ESTIMATING THE DEMAND FOR PACKAGED TRAVEL FOR A PROPOSED HIGH-SPEED SURFACE TRANSPORT SYSTEM USING STATED RESPONSE METHODS

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A proposal has been advanced to introduce a high speed train service, popularly known as the Very Fast Train (VFT), between Australia’s two most populous cities, Sydney and Melbourne via the nation’s capital, Canberra. Its promoter, the VFT Joint Venture, has undertaken a considerable amount of research to estimate its potential earnings. To date, the focus has been on the impact of travel times and fares which are regarded as being very competitive with air travel. Although the estimates of diverted and induced traffic include non-business travel that would result if fares were discounted, it is possible that other marketing strategies would result in additional revenue. This paper describes an approach being taken to estimate the potential of VFT travel packages aimed at the leisure market.

The role of packaging in developing travel markets in a general sense is examined and then the focus turns to the extent and nature of packaging travel for domestic travel within Australia. The role of the travel industry in the most heavily trafficked corridor in Australia is a limited one at the present time, and there is at least a possibility that the VFT, treated as a tourism product, could create commercial opportunities for this sector. From the VFT’s point of view, the strategy of packaging, known more generally as bundling, needs to be evaluated against strategies of selling the VFT only to independent travellers at a discounted price. This requires specific information about the demand for the VFT on its own versus the demand for the VFT as part of a package.

The paper examines ways in which the demand for packaged travel can be modelled, and finds evidence that supports the use of behavioural choice models. Also, the VFT, especially in packaged form, is a new travel mode and there are no published data which would support the choice modelling so that there is considerable appeal in employing stated response methods. However, the choice set to be considered in this context is potentially a very large and intractable one. The paper describes an approach which is currently being tested which would make appropriate simplifications and which builds upon previous market studies for the VFT. The approach shows how a two-stage process can be used to generate a manageable choice set of travel packages to be used in face-to-face interview situations. The paper concludes by discussing the next steps in the modelling exercise.