HAN_01: Digital infrastructure

Description of the measure and main outcomes expected

A new, digital sales channel for the transport association will be introduced as part of this measure. The aim is to simplify access to local public transport for everyone in the Hannover region. This will be achieved through the new check-in/be-out system (funded by another project) and the digital tariff as billing (funded by UPPER, developed under this measure). Figure 1 presents the functionality of check-in/be-out system. Before starting their journey, passengers will no longer have to decide in advance on a fixed ticket (‘do I only need a single ticket, or would it be worthwhile for me to buy a day ticket today?’) or have knowledge of the different tariff zones in the Hannover region. With the new system, passengers can get on PT vehicles and confirm the start of their journey in the check-in/be-out app. When the passenger finishes their journey and gets off, the system recognises this automatically. A fare is then calculated based only on the distance travelled as the crow flies from the start to the end point. The price (digital tariff) is made up of a basic price (paid per journey) and a working price (per aerial kilometre travelled). This system is primarily intended to appeal to occasional PT customers who do not yet use public transport at all or only use it irregularly.

Figure 1. Functionality of the check-in/be-out system.

Further information on the check-in/be-out system and the digital fare may be found here:

1. https://www.uestra.de/epaper/verbundbericht/2023/index.html#10 (Page 11)
2. https://www.uestra.de/gvh-journal/2024/1/index.html#4 (Page 4)

The main outcomes of the measure will be:

- A new sales channel for all occasional customers of the transport association. This simplifies access to PT. Secondly, more people will travel by public transport and less by car. The modal split is therefore also influenced and there is a modal shift towards eco-mobility. A Concept

Study for a successful tariff implementation (market saturation between 5-10% in the current bar tariff.

- A new, more complete, database of Passenger data, also a dashboard is planned on which it will be possible to see where journeys take place in the CiBo system, how many journeys take place and when these journeys take place.

Preparation of the measure

1. **Concept study:**

An expert office was commissioned to draw up a concept study for the development of the digital tariff. The results of the study were, firstly, the fixed pricing of the tariff, i.e. the definition of a basic price per journey and a working price per linear kilometre travelled, as well as a linear price curve. For this purpose, trip, daily and monthly caps were developed, which are dependent on the prices in the bar tariff. A journey cap is therefore always related to the price of a one-way journey in tariff zones A, B, C, the daily cap is based on the day ticket for zone A and the monthly cap is always based on the price of the Deutschlandticket. To find these prices, two workshops were held with the relevant stakeholders. Further components of the concept study were the preparation and follow-up of documents for the committee run, as well as the calculation of a potential group discount. The components for bicycle transport and the children's discount are based on the existing discount in the bar tariff.

Figure 2. Tariff logic and components of the digital tariff.

The conceptualisation and development of the components presented in Figure 2 were part of the concept study. Further discounts and give-aways are also possible, but these will become relevant when the tariff is further developed in the coming years. This is not considered a delay of the measure.

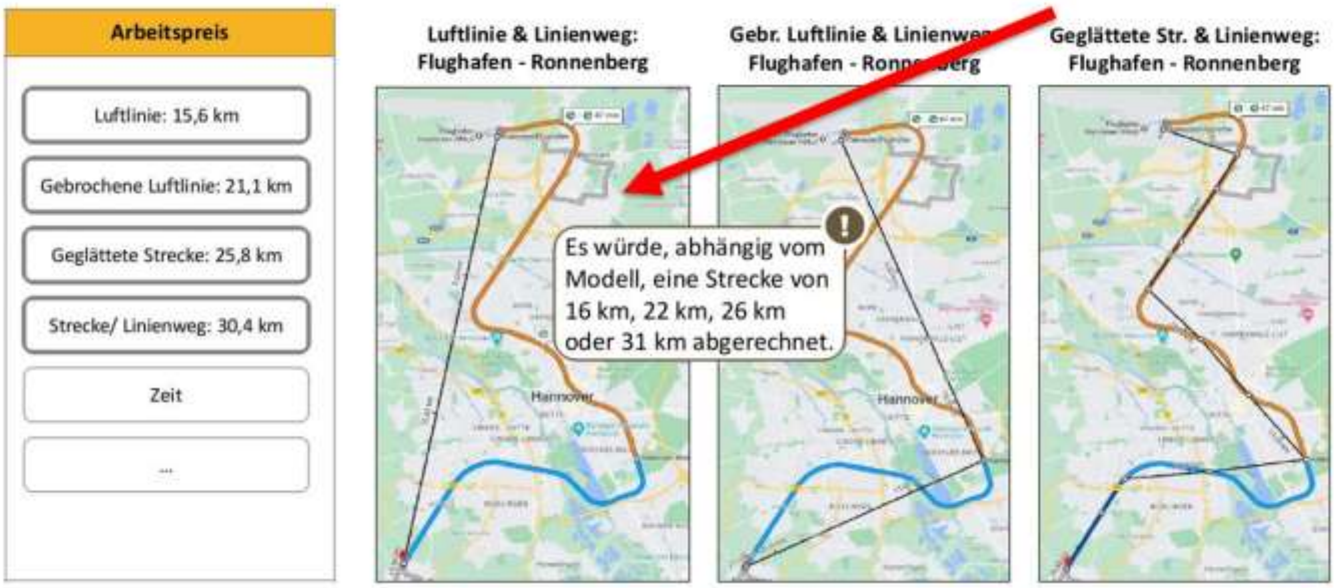

Figure 3. As the crow flies, only the distance between the start and end points is paid, regardless of any other 'detours' the PT makes towards the destination.

2. **Definition of data to be collected:**

Data requirements for the monitoring of KPI's were collected in close coordination with the Check-in/ Be-out (CiBo) project. These were communicated to the service provider of the CiBo system as requirements. This includes the percentage of correctly recognized stations among all journeys and correct journey recording, user satisfaction and the market saturation of the new tariff. In addition, the download figures for the CiBo app and later also for the GVH app will be tracked as soon as the system has been integrated into the GVH app. This is also not a delayed measure; we are dependent on the tender for the GVH app. It is planned to display this data on a dashboard.

3. **Commissioning in the Hannover Region and the transport authority (GVH):**

The committee process was started at the beginning of 2024 and is almost complete at the current time. A few committees and the approval of the tariff by the approval authority are still missing. This is expected to be granted in autumn 2024.

4. **Creation of a marketing and evaluation concept:**

An evaluation and marketing concept has started. A before and after evaluation will take place in the area of market research. In the field phase of the evaluation, focus groups will be invited to discuss the parameters of the digital tariff. The aim is to adapt the marketing of the new system to the requirements of the target group and thus simplify access to PT for as many people as possible.

Challenges & Mitigations

A great challenge was to create a fare that is attractive for both passengers and transport companies. This has to be seen in the light of the loss of revenue that can result from the digital fare. This happens because some journeys are cheaper in the digital fare than they would have been in the normal bar fare. We were able to overcome this challenge by liaising closely with the consultants on pricing and the general design of the fare. There was also close coordination on the requirements for the digital fare with all those involved from the transport companies and the approval authority.

Good coordination with CiBo Project is essential for the success of the measure. Close coordination with the project participants of both projects and all stakeholders takes place on an ongoing basis. The requirements of the digital tariff must also be able to be mapped by the CiBo system, which is why close coordination and communication with the service provider of the CiBo system is also necessary after the contract has been awarded, who will begin to set up the system step by step in the near future.

When pricing the digital fare, it was a major challenge to consider and assess the interactions between the €49 ‘Deutschlandticket’ and the new digital tariff. Both products should not compete with each other and should remain equally attractive for passengers. The aim is for the ‘Deutschlandticket’ to be the best product for frequent travellers and for the digital tariff to be the alternative for all occasional customers. We have solved this challenge by introducing a monthly cap in the digital fare, which is based closely on the price of the ‘Deutschlandticket’ but is always higher. This prevents customers from switching to one tariff or another.

The evaluation will start in August with a field phase in which interviews will be held in focus groups. A corresponding briefing paper for the market research was prepared in advance. These group discussions will focus on possible discounts for potential users of the system and how these are assessed. In addition, the participants should be given an explanation of the system and provide information on how it can be better explained and advertised. The second phase of the evaluation will take place after the system has been introduced. However, as the system will not be introduced until 1 January 2025, the post-evaluation will of course only take place afterwards. The concept for the market research has already been developed, so there is no delay in this measure either.

The basic outline of the marketing concept has already been finalised but is currently being put out to tender. We expect to be awarded the tender at the beginning of September. However, we already have a concept and a name for the new tariff in August, with the presentation of the first results by the marketing agency. In this respect, there is a slight delay in the preparation of the measure, but this cannot be described as serious. The introductory application is due to start in December, as the measure will not be implemented until 1 January 2025.

Next steps towards implementation

The next step in the introduction of the new fare system is the approval by the licensing authority and the adjustment of the fare regulations. This is expected in September and will take place together with the approval of the price level in the bar tariff for 2025. The focus group discussions for the field phase of the market research will take place in August. These dates are fixed and will not delay the implementation of the measure in any way. The consultants will then recalculate the prices and adjust the digital tariff prices to the prices of the bar tariff. Once the marketing agency has been awarded the tender, the launch campaign will start being implemented.