Retail market review for selling tickets – initial feedback

Thank you for inviting Centro to participate in the above review. I would like to confirm our desire to play a full and active role in this review. I am also pleased to provide our initial feedback to the questions in your letter of 19 February.

Centro and other transport authorities have a long history of developing innovative ticketing schemes that meet the needs of their specific areas. These include zonal ticketing schemes, multi-modal tickets, Direct Debit schemes, new retail networks, schemes to promote off-peak travel and develop of smart and electronic ticketing. We believe this has played a key part in delivering the huge growth in rail patronage, which has been particularly notable in metropolitan areas over the last couple of decades.

The market review is significant in the context of proposals for rail devolution in the West Midlands region (and also in other parts of the network), which would see powers for specification and management of local rail services devolved from Central Government to those authorities closest to markets being served. A clear position on ticket retailing will form a key component of the West Midlands Rail devolution proposal.

My colleague Matt Lewis has already confirmed our attendance for the workshop on Thursday 8 May. We would also wish to be involved as this review progresses, including attendance of future meetings and working groups as appropriate.

Initial feedback

Our initial feedback is as follows:

Question 1 – What additional drivers (if any) of the review should be considered?

- What does the passenger want? Reference should be made to market research (e.g. from Passenger Focus) and include the needs of minority groups (e.g. those with disabilities)
- Simplification and uniformity of the offer to aid with innovative retail improvements
  - Quicker transactions
  - Capping
  - Automatic ticket gates
- A review a of revenue protection arrangements
- A review of incentives – what motivation do different bodies, i.e. TOCs, PTEs, etc have to innovate
- Impact of regulation, e.g. peak cliff-edge effect

Question 2 – What is your view on the proposed scope of the review? What, if any, additional areas should be considered? What areas, if any, should not be considered?

- How franchise arrangements can enable and limit innovation – or encourage innovation for innovations sake

- Ticket security standard for sales not on the rail network, i.e. so tickets can be sold be other retailers and be accepted on the railway

- Security standards so multi-modal tickets can be sold on the railway and used on other modes (e.g. bus) or vice-versa, sold on other modes and used on rail

- Relationship between integrated ticketing in metropolitan centres and wider industry ticketing

- Revenue protection, i.e. how the industry deals with someone who does not have the right ticket for their journey

- Split ticketing – it is currently difficult for passengers to work out the cheapest combination of fares – this also distorts information on passenger journeys – arguably need to rebase fares for these journeys

- Gating at stations

- How can the value of staff and ticket offices be effectively maximised

Question 3 – What features of the GB retail market for tickets work well? What features of the retail market for tickets work less well for passengers and the industry?

- Innovation in PTE areas a success story, e.g. integrated nNetwork ticketing, Direct Debit scheme, Friends and Family, PayZone retailing network for Swift – has helped deliver rail patronage growth in the metropolitan areas outside London greater than anywhere else

- RSP / TSA has forced a degree of standardisation – easier for the customer

- Restrictions on flow owners setting own fares potentially inhibits competition

- Different peak restrictions are confusing for the passenger

- Ticket vending machines have significant limitations, e.g. don't give all information on restrictions, can't generally buy tickets from a station other than the one you are at

- Franchises result in a 'boom and bust' of innovation – all the innovation happen in the first couple of years of the franchise then there is limited innovation until the next franchise

- Franchised train operators not adequately incentivised to develop smart and integrated ticketing in metropolitan areas – there is no real commercial driver for them to do so – PTEs and transport authorities arguably have greater incentive to do this and are better placed, due to their multi-modal / multi-operator view, to deliver truly integrated schemes

- ATOC / railway industry standards result in high costs and a limited supplier market, e.g. smart-ticketing where costs are substantially higher than in the bus industry and there are very few suppliers

Centro looks forward to discussing these issues further with the ORR and wider industry stakeholders as part of the review. We are happy for our initial feedback to be published on the ORR's website.

Kind regards

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