



POINTS AND SIGNALS:

Off-peak performers

Maximising revenues from the premium leisure market could be the difference between success and failure for GNER, argues Andrew Goodman

If you care to think about it, the passenger rail business is something of a Jekyll and Hyde. Every weekday morning, trains going into London (and every other major British city) are full-to-standing with commuters making their robotic way to the office. Trains travelling in the opposite direction during this 'peak' period are usually eerily quiet. But, come 4pm, the position is reversed.

Given these circumstances, it is hardly surprising that one of the first rules of railway economics is that to ensure commercial success a train operator must go all-out to attract business outside of these two peak periods.

It's so obvious, that readers may well be wondering why I am wasting time explaining the theory.

Well, obvious it may be, but there are still too many train operators failing to fully capitalise on what in effect is a money-for-nothing market.

I readily admit that all of them make some sort of effort to attract the off-peak traveller, but frankly it's just too piecemeal and simply not enough.

Most of the former Network SouthEast operators inherited a culture of low-fare offers for passengers travelling after the morning rush. They have, with some exceptions, maintained and grown this market. It's hardly surprising, really, as it's an easy one to promote with London offering so many attractions for the off-peak traveller. Consequently the 'spike' in travel during this period is significant.

However, far too many stations become spookily quiet, served by trains carrying only a handful of passengers, once the mid-morning rush is over. Bucking this trend is always going to be difficult as most commuter trains have little to offer in terms of luxury, being in the main a simple means of getting from A to B.



Luxury train travel can be a lucrative business.

But long distance, high-speed carriers are a very different proposition. They have the rolling stock and on-board facilities that can transform rail from a means of transport into something extra.

Take Virgin's west coast franchise as an example. Pendolinos that are used as business expresses during the peak periods, are perfect for premium fare off-peak travel. All those on-board staff waiting for the evening peak could – and should – be doling out food and drink and generally pampering the affluent 'Saga' market.

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Recently, during a series of Friday afternoon journeys from Manchester to London, I was amazed to find myself almost alone in First Class. Where were all the retired weekend worlders? No doubt watching *Countdown* on TV and selecting their next luxury cruise from the adverts.

Equally, where were the bargain-break crowd, on their way from Manchester to enjoy a trip to London for a West End show and some retail therapy? They certainly weren't on my train. Instead, they were probably checking in at Manchester airport for an easyJet or Ryanair low-cost flight.

Just as I lamented last month about the dearth of advertising for European train travel,

the lack of 'in your face' promotions for train-based leisure breaks in the UK is similarly disappointing. Rail is missing out on some valuable revenue opportunities.

Which brings me neatly to that other long distance operator, GNER; as Alan Whitehouse explains on pages 10-11, eyebrows were raised over the £1.3bn premium payments the train operator is committed to paying over the next 10 years.

But amidst all the mutterings that it has overpaid, it shouldn't be forgotten that even a modest increase in the off-peak revenues that GNER currently achieves could dramatically improve its profitability. It's also playing to GNER's strengths, as its reputation for premium quality travel is ideally suited to providing high-fare packages that are outside regulated fare capping restrictions.

And GNER could hardly be better placed to capitalise on this market as its parent company, Sea Containers, is well versed in running the UK arm of the luxury Venice Simplon Orient Express (VSOE).

The Sea Containers website offers the prospect of luxury train travel, complete with wining and dining in opulent surroundings, to cities across Britain. It's a lucrative business; by providing glitzy, up-market gin palaces on wheels, VSOE can sell tickets at eye-watering prices. And, despite being sold as a journey

rather than a means of getting to a destination, they are immensely popular – with most trains fully booked.

Of course, GNER doesn't have any Hercule Poirot-style carriages. But its Mallard services are impressive. With London, York and Edinburgh on its route, the potential is there to attract domestic and foreign travellers to enjoy a more luxurious form of travel.

So if I were Christopher Garnett, faced with the prospect of paying some very steep premium payments to the Government, I would already be looking very closely at this market. GNER's future might yet depend on attracting rich Americans, *Harry Potter* fans or the affluent 'grey pound'.