POLITECNICO DI MILANO

Preparato per:

ASSOCIAZIONE NAZIONALE AUTOTRASPORTO VIAGGIATORI

Long distance coach services: the effects of the reform. Results, opportunities and critical aspects following the opening of the market.

[executive summary]

Paolo Beria
Alberto Bertolin
Raffaele Grimaldi
Antonio Laurino

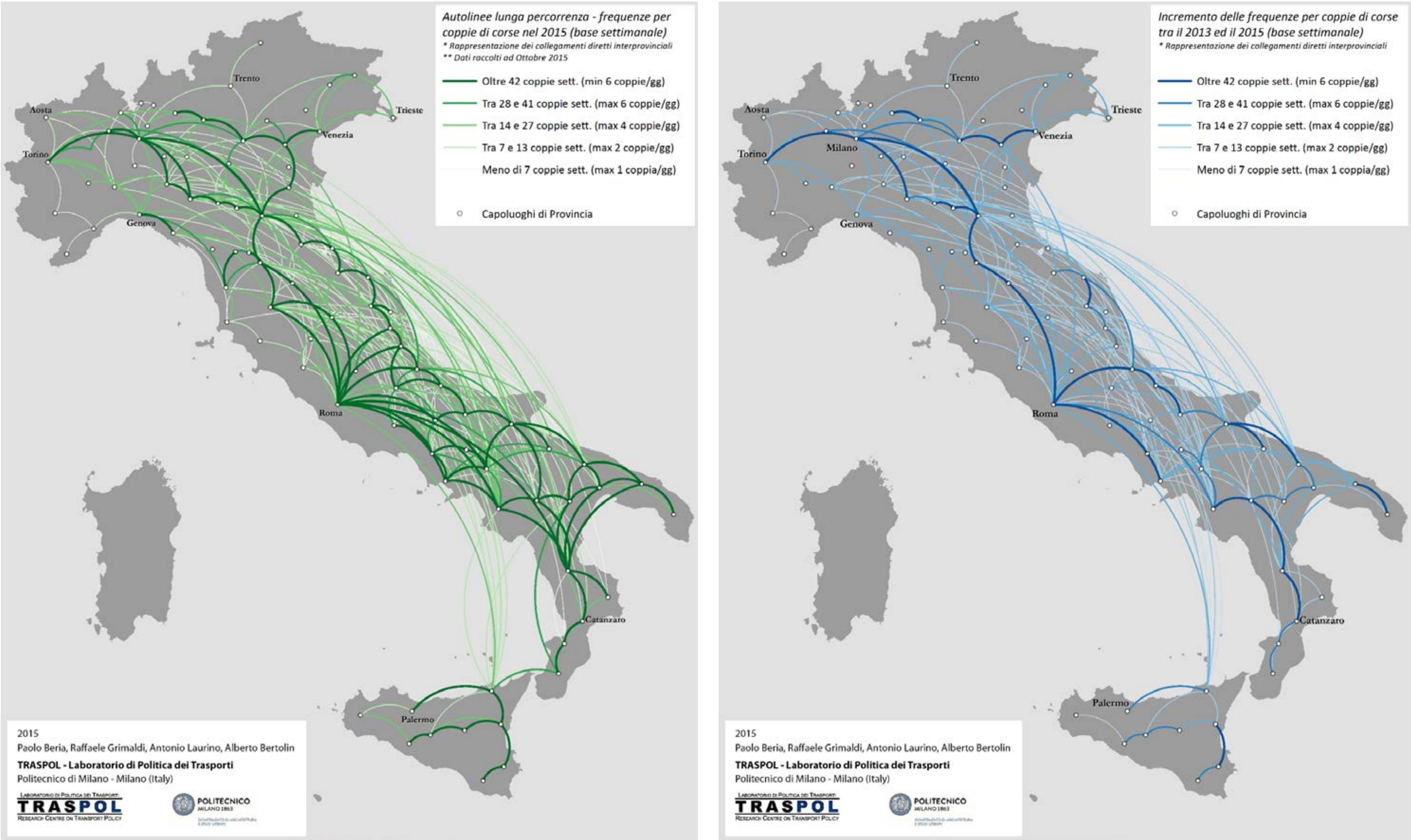
Laboratorio TRASPOL – DAStU – Politecnico di Milano

Milan, 4 december 2015

The research updates the 2011 and 2013 studies on the long-distance bus transport in Italy. After nearly one year since the liberalization, the study aims to ascertain what was the impact in terms of supply following the transition from the system of exclusive licenses to the authorization one which led to the possibility of direct competition on any route that crosses at least three regions.

Similarly to what happened in Germany, France and other European countries, liberalization has given, very quickly, a big boost to the sector. The most obvious effects have been the introduction of new relationships served (approximately 33% more than in 2013 by more than a third of companies) and / or the increase in weekly frequencies (about 38% more involving half of the companies considered), the introduction of new models (intercity, overnight between big cities, etc.) and an extensive use pricing (different tariffs) mainly on routes in competition with the railroad.

Excluding the consolidation involving the internal lines in the South, all the geographic relationships have grown significantly, in particular the services from Calabria, Basilicata, along the Adriatic coast and among the cities in northern Italy. Compared to 2013, liberalization has led to increased services and / or frequencies also from areas of South and Central Italy, although these are, historically, mature markets. In relative terms, the highest growth occurred in Northern Italy thanks to many intercity services, partly offered by two new international entrants, which already prove to be the leading companies in terms of number of connections provided. Differently from the historical operators, these new companies adopted a pure intercity model, more focused on big cities, mainly in competition with rail.



2015 long distance coach services (left), relationships with an increase in supply between 2013 and 2015 (right)

For an analysis of long-term market prospects, the study focuses on some aspects, in the future more and more important both for companies and for the regulator:

a. Communication: compared to the new competitors, very equipped in terms of social media and new channels, some of the oldest companies need to quickly fill a gap of brand recognition in markets different from the historical one. They also have to improve the selling process making it as easy as possible for the customer.
b. Consolidation: in analogy with other European experiences, in the medium term it is conceivable a consolidation of the companies around a limited number of trademarks, mainly through consortia or through a limited number of mergers.
c. Pricing: there is a need to adapt and develop both systems and pricing policies, to improve load factors and revenues, also looking at the pricing policies of competitors (rail, in particular).
d. Bureaucracy: to support the phase of innovation, it is necessary to streamline the procedures, first of all in terms of subjects (Ministry, provinces, transport agencies, municipalities) with which companies are confronted when planning to open new lines.
e. Stations: a growing market need adequate, safe, comfortable infrastructure. Moreover, the stations can be an important source of revenue for operators but also for the city, thanks to commercial activities.

Finally, the study focused on a "new way" of long-distance transport which, in the last two years, has significantly grown in terms of users, especially in northern Italy: carpooling (or ridesharing), that is, the possibility to share a ride by car between two locations with other people in order to reduce transport costs. The analysis of some significant origins has highlighted some central features of this mode of travel. Except for travel to / from the more attractive places (Milan and Rome in particular), most of the rides are offered on medium distances (up to 400 km), the role of weekly commuting is significant and the competitiveness of other services (railway services) influences the amount of rides offered. In this sense, although there are market segments in potential competition with the bus, the phenomenon of carpooling will coexist, be complementary (on very weak relations with few passengers a day) and, in some cases, cooperate with the bus (such as "feeding" bus hubs as it happens in the air transport sector).