

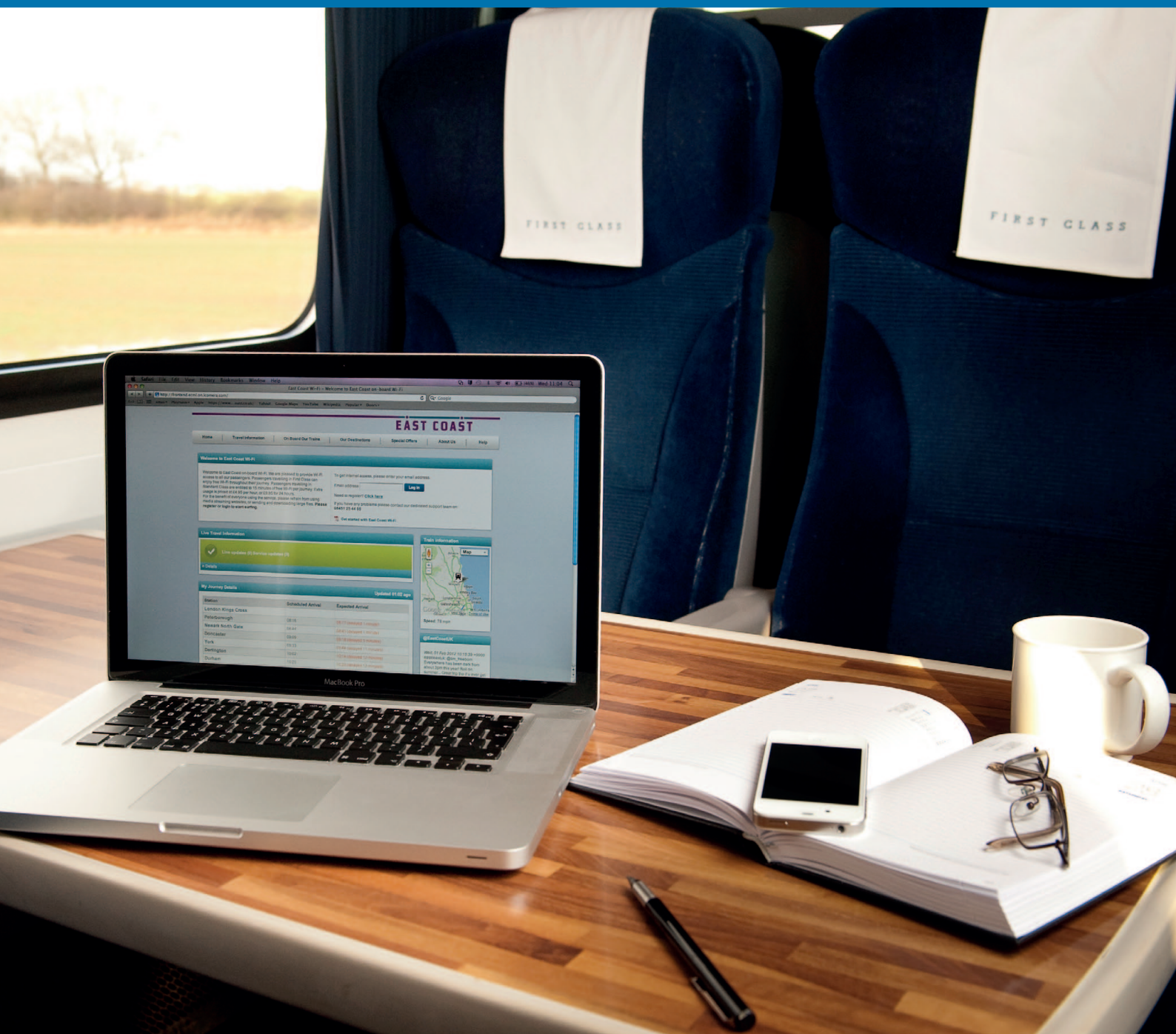
On track for business:

Why Scottish businesses should try the train

*Produced by Deltix Transport
Consulting for Transform Scotland
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Executive summary



This report has been produced by Deltix Transport Consulting for Transform Scotland. It was researched and written by David Spaven, Principal of Deltix Transport Consulting, with additional research by Rebecca Millar at Transform Scotland. Transform Scotland is pleased to acknowledge the sponsorship received from East Coast, one of our member groups, in helping put together this piece of work. This report has been designed by Douglas Innes and is printed on 100% recycled paper.

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This report focuses on the package of benefits which rail can provide – a combination of attractive service attributes which include value for money, frequency and in particular the quality and quantity of productive working time available when travelling by rail, compared to the more cramped and fragmented flying experience.

The analysis is based on a review of market research, academic studies, published data, business analyses and customer surveys; case studies of RBS and Scottish & Southern Energy travel policy changes; discussions with senior rail company managers; and sample journeys in First Class on trains between Edinburgh, York and London.

The greenhouse gas benefits of rail versus air

Rail travel has long and widely been understood to result in significantly lower negative environmental impacts than air travel. The Campaign for Better Transport (CBT) states that:

“Even if aviation is not yet a global problem, it’s a massive problem in the UK. Per capita, the British population flies more than any that of other country on Earth. That’s why aviation is 13% of the UK’s climate impact.”

Route-specific research for East Coast has shown that a single rail journey between Edinburgh and London generates an average 27kg of greenhouse gas emissions (kgCO₂e) per passenger, compared with a 84kg per passenger by air (and 76kg by car). Transform Scotland argues that substituting rail for air will offer twin benefits:

“We need to see a halt to the growth in air travel – the most polluting and energy inefficient mode of travel. Transferring much of the unsustainable levels of Anglo-Scottish air travel to rail can have an important role to play in cutting climate change emissions, but would also provide for increases in productivity given the better working environment provided by the train.”

It is clear that East Coast delivers a substantially more sustainable travel option than air transport between Edinburgh and London. As corporate policies and public policies increasingly take on board the need to cut emissions, business travel by rail offers a package which happily meets both immediate business needs and wider sustainability objectives.



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The business travel market between Edinburgh and London

Connecting as it does two centres of government and the UK's leading financial and business centre with a key player in both these sectors, the business travel market between London and Edinburgh has long been one of the largest and most important in the UK.

Edinburgh-London has been the busiest domestic air traffic route in the UK for many years, peaking in 2005 at 3.65m domestic passengers – but went into continuous decline over the following five years falling by 32% to 2.76m in 2010. In contrast to air transport, rail between Edinburgh and London saw growth of patronage of at least 5% each year between 2007 and 2010, with an increase of 11% from 2010 to 2011. Although there has been a strong marketing push to develop business travel by rail, East Coast's business is still heavily dominated by the leisure market, whereas a small majority of air passengers between Edinburgh and London are travelling for business purposes.



East Coast market strategy and service enhancements

East Coast market strategy in recent years has been based on an acknowledgement that it is the complete rail package which gives this mode its potential competitive strength versus air transport. A wide range of improvements has been introduced by East Coast to benefit business travellers between Edinburgh and London, including:

- the March 2010 launch of the competitively-priced Scottish Executive Package, offering a complimentary upgrade to First Class
- a major timetable upgrade in May 2011, incorporating a 4-hour journey time for the flagship 05.40 Edinburgh-London Flying Scotsman
- also from May 2011, an improved First Class offer with better Wi-Fi, a complimentary food and drink service, and the introduction of a Quiet Coach

The Scottish Executive Package – First Class quality at Standard Class prices

The Scottish Executive Package ticket launched by East Coast in March 2010 introduced an unprecedented package for the business traveller between Edinburgh and London (and vice versa). For a Standard Class 'Anytime' fare of £229, ticketholders are entitled to an optional First Class upgrade at no extra cost, with an attractive range of benefits:

- free seat reservations in both directions
- flexibility in choice of trains
- return travel on any train within a month of the booked outward journey
- a fully refundable ticket (minus a small administrative charge)
- complimentary food and beverages on the journey in First Class
- complimentary Wi-Fi in First Class
- use of First Class lounges at Waverley and King's Cross stations
- complimentary Zone 1 / 2 return London Underground travel

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Rail and air – comparing the packages

The report's comparison of air and rail in the Edinburgh-London market focuses on ten key aspects of service which are recognised as being important to the business traveller.

Contrary to some perceptions, rail offers very **competitive pricing**, with some 81% of flights having a cheaper East Coast rail alternative arriving in London within an hour of the flight's scheduled arrival time. A key comparator is the Scottish Executive Package ticket, offering First Class quality at Standard Class prices.

In addition to the range of normal quoted fares and package tickets, East Coast also works with corporate customers with significant travel volumes to negotiate special rates which will help these businesses to achieve travel cost and CO2 reductions.

With regard to **ease of ticket booking**, East Coast has introduced a high-quality on-line ticket booking facility via its own website, and has recently introduced a mobile phone-based service which incorporates information, timetables, fares and ticket purchase. In a recent customer survey by East Coast, 91% of First Class business travellers between Edinburgh and London rated as “very good” or “fairly good” their satisfaction with ticket purchase / ease of ticket booking.

For a meaningful comparator of the business travel offer, rail's city centre to city centre **journey time** can be compared with the equivalent multi-modal through-journey by air, as opposed to just the flight itself. Rail journey times do not emulate air via Heathrow or via London City on a city centre to city centre basis, but journey time cannot be viewed in isolation – it is the overall rail package, including frequency, punctuality, price, productive use of journey time, etc, on which rail should be judged versus air for business travel.

Nevertheless, in terms of city centre to city centre journey time, the flagship Flying Scotsman train is already competitive with flights from Edinburgh to the other three London airports – Gatwick, Stansted and Luton.

Rail now has its best ever **frequency** between Edinburgh and London – 21 services Monday-Friday, and 19 in the return direction Monday-Thursday (20 on Fridays). None of the five air routes to London offers as frequent a service. A distinctive aspect of the rail versus air timetable contrast is air's irregular interval between services. For example the longest gap between trains returning from King's Cross to Edinburgh is just one hour, whereas air services between Heathrow and Edinburgh (by far the busiest route in terms of flights and passengers) are spread irregularly through the day, with the interval between departures ranging from 10 minutes to two hours.

Rail has significantly better **punctuality** than air, with 87.9% of trains arriving 'on time' compared to 82.6% on air. The latter figure only reflects the flight itself, as opposed to the other modal links in the through-journey chain. Trains are considered to be 'on time' if they arrive within 10 minutes of the schedule, and cancelled services are reflected in the figures. In contrast, planes are considered to be 'on time' if they arrive within 15 minutes of the schedule, and delays taxiing to the gate, cancelled flights and diverted flights are not reflected in the figures – so rail's overall punctuality / reliability performance is even more superior to air than the bald data would suggest.

East Coast's 05.40 Flying Scotsman from Edinburgh to London epitomises '**seamless travel**'. In contrast to the air travel experience, customers can arrive at Waverley station five minutes before departure and proceed to board the train without being required to queue at any point. Improvements at King's Cross station have simplified onward passage to the London Underground, and the Scottish Executive Package incorporate Zones 1 and 2 ticketing, so no queuing is required to purchase Underground tickets. All East Coast passengers can buy London Underground tickets on board the train on their way to London.

Rail also offers a **high-quality travelling environment** compared to air. East Coast has improved the catering offer in both Standard and First Class, and in the latter case launched a complimentary at-seat food and drinks service in May 2011, including full meals. Lack of space on board constrains the airline offer, with limited menu choices and service on a tray.

Rail travel – whether on East Coast's electric 225 or diesel 125 trains – allows the traveller to stretch his or her legs by walking through the train, visiting the buffet car or perhaps pausing to stand and take in the view from the spacious vestibules between coaches. In a recent customer survey by East Coast, 92% of First Class business travellers between Edinburgh and London were "very satisfied" or "fairly satisfied" with the overall train journey, while 92% rated as "very good" or "fairly good" the overall environment in First Class.

The high-quality environment of the train is now complemented at rail journey's end by the step-change improvements at King's Cross, in particular the new Western Concourse development with its spacious public areas and wide range of retail outlets.

The ability to make **productive use of journey time** is a key selling point of rail versus air between Edinburgh and London. The stress-free nature of the rail journey contrasts with the cramped and fragmented travel experience by air, with up to seven different legs / processes required for the city centre to city centre journey – very much a 'stop-start' experience, in contrast to the single, seamless journey by train.

All East Coast First Class coaches have power sockets for laptops and mobile phones, and Wi-Fi is complimentary in First Class (and available for a fee in Standard Class). This, coupled with large seats and plenty of leg room, means that – unlike the air travel experience – most of the journey between Edinburgh and London can be used for productive working time.

The total value to a business of a First Class return journey by rail between Edinburgh and London can be calculated as over £200, substantially greater than the £80.86 average price differential between First and Standard Class for a round trip – also demonstrating the significant value-for-money advantage over air transport which First Class rail can offer the business traveller.

In the event of delays, rail offers a much more generous **compensation** scheme compared to air – with the trigger for monetary compensation being just 30 minutes delay. In contrast it is typically only after a delay of over two hours that airline passengers are entitled to refreshments and meals – but not to any monetary compensation unless their flight is cancelled or delayed by more than five hours. Rail also offers more flexibility in accommodating customers' **changed travel plans**, with lower charges for changes.



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The perception and the reality of travel by rail

Improvements to First Class, including the introduction of complimentary food in May 2011, generated an increase of no less than 39% in First Class rail journeys (including the Scottish Executive Package) between Edinburgh and London from May 2011 to May 2012.

Given the increasingly attractive overall package which East Coast has offered the business traveller over recent years – in particular in First Class – one could reasonably expect rail to have secured a higher share of the Edinburgh-London business market than its current 12% (140,000 journeys pa). It would appear that there may be scope for more awareness of the rail offer and what it delivers in practice, and/or an innate resistance to changing habitual travel arrangements, and/or an underlying perception of the image of rail v air travel which discourages modal switch.

The key to fully appreciating the quality and depth of East Coast's offer to the Edinburgh-London business traveller is to look at the complete package. While certain elements of the offer stand out in isolation – in particular the unique selling point of the productive working environment in First Class – it is the combination of all the key features which should give rail a distinctive edge over air for a significant portion of the potential market.



Case studies demonstrate the growing strength of rail

RBS, the Edinburgh-headquartered financial multi-national, has set some ambitious targets to meet its goal of being “a leader among our peers by 2015” – including a 50% reduction in CO2 emissions from business travel by 2020.

In the year to date, RBS business travel for internal British journeys (excluding local and intra-regional travel which is inevitably dominated by car travel) has seen a 40% decline in air journeys and a 10% rise in rail. Use of rail between Edinburgh and London specifically has benefitted from RBS negotiating a special deal with East Coast, undercutting the cost of flying and allowing RBS to reduce its transport costs.

No less than 114,000 RBS business journeys were made between Edinburgh and London in 2011. Rail's increased market penetration is most marked for single trips – 23% of Edinburgh-London journeys – with the return leg undertaken by air to reduce total travel time within the day. As well as cost, a key driver for choosing rail to London is the 4-hour journey time of the 05.40 Flying Scotsman, which is almost comparable with ‘door-to-door’ air travel times.

RBS recognises the productivity benefits of being able to work on the train, an associated point being the perceived contribution to staff health and well being of travel by train.



Headquartered in Perth, **Scottish & Southern Energy (SSE)** is a major energy company with 20,000 employees nationwide. Some five years ago – principally on the grounds of sustainability – the company took a decision that for business travel purposes there should be a presumption in favour of rail rather than air for long-distance domestic transport.

SSE's research showed that rail offered significant CO2 benefits, and now any staff wishing to use air transport have to secure senior management approval. The strong guidelines in favour of rail become even stronger in August and December, which are branded internally as 'no fly' months.

The productivity benefits of working on the train are an acknowledged advantage of using rail versus air, while employee welfare and safety is also a consideration. While the switch towards rail has in general secured cost savings, this has not been the key driver, and selected rail journeys can be more expensive than the air alternative – but this is regarded as secondary to the primary objective of reducing CO2. Michelle Hynd, SSE's Director of Corporate Development, comments:

“SSE has a strong culture of sustainability and we constantly work towards reducing the number of flights per employee. Where travel is unavoidable, rail is the low CO2 option to flying and our promotion of rail travel over air travel resulted in a 40% increase in rail travel when the policy was introduced.”

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Moving forward – the key selling points of rail

This report has identified that East Coast has a wide range of attractive selling points for the business traveller currently using air services between Edinburgh and London.

Under the key heading of **travel experience**, rail's unique selling point is the high quality working environment, particularly in First Class and the associated seamless journey from city centre to city centre. This – and the 4-hour journey time of the flagship Flying Scotsman – is the central message to the business travel market.

The **value for money** of rail is epitomised by the Scottish Executive Package ticket with its First Class quality at Standard Class prices, within the wider context of 81% of Edinburgh-London flights having a cheaper East Coast alternative.

Rail's **superior greenhouse gas performance and environmental impact** to air travel, notably its clear-cut carbon advantage, helps business to meet corporate social responsibility objectives as well as satisfying immediate productivity and cost-reduction needs.

Bearing in mind public policy aims at all levels of government, rail offers an important opportunity to make significant inroads into the major Edinburgh-London air business travel market and thereby reduce the wider environmental impacts imposed by domestic air transport.



Getting the message across to business

Misperceptions of the rail offer and resistance to change have restricted the extent of modal switch in response to the attractive overall package which East Coast has offered the Edinburgh-London business traveller over recent years. This is a lost opportunity for both business and the railway, and the time is right for many more businesses to 'try the train' and experience directly the benefits which rail can deliver.

Transform Scotland, as the national sustainable transport alliance, is well placed to challenge business to sample travel by East Coast services between Edinburgh and London – with the 'win-win' prize of meeting both immediate business needs and wider sustainability objectives.

Ideally, a project would be put in place to monitor the outcome of this challenge.

Getting the message across to government / public sector

At national, regional and local levels of government, there is a strong policy commitment to carbon reduction. The extent to which this is translated in practice into official travel planning guidance will vary from area to area, but in essence government needs to be practising what it preaches.

Transform Scotland has a long track record of monitoring the transport policies of government in Scotland, and – with appropriate funding – could develop a project to identify the extent to which the public sector in East Central Scotland is guiding staff travel towards use of rail for travel to London.



About Transform Scotland

Transform Scotland is the national sustainable transport alliance. We campaign for a society where everyone can have their travel needs met within the limits of a transport system that is environmentally sustainable, socially inclusive and economically responsible.

We are the only organisation in Scotland making the case for sustainable transport across all modes. We have a membership of over 60 organisations across Scotland, including public transport operators, local authorities and sustainable transport voluntary organisations. Transform Scotland is a registered charity, politically independent, science-based and strictly not-for-profit.

Transform Scotland Limited is a registered Scottish charity (charity number SC041516).



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