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Diesel prices now a burning issue for tour operators

by [Sandra Lowe Sanchez](#)

June Bratcher, CEO of Daisy Tours & Conventions Inc., is worried about this summer's heat. Over the last 27 years, summertime conventions have helped build her charter bus and convention planning company to a 20-bus fleet.

Those summers might have been hot, but this year's heat could make business quite a bit stickier. These buses run on diesel, and the mileage is worse than any car gets. With prices over \$4 a gallon, tour operator and charter bus operators like Bratcher are looking for ways to conserve.

No longer does she let her drivers take time to cool the buses off before they leave to pick up guests. And she's not alone. Tour bus operators say they are doing what they can to increase efficiency. No more idling buses and no jack rabbit starts. Buses might even get washed to cool them off.

For her part, Bratcher says so far there've been no complaints, but the temperature's about to rise as fast as fuel prices have been skyrocketing. "When we get up to 100 degrees, it's going to be a problem," she says.

Welcome to the tour bus business, where with 39,000 vehicles that burn 4 to 8 mpg of diesel fuel, operators are feeling the pinch of rising fuel prices multifold. Everyday issues of getting a group from point A to point B have been joined by issues of how to conserve fuel prices, shopping suppliers for lower costs and whether or not to pass on the rising prices to consumers.

Bottom line: Operators are worried. "The only thing we can do is pass it (higher fuel cost) on to the consumer, and we can't do it every day," says Bratcher.

Operators like Daisy Tours are now including clauses in their bids and contracts that allow for a surcharge should fuel prices rise from the time the contract was signed until it was executed.

Victor Parra, president of the United Motorcoach Association, says his organization's 900 company members are feeling the pinch; and the organization has suggested a fuel surcharge. "We can't operate at a loss," he says.

Bratcher says so far, customers understand the surcharge. "The public has really been nice about it because they go to pump, too," she says.

But Bratcher says Daisy Tours is trying to do what it can to keep costs down. She's found another supplier who charges five cents less per gallon. With a fuel bill of \$20,000-\$25,000 a week, every bit helps. With the price of diesel up over \$4 a gallon, "you have to shop around."

Like others in the business, she welcomes any summer tax relief being discussed in Washington, D.C. And she's glad she's purchased 15 of the company's buses new, and is, therefore, getting better gas mileage. For a 55-passenger vehicle, 2 mpg can result in meaningful savings. And motor coaches manufactured in 2007 and beyond must meet more stringent emissions standards in accordance with the U.S. Environmental Protection Agency.

Russell Tootle, president of Regent Coach Line Ltd., says he hasn't added fuel surcharges, but admits he has priced business with inflation in mind. What may cost him more in expenses has been compensated for by a busier time due to the heavy event schedule this past spring.

In fact, business was so good that he purchased six new buses to add to his 17-bus line. The new Prevost 57-passenger buses not only get up to 6.6 mpg, they are also equipped with leather seats and DVD players. "It's what the customers wanted," he says.

Tootle hopes the new buses will be popular among tourists who are encouraged to park their vehicles because gas prices are so high and take a bus tour instead. And he's getting some help in promoting that idea from the industry.

Eron Shosteck, spokesman for the American Bus Association, says high fuel prices are not only presenting challenges for tour and charter bus operators, they are presenting opportunities.

"High fuel costs obviously increase overhead for motorcoach operators, but the flip side is that high gasoline prices have more people looking at alternatives to driving," he says. "Many of our member operators are telling us that they have seen slight upticks to outright surges in new ridership because of gasoline prices. Coupled with white-knuckled gridlock and widespread consumer interest in reducing their carbon footprints, we like to see the fuel tank as half full rather than half empty."

Shosteck contends that taking a tour bus is the greener way to travel. Buses get more passenger miles per gallon and motorcoaches produce less carbon dioxide emissions than any other travel option.

"And new diesel engines are 90 percent cleaner than they were two decades ago, and so environmentally friendly that they pass the white handkerchief test: if you hold a white hanky over the tailpipe of a 2007 or later model of a motorcoach, and the engine is gunning, you will see no smoke," he says. "The hanky will retain no odor and will not change color one shade, remaining totally white, because today's diesel engines run so cleanly."

Though industry group leaders hope for the best, they can't deny the impact high fuel prices are having on the members. Parra says his members' biggest fears going forward revolve around continual price hikes, their impact not only on their own operations but their customers' pocketbooks. "Our business is built around discretionary spending," he says. "I don't think anybody anticipated this run up now."

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