



# **Innovative services in the face of discrimination**



# **WESTbahn**

**3 years in service –  
an ongoing success story  
for the customer**

# WESTbahn offer



## Hard facts & “Service”

- modern low-floor trains
- carpeted floor
- leather seats for all passengers
- power sockets at every seat
- free Wi-Fi
- gender-separated toilets
- special PRM/family coach
- low-pressurized smokers-lounge
- bicycle storage
- electronic reservation system

- 3,5 Mio. train-kilometers p.a.
- over 4 Mio. long distance passengers p.a.
- 96,7% punctuality 2014

## Easy Entry & Distribution

- tickets on train without extra charge (house-tariff)
- online-sale (special offers) also bookable via mobile device on train – two server per train guarantee to be online
- “One Click Ticket” – simple way to use website
- tobacco stores<sup>\*)</sup> as sales points next-door (approx. 3.000 stores all over Austria)
- business solution (AirPlus)
- partner-cooperations



## Service on board & individual touch

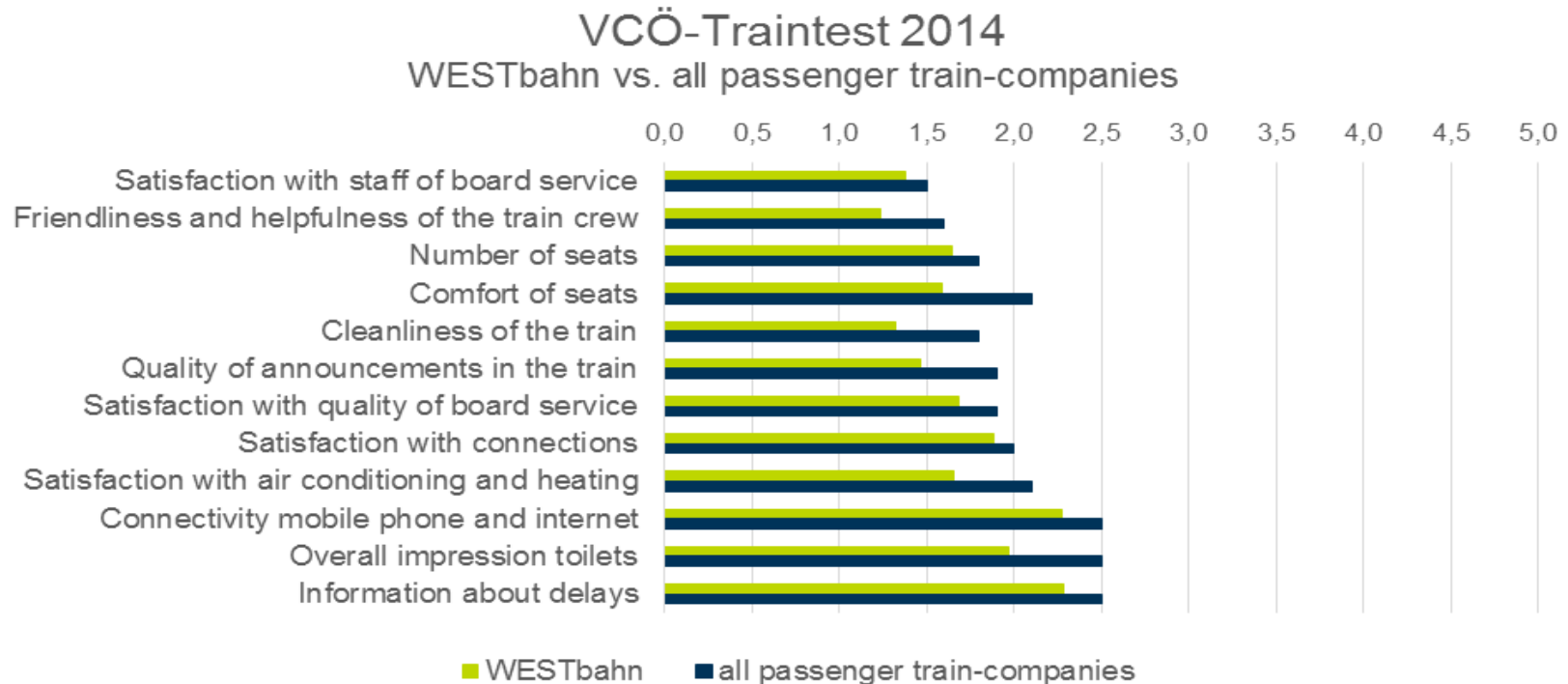
- up to 8 crew-members per train (young and dynamic people)
- 4 bistros per train
- comfort class “WESTbahn Plus” with special service (seat next to customer is kept free, welcome-snack, newspapers)
- seat-service also for standard customers (after ticketing)
- personal announcements/information

# Surveys clearly speak for WESTbahn

**VCÖ (Traffic Club Austria)** organizes yearly a train test across all Austrian railways. The test is performed in the trains by an external institute.

The test in June 2014 shows: in all categories WESTbahn gets better reviews than the average of all train companies (massive majority of the respondents in trains of ÖBB).

Review by school grading system (1 = excellent, 5 = negative)



# Quality Study – Household-survey

WESTbahn tests yearly the quality (Institute for Strategic Analysis (ISA)).



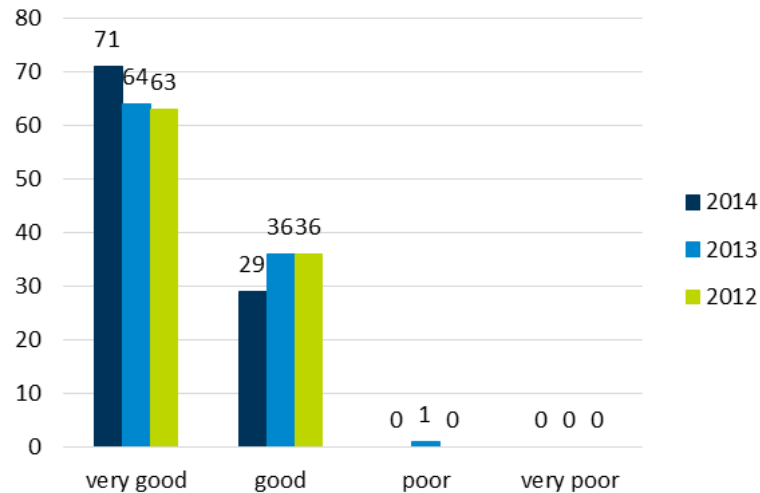
The 2014 household survey shows: WESTbahn is the quality leader for the customers.

## General assessment WESTbahn vs. ÖBB (in %)



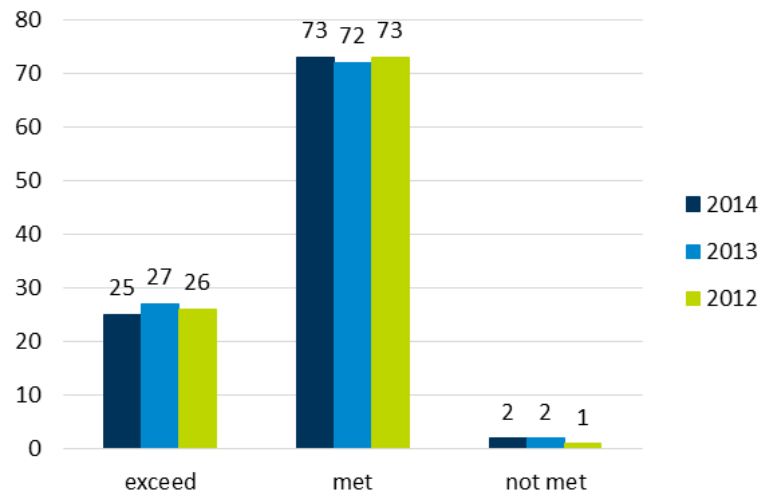
# Onboard-survey in WESTbahn trains (1.134 respondents)

## General assessment



71% rate the offer of WESTbahn in general as very good, 29% as good, nobody (!) as poor and nobody (!) as very poor

## Expectations



For 25% WESTbahn's offer exceeds their expectation, for 73% it meets the expectation. For 2% the expectations were not met.

# “WESTbahn” brand outstanding positive

The study of Brand Trust in 2014 shows that the brand “WESTbahn” dominates the railway sector in Austria. The brand “WESTbahn” can experience a positive development, thus contributing to success!

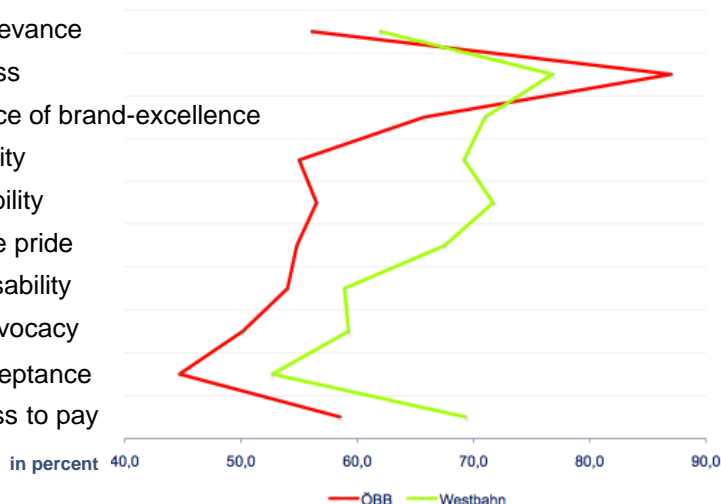
- Brand Trust is the leading management consulting firm for brand-centric business management in the German-speaking countries
- Independent quantitative survey of 6,000 buyers and experts of 72 Austrian brands from 18 industries

## WESTbahn dominates vs. ÖBB:

Only the brand awareness of ÖBB is slightly higher

### BTRI-factors

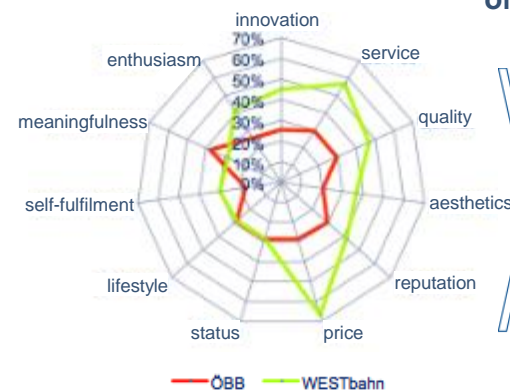
social relevance  
awareness  
experience of brand-excellence  
adaptability  
sustainability  
employee pride  
indispensability  
brand advocacy  
price acceptance  
willingness to pay



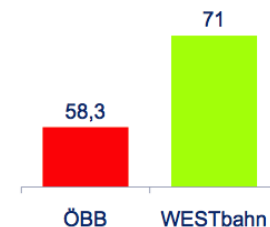
## Price increase potential:

WESTbahn is worth its price

### Purchase-decision criteria



### Associated advantages of the brand



## Summary:

### WESTbahn is serving customers

- ✓ regular tickets valid for 1 year
- ✓ cancellation of regular tickets without fee
- ✓ in the very few delay situations → refund automatically booked onto the ticket as voucher → nothing to do by the customer

WESTbahn developed into the leading brand for rail service in Austria in 3 years only.


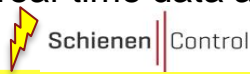

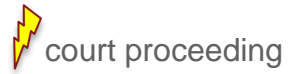

That's why the incumbent and its owner (the Ministry for Transport, Innovation and Technology) are

- anxious and want to preserve ÖBB from competition
  - using subsidies → overcompensation
  - discriminating whenever and wherever possible
- ⇒ with the objective to “eliminate the interfering competitor”

Following some examples how it works in Austria.



## Long list of discrimination... some highlights:

- ▶ Republic of Austria adapted national law in 2009 in order to be able to direct award transport services without limits as before with a maximum of 100.000 € (in effect then 75% of all ÖBB services) → high profit margin for ÖBB and missing overcompensation- and cross subsidy checks.
- ▶ For 2012 ÖBB-Infra AG offered track paths with by far too long travel time. 
- ▶ ÖBB-Infra AG declined to provide real-time data about trains and connections of WESTbahn for the passenger information system. 
- ▶ ÖBB-Infra AG created new fees and surcharges for infrastructure use and promotion:
  - new long-distance-traffic factor in addition to the normal station fee
  - new surcharge for train services with a top speed of more than 160 km/h 
  - excessively high costs for placing promotion staff at railway stations
- ▶ ÖBB-PV AG hampered WESTbahn with all options when joining the transport associations VOR (Eastern Region), OÖVV (Upper Austria) and SVV (Salzburg).
  - no revenue allocation for WESTbahn in transport association of Salzburg, too low revenue allocation for WESTbahn in transport association of Eastern Region, always heavily delayed cash transfer by ÖBB-PV AG
- ▶ ÖBB-PV AG launched predatory prices 3 months before the start of WESTbahn in 12/2011 (“Sparschiene” from 9 €) and still offers them.
- ▶ ÖBB-PV AG made minimal price increases since mid-2009 → half of increases compared to the years before.
- ▶ WESTbahn was not integrated into the timetable-information tool “Scotty”. 
- ▶ no admittance to ÖBB workshop even for emergency service 

# Operations are not free from discrimination - for example train disposition of ÖBB-Infrastruktur AG:

- ▶ Discrimination of private RUs takes place every day in various situations and with different intensity.
- ▶ WESTbahn already made several applications to the Austrian Regulatory Body because trains of ÖBB-PV AG are given undue preferences compared to trains of WESTbahn especially if a breakdown of operations occurs.

For example on 9<sup>th</sup> February 2015 due to snowfall many train faced delays and cancellations. ÖBB-Infra AG operated in a very discriminatory way against WESTbahn:

- pulling in and out of WESTbahn trains into Vienna West Station was selectively prevented due to preference of ÖBB-PV AG trains
- ÖBB-Infra AG was not reachable for the WESTbahn disposition for more than an hour
- customer information on displays concerning WESTbahn trains by ÖBB-Infra AG was often incorrect

- ▶ In this and other cases WESTbahn had to face severe delays due to incorrect disposition decisions, which were carried out as a contravention to ÖBB-Infrastructure's internal rules for disposition management.
- ▶ The Austrian Regulatory Body is unable to cope with the situation and declares itself not competent for daily operational discrimination.

# Discrimination in the future: „integrated regular interval timetable (ITF)“

◀ Austria declared its political willingness to implement an integrated regular interval timetable (ITF) to attract more people to public transport.

◀ ÖBB-PV AG presented an „ÖBB version“ of the “ITF” during the Austrian “Schienenverkehrsgipfel” in November 2014

- the “ITF” exclusively contains regional and long distance services of ÖBB-PV AG
- the “ITF” is designed for a period of 9 years from 2016 to 2025, which is questionable under the principles of a yearly train path allocation.
- the long period for the ITF arrangement gives indication that ÖBB-PV AG collaborated at least with ÖBB-Infrastruktur AG (but as officially stated in a court proceeding, also with the Ministry of Transport) to get the commitment for the train paths necessary for such a long period.
- Information provided by ÖBB-PV AG also hints at a collaboration with BMVIT in terms of financing such an integrated regular interval timetable. Since the term of the actual PSO contract, which was directly awarded by BMVIT to ÖBB-PV AG, will end in 2019 there is a financing gap for the years 2020 to 2025.

⇒ WESTbahn was never involved in the planning of the “ITF”

◀ WESTbahn already made several applications to the Austrian Regulatory Body because the integrated regular interval timetable

- hampers a non discriminatory access to rail infrastructure; e.g. Framework Agreement on infrastructure capacities was denied by ÖBB-Infrastruktur AG with the argument that WESTbahn’s path application is not corresponding with the planning of the “ITF”;
- distorts competition to the benefit of ÖBB-PV AG; e.g. exclusion of WESTbahn from PSO-contract;
- anticipates the allocation of train paths;
- is a violation of the principle of equal treatment and non-discrimination

# No protection of business secrets



Journalists informed WESTbahn that ÖBB Holding is fully aware of planned offers (new fleet – enlarged offer) from 2018 including all business secrets like timetable and especially targeted short travel times AND

⇒ ÖBB based on that information developed its response strategies to take away the main offer points in advance



Regulator case opened, but the economic damage can not be compensated



**Thank you  
for your attention!**