Putting the passenger in the driver's seat:
Accenture consumer survey on Western European rail services
Empowered by mobile devices—and the constant flow of information they bring—passengers have growing expectations of rail services

They take it for granted that rail operators will keep pace with the kinds of integrated, innovative services offered by other consumer-facing industries. New technologies, like mobile and analytics, are driving the demand for better service and opening the door to services considered impossible only a few years ago.

To date, rail operators have focused efforts on boosting back-office and operational efficiency while passengers were given short shrift. But making the traveler’s needs secondary to rail operations may no longer be possible. Previously, rail operators have been in control, dictating the kinds of services, booking method and pricing strategies, for instance, that they offered to consumers. Little was invested in getting to know their customers better, and segmentation remained crude. Today, because of new technology and deregulation, travelers are tipping the balance of power in their favor. In this changing landscape, Western European rail operators may find it difficult to adapt their businesses and stay on track.

Given these trends, what can rail operators do to differentiate themselves in the minds of savvy travelers? Accenture conducted a survey to reveal Western European rail passengers’ behavior and expectations throughout their journey, from booking tickets to arrival. The survey of passengers in the United Kingdom, Italy, Spain, Germany, France, Switzerland, Belgium and the Netherlands aims to help rail operators determine how they can best meet customer expectations—as well as capitalize on the opportunities and challenges resulting from new consumer trends.

The Accenture Western European rail survey revealed five key findings that rail operators can use to gain insights on what travelers want—and transform their businesses to create truly consumer-focused organizations that will grow their share of the deregulated and increasingly competitive Western European rail market.

1 In September 2012, Accenture conducted a Western European rail survey, interviewing 4,211 frequent and non-frequent travelers from the United Kingdom, Italy, Spain, Germany, France, Switzerland, Belgium and the Netherlands. The sample was composed of 18-to-74-year-old passengers who take at least one trip over 40 kilometers by train (inter-city or high-speed train) per month. Please note, however, that results from Switzerland were not included in the European average. Swiss data should be interpreted as separate from the overall European average given.
Finding 1: Rail travelers want a one-stop booking platform on their PCs now—and will likely expect the same on their mobile devices in the near future.
Most people are comfortable booking online now, but mobile booking remains a trend to watch

Online booking has become the norm in the majority of European countries surveyed, with 71 percent of respondents saying they frequently or very frequently use the Internet on their computers to purchase tickets. This was particularly true in the United Kingdom, France, Germany and Italy. In fact, passengers are more satisfied with online booking than they are with any alternative method—including purchasing tickets in person at the station or over the phone.

About 17 percent of respondents, particularly younger passengers, said they frequently or very frequently book tickets using their mobile devices. If other technologies are any indication, the early adopters will set the trend for mobile booking, making it a channel for rail companies to monitor and prepare for as mobile consumption patterns become more widely adopted. In fact, the survey indicated that in two years’ time, mobile devices are likely to be an increasingly important booking option. If it were feasible, 47 percent of respondents on average said they would be willing to use mobile devices more often than they do today. Passengers in Spain (55 percent) and Italy (60 percent) embraced the idea of mobile ticket booking more than those in any other countries. The gap between the number of respondents currently using mobile devices to book tickets and those who would like to do more so in the future may have more to do with rail companies’ ability to offer relevant mobile services rather than reluctance of passengers to use them.

Respondents were also eager to dispense with paper tickets, preferring to use bar codes on their mobile phones instead (see Figure 1).

Compared to other consumer-facing industries, like the entertainment industry and airlines, rail operators trail behind in mobile ticketing. Half a billion people are expected to use mobile ticketing for public transport, including trains and metro services, by 2015.2 Many analysts predict that near-field communication adoption will accelerate strongly in 2013/14.3 As the mobile technology trends take off in society at large, passengers will expect rail operators to adopt this technology—and make it interoperable with urban public transport authorities to ensure seamless door-to-door travel.


Figure 1. Projected mobile use for booking and ticketing

In two years’ time, if it were feasible, how likely are you to use your mobile device (smartphones, tablets) to book your ticket?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>More than today</th>
<th>Same as today</th>
<th>Less than today</th>
<th>Would not use</th>
</tr>
</thead>
<tbody>
<tr>
<td>18–24</td>
<td>79%</td>
<td>21%</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>25–44</td>
<td>77%</td>
<td>22%</td>
<td>9%</td>
<td>14%</td>
</tr>
<tr>
<td>Average</td>
<td>70%</td>
<td>23%</td>
<td>6%</td>
<td>14%</td>
</tr>
<tr>
<td>45–64</td>
<td>67%</td>
<td>24%</td>
<td>5%</td>
<td>28%</td>
</tr>
<tr>
<td>65–74</td>
<td>53%</td>
<td>23%</td>
<td>4%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Source: Accenture 2012 Western European Rail Survey. © 2013 Accenture. All rights reserved.
Passengers embrace the idea of a one-stop booking platform, even if provided by nontraditional rail or travel service providers

The majority of respondents—particularly younger and frequent travelers—are interested in a one-stop booking platform that enables additional purchases. The opportunity to buy local transport tickets at the destination as well as ongoing travel via other transport modes are the most popular services, followed by hotels, meal purchases on the train, travel insurance, restaurant reservations at the destination and porter assistance. Thus far, no such truly comprehensive online platform exists.

Industry commentators have debated whether non-traditional competitors will offer a one-stop, door-to-door travel service. Although it has not yet entered the fray, Google, for instance, is seen as a potential integrator of comprehensive mobility services with all the necessary building blocks, from maps and itinerary to transport booking and hotels. What’s clear from the research is that if Google and other nontraditional competitors do offer door-to-door mobility services, consumers are ready.

Respondents were willing to look beyond traditional rail or travel sites to the broader information ecosystem via household names like Google, Amazon, Facebook and iTunes, with variations according to country and age group (see Figure 2).

How should rail operators face this potential challenge? Distribution intermediaries—whether travel or information companies—will inevitably enter the market, meaning that rail operators may no longer be the primary recipients of customer data and could lose out on selling ancillary services. Compared to other liberalized segments, the rail industry has been less exposed to competitive and consumer pressures—and less obliged to innovate. Many rail operators have already examined how the airline industry responded after deregulation, but there are also lessons to be learned in other consumer-focused industries like telecommunications and utilities, which have adopted many self-service tools.

How can rail operators that have spent—until now—limited time and money to understand their clients keep their lead position in distribution? To respond, rail operators would need to own the customer experience and provide more travel booking options beyond core rail services, which form only one portion of the consumer’s door-to-door journey. In addition, developing multichannel distribution strategies would allow rail operators to better connect with and understand consumers to maintain a competitive advantage.

Source: Accenture 2012 Western European Rail Survey. © 2013 Accenture. All rights reserved.
Finding 2: Pricing transparency and ticket refunds pose the biggest challenges for passengers
Consumers want consistent and clear pricing offers

Traditional yield management pricing strategies can confuse and alarm passengers. For more than half of the respondents who said they experienced booking difficulties, finding the cheapest option poses the biggest hurdle. Respondents had few opportunities to conduct comparative pricing within a rail company (e.g., peak vs. off-peak travel). This point was particularly true for passengers in France, Switzerland, the United Kingdom, Germany, and Belgium (see Figure 3).

While the ability to offer sophisticated pricing options remains important to rail companies’ pricing strategies, lack of visibility into the best prices can lead passengers to switch rail operators or transport modes in favor of clearer pricing and perceived best value. Rail operators that can clearly communicate a price position—similar to retailers that guarantee the lowest price—will differentiate themselves from competitors.

Consumers would welcome price alerts

Furthermore, a large majority of respondents across all countries would welcome the opportunity—after they have already booked tickets—to receive price alerts via e-mail or text with better ticket offers. For instance, a family of four who booked their holiday tickets three months in advance, thinking that they would get the best price, may be dismayed to find that the ticket price has been halved three days before departure. Alerts would give them the opportunity to rebook the tickets at a lower price—and reassure them that the rail operator will offer them the best deal every time they book.

Refunds can be a block for consumers

Once passengers booked, more than half of the respondents in the 45–74 age groups said they had incurred challenges. What was the most frequently cited problem? Refunds. Top of the list were difficulties getting refunds if a train was excessively late or failed to stop at the passenger’s destination. All age groups, particularly in France, Germany, the United Kingdom and Spain, felt very strongly about improving refund mechanisms.

Respondents, particularly those in Belgium, France and Spain, also wanted rail companies to change penalty policies for mistakenly getting on the train at the wrong hour or with a ticket applying to another trip.

What remains to be seen is: Would better pricing strategies and transparency play a role in helping train operators maintain their position as key distributors of their products? Or, on the contrary, will improved pricing transparency enable other intermediaries to get a better foothold in the market?

Sample base: Respondents who experience difficulties

Switzerland, United Kingdom, France, Germany, Belgium > 50% of all respondents

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Finding 3: Rail operators need to provide real-time multichannel information to improve the passenger experience throughout the journey.
Passengers want real-time information for their door-to-door journey

Travelers no longer see their journey as starting at one rail station and ending at another. Journeys are fluid—and connected. Armed with mobile devices, passengers want to plan their journey before, during and after train travel. And in the digital age, consumers expect to receive valuable information in real time and when they need it most.

But what kind of information would passengers find valuable? The majority of respondents, especially those in Italy and Spain, wanted more information about their destination when booking, with information about local transport modes, availability and timing of ongoing travel and maps of the destination city center the most popular. Having an integrated journey planner with distance, time and GPS readings available at booking time interested the majority of respondents, particularly the 18–44 age range.

During their journey, changes to arrival time and alerts about delays, interruptions or other changes to the trip featured prominently as information that passengers would like to receive on their mobile devices. On arrival, travelers placed high importance on receiving connecting train and public transport information at their destination, including information on waiting times. The research, however, revealed a gap between travelers’ desire to achieve a seamless door-to-door journey and their satisfaction with the information and services currently provided (see Figure 4).

Providing real-time travel information and alerts before, during and after their journey will probably be essential to meet the demands of mobile consumers. Rail operators are uniquely positioned to integrate all of the relevant travel information and provide a valuable service at the point of need. But rail operators would need to position themselves as the natural choice for the travelers to turn to when they are planning trips or looking for travel information en route to their destination. By doing so, rail companies can maintain their connection with travelers beyond the booking and rail journey.

In the future, apps and social media are likely to be another significant channel for receiving real-time info

At the moment, the majority of passengers are happy to receive real-time information on their mobile devices about their train and journey via texts, their first choice, followed by e-mails (see Figure 5). This may, however, change in the future as more travelers adopt smartphones and apps become more prevalent. Younger and frequent travelers expressed the greatest interest in using travel apps and social media to stay connected with real-time travel info.

Source: Accenture 2012 Western European Rail Survey. © 2013 Accenture. All rights reserved.
Mobile consuming and social media present opportunities for rail operators willing to blaze a trail. According to the Accenture Mobile Web Watch 2012 survey, mobile apps and their convenience are one of the primary drivers of mobile Internet use. Travel-related information, such as train schedules, traffic information and weather, are among the most popular types of apps downloaded to mobile devices.

Given social media's relatively low cost, ease of use and scalability, rail operators can employ it to engage with communities of existing customers and attract new ones. It can also help rail operators provide door-to-door services with reliable and consistent information before, during and after the trip.

As the adoption of apps and social media increase in Europe, they will coexist more significantly with e-mails and text. The trend clearly points toward multiple channels for information and the need for rail operators to integrate all of them.

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Figure 5. Traveler preferences in receiving real-time information

There are several ways you could receive information in real time on your mobile devices. Please indicate below your interest in receiving it on the various options?

<table>
<thead>
<tr>
<th>Method</th>
<th>Age-group analysis</th>
<th>Travel-frequency analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Text alert avg.: 69%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-mail avg.: 69%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special travel apps avg.: 35%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facebook/Twitter/other social media avg.: 20%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sample base: All respondents
Source: Accenture 2012 Western European Rail Survey. © 2013 Accenture. All rights reserved.

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Accenture Mobile Web Watch 2012: Mobile Internet—spawning new growth opportunities in the convergence era,* Accenture, 2012
Finding 4: Most passengers are willing to pay to enhance their onboard comfort, and being connected to their mobile devices and having access to infotainment are top of the list.
Mastering the basics

The onboard experience remains key to customer satisfaction—and mastering the basics will be essential in achieving it. The majority of travelers welcomed more frequent cleaning of toilets above all other amenities, followed by sun shades. Deeper shelves for overhead luggage also ranked highly. Older travelers (ages 45–74) placed greater value on cleaner facilities, as well as cars banning the use of mobile phones.

Passengers want more choice to increase comfort and connectedness

While passengers still want rail operators to improve the basics, they are seeking better levels of service and more comfort. Whether in economy or premium class, the majority of travelers, particularly younger and frequent passengers, think that connectivity and entertainment should be provided for free or included in the price of their package.

Mastering the basics is essential to providing a comfortable and satisfactory travel experience. To do so, rail operators may need to work more closely with rolling-stock manufacturers to enhance the design to meet evolving consumer expectations. In addition, operators can offer passengers different ambiances or service/comfort levels, like the new Italian train company NTV. For instance, passengers could select mobile-free or entertainment carriages for their journey.

Services such as wireless Internet connectivity on trains are key differentiators compared to other transport modes and can attract the holy grail of transport companies: business passengers. Many operators are implementing on-train and in-station broadband systems. Since Wi-Fi services and electrical points would likely become the norm rather than the exception in a few years, rail companies will need to hone their service offerings to improve the travel experience for their passengers. Operators can also tie the service offerings into ancillary purchases and extended door-to-door services offered through multiple channels.
Finding 5: To enhance loyalty, rail operators will need to offer customization and rewards.
Travelers expect customized offers, and the majority of respondents are willing to share preferences

If rail operators wish to compete successfully with other travel modes, then passengers, particularly younger and frequent travelers, expect them to offer the same level of customized travel information and special offers. Consumers are becoming less tolerant of a “one-size-fits-all” solution. Thanks to the increasing use of analytics in the retail and consumer industries, passengers are accustomed to receiving a variety of personalized offers based on past behavior and interests. It is only natural that consumers expect rail operators to refine their traditional segmentation beyond age groups and engage them with customized travel information, promotions and offers based on individual preferences and travel behavior.

Accenture’s research showed that the majority of travelers are willing to receive customized travel information, particularly respondents from Spain and Italy, and offers based on preferences or past travels. Overall, 82 percent of respondents would volunteer travel preference details, enabling rail operators to personalize offers and information with passengers’ cooperation (see Figure 6).

Harnessing traveler data will help rail operators create greater intimacy with passengers and give them the kind of customer experience they want.

Passengers would consider joining a loyalty club

With the exception of Belgium and the Netherlands, the majority of survey respondents said they would consider joining a loyalty club. Younger and more frequent travelers showed the most interest. Premium-class travelers would like to receive rewards related to free travel and meals, while standard-class customers would prefer to receive their perks in reduced fares.

In this new, consumer-led landscape, how can rail operators better use technology—going beyond mere loyalty management—to differentiate their brands and services in customers’ minds? Recent Accenture research shows that retailers and telecommunication companies invest in loyalty schemes five to seven times more than rail operators. Because rail operators have not been investing to the extent required, customer data have been fragmented, inconsistent and insufficient in gaining a comprehensive view of the customer.

To make better use of the customer data within arm’s reach, rail operators need to capture and consolidate customer data across the multiple distribution channels and interaction points throughout the extended transportation network. Loyalty programs underpin this goal, allowing
companies to understand their best customers and gather data. They also provide a means of better segmenting and targeting travelers with customized offers as companies develop their analytics capabilities to transform the raw data into valuable customer insights. The capabilities will enable rail operators to meet the increased expectations in terms of personalized offers and service that passengers are growing accustomed to in other industries. In a more competitive environment, customer segmentation and targeting enabled by loyalty programs and analytics will help companies better determine and serve their high-value customers.

**Signaling change**

As the survey findings indicate, rail consumer expectations have changed—and will continue to evolve at a rapid pace. Western European rail operators face significant challenges as they adopt a consumer-oriented mindset in a liberalized market and transform their operations accordingly. Those that increase agility and adapt more quickly will maintain a competitive advantage.

The leaders in a competitive market environment, no matter what the industry, are those that stay close to their customers. It is now more critical than ever for Western European rail companies to understand consumers’ needs and expectations in order to shape differentiating service offerings. Companies that maintain a stronger connection with their consumers and allow them greater choice in how they receive their service will potentially beat competitors to the end destination: improved business performance. Rail operators need to act now to connect with consumers and meet their demands.

**Does a typical European rail passenger exist?**

The survey results testify to the diversity of Europeans’ expectations of rail operators. The differences may reflect cultural attitudes, technology use and the significantly varied rail customer experiences from country to country. For example, Italian and Spanish travelers responded more eagerly than any other country to questions about receiving additional information and services. They also seem to have a greater appetite for using technology to book and organize their travel, have the highest level of online bookings, and are ready to use Google as a travel platform. Although they still prefer e-mail and text messages for receiving their journey information, they are more favorably disposed to using travel apps than other countries.

Such national differences raise an extra challenge for rail companies that seek to operate internationally, especially with cross-border journeys. Cultural nuances, behavior, sensibilities and expectations need to be taken into account when defining service offerings, distribution channels and information displays for each country.
These are only a few insights revealed by Accenture's research. To discuss the findings in depth, please contact:

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**Methodology**

The Western European rail survey interviewed 4,211 frequent and occasional travelers from the United Kingdom, Italy, Spain, Germany, France, Switzerland, Belgium and the Netherlands. Please note, however, that results from Switzerland were not included in the European average. Swiss data should be interpreted as separate from the overall European average given. The sample was composed of 18–74 year old consumers who take at least one trip over 40 km by train (inter-city or high-speed train) per month. Of the respondents, 24.5 percent (1,032 respondents) make more than four trips per week. The data was collected online during September 2012, and questions about passenger rail services spanned from booking to arrival.

**About Accenture**

Accenture is a global management consulting, technology services and outsourcing company, with 259,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is www.accenture.com.