more people working part-time or at home) and changes to technology (e.g. smart ticketing technology).
- A key component part of this work will be an exploration of passenger priorities for rail pricing and ticketing. Therefore the DfT commissioned BritainThinks to conduct qualitative research to explore these priorities and gather responses to a range of concepts and ideas for possible reform of the system.
- Within this remit, the specific objectives of the research were to:
 - Explore passenger criteria for what makes a 'good' pricing system (e.g. transparency, fairness, simplicity) and the relative importance of these criteria in the context of rail.
 - Understand passenger attitudes towards and awareness of the current rail pricing system, including tax subsidisation and discounting (e.g. railcards).
 - Understand attitudes to specific pricing and ticketing ideas in the context of rail, including account-based ticketing, dynamic pricing, flexible season tickets and a greater focus on simplicity.

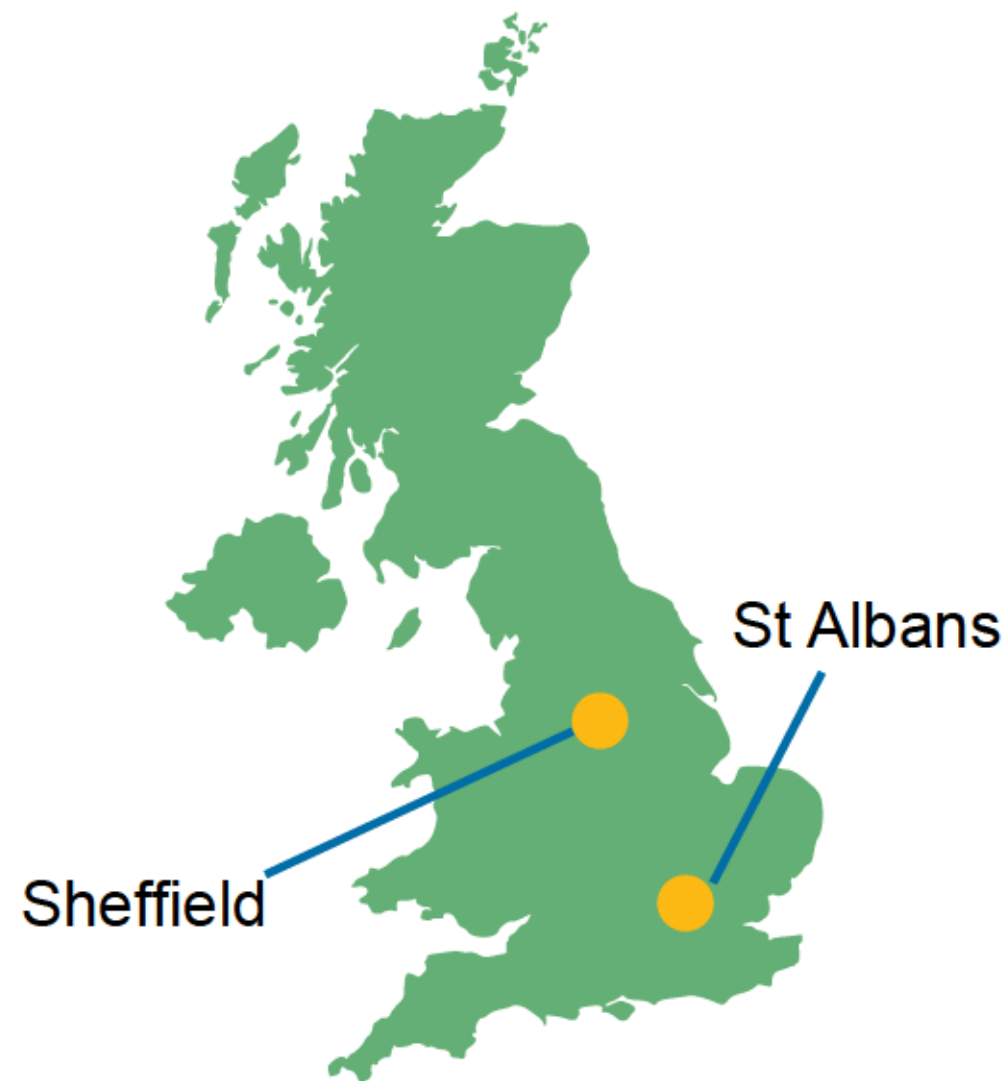
Background and objectives

- To meet these objectives, we ran a multi-stage qualitative research project:

Stage 1 November – December 2018	 Deliberative workshops with rail passengers <ul style="list-style-type: none">• 2 Deliberative half-day workshops, delivered in 2 locations• 16 participants each, ensuring a mix of demographics
Stage 2 January 2019	 Concept testing focus groups <ul style="list-style-type: none">• 6 x 90-minute focus groups with rail users in 3 locations• Testing policies, concepts and ideas
Stage 3 April 2019	 Stretch and build online community <ul style="list-style-type: none">• Flexible online resource to deliver test specific concepts• 20 participants for a 2 week period

- The research was designed to be exploratory in nature to facilitate experimental thinking about what an ideal pricing system would look like.
- The findings in this report have been used by the Williams Rail Review to inform and develop policy thinking about fares and ticketing.

Stage 1: Deliberative workshops



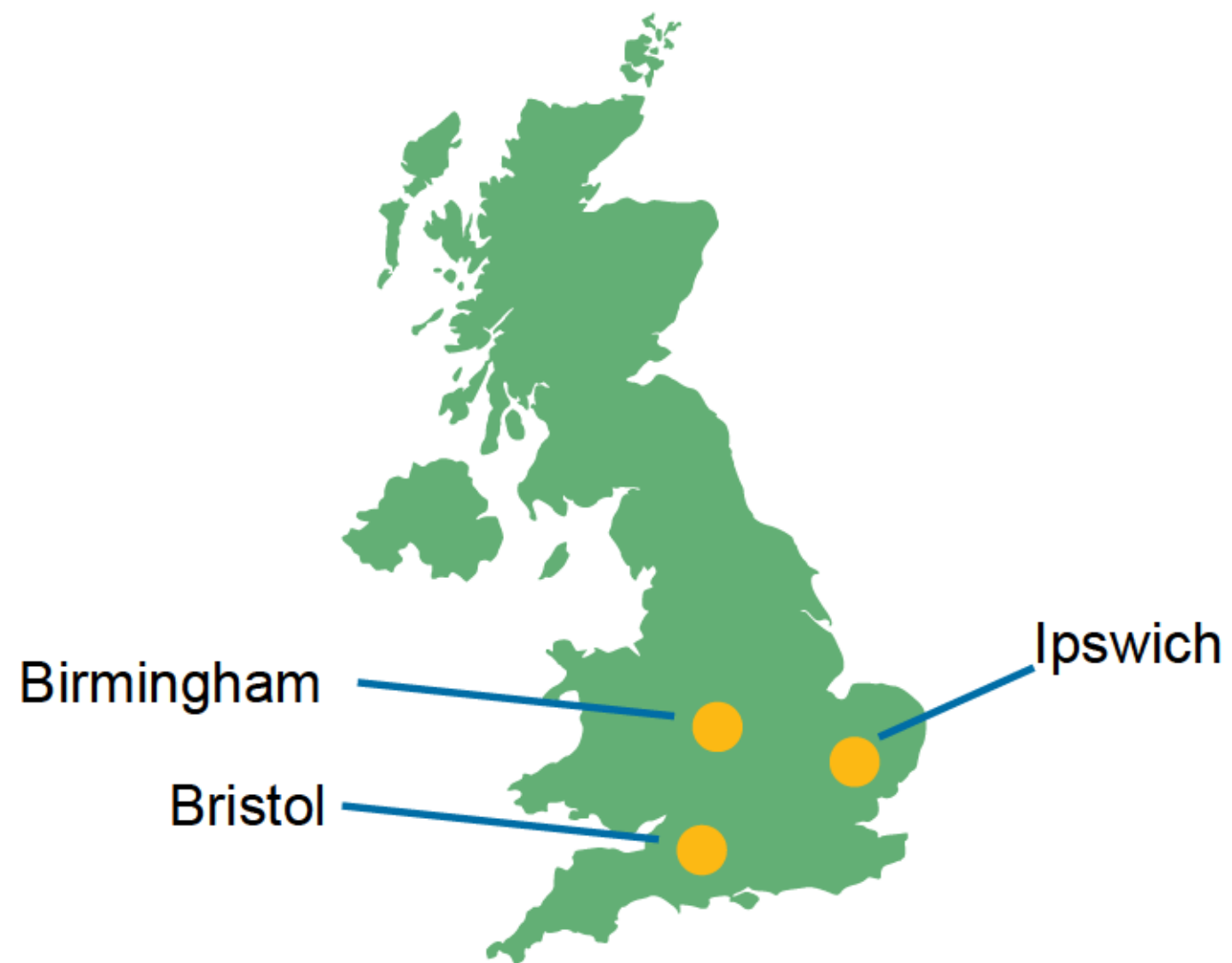
Two half-day workshops with passengers
in two locations across the UK
(c. 16 participants per group)

- A range of ages
- A mix of life stages, from pre-family to empty nesters
- A mix of frequent and infrequent rail travel
- No participants had season tickets
- Min. 6 'confident creatives' per group¹
- Min. 6 'early adopters of technology' per group¹

Research themes examined:

- Pricing systems, pricing principles and pricing system preferences, spontaneous opinions of the rail pricing system, and informed opinions of the rail pricing system.

Stage 2: Concept testing focus groups



Six focus groups with passengers in three locations across the UK (c. 8 participants per group)

- Groups split by age (21-45 & 45+)
- Groups split by passenger distance* (short & long distance groups)
- Short distance split by frequency** (frequent & occasional)
- Long distance split by preference*** (frequent & potential)
- Min. 3 'early adopters of technology' per group

Research themes examined:

- Perceptions of the current rail pricing system, testing principles of a good system and how this could be improved, and exploring potential rail pricing concepts and new ideas for the rail system.

Passenger distance*

- Short: < 50 miles
- Long: > 50 miles

Short distance frequency**

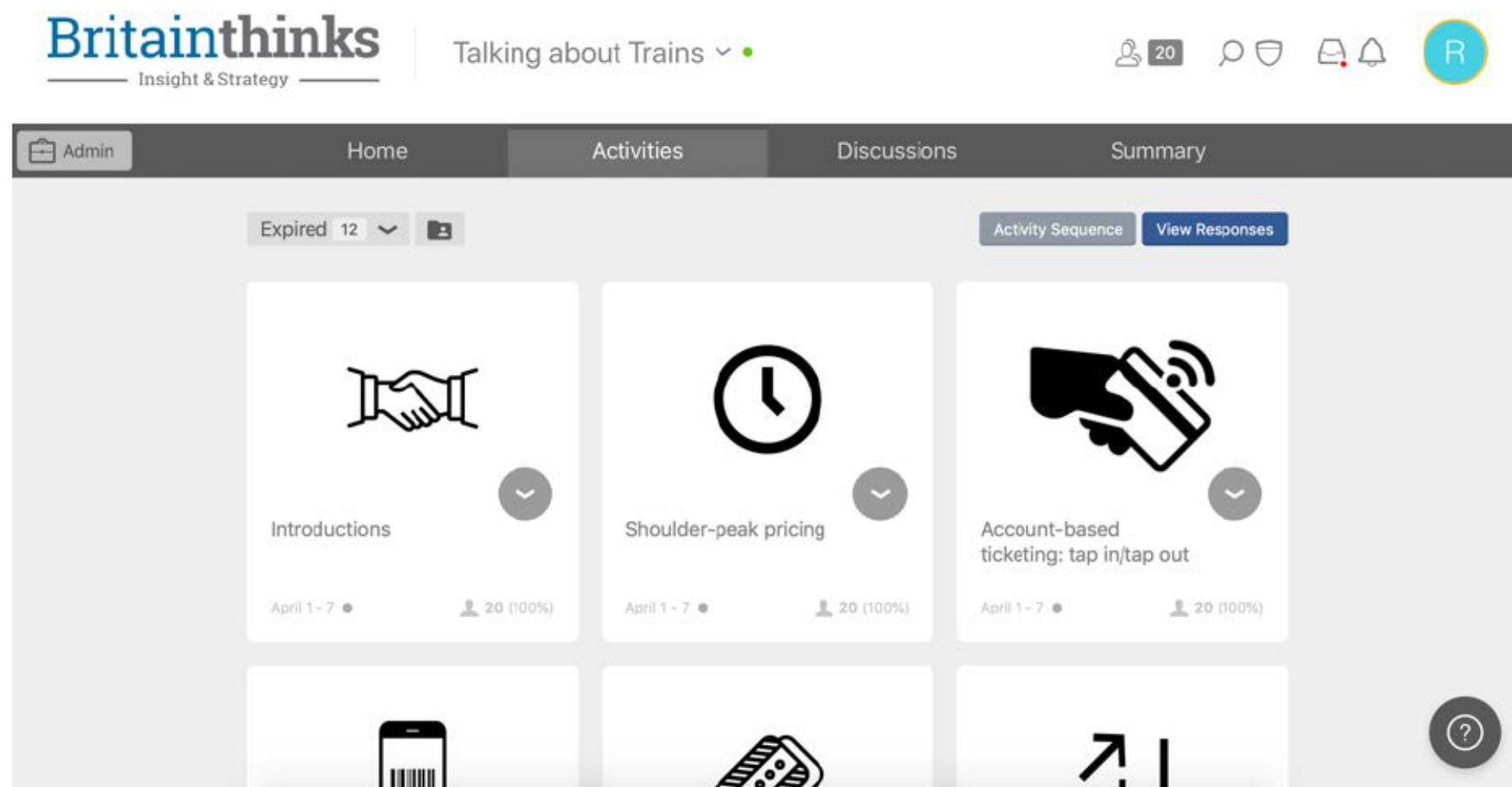
- Frequent: Rail journeys > twice a month
- Occasional: Rail journeys monthly or every 2 months

Long distance preference***

- Frequent: More than half LD journeys taken by rail (min. 3/year)
- Potential: Fewer than half LD journeys taken by rail, live within 15 miles of a train station

Stage 3: Stretch and build online community

Two week online community with a mix of fresh participants and re-recruits



- 20 participants
 - 10 re-recruited from face-to-face fieldwork
 - 10 new recruits
- Spread of gender
- Spread of age
- Spread of location*
- 9 season ticket holders
- 10 users of loyalty schemes

Research themes examined:

- Testing of the key reform ideas including ideas for rail pricing systems.

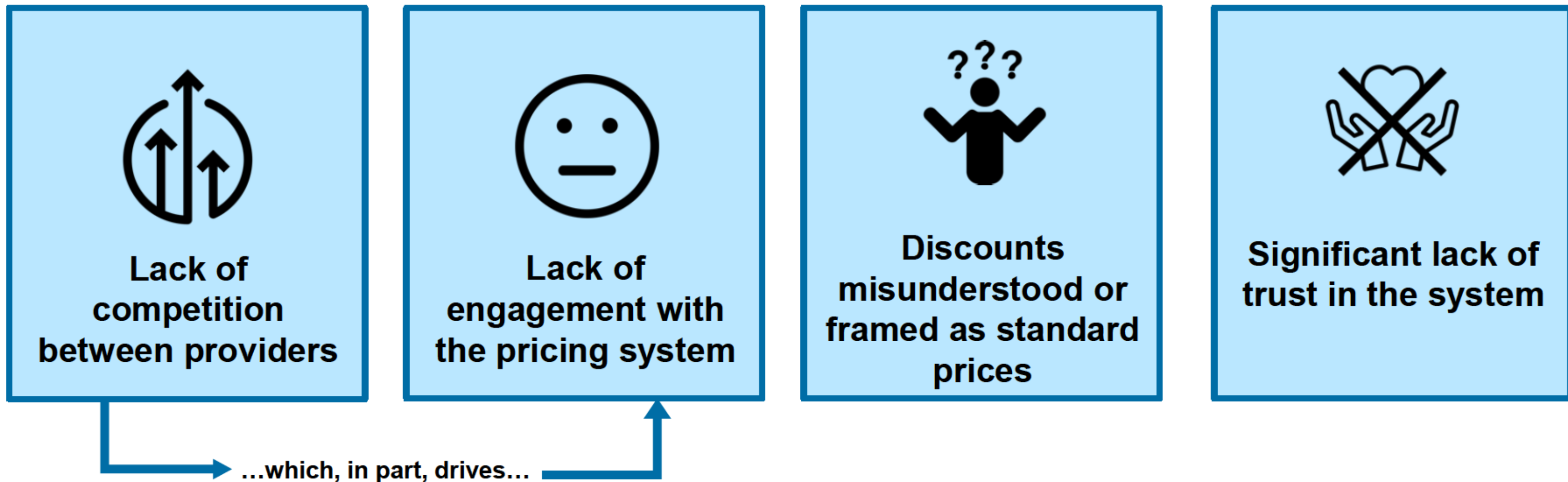
*Locations:

- Bristol: 3 participants
- Birmingham: 4 participants
- Ipswich: 3 participants
- Manchester: 3 participants
- Coventry: 3 participants
- Hampshire/Surrey: 4 participants

3

Top of mind attitudes to the rail pricing system

Purchasing behaviour and attitudes towards the rail pricing system are greatly informed by some key features that separate it from other consumer interactions



Passengers describe how it is becoming increasingly easy to shop around when making other purchases – which is largely not the case with train travel



- Passengers describe how they like to shop around to find the best price or option for them, with price comparison websites becoming an increasingly common feature during purchasing decisions.
- For most this is perceived to be absent from train travel.

What impact does it have?

- Can feel disempowering as a consumer – leading to greater frustration when things go wrong and an uncharitable opinion of the motivations behind the pricing system (e.g. price for on the day travel vs advance / peak tickets vs off-peak tickets).
- Consumers rarely develop particular ‘buy-in’ or connection to a specific rail brand.
- Can lead to a lack of engagement with the rail pricing system.

Lack of competition and the practical nature of train travel means that there is a lack of engagement with the pricing system



- Passengers say that they are willing to navigate, or even enjoy navigating, the complexity of certain pricing systems because they have a great personal stake in the outcome (e.g. mobile phone contracts, holidays).
- A lack of competition and the largely practical nature of train travel means that there is often less engagement in these purchasing decisions.

What impact does it have?

- Purchasing train tickets can be very procedural and seen as a chore.
- Many passengers are unaware of or less willing to navigate the complexities of the system (e.g. railcards, split ticketing).
- For some, purchasing occurs last minute or as an afterthought, meaning that they don't purchase tickets at a discounted rate.

A lack of understanding of existing pricing system and discounting schemes can lead to a feeling that some tickets are artificially expensive



- While there is awareness of the various pricing elements (peak / off-peak, railcards, advance tickets etc.) understanding of the reasoning behind these is not front-of-mind.
- Peak tickets or tickets bought on the day often greatly exceed what is considered reasonable as passengers believe they are being penalised for buying on the day of travel.

What impact does it have?

- Travellers do not feel the benefit of travelling on a discounted fare.
- Those travelling on peak fares, or bought on the day, feel penalised for buying on the day.
- Particularly frustrating for peak-time commuters who feel that they are experiencing a worse service for more money.

Whilst their priorities differ, trust towards rail as an institution is extremely low across both commuters and non-commuters



Specific concerns

Alternative means of travel are often unavailable or undesirable – they feel like a captive audience who can't escape issues with reliability and overcrowding



Less familiar with the pricing system and so more likely to pay a higher price, e.g. if they don't know about railcards or book last-minute

Overarching concerns



- Low opinions of how competently rail is run meaning they suspect that profit is at the heart of decision-making.
- Both poor experiences and increasing negative media/word of mouth reinforce this suspicion.
- They don't know how the system works, who is accountable for what, where to turn for support, or what long-term plans are in place.

4

General principles for pricing systems

Consumer priorities for pricing systems fall under three key themes



Fairness



Transparency



Simplicity

Overall, pricing systems with a clear, logical structure have a strong intuitive appeal, but ultimately achieving this is less important than the other principles

There is a strong preference for a pricing system that has a **clear logical structure**. For example, making singles half the price of a return.

For a small number of travellers this could be taken further e.g. a price per mile system.






While this is desired, it is not seen to be as important as making sure that the pricing system is **fair and easy to navigate**, to ensure passengers are getting the best price.



Consumers know when a pricing system is fair when:

- They feel like they have received value for money
- They do not feel that they have been penalised or their position exploited
- They feel all customers have been treated equally – with an exception for loyalty schemes and concessions

Consumer examples of fair and unfair pricing systems:

 	Popular retailers <ul style="list-style-type: none">• They are seen as competitive in food, clothing etc. but also to demonstrate some interest in providing fair pricing for consumers.• Their price match guarantees are regarded as a strong check to ensure that they do not overcharge for products.	<p><i>"John Lewis has a price-match guarantee...quality products at a competitive price."</i></p> <p>Workshop participant, Sheffield</p>
  	Broadband and mobile phone providers <ul style="list-style-type: none">• The marketplace offers choice, but inflexible contracts are seen as trapping consumers.• Their strong incentives for joining mean that longer tenure customers feel they are paying more for being loyal.	<p><i>"I phone Vodafone every month (to cancel my contract) but I've given up now, I'm on hold for so long."</i></p> <p>Workshop participant, Sheffield</p>



A perception of poor service and large variety of fare options can lead to concerns of unfairness in the rail pricing system

Value for money

- Some are satisfied with the service they receive and feel that they can get very good deals by booking early or using railcards.
- Others feel that the poor service they receive (overcrowding, unreliable etc.) does not match what they pay.

Does not penalise customers

- For many, off peak or advance tickets are interpreted as the standard price, meaning that peak time or on the day tickets are seen as penalising customers.

All customers treated equally

- Advance, peak, and off-peak categories, and split ticketing, are seen to lead to different customers paying varying rates for same service.
- While the same is true of railcards, these are not seen as problematic.



Consumers know when a pricing system is transparent when:

- There are no hidden costs or attempts to mislead customers
- They understand the different elements of the system and feel that money saving options have been clearly communicated

Case studies on transparent and opaque pricing systems:

NETFLIX
prime video

Streaming services

- Streaming services, and in particular Netflix, are perceived to be good at letting customers know what it is they are paying for, and hence to be transparent in their pricing structure, especially vs. traditional TV provider bundling options

"I like it when you get what you pay for...Netflix is good for me, it's very clear what you're paying for."
Workshop participant, Sheffield

Expedia®
Booking.com

Hotel & holiday booking providers

- Hotel & holiday booking providers are seen adding in hidden costs which do not become apparent until late in the booking process (booking fees and breakfast)
- Unclear accountability for payment (third party vs. hotel itself)

"On Expedia you'll pay the set price but then there'll be another charge you have to pay for them."
Workshop participant, Sheffield



While consumers feel that the cost of fares is clear, they feel that there could be more efforts to clearly communicate the different elements of the pricing system

No hidden costs

- Rail performs better than other markets in making sure that costs are clear upfront and there are no hidden costs (for example, compared to booking theatre or concert tickets).

Understand pricing elements & money saving options communicated

- Some are confused about the different elements of the pricing system.
- They feel that money saving options have not been sufficiently advertised or could be more embedded into the booking process.
- Similarly, many feel that routes to compensation are not clearly advertised, and that the process itself is too complicated or bureaucratic.



Consumers know when a pricing system is simple when:



Easy to get the most appropriate and/or cheapest price
(whether avoiding 'choice overload' or making options easy to navigate)



Pricing structure easy to understand
(either immediately interpretable or has a clearly logical or intuitive structure)

Case studies on transparent and opaque pricing systems:

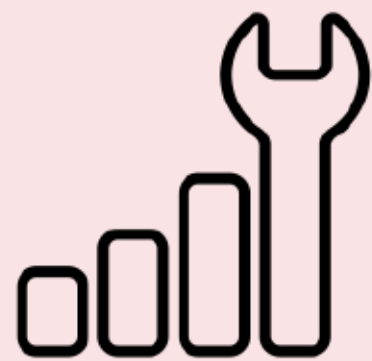


Streaming services

- Streaming services, and in particular Netflix, are perceived to be good at letting customers know what it is they are paying for, and hence to be transparent in their pricing structure, especially vs. traditional TV provider bundling options

"With Pick 'n' Mix, you pay for exactly what you pay for because it goes off weight."

Workshop participant, Sheffield



Hotel & holiday booking providers

- Hotel & holiday booking providers are seen adding in hidden costs which do not become apparent until late in booking process (booking fees and breakfast)
- Unclear accountability for payment (third party vs. hotel itself)

"When you're renewing your prices, if you go on Confused.com you can find cheaper; it's whether you can be bothered to switch or not"

Workshop participant, Sheffield



The train pricing system is rarely seen as making it easy to make sure passengers get the most appropriate or cheapest option (regardless of how this is interpreted)

Easy to find best option <i>(Avoids choice overload)</i>	<ul style="list-style-type: none">• Number of categories causes confusion e.g. super off-peak, varying journey lengths, online-only discounts• System not seen to provide tailored approach to avoid overload
Easy to find best option <i>(Options easy to navigate)</i>	<ul style="list-style-type: none">• Options easy to navigate for those making routine journeys / familiar with different elements• For those who are less familiar, choice is overwhelming and very difficult to navigate alone
Easy to understand <i>(Interpretable)</i>	<ul style="list-style-type: none">• Those who travel more frequently tend to have a good understanding of the peak / off-peak system and find prices easy to interpret• However, many find the number of options difficult to interpret (i.e. it's not just that there are too many options, but that they don't understand what each option means)
Easy to understand <i>(Logical structure)</i>	<ul style="list-style-type: none">• The train pricing system is seen to be full of peculiarities and inconsistencies (single / return ticket pricing, cheaper 1st class travel, split ticketing etc.)



Ultimately, participants favour making the system easier to navigate over reducing the amount of fare options

Initially, there is a strong preference, particularly among less frequent users of the trains, to simplify the system by reducing the amount of options available.

This includes removing the price difference between peak and off-peak.

However, when pressed on the cost implications, it is clear that participants wanted peak prices to be reduced to what they see as the 'standard' price (i.e. off-peak).

When it is raised that removing these options would reduce opportunities to save money (and that off-peak prices may need to increase), there is less support.



Structural features of the pricing system are interpreted as being intentionally complex or difficult



- There is a suspicion that TOCs have structured the pricing system around a desire to **make as much money as they can from passengers.**



- People **do not feel that the passenger is 'put first'.**
- This is exemplified by the difficulty in finding the 'right' fare for a journey or the perceived difficulty in getting compensation.



- There is a sense that **TOCs conceal information from their passengers.**
- Split ticketing is raised as a prime example of this.

5

Reactions to information about rail pricing

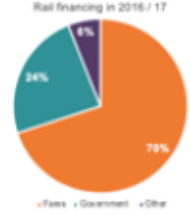
Information about the rail pricing system leads to a slight increase in positivity

We gave participants information about:

Funding

How are rail services funded?

- Funding for rail comes primarily from the fares of rail passengers, with some additional funding from government
- Recently, there have been two changes to how rail services are funded:
 - In the last year government and private funding has increased
 - Local areas are having a greater say over their rail investment, to ensure taxpayers and fare payers contribute to the improvements that deliver the most local benefit




Rail Investment 2017/18
 Government: £6.4bn
 Private Investment: £1.3bn

Demand management

Why are there 'peak' and 'off-peak' services?

Demand Management

- There are limits to the level of capacity of trains and station platforms can only accommodate so many carriages
- Peak prices help manage crowding on trains by pricing fares so that only those who need to travel (e.g. commuting) will travel on those services
- Off-Peak travel allows passengers who do not need to travel at a certain time (e.g. for leisure), to enjoy rail travel at a reduced price



Rail service regulation

How are rail services regulated?

Department for Transport (DfT)


- Secures services on the railway
- Franchises (e.g. Northern) bid for services through a competition
- Regulates some fares (Approximately 45% are regulated by the DfT)

Office of Rail and Road (ORR)

- Grants legal authority for franchises to operate
- Determines what Network Rail must produce/deliver

Transport Focus

- Independent watchdog that advocates improvements on behalf of transport passengers




The spending of fares

Where does my fare go?
2016/2017

The price of fares is linked to inflation. In general, regulated fares can't increase by any more than inflation


Fares are linked to the level of the Retail Price Index (rather than the Consumer Price Index)



Discounted fares

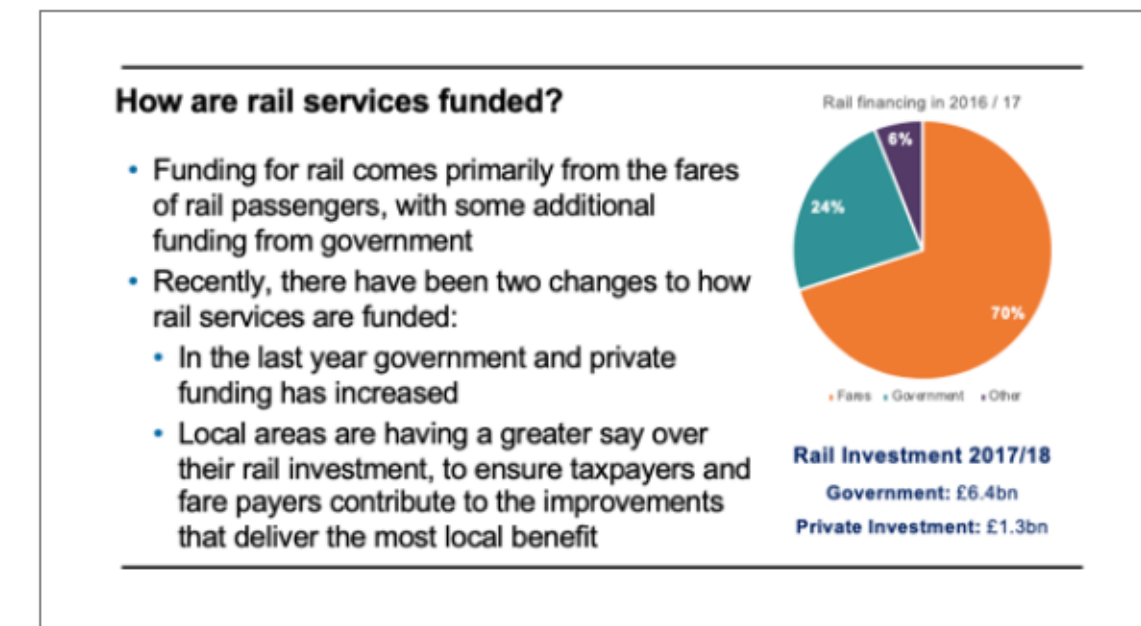
What discounts and other ways to save money are there?

- Advance tickets** are mostly available on one-way tickets and offer savings (especially on longer distance journeys)
- A number of **Railcards** are available for qualifying passengers to save money on their fare. These are usually available at a small annual cost
- Season tickets** are available for frequent travellers. Those who travel more than three times a week may find they can save money by purchasing a weekly, monthly or annual season ticket



Passengers are broadly happy with the way that the pricing system is funded and pleased that most money is reinvested into the railways

- In line with previous DfT research, there is a sense that the funding system as it is currently is fair.
 - In particular, the balance between fares and taxes is considered to be appropriate, when taking into account those who use the rail system less frequently.
 - However, despite feeling that the allocation of funding is fair there is still a sense that fares are too high.
- People are surprised to hear that the majority of their fare is reinvested back into the railways rather than going towards profits.
 - This helps with assumptions that companies are solely driven by profit.
 - But leads some to feel that the problems with the system are down to the companies being unable to provide a good system, rather than corporate greed.



Explaining the demand management system aids understanding, but does not address frustrations around peak time travel

Also consistent with previous DfT research, customers are more sympathetic towards the peak/off-peak system when they understand how it responds to demand management.

However, frustration remains high about the price of peak services, particularly when the more expensive services tend to be of lower quality (e.g. unable to get a seat at peak times, trains being overcrowded).

Why are there 'peak' and 'off-peak' services?

Demand Management

- There are limits to the level of capacity of trains and station platforms can only accommodate so many carriages
- Peak prices help manage crowding on trains by pricing fares so that only those who need to travel (e.g. commuting) will travel on those services
- Off-Peak travel allows passengers who do not need to travel at a certain time (e.g. for leisure), to enjoy rail travel at a reduced price



"They say they do that to reduce crowding but if you're on one of the trains in the morning you can't move!"
(Workshop participant, Sheffield)

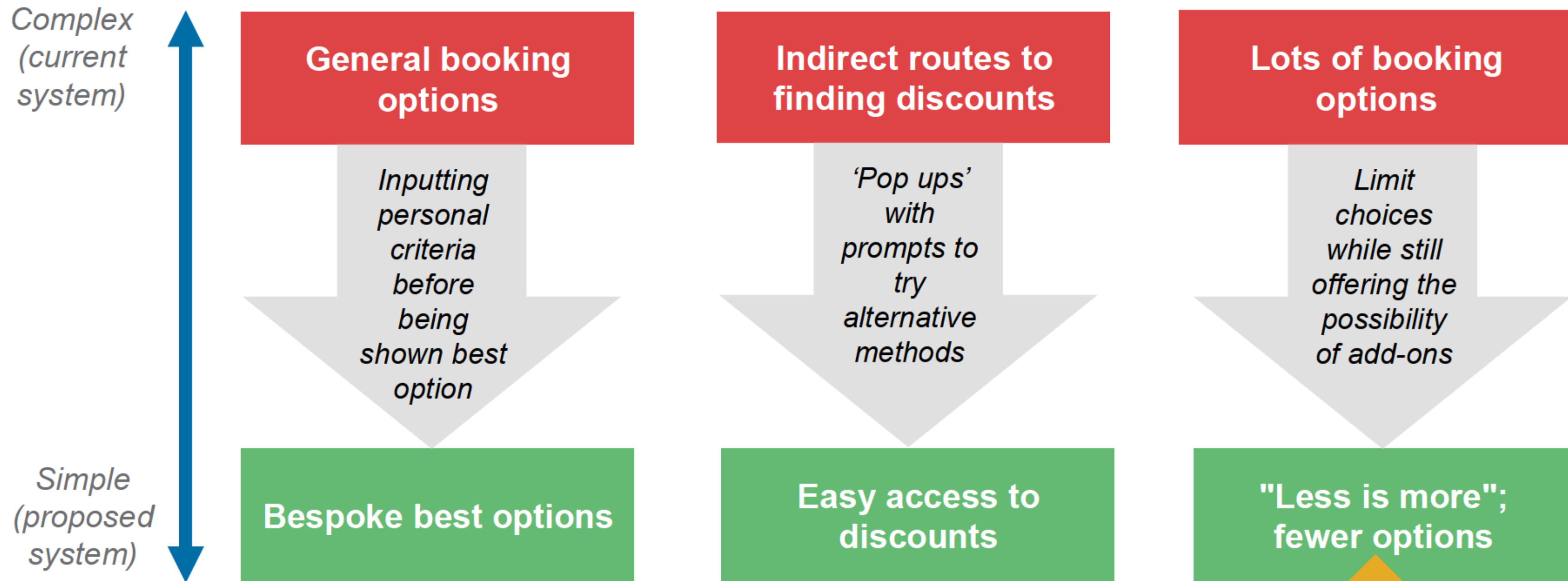
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Ideas for reform of the rail pricing system

Spontaneously, participants developed ideas very similar to account-based ticketing concepts...



Lowering the complexity of booking tickets is a common priority; participants desire bespoke options and more direct means of finding out about discounts



Though when pressed, participants favour more options to save money and a system to help them navigate these rather than removing options

Passengers suggest that ticketing categories and purchasing channels should be simplified and clarified, through various means

A definition of 'peak' and 'off-peak'



*"A clear, consistent definition, e.g. "Off-peak is xxx to yyy."
(Workshop participant, Sheffield)*

Prices should be consistent across different platforms (at the station & online)



*"Consistent prices on all platforms."
(Workshop participant, Sheffield)*

A tolerance window for missed trains; a desire for greater flexibility with Advance tickets



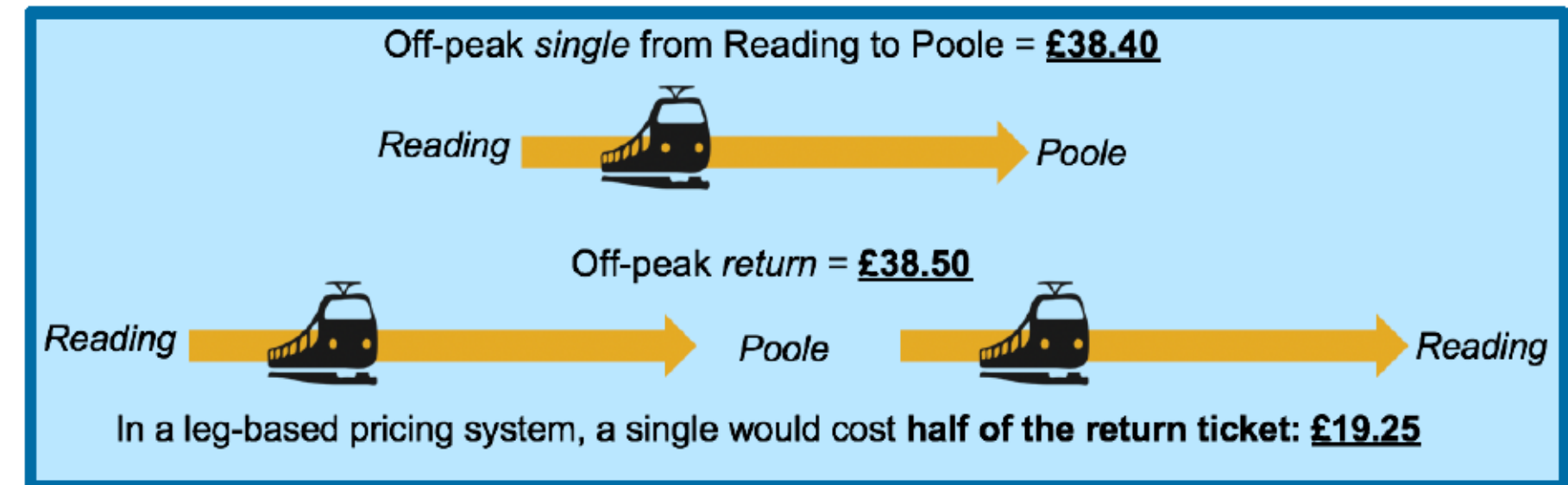
*"Advance tickets to allow 30 minutes of tolerance without penalty."
(Workshop participant, Sheffield)*

7

Attitudes towards system reform ideas

Provided that the overall cost of tickets doesn't change, single-leg pricing is felt to make the pricing system fairer

- There is some familiarity with singles that have similar prices to return tickets, but it is unusual for this to be raised as a spontaneous concern (since most journeys involve return legs).
- Only some passengers could give examples of when this concept would provide a money-saving opportunity – the benefits are seen as limited.
- Those who are aware that return tickets deliver a form of discount have greatest concerns about accompanying price increases.



"I sometimes finish work in a different place from where I started, and I might go home or I might stay with family [...] this would be great for me."

(Frequent short-distance, Birmingham)

Some risk that if return journeys are the norm, single-leg pricing could be seen as a hassle. If the rollout likely to be complex, it is key to ensure financial benefit for passengers is communicated

Impact on perceptions

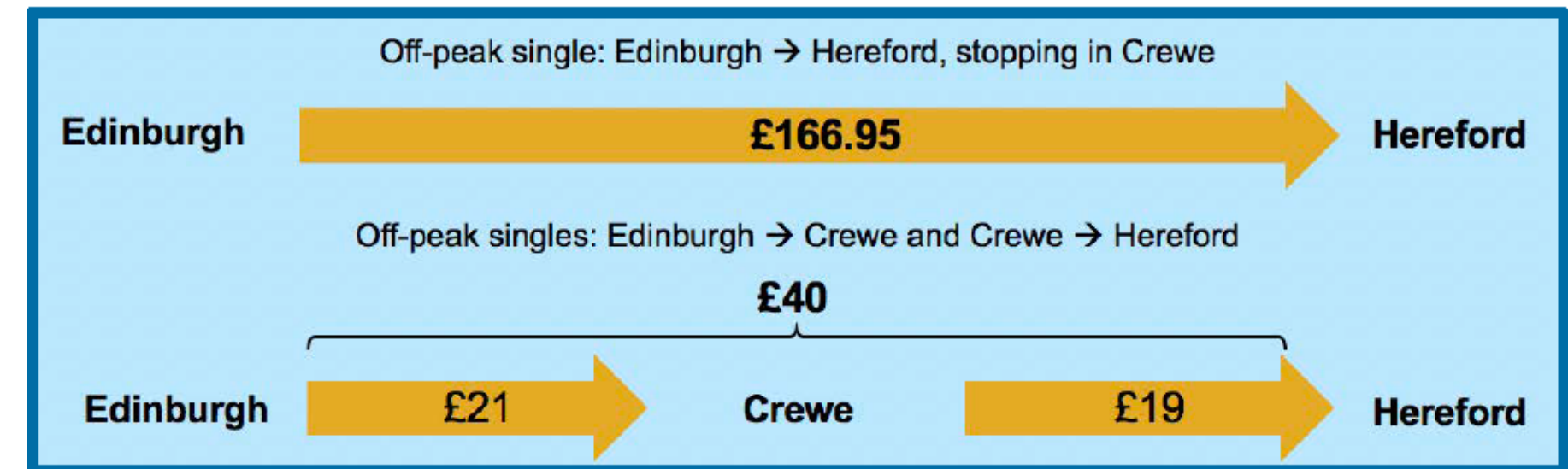
- This concept speaks directly to fairness.
- Those who have experienced high single ticket prices appreciate it the most.

Impact on behaviour

- However it is not felt to lead to any change in habits.
- Routine journeys would cost the same, and many buy two singles already for atypical journeys.

Though audience affected by split ticketing seems small, others are aware of the problem, and leg-based pricing is therefore welcomed

- Though only a minority use it, split ticketing is often raised spontaneously as an example of opaque pricing and a way of making the customer experience difficult.
- A concept that makes split ticketing unnecessary is therefore felt to be intuitively fairer.
- This reduces the perceived need to work hard to identify the cheapest way of taking a journey.



Whilst leg-based pricing is welcomed in our sample, it could in practice alert the public about an issue they are unaware of

Impact on perceptions

- Leg based pricing is seen as a positive intervention.
- None who use split ticketing feel they would be 'losing out', instead it would make purchases simpler.
- However, making the change would likely alert many members of the public to the fact that split ticketing is currently possible and this may lead to frustration among some passengers.

Impact on behaviour

- Those using third parties to identify opportunities for split ticketing would no longer need to do so.

Dynamic pricing, especially on long-distance journeys, is seen to amplify current problems with the system

- The risk of increases to high prices is considered to be greater than the opportunity for low prices to decrease, increasing perceptions that the peak system is penalising passengers.
 - Under the dynamic pricing concept, families going on holiday and longer distance travellers are seen to lose out the most
- Added time pressure to purchase decisions is seen as unfair when travelers feel they are already having to plan ahead.
- Confusion about how this would overlap with other elements: standing capacity, season tickets, Anytime tickets, and a mix of travellers on the same train.

- Dynamic pricing is the idea that the cost of a journey could go up and down according to the demand for the tickets
 - You may have seen this happening when booking flights:



- So, if **very few people** are buying tickets for a particular journey, the **fare price would go down**
- Whereas, if **lots of people** are buying tickets for a particular journey, the **fare price could go up**

These concerns are shared across all passenger types, although some who had benefitted from the similar system with airlines had some more positive feedback

“When I book a holiday or just a flight this is how the system is and I find it quite transparent and easy to work with.”
(Frequent short distance, Ipswich)

“We often do a long distance rail travel trip in the school holidays and under the current advance tickets / off-peak scheme and our family railcard, we save a lot of money, so we could well be worse off.”

(Frequent long distance, Hampshire/Surrey)

‘I feel that if this dynamic pricing was implemented, the cost of travel would constantly be very high and therefore I wouldn’t benefit at all.’

(Frequent short distance, Hampshire/Surrey)

“Comparing to flights, I love that idea. You book in advance and get a cheaper price...it would help for longer trips...when you have a few months to plan.”

(Frequent short distance, Hampshire/Surrey)



Trust in rail could be damaged as a result of dynamic pricing

Impact on perceptions

- Simplicity and transparency are seen as worse by making prices unpredictable and pushing passengers to work harder when making their travel plans.
- Seen to be helping TOCs and the rail system more than customers, and so viewed as unfair.
- Makes rail travel in general seem more disorganised and chaotic.

Impact on behaviour

- For those with little choice on when they travel there are concerns they may have no choice but to use more expensive journeys and would view any behaviour changes as being forced on them.
- For low demand, off-peak services, there is some potential for travellers to choose emptier trains.
- It is seen to make the purchase experience more stressful.

“Why is it more expensive? It’s not like the running costs are higher, it’s just so they can make more money off that route.”

Enhanced online and smartcard ticketing is seen on balance as important for the progress of rail services

- Starting points vary from those already storing tickets on apps, to those buying their tickets at the station on the day of travel.
- But the idea of a more centralised, go-to account service is seen to address the concern that prices vary across purchase channels.
 - And that lack of a centralised compensation claims service is a barrier to refund applications.
- Some are keen not to lose paper tickets altogether, and point out that there are local stations without ticket barriers.

“Could potentially speed things up if they've got all your details stored, you don't need to print it all out, just use your phone.”

(Frequent long-distance, Bristol)

“They shouldn't get rid of paper tickets entirely though – not everywhere has the technology to use mobile tickets and stuff”

(Potential long-distance, Birmingham)

Season ticket-holders are even more positive about the prospect of ‘tapping in/out’ due to its convenience for regular commutes

“As I have an annual season ticket, I would assume it would make life easier, particularly where I have found myself a couple of times leaving my season ticket at home.”

(Frequent short distance, Hampshire/Surrey)

“As this operates very well in London, I think it would work very well anywhere in the UK, especially for commuters who may only need one or two stops on their journey. It would certainly save on the planning, getting/printing tickets etc.”

(Frequent short distance, Bristol)

“I think it will be brilliant. More eco friendly than the paper tickets, [where there’s] always a chance of losing them. Also the fact it’s for all lines is amazing. Helps me with personal travel too.”

(Frequent short distance, Hampshire/Surrey)

“When I have visited London, I’ve always used my contactless debit card to move around...I’ve found this incredibly convenient and cost-effective as it caps...I don’t have to worry about what kind of ticket to get.”

(Frequent short distance, Coventry)

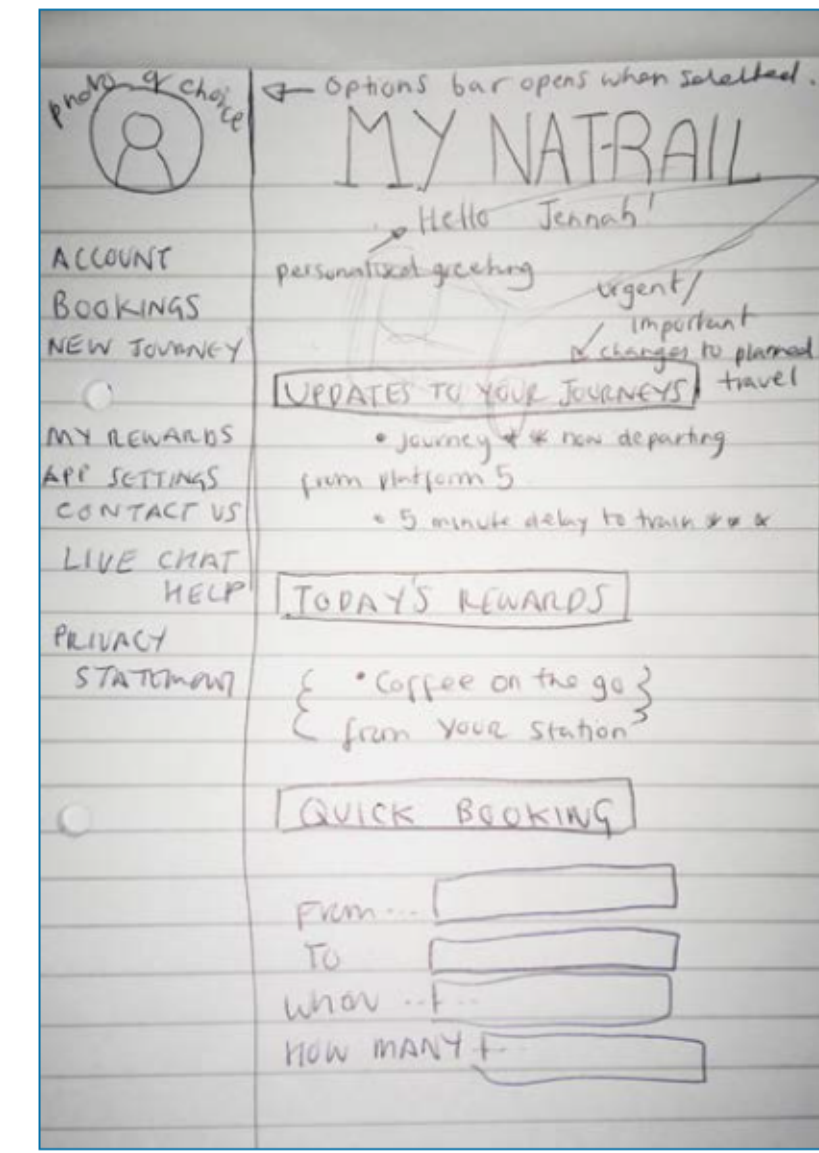
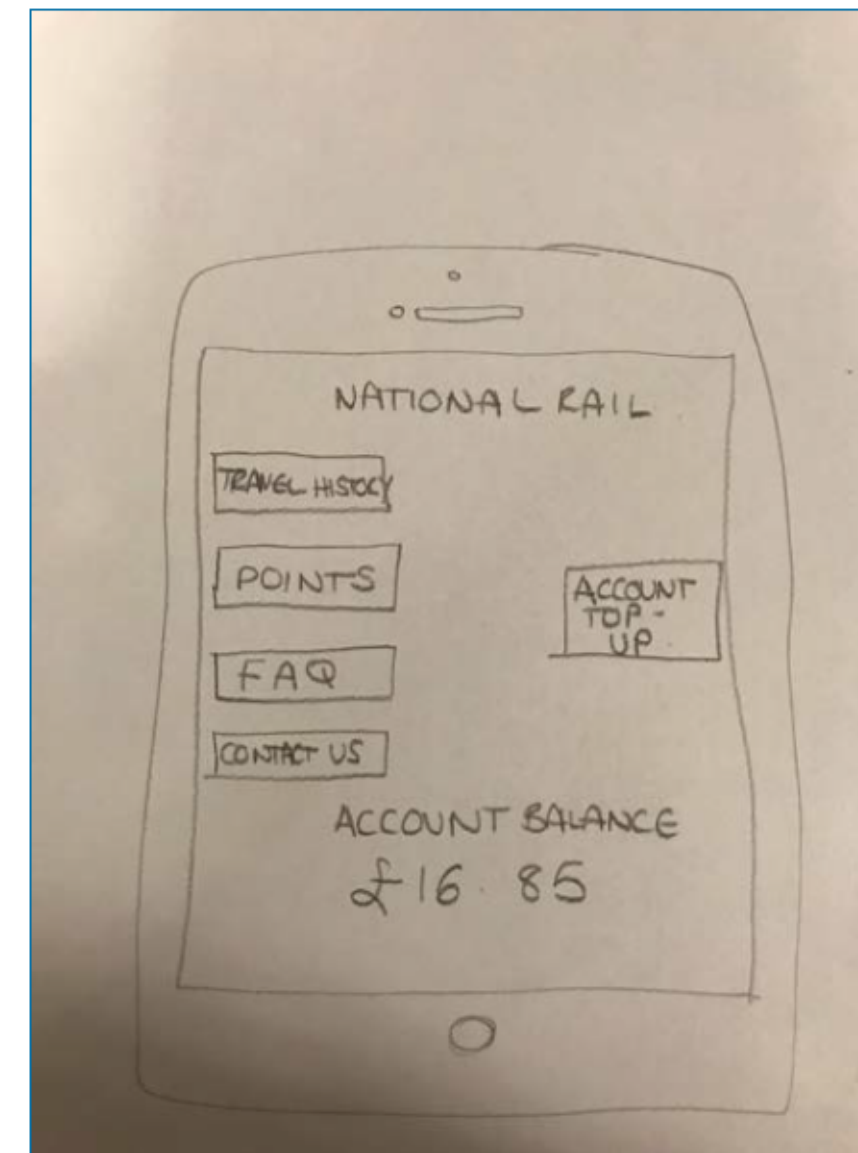
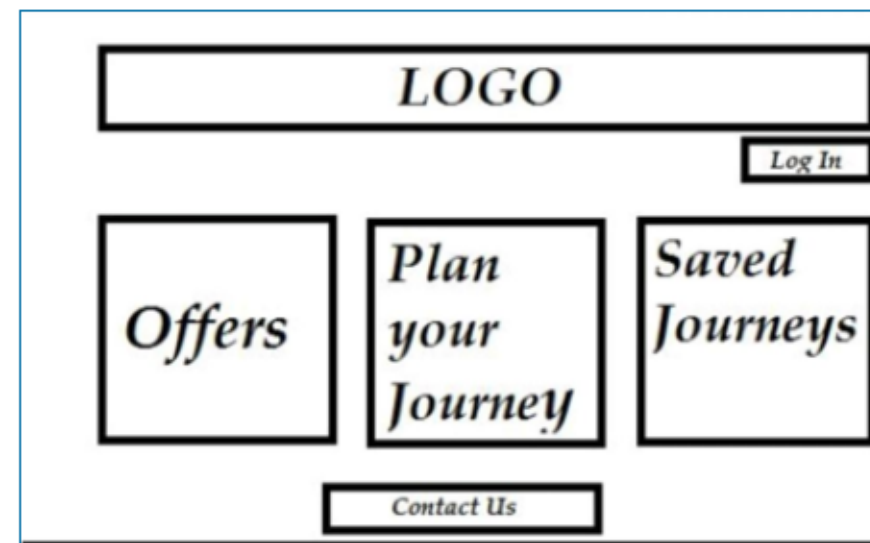
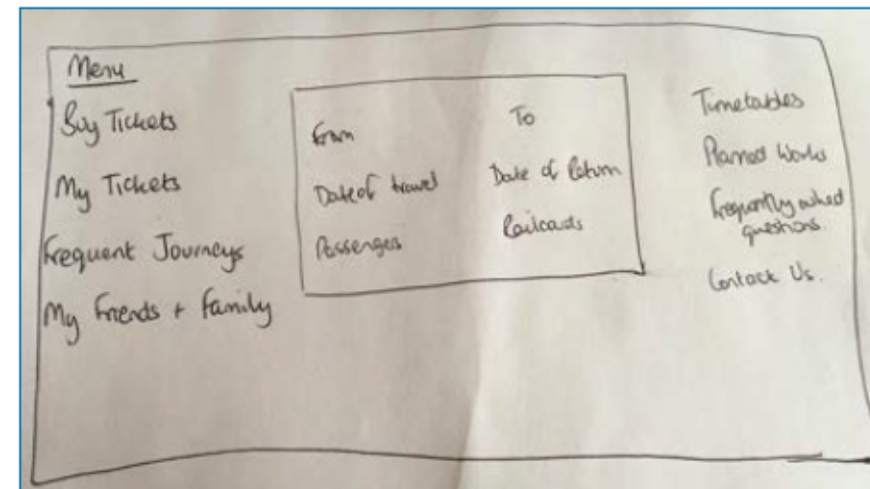
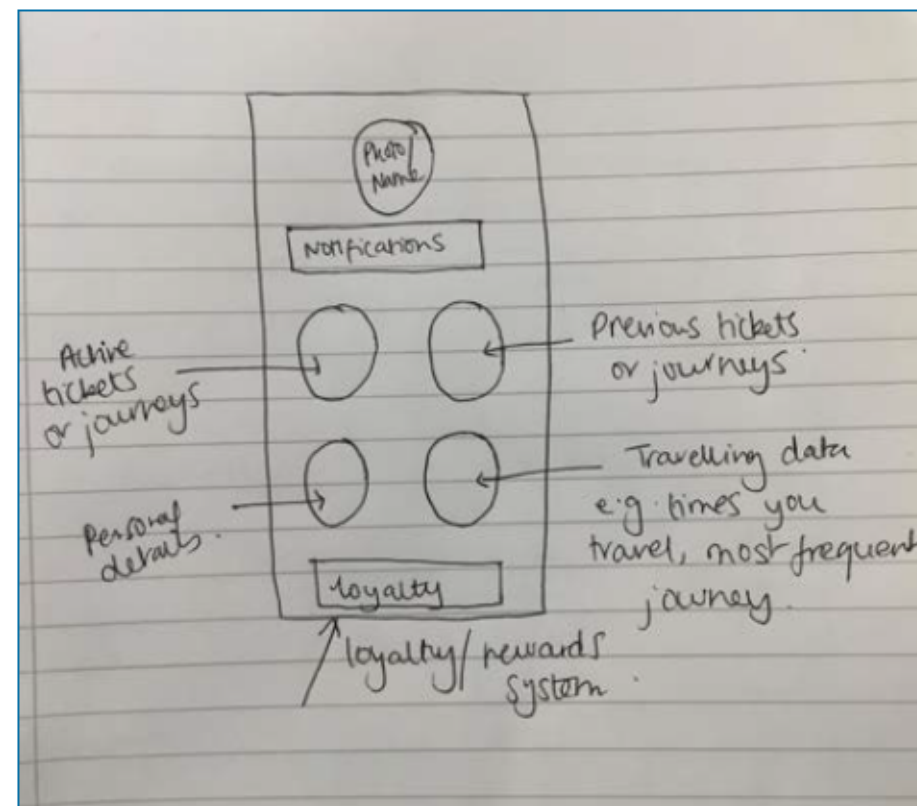


When asked to design their own account page, participants produced a range of accessible and personalised designs

- Participants included designs with the ability to:
 - Track spending
 - Report delays and cancellations, and apply for compensation
 - Tie-in individual accounts with Family accounts

"The app needs to be as personalised as possible...immediately you are met with important/noteworthy changes to pre-booked journeys...at the top."
 (Frequent short distance, Manchester)

"I like simple websites, so here it's simple...I want quick easy access to relevant information."
 (Frequent short distance, Manchester)



Smarter ticketing for rail travel may come with high expectations amongst those familiar with similar services

Impact on perceptions

- It is valued by those who want a clearer sense of where they should buy their tickets from, and who aren't attached to paper tickets.
- This can create expectations that online purchase experience will be new and improved.
- Or for more integrated local travel services as per Oyster in London - want to know if can use the same app for local buses.

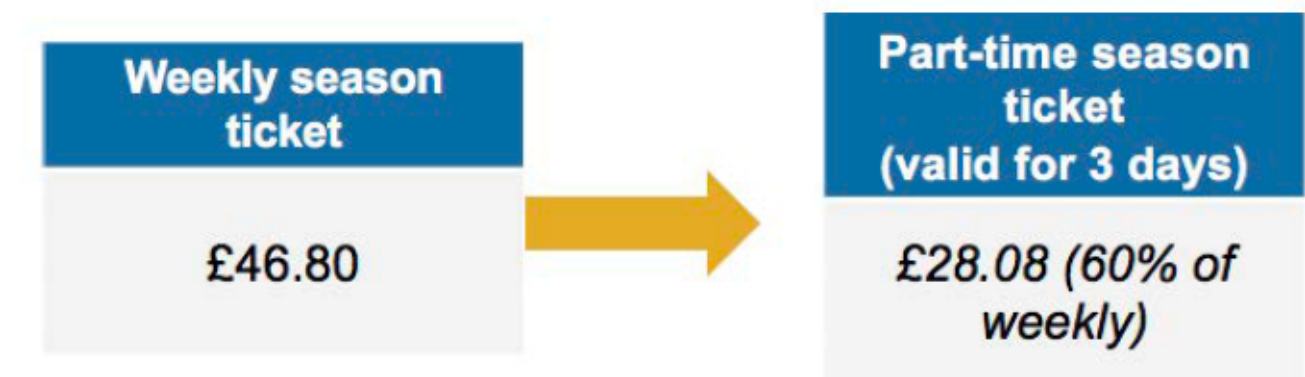
Impact on behaviour

- Difficult to say if will increase or decrease usage.
- Those without trainline app claim they would prefer to use a more centralised service.
- Current app users may need an incentive to switch to another account service.
- As may those with limited, ad-hoc travel needs – may seem like hassle.

“If I'm running late for a train it would be much easier if I could just hop on without having to stop at the machine.”

There is an appetite for products for part-time workers, or a similar carnet-style system

- There are few barriers to the concept – at worst it is seen as being overly niche.
- But felt to be intuitively fair and useful for those with flexible and non-traditional work circumstances.
- There is a desire to maximise flexibility:
 - By having the option to use tickets as ‘credits’ on any 4 days of the week (or any 16 days in a month).
 - By having a cheaper, carnet-style option e.g. (ticket[s] valid for 10 days per month).



“They’re encouraging us to work from home more often, I can see myself using this.”
(Frequent short-distance, Birmingham)

Season ticket-holders are even more enthusiastic about products for part-time workers (e.g. flexible season tickets)

"I really like the idea. I work part-time, 3 days a week and have always felt that I have missed out a little by not having this option available to me."

(Frequent short distance, Bristol)

"I know people who travel 3 times a week to London however don't purchase a season ticket as they are expensive so offering a part time option would be great."

(Frequent short distance, Hampshire/Surrey)

"Many offices/businesses now try to encourage remote working, so I may at times only be required in the office on certain days. I think the flexibility of it works really well."

(Frequent short distance, Birmingham)

"As a student that commuted only a few days a week, it would have been really useful... I work four days a week now and it irks me that I pay the same parking for work as full-time staff."

(Frequent short distance, Coventry)



And further still if their commutes are changeable/flexible:

Flexible commuter

Question 1

On a scale of 0-10 where 0 is 'not likely at all' and 10 is 'extremely likely', how likely would you be to purchase a flexible season ticket as per the picture below? (at 60% of weekly ticket)

- 8
- 9
- 10

Please could you explain your answer?

As previously mentioned my work is flexible, so have the ability to work from home on the odd day, therefore if the ability to buy these flexible tickets was there I would certainly consider it. As at the moment I always go in to the office as I know I've already paid for my ticket. This will also benefit colleagues who work part time but buy individual tickets.

Question 3

On a scale of 0-10 where 0 is 'not likely at all' and 10 is 'extremely likely', how likely would you be to purchase a "carnet" of tickets as per the picture below?

- 8
- 9
- 10

Please could you explain your answer?

This style of ticketing will only benefit certain people, those who don't have fixed days of travel and sometimes work say 4/5 days one week and then 2/3 days the next. But I still think it will work to their advantage. It's definitely a good idea, but not sure how much uptake you will get from it.

Non-flexible commuter

- 7
- 8
- 9
- 10

Please could you explain your answer?

I personally would not benefit from this due to my personal circumstances however if I was part time and the figures worked out it would be a great idea. I think questions like, can it be used any three days a week or does it have to be set days would need to be answered and also would you have the ability to add a day on every so often at a cheaper rate ?.

- 8
- 9
- 10

Please could you explain your answer?

I thought this was a great idea and would definitely look into it further if it was established. The only reason I have not scored 10 is because I am currently in a training position so I do not have a lot of flexibility with my hours. Once I am qualified I will be able to work more agile and therefore would definitely look into saving money with this option.



Apr 9, 2019 2:30 PM

I'm in a similar situation, currently not sure regarding how I could save as I am on fixed hours that the discount unfortunately doesn't cover.

When asked to think in detail about how flexible season tickets would work, participants flagged a number of considerations

- These included a desire to see:
 - ✓ Days allowed to be ‘carried over’ if not used in a given week
 - ✓ The ability to apply for a refund should a day not be used in a given week
 - ✓ If days could be changed in the event commuting needs are altered (Not having specific days in the first place, as with carnets, is generally considered preferable)
 - ✓ The ability to purchase ‘extra’ days that could be used in the event of commuting needs being altered on a given day

“It may be that your schedule is changed one week and then your ticket isn’t valid for all the ‘new’ days...we all know that these things happen.”
(Frequent short distance, Manchester)

“If circumstances changed and you had already committed to a set number of days and if the option would be there to carry these over or get refunded? It could be a use the journeys or loose them situation would defeat the object.”
(Frequent short distance, Bristol)

“If your working days change....because of meeting commitments, you would have a problem if tied to specific days. Perhaps an option to add an additional number of extra days use if you have to do extra journeys one month.”
(Frequent short distance, Coventry)

“If you have to specify which days of the week you work that would mean a part time worker couldn’t amend their days of the week they work, which I know does happen from time to time.”
(Frequent short distance, Hamps./Surrey)

Products for part-time workers are positively received as many see them as in line with changing patterns in the workforce

Impact on perceptions

- The system is currently seen as rigid and making flexibility (via Anytime tickets) expensive, but this extends the benefits of regular season tickets (discounts and ease of purchase) to a wider audience.

Impact on behaviour

- A number of audiences claim it will be useful (both current and non season ticket holders):
 - If they have the option to work from home 1-2 days a week.
 - If they work part-time.
 - If they work or other commitments (e.g. caring) involve routine visits to multiple locations each week.

“My brother, he travels 3 days a week but he pays for the full season, it would definitely benefit him.”

(Frequent long-distance, Bristol)

8

Appendix: Other concepts tested

Commuters and frequent long-distance travellers are intrigued by the idea of bespoke discounts and packages

- Not credible that bespoke discounts would emerge across the board, but when concept is understood as a kind of loyalty scheme, idea appeals (depending on travel frequency).
- Less frequent users of rail assume they would not be offered much, and so the idea is only attractive if there is a link to other, similar schemes that they already use (e.g. for supermarkets):
 - And little evidence in our sample of people using current loyalty schemes with rail (e.g. Nectar card).
- But more frequent users find the idea to be engaging, provided that they produce results, e.g. 'rail miles' where a passenger travelling enough will eventually be rewarded with a free journey:
 - Some concerns about how to calculate rewards: e.g. distance travelled vs. amount of money spent

"If it was a coffee shop style loyalty card - for every 10 journeys you get one free. If you're a commuter that'd be great."

(Frequent long-distance, Bristol)

"If there's a couple of places somewhere where you can get discounts that might be worth it - if you keep your rail tickets you get 10% off at a store."

(Frequent long-distance, Bristol)

Season ticket-holders are particularly enthusiastic about loyalty schemes, and felt it would encourage them to use the train further

"This would be great as I would be getting something back on something I am already using and paying for so would be happy about this."

(Frequent short distance, Bristol)

"Over the years, I have spent so much money on travel whether that is regular commute or day trips... having a reward system like free trips is a great way of giving back to customers."

(Frequent short distance, Manchester)

"I would be more incentivised to make journeys on a train. Particularly to areas/places I wouldn't usually consider travel by train to get to and from."

(Frequent short distance, Hampshire/Surrey)

"As I travel on a regular basis, it would feel that I am benefitting by using the train."

(Frequent short distance, Hampshire/Surrey)



When asked to design their own account page, participants came up with a number of considerations for the loyalty/reward scheme

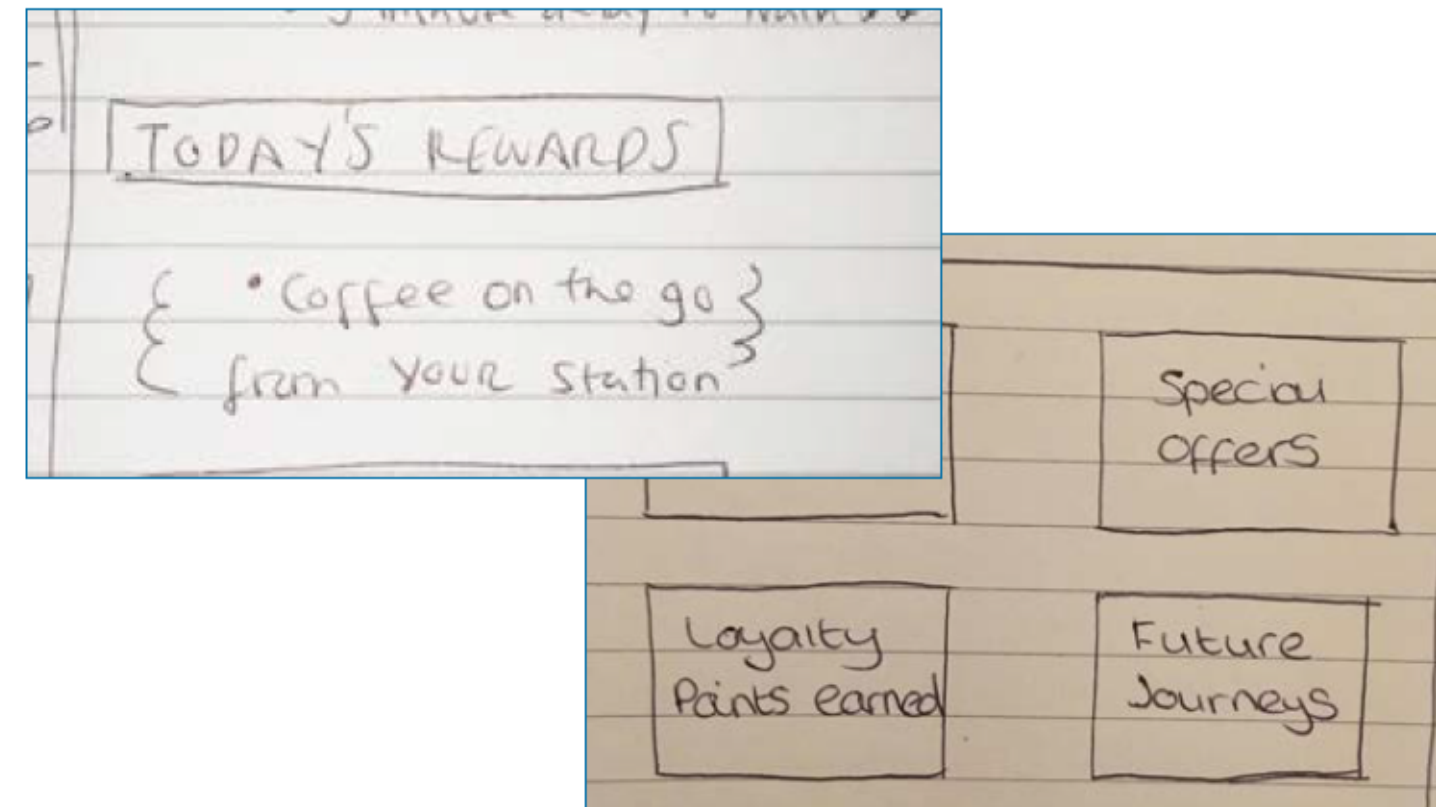
- Ensuring rewards are aligned with regular usage, rather than distance usage (i.e. a series of short commutes resulting in a bigger reward than one long trip) and can be redeemed for a long time.
- Ensuring that rewards are both significant and also tailored to the individual:
 - In some cases this leads to a preference for free/discounted items such as coffee rather than cheaper future tickets.

"This would be a welcome addition to my ticket purchases but it would all depend on the type of rewards available as some schemes can take a very long time to build up anything worth the effort. If the rewards are worth it, I would enjoy the chance to build up rewards."

(Frequent short distance, Manchester)

"It depends what they'd offer through the loyalty scheme - would it be significant discounts on rail travel, or something small like 50p off at WHSmith. As previously mentioned, Trainline offer a loyalty discount through their app, although I'm not to sure how much discount you get!"

(Frequent short distance, Birmingham)



Being seen to reward custom via more bespoke packages could act as a buffer against frustration about perceived high prices

Impact on perceptions

- Provided there are genuine savings to be made, it demonstrates a willingness for there to be a 'give and take' to accompany rail purchases.
- Acts as a bulwark against both high one-off purchases and annual, unavoidable price increases.

Impact on behaviour

- Those using rail on a weekly basis say they would probably use it.
- Added impact of increasing general engagement with the pricing system, by providing another reason to access ticketing service (e.g. if want to use rewards).

"If I get an email from a store that I've visited with a discount code, I'm more likely to use it, yeah – so the same goes for trains."

There is some appetite for shoulder-peak pricing, though not quite as strong as products for part-time workers

- People are spontaneously fairly positive about shoulder-peak pricing:
 - Those who travel more welcome the opportunity for greater choice in which ticket fare they purchase.
 - Though some worry that it would lead to crowding during shoulder peak services.
- However, given the inflexibility of many people's work times, there is an assumption that only a very specific group of commuters would benefit from this on a regular basis:
 - Importantly, there is little spontaneous recognition of any indirect benefits of the scheme for those who cannot travel in shoulder peak times (e.g. reducing crowding during peak times).
- For leisure travellers, this is felt to add an additional layer of complexity to rail booking:
 - And further complicate the 'peak' system – an issue which some already consider to be confusing.

"This seems pretty good, having an extra option is nice. It expands the choice."

(Potential long-distance, Birmingham)

"Would this just make things more complex though? Also – there would be more tickets that you could only use on some services."

(Potential long-distance, Birmingham)

Those with more flexible commutes are more positive about shoulder-peak pricing than those without

“My workplace offers a flexible working arrangement so for me to be able to travel to work earlier than normal and reap the reward of cheaper train travel, it would encourage me to change the time I travel.”
(Frequent short distance, Hampshire/Surrey)

“It enables train users who need to travel that day but are able to be more flexible with the time that they travel. These customers get the discounted prices and this in turn should free up more seats at the busy periods.”
(Frequent short distance, Birmingham)

“[It] wouldn't be of use to me I never commute or use peak times. I wouldn't travel in the shoulder peak time. I wonder wouldn't it just create a bottle neck of people trying to access a smaller window of cheaper fares?”
(Frequent short distance, Ipswich)

“[The] majority of people go during the peak times which is 7am till 9am so making an extra cheaper time slot will not work because people go to work around that time. No one who commutes will go before 7am for a 9am work time.”
(Frequent short distance, Manchester)



Increasing the discount on shoulder peak prices may incentivise more off-peak travellers, than peak travellers, to switch to shoulder peak

Option 1 – shoulder peak 25% off peak fare*

Showing number of people who select each in the online community

Peak

2

Shoulder peak

12

Off-peak

6



Option 2 – shoulder peak 33% off peak fare*

Showing number of people who select each in the online community

Peak

1

Shoulder peak

16

Off-peak

3

Increasing the discount offered by shoulder peak (from 25% to 33%) may not have a large impact on the behaviour of those who travel at peak times – as most of those who can travel shoulder peak would do so for the smaller discount.

Instead, this increased discount may attract those who would have otherwise travelled off-peak, adding to the crowding of shoulder peak. (Though given the sample size, these findings should be treated as indicative).

Increasing the discount on shoulder peak prices may incentivise more off-peak travellers, than peak travellers, to switch to shoulder peak

Option 1 – shoulder peak 25% off peak fare*

Showing number of people who select each in the online community

“I have core hours and a minimum amount to do a day, as well as a toddler to corral. As much as I would like to cost save by using off peak, the times just don't work for me. The 25% discount on shoulder isn't quite enough to incentivise me to rearrange my timings, although appealing.”

(Selected peak under option 1)

Option 2 – shoulder peak 33% off peak fare*

Showing number of people who select each in the online community

“The increase of 33% discount being applied is more appealing this time round. While I could still travel off-peak for my job, travelling should peak would have less impact on how colleagues would react and when I could look to leave work at the end of each day.”

(Switched from off-peak to shoulder peak)

Off-peak remains the most desirable for leisure travellers, and many would only choose to travel shoulder peak if forced to by circumstance

Option 1 – shoulder peak for commuting

Showing number of people who select each in the online community

Peak

2

Shoulder peak

12

Off-peak

6



Option 2 – shoulder peak for leisure

Showing number of people who select each in the online community

Peak

0

Shoulder peak

2

Off-peak

18

“If I have the flexibility in times then I would definitely try to use cheaper tickets. Only if I was limited by specifically timed events, or by matching up with arrival times of friends would I use more expensive tickets for a busier journey.”

(Selected off-peak under option 2)

“Obviously it would depend on if you have a flight time or other transport link to think about but where possible I would probably travel out of peak time to save money and have a less crowded journey.”

(Selected off-peak under option 2)

Adding another ticket type to deal with demand management comes with the risk of making the system feel even more complex

Impact on perceptions

- Initially, this is received positively:
 - Especially if communicated as a money-saving opportunity for some regular commuters.
 - Nevertheless, this positivity is fairly superficial amongst leisure travelers.
- There is a risk in the chance that adding another fare category could make the system feel even more complex:
 - Particularly to those who already struggle with the 'peak' system.

Impact on behaviour

- This is expected to have limited impact on traveller behaviour:
- Work schedules tend to be fairly inflexible, so commuters will most likely have to continue travelling at the times they already do:
 - It may not be possible to alter travel schedules to reduce cost.

In practice, standardising peak times across the country did not feel like a particularly useful change to passengers

- The issue of inconsistent peak periods is of concern to some travellers, particularly those travelling for leisure, or less frequently:
 - Consequently, the introduction of standardised periods does gain some low level approval from these groups.
- While there is some approval from more frequent travellers, and commuters – these groups are more likely to have an understanding of what the peak periods are in their local area meaning that they would not necessarily benefit from the reform.
- This scheme is not expected to reduce the cost burden for any group of travellers in particular.

“They do need to make things more simple and fixed – with only one off-peak and peak price.”
(Occasional short-distance, Ipswich)

“The standardisation would be quite useful, but I’m not really sure how helpful it would be. When you’re travelling out of your local area, you probably look at what ticket to go with anyway, so you’d see when is off-peak”
(Potential long-distance, Birmingham)

Standardising peak periods across areas could be a fairly symbolic change – it is more important to effectively communicate what the time slots are in a given location

Impact on perceptions

- This may have a somewhat positive impact on perceptions of TOCs – and could be a perceived as an attempt to make the system less complex, as long as the changes are clearly communicated.
- However, could create a similar effect by making sure to clearly communicate peak periods in any given location.

Impact on behaviour

- This is not expected to have any significant impact on behaviour, either positively or negatively.
- While some may shuffle their travel slightly if they have a greater understanding of peak periods, travel around the peak period is often for a commute – which is generally perceived to be fairly inflexible.

“This is okay. Not sure how much of a difference it would make though – you just travel when you need to travel, end of. Particularly if you’re commuting.”

Distance based pricing is often mentioned spontaneously as a potential change to the system

Fair:

- ✓ This system seemed fairer than the current system, with passengers only paying for the specific distance they're travelling
- ? Still some reservations around cost - people are concerned that long distance journeys would become too expensive

Transparent:

- ✓ It is also considered to be significantly more transparent – indicating exactly how prices are devised

Simple

- ✓ The basic logic is easy to understand

*"Yes this is more transparent – because it's priced per mile. That's fair."
(Frequent long-distance, Ipswich)*

*"In theory it's good – but it depends how much it is per mile, and what time of day. It's a good thing potentially for people commuting"
(Occasional short-distance, Ipswich)*

But participants found it difficult to judge whether or not a distance-based pricing system would truly be a fairer one

<p>Impact on perceptions</p>	<ul style="list-style-type: none">• If communicated well, this concept could improve perceptions of TOCs – it could be perceived to be fairer, and significantly more transparent• However, this could also be perceived as a money-making scheme, with a particular worry that long distance travel would become much more expensive
<p>Impact on behaviour</p>	<ul style="list-style-type: none">• This concept is not expected to have any great impact on traveller behaviour, unless fares become significantly increased or reduced as a result

“How much do you have to pay for that same journey to London - sounds to me like the cost will be hyped up quite considerably...there seems to be a bit of a loss going on there somewhere for someone - you have to make sure some of the longer distance journeys don't increase further.”

Rather than seeing it as a new idea for the pricing system, quality-based pricing is considered important to rail regulation

- Quality based pricing as a *new* idea received a lukewarm response – it is felt that some form of this should already be in place:
 - E.g. lowering the price of less high-quality services.
- **Basing prices on reliability:**
 - The idea of increasing prices of services which are regularly on time is seen to be very unfair – this should be standard.
 - However decreasing prices in the opposite situation is felt to make sense – and would help address issues with trust in rail.
- **Basing prices on speed:**
 - There is acknowledgement that this already happens to some extent, with stopping services often costing less than direct services:
 - Introducing this onto services where this is not the case is seen as adding another layer of complexity that is not welcomed.

*“Why is it not already like this?
Why do we pay the same,
even the train is delayed?”*
(Frequent long-distance,
Ipswich)

*“I like this. I think it is right that
it’s cheaper for a slower train,
it’s just like 1st and 2nd class.”*
(Frequent long-distance,
Ipswich)

Increasing the accountability of poorly performing rail services via quality-based pricing may have a positive impact on trust

Impact on perceptions

- There is a sense that some form of quality based pricing should already be in effect, but should not be used to penalise travellers, or to increase prices.
- Introducing such a system would have a positive impact on trust.

Impact on behaviour

- A reform of this kind is not expected to have any great impact on behaviour.
- Any change expected to come from the fact that travellers may have more freedom to choose the speed of the service they wish to use.

“This is a good idea – but maybe they’ll just use it to charge even more to travellers on the fast trains?”
(Frequent long-distance, Ipswich)

