Disrupt or be disrupted:

FLIXable travels for everyone
Once upon a time...

Train as main alternative for
• Medium and long distance
• Convenient
• Fast
• Sustainable travel to get around Germany!

“Deutsche Bahn” a monopoly

Flixbus as disruptor of the travel industry

What is Flixbus?
What is Flixbus?

Long distance bus travels

Good infrastructure all over Europe

Good price value
A trip from Stuttgart to Kaiserslautern

<table>
<thead>
<tr>
<th></th>
<th>Flixbus</th>
<th>Deutsche Bahn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>10 Euro</td>
<td>20.50 Euro</td>
</tr>
<tr>
<td>Time</td>
<td>3 hours</td>
<td>2.25 hours</td>
</tr>
<tr>
<td>Pricing</td>
<td>Fixed</td>
<td>Dynamic</td>
</tr>
</tbody>
</table>
Which effects derived from Flixbus disruption?

The monopoly position of Deutsche Bahn has been seriously attacked

Ongoing decrease in numbers of passengers

High losses in the first and following years

What enabled this disruption?
Market segments were not obtained for years

- X Deutsche Bahn
- X flight (high cost)
- X car
- X flight (low cost)
Market segments were not obtained for years.

- Flixbus
- Deutsche Bahn (flight: high cost)
- Car (flight: low cost)
Market segments were not obtained for years

Targeting cost-sensitive customer segments

- Flixbus
- Deutsche Bahn
  - flight (high cost)
- car
  - flight (low cost)
Cost sensitivity becomes increasingly important

Increasing number of cost-sensitive customer segments which did not have alternatives before!

- Seniors with low pension income
- Young people without cars
- Travel activities
How did Deutsche Bahn react?

5 years: no reaction

Own long distance buses

Flixbus acquires long distance buses of DB

DB introduces adapted train pricing system

!Pricing system is still more expensive!
Criticism on Deutsche Bahn’s reaction

- Relied too much on monopoly position
- They did not react to economical and social changes
- Inflexibility and lack of open-minded decision making

Would there have been feasible alternatives?
Alternatives: Going into bus travelling business

1. Acquisition of Flixbus
2. Establish own bus travelling service
Alternatives: Focus on train travelling

1. Further increase core value

2. Increased cost efficiency to offer adapted train pricing system
# Evaluation of these alternatives

<table>
<thead>
<tr>
<th>Costs</th>
<th>Customer acceptance</th>
<th>Satisfying cost sensitive customer</th>
<th>Revenue</th>
</tr>
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<tbody>
<tr>
<td>Acquisition of Flixbus</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Establishing own bus traveling service</td>
<td>-</td>
<td>0</td>
<td>+</td>
</tr>
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<td>Further increase core value</td>
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We are looking forward to discuss on this topic!

Technische Universitaet Kaiserslautern
Leonie | Max | Prashhanth | Julian