



# Market of long-distance bus-services in Austria

## Challenge for railways

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# Long-distance bus services have been liberalised in Europe, a new competitor for railways appeared

## Facts

- Long-distance bus services have been liberalised even in countries where it was regulated
- Regulation in former days should protect markets, in newer days it protects PSO-subsidised markets
- A new competitor for railways appeared, bus operators often acted (in integrated transport systems) as cooperation partner
- Begin of liberalisation in Austria

## Challenge:

- Reaction of train companies



## Agenda

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- **Situation in Austria**
  - **The challenge**
  - **Reaction of Railways**
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## In Austria national bus-service is regulated, international service is liberalised

### national

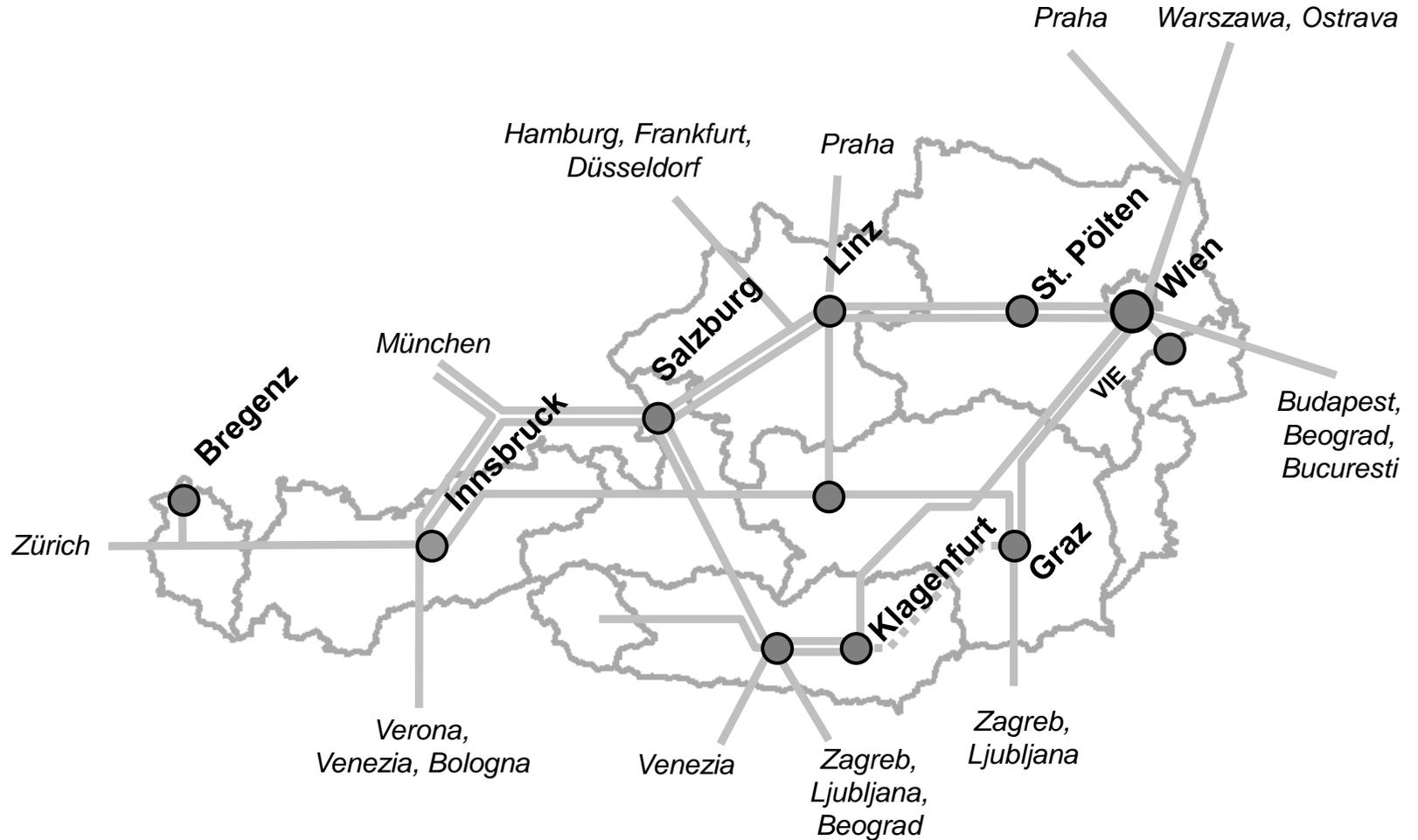
- Concession issued by ministry of transport
- Railways, other operators and public bodies have the right to appeal against, if new service would have negative impact in economic termson existing lines
- Definition of negative impacts is (more or less) an arbitrary decision

### International:

- No Cabotage
- Concession will be issued
- Practically appeal not successful



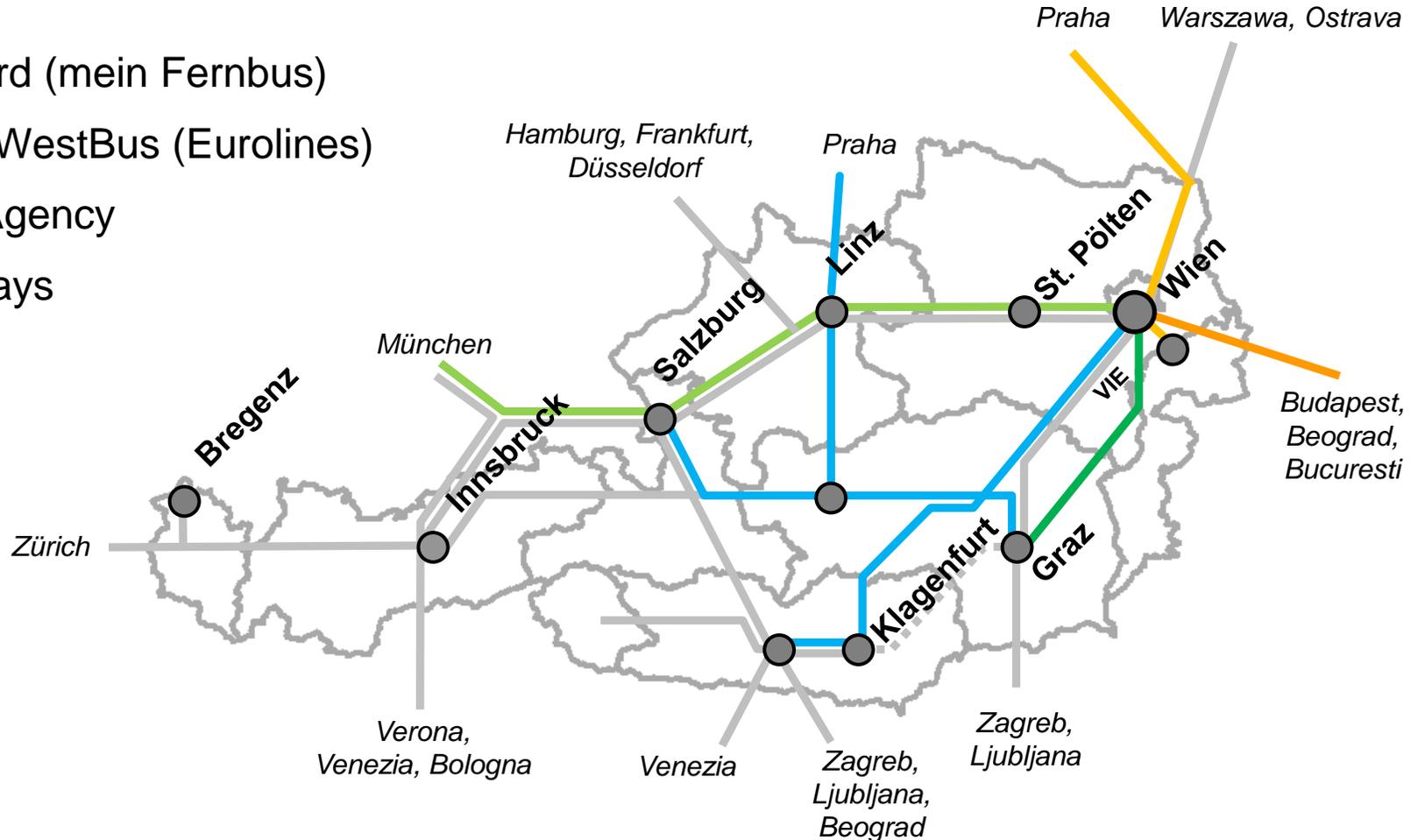
# Despite the market is regulated there is already competition in long distance transport



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## Bus operators in competition to rail:

- Dr. Richard (mein Fernbus)
- Blaguss ,WestBus (Eurolines)
- Student Agency
- Orangeways
- WestBus



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## In terms of costs, bus-operators have a big advantage compared to railways

### Production costs are lower because:

- Train access charge is higher than road toll (in relative and absolute terms)
- Bus service requires less personell
- Payments are lower
- Distribution expenses are lower



**Prices of bus-tickets will always be cheaper than rail-tickets**



**Target group of bus-services are price sensitive customers**

## Under certain conditions bus operators are challenging rail connections

Non price sensitive customers are ready to change if the following criteria are fulfilled:

Competitiveness of bus service in terms of	Wien -Graz	Wien-Praha	Wien-München
Price			
Travel Time			
Frequency			
Services (WiFi)			
Punctuality			
Flexibility of booking conditions			

# In any case Railways will lose passengers to bus-competition

## Possible Consequences of less passengers

- Less capacity
- Reduction of frequency
- (Higher subsidy if under PSO)



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# Railways can react in different ways, price war is no sustainable strategy

## Possible strategies of railways

- Adjustment of prices (but no price war)
- Improvement of yield management
- More flexibility in terms of booking
- Improvement of customer services
- Focus on own strengths
- New markets
- (Cut traveltimes)

