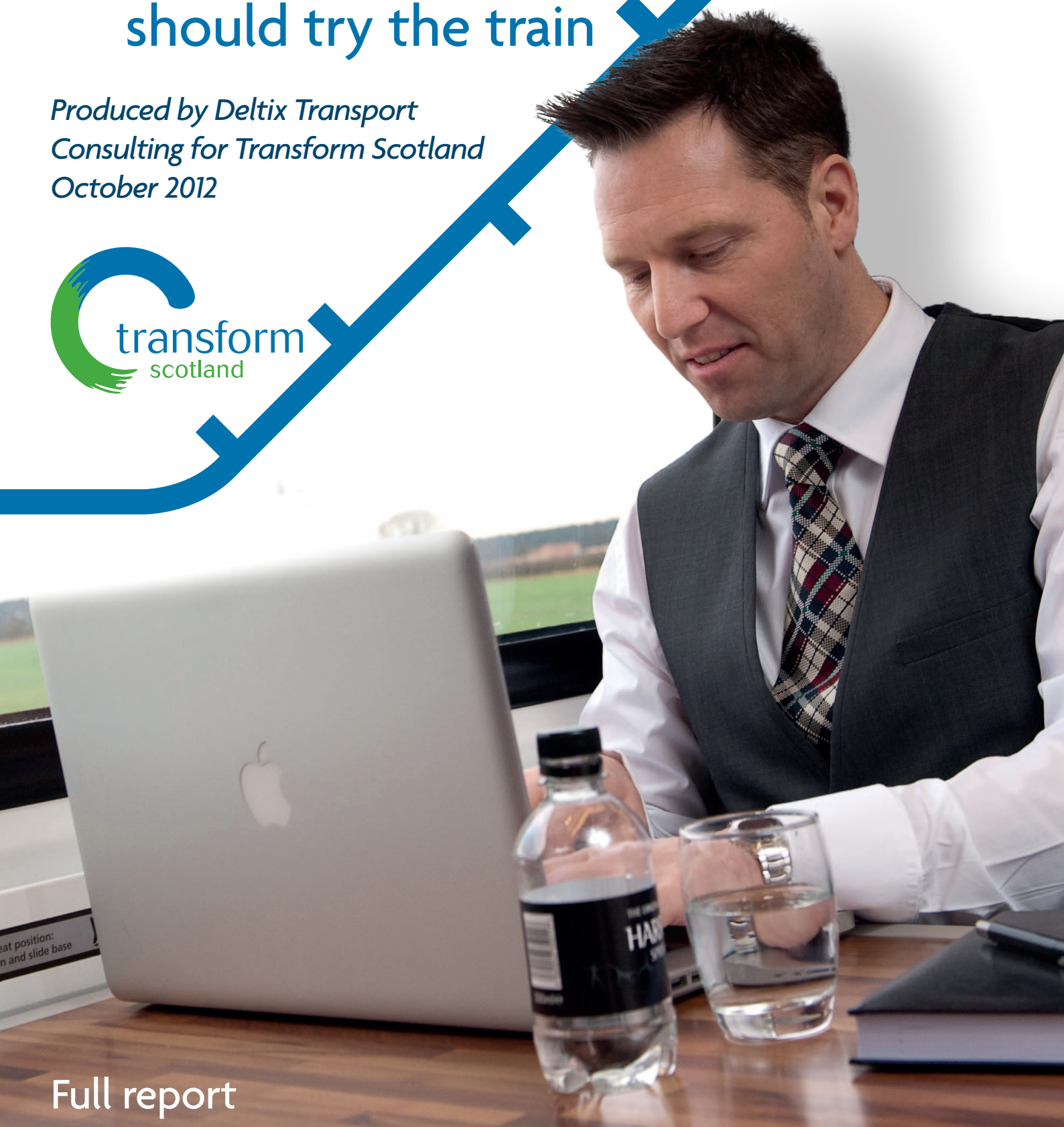


# On track for business:

## Why Scottish businesses should try the train

*Produced by Deltix Transport  
Consulting for Transform Scotland  
October 2012*



Full report



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.

# Contents

	Page
1. Brief and scope of report	3
2. Review of the 2007 <i>The Railways Mean Business</i> report	7
3. Business travel – key choice factors and the benefits of rail versus air	11
4. The greenhouse gas benefits of rail versus air	19
5. The business travel market between Edinburgh and London:	23
5.1. Introduction – key characteristics of the market	24
5.2 East Coast market strategy and service enhancements since 2007	24
5.3 The Scottish Executive Package – First Class quality at Standard Class prices	26
5.4 Rail and air – comparing the packages	28
5.5 East Coast's growing ridership	36
5.6 The perception and the reality of travel by rail	36
5.7 A high-quality, value-for-money – but under-rated – rail package	37
5.8 Case studies	38
6. Moving forward:	41
6.1 Introduction – the key selling points of rail	42
6.2 Getting the message across to business	44
6.3 Getting the message across to government / public sector	44
6.4 Further enhancements of the rail offer planned by East Coast	44
Appendix – city centre to city centre air travel journey times	46





# Brief and scope of report



# 1. Brief and scope of report

## 1.1 Brief

This new report focuses on the package of benefits which rail can provide the business traveller – 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.

In part, this report updates the successful 2007 Transform Scotland report *The Railways Mean Business*, highlighting the working time and cost benefits to the business traveller, as well as the wider environmental advantages of switching from air to rail.

## 1.2 Scope of report

The report's analysis is based on:

- a review of market research on business travel; academic studies of the value of travel time; published data on airline frequency / fares / journey times etc; and Civil Aviation Authority (CAA) and East Coast Edinburgh-London traffic data, business analyses and customer surveys
- case studies of two major Scotland-based companies taking on board the business and wider environmental benefits of switching from air to rail – RBS and Scottish & Southern Energy
- discussions with senior rail company managers
- sample journeys in First Class on four trains between Edinburgh, York and London (including the Flying Scotsman), and associated sampling of the First Class Lounge at London King's Cross

The report takes the 2007 study as its starting point, then explores generic business travel factors and the wider environmental benefits of rail versus air, before focusing on the specific circumstances of the Edinburgh-London market, and finally concluding with a number of suggestions on getting across the message on rail business travel benefits to the potential markets.









# **Review of the 2007 *The Railways Mean Business* report**

# 2. Review of the 2007 *The Railways Mean Business* report

## 2.1 Report objectives and scope

In 2007 Virgin Trains commissioned Transform Scotland to produce *The Railways Mean Business* report, evaluating the case for business travel by rail instead of air between Glasgow/Edinburgh and London. The report considered:

- whether rail was competitive with air for key aspects of business travel
- what communication messages should be used to emphasise rail's advantages to the business community, and
- where service improvements could make rail more competitive

No primary research was undertaken, rather the study drew together disparate sources of information and provided a new insight into that body of research in an accessible format designed to facilitate actions to attract more passengers from air to rail between Glasgow/Edinburgh and London. The focus of the report was on actions that could be implemented at relatively low cost and in relatively short timescales, specifically excluding large infrastructure projects.

## 2.2 Key findings of report

When considering the factors most important to business travellers, the report found that rail travel between Glasgow/Edinburgh and London was to varying degrees competitive with air travel on each factor. Notable existing benefits of rail v air were:

- higher punctuality and reliability with an on-time arrival rate averaging 84% or better, more than 20% better than air services
- the opportunity for increased productivity when compared with air travel due to a richer working environment on the train and – due to the fragmented city-centre to city-centre pattern of the air journey – a minimum of 60 minutes lost working time compared with the equivalent rail journey
- a comfortable and low-stress travel experience without the need to queue – contrasting to air travel's cramped conditions, high levels of stress, and frequent queuing
- quality catering in a pleasant environment



## 2.3 Report recommendations for increasing business travel by rail


The report recommended a number of actions which could be taken by rail operators to encourage more modal switch from air to rail for business travel, including:

- target investment and marketing so that trains are seen as a mobile office, and that travelling by rail is considered part of the working day
- provide best-of-class online ticketing across all major rail ticket websites, using recent improvements in this area as a starting point
- ensure rail is given prominence in company travel policies, and rail ticketing is fully integrated with company travel portals and travel agent booking systems
- present a straightforward fare structure and emphasise rail's value for money
- target economy class business flyers in order to capture the largest segment of the market
- consider introducing an iconic service (for example, free massage) in first class to highlight the low-stress and refreshing nature of rail travel
- encourage corporate buy-in to rail travel through joint rail operator programmes – such as an improved frequent traveller scheme and an environmental 'Green Star' scheme

Since 2007 a wide range of improvements to benefit business travellers by rail between Edinburgh and London have been carried out, initially by GNER and National Express but in particular by East Coast over the last three years. These are reviewed in Section 5.2.







FIRST CLASS

## **Business travel – key modal choice factors and the benefits of rail versus air**

# 3. Business travel – key modal choice factors and the benefits of rail versus air

## 3.1 Introduction

A variety of academic studies and business-led surveys have examined the key factors which determine choice of mode – or choice of particular service provider – by business travellers. These are reviewed generically under the headings below, while Edinburgh-London market-specific factors are drawn out in Section 5:

- **price / cost**
- **ease of ticket booking**
- **journey time**
- **frequency**
- **punctuality**
- **‘seamless travel’**
- **travel environment – on-board services**
- **productive use of journey time**



## 3.2 Price / cost

Price is clearly a key factor in choice of mode. The concept of “generalised cost” has long been recognised by transport academics as a primary determining factor in modal choice generally. This cost comprises two elements, the price and the “generalised journey time” (the latter being discussed in Section 3.3).

The importance of the price factor is illustrated by a LinkedIn poll undertaken by easyJet in March 2012 which found that among 1,274 respondents to the question “What is most important to you when switching airlines for business travel?”, out of five specified factors the second most important was “best price”, cited by 28% of respondents.

Since the advent of low-price airlines and the associated expectation of cheap domestic air travel generally, perceptions have wrongly grown that rail can typically be more expensive than air. A recent report for the environmental charity WWF<sup>1</sup> found that of 13 specified obstacles to changing travel practices in favour of less flying and greater use of alternatives (including videoconferencing), the third most frequently mentioned obstacle was the "high cost of rail travel". The same report found that of seven specified governmental / service provider initiatives in transport / videoconferencing which would "best help your company achieve greener business travel", the third most frequently mentioned initiative was "lower cost of rail travel". The study concluded that "the cost of rail travel needs to be competitive with air travel to encourage a modal shift".

In practice, however – as established by *The Railways Mean Business* report in 2007 – rail is typically cheaper than air from Central Scotland to London for journeys at similar times of the day. Current train versus plane price performance between Edinburgh and London is explored in Section 5.

### 3.3 Ease of ticket booking

With regard to ticket booking arrangements, *The Railways Mean Business* noted that:

*"the most popular method of booking business travel is self-booked online. In their survey, the British Chambers of Commerce (2006) summed up attitudes to rail as: 'Trains running on time and a simpler tariff system are the main requirements'."*

The same report also noted that:

*"with certain key exceptions, booking train tickets online can be a confusing experience especially for those who have not done it before. Given the importance of online booking to the purchasing of business tickets, it is vital that the situation is improved. And even with improved websites it is necessary to continually strive to be better. The number of business travellers booking their own tickets online has been increasing and this will likely continue (ABTN, 2007B). Furthermore, consideration needs to be given to sites other than those of Virgin Trains and GNER. For instance, research by Virgin Trains indicates that around 25% of business customers (the largest group) use TheTrainLine for journey planning (Virgin Trains, 2007C)."*

The quality of rail sales web sites has improved in the subsequent years, and as discussed in Section 5.2, East Coast has substantially upgraded its own site.

1. Moving on: why flying less means more for business, Critical Research, for WWF-UK (2011)

# 3. Business travel – key modal choice factors and the benefits of rail versus air

## 3.4 Journey time

Given the perceived and actual value of a business traveller's time to their business, a key factor in business travel modal choice is comparative journey time. A shorter journey time than the rail equivalent has long been an acknowledged advantage of air travel versus rail for trunk inter-city journeys of 300 hundred miles or more. Traditionally, as noted in *The Railways Mean Business*, the 'tipping point' from rail to air was for journeys of more than three hours' rail duration, since beyond that point air's much greater speed in flight more than compensated for rail's city centre to city centre service.

However, with increased security measures and longer queuing times at airports following 9/11 and other terrorist attacks, the tipping point – based on the length of city centre to city centre journey time, as opposed to the quality of the travel time – is now likely to be between three and four hours. This is significant in the case of East Coast's flagship 05.40 Flying Scotsman from Edinburgh to London, which completes the journey in exactly four hours.

## 3.5 Frequency

Academic analysis of modal choice by travellers is based on the key concept of the "generalised cost" of a journey, comprising two elements – the price and the "generalised journey time", the latter being a weighted sum of in-vehicle time, frequency, interchanges, access and egress times and check in time.<sup>2</sup>

The LinkedIn poll for easyJet (as noted above) found that when switching airlines for business travel, "frequency & times of flights" was by far the most important factor, cited by 47% of respondents. The other factors were "on time record" (14%), "offer flexible fares" (7%) and "corporate deal" (4%).

A key issue for air-rail comparison is that the air traveller with a return ticket will be tied not just to a particular airport (eg just one of five in the case of London) but also to one particular airline. Therefore changes of travel plans or flight cancellations can have a disproportionately negative impact compared with the parallel rail route – where generally just one rail operator provides the entire frequency of service, with greater inter-availability of tickets.



2. Meeting the UK Aviation target – options for reducing emissions to 2050, Committee on Climate Change (December 2009)



## 3.6 Punctuality

While the scheduled journey time and frequency of service are critical factors in choice of mode and/or service provider, the perceived or actual punctuality performance are also important. Deloitte's annual business traveller survey, *Taking Off in 2012*, found that for no less than 67% of respondents, "flight delays" or "security-related delays (long lines) at airports" were the biggest grievance about business travel today (the four other specified factors being hotel-related issues).

*The Railways Mean Business* report found that while there was often a perception amongst travellers that trains were 'unreliable' (in the sense that they often arrived late), official data showed that public perception was out of step with reality, with rail's punctuality rates being over 20% higher than airlines' on the Glasgow/Edinburgh to London routes. Current rail versus air punctuality performance between Edinburgh and London is explored in Section 5.4.

## 3.7 Seamless travel

The term 'seamless travel' is generally used to describe the traveller's overall experience from start to end of journey, incorporating (a) any changes of mode required en route and the ease with which the changes can be made, and/or (b) planned or unplanned disruptive processes which the traveller has to undergo within a single mode – such as progressing on foot through check-in, security and departure lounge before boarding a plane. It may also be used to describe the extent to which the traveller's ticket provides a package incorporating all the modal legs of a multi-modal journey in one transaction.

Seamless travel is generally assumed to be preferred by travellers – to avoid personal inconvenience, uncertainty, stress etc – unless there are overall cost / time savings associated with particular route options which involve modal switches. Traditionally, air travel has been chosen despite the fragmented nature of the through journey from origin to city centre destination – because of time advantages compared to rail, and more recently in the era of low-price flights a perceived cost advantage.

However, with the now widespread use of mobile phones and laptop computers, and access to these networks (and equipment charging facilities) on long-distance trains, the fragmented nature of the air journey stands in increasing contrast to the relatively seamless city-centre to city-centre rail travel experience – and its ability to provide uninterrupted blocks of 'quality time' to undertake work, as explored in Section 3.9 below.

As noted in *The Railways Mean Business*, amongst business travellers who fly waiting appears to be a major irritation. According to the American Express (2007) survey, 69% of respondents struggled with long check-in queues. The same survey also found that eliminating queues was the top demand when travellers were asked what would most enhance their flight experience, garnering a 66% response rate.

# 3. Business travel – key modal choice factors and the benefits of rail versus air

## 3.8 Travel environment – on-board services

The stereotypical airline ‘meal in a plastic tray’ is clearly not one of the key selling points of this mode of travel. In contrast, the inter-city rail catering offer can and does provide a high-quality experience, taking advantage of the longer journey time and greater on-board space to prepare, cook and serve meals and snacks.

This is particularly relevant to East Coast’s typical 4 to 4½ hour journey time from Edinburgh to London, in contrast to air’s cruising time of an hour or less for the equivalent journey. The success of East Coast’s introduction of complimentary food and drinks in First Class in May 2011 is explored in Section 5.4, together with comparisons of the range of catering offered by rail compared to air.



## 3.9 Productive use of journey time

### (i) Introduction – a changing perception of rail travel

Travel time was, and to a degree still is, regarded as ‘wasted time’ – and transport infrastructure projects have critically relied on the valuation attached to saving time for their justification. Increasingly, however, it is now recognised that business travellers can make highly productive use of their time while travelling by train – in contrast to the air travel experience.

*The Railways Mean Business* report (2007) cited growing evidence that travel time by rail, rather than being wasted time, can be and is productive for business passengers. A key academic study in that context was *The use of travel time by rail passengers in Great Britain*<sup>3</sup> which surveyed 26,221 rail passengers in 2004. The study concluded that “a substantial if not overwhelming incidence of positive utility of travel time use is revealed, especially for business travel”.

Out of no less than 14 specified activities which a traveller might undertake while on the train, “working or studying” was the activity most prevalent amongst those travelling on business.

3. The use of travel time by rail passengers in Great Britain, Lyons G, Jain J and Holley D; Centre for Transport & Society, University of the West of England (2007)

## (ii) Recent research underscores rail's growing advantages

A major study undertaken for the Department for Transport (DfT) in 2008-9<sup>4</sup> provided for the first time empirical estimates of the amount of time spent working on trains by GB rail business travellers, as well as the proportion of the latter using travel time to work on the train. In the case of the latter, the study identified a figure of some 80% (82% on the outward journey and 77% on the return) spending some time on work during the journey, compared to 67% on short-haul air services. The rail figure was a significantly higher value than the 52% obtained from the National Passenger Survey in autumn 2004, the last comparable dataset. This increase could be attributable to improved IT support on trains, such as wireless networks and charging points for laptops and mobile phones.

For those that spent some time working, the percentage of journey time spent working was 60% on the outward leg and 54% on the return leg. For both directions combined, this corresponds to 46% of journey time by all business travellers – compared to a figure of 25% (of the flight time only, ie not including the legs from/to city centre) for short-haul air travel in 2007 by members of the Institute of Directors<sup>5</sup>. Over half (56%) of the latter surveyed spent 25% or less of the flight time working.

In addition to the amount of time spent working on the train, the study for the DfT surveyed respondents on qualitative issues, ie the extent to which they considered the train environment to be as productive as the normal workplace. Across all business journey lengths, the response equated to “a 97% efficiency of working on-train compared with at-workplace” (96% in the case of journeys of 150 minutes and over). Overall, the study concluded that:

*“Rail provides for a highly effective business travel environment with much time spent working en route, unaffected by crowding when seated.”*

The study also examined the timing of work undertaken during the journey, and found that working activity peaks at a point about 30% into the journey, with a high maintenance of work level until 80% into the outward leg, but with a steeper drop-off in working activities on the return leg. The proportion of working business travellers working during the first 10% of the outward leg (eg the first 24 minutes of the 05.40 Flying Scotsman from Edinburgh to London) was 38%, rising rapidly to 75% during the ‘20th percentile’ (eg 25-48 minutes into the Flying Scotsman journey).

The extent to which business travellers undertook work on the train increased with length of journey. For those making journeys of 150 minutes or more, 87% undertook some work on the train on the outward leg and 91% on the return leg. For those travelling for this length of journey and undertaking some work during the outward journey, the most commonly cited work-related activity was “prepare for a meeting” (59%), followed by “make/receive calls” (49%), then “use laptop” (38%).

## (iii) Conclusion – a high-quality environment for working

This substantial body of research underlines that the current inter-city train offer (particularly in First Class) offers a substantially higher quality environment for productive use of travel time than the equivalent air journey. The specifics of this aspect of the Edinburgh-London business market are explored in Section 5.4 below.

4. Productive Use of Rail Travel Time and the Valuation of Travel Time Savings for Rail Business Travellers, Mott MacDonald Ltd and others for the Department for Transport (2009)  
5. High Fliers: business leaders' views on air travel, Institute of Directors (2008)





# The greenhouse gas benefits of rail versus air

# 4. 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 Railways Mean Business* Report noted that, amongst other factors, “concern over climate change has made the train an increasingly attractive alternative to flying as a full high-speed electric train emits between one-tenth and one-quarter of the carbon dioxide of an aeroplane.”

The Department for Transport (DfT) records that:

*“Total GHG (greenhouse gas) emissions from transport have increased since 1990 while emissions from other sectors have fallen. Most of the increase in total transport GHG emissions is from aviation emissions.”*<sup>6</sup>

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”*<sup>7</sup>

CBT also notes that the Tyndall Centre for Climate Change Research has predicted that the UK’s aviation emissions alone could exceed the government’s target for the country’s entire output of greenhouse gases in 2050 by up to 134%. CBT’s survey of 11 companies from a wide range of sectors found that business people:

*“prefer rail travel to flying, finding train tickets more flexible than plane tickets, stations easier to access and less stressful than airports, and trains more comfortable than planes.... And contrary to many people’s beliefs, trains can compete strongly on both cost and punctuality.”*

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 (kgCO<sub>2</sub>e) per passenger, compared with 84kg by air (and 76kg by car).<sup>8</sup> 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.”*<sup>9</sup>



6. Factsheet 5: Aviation greenhouse gas emissions, Department for Transport (2012)

7. Campaign for Better Transport web site (May 2010 update)- [http://www.bettertransport.org.uk/campaigns/climate\\_change/aviation/facts](http://www.bettertransport.org.uk/campaigns/climate_change/aviation/facts)

8. Determining the carbon footprint of the East Coast line and alternative transport modes, Best Foot Forward (2010)

9. [www.transformscotland.org.uk](http://www.transformscotland.org.uk)



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.







Reserved		
Class	Coach	Seat
First Class East Coast	1	K 22
<b>SCOTTISH EXECUTIVE PACKAGE</b>		Price <b>£229</b>
Between Edinburgh and London Kings Cross		
Package includes 3 course meal plus London Underground zones 1 and 2 ticket		

# The business travel market between Edinburgh and London

# 5. The business travel market between Edinburgh and London

## 5.1 Introduction – key characteristics of the market

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.<sup>10</sup> According to East Coast estimates, some 56% of domestic travellers on the air route are travelling for business purposes, and it is noticeable that the airport which is perhaps most associated with business travel through its proximity to the City of London – London City – was the only one of the Edinburgh-London air routes which did not experience continuous decline between 2007 and 2010.

The winter 2010 ash cloud and severe weather conditions impacted seriously on Edinburgh-London air passenger volumes – with many business travellers switching to rail, and a significant proportion of switchers remaining with rail after conditions had returned to normal. Air's partial recovery from these reduced patronage levels, allowed Edinburgh-London air travel to show some growth from 2010 to 2011, to 2.93m passengers annually, but this has to be seen in the context of the very specifically constrained circumstances of 2010.

The Edinburgh-London domestic air travel market remains heavily dominated by the Heathrow route, holding 43% of the market in 2011, followed by Gatwick (23%), Stansted (13%), London City (12%) and Luton (9%).

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.

## 5.2 East Coast market strategy and service enhancements since 2007

East Coast market strategy in recent years (including modal shift campaigns in the Edinburgh and Newcastle areas) has been based on an acknowledgement that it is the complete rail package which gives this mode its potential competitive strength versus air transport. As there has been no 'silver bullet' available, the rail message is more complex to communicate, although there has been an increasing emphasis on the price advantage for many journeys compared to air.

10. CAA Annual Airport Statistics 2005-11, Domestic Air Passenger Route Analysis, Table 12.2

A wide range of improvements has been introduced by East Coast to benefit business travellers between Edinburgh and London since the publication of *The Railways Mean Business* in 2007. These – and in particular their impacts on business ridership and rail's growing share of this market versus air – are explored later in this section, but in summary the highlights are:

- the March 2010 launch of the competitively-priced Scottish Executive Package, offering a complimentary upgrade to First Class and London Underground travel
- a major timetable upgrade in May 2011, incorporating a 4-hour journey time for the flagship 05.40 Edinburgh-London Flying Scotsman and the introduction of five more services each weekday between Edinburgh and London
- 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 average rail journey time between Edinburgh and London has reduced by nine minutes from the 4 hours 42 minutes in 2006, with the most noticeable speed-up being the 05.40 Flying Scotsman from Edinburgh, down from 4 hours 16 minutes to exactly 4 hours.



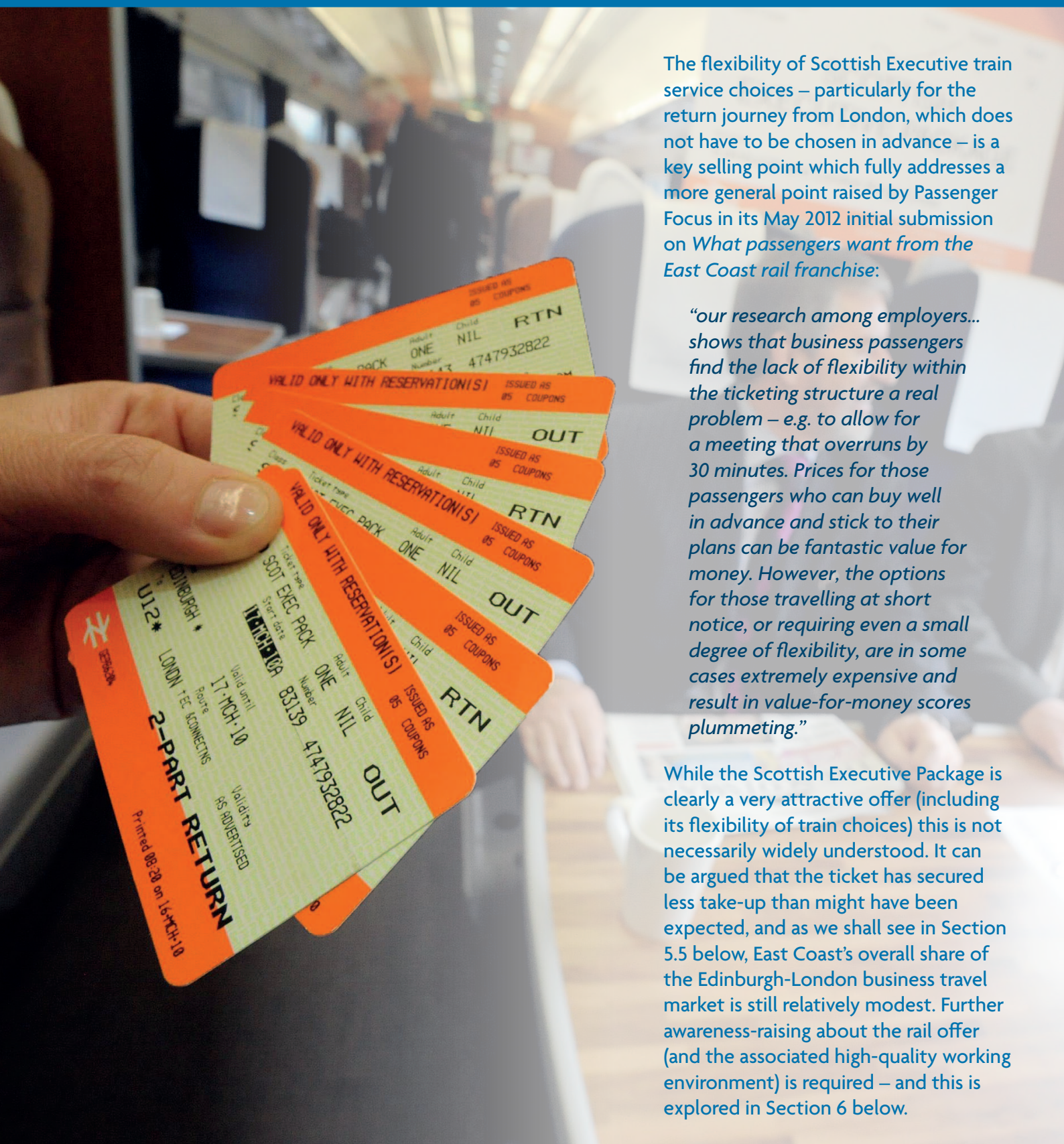
# 5. The business travel market between Edinburgh and London

## 5.3 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 for journeys originating in Edinburgh**

This package – priced as Standard Class, but offering the option of First Class facilities and services – has proved to be attractive to the business travel market, both private sector and public sector. The Scottish Executive Package is priced very competitively even before making allowance for the productive use of travel time which is possible (see Section 5.4 (viii) below) – and now represents some 17% of tickets sold on the Edinburgh-London route via East Coast's business channels.



The flexibility of Scottish Executive train service choices – particularly for the return journey from London, which does not have to be chosen in advance – is a key selling point which fully addresses a more general point raised by Passenger Focus in its May 2012 initial submission on *What passengers want from the East Coast rail franchise*:

*“our research among employers... shows that business passengers find the lack of flexibility within the ticketing structure a real problem – e.g. to allow for a meeting that overruns by 30 minutes. Prices for those passengers who can buy well in advance and stick to their plans can be fantastic value for money. However, the options for those travelling at short notice, or requiring even a small degree of flexibility, are in some cases extremely expensive and result in value-for-money scores plummeting.”*

While the Scottish Executive Package is clearly a very attractive offer (including its flexibility of train choices) this is not necessarily widely understood. It can be argued that the ticket has secured less take-up than might have been expected, and as we shall see in Section 5.5 below, East Coast’s overall share of the Edinburgh-London business travel market is still relatively modest. Further awareness-raising about the rail offer (and the associated high-quality working environment) is required – and this is explored in Section 6 below.

# 5. The business travel market between Edinburgh and London

## 5.4 Rail and air – comparing the packages

### (i) Introduction

This comparison of air and rail in the Edinburgh-London market focuses on the eight aspects of service highlighted in Section 3's generic examination of the key modal choice factors for business travel, plus two other factors – compensation for disrupted travel arrangements, and cost of changed travel plans – which also demonstrate a strong contrast of offers between the two modes on this route:

- competitive pricing
- ease of ticket booking
- journey time
- frequency
- punctuality
- seamless travel
- a high-quality travelling environment
- making productive use of journey time
- compensation
- cost of changed travel plans



## (ii) Competitive pricing

With regard to price comparisons, the latest research by East Coast – as part of a regular trawl of rail and air fares, using a robust internet-based programme – found that of 2,528 flights surveyed, 2,048 (81%) had a cheaper East Coast rail alternative arriving in London within an hour of the flight's scheduled arrival time. As this comparison excluded the significant airport to city centre transport cost, the direct value-for-money advantage of rail over most air flights for city centre to city centre journeys is very clear.

It is important to make like-for-like comparisons between air and rail, looking at fares with similar levels of flexibility, rather than, say, contrasting the price of the least flexible air ticket with the most flexible rail ticket. As dictated by economic circumstances, it is clear that a growing number of businesses have been reviewing their habitual travel arrangements and opting for the cost-saving (and value-for-money) advantages of rail between Edinburgh and London – as reflected in the ridership trends discussed in Section 5.5 below.

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.

Further flexibility in the use of rail comes with the option of purchasing single rail tickets for just one direction of travel – returning by air in order to (a) reduce total travel time within the day, or (b) avoid the necessity of an overnight stay following an extended day of business engagements in London. Alternatively, the single to London by East Coast may be complemented by returning on ScotRail's Caledonian Sleeper, allowing a full evening in London without London accommodation costs. East Coast has recently introduced a single version of the Scottish Executive Package to provide further market choice within the rail portfolio.

Rail travel involves no hidden extras such as booking fees, payment card fees or charges for luggage. East Coast allows three pieces of luggage – two larger items and one piece of hand luggage – per person. This is far more than can be taken by air without charge – and Edinburgh-London airline excess baggage charges vary from £26 to £60. However, excess baggage is not a key issue for most business travellers.

Business travellers accessing Waverley Station / Edinburgh Airport for the journey south will use a variety of modes of access dependent on their starting point and the time of day – typically car (either parked, or dropped off), taxi or bus. In the case of Waverley only, a connecting local train can be practicable, as can cycling or walking, since Edinburgh has key residential and office districts in and around the city centre. Parking charges are somewhat more expensive at the airport (£18.90 for 7-10 hours and £23.50 for 10-24 hours) than the £15 charged at Waverley for up to 24 hours – and those air travellers using the 'fastTRACK' parking and security clearance option (see Section 5.4 (iv) below) are charged £28 per day or part thereof.

# 5. The business travel market between Edinburgh and London

## (iii) 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. The East Coast website also allows customers to choose and book their own seat, and 'print at home' paper bar code tickets are also available across the Advance Purchase range, which includes the Edinburgh/King's Cross route.

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.

East Coast has developed relationships with key business travel agents or Travel Management Companies (TMCs) and also large key corporate customers using the East Coast route, with a particular emphasis on those travelling frequently between Edinburgh and London. This has included developing a bespoke business product for this market, the Scottish Executive Package, and working with these corporates to promote the product, which has, in many cases, also included discounts to make the product even more competitive versus air. Over the last few years, TMCs have vastly improved systems used for booking rail, with the majority now offering on-line self booking tools to their clients.

With a view to encouraging corporate buy-in to rail travel, significant work is being done by East Coast to target corporates known to have large air use on the Edinburgh / London route, with incentives being put in place to encourage mode switch. An improved loyalty scheme – 'East Coast Rewards' – was introduced in July 2011 for bookings via the East Coast website and there are plans to extend this to business, as detailed in Section 6.4 below.

## (iv) Journey time

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. The Appendix to this report sets out calculations of the through journey times from Edinburgh city centre via the various London airports to central London main-line station. This shows that in the case of the most popular air route (via Heathrow) the city centre to city centre journey time is typically around 3 hours 27 minutes when the (chargeable) faster security clearance service is used at Edinburgh Airport<sup>11</sup> – not substantially quicker than the 4 hours on East Coast's flagship Flying Scotsman but certainly offering a distinct time advantage over the average of 4 hours 33 minutes across all Monday-Friday East Coast services (in both directions).

Rail journey times therefore do not emulate air via Heathrow (or via London City, typically at around 3 hours 28 minutes<sup>12</sup>) on a city centre to city centre basis, and, for example, in the case of business people travelling direct from home in west Edinburgh (closer to the airport) in the early morning, the air journey time advantage over rail is more pronounced. 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 Flying Scotsman is already competitive with the other three London airports – Gatwick (typically 3 hours 57 minutes), Stansted (typically 3 hours 53 minutes) and Luton (typically 3 hours 57 minutes)<sup>13</sup> – *although it may not be perceived as being so by air travellers.*



## (v) Frequency

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, with Heathrow typically offering 17 daily, Gatwick 8, London City 6/7, Stansted 4 and Luton just 3 (on Monday-Thursday). The growth in rail frequency contrasts with the reduction in frequency of Edinburgh-London flights as demand for air travel has declined over the period since 2005.

It should also be noted that the headline frequencies at Gatwick and London City each represent the aggregation of Edinburgh-London services of two airlines – and therefore not all flights are available to the purchaser of a return ticket from a specific airline. In contrast, all the Edinburgh-King's Cross and return services daily are available to the East Coast rail traveller (subject, of course, to peak/off-peak restrictions) – and rail travellers with less flexible tickets can change their selected train by upgrading in advance of travel (see Section 5.4 (x) below).

A distinctive aspect of the rail versus air timetable contrast is air's irregular interval between services and its inconsistency of departure times past the hour. 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.

All but four of East Coast's 21 daily services to London depart on the hour or the half hour, and in the return direction all 19 depart on the hour or the half-hour, in a readily-remembered 'clockface' pattern. In contrast, air from Heathrow to Edinburgh has nine different 'minutes past the hour' departure times across 17 services.

## (vi) Punctuality

Since 2007, both rail and air between Edinburgh and London have delivered improved punctuality, and the gap between rail and air performance has narrowed – but rail still has significantly better punctuality than air, with 87.9% of trains arriving 'on time' compared to 82.6% of flights.<sup>14</sup> The latter figure only reflects the flight itself, as opposed to the other modal links in the through-journey chain.

It should also be noted that long-distance trains (including East Coast's Edinburgh-London service) 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. It would be fairer if the UK Government required reporting of delays to be standardised across modes so that passengers can make like-for-like comparisons.

11. It has been assumed that the business traveller uses the 'fastTRACK Security' service at Edinburgh Airport – which involves an additional payment. If this service is not used then 15 minutes should be added to this leg – and the city centre to city centre air journey is extended to 3 hours 42 minutes, just 18 minutes quicker than the Flying Scotsman.

12. Same caveat as per Footnote 11 above applies to flights to London City, which without use of 'fastTRACK Security' will involve an additional 15 minutes for the calculated journey time.

13. Same caveat as per Footnote 11 above applies to flights to Gatwick, Stansted and Luton, which without use of 'fastTRACK Security' will involve an additional 15 minutes for the calculated journey times.

14. National Rail Trends 2010-2011 Yearbook, ORR (2012) & Punctuality Statistics: Annual 2011, CAA (2012). For air travel, 'London' as a destination is inclusive of Gatwick, Heathrow, Luton, Stansted and London City.

# 5. The business travel market between Edinburgh and London

## (vii) Seamless travel

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.

There is just one intermediate stop on the 4-hour journey, and it is perfectly feasible to undertake the best part of 3½ hours work on the train while still leaving time for breakfast and snacks at seat. 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.

The completion of Network Rail's Western Concourse redevelopment at King's Cross incorporated a new First Class Lounge with highly convenient and uncongested access across a new pedestrian footbridge to the platforms for the return train to Edinburgh. In a recent customer survey by East Coast, 90% of First Class business travellers between Edinburgh and London rated their overall satisfaction with the train journey, taking into account station and train, as "very satisfied" or "fairly satisfied".

The stress-free nature of the rail journey contrasts with the more cramped and fragmented travel experience by air. The Appendix tabulates up to seven different legs / processes required for the city centre to city centre journey by air – very much a 'stop-start' experience, in contrast to the single, seamless journey by train.

## (viii) A high-quality travelling environment

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. In contrast airlines generally have cut back the catering offer in response to cost-competition from low-cost airlines. Lack of space on board constrains the airline offer, with limited menu choices and service on a tray.

BA offers a complimentary hot breakfast on early morning flights, with complimentary snacks and drinks throughout the day – but East Coast's complimentary meal offer to First Class (and Scottish Executive Package) customers comprises not just breakfast but also light lunch and evening meal in a considerably more spacious seated environment. In contrast to just snacks on a flight, a typical East Coast evening meal menu would comprise the following choices of main course (in addition to an appetiser, dessert or cheese, and drinks):

*Summer beef and herb casserole  
served with fresh vegetables*

*or*

*Roast tomato and vegetarian cheese tart  
garnished with mixed leaf salad and balsamic dressing  
Served with a rustic bread roll*

*or*

*Jacket potato with Coronation chicken garnished with  
mixed leaf salad and balsamic dressing*

*or*

*Ham, turkey and gherkins or  
cheese and onion sandwiches  
served with hand cooked crisps*

Of the other airlines operating between Edinburgh and London, BMI offers complimentary wraps, Cityjet drinks and snacks, but EasyJet does not provide complimentary food. In the case of air travel, any pre-flight snacks and drinks have to be paid for (within the airport) as part of the multi-modal through journey, whereas the rail equivalent is on-train free with First Class and the Scottish Executive package, and in the First Class lounges at King's Cross and Waverley. Rail passengers can also carry drinks bought at the station on to the train without restriction.

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. The large majority of seats – particularly in First Class – have clear window views, allowing customers to enjoy the passing countryside, including a number of outstandingly scenic sections in North Yorkshire, Durham, Northumberland, the Scottish Borders and East Lothian. East Coast – in both First and Standard Class – also offers passengers the choice of a Quiet Coach on each train between Edinburgh and London.

As employers have a duty of care to their employees, the quality of the rail travelling environment – particularly in First Class – represents a positive contribution to employee welfare, allowing staff for example to arrive well-prepared, refreshed and relaxed for business meetings. 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. Additional station improvements planned and/or already underway at King's Cross and Waverley will further enhance the special quality of the travel experience for Edinburgh-London customers, both business and leisure.

## **(ix) Making productive use of journey time**

East Coast has targeted investment and marketing so that trains can be seen as a ‘mobile office’, with travelling by rail considered part of the working day – as recommended in the 2007 Transform Scotland report *The Railways Mean Business*.

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. Up to four seats grouped round tables allow civilised and effective face-to-face business meetings to be held on the train journey – and when the business is concluded, these comfortable and spacious surroundings provide a convivial environment for socialising and relaxing before the end of the journey. Rail also has the advantage that a group of business travellers returning from a London meeting – but to different destinations – can still travel together and discuss business matters on the same train, for example with Person A getting off at Darlington, Person B at Newcastle, and Person C at Edinburgh. This could not be done on a plane.

# 5. The business travel market between Edinburgh and London

East Coast's complimentary food and drink offer in First Class also means that further time and expense is not incurred at the end of the journey, again adding value to the journey itself.

The total value to a business of a First Class return journey by rail between Edinburgh and London can be calculated as follows:

4.2 hours productive working time	£153 <sup>15</sup>
Use of Wi-Fi for one hour	£10
Food	£40
Hot and cold drinks (£1.50 each)	£12
Newspapers	£2
<b>TOTAL ADDED VALUE</b>	<b>£217</b>

The figure of £217 for total added value is substantially greater than the £80.86 average price differential between First and Standard Class for a round trip. Given that East Coast's research has shown that 81% of flights had a cheaper East Coast rail alternative arriving in London within an hour of the flight's scheduled arrival time, this also demonstrates the significant value-for-money advantage over air transport which First Class rail can offer the business traveller.

Wi-Fi availability on the train contrasts with the absence of such service on air flights. In 2005-6 East Coast became the first British train operator to provide a fleet-wide customer Wi-Fi service. Providing Wi-Fi at train speeds of up to 125mph does present some technical challenges, and in 2010 East Coast invested £500,000 in system hardware and development to increase the reliability and performance of the service – and in 2011 introduced real-time train running and disruption information direct to passengers' devices via the East Coast Wi-Fi portal.

The Passenger Focus National Passenger Survey published in Autumn 2011 surveyed rail passengers nationwide and found that the proportion of East Coast passengers satisfied with data coverage for internet / e-mails was higher than the national average for train operating companies, likewise in the case of mobile phone reception on the train.

15. Following publication of Productive Use of Rail Travel Time and the Valuation of Travel Time Savings for Rail Business Travellers by Mott MacDonald Ltd and others in June 2009, a further technical report / addendum on Value of Working Time and Travel Time Savings was published in December 2009. This included reference to a Value of Time of £39.09 per hour (at 2008 prices) based on the Department for Transport's 'WebTAG' transport guidance. The figure of £153 is based, conservatively, on the average 46% of rail journey time spent on working by all long-distance domestic business travellers, as identified in the 2009 study (see Section 3.6 (ii) above). The assumed rail round-trip time is 8 hours 32 minutes (4 hours southbound on the Flying Scotsman, 4 hours 32 minutes northbound).

## **(x) Compensation for delay**

In the event of delays, rail offers a much more generous compensation scheme compared to air. East Coast's 'Delay Repay' scheme applies to all ticket types and irrespective of what caused the delay. Compensation is as follows:

- customers delayed on East Coast services between 30 and 59 minutes receive compensation of at least 50% of the cost of a single ticket or at least 50% of the cost of either portion of a return ticket
- customers delayed between 60 and 119 minutes receive compensation of at least 100% of the cost of a single ticket or at least 100% of the cost of either portion of a return ticket
- customers delayed for 120 minutes or longer receive compensation of at least 100% of the cost of a single ticket or at least 100% of the cost of a return ticket (ie both ways, not just one way)

Airline compensation terms are more complex than rail, but are typically much less generous. In the case of BA for example, it is only after a delay of over two hours that 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 (in which case a full refund or a rerouted flight is offered). EasyJet provide vouchers for a meal or refreshment and two telephone calls in the event of delay by more than two hours, but no monetary compensation unless the flight is delayed by more than five hours (in which case a full refund is offered). BMI's similar refreshment policy also commences post two-hour delay of flight.

East Coast's compensation scheme is much more generous and equitable than the typical airline offer – with the rail's threshold for compensation (30 minutes delay) kicking in after just 11% delay in journey time against schedule, compared to air's typical free refreshment threshold of two hours ie 150% delay in journey time against schedule and typical monetary compensation threshold of five hours ie 375% delay in journey time. Given rail's superior punctuality performance, this represents a yet further advantage in the rail offer.

## **(xi) Cost of changed travel plans**

If an East Coast customer wishes to make changes to his/her travel plans, in the case of Advance Purchase tickets any changes must be made before the train departs, and this is then subject to a £10 administration fee plus any difference in fare. Advance Purchase fares – where the date and time of travel has been specified at the time of purchase – are sold on a 'no refund' basis should a customer decide not to travel at all for his or her own reasons.

In the case of 'Anytime' fares (including the Scottish Executive Package), if an East Coast customer decides not to travel for his or her own reasons – as opposed to train cancellations / delays – then he/she is eligible for a full refund, provided this is applied for within 28 days of the expiry date on the ticket. Anytime fares also provide the flexibility for customers to change the time and/or date of travel without extra charge.

However, in the case of BA between Edinburgh and Heathrow, if a customer wishes to cancel his/her flight, there are no refunds except for any government and airport taxes. If a BA customer wishes to change his/her date/time of travel then this incorporates a change fee of £60 or an upgrade fee of £60 plus any difference in fare.

# 5. The business travel market between Edinburgh and London

## 5.5 East Coast's growing ridership

As noted earlier, 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. In the five years to May 2011, East Coast's share of the market between London and Edinburgh almost doubled, from 13% in May 2006 to 27% in 2012.

Improvements to First Class, including the introduction of complimentary food in May 2011, generated an increase of no less than 39% in First Class journeys (including the Scottish Executive Package) between Edinburgh and London from May 2011 to May 2012. However, despite substantial growth (to 140,000 journeys pa), rail still has considerable scope to increase its current 12% share of the Edinburgh-London business travel market, as we explore below.

## 5.6 The perception and the reality of travel by rail

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 market. It would appear that there may be:

- (a) scope for more awareness of the rail offer and what it delivers in practice, and/or,
- (b) an innate resistance to changing habitual travel arrangements, and/or,
- (c) an underlying perception of the image of rail v air travel which discourages modal switch.

East Coast's own research, including focus group work, supports such conclusions. Amongst what one might describe as 'objective' barriers to use of rail, key issues include:

- rail being perceived as more expensive than air
- flying being seen as faster, even with security and boarding delays etc.

More 'subjective' barriers include – perhaps surprisingly, given the reality of the airport and on-board experience – rail being perceived as less glamorous or aspirational than air travel. Some of the established and/or recent key promotional messages about the advantages of rail travel appear to have less resonance with air travellers (and in some cases may not even be believed), eg:

- the more frequent service by rail
- rail's superior punctuality performance
- rail generating one third or less of the carbon emissions of air transport per passenger mile

In the case of the latter, however, it should be noted that while some issues may not necessarily matter greatly to the individual, the corporate attitude of his/her employer can be significantly different – and a more 'objective' approach to mode choice may come into play where travel is arranged corporately rather than by the individual (as we see in the case studies featured in Section 5.8 below). The corporate view should be more open to like-for-like cost comparisons, but perhaps above all to one aspect of rail versus air service which already has a strong resonance with individual business travellers – the scope for productive use of travel time. East Coast focus group work also shows that the Scottish Executive Package ticket has some resonance with potential business customers, but that there is considerable scope to increase its impact.

With some companies a blockage to full consideration of rail can be caused simply by the programming of travel agency computerised booking systems in which the first choice to be made by the enquirer is the mode of travel, ie train or plane, rather than an initial cross-modal selection of travel options based on price, convenience etc. Relatively modest system alterations could therefore change the visibility and perception of the East Coast offer in comparison with habitual travel arrangements.

## 5.7 A high-quality, value-for-money – but under-rated – rail package

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:

- competitive pricing with no hidden extras – epitomised by the Scottish Executive Package ticket with its First Class quality at Standard Class prices
- in the case of the 05.40 Flying Scotsman flagship train, city centre to city centre journey times similar to what air offers via three of the five London airports
- superior frequency and a regular interval timetable
- better punctuality performance than air
- more generous compensation in the event of delay and more flexibility to change travel plans
- in First Class in particular, a high-quality travelling environment enabling very productive use of travel time
- use of a transport mode which offers clear-cut greenhouse gas advantages over air travel – thereby meeting corporate and public policy objectives as well as immediate business needs.

Service enhancements introduced by East Coast in recent years have generated very impressive growth in First Class / business travel, but in the case of the Edinburgh-London market this started from a fairly low base, and market share – at 12% – is still modest relative to the quality and value of what is on offer to tempt more air passengers on to rail.

Given the attractive overall offer from East Coast – not least through the Scottish Executive Package ticket – there is clearly great scope for an increased rail share of the business travel market. There will always be opportunities to improve the rail offer – and this is explored briefly in Section 6.4 below – but it can reasonably be concluded that the high quality and competitive pricing of the current rail offer needs to be communicated in partly new and different ways if rail's substantial untapped potential in this market sector is to be realised. The opportunities to get the message across to business and the government / public sector are explored respectively in Sections 6.2 and 6.3 below.

# 5. The business travel market between Edinburgh and London

## 5.8 Edinburgh-London case studies

### (i) RBS:

RBS, the Edinburgh-headquartered financial multi-national, generates a substantial volume of national and international business travel. The company's Sustainability Report 2011, *Building a Sustainable RBS*, sets 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. A reduction in the size of the RBS business has contributed to the drop in air travel, but 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. Similar speed on the return journey would be attractive to RBS – potentially enabling a larger share of return trips to be made by rail – as would the ability to catch the train to London on the western side of Edinburgh, to match the airport's convenience for RBS Headquarters at Gogar and employees who live to the west of Edinburgh or in Fife.

RBS recognises the **productivity** benefits of being able to work on the train and has been working with East Coast to improve the compatibility of the two companies' Wi-Fi systems. An associated point is the perceived contribution to **staff health and well being** of travel by train.

As use of rail rather than air is part of RBS's corporate drive towards greater **sustainability**, the company plans to develop data recording systems which will allow the CO2 impact of switching journeys from air to rail to be measured robustly – for monitoring purposes and to allow staff to see the impact of their own actions in line with corporate social responsibility objectives.





## (ii) Scottish & Southern Energy (SSE):

Headquartered in Perth, 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.

Many staff are based in Perth, from which the nearest access point to East Coast services (other than a single daily service from Inverness to London via Perth) is Dundee. The preferred option can therefore often be the ScotRail overnight sleeper to London, with staff seeking to aggregate meetings in the south over one or more days, in order to spread the cost and travel time of one return trip over a number of business activities. Bulk purchases of sleeper tickets are made from ScotRail.

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, although there was a desire for improved Wi-Fi coverage – albeit that air can offer no flight equivalent.

**Employee welfare and safety** is also a consideration – the early morning drive from Perth to Edinburgh Airport to catch an early flight is regarded as involving greater risks than the rail alternatives.

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 (which is also achieved by reducing travel per se, and substituting video conference meetings where appropriate).

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.”*





# Moving forward

# 6. Moving forward

## 6.1 Introduction – 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. The essence of the rail message can be summarised under three headings:

### the travel experience

### value for money

### greenhouse gas performance and environmental impact

Under the 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. It should also be seen as part of a strong package featuring other key aspects of the travel experience, as set out in the table opposite.

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.

<b>KEY SELLING POINTS OF RAIL VERSUS AIR</b>	
<b>travel experience</b>	a high-quality working environment, particularly in First Class
	seamless travel without recurrent queuing and security check disruption
	just four hours to the heart of London on the flagship Flying Scotsman
	21 trains a day to London
	regular-interval, easily-remembered departure times
	significantly better punctuality than air
	quality complimentary catering in First Class
<b>value for money</b>	81% of flights have a cheaper East Coast alternative
	no hidden extra costs on East Coast
	a range of all-inclusive package deals from East Coast
	outstanding value and flexibility with the Scottish Executive Package
	much superior compensation and refund arrangements to air
<b>greenhouse gas performance and environmental impact</b>	less than one third of air's CO2 impact per passenger mile
	modal switch to rail reduces pressure for additional airport runways in South East England



# 6. Moving forward

## 6.2 Getting the message across to business

As we have seen, 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.

## 6.3 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.

## 6.4 Further enhancements of the rail offer planned by East Coast

While a central finding of this study is that East Coast already delivers a very attractive offer to the business traveller between Edinburgh and London – and that the core task is therefore to get the message across to the market in partly new and different ways – there will always be opportunities to improve some aspects of the offer. Enhancements planned by East Coast include:

- **enabling other retailers to sell East Coast's 'print at home' range of tickets**
- **a more straightforward fare structure which emphasises rail's value for money**
- **extension of the East Coast loyalty scheme to two of the biggest providers of rail travel booking to the corporate market – members will interact with the scheme in the same way as current individual members of the scheme**
- **embracing emerging 4G Wi-Fi technology with pilot services planned on the East Coast route for 2013 and increasing in line with available coverage over the following 12 months**
- **providing additional Wi-Fi value to passengers through the provision of hosted media content and free access news feeds**



# APPENDIX: City centre to city centre journey times for air travel

It has been assumed that the business traveller uses the 'fastTRACK Security' service at Edinburgh Airport – which involves an additional payment. If this service is not used then 15 minutes should be added to all air journeys quoted.

## Edinburgh to London via Heathrow

Journey Section	Minutes	Source
City Centre-> Edinburgh Airport	40	flybybus.com, Airlink shuttle, allowing 5 minutes to wait for the bus (median wait as bus runs every 10 minutes) and 5 minutes to walk to the terminal at the other end
Through security to gate	45	Estimated time in morning peak using the (chargeable) 'fastTRACK Security' service
Edinburgh -> Heathrow	85	EdinburghAirport.com, most frequent length of flight
Disembark & walk to main terminal area	10	Estimated time for disembarking and walking to the main terminal area
Walk to Heathrow Express	5	heathrowexpress.com
Wait for next train	7	heathrowexpress.com, median wait, as train runs every 15 minutes
Heathrow-> Paddington	15	heathrowexpress.com
<b>Total</b>	<b>207</b>	<b>3 hours 27 minutes</b>

## Edinburgh to London via Gatwick

Journey Section	Minutes	Source
City Centre-> Edinburgh Airport	40	flybybus.com, Airlink shuttle, allowing 5 minutes to wait for the bus (median wait as bus runs every 10 minutes) and 5 minutes to walk to the terminal at the other end
Through security to gate	45	Estimated time in morning peak using the (chargeable) 'fastTRACK Security' service
Edinburgh-> Gatwick	90	EdinburghAirport.com, most frequent length of flight
Disembark & walk to main terminal area	20	Estimated time for disembarking and walking to the main terminal area
Walk to Gatwick Express	5	gatwickexpress.com
Wait for next train	7	gatwickexpress.com, median wait, as train runs every 15 minutes
Gatwick-> Victoria	30	gatwickexpress.com
<b>Total</b>	<b>237</b>	<b>3 hours 57 minutes</b>

## Edinburgh to London via Stansted

Journey Section	Minutes	Source
City Centre-> Edinburgh Airport	40	flybybus.com, Airlink shuttle, allowing 5 minutes to wait for the bus (median wait as bus runs every 10 minutes) and 5 minutes to walk to the terminal at the other end
Through security to gate	45	Estimated time in morning peak using the (chargeable) 'fastTRACK Security' service
Edinburgh -> Stansted	80	EdinburghAirport.com, most frequent length of flight
Disembark & walk to main terminal area	10	Estimated time for disembarking and walking to the main terminal area
Walk to Stansted Airport rail station	5	Station located below main terminal area
Wait for next train	7	stanstedairport.com, median wait, as train runs every 15 minutes
Stansted-> Liverpool Street	46	stanstedairport.com
<b>Total</b>	<b>233</b>	<b>3 hours, 53 minutes</b>



## Edinburgh to London via London City

Journey Section	Minutes	Source
City Centre-> Edinburgh Airport	40	flybybus.com, Airlink shuttle, allowing 5 minutes to wait for the bus (median wait as bus runs every 10 minutes) and 5 minutes to walk to the terminal at the other end
Through security to gates	45	Estimated time in morning peak using the (chargeable) 'fastTRACK Security' service
Edinburgh-> London City	80	EdinburghAirport.com, most frequent length of flight
Disembark & walk to main terminal area	10	Time for disembarking and walking to the main terminal area (LondonCityAirport)
Walk to Docklands Light Railway station	5	Beside main terminal area
Wait for next train	5	Median wait, as train runs every 10 minutes
London City-> Tower Gateway	23	drlondon.co.uk
<b>Total</b>	<b>208</b>	<b>3 hours 28 minutes</b>

## Edinburgh to London via Luton

Journey Section	Minutes	Source
City Centre-> Edinburgh Airport	40	flybybus.com, Airlink shuttle, allowing 5 minutes to wait for the bus (median wait as bus runs every 10 minutes) and 5 minutes to walk to the terminal at the other end
Through security to gate	45	Estimated time in morning peak using the (chargeable) 'fastTRACK Security' service
Edinburgh-> Luton	75	EdinburghAirport.com, most frequent length of flight
Disembark & walk to main terminal	15	Estimated time from disembarking to walking to main terminal area
Walk to shuttle bus	5	Estimate from size of airport
Shuttle to Luton Parkway rail station	15	london-luton.co.uk, including median wait time for shuttle operating every 10 minutes
Wait for next train	6	thetrainline.com, average wait 08.30-09.16 M-F
Luton Pkwy-> St Pancras	36	thetrainline.com, average time 08.30-09.16 M-F
<b>Total</b>	<b>237</b>	<b>3 hours 57 minutes</b>





# 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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