



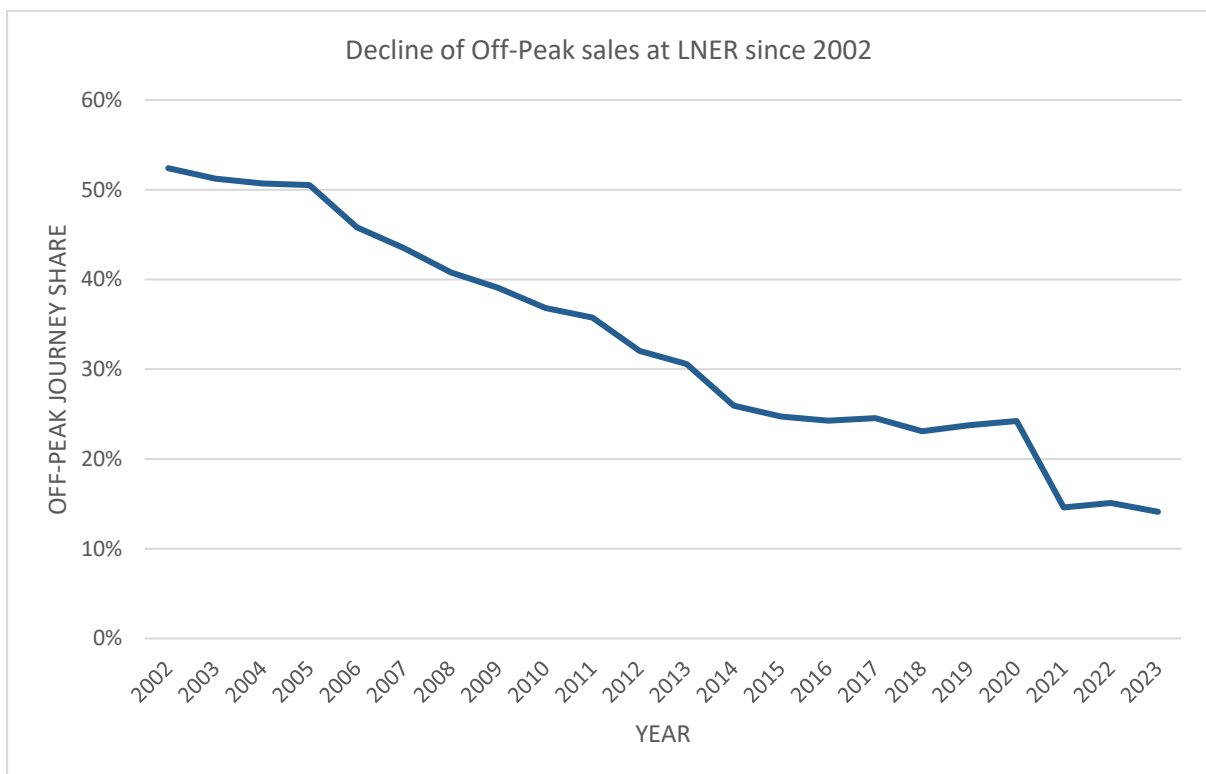
Simpler → Fares

Clearer options, modern flexibility

LNER is at the forefront of fares simplification. We want to simplify fares and make fares fairer – we know that complexity, crowding, flexibility and value for money are barriers to using rail – our Simpler Fares Pilot looks to tackle these barriers.

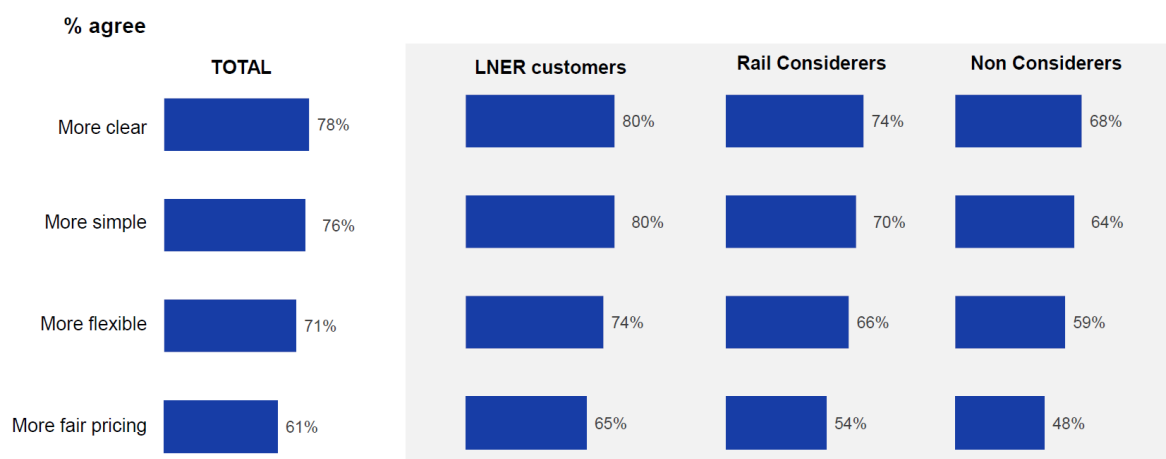
In June 2023, we rolled out Single Leg Pricing which made fares simpler by reducing the number of different fares for customers to understand. The Simpler Fares Pilot will enable LNER to set fares more fairly while focusing on reducing crowding and making fares better suited to customer needs; creating consumer confidence in buying the best tickets and delivering greater certainty of a guaranteed seat.

Simpler Fares builds on Single Leg Pricing: It sees the removal of complicated and outdated off-peak and super off-peak fares on longer distance services. As a result, all train prices more closely reflect customer demand which in turn helps to alleviate overcrowding – research conducted by Transport Focus in March 2023 cited that 21% of rail considerers said that less crowded trains would encourage them to use trains more in future. The second part of Simpler Fares is the introduction of a new, simpler form of flexibility - one that better meets the needs of today's customers.



Research commissioned by LNER and conducted by Incite in 2022, revealed that the new Simpler Fares fare structure was deemed more clear, simple, flexible and fair than the status quo, and reflects positively on LNER and industry. More than anything, it helps people to understand different ticket

types and provides a less overwhelming booking experience. LNER customers felt positive, particularly relating to openness and honesty.



Q. Compared to the current approach to ticket types in the rail industry: ...how clear the new approach? ...how simple is the new approach? ...how flexible is the new approach? ...how fair would you say that this new ticket pricing approach is? Base: All respondents N=2,812 (Incite, 2022. LNER customers N=1,632 / Rail Considerers N=909 / Non-Considerers N=271)

This is a significant change to fares and we will be applying a 'test and learn' philosophy, iterating where necessary and listening to customers throughout the pilot. Customers can provide feedback via the LNER website at www.lner.co.uk/simplerfares/

Introducing the LNER Simpler Fares Pilot

Simplicity

With the removal of outdated Off Peak/Super Off Peak fares (only on Pilot flows, see below), it will be even simpler for customers to select the best tickets for each part of their journey. 35% of people for whom rail is an option are put off travelling by train because they find it difficult to find the right fare and 84% of people want to see fares change (c20k). Source: RDG

Flexibility

The introduction of a new widely-available Semi-Flexible fare that will be valid on any LNER train up to 70 minutes before or after the original booked train. The following, easy to understand fares will be available (in both travel classes):

- **Fixed** (Advance) - The best value fares, only valid for the booked service(s) stated on the ticket
- **NEW: Semi-Flexible (70min Flex)** - Any valid LNER service, up to 70 minutes before or after the booked train
- **Fully Flexible** (Anytime) - Valid for travel at any time of day

Confidence

Reduced instances of over-crowding and more chance of getting a seat on long distance journeys due to improved capacity management. Research conducted by Transport Focus in December 2022 cited 'getting a seat on the train' as the 5th most important thing for passengers (from list of 25). Digital Flexing with the new semi-flexible fare will give customers more control over their travel choices allowing them to swap trains at the click of a button.

		Kings Cross < > Newcastle			
		OLD FARES		NEW FARES	
Standard	Advance	From £25.00		Advance	From £25.00
	Super Off-Peak	£83.80		70 min Flex	From £45.00
	Anytime	£192.80		Anytime	£192.80
First Class	Advance	From £66.00		Advance	From £66.00
	Off-Peak	£235.00		70 min Flex	From £86.00
	Anytime	£299.60		Anytime	£299.60

		Kings Cross < > Edinburgh			
		OLD FARES		NEW FARES	
Standard	Advance	From £31.20		Advance	From £31.20
	Super Off-Peak	£87.00		70 min Flex	From £51.20
	Anytime	£193.90		Anytime	£193.90
First Class	Advance	From £76.80		Advance	From £76.80
	Off-Peak	£243.00		70 min Flex	From £96.80
	Anytime	£304.00		Anytime	£304.00

If Advance and 70min Flex fares are no longer available for a particular train, this is likely to be because the train has sold out and will be a very busy service. As with 'traditional' peak services within the legacy fares structure, the Anytime fare will be the only one available for purchase in these rare circumstances.

The NEW FARE: 70min Flex

A new **Semi-Flexible** fare will better meet the needs of today's customer. Simple to understand, providing peace of mind irrespective of departure time. Affordable flexibility linked to the cheapest available advance fare.

- The 70min Flex comes with a guaranteed seat reservation on the chosen train during booking.
- These tickets are valid on any LNER train, departing 70 minutes before or after the booked train(s).
- LNER direct customers can swap their train in 'My Account' at LNER.co.uk or on the LNER App. They'll be shown all other valid trains. If a customer is unable to swap digitally or if they have booked via another retailer, they can simply board any valid train and find an available seat.
- Tickets are non-refundable but they are changeable for a fee.
- Tickets are subject to availability. They will usually be available whenever Advance fares are also available.

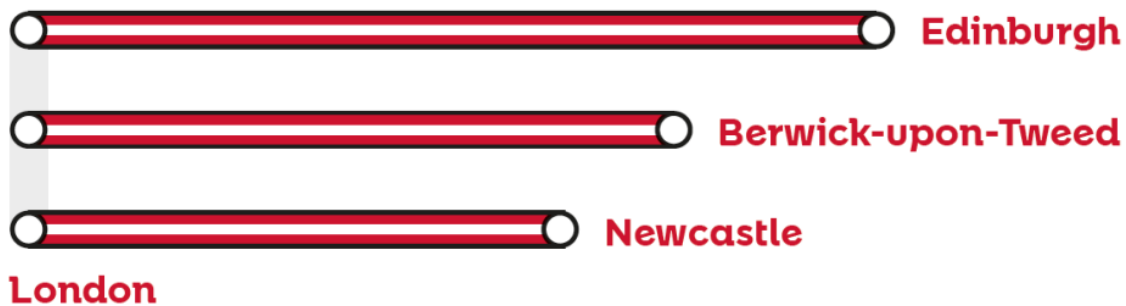
The new 70min Flex fare will be available across all retail channels (incl. LNER.co.uk, LNER App and The Trainline) but not onboard.

Research by Ipsos Mori, commissioned by LNER, found 53% of customers and 55% of non-customers think the option to travel up to one hour earlier or later is either about right or more than enough flexibility

When and Where

The pilot launched 16th January 2024 for travel from 5th February 2024 and will run for 2 years.

The first phase of the pilot will be between London Kings Cross to/from Newcastle, Berwick-Upon-Tweed and Edinburgh



Customer Assurances

Most of our passengers choose to buy fixed tickets because they offer excellent value, and this is the case in our Simpler Fares pilot too.

Additionally, we have committed to the following assurances to provide a large range of good value fares within the simpler fares pilot.

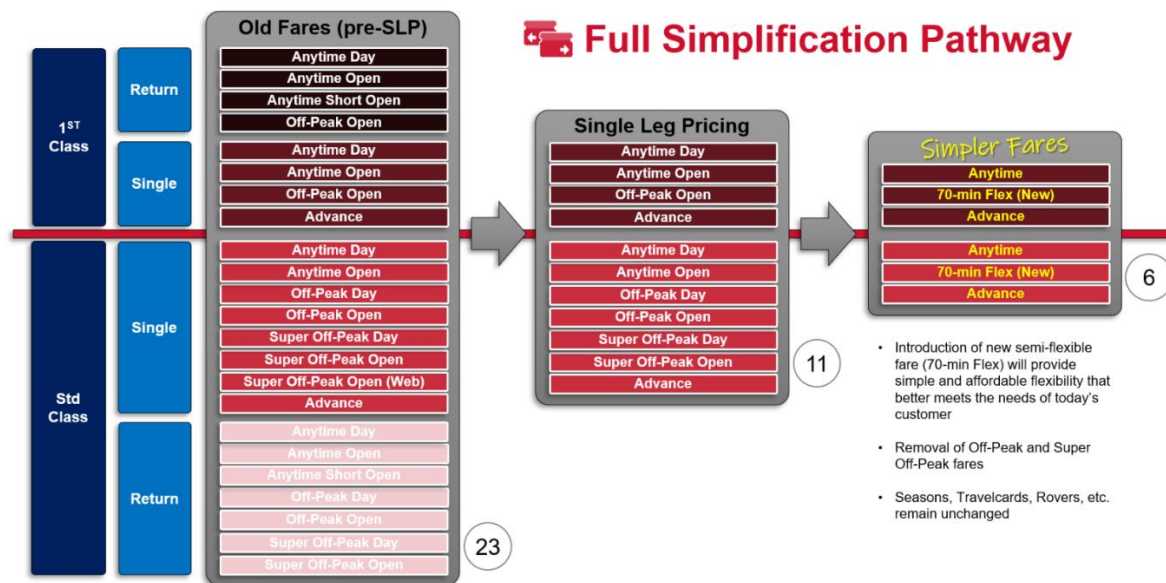
1. There is a maximum price: the “Fully Flexible” ticket.
2. A large selection of cheap seats: at least 2/3 of all “Fixed” tickets sold will be priced at 50% or less than the price of the Fully Flexible ticket.
3. A maximum of 10% of all “Fixed” tickets will be sold at 80% or more of the Fully Flexible price.

Fact Checker

LNER wants to make travelling by train a more attractive proposition. Here are some early statistics on how simpler fares is offering better value for passengers:

- As of 6th February 2024, over 55% of new Semi-Flexible fares purchased in Standard Class, cost less than the old super-off-peak price.
- As of 30th January 2024, there were 306,000 new Semi-Flexible fares priced at less than the old super off-peak fare in the booking horizon.
- As of 5th February 2024, 86% of Advance fares that were available to buy were priced lower than the Super Off-Peak fare on trains where the Super Off-Peak fare was valid previously. This amounts to 513,000 tickets

Our Vision for Fares



FAQs

Do customers want this?

- 84% of consultation respondents want fares to change (c20k). Source: RDG
- 35% of people are put off travelling by train because they find it difficult to find the right fare. Source: RDG

How long will the pilot last for?

- The pilot will launch mid-January 2024 and will run for 2 years

Why do you need to remove off peak/super off peak?

- The current fare structure leads to several pain points and more often than not, customers are confused. Over 80% of customers want to see fares change and when tested, the proposed new structure was considered simpler and fairer – and ultimately designed to encourage more people to choose rail.
- Advance fares continue to present the best value for customers and they come with a guaranteed seat reservation.

Will this cover all LNER routes and services?

- The pilot will include journeys between London King's Cross and Newcastle, Berwick-upon-Tweed and Edinburgh, for travel with LNER. We will expand the pilot to include other markets to/from London King's Cross later in 2024.

Will fares become more expensive?

- Sometimes. . The Simpler Fares structure means that there will be occasions where customer driven demand pushes prices. However, the opposite is also true and lower prices will be available on quieter trains. Customers will find it easier to make more informed purchasing decisions and will have greater certainty of the on-board experience – this is because the new 70min Flex fare comes with a guaranteed seat reservation. Our best value Advance fares are

almost always available for trains on the day of travel and can be purchased up to 5 minutes before departure.

How much more will people pay?

- LNER's Advance fares will continue to be available as they have been for many years. The variable nature of Advance fares will mean that as before, some customers will pay more and others less depending on the individual demand of the train, journey and date they are booking. Some customers will be able to purchase flexibility for a cheaper price than ever before. The cheapest Advance fares between London and Newcastle are only £25 each way and the cheapest Advance fares between London and Edinburgh are only £31.20 each way. The most expensive Anytime fares are £192.80 and £193.90 respectively. We would always recommend booking as far in advance as possible to secure the cheapest prices.

How will you determine whether Simpler Fares pilot is successful?

- We will measure the success of the pilot on:
 - Customer satisfaction
 - Commercial performance

To what extent is this part of a wider reform of fares?

- Our Simpler Fares initiative is a critical part of a wider Fares Reform programme – that builds on our recent roll out of Single Leg Pricing. Simpler Fares is designed to make rail travel simpler and challenge some of the perceptions around value for money, flexibility, complexity and crowding with the aim of encouraging more customers to choose rail.

Is +/- 70 minutes of flexibility enough for customers?

- Research by Ipsos Mori, commissioned by LNER, found 53% of customers and 55% of non-customers think the option to travel up to one hour earlier or later is about right/more than enough flexibility. 70 minutes was chosen to give more leeway to ensure that some services which are close to, but not exactly on hourly timetables are included

Why is this different to the way airlines and events venues price their tickets?

- It's similar inasmuch as prices will more closely reflect demand BUT... There are some key differences with our Simpler Fares structure:
 - There will be a maximum price (the price of Anytime Single) for fully flexible fares which cannot be exceeded to prevent completely unconstrained surge pricing.
 - There are customer assurances to ensure affordable fares are available. E.g. At least two thirds of all Standard Advance fares sold will be more than 50% cheaper than the Standard Anytime
 - Tickets (Anytime singles) will continue to be available even after all the seats have been sold. This protects the 'walk-up railway' and enables customers to travel on any train in almost every circumstance – although we will remind people that the service is likely to be busy and not having a reservation means that a seat is not guaranteed.

What is the new semi-flexible fare?

- The NEW **70min Flex** will better meet the needs of today's customer. Simple to understand, providing appropriate peace of mind irrespective of departure time. Affordable flexibility linked to the cheapest available advance fare.
 - The 70Min Flex comes with a guaranteed seat reservation on the chosen train during booking.
 - These tickets are valid on any LNER train, departing 70min before or after the booked train(s).

- LNER direct customers can swap their train in 'My Account' at LNER.co.uk or on the LNER App. They'll be shown all other valid trains. If a customer is unable to swap digitally or if they are an indirect booker, they can simply board any valid train and find an available seat.
- Tickets are non-refundable but they are changeable for a fee.
- Tickets are subject to availability. They will usually be available whenever Advance fares are also available.

*During the initial Phase. Other train operators will become involved as the pilot progresses.

Why is the pilot only between Kings Cross and Newcastle/Berwick/Edinburgh?

- These markets will give a good representation of long-distance rail customers, and therefore allow us to best measure the pilot is a success.

Will Simpler Fares be rolled out everywhere?

- The results of this pilot will determine whether we roll out further

Why is digital flexing only available to LNER direct bookers?

- Currently rail does not have an industry wide ticketing system to allow digital flexing for both direct and indirect customers. LNER is working with retailers to enable our customers who book indirectly, e.g. book through a Third Party Retailer, to digitally flex.

Why aren't other train operators involved in the pilot to give customers more choice?

- The next phase of Simpler Fares is to include other train operators, which will bring more journeys on LNER into scope.

How can indirect bookers with the new Semi-Flexible fare get a seat reservation if they choose to switch trains?

- By using LNER's standalone reservation tool on our website and App, or through the travel centre or CSC

Can you only flex if you have a smart phone/LNER App?

- No – customers can flex simply by getting on a train and finding an available seat within +/- 70 mins of their original booked train. Customers can make a seat reservation through LNER's standalone reservation tool, or by contacting the Customer Service Centre or travel centre.

How does Delay Repay work with semi-flexible fares?

- One-click Delay Repay will be available for all customers that book with LNER and travel as per their latest booking to easily confirm they were delayed.
- Customers who are not entitled to One-click Delay Repay will have to complete a delay repay form either online or on paper.

What is digital flexing?

- For LNER direct customers only (excludes 3rd party retailers at launch), they can swap their train in 'My Account' at LNER.co.uk or on the LNER App. They'll be shown all other valid trains and will be able to see whether their desired train has any seat reservations available.
- Allows customer to flex to another train within +/- 70min of their original booked train. Makes a new seat reservation, if available, and releases the old seat reservation.

- Travel Centres cannot flex for a customer. They will direct customers to the standalone reservation tool.
- Customer can flex (walk up or digitally) after their original booked train has departed, as long as it's 70min before or after their original train

What if a 70min Flex customer has Passenger Assistance (PA) and decides to flex?

- If flexing through "My Account" their original PA booking will be pre-populated for the customer to amend to the new train. The same PA rules apply to normal Change of Journey. If the customer is flexing within the 2 hour cut off, they will be advised to arrive at the station earlier.

How can a customer flex when the trains are full?

- We strongly recommend that customers who have booked direct with LNER look to swap their train in 'My Account' at LNER.co.uk or on the LNER App. They'll be shown all other valid trains and will be able to see whether their desired train has any seat reservations available. If a customer is unable to swap digitally or if they are an indirect booker, they can simply board any valid train and find an available seat, irrespective of whether it is full/sold out online.

How does the 70min Flex work in disruption?

- Just the same as Advance. Customers will be advised to take the next available service.

Can wheelchair users use the new 70min Flex?

- Yes. If flexing through "My Account" their original Passenger Assistance (PA) booking will be pre-populated for the customer to amend to the new train. The same PA rules apply to normal Change of Journey. If the customer is flexing within the 2 hour cut off, they will be advised to arrive at the station earlier.

Will there be times that the price of a 70min Flex ticket is cheaper than an Advance ticket for a train that the customer could flex onto?

- Yes, but not very often and will decrease further as the trial develops and more data is acquired.. With the new Simpler Fares structure, our pricing of trains will become smoother across the whole day with no more 'cliff-edges' between peak and off-peak trains.

What if a customer wants to flex onto a delayed train which is now outside the 70 minutes?

- This is OK. Their ticket enables them to flex onto any LNER train which was due to depart up to 70 minutes before or after their original booked train. If any of these trains are delayed, the customer is still entitled to travel on them.

Can a customer flex onto a delayed train that would have been outside of the flexing window?

- No. Their ticket enables them to flex onto any LNER train which was due to depart up to 70 minutes before or after their original booked train.