Facing the FUTURE

Major changes are affecting the market for passenger transport, the competitive environment in which it operates and the way in which organisations need to be structured and led to sucessfully respond. Giles K Bailey begins a regular look at some of the key issues and how to address them.

The customers are taking charge of our business:

Are we ready?

Users are receiving their information in more and more diverse ways- many of them no longer under the direct control of the operators and transport authorities. They are also talking to one another about their experiences and views and looking for new kinds of dialogue with the service providers.

The embracing of social media by the public transport industry over the last year or so has been a major advance in using the technology revolution to improve customer information and engagement. It has also helped to position the sector as more forward-thinking and modern. However, the industry should be aware that launching on social media is not the end of the journey; it's just a step in the continuing revolution in customer engagement. This revolution is significantly disrupting many other more nimble and well established industries - and it will inevitably eventually lead to substantial changes in the public transport sector as well.

The evolving mix of major social media platforms – Facebook, Twitter, Google+, Pinterest, Youtube, Flickr, TripAdvisor, LinkedIn... have been revolutionising communication between people, and fundamentally changing how businesses interact with their customers. For many existing, and even more new businesses, the opening up of a collective dialogue in society has been a huge opportunity to improve their market position and gain competitive advantage. For example, Nike Plus has re-imagined the experience of single runner into a social and potentially much more competitive experience and

now has in excess of 12 million Facebook followers. VisitBritain has embraced social media as a means of significantly increasing the engagement of visitors with the Great Britain brand via its LoveUK Facebook programme with over 950 000 fans. There are many examples of the empowering nature of social media, but an illustrative UK example was the 9 year old Scottish schoolgirl who started a blog about the poor quality of her school meals in early 2012. Argyll & Bute council's initial reaction which was to tell her to stop the blog and stifle the debate led to a reaction generating a blog with in excess of 3 million fans. The 9 year old customer was quite quickly and skilfully able to change the entire nature of a debate with her service provider – the Education Authority.

Many new businesses have meanwhile established themselves principally as a result of the social media revolution. An open conversation with users is now widely recognised as the future of good marketing, good customer service and as a means of growing a successful business across a range of highly competitive sectors. Many traditional businesses have struggled through the changes necessary to make these models cost effectively work for them and across their existing customer communication channels. But if the challenge

is addressed successfully it can actually start to drive new growth in their businesses. Such a business that is in the midst of this transformation is the 'catalogue' home consumer goods retailer Argos who had realised that their catalogue service model would be challenged by businesses like Amazon and have looked to add distinctiveness, customer engagement and drive sales by developing a significant presence on Facebook, Twitter, Youtube and now an online and broadcast TV service.

The public transport industry has actually been relatively late in adopting social media as a means of engaging customers. In the UK, the first such information services went live in 2010 following Eurostar's Christmas snow chaos, and have followed other transport sectors such as the airlines. Ironically, as a mass market service industry with a reputation for poor customer

service, whether deserved or not, and an existing set of operationally expensive and often contractually, or politically, mandatory ticketing, information delivery and customer service channels, bringing social media to the centre of the mix may be a challenge but offers a set of substantial advantages in cost, reach, immediacy and credibility. One by one each of the major UK train operating companies have launched such services, along with Transport for London in 2011, and the other regional metropolitan transport operators. Around the world, the major cities and transport operators have similarly quickly joined the party.

But though they may be at the party, are they really aware of the intentions of everyone else in the room?

The public transport industry is not quite yet facing the business crisis of an established industry like music retailing, and the demise of its major UK

player HMV, where the digital transformation has caused an entire market category to largely evaporate. Yet competitive pressures continue to build for those used to a relatively straightforward 'supply chain' model for rail and bus services. Yes, cities are having a renaissance and continue to grow, leading in many cases to increasing ridership; but environmental pressures are rising and user behaviour undergoing fundamental change. Urban cycling and car sharing are growing strongly as an alternative to traditional public transport. Working at home, and more flexibly in time and location, challenge the traditional idea of a daily commute into and out from the major centres. The shopping transformation is challenging the traditional role of the High Street and town

centres as a focus of trips, and eventually the established travel patterns that support them. The digital transformation, including the impact of social media, is highly disruptive to established behaviours and businesses and this will in time irresistibly disrupt the world of the public transport operator.

To understand the nature of the pending disruption to the public transport operator's business model let's consider one of the perpetual problems in running a transport service and major irritants for the user – the dreaded service delay, and associated unreliability.

Of course, in any public transport business the best way of dealing with service delays is not to have any! Accepting though, that delays may occasionally occur, the next best solution is to resolve them as

quickly as possible so that the customer disruption is minimal.

However, this ideal world is not the one that most public transport operators experience. Delays and disruptions will occur, and in the new digital information age real time information, detailed service updates and the offer of alternatives have become a key part of the customer service requirement.

In the old(er) pre-digital world, if you had a delay, your customers had limited choices:

They just sat (or stood) and waited until you as an operator sorted it out and they could be on their way;

In some circumstances at major nodes, users could be informed of the status of the delay via train and station signage and PA's;

Then, with the arrival of the telecoms revolution, tracking and reporting of the location of individual vehicles (buses and trams as well as trains) meant their position and/or expected arrival time could be displayed to waiting customers at stops and platforms. As customers

acquired the first traditional mobile phones, they could speak to friends and family when delayed and perhaps ring a call centre for advice, or speak to supervisory staff in the system;

Soon the mobile telephone changed dramatically, became web-enabled, personal information arrived, and customers started to have smartphones. More than half of the UK population now have them. Customers can now empower themselves and check the operating situation through websites, both official and user-generated, tweets and apps;

Social media has now gone mainstream. Customers can speak to service providers, and more importantly, they can start a mass conversation with each other. While everyone may not want to use their devices or start empowering themselves to discuss and replan their journeys around delays, the potential is there. It seems inevitable that a new mediation of all the available information will be an outcome. A popular revolution in fact, with users taking ever increasing control.

> "Users will want to know what is going on, what the operators and transport authorities are doing about it, and what their recommendations are. They will want to debate it, and engage in a dialogue on what to do next in the short, but also the longer term. And make their own suggestions for a better response than the 'standard procedures'"

The internet is increasingly allowing users to exchange experirences and convey feedback to suppliers.

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Business failures: famous names from the entertainment and consumer technology field in the high street have been disappearing as their failure to keep up with technological and behavioural change has rendered their commercial models unsustainable. It's a message to other sectors too that their future is fragile

...people are not passive any more

It could be argued that this doesn't quite sound like the behaviour of public transport users today. But people are not passive anymore. A few years ago watching TV was a one device behaviour – the TV itself. Now, using a second device to access other information while watching TV is an increasingly common behaviour to enrich and explore the viewing experience. BskyB/YouGov reported that up to three quarters of UK TV viewers were using a second device in Sept 2012 – although not always in a social sense.

What is learnt in one part of life these days quickly transfers to another. In the stress of being delayed on a train, we can expect passengers to expect real time engagement and information as they do with all other services. And not just with the 'official' supplier. Customer engagement with each other will surely follow. This may not seem particularly unusual, as they can already speak to their fellow passengers on the train or bus, but the future scale of this interaction is potentially totally revolutionary. For example, customers on various trains caught on a delay and at stations, can now discuss the situation from their various perspectives and pool their knowledge, and more importantly provide advice, challenge official, inaccurate or non-existent provider information, or seek political action to change or improve service. This is also an opportunity for digital start-ups to challenge the existing providers of information by facilitating and engaging in this debate, and to organise mass protests, boycotts and campaigns for redress and change.

This ultimately means a major business upheaval for public transport operators.

The industry has done well in meeting customer expectations by embracing social media and improving customer engagement. But real change in customer reactions and use of this technology is only just beginning.

While I don't have a time machine or crystal ball, a number of changes look likely and imminent for public transport. Customers will want more than the real time status of delays. They will want to know what is going on, what the operators and transport authorities are doing about it, and their recommendations of what to do. The customer may or may not follow such advice. They will want to debate it and engage in a dialogue with the operator and others about what to do next in the short, but also the longer term. And make their own suggestions for a better response than the 'standard procedures'.

It sounds like a threat, but a positive operator can use this as an opportunity to follow the debate and learn from it, and engage with customers in the search for better solutions. This could genuinely enable better and more targeted service provision.

Put bluntly "we know best" is not an adequate response anymore. Customers will tire from the "banality" of the "... accept our apologies..." after a delay. Your customer will want to know "why it has happened?", "what you are doing in real time?", "when will it clear?", "why it won't happen again / what you have done to stop it happening again". New York City's MTA is increasingly a good example of the use of social media in this way.

Specific courses of action could include links to maps and to relevant real time journey planners; information on how crowded alternative stations or trains may be; when problems are likely to clear and thus whether users, should stay at their desk / at a café/ do some shopping...; letting people know how they can get compensation. All of these responses and more should be easily available from an operator's social media portal, and via links to alternative information sources. New 'total information' consolidators may yet emerge from this process. To the customer their journey and its various elements are seen as one transport service that should share responsibility for any delays.

More importantly, customers will expect a meaningful dialogue about what happened, why, and what is being done to ensure it won't happen again. Without such a response, customers will undoubtedly take control of a disliked brand, and debate its failings and what, as digitally empower customers, they are going to do about it.

The rallying cry for modern customers is "the age of empowerment is now!" Businesses face ongoing upheaval as this behaviour moves from industry to industry. Long standing sectors are facing significant, if not terminal, disruption from recent upstarts that may have only recently entered the market. Look at the worlds of finance, entertainment and retailing.

The change of previously well established businesses such as music retailers, bookstores, phone directories, encyclopaedias, travel agents and magazines just underlines how change in recent times has been fast and decisive.

Public transport operators may see many of these changes as remote to their business. But these wider impacts and the disruption that they have caused is going to impact them. The embrace of social media by operators is a start, but I would argue that the more powerful change is yet to be initiated by the customers themselves as they take charge of the dialogue. ∎