Evolution of the Role of the Railway Station in the Organization of the Railway Service Company

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The Railway Station in the History of Railways

The point of view of the Engineer: the Station for the Train
the « Passenger Flows Management » Station
The point of view of the Architect: the station is a Cathedral
...
The Renaissance of the Station: The City in the Station
The Railway Station in the History of Railways

A belief: The Renaissance of Stations is part of the Renaissance of Railways

An issue: What is the best Business Model in order to promote the Renaissance of Stations?
The Contents

I) The European Experience - A questionnaire of the UIC

Results and common features of the different Business Models
A few interesting and innovative cases
How to classify the different Business Models?

II) The Japanese Experience - An Academic Study

A brief history of Japanese Railways - The diversification Strategy
Qualitative and financial particularities of the Japanese experience
Some economic consequences of the Japanese Business Model
Why is the Japanese Business Model different? Is it appropriate to the rest of the World?
The European Experience

*Presentation of the UIC questionnaire*

A questionnaire realized in 2004 by the UIC, Passenger and High Speed Dept and sent to the main Railway Companies in Europe

The questions were about:

1. The Ownership of the Stations
2. The Management and Description of the Commercial Service in the Stations
3. The Relationships with the State/Local Authorities
4. The Turn-over of the Commercial part of the Stations
The European Experience

*The Results of the UIC questionnaire (I)*

A few common features...

 Mostly, the ownership of the Station is divided between the Real Estate Department of the Company and the Infrastructure Manager (platforms and tracks).

 Mostly, the Commercial services are directly managed by tenants who pay a rent to a subsidiary of the Company in charge of the Organization of the global Commercial Activity in the Station.
The European Experience

The Results of the UIC questionnaire (II)

In larger stations, the main services are: Transport, Restaurants, Public-Relevant services, Health-Care services, Shops, Cultural Services.

In some countries (Germany), State Authorities contribute to modernize old Stations.

The Turn-over of the Commercial part of the Stations, especially due to renting, is always significant, in some cases, it is higher than the revenues from the sale of the tickets.

….But still a great variety of B. Models.
The European Experience

*The Results of the UIC questionnaire (III)*

A few interesting and innovative cases:

The « MultiBuro » approach of the SNCF: the office in the station
The « Avec » Concept of the CFF, or how to develop the local Station as the heart of the small towns
The « Grandi Stazioni » and « Cento Stazioni » Companies in Italy: 40% owned by private companies (Pirelli, Benetton, SNCF-Participations…)
The European Experience

*How to classify the different Business Models?*

A difficult task: diversity of available data, of the approach of the Company to the stations, of the «natural» situations (geography, history...)...and so on.

...But still, an attempt: *the Commercial versus Technical Station Diagram*
The European Experience

The Diagram

The Technical versus Commercial Station

A long time ago...

Now?

The Future?
The Japanese Experience
An Introduction

A common belief about the contribution of Japan to the History of Railways

The History of Railways in Japan and the Diversification Strategy of the Railway Companies
3 important dates: 1872 (birth), 1906 (nationalization) and 1987 (privatization)

The present situation of the Japanese Railway Market: more than 100 Companies, most of them private, among which 6 passenger JR Companies
The Japanese Experience
*The Railway Station and the Diversification Strategy* A few particularities

The Station *in* the Diversification Strategy of the Railway Companies

The City in the Station *versus* the Station « on the way » to the City : the different kinds of Commercial activities
The Japanese Experience

*Financial particularities of the commercial activities in the Station and of the Diversification Strategy*

The Diversification activities and the commercial activities in the Stations of the Japanese Railway Companies: a few figures

Financial characteristics of the different activities: Turn-Over, ROS (return on sales),...

The Idea of the *financial pillow*: a survey of the financial history of Japanese Railways
Operating Revenues and Operating Income of the Diversification Activities

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<th>OR Diver/OR Tota</th>
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<tbody>
<tr>
<td>JR East</td>
<td>0.26</td>
<td>0.24</td>
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<td>JR Tokai</td>
<td>0.06</td>
<td>0.24</td>
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<td>JR West</td>
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<tr>
<td>Average Majors</td>
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<tr>
<td>Max Major</td>
<td>0.72</td>
<td>0.66</td>
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Return on Sales of Different Diversification Activities

- Average Major: ROS R Estate = 0.17, ROS Leisure = 0.01, ROS Retail = 0.02
- Max Major: ROS R Estate = 0.27, ROS Leisure = 0.09, ROS Retail = 0.06
- Min Major: ROS R Estate = 0.1, ROS Leisure = 0.01, ROS Retail = -0.024
The Japanese Experience

A few Economic Consequences of the Diversification Strategy of the Japanese Railways

Consequences on the internal organization of the Railway Companies: the concept of developers

Consequences on the distribution of the Land Rent generated by the Railway Transport Infrastructures
The Japanese Experience

*Why is the Japanese Business Model Different? Is it appropriate to the rest of the World? (I)*

The density and the geography, the « natural advantages »?

Number of Passengers per day in Shinjuku station:

more than 1 300 000

(Gare du Nord: 500 000 passengers per day)

The History of Transports in Japan?
The Japanese Experience

Why is the Japanese Business Model Different? Is it appropriate to the rest of the World? (II)

The « Cultural differences »? Do Europeans and European Cities really want the City in the Station?

To conclude: Let us come back to the Station Diagram...in a Picture Analysis of the Annual Reports of the different Railway Companies
The Japanese and European Experiences

A Conclusion: Let us come back to the Diagram...

The Flows Management versus Commercial Station

A picture analysis in annual reports...

The diagram shows the comparison between the number of pictures of passenger flows in stations (%) and the number of pictures of commercial activities in stations (%) for different railway operators:

- SJ
- SNCB
- SNCF
- CFF
- Network Rail
- CFL
- DB

The graph illustrates the distribution and focus on different aspects of station operations and commercial activities across these operators.
The Japanese and European Experiences

A Conclusion: Let us come back to the Diagram...