

Tightwad Travelers Fuel Wi-Fi Bus Wars

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CHICAGO -- If travelers settled for anything less than double-digit fares and steady wi-fi when choosing their ride of choice during the last two years, they missed the bus.

As air and train travel falls, amenities and aggressive competition are driving a resurgence in intercity bus routes. **The American Bus Association, a coach industry representing 1,000 bus companies in North America, says buses account for 770 million passengers a year, with CEO Peter Pantuso saying buses "move more people in two weeks than Amtrak moves all year."**

After a near-collapse from 2002 to 2006, DePaul University's Chaddick Institute for Metropolitan Development says bus ridership grew 8.1% from 2006 to 2007 and 9.8% during the same period last year. Chaddick Institute professor Joseph Schwieterman predicts similar growth this year. Competition between Megabus, which imported its concept from the U.K. in 2006, and First Group's rejuvenated Greyhound, which upgraded its amenities and added its tech-heavy BoltBus, are stoking growth.

According to early findings from a Chaddick Study being released next week, about 30% of bus riders are using wireless technology at any time, with nearly two-thirds of all bus passengers using such technology during their trip and fueling wi-fi demand.

"Even Greyhound's starting to feel what I call the 'Megabus Effect,' where there's no stigma and people aren't afraid to say they take the bus anymore," Schwieterman says. "Wi-fi gave people reassurance that they were riding on something for the upper middle class."

The class distinction wasn't so clear in the late 1990s, when the roots for Megabus' and Bolt's business models were laid by curbside bus services running between Chinatown districts in cities along the Northeast corridor. Though those buses lack the spatial and electronic amenities of their corporate kin -- and their safety routinely was called into question -- their \$10 fares, online booking options and convenient pickup spots set the standard for the lines that followed. Megabus and Boltbus now offer one-way fares ranging from \$1 to \$15 (Greyhound's average fare is now \$43) and use Chinatown-like volume to cover overhead that's been reduced to a computer program, buses and drivers.

"I think what the Chinatown operations did in New York and Washington, they came into communities where the customer was and picked up there," Pantuso says. "That's the model you see now, where they're no longer just picking up at terminals."

In New York City, Megabus forsakes the Port Authority Bus Terminal for a curbside stop near the train routes of Penn Station. It helped Megabus increase almost double traffic between October 2007 and October 2008, with Boltbus and carriers like Washington-bound DC2NY and Vamoose following suit. While this strategy failed in Los Angeles, where Megabus ceased service last year, it has proven popular among students, vacationers and even corporate travelers in the Northeast and helped Megabus expand into 28 cities and add 4.5 million passengers a year in three years.

"We work closely with all the city officials and the department of transportation in every city we operate," says Megabus CEO Dale Moser. "We are always looking for some kind of intermodal connectivity, and that's a strategy that comes over from Europe."

Megabus has expanded its fleet of 81-passenger double-decker buses from 16 to more than 110, while a First Group spokeswoman says Greyhound introduced a fleet of 102 new buses in the Northeast this year that have not only wi-fi, but seat belts. Not to be outdone, Greyhound is sprucing up terminals with flat-screen TVs, expanded food offerings and other services. The images of derelict depots and cramped, smelly, decaying coaches is shrinking in the rearview.

"That stigma's faded a lot quicker than I could have imagined," Schwieterman says. "I would ride Greyhound about once every two years and my students would look at me like I was nuts."