

Positive Action Group

Mr A Swann – Committee Administrator
Select Committee of Tynwald on Isle of Man Steam Packet Company
Legislative Buildings
Douglas
IM1 3PW

28th August 2007

Dear Committee

Submission - Select Committee of Tynwald on the Isle of Man Steam Packet Company

Fare Levels

Positive Action Group does not envy the Committee the task of examining the pricing policy of the Steam Packet Company over the past 12 months.

In the absence of access to more detailed information on Steam Packet financial and business performance data, we feel unable to set out our views on a point-by-point basis as per the Committee's own brief. Instead, our submission presents a background canvass of opinion upon which the Committee may wish to draw.

Nevertheless, we can report that a number of our members express concern at the dramatic variation in the level of fares (especially when travelling with a Car) when

- Travel has to be booked at short notice (leaving no scope for best-price surfing)
- Travel has to be booked for set dates (e.g. due Holiday dates, Interviews, Medical trips etc.,)
- Travel plans have to be unintentionally changed (often at substantial extra cost)

Aspects for the Committee to consider include :

- People thinking of an ad hoc long weekend break (whether by Land, Sea or Air) are considering Discretionary Travel. It is an optional choice. It can just depend upon the level of attractiveness of the promotion on offer.
- Ferry Journeys contain a high percentage of unavoidable Non-Discretionary Travel Journeys undertaken by Residents, their Families and Visitors.
- These Travellers feel that they are a "captive market" bound to a Monopoly Supplier and that advantage is taken of their need to travel at certain times of the year or at short notice.
- The proliferation of "Special Offers" results in the cost of essential Non-Discretionary Travel Journeys becoming quite haphazard and unpredictable.
- To such captive Travellers, Steam Packet Fares can appear punitive and somewhat random.
- Sail & Save Discounts for regular travellers were removed, without the promised replacement.

In essence, the community views the Ferry Service as the sea equivalent of a local Bus service. They want to know the price they ought to pay - not have to decide whether to travel that day or not, dependent upon whether the Bus Company has a "Special Offer" available.

The POSITIVE ACTION GROUP,

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The present system can result in affluent Car Travellers setting off on a pre-planned European holiday paying only £98 return, whilst less affluent Travellers attending an unexpected family event may have to pay £350 (250% more) for the same round trip ! Such a pricing regime is inequitable.

Regarding Foot Passengers, a PAG member recently reported that, despite checking a few months in advance; he had been dissuaded from travelling with his family due to cost. But, upon casually looking again some 3 weeks before his planned dates, the Foot Passenger fares had dropped by some 50%. He felt unable to understand whether the Steam Packet gave discounts for booking early or late. It was all a mystery !

So, whilst "Special Offers" may be of financial benefit to those obtaining them, they undoubtedly create vast differences in the cost of identical journeys – i.e. the cost of travel to/from the island all comes down to the "Luck of the Draw" at the time of booking.

Like all commercial businesses, the Steam Packet will budget annually for Forecast Income and Passenger Numbers. So, it could implement a Discounted Standard Fare for the whole year - by simply calculating an Average Fare (net of the discount given in Special Offers).

This could have a number of advantages for both the Steam Packet and the Traveller e.g.,

- Simplicity - Travellers would know the cost of their trip without searching the web.
- Efficiency - Travellers will fill the next suitable crossing, as there is no longer any cash advantage in allowing vessels to sail with empty spaces, so as to get a cheaper crossing at a later date.
- Equity - The underlying cost of travel is averaged out and shared more fairly across all Travellers.
- Lower Standard Fares - Spreading the "Special Offer" discounts (which apparently apply to 80% of all Travellers) across the whole of the Ticket range must dramatically reduce "Standard Fares".
- Image - The Steam Packet would be less likely to be criticised for taking advantage of TT Visitors and Tourists at busy times of year. A criticism that is often then laid at the government's door.
- Increased Patronage - Travellers may be more inclined to travel on impulse, if they lose the fear of being charged high prices due to booking at the last moment.
- Fare Monitoring - If, instead of the panoply of "Special Offers", a less complex fare system is operated, it is far easier for the government to monitor Average Fare increases.
- Transparency - If the Steam Packet feels that Discounting is a necessary marketing tool, it should at least discount on a more consistent and transparent basis. One method of such transparency is exemplified below:

Early Birds	35% off for bookings 3 months plus in advance 20% off for bookings 1 month plus in advance
Late Bookers	10% off for availability remaining within 24hrs of Departure 35% off for Travellers accepted on a "Stand By" basis

*** Percentages and Discount Periods above are for exemplification only

Provided they met the discount criteria, at least Travellers would know that they would qualify for the relevant discount. The potluck system of "subject to availability" would end.

It would also be more Transparent if the present fare system was worked on a "Discounted Single Journey Fares" basis - as modern Airline Pricing and Web Booking systems tend to be. Such systems do not charge Travellers more for booking a Single journey. Travellers wishing to book a Return Journey can see more transparently which leg is proving the more expensive. The Steam Packet system tends to have Special Offers on Return Fares. Consequently, if one books a trip as 2 Singles, it costs more than booking the same dates as a 1 Return. This means that Travellers cannot leave a return date open, without being penalised.

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The extent to which the proliferation of “Special Offers” has reduced “Average Fare” for the Travellers will only be revealed by detailed examination of the trend in “Average Fares per Passenger by Fare Category” (e.g. Total Adult Foot Passenger Income / Total Adult Foot Passengers).

There is a need to examine and measure the level of Dispersion for each Fare Category – to reveal the range of variations in price paid by Travellers for the same journey (e.g. the £98 v £350 example above).

Even if the Committee’s investigations reveal that no advantage has been taken to increase fares beyond agreed limits, this may not necessarily reverse the public perception that they are “held to ransom”.

In the past decade, Travellers have witnessed the Island’s Ferry business sold-on twice for massive capital gains. The guaranteed Future Income Streams that facilitated these capital gains are the Future Fares charged to the island’s captive population of Ferry Passengers. Unfortunately, the level of such Capital Gains; the extension of the Monopoly Concession without Open Tender; and the unpredictable and pot-luck nature of Fares have all increased the public perception of being overcharged.

Standards and Monitoring of Service Levels

Travellers are often complimentary about the service from Steam Packet Staff.

However, there are frequent complaints about lack of adequate timely and updated information regarding reason for delays etc., particularly when onward connections are involved.

Many complaints could be dissipated by prompt explanations and repeated updates re Delays/Changes.

There appears to be a general lack of published data regarding Service Level Targets and Service Level Performance. This is an area that the Committee could recommended for further development by the Steam Packet, perhaps in conjunction with a user forum like TravelWatch IoM.

Areas that we would request the Select Committee to consider include:

- Publication of Steam Packet User Agreements on the excellent government website [Essential]
- Departure Punctuality Statistics
- Arrival Punctuality Statistics
- Average Crossing Times (Port Departure to Port Arrival) Statistics
- Average Passenger Journey Time (Start of Boarding to Last Disembarkation) Statistics
- Seat Capacity/Occupancy Ratios [given the complaints of people taking up extra seats etc.,]

Conclusion

On matters relating to achieving improved Steam Packet performance it is frequently stated that IoM Government can do little, at least until the end of the (now extended) contract.

PAG does not accept such an analysis. Anyone in a long term contractual relationship with a third party (particularly one which is an arm of government) would be foolhardy not to respond to signs of discontent from that third party – even if only out of concern as to what might otherwise ensue in the future.

Given that the Government is a fellow contractual Partner of the Steam Packet in the User Agreement, we therefore trust that the Select Committee’s findings will reverberate sufficiently to cause any suggestions for possible improvements to be implemented.

We wish the Select Committee well.

Yours faithfully

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