

HIGH SPEED France

Yes *oui* can



Photo: SNCF

Building on the success of Ouigo, its low-cost TGV service launched in 2013, SNCF is embarking on a major revamp of its high speed business, which from 2020 will be centred on just two brands: Ouigo and Inoui. **Rachel Picard**, Managing Director of Voyages SNCF, explains the strategy to **Nick Kingsley**.

TGV: three letters that symbolise a national champion. But the fiery orange train that ushered in the high speed age in Europe in 1981 is but a memory (RG 9.81 p715), and in recent times railway managers, policymakers, passengers and pundits alike have begun to reflect on the future of the TGV in a rapidly changing travel landscape.

'Demand for mobility is rising, but the high speed rail market is not keeping pace with it', explains Rachel Picard, Managing Director of SNCF-Voyages, the national operator's passenger business. Price sensitivity, in particular, is reshaping the business model, and SNCF's flagship faces a changing competitive dynamic which includes newcomers such as the high-profile ride-sharing app BlaBlaCar (RG 3.15 p34). Under the so-called *Loi Macron* reforms of August 2015, the market for long-distance bus and coach services has been liberalised, overturning legislative protection for the railway that had been in place since the 1930s (RG 11.15 p62). And, as

Picard recognises, from 2020 SNCF faces the prospect of on-rail competition in the domestic passenger sector as EU policy measures finally open up the French network.

Meanwhile, the TGV is facing stiffening headwinds at what Picard terms 'the production level', notably from



Freshly-branded with the Inoui logo, new TGV L'Océan set 860 stands at Paris Montparnasse during the launch on May 29.

Front cover of our special feature marking the launch of TGV services in September 1981.

increasing access charges levied by infrastructure manager SNCF Réseau. While still healthily profitable, the high speed business is no longer the cash cow it once was, and the need for revenues to fund infrastructure improvements on the legacy network is becoming more pressing (RG 3.17 p28).

Inoui joins Ouigo

With clouds gathering on the horizon, SNCF has opted for revamp — and it is already making waves. By 2020, domestic travellers opting for high speed rail will be faced with two SNCF brands, Ouigo and Inoui. The former is already a known quantity, having been launched in 2013 as an ultra low-cost take on the TGV. Inoui, on the other hand, is a new name, formally introduced by SNCF President Guillaume Pepy at Paris-Montparnasse on May 29, following a weekend of social media chatter addressing the possible demise of the famous TGV brand.

Picard is more sanguine. 'With Ouigo, while the service proposition is focused on appealing to those with a tight budget, passengers know that the TGV heritage is behind it, with a commitment to safety, speed and reliability.' The same would apply to Inoui, she says, as the brand gradually spreads across the network to encompass the rest of the non-Ouigo routes. This process will occur as a series of quality 'gateways' are achieved route by route, Picard explains. These are:

- the use of new or newly refurbished TGV trainsets;
- the roll-out of onboard wi-fi and enhanced digital services;
- the introduction of station gatelines for ticket checks and a consequent release of onboard staff to provide enhanced customer service.

At a strategic level, the objective is to bring clarity to the proposition offered by the TGV. 'Since 2013, we have learnt from Ouigo that you can succeed provided that you have a very clear agreement with the customer', Picard explains. 'Ouigo passengers know for example that they will get extremely fast low-cost travel, but there will be limited amenities and extra charges for luggage and so on.'

The same clarity of service does not apply to the wider TGV network, she believes. Rolling stock design, onboard service and digital provision all vary across the different service groups, while a similar plethora of options exist in terms of ticketing options and distribution channels. For this reason, SNCF has already begun to phase out its iDTGV brand, which had offered budget travel on existing TGV services (RG 4.17 p10).

France HIGH SPEED



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RACHEL PICARD
MANAGING DIRECTOR, VOYAGES SNCF

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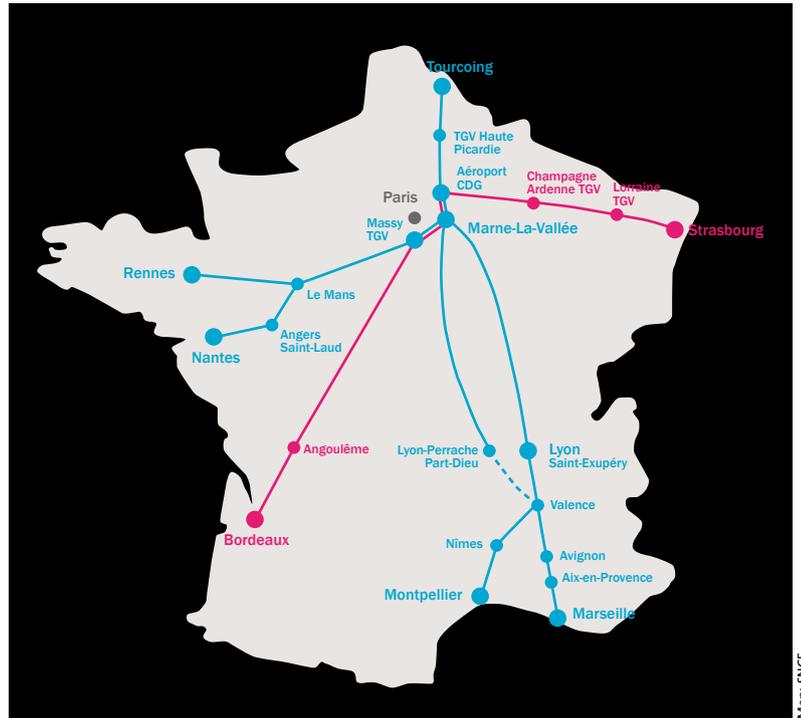
We grow

By 2020, Picard says that SNCF expects 25% of its domestic high speed passengers to travel on a Ouigo low-cost TGV, compared to 5% at the end of 2016. But because of the 90% load factors typically achieved by Ouigo on its existing routes linking the outskirts of Paris with 21 cities across the country, only 17% of TGV services operating in 2020 will be Ouigo formations. Nevertheless, this will necessitate an expansion of the modified double-deck fleet from eight to 34 trains. Some 69 out-and-back journeys are to be provided each day, compared to 15 at the end of 2016, with a target ridership volume of 26 million.

Six of the 21 destinations served by Ouigo are due to join the network on July 2, when the eye-catching pink and blue trains begin running over LGV Est between Paris and Strasbourg and LGV Sud Europe Atlantique to Bordeaux. By

Six more destinations on two routes are being added to the Ouigo network with effect from July 2.

Intensive diagramming of the Ouigo fleet has yielded cost and maintenance benefits.



Map: SNCF

2020, some 30 destinations are to be offered, and Picard confirms that Ouigo trains will start to serve some of the principal Paris termini alongside the out-of-town stations currently used to keep costs down.

‘This is another reason to clarify the distinction between the two TGV offers’, she adds. ‘If Ouigo starts to serve the same hubs as existing TGVs, passengers must be clearer on the distinction between them. The Inoui service commitments are key to ensuring that

clarity.’

Ouigo has become ‘established and mature’ in a short time according to Picard, and she reports that the low-cost model has already shown that it can be a power primer for rail. Half of Ouigo passengers would not have travelled by rail had the low-cost option not been available, according to SNCF. Looking ahead, Picard says that in order to achieve the growth objectives for Ouigo ‘we will have to run to and from central Paris, and we will



Photo: Christophe Masse

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have to make it a genuinely nationwide offering.' But she stresses that Ouigo will not replicate the legacy TGV approach of running over the conventional network for long distances. Instead, improved ticketing options are to be introduced to bring passengers to and from their Ouigo train; SNCF specifically cites through booking with TER regional services, but also with other modes including buses, taxis and ride-sharing, all of which are offered under the SNCF umbrella.

Another area of focus is station amenities. Given its restrictions on bringing luggage onboard, Ouigo requires passengers to arrive for check-in 20 min ahead of departure, but as many are new to high speed rail travel, they tend to arrive far earlier, Picard explains. 'Our stations are generally not designed for that situation', she adds, 'so we are exploring how we could make more use of that dead time, perhaps by rethinking the location of shops, for example.'

Picard explains that restricting the Ouigo trainsets to dedicated high speed infrastructure is a key element of the business model, enabling a significant increase in mileage per train and the specific targeting of high-volume flows. 'You cannot achieve 800 000 km per train per year unless you spend a lot of time running at high speed.' Picard offers a nod to Japanese high speed practice, noting that restricting Ouigo to dedicated infrastructure limits the risk of delay and disruption being imported from the conventional network. Each Ouigo train is formed of a pair of Duplex trainsets, which provide 25% more seats than an equivalent TGV formation, meaning that linking key hubs is essential to maximise load factors, Picard says.



Photo: Christophe Maese

Asked if the Ouigo concept could be adapted for long-distance services on the conventional network, Picard said that SNCF had 'no plans in the near future'. But it is open to reviewing the option once the government-backed programme to modernise the *Trains d'Equilibre du Territoire* has been completed (RG 9.16 p36).

Behind the scenes

Equally vital to the Ouigo story is the maintenance and delivery strategy that has dramatically increased the utilisation of the eight Duplex sets compared to the rest of the TGV fleet. Currently, the eight trains are cycled through the

The Inoui brand will be adopted more widely as new and refurbished TGV sets are brought into use.

TGV Technicentre in Lyon, and all work is undertaken overnight to ensure that diagrams can be maximised during the day. Tight turnarounds of around 20 min at terminal stations are also essential, so there is little time for in-service running repairs, Picard adds.

Nevertheless, she reports that, measured on a cost per seat basis, maintenance costs for Ouigo trains are now 50% less than those for a conventional TGV set. This is driven partly by a work plan that focuses on preventive maintenance. As Ouigo expands, maintenance activities will be shared with Châtillon and Le Landy depots near Paris. Picard has just launched a six-month 'GV2020' programme to examine how lessons learned from maintaining the Ouigo fleet could be adopted more widely across the TGV operation, with a view to achieving a 30% reduction in maintenance costs by 2020.

'It is essential that we start to realise these maintenance savings across the high speed business, because this is the means by which we release funding to invest in services for passengers and holding down fares', Picard explains. However, she says that there are no plans to involve TGV supplier Alstom in day-to-day maintenance. Meanwhile, SNCF will continue to work with the manufacturer 'in a partnership model now permitted under EU law' to develop a next-generation TGV, with a target of reducing the upfront procurement cost by 20% (RG 10.16 p26). 'The TGVs we buy in future will be cheaper to purchase, and cheaper to maintain', she predicts. ■

2016

15 journeys
14 destinations

2020

69 journeys
30 destinations

25
%

MORE SEATS ARE AVAILABLE ON A OUIGO TRAIN THAN ON AN EQUIVALENT TGV FORMATION