



Impatient passenger demand for modern, reliable and affordable public transport amidst economic crisis: the Athens' case

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Transport for Athens

The Athens Urban Transport Organisation (OASA S.A.) is the transport authority of the greater area of Athens, Greece, responsible for planning and managing all public transport services except railways. As a holding company, it has two subsidiaries that operate and maintain the transport network: STASY S.A. (metro and tram) and OSY S.A. (thermal and trolley buses). Transport for Athens (TfA) is the brand name of the OASA Group. It moves around 1 million individual passengers daily, has annual revenues of approx. 250 million euro excluding state subsidy, and over 8,000 employees.

The city of Athens

3.8 million people live in Athens, 1.4 million cars are moving on the streets, 250 thousand motorcycles, 15 thousand taxis and 4 different modes of transport: metro (3 lines), tram, buses and trolleybuses.

In 2004, Athens hosted the Olympic Games; the city was a leading destination with new infrastructure: airport, metro, roads, bus fleet.

The economic crisis changed all that; a new reality was created.

Public transport in Athens amidst economic crisis:

- 23% decrease in transportation work
- 26% decrease in passenger volume
- up to 40% price increase in fares
- 42% increase of fare evasion
- 50% decrease in state subsidy

However, it is amidst the economic crisis that the citizens are looking for modern, reliable and affordable public transport. That was the challenge.

How did we respond to that challenge?

We developed a new philosophy, new strategy and a solid restructuring plan.

The decrease in transportation work and the increase in fare prices did not benefit the organization. Passenger volumes and revenues dropped.

However, there was an opportunity within the crisis. By strengthening public transport, the network could attract more citizens, who would leave their cars behind, to the benefit of the city in both environmental terms and quality of life in general.

The new philosophy is all about mentality and behavior change, and the new strategy the way to achieve it.

In order to convince the citizens to trust and prefer public transport several initiatives were implemented in 2014.

Our vision: Sustainable and attractive public transport to become the preferred means of moving around the wider area of Athens, contributing to its economic, social and environmental development.

New strategy:

1. Redesign the bus network to promote intermodality

The bus network was redesigned in order to adapt to the metro network; our aim was to increase routes' frequency, accuracy and decrease time travel. Passengers changed their behavior by 16% combining different transport modes (Dec. 2014 TRENDS poll by MRB).

2. New product policy to motivate passengers

Tickets and travelcards for all transport modes were established; prices of the single ticket and the monthly travelcard reduced; new products (5-day ticket, 3-month and 6-month travel cards) were launched to fill product gaps and increase sales.

Ticket inspectors were trained and counterfeit fare products fight intensified.

Positive results:

- ✓ The new policy was embraced by passengers, especially students and young people (main passenger segment), who adopted the monthly travelcard; an indirect positive measure against fare evasion.
- ✓ Monthly travelcard users increased by 20.8% (Sep.-Dec. 2014 vs Sep.-Dec. 2013). Today, monthly travelcards contribute 40.7% of total fare revenues, compared to 29.8% in 2013. The Group expanded its passenger base and increased its loyalty.
- ✓ Deseasonalized passenger data display an upward trend for fare revenues.

3. New brand: Transport for Athens. "One city - One network"

A new corporate identity for the Group was created. Young people were targeted through grassroots actions, e.g. photography contest in social media (attracted 396,000 unique users on Facebook). Environmentally focused strategy and synergies with NGOs (WWF) were created to promote sustainable public transport. A positive image of the Group was built in the media.

Positive public opinion

Changes were positively accepted by public opinion: 61% of passengers are satisfied with the way different transport modes are organized; 70% of the total sample believes that changes in product policy will have positive effect in urban mobility (Dec. 2014 TRENDS poll by MRB).

For the first time, after 5 years of a continuously declining trend, in 2014 there was an increase in passenger traffic by 1.4% reaching 651.1 million boardings.

Smart technology – innovation

1. **Mobile ticketing application breaks the paper taboo:** The innovative application of mobile ticketing (TfA tickets) was successfully launched, allowing passengers to obtain and validate electronic tickets via smart phones and tablets (iOS and Android). Breakthrough reception from the audience: 22.000 downloads, 5.500 active users, selling 18,600 tickets within 1.5 months (15 Dec. - 31 Jan.), while there is an upwards trend.
2. **PPP project - Passenger Information and Fleet Management (Telematics):** In June 2014 the project of Passenger Information System and Fleet Management, was signed. Implementation of a pilot bus line (224). During 2015 the project will cover the entire fleet and 1,000 smart bus stops across Athens. Net present value of future payments availability € 26 million.
3. **PPP project - Electronic ticketing:** Signed in December 2014, the project involves introduction of an e-card replacing paper fares and includes installation of metro gates. The Automatic Fare Collection System covers all transport modes (buses, trolley buses, tram, metro), as well as the suburban railway. Implementation by the end of 2016. Net present value of future payments availability € 77 million.

Encouraging financial results

2014 was a recovery year: revenues increased by 5,7% that is € 14,6 million (2014 vs 2013), while operating expenses increased marginally by € 0,9 million (to support the transportation work).

Is the job done?

Despite the progress in transforming the public transport experience in Athens, there is still much space for further improvement.

Now is the time to build on the positive momentum and deliver change to the passengers of the Athens' network.

To fulfill the TfA vision, a two-year plan has been developed. The aim is to be concluded by the end of 2016 to the benefit of the city; its citizens and its visitors.

Strong leadership and commitment is required.

Two year restructuring plan

A two-year action plan with specific timetable for the restructuring of the Group has been prepared.

It aims to ensure viability within the state subsidy's limits, optimize routes and services, develop new products and enhance human resources.

It involves three key objectives:

1. Increase revenues

Develop Group commercial policy to

- ✓ increase travelcard penetration
- ✓ attract more passengers
- ✓ fight fare evasion
- ✓ efficiently manage all available assets

2. Streamline costs

Use shared services at Group level to

- ✓ support core business of the subsidiaries
- ✓ adjust internal processes to best-practice benchmarks

3. Reinforce passenger-centric positioning

- ✓ Build emotional values for the brand
- ✓ Increase urban mobility
- ✓ Develop eco-friendly public transport on equal terms for all citizens

For the implementation of the action plan international cooperation, exchange of best practices and know-how support is required.

To that extent, a framework of international cooperation with UNECE (Economic Commission for Europe) has been developed and is pending approval. The action plan has already been endorsed by the European Commission, along with the ECB and the IMF, as a way to modernize, streamline and strengthen public transport in Athens.

For your reference, please find below the presentation's full text:

Excellencies,
Dear delegates,

It is great news that UNECE focuses on urban mobility, building on its excellent contribution to international transport.

I would like to thank UNECE for the invitation to talk about “Impatient passenger demand for modern, reliable and affordable public transport amidst economic crisis: the case of Athens”.

So, let's see the case of Athens, an ancient city, but also a modern metropolis of 3.8 million people and where 1.4 million cars are moving on the streets.

In 2004, Athens successfully hosted the Olympic Games; the city was a leading global destination with new infrastructure: new airport, new metro, new roads and even a renewed bus fleet.

But, the economic crisis changed all that; a new reality was created since 2008. There was recession and lots of protests and strikes. And we know what strikes in public transport mean. Especially, when some of the most powerful trade unions are in public transport.

Public transport in Athens was squeezed: decrease in transportation work, decrease in passenger volume, up to 40% price increase in fares, increase of fare evasion and a dramatic decrease in state subsidy.

However, it is amidst the economic crisis that the citizens are looking to leave their cars behind and go for modern, reliable and affordable public transport. That's a challenge.

So, how did we respond to that challenge?

First, let's see what we have.

The Athens Urban Transport Organisation (OASA) is the transport authority of the greater area of Athens, Greece, responsible for planning and managing all public transport services except railways. As a holding company, it has two subsidiaries that operate and maintain the transport network: STASY S.A. (metro and tram) and OSY S.A. (thermal and trolleybuses). Transport for Athens (TfA) is the brand name of the OASA Group. It moves around 1 million individual passengers daily, has annual revenues of approx. 250 million Euro excluding state subsidy, and over 8,000 employees, who do a great job moving citizens in Athens under difficult conditions.

It is this giant agency that had to be mobilized to respond to the challenge.

We developed a new philosophy, new strategy and a solid restructuring plan.

The decrease in transportation work and the increase in fare prices did not benefit the organization. Passenger volumes and revenues dropped.

However, there was an opportunity within the crisis. By strengthening public transport, the network could attract more citizens, who would leave their cars behind, to the benefit of the city in both environmental terms and quality of life in general.

The new philosophy is all about mentality and behavior change, and the new strategy the way to achieve it.

In order to convince the citizens to trust and prefer public transport several initiatives were implemented in 2014.

All initiatives were designed to support our vision:

“Sustainable and attractive public transport to become the preferred means of moving around the wider area of Athens, contributing to its economic, social and environmental development”.

- We redesigned the bus network to adapt to the metro network and promote intermodality. A 16% of passengers already changed their behavior combining different transport modes in the first three months (Dec. 2014 TRENDS poll by MRB). The changes are still ongoing throughout our network. They have already been completed in the North and South suburbs, resulting in a more frequent, more accurate travel experience.

- Of course, a key intervention was our new product policy to attract more passengers and motivate the existing ones to use public transport more often. Tickets and travelcards for all transport modes were established: one ticket, one travelcard for all modes in order to promote intermodality. Prices of the single ticket and the monthly travelcard were reduced to attract more passengers. New products were launched to fill product gaps and increase sales.

- We also took measures against fare evasion. Passengers eagerly adopted the monthly travelcard, especially students and young people. The concept was: “protect the new product policy and reduced prices by paying the fares and you can expect an even better service”. At the same time, ticket controls and efforts to fight counterfeit fare products intensified, while ticket inspectors were trained by specialists to be effective and polite.

But the real breakthrough came from smart technology and innovation:

- We proudly introduced the mobile ticketing application “TfA tickets” breaking the paper taboo in Athens. Now everybody can download the application on iPhone or Android, buy tickets online and activate them even offline; no need for internet connection. It is an innovation used for the first time at such scale. New York City will be following and is getting ready to introduce the same solution in the next months.

We also signed two major Public - Private Partnership (PPP) projects.

- The first PPP is the Passenger Information System & Fleet Management (Telematics) project, which we signed last June. By end of the year, it will cover the entire fleet and 1,000 smart bus stops across Athens. However, we already have a pilot line running with success.

- The second PPP project is the electronic ticketing, which we signed last December. The Automatic Fare Collection System covers all transport modes, it will be cutting-edge and

ready by the end of next year. It will include the installation of gates at the metro system to combat fare evasion.

- The changes we introduced had to be communicated to the public. We introduced a new brand to reflect our new philosophy. It is "Transport for Athens". A positive image of the Group was built in the media and appreciated by the citizens. Especially the young people, who we targeted through grassroots actions, e.g. photography contest in social media, our first ever presence in social media (we attracted 396,000 unique users on Facebook).

But positive public opinion was actually beyond our expectations:

70% of citizens of Athens believes that changes in product policy will have positive effect in urban mobility (Dec.2014 TREND poll by MRB). An unbelievably positive approval rating for a government agency during recession.

On top of that, for the first time, after 5 years of a continuously declining trend, in 2014 there was an increase in passenger traffic (1.4%).

And there is an upward trend.

Our passenger base is expanding and our passenger loyalty is increasing.

Therefore, I am a happy CEO to report that our revenues increased making 2014 a recovery year.

But is the job done?

Despite the progress in transforming the public transport experience in Athens, there is still much space for further improvement.

Now is the time to build on the positive momentum and deliver change to the passengers of the Athens' network.

To fulfill the TfA vision, a two-year plan has been developed. The aim is to be concluded by the end of 2016 to the benefit of the city; its citizens and its visitors.

A two-year restructuring action plan with specific timetable for the restructuring of the Group has been prepared. It aims to ensure viability within the state subsidy's limits, optimize routes and services, develop new products and enhance human resources.

Our strategic objectives are:

1. Increase revenues

Develop Group commercial policy to:

- Increase travelcard penetration;
- Attract more passengers;
- Fight fare evasion;
- Efficiently manage all available assets.

2. Streamline costs

Use shared services at Group level to:

- Support core business of the subsidiaries;
- Adjust internal processes to European benchmarks;

3. Reinforce passenger-centric positioning

- Build emotional values for the brand;
- Increase urban mobility;
- Develop eco-friendly public transport on equal terms for all citizens.

For the implementation of the action plan international cooperation, exchange of best practices and know-how support is required.

To that extent, a framework of international cooperation with UNECE (Economic Commission for Europe) has been developed and is pending approval. The action plan has already been endorsed by the European Commission, along with the ECB and the IMF, as a way to modernize, streamline and strengthen public transport in Athens.

Dear delegates,

We aim to increase urban mobility...

...in the greenest possible way; building on synergies with NGOs, like WWF, to promote sustainable public transport.

At this point, please, allow me to extend an invitation to all of you:

At any time you may like, we would be delighted to welcome you to Athens.

To welcome you to Transport for Athens.

Thank you very much.



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