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**The Outlook For The Motorcoach Industry In 2009**  
*Current Performance, Evolving Trends & A Look At The Upcoming Year*

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With the economy beset with uncertainty, Americans staying closer to home or not planning leisure travel at all, and high fuel prices, motorcoach travel is coming off a historic year of growth, the pace of which is only expected to continue building momentum in 2009.

How can the Over-The-Road-Bus (OTRB) industry make such a bold declaration in the face of what many in the tour and travel industry see as a formidable set of challenges aligned against it?

Simple: those challenges are also opportunities. In the bus business, we see the fuel tank not as half-empty, but as half-full.

Even as those challenges create potential obstacles to growth for bus travel, we see a confluence of events that create an opportunity for nearly every segment of our industry, and increased passenger trips to show we have reason to be guardedly optimistic.

Fuel prices are up, with both gasoline and diesel fuel hitting records in the summer of 2008. But the \$4 per gallon pain threshold for drivers created an opportunity for different transportation modes to offer alternatives. A recent study by the Travel Industry Association showed that 41 million Americans chose not to take airline flights over a recent 12-month period simply because of expected hassles associated with flying. And nightmare gridlock in many highly trafficked corridors, particularly in the Northeast and on the West Coast, created an opportunity for motorcoaches.

We had an unprecedented (and panoramic) window of opportunity to present the modern, luxurious motorcoach as an antidote to travel annoyances. And we did. Consumers in many segments of our member companies' travel offerings took us up on the invitation to try out a bus for the first time in a long time. And while others saw a downturn, we told consumers they were not without choices, they were not powerless when it comes to travel, and that they should give us a try.

The result was a surge in motorcoach ridership, particularly among the scheduled service carriers (the intercity routes, such as Boston to New York, or Washington to New York), among independent bus operators offering commuter service to help handle the rising demand for daily transportation to and from work, and even among charter & tour operators who adapted to the changing leisure travel market.

ABA, through its Foundation research arm, is about to release an updated report of its annual study, “Impacts of the Motorcoach Industry on Society and the Economy,” which is likely to suggest an upward trend in bus travel. Although the numbers are not finalized, we anticipate that after the researchers have completed their review and verification protocols, we’ll see a double-digit percentage increase in bus passenger trips. Independent bus operators already provide 631 million passenger trips each year, more than the airlines in some years, and more people go by bus in two weeks than by Amtrak in an entire year. The new study is likely to show 700 million bus passenger trips in 2007.

Not to take anything away from our intermodal partners in the rail and air sectors – we would never presume to compete with the airlines, for instance, in coast-to-coast trips from New York to Los Angeles. But in that 200-400 mile “sweet spot,” motorcoaches are competitive on time, cost, convenience, and now even passenger amenities. We are an increasingly popular choice, with no middle seats, and no charge to check your baggage.

In the charter and tour segment, offered by 96 percent of ABA operators, many are experiencing the effects of the downturn in discretionary leisure travel spending. Yet they are also finding new ways to attract customers. International tourists to the United States, for example, provide a growing market segment for charter & tour operators. The weak dollar overseas means more people might be taking that trip to the United States they have put off for years, and they come from cultures, particularly in Europe and Asia, where taking the bus is top-of-mind when traveling in general.

As more Americans travel closer to home for vacations, the possibilities for tour and sightseeing operators is even more robust. Can’t afford that Paris vacation? Take the motorcoach to Quebec City instead for an authentic French vacation. Economic circumstances keeping Americans from outbound foreign travel present enormous opportunities for U.S. coach operators who can invite travelers to see more of what America’s got in store right in our own backyard – from the Liberty Bell, to Mt. Rushmore, to the Grand Canyon, to the Statue of Liberty and many other icons of this great country – the motorcoach is the perfect means to save the family vacation and see, rather than fly over, the rich landscape of the United States.

For commuters who are finally getting out of their cars because of congestion and high gas prices, many of our commuter operators are ready to meet their needs with suburban and exurban park & ride facilities. Commuters not only save money and reduce stress, but enjoy an intangible quality-of-life benefit as well. Why sit with your hands gripped on the steering wheel during the daily commute when you can take the coach and enjoy bagels and coffee, read the newspaper, sleep or use WiFi?

Naturally, one would expect such a positive portrayal from the head of ABA. And naturally, you'd be skeptical about figures from research produced on our behalf.

So instead of *our* numbers showing transportation has changed, and consumers are changing to buses, let's see what academia is saying.

In January of 2008, DePaul University Professor Joseph P. Schweiterman, PhD, released a study entitled, "The Return Of The Intercity Bus: The Decline and Revival of Scheduled Service to American Cities, 1960-2007." In that research report, Dr. Schwieterman wrote that motorcoach travel "was enjoying a significant rebirth and was expanding throughout the country at the fastest rate in more than 40 years." He continues, "Our research shows that this growth is being driven by improvements in service and strong consumer demand." His conclusion? "As a result, more growth will likely occur in the years ahead."

The study cites several reasons for the positive outlook: "The industry is engaged in more aggressive marketing than in previous years and reaping the benefits of persistently high fuel costs." Additionally, the industry is capitalizing on its strategic communications "campaign to build awareness that it is an environmentally friendly ('green') travel choice."

The reasons for the recent growth, and the motorcoach industry's positive outlook for 2009, are numerous. We get customers there on time, in luxurious comfort, and as the greenest way to travel. And we're still the safest, most convenient, most affordable, and most cost-effective way to move people from point A to point B. Coupled with the variables affecting travel choices among the public, we're looking at the ideal business opportunity for growth.

Part of the reason for the double-digit percentage jump in ridership is that a new generation of non-traditional bus riders in their 20s is not wedded to personal autos. They view "traveling green" on the bus as the coolest thing they can do to earn praise among their peers. Of course, I-Pod hook-ups, flat-screen DVDs, reclining upholstered seats, personal climate control and other amenities all help, but reducing their carbon footprint is the key selling point for young professionals.

We are part of the transportation solution. We mitigate congestion by taking cars off the roads. We reduce energy consumption and slash carbon dioxide emissions. We offer mobility to 14.4 million rural Americans who would otherwise be without access to transportation services because they live far from rail hubs and airports. And, most important in these times of environmental consciousness, we are the greenest way to go.

All of these developments in the transportation world point to an even greater opportunity for increased bus travel in 2009. We are pleased to be integral parts of America's 21st-century transportation demands, and our outlook is optimistic for the coming years ahead.