

Siobhàn Carty
Office of Rail Regulation
One Kemble Street
London
WC2B 4AN

04 November 2014

Retail market review - consultation on the potential impacts of regulation and industry arrangements and practices for ticket selling

Dear Siobhàn

Our response to this consultation phase of the retail market review follows on from our initial response to the call for evidence on 21st March 2014.

Go-Ahead Group is one of the leading rail and bus operators in the UK. We are a long established operator of rail franchises, and through our Govia subsidiary, which is a joint venture between the Go-Ahead Group (65%) and Keolis (35%). Govia has extensive experience running complex and challenging rail operations. Govia currently runs four major rail franchises: GTR, Southern, Southeastern and London Midland. Govia is the UK's busiest rail operator, currently providing around 35% of all passenger journeys. As a key provider of rail services, we are pleased to provide our views in response to the ORR's retail market review.

This response represents the views of the four Govia-owned Train Operating Companies (TOCs) – GTR, Southern, Southeastern and London Midland - as well as Go-Ahead Group plc.

Govia is an active participant in a range of rail industry groups, including those focussed on retailing. The majority of our views relating to this consultation are represented and summarised in the submission made by the Association of Train Operating Companies (ATOC).

However, we welcome this opportunity to highlight a number of points which are of particular interest to Govia.

We would strongly welcome a retail market that encourages innovation; whilst we recognise the strengths of the current market, we believe that a culture of continuous improvement will allow the market to flourish and ensure that the changing customer needs are met.

The current complexity in the retail market is a barrier to providing improved products for customers. Govia would welcome initiatives to reduce the level of complexity within the market. This simplification would consequently lead to a reduction in the cost of sale.

Govia Limited

Govia Limited, 1st Floor, 4 Matthew Parker Street, London SW1H 9NP
Telephone 020 7799 8999 www.govia.info

Registered in England No. 3278419 Registered office: 41-51 Grey Street, Newcastle upon Tyne NE1 6EE

Part of the **Go-Ahead** Group

Govia also recognises the importance of having third party retailers within the market, promoting the opportunities for more customers to purchase tickets. We wish to highlight the bilateral agreements in place between a number of our TOCs and third party retailers. These agreements, such as that between Southern and EasyJet provide additional selling opportunities which offer a valuable service to specific customer groups. We believe this aspect of the retail market, although small, demonstrates that where there is less restrictive regulation the market flourishes.

We believe it is relevant to note, however, that although we support third party ticket sales websites being active in the rail retailing market, these sites are able to charge booking fees and charges for using certain payment cards, whereas TOCs are prohibited from doing so. This allows these sites to recover much of their costs of sale. Furthermore, the wider cost of retailing tickets for TOCs is much higher overall, as we are constrained by regulation such as Schedule 17 (ticket office opening hours), which significantly adds to the cost of sale. Third party retailers do not have this constraint.

Govia believes that the principle of providing impartial ticketing information at the point of sale to customers is important. This does, however, create a challenge for self-service retail channels in balancing the need for an intuitive and simple customer interface against the requirement to display a range of fares for a given journey. This can lead to confusion and difficulty for customers, which runs contrary to the principle behind the impartiality objective.

We support the market review and would wish to endorse the consultative approach the ORR are taking to this review.

If there are any points raised in this response that you would like to discuss in further detail, in the first instance please contact Richard Evans at richard.evans@go-ahead.com.

Yours sincerely



Charlie Hodgson

Managing Director – Rail Development

Govia Limited

Govia Limited, 1st Floor, 4 Matthew Parker Street, London SW1H 9NP
Telephone 020 7799 8999 www.govia.info

Registered in England No. 3278419 Registered office: 41-51 Grey Street, Newcastle upon Tyne NE1 6EE