Unlocking the Economic Benefits of Rail to Local Communities

A WPI Economics Briefing for Rail Delivery Group

Rail Delivery Group

National Rail

WPI ECONOMICS

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Executive Summary

The future of rail travel post-pandemic has been the subject of much discussion over the last couple of years. A lesser explored part of this conversation is the role rail travel plays in local economies and the way in which the railway contributes to building strong local microeconomies around stations.

With that in mind, this research sets out to explore how people in different locations across Great Britain are spending money in local businesses in and around the station and on the local high street when they travel by train – and to understand how rail travel is supporting networks of local businesses in UK towns and cities.

The central finding is that rail is playing a wider role than purely getting people in cities and towns from A to B. The stations this report focuses on – and others across Great Britain – are supporting local economies and helping both small and established businesses to grow and thrive.

[1] The full methodology is outlined in Annex One.

For this research, 3,000 people travelling from 20 towns and 20 cities were surveyed to better understand their spending habits and perspectives.[1] The findings were that:

- **72%** of people view the **station as important** in helping the local economy and businesses thrive.
- As well as rail supporting the local economy, local amenities are also a driver of people travelling by rail: for around **a third** of respondents, the ability to go shopping in and around the station was one of the **main reasons** they choose to travel by rail.
- People travelling by rail are supporting local businesses by spending on average **£32** in and around their departure station with **£19** spent on the local high street, **£7** inside the station and **£6** in the vicinity of the station. Spending is highest on average when rail customers are travelling for **leisure (£35),** followed by **commuting (£30)** and then **business travel (£26).**
- Overall, more than **40%** agree that they usually spend more money in their local area when **travelling by rail** compared to other modes of transport.
- Close to **half** of survey respondents agree that they usually spend money on their local high street when **travelling by rail.**
- More than **half** of respondents agree that the businesses in and around the train station play an **important role** in the local community.
- Given that, overall, the sustained cost of living crisis means many people have less money to spend, where they spend it is important for thriving local communities: those surveyed report that they spend around **£7** locally at independent businesses, when **departing by rail.**
- Given that there were **1.23 billion rail journeys in 2022/23,** based on our sample, rail travel could be contributing in the region of **£9bn** year to independent businesses.[ii]
- More than **half** of all respondents travelling from towns and cities (57%) said they would like to see **more independent businesses** in and around their local rail station.

Overall, this research confirms that there is a clear connection between rail travel and choosing to spend in the local community. On this basis, growth in rail travel in the years ahead could support local businesses and communities to thrive, given travelling by train is already facilitating spending on the local high street and supporting independent businesses at the same time. The fuller findings also show where the appetite lies for increased amenities in and around these key stations, which can act as a useful input into the future expansion of customer-orientated services in these local areas.

The importance of rail to local economies – an overview

Much attention has – rightly – been paid to the future of rail in the post-pandemic context. Travel patterns have been changing, with hybrid working becoming the norm for many, business travel remaining lower due to more meetings taking place online and a greater focus on leisure time increasing the volume of passengers using the rail network at weekends. In 2022/23, **there were 1.23 billion rail passenger journeys,** a 37% increase on the 894 million journeys in 2021/22.[iii]

Something that has had less attention is the role rail travel plays on local economies and the way that stations contribute to building and maintaining strong local microeconomies in UK towns and cities, which this research aims to look at specifically. It centres on how people in different locations are spending money in and around the station and on the high street when they travel - and what sorts of businesses and services they want to visit when they do so.

Previous research from the Office of Rail and Road (ORR) found that in-station retailers and caterers, and their UK-based supply chains were estimated to have **£0.9bn gross value added (GVA)[iv] contribution, supporting more than 22,000 jobs,** while induced impacts contributed **£12bn of GVA and 247,000 jobs.[v]**

Exploring how localised spending breaks down in more detail - inside the station, in the vicinity of the station and on the local high street for a broader set of spending categories - this report dives into how it differs between regions; towns and cities; the locations where people are spending more and less; the choices being made to shop with independent businesses; and what rail travellers would like to see more of in and around their local stations when they travel. It also shines a light on how people feel about the role stations and rail travel play in local communities across Great Britain.

72% of people view the station as important in helping the local economy and businesses thrive.

For this research, a total of 3,000 people across 20 towns and 20 cities (with one key station selected in cities that have multiple) were surveyed. Throughout, the report focuses on spend other than on rail fare at departure stations.[2]

[2] The full methodology is outlined in Annex One and details how we calculated the figures shared in this briefing paper.

Spending in local communities:

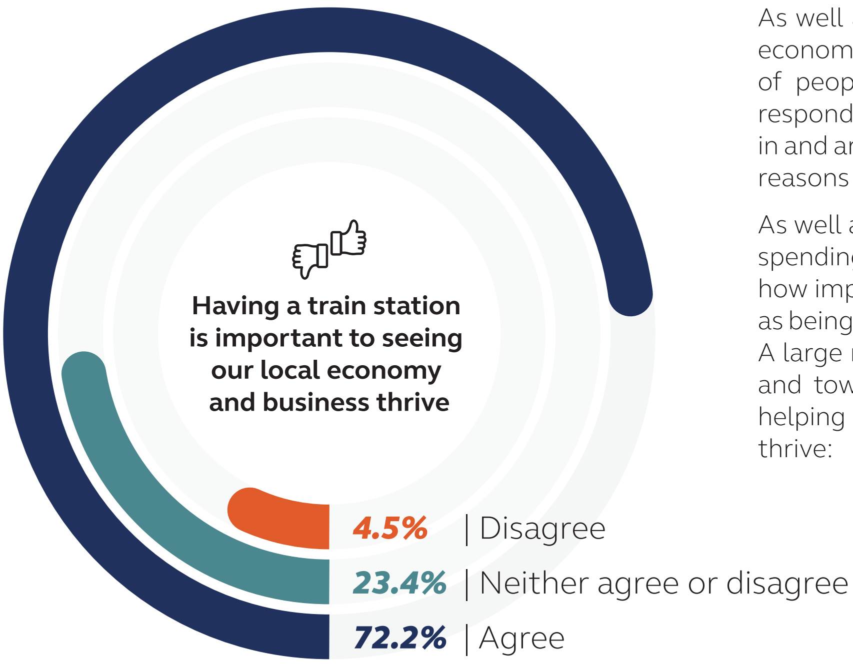
At a headline level, the findings show that travelling by rail is helping to support spend in local communities: the survey indicates that more than 40% of people spend more in the local area when travelling by rail compared to other forms of transport. That spending is having a particularly positive impact on the high street, which is important given the challenge to physical retail presented by increasing online spending.[vi]

Overall, nearly **4 in 5 people (79%)** reported that they **spend money** in and around their departure station as part of their rail journey.

People were most likely to **spend money** on the local **high street (45%)** followed by inside the **station (30%)** and in the immediate **vicinity of the station (24%).[vii]**

In total, the research found that the average rail passenger across the towns and cities in our sample **spends £32 in and around their departure station,** of which **£19 is spent on the local high street.**

This means that the **1.23 billion rail journeys in 2022/23[viii]** could have contributed in the region of **£23bn to the local high street around departure stations**.



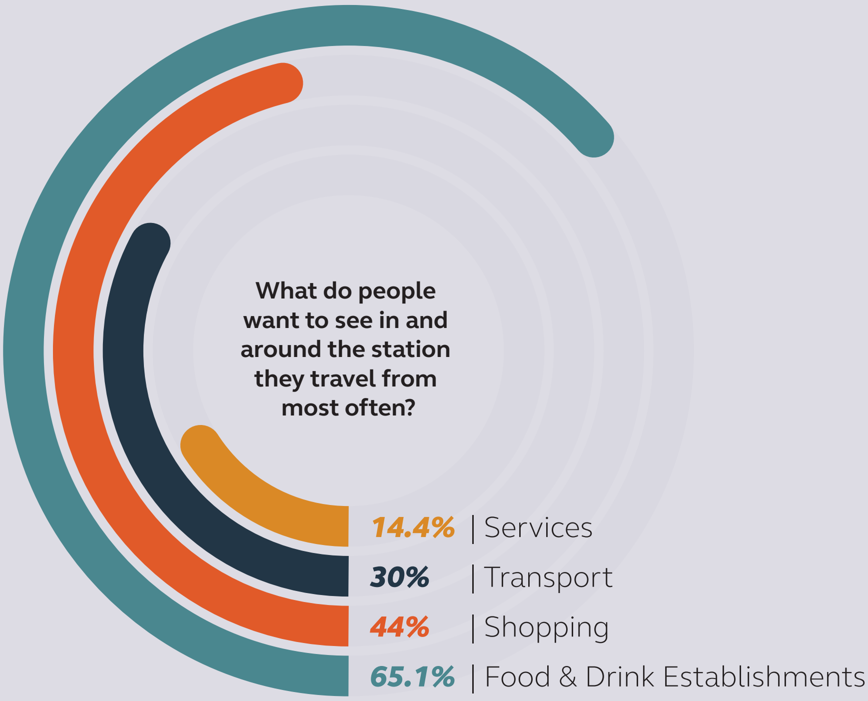
As well as rail being a supporter of the local economy, local amenities are also a driver of people travelling by rail. For a third of respondents (34%), the ability to go shopping in and around the station was one of the main reasons they choose to travel by train.

As well as looking at the direct links between spending and rail travel, the research explored how important people saw their local station as being to the success of their local economy. A large majority of respondents across cities and towns see the station as important to helping the local economy and businesses thrive:

Wider community impacts and future potential:

Turning to the role these businesses play in the local community, over half of respondents (57%) agreed that businesses in and around the train station play an important part. Around half of all respondents (48%) also agreed that rail travel was better at bringing people in the community together than other modes of transport. Beyond this existing contribution to the local economy and community, the research also uncovered an appetite for new and additional services to be provided in and around stations. People travelling from towns and cities by rail have similar views on what they want to see in and around their most frequently used station:

- **Food and drink establishments are the most commonly requested (65%);**
- **Shopping is the second most desired amenity (44%),**
- **More transport options around the station, including micromobility services (e-bikes, e-scooters etc.) and taxis (30%); and**
- **More services around the station, such as hairdressers/barbers, nail salons, gyms, nurseries, or childcare (14%).**



The next sections of this report look at rail customer spending at independent businesses, regional spending trends and a deep dive into spending in cities and towns before looking ahead to the economic opportunities this presents.

The company decided to sell here because it's one of the main streets, but the fact that the train station is visible was a huge factor in picking out the property. So, when people get off the train, they can actually see the pink store and that brings customers into the store, which is great for us.

Jane Fletcher, The Yorkshire Soap Company in Harrogate

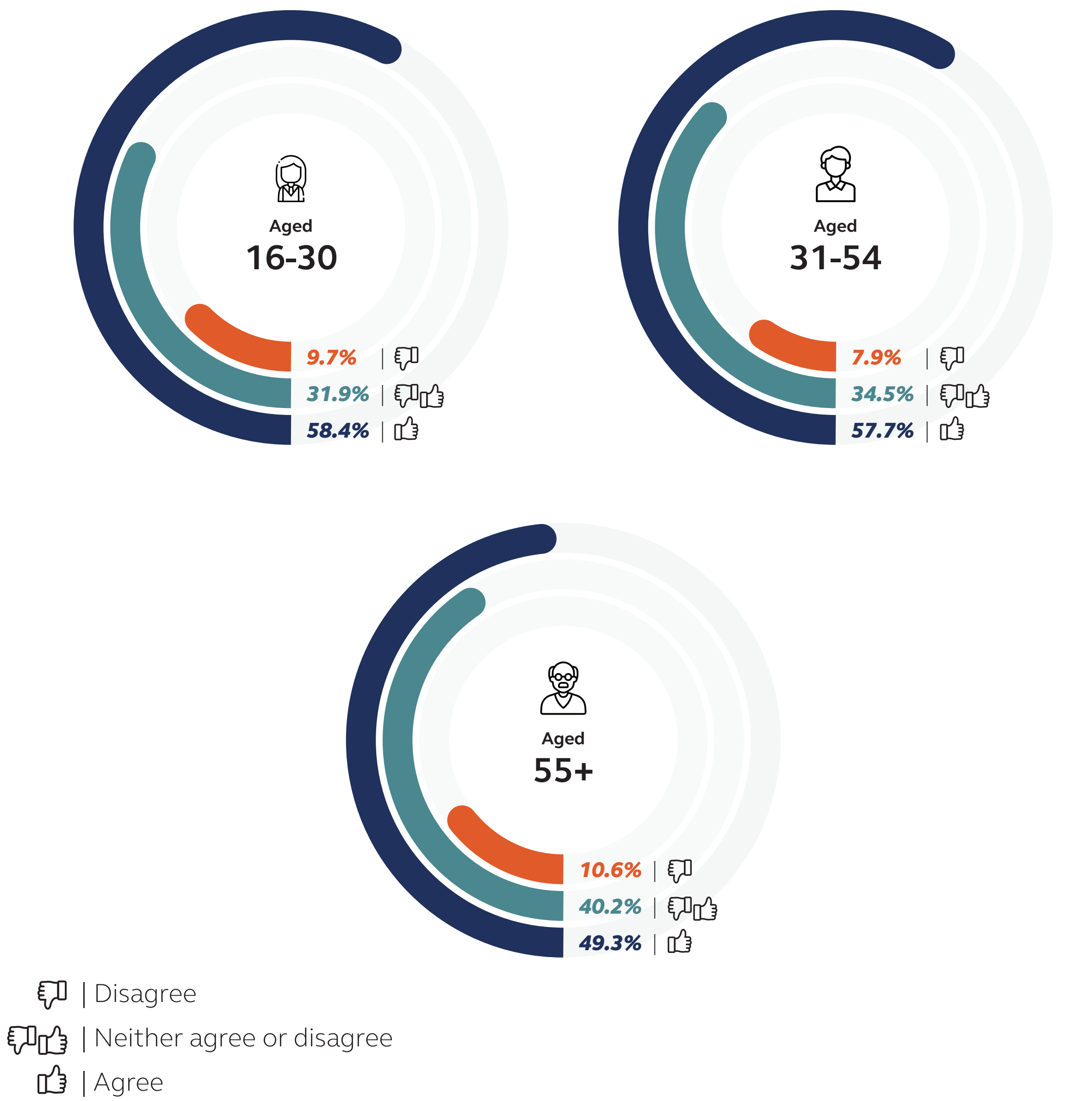
Independent business benefits

As well as supporting local businesses and communities, people travelling by rail from towns and cities are providing a boost to local independent businesses.

Overall, **people** in the combined cities and towns samples stated that they **spend about £7 per rail journey at independent businesses**. Given that there were 1.23 billion rail journeys in 2022/23,[ix] based on our sample, rail travel could be contributing in the region of **£9bn a year to independent businesses**.

A majority of respondents across cities and towns (57%) reported that they **want to see more independent businesses in and around their local rail station**. When looking at demographics, appetite for more independent businesses was high across all age groups and particularly for younger people:

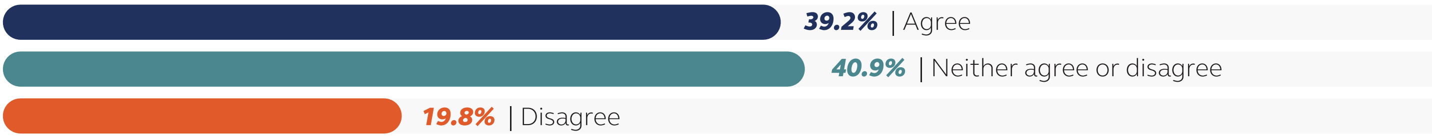
I would like to see more independent businesses in and immediately outside my local rail station



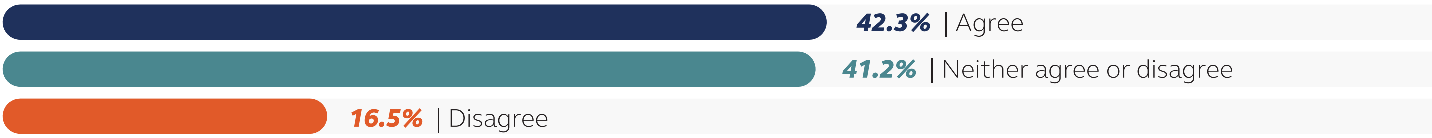
Close to 40% of people across towns and cities reported that they usually spend money with independent businesses when travelling by rail and that 42% of people agreed that travelling by rail more frequently would induce them to spend more money on independent businesses:

Independent business spending habits when traveling by rail

‘I usually spend money with independent businesses when I travel by rail’

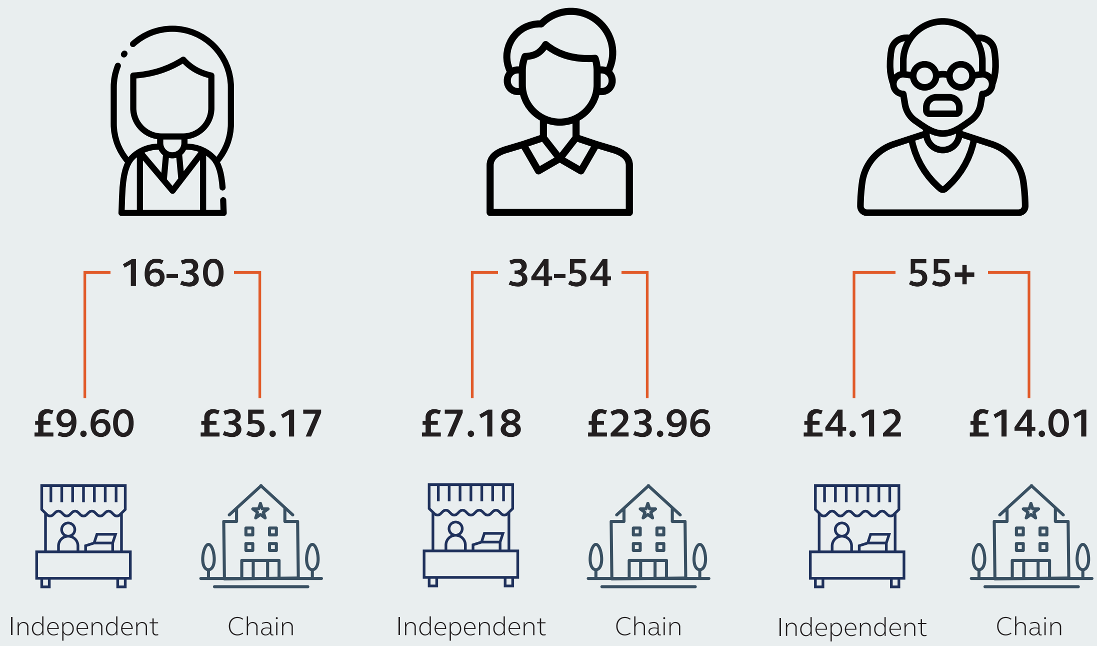


‘I would spend more money with independent businesses if I travelled by rail more often’



While there is a role for both independent and chain-type businesses across the rail network, respondents who were 54 or younger expressed a stronger preference to see more independent-owned options in the future. Given that people aged 16-30 and aged 31-54 spend notably more overall (£45 and £31 respectively) than people aged 55+ (£18), this indicates potential demand for a broader mix of businesses within and close to stations, as well as on the high street.

Independent spending by age group



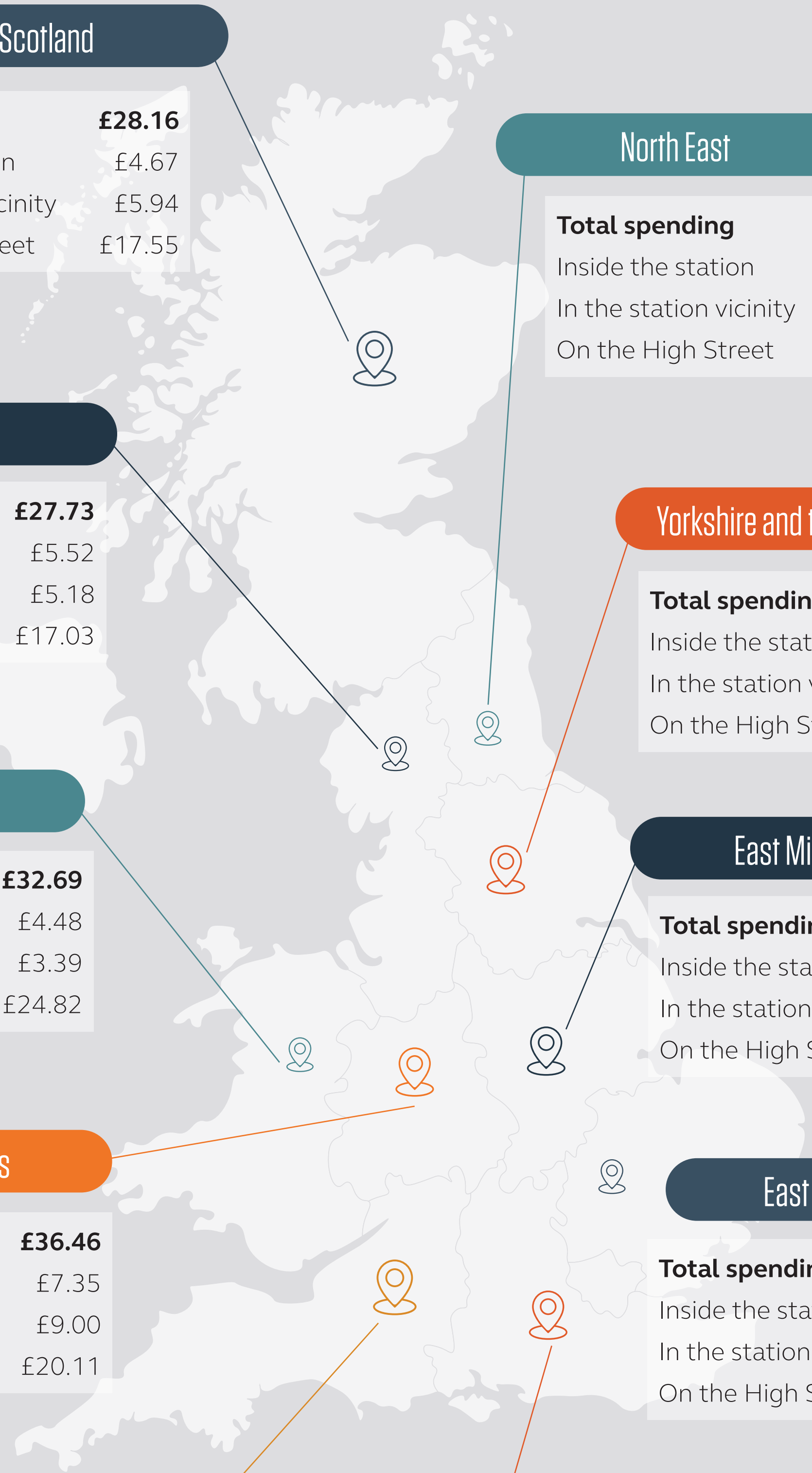
Passenger spending across the UK's regions

Looking at spending by rail passengers across towns and cities, there are some noticeable differences according to the region of their departure station. The research explored this to see how the spending between towns and cities aggregates up to regional level and to identify patterns in people's preferences.

The North East has the highest regional spend - contributing £38 on average per passenger journey to the local economy

The analysis shows that the highest average regional spend was by passengers departing from stations in the North East (£38) closely followed by the West Midlands (£36), and the lowest was by people departing the East Midlands (£27). Passengers departing stations in the North East also had the highest levels of spending inside the station (£11) followed by the South East (£10). However, spending on the high street was the highest among passengers departing from Wales (£25), which was more than twice as much as the East Midlands (£12).

Average spend by passengers departing from stations rounded to nearest £1



Scotland

Total spending	**£28.16**
Inside the station	£4.67
In the station vicinity	£5.94
On the High Street	£17.55

North East

Total spending	**£37.71**
Inside the station	£11.03
In the station vicinity	£7.84
On the High Street	£18.84

North West

Total spending	**£27.73**
Inside the station	£5.52
In the station vicinity	£5.18
On the High Street	£17.03

Yorkshire and the Humber

Total spending	**£32.33**
Inside the station	£7.83
In the station vicinity	£4.82
On the High Street	£19.68

Wales

Total spending	**£32.69**
Inside the station	£4.48
In the station vicinity	£3.39
On the High Street	£24.82

East Midlands

Total spending	**£26.53**
Inside the station	£6.24
In the station vicinity	£8.21
On the High Street	£12.08

West Midlands

Total spending	**£36.46**
Inside the station	£7.35
In the station vicinity	£9.00
On the High Street	£20.11

East of England

Total spending	**£31.26**
Inside the station	£6.88
In the station vicinity	£6.00
On the High Street	£18.38

South West

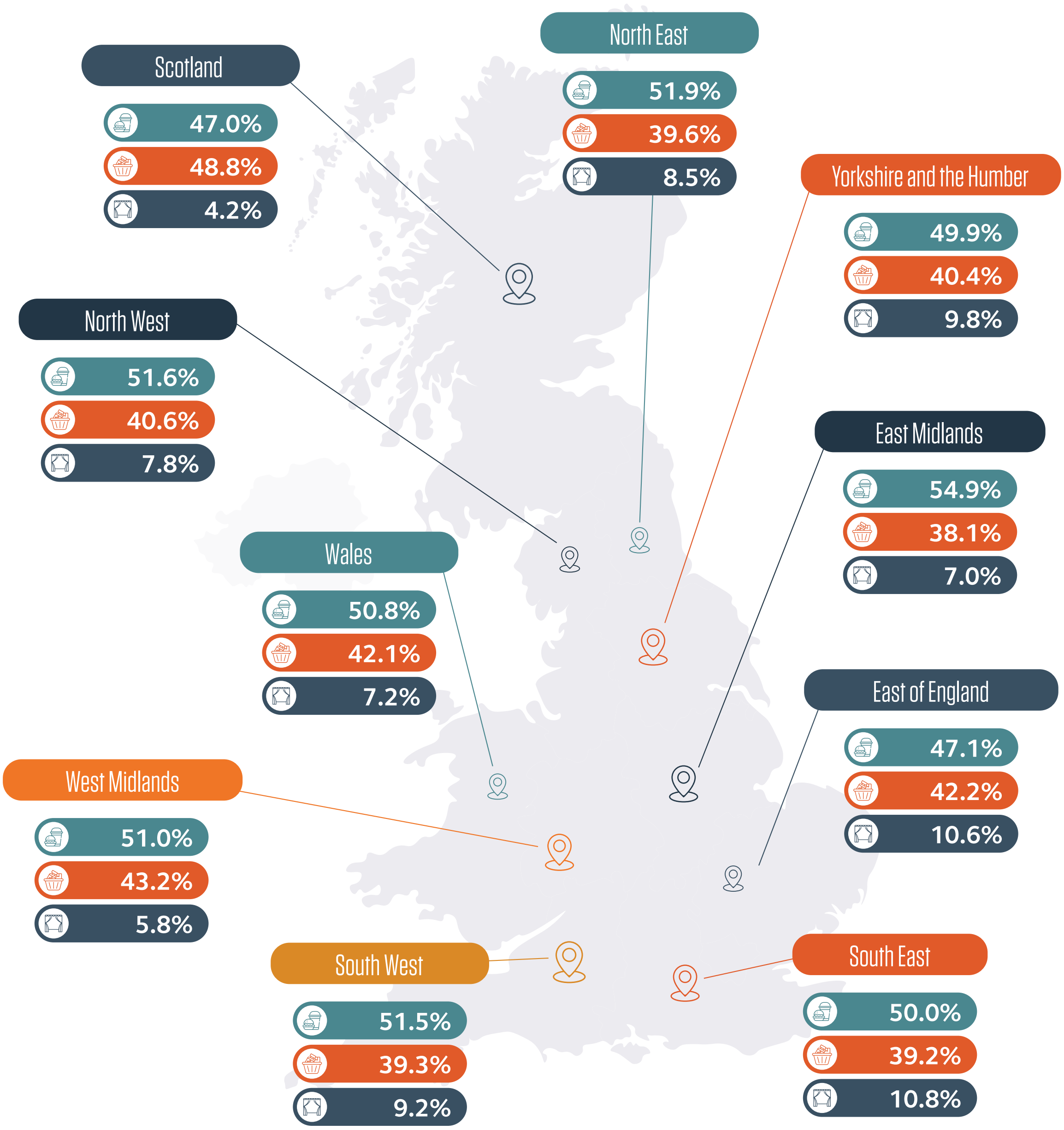
Total spending	**£33.74**
Inside the station	£8.11
In the station vicinity	£6.20
On the High Street	£19.43

South East

Total spending	**£35.13**
Inside the station	£10.27
In the station vicinity	£5.27
On the High Street	£19.59

There is also some variation by region in what rail passengers spend their money on at their local departure stations. Passengers in the East Midlands had both the highest proportion of spending on eating and drinking (55%), and the lowest proportion of spending on shopping (38%). In general, when travelling by rail, customers spend a higher proportion of their money at the departure station on eating and drinking than on shopping, with the exception of Scotland where the reverse is true but by a narrow margin.

Regional spending by category



The proportion of passenger spending that takes place at independent businesses is fairly consistent between regions – varying from 21% in Scotland to 26% in Wales. However, there is wider variation in people's appetite for spending with independent businesses. 70% of people departing from stations in Wales would like to see more independent businesses in and around their local train station – this is considerably higher than, for example, in the East of England (50%) and in the North East (61%).

Railway is important for local businesses because we are independent and we do need those customers to support us all.

Michaela Kirkland, Cawa, an artisan coffee shop set up by three Ukrainian women inside Grand Nottingham train station

I would like to see more independent businesses in and immediately outside my local rail station

Region	Agree	Neither agree or disagree	Disagree
Wales	70%	20%	10%
North East	60.7%	30.4%	7.2%
South West	59.5%	35%	5.5%
Yorkshire	58.8%	34%	7.5%
South East	58.5%	33.2%	8.2%
West Midlands	55.7%	36.6%	7.8%
Scotland	55.1%	40.2%	4.7%
East Midlands	54.3%	35.1%	10.6%
North West	54.2%	35.3%	10.5%
East of England	49.9%	37.9%	12.2%

There are also regional differences in what new facilities rail travellers want to see developed around their local train station. Most people travelling from stations in Wales (76%) want to see new food and drink establishments outside their local station, followed by people travelling from stations in Scotland (68%). When it comes to more shopping facilities, there appears to be a geographical divide: having more shopping facilities is supported by between 46% and 48% of passengers departing from stations in the Midlands and South of England, which is noticeably higher than for passengers departing from the North of England, Scotland, and Wales – between 36% and 43%.

Region	Food and drink establishments	Shopping	Transport	Services
North East	65.7%	36.3%	31.3%	15.9%
North West	65.9%	41.4%	30.6%	14.0%
Yorkshire and the Humber	64.2%	42.6%	31.6%	12.8%
East Midlands	62.9%	47.0%	29.1%	13.3%
West Midlands	62.3%	46.3%	26.6%	14.9%
East of England	64.1%	46.9%	28.9%	15.5%
South East	65.9%	45.5%	29.6%	16.2%
South West	65.4%	47.6%	33.1%	13.8%
Scotland	68.2%	41.1%	29.0%	12.2%
Wales	76.0%	40.0%	32.0%	14.0%

This shows that there are different opportunities to support the local economy in different areas. This type of insight can support the type of provisions put in place in the future to ensure that the role stations play in their local economies and communities continues to expand over time.

Understanding local spend in cities and towns

City spending patterns:

The report found that four in five (79%) of those travelling by rail from a city spent money on something other than their ticket. Overall, the data revealed that people travelling from a city spent a total of £29 inside the station, near the station or on the local high street. Looking geographically at where they spent that money, overall people travelling from cities spent around £6 inside the station and £5 in its immediate vicinity, but more on the high street, with an average spend of £18 reported in the latter location.

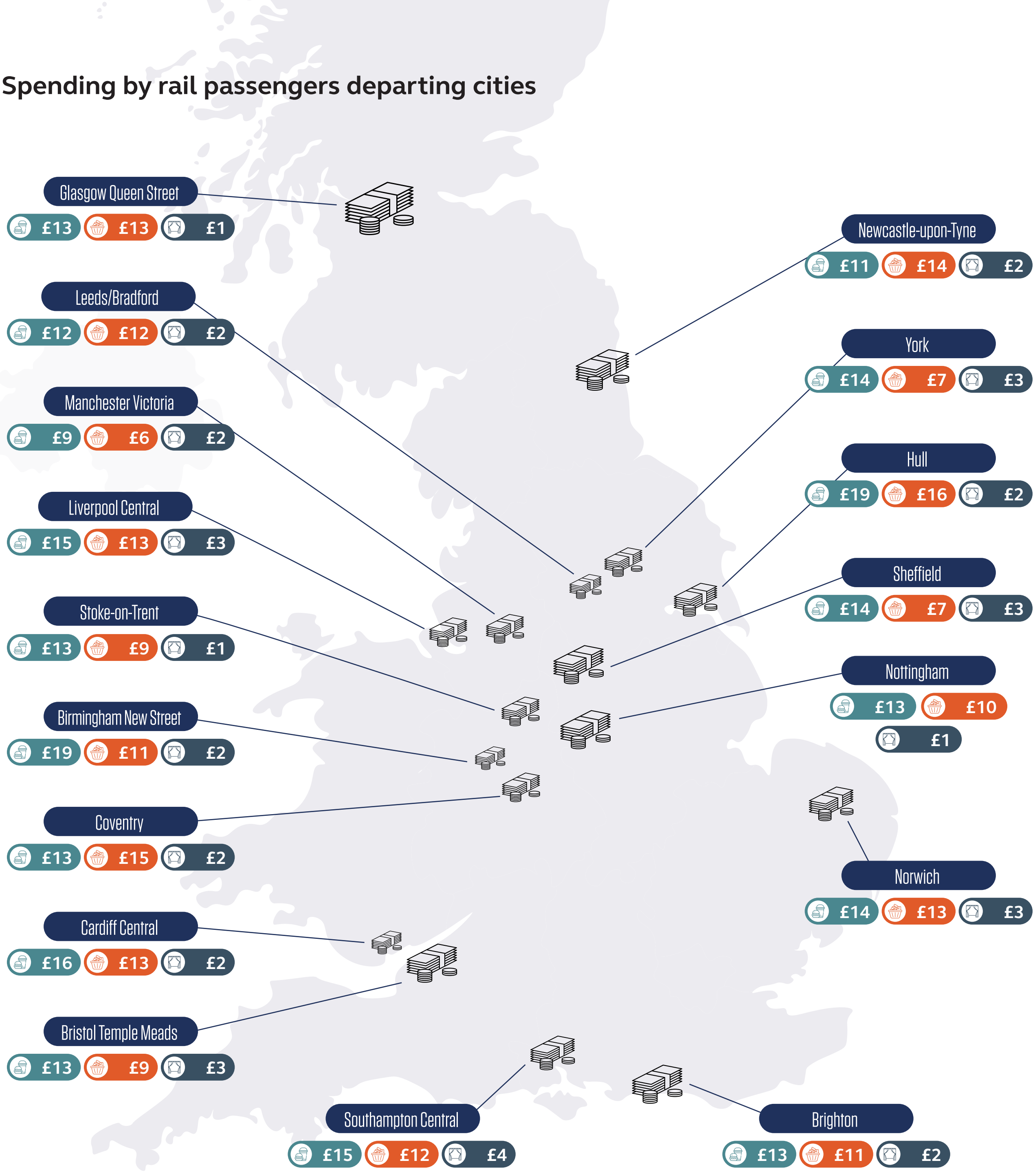
Eating and Drinking - £14

Shopping - £11

Entertainment and Sports - £2

Looking at what people spend their money on, people travelling by rail from cities on average spent £14 on food and drink, £11 on shopping and £2 on entertainment and sports. This could reflect the gradual recovery of the entertainment and culture sectors, as well as the varying levels of provision in different locations, given the proximity to the station of the spend captured. Although not significantly different, there is some variation between cities, with those in Southampton and Liverpool reporting the highest spend on entertainment and sports in and around the station. People departing from Birmingham New Street spent the most on eating and drinking (£19), more than double that spent by people departing from Manchester (£9) who spent the lowest.

Spending by rail passengers departing cities



From a generational perspective, people aged 16-30 said they spend more on eating and drinking (£17) than people aged 31-54 (£13), and more on shopping (£15 compared to £10). People aged over 55 spent less than people aged 16-30 and people aged 31-54 across all spending categories we surveyed.

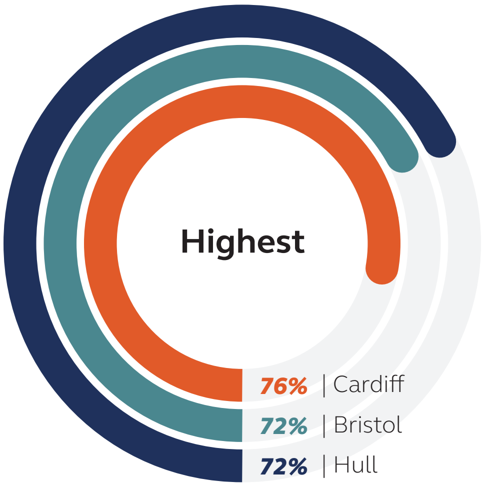
People's reported spending habits also differed by their journey purposes. People travelling by rail from cities for leisure spent £30 on average at their departure station compared to £22 by commuters and £21 by business travellers:

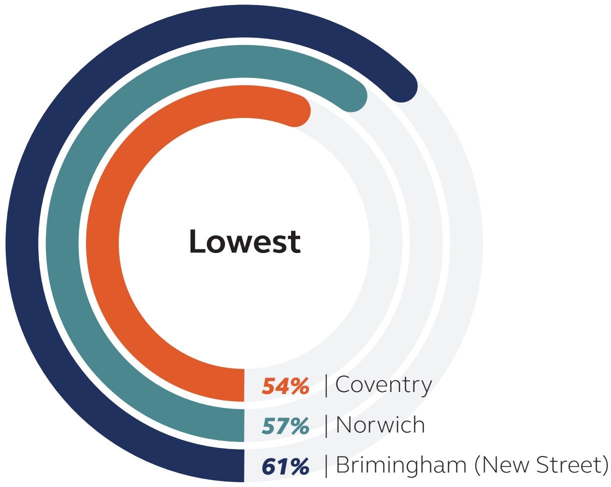
Journey purpose	Eating and drinking	Shopping	Entertainment and sports
Commuting to work	£11.59	£8.18	£2.45
For business	£10.26	£9.19	£1.26
For leisure	£15.07	£12.50	£2.17

Rail passenger demand presents further opportunity for businesses in UK cities

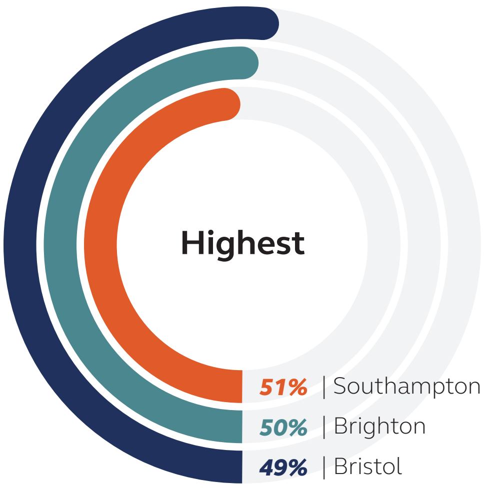
People travelling from Cardiff were mostly likely to say they would like to see more food and drink outlets in and around their local station (76%). People travelling from Preston were most likely to say they wanted to see more shopping options (55%) and people travelling from Liverpool (Central Station) were most likely to say they wanted to see more services in and around the station (23%). The table below gives examples of how preferences differed between city locations:

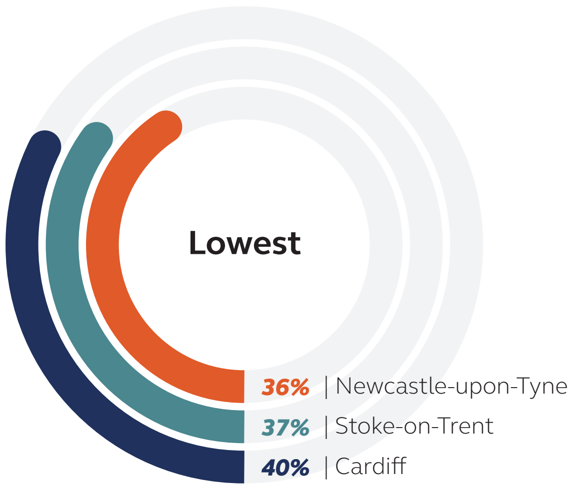
Would like to see more food and drink establishments in and around the station





Would like to see more shopping options in and around the station

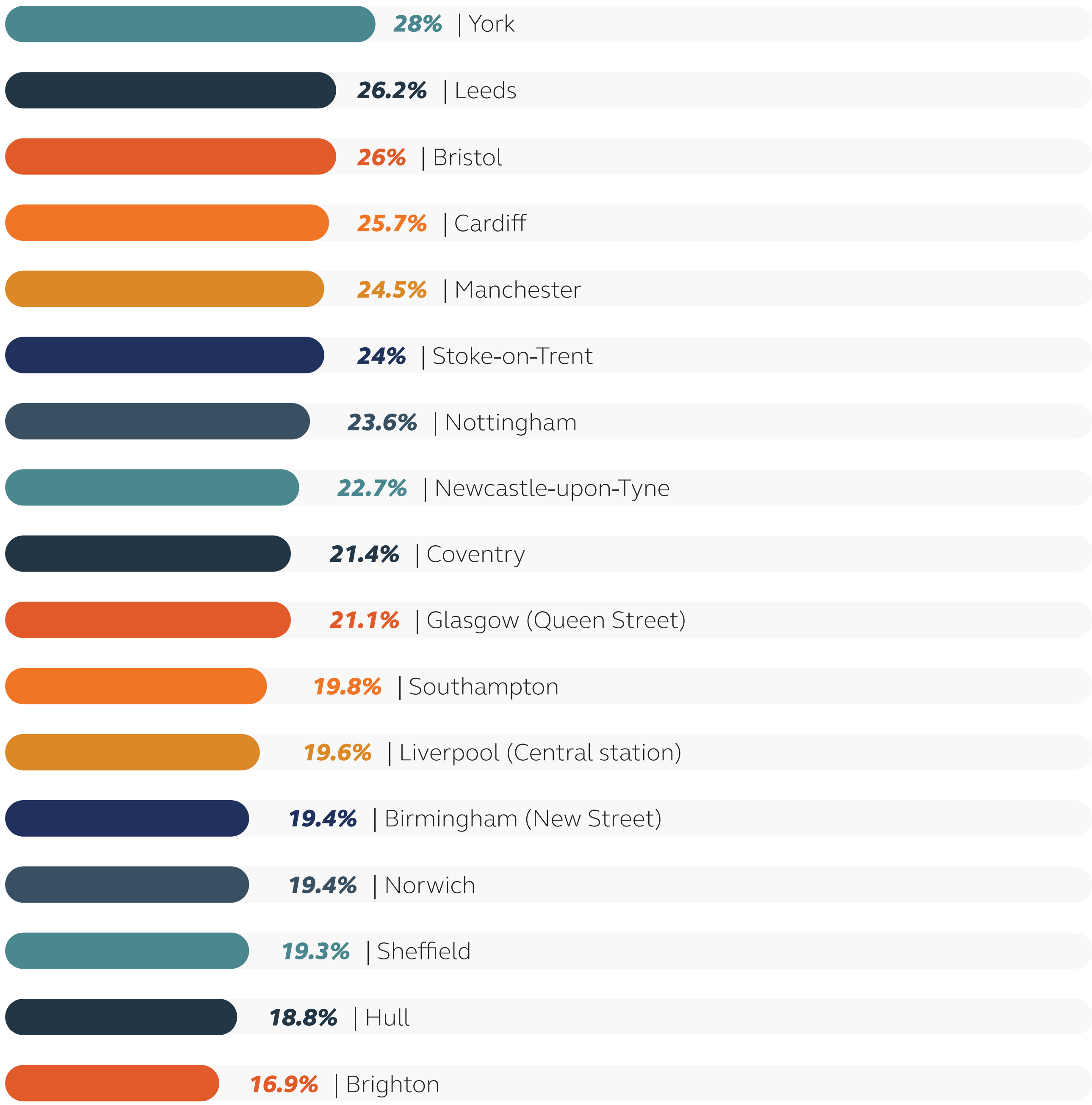




Those surveyed expressed a preference for more independent businesses, with 56% of those making their journey from a city stating that they would like to see more independent businesses in and around their local rail station, compared to 9% who would not. This was highest among people travelling from Cardiff at 70% and lowest for people travelling from Manchester at just 18%.

The survey data shows that people travelling by rail from cities spend on average 22% of their money (on each journey) with independent businesses while in and around their station, with 26% saying they spend most of their money with independent businesses when they travel by rail. The table below shows the different proportions of spending on independent businesses by city:

Proportion of spending with independent businesses around departure station



Edinburgh Waverley is really important to us as a business because we're right next to it and it brings tourism to us all the time. Bringing in more people to the city means more businesses getting more customers, which can then in turn mean more profits. And then that can be reinvested into the businesses and communities.

Harry MacNeary, Cadenheads
Whisky Shop in Edinburgh

Higher spending in towns

The survey found that **people travelling from towns spent more in and around their station of departure (£39) than people travelling from cities (£29)**. People travelling from towns were also more likely to highlight other benefits of rail travel, with 51% agreeing that rail travel helped them meet and see more people in their community.

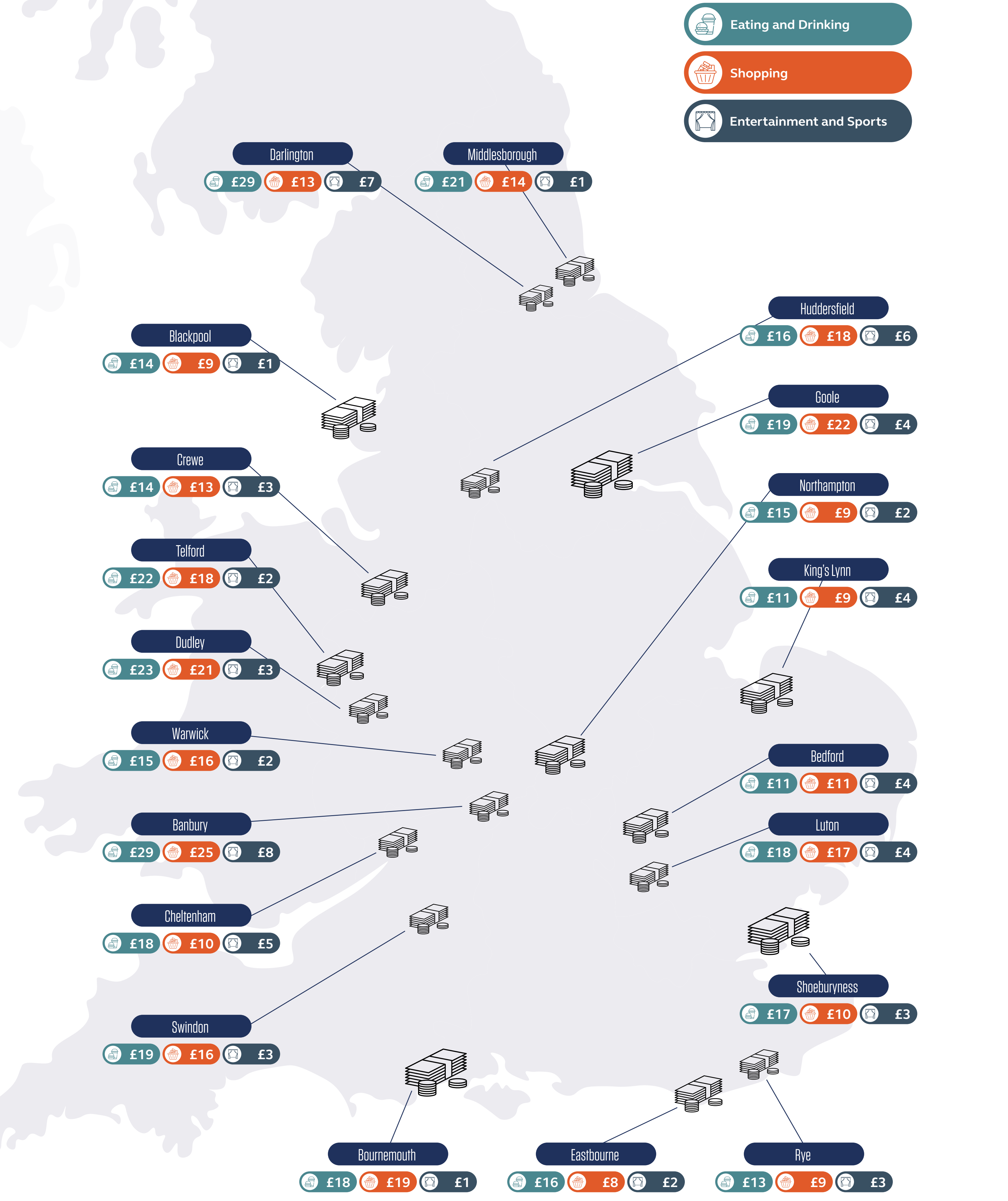
Eating and Drinking - £18

Shopping - £14

Entertainment and Sports - £3

Looking closer at the spending numbers, people travelling from towns spent £18 on eating and drinking, closely followed by £14 on shopping and £3 on entertainment and sports. However, as with cities, there was some variation in levels of spending between towns:

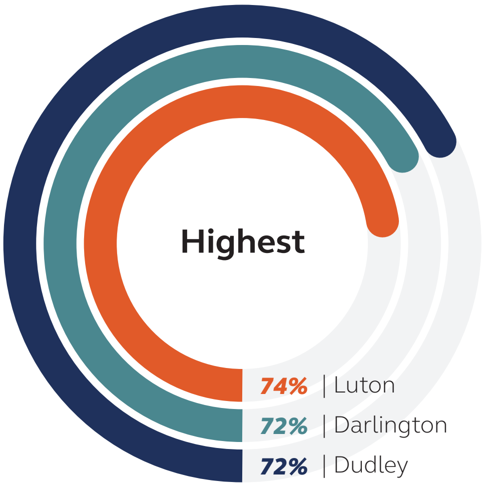
Spending by rail passengers departing towns

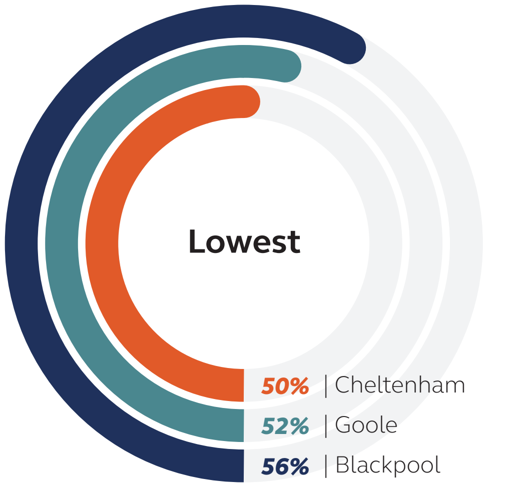


Rail passenger demand presents further opportunity for businesses in UK towns

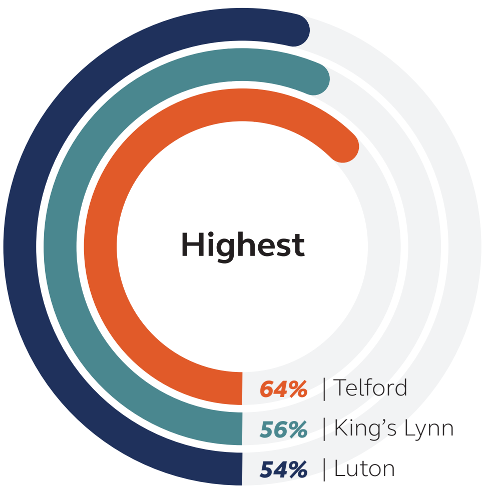
Overall, a similar proportion of people travelling from towns and from cities wanted to see more food and drink establishments (65%) and more shopping options (44%) in and around the station. Among individual towns, people travelling from Luton were most likely to report wanting to see more food and drink establishments (74%). People travelling from Telford were the most likely to request greater shopping options near the station (64%). The table below shows how these preferences differed by location:

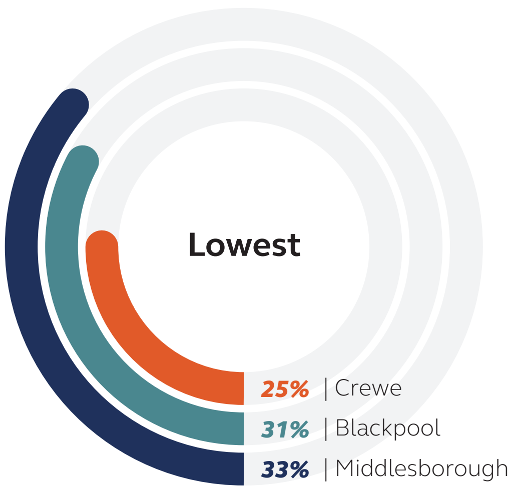
Would like to see more food and drink establishments in and around the station





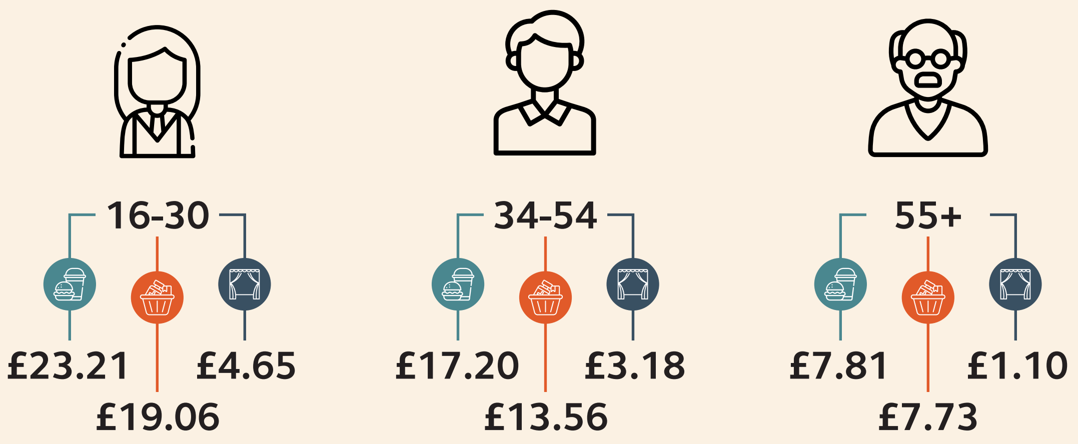
Would like to see more shopping options in and around the station





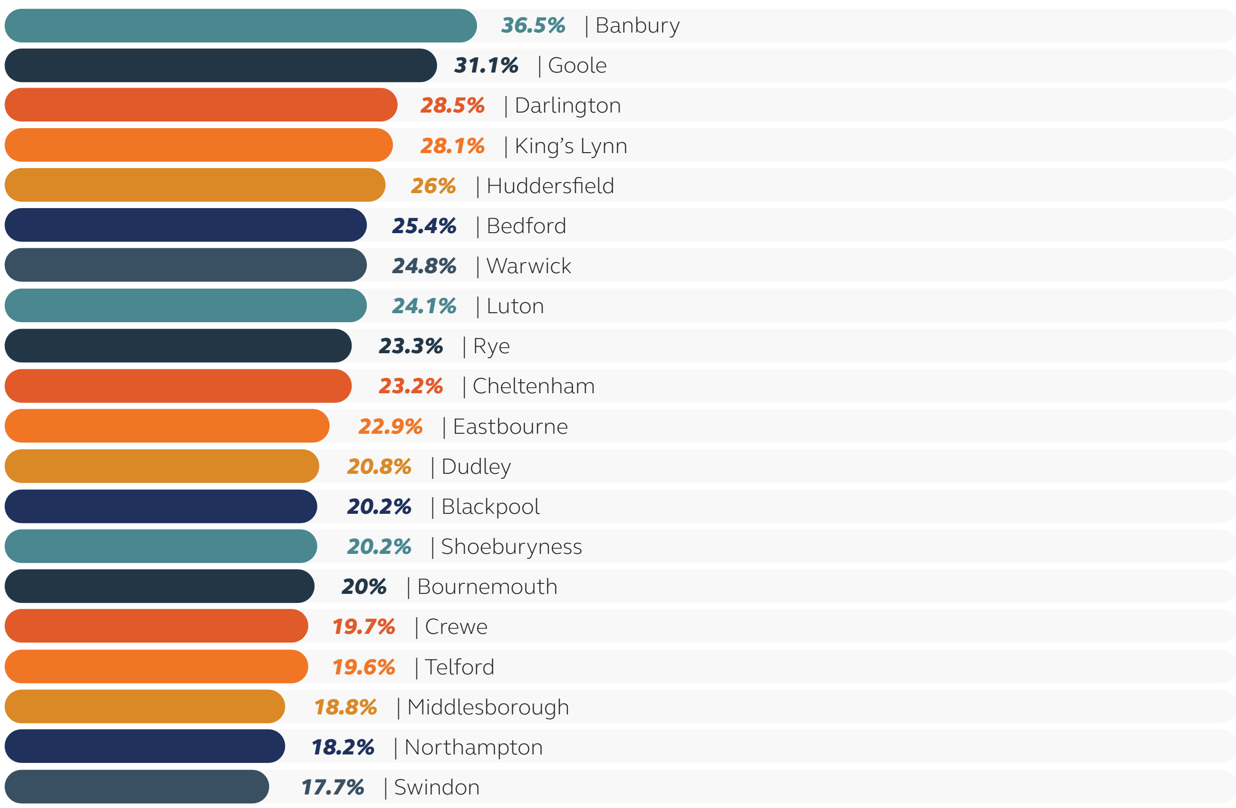
Younger people, aged 16-30, in towns spend significantly more (£47) locally when departing by rail than people the same age in cities (£35). This is driven by greater spending on eating and drinking, with £23 spent in towns on average compared to £17 in cities. Younger people also spend more than four times as much on entertainment and sports as those aged 55+. As in the cities, people aged 16-30 in towns also spend more on eating and drinking than people aged 31-54 (£17), and more than people aged 55+ (£8).

Spending in towns by age group



The data highlights that people travelling from towns spend on average almost a quarter (24%) of their money with independent businesses while travelling by rail, with 41% of people saying they usually spend money with independent businesses when travelling this way. People travelling from Banbury reported spending the highest proportion of their money at independent businesses when travelling by rail (37%), and the highest amount (£35). The table below shows how this varies by location:

Proportion of spending with independent businesses around departure station



Looking to the future

The intention behind this research is that its findings will support a wider conversation about the value of rail and local train stations in building local economies, shining a light on the strong networks of businesses in and around stations in UK towns and cities, and how rail passengers would like to see these further develop in the future.

There is clear appetite from rail passengers to see a wider range of services in and around their local stations, which presents an opportunity to harness these areas to meet demand, in turn increasing spend that remains in the local area. The data shows that these preferences vary by location – especially notable at the regional level - which highlights the importance of responding to localised need when planning ahead.

This research also explores the preferences for choosing independent shops and services in different areas, and how this varies by age group. This highlights that if more services were to be provided in and around stations, and as more people choose to travel by rail, it is reasonable to assume that this estimated £9bn currently spent with independent businesses could grow.

There's potential for £9bn currently spent with independent businesses to grow.

Overall, the research highlights that there is also an opportunity to respond to the growth in leisure travel by rail, which has been driven by people's changed travel habits and the rising demand for sustainable and convenient transport options. Given the research shows that those travelling for leisure currently spend the most in the local community, expanding and enhancing rail services will also have the benefit of supporting the growth of local businesses, attracting more visitors to diverse destinations, and stimulating economic development. As more people choose to travel by train, the rail network must expand and adapt to accommodate this growing market.

Annex One: Methodology

The findings reported in this briefing paper are taken from a 2,017 people whose last rail journey was from one of 20 selected cities and 1,007 people whose last rail journey was from one of the 20 selected towns. The list of selected towns and cities can be found in Annex Two.

Estimating spending levels

Survey respondents were asked how much they spent across different categories at three locations: inside the station, in the vicinity of the station (defined as within 200m) and on the local high street. Respondents answered by selecting a range and for our analysis the lower end of the range in estimating spending levels was used; for example, for the range “£10-£39”, we assigned a value of £10. The lower end of the range was chosen in order to avoid overestimation of spending levels. The exception is with the range “Less than £10” where the mid-point of £5 was used. This means that the estimates of spending levels in this report are lower bounds. To avoid double counting, we control for return journeys.

Once each respondent had an estimated spend at each location, these were combined for an overall spend per person before being averaged to find the mean spending per journey in each of the city and town samples and across various cuts: journey purpose, age, spending category. However, survey responses on spending can be affected by high levels of variance, especially in the upper end of the distribution. For this reason, the estimates in this report do not use reported spending from people whose overall spending was in the 95th percentile or higher.

Estimating spending at independent businesses

In order to estimate the amount of spending at independent businesses, respondents were asked what proportion of their spending was at independent businesses. For each respondent, this percentage was multiplied by that respondent’s total spending to give the spending at independent businesses for each respondent. Calculation of mean spending at independent businesses per journey for the city and town samples then followed the same methodology outlined above for overall spending levels.

Calculating the national contribution to independent business spending by rail journeys was done by multiplying the mean spending at independent businesses per journey by the total number of passenger journeys taken from the ORR data reports.

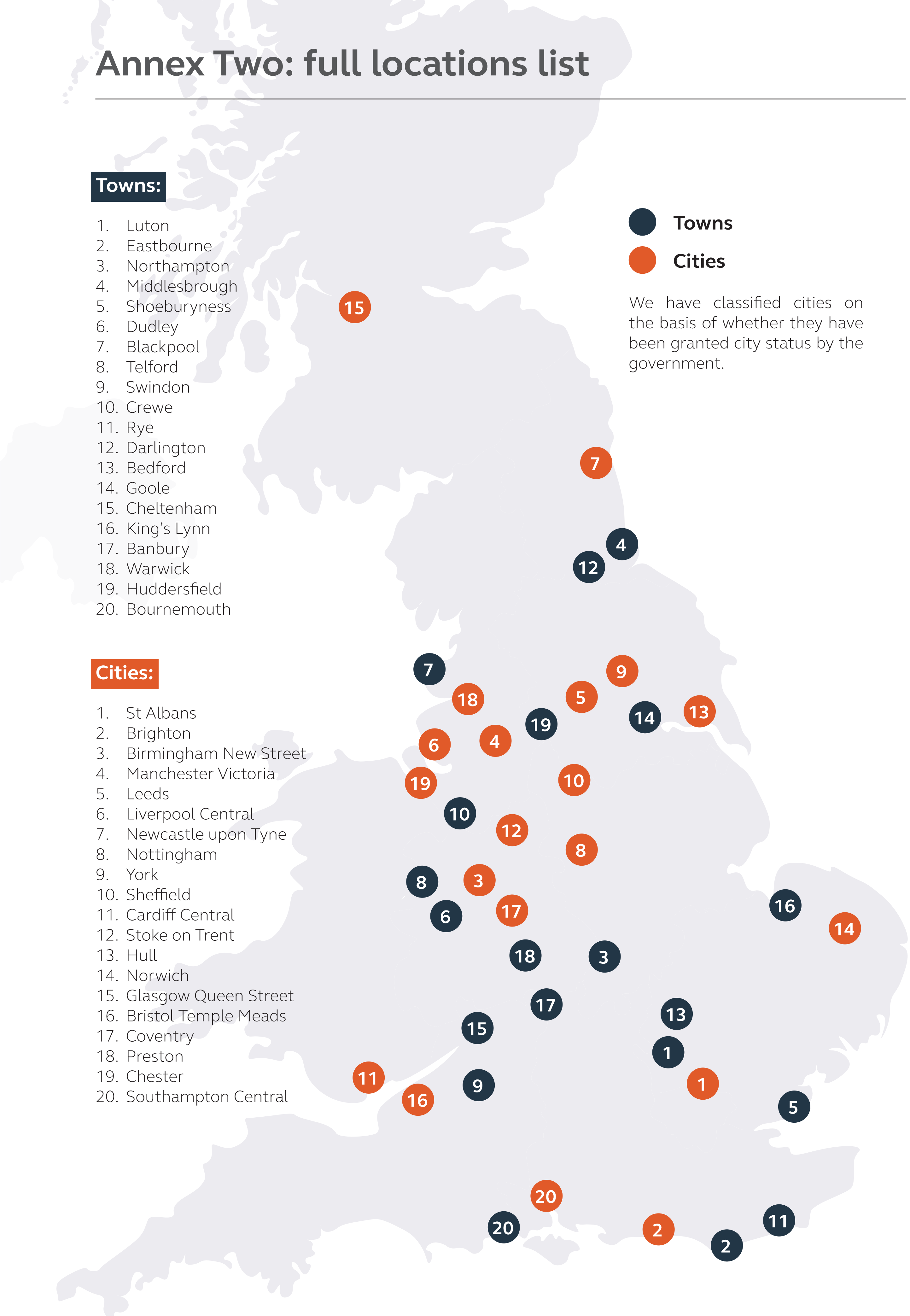
Annex Two: full locations list

Towns:

1. Luton
2. Eastbourne
3. Northampton
4. Middlesbrough
5. Shoeburyness
6. Dudley
7. Blackpool
8. Telford
9. Swindon
10. Crewe
11. Rye
12. Darlington
13. Bedford
14. Goole
15. Cheltenham
16. King’s Lynn
17. Banbury
18. Warwick
19. Huddersfield
20. Bournemouth

Cities:

1. St Albans
2. Brighton
3. Birmingham New Street
4. Manchester Victoria
5. Leeds
6. Liverpool Central
7. Newcastle upon Tyne
8. Nottingham
9. York
10. Sheffield
11. Cardiff Central
12. Stoke on Trent
13. Hull
14. Norwich
15. Glasgow Queen Street
16. Bristol Temple Meads
17. Coventry
18. Preston
19. Chester
20. Southampton Central



We have classified cities on the basis of whether they have been granted city status by the government.

Annex Three: stations by region

Region/Country	Cities	Towns
North East	Newcastle upon Tyne	Darlington
	-	Middlesborough
North West	Chester	Blackpool
	Liverpool Central	Crewe
	Manchester Victoria	-
	Preston	-
Yorkshire and the Humber	Hull	Goole
	Leeds	Huddersfield
	Sheffield	-
	York	-
East Midlands	Nottingham	Northampton
West Midlands	Birmingham New Street	Dudley
	Coventry	Telford
	Stoke on Trent	Warwick
East of England	Norwich	Bedford
	St Albans	King's Lynn
	-	Luton
	-	Shoeburyness
South East	Brighton	Banbury
	Southampton Central	Eastbourne
	-	Rye
South West	Bristol Temple Meads	Bournemouth
	-	Cheltenham
	-	Swindon
Scotland	Glasgow Queen Street	-
Wales	Cardiff Central	-

Endnotes:

i See, for example, this report from Retail Week on the sustained impact of the cost of living on physical / in-store retail: https://reports.retail-week.com/how-theyll-spend-it-2024/index.html

ii Calculated from a range of £18.9bn and £21.3bn.

iii For more detail on passenger journeys, see https://dataportal.orr.gov.uk/media/v1ilmjut/passenger-rail-usage-oct-dec-2023.pdf

iv GVA refers to the value of goods and services produced in a specific area, industry, or sector of an economy.

v For more detail, see https://www.orr.gov.uk/search-news/orr-launches-railway-station-catering-market

vi See note (i) for more detail.

vii The immediate vicinity of the station refers to any location with 200m of the station.

viii For more detail on passenger journeys, see https://dataportal.orr.gov.uk/media/v1ilmjut/passenger-rail-usage-oct-dec-2023.pdf

ix For more detail on passenger journeys, see https://dataportal.orr.gov.uk/media/v1ilmjut/passenger-rail-usage-oct-dec-2023.pdf

x For the purpose of this report, an independent business is understood to be one that is independently and privately owned, rather than being owned by a larger organisation or by shareholders. A chain-type business, conversely, is one that operates within a larger group or under a broader ownership structure.

xi See Annex 3 above for the stations in our sample found in reach region.

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