



**RESPONSE TO THE OFFICE OF RAIL REGULATION'S  
CONSULTATION ON ITS PLANS FOR A CODE OF  
PRACTICE ON RETAIL INFORMATION**

**ASSOCIATION OF TRAIN OPERATING COMPANIES  
(ATOC)**

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## 1 Introduction

ATOC welcomes the Office of Rail Regulation’s initiative to develop a ‘Code of Practice on Retail Information’, which we believe will prove beneficial to industry retailers and, most importantly, consumers.

The consultation document rightly highlights the exceptional growth in rail travel in recent years, suggesting that customers are, in increasing numbers, able to find a good value ticket for their journey. This is also reflected in the fact the average fare paid by passengers has remained virtually constant in real terms since privatisation, despite ‘real’ increases to the level of some fares (suggesting that improved information has allowed passengers to find better value fares for their journey) .

Whilst it is difficult to prove causality, we believe that better information (through the internet in particular) and greater choice in ticket buying has been an important driver of growth.

Nevertheless, it is clear from successive waves of research by Passenger Focus, the ORR and other stakeholders that passengers still find some aspect of ticket purchase confusing. There is clearly room for improvement; something that the industry has accepted for some time and is reflected in the current range of industry-level and TOC-level initiatives to improve information provision and ticketing retailing.

The Code will be a welcome and positive contribution to these efforts by providing a set of clear principles that the industry will need to work towards achieving, as well as more detailed guidance on what constitutes good and bad practice. This should help all retailers, both TOC and third party, to effect improvements.

Our response to this consultation is written from that perspective, and is the result of close collaboration between ATOC and its train company members. The response represents their collective view. ATOC is happy for this response to be made public and published on the ORR’s website.

Our response is designed to form the basis for further, detailed engagement between ATOC, TOCs and the ORR. We look forward to working with the ORR and other stakeholders in completing the Code over coming months.

## **2 Key point summary of our response**

1. The Code is a welcome initiative, which will provide a clear framework for all retailers, TOC and third party, to effect improvements to the information provided to customers.
2. We strongly support a ‘principles’ based Code, which is not prescriptive and provides space for choice and innovation. We believe that it potentially provides a template for reform in other areas of the regulatory framework.
3. We believe that the range of customer information outlined in the consultation document is broadly correct. However, in the context of the parallel ORR Review of industry retailing, we suggest that the area of partial and impartial retailing should also be considered.
4. The main challenges associated with implementing the Code are around the practicality of providing information through some retail channels: station ticket offices, on-train and Ticket Vending Machines (‘TVMs’) in particular.
5. Mitigation for these challenges includes the provision of information through alternative channels (the internet or printed material in particular) and making it clear to customers the limitations associated with a specific point of sale.
6. There are also limitations associated with industry data, although this is the subject of concerted industry effort at the moment. However, routeing is a specific area of challenge, which would benefit from reform of the current regulatory framework.

### **3 Responses to questions posed in the ORR’s consultation document – questions from chapter 3**

#### **3.1 General comments on the chapter**

We believe that the consultation document usefully and accurately sets out the information required by customers. However, there are clearly challenges with providing the totality of this information through some points of sales, and mitigations need to be used to work around some of the practical constraints that exist.

#### **3.2 Question 1: Given the requirements of consumer law and industry specific obligations, do you agree that the types of information highlighted above and the associated Annex B are the types of information that passengers need when choosing, buying and using rail tickets?**

We agree that the types of information described would generally meet the information needs of passengers, and allow them to make a fully informed decision as to which rail ticket was the most appropriate for their journey.

#### **3.3 Question 2: Are there other types of information that should be covered by the Code?**

In responding to this question, it is important to distinguish between information required by passengers prior to and during the purchase of tickets, and information required during the course of their real journey, such as real time information about delays.

The Code is clearly focused on ticket purchase and, as such, we do not believe that there are any material omissions in the list of information proposed.

However, in the context of the parallel ORR Review of rail retailing (the ‘Retail Review’), which is reviewing the continued efficacy of ‘network benefits’ focussed regulation, we believe it may be sensible for the extent to which the Code should also cover impartial and partial retailing to be considered.

The Retail Review is considering whether the impartiality requirement still benefits consumers in all areas, or whether it may sometimes act as a constraint on competition or innovation. In addition, there are some ‘grey’ areas in terms of impartiality such as TVMs.

We have no particular position on impartiality but are supportive of the Retail Review team’s wish to examine critically elements of the regulatory framework, which have remained largely untouched since privatisation.

Given these parallel discussions and the potential for change, we believe it sensible that work on developing the Code also takes into account this issue, and considers in particular

whether the extent to which a retailer is impartial or partial should be communicated to consumers.

### **3.4 Question 3: Are there any reasons why any of the information outlined above can't be provided at all, or certain points of sale?**

There are essentially two reasons why it might not be possible to provide the information described at every point of sale:

(1) The most important is that there may be practical reasons that limit the amount of information provided. This limitation most obviously applies to sales through staffed ticket offices, on-train sales and Ticket Vending Machines ('TVMs').

Clearly it is more difficult for a sales agent to provide verbally the comprehensive list of information set out in the consultation document, particularly in a busy ticket office where there may be a queue of passengers waiting to purchase tickets, and consequential pressure on both the agent and customer to complete a transaction quickly. Time constraints also exist in terms of on-train sales, where staff have a range of other customer care and safety duties; a constraint exacerbated by the more limited information that on-train staff have access to (either through hand held devices or printed material), and the practical limitations on them using it on a moving train, sometimes with frequent station stops.

As far as TVMs are concerned, there is clearly limited space on the display screen to provide information and a clear need to focus on the more important information required by passengers. This is particularly so, given that, at busy stations, there may well again be pressure on the customer to complete the transaction completely.

Indeed there is a degree of fundamental tension in terms of whether TVMs are essentially providing a high volume, quick transaction service for more frequent customers who know what ticket they wish to purchase and require little additional information, or a more complete alternative to a ticket office. One of the key attractions of TVMs for customers at busy stations is the ability to undertake simple transactions quickly; an important factor that has underpinned the strong growth in TVM usage over recent years.

Reflecting these issues, TOCs take different approaches to the way in which TVMs are used, with some using TVMs as essentially 'queue-busters' to alleviate pressure on ticket offices, whilst others seeing TVMs as more complete replacement for ticket offices. This itself leads to differences of approach in terms of the customer interface and range of tickets offered.

We consider these issues in more detail in our response to question 4.

The internet and call centres do not suffer from these constraints, with the internet, in particular, lending itself to a 'layered' approach to information provision that allows customers to access as much information as they need.

(2) The quality of base data provided to retail devices, and the staff that use them, does not allow clear information to be provided to customers. There are current examples of this in terms of information on restrictions (Off peak ticket restrictions in particular), routeing information and the use of industry jargon. This is a known and accepted problem and is the subject of much ongoing work by the industry. However, there are challenges in resolving some of the problems.

Routeing in particular presents severe difficulties as currently structured with the commonplace ‘any permitted’ route causing particularly difficult problems. The combination of ‘any permitted’ and ‘London stations’ (which allows travel to a range of London terminal or other stations) for instance can result in over 40 valid routes existing for a straightforward provincial origin station to London, where the vast majority of passengers only ever use a couple of routes. In such circumstances (which are relatively common) it is impossible to provide customers with comprehensive information, either verbally or even visually using graphic display tools on TVMs or the internet.

Whilst the current approach to routeing was introduced at privatisation with the laudable intention of providing consumer choice, it has proved to be completely impractical, with the perverse and unintended outcome that the complexity associated with routeing creates confusion and uncertainty for passengers, which more than offsets the (largely theoretical) choice available to them.

Whilst we are currently developing approaches that will alleviate current problems (such as a new descriptor to replace ‘any permitted’ and better information on ‘grouped’ stations such as ‘London stations’), there is a need for fundamental reform of routeing, which ATOC/TOCs will need the support of the DfT, ORR and Passenger Focus in progressing.

In addition to routeing there are other challenges around the practicality and cost of achieving change as far as improved information is concerned. The recent initiative to improve the design of credit card sized tickets (‘CCSTs’) in order to provide customers with clearer information, has taken far longer and resulted in much higher implementation costs than ever envisaged. This is mainly because of the sheer number of retail devices that need to be modified to accept the better quality data.

Overall we expect the change to cost in excess of £2m across all retailers and TIS suppliers, a significant amount for a worthwhile but necessarily incremental change. This does not suggest that change is impossible or should not be progressed but it does pose some practical and financial questions that potentially impact on the pace of change in particular.

This is an important background issue to the range of initiatives currently being progressed by the industry to improve the quality of information to customers, such as the simplification of restriction codes and exploitation of the wider customer benefits possible with the new fares system (‘PMS’) due for implementation in 2015. PMS will allow the

printing of more information about restrictions on tickets for instance, but will require modifications to downstream retailing systems.

**3.5 Question 4: If there are points of sale at which some of the information outlined above can't be provided, or can't be provided in a form that is useful to passenger, what measures do you take to mitigate for this and ensure that passengers buying their tickets from these points of sale have the information they need to make an informed decision?**

Our response to question three highlighted that there are practical limitations to the amount of information that can be provided in the case of some retail channels. The most obvious mitigations for this are: to ensure that limitations on the provision of information are made known to the customers and; that alternative sources of information are provided and also made known to the customer.

The first mitigation is particularly relevant to TVMs where, given the fundamental tension referred to in our response to question three, it may be sensible to provide clearer guidance on the machine itself about the range of services it provides, in particular the range of tickets and destinations offered. This would ensure that customers remained properly informed whilst still allowing TVMs to be deployed in a variety of ways to suit local needs.

In terms of providing alternative sources of information, this can be most easily be done by directing the customer to web-based information, or printed information. The former is well suited to TVMs in particular, but is also possible at ticket offices where customers can be verbally directed to the relevant train companies website or National Rail Enquiries ('NRE') (we have been have deliberately increasing the range of and improving the quality of information on tickets available on NRE for the last three years, with just this purpose in mind).

However, there is also a role for printed information at stations, where customers may not have immediate access to the internet. The ATOC-produced 'Guide to Tickets' provides comprehensive information on tickets and related issues such as compensation and is racked at all stations with leaflet displays. It is straightforward for ticket office staff to direct customers to these leaflets.

Finally, it is worth highlighting that this area also provides scope for innovation, particularly with regard to TVMs, where there is scope to improve both the information provided to customers (again with a 'layered' approach being potentially attractive) and improve usability.

## **4 Responses to questions posed in the ORR’s consultation document – questions from chapter 4**

### **4.1 General comments on chapter**

We welcome the proposal for a ‘principle’ based Code, which we believe provides a more effective framework for the delivery of improvements, and potentially provides the template for wider regulatory reform.

### **4.2 Question 5: Do you agree that a principles’ based Code, such as outlined above, is the best approach? For example, that it would provide the flexibility necessary to address the differing capabilities/uses of different points of sale and/or to respond to future development?**

We strongly support the approach of making the Code ‘principles’ based. The key benefit that the Code will deliver is in terms of improved information to customers. The four principles articulated provide the ‘output’ based framework for achieving this, but allow scope for a variety of delivery approaches, freedom for innovation and flexibility to accommodate change (whether legal, technological or in terms of customer need).

We believe this approach potentially provides a template for change to other areas of regulation, such as the Ticketing and Settlement Agreement (‘TSA’), where the generally more input-based and prescriptive approach creates inflexibility and stifles innovation.

### **4.3 Question 6: Do you agree that the principles outlined above are appropriate to the provision of retail information to passengers? Are there any other principles that you think it would be helpful for the Code to cover?**

We believe that the four principles provide a clear and simple but comprehensive framework for the provision of information to customers. We have no additional principles to suggest.

### **4.4 Question 7: Are there any specific issues retailers are likely to face in complying with these principles, given the different characteristics of different sales channels (e.g. Ticket Offices, websites, TVMs, etc.)? For example from a technological, practical or cost perspective?**

We have highlighted relevant issues in our responses to questions three and four.

### **4.5 Question 8: Can you provide examples of good and/or bad practice of how retailers already provide information to passengers within this context?**

It is probably more appropriate for other stakeholders to comment on this. However, it is worth emphasising that, whilst we accept that there is considerable room for improvement, research evidence suggests that customers are generally fairly satisfied with ticket buying

facilities. Table 1 overleaf provides a summary of data from the National Passenger Survey dealing with ticket purchase, broken down by retail channel. The results are based on the two waves of NPS research in Spring 2013 and Autumn 2013.

The results suggest a relatively high degree of satisfaction with industry retailing. The internet records the highest level of satisfaction, although most channels have 80% plus satisfaction ratings.

**Table 1: Passenger satisfaction with ticket buying facilities**

Purchasing channel:	% of passenger who rate ease of purchase as very or fairly good
Internet	89.3%
Travel agent	87.9%
Station booking office	86.7%
Call centre	83.7%
Ticket vending machine	83.2%
Smartcard	80.7%
On train	78.3%
<b>Overall</b>	<b>83.3%</b>

Source: National Passenger Survey, Passenger Focus

These results are broadly mirrored by ATOC’s own annual mystery shopping and customer satisfaction survey work, the most recent results of which, from 2013, have been summarised in Table 2 overleaf.

**Table 2: Levels of accuracy and customer satisfaction by retail channel**

Channel:	% of tickets sold accurately	% customer satisfaction	Confident purchased correct ticket	Satisfaction with ease of use
Station TOs	96%	-	-	-
TVMs	94%	-	87%	-
Internet	97%	89%	99%	91%
<b>Notes</b>	1799 TO shops, 200 TVM shops, 400 internet shops	based on % of respondents who would recommend the website to others		

Source: ATOC annual mystery shopping and customer survey 2013

Around 95% of transactions were found to be accurate (and impartial) by the ATOC mystery shopping programme. The level of customer satisfaction with internet retailing was the same as that found by the NPS at 89%.

Nevertheless, it is clear from the successive waves of research produced by Passenger Focus, the ORR and other stakeholders that at a more detailed level there are issues that need to be addressed. It is these more detailed problems (information on the restrictions associated with Off Peak tickets for instance) that need to be the specific focus of attention if information provision is to be improved.