

Responses to COVID 19 by railway companies operating high speed services to touristic destinations in major European markets in 2020-2022: new strategies and new collaboration with airlines

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In the last decade EU and national governments are actively facilitating and stimulating HSR market development, eliminating most of technical and regulatory barriers that could reduce the potential benefits of competition, with price reduction, quality enhancement, and organisational and technological innovations underlining the importance of the open market. In this context the COVID-19 pandemic has had a devastating impact on numerous industries across the world. One of the worst affected has been the high-speed services in Europe, which experienced dramatic drops in demand due to travel restrictions.

High Speed Rail Services to touristic destinations outside major metropolitan areas at EU level have suffered the most out of all HSR services, due to long periods of lockdowns and to retrenchment and exit strategies implemented by most of HSR operators.

This paper aims to explore how these operators responded to pandemic, by analyzing the strategies implemented between March 2020 and end of December 2022 in the touristic destinations outside major metropolitan areas at EU level.

The research questions are the following:

- 1) What are the overall patterns of strategies adopted by HS railway companies serving touristic destinations in Europe over 2020-2022?
- 2) What are the main types of measures introduced within different categories of strategies?
- 3) Which are the new main political factors that influenced the HSR companies' strategies in the touristic markets in the major EU countries over 2020-22?

The paper considers the major EU countries with HSR services and involves the categorization of these new items to six main strategies:

- 1) Retrenchment (e.g. reducing capacity),

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- 2) Persevering (e.g. Increased funding - government and private or introducing travel incentives),
- 3) Exit (e.g. cutting unprofitable routes/operations; focus on core strengths/markets),
- 4) Relaunch (e.g. resuming or relaunch new service international flights)
- 5) Innovating (M&A, JVs and partnerships; marketing efforts; new revenue streams from ancillary services) and new air+ rail commercial and organizational partnership
- 6) New brand (e.g. launch of same type of services or new services under a new brand).

The paper analyses also the growing importance for railways companies of direct HSR services to and from major airports in a new political context much more sensible to sustainability topics and in a liberalized context that contribute to the aim of diversify the services among operators. For instance, in order to contribute to the reduction of greenhouse gas emissions in the air transport sector, France has chosen to temporarily limit the exercise of traffic rights. More precisely, in August of 2021, the French government adopted the 'Loi Climat et Résilience' to flight climate change. This law introduced a temporary limitation on flight traffic due to serious environmental concerns and, according to Article 20(2) of Regulation (EC) No 1008/2008, it was approved by the European Commission in December of 2022. The adopted measure is in place for three years, and France shall provide a review after twenty-four months. After that period, the effectiveness of the measure will be assessed, also considering the improved level of railway services, and the level of CO2 emissions in air transport. The measure is therefore temporary, in order to consider the changes in the regulatory context, such as the adoption of the 'Fit for 55' package presented by the European Commission to achieve a 55 % reduction in net greenhouse gas (GHG) emissions by 2030, and with the aim of making the different modes of transport, such air transport, more green. Once in place (summer 2023), the legislative proposals should effectively contribute to the decarbonisation of the air transport sector, and will be duly considered when assessing the measure.

Air-high-speed rail synergies could generate benefits for all stakeholders: passengers, airlines, railway operators, airports, and society as a whole. These synergies will be strengthened by the European policy framework, and by the technological, organisational, and infrastructural strategies indicated in the most recent Long-Term Industrial Plan recently presented by the major railway operators, including Ferrovie dello Stato Italiane, SNCF, NS and Renfe, and could result in:

- an increase of the levels of sustainable access to airports, thanks to the modal shift away from private cars to rail;
- a broader choice of combined destinations, and a reduction of travel time for passengers;
- economic gains for airlines thanks to the possibility of reducing or withdrawing from short-haul flights and code-sharing with rail;
- increased revenues for railway operators from former airline passengers;
- more efficient use of limited slots at congested airports, thanks to the possibility of setting aside slots for larger long-haul planes rather than smaller short-haul planes;
- shifting of short-haul flight passengers to railways generates significant environmental benefits: the pollution along the route generated by an electrically-powered high-speed train is significantly less than that generated by an aircraft, and much less noise pollution as well.

The role that high-speed rail services play in improving the accessibility of major cities in terms of time and cost savings compared to air transport is clear for journeys of up to 600-800 km at the EU level, while the improvement of the environmental performance levels of EU mobility due to HSR services as a replacement for air travel is always evident, regardless of the distances travelled.

The paper underlines the importance of readiness, adaptability and flexibility in a constantly evolving and unpredictable landscape for HSR companies in a post COVID context. Conclusions could be summarized as follow:

- Understanding the measures adopted by different players in the industry can serve as a benchmark for railways managers to compare own responses with those of competitors;
- The analysis regarding the timing of different responses can allow managers to identify at which point of the crisis it is more appropriate to introduce different strategies;

- The categorisation can serve as a reference for managers to consider multiple options and specific strategies to implement, according to the six macro categories;
- A renovated attention to a modern regulation systems, supporting a clear competition framework among operators and considering external costs of transport, is crucial for exploiting all the potential benefits offered by HSR services;
- Integration, contamination and partial substitution among HSR undertakings and airlines are beneficial for the transport system.

Parole Chiave: High Speed Railways; Covid-19; Strategies; Liberalization; Intermodality; Tourism

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