

## **Monetization of customer value in the rail business: Improving yield, revenues and customer relationship at the same time is possible - the case of WESTbahn in Austria**

September 10th, 2020 (online)  
**General Online Research 2020**



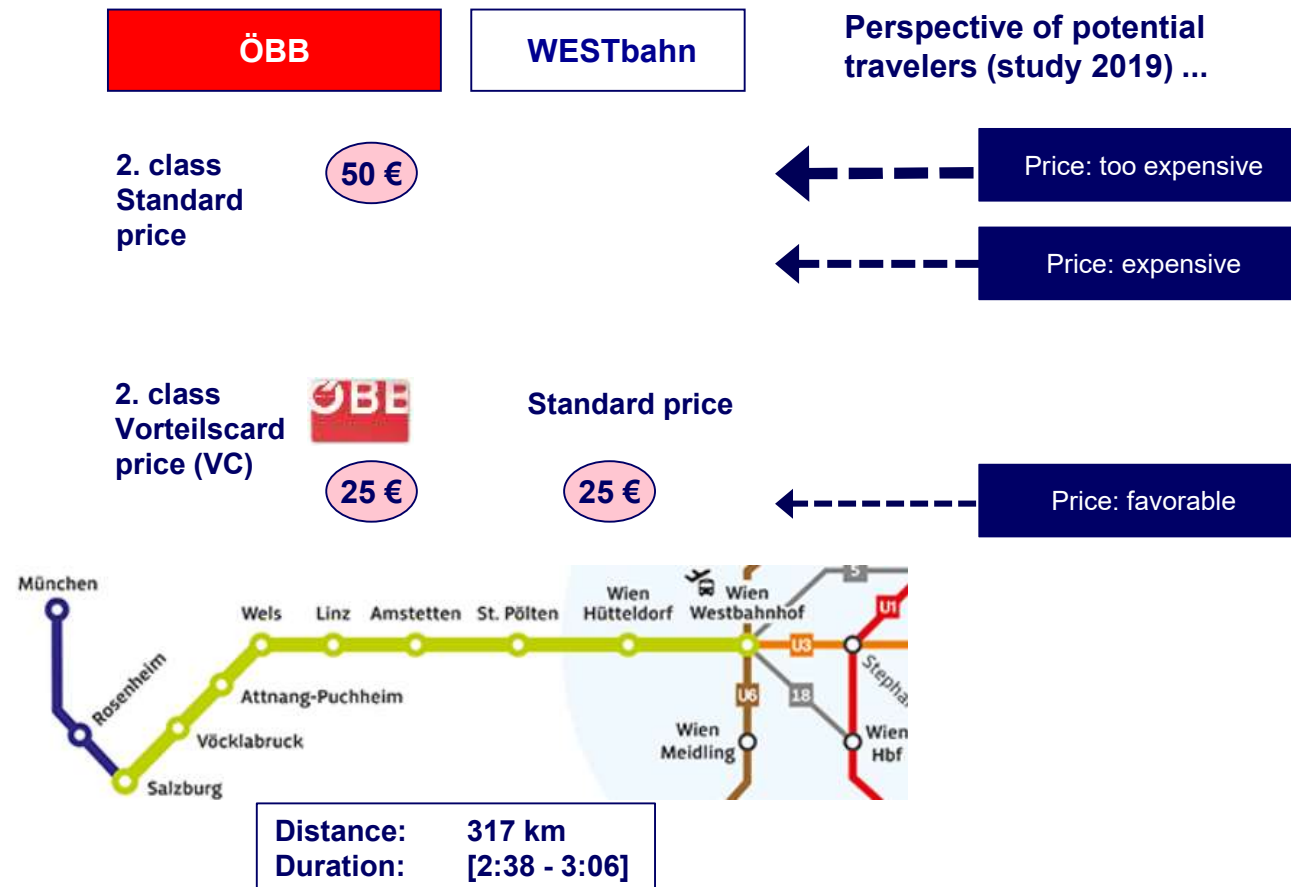
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# Pricing in competition: hardly any price differentiation at WESTbahn - positioning at the "ÖBB half price"

Price comparison: Vienna-Salzburg route, one way per person (EUR), flexible tickets 2013<sup>1)</sup>



## Project targets (2019):

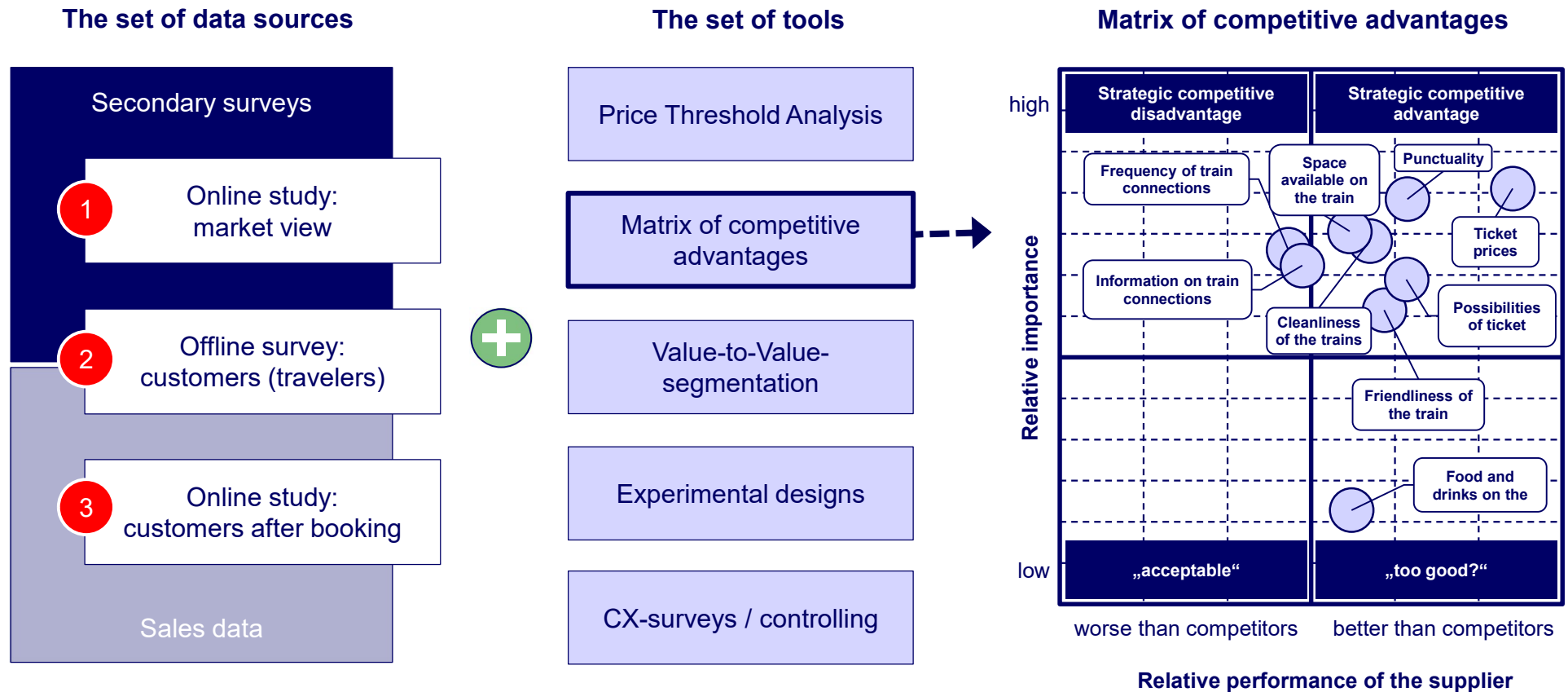
- Modify WESTbahn price system and
- Change price presentation

## In order to ...

- Increase revenues
- Improve load factor

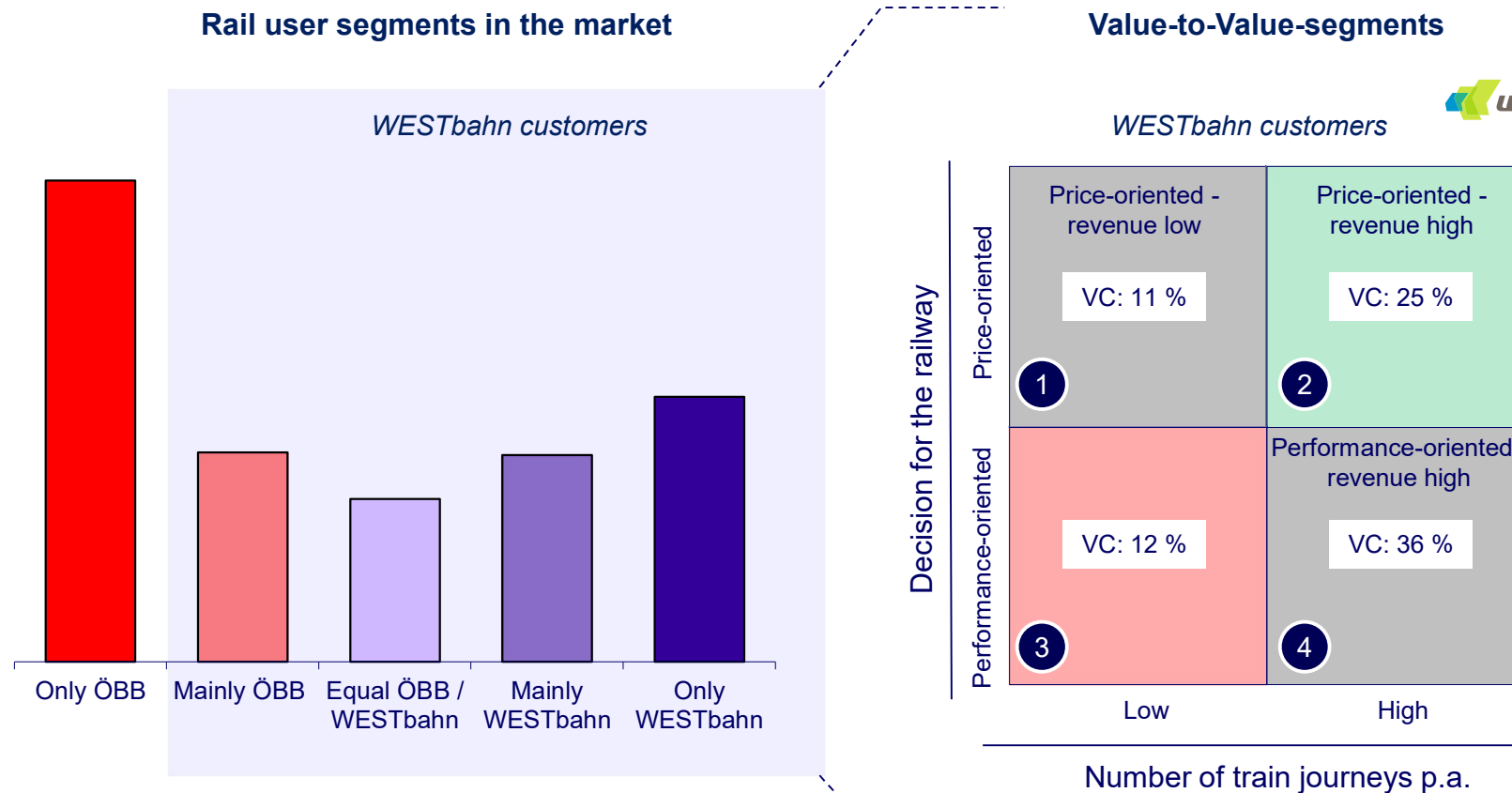
# Using a multi-source, multi-method approach, a 360-degree perspective of the market and customers is created

## Linking data sources and pricing tools



# Railway users with different affinity to the WESTbahn – needs and customer value differs across customer segments

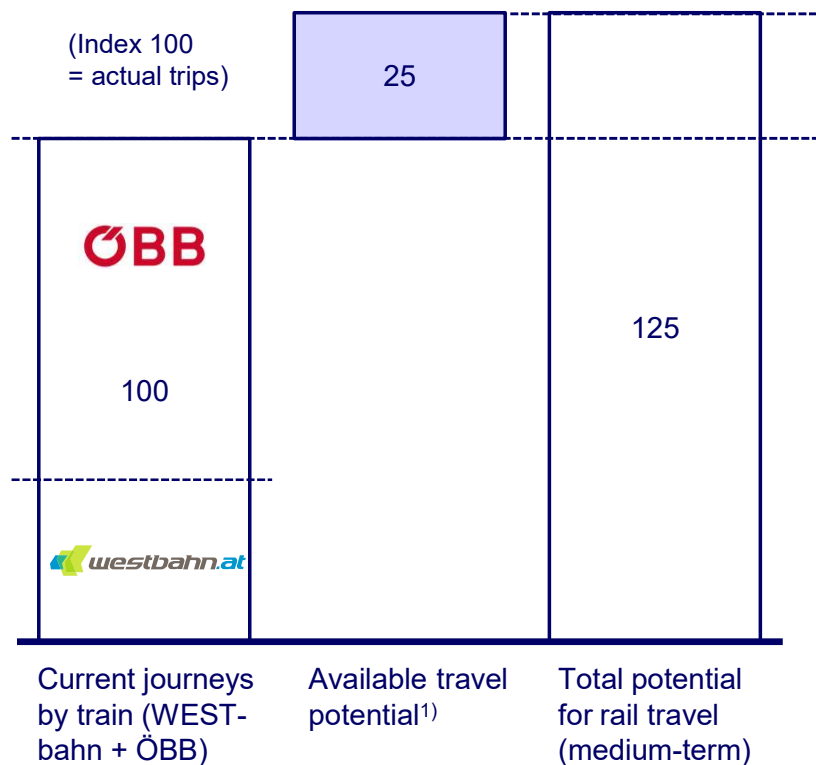
## Different views on customer segments



# For the railways on the Western route there is a considerable demand mobilization potential - primarily via the price factor

## Determination of the travel potential on the Western route

### Actual journeys and potential demand West route



### Reasons for not using the railway<sup>2)</sup> % of respondents

#### High fares / too expensive

My real destination is not... reachable

Unsuitable timetable

Hard to get away from the destination station

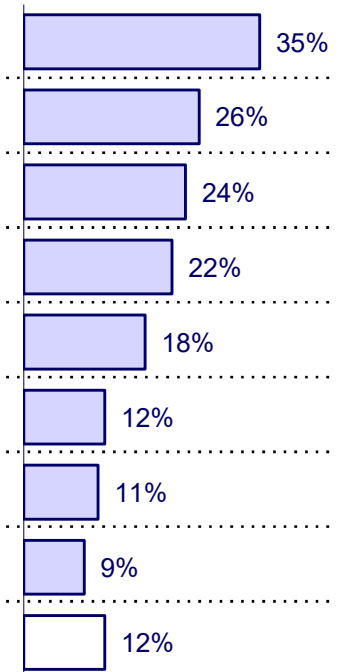
Low comfort (changing trains necessary...)

Unpunctuality of trains

Station of origin difficult to reach

Travel time too long

Other reasons (does not like rail travel etc.)



1) In the last 12 months, have there been situations in which you considered using the railway on the western route, but ultimately did not use it?

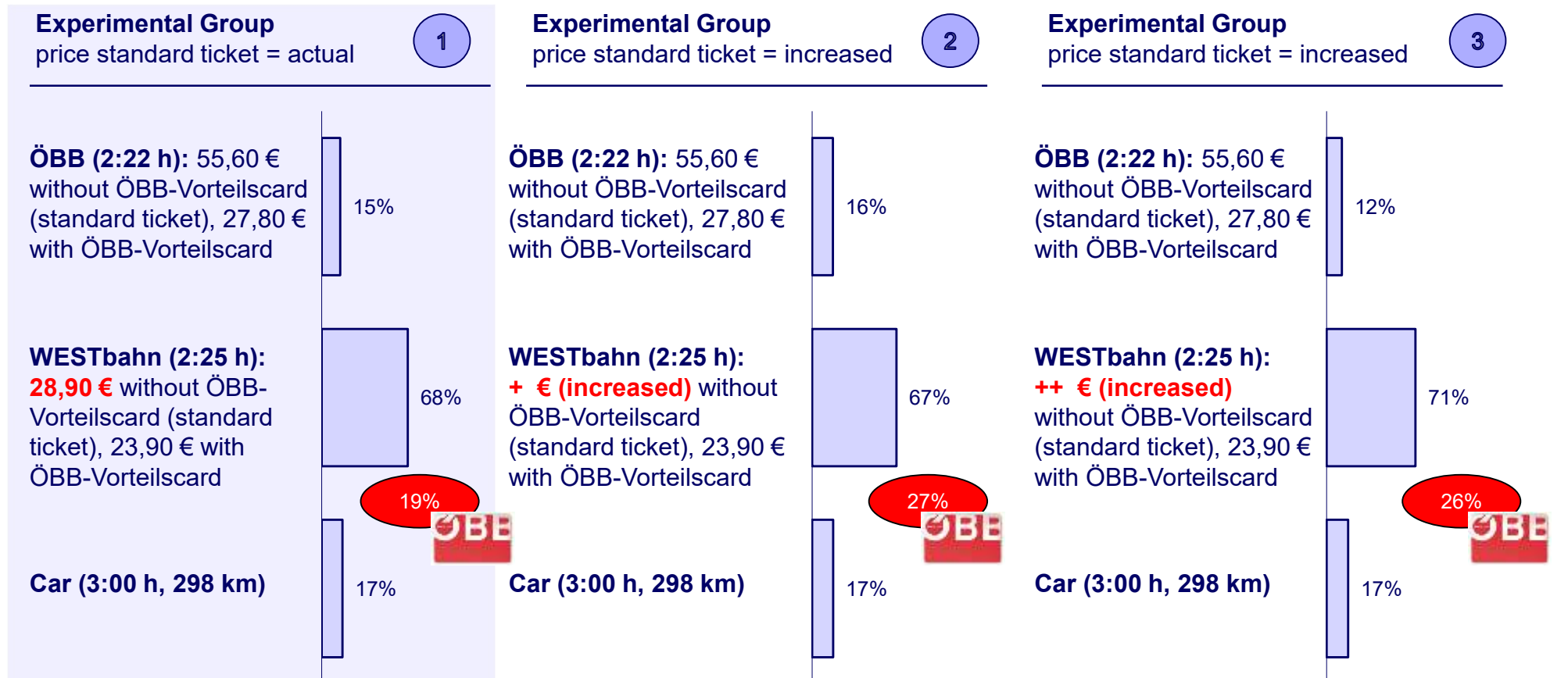
2) What were the reasons for not using the railway?

# The experimentally simulated increase of the standard tariff for WESTbahn does not lead to changed selection decisions

## Experiment Online 2019

All respondents: choice of transport mode by experimental group<sup>1)</sup>

# 2 Study design  
& results



1) Finally, imagine that you would like to spontaneously use the train on the Vienna-Salzburg route. The prices and travel times are shown below. Which option do you choose?

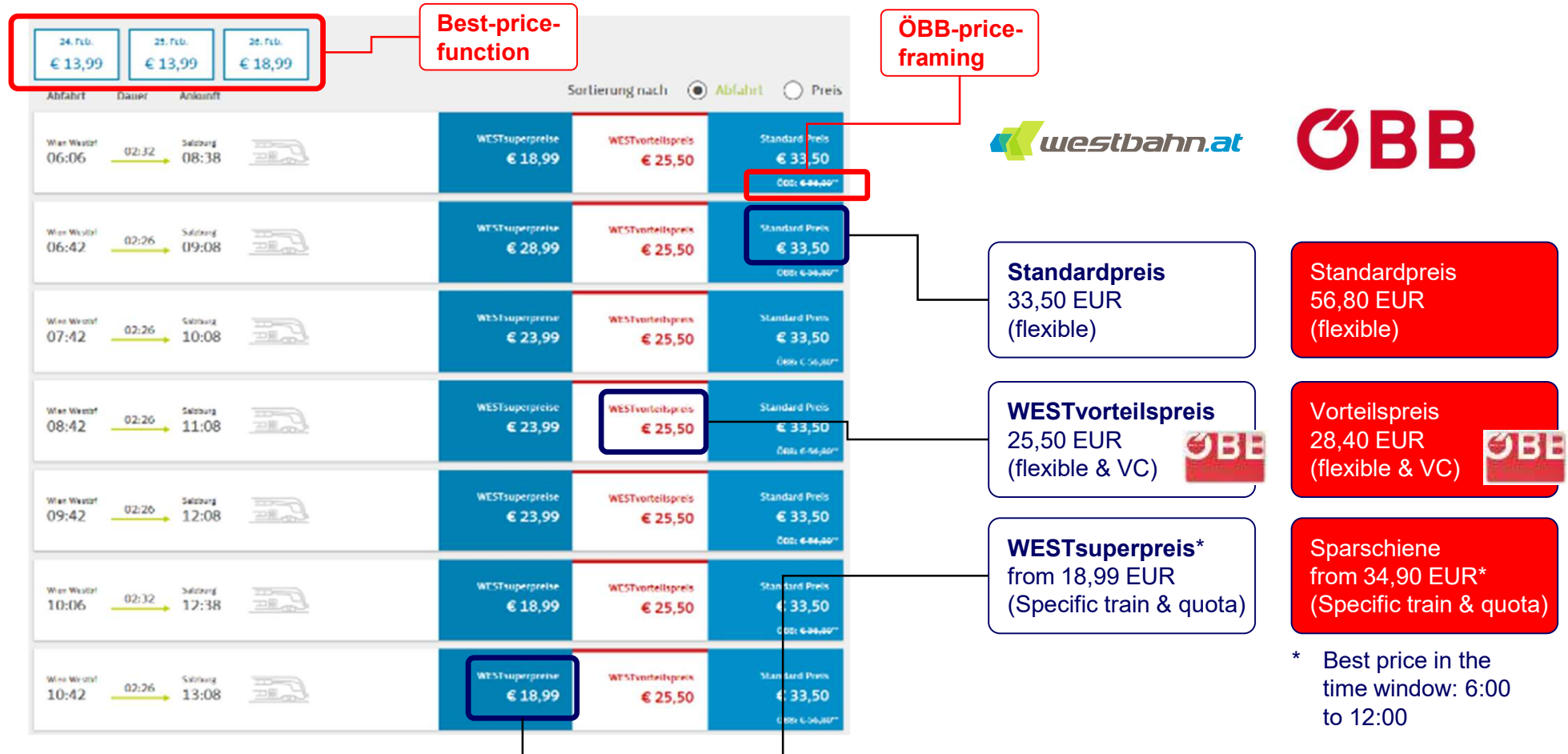
Vv %

Validated purchase intention VC (WESTbahn without VC)

# The three pillars of the pricing system (2020): Overall, prices are more differentiated

# 2 Study design  
& results

Price request: Fr., 20 Feb. 2020, for Tue., 25 Feb. 2020: Vienna - Salzburg



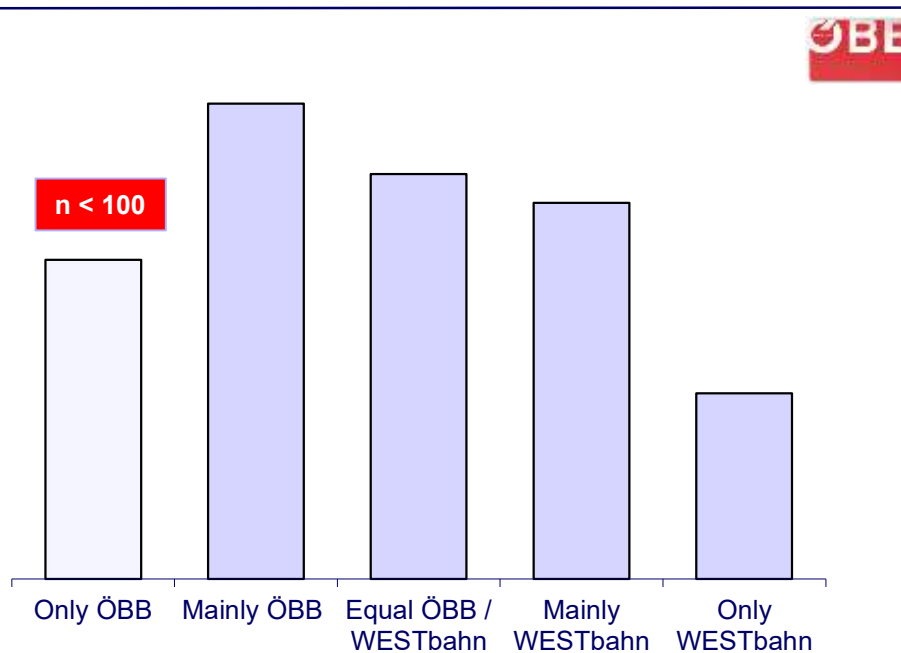
# WESTbahn customers: High share of ÖBB Vorteils card ownership and strong shifting of journeys from the competition

**After purchase  
survey 2019**

**Alternative means of transport or additional traffic quota by ticket type**

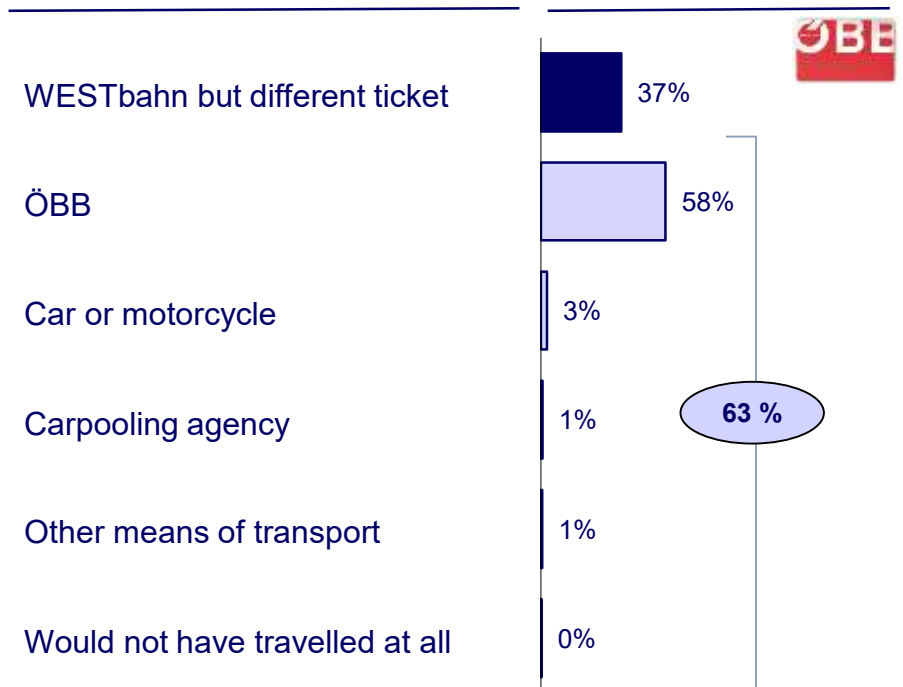
**# 3 Implementation  
& Controlling**

**ÖBB Vorteils card ownership according to customer segments (% of WESTbahn users)<sup>1)</sup>**



**Alternative means of transport to the currently booked ticket<sup>2)</sup>**

**Buyers of WESTvorteilspreis<sup>2)</sup>**



**xx %** Additional traffic quota (without "do not know")

1) Do you have an ÖBB Vorteils card?

2) Assuming the ticket didn't exist, what would you have done?

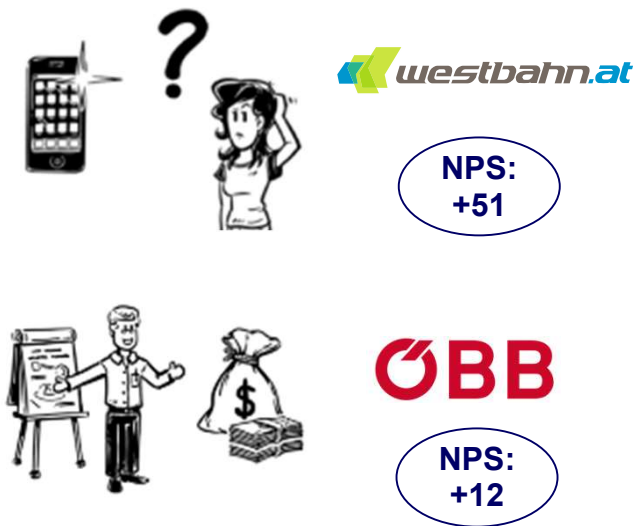


# Investments in customer loyalty pay off: customer recommendation leads to new customer acquisition

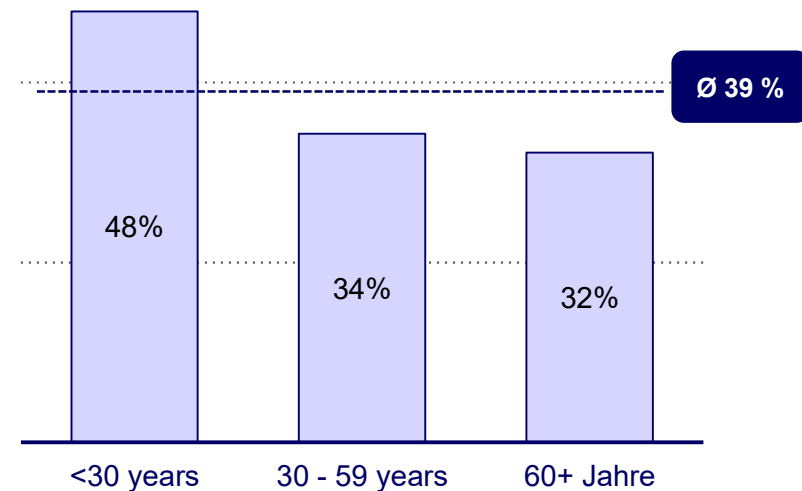
## Word-of-Mouth: Customer relationship and effects on the acquisition of new customers<sup>1)</sup>

# 3 Implementation & Controlling

WESTbahn and ÖBB: Considerable differences in the Net Promoter Score (NPS) ...



WESTbahn: First contact of customers by recommendation of friends / acquaintances ...



Around 40 % of existing customer relationships are based on word-of-mouth (WoM) effects

# Three main learning effects can be derived from the project

## Learning effects from the project

### Leveraging Pricing & RM:

Pricing and revenue management are core elements and deliver significant improvements: up to 20 % increase in revenues per month + Pax increase (load factor)

### Agile approach:

Detailed analysis of existing data and "trial & error" are not contradictory - combination of internal and external view required

### Behavioral Pricing:

Use of approaches from behavioral science - highlighting favorable price points (message: "WESTbahn always cheaper than ÖBB")