



GILLINGHAM, UNITED KINGDOM

Commercialisation of stops and interchanges: Combining train ticket sales with other retail

Background/context

On an extensive railway system covering the south part of the London region and serving daily commuters, the challenge of managing or even developing small suburban stations is a key issue in a context of market liberalisation and franchise contracts imposing a high level of commercial risk to operators. These stations which are used mainly during morning and evening peak hours are empty during the rest of the day, which causes problems in terms of security, consistent staffing policy and financial sustainability.

This initiative has to be seen in the context of the rail liberalisation which took place in Great Britain as from 1995/1996 and which led to competitive tendering and the contracting of private operators to run trains and manage stations.

Description of the case

To ensure reliable and permanent staffing of such suburban stations, the idea implemented is the franchising of the station to a supermarket chain and to the Royal Mail, so that, in addition to their usual tasks (delivering tickets and transport information) railway employees are also able to sell supermarket goods and to act as a Post Office.

The objectives were:

- to guarantee constant activity throughout the day for people employed at the station and increase the staff activity;
- to offer additional services to rail travellers;
- to reduce the duration of off-peak time of the station; and
- to increase the attractiveness of the station.

The initiative was taken by the operator of the railway franchise (Connex at the time — now Veolia Transport) which established a successful partnership with the Costcutters supermarket chain and the Royal Mail and could establish franchising contracts allowing Connex employees to sell products and to act as post employees at the same time.

The first suburban station to be selected was Gillingham, located southeast of London, with 100 sqm of sales area.

The timeframe was:

- decision taken by end of 2000
- works in 2001
- opening: February 2002

Legislation and policy issues

There is no particular obligation for the operator apart from managing the station (as all stations served by the franchised railway "Southeastern") owned by the infrastructure company. And the operator must respect safety regulations concerning station management.

The necessary investments to transform the station had to be financed by the rail operator.

Results

- Opening times of the station: Everyday 6:30 a.m. to 8:30 p.m.
- Customers satisfaction rate: 89% (to be compared with 25% to 35% for a "classical" station)
- 65% train passengers among station customers
- Most profitable days: Fridays for the supermarket activity, Mondays and Tuesdays for the post activity
- Increase of feeling of security
- Shop's yearly turnover: EUR 535,000 Euros (80% supermarket, 20% post office)

People employed:

- Eight full time and two part time
- creation of two new jobs.

Problems

The main problem met was the staff culture, deeply influenced by the former public monopoly and trade-unions.

It was therefore decided to organise this project on a voluntary basis among the staff. Training was in that respect essential to provide the necessary culture change with two aspects:

- Technical training: three weeks
- Customer relations: three to six months

The implementation of the different brands (rail company, supermarket and post office) has to be handled with care and is an important part of the negotiations with the partners: mutual interests and a pragmatic approach (type of building, location, etc.) helped to solve the situation without big problems.

Transferability and success factors

Staff motivation is the key issue (see above) and the appropriate training was essential to convince people to change their working attitude.

The second point is the selection of reliable partners with the appropriate contracts.

An important condition for success is the type of the station:

- minimum amount of daily passengers (approx. 5,000)
- and/or lack of commercial activities and shops around the station.

This solution is transferable and had been successfully implemented by Connex in two other suburban stations in the London region.

It has been necessary to develop internal and external marketing to sell the "Connex village" to the company's personnel and to the population.

This model has been transferred to Switzerland by the national railway company SBB/CFF with the "Avec" concept and to Germany by Deutsche Bahn (DB) with the "Service Point" approach, but with the main difference that services and sales are delivered by supermarket employees, not by rail personnel. The model implemented in both cases is "a shop in a station", whereas the "Connex Village" concept is "a station as a franchised shop."

Connex had planned to transform 40 stations in the south-east of England into "Connex Villages" and was looking for other partners to develop the concept. This was unfortunately not possible due to the early termination of the Southeastern railway franchise in 2003.

Lessons learnt

The main challenge for regional and suburban railways is to find a solution to re-launch the activity of small stations. The alternative train operating companies are facing is:

- to close stations which are transformed into "unmanned stops" which could endanger the development of rail patronage, a key issue especially with contracts including more and more commercial risk on revenues for operators, or
- add new activities at stations to develop their attractiveness and to initiate the modal shift by attracting new customers to rail services.

Conclusions

As the case study showed, the last solution appears to be an excellent way to keep the station open as a local public service.

References and contacts

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