

**Define** research & insight



## **Contactless payment on Chiltern Railways research**

# Agenda

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## Introduction

1. Objectives and research approach

## Findings

2. Customer views on contactless payment (CP) in general and in transport
3. Response to a new type of ticket and travel experience enabled by CP
4. How would CP work in transport: specific procedures
5. Perceptions of rail industry and train operating companies (TOCs) in relation to CP

## Conclusions

6. Conclusions & recommendations

# Overall research objectives

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- **To understand customer views towards the use of contactless cards in general, and in transport in particular**
- **To understand customer views towards a new type of ticket intended to become available to passengers who will use CP to pay for travel**
- **To gather information needed to assist with the design on an EMV pilot on rail**



# Method - Overview

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## Qualitative

- **Twelve depth interviews** and **seven group discussions** were used to understand both how individual circumstances inform passengers views and how they are influenced by social discourse
- Respondents *who owned and used CP* were also asked to complete a **pre-task** to capture their usage and attitudes to CP
- Respondents *who had contactless cards but had not yet used them* were asked to use their card to make a contactless payment as part of an **accompanied shop/bus journey exercise** followed by an additional short interview, enabling the research to capture initial experiences and impact on perceptions of CP

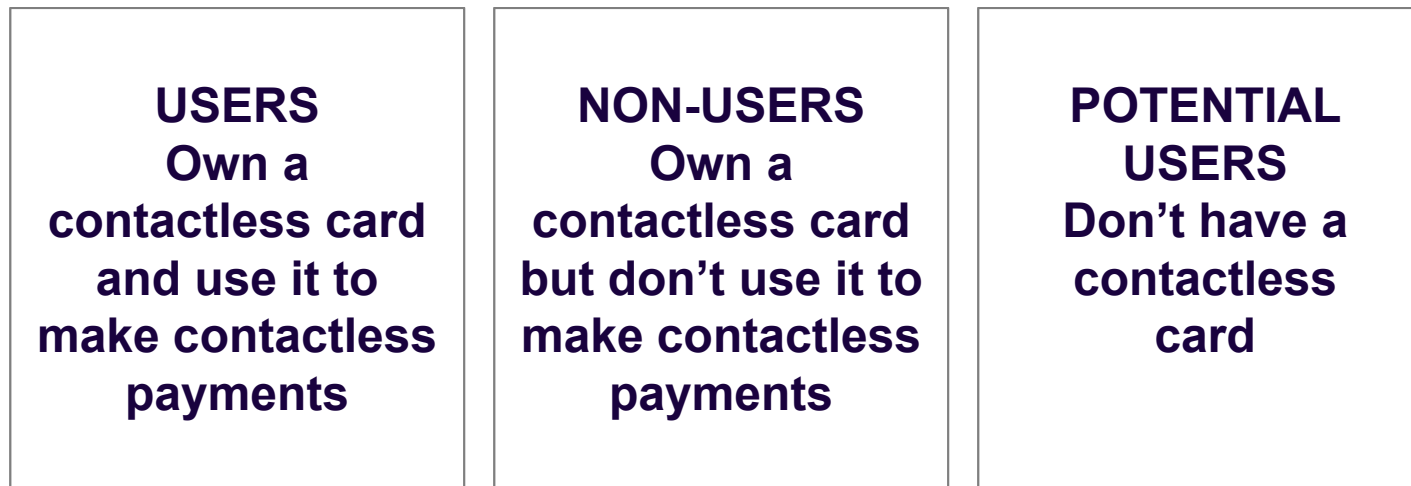
## Quantitative

- **640 face to face interviews** were undertaken with passengers who **did not have a season ticket** exploring current usage of, and attitudes towards, ticket purchasing and contactless payment
- Interviews achieved were split between four stations as follows:
  - Beaconsfield: 175
  - Oxford: 146
  - High Wycombe: 149
  - Bicester North: 170
- All interviews were conducted with people departing these stations to go elsewhere

# Qualitative sample

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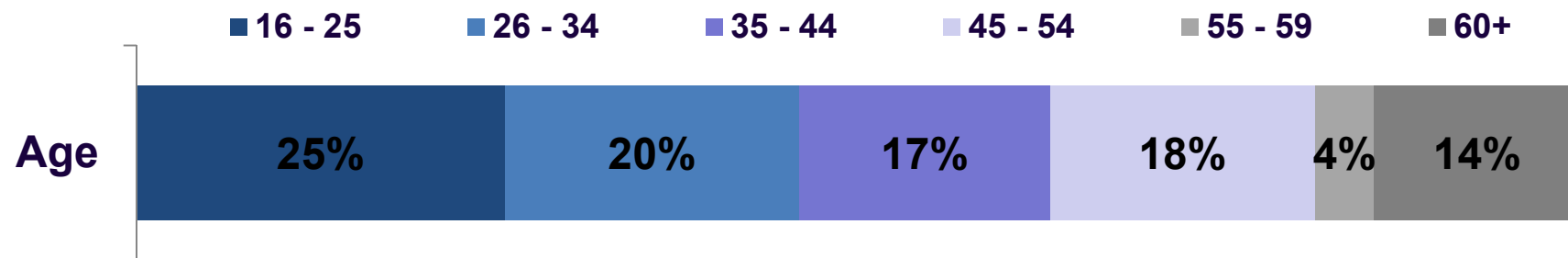
- Respondents were recruited to represent three key types in terms of contactless card ownership and usage



- Fieldwork split across 3 locations: London, Oxford and Manchester
- Fieldwork conducted between 18 February and 24 March 2014

# Quantitative sample

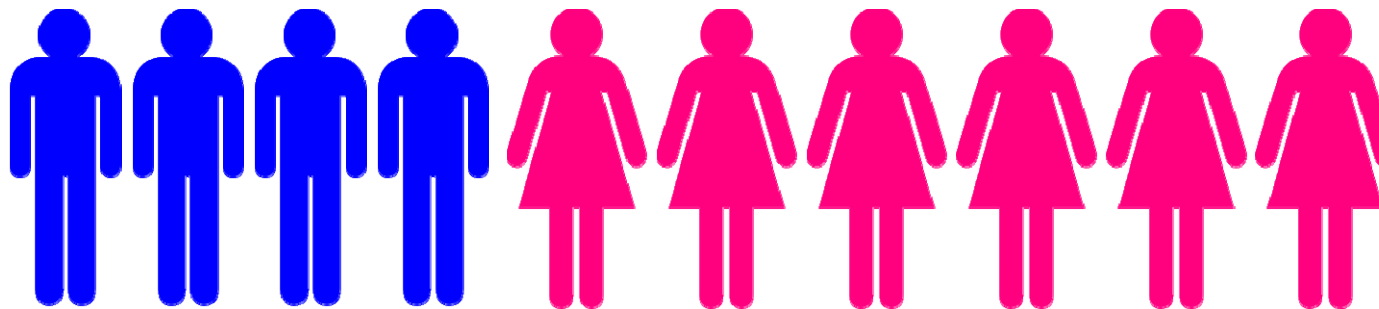
- Passengers without season tickets were interviewed face to face at Beaconsfield, Bicester North, High Wycombe and Oxford stations
- Six interviewer shifts of six hours long took place at each station
- Four weekday and two weekend shifts were carried out per station and were staggered throughout the day
- Fieldwork took place 15 – 22 March 2014



Gender:

42% Male


58% Female



## ***2. Customer views on contactless payment (CP) in general and in transport***

# Knowledge and awareness of contactless payment (1)

- Unsurprisingly, within the qualitative sample, awareness and knowledge was highest among users whereas both non-users and potential users were split in terms of how much they know



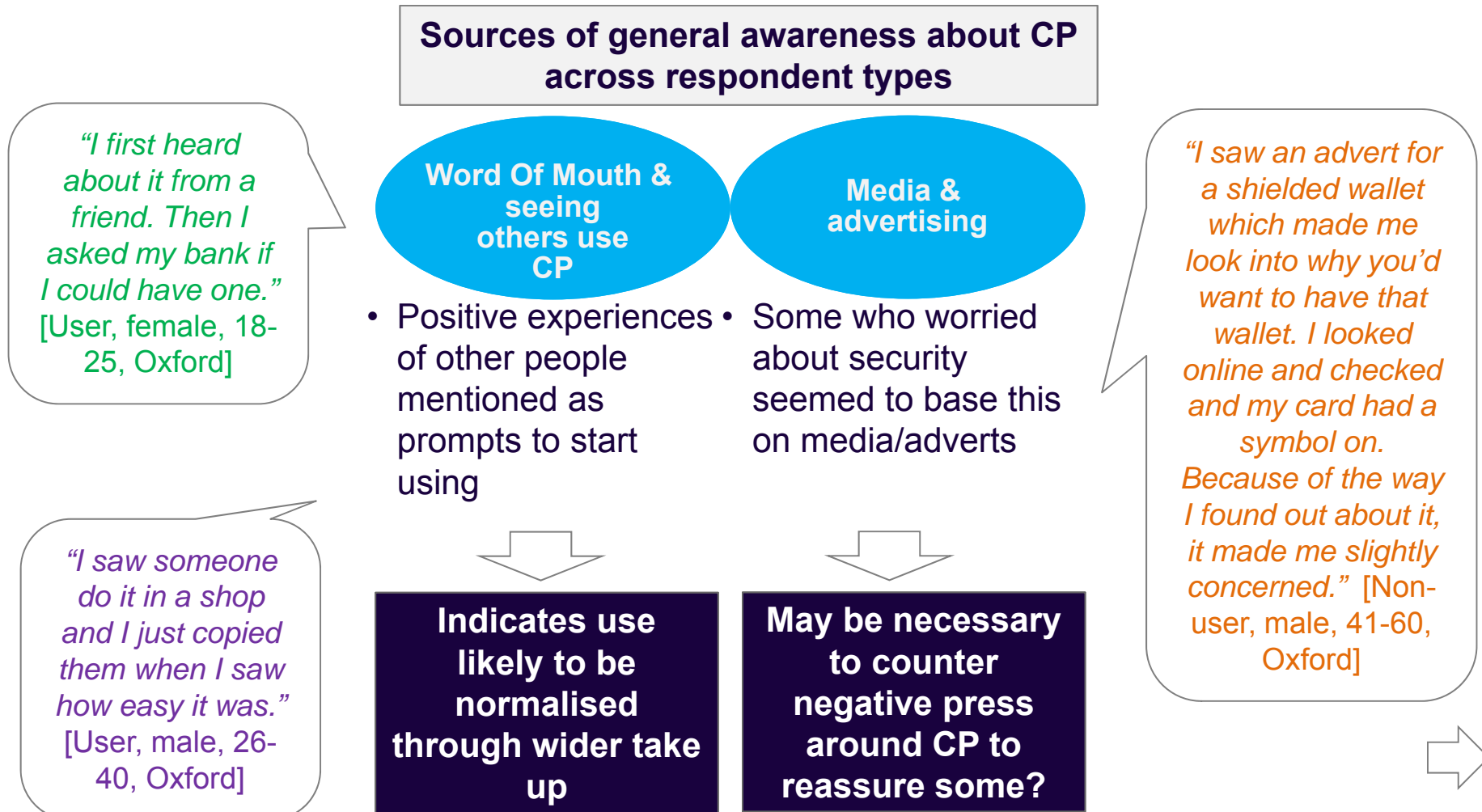
RESPONDENT TYPES	WHAT IS C. CARD?	WHAT IS IT FOR?	WHERE CAN YOU USE IT?	HOW DO YOU USE IT?
<b>Users</b>	Know it's a bank card with a chip	Know it's for purchases up to £20	Know some places where you can use it but unsure about others	Know you tap it against special readers
<b>Some Non-Users &amp; Potential Users</b>	Know it's a bank card with a chip	Know it's for small purchases but unsure about exact limit (think it's £10-25)	Have an idea of the type of places where you can use it but unsure about exact places	Know you tap it but unsure how close to the reader the card has to be
<b>Other Non-Users and Potential Users</b>	Some haven't heard about it or think it's a special card you top up	Don't know there's a limit to purchases	Don't know where you can use it	Some think you swipe it or even give verbal instructions

**Those with more limited knowledge need guidance on how to use CP for it to become a realistic payment option. However, all users demonstrated a need for clearer guidance on where CP is available**



# Knowledge and awareness of contactless payment (2)

- Different sources of information seem to lead to different perceptions of CP



# Knowledge and awareness of contactless payment (3)

How users & non-users find out they have a contactless card

Bank comms & customer support

Staff at outlets with EMV

*"I got sent a leaflet when my bank sent the card to me and that explained it."*  
[User, male, 25-40, Oxford]

- Finding out about £20 limit and PIN after 3-5 CP transactions reassured some about security
- Some found out when staff used their card to make CP leaving them either impressed or shocked

*"I first used it at a pub. I went to pay and the guy took my card, tapped it and paid for me. So, I was a bit concerned then because he didn't need me to pay with my card."*  
[User, female, 18-25, Oxford]

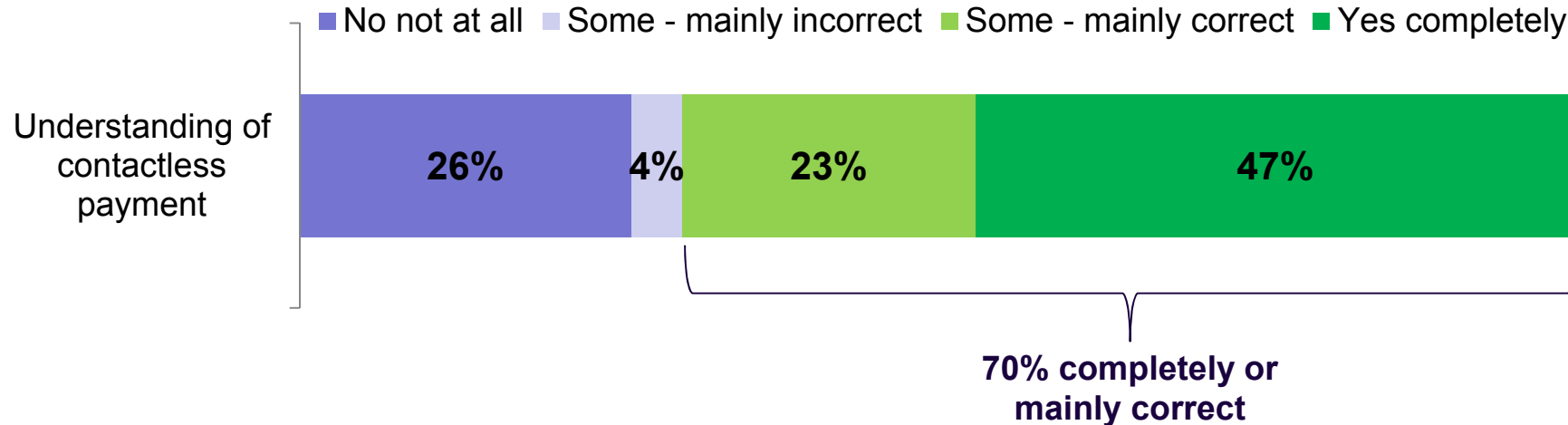
*"I think I've seen some leaflets about it in RBS, but I never read them."* [Potential user, male, 41-60+, Manchester]

Bank information crucial for reassurance around security but some ignore it

Staff role important – expected to prompt use but not use card directly

# Knowledge and awareness of contactless payment (4)

- Fairly high levels of understanding of contactless payment in our sample of passengers without season tickets, with two out of three mainly or absolutely correct in their understanding



**Widespread understanding of contactless payment, with half of passengers without season tickets very clear about what it is**

Q12. What do you understand by contactless payment with a credit or debit card? Base: All respondents (640)

Note: Respondents were asked to describe what they understood by contactless payment, interviewer who had been given a description then coded whether this was correct

**Explanation [DO NOT READ OUT. FOR INTERVIEWER REFERENCE ONLY]:**  
*Contactless payment is where your credit / debit card is embedded with a small chip which allows you to pay for purchases (up to £20) by tapping your card on specially enabled readers, rather than having to insert your card into the chip and pin machine. You can tell your card is enabled as it will show this symbol.*



# Interest in using contactless payment

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- Overall, the audience is split in terms of their interest in using contactless payment

## Open to contactless payment

### Mostly users, but also some non-users and potential users

- Perceived benefits outweigh concerns
- Some keen to be early adopters and try new technologies – like to appear ‘in the know’

*“You don’t have to count change and fiddle with your purse so it’s a lot quicker.” [User, female, 18-25, Oxford]*

## Hesitant/closed to contactless payment

### Mostly non-users and some potential users

- Security concerns too great for some – won’t take the risk
- Others do not envisage enough benefit
- Yet others unsure how and where to use it so avoid embarrassment

*“I don’t know really how it works. It seems insecure.” [Non-user, female, 18-25, Manchester]*

**Many claim to be happy to use CP despite some security concerns. Those currently closed to it need specific reassurance about security issues and information about practicalities of use**

# Ownership and use of contactless cards

- Four in ten of passengers without a season ticket in our sample have a contactless card



**The number of passengers using CP looks set to grow, with only a quarter claiming not to be interested in getting one**

Q13. Do you have a credit or debit card that is enabled for contactless payment, whether you make / have made contactless payments with it or not? Base: All respondents (640) Q14. Have you ever used the contactless facility on your debit/credit card to make a payment? Base: All respondents who have contactless card (243) Q20. How interested are you in getting or starting to use contactless payment cards in the future? Base: all who do not have contactless card (345)

# Attitudes to contactless payment – Benefits / drivers (1)

- Both qualitative and quantitative data show **speed and ease of payment** are the most appealing benefits particularly for time pressured transactions

## Speed of payment

*70 per cent of our sample of passengers using contactless cited speed as a reason*

- Many are interested in CP *if queues can be avoided*
  - However, some non-users and potential users question this benefit in the context of retail and services as they can't see how CP would help them avoid queues
- A few users also appreciate saving time and effort by not needing to insert their card and enter their PIN

*"I normally use mine if I go to buy a lunch at M&S and then it's WOOSH, job done!" [User, female, 18-25, Oxford]*

*"It's such a great idea! So quickly, flash your card and off you go! No waiting around... it's marvellous." [User, female, 60+, London]*

*"I have doubts you would avoid a queue if everyone is coming with contactless cards. It would save a few seconds when you actually get to the head of the queue but I can't imagine it would be a self-service." [Non-user, male, 41-60, Oxford]*

# Attitudes to contactless payment – Benefits / drivers (2)

## Ease of payment

**42 per cent of passengers in our sample using contactless cited ease as a reason**

- Potential to make paying for small purchases easier as it is **seen to replace cash** in certain circumstances
  - Preferable as it removes the need for carrying and counting out change
  - Particularly beneficial where the exact change is needed (e.g. parking machines, vending machines) or where card payments are not accepted, e.g. for small purchases in certain retailers

*“Anything that’s less hassle is always of interest, particularly as I get older.”* [Potential user, female, 60+, Manchester]

*“It’s just small items, snacks, coffee, cigarettes, it’s so you don’t have to have a load of change all the time, people don’t carry change anymore.”* [User, male, 26-40, Oxford]

*“A great idea would be contactless payment for parking! Tapping it on a parking meter! I never have the change.”* [Non-user, female, 26-40, London]

**Contactless payment is seen as most appealing in those situations where it can help avoid/significantly reduce queuing time and remove the need to pay by cash**

# Attitudes to contactless payment – Benefits / drivers (3)

- **Emotional drivers** for using CP are also evident in both qualitative and quantitative data

**Appeal of being  
'early adopter'**

**3 per cent of  
passengers using  
contactless in our  
sample said they enjoy  
using technology**

- For some users, there is an additional emotional benefit in being an 'early adopter' of new technology
  - Being 'amongst a minority of people with CP' feels exclusive/ahead of others
  - Pleasure in using CP at point of payment as it makes them feel 'in the know'

Some younger respondents report enjoying others looking at them when using CP

*"I like swiping it. It's a sense of power, people looking at you. It's quite good. sometimes people want to do it with theirs but it's not contactless."* [User, male, 18-25, Oxford]

*"You feel you're a bit ahead of others because not everyone has it. It's new tech and everyone likes being in with new things coming."* [User, female, 18-25, Oxford]

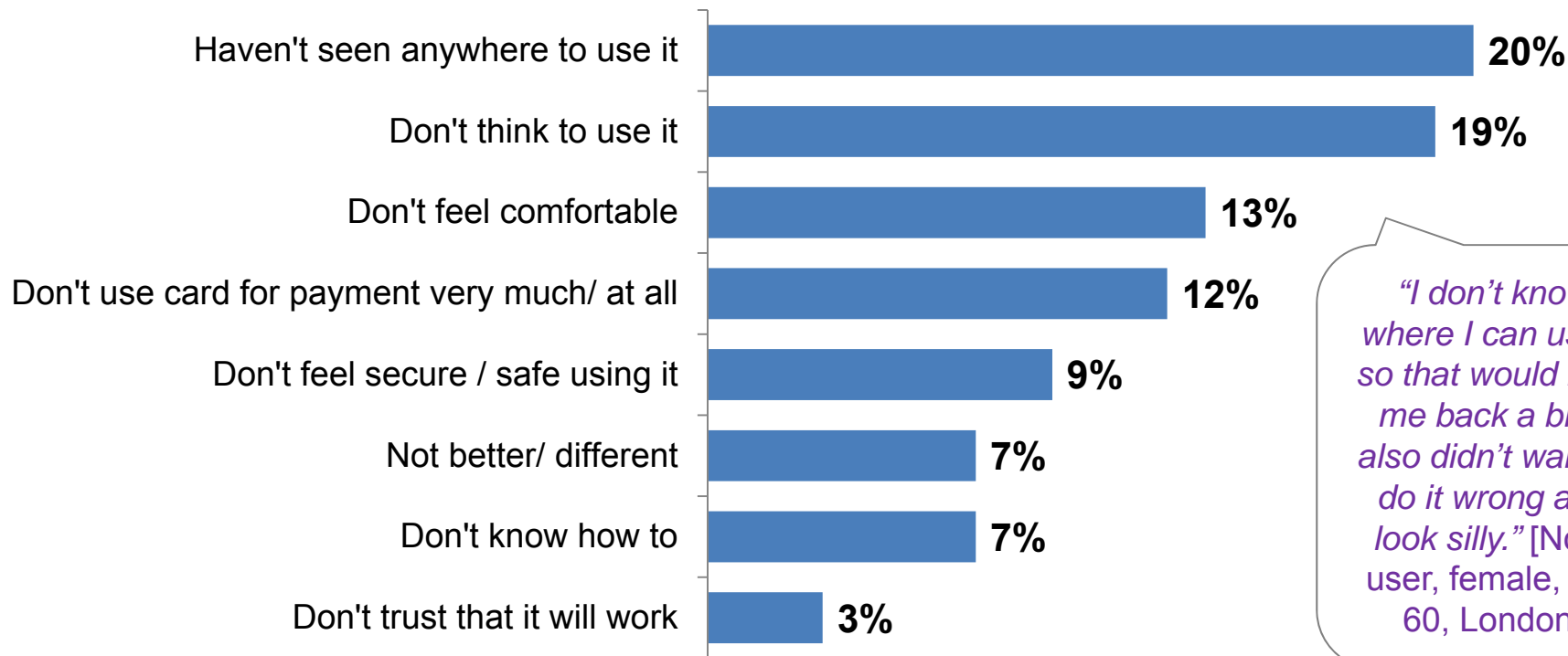
**There is potential to build on these feelings in communicating about contactless payment as modern and innovative**



# Attitudes to contactless payment – Barriers / concerns (1)

- There was a **broad range of barriers** to using contactless amongst those who *had the cards and either used them infrequently or not at all*

## Reasons for not using contactless



**The main barriers to using contactless for passengers without season tickets in our sample , are about availability and force of habit rather than objections to doing so**

Q17. Why don't you use the contactless facility on your debit/credit card more often? Base: All those who use the contactless facility on debit/credit card less than once every two weeks (36) Q18. Why you haven't you used the contactless payment facility on your credit /debit card? Base; All answering who have not used contactless card (63)

# Attitudes to contactless payment – Barriers / concerns (2)

- **Perceived security weaknesses** were the most widely cited concern in the qualitative sample, but particularly emphasised by some non-users as a barrier

**Ease of fraudulent usage**

**9 per cent of passengers who have not used their contactless card cited security as a reason**

*“Any person with your card could just walk in and use it.” [Potential user, male, 60+, London]*

- Lack of identification requirement led to a concern that the card could be used by anyone if lost/stolen and that this made it more appealing to thieves
- Many non-users thought they protected themselves against the risk of fraud by not using their card contactlessly – a few even seemed to think they would have to activate the contactless facility on their card for it to work, so felt safe because they hadn't 'activated it'
- Knowledge of the £20 limit was reassuring for some but many are unaware of the limit on the number of transactions and worry it could be used repeatedly
- That there is a maximum number of contactless transactions per day before the PIN is required, reassured many

**Clear information on the maximum number of transactions per day is important to alleviate security concerns of many (but not all) within audience**

Q17. Why don't you use the contactless facility on your debit/credit card more often? Base: All those who use the contactless facility on debit/credit card less than once every two weeks (36) Q18. Why you haven't you used the contactless payment facility on your credit/debit card? Base: All those who have not used contactless card (63)

# Attitudes to contactless payment – Barriers / concerns (3)

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## Double/wrong payment

*13 per cent of passengers who have not used their contactless card said this was because they don't feel comfortable using it*

- Some worry they could be charged twice for the same payment or pay for someone else without knowing, but this is largely fuelled by media coverage rather than experience
  - e.g. some saw ads for 'shielded wallets' to avoid this
- This puts off some as it provokes anxiety about whether the correct payment was taken, and the hassle of having to retrieve money in case of a problem exacerbates negativity

## Hacking

- Those less familiar with CP are unsure about how close the card needs to be to the reader and fear that someone could scan their card through their wallet as they passed by

**Clear information about how to avoid double payment and explaining about the necessary proximity of the card to the reader for transactions to work, will be important to address these concerns**

Q17. Why don't you use the contactless facility on your debit/credit card more often? Base: All those who use the contactless facility on debit/credit card less than once every two weeks (36) Q18. Why you haven't you used the contactless payment facility on your credit /debit card? Base: All those who have not used contactless card (63)

# Attitudes to contactless payment – Barriers / concerns (4)

- Other barriers mentioned reduced likelihood or desire to use CP

## Lack of information

*20 per cent of passengers who have not used their contactless card said this was because they haven't seen anywhere to use it*

*7% said this was because they didn't know how to*

- Some respondents willing to use it but lack 'know how'
  - Unsure where CP facilities are in place and how to use them i.e. how to hold card against reader
- Users also complain about lack of knowledge amongst staff in outlets with CP and poor signage

*"I didn't fully understand how it worked." [Non-user, female, 18-24, Manchester]*

*"Even in shops where you can pay in this way they are not bothering to encourage people to use it. They just ask you to enter your PIN." [Non-user, male, 18-25, Manchester]*

*"I still don't know where to use it, I am rushing in and out of coffee shops, I won't be checking if they have it." [Non-user, female, 41-60, London]*

Q17. Why don't you use the contactless facility on your debit/credit card more often? Base: All those who use the contactless facility on debit/credit card less than once every two weeks (36) Q18. Why you haven't you used the contactless payment facility on your credit /debit card? Base: All those who have not used contactless card (63)

# Attitudes to contactless payment – Barriers / concerns (5)

## Lack of clear benefits

**7 per cent of passengers who have not used their contactless card cited no clear benefit as a reason**

- Some non-users and potential users struggled to see benefits of CP so think it's not worth bothering
  - Can't see how it would save them time as negligible impact on queuing in many sectors (retail, services)
  - Don't need their payments to be faster – happy with chip and PIN
  - A few find £20 limit unhelpful as it makes CP irrelevant to many purchases they make thus reducing its benefits

*"We're in a society where everything needs to be quicker and quicker but typing your PIN doesn't take that long." [Non-user, female, 18-25, Manchester]*

*"The biggest time is waiting in the queue, not paying, so you wouldn't save much time." [Non-user, male, 41-60, Oxford]*

**Educating consumers about contactless payment and prompting usage in-situ through staff and clearer signage, will be important to encourage wider take up**

Q17. Why don't you use the contactless facility on your debit/credit card more often? Base: All those who use the contactless facility on debit/credit card less than once every two weeks (36) Q18. Why you haven't you used the contactless payment facility on your credit /debit card? Base: All those who have not used contactless card (63)

# Current usage – overall experience (1)

*“I thought it would be more complicated, but it’s incredibly easy! I would use it again now I know it’s so easy!” [Non-user, female, 26-40, London]*

- Users’ journeys as well as non-users’ experience during **accompanied shops/journeys** suggest **barriers reduce with actual usage**

## First experience

- Some unsure at first whether ‘it worked’, i.e. whether the payment has gone through
- Those who used it on buses slightly taken aback by lack of receipt
- But all struck by how easy it was making them want to use it again

## Subsequent usage

- Some cautious at first, making smaller purchases and checking receipts and bank statements to see if payments correct
- Once they trust a particular retailer, they relax about that particular place of usage but still may check others
- After using their card for a while with no problems they relax further and some stop checking their bank statements but may still not want to use it in all cases, e.g. if in crowded space

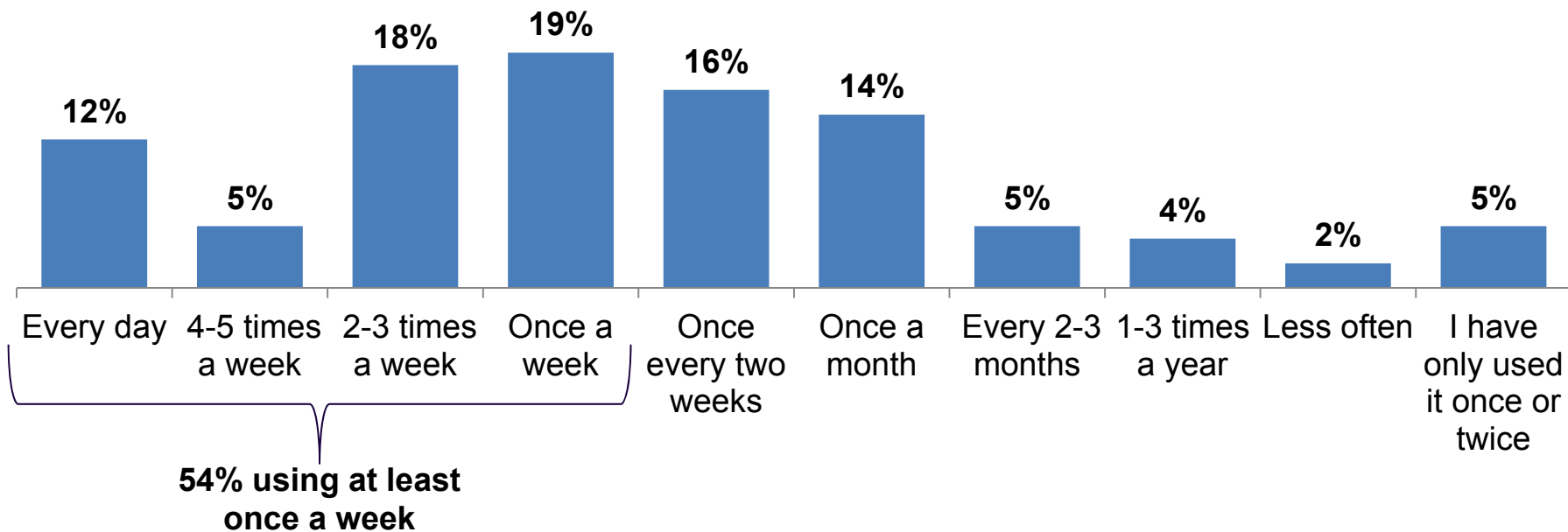
*“You do think oh has it gone through? I do always check my statement... I’m careful with that anyway.” [User, female, 60+, London]*

**Qualitative data highlights that the customer journey with contactless payment is generally positive. Users’ initial concerns diminish when they use contactless payment and discover its benefits**

## Current usage – frequency (2)

- Amongst those passengers without a season ticket who have and are using contactless cards (54%) over half are using once a week or more

Frequency of Using Contactless



**When passengers without a season ticket start using contactless payment it appears to become a regular activity**

## Current usage – where it is used (3)

- Passengers who use contactless payment (38 per cent) mainly use it for purchases led by convenience and time saving



Lunch Food

**47%**



Groceries

**47%**



Hot Drinks

**45%**



Travel

**24%**



Dining Out

**22%**



Post Office

**13%**



Toiletries

**8%**



Key Cutting

**2%**

**A quarter of passengers without a season ticket (in our locations) who have a CP card are already using contactless to pay for travel by bus**

Q19. And what kind of things have you paid for using the contactless facility on your credit/debit card? Base: All those who have used contactless card (167)



## Current usage – where it is used (4)

*“It’s not rolled out enough. It’s not widespread enough to become like a norm.” [Non-user, female, 18-25, Manchester]*

- The range of places where contactless payment can be used is seen as limited



### Types of purchases

- Users are often frustrated at the uncertainty over where CP is available and where it isn’t
- Most find the £20 limit appropriate to the extent that it reduces the security risk
- But some users and potential users want to set their own (higher) limit to be able to pay for a greater range of purchases, e.g. for grocery shopping and clothes over £20

*“I did hear it’s limited to £20, so that’s good, you can’t spend an extortionate amount of money.” [Non-user, female, 26-40, London]*



### Considerations

- Some users are less confident about using it in certain situations
  - More confident about using it with well-known retailers as more confident their systems work
  - Wary of using CP in open spaces for fears of card getting stolen

**Users would welcome further rolling out of CP as they seek to have the same speed and ease of payment elsewhere**

# What this means for transport

- When applied to transport, most benefits and concerns generally linked to contactless payment become even more significant

**Speed of payment** seen as a bigger benefit in transport than in retail – helps avoid queues!



Rail and tube stations seen as crowded so security concerns exacerbated

**Ease of payment** very relevant to buses – replacing cash so making payment less of a hassle



Greater uncertainty about how it works  
- £20 limit and number of transactions without PIN queried

**Speed of payment is a big draw in the case of travel. It makes many interested in CP despite security concerns, provided they don't have to take the card out of their wallet to make a contactless payment**

# Transport specific response to CP? (1)

- Widespread familiarity with Oyster means using CP to pay for travel isn't a completely new idea for many



- Respondents in London and Oxford were generally familiar with Oyster so more aware of the tapping in and out system
- Perceptions of Oyster are that it's cheap and that it works – this leads to expectation and desire that CP is same
- When compared to Oyster, some think CP more advantageous as it is applicable both in transport and beyond and there's no need to top up

**57 per cent of our sample of passengers have used Oyster**

*"If contactless was accepted everywhere, I may just drop the Oyster."* [Non-user, female, 26-40, London]

**Oyster's good reputation primes some to have positive expectations of CP in transport → cheap and efficient. Additional benefits are wider applicability and no need for topping up. There is therefore potential to introduce CP as an advantageous development in relation to smartcards such as Oyster; however, caution is needed regarding expectations of discounts**

# Transport-specific response to CP? (2)

- ***Not being able to see the price before paying and lack of receipts*** mentioned spontaneously as major characteristics of CP specific to transport



- Seen to open up the possibilities of unforeseen cost and raises alarm for passengers



- Also raises questions around proof of payment and monitoring one's spending

*"If you get the timing wrong, you could pay a lot more to travel to London."* [Non-user, male, 41-60, London]



*"That's the bad thing about it you don't know really what you're paying."* [Non-user, male, 41-60, Manchester]

**Respondents could see further transport-specific benefits and drawbacks of using CP to pay for travel once they considered the proposition for a new type of ticket and travel experience enabled by CP. These are discussed in the next section.**

***4. Response to a new type of ticket and travel experience enabled by CP***

## The proposition – A new type of ticket

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**Travel all day on the train and then on all public transport in London / Manchester without having to choose which tickets to buy. At the end of the day, the best fare available to you for the combination of journeys you made will be calculated automatically and this amount will be deducted from your account.**

**(...) The maximum amount you could be charged is the cost of a day return with travelcard and if you travelled less than you will pay less than that.**

Note: To be able to understand the appeal of the proposition in itself, we explored response to it separately and in combination with CP

## Key benefits of the proposition (without CP)

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- Qualitative data highlight that the **key benefits** of the proposition are perceived to be *allowing for greater flexibility of travel, less planning ahead of travel and money-saving opportunities*

### Flexibility

- Allows for change of plans during the day of travel rather than being constrained by a ticket bought in advance

### Less planning

- No need to decide in advance which ticket to buy so it saves time and effort that goes into planning travel and choosing a ticket

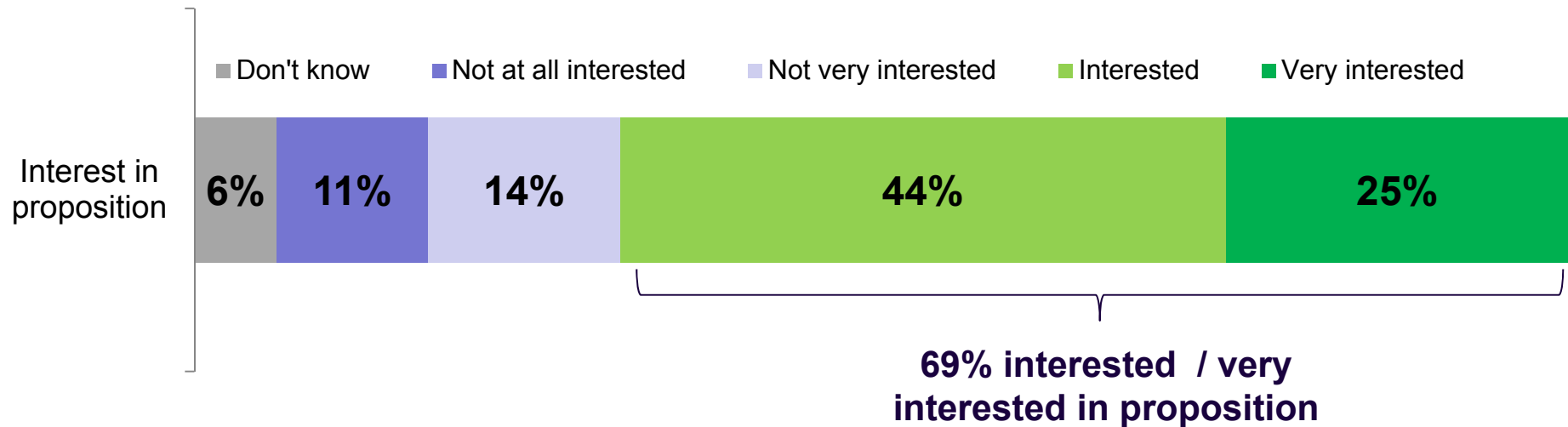
### Saving money

- Could help some to save money on unnecessary tickets, e.g. no need to buy a travelcard when going to London if not certain it's needed

**Overall, this type of ticket appeals to passengers as they welcome the more relaxed, convenient and easier travel experience it enables**

# Quantitative response to the proposition (without CP)

- Two thirds of passengers without a season ticket expressed interest



**There is a positive response to the proposition amongst a high proportion of passengers in our sample without a season ticket**

Q11. Train companies are interested in developing new ways for passengers to pay for their travel. In principle, how interested are you in the following idea: Instead of buying a ticket before you travel on the day, you could travel all day on the train and then on public transport in London without having to choose which tickets to buy during the day. At the end of each day, you would be charged the best combined fare for all the journeys you made. Are you... Base: All respondents (634)



# Relevance of the proposition to type of travel

“If you haven’t pre-planned for your travel to London you’re going to pay the full whack.”  
 [Non-user, male, 41-60, Oxford]

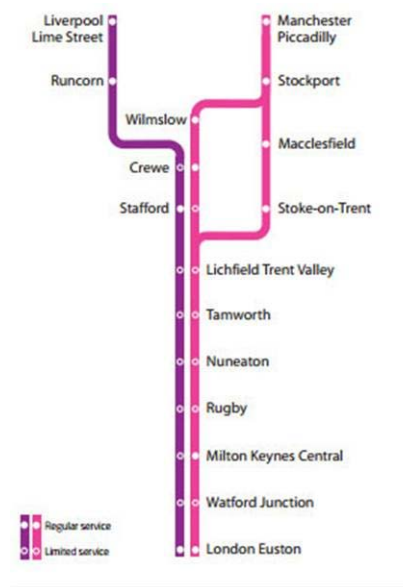
- Qualitative discussion highlighted that the appeal of the ticket depended on the type of travel respondents considered in terms of distance and price

Greater appeal for local / cheaper travel

Lower appeal for longer distance / more expensive travel



- Advance planning to ensure the most cost effective fare is less important because of cheaper fares

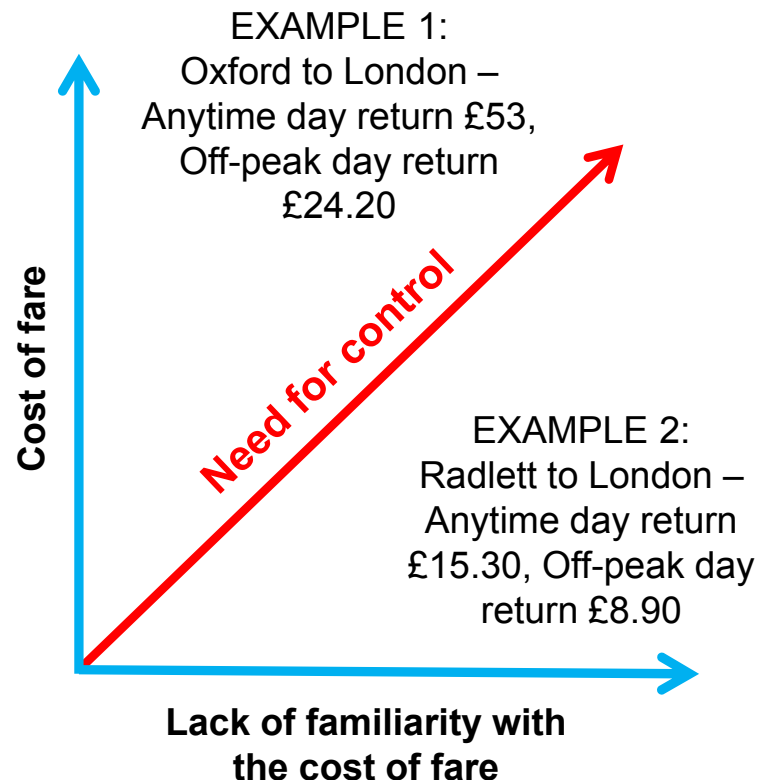


- Control over choosing a ticket is more important because:
  - More expensive travel so tend to buy advance tickets to reduce cost
  - Level of choice of ticket type seen as high
  - Differences between fares seen as considerable depending on route and timing

The proposition is therefore seen as primarily beneficial for local/cheaper travel and the appeal of the proposition diminishes as passengers worry about making an expensive journey without realising

# Lack of control a major barrier

- Consequently, wanting to keep control over choosing ticket is the biggest barrier to the proposition when considered for longer distance travel



- The importance of this concern is directly linked to the anticipated cost of travel and familiarity with the cost of fare:
  - The higher the anticipated fare was and the less familiar with the cost of fare passengers were, the more relevant the barrier became
- Differences in cost between different ticket fares also seen as considerable so planning more important to avoid expensive journeys

*“The train system is so expensive and complicated to get the best prices so you have to plan in advance.” [Non-user, male, 41-60, Oxford]*

**Beyond local/cheaper travel, the proposition is likely to be more relevant to those passengers making routine journeys who are familiar with the fare prices for those journeys. To make the proposition more relevant even to journeys passengers are unfamiliar with, TOCs would need to provide some form of advance knowledge of fares to passengers**

## Other barriers – cost-saving aspect questioned

- In addition, not everyone thought they would save money by travelling in this way and some thought 'best fare guarantee' meant discounts

*"What if I was travelling with children? Would you get a group ticket?"* [Non-user, female, 41-60, Manchester]

No cheaper fares than I would be able to buy elsewhere!

Can I make savings on return journeys that go beyond the day of travel?

It may be the best fare but for a very expensive journey!

Will it come with exclusive discounted fares?

*"What if you were coming back in a week? Would it give you a return ticket?"* [Non-user, female, 18-26, Oxford]

**Caution is needed to ensure that passengers do not misinterpret 'best fare guaranteed' as discounted tickets**

## Proposition with contactless payment as a feature

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**Use your contactless card for your travel. Just tap the card in and tap out of the electronic readers, so your journeys are recorded.**

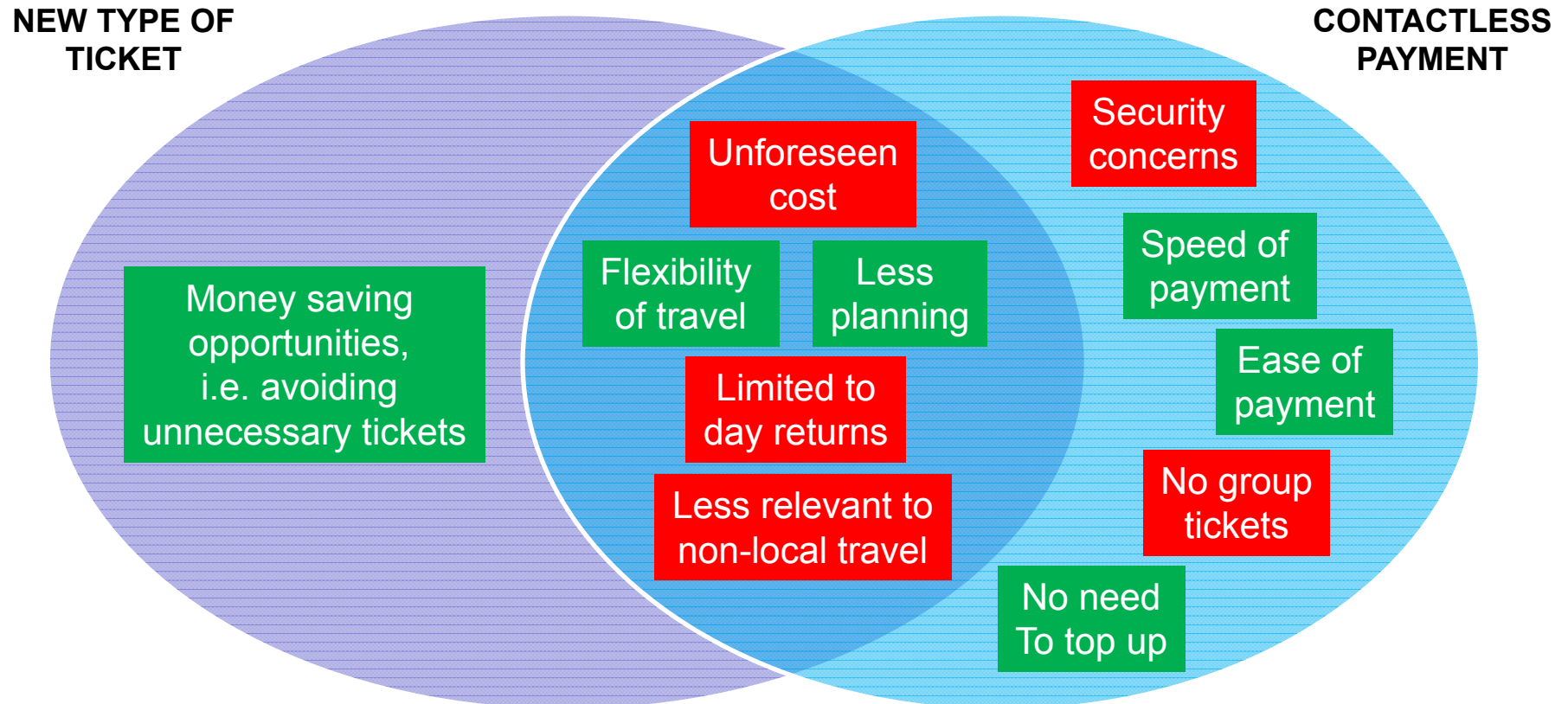
**You'll be able to travel all day on the train and on public transport in London / Manchester without having to choose which tickets to buy.**

**At the end of the day, the best fare available to you for the combination of journeys you made will be calculated automatically and this amount will be deducted from your account.**

Note: Once benefits and drawbacks of the proposition per se were explored, we then looked at audience response to it when combined with CP

# Combined response to the proposition using CP (1)

- Qualitative discussion revealed specific contributions of CP and the proposition, and where they overlap in terms of passengers' response



**Respondents differed in their focus on the relative benefits and drawbacks leading to varying levels of acceptance of the proposition combined with CP**

# Combined response to the proposition using CP (2)

- When prompted to look at the proposition in terms of specific attributes, respondents generally agreed the proposition with CP fits some key attributes but not all



- Most respondents agreed that the proposition with CP allowed for a **flexible, convenient and simple travel experience** and that introducing this technology on transport was **leading edge**.

*“Tailored is questionable because it’s not specifically designed for you.”*

[User, female, 60+, London]



- They agreed it could offer **value for money** to an extent (e.g. through avoiding buying travelcards) but some expected special discounts and to be able to buy all current discounted tickets, so would be disappointed if that wasn’t the case
- They agreed it was **tailored** to the extent that they were charged for the journeys they made but wanted it to be tailored further so they could set their own limits in terms of amounts they could spend through CP, and also add their concessionary cards to their CP account so they are charged discounted rates when paying through CP



- Many did not agree it was **secure** primarily because of security concerns over CP in general but also because of the risk of unforeseen cost

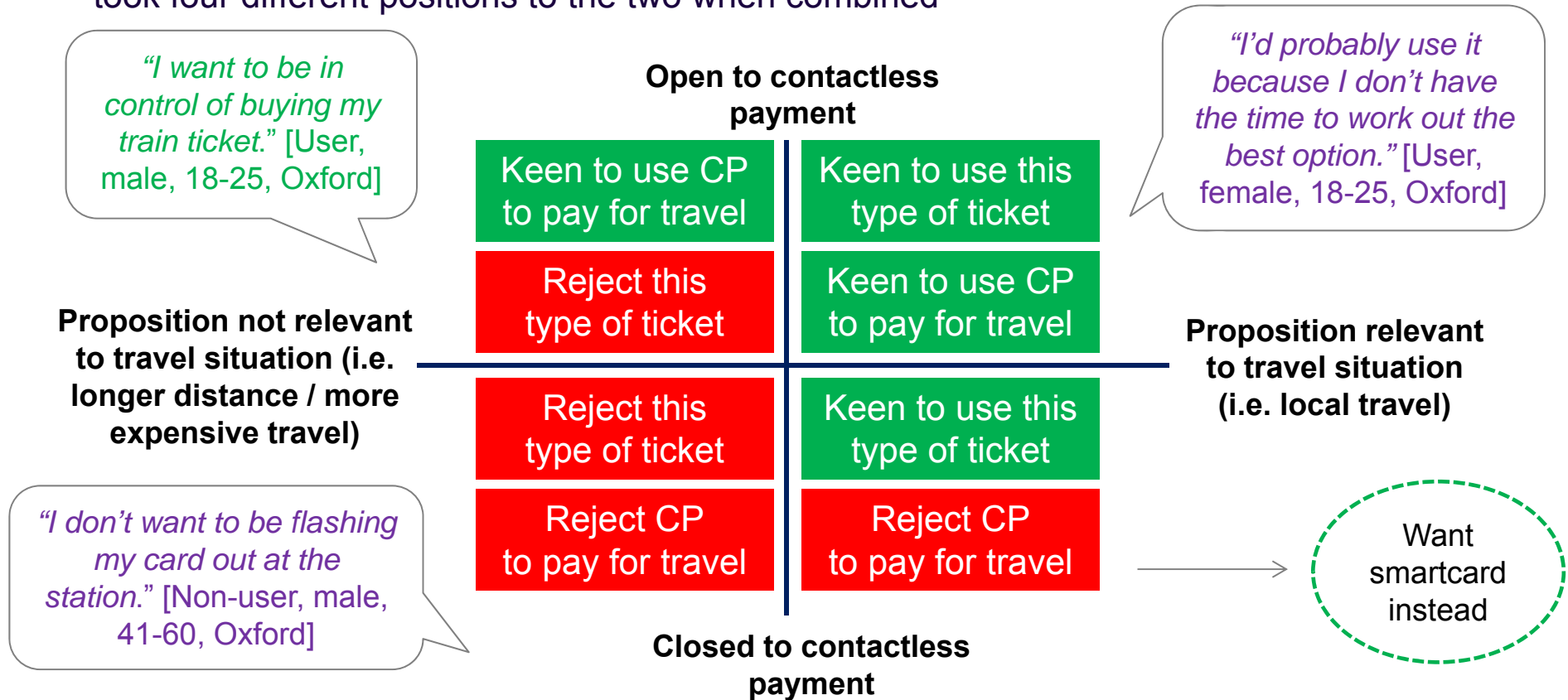
*“I’m not sure about secure because if someone found your card they could use it.”*

[Potential user, female, 60+, Manchester]

**Cost-saving opportunities are appealing but relevant to a specific group of people rather than all. If possible, tailoring the proposition so it can allow customers to set their own limits to how much they could spend would help reassure some around security**

# Combined response to the proposition using CP (3)

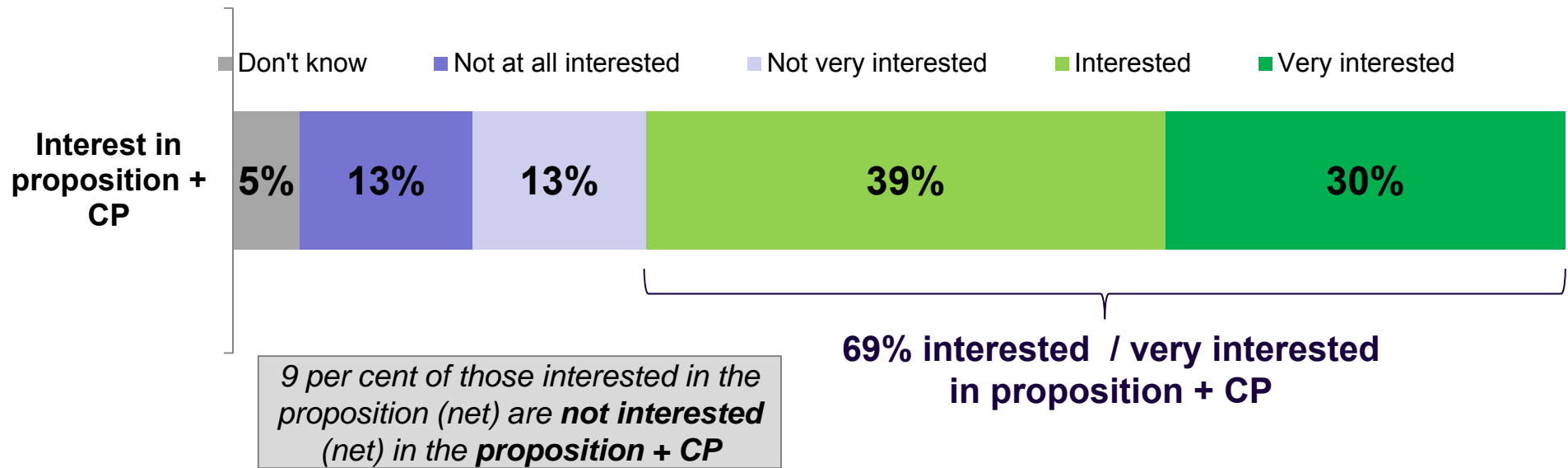
- Depending on their broader attitudes to contactless payment and whether they thought the proposition was relevant to their typical (rail) travel, respondents in the qualitative sample took four different positions to the two when combined



**To overcome main barriers to using this type of ticket via CP, it is important to address security concerns about this payment method and to reassure passengers about the risk of unforeseen cost with this ticket, especially with regard to longer distance/more expensive journeys**

# Combined response to the proposition using CP (4)

- In the quantitative sample, two thirds of passengers without a season ticket claimed to be interested or very interested in the proposition including payment by contactless



**Data suggests many passengers without a season ticket are open to using CP for a ticket like this. However, as per the qualitative findings a proportion reject the proposition when introduced in conjunction with CP, and a proportion who had little interest in the proposition become interested when CP is introduced**



## ***5. How would CP work in transport: specific procedures***

Note: All findings in this section drawn from qualitative discussion

# Tapping in and out & ticket checking

- Expectations depend on familiarity with Oyster with those more familiar aware what tapping in and out involves

## Familiar with...



- Accept as logical and obvious that tapping in and out would be the way to use CP on transport
- Think station barriers make ticket checking unnecessary or assume ticket inspectors would have CP-enabled readers

*“I imagine it being the same as an Oyster card so easy.” [User, male, 26-40, Oxford]*

## NOT familiar with...



- Accept this procedure in principle but have questions about the exact action needed, i.e. how to hold card against reader
- Unsure how ticket checking would work and expect rail companies to give information on this

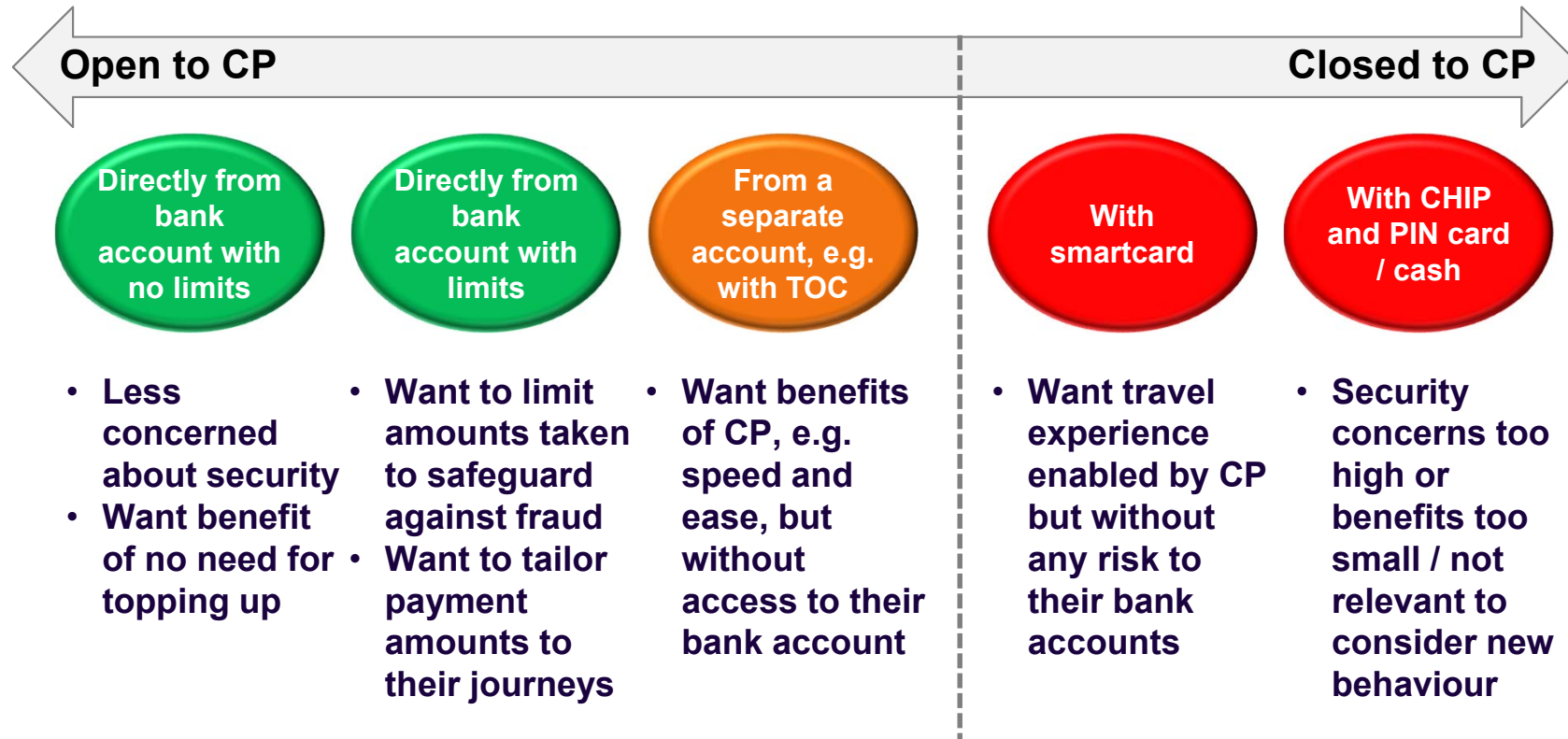
*“I don’t really know how ticket checking would work, I guess you could show your email confirmation or everyone could just claim they’ve used their card!” [Potential user, female, 26-40, Oxford]*

**Findings suggest that specific information on tapping in and out as well as ticket checking will be important to communicate where Oyster is less familiar**

# Ways of paying

*"I imagine it will go directly, what's the point in setting up a separate account? It defeats the object of having it contactless and directly out of my account, otherwise I may as well use Oyster."* [User, male, 26-40, Oxford]

- Of those open to CP, many are happy with payments taken directly from their account but there is a range in terms of ease with this way of paying



**Allowing passengers to tailor their contactless payments to their journeys and, if possible, set limits to amounts that can be taken would significantly help to alleviate security concerns for many**

# Proof of payment

*“I don’t really like that you have no receipt on the bus. If it accidentally took it twice you have no come back with your statement because there’s no proof of what you’ve done.” [User, female, 26-40, London]*

- Having a proof of payment appeared critical for alleviating concerns that CP may result in costly surprises due to unforeseen fare prices

## Instant notification



- Respondents generally expect to get proof of payment at the point of purchase, e.g. a text or information on the barrier screen

## Access to full record of transactions



- Respondents also want to be able to access their full record of transactions in multiple ways – through an online account, app, at the ticket office and using station machines



**Making it easy for passengers to monitor their expenses and become familiar with cost of fares they buy through repeated notifications, is likely to reassure about risk of unforeseen cost**

# Personal account

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- As with proof of payment, respondents expected to be able to access their account in the same variety of ways, but also to tailor it



- Many liked the idea of being able to tailor their accounts to their specific needs
  - For example, holders of concessionary/ discount cards expected to be able to register with their card so that they are charged discounted fares

*“Could I use my railcard with this? I wouldn’t use it if I couldn’t.” [User, female, 18-26, Oxford]*

*“Could you not set your own limit how much you would be prepared to pay in this way?” [Non-user, female, 26-40, London]*

**Allowing for tailoring in terms of registering rail cards is important for making CP relevant to groups of passengers eligible for discounted fares**

# Customer support

*"I guess you'd contact the customer service department of the individual provider. I'd want to be able to go online, email and telephone. But not an 0870 number!"* [Potential user, Male, 41-60, Manchester]

- Many expected customer service to be delivered by the TOC but some unclear whether they should contact bank or TOC

## Who should provide customer service?

- Some thought TOC would be the first line of enquiry and the bank the second, especially if funds had been taken that they were unaware of

## Channels of customer service

- Respondents expected to have access to the usual customer service channels including the ticket office, e-mail/online and a phone line
- They also felt they needed train operators' staff to provide help with using CP – e.g. explaining how to pay contactlessly, prompting customers to pay in this way, answering queries about how payments will be taken

## Language considerations

- Terms such as 'back office' in the context of 'contactless payment' provoked cynical / negative comments from some suggesting back-dealing, secrecy and inability to get in contact with the service provider if help is needed

*"Is it a contactless back office?"*  
[Non-user, female, 41-60, Oxford]

**Customer support in case of query or a problem is key to mitigating insecurities passengers have around some aspects of CP on public transport. The language used to talk about CP needs to avoid terms that can fuel mistrust, such as back office**

## ***6. Rail industry, TOCs and CP***

Note: All findings in this section drawn from qualitative discussion

# Rail industry's perceived capacity to introduce CP

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- In respondents' views, there are key issues concerning the rail industry's capacity to introduce CP successfully

## Complex fare system

- As mentioned previously, a huge variety of fares and high cost for peak and long distance journeys mean that passengers want to know how much they're paying in advance, therefore cautious with CP

## Negative perceptions of rail in UK

- Some raise concerns over levels of customer support as CP seen to potentially lead to fewer staff
- Other concerns include:
  - Fragmented rail system so uncertainty how TOCs would introduce CP in an integrated way
  - More cynical respondents (mainly non-users and those less interested in CP) suspicious about TOCs' motives

## Technological innovation

- However, many still perceive CP as the next step of digitalisation of every sphere of life and therefore inevitable
- To that extent, the introduction of CP by rail industry seen as modern and innovative

**Customer response to the introduction of CP within the rail industry is likely to be mixed – with some suspicions around capability and motives. However, positive attitudes to keeping up with technology highlight a rationale**



# Individual TOCs' capacity to introduce CP

- Despite cynicism around the rail industry, research suggests the introduction of CP would have a broadly positive impact on TOC brand perceptions



- Most respondents claim they don't have any particular relationship with the TOC they use but still concede they would perceive the TOC who introduced CP as innovative and modern
- Some concerns expressed about fragmented introduction of CP leading to suggestions that CP system on rail should be overseen by a national body
- Virgin was spontaneously singled out by some (especially in Manchester) as a technologically advanced company and a more customer-oriented brand who would therefore be capable of introducing CP successfully

*“Virgin would be able to do it well because they are good with technology and they don't have too many stations to introduce it to.” [Non-user, female, 18-25, Manchester]*

**Different TOCs would need to demonstrate that contactless payment will be introduced in an integrated manner to reassure passengers this will allow smooth journeys across different networks**

## ***8. Conclusions & Recommendations***

# Usage of and attitudes towards contactless payment (1)

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## Ownership of contactless cards

- Nearly four in ten in our sample of passengers without a season ticket have a contactless card (38 per cent)
- A quarter (26 per cent) do not have one but are interested in getting one. Only a quarter (26 per cent) claim not to be interested.



- **Interest in using CP to travel as described in the proposition is higher amongst passengers without a season ticket who have a contactless card**
- **Their number is set to grow as banks roll out CP further but also as awareness grows and because there is interest in CP among those who currently don't have contactless cards**

## Usage of contactless payment

- A quarter (26 per cent) of all passengers in our sample have used their CP card
- Use of contactless payment amongst passengers without a season ticket who have the cards (38 per cent) is driven by speed (70 per cent), convenience (58 per cent) and ease of use (42 per cent)



**Emphasising the speed and convenience of using CP to pay for travel as opposed to purchasing specific tickets will resonate with those using CP**

# Usage of and attitudes towards contactless payment (2)

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## Barriers to CP

- Three main barriers emerged across the research to passengers without a season ticket using contactless payment:

- Lack of awareness of where to use it (20 per cent), not thinking to use it (19 per cent) or how to use it (7 per cent)



**A need for clearer guidance on where CP is available and how to use it to increase awareness and understanding. Staff role important in prompting use and educating customers.**

- Security concerns (9 per cent) and feeling generally uncomfortable about using it (13 per cent)



**A need for clear information to combat security concerns and counter negative press stories**

- No benefit envisaged (7 per cent)



**Benefits become more evident in the context of transport (but the barriers also increase...)**

# Interest in the proposition (1)

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## On its own

- There is a generally high interest in the proposition as respondents appreciate its money-saving opportunities, as well as the flexibility of travel and ease of payment it allows
- Quantitative findings suggest 69 per cent of passengers without a season ticket in our sample would be interested or very interested in using this type of ticket
- However, qualitative exploration highlighted that it is generally seen as more relevant to **local/cheaper/familiar travel** as respondents feel they need to maintain control over planning and paying for longer distance /more expensive/unfamiliar travel in order to avoid high unexpected costs
- It further revealed respondents want to be able to check and monitor their expenditure when travelling in this way both at the point of payment (e.g. through a text) or later (e.g. by having access to their record of transactions in multiple ways)
- To increase appeal of the proposition beyond local/cheaper/familiar travel and to alleviate concerns about unforeseen cost, TOCs would need to provide passengers with some advance knowledge of fares/parameters

## Interest in the proposition (2)

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### Combined with contactless

- Qualitative findings identified four main responses based on two dimensions:
  - Broadly positive or negative attitude to contactless payment (with rejection mostly based on security fears)
  - If they felt the proposition was relevant and would offer benefits for their typical journey type or not
- When reviewed with regard to specific attributes\* this study found the proposition performed well in terms of flexibility, simplicity, convenience and being leading edge, but most didn't find it secure and were ambivalent with regard to whether it was tailored and value for money
- Findings suggest those most worried about the security of contactless payment may be put off the proposition if contactless was the way to pay for this type of ticket. This group preferred a smartcard payment system
- However, research also suggests some who haven't used CP so far through lack of need/understanding may be compelled to start using it on transport because they recognise the benefits of the proposition, i.e. time- and money-saving opportunities

\* These attributes were based on the key customer requirements from smart cards established in previous research (See Passenger Focus, Smart ticketing – what rail passengers want, July 2013)

## Interest in the proposition (3)

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### Combined with contactless

- In terms of proportions, quantitative findings suggest a similar proportion of passengers (over two-thirds) are open to the proposition with contactless payment (69 per cent net interest) suggesting not too many are deterred by paying in this way
- Based on our quantitative sample, a number of factors contribute towards passengers' interest in using contactless to pay for train fares:
  - People who are employed, and those travelling for work
  - Proximity to London: interest was highest in Beaconsfield, the station closest to London
  - Understanding of how contactless works: interest is highest in areas where a greater proportion of people understand contactless payment
  - Currently having or being interested in getting a contactless card
  - Having used Oyster for travel in London
  - Those making at least one onward journey by Underground

# Considerations for encouraging usage of the proposition

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## Conveying benefits

- The cost-saving benefit of **avoiding buying unnecessary tickets** needs to be communicated to passengers for whom this is relevant, i.e. those who tend to buy some form of travelcard within cities they travel into
- Some **caution** is needed around using the term '**best fare guaranteed**' as it can lead to expectations of cheaper/discounted fares by travelling in this way, especially in light of awareness about Oyster
- Further benefits of saving time through avoiding queues, having to do less planning and being able to change plans on the day of travel need to be communicated to suggest **a more convenient travel experience**

## Overcoming barriers

- To alleviate concerns over unforeseen cost, passengers need a clear explanation on the **maximum they could be charged**, e.g. a day return
- Making it easy for passengers to **monitor their fares** and thereby **become familiar** with these costs through repeated notifications is also likely to reassure many about unforeseen costs
- Transparent, **rough guidelines on the maximums and minimums** of off-peak and peak journeys across different zones and the cut-off times for peak and off-peak journeys would also help to lessen these concerns (these could be displayed on trains as well as provided in leaflets at station outlets)
- Finally, if possible, including options around **setting specific limits**, having a **separate account** or utilising a **smartcard** would broaden the appeal to a wider audience



# Considerations for communicating about CP

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## Conveying benefits

- **Speed and ease of payment** are recognised by all passengers as significant benefits in the context of transport, so emphasising the time-saving aspect of contactless payment heightens its appeal
- To appeal to passengers familiar with Oyster – and this includes many people outside London too – it is important to highlight further time-saving benefits of contactless payment in comparison to Oyster, i.e. **no need to top up**

## Overcoming barriers

- To alleviate concerns over security of contactless payments, a number of messages previously discussed will be important:
  - Information on **amount limits** and **number of transactions per day limits** will be crucial for reassuring potential users
  - Further information on **ways to avoid double payment** and explanation that money can be taken only if the card is next to the reader are also important in this regard
- Information on **how and where they can use contactless payment** to pay for travel will also be key to reduce uncertainties passengers have over this method of payment, as well as **ensuring staff encourage usage and help** those less familiar with CP
- Making sure that passengers' initial experience of using CP on transport is seamless and that the systems in place are working well will also be hugely important in order to build passengers' confidence in using CP to pay for travel