

# Why understanding customer expectations must become a priority for rail

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***The rail industry's continued success hinges on how well it understands its customers, according to Journey4 and Transport Focus.***

In recent years, the markets our rail industry serves have shifted dramatically. While more people are now travelling for leisure, the once reliable commuter market has reduced to less than half pre-pandemic levels. According to independent watchdog Transport Focus, rail travel has become more discretionary, and the industry - whose primary focus has, for many years, been managing capacity - is now looking to boost demand. This new dynamic means that rail must work harder to make itself attractive to users and potential users - primarily, by understanding and meeting their expectations. If it fails to do so, Transport Focus warns, it risks losing them to other modes of transport.

## **The importance of understanding customer**

## expectations

Transport Focus and a range of partners – including specialist customer-driven growth consultancy Journey4 – are helping the rail industry to gain a clear view of its customers. Indeed, understanding what users and non-users alike expect from rail services (in terms of cost, reliability, frequency, cleanliness, and other factors) is key to the industry's continued success. It must also drill down into travellers' priorities, establishing which of these factors matter most to them.

Transport Focus' chief executive Anthony Smith explained that, in the wake of recent market shifts, the sector can no longer be guided by old assumptions.

"We now have a decreased commuter market. So the assumption that commuters will always come back and pay for a year's worth of travel in advance is, to a degree, no longer relevant," Anthony said

"Instead, we've got a robust leisure market with more choices about how and when to travel – a much more discretionary market – which I think makes rail more of a normal business. Gone are the days of the state just providing what it could. Instead, it's got to be much more attractive to potential users. If not, they will find other ways to travel."

To make itself more attractive, the rail industry must understand this changing customer base on a more granular level, according to Journey4 Director Jonathan Booth.

Jonathan explained: "We need to understand people in segments better than we did before. The old 'business, commuter, leisure' segmentation is very simplistic, so we're now working on a more detailed segmentation model with GBRTT (Great British Rail Transformation Team). We're looking at how you can understand different types of travellers and what their needs are, to be able to offer services that meet those needs."

This approach, which has long been the norm in sectors like retail, represents a 'mindset shift' for rail. And understanding expectations is half the battle; according to Jonathan, it must also gauge the gap between these expectations and actual customer experiences. Narrowing gaps in key areas – reliability and cost, for example – could help to improve customer satisfaction and generate revenue.

Jonathan commented: "It's about asking, 'who are our customers and what do they expect? How can we meet those expectations – and, where we can't meet them, manage them. That's key."

Anthony added that, while rail in London and the Southeast is effectively a utility, people in other regions can choose how to travel.

"Even in central Manchester, you can drive into the city centre if you're determined, paying £5.50 for a day's parking," he explained. "And if you're sharing the car with three others, that's pretty compelling. People have choice, and if you don't meet their expectations, they will go somewhere else."

## Changing customer expectations in rail

According to Transport Focus, these expectations have not shifted dramatically for regular rail users.

“Typically, expectations in a static market don’t change all the time, but they can change over two or three years,” Anthony said. “And in terms of their relative importance, it’s still value for money, punctuality, and reliability that top the list. We know that if we don’t get the services running on time, everything else falls off a cliff. And things like information during disruption then become a real issue – but only if you get them wrong.”

Recent research from Transport Focus supports this, suggesting that users continue to attach the most importance to value for money, reliability, frequency, and information during disruptions.

Experience also shapes and tempers the expectations of those who use trains on a regular basis.

“If you use a train to commute into London from the Southeast every day, you know that it will be busy and you may not get a seat,” Jonathan added. “As long as the train arrives on time you’ll take it, because there’s no alternative.”

Non-users, who make calculations about whether rail travel is suitable for them, may have different expectations.

“Electric cars are becoming more prevalent – and if people perceive that driving is cheaper, more flexible, more reliable, and also environmentally friendly, some of rail’s benefits get eroded,” Jonathan explained. “These people become more difficult to reach, because you can’t offer them a benefit. So we have to understand their expectations as well.”

Indeed, qualitative research carried out for GBRTT revealed a gap between non-users’ expectations and the reality of rail travel. Jonathan believes that these expectations have been shaped by the level of service people are already receiving in other sectors, particularly those where technology has been used effectively to improve customer experience.

“If you ask a non-user what they expect in terms of interaction with rail services, they may say things that we are far off delivering as an industry,” he added.

Anthony touched on the broader societal expectations that are shaping potential users’ needs.

“People expect it to be very easy to book something, and rail travel, for many understandable reasons, can be difficult to book,” he commented. “Cars are also getting better every day, and roads are pretty reliable. A tank of petrol is the key comparator when it comes to the cost of a rail ticket.”

While cars continue to improve, figures suggest that rail is outperforming the airline industry in some areas.

“London Edinburgh Rail now has 57% of the market share with air,” Anthony stated. “That’s a huge

success and should really be celebrated; it's down to LNER and Luma putting constant improvements into their services."

Journey4 believes that, in today's more discretionary market, understanding non-users will become increasingly important.

"There's more research to be done, I think. We still haven't fully captured and understood the needs of non-users," Jonathan concluded.

## Customer needs post-COVID

While user expectations and priorities remain largely unchanged, one key factor has become more significant in the wake of the pandemic.

"Hygiene is not optional anymore; you've got to have it," Anthony explained. "People want trains to look and feel clean, and I think they do. Cleanliness has become more important relatively as a driver of customer satisfaction, although it's still not as significant as value for money, quality, or reliability."

The value people now ascribe to their time is also something upon which rail can capitalise.

"Rail's great selling point is that you can do something while you're travelling - work, sleep, or read a book," Anthony added. "People want tables, sockets, and space, so that they can make good use of this time."

## How rail can meet customer needs

If the rail industry is to retain its existing customers and convert non-users, it must focus on the factors that drive satisfaction.

"To meet its customers' needs, I think the rail industry needs to do two things - one of which is focusing on reliability in all its forms, day-in, day-out," Anthony said. "If I was advising a rail manager, I'd say get your trains running on time and keep them clean. The industry itself should then focus on the other priority, which is value for money."

Ultimately, I think our research underlines the fact that the things driving customer expectation, and to a degree satisfaction on the day, are very much around cost and convenience."

Anthony believes that rolling out 'pay-as-you-go' train travel in large cities across Britain could also have a significant impact on customer satisfaction, making journeys easier, more affordable, and more accessible for non-users.

Ultimately, Journey4 and Transport Focus agree that the rail industry must gain a better understanding of its customers, defining and drilling down into each segment.

"We need to get under the skin of customers, understand what they need from us, and design services

around their needs,” Jonathan added.

Reflecting on the progress UK rail has already made, Anthony is optimistic about its future.

“Over the last 20 years, we’ve produced a good rail network, with new trains and new stations – it’s quite impressive,” he concluded. “And with the Elizabeth Line up and running and HS2 in the wings, there’s more good stuff to come.”

*Transport Focus is the independent statutory consumer watchdog for the transport sector. Sponsored by the Department for Transport, it conducts research into what passengers think about today’s experience, and what they want from tomorrow’s. To learn more, visit [www.transportfocus.org.uk](http://www.transportfocus.org.uk).*

*Journey4 specialises in customer-driven growth and transformation. As a commercial advisor to the rail industry, it is committed to putting customers first – and is working alongside a range of partners (including GBRTT, Transport Focus, Rail Delivery Group, and the Department for Transport) to achieve this. To learn more, visit [www.journey4.co.uk](http://www.journey4.co.uk).*