



International Rail Catering Group



The 29% question?



How would you like to be the person to go back and tell your CEO that you went to this show and found an idea that could raise your passenger revenues by 29%?



Background to IRCG



- 13 railway and station catering companies
- Formed in 1965
- Based in Czech Republic
- Over €1billion combined sales
- Operating on over 100 different types of train catering facility
- Wide range of different commercial circumstances
- Full spectrum of the international food travel market



Background to IRCG



- **Members share innovation and fresh thinking**
- **Promote best practise across all disciplines**
- **Provide representation with government level**
- **Case studies - what works / what doesn't**



Key challenge

How to get our key learning points across to the rail industry

Background to IRCG



- UK First Group, Stagecoach, Go Ahead, Virgin Trains
- UK DOR, Arriva, Abellio, DB Schenker
- Irish Rail
- NSB Norway
- VR Finland
- Deutsche Bahn Germany
- Thalys Belgium, Germany, France, Netherlands
- Eurostar UK, France, Belgium
- Czech Railways
- Austrian Railways
- PPK Poland
- SBB Switzerland
- Wagon Slovakia
- Renfe (AVE) Spain
- Austrian Railways
- DSB Denmark
- Carillion Trains (Allegro) Finland, Russia
- MAV Start Hungary
- SNCF France

**Rail companies currently
served by IRCG
members**

Key questions



What do our customers really want on-board trains?

What information do designers have about on-board service?

How can we best inform and advise designers and rail companies?



Influencing strategy



How can we help?

By sharing our knowledge, best practise and experience

When?

At the evolutionary design stage

Why?

Because designs must provide right solutions

Right designs facilitate great service and grow sales

Too many designs do not allow for best practise



Changes to designs after the event are costly

Early strategy



What process should be followed?

Use insight into the food travel market

- Share our customer research
- Information on consumer trends
- Understanding of 'High street logic'

Identify 'must haves' for each service type

- Build on expertise in operations
- Show what worked with previous builds
- Experience of equipment, logistics, technology

Confirm best methods to achieve service strategy

Involve caterers in project management of implementations



Consumer research



Customer
behaviours

Key learning points



- **Average 8 minutes spent on stations**
- **24% buy before boarding**
- **28% don't know if catering's on-board**
- **Between 10% to 50% buy on-board**
- **Refreshments are considered key if journey over 1 hour**



Key learning points



- 85% of customers expect high street quality
- Only half think it's delivered
- Visible product is essential to sales
- 49% couldn't see what to buy
- In total only 3% bought a second product



Conclusion

Gaps exist in on-board retail services

Closing gaps is good commercial sense

Key learning points



**F&B
Priority**

**A growing
expectation of
product quality**

More **knowledge**
More **choice**
More **awareness**



**Information &
Service**

**Key loyalty
issue**

Communication
**attracts and de-
stresses**



Signals

**Clarity is vital
in all we do ...**

Way finding
Signage
Branding
POS
Menus



**Space
Design**

**The physical
environment &
experience is as
important as food**

Build in **technology**

Key learning points



Customers also want an 'easy to use' service

- Interactive journeys
- At seat services
- Safety, personal space
- Work space



Strategy building



- **Have the right offer to suit the journey type**
 - Understand volumetrics - penetration / footfall / demographics
 - Day Part Optimisation
- **Understand your commercials**
 - Average Transaction Value required to cover costs
- **Understand the support required to deliver consistently**
 - What resources will you need to provide service on-board
 - What logistics and support arrangements are required
- **Understand how to attract customers**
 - Customers gravitate to brands they know
 - Customers need to see what they are buying
 - Making buying easy, enjoyable, rewarding



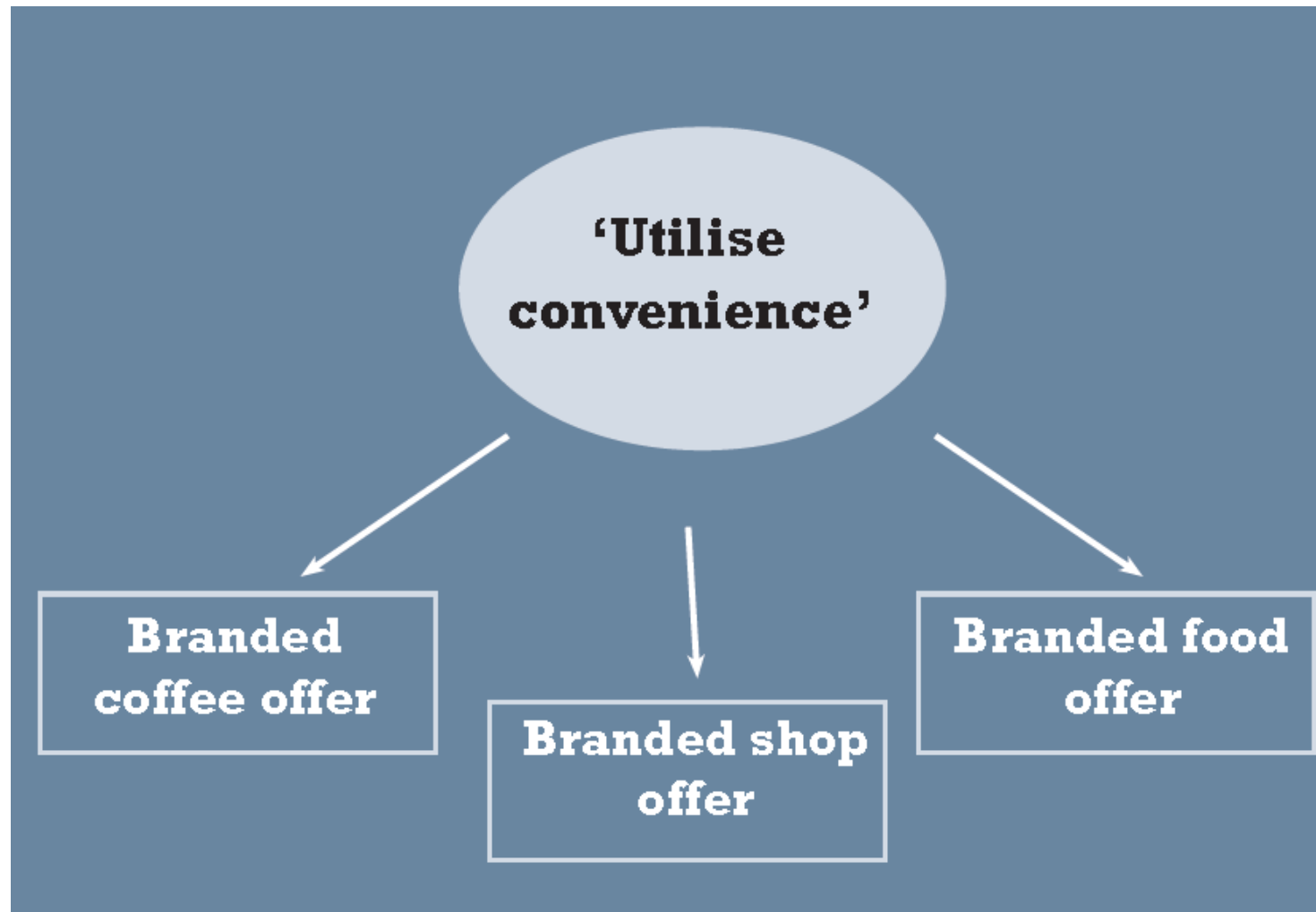
Food Travel Market



**‘Utilise
convenience’**

vs

**‘Make it a
destination’**



Branded coffee offer

Menu boards clearly visible
at high level, behind counter

shelf edge lighting helps
illuminate products

Impulse displays at till area
help raise spend per head



Logical progression
from display to
purchase to pick up

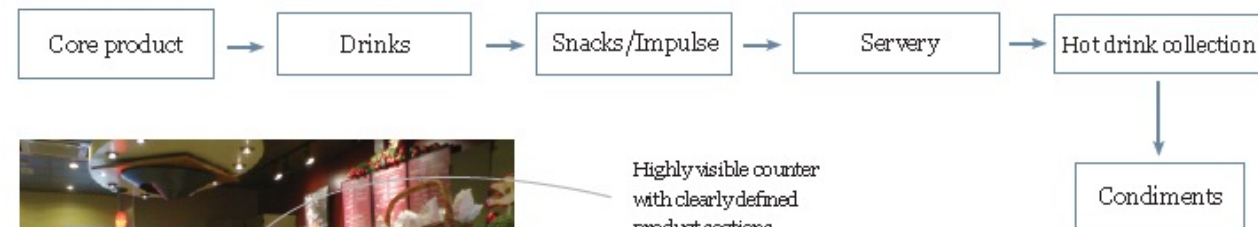


Strong website communicating
offer and driving sales to stores

■ High street logic

With Starbucks being the 'largest coffeehouse company in the world'* and your customers most popular hot drinks brand, they are clearly doing something right. By studying their set-up we can see that there is a defined product order which in turn leads to a clear customer process.

Order of product placement



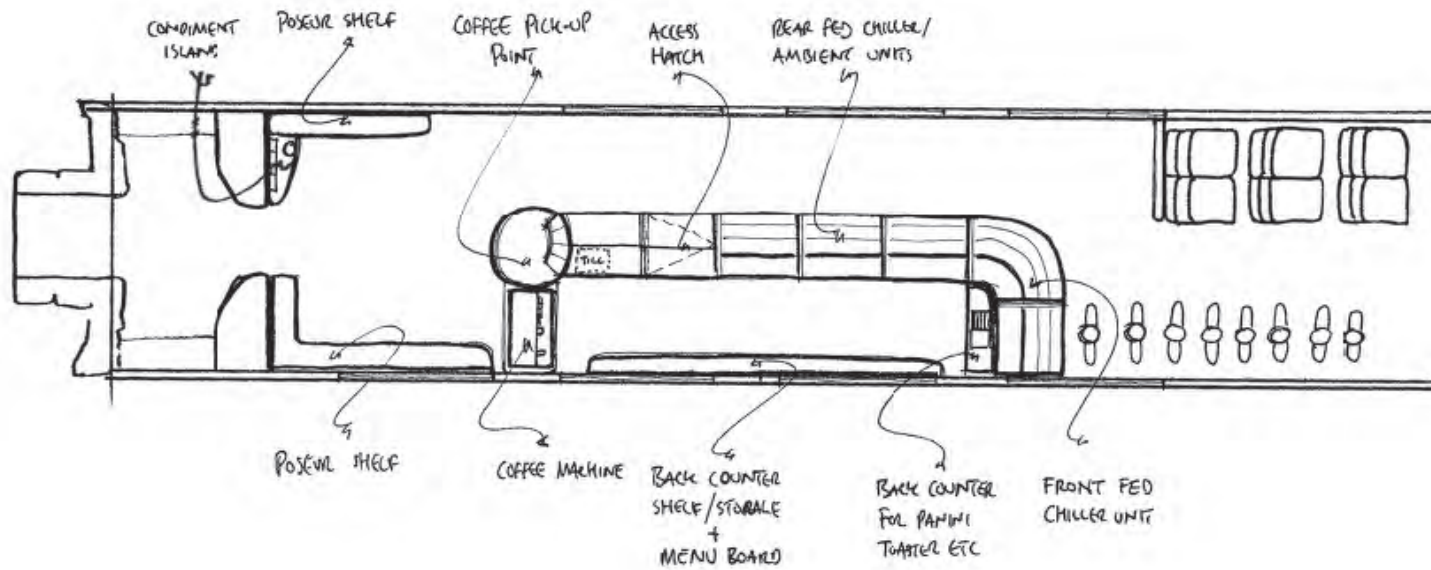
Highly visible counter with clearly defined product sections

A separate condiments unit is placed away from the counter area



*sourced from www.wikipedia.com

■ Sketch plan



Market trends – Case study



High street logic

Since rolling out Starbucks products and branding on some UK on-board service routes cash margin from coffee sales has been increased by 20%



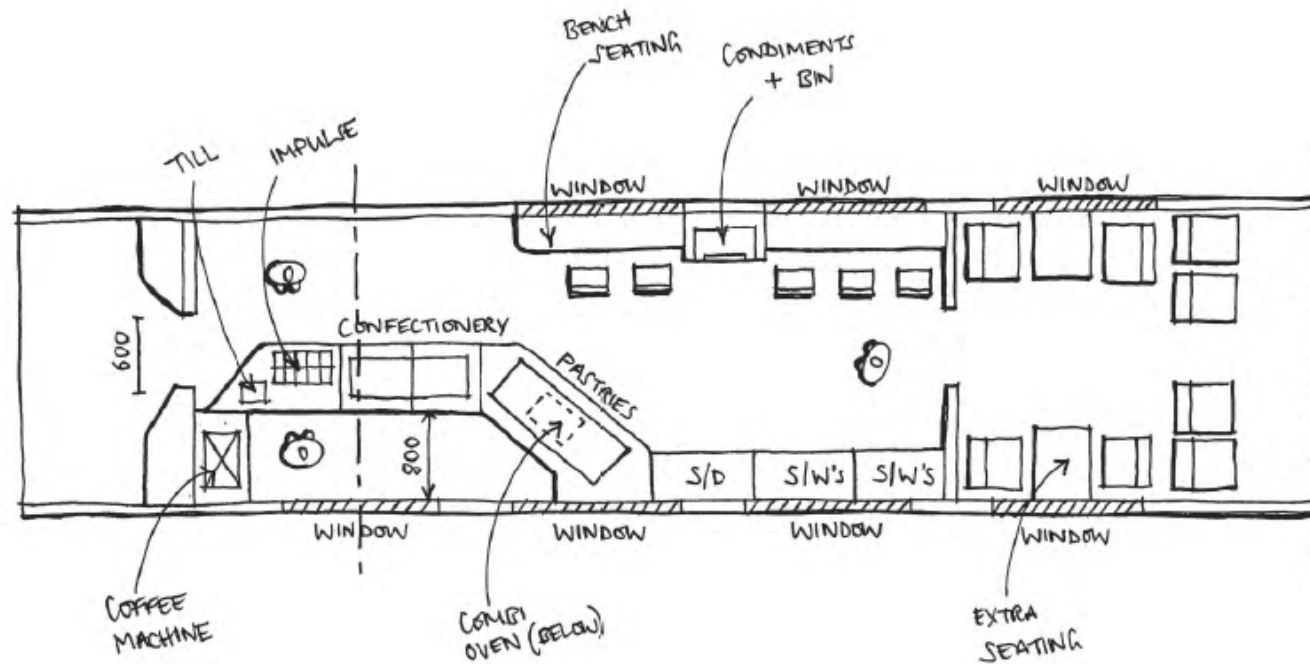
■ Branded shop offer



M&S



■ Sketch plan



IRCG

destination:
café

fresh, quality food, onboard

STRONG, CLEAR BRANDING

CREATE A STRONG COFFEE OFFER

ALLOW CONSUMER TO
MAKE DECISIONS WHILST
WAITING

PROMO OPPORTUNITY
TO COMMUNICATE VALUE

PROMOTE VALUE AT THE POINT
OF PURCHASE



QUALITY MESSAGE WITH BRAND
ENDORSEMENT



hot drinks:	
Cappuccino	£1.79
Caffé latte	£1.89
Mocha	£1.99
Espresso	£1.39
Hot chocolate	£1.69
Organic tea / herbal tea	99p



meal deal:

£4.99

a really organic sandwich
a delicious drink
a real life moment away



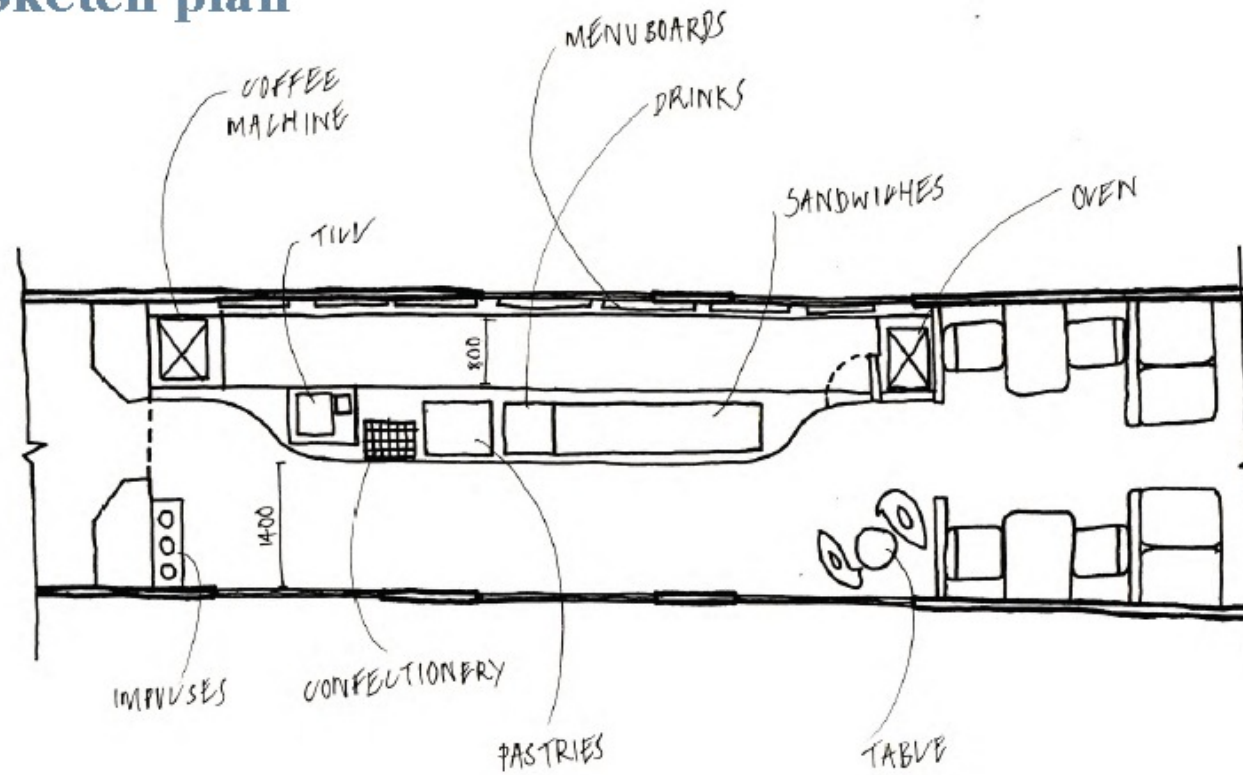
fresh, quality food, onboard

■ Branded food offer

UpperCrust



■ Sketch plan



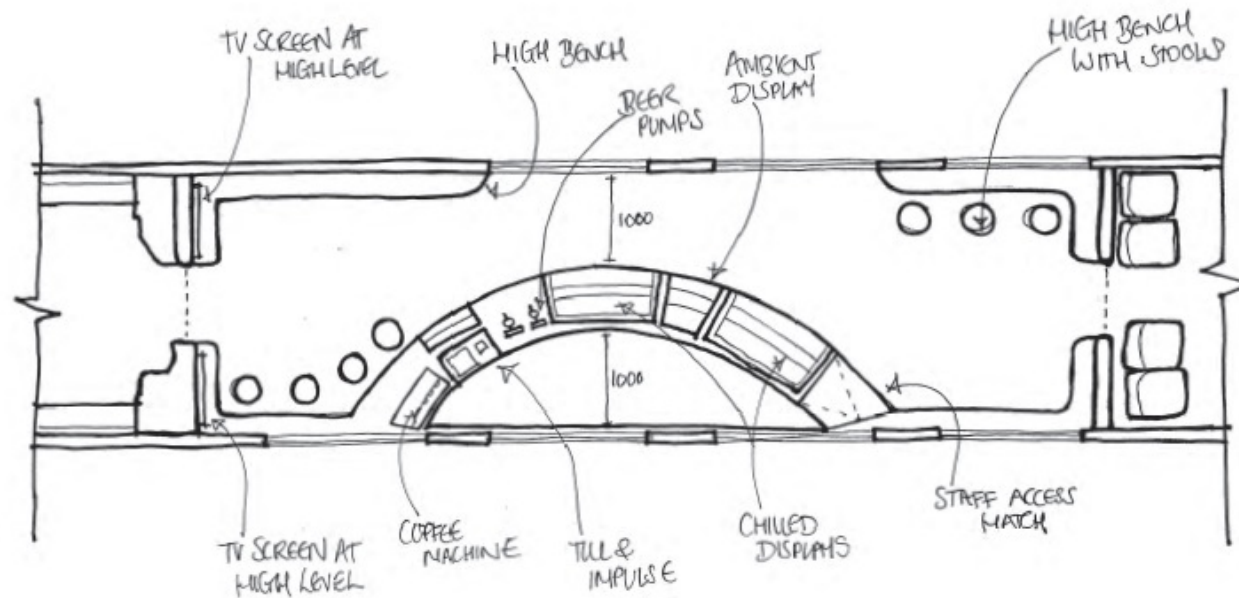
■ Branded bar offer



small medium large



■ Sketch plan



Trends in First Class



Trends in First Class

Customers:

- Educated by experience of other travel
- Have a choice of travel
- Expect value and quality
- Expect great service

Products:

- Healthy
- Provenance
- Authentic
- Quality products
- Treats and indulgence
- At seat service
- Appropriate to time of day



Trends in First Class



Facilities:

- Depending on volumes
- Regeneration / Prime cooking
- Space for preparation
- Space for correct volume of equipment
- Quality coffee production
- Sufficient refrigeration

Logistics:

- Dishwashing
- Delivery points
- Train friendly equipment
- System support
- WiFi links, mobile technology
- Location





Remember...

**A customer's
satisfaction
is ...**

**... their journey
experience**

The 29% Answer?



East Coast in UK changed their 1st Class catering offer from a traditional restaurant service to a fully complimentary at seat meal and refreshment service in May 2011 and their 1st Class passenger numbers have risen by 29% - Go and ride that wave!

