

CONSUMER CHALLENGE BOARD (CCB)

CHALLENGE LOG VERSION 3 – 02/07/18

Ref	Area	CCB Challenge	Response and Follow Up	Status
Comments on HAL's Work				
1	Quality of Heathrow Airport Limited's (HAL) Consumer Engagement Strategy ¹	<p>With the establishment of CCB in early 2018, HAL began developing a Consumer Engagement Strategy. This sets out how it will undertake research and engagement to drive its business planning, including H7 and expansion. CCB wants to help HAL reflect best practice, and ensure there is a focus on the needs of existing and future consumers.</p> <p>Workstreams identified are ongoing. CCB has encouraged HAL to take a more systematic and structured approach to the strategy and its implementation. HAL's plan to develop a synthesis report is a positive step towards this. CCB are still to see how the results will be applied to the business plan.</p> <p>Now that HAL has articulated an improved and largely comprehensive strategy, the focus should shift to delivery. Rather than the Strategy being a "living" document subject to continuous change, CCB suggests that HAL use this as the working basis with internal and external stakeholders, and simply mark selected areas which are still to be determined or changed.</p> <p>Airline feedback on version 2 (V2) was has been received although it was not timely. HAL should continue to encourage timely airline input for future versions to ensure collaboration.</p> <p>CCB aims to ensure the full range of issues identified in the qualitative research findings are captured and considered as part of the business planning process, not just those issues that are considered for the Willingness To Pay (WTP).</p> <p>CCB further comments/suggestions based on version 3 (V3):</p> <ul style="list-style-type: none"> • still some concern about whether HAL's understanding of the difference between consumers, citizens and stakeholders is embedded fully across the business; 	<p>CCB considers HAL's V3 of June 2018 further and considerably improved.</p> <p>V3 has dropped the word research in the title, this is to address CCB's point that research is part of engagement.</p> <p>There have been positive additions to the research strategy, namely a synthesis of airline / Heathrow passenger insights, cargo owner survey, airline business partners' survey, and coach user behaviour research.</p> <p>HAL plan is to update the strategy to include thinking on where HAL have gaps in consumer knowledge, this is likely to result in new consumer engagement work packages emerging.</p> <p>The next review of the document is scheduled for the end of 2018.</p> <p>HAL said the strategy will be appended to the business plan and used as an internal document to drive consumer engagement.</p>	<p>Green ↑</p>

¹ HAL has renamed the Consumer Research and Engagement Strategy and it is now called the Consumer Engagement Strategy

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		<ul style="list-style-type: none"> it would be helpful for HAL to engage with organisations which represent particular groups of consumers as they may have useful insights as to the needs of the group they represent. research used as both a tool to inform development of plans and proposals as well as gaining feedback on plans once developed; widen scope of the consumer engagement strategy to include and inform the business in the wider sense; consider future engagement with wider bodies (i.e. other regulated industries and regulators) to learn from best consumer engagement practice across other industries. 		
2	Quality of HAL's consumer research and engagement to inform expansion plans	<p>In a May 2018 letter, CAA formally extended CCB's role to include expansion to a third runway (Expansion or R3) as well as H7. CCB has been requested to prepare a report assessing how well HAL has reflected consumers' views and other evidence on consumer preferences in its 2018 expansion masterplan.</p> <p>CCB welcomed this expansion in role and the simultaneous extension of the current Q6 price control period to Q6+2. CCB encourages HAL to recognise this opportunity to harmonise the price control with the Expansion plan, which can bring benefits such as joined-up thinking across silos and time horizons.</p> <p>HAL has made positive steps to brief CCB on the development process for Expansion and show evidence of consumer engagement. CCB recognises that the process includes historic engagement, including for major infrastructure projects which have been in development for many years, and future engagement as part of a formal government approval process which is still in early stages. Nonetheless, HAL could be more systematic in its demonstration of the golden thread of consumer engagement which should run through all Expansion work.</p>	<p>Expansion work packages have been added to the consumer engagement strategy.</p> <p>CCB welcomes HAL's appointment of a new Consumer Director role and a part time passenger experience lead. The benefits of a consumer-focused role to act as a focal point was identified in the CCB's March 2018 interim report. These roles will also encompass expansion and provide a link to the wider business.</p> <p>HAL has evidenced to the CCB how historic insights have informed the operating concepts.</p> <p>HAL has meetings organised to explain to the CCB:</p> <ol style="list-style-type: none"> The detailed plan on how HAL will use its consumer insight community Horizon to inform the masterplan 	<p>Amber ↑</p>

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			<p>2. How engagement with vulnerable consumers will inform the masterplan</p> <p>3. How engagement with consumers will inform surface access</p> <p>HAL updated CCB that the masterplanning process aims to understand moving consumers around the Heathrow campus in terms of experience, cost and time.</p>	
3a	Quality of Willingness To Pay (WTP) Survey	<p>HAL initiated major qualitative and quantitative WTP engagement early in its Consumer Engagement Strategy. CCB suggested that HAL complete this piece of work after some of the other workstreams had completed. This would have given HAL a better insight into possible measurements and thus be more tied to consumers.</p> <p>The WTP work has progressed well. CCB commented on the quality of the research design, influencing a Passenger Prioritisation Survey to identify the 15 attributes to be ranked in the WTP. CCB did not have input into the final WTP design and challenged HAL's choice to promote 'self-bag drop' (ranked 21st) over 'walk time from security to departure gate' (ranked 15th) through to the final list of attributes for testing in the WTP. Thus, WTP now has no valuation of 'walk time from security to departure gate' and CCB will scrutinise the presentation of the attribute 'self-bag drop' in the WTP outcome. In addition, CCB challenges HAL to present supporting evidence of consumer prioritisation, in the context of any proposal for investment in self-bag drop in the business plan.</p> <p>Overall, CCB welcomes this robust piece of work as there is importance in quantitative and qualitative objective consumer ranking/prioritisation. CCB is keen to encourage and support HAL to use the output from this study correctly.</p> <p>CCB would expect that the research programme and WTP support the development of the business plan, and can assist in identifying potential cost increases and reductions to assist in the prioritisation process.</p>	<p>HAL promoted 'self-bag drop' to inform investment decisions, due to the importance that airline partners and other airports are placing on making significant investment in this area.</p>	<p>Green →</p>

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3b	Assessment of WTP outcome and application	<p>CCB aims to ensure the WTP output supports the development of the business plan and can help identify potential increases and reductions to assist in the prioritisation process. CCB looks forward to receiving a summary of how the numbers will be used in the cost benefit analysis (CBA) process.</p> <p>CCB wants to understand the interpretation and application of the results. It is important that there is external validation of the WTP Stated Preference (SP) valuations. CCB also encourages HAL to utilise the passenger community Horizon and other techniques, as well as subjecting consolidated price proposals to detailed consumer scrutiny.</p> <p>To ensure the support of the airline community, CCB suggests continued communication with the airlines about how the output will be used to identify both investment and disinvestments.</p>	<p>HAL shared a draft report with CCB on 01/06/18. CCB has some requests for clarification before a final report is produced. It is important that the final version is understood by all stakeholders as the CBA will use this output to feed into the business plan.</p>	Amber New
Issues for HAL to consider				
4	Appropriate reflection of vulnerable consumers in HAL's business planning	<p>CCB aims to ensure effective consumer engagement underpins HAL's business planning process and considers the needs of a wide range of consumers who are potentially vulnerable when using the airport. This includes those with hidden disabilities as well as Passengers with Reduced Mobility (PRMs), and other groups of consumers that struggle to access or obtain a satisfactory level of service at the airport.</p> <p>HAL's engagement with vulnerable consumers had been inhibited by the lack of definition of vulnerable consumers. CCB is pleased that HAL has developed a draft definition, which includes situational and environmental factors and a good framework for engagement.</p> <p>CCB suggest that HAL changes its terminology from "extra care" to one that incorporates vulnerable situations, CCB would also like to see a wider range of workstreams. The CCB suggests that there should be a focus on designing the</p>	<p>CCB has supported HAL in defining vulnerable consumers in the context of aviation.</p> <p>In July 2018 HAL shared with CCB its plan to approach consumer engagement with vulnerable consumers. In response to CCB's advice, HAL drafted a definition which recognises a spectrum of vulnerable consumers and care requirements which include the aviation environment and individual experience as well as personal characteristics. HAL has started testing this definition with consumers and frontline staff.</p>	Amber ↑

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		<p>airport environment in such a way as to build in consideration for those in vulnerable circumstances, as well as putting in place mitigations, i.e. seeking prevention as well as cure.</p> <p>CCB notes HAL's improvement in its approach to engagement with vulnerable consumers. An issue has been that there has been no clear overall ownership of engagement with consumers in vulnerable circumstances. CCB would like to see HAL fully embed vulnerability into its engagement strategy and business planning.</p> <p>CCB supports the set-up of the Heathrow Access Advisory Group (HAAG), which has been established by HAL in September 2017 to help it deliver its vision to make Heathrow the leading airport in the world regarding accessibility and inclusion, by bringing a consumer perspective into HAL's decision-making and planning processes in this area.</p> <p>CCB looks forward to seeing vulnerable consumer engagement reflected fully in the wider engagement strategy around business planning and expansion.</p>		
5	Quality of consumer engagement and research to inform surface access plans	<p>CCB encourages HAL to undertake early consumer engagement in respect of surface access issues in the context of both H7 and R3.</p> <p>CCB thinks current surface access in addition to expansion, including to and from airport hotels, and transfers, should be included in modes of surface access considered by HAL.</p> <p>In March 2018 HAL provided CCB a summary overview on historic consumer research on surface access. CCB is not, however, fully sighted on this research and is interested to learn more. CCB recognises that historic consumer engagement originates both from currently provided infrastructure and from projects which have been under long-term development, some of which may have been under the aegis of project sponsors other than HAL. CCB wants to understand how HAL has used this research so far and how the outputs will feed future plans. CCB also recognises that future surface access arrangements for the Expansion which are only now in the early stages of consideration (e.g. rail station portal near T5, consolidated parking, congestion or emission charges) are likely to entail new consumer engagement.</p>	<p>HAL has included surface access in its Consumer Engagement Strategy.</p> <p>HAL is yet to address CCB's point on inter campus transfers, for example to and from airport hotels.</p> <p>HAL says it has ongoing relationships with key providers such as TfL, train providers, Network Rail, Highways England. CCB would like to understand this better.</p>	<p>Red →</p>

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		<p>Again, some of this may be under the aegis of other sponsors such as Highways England or TfL. CCB encourages HAL to pull together the research into a comprehensive engagement roadmap.</p> <p>CCB encourages HAL to look outwards and feed their consumers' views into consultations and bodies that will impact its plans, for instance Western Rail Link.</p>		
6	Importance of consumer arrivals experience	<p>Existing and recent consumer engagement shows that the arrivals experience is both important and unsatisfactory. Arrivals featured highly in the October 2017 qualitative focus groups and the February 2018 quantitative WTP study identified arrivals as the second most important desired improvement. This includes, but is not limited to, issues with waiting times themselves, wayfinding, environmental factors (welcoming/comfortable) and information provided (waiting times).</p> <p>CCB is not yet aware of any consumer research to understand how consumers would like to see things improved. CCB would like to see a workstream focused on understanding how HAL can improve the arrivals experience.</p> <p>CCB encourages HAL to include Border Force in the engagement process.</p>	<p>CCB discussions with HAL, Border Force, and airlines indicate that there is a potential for HAL to use consumer engagement and an outcomes-focused approach to look beyond current Border Force constraints, working with all parties to better meet consumer needs.</p> <p>HAL has agreed to review if there is a specific piece of focused research that could be done to look at improving the arrival experience.</p> <p>HAL has identified Border Force as a stakeholder in its latest V3 Consumer Engagement Strategy, a section still to be drafted.</p>	Red →
7	Airport operational resilience	<p>As required by the CAA, HAL's resilience plans are produced in collaboration with airlines and other organisations operating at the airport to ensure passenger inconvenience is minimised during disruptions.</p> <p>CCB is seeking to understand what resilience related consumer engagement is carried out in the development of HAL's business plans.</p> <p>This also pertains to the proposed interim (2 runway) expansion from 480k to 505k ATMs, around which there does not appear to have been any consumer engagement to date.</p>	HAL to talk to CCB about this topic at a future meeting.	Red →

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		CCB has also not seen a plan for HAL to do any consumer engagement around airspace strategy.		
11	Engagement with future Consumers	<p>HAL should ensure that research and engagement is proactive and seeks to determine consumers’ needs, wants and priorities. This should include the views of those consumers who do not currently use the airport, and the needs of future consumers. For example, the increase in capacity post Expansion should economically result in a reduction in overall ticket prices, as a result of increased competition. In turn, this may attract new and different consumers (more budget-minded) to use Heathrow.</p> <p>Expansion will also likely open up new destinations and HAL should consider whether consumers from these geographies are likely to have different requirements from the current destination mix.</p> <p>Those of current school age will be consumers of the future, though there will also be more older travelers as the population ages.</p> <p>CCB expects HAL to engage more widely with bodies representing for instance the different demographic, economic and geographic characteristics of future consumers to understand their requirements.</p>	HAL’s existing research and engagement does cover work with non-users of Heathrow (Brand Tracking, CAA Passenger Survey, Under 25 Airport Decision making, Heathrow Uniqueness and Sustainability 2.0).	Amber New
CCB Concerns with current “ways of working”				
8a	Structure of HAL working with the CCB	CCB welcomes HAL’s implementation of a more consistent and timely approach to CCB meetings and improvement in its tracking, sharing and management of information and feedback.		Green ↑
8b	Clarifying respective role in the constructive engagement process	The role of the CCB in the Constructive Engagement phase has still to be finalised. The CCB is concerned that there could be alteration of the outcomes from consumer engagement that the CCB reviewed in the initial business plan. HAL and CAA are open to understanding how CCB can have an enduring role to drive a culture of consumer engagement.	Ongoing dialogue with CAA established. CCB to propose how best it can support the Constructive Engagement process.	Green ↑

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9	Consumer input post business planning	<p>CCB has identified a potential risk that consumer input does not extend beyond agreement of the business plan and price control with the CAA and, as a result, proposals can be changed without consumer input.</p> <p>CCB plans to clarify this risk with CAA. CAA has not yet defined a policy, however, is aware of this risk and open to reviewing the future role of CCB.</p>	CCB has encouraged HAL to ensure the Consumer Engagement Strategy builds consumer engagement into all aspects of the business and is not just a regulatory requirement for price control.	Amber →
10	Quality of engagement from airlines in respect of consumer engagement	CCB recognises the positive evolving relationship between the airlines and HAL. Of note in this context is the airlines' willingness to input to the synthesis report, although CCB has not yet seen the detail of that input so are unable to comment on its content. CCB would encourage a greater degree of resource allocation to this area on the part of airlines: for example, airlines' input to the Consumer Engagement Strategy V2 was later than ideal. (CCB notes above the additional recent resource investment from HAL). The full and enthusiastic cooperation and involvement of the airline community in ensuring the maximum input from consumers into HAL's business planning processes undoubtedly remains of major benefit, and CCB will continue to encourage this going forward.	The final report on the airline passenger insights is due August 2018.	Amber →