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Workshop 3 report: Market initiative regimes in bus, coach and rail: Recent development, threats, developing paradigms and regulatory needs

Report and Conclusions

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Abstract

This paper synthesizes evidence from Workshop 3 'Market initiative regimes: experience and measures to improve performance' of the 15th International Conference on Competition and Ownership in Land Passenger Transport. This workshop discussed the growing importance of market initiative regimes in public transport focusing on the market and regulatory developments in three sectors: local and regional bus, long-distance coach and passenger train services. The comparison of these sectors illustrated impressive but also very substantial differences between countries in terms of market potentials, success of market initiative, regulatory paths taken and resulting performance.

Various observations were made. The size and stratification of passenger transports markets in most countries or regions studied seemed to leave little room for direct intramodal competition, while there was more trust in the viability of intermodal competition. The lack of data was perceived to be a major issue, not only for research but also for market transparency and well-functioning. The development of new intermediaries for information and ticketing purposes seems to point at a possible gradual replacement of the 'old' public transport integration dogma with some new paradigm. There is still a lack of academic studies focussing on the process leading to demand and supply of regulation of market initiative regimes and of studies looking subsequently at the factors leading to the uptake of such regulatory tools or at the practical requirements for such specific regulations to function.

1. Overview of workshop

This workshop builds upon the results of past Thredbo conference workshops focussing on regimes based on autonomous market initiative¹. Such regimes are characterised by autonomous market entry as a main institutional feature, possibly within a hybrid regime where market initiative is only an option (for example in addition to a market otherwise characterised by competitive tendering, i.e. authority initiative). The focus of this workshop, however, is on discussing market initiative as a feature within all possible regulatory configurations for public transport regimes.

The workshop announcement had invited contributions to different aspects of market initiative regimes, such as demand revelation, entrepreneurship and innovation in service provision, covering collective modes of transport (bus, coach or rail) in local, regional and long-distance markets. It was in particular interested in discussing whether measures may be needed to improve the performance of such markets (such as all kinds of regulatory arrangements and measures to reorganise market supply, knowledge, etc). Another point of interest mentioned was the process leading to the adoption of regulatory arrangements, their evolution, and the conditions that can contribute to better performances. The call-for-paper for the workshop asked for studies on both good and bad practices, on legislation and regulation or local action by transport authorities.

The workshop papers received covered all three modes of collective transport (5 papers on the bus sector, 5 papers on the coach sector and 6 papers on the railway sector) fairly evenly, taking up diverse aspects and using differing approaches. A short summary of the contributions will be given by mode in the rest of this section.²

The workshop itself was divided into four parts: a presentation of a brief summary of the main findings of the previous workshops, presentations of the 16 workshop papers, parallel group discussions organised by mode of collective transport and a general discussion.

1.1. Key themes – buses

The experience-based presentations of this group had the background of the hitherto deregulated regime in Great Britain and of two different hybrid regimes (Germany, Sweden)³.

The Bus Services Act 2017 was introduced in Great Britain as a next step of transport legislation displaying a shift to, on the one hand, an easier replacement of the market initiative regime by franchising procedures (i.e., 'contracting' by competitive tendering) and, on the other hand, a stronger encouragement of using partnerships between operators and local transport authorities with the free market initiative environment (White). The partnership

¹ See Van de Velde (1999) for an introduction to the concept of 'market initiative' versus 'authority initiative'. See Preston and Van de Velde (2016) for a short overview of the results of the past workshops.

² The presenting author is given as source, the co-authors and the title of the corresponding workshop papers are listed in the references.

³ See Van de Velde and Wallis (2013) for a presentation and discussion on earlier developments in Great Britain, New Zealand and Sweden.

schemes 'Advanced Quality Partnership' and 'Enhanced Partnership' give Local Transport Authorities differently graduated powers to influence fares, frequency and timing of services, to set out standards of vehicles or even to impose integrated ticketing. It remains to be seen what the effects of the new mandatory and permissive powers of the 2017 Act will be. The case of Great Britain was further examined during the workshop through a comprehensive analysis of the past experiences with partnership concepts in existence prior to the 2017 Act (Godfrey), such as the recent experience with the Sheffield partnership that seems to have been one of the sources of inspiration for the 2017 Act. This analysis showed their major effect on bus services with regard to investment and the development of relationships between operators and transport authorities, thereby influencing the functioning of the pure market initiative model. The positive achievements realised over 25 years lead to the prognosis that partnerships are likely to persist.

Sweden opened up its local bus market for commercial initiatives in 2012, while retaining a strong public commitment to public transport via regional transport authority provided (and subsidised) services⁴. Evidence of different market reports shows that, under such setup, commercial initiatives can only be minimal and face tremendous difficulties as subsidised transport services leave only limited business opportunities. Furthermore, the lack of, or the very slow, adaptation of the rules for access to physical/digital public infrastructures (such as integrated ticketing or passenger information systems) continue to create substantial barriers to commercial success in these markets (Grönlund).

Germany continues with its hybrid regime, amended in 2012 (Karl, 2013), which prioritises market-initiated services in competition with planned contracted services by transport authorities (Karl). The priority given to market initiative services is submitted to the condition that standards (previously set in regional transport plans) for local services are met. Interestingly, since 2015, several cases of market initiatives occurred, surprising both experts and the public. Demonstrating serious competition, they started providing commercial services there where, until then, highly subsidised contracted urban bus networks were provided. In the case of the city of Pforzheim the incumbent's contracted services were successfully replaced by market initiative. It has to be pointed out that market initiatives in local/regional transport in Germany, once established, are protected from competition, a phenomenon which is rather unique and for which one can doubt whether this approach is compatible with European legislation.

A theoretic approach completed the presentations on bus services, comparing via a computer game a Community Franchise urban transport regime⁵ with a Government Enterprise regime (provision via authority initiative and planning) showing the comparatively greater potential of the Community Franchise regime to generate producer surplus and also social welfare (Emerson).

⁴ See Ljungberg (2013); Rye and Wretstrand (2013) for further details.

⁵ See also Emerson et al. (2015a, 2015b).

1.2. Key themes – coaches

Presentations of the coach group dealt mainly with aspects of market development of intercity coaches in Germany, Italy and France and cross-border coaches in Switzerland.

Germany liberalised the coach market as of 2013 and the market has seen a dynamic development since then. Yet, data on user behaviour and user preferences so far hardly exist. Knorr gave insights into the results of a survey which starts to fill the blank and enables an assessment of the long-term market potential. The study suggests a realistic but limited chance for a further growth of the market (reference point 2014). Another study from Germany analysed the impact of that liberalisation on regional railway services (Gremm). The study concludes that regional railway services are in general not cannibalised by the new competition, but some connections with distances between 200 and 300 kilometres do suffer from losses of sale. Connections from and to Berlin, and, to a far lesser degree, Munich and Frankfurt are especially concerned. Operators are likely to demand amendments of fares and/or additional subsidies when they contractually bear the revenue risk substantially or fully as supply adjustments are often not practically possible.

Italy's liberalisation of the coach market dates back to 2007 but was fully deployed only in 2014. Market development shows, so far, coexistent different market models, depending on distance, existence of competing rail services with regard to comfort and/or price, and travel purpose (Beria). The analysis of the pricing policies points at atypical seasonal effects as a probable result of a (temporary) price war; it confirms the aggressive strategies of newcomers that are nonetheless sometimes picked up by incumbents; and it shows the effects of the presence of other incumbents, of distance and of competition by other modes.

The analysis of the development of the coach market in France since the liberalisation in 2015 shows a rather unique situation (Guihéry). As in other countries, the market is dynamic but increasingly concentrated and dominated by (partially) publicly owned actors on the one hand, and a – so far – continuous lack of profitability on the other hand. The most influencing factor for the latter is the strong intermodal competition by comparably cheap high-speed train services, low-cost airlines and car-pooling. Contrary to the diagnosis for Germany it is still open whether the coach market will be able to persist with a noticeable market share.

In Switzerland four distinct types of cross-border coach services have evolved: intercity services, short services, airport links and ethnic services (Von Arx). Market opportunities arise where direct railway connections do not exist or have been reduced. In other cases, coach services can be seen as complementary to rail and airline services or do compete with well-established rail connections.

1.3. Key themes – rail

Rail themed papers revolved around empirical and theoretical results of open-access competition in Sweden and Italy, complemented by a Delphi study on factors influencing open-access competition in Europe; an overview of international passenger train services from and to Switzerland; and a closer look on the business strategies of the vertically integrated Japanese railway companies.

Vigren's analysis of the so far only example of substantial directly competing railway services in Sweden (Stockholm-Gothenburg) gives evidence of the effect on prices of the incumbent. Prices decreased on average by 12.8 per cent in the research period. A simulation on the welfare effects of open-access competition showed nonetheless that price competition can be 'avoided' with nearby departures by the same operator (Broman).

Italy has opened up its high-speed railway network to open-access competition. An innovative and ambitious private company entered that new market in 2012 – the 'Italo'-services by the operator Nuovo Trasporto Viaggiatori (NTV). Desmaris presented the relating developments, reactions of the incumbent, the regulatory background and central decisions of the Railway Regulator. So far, competition of high-speed railway services seems to be working in Italy and it is a success for the passengers (supply, fares), but the question of a long-term financial success for the operators is open. Low access charges for high-speed trains seem to be a key supporting factor for the development of high-speed railway services and for enabling competition in that specific market.

A Delphi study explored the current state of open access competition on the European level and the main influencing factors (Feuerstein). The study demonstrates a positive perception by the panel members of the impact of open access competition on long-distance rail services but shows also that the market is still fragmented and that many barriers prevail, their significance varying by country.

The analysis of international train services from and to Switzerland (von Arx) shows a mixed picture: some connections, profiting from the expansion of high-speed rail infrastructure, exhibit shorter travel times, the travel time of other connections has increased and, lastly, some connections have stopped operations. The 'surviving' services are mainly run by incumbents using different business models (cooperative model, joint company, intramodal competition).

Japan privatised the state railway operator in 1987: the company was split into several passenger railway undertakings and a freight railway undertaking. The most recent regulatory change in 2000 lessened the regulation on market entry and exit. Song's study on the business strategies of (the vertically integrated) Japanese railway companies before and after that last regulatory reform reveals that the railways reacted by closing the operation of non-profitable lines, by opening new lines enhancing their networks into city centres and by stimulating railway demand through the (further) development the stations' area and area along the lines which can be best described as a competition for inhabitants.

2. Synthesis of workshop discussion

As mentioned above the workshop was divided into three parallel group discussions focusing on the market and regulatory developments in the three sectors (bus, coach and rail). Leading discussion points were suggested to the group, while allowing them to choose alternate leading questions for their discussions:

- What evidence is there on entrepreneurship, demand revelation and service innovation?

- Evidence on regulatory aspects – which regulation or which combination of regulatory regimes facilitates good performance? Do regulatory ‘gains’ outweigh or at least balance regulatory ‘costs’?
- Is there any evidence that regulatory arrangements, once adopted, result in effects best described as ‘path dependency’? Are regulatory approaches matched by pertinent skills, information and incentives at the local level (‘regulatory uptake’)?
- What are conditions for better performances?
- Is the regime viable in that competition is not neutralized by concentration?
- Is the regime able to react to a changing environment (demand and supply)?

2.1. Bus market: Are guiding plans conquering the sector?

Great Britain’s Bus Services Act gives authorities more options to ensure an improved bus supply. Before that, besides a laissez-faire approach of minimal intervention (which some authorities actually carried out to the extreme by ceasing all provision of service subsidies), the basic choice for a Local Transport Authority (LTA) considering to intervene in the market was to negotiate a Partnership or to enter into franchising (i.e. competitive tendering), the latter qualified by a rather high threshold of requirements. With the Bus Services Act, while the laissez-faire approach remains as base option, intervention choices are made easier, at least for Mayoral city regions. The instrument of ‘Advanced Quality Partnership’ (AQP) further develops the negotiated partnership by the possibility of requiring bus operators to sell and accept a multi-operator ticket, specifying marketing requirements and certain technology for ticket sales. However, the Act stops short of what the group considered to be more optimal as it does not alter the competition authority’s requirement for operators to retain their own tickets alongside the introduction of integrated ticketing. ‘Enhanced partnerships’ (EP) cover almost all authority powers of franchising (subject, however, to agreement with operators, i.e. a scheme cannot go ahead if a specified proportion objects) with the exception of setting the price of the bus operator’s tickets.

Making use of the new powers will require local transport authorities to think about what service levels and quality of services they want to achieve and what they can achieve considering available funds. Local transport authorities are, thus, very likely to become more involved, possibly increasing their reflections on measures that could be supportive for public transport, like parking policy or bus priorities, and local transport plans seem useful instruments to guide this process.

The discussion evaluated the new regulatory instruments (AQP, EP) and the ultimate sanction of the LTA taking over from market initiative. The possibility of such a move to a tendering regime might be perceived as a threat mechanism: the threat of a ‘franchising scheme’ is the threat of abolishing market initiative and replacing it by authority initiative regime with competitive tendering for the realisation of those services. Details and consequences of such a change are, however, not clear yet as – at the time of the conference – no compensation was foreseen for loss of ‘networks’ and no powers were foreseen for compulsory acquisition of depots, vehicles etc. Further implementation guidance to be issued by Government might help to answer what happens to invested interests of

incumbent bus operator(s). The group observed that this lack of clarity on rules and guidance causes considerable uncertainty in the market.

The lack of substantial new developments in ticketing and fare integration meant that this issue could not be brought much further in the group discussions than the pre-existing general wisdom that passengers might greatly benefit from higher coordinated services and integrated tickets, with actual implementations being the 'Verkehrsverbände' in Germany. The Community Franchise approach, which the group struggled to classify, was perceived to allow for this in a clever way. Planning in this case is left to 'individual franchisees' who develop and exploit 'their' line but do not have to compete with other operators. The question was asked whether this approach was different from the system of licencing routes to only one operator (exclusivity) known in the first half of the last century in many countries in Europe. The main difference is, however, that subsidies (pre-defined per sold ticket) and multi-operator tickets were not known in that time, while the Community Franchise approach allows for this, and more, by virtue of the franchisor controlling ticket pricing, operating times and general standards; the franchisees only being able to succeed by attracting patronage to their lines within those fixed constraints.

The group discussed in what direction the regulation and markets in Great Britain and Germany are developing using the 'bell shaped curve' developed in previous workshops (Preston and Van de Velde, 2016; Van de Velde and Augustin, 2014; Van de Velde and Preston, 2013). That model discussed the right degree and mix of regulatory prescriptions and market freedoms with respect to the outcome in terms of public transport supply or welfare effects. Pending the actual implementation of these new features now available in the LTA's regulatory toolbox, the workshop concluded that AQPs seemed to be a move in the right direction, even allowing to be close to the optimum of the hypothetical bell-shaped curve, while there was a feeling that EPs might overshoot that optimum. From the other extreme, the space currently given in the German regime for market initiatives seems to be at least a move up the curve, starting from a pole of extensive prescriptions, even though the level of prescriptions remains very high. As to Sweden's approach, the group concluded that the way leeway had been given to market initiative was going nowhere so far, but that this did not come as a surprise, since pronounced doubts on the chosen path's success were there since the very beginning (Jansson, 2013; Ljungberg, 2013; Van de Velde and Augustin, 2014).

The workshop considered that the recent German cases of market initiative, exemplified by the Pforzheim case during the workshop besides other similar cases, were extremely interesting and ought to be studied further, as both success and failures here will contribute to ascertaining under what condition market initiative can work successfully. A particular point of attention here was the seemingly opposed dogmatic and pragmatic views on guiding regulations (such as transport plan and fares) and exclusivity.

Focussing on this 'transport plan' idea as a guiding principle (as now seen in different guises in Britain, Sweden and Germany) the group placed a caveat, observing that, while this development was in line with the recommendations made in earlier editions of this workshop (Van de Velde and Augustin, 2014), its actual implementation tended to involve (very) long term political planning processes, forcing – in the case of Germany's hybrid regime for

instant – market initiative to take account of plans that might be up to 27 months old, leading the group to be quite critical about the adequacy of such implementation, in view of more quickly evolving market needs.

2.2. Coach market: Dynamic market under threat?

The coach group discussed the vibrant experiences in the coach market with the examples from Germany, Italy, France and Switzerland. The coach market appeared to leave, at least in some countries, room for different types of entrepreneurship (small operators, risk-bearing 'integrators', search engines/GDS, niche markets for migrant workers, etc.) The group agreed that deregulation resulted in a fast market evolution that stimulated and pushed innovation, especially with regard to such features as free on-board WiFi, ticketing systems and yield management, influencing both intramodal and intermodal competitors.

The group emphasized the positive impacts of the fast-developing coach markets on rail services that started introducing various innovations to react to the challenges posed by coach competition. However, it was also observed that the development of coach services made it especially difficult for niche open-access rail operators to survive (e.g. in Germany), and some market exit has already happened. This, with further developments towards market concentration in the coach sector itself, pointed at the difficulty of sustaining intramodal competition, while intermodal competition appeared stronger.

For most of the countries the group diagnosed that the market might be too small for long-term intramodal competition. See the example of Flixbus: following a series of mergers Flixbus is now dominating the German market and was able to eliminate overlapping services. Similar developments are seen in France. The coach market seems to be able in most of the examined countries to establish a meaningful role in the intermodal competition. However, this diagnosis was again questioned in cases where a dominant incumbent rail operator creates an own coach operator (with some fears for cross-subsidisation). Furthermore, the scope for coach market initiatives also appeared to be interdependent with the height of infrastructure access charges for rail undertakings.

With respect to the so far successful 'Flixbus model', parallels were drawn to the tendering of contracts in the bus market by transport authorities, and to the original Verkehrsverbünde in Germany in the 1960s (and the success of such models) as, similarly, Flixbus does not own any (vehicle) assets but relies on contracting them in, while developing and planning the network, managing marketing, customer service and uniform quality standards and being able to dictate the prices. It appeared that operators who, as in France, did not rely on that model started changing towards it, pointing at the growing success of the network operator federating independent carriers as the most successful model in this sector. In the margin of this, some questions were asked and debated as to whether the competitiveness of the coach sector was sometimes made possible by low wages of the subcontractor's drivers. In any case, economies of scale were largely seen to be absent in the operations of this sector, though clearly not in the marketing of the brand itself. That being said, the so-called 'ethnic' market (catering for long-distance flows of migrant workers within Europe) would continue to exist besides the market that came to fruition with players such as Flixbus.

Additionally, French experience showed that parts or even all of the coach market might also be under a severe threat by more 'digital' services, such as carpooling services like BlaBlaCar ('ridesharing'). It was thought that both markets could complement one another to meet peak demand as fixed coach services are not able to manage demand for flexible (shared) point-to-point services.

Concerning transparency and access to the services for passengers, the group reiterated that a reasonable supply with bus stations and fair access to those stations are of significant importance. It was stated that cities show ambiguous to negative attitudes ('cities do not really want them!') while issues of ownership (public/city? private?), control (necessary?), regulation of access charges (too high?) were not solved or left to singular solutions.

Evidence also suggested that the role of meta-search engines and GDS has increased substantially, which led to a discussion on the relative importance of these players and features versus that of (competing) network operators in providing clarity and certainty for the passengers as to the services offered and other network effects, such as guaranteed interchanges between services (although the relative importance of interchanges considered to be much lower for coach than for rail). The possible concentration of market information in the hands of a few or even one major intermediate (as is currently the case in the hotel reservation market) was perceived in the discussion to be a serious issue and potential threat to the well-functioning of the coach market, leading to questions on the need for regulation of those issues. As to the existing levels of regulation, the group considered that France had probably too much, Italy too little and Germany about the right amount.

2.3. Rail market: A difficult bunch of unresolved questions

The rail group was confronted with very diverse issues in a huge field with varying conditions and approaches in the examined countries and sub-markets (international/cross border services, national operations, regional services) and a general lament about the unfortunate lack of proper data to analyse these markets.

As a very general observation the group agreed that open access competition (at least for long-distance services) goes along with positive effects like a push on innovation and efficiency along with reduced fares but requires huge investments to become more than a marginal feature. At the same time, these seemed to be balanced or maybe even outweighed by negative effects of questionable profitability, a lack of efficiency with regard to overhead, issues of capacity utilisation and continuity of services. There was no evidence of open access competition working on shorter distance services.

One of the (many) unresolved questions was whether discrimination against entrants exists or not. This remains difficult to prove. Necessity for regulation was also asked with regard to access to sale channels (which for instance was denied to MTR in Sweden). However, the importance of this issue was questioned, for reasons similar to the developments in the coach market, as new sales channels have started to appear, facilitating integration between providers (even combining modes) and services. So here too meta-search engines and GDS are developing.

Behind this, and causing substantial difficulties in drawing unequivocal conclusions, is the fact that European Member States differ widely in their approach to the allocation and charging of infrastructure costs: Germany has adopted the full cost recovery strategy. Other states require only marginal costs, with Sweden being an example for going further applying lower than marginal costs, and Britain possibly questioning its low access charges for open-access operators. Consequently, are low track access charges only a way to subsidise private commercial initiative on the tracks that may be questionable from a societal point of view?

An issue that was only touched upon in the discussion was the need for the availability of unutilised but attractive train paths for open-access competition to be successful, and the questionable efficiency of such over-capacity requirement. Again, this is another issue of feasibility and societal desirability – and cost – of such intramodal competition, bearing in mind that infrastructure costs represent a large share of total costs in rail service provision. It is worth mentioning in this context that the lack of such open access provision in the privatised and substantially deregulated Japanese railways does not interfere with the provision of comprehensive and competitive services as any line proprietor has the incentive to maximise throughput of passengers, in cooperation with neighbouring operators where useful, thereby achieving service frequencies that other countries can only dream of. Interestingly, such regulatory arrangement bears some resemblances with that of the Community Franchise idea.

Consequently, the group also raised concerns whether the concept of open access competition – intramodal competition by nature – is a suitable and sensible approach under conditions of a growing presence of growing intermodal competition from both air and coach, and even car-sharing. It might prove to be a theoretic European idea that is facing a dead-end as rail competitors have several times appeared to fail – so far, as the tide might be turning and, as the session progressed, it was reported that Finland was also opening up its railway market for competition. So, will new evidence appear here as well, or are markets too slim, especially in the presence of strong intermodal competition (plane and coach) both on longer and shorter distances?

3. Conclusions and recommendations

When considering the last decades, it is obvious that competition through market initiative, as a regime for creating scheduled land passenger transport services, has grown in importance at the expense of authority monopolies. Its growth,⁶ however, differs widely from market to market and from country to country.

The comparison of the markets studied in this workshop (bus, coach and rail) illustrated substantial differences between market potentials, success of market initiative, regulatory paths taken and resulting performance. Nonetheless, these observations did not provide

⁶ Note that competition through authority initiative has grown even more as a regime, but this workshop was not focussing on the provision of passenger transport services upon the initiative of transport authorities, whether via public monopoly or via competitive tendering of route or network contracts.

evidence for new types of regimes, enriching the typologies developed earlier in this series of workshop, nor did it lead the workshop to formulating new types of regimes expanding the typology of notional regimes to introduce market initiative regimes within authority initiative regimes as identified in the previous editions of this workshop (Preston and Van de Velde, 2016).

Recent developments in the long-distance coach sector are particularly impressive (Germany, France, Italy), and increasingly also in the railway sector (Italy, Sweden, Czech Republic, Austria). Researchers see innovation and intermodal competition leading to further improvement, but also concentration and profitability issues. The workshop discussions also provided some insight on the relative merits of intramodal and intermodal competition. The gist of the discussion was that the size and stratification of passenger transports markets in most countries or regions studied seemed to leave little room for direct intramodal competition, while there was more trust in the viability of intermodal competition.

The workshop pointed at a major issue being the lack of data, creating problems not only for research purposes but also, it is argued, for market transparency and for the well-functioning of these markets. The general picture, though, is that open competition works well for long-distance coaching. The workshop papers and the ensuing discussion showed that the picture remains considerably less clear for rail open-access (competition on the track). Substantial concerns exist about the potentially perverse effects of low track access charges and issues related to track capacity utilisation and thus total system costs; at the same time, positive effects of competition on innovation and train operations efficiency are also reported.

A general observation based on those developments, although currently more in the coach and rail sectors than in the bus sector, is the development of new intermediaries linking with the customer, both for information purposes (meta-search engines) and for ticketing purposes (including GDS), which also creates an interesting parallel with pre-existing discussions on the role of similar features for network integration in the local (bus) markets. Does this point to some kind of universal, though mutable, 'network company' of 'franchisor/franchisee' model? Does this point to the gradual replacement of the 'old' public transport integration dogma with some new paradigm? Should we reconsider the role of property rights and the non-exclusivity dogma of 'free competition' (see in this context the 'Community Franchise' discussion where exclusivity contributes to market development)? Three levels of entrepreneurship should be distinguished here, from the transport operator, via the network management company or 'risk-bearing integrators' to the search engines or information integrators. There is clear scope for further research here, comparing the whole scale of transport sectors, from the airlines down to the local bus service.

Another overall observation is the limited number and depth of academic studies focussing on the demand and supply of regulation of market initiative regimes, and thus also on the design process of such regulation and the role of path dependency. More often studies focus on describing specific real-world cases and specific regulations (i.e. the results and not the processes that led to those results), and on quantitative analysis when the (often scarce) data allow for it. Workshop discussions touched upon this issue, indicating that legislation and regulation allowing for clever or 'light-touch' regulation (as posited in earlier editions of

this workshop⁷) often seem to be absent or inadequate, despite the progress observed in, e.g., Great Britain. This observation could or should point to the need for a deeper understanding of the processes that lead to legislation and regulation in these sectors – or their absence for that matter – while distinguishing between the experiences of various countries and implementation areas.

Furthermore, even when regulations approaching that idea are in place (as in Great Britain, where gradual steps in that direction were made over the past two decades), no study seems to look at the factors leading to the uptake of such regulatory tools or at the practical requirements for specific regulations to function. In other words, legislation – even when excellent – is only half the work. Skilled people are then needed to make such regulation ‘work’, which probably points to the need for incentives that lead transport authorities (or whatever other body is involved in supervising the land passenger transport sectors) to develop such skills. Let this be a repeated call for such studies for future editions of this conference.

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