RAIL FREIGHT SURVEY – REPORT

SRA-ORR

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FABER MAUNSELL

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EXECUTIVE SUMMARY

AIMS AND OBJECTIVES

This, the second, National Rail Freight Survey was undertaken between January and June 2002. The survey was designed to identify the key requirements of the rail freight customer and the extent to which those requirements are being met. In addition, this survey set out to identify those areas where performance and behaviour are restricting the transfer of freight to rail from other modes of transport.

RESEARCH METHODOLOGY AND SAMPLE

The research programme comprised four stages:

- a Stakeholders Workshop;
- interviews with a number of workshop participants to improve the survey design;
- the main Business to Business (B2B) survey; and
- 'diagnostic' interviews / survey completion with two key organisations in order to explore and examine, the emerging findings in greater detail.

The survey contacted over 320 organisations and over 200 questionnaires were sent out. A total of 70 questionnaires were returned, of which 62 were incorporated into the database.

REPORT STRUCTURE

This report divides into three broad areas:

- modal choice and use of rail;
- perceptions of the rail industry; and
- connections to the rail network.

Results in the report are categorised by market sectors in the following way:

Customers:	Primary Bulk Market Manufactured Bulk Market Non Bulk Market
Service Providers:	Logistics Companies Ports and Terminal operators

(Note that the Primary Bulk market accounts for approximately 50% of the rail freight market in the UK as shown on the tables and charts on pages 7 and 9).

SUMMARY FINDINGS

Modal Choice And Use Of Rail

Rail competes with other modes of transport for customers and the survey finds that over the last five years there has been growth for all modes measured (road, sea and coastal as well as rail). The Ports and Terminal Operators claim the greatest increased use of rail, followed by Primary Bulk customers and Manufactured Bulk customers. Non Bulk customers report an overall decline in the use of rail over the period.

A picture emerges of a central 'core' of customers transporting 'Bulk' commodities over a range of distances. This group account for over two-thirds of all freight moved by rail. The survey finds that:

- they use rail where there are suitable connections / rail paths; and
- they are relatively knowledgeable about the rail industry.

This preference for rail should not be confused with dependency. If necessary, they can transfer to other modes such as road, or in some cases, inland waterways or coastal shipping.

The survey also covered the 'Non Bulk' customers, and Logistics organisations. These customers account for a relatively small proportion of freight volumes, but do represent an opportunity to transfer freight from other modes, primarily road, to rail. This group of customers are frequently involved in international trade, often using swap bodies or containers. The survey finds that they are far less knowledgeable about rail freight and are demanding in terms of service levels.

Whilst there are differences between the service deliverables required by the different types of customers, there is evidence that the behaviour, of at least some of the Bulk customers, is changing. They have increased their use of road, and some have reduced their dependency on rail.

The section of the survey concerning price differentials between rail and road indicates a proportion of all the customer groups would consider switching modes even with no, or relatively modest, price increases. Some from road to rail, others from rail to road.

The report covers price sensitivity of rail and a key finding is that there is a rapid move to road once price competitiveness is lost.

The ease with which it is possible to change modes was examined. The survey found that most respondents in all market sectors believe that it is easier to change from rail to road than from road to rail.

The survey explored perceptions of how well the road and rail based freight industries are providing opportunities to combine modes. The survey finds that c60% of respondents believed this to be an issue. The greatest demand is from Manufactured Bulk customers and Logistics organisations. However, it is evident that most respondents believe the road and rail freight industries are failing to provide 'integrated solutions'.

The report notes that the Non Bulk and the Logistics respondents, in particular, were highly critical on this subject.

The survey asked respondents to prioritise the factors they take into account when considering rail as a transport mode. Whilst many requirements are similar, this section of the report does identify a number of differences between the customer groupings used in the study.

- bulk customers place the greatest emphasis on 'capacity', 'length of contract', 'professional approach'; and
- other types of respondents place greater emphasis on service deliverables such as 'reliability' and 'flexibility'.

PERCEPTIONS OF THE RAIL FREIGHT INDUSTRY

The survey asked respondents to evaluate the various constituent parts of the rail freight industry both in overall terms, and in relation to a number of service delivery criteria.

In overall terms the Freight Operating Companies are delivering a reasonably satisfactory service with less than 20% of respondents to the survey expressing dissatisfaction. With regard to Railtrack, just over 30% of respondents reported some dissatisfaction.

Other organisations associated with rail are generally seen to be performing well with relatively low levels of dissatisfaction.

At the more detailed level, the Freight Operating Companies are seen to have performed particularly well with regard to their 'market knowledge' and being able to 'reach the relevant person'. On the negative side, there was some concern across the range of services with particular criticisms being made on their (lack of) 'innovation', 'flexibility', and on 'response times'.

Railtrack is not seen to be performing particularly strongly, with low levels of satisfaction across the range of services. Particular areas of weakness include 'innovation' and 'project capabilities'.

CONNECTIONS TO THE RAIL NETWORK

The survey asked respondents about the services they had sought with regard to changes to infrastructure / rolling stock / land.

The survey received relatively few detailed responses to these questions. However the overall picture is one of increasing activity over the last two years. The Freight Operating Companies are seen to be the initial, and main, point of contact, with Railtrack also playing an important role.

The issue of Feasibility and Pre-feasibility studies was also covered and whilst there were insufficient responses to the numeric questions to chart findings, the comments on the questionnaires and from the interviews indicate that the process of making changes to connections to the network is perceived to be fraught with delays and difficulties.

1 INTRODUCTION



1 INTRODUCTION AND OBJECTIVES

1.1 BACKGROUND

FaberMaunsell was commissioned jointly by the Office of the Rail Regulator (ORR) and the Strategic Rail Authority (SRA) to carry out the second National Rail Freight Survey. This report sets out an overview of the survey and its results, together with our conclusions on the key issues.

The Rail Freight Survey is a customer satisfaction survey amongst both end users and logistics service providers who are either actual customers or potential customers of the rail industry in Great Britain. The results of the first National Rail Freight Survey, which was undertaken solely on behalf of ORR by BPRI, were published in August 2000 and can be accessed via http://www.rail-reg.gov.uk/docs/freight2.pdf

1.2 ORR AND SRA ROLES AND RESPONSIBILITIES IN RESPECT TO RAIL FREIGHT

The Rail Regulator, Tom Winsor, is an independent statutory officer appointed by government under the Railways Act 1993 (as amended). He heads the Office of the Rail Regulator (ORR), a small, non-ministerial government department. The ORR aims are summarised as

> *"Through independent, fair and effective regulation to create and maintain the incentives and conditions necessary to achieve the continuous improvement of a safe, well-maintained and efficient railway which meets the needs of its users, and facilitate investment in capacity to satisfy the demands of growth in passenger and freight traffic at the time it is needed".*

The Strategic Rail Authority formally came into being on 1 February 2001 following the passage of the Transport Act 2000. The SRA is tasked with delivery of an improved rail infrastructure and service, in particular the achievement of the Government's key targets of 50% growth in passenger kilometres and 80% growth in freight moved by rail. As well as providing overall strategic direction for Britain's railways, the SRA has responsibility for consumer protection, the development of rail freight, administering freight grants, and for steering forward investment projects aimed at opening up bottlenecks and expanding network capacity.

The successful conversion of freight from road to rail brings together a network of commercial and operational relationships, which have to work together for common objectives. Part of the SRA's role is to promote and facilitate this network of relationships to enable rail freight to provide the trunk leg of the logistics supply chain. The SRA Freight Strategy was published in May 2001. Key objectives are:

- Investment to provide enhanced capacity and capability in strategic routes and in terminals.
- Innovation in rail's approach to carrying container and unit load freight.
- The need for the highest levels of service delivery.
- Encourage further competition in the rail freight market.

1.3 THE STUDY AIMS AND OBJECTIVES

This survey aims to identify the key requirements of the rail freight customer and the extent to which those requirements are being met, as well as to identify those areas where performance and behaviour are restricting the transfer of freight to rail from other modes of transport.

The survey was undertaken as a quantified Business-to-Business (B2B) survey. It is based on the views of customers, potential customers, and other key stakeholders as

to how the rail freight industry, and associated companies and organisations, are performing in encouraging the use of rail for freight.
The survey's objectives may be summarised:

- to establish the current views of those interviewed in relation to needs, experience of rail, expectations and decision making; and

- report these results and draw out key conclusions, identifying any key issues which need to be addressed in order to encourage and maintain the use of rail for freight.

2 RESEARCH METHODOLOGY AND SAMPLE



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2.1 METHODOLOGY

In developing this survey both the ORR and the SRA felt that it was important to ensure that key organisations within the rail freight industry, both service providers and customers, had the opportunity to contribute towards the development and design of the study. It was also felt that the survey had to be more than a basic questionnaire. There had to be mechanisms that would allow those companies participating in the survey to make comments and explain the background to their attitudes and views wherever possible.

The research programme therefore comprised four stages:

- a Stakeholders Workshop;
- interviews with a number of workshop participants to improve the survey design;
- the main Business to Business (B2B) survey; and
- 'diagnostic' interviews / survey completion with two key organisations in order to explore and examine, the emerging findings in greater detail.

A web site was set up to provide an opportunity for organisations / companies interested in rail freight, but not part of the sample, to contribute to the study. The site included brief details of the study and a questionnaire in PDF format that could be downloaded and returned to the survey company.

2.2 STAKEHOLDERS WORKSHOP

The workshop took place in January 2002 in London and 13 delegates from a broad cross section of companies attended:

- freight operating companies;
- Railtrack;
- ports and terminal operators;
- third party logistics providers (3PL's);
- major potential and current customers of rail;
- trade organisations; and
- representatives from the ORR and SRA.

A full list of those attending can be seen at Appendix A.

The workshop engendered a lively discussion between the participants and resulted in a number of improvements to the questionnaire and enrichment of the sample. We would like to thank those individuals and organisations that took part.

2.3 INTERVIEWS WITH WORKSHOP PARTICIPANTS

Following the workshop it was agreed that the survey would benefit from one to one discussions with a number of the participants and discussions were held with EWS, Freightliner, Railtrack, the FTA, and Tibbett and Britten. These discussions helped to refine the questionnaire, augment the sample base, and provide insights that have assisted our analysis and interpretation of findings from the survey.

2.4 THE MAIN BUSINESS TO BUSINESS SURVEY

A database with over 500 contacts was generated from a wide range of sources including:

- ORR and SRA;
- EWS;
- Freightliner;
- Freight Transport Association; and
- Railtrack.

320 organisations were contacted by telephone and over 200 questionnaires were sent out. A total of 70 questionnaires were returned.

It should be noted that given the wide diversity of organisations taking part, there is considerable variation in the level of detail provided in the responses. For the purposes of the numerical analysis, only sixty-two of the questionnaires were incorporated into the database (the remaining eight containing only minimal information).

For the purposes of effective analysis, the sample is divided into a number of groups. The two main groups are 'Customers' and 'Service Providers'.

The 'Customers' group consists of those companies whose main business is not transport related.

The 'Service Providers' group includes companies whose activities are primarily related to transportation. This includes Logistics and Transport Companies as well as Terminal and Port operators. The full breakdown of the groups and the number of responses is given in Table 2.1 overleaf.

Table 2.1: Customers and Service Providers

Customers		
Bulk Customers (22)	Primary Products (10)	Aggregates Iron Ore Coal Petrochemicals Agricultural Forestry Products
	Manufactured (12)	Cement Processed Metals Construction materials Nuclear waste Waste products Automotive Steel
Non bulk Customers (12)		Consumer Goods Manufacturers Retailers Containers

Service Providers
Logistics Companies (19)
Ports & terminal operators (9)

It should be noted that 'Service Providers' provide freight services to the 'Customer' group. The freight moved by the 'Service Providers' is not necessarily additional to that moved by the 'Customer' group.

Some 'Customers' will deal directly with rail Freight Operating Companies as their rail transport provider and will use other companies when dealing with other modes of transport. Other customers will use a Logistics company to manage all their transport requirements, including rail.

All commodity types are represented by the 'Customer' group. This is not necessarily the case when looking at the commodities handled by the 'Service Providers'. The reason for allocating 'Service Providers' into a distinct group is to enable the results from this group to be separately measured and to identify where they have areas of concern. These organisations control a significant volume of freight movement in the UK and thus their perceptions and knowledge of the 'rail freight offer' can be highly influential in providing and encouraging growth in rail freight traffic.

The results are expressed in numeric counts from the survey. No weighting process has been applied because the sample is small in relation to the market size, and with the diversity and fragmentation of the market segments, this would result in cell sizes below acceptable minima. However, the survey response is sufficiently evenly distributed within the segmentation set out in Table 2.1 to ensure that the sample is representative.

2.5 DIAGNOSTIC DEPTH INTERVIEWS

Following comments made at the stakeholder workshop it was decided that a small number of the main surveys should be undertaken on a one to one basis and that responses should be discussed with the interviewee to gain a deeper understanding of the factors underpinning the answers to the survey questions. In the event two such interviews were undertaken with major customers of the rail industry.

These interviews proved very successful in providing insights into the experiences of working with the rail industry and we have drawn on this (and other sources) in our analysis of the survey findings.

3 INTERPRETATION OF RESULTS

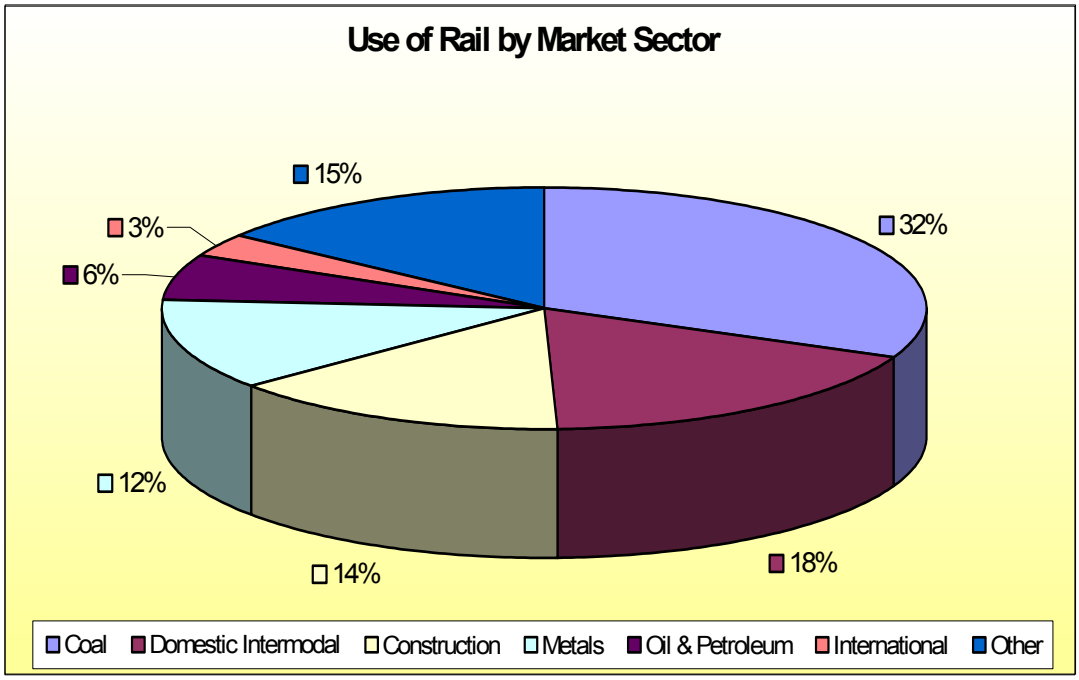


3 INTERPRETATION OF RESULTS

3.1 USE OF RAIL

In surveys of this type it is vital to ensure that the answers that are reported are placed in an appropriate context. The railfreight industry is dominated by a relatively small number of customers in traditional industries (coal, metals, construction materials, and oil). These companies alone represent **two thirds** of the use of railfreight and are likely to remain significant users of rail into the foreseeable future.

Figure 3.1: Use of Rail by Market Sector
Source: SRA – National Rail Trends 2001-02
Figures based on Billion Tonne Km. www.sra.gov.uk



Note: Domestic Intermodal includes movements of containers to and from ports. The majority of these products are non – bulk manufactured goods.

Whilst external factors are encouraging new customers, and service providers in particular, to consider rail as a viable option, the ongoing views, needs, and requirements of the traditional 'Bulk' customer need to be recognised and serviced.

This report has therefore been structured to provide findings that are as meaningful and actionable as possible. Wherever sufficient sample is available, and where appropriate, data has been broken down into the two groups and five categories already described in Table 2.1:

Customer Categories:

- Primary Bulk Products;
- Manufactured Bulk Products; and
- Non Bulk Products.

Bulk Products account for the majority of goods carried by rail. (approximately 75%). The Non Bulk products include maritime containers, international, and parcels and post.

Service Provider Categories:

- Logistics companies; and
- Port and terminal operators.

3.2 USE OF RAIL

The survey asked what types of goods are transported by road, rail, and by water. As might be expected, this generated a wide range of responses, dependant on the organisation and sector represented. Figure 3.2 shows the proportions of domestic freight reported to be travelling by rail.

Figure 3.2: Proportion of Freight Movements using Domestic Rail

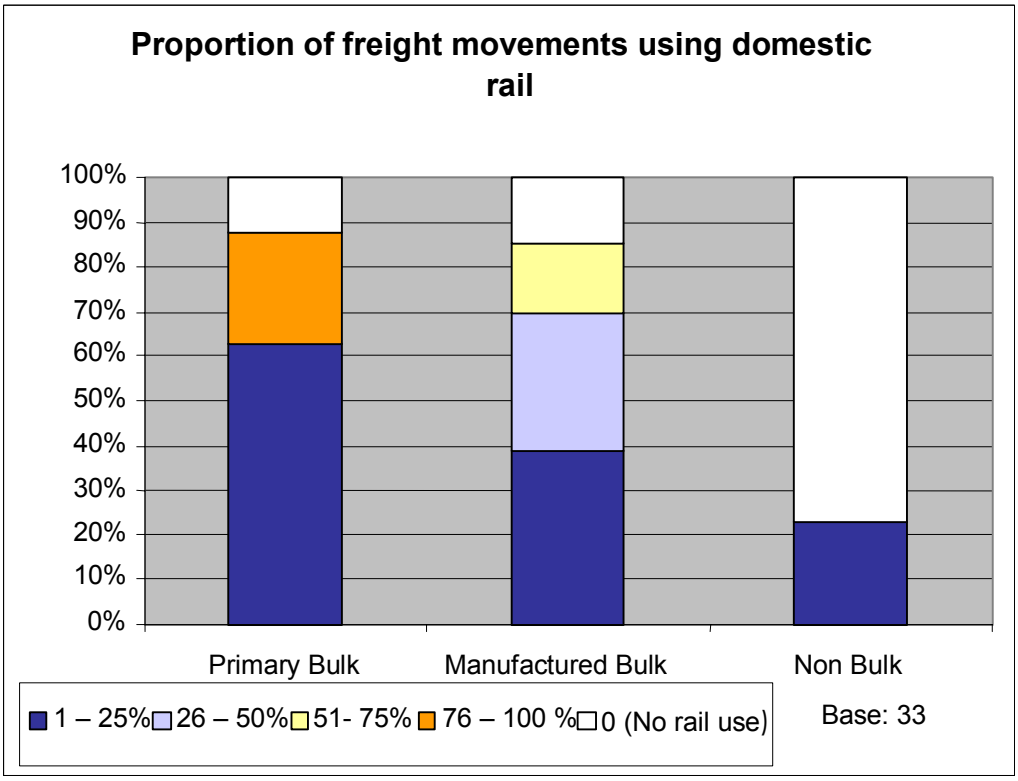


Figure 3.2 indicates that 88% of the respondents in the Primary Bulk, and 85% of respondents in the Manufactured Bulk markets are rail users. This compares to only 23% of the Non Bulk respondents.

It should be noted, however, that 77% of Non Bulk and a small but noteworthy proportion of Bulk participants in the survey (12% and 15% respectively) came from organisations not currently using rail. Given the nature of this survey, this indicates a level of interest in rail from organisations not currently using the mode.

This interpretation is reinforced by a number of the comments that accompanied the questionnaires:

> *"We are not current users but we are in discussions with customers about use of rail from ports and from the continent to the UK".*
>
> **Large European Logistics Co.**

One of the reasons for expressing interest in rail alternatives appears to be the increasing difficulties experienced using road:

> *"May be forced to consider rail in the medium to long term, as a response to the growing road congestion and / or driver shortages".*
>
> **Large road based Logistics Company**

However, a lack of enthusiasm for rail comes through, reflecting perceptions about the industry culture. As a major Customer / Logistics provider who is currently working with the rail industry, commented, rail can place heavy demands on senior executives' time:

> *"I have spent more time on the Rail Industry that I ever thought possible …It sucks you in and you bounce around all the different factions".*
>
> **Major Logistics Company**

The above comment also suggests that the industry is perceived as having conflicting objectives; note the use of the word *'factions'*.

Analysis of the questionnaires and feedback from the workshops / interviews indicates that whilst road is clearly the main competitor**,** on a limited number of specific routes coastal shipping offers increasing competition:

> *"A large proportion of our traffic moves by short sea and coastal feeder which is local to our production sites and a competitive mode of transport".*
>
> **Non Bulk Respondent**

> *"We may not have a big road to Rail issue but more of a short sea to Rail opportunity".*
>
> **Non Bulk Respondent**

4 USE OF MODES



4 USE OF MODES

This section includes:

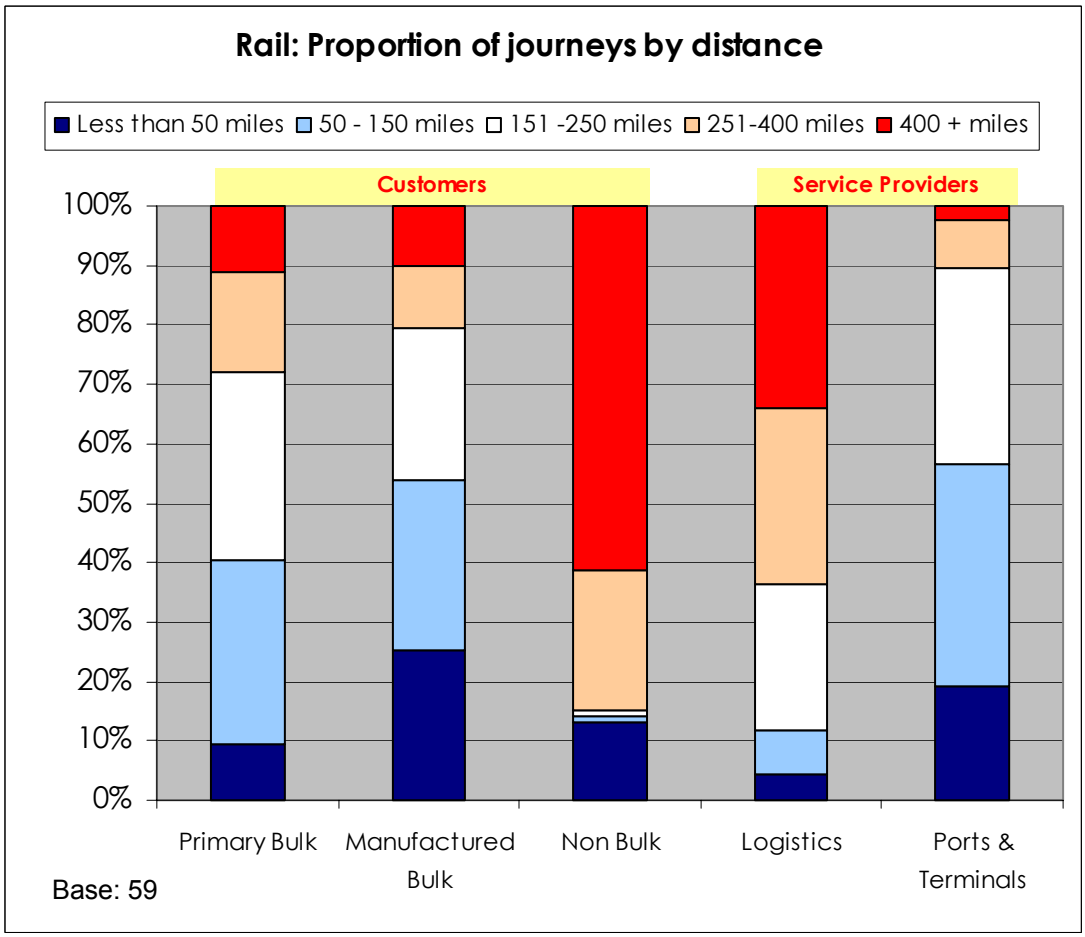
4.1 Distances Travelled.
4.2 Intermodal Journeys.
4.3 International.

4.1 DISTANCES TRAVELLED

4.1.1 Rail Journeys

The questionnaire asked the approximate distances travelled by both road and rail. The following charts indicate the proportions of journeys made by distance:

Figure 4.1: Rail journeys by Distance

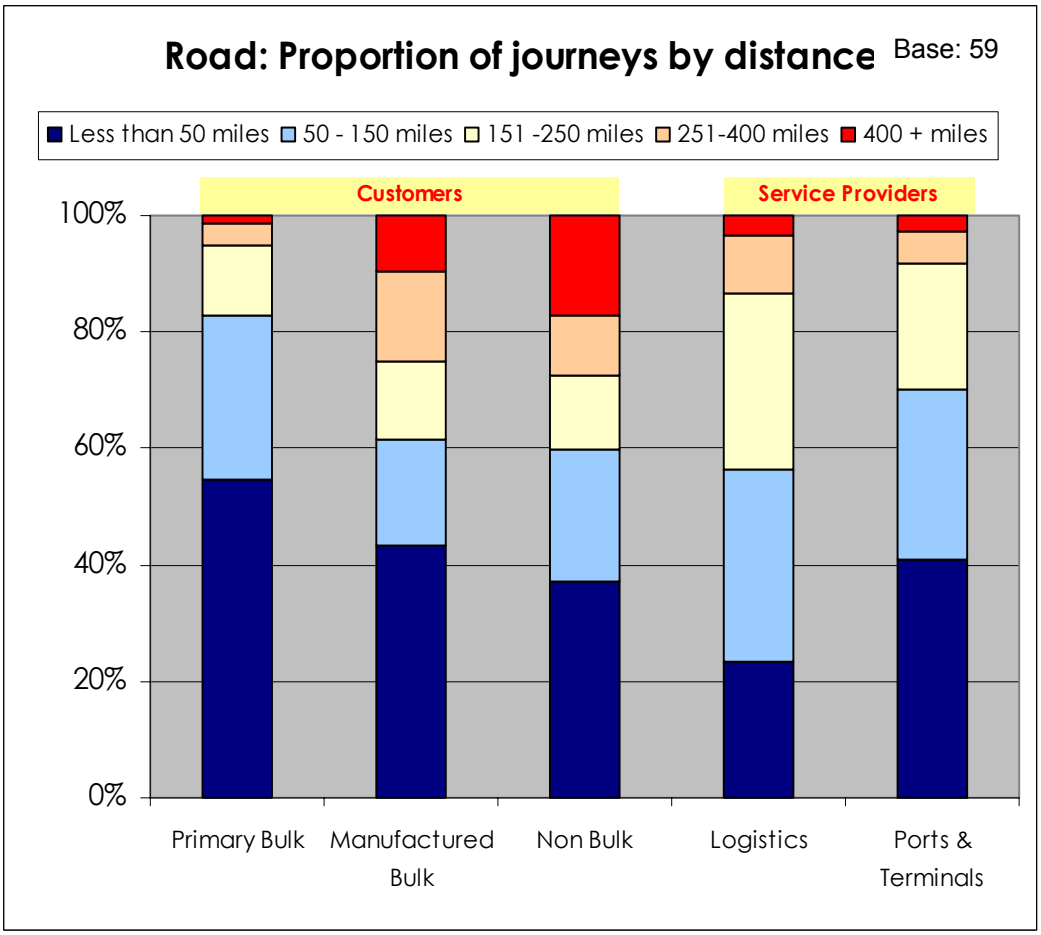


Rail journey length varies significantly by Customer / Service grouping:

- The Bulk products appear to be moved both long and short distances by rail whereas the Non Bulk items are predominantly transported by rail over longer distances (85% over 250 miles);
- The logistics companies exhibit a wide range of distances travelled by rail, but the emphasis is very much on the longer journeys with over 60% of journeys being over 250 miles and almost 90% of movements being over 150 miles; and
- Ports and Terminals also show a wide range of journey lengths, reflecting the range of goods passing through them.

4.1.2 Road Journeys

Figure 4.2: Road: Proportion of Journeys by Distance



In contrast to rail, road journeys tend to be shorter in length.

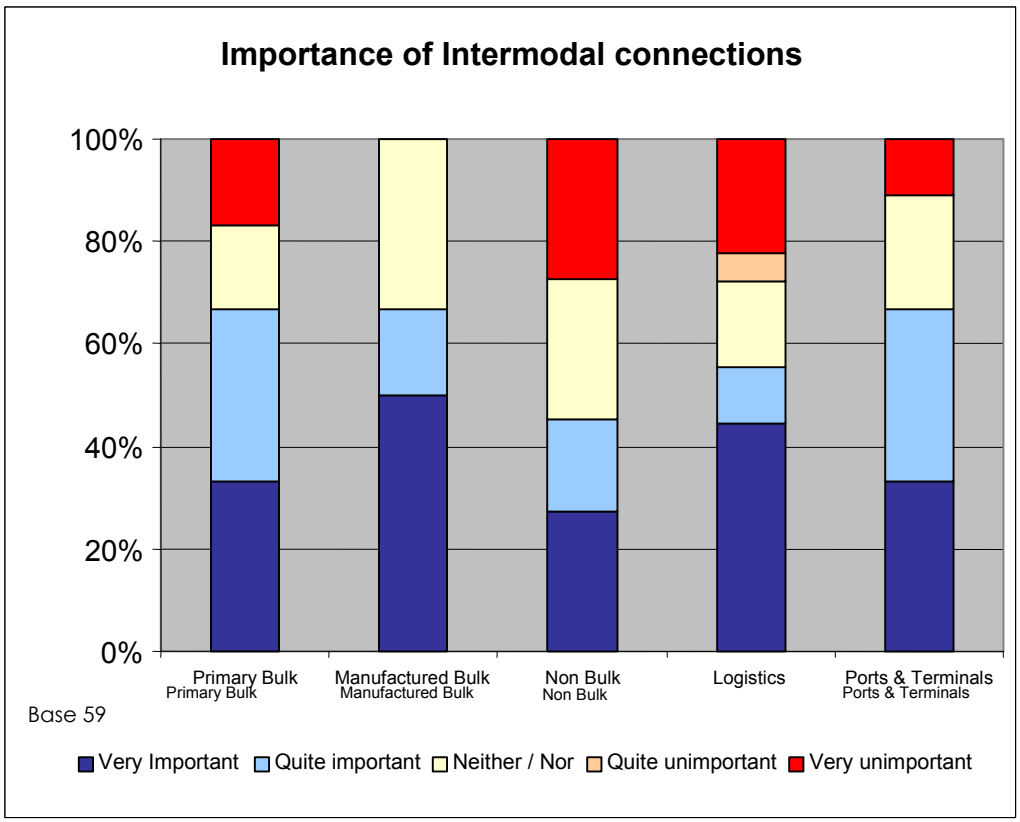
- Over half of all Primary Bulk journeys by road are less than 50 miles and over 80% of journeys are under 150 miles; and
- Manufactured Bulk journeys by road show a far more varied picture. Whilst over 40 percent are under 50 miles, over 20% are over 250 miles.

As with rail journeys, Logistics companies show a wide diversity of journey length, and the same pattern emerges with the Ports and Terminal Operators.

4.2 INTERMODAL JOURNEYS

The survey asked how important it was to be able to move from one mode of transport to another (i.e. from road to rail and vice versa).

Figure 4.3: Importance of Intermodal Connections



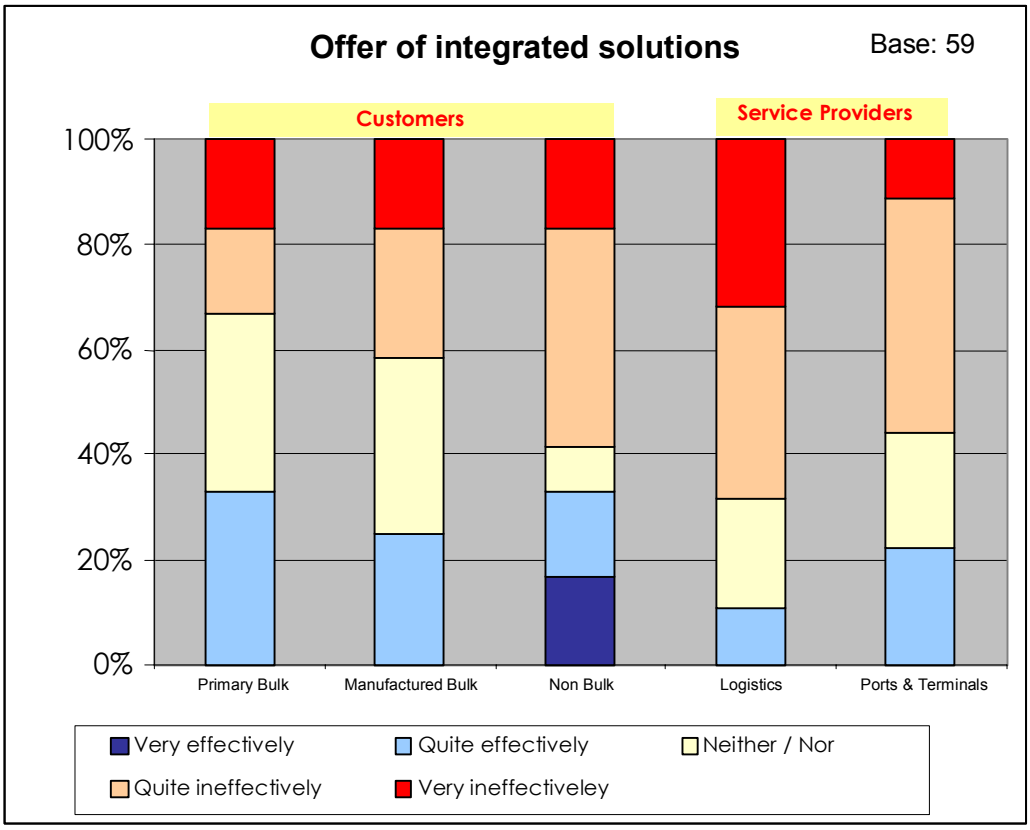
These findings indicate that approximately 60% of respondents believe that the ability to transfer from one mode to another is either 'Quite' or 'Very' important. There are of course differences between the types of respondent with only just over 40% of the Non Bulk respondents seeing this issue as either 'Quite' or 'Very' important.

Perhaps the most interesting finding from this question is that there are a substantial number of respondents stating that the ability to change modes is very **unimportant**:

- c20% of the Primary Bulk responses are stating this to be unimportant;
- c30% of Non Bulk; and
- c20% of Logistics companies are saying the same thing.

The survey went on to ask how effectively the road and rail based freight industries were offering 'integrated transport solutions'.

Figure 4.4: Effectiveness of the Offer of Integrated Transport Solutions



The picture that emerges is a divided one:

- Approximately a third of Bulk customers are stating that integrated solutions are not being offered 'Very' or 'Quite' effectively. A substantial proportion are non-committal and between a third and a quarter believe solutions are being 'Quite' effectively' offered. No 'bulk' respondent reported that it was being offered 'Very' effectively; and

- The Service Providers are less positive, with approximately two thirds stating that solutions are either 'Quite' or 'Very' ineffective.

These two charts (figs 4.3 and 4.4), when taken together, indicate that 'Effective' connections between road and rail are broadly seen to be important but that neither industry has yet managed to develop suitable mechanisms to encourage more intermodal traffic. As one large Primary Bulk customer commented:

> *"We don't use or need swap bodies etc, but … I feel that integrated transport systems are still inefficient".*
>
> **Primary Bulk**

4.3 INTERNATIONAL (EUROPEAN)

The survey asked what proportion of freight movements are international. Given the imbalance of trade between the UK and other European countries, the question was asked in relation to both inbound and outbound traffic.

Figure 4.5: Proportion of International (European) Movements by Rail - Inbound

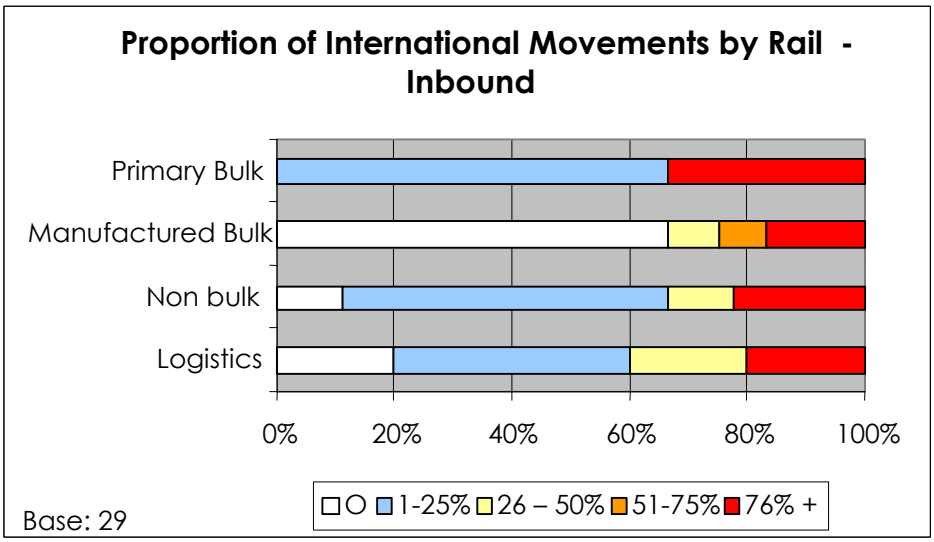
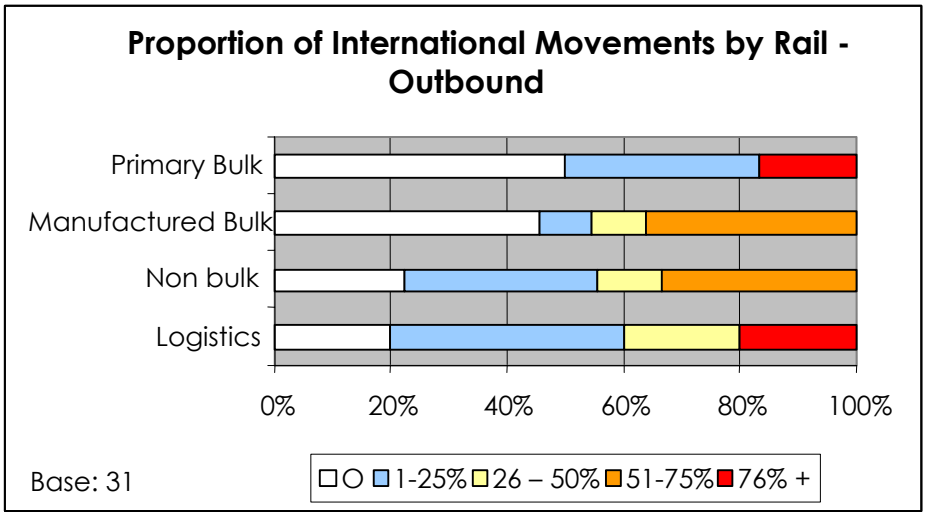


Figure 4.6: Proportion of International (European) Movements by Rail - Outbound



The proportions vary a great deal by industry type and by whether the movement is inbound or outbound.

Primary Bulk:
All respondents reported using rail for at least some of their inbound international movements. For one third of the respondents rail represents more than two thirds of movements, for the remaining two thirds, rail represents less than a quarter.

With regard to outbound movements, approximately half of respondents reported no movements by rail. For those using rail, the findings polarise between less than a quarter of movements and over three quarters. There is no middle ground.

Manufactured Bulk
The Manufactured Bulk findings again exhibit a polarised response. A high proportion of respondents (approximately two thirds inbound, and just under a half outbound) do not use rail. Of those using rail there is a wide range of utilisation of the mode.

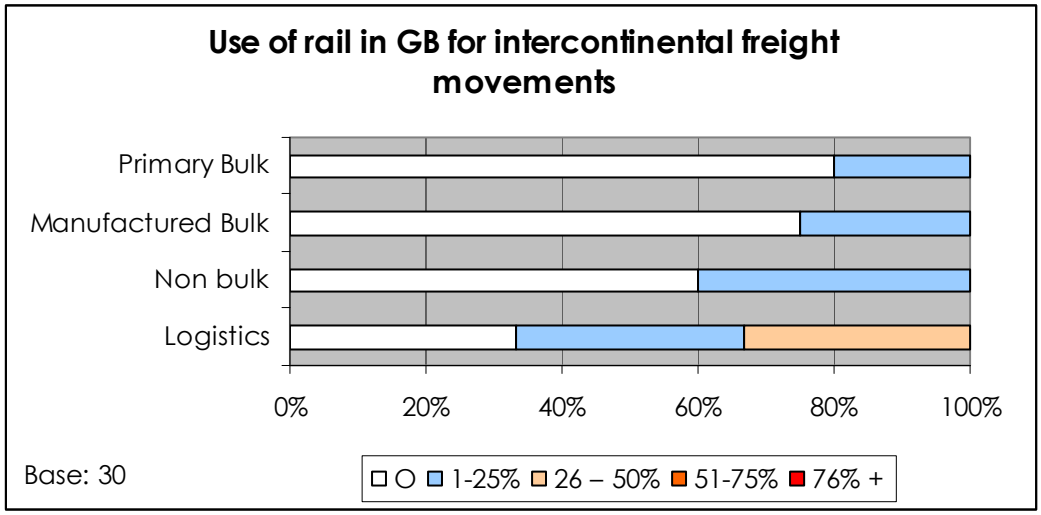
Non Bulk
Non Bulk responses exhibit a broad range of responses, indicating the diverse nature of the companies taking part in the study.

Logistics

As with the Non Bulk respondents, the findings reflect the diverse range of organisations participating in the study. Some of the companies are rail specialists, and as might be anticipated, they are regular users of rail, whilst others are logistics companies using a range of modes.

The survey also asked about the use of rail for inter-continental trade.

Figure 4.7: Use of Rail in GB for Inter-continental Trade



Intercontinental traffic plays a relatively minor role for most of the organisations taking part in this survey. However, both Customers (Non Bulk) and Logistics companies are users of international rail freight. This is reflected in the higher levels of response from these groups.

5 MODAL CHOICE

5 MODAL CHOICE

This section deals with current trends in modal choice

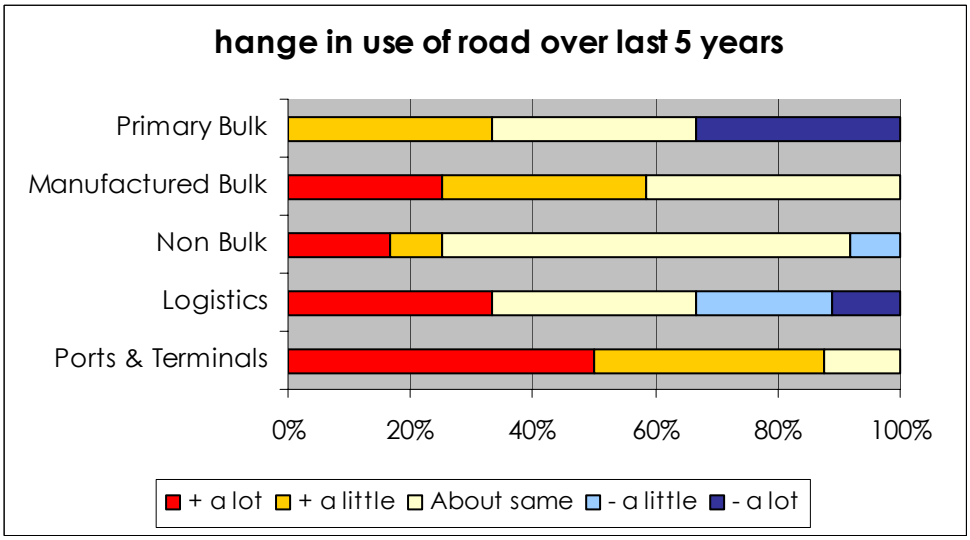
5.1 Changes in the Use of Modes.
5.2 Ease of Changing Modes.
5.3 Mode Reviews.
5.4 Impact of Price on Modal Choice.
5.5 Perceived Barriers to Changing to Rail.
5.6 Factors When Selecting Mode.

5.1 CHANGES IN USE OF MODES

NOTE: An increase in one mode does not necessarily mean a reduction in the other mode.

5.1.1 Road

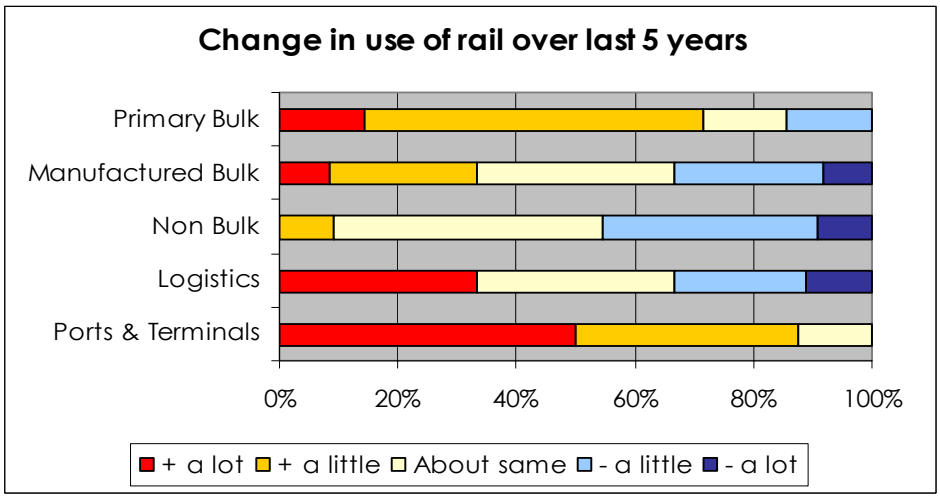
The survey asked how usage of different modes had changed over the last five years:



Claimed use of road has increased for all groups but in varying degrees. Amongst the Customer groups, Manufactured Bulk appear to have increased their use of road most, almost 60% claiming it has increased to some degree. Both the Logistics companies and the Ports &Terminal Operators also show strong growth with over a third of Logistics companies and half of Ports and Terminals reporting increased growth figures. Decline in the use of road is seen with the Primary Bulk group and some Logistics organisations.

5.1.2 Rail

Figure 5.2 Rail: Claimed Change in Use Over the Last 5 Years



Primary Bulk
This group are claiming increases with approximately 10% of respondents reporting major increases and a further 50% claiming a smaller increase. Counterbalancing this, there are a relatively small number of respondents who are reporting some degree of decrease.

Manufactured Bulk
This group is showing no clear pattern, some are increasing, some claiming no change, and some decreasing.

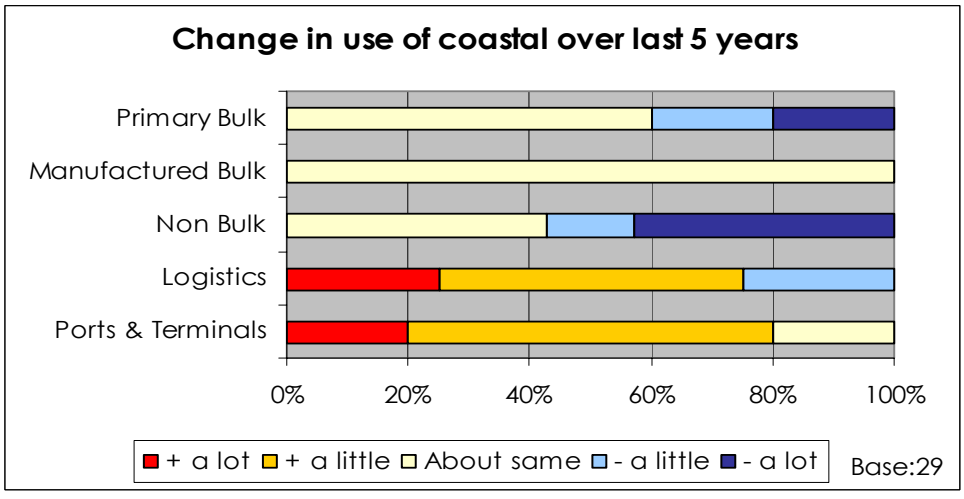
Non Bulk
Almost half of respondents are claiming a reduction in the freight transported by rail with less than 10% claiming a small increase.

Logistics companies
Approximately a third of logistics companies are claiming a significant increase whilst a similar proportion are reporting a decline.

Ports and Terminals
This group stands out as claiming the largest increases. A possible explanation is the growth of unitised trade (Non Bulk) that is being undertaken by a range of smaller companies, not participating in this type of study.

5.1.3 Coastal:

Figure 5.3: Claimed Change in Use of Coastal Shipping Over the Last 5 Years



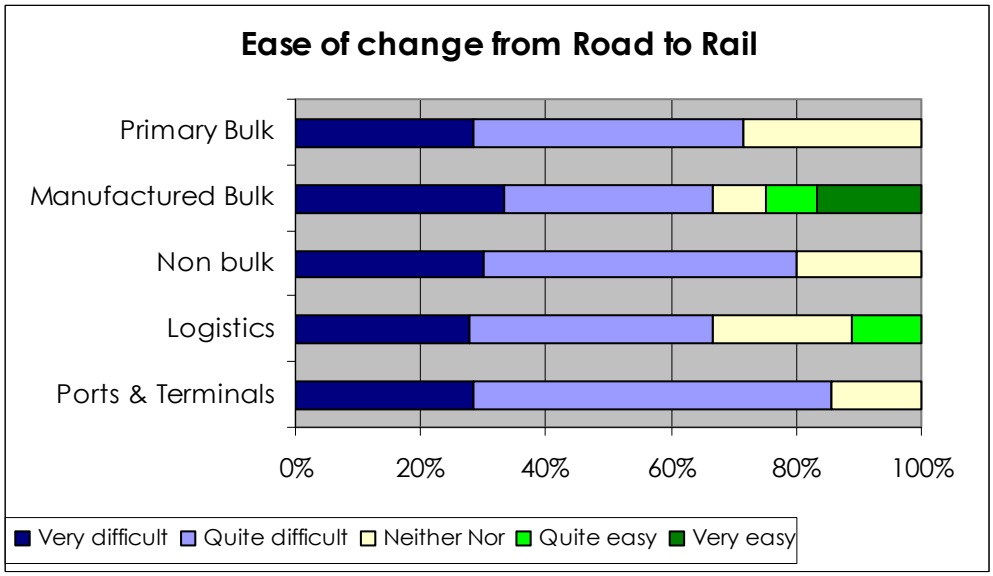
Coastal shipping received less responses than other questions in this section, this is indicative of the more specialised nature of this mode.

Some decline is reported by both the Primary Bulk and Non Bulk groups. However, this is seen as a growth area by the Logistics industry and Ports and Terminals. There is therefore the implication that other types of shippers may be entering the market.

5.2 EASE OF CHANGING MODES

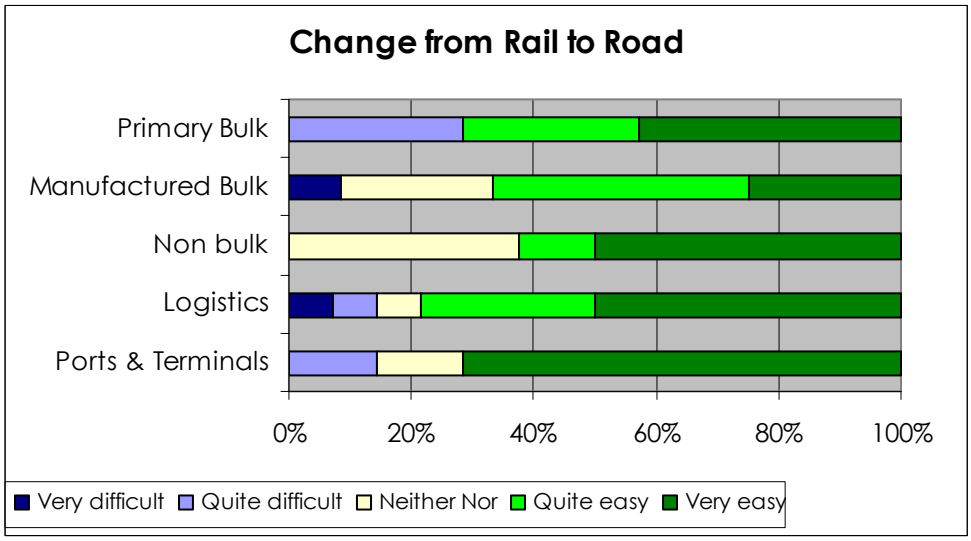
Rail competes with other modes of transport and understanding the ease with which Customers and Service Providers can switch is important to all transport sectors. The questionnaire therefore asked participants in the study how easy / difficult they thought it was to change mode.

Figure 5.4: Ease of Changing Modes from Road to Rail



This chart indicates that all types of respondents believe it is relatively difficult to make the change from road to rail, with approximately eighty percent stating that it is either 'Very' or 'Quite' difficult to make the change.

Figure 5.5: Ease of Changing Modes from Rail to Road



In contrast, the change from rail to road is seen by most respondents to be relatively simple, even for the bulk customers.

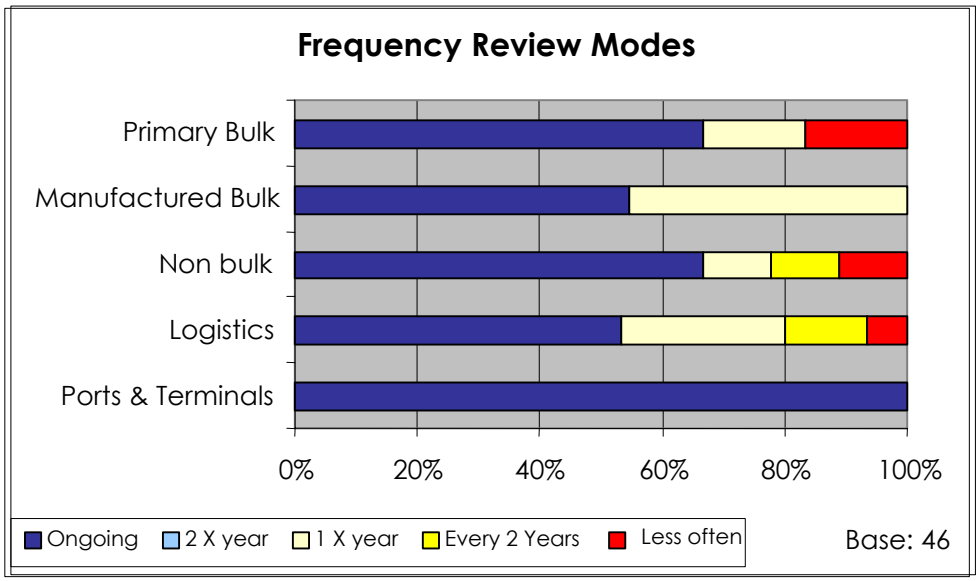
The implication of these two charts is potentially concerning to the rail industry. A number of respondents perceive it to be relatively difficult to transfer freight from road to rail. In contrast, transferring business from rail to road is seen to be relatively easy.

The perceived difficulty of transferring from road to rail is clearly a barrier to increased rail usage. However this matter is more complicated than simply making a decision to change modes. Rail may require significant levels of investment before tangible benefits can accrue. This investment may, for example, take the form of specialist infrastructure or rolling stock.

5.3 MODE REVIEWS

Respondents were asked to comment on how frequently mode strategies were reviewed.

Figure 5.6: Frequency of Reviewing Strategy Relating to Choice of Mode



It would appear that most businesses review mode on an ongoing or annual basis.

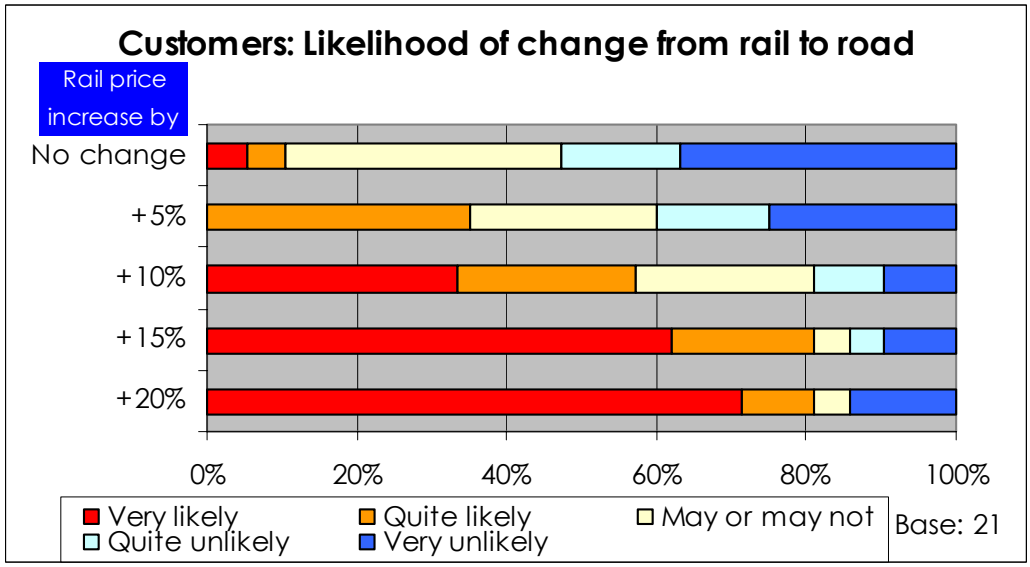
Reviews of modes appear to be ongoing across all groups. However, as discussed above, modal choices are influenced by a wide range of factors and include contractual obligations and capital invested in assets. The responses in the 'Every Two Years' and 'Less Often' categories are probably a reflection of the 'long term' nature of investment decisions for some types of customer / sectors of the rail industry.

5.4 IMPACT OF PRICE ON MODAL CHOICE

Respondents were asked if they would change their mode of transport if there were increases in the price of road or rail transport. A number of pricing scenarios were presented and the response patterns are given below.

5.4.1 Changing from Rail to Road

Figure 5.7: Customer Likelihood of Changing from Rail to Road



This graph indicates that even if the pricing levels remain unchanged; some business is likely to transfer to road. It is possible that this is due to concerns over service related issues and these are discussed in section 6.

As prices go up, so does the possibility of freight transferring to road. The rapid growth of the 'Very Likely' box in response to relative price increases indicates the price sensitivity of this group of Customers.

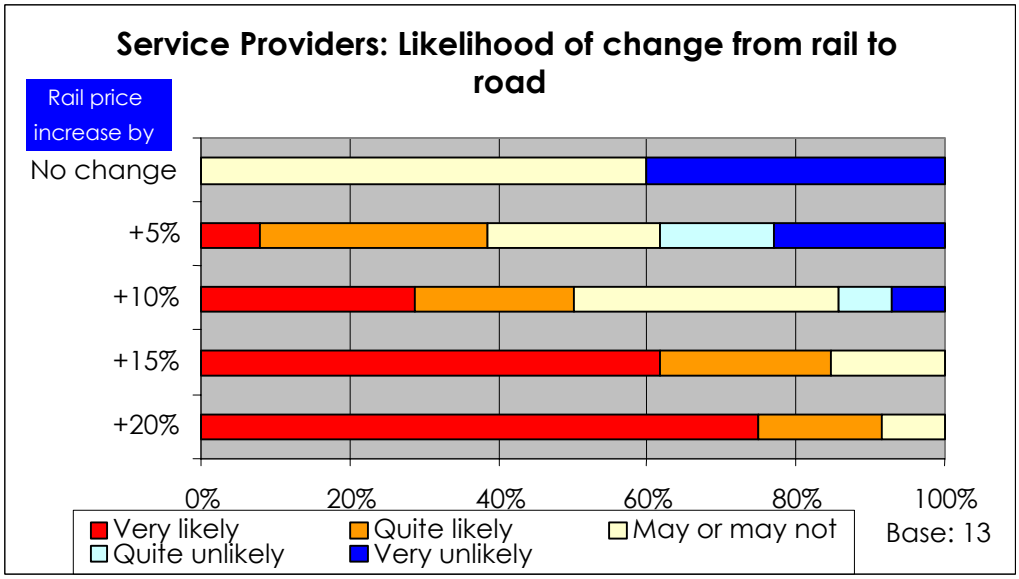
The sample (21) is too small to graph the individual categories of customer, but the following table combines the 'Very' and 'Quite likely' scores to enable comparisons to be made between the categories.

Table 5.4: Very / Quite Likely to Move from Rail to Road

Very / Quite likely to move					
	N/C	+5%	+10%	+15%	+20%
Primary Bulk	17%	20%	33%	66%	66%
Manufactured Bulk	13%	37%	54%	87%	63%
Non Bulk	0%	42%	42%	85%	86%

As the price increments go up there are losses across all three groups, but the greatest business losses are with the Non Bulk customers. This is likely to be due to their greater flexibility and lower dependence on the rail industry.

Figure 5.8: Service Provider Likelihood of Changing from Rail to Road



From the interviews it was clear that Service Providers are very cost conscious and Figure 5.8 illustrates this point.

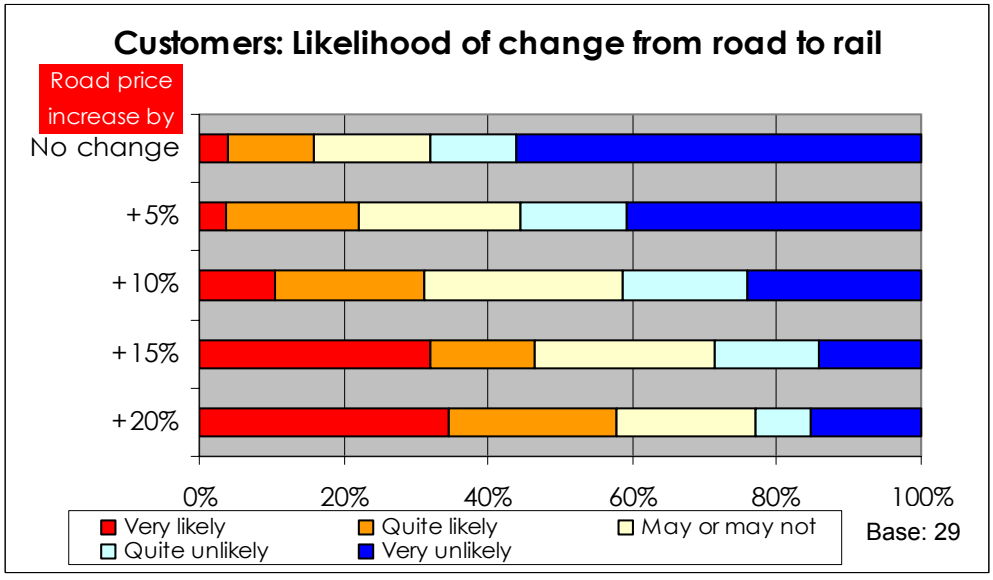
As with the Customer's graph (Figure 5.7) this chart does present some concerns. Even given 'No Change', 60% of respondents were ambivalent (May or May Not Change). This does not imply a high degree of commitment or loyalty to rail.

Once price rises are introduced, the propensity to change modes accelerates rapidly.

5.4.2 Changing from Road to Rail

The same questions were put to respondents with regard to increases in price of road in relation to rail.

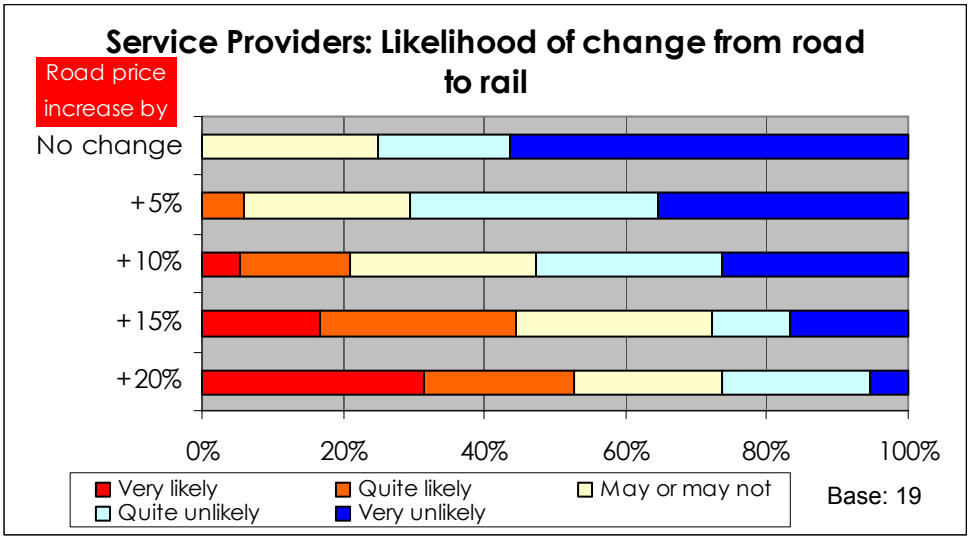
Figure 5.9: Customers Likelihood of changing from Road to Rail



The lower price sensitivity of road transport is clearly evident on this chart. Whilst there are indications that some freight will transfer at the 'No Change' and '5%' levels, these are very similar to the 'Rail to Road' graph (Figure 5.7). It is possible that these changes are not directly price related.

As the price of road increases, a move to rail is seen as likely, but the shift is far lower than the corresponding price increase on rail.

Figure 5.10: Service Providers Likelihood to Change from Road to Rail



Service providers show a greater reluctance than Customers to move from road to rail in response to the smaller price increases, however the differences lessen as the price increases begin to escalate.

With a 20% increase in the price of road, over half of respondents would be 'Very' or 'Quite' likely to consider moving to rail.

The interviews revealed that rail is seen as appropriate when a number of factors come together (freight characteristics, journey characteristics) :

> *"Rail generally only starts to become competitive where both routes are well utilised. Where there are imbalances then the primary leg can be expensive".*
>
> **Logistics Company**

However, rail is seen as 'different' to road, even in today's highly commercial environment emotion can play a role:

> *"When you question the use of rail it becomes very emotive. Both inside and outside the organisation".*
>
> **Logistics Company**

Note: It has been suggested that the next survey ask respondents to make a prediction as to what changes in price are expected in the next 5 – 10 years for both road and rail. This will assist in providing information as to why respondents are or are not examining changes to their modes of transport.

5.5 PERCEIVED BARRIERS TO CHANGING TO RAIL

The research asked what the major barriers were to changing mode to rail. A number of options were suggested and respondents indicated which were barriers to their business.

The barriers were grouped into different types – Cost, Physical, Location, Time, and Other. Table 5.1 sets out the groupings as used in the questionnaire.

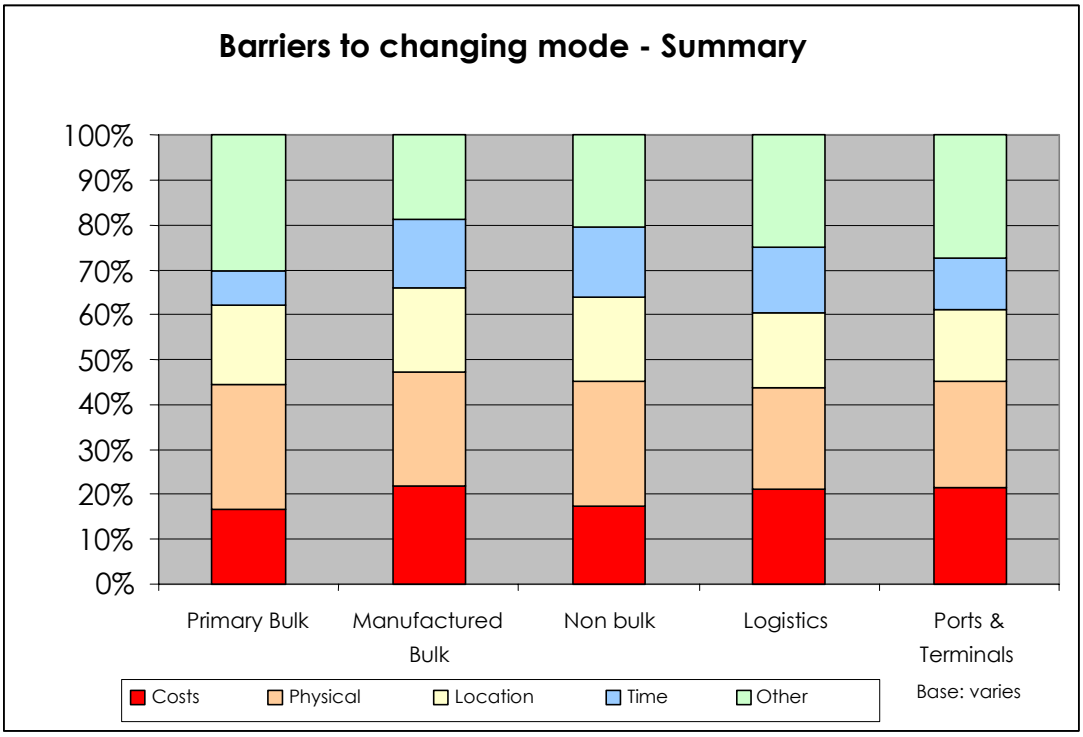
Table 5.5: Potential Barriers

Potential Barriers					
Groups	**Cost**	**Physical**	**Location**	**Time**	**Other**
Potential Barriers	Total Costs	Nature of goods	Access to rail network	Lead times	Ease of understanding grant structure
	Direct Costs	Supplier handling capabilities	Materials location	Response times	Range of grants available
	Indirect Costs	Manufacturing handling capabilities	Manufacturing location	Transit time	Environment considerations
	Investment cycles	Customer handling capabilities	Market location		Social considerations
	Cost of land	Availability of suitable rail equipment			Public perception of rail
	Fixed capital investment	Track capacity			Long term contracts
	Cost of land / access	Train paths			Long term relationships
					Local planning restrictions
					National Gov't action
					Board policy

5.5.1 Potential Barriers – Summary

The graphs in the following section (5.5.2) provide a detailed review of the individual barrier groups. Figure 5.11 presents a summary of all the groupings in order to provide an overview.

Figure 5.11: Barriers to Changing Mode - Summary



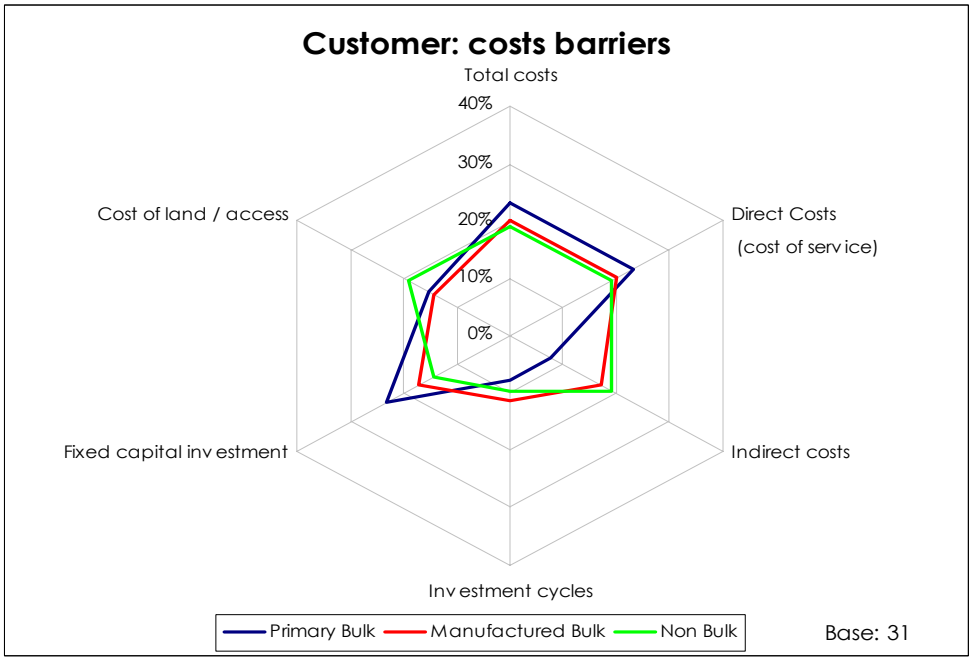
The key message from this chart (5.11) is that there is no great difference in the perceived barriers across the different groups. Whilst there are differences, in the detail, at this 'macro' level the key messages are.

- costs are an important issue for all groups;
- physical factors are important to all groups, although slightly less for Logistics companies;
- location is an issue for all groups;
- time is less important for Primary Bulk customers and Ports and Terminals; and
- 'other issues' hold more concerns for Primary Bulk and Ports and Terminals.

5.5.2 Costs Barriers

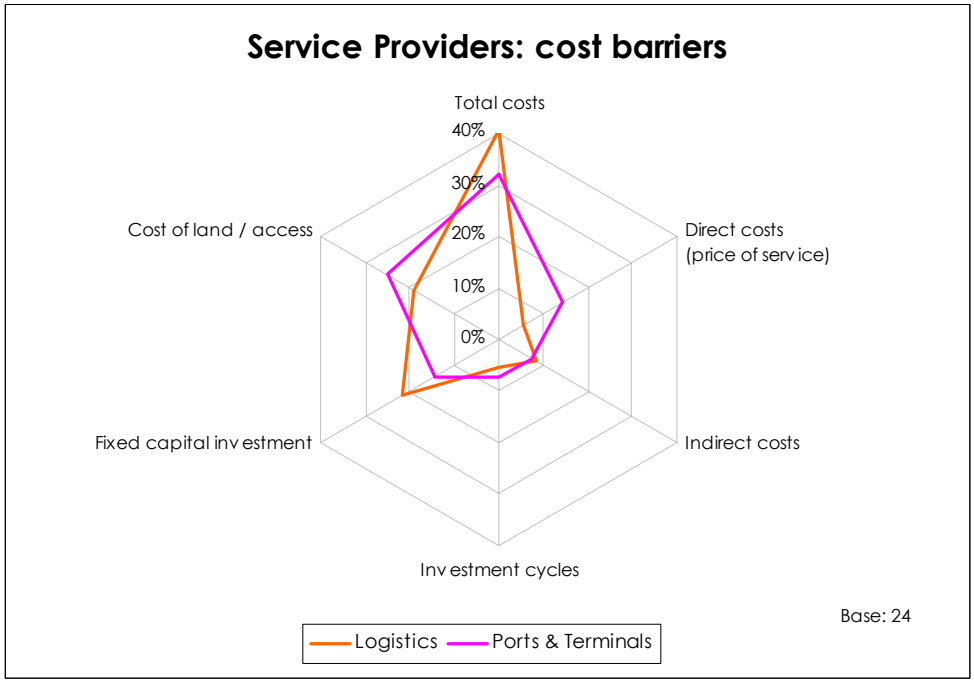
The interviews confirmed that cost is always a consideration. However 'Cost' can include a number of aspects, some obvious, others less so. A series of questions were therefore asked, and as the following two charts show, responses varied across the Customer and Service Provider groups.

Figure 5.12: Cost Barriers: Customers



Amongst Customers (figure 5.12) there is a clear difference of emphasis between the Primary Bulk and the Manufactured Bulk and Non Bulk groups. The Primary Bulk group see fixed capital costs as more significant whilst land/access and indirect costs are slightly more of a concern to the Non Bulk group.

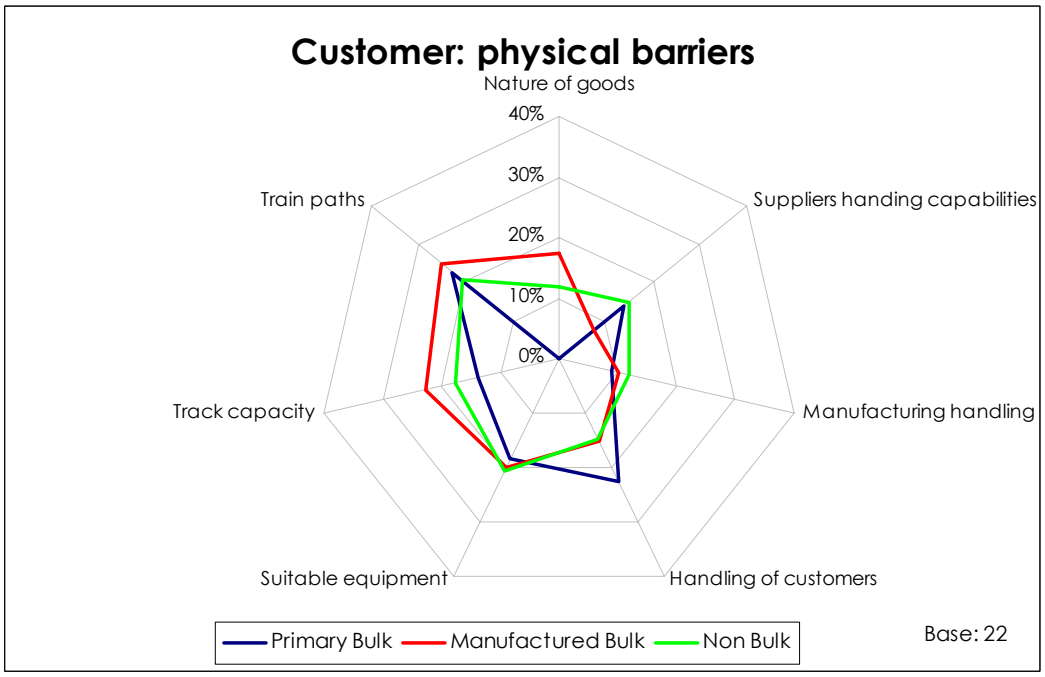
Figure 5.13: Cost Barriers: Service Providers



Total costs are important to both Logistics companies and Ports & Terminals. As might be anticipated, land is more of an issue to the Ports & Terminals whist Logistics companies are more concerned with fixed capital investment.

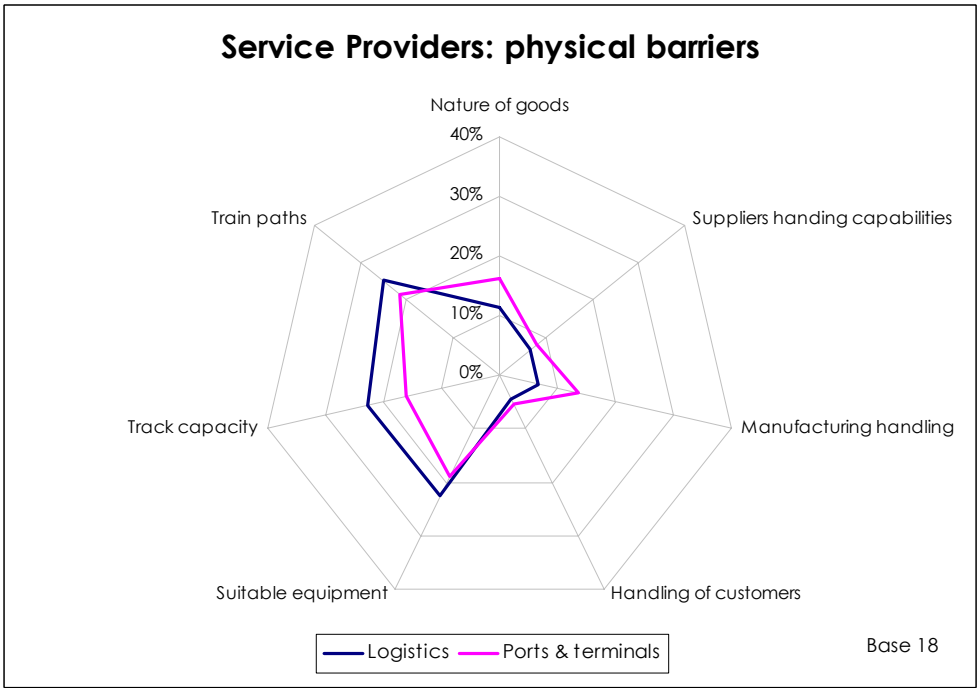
5.5.3 Physical Barriers

Figure 5.14 Customer Physical Barriers



Both Manufactured Bulk and Non Bulk respondents see the physical nature of the goods as a barrier (Primary Bulk see no barrier). However Primary Bulk do see the handling capabilities of their end customers as an issue. Train paths are an issue for all groups.

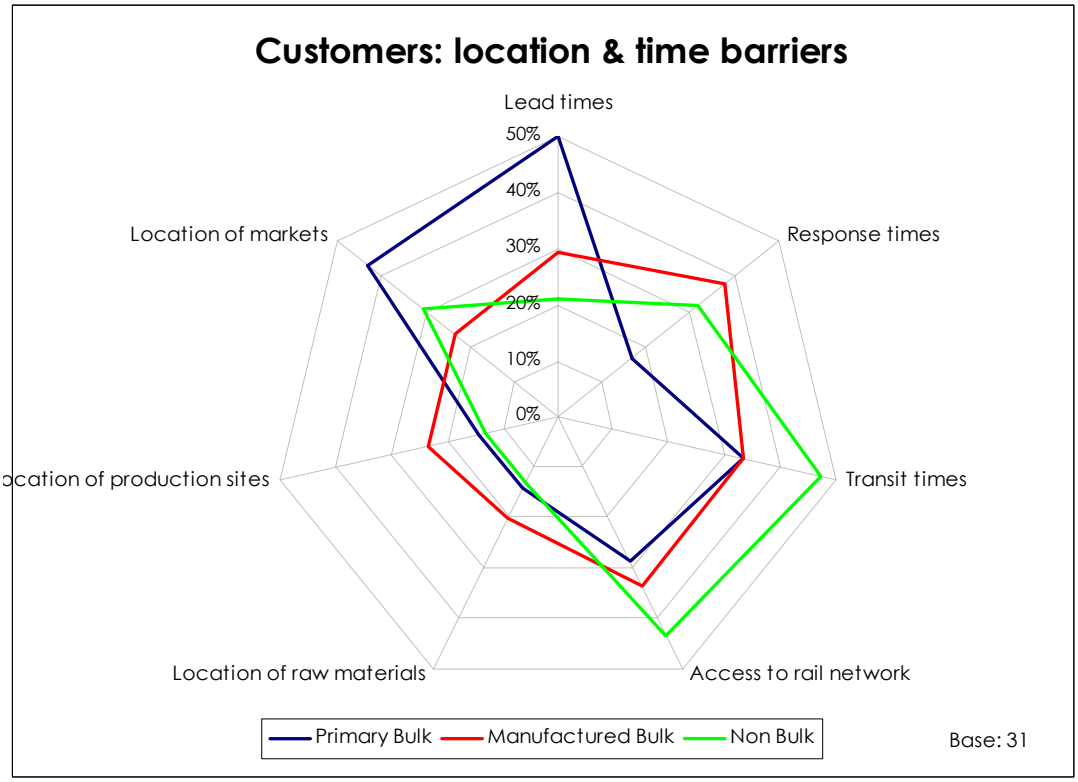
Figure 5.15: Service Provider Physical Barriers



Suitable equipment, track capacity and the availability of train paths are seen to be the major barriers. However the shapes are relatively regular indicating that none of the individual factors are dominating this group of issues.

5.5.4 Location and Time Barriers

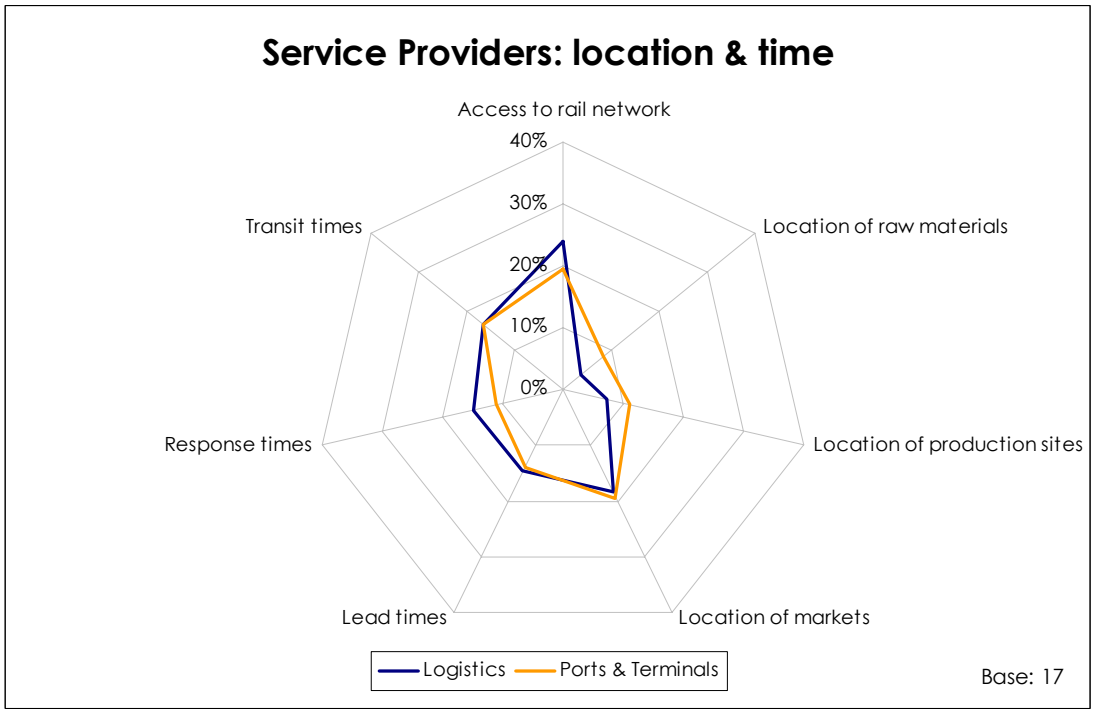
Figure 5.16: Customer Location and Time



Note: The scale is slightly larger than the other charts in this section

This chart highlights the differences between the groups on these issues. Lead times and Location of Markets are seen as significant barriers to the Primary Bulk customers, whilst Transit Times and Access to the Network are seen as important by Non bulk customers.

Figure 5.17: Service Providers Location and Time

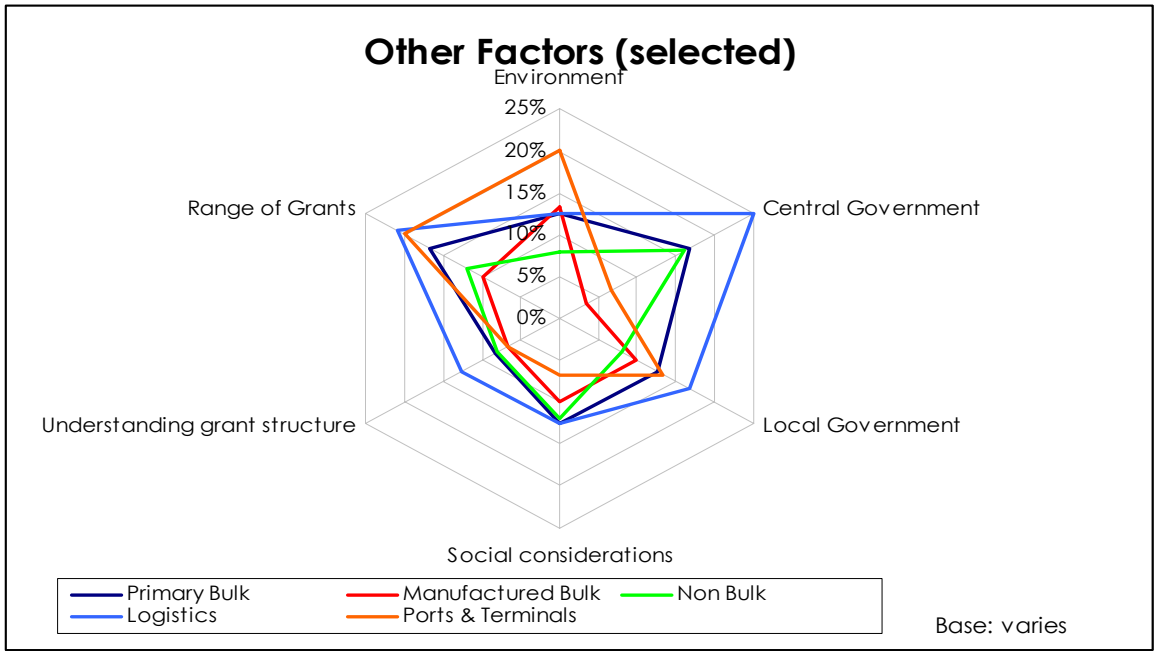


The requirements of the Logistics providers and Port and Terminal operators are similar. Key factors are access to the network and the location of markets

5.5.5 Other Factors

A number of factors did not fit into the classification, so a number have been charted in Figure 5.18. Those that have not been charted received insufficient responses to present in this format.

Figure 5.18: Other Factors



Note the scale is smaller than most of the charts in this section.
Government, both central and local, features with all of the groups. Other comments are at a relatively low level.

5.5.6 Comments:

A number of comments were made that are relevant to this group of questions:

Cost:

> *"Cost is not the key issue for us. The service on offer, at whatever price is not acceptable. We need greater access, reduced transport times, more flexibility and greater reliability".*
>
> **Logistics Company**

Location and Time

> *"Premium logistics needs flexibility and reliability and unless Rail can deliver these two elements rail will not be used for anything other than aggregate and container traffic".*
>
> **Customer**

Other (grants)

> *"Eventually I am hopeful of securing additional rail facilities, in spite of the obstacles in my path".*
>
> **Customer**

5.6 FACTORS WHEN SELECTING MODE

The study asked participants to rank a number of factors when considering rail as a transport mode. The mean scores have been taken and comparisons drawn.

Note: due to the similarity in responses between Primary and Manufactured Bulk responses, these two groups have been amalgamated.

Figure 5.19: Modal Selection Factors Top 12 – Mean Scores

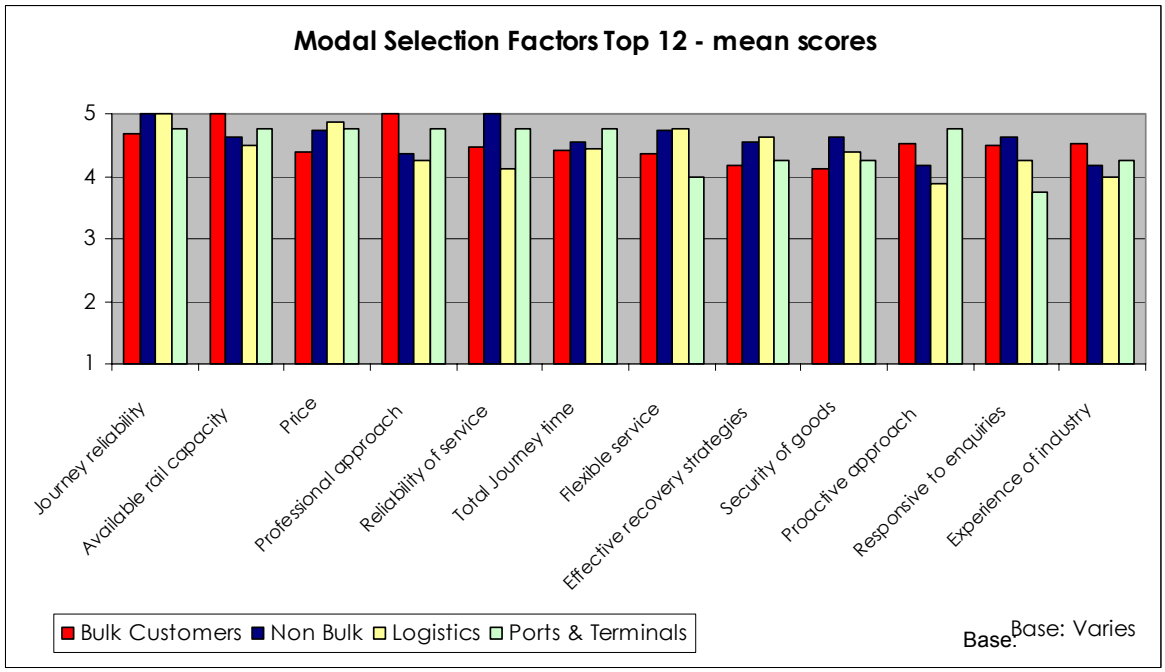
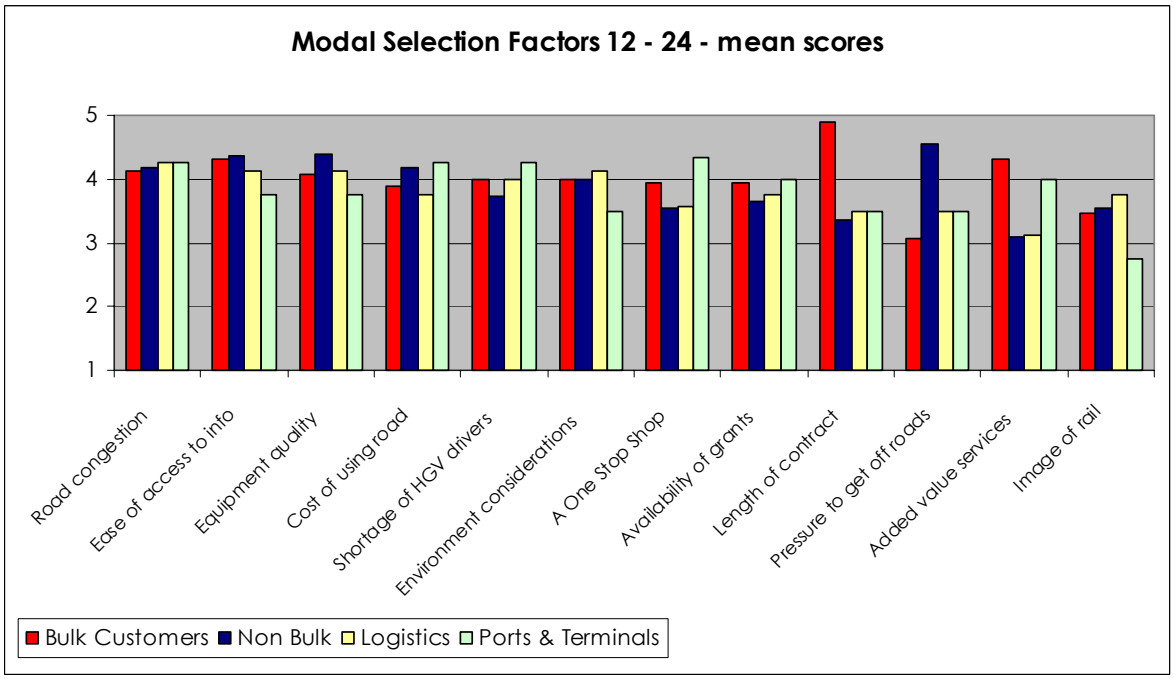


Figure 5.20: Modal Selection Factors 12 – Mean Scores



Whilst all the leading factors received similar scores ('Important' or 'Very' important) 'Journey Reliability' comes through as the most important factor, with both the 'Non Bulk' and the 'Logistics' groupings giving it the highest priority. Other factors, however, are very close and it is not really possible to say whether any of the top five or six are more important than any of the others.

In reviewing these two graphs it should be noted that the differences in the scores are not great. Very few scores are below 3 'Neither Important Nor Unimportant' and most are clustered between 4 'Quite Important' and 5 'Very Important'.

There are differences between the groupings:

Bulk Customers
The most important factors for this group are Capacity, Professional Approach, and the Length of the Contract. Other factors, that score over 4 on this scale, include Reliability of Service, Journey Time, Flexibility, Experience of the Industry, Added Value Services and Proactive Approach.

Non Bulk Customers
The most important factors for this group are Reliability (both of the journey and service), Price, Flexibility, Security, and Pressure to get off the roads.

Logistics Companies
Journey Reliability, Price, Flexibility and Journey Time come through as the strongest factors for this group.

Ports and Terminals
Journey Reliability, Capacity, Price, and Professional Approach come through as the strongest factors.

On the basis of the above, the Bulk customers (who account for more than two thirds of current railfreight) stand out as being different in their requirements to the other groups analysed. Note that Capacity comes through as the most important factor and Length of Contract is another leading factor for this group. The other analysis groups scored these factors far lower.

Comments that relate to this subject include:

> *"The problem with [FOC] are with late arrival of trains at our sidings on a regular basis. This necessitates overtime working at premium rates to complete loading".*
>
> **Primary Bulk**

> *"[rail is] not cost effective or reliable enough".*
>
> **Non Bulk**

> *"Working with retailers, price, flexibility, reliability are the key factors that have to be a given. Rail must match road alternatives to all three aspects for it to be a viable alternative".*
>
> **Non Bulk**

> *"The major consideration is whether there is capacity and at what cost. Our customers (across all sectors) are looking for Improved efficiency and reduced cost to serve their market".*
>
> **Logistics Company**

6 PERCEPTIONS OF THE RAIL INDUSTRY



6 PERCEPTIONS OF THE RAIL INDUSTRY

An important aspect of this study is an evaluation of how key organisations involved with and associated with rail freight are perceived to be performing by their customers.

6.1 LEVEL OF CONTACT WITH INDUSTRY

The following charts indicate the level of contact (both regular and single / occasional) that participants have had with the named organisations in the proceeding twelve months. In reviewing the customer satisfaction charts on the following pages, it is important to bear in mind the level of contact (e.g. 43 respondents had regular/occasional contact with EWS whilst only 13 had contact with Direct Rail Services).

Figure 6.1: Level of Contact with Companies Involved with Rail Freight

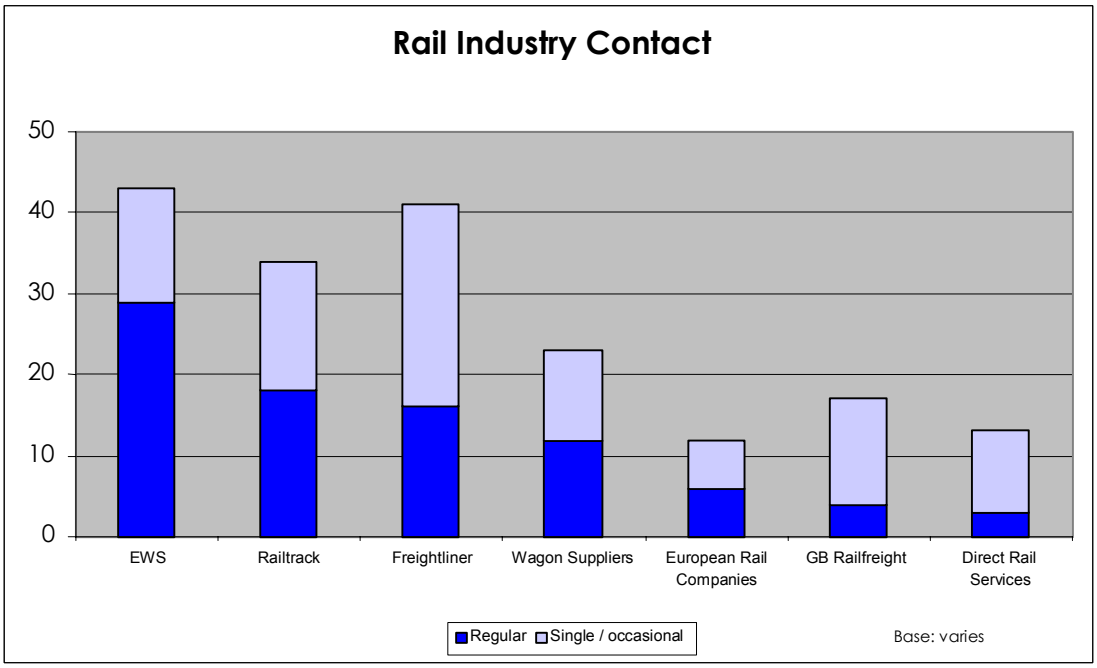
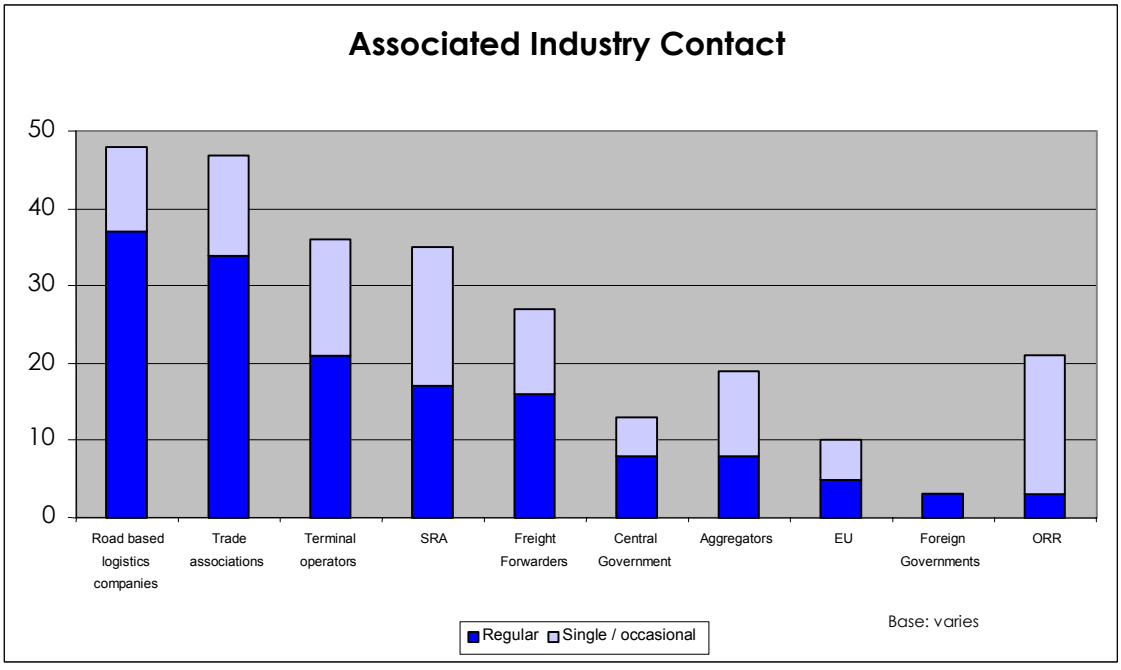


Figure 6.2: Level of Contact with Organisations Associated with Rail Freight



6.2 OVERALL LEVEL OF SATISFACTION

The following graphs show the overall level of satisfaction. The results for the Freight Operating Companies have been combined and averaged to give a measure for how the Freight Operators are perceived to be performing as an industry. The charts draw a comparison between Railtrack, the average for all Freight Operating Companies and the other groups of organisations. Figure 6.3 presents the information numerically; this sets the information within the context of the number of responses the data is based on. Figure 6.4 presents the information in the form of percentages; this allows more direct comparisons to be made between the respective organisations.

Figure 6.3: Satisfaction with Rail Companies and Associated Organisations - Numeric

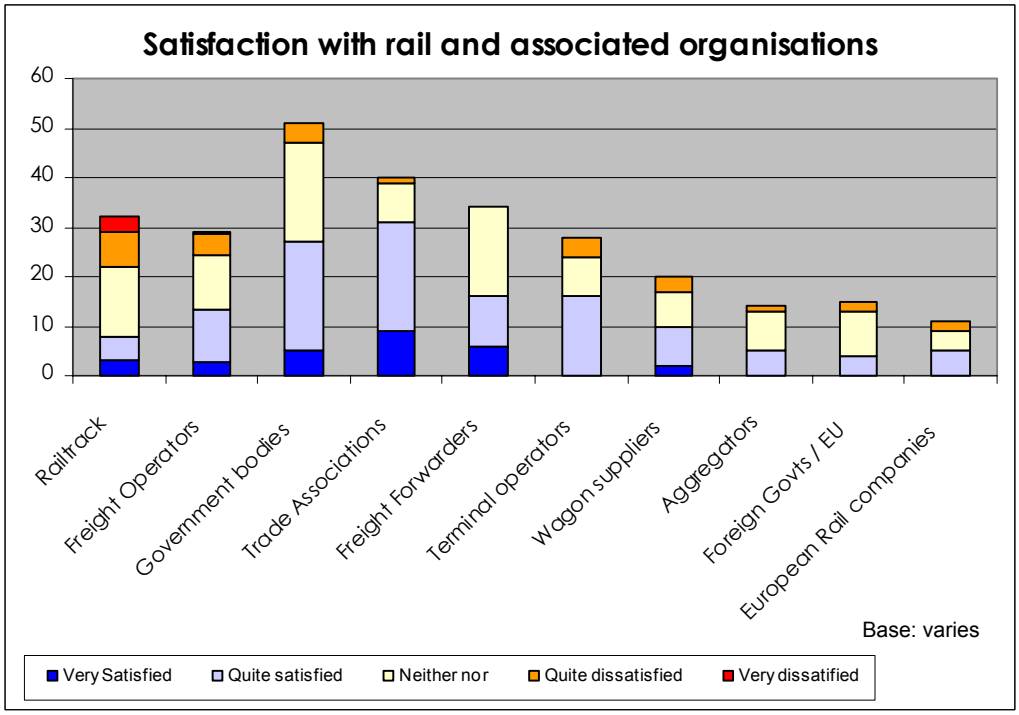
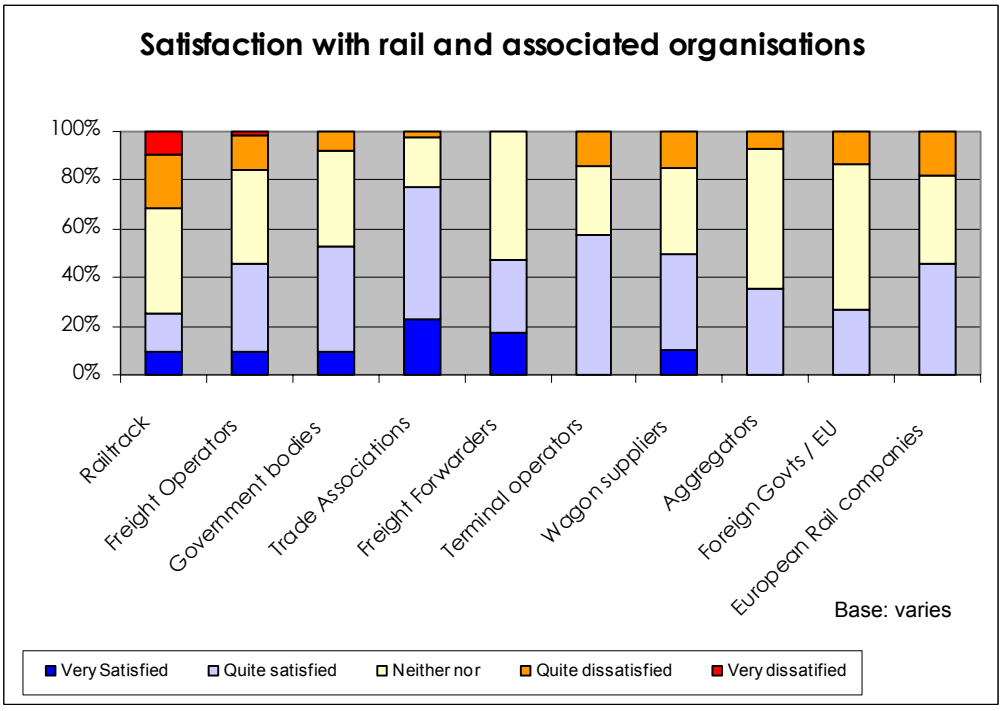


Figure 6.4: Satisfaction with Rail based Companies and Associated Organisations - Percentage



The sample base for this section of the survey varies between 10 and just over 50 responses. Some caution therefore needs to be exercised in interpreting the responses from some of the groups (particularly Aggregators, Foreign Governments / EU / and European Rail Companies).

Most of the companies / organisations have a mixture of responses, satisfying some, but falling short of the ideal for other respondents.

The Freight Operating Companies (FOC's) and Railtrack exhibit this 'mixed' response. Note that just over 20% of Railtrack and c45% of FOC Responses are either 'Very' or 'Quite' satisfied. At the other end of the scale, over 30% of Railtrack responses and c16% of the FOC's are showing some level of dissatisfaction.

Amongst the other organisations / groups, the Trade Associations stand out as delivering a particularly good service, as do the Freight Forwarders.

6.3 EXPECTATION AND DELIVERY

The questionnaire asked two sets of questions in relation to satisfaction:

- The level of satisfaction.
- Whether service has met their expectations.

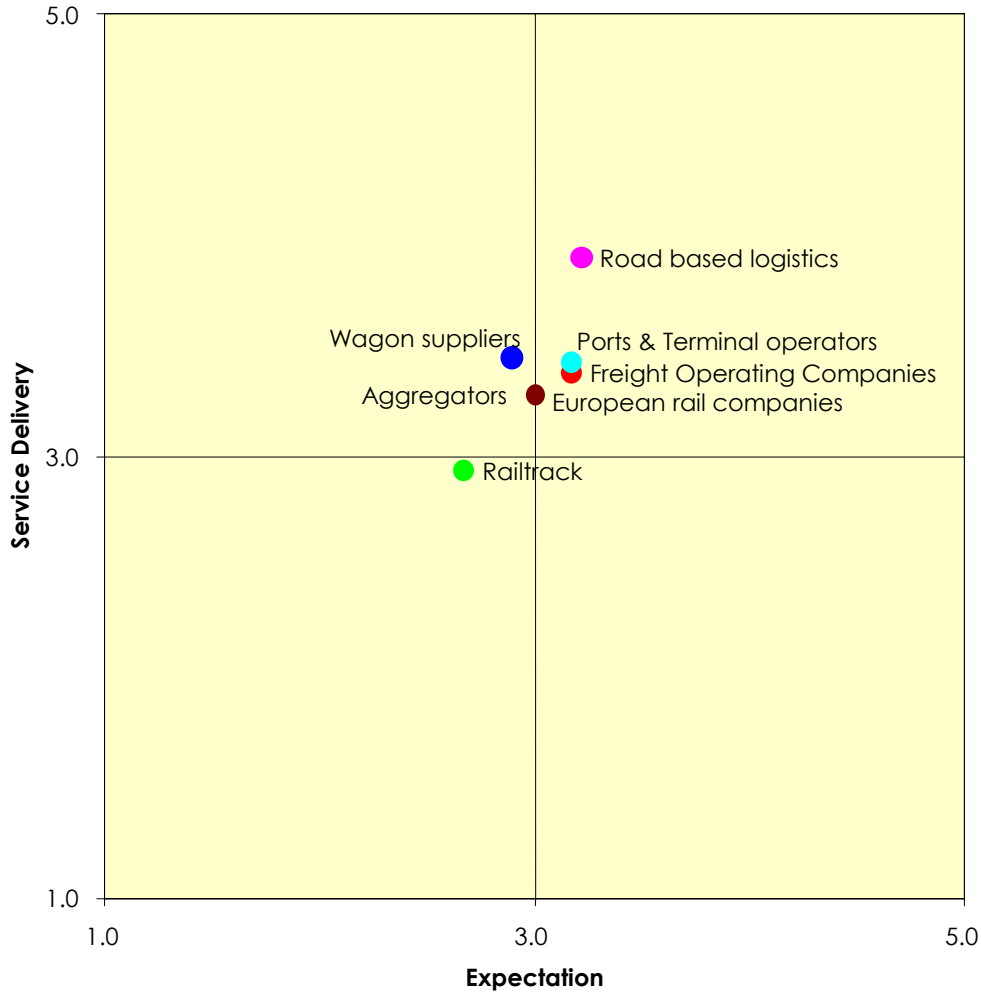
The following 'plot matrix' graph plots these two questions against each other:

Interpreting the graph:

The bottom (x) axis denotes the Service Expectation, this is on a five point scale where positions to the left denote service delivery below expectations and positions to the right denote service delivery above expectations.

The side (y) axis denotes the Service Delivery; this is on a five point scale where positions lower on the axis denote dissatisfaction with service delivery and points higher up the scale denoting higher levels of satisfaction.

Figure 6.5: Expectation and Delivery



The Road Based Logistics companies stand out as having the highest service expectation level (3.2) and are seen to be delivering against this expectation (3.9).

The Ports and Terminal Operators, FOC's (taken as a whole), Wagon Suppliers, Aggregators, and European Rail Companies form a group that also have a relatively high expectation and are seen to be delivering against it.

Railtrack has a lower expectation (2.66) and customers are less than satisfied, scoring between 'Quite Dissatisfied' and 'Neither Satisfied nor Dissatisfied'.

6.4 CUSTOMER SATISFACTION: DETAIL

The survey asked how satisfied respondents were with the level or quality of service provided by a number of logistics organisations, both rail and road based.

6.4.1 Road and Rail Based Freight Industries

Respondents were asked to indicate their level of satisfaction with the 'Road And Rail Freight Industries'. These questions were included in a 'battery' of questions (Q15a) addressing specific customer management issues across a range of organisations and companies associated with rail freight. The precise wording of the question was:

> Thinking about the same organisations, and only answering questions about companies / organisations with which you have had dealings in the last year or so, please indicate how well they

have performed in respect of the dimensions listed along the top of the table.

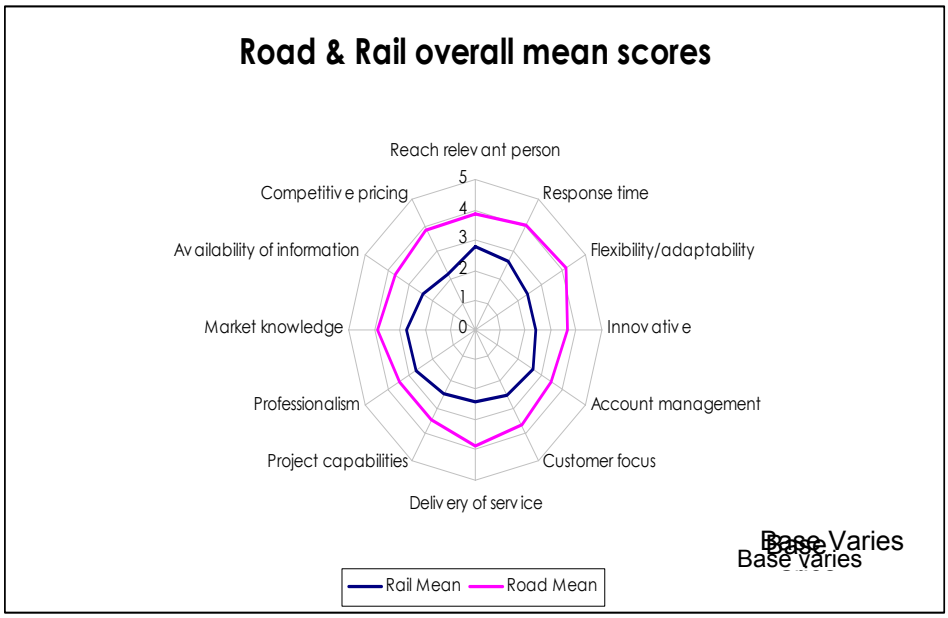
The 'dimensions' are shown in figure 6.6. At the end of a list of organisations associated with the rail freight industry, were two broader groupings:

- The 'Rail Freight Industry Overall': and
- The 'Road Freight Industry Overall.'

The precise definition, therefore, of what constitutes the 'Rail Industry' and the 'Road Industry' was left open to respondents to decide.

The following chart compares the mean scores of a broad range of issues and services relating to both the road and rail based freight industries.

Figure 6.6: Road and Rail Overall Mean Scores



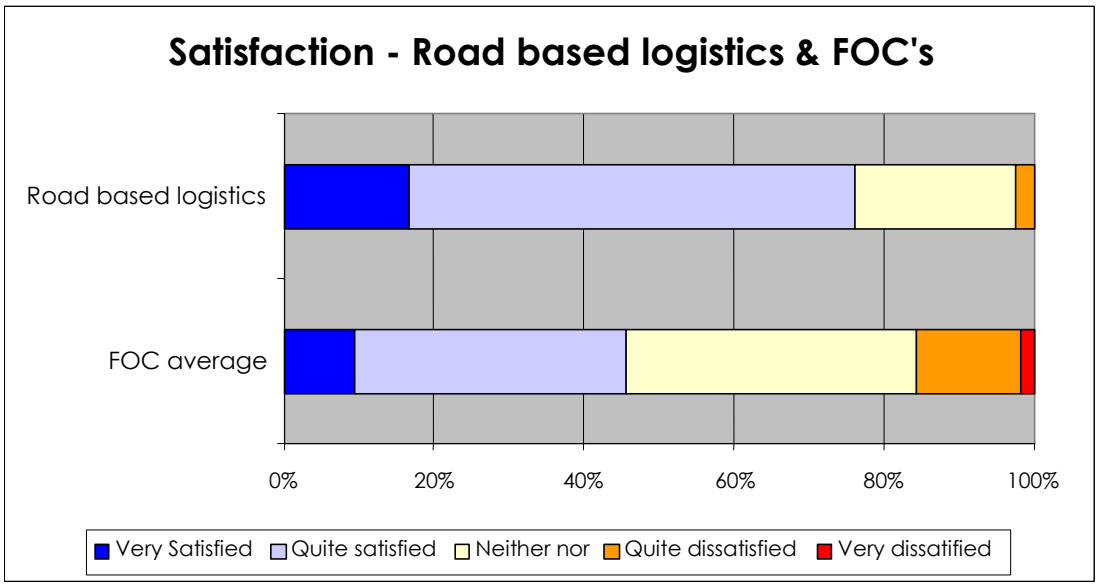
The graph presents a picture where the overall level of satisfaction with rail-based organisations is lower than with those that are road based. Whilst there are differences, the key message from this graph is that all the 'Rail Freight Industry' scores are below '3' (Neither Satisfied Nor Dissatisfied) whilst the 'Road Freight Industry' scores are consistently above this level.

Note: In producing this graph we have only used the scores from the customer groups in the survey. This has been done because a number of the respondents from the service providers are logistics companies themselves.

6.4.2 Road Based Industry and Freight Operating Companies (FOC's)

Looking more specifically at the Freight Operating Companies, and comparing the overall level of satisfaction against the Road Based Logistics Industry, differences in levels of satisfaction are apparent.

Figure 6.7 Satisfaction Comparison between Road Based Logistics and FOC's



Over three-quarters of respondents were either 'Very' or 'Quite' satisfied with the service provided by Road Based Logistics companies. This compares to less than half of responses expressing satisfaction with the service provided by Rail Freight Operating Companies.

6.5 CUSTOMER SATISFACTION - DETAIL BY ORGANISATION

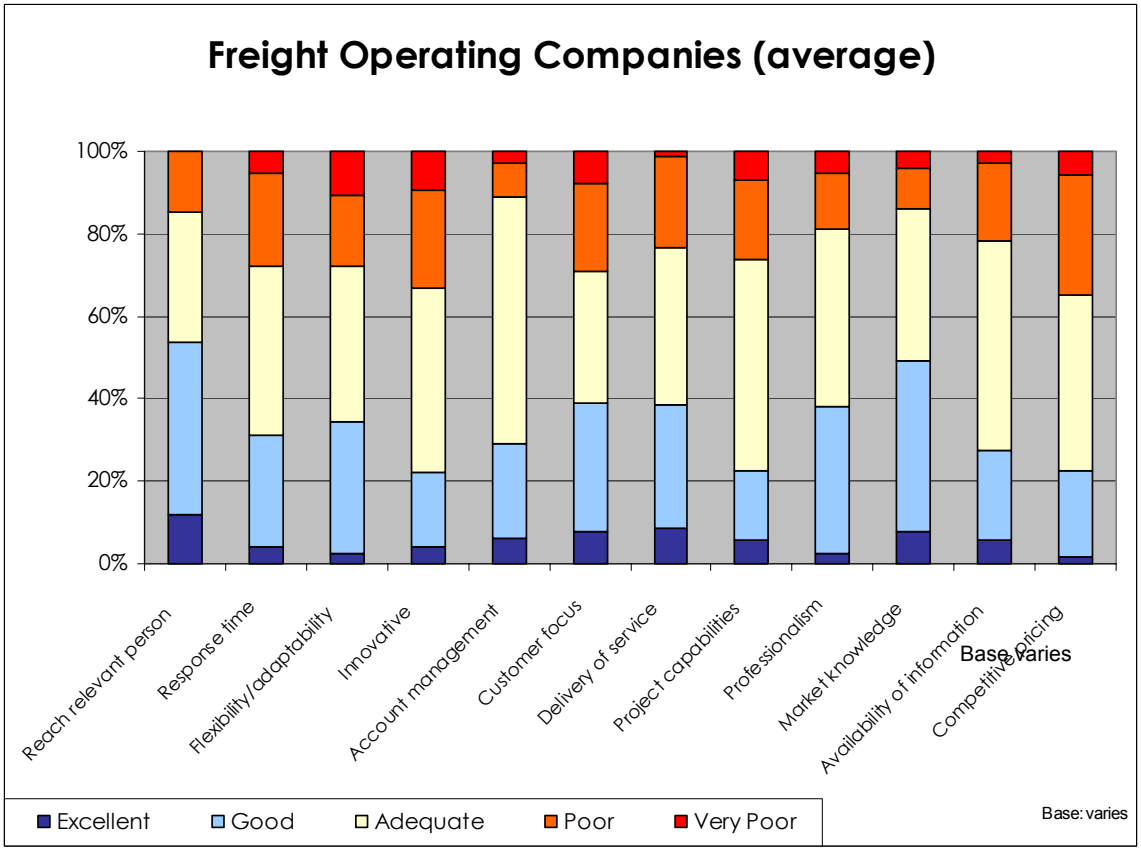
The charts in this section of the document report respondent's ratings of a number of companies and organisations against a set of pre-determined service delivery criteria.

Note: A small number of organisations included in the questionnaire have not been included, as the response levels are believed to be too small to be analysed. The results from some other organisations have been grouped together.

6.5.1 Detailed Service Delivery Performance: Freight Operating Companies (average)

The results of the Freight Operating Companies have been grouped together to give an indication of industry performance (each Freight Operating Company has been provided with its own set of results).

Figure 6.8: Freight Operating Companies (Average)



The fact that the responses show such a marked split between a strong performance (Excellent / Good)) and a relatively weak performance (Poor / Very Poor), is indicative of the wide range of customers the Freight Operating Companies are trying to satisfy. Whilst the numbers are too small to analyse individually, differences do appear to be present within the customer groups. It should also be noted that some Freight Operating Companies show a stronger performance than others. Individual freight operators have been provided with their own results.

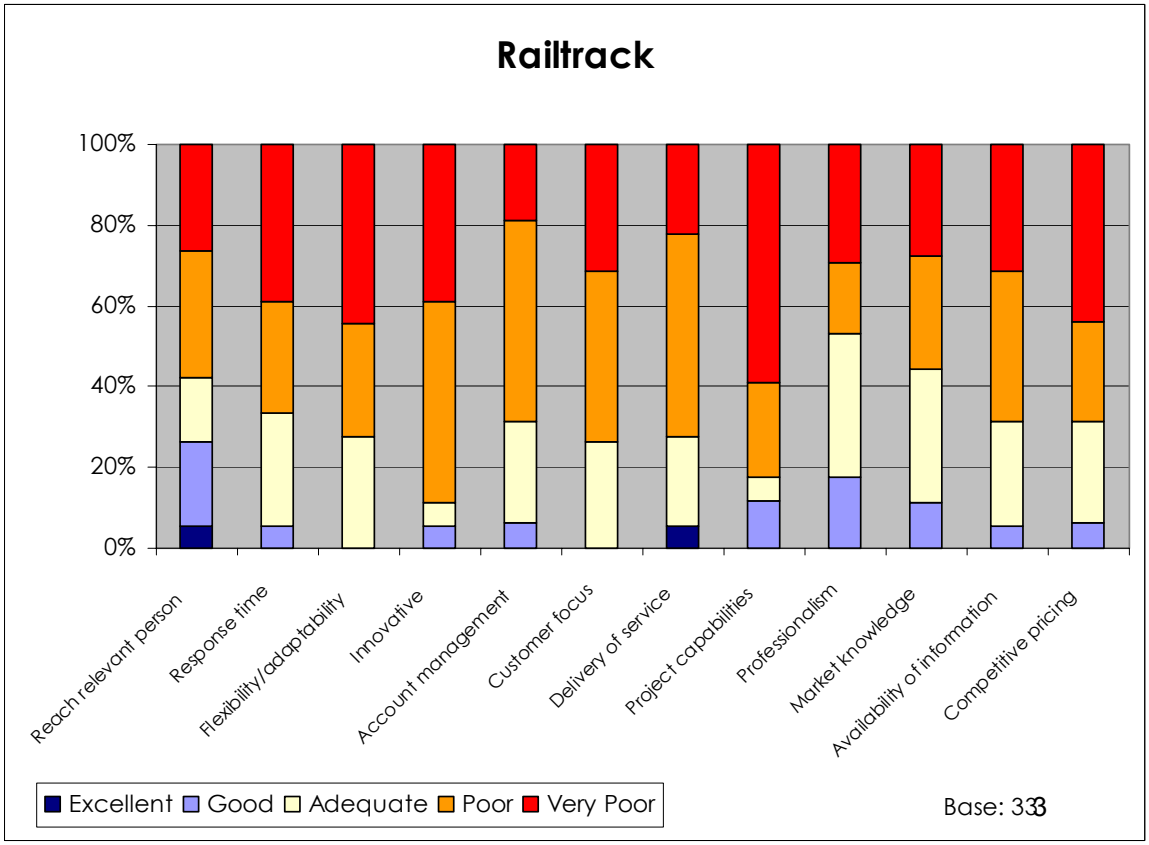
Factors where the Freight Operating Companies are seen to be particularly strong are to do with Contact (being able to reach the relevant person) and their Market Knowledge.

Areas of perceived weakness include competitive pricing and innovation.

This wide range of responses suggests that the Freight Operating Companies are facing competing demands from very different types of customers.

6.5.2 Detailed Service Delivery Performance: Railtrack

Figure 6.9: Railtrack



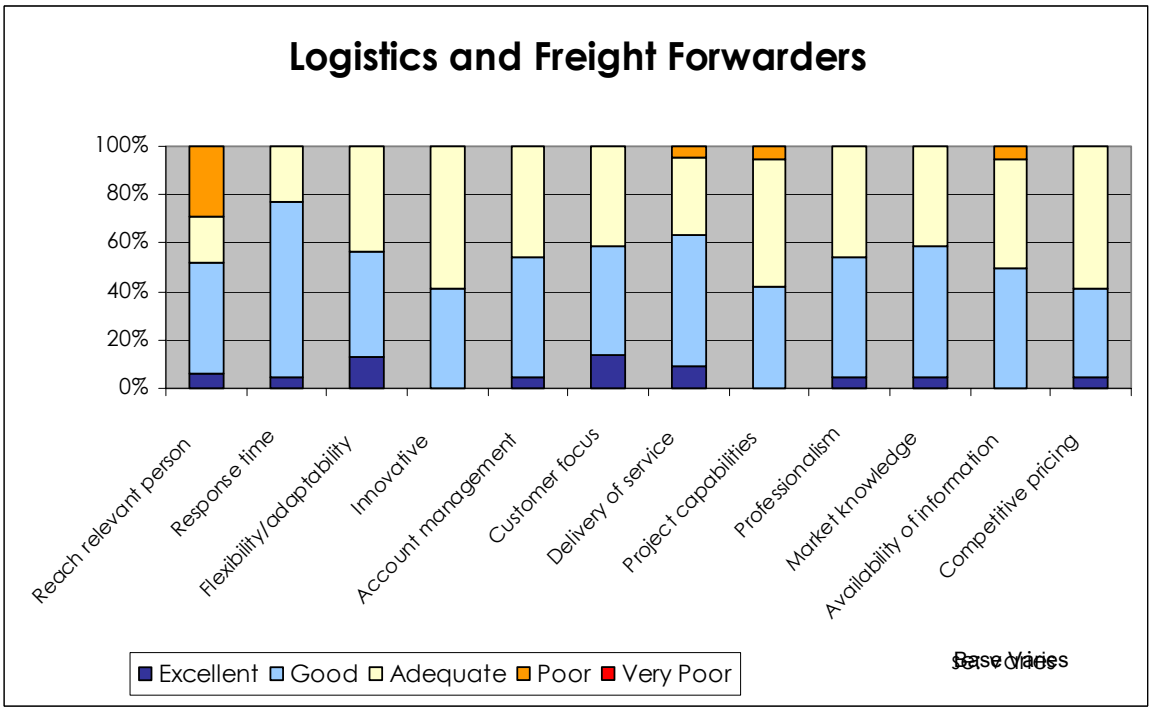
The Railtrack performance is marked by relatively low levels for 'Excellent' / 'Good' performance and relatively high levels of 'Poor' / 'Very Poor' performance.

Relatively strong points for the company include Professionalism, Market Knowledge, and being able to Reach the Relevant Person.

The company's Project Capabilities come in for the greatest criticism but most of the other factors are also poorly perceived.

6.5.3 Detailed Service Delivery Performance: Logistics Companies and Freight Forwarders

Figure 6.10 Logistics Companies and Freight Forwarders

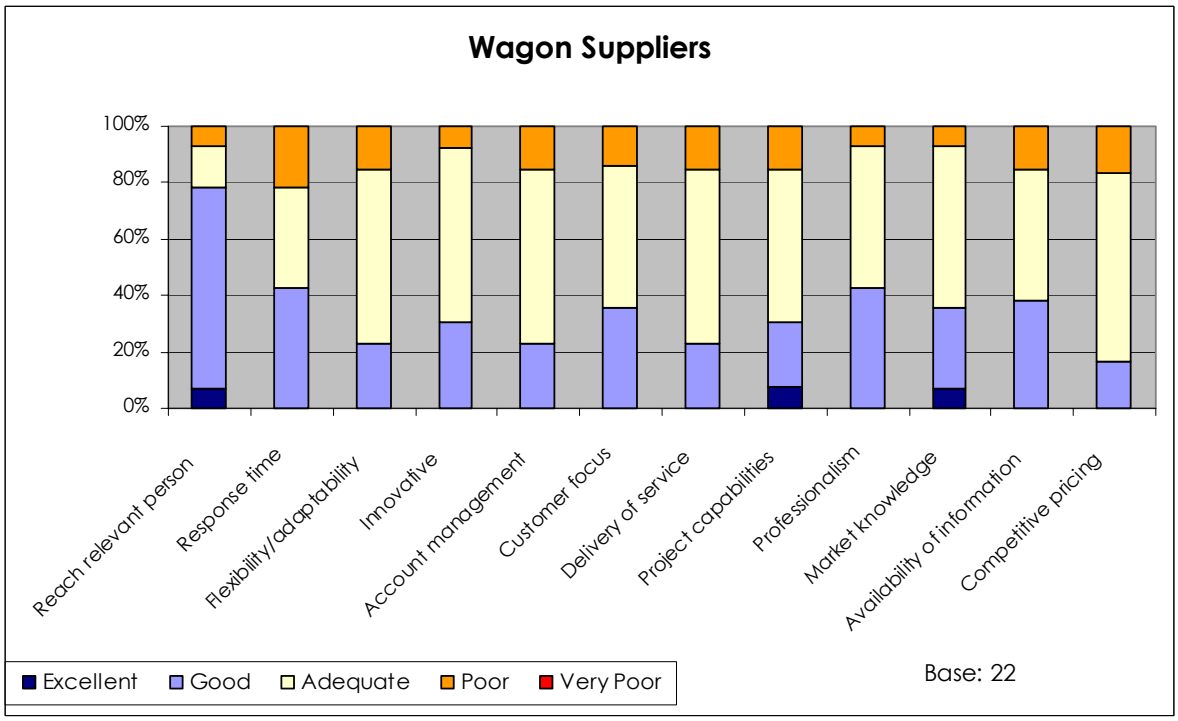


This group of organisations are seen to be providing a very high level of service to their customers.

The 'Excellent' and 'Good' scores are, for the most part, scoring between forty and sixty percent. Levels of dissatisfaction are very low, the main exception being 'Reaching the Relevant Person' where over a quarter of respondents stated performance to be poor.

6.5.4 Detailed Service Delivery Performance: Wagon Suppliers

Figure 6.11: Wagon Suppliers

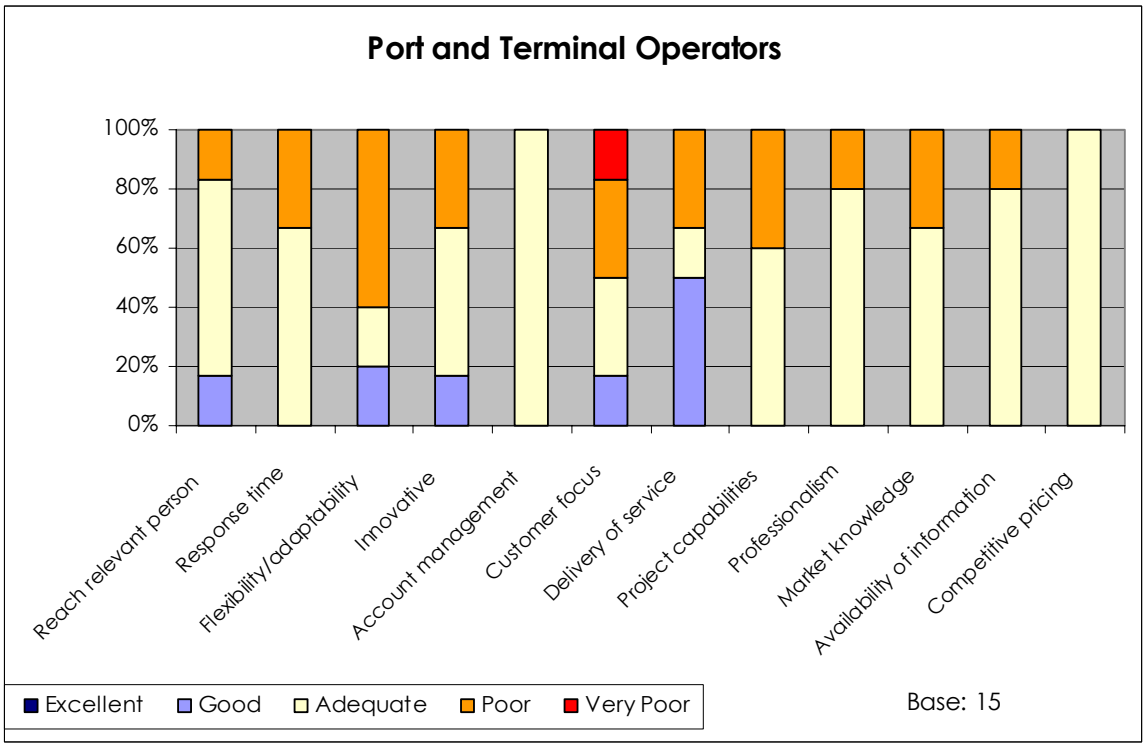


Wagon Suppliers are seen to be providing a Good / Adequate level of service. Levels of criticism are relatively low with 'Poor' performance averaging between ten and twenty percent, and no 'Very Poor' scores at all.

The strongest performance, by a substantial margin, was 'Reaching the Relevant Person'. This was followed by 'Professionalism' and 'Customer Focus'.

6.5.5 Detailed Service Delivery Performance: Port and Terminal Operators

Figure 6.12: Port and Terminal Operators



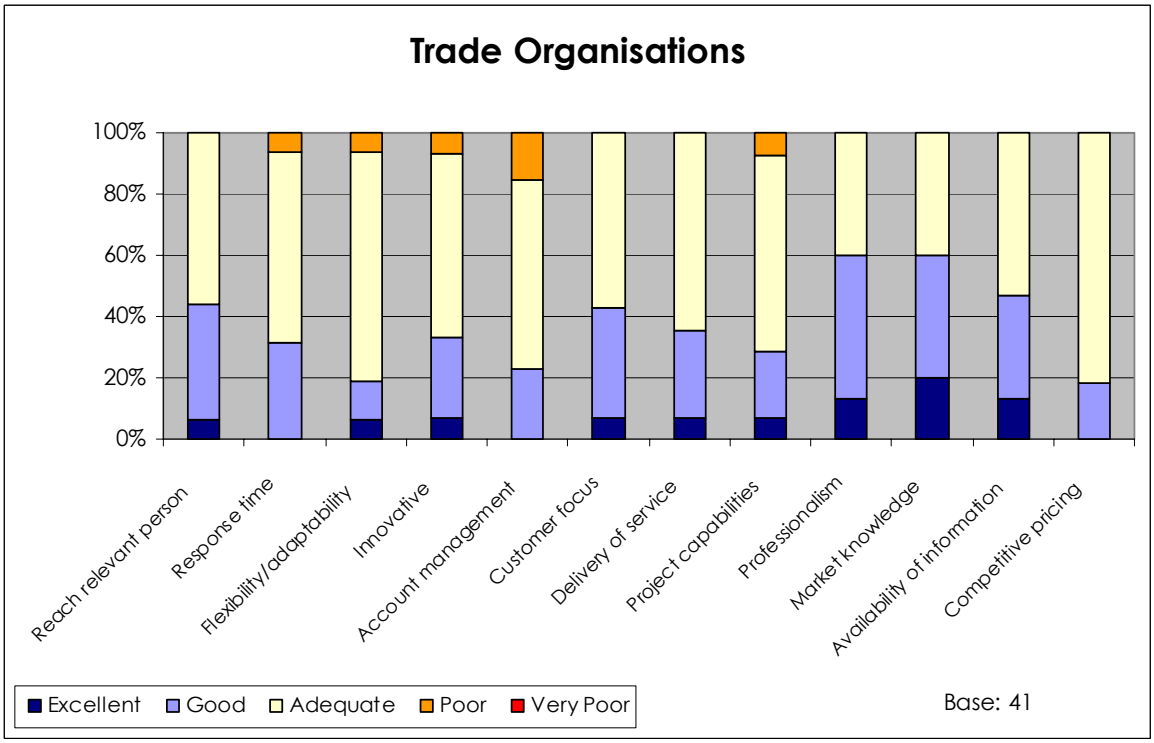
Note: This graph is based on the responses from 'Customers' only

Port and Terminal Operators receive a mixed response, there are, however, a significant level of negative responses, particular areas of weakness include 'Customer Focus' and 'Flexibility / Adaptability'.

Areas of strength include 'Service Delivery' and to a lesser extent 'Flexibility / Adaptability', 'Innovative', and the ability to 'Reach the Relevant Person'.

6.5.6 Detailed Service Delivery Performance: Trade Organisation

Figure 6.13: Trade Organisations

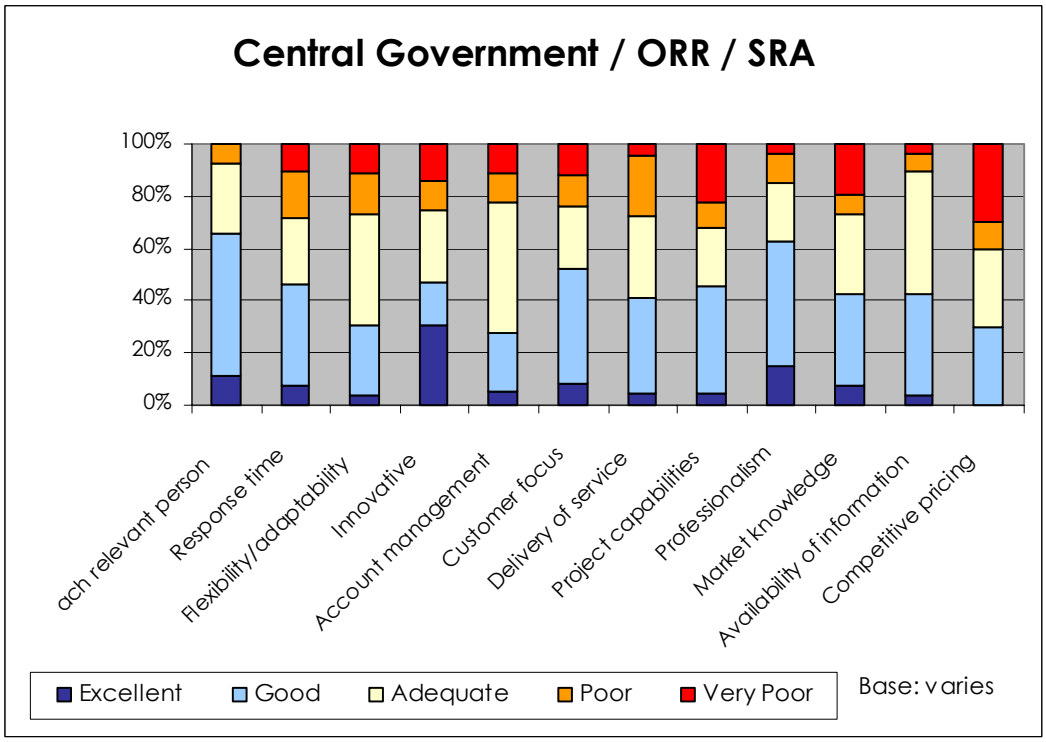


Trade Organisations generally receive very positive responses (relatively high scores for Excellent and Good) and there are minimal negative scores.

Those areas where some weaknesses are reported include 'Account Management', 'Innovation', 'Flexibility / Adaptability', 'Response Times', and 'Project Capabilities'. These criticisms are, however, at a very low level and the performance is generally thought to be strong.

6.5.7 Detailed Service Delivery Performance: Government / SRA / ORR

Figure 6.14: Government / SRA / ORR



The perceived performance of the Government, SRA and ORR does evoke mixed responses. Whilst overall the Excellent / Good performance is strong, averaging between 40% and 60%, there is an underlying level of dissatisfaction around the 15% - 20% level.

Particularly strong areas are Innovation (c30% Excellent), Customer Focus (50% Excellent and Good) and Professionalism (c60% Excellent and Good).

Areas where there is more criticism include Pricing and Project capabilities. However the characteristic of this chart is that there is a fairly even level of criticism across the factors.

Comments related to Government and its agencies

> *"The rail industry has too many parties involved but nobody responsible. Freight is still second rate, generally not proactive (always customer lead, and it takes a long time to get a total package together)".*
>
> **Logistics Company**

> *"It was, sad to say, simpler under BR regime to identify an opportunity and resolve a problem".*
>
> **Logistics Company**

> *"If the 'ONE STOP SHOP system applied, with people empowered to make these decisions, this would mean a company could come to the SRA and get a straight definitive answer …".*
>
> **Logistics Company**

> *"The contact I had with the SRA was excellent. Not impressed with the decision not to offer a suitable grant …".*
>
> **Logistics Company**

7 GRANTS

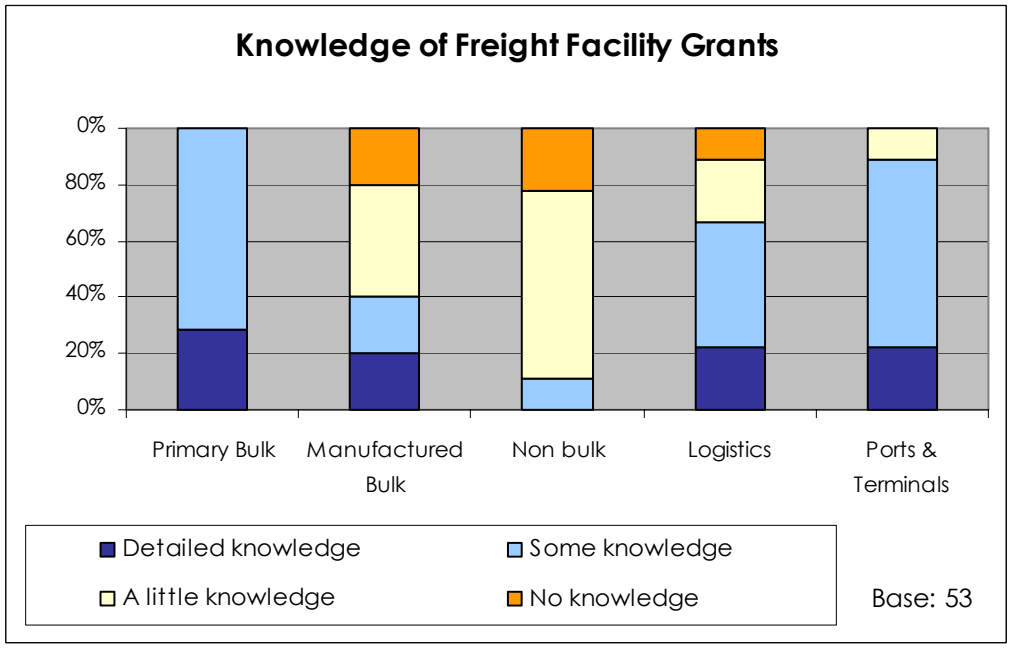


7 GRANTS

There are a number of grants and financial incentives available to support rail freight. Respondents were asked about their knowledge of these programmes.

7.1 FREIGHT FACILITY GRANTS

Figure 7.1: Knowledge of Freight Facility Grants

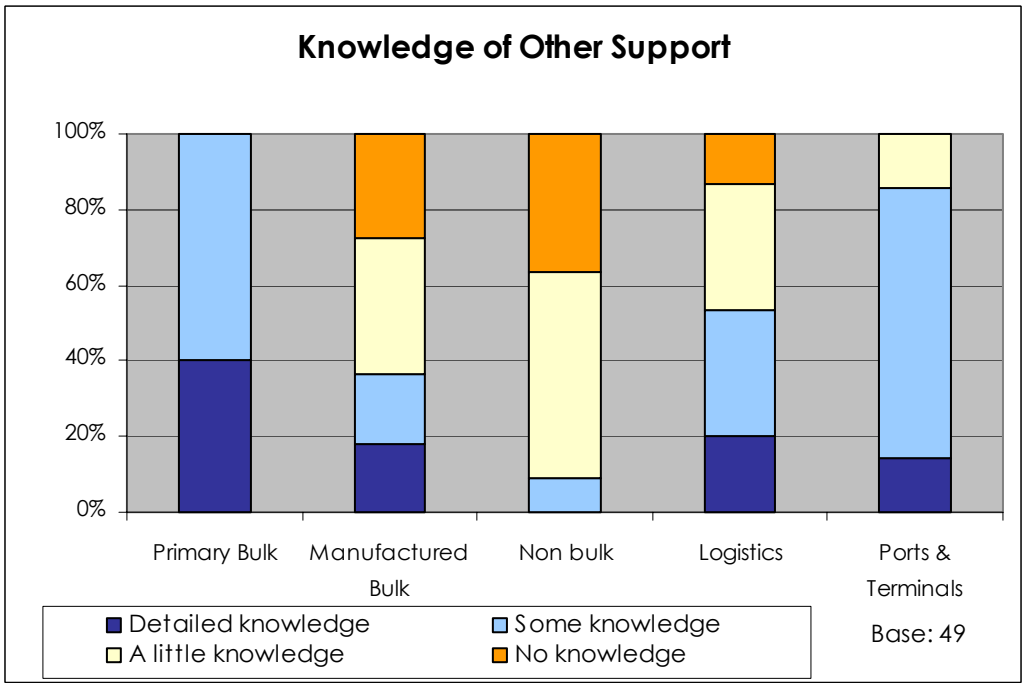


There is clearly a good knowledge of available grants amongst the Primary Bulk customers and Ports and Terminals. There is less knowledge of these grants amongst the other groups.

7.2 OTHER SUPPORT

Other support is available to support the growth of rail freight; respondents were asked how much knowledge they thought they had of these services.

Figure 7.2 Knowledge of 'Other Support'



As with Freight Facility Grants, knowledge is with Primary Bulk customers and Ports and Terminal Operators. The least knowledge is with Non Bulk customers.

A number of comments were made regarding the grants process; most were critical to some degree:

> *"We have made no claims, but one observation - the application would normally take much longer than the requirement to implement".*
>
> **Non Bulk Customer**

> *"Bureaucratic and time consuming".*
>
> **Non Bulk Customer**

> *"Bureaucratic in the extreme, time consuming and too detailed".*
>
> **Bulk Customer**

But a number were positive:

> *"Straightforward".*
>
> **Bulk Customer**

> *"Process better than it used to be".*
>
> **Bulk Customer**

> *"Better than it used to be".*
>
> **Logistics Company**

8 EXPERIENCE OF THOSE WITH CONNECTIONS TO THE RAIL NETWORK

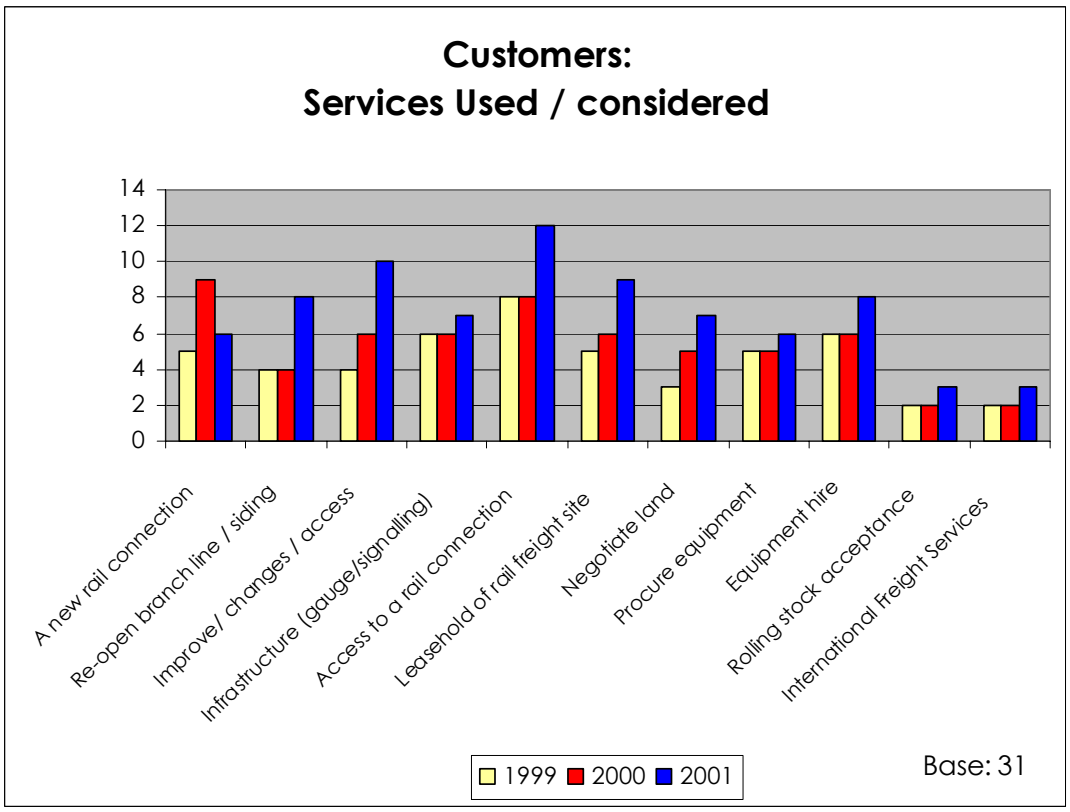


8 EXPERIENCE OF THOSE WITH CONNECTIONS TO THE RAIL NETWORK

The survey asked what services both Customers and Service Providers had used or considered using in the last three years.

8.1 CUSTOMERS: BULK AND NON BULK

Figure 8.1: Services Used / Considered – Bulk and Non Bulk Customers



The chart indicates that there is an increasing demand for products / services from the rail freight industry. Access to a rail connection is the most frequent enquiry made.

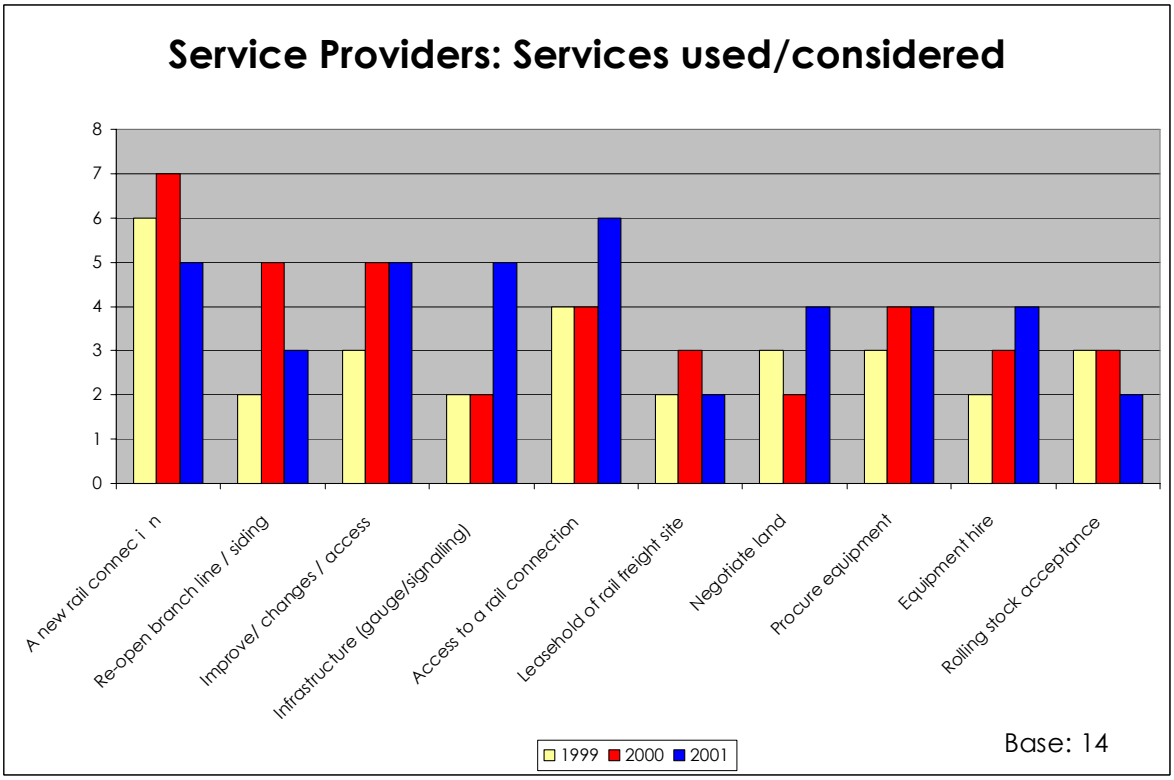
The most marked increases in interest are:

- re- open a branch line / siding;
- improve / change access;
- access to a rail connection; and
- leasehold of a rail freight site.

The implication is that customers are considering increasing their capacity / upgrading their facilities more than they were a few years ago.

8.2 SERVICE PROVIDERS: LOGISTICS PROVIDERS AND PORTS & TERMINALS

Figure 8.2: Services Used / Considered – Service Providers

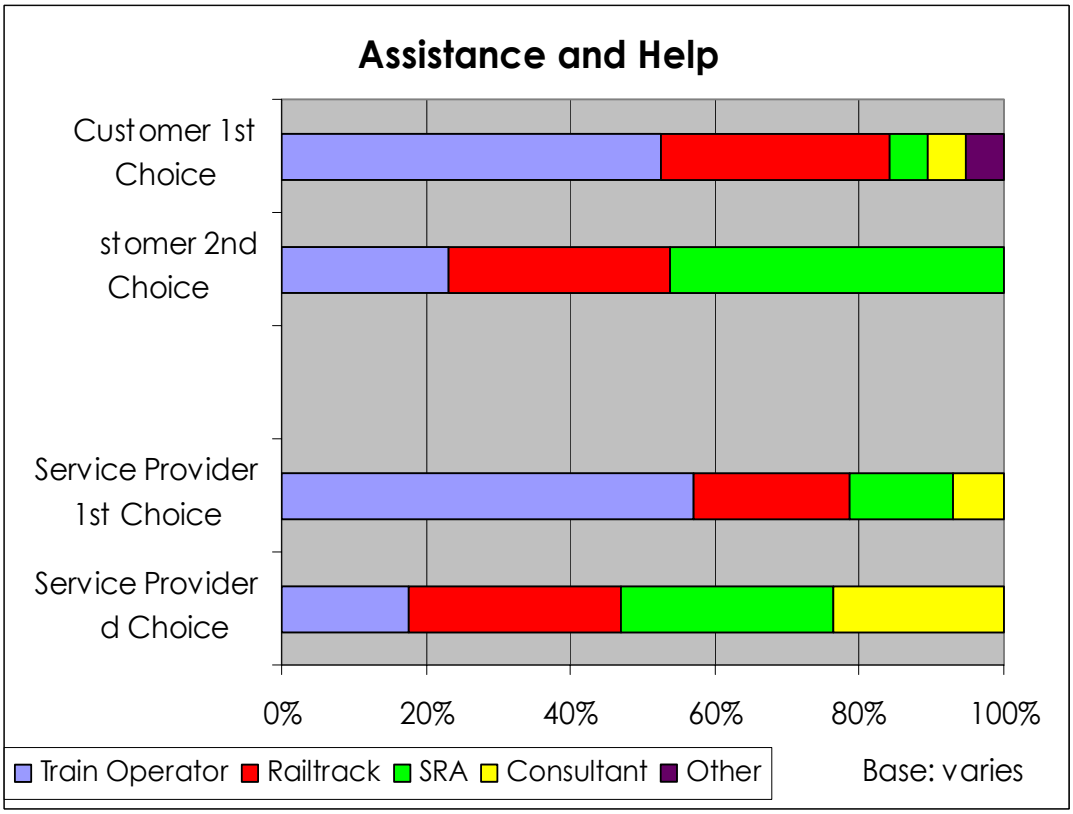


Amongst the Logistics Companies and the Ports & Terminals a less clear pattern emerges than among the Customer group. However, there appear to be significant increases for Infrastructure Changes and Access to a Rail Connection.

8.3 ADVICE AND ASSISTANCE

The survey then asked who respondents first went to when they wanted to effect a change to their connection or add new equipment:

Figure 8.3: Assistance and Help



Train Operating Companies are the most favoured organisation to approach first of all, followed by Railtrack.

The SRA is consulted, but seldom first.

The role of consultants appears to be relatively limited and very few respondents to the survey appear to use them within this context. However, it is possible that they may be working for a small number of larger organisations.

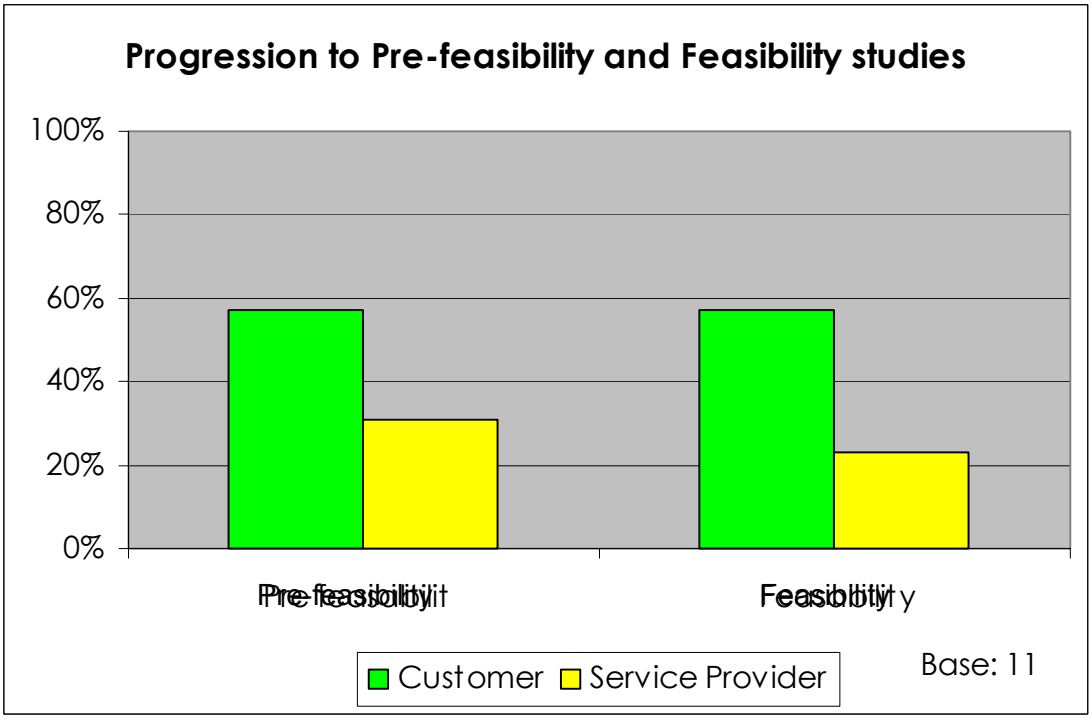
8.4 PRE-FEASIBILITY AND FEASIBILITY STUDIES

Before any changes can be made to rail infrastructure, which is a part of, or connected to, the Railtrack Network, it is necessary to go through:

- a Pre-feasibility survey, which is relatively quick and informal; and
- a Feasibility Study, which is a far more detailed process.

The survey asked respondents whether they had undertaken either of these studies in the last three years.

Figure 8.4: Pre-feasibility and Feasibility Studies



Additional questions were asked in relation to costs, however there were insufficient responses to allow meaningful numerical analysis. A number of comments were made on this subject, both on the questionnaires and in the interviews:

> *"Due to the total lack of response by Railtrack I have two projects which are stalled waiting for progress / permissions / actions to permit use of a connection to the network. I am totally frustrated at a lack of focus by Railtrack and the length of time taken for even the simplest things to get done. All I ever get are excuses and reasons why it is all too difficult. There does not appear to be any incentive or motivation to increase the amount of freight by Railtrack".*
>
> **Customer**

> *"To buy land we need to re-open the line … a classic chicken and egg situation … Too disjointed with too many pitfalls and also lacking in process and procedure".*
>
> **Customer**

> *"At the time (1999) I thought it very inflexible, suited only to bulk cargos such as sand or cement".*
>
> **Logistics**

APPENDIX A – THE NATIONAL SURVEY OF RAIL FREIGHT USERS SURVEY WORKSHOP ATTENDANCE



FABER MAUNSELL

APPENDIX A

THE NATIONAL SURVEY OF RAIL FREIGHT USERS SURVEY WORKSHOP ATTENDANCE LIST

ALAN PEATS	RAILFREIGHT GROUP
BRIAN EDWARDS	FORD
DAVID JOHNS	RAILTRACK
ELIZABETH AVEYARD	CORUS
GRAHAM SMITH	ENGLISH WELSH & SCOTTISH RAILWAY LTD
HOWARD HOLT	DOVER HARBOUR BOARD
NEIL COTTAM	CHRISTIAN SALVESEN
PAULA BEASLEY	HAYS LOGISTICS
ROBERT GOUNDRY	FREIGHTLINER LTD
SARAH WATKINS	FREIGHT TRANSPORT ASSOCIATION
STEVE BLENCOWE	TIBBETT & BRITTEN
STEVE COFFEY	TOTAL FINA
STEVE TAYLOR	POWERGEN
CHRIS KIMBERLEY	FABERMAUNSELL
DAWN KOROSSO	FABERMAUNSELL
NIGEL SHEPHERD	FABERMAUNSELL
ANDY LEWIS	ORR
DUNCAN BUCHANAN	SRA

APPENDIX B - QUESTIONNAIRE



25 February 2002

Dear

Thank you for taking part in this study that has been commissioned by the Office of the Rail Regulator and the Strategic Rail Authority. The study is being conducted amongst businesses that currently make use of rail freight and those that might consider its use in the future.

This survey gives you the opportunity to tell those responsible for planning of rail freight what you think about a range of issues. Key findings will be published on both the SRA's and the ORR's web sites later this year.

The attached questionnaire is divided into 4 sections:

Section A: Introductions & Background
This is an introductory section. We have already filled this out with the information you gave us when we telephoned you initially. We would appreciate it if you could quickly check that we have got your details correct, if not, please make any changes you think appropriate.

Section B: Transport Modes & Trends
This section helps us to have a better appreciation of your current transport provision and the performance of the various organisations associated with rail freight. This section is quite long, rest assured the following ones are far shorter.

Section C: Network connection questions (if applicable)
These questions relate to your connection to the rail network and any changes you may have tried to implement.

Section D: Confidentiality question
This asks whether you would be willing for your quotes to be attributable (to the ORR / SRA).

As you will see, the questionnaire includes a number of 'closed' questions. These just require a tick in the box or a score. However, we have also left spaces for you to add comments that you think

might be helpful.

If you have any questions, or would like to discuss either the questionnaire or issues that it raises, please contact Nigel Shepherd at Oscar Faber:

Telephone: 020 8784 5658
Email: nigel.shepherd@oscarfaber.com

Please complete this questionnaire and return it to us by **Friday 15th March:**

By fax: 020 8962 6202

Or by post: Rail Freight Survey
Cumberland House
80 Scrubbs Lane
London
NW10 6RF

Thank you for taking the time to participate in the study.

Chris Kimberley
Director

National Rail Freight Users Survey 2002
Customer Questionnaire

A note on confidentiality.

The findings from this survey are treated as strictly confidential. At the end of this questionnaire are three questions that ask how much of the detail of your answers you would like to be revealed to our clients. Please be assured that we operate within the guidelines of the Market Research Society and your wishes will be respected.

Section A (please complete the following details):

Name:	
Title:	
Address:	
Telephone Number	
Email	

What 'industry' would you describe yourself as being in:	

Are you already a user of rail YES / NO	
If you are NOT currently a user of rail freight, have you been a user in the past:	
If you have been a user in the past, WHY have you stopped using rail:	

Within your company, are you a person responsible for transport issues connected with rail freight:	

Note: the following two question have determined whether we have sent you section C dealing with connections to the rail network.

Does your company have its own siding / connection to the Network:	**Yes**	**No**

IF YES: How many:				
How frequently do you use your connection(s)	**Frequently**	**Occasionally**	**Rarely**	**Never**

IF NO: Are you using someone else's siding / connection to the Network:	**Yes**	**No**
If Yes, can you tell me who's connection(s) you are using:		

Section B: Transportation Modes & Trends

Q1a: Please describe the types of goods your company transports:

Inbound	
Outbound	

Q1b Can you please describe what types of goods your company principally transports:

By Road	By Rail	Water
What proportion uses more than one mode:		

Q1c: To what extent does your company take responsibility for selecting freight transport modes:

Inbound	Outbound

Q1d:

In relation to using railfreight, what would you say were the usual consignment sizes you deal with (e.g. less than a wagon load, wagon load, trainload, other):	

Q1e:

Do you use deep sea containers / swap bodies:	

Q1f:

How frequently do you send railfreight consignments (frequently, occasionally, rarely or never):	

Q1g: Can you please indicate your main railfreight origins and destinations:	**Origins**	**Destinations**

Q2a Using whatever units are most appropriate, please indicate how much freight you are currently transporting both inbound and outbound (we appreciate that this may be approximate):

Units (please state)		
	Inbound (include internal movements**)**	**Outbound**
Road		
Rail		
Waterways		
Pipeline		
Air		
Etc.		

Please use this space for any comments:

Q3a What proportion (if any) of your transport freight movements are international:

	None	**Up to a quarter**	**Up to a half**	**Up to three quarters**	**Between three quarters to all**
A: Inbound					
B: Outbound					

Q3b: Can you please tell us what proportion of your total freight movements:

	None	1%-25%	26% - 50%	51%-75%	76%-100%
A: Use rail?					
B: Use rail only on Eurotunnel's Lorry shuttle					
C: Use rail in Great Britain (at least in part) for movements that are wholly domestic					
D: Use Rail in Great Britain (at least in part) for movements that are to / from Europe					
E: Use rail in Great Britain (at least in part) for movements that are inter-continental					

Q4 If some of your freight movements are International, which types of gateways do you mainly use (if you use more than one, please give a percentage):

	An inland port	A sea port	The Channel Tunnel	An airport terminal
A: In to the UK				
B: Out of the UK				

Please use this space to add any comments you may wish to make:

Q5 Thinking back over the last 5 years or so, how much would you say your use of transport modes has changed:

	Increased A lot	Increased A little	About the same	Decreased a little	Decreased a lot	Have not used
A: Road						
B: Rail						
C: Coastal						
Other						

Please use this space for any comments:

Q6a Within the UK. By mode approximately what percentage of your freight is carried over the following distances:

	Road	Rail
Less than 50 miles (80km)		
50 – 150 miles (81 – 240Km)		
151 –250 miles (241 - 400km)		
251 – 400 miles (401 - 640km)		
Over 400 miles (641km)		
Total	100%	100%

Q6b Internationally. Approximately what percentage of your freight uses rail for a significant proportion of the journey

	Outside UK	In UK
To/From North West Europe		
To/From Scandinavia		
To/From Southern Europe		
To/From Eastern Europe		
To/From Elsewhere		

Please use this space for any comments:

Q7a How important to your current business is the ability to move from one mode to another (i.e. from road to rail and vice versa):

Very Important	Quite Important	Neither important nor unimportant	Quite unimportant	Very unimportant

Q7b How effectively do you feel the road based and the rail based freight industries are offering integrated transport solutions:

	Very Effectively	Quite Effectively	Neither Nor	Quite Ineffectively	Very Ineffectively
Road					
Rail					

Please use this space for any comments:

Q8 What percentage of your total transport volume would you expect to move by rail assuming that there are no significant changes in the overall 'rail offer':

	1-10%	11- 20%	21-30%	31-40%	41-50%	51-60%	61-70%	71-80%	81-90%	91-100%
Next 12 months										
1-3 years										
4-10 years										

Please use this space for any comments:

Q9 When considering rail as a transport **mode**, how important are each of the following factors:

	Very Important	Quite Important	Neither important nor unimportant	Quite unimportant	Very unimportant
Available rail capacity					
Length of contract					
Professional approach					
Experience & knowledge of industry					
Proactive approach					
Reliability of service					
Total journey time					
Journey Reliability					
Flexible service					
Responsive to enquiries					
Effective recovery strategies					
Price					
Ease of access to information					
Added value services (e.g. warehousing)					
Security of goods in transit					
Equipment quality					
Environmental consideration					
A 'ONE STOP' service					
Availability of grants					
Road congestion					
Cost of using road					
Shortage of HGV drivers					
Image of Rail					
Pressure to move freight off roads					
Other (please specify)					

Please use this space for any additional comments:

Q10 What percentage of your total transport movements would you consider moving by rail, should the 'rail offer' substantially change to meet your key requirements:

	No change	**1-10%**	**11- 20%**	**21-30%**	**31-40%**	**41-50%**	**51-60%**	**61-70%**	**71-80%**	**81-90%**	**91-100%**
Next 12 months											
1-3 years											
4-10 years											

Please use this space for any comments:

Q11a Which of the following factors do you consider to be the main barriers to changing mode of transport from road to rail (please tick all those to be a factor):

Q11b Please rank the 5 most important barriers (i.e. 1,2,3,4,5 – where 1 is the most important barrier)

Ref	Factor	Q11a ✓	Q11b 1,2,3,4,5.
Costs	Total costs		
	Direct costs		
	Indirect costs		
	Investment cycles		
	Fixed capital investment		
	Cost of land / access		
Location	Access to the rail network		
	Location of raw materials (inbound logistics)		
	Location of manufacturing / productions sites		
	Location of markets (outbound logistics)		
Physical factors	The physical nature of the goods		
	The handling capabilities of suppliers		
	The handling capabilities of manufacturing sites		
	The handling capabilities of our customers		
	Availability of suitable rail equipment (e.g. wagons)		
	Track capacity		
	Train paths		
Time	Lead times		
	Response times		
	Transit time		
Other considerations	Ease of understanding grant structure		
	Range of grants available		
	Environmental considerations		
	Social considerations		
	The public perception of rail		
	Long term contracts		
	Long term relationships		
	Local planning restrictions		
	National Government action		
	Board policy		
Other	Other (please specify):		

Q12a If the price of your **road transport** movements increased by the following amounts, how likely would you be to change to rail):

Changes from Road to Rail					
Change in costs of road transport	**Very likely**	**Quite likely**	**May or may not consider change**	**Quite unlikely**	**Very unlikely**
+20%					
+15%					
+10%					
+5%					
No change					

*(**Note:** the next question (12b) looks at the reverse situation – the cost of rail transport*

Please use this space for any comments:

Q12b If the price of your **rail transport** movements increased by the following amounts, how likely would you be to change to road:

Changes from Rail to Road					
Change in costs in Rail transport	**Very likely**	**Quite likely**	**May or may not consider change**	**Quite unlikely**	**Very unlikely**
+20 %					
+15 %					
+10 %					
+5%					
No change					

Please use this space for any comments:

Q13a How frequently do you review your logistics strategy concerning choice of mode for your freight:

Ongoing	**Twice a year**	**Every Year**	**Every couple of years**	**Less often**	**I do not review**

Q13b: How difficult would you say it was to change mode from:

	Very Difficult	Quite Difficult	Neither Difficult nor easy	Quite Easy	Very Easy
Road to Rail					
Rail to Road					

Please use this space for any additional comments:

Q14a In the last twelve months or so, how much contact have you had with each of the following organisations / types of organisation in connection with issues related to the transport of freight:

	Regular contact	**Single / Occasional Contact**	**No contact at all**
Direct Rail Services			
EWS			
Freightliner			
GB Railfreight			
European Rail Companies			
Railtrack			
Wagon Suppliers			
Aggregators			
Freight forwarders			
Terminal operators			
Road based logistics companies			
Trade associations (e.g. RFG, FTA,BIFA)			
Central Government (please state which departments below)			
Rail Regulator (ORR)			
Strategic Rail Authority (SRA)			
The E.U.			
Foreign Governments			

We appreciate that not all the organisations will be relevant to all people answering this questionnaire, please ignore those lines that are not appropriate.

Please comment or add information you feel appropriate:

Q14b For those organisations / types of organisation that you have had either regular or single / occasional contact with, please indicate how satisfied (overall) you have been with their performance.

	Very Satisfied	Quite Satisfied	Neither Satisfied nor dissatisfied	Quite dissatisfied	Very dissatisfied
Direct Rail Services					
EWS					
Freightliner					
GB Railfreight					
European Rail Companies					
Railtrack					
Wagon Suppliers					
Aggregators*					
Freight forwarders *					
Terminal operators *					
Road based logistics companies *					
Trade associations (e.g. RFG, FTA,BIFA)					
Central Government					
Rail Regulator (ORR)					
Strategic Rail Authority (SRA)					
Foreign Governments					
The EU					
The rail freight industry overall					
The road freight industry overall					

* Only answer if appropriate. If you deal with more than one company in each category, please answer in relation to the company with which you currently have the most dealings.

Please comment or add any details you feel appropriate:

Q14c Again, where you have had some degree of contact with these organisations, please indicate whether the overall service you have received from them has met your **expectations:**

	Far Exceeded expectations (5)	**Exceeded Expectations (4)**	**Met Expectations (3)**	**Below expectations (2)**	**Far below Expectations (1)**
Direct Rail Services					
EWS					
Freightliner					
GB Railfreight					
European Rail Companies					
Railtrack					
Wagon Suppliers					
Aggregators*					
Freight forwarders *					
Terminal operators *					
Road based logistics companies *					
Trade associations (e.g. RFG, FTA,BIFA)					
Central Government					
Rail Regulator (ORR)					
Foreign Governments					
The EU					
Strategic Rail Authority (SRA)					
The rail freight industry overall					
The road freight industry overall					

* Only answer if appropriate. If you deal with more than one company in each category, please answer in relation to the company with which you currently have the most dealings.

Please comment as appropriate:

Q15 Thinking about the same organisations, **and only answering questions about those companies / organisations with which you have had dealings** with in the last year or so, please indicate how well they have performed in respect of the boxes listed along the top of the table.

As you can see, this time there is a key (immediately below) that runs from 5 (excellent) to 1 (very poor), please score each box as appropriate.

Performance	**Excellent** *Exceeds best practice*	**Good** *Meeting best practice*	**Adequate** *Some improvement necessary*	**Poor** *Significant improvement necessary*	**Very Poor** *unacceptable*
Score	**5**	**4**	**3**	**2**	**1**

	Reach relevant person	**Response time**	**Flexibility / adaptability**	**Innovativeness**	**Account Management**	**Customer Focus**	**Delivery of Service**	**Project capabilities**	**Professionalism**	**Market knowledge**	**Availability of information**	**Competitive pricing**
EXAMPLE	3	4	4	3	2	3	3	3	3	1	2	5
Direct Rail Services												
EWS												
Freightliner												
GB Railfreight												
European Rail Companies												
Railtrack												
Wagon Suppliers												
Aggregators												
Freight forwarders												
Terminal operators												
Road based logistics Co's												
Trade associations*												
Central Government												
Rail Regulator (ORR)												
Strategic Rail Authority (SRA)												
Foreign Governments												
The EU												
The rail freight industry overall												
The road freight industry overall												

* e.g. RFG, FTA,BIFA

Q16a: How aware would you say you / your advisors are about financial support for moving freight onto the railway:

	Detailed knowledge	**Some knowledge**	**A little knowledge**	**No Knowledge**
Grants				
Other support				

Q16b If you have recent experience (in the last three years or so) of looking for grants / funding, how did you go about making the claim:

Q16c Can you describe your overall impression of the process:

Section C

NOTE: This section only needs to be completed by those participants in the study who either have or have considered a connection to the rail network.

Q17 Which of the following services have you used / considered using in the last three years:

Service	1999	2000	2001
A new Rail connection			
Re-opening a branch line / siding			
Improve changes / access to the rail network			
Infrastructure improvement (gauge, signalling)			
Access to a rail connected site			
Leasehold of a rail freight site			
Negotiation of land with access to network			
Procurement of equipment			
Equipment hire			
Rolling stock standards & acceptance procedure			
International freight services			
Other: please describe:			

Please use this space to comment as appropriate:

Q18 Who did you approach: (If you have used more than one service, answer in relation to the three most important projects):

a. Most important project:

	A train operating company	**Railtrack**	**SRA**	**Consultant (Please specify)**	**Other Please specify**
First of all:					
Subsequently:					

b. Second most important project:

	A train operating company	**Railtrack**	**SRA**	**Consultant (please specify)**	**Other Please specify**
First of all:					
Subsequently:					

c. Third most important project:

	A train operating company	**Railtrack**	**SRA**	**Consultant (please specify)**	**Other Please specify**
First of all:					
Subsequently:					

Please use this space if you wish add more details:

Q19: Did you develop your proposals directly with Railtrack , a Train Operator, a Consultant, or other intermediary:

Railtrack	Train Operator	Consultant	Other

Q20:

	Yes	No
Thinking about your most recent project in Great Britain, did it progress to a Railtrack pre-feasibility study		
If you have said NO, please state why not:		

Q21

	Yes	No
Did the project(s) progress to a Railtrack feasibility study		

Q22 If the project(s) **did not** progress to a feasibility study, were any of the following a contributory factor:

	A significant factor	A Factor	A small factor
Technical / practical issues			
The indicative cost of the project			
The cost of the feasibility study			
Factors Changed			
The availability of rail industry resources			
Other (please specify)			

Q23

	Yes	No
If the project(s) **did** progress to a feasibility study, did (or will) the project result in a change to the rail network or your connection to it:		

Please use this space to expand on what has / will happen or why it will not:

Q24a

	All of the work	Part of the work	None of the work
Were you required to pay for:			

Q25a In your opinion, how reasonable was that charge that Railtrack made:

	Very Reasonable	Fairly Reasonable	Fairly Unreasonable	Very Unreasonable
Pre-feasibility study				
Feasibility Study				
The physical work				

Q25b In your opinion, how reasonable were any charges that Freight Operating Companies made:

Please specify:	Very Reasonable	Fairly Reasonable	Fairly Unreasonable	Very Unreasonable

Q25c In your opinion how reasonable were any charges that Consultants made:

Please specify:	Very Reasonable	Fairly Reasonable	Fairly Unreasonable	Very Unreasonable

Section D: Rail Freight Customer Satisfaction Survey

Confidentiality

Thank you for completing this questionnaire. Your participation in the survey and the information you have given will be treated strictly in accordance with the following instructions.

	✓
I will allow the questionnaire to be seen by the ORR / SRA.	
I wish the contents of this questionnaire to remain entirely confidential (they will be used for analysis purposes only).	
I will allow my organisation to be listed in the report as a survey participant (but no other individual information will be published).	
I do not want my organisation to be listed as a survey participant.	

The findings from this survey will be published on the ORR / SRA web sites and will be available by application. However, as a participant in the study, we would be pleased to send you a copy immediately it is published. If you wish us to do so, please tick the box

When you have completed this questionnaire please return it **Friday 31st May 2002:**

By fax: 020 8784 5496

Or by post:
FaberMaunsell
Nigel Shepherd
Floor 3A
Marlborough House
Upper Marlborough Road
St Albans
Herts
AL1 3UT

Thank you for taking the time to participate in the study.