

# Rail Regulator calls for greater competition in railway station catering

December 13, 2023



The Office of Rail and Road (ORR) has found that the [railway station catering market](#) is not working as effectively as it should be. Greater competition in this market would drive better value for passengers and for taxpayers.

ORR is investigating this sector because it believes that a more competitive market would provide better options for passengers and allow station operators to increase investment in the railway. The regulator's report finds that outlets can stay in the same hands for extended periods because their leases are protected. Those who run stations are not sufficiently incentivised to invite competition for outlets. Even when unprotected leases come up for renewal, the most common practice is to roll over or extend the lease without an open competition. Competition for outlets is a crucial factor across the market, because nearly half of all stations (47 percent) with retail space have just one outlet.

These weaknesses in the station catering market also mean that station operators may have less income to invest in improving stations and services, increasing the need for taxpayer support.

ORR's report finds that the features of the railway station catering market may also contribute to an average 10% price premium at stations compared to the high street.

ORR's investigation is continuing, and the next stage will focus on what recommendations should be made to government, station operators, funders and other stakeholders to improve the functioning of the market.

Will Godfrey, Director, Economics, Finance and Markets, said: "The railway station catering market isn't working as effectively as it should be. More competition between companies to operate at stations would bring real benefits to passengers and taxpayers.

"Because money earned from leases at stations ultimately makes its way back to those who operate railway stations and infrastructure, this is money that could be invested in improving services for passengers or reducing the need for taxpayer support.

"We will now work with the industry on the best way forward and will make recommendations on how the market needs to change, with the ultimate goal of improving value and outcomes for customers and funders of the railway."

*Photo credit: ORR*