

## *Intercity Bus News Briefing, Summer 2018*



### Five Trends to Watch in Intercity Bus Travel

#### #1. High Gas Prices Bode Well for Bus Travel



The sharp rise in gas prices over the past few months bodes well for bus travel, which is less affected by fuel costs than car or plane travel. Oil prices hit \$70 in late May, up from \$55 in January and just \$48 in June 2017. The market price has recently hovered around \$66. A sharp rise in air fares should enhance demand at long-haul operators such as **Greyhound**, **Jefferson Lines**, and **Trailways** lines.

#### #2. Northeast Remains Ahead of the Game

The Northeast remains the country's hottest intercity bus market. On the heels of extensive service expansion last year, new niche routes are popping up. In recent months, [BoltBus](#) launched Philadelphia – Washington, DC service via Baltimore, added New Haven, CT to its New York – Boston route and made DuPont Circle in the nation's capital a stop. **Greyhound** launched Albany – Philadelphia service via the George Washington Bridge station in Upper Manhattan. **Go Buses** added Mounty Holly, NJ to its New York – Washington, service.

[OurBus](#) recorded the largest expansion with new weekend New York – Syracuse service, Philadelphia – Washington service via Columbia MD, and White Plains – Boston trips. The company also now serves Newark, NJ to the nation's capital and launched in Florida with Miami – Tampa service. More expansion, possibly in Chicago and California, is expected later this year.



### #3. Germany-based Flixbus has launched in the U.S.

After rolling out Los Angeles – Las Vegas and Los Angeles – Phoenix service last month, **Flixbus** is adding weekend Phoenix – Las Vegas, Los Angeles – San Diego, and San Diego – Las Vegas service. The company contracts with Arrow Stage Lines, American Explorer Motorcoach, Gray Line Arizona, Pacific Coachways, Transportation Charter Services, and USA Coach to manage bus operations while internally handling technology, ticketing, and marketing. Planning for addition expansion is underway. In a surprise move, [Megabus added head-to-head service](#) on the Las Vegas - Phoenix route at about the same time.



[More of Flixbus's U.S. launch here.](#)

### #4. Federal Support for Rural Intercity Bus Service is Growing



The Federal Transit Administration's "[5311](#)" program, used for subsidies for service to places with populations under 50,000, are set to grow to \$591 million in fiscal year 2019, up from \$577 in the current year. State governments are rolling out new services with these funds and other public dollars.

Colorado's Bustang program, for example, has been expanded to include trips from Pueblo to both Alamosa and Lamar.

### #5. First Group/Greyhound Results for FY 2018



First Group reported moderately reduced earnings for Greyhound during the 2018 fiscal year, which ended in March. Low fuel prices for most of the year kept fares low, limiting revenue growth to 1.7% although Greyhound Express "like for like" revenues were up 7.7%. Results for Stagecoach's **Megabus** are due out soon.

## Letter from the Editor

Dear Transportation Professionals,

It hardly needs to be said that 2018 has been a rollercoaster year for American transportation. If wild swings in fuel prices and chronic driver shortages aren't enough, uncertainty over federal policy and steel imports may leave you wondering what's next. But for intercity bus travel, the end result is renewed optimism: the days of \$2.50 gasoline are apparently over for now, and air fares are rising apace.

[Why Fuel Costs Matter.](#) If you are a coach operator and think rising fuel costs are painful, be thankful you are not on the rails or



in the skies. Scheduled bus lines provide upwards of 200 passenger-miles of travel per gallon of fuel consumed, about twice that of diesel trains, three times that of planes, and about six times that of single-occupant cars.

**Introducing Flixbus.** The amount of press coverage given to Flixbus has been remarkable, and the Germany-based carrier's arrival has understandably generated apprehension among some bus operators. Keep in mind, however, that Flixbus apparently desires to initially steer clear of highly competitive markets, particularly the Northeast. Plus, we'll likely see something equivalent to the "Southwest Effect" in bus travel: traffic may grow dramatically as it did when Southwest Airlines introduced service on routes back in the 1990s. Expect the size of the "revenue pie" to grow.

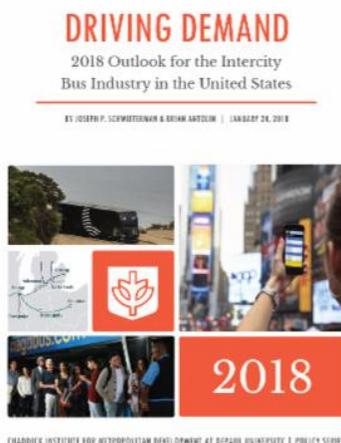
**Filling Gaps.** Our analysis suggests that FlixBus' first markets, such as its Phoenix to Las Vegas and Los Angeles routes, were bona-fide "Ground Transportation Gaps," i.e., they lacked both Amtrak and express coach line service, before its arrival. Check out our [2017 study](#) for analysis on why bus service is critical to filling these massive gaps.

**Building Connections.** We'd also like to share other professional news:

- Please share this briefing with your colleagues, and emails of colleagues interested in receiving quarterly emails from us about the intercity bus industry. We are building a data set to help us disseminate communication about scheduled bus lines. Simply respond to this email. We won't spam you!
- We encourage you to attend [TRB's 23rd National Conference on Rural Public and Intercity Bus Transportation](#) in Breckenridge, CO, in late September. This will be an excellent conference with emphasis on rural and feeder service. We hope to see you there!
- In case you missed it, our *2018 Outlook for Intercity Bus Travel*, which I co-wrote with [Brian Antolin](#), can be [downloaded here](#) free. It is filled with news – such as the growth of business-class coach services and expanded collaboration with Amtrak – and designed for fast reading.
- We also have a new study, *Uber Economics*, explaining why ridesharing, while growing rapidly, tends to be too costly for daily use by commuters. Free [download here](#).

We hope you find monitoring the evolution of schedule bus service as fascinating as we do.  
Sincerely,

Joe Schwieterman, Ph.D.  
*Director and Professor*  
*Chaddick Institute for Metropolitan Development*



Check out the Chaddick Institute's widely read research on the intercity bus industry. This free report is published annually by Professor Joe Schwieterman and [Brian Antolin](#), and the latest analysis shows some interesting new developments.

[Click here for Chaddick's 2018 Outlook for the Intercity Bus Industry report.](#)



June 11, 2018