The value of simplicity: an investigation of travellers’ response to simplified fare structures

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Abstract

After a brief summary of the relevant behavioural theory and of findings from earlier work on consumers’ responses to complexity and on drivers’ responses to highly differentiated road user charges, we describe new work based on the analysis of data from 300 interviews which included questions on current behaviour, perceptions and attitudes as well as anticipated responses to the introduction of simplified fares, and a stated preference exercise. Analysis of the data suggests poor knowledge of the exiting fares but that some people claim to be reluctant to travel without knowing the fares in advance. A significant proportion of respondents misunderstood the concept of zonal fares but, when this is allowed for in the modelling, it becomes apparent that travellers would be prepared to pay a significant premium for having simpler fares. Willingness to pay this premium is, however, very unevenly spread among the population - reflecting expressed attitudes to uncertainty. Our findings have implications for public policy, for optimal commercial pricing and for the wider understanding of travel choice; they add to the growing body of evidence that some travellers profess to take little account of price when making travel decisions and that only a minority of people are claim to be unwilling to choose travel options whose key attributes they do not know.

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