Code of practice on retail information
Industry workshop

20 October 2014

Introduction

> **Agenda**

> > 14.00: Welcome and introduction – John Larkinson

> > 14.15: The Code in context – Kraig McCarthy (DfT)

> > 14.25: Work to date - overview of the research and consultation, issues and next steps – Beth Corbould and Nick Wortley (ORR)

> > 14.40: Development of the Code – David Mapp (ATOC)

> > 14.55: Discussion – All

> > 16.00: Close

The workshop's slides and a note of the discussion will be published on our website, but comments will not be attributed to individual attendees or organisations.

The Code in context

Kraig McCarthy, DfT

Code of Practice Background: The Fares & Ticketing Review.

- The Fares & Ticketing Review was part of the Government response to the 2011 Rail Value for Money Study.

- That study included recommendations to conduct a review to:
  - Consider utilising fares for better capacity management;
  - improving information & reducing complexity of fares & ticketing systems,
  - to seek efficiencies from changes at ticket offices

- The consultation set out objectives to:
  - Look at ways to provide passengers with a better experience of rail travel – at the same time as reducing industry costs
  - Making ticketing/fares more user-friendly for passengers.
  - Consider a more flexible and responsive fares system
  - Maximising benefits of smart ticketing.

- The outcomes were published in the Fares & Ticketing: Next Steps report on the 9th October 2013

Key measures announced were:

- A reduction in fares basket flex from 5% to 2%;
- A trial of single leg pricing;
- A trial of more flexible ticket types;
- A Code of Practice on ticketing information;
- A ticket retail market review;
- An improved approach to managing the ticket offices changes process;
- Plans for further roll out of Smart Ticketing.

Why a measure on ticketing information?

- Self service channels had been identified as requiring some information improvements;
  - A key information failure was seen to be at TVMs;
  - websites were seen as better but could also benefit from improvements,
- The ORR ticketing complexity report in 2012 in particular highlighted issues with TVMs, but also noted many passengers not aware of info on restrictions.
- This built on an earlier research from Passenger Focus that highlighted TVMs as a problem and information in self service channels as requiring improvement.
- The ticket buying & usage process is a key part of the passenger experience.

Options for securing improvements

- Setting minimum technical standards for TVMs, or setting specific TVM performance levels - not an area we have previously legislated in/ been involved in any detail.

- Significant risks of getting it wrong and specifying obsolete tech, introducing new costs, and restricting innovation.

- This only improves TVMs, when research has showed that improvements could be wider, across ticketing channels.

- For widespread improvements – inclusion in franchises doesn't capture 3rd party retailers, or open access operators, or app developers etc.

- Didn't want to constrain innovation, e.g. online and within emerging channels such as apps.

Arriving at a Code of Practice

- We didn't want DfT to act in isolation, we wanted this to be collaborative and proportionate approach to improvements, and to take account of existing work streams and plans.

- We worked with the ORR and arrived at the Code approach as a logical next step from the ORR Ticketing Complexity report.

- It took account of planned industry information improvements known "the fares initiatives".

- We acknowledged the general direction of industry improvements on self service channels.

- We wanted to ensure that there was a level of consistency across all channels and operators – but that there remained the freedom and flexibility to innovate and a avoid a one size fits all approach.

A useful Code of Practice for all

- The Code is ultimately aimed at seeing enhancements in information for passengers.

- Ticketing is held up as complicated for passengers – we wanted a measure that can help passengers to be confident with the service and information they want to receive.

- But the Code can also have benefits for all parties involved:

- We recognise that it is also difficult for industry – as there is no comprehensive, consolidated set of rules/guidance to follow.

- A useful measure that pulls and codifies all existing requirements into one place and helps to provide a clear interpretation of these.

- Having such agreed frameworks in place also provides a benchmark for the Regulator to work within.

- A Code of Practice does not sit in isolation as improvements to ticketing information can have a wider influence, for example:
  - Providing passengers with more confidence in self service channels can further accelerate the growing preference towards these – over time this can help realise efficiencies in ticket retailing and take advantage of new technology.
  - Improving the passenger experience, improving passenger convenience, and tackling value for money and trust concerns etc.
  - Helping passengers better understand their tickets/fares will help reduce incidences of penalty fares, unpaid fares notices.
  - It links to other fares & ticketing review outputs – single leg pricing trial, retailing review, more flexible ticketing and move to smart ticketing.

What have we done so far?

- In order to inform the development of the Code, we:

  - reviewed the information obligations around ticket retailing – both industry specific and consumer law;

  - reviewed previous research on fares and ticketing and passengers' awareness of their rights; and

  - commissioned research to help us understand what information is material to passengers and how its presentation impacts decision-making.

- Outlined our approach in a letter to all retailers, discussed with ATOC Commercial Board and RDG – consultation published on 26 September reflects the results of this research and our thinking

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Consumer law and industry standards

Sets out the relevant obligations – consumer law and industry standards

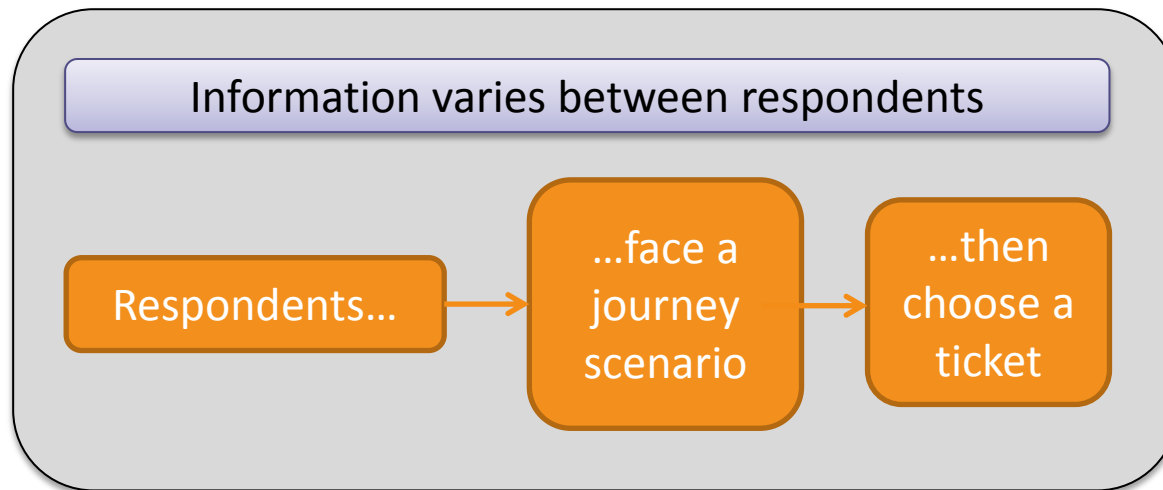| Consumer law = Consumer Protection Regulations – prohibit unfair and misleading commercial practices	Industry standards = Ticketing and Settlement Agreement (TSA) – retailing standards one part of the TSA
Focus on misleading commercial practices – acts or omissions	Applies to train companies
Relate to information that affects a consumers purchasing decision	Some overlap with consumer law
Before, during and after transactions	
Applies to business to consumer transactions	
Applies to train companies and third party retailers	

Survey and behavioural research

> Survey – looked at travel and ticket purchasing habits, what information they consider important when buying tickets, as well as demographic questions.

> Most important pieces of information:

> Departure and arrival times

> Journey duration

> Ticket type

> Travel time restrictions

> Some information is more important to different groups of people. For example information on access and assistance for disabled passengers is more important to disabled passengers

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Survey and behavioural research

❯ Online behavioural experiment – aimed to assess impact of information on purchasing decision.

❯ The provision of different information could then be related to the purchase decision – i.e. did the information help a respondent buy a better ticket?

Survey and behavioural research

> The results of the research showed that some information (e.g. journey departure and arrival times, durations, and ticket types) is very important for passengers.

> > Information that is tailored to a passenger's own particular circumstances and requirements is especially important.

> Results also showed that presenting information up-front during a transaction is more effective than presenting it later in the transaction or at the final stage. This result is particularly relevant for TVM and internet purchases.

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Consultation

Sets out three things:

> 1) relevant regulatory/legal framework;

> 2) the information we think is material passengers need to help them choose, buy and use rail tickets; and

> 3) four principles for the presentation of information.

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Consultation – "material" information

This is based on review of previous research and the research we commissioned that was published alongside our consultation document.

We think "material" information includes:
Price
Timetable inf. – including journey duration and disruption
Validities and restrictions
Key terms and conditions
Compensation and refund rights and arrangements
Assistance available to passengers with disabilities
Availability of on-train services – including: Wi-Fi and catering
Arrangements for traveling with luggage or a bike

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Consultation – principles

Proposes some principles for the presentation of information based on requirements of consumer law and informed by our research:

> **Principle 1** – retailers should provide passengers with the information they need to make informed decisions;

> **Principle 2** – retailers should present information in a way that is clear, intelligible, unambiguous and timely;

> **Principle 3** – the information retailers provide should be accurate, truthful and should not be provided in such a way as it might deceive, even if factually correct; and

> **Principle 4** – retailers should make it clear what tickets they sell at different sales channels and the basis on which they present tickets.

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What might the Code look like?

> We think a principles based approach could work well – focused on outcome, provides some flexibility in how it's met

> These high-level principles will need to be supported by:

>> further explanation where appropriate;

>> examples of good and bad practice, where available and/or examples of practices that are "more likely" or "less likely" to comply.

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What might the Code look like?

Principle 2

All material information about a game should be provided clearly, accurately and prominently up-front, before the consumer begins to play, download or sign up to it or agrees to make a purchase. 'Material information' includes information about the main characteristics of the game and any other information necessary for the average consumer to take an informed decision to play, download or sign up to the game or to make a purchase.

Material information about the main characteristics of a game is likely to include:

- a short description of the product

- where relevant, information about the functionality of the digital content (for example, language, duration, file type, size, resolution, updates, internet connection and geographical restrictions)

- where relevant, information about relevant compatibility with hardware and software of which the trader is aware or can reasonably be expected to have been aware

Depending on context, other material information is likely to include:

- whether the game contains marketing (i.e. promotion of products or services, either of the trader's own or of those of a third party)

- important terms and conditions, including information on how the consumer may cancel any subscription

- any restrictions on cancellation once a download has started, which the consumer must explicitly acknowledge

- how, and the reasons for which, personal or other data may be collected and processed (information about traders' obligations   under the Data Protection Act 1998 is available at www.ico.org.uk)

- whether the game contains a social element or may otherwise permit a player to come into contact with other players

What might the Code look like?

Whenever he/she will be placed under an obligation to pay, the consumer should be made aware of the item's main characteristics in a clear and prominent manner directly before the consumer places the order (for example directly before he/she clicks 'buy' or equivalent).

More likely to comply	Less likely or unlikely to comply
Important contract terms, particularly those that might disadvantage consumers, are clear, prominent and actively brought to consumers' attention in a timely manner.	No information is supplied to the consumer about: the fact the game contains third-party advertising; cancellation rights; or use of personal data, which is shared with other parties for marketing purposes.
Information readily accessible to all consumers – provided in writing before download, or before the consumer creates an account – outlines that there is third-party advertising within the game.	Information is provided in very long terms and conditions without any flagging of important aspects.
Once the consumer has downloaded a game and started playing it, an update to the game is released. Irrespective of whether the consumer has changed the settings on his/her device to accept automatic updates for technical fixes for example, he/she is notified that the update would introduce material changes and is given the opportunity to accept or reject those changes. 'Material changes' are unexpected changes and/or changes that affect the main characteristics or any other significant aspect of the game, which the consumer needs to know to be able to take an informed decision as to whether to accept the update.	

Office of Rail Regulation workshop on the 'Ticketing Information Code of Practice'

Developing the Code

20th October, 2014

David Mapp, ATOC Commercial Director

Structure of presentation

- Is there a need for a code?

- Potential benefits from Code

- Light touch or heavy touch?

- Developing the Code

- Compliance

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Is there a need for a Code?

- Origin of initiative was DfT's Fares and Ticketing Review
- Background was research by Passenger Focus, ORR and others that suggested that rail customers:
    - perceive rail fares to be complex
    - did not feel they understood the terms and conditions associated with their ticket
- Passenger Focus identified issues of trust (and customer confidence that they had purchased the best value fare for their journey)
- Supported by ATOC research
- Strong stakeholder, political and media concern resulting from this

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Is there a need for a Code?

- However, empirical evidence is more mixed:
  - strong market growth suggests that customers are able to find good value fares
  - ATOC research and mystery shopping find high levels of both satisfaction with ticket purchase and accuracy of retailing (across all channels)
  - disparity between perception and experience (experience better)
- Competition also drives improvement
- On balance, the evidence does suggest that there is scope for improvement
- This already reflected in other initiatives on fares and associated areas being taken forward by the industry
- RDG has strong view that Code should be collaborative initiative

Source: ATOC analysis of historical data

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Potential benefits from Code

- Better information for customers ..... happier customers ...... more sales (and repeat sales)

- Clarity on carrier and retailer obligations:
  - consumer law
  - regulatory framework

- Reputational benefit in being seen to address proactively perceived problem area

- Builds trust and confidence

Light touch or heavy touch

- Light touch is RDG/ATOC view!

- Code should not be prescriptive but set out key principles and problem examples of good practice

- 'Best in class' should be largely there already

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Developing the Code

- ORR will produce initial draft – circulated to all carriers, retailers and stakeholders for comment
- Small Steering Group (ORR, DfT, PF, RDG/ATOC) will develop further draft based on comments
- Revised draft re-circulated for comment in January 2015
- First draft in February to ORR/RDG governance bodies
- Finalisation and publication in March 2015
- Challenging timescale (fall back is May 2015)

Compliance

- Possible joint RDG/ORR compliance research 12 months after Code introduced

- ORR retains enforcement powers under consumer law

- Compliance research will determine what, if any further action is needed

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Issues for discussion

1. Some information will be important for the majority of passengers, while some information will only be relevant to a few. How do retailers currently manage passengers' different information priorities, and how should this be reflected in the Code?

2. Given that sales channels have different characteristics and capabilities when it comes to providing information, how should this be accounted for in the Code?

3. Are current industry systems and data feeds sufficient to provide information in a suitable form for passengers, and is all the information they hold relevant? If not, what needs to be done to improve this? What is the priority?

4. Given that the purpose of the Code is to promote best practice in meeting retailing obligations and improve information to passengers, how should the impact of the Code be monitored? (e.g. ATOC mystery shopping, NRPS, annual/ad hoc surveys by ORR?)

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Development of code – key milestones