

Workshop 3

Market initiative regimes:
experience and measures to improve performance

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Workshop: Autonomous market entry (market initiative) in various modes of transport

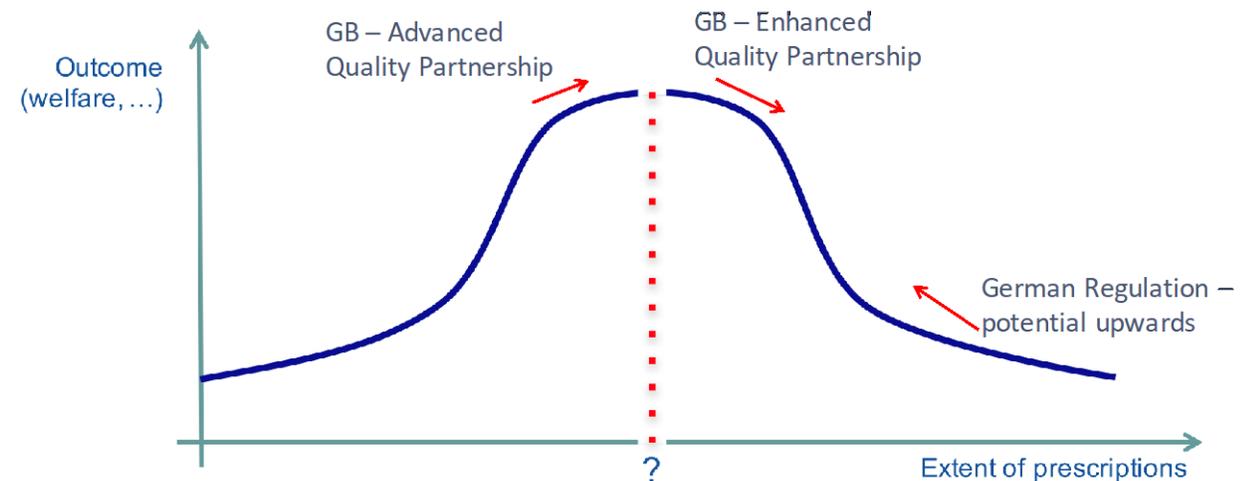
- Central points of discussion
 - **Entrepreneurship, demand revelation and service innovation**
 - **Regulatory requirements** for good performance
 - **Combination** of regulatory regimes
 - Regulatory **"costs"**
 - Regulatory **"process"**
 - Adoption and evolution of regulatory arrangements, path dependency
 - Regulatory uptake: skills, information and incentives at the local level
 - Conditions for better performances
 - **Viability of regime** (competition and concentration)
 - **Changing environment** (demand and supply)
- 16 papers – fairly evenly divided between
 - bus
 - coach
 - long distance/high speed rail
- **Very diverse topics and approaches!**
 - 3 group discussions focussing on the developments in bus, coach and rail



Key Themes – Buses

- Great Britain: Evolving Transport legislation: Bus Services Act 2017
 - Advanced Quality Partnerships
 - Enhanced Partnerships
- Great Britain: Role and experience with various bus partnerships
- Germany: Surprising experiences with market initiatives in ‘hybrid regime’
- Barriers in Swedish ‘deregulated’ bus markets
- Computer experiment showing potential of Community Franchise model (“Dolomiti”) in urban transport compared to Government Enterprise

- A few points from the discussion
 - Property rights / dogma / CF / exclusivity?
 - Role of the guiding plan (in various shapes)?
 - “Old” integration ideas/dogma vs “new” needs and opportunities



Key Themes – Coaches

- Substantial developments in Europe
- German coach market
 - What is the long-term market potential?
 - What do users expect from coach services?
 - Is there evidence that coach services competes with (subsidised) regional train services?
- Italian coach market:
 - Developing of several market models
 - What determinates the prices?
- French coach market:
 - Chances of (as yet loss-making) coach services under strong intermodal competition?
- Switzerland
 - Analysis of cross-border coach services
- A few points from the discussion
 - Innovative industry
 - Positive pressure on rail
 - Issues related to wages of drivers
 - Three levels of entrepreneurship (operators, risk-bearing 'integrators', search engines/GDS): functioning of these markets, economies of scale and need (or not) to regulate
 - Evolving strategies of suppliers (FlixBus as dominant strategy?), concentration
 - Market may be too small for long-term intramodal competition!
 - Meaningful role in intermodal competition (note role of car-pooling as further threat)
 - Role of adequate supply and access to coach stations – cities' approaches differ widely
 - Lots of data versus no data for research



Key Themes – rail

- Open access in Sweden – evidence of prices effect on incumbent
 - Italy – apparent success of competition in HSR, but financial success less clear
 - Simulation on welfare effects of open-access competition – price competition can be ‘avoided’ with nearby departures by the same operator
 - Mixed picture of international passenger train services from and to Switzerland – ‘surviving’ services run by incumbents
 - Business strategies of (vertically integrated) Japanese railway companies – competition for inhabitants
 - Delphi study on factors influencing European open access competition – positive perception, yet still many barriers
- A few points from the discussion
 - [Very diverse issues and huge field!]
 - Positive effects of open access competition, but only for long-distances
 - Options for the future of reformed regimes (GB: more open access?)
 - Innovation, fares
 - Issues related to efficiency of capacity utilisation
 - Many questions unresolved



Some preliminary recommendations for policy and research

- Good legislation is only half of the work
 - Need skilled people to make it work
- Data availability
 - For market transparency
 - For research needs
- General issues
 - Developing role of GDS/... for integrating modes and/or competition?
 - Is there a 'universal', 'network company', 'franchisor/franchisee' model? (ski fields, Uber, Flixbus)
 - ... (see later workshop report)
- Bus
 - Follow upon developments in the British bus market: using the regulatory toolbox and conditions for success
- Coach
 - Competition, concentration, profitability
- Rail
 - Who is or should be responsible for creating and responding to future demand?



Questions? Comments?

