

Interspecific Competition

Other transport carriers (air and road transport, mainly intercity bus services) constitute JSC FPC's competition on the long-distance transport services market.

In 2013, the share of rail transport in domestic transport traffic fell by 3.2%, air transport increased by 3.5% and road transport fell by 0.3%.

The share of rail transport in 2013 in both domestic and international transport traffic fell by 4.3%, the share of road transport (buses) dropped by 0.4%, and the share of air transport increased by 4.7%.

The airline companies' main competitive advantages consist of speed, and therefore, passenger delivery time; as well as the airline companies' lack of price regulation and greater price, commercial and marketing flexibility. However, rail transport services have a number of competitive advantages on routes of up to 1,000 km: safety and comfort, affordable prices and a convenient timetable. The competitive advantages of rail transport are also retained on other longer routes (Moscow — Novorossiysk, Moscow — Sochi, Moscow — Rostov-on-Don, Moscow — Mineralnye Vody, amongst others).

The state is implementing a comprehensive range of measures to support air transport services: from funding the development of the air transport infrastructure and a fleet of aircraft for regional and local air transport services, to directly subsidising regional and long-haul routes in the Volga, North-Western, Siberian, the Urals and Far-Eastern federal districts. The significant reduction in the price gap between the cost of an air and rail fare, has prompted a cross-flow in passengers from rail to air transport services on several of the major passenger routes, such as Moscow — St. Petersburg, Moscow — Kazan, Moscow — Samara, Moscow — Saratov and Moscow — Perm.

Competition from international bus services is also just as significant for rail passenger services, especially for distances of up to 400km. The competitive advantages of bus carriers include their capacity to provide services that are comparable in cost and to organise a route network that reflects consumer preferences and demand.

Based on the development trends for public transport services in Russia and abroad, rail transport on the long-distance passenger transport services market will be under increasing pressure from airline services and road transport for the foreseeable future. There is a risk of forfeiting the market share for long-distance passenger transport services.

Train acceleration, the introduction of dynamic pricing technology and the design of new customer-focused product offers will promote and enhance the competitive advantages of rail transport services on the routes and overcome the consequences of the sector's aggressive pricing policy from its competitors.

JSC FPC Interspecific Competitive Advantages

A high level of transport safety

High carrying capacity

Universal and regular (all-weather) services

Fares affordable for a large section of the public

Greater level of comfort

Structure of the passenger transport services, %

