Lilian Greenwood MP  
Chair of the Transport Committee  
House of Commons  
London SW1A 0AA

28 January 2019

Dear Lilian

26-30 Railcard

Thank you for your letter dated 10 January 2019 in relation to the 26-30 Railcard. As requested, please find below responses to your questions.

1. How is the new Railcard being funded?

The Railcard is funded entirely by train operating companies (TOCs).

2. What implications will the Railcard have for train operating company revenues?

Our analysis indicates that the additional journeys taken as a result of use of the 26-30 Railcard is likely to offset any revenue lost on the individual journeys themselves, in which case the card would be generative. However, there is considerable uncertainty about these effects which is why the industry decided to trial it first. There remains some uncertainty but RDG members decided to proceed to full roll-out.

3. What assessment has the RDG made of potential take up and how do you expect take up to vary across the UK?

Over four million people are eligible for the 26-30 Railcard. We have already sold more than 100,000, which we hope is an indication that this is a popular product and will therefore sell well. In terms of take up across the UK, we expect this broadly to mirror take up of other Railcards, which generally reflect both the demographic spread across the UK and railway geography.

4. How was the 2017 pilot in East Anglia evaluated?

Initially, the intention had been to continue the national trial of the 26-30 Railcard for a full year from its launch until March 2019. However, the initial results from this national trial confirmed findings from the Anglia trial (which concluded in December 2018). Given both the clear demand, and the analysis indicating that it would prove to be revenue generative, train operators supported a full national roll-out in January. During both the Anglia and national trials (which included 10,000 people in each), RDG assessed the types of journeys people were making and how often they were travelling, but also analysed insights into how customers had previously been using other available Railcards in order to create an industry benchmark.
5. Why RDG decided to target 26-30 year-olds?

Taking into consideration research from Cebr/Asda on ‘discretionary income’ and the way people live and work today, it became apparent that those aged 26-30 did not have the level of income and spending power of previous generations. Subsequent research by RDG revealed that those aged 26-30 would benefit from discounts on their leisure journeys, allowing them to stay in touch with friends, family and explore more of Britain.

6. You have said that the new railcard is “a key milestone in the rail industry’s commitment to boost local communities by making rail travel more accessible”. Please can you explain how you will assess whether the railcard is delivering this outcome?

From the survey RDG commissioned of those who were part of the national trial, 85% stated that the 26-30 Railcard had encouraged them to make journeys to visit friends or relatives and 71% were encouraged to use the Railcard for “a day out”. Around a third were more likely to make a shopping trip, and around a fifth said they were more likely to commute, make a personal business trip or go to a sporting event using the Railcard. Satisfaction was extremely high with 98% either ‘very satisfied’ or ‘satisfied’ after three months of owning the Railcard. Similar results were extracted from the Greater Anglia surveys, with 98% of respondents either ‘very satisfied’ or ‘satisfied’ after three months and 99% either ‘very satisfied’ or ‘satisfied’ after six months of owning the Railcard.

7. What steps have you taken to publicise the new railcard?

At the time of the nationwide launch of the 26-30 Railcard on 2 January 2019 the publicity and marketing campaign was based solely on free and organic media. On and around the day we secured widespread broadcast media coverage on the BBC, ITV and Sky, with further print coverage in The Times, Telegraph, Guardian, Sun and Mirror, supplemented by extensive regional broadcast and print coverage.

The full 360-degree, multi-channel marketing campaign included social media engagement, with the @Railcards Twitter account receiving 2,000 new followers and its content having reached over 230,000. On Facebook we reached an estimated 118,000 people.

The successful marketing campaign has meant that over 115,000 people have purchased the new Railcard since its full launch earlier this month, and 75,000 of these had purchased the cards before any paid-for marketing.

8. What involvement did the Government have in the design and development of this scheme and what discussion you have had with both HM Treasury and the Department for Transport about the new railcard?

National Rail’s 26-30 Railcard was developed by the train companies. A key commitment in the industry’s long-term plan to change and improve is to boost communities by enabling more people to travel by train.

The aim of the 26-30 Railcard – as with all Railcards – is obviously to get more people to use rail. However, given that introduction of such a card involved offering reduced price tickets, it has naturally been important to work with both HM Treasury and the Department for Transport in order
to understand any potential commercial impacts. As you will know, both departments were strongly supportive of its introduction, though it is important to note that it is being funded by the industry itself without financial support from government.

9. What plans does RDG have to offer an individual discount Railcard to other groups currently excluded from the National schemes?

There are now seven National Railcards: the 16-25 Railcard, the Family & Friends Railcard, the Two-Together Railcard, the Senior Railcard, the Disabled Persons Railcard, the Network Railcard and the new 26-30 Railcard.

Each of these has been developed on a commercial basis for particular markets, where they encourage additional leisure journeys when train services are generally less busy.

In addition, there are the Job Centre and HM Forces Railcards which are considered slightly separately but provide similar benefits to those who hold them.

We receive numerous requests from people who would like to see a Railcard for the demographic to which they belong. As such, we have considered a national Railcard available to everyone, but independent research carried out for the Department of Transport has indicated that such a Railcard would have limited impact on increasing the use of rail. Therefore, we currently have no plans to extend the existing range.

It is also worth mentioning that train companies do also offer a range of cheaper ‘Advance’ Single fares to encourage travel at less busy times, as well as regional railcards.

Finally, as you will know, the RDG undertook a fares and ticketing consultation over the summer of 2018. There were almost 20,000 responses to this consultation, with 8 out of 10 respondents wanting the current system to be reformed, stressing that they wanted a system they could trust and which would be easy to navigate. They also wanted variety and a system that would meet their needs. I will soon be writing to you again with our proposals in relation to these reforms.

I hope you find this useful, but please do not hesitate to contact me if you have any further questions, or if there is any other way I can be of assistance.

Yours sincerely

Paul Plummer
Chief Executive