



Up until 1987, Ireland's public transport services were provided by Córas Iompair Éireann (CIE), the State sponsored transport company. In February 1987, Bus Éireann was established as one of the three public transport companies alongside Bus Átha Cliath and Iarnród Éireann, under the umbrella of the CIE Holding Company.

Bus Éireann is a subsidiary of CIE Holding Company. Although Bus Éireann operates independently, it is ultimately responsible to the Department of Public Enterprise via CIE.

Prior to the launch of Bus Éireann in 1987, there was a very negative perception of the national bus service. The transport service was very much the servant of the railways. The business was in decline. Private bus companies were beginning to eat into its market share and change was needed. This study will examine the way Bus Éireann set about finding out what the travelling public expected from the national road transport network and how they responded to these needs with a new improved road transport service.

### Unique Selling Point (USP)

In order to be competitive a firm must have a unique selling point that makes it different from competitors. In Bus Éireann's case it is its size and its ability to provide comfort and security.

*Travellers know that they will get there. They know Bus Éireann is big enough to deal with any breakdowns and they know the company will not go out of business. Passengers know that the coaches and drivers are fully insured and they are safe in the hands of Bus Éireann.*

These USPs give Bus Éireann a competitive advantage over private bus operators.

### Marketing

Marketing is the process of identifying, anticipating and satisfying the needs of customers profitably. It involves much more than selling. The marketing team in Bus Éireann is responsible for printing (timetables, etc), advertising, tourism promotions, merchandising and sponsorship

as well as developing a marketing strategy. A marketing strategy sets out the steps to achieve sales objectives. It involves three stages:

- identifying and analysing the target market
- carrying out market research
- deciding on the marketing mix.

### Target Markets

It is very rare that all customers in a market have the same priorities in their product selection. To meet differing needs it is necessary to divide the market into different segments. This is known as market segmentation. The market can be divided up on the basis of age, gender, and location.



Service with a smile from one of Bus Éireann's friendly professional coach drivers.

Bus Éireann identified two key market segments based on age profile, the 18 – 25 and 25+ age groups. The 18 – 25 market may be students or young workers without their own transport. This group is very price conscious. A decision was made to target the under 25 group as the primary market because it offered the greatest potential.

The research found that 50% of customers were under 25 and very little was being done for them. The company set about changing all that. If Bus Éireann wanted the under 25 market to travel on their coaches, the fares had to be priced accordingly. A good service had to be provided at the right price.

The 25+ age group are more concerned with convenience, reliability and comfort. This group includes older workers, holidaymakers and people travelling in rural areas. To meet their needs the company had to ensure that there were no gaps in the network. New routes were added, the bus fleets expanded and a staff training and development programme was put in place.

### Marketing in Action The Student Market

**Market:** This is a very important market for Bus Éireann. The potential market consists of all students between the ages of 18-25.

**Location:** Students are located across the country but are concentrated in cities and major urban areas.

**Message:** Students are very sensitive to price therefore marketing links the idea of "value for money" with Bus Éireann.

**Promotion:** To reach the target audience a wide variety of different methods are used which include:

- advertising in the national and regional print and broadcast media
- college radio
- inserting the timetable into student handbooks
- competitions for students to have the chance to win a Bus Éireann party bus to take them and friends on a night out
- a door drop of timetables in student residences around the country
- the 2FM Roadcaster visiting campus locations in a 'making your money go further' themed roadshow.

Having identified their target markets, Bus Éireann had to create an image to gain market share. The advantage it had was that it was starting out from scratch. From the beginning it wanted to develop the image of a vibrant company that was going places, hence the corporate logo of a running red setter.

Bus Éireann caught the country's imagination with the highly successful "go anywhere for a £5 fare" launched on The Late Late Show

on RTE in March 1987. This created an awareness of the existence of the new company and its progressive ideas. The publicity ensured that Bus Éireann was seen as a separate entity with a huge range of travel opportunities available to it.

### Market Research

Market Research can be defined as the collecting, recording and analysing of data to identify and satisfy customer demands. Research was carried out using surveys and questionnaires to discover why travellers used a particular service. The company went to meet its customers and asked them as individuals and groups what they wanted. The responses indicated that consumers were concerned with:

- convenience
- proximity to final destination
- timing
- speed
- value for money.

This information was used by the company as a basis for determining marketing policy and establishing the marketing mix.



Dublin's Busáras offers bright and comfortable facilities for waiting passengers.

Anywhere  
I want  
to go



A modern air conditioned Bus Éireann coach on the Galway/London route, which is part of the Eurolines network of international coach services serving hundreds of destinations throughout Europe.

## Marketing Mix

The marketing mix consists of the different elements used by a company to achieve its marketing goals. These are known as the 4Ps: Product, Price, Promotion and Place.

### Product

This is the product or service provided. The Expressway service is the main moneymaker for Bus Éireann. One of the first tasks was to establish a proper Expressway inter-urban service that did not stop at every bus stop along the way. It had to be fast comfortable, reliable and the price had to be right.

With Expressway it is not necessary to book in advance. If the coach cannot carry everyone another one is put into service. It is company policy that no one is left behind.

### Price

This is the price charged for a company's product or service. The bus travel industry is highly competitive and price sensitive. One of the problems facing Bus Éireann was the public perception that it was more expensive than private bus operators. While consumer research showed that the Expressway brand was highly rated for some attributes, which included reliability and technical backup, it had a poor reputation for the critically important price factor.

A number of special price promotions were introduced. The £5 fare promotion was followed by a £7 promotion and special city and provincial bus fares were introduced. A special fare structure was also brought in on new routes as well as promotional day return fares and special offers to launch new services and facilities.

By tackling the problem straight away it not only held on to existing customers but managed to establish a completely new group of customers.

### Promotion

Promotion is the method used by a firm to communicate with its target market. When Bus Éireann develops a new service in an area, company representatives go there and carry out a public relations campaign including advertising in local media. This creates public awareness locally and is backed up by advertising nationally on television and in newspapers.

### Place

To generate sales it is necessary to have the right product, in the right place, at the right time. Research indicated that there were people out there waiting to travel with Bus Éireann if it provided good value and efficient service in the right location.



The distinctive red-and-white coaches of the Bus Éireann fleet are a familiar sight on the roads of Ireland.



## Services Provided

Bus Éireann is a big operation which employs 2500 people at 15 depots around the country. The company offers services to almost everyone and aims to serve the entire community. The services provided include:

- high-speed hourly Expressway services to and from major cities and towns
- rural bus service from village to town or village to village
- schools transport system on behalf of the Department of Education
- tours within Ireland
- Eurolines service to the U.K and continental Europe to 1500 destinations
- daily commuter services to and from Dublin and other cities.

### Expressway service

This is a fast service, which travels directly between the major towns and cities in the republic. It is highly profitable and has a high frequency on many routes. It is particularly popular among young people commuting to and from Dublin at weekends. It is also used in the summer by a large number of tourists to visit different parts of the country. Over five million people use Expressway buses every year.

### Rural Bus Service

A network of bus services is provided, linking up many towns and villages in rural areas. Unlike private bus operators, Bus Éireann provides services on some routes which may not be profitable. It receives a subvention (subsidy) from the government each year for doing so. Pensioners can travel free which gives many of them mobility they would not otherwise have. The service provides freedom of movement for other people in the countryside without their own means of transport. About 12 million passengers use the rural bus network each year.

### School Transport

Bus Éireann organises the school bus scheme on behalf of the Department of Education. The company uses its own buses as well as contracting out work to private operators who also profit from the scheme.

The school bus scheme carries 165,000 children to primary and secondary schools all over the State, and earns the company £37 million a year.

### Tours

For the holidaymaker, Bus Éireann offers services to the UK with connection onwards to Continental Europe as part of their Eurolines services. CIE Tours International provides coach tour programmes abroad as well as a choice of other tour products to cater for car tours, cabin cruising, golfing trips and self-catering holidays. The specialist conference department is geared to the needs of international business. Bus Éireann provide the coaches for CIE Tours International.

### Commuter Services

Due to the rise in house prices and traffic congestion more people are choosing to live outside Dublin while travelling into work each day. Bus Éireann provides regular commuter services from towns as far away as Dundalk and Carlow. Hundreds of thousands of people use these services each day. Similar services are operated in the hinterland of Cork and Limerick.

### City Bus Services

These are provided in Cork, Waterford, Limerick and Galway. They operate from early morning to late at night seven days a week and 20 million journeys are made each year.

## The Current Position

Customers have been given what they want. Fares are competitive and there are extensive services throughout the country. More people now travel with Bus Éireann than with their competitors.

The company aims to provide a quality service at the right times, with the right fares on the best possible vehicles.

On some Expressway routes it has now reached the stage where there are up to thirteen services each way everyday. Passenger numbers have increased by 15% each year and continue to do so. The company is unique among bus operators in the range and extent of bus services provided.

Bus Éireann is very much involved with young people. They sponsor the *MS Readathon*, *Young Munster Rugby Team* and many other events.

Students, back-packers and young visitors to this country use the service all the time. They find it cheap and it also makes it easy for them to access various routes and visit different destinations.

Staff throughout the company have taken part in training and development courses. These courses have the purpose of developing a commitment to customer care and increasing the level of professionalism in particular job situations.

Prices have come down since 1987, improvements have been made in every aspect of the business: morale, service, coaches, advertising, etc. In 1987 there were 15 coaches and now there are 350. Company profits grew from IR£3.4 million in 1997 to IR£3.6 million in 1998.

Customers now view Bus Éireann as the company with the biggest fleet and resources, the best network of routes and the greatest number of departures.

No other company can make these claims. It is company policy that nobody will be left behind. Extra buses are provided if necessary. Overall these strengths mean that travelling with Bus Éireann means peace of mind.

## The Future

Bus Éireann has been successful since it began in 1987. Revenue on the profitable Expressway services has increased each year and revenue on other bus routes has risen.

However there are still many challenges to be met. The level of State support is being reduced substantially each year and is now low by international standards. Profits made from the Expressway service are used to subsidise local transport services which cannot make a profit. Using a profitable part of a business to subsidise a loss making part is known as *cross subsidisation*.

Bus Éireann has to face the challenge of competition from over 100 transport companies throughout the country. The competition is ready made and has been there from the beginning unlike the situation with Dublin Bus which does not have the challenge of other transport operators.

The service provided by Bus Éireann has improved immeasurably but so also has the service provided by competitors. However having established a solid base the company is well prepared to meet the challenges, which lie ahead. As the red setter indicates, the company is running well.

## TASKS AND ACTIVITIES

- Outline the services provided by Bus Éireann.
  - Describe briefly the factors which bus users consider important in choosing a bus service.
- Illustrate the elements of a marketing mix.
  - Explain why market research is important to Bus Éireann.
- Demonstrate the stages involved in a marketing strategy.
  - Distinguish between market research and marketing.
- Explain the term "unique selling point".
  - Analyse the competitive advantages that Bus Éireann has over private bus operators.
- Identify the problems facing Bus Éireann when it was set up in 1987.
  - Evaluate how these problems were tackled.

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