

Technical Note

Project Title: Gourock Dunoon Ferry Study

MVA Project Number: 101988

Subject: Data Requirements for Revenue Forecasting

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1 Introduction

- 1.1 This note lays out the data requirements necessary to underpin a robust revenue forecasting and ferry choice modelling process, a key part of the financial modelling required here.
- 1.2 The financial modelling for the study requires a 15 year estimate of revenues associated with a range of new ferry service scenarios. A financial and ferry choice model will be built to facilitate this. The position we start from here is that there is now only one vehicle carrying ferry in operation. We have to model the situation where a second ferry option is added and forecast the future market share and resulting revenue under a range of scenarios.
- 1.3 Therefore there are three key questions for all scenarios to be considered:

- How many people and vehicles cross the Clyde at Dunoon each year in total?
- Which ferry service would they choose?
- How much do they pay – so how much revenue do they generate?

2 Data Requirement

- 2.1 All data received will be held by MVA Consultancy only and will be treated in the **strictest of confidence**. No data will be made publicly available or quoted in reports without prior agreement. The purpose of the data is solely to populate the forecasting model. Only the resulting forecasts will be published in the report.
- 2.2 Accurate forecasting must be based on evidence and knowledge of key trends. The more detailed the data underlying the forecasts, the more accurate they are likely to be. In particular, when different market segments are growing / declining at different rates, it is essential that they are forecast individually and aggregated to provide to total picture. A more aggregate forecast carries greater risks in this respect.
- 2.3 Aggregating across Cowal and Western's operations, the overall picture was of steady growth to 2007 followed by a significant drop to 2010 – 2011 figures are not yet published. It would be

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useful to have detailed data relating to both the period of growth – say 2002-2007 and the period of decline 2007-11 to inform on how the market has changed in these two scenarios. This would span a 10 year period and data from Cowal / Argyll and Western Ferries is therefore requested for:

- Breakdown of fares schedule for each year and season, including Dunoon based discounted tickets
- Ticket sales / boardings for foot passengers, passengers in vehicles, cars, commercial vehicles, buses etc
 - by broad ticket type – crucially differentiating Dunoon-bought multi journey ticket sales which are significantly cheaper than published fares and comprise a very large share of the market
 - could be differentiated by Full (ie published), Published 10 Journey, 10 Journey Dunoon
 - By monthly total (see attached template spreadsheet)

2.4 This will allow us to make projections based on monthly trends.

- Revenue – by month

2.5 We can then build up fares * ticket sales to match total revenues in the model

- Other revenue received from SPT / local authority / National Concessions (Transport Scotland);
 - annual figures
- Other revenue – eg on board catering from Cowal

2.6 These 'extra' revenue sources can then be separately accounted for.

- Profile of demand – carryings by direction by hour of the day for a:
 - Weekday Monday-Thursday
 - Weekday Friday
 - Saturday
 - Sunday
 - either an annual average, or 'typical' in a 'neutral' month eg October

2.7 This data will allow us to estimate the impact of ferry service timetable patterns on passengers choices between routes across the day / week on demand for the services.

2.8 If only more aggregate data is available, then we will have to make a number of assumptions based on a disaggregation of the annual totals. This will inevitably lead to comprises in the analysis and make the findings more open to challenge.