

Opening up Europe: Rail Liberalization and the Passenger Experience



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Foreword

The final wave of European rail liberalization couldn't be arriving at a more exciting, and crucial moment. Digital technologies are reshaping the way we live and work, and travel, as ever, is at the heart of this transformation.

The expectations of travelers too, are changing. With the rise of the 'on-demand economy', rail passengers are increasingly looking for a different kind of service, one characterized by ease, efficiency and personalization. The rail market must be dynamic to keep pace with its customers' needs and expectations.

At the same time, there is a growing awareness of the environmental impact of travel. The so-called 'no fly' movement is increasingly popular across Europe, with the climate change campaigner, Greta Thunberg, its leading light. Rail is the greenest mode of transport in the world, with a growing number of high-speed, cross-border networks connecting the European continent.¹ There's a huge opportunity for the industry to establish itself as a popular alternative to road and air travel.

The ultimate ambition of European Union (EU)-led reform is the creation of a single market for rail, known as the Single European Rail Area (SERA). This will be the culmination of a process that began in the early 2000s, but in many European countries started much earlier. But will a single market for rail ever actually come to fruition? And what would its impact on the passenger experience be?

With so many questions yet to be answered, we thought it would be best to look at rail liberalization through the eyes of the passenger. To examine the forthcoming changes and to look at how the industry can meet their rising expectations of rail travel.

In creating this discussion paper, we interviewed senior executives from across European rail companies and complemented our research with insight from experts across the industry. In doing so we gained an overview of a dynamic and changing market, its landscape impressed with fluidity, challenge and opportunity.

At Amadeus we are committed to helping all rail operators overcome these challenges and seize new opportunities. We remain deeply committed to SERA's broad ambitions and we'll continue to push for rail passengers to be at the center of any decision-making.

We would like to take this opportunity to extend our thanks to everyone who participated in this study. We hope that you will find this paper engaging and informative. We're optimistic about the future of rail in Europe and we hope you'll agree.



Mirja Sickel
Executive VP, Rail & Ground Travel
Amadeus

¹ According to Statista, the share of carbon dioxide (CO₂) emissions from rail travel is only 1%, the lowest of all transport modes

1. What is the Fourth Railway Package?

The journey towards liberalization

The EU's journey towards liberalization began almost two decades ago. In 2001 the EU Council adopted the 'rail infrastructure package'. This first set of measures laid the foundation for further reform of Europe's railways and set member states on track to full liberalization.

This first package was followed by the Second (2004) and Third (2007) railway packages which helped to enshrine some passenger rates and set minimum safety standards. A European Railway Agency was created to help enforce them. These packages each represented steps towards the EU's ambition: the creation of a Single European Rail Area (SERA); the adoption of identical standards, rights and regulations across the EU.

The last leg

However, to date, the European rail network remains fragmented, with member states operating under different standards. New entrants in the market are sometimes disadvantaged at the expense of well-established operators. The Fourth Railway Package, adopted by the EU Commission in 2016, hopes to rectify this. It consists of two pillars:

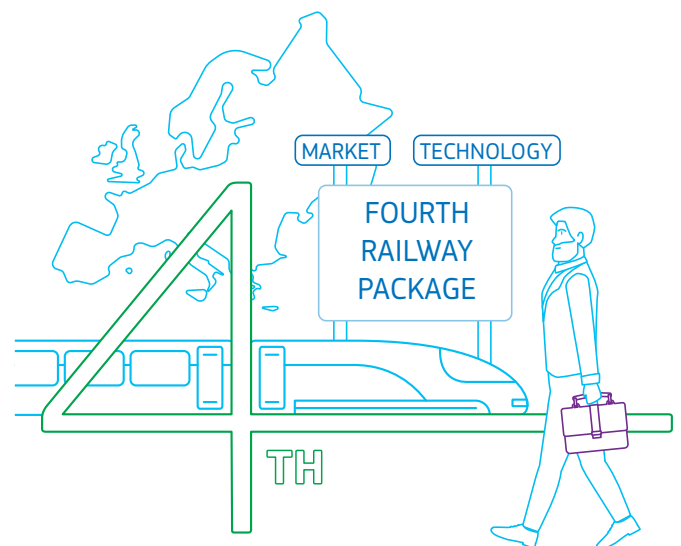
The 'market pillar' opens each member state to competition from new rail operators from December 2020. It allows European rail operators to run passenger services anywhere in the EU.

The 'technical pillar' which came into force as of 2019 covers safety, regulation and interoperability. It includes an expanded role for the European Rail Agency (ERA), giving the EU more muscle in the market.

Towards a Single European Rail Area

The framers of the Fourth Railway Package hope this final set of measures will turn SERA from ambition into reality. Such an aim is not uncharted territory for the EU. In 2006 it created a 'European Common Aviation Area', liberalizing Europe's skies.

However, following the aviation route is no sure-fire guarantee for success. As this paper will explore there are still many challenges ahead and the legislation has its limitations. Ultimately, success will depend on how the Fourth Railway Package is implemented and adopted by member states.





2. What changes can passengers expect to see?

The Fourth Railway Package, with its combination of market and technical pillars, regulations and directives, can seem somewhat removed from the experience of the average passenger traveling on Europe's rail networks. The creation of a Single European Rail Area is the EU's ultimate ambition, but what does this really mean in practice? What changes can passengers expect to see?

Country by country

As of yet, the European rail market remains fragmented and the immediate effects of the Fourth Railway Package will vary country by country. Passengers in more mature markets such as Germany are unlikely to feel improvements straightaway, given that competitive practices are already well-established. In Spain, the main operator, RENFE will face competition from 2020, meaning change may feel more immediate to Spanish rail travelers.

For passengers in countries with highly-regulated markets, the potential benefits of liberalization may not be seen for some time. In Portugal for instance, the incumbent Comboios de Portugal (CP), will remain the 'internal' operator for the next 15 years.² Ultimately, geography and domestic contract arrangements will be important in determining outcomes in the short- to medium-term.

Case study: NTV Italo

NTV Italo is Europe's first privately-owned open access, high-speed operator. In 2012, it began operating along Italy's high-speed network, including 19 stations and 14 cities.

With an emphasis on 'quality' and 'comfort', NTV provides its passengers with four standards of service, referred to as 'journey ambiances' as opposed to the traditional first and second classes. These include 'smart', 'extra large', 'prima' and 'club executive'. Dedicated catering services are reserved for 'club executive' passengers alone. However, 'welcome catering' and free newspapers and magazines are available to passengers in 'prima' and passengers in 'smart' can still enjoy free wi-fi services and can even book a seat in a dedicated 'cinema coach'.

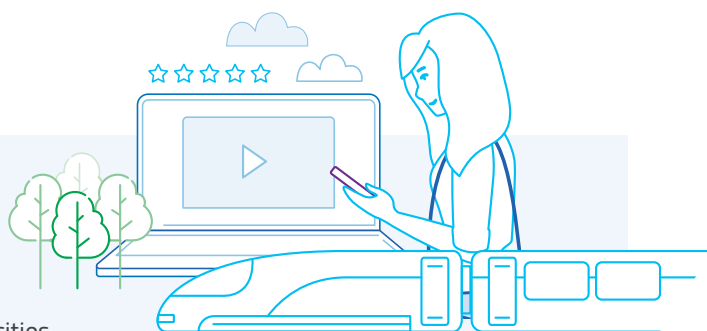
The passenger view

For the passenger, the market pillar of the Fourth Railway Package is more significant than the technical pillar. The framers of the legislation believe 'competition will encourage rail operators to become more responsive to customer needs and improve their cost-effectiveness'. Additionally, it is 'expected to deliver more choice and better quality of rail services for European citizens'.³

By taking the EU's expectations in turn, we can get a better understanding of the kind of changes rail passengers across Europe may expect to see.

“Passengers in Germany are unlikely to see a seismic shift, but rather a smooth continuation in improvements.”

*Alexander Mokros,
Head of International Partnerships and
Industry Partners, Deutsche Bahn*



² <https://www.railwaygazette.com/news/policy/single-view/view/portuguese-incumbent-awarded-public-service-contract.html>

³ https://ec.europa.eu/transport/modes/rail/packages/2013_en

Greater choice

Talk of reforming Germany's railways began as long ago as 1990 following the country's reunification. East and West Germany both had their own state operators which were merged together in 1994 to form Deutsche Bahn (DB). The second stage of German reform began in 1999, when any operator was allowed to compete on German rail networks free from discrimination. As a consequence of the emergence of new entrants, DB saw its market share fall from 100% to 68% as of 2016.

However, the operator sees competition as an overwhelming positive. Not only has it encouraged DB to invest in innovation but encouraged it to offer passengers greater choice in markets outside Germany too. At the same time, the overall rail market has increased as a result.

Additionally, choice could mean an emphasis on multimodal transport. While at a European level, 2018 was the 'Year of Multimodality', multimodality isn't enshrined as part of EU legislation. However, market pressure could turn multimodality into reality, encouraging operators to distribute offers from other forms of transport; long-distance coaches for instance, or ride-sharing services such as Uber.

Greater choice could also mean improvements in ticket distribution. Incumbents could place the ticket prices and times of their competitors alongside their own, giving passengers the chance to 'shop' for the better deal.

“
One hope for the Fourth Railway Package is that it will allow passengers a greater choice when it comes to ticket distribution. ”

*Peder Osterkamp,
Chief Commercial Officer,
MTR Express*

Case study: Ouigo



Since its launch in 2013, Ouigo, a subsidiary of SNCF has proved popular with passengers. More than 10 million passengers travel on its Paris — Bordeaux route since its opening in July 2017.⁴ However, the service has received some mixed reviews, described as a 'rail service for flyers'⁵ due to its similarities with budget air travel.

Modeled on the success of low-cost airlines (LCCs), it provides long-distance, low-cost, high speed services on core routes of the French rail network, maximizing on efficiency with double-decker trains. In a style familiar to travelers on LCCs, Ouigo allows its passengers a single item of hand luggage free of charge, tickets are either printed out at home or scanned on the dedicated Ouigo mobile app, and non-major stations are utilized for destinations such as Paris and Lyon.



⁴ <https://www.railwayage.com/passenger/high-performance/sncf-reports-strong-high-speed-growth/>

⁵ <https://www.independent.co.uk/travel/simon-calder/ouigo-welcome-to-troisi-me-classe-8545498.html>

Lower cost

In 2012, Italy opened its rail market to competition, with new entrant, NTV Italo becoming the first to enter its high-speed network. The route currently links many of Italy's biggest cities, from Turin to Naples. There are plans to extend the line deeper into the country's southern regions and to add international connections.

“
Liberalization was an important moment for us. We recognized a need to return to our first principle: understanding the needs of our passengers.”

Paolo Locatelli, Sales Manager, Trenitalia

As a venture, NTV was the first of its kind to be developed as a direct response to liberalization.⁶ The operator began competing with Italy's incumbent operator, Trenitalia, across the country's main high-speed route. As a response to NTV's entry, Trenitalia acknowledged a need to better understand its passengers and consequently invested heavily in comprehensive market research and in their revenue management systems to provide customers with an improved product and better pricing.

As a result of NTV's entry into the network and Trenitalia's investment, ticket prices have fallen by as much as 40%. By lowering costs, Italian rail operators are now able to compete directly with airlines on specific routes. Rail share for the Rome – Milan market has grown from 36% in 2008 to 80% in 2018 and costs per seat are now below many airlines.⁷ Similar to the experience in Germany, liberalization has led to an overall increase in the rail passenger market, opening up new opportunities for both established and new operators.

Higher quality services

Sweden has been referred to as the 'cradle of European liberalization', splitting its national operator into two companies over half a century ago. The first, Bankverket (BV) was made responsible for infrastructure, and a second, Swedish Rail (SJ) was made responsible for train operations. Sweden's railways underwent further reform in 2009, when a decision was taken to remove SJ's monopoly on train services. Sweden began operating under an open-access model which meant new operators could bid to run on infrastructure owned by third parties.

Despite this reform, it wasn't until the entry of a new operator, MTR Express in 2015 that SJ faced any substantial competition. MTR Express began competing with the operator along Sweden's key line joining Gothenburg and Stockholm, as well as a number of other select routes.

Despite some initial setbacks related to a regulatory predisposition towards the incumbent, deregulation has been an overall success. The number of overall services has increased by 50% as of 2016, while ticket prices have gradually fallen.⁸

“
From the beginning we placed an emphasis on the high quality of our services as a key differentiator from our competition.”

Peder Osterkamp, Chief Commercial Officer, MTR Express

MTR Express competes with SJ directly on quality of service, positioning itself as the premium offering. It operates with new, modern trains, using a simplified ticket service, with a focus on high punctuality. In response to competition, SJ has also focused on the quality of its services, for instance making it possible to purchase tickets for local transport through the SJ app.



⁶ <https://amadeus.com/en/insights/blog/ntv-italy-rail-deregulation>

⁷ <https://italospa.italotreno.it/static/upload/com/competition-between-air-and-high-speed-rail.pdf>

⁸ <https://amadeus.com/en/insights/blog/european-rail-deregulation-uk-and-sweden-examples>

3. Challenges, limitations, recommendations

The EU's succession of rail packages has created a legislative framework for liberalization and plotted the journey towards the creation of SERA, the single market for rail. However, there are still roadblocks to overcome and the legislation gives EU member states time and space to decide how and when legislation is implemented.

Additionally, it's important to ask whether a single market for rail can keep up with the rising expectations of passengers. The Fourth Railway Package has its limits and it isn't possible to capture everything in legislation. While it can help to provide a framework, success or failure will ultimately depend on how willing the market is to collaborate, to implement genuine competition, and to focus on passenger needs. It's important then to examine the challenges and limitations in turn, before addressing how they might be overcome:

False Competition

The bargain basement

The market pillar of the Fourth Railway Package seeks to make competitive practices mandatory across the European rail network. However, while operators will have to meet legislative requirements, it's important that they enter into the spirit of liberalization as well.

Operators could potentially create subsidiaries offering 'false competition' on selected lines, providing passengers with a low-cost 'bargain basement' alternative to the operator's regular, 'premium' offering. In this eventuality, incumbents may sidestep the need to invest and innovate, to the detriment of their passengers.



False competition is one of the biggest threats to a single market for rail. Passengers are looking for a higher quality service, not something from the bargain basement. »

Mark Smith, Man In Seat 61



In-built advantages

“
Timetable allocation is one example area where incumbents often have an in-built advantage over new entrants.”

*Peder Osterkamp,
Chief Commercial Officer, MTR Express*

Even in EU member states where deregulation has already been properly implemented, there remains a danger that governments will reflexively prioritize incumbents at the expense of new entrants.

In Sweden, the incumbent SJ was given priority over new entrant, MTR Express, when it came to the allocation of timetable slots. The government legislation overseeing allocation prioritized SJ due to their greater customer volumes, an understandable impulse given the operator's previous monopoly. However, new entrant, MTR was left at a disadvantage, something only overcome through the operator's successful lobbying efforts and a recognition by government of the in-built disadvantage it had created.

Recommendation

Understand passenger expectations



Many of the challenges of liberalization can be overcome if the passenger remains the focus in the new environment rather than industry dynamics. Attempts to shortcut the spirit of liberalization with 'false competition' will fail to satisfy the expectations of passengers and is likely to be detrimental to both operators and passengers in the long-term.

Instead operators should invest in market research to better understand the needs of their passengers. Incumbents in countries that have liberalized their markets may have seen their overall market shares fall but it's important to bear in mind that they have profited from an overall increase in rail's market share.

In-built advantages will, in many instances, be the natural legacy of monopolies. However, legislators should work together as closely as possible with operators both new and established to decide on best practices and ensure the expectations of passengers are properly met.



Fragmentation

Room for maneuver

“Service fragmentation across Europe could be one of the biggest unintended consequences of deregulation.”

*Alexander Mokros,
Head of International Partnerships and
Industry Partners, Deutsche Bahn*

While EU countries had until June 2019 to transpose the safety and interoperability aspects of the Fourth Railway Package into national law, the market pillar provides them with much more room for maneuver.

Some EU countries, for domestic political reasons, may be unable or unwilling to implement the legislation. They will still be able to award contracts directly to operators for another ten years, until the end of the transition period when they are effectively forced to adhere to new rules. This could lead to the fragmentation of services across the EU, particularly on cross-border routes. In some countries therefore, full implementation of the Fourth Railway Package wouldn't take place until 2034 at the earliest.⁹

“Deregulation will be less effective if operators pursue short-term commercial interests over encouraging more people to use rail.”

Mark Smith, Man In Seat 61

Picking the most lucrative lines

While competitive tendering may create rail networks free from discrimination, there may be little to prevent operators prioritizing more lucrative lines at the expense of the rest of the network.

So-called “cherry-picking” would lead to a patchy service with profitable routes given priority in terms of investment and innovation. This would be to the detriment of passengers reliant on rail in harder to reach regions where there may be fewer incentives to invest.

Recommendation

Look to the long-term



The ultimate objective of rail liberalization should be to encourage more people to use rail as an alternative to other forms of transport such as coach, plane and car. Already deregulation has been shown to help increase rail's market share, which will only increase further if operators are willing to look to the long-term.

By placing an emphasis on rail's status as the greenest form of transport, the industry could establish itself as an environmentally-friendly alternative to air travel as we are already seeing in markets such as Germany, Sweden and the UK. For this to succeed, cross-border services and further investment in high-speed networks is a priority. This can only be achieved if the industry is willing to co-operate and prioritize long-term investment.



⁹ https://www.railjournal.com/in_depth/the-fourth-railway-package-magic-bullet-or-missed-opportunity

Limits of legislation

Trouble with through-tickets

“Through-ticketing is high on the list of passenger priorities, but will test the single market for rail to its very limits when it comes to collaboration between operators.”

*Patrick Heuguet,
Technical Pre-Sale Manager, Amadeus*

Deregulation could see operators offering passengers ‘through-tickets’ for journeys of multiple lengths. International rail journeys are an increasingly popular alternative to air travel, but passengers are often put off by the enormous fees or replacements costs they could incur if services along the way are disrupted or canceled.

Through-ticketing (a guaranteed ticket for long-distance journeys with multiple rail providers) is not enshrined in the Fourth Railway Package. Instead the EU hopes that market pressures will encourage operators to collaborate more effectively to guarantee a passenger’s ticket for the entirety of a journey. However, there’s a possibility this will never happen. While operators want to ensure a smooth onward journey for passengers, it’s unreasonable for them to expect to pay compensation for journeys of multiple lengths, especially when it might include regional operators across multiple countries.

The UK is one of the few places in the EU where through-ticketing is enshrined in law. While on balance this has been good for passengers, operators see the complexity as more a hindrance than a help in providing an effective service.¹⁰

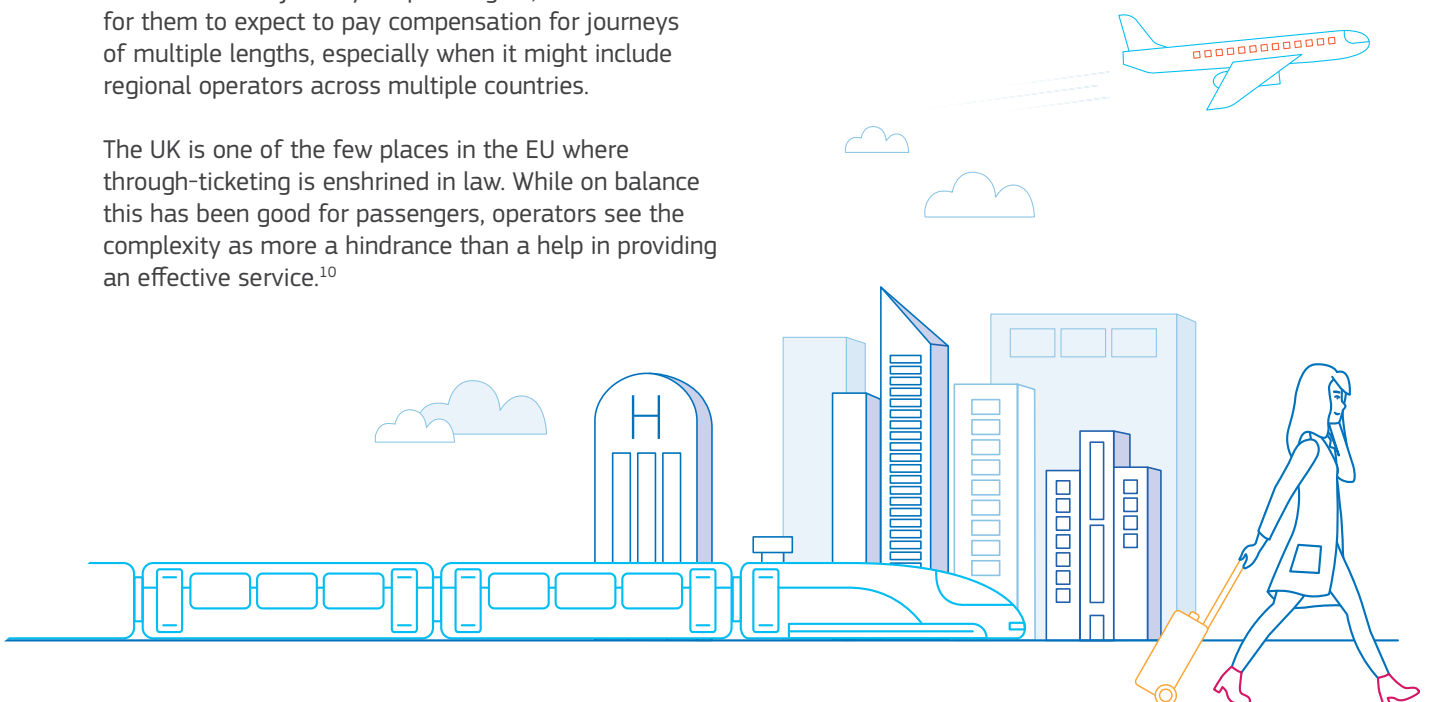
Recommendation

Understand, share, predict



Through-ticketing is not enshrined as part of the Fourth Railway Package. While this service is one of passengers’ biggest demands on rail, whether liberalization can deliver through-tickets across Europe’s rail networks remains to be seen.

However, this should not deter rail operators from providing this service where possible, in the way that airlines do through code-share partners. Operators should begin by understanding their passengers’ onward journey, something that can be achieved through greater intra-industry data-sharing. This will help operators build a detailed understanding of their passengers’ complete journey and inform them on best available routes. Even if through-ticketing can’t be enshrined through legislative means, technologies such as data analytics can predict potential delays and cancellations, minimizing the risk for passengers.



¹⁰ https://www.independent.co.uk/news/long_reads/rail-tickets-fares-higher-europe-uk-trains-privatisation-nationalisation-a8562981.html

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Buying a ticket

“
Established distribution systems
have a big advantage in that
everyone knows of them.”

Dr. Erich Forster, President, All Rail

Unlike through-ticketing, measures to ensure the better distribution of rail tickets are enshrined as part of the Fourth Railway Package.

TAP-TSI, a technical measure under the remit of the European Rail Agency, helps to ensure a minimum standard when it comes to the distribution of tickets. However, there is no guarantee incumbent operators will be persuaded to provide high quality website services, for instance with language translation services, especially where this might advantage new entrants. This was a problem faced by MTR Express when it entered Sweden's rail network in 2015.¹¹

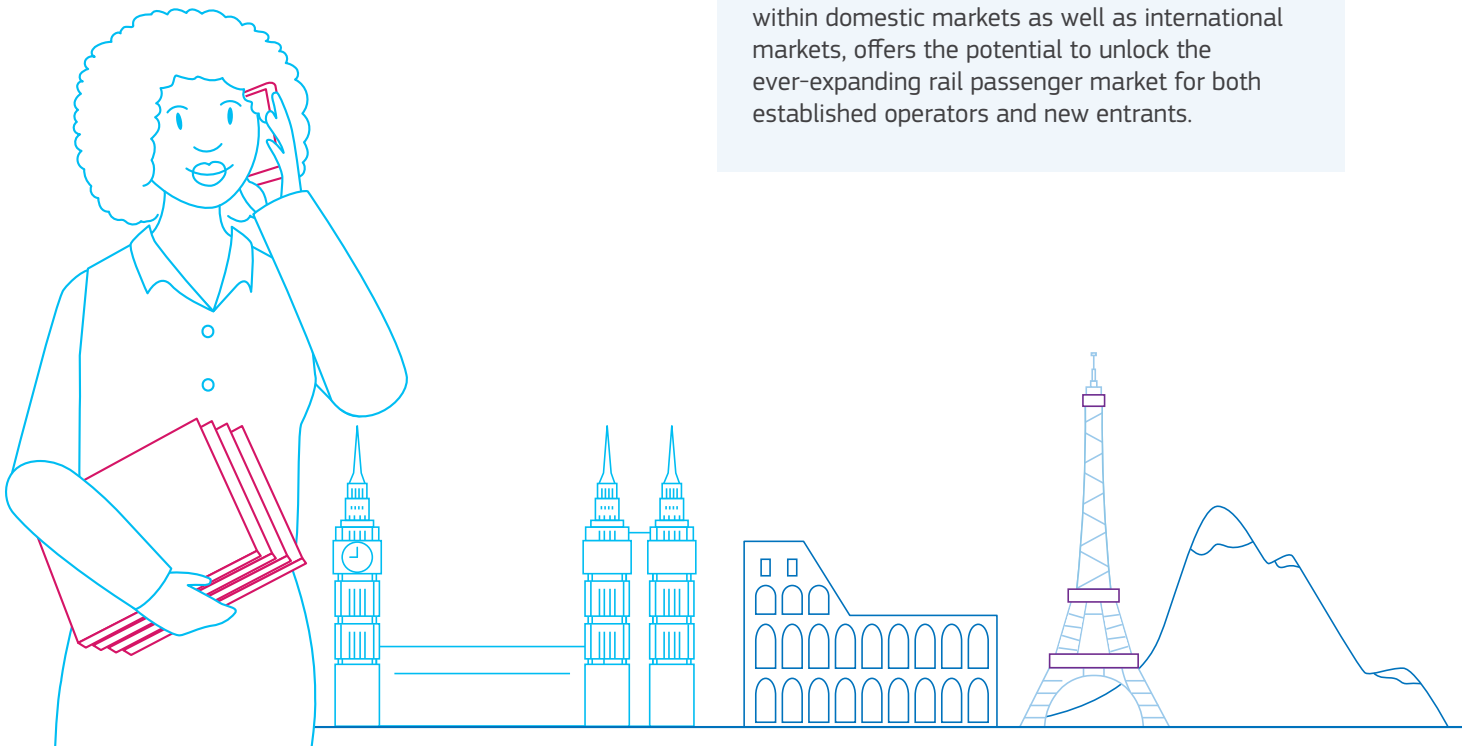
Recommendation There's an app for that



The trend towards personalization, ease and efficiency is being accelerated by mobile-based apps. Services are now available to consumers at any time, accessible from anywhere, through the powerful computers most of us carry around in our pockets.

Mobile-based apps should be high on the list of rail providers' priorities. Providing such a service allows customers to purchase tickets at their convenience and simplifies the boarding process. Delivered over the cloud, mobile-based apps can help staff respond to customer needs efficiently; re-seating passengers and handling last-minute bookings and cancellations. The data collated via apps should also help rail operators offer their customers more personalization.

Tapping into established distribution networks, ensuring that rail tickets are available both within domestic markets as well as international markets, offers the potential to unlock the ever-expanding rail passenger market for both established operators and new entrants.



¹¹ <https://www.railuk.com/mtr-files-competition-complaint-against-sj/>

Door-to-door transport

“ Understanding the needs of our passengers isn't just about predicting what kind of journey they want to take with us. It's also about understanding their onward journey as well, the 'last mile'. ”

Paolo Locatelli, Sales Manager, Trenitalia

As with through-ticketing, multimodality is another potential benefit for passengers, not enshrined as part of the legislation.

Multimodal information, connecting rail with other forms of transport such as long-distance coaches and ride-sharing services, such as Uber, is in demand from passengers, but will need the industry to collaborate much more widely than at present.

Success will largely depend on whether operators can be persuaded to see the benefits of collaboration. If operators simply see alternate modes of transport as direct competition, then greater multimodality will be an unlikely outcome.

Recommendation

Map out the last mile of the passenger journey

Transport systems are becoming increasingly integrated, especially in urban areas where a journey might consist of multiple forms of travel: buses, ride-sharing services, rail. This trend is likely to accelerate as cities become increasingly reliant on public transport networks and as the smart cities revolution improves efficiency.

There is a danger that rail operators will come to see alternate means of travel as a competitive threat. Long-distance coach journeys for instance, while unable to match rail on speed (or comfort), may offer more competitive pricing to gain an edge.

However, greater collaboration with other transport providers should be viewed as an opportunity by rail operators. Understanding a passenger's onward journey, the 'last mile', or their traveling habits, can help operators better personalize their services. The end of the line needn't mean 'out of sight, out of mind'. Instead, by helping passengers complete their journeys, operators can build loyalty and trust.



ECAA to SERA

In 2006, EU member states gathered together in Salzburg, Austria, to sign the European Common Market for Aviation (ECAA) into being. The set of agreements allowed any airline from any EU country to land at the airport of another member state. A single market for aviation was born.¹²

The EU hopes its legislative measures will breathe similar life into its ambitions for a single market for rail. But if the ECAA is the model, how do rail and aviation compare?

Revolution vs. Evolution



When the ECAA was formed, the European airlines were very organized and understood what they wanted to achieve collectively. The European rail industry is very fragmented in comparison.”

Alexander Mokros,
Head of International Partnerships and
Industry Partners, Deutsche Bahn

The creation of the single market for aviation was effectively a revolution in air travel, liberalizing the industry with the stroke of a pen.

However, rail liberalization is less a revolution and more a long evolution, beginning in 2001 with the First Railway Package and perhaps extending until 2035 before coming to fruition. The reason is a matter of physics. Airlines could land wherever they chose in principal before 2006, liberalization simply gave them the permission to do it.

While rail has many similarities with aviation, the differences are more obvious. Unlike airlines where the sky is the limit, rail infrastructure is bound by more earthly constraints. There are, for instance, many times more rail stations than airports and passenger numbers frequently shift and vary across routes. There are no guarantees the industry will be able to find common ground.

Rise of the Low-Cost Carrier

There is also reason to ask whether rail liberalization modeled on aviation is desirable. The thirteen years since the creation of the ECAA has been characterized by the rapid rise and dominance of the low-cost airline. The LCC has taken an increasing chunk of flights in that time, growing by 61% between 2007 and 2016.

These “no-frills” services are typical on short-haul flights but, pioneered by the likes of Norwegian Airlines, are increasingly popular on long-haul flights too. Such is the level of competition that profit margins are tight and airlines make money through the sale of ancillary services: extra legroom, speedy boarding, catering services.

While air passengers are largely satisfied with the trade-off between low-cost and comfort, it's unclear whether such services are compatible with rail. Its users typically favor rail travel over a flight for the level of comfort, especially when traveling long distance. Additionally, in contrast to air travel, rail is considered the more environmentally-friendly mode of transport and increasingly passengers are recognizing its potential in offsetting their carbon footprint.

Recommendation

The sky has its limits



Rail and air travel share many similarities, but the differences are much greater. While deregulation of air travel was a ‘revolution’ secured with the stroke of a pen, rail liberalization will be more a ‘slow evolution’.

Deregulation of air travel, with some drawbacks, has been largely considered a success, driving down prices and encouraging more people to fly than ever before. However, rail should avoid the temptation to look to air travel as an ‘off the shelf’ model to emulate.

Rail operators should invest in market-lead research, to fully understand the needs of their customers. As it is outside the travel industry, the customer, or in this case the passenger, should be the start and end point of any service.

¹² https://ec.europa.eu/transport/modes/air/internal-market_en



The constraints created by rail monopolies could be replaced by a monopoly of low-cost providers imprisoned by price and operating on trunk routes only. »

*Paolo Locatelli,
Sales Manager, Trenitalia*



4. Concluding thoughts

As we have seen, the Fourth Railway Package will not deliver a single market for rail (SERA) overnight and all the associated benefits to passengers. Liberalization will be a continual evolution, as opposed to a revolution.

The reality is that it will be a combination of regulation, market pressure and consumer expectations that will drive the type of modernization anticipated.

That said, the Fourth Railway Package couldn't be arriving at a more exciting, and crucial moment for European rail travel. Technology and the 'on-demand' economy is raising the expectations of travelers as to what a high quality, efficient service should look like. There is growing public awareness of the environmental impact of travel, and increasingly consumers are looking to rail as a more sustainable alternative to air travel. With this comes an expectation that the type of service and products will be tailored to their needs and give them choice, in the way that consumers have with retail companies.

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The success or failure of SERA will ultimately be governed by how the industry itself and member states respond to the EU's efforts.”

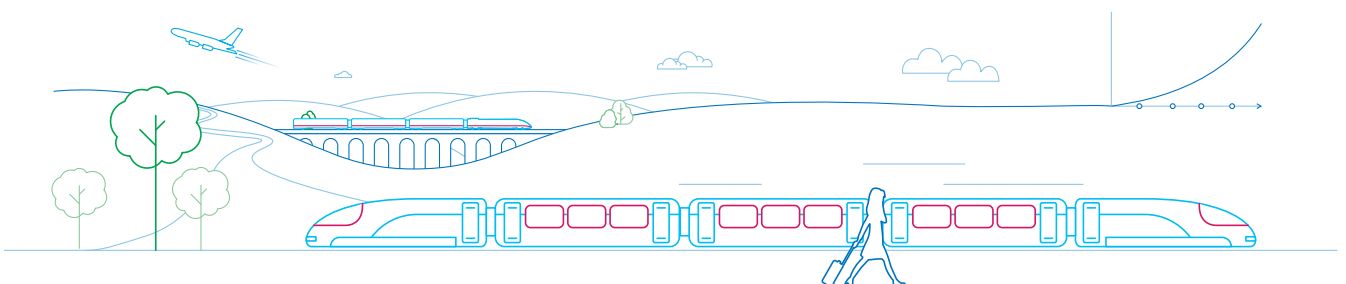
The success or failure of SERA will ultimately be governed by how the industry itself and member states respond to the EU's efforts. Legislation can only go so far; individual countries and incumbent operators will be given flexibility as to how its terms are implemented. Will they opt for a franchising model like the UK, or an open access model like Sweden, Germany and Italy? Will they choose to implement the legislation straightaway like Spain, or opt to delay? These challenges can be simplified by placing the passenger at the heart of any decision-making.

Firstly, it's in the interests of rail passengers and the wider industry to ensure more people travel by rail than ever before. Rather than thinking short term, all operators should look to growing the rail passenger market as a whole. With greater growth in passenger numbers, with increasing numbers of travelers choosing rail as their preferred option for domestic and international travel, everyone can benefit.

Secondly, the industry should work more collaboratively to meet shared goals. Through-ticketing might not be realistic across the entirety of Europe's rail networks, but with greater data-sharing, operators can establish where through-ticketing agreements on specific routes might create greater value. Through a better understanding of passenger data, operators can offer their passengers a more personalized service and also foster a multimodal approach that addresses the 'last mile' of the journey, not just the rail journey itself. There is opportunity in understanding more about the traveler, how they buy, when they buy, what they need pre- and post-their journey.

Finally, the industry should be cautious when it comes to 'over-learning' the lessons of air deregulation. Instead, rail operators should focus on the key advantages and unique characteristics of rail over air travel; its greater comfort, its environmental sustainability, its reputation for high quality customer service, its ability to take you closer to more destinations.

The future of rail is exciting. The potential to redefine what rail means to travelers and encourage those that haven't considered cross-border rail travel, offers untold opportunities. The Fourth Railway Package is an important milestone in delivering an even better passenger experience, but it is only through the combined actions of all rail operators, technology providers and travel sellers that the full potential of a liberalized rail market will become a reality for passengers.



“

The future of rail is exciting. The potential to redefine what rail means to travelers and encourage those that haven't considered cross-border rail travel, offers untold opportunities.”



We would like to thank all the contributors for their time and insights during the research phase of this project:

- Alexander Mokros, Deutsche Bahn
- Peder Osterkamp, MTR Express
- Paolo Locatelli, Trenitalia
- Mark Smith, Man in Seat 61
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