

## HKX proves open-access can exist in Germany

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Written by David Briginshaw

**HKX is the only private open-access long-distance operator in Germany. David Briginshaw reports on its progress since services were launched on the Hamburg - Cologne corridor in July 2012.**

HAMBURG Köln Express (HKX) was set up in October 2009 by Railroad Development Corporation (RDC), United States, and a private investor to compete head-to-head with German Rail's (DB) hourly-interval inter-city service on the Cologne - Düsseldorf - Essen - Münster - Hamburg corridor with up to three round trips per day.

Germany is Europe's largest transport market and the corridor chosen by HKX to launch its first service has three distinct population clusters: Cologne-Düsseldorf with 5 million inhabitants, the Ruhr area with 8 million, and Hamburg with a further 3 million.



"HKX is a web-based, management and sales-oriented company which outsources all non-core functions especially the carrier function," HKX's CEO Ms Eva Kreienkamp told delegates at Global Transport Forum's Smart Rail event in Amsterdam in February. "We control all sales functions through one IT system and our website has a very simple set up for bookings - we don't want anyone crashing out of the system. We sell up to 94% of our tickets online."

HKX also operates a yield management system which Kreienkamp says enables it to actively influence travel behaviour and pricing. Single fares for a trip from Hamburg to Cologne range from €18 to €36, with the exact fare depending on the expected load, distance travelled and time of booking. However, Kreienkamp says passengers would be willing to pay more if HKX offered such things as newer trains, power sockets, and WiFi. "We have one class, no frills and we are working on cost efficiency," says Kreienkamp. "Our load factor is above 60% and our punctuality is within the average passenger railway range, at above 80% within 5 minutes of schedule."

Up to February, over 600,000 people have travelled on more than 2800 HKX trains since the service was launched on July 23 2012.

HKX's passengers fall into two distinct age brackets: 18 - 28 and older than 45. "Our customers are predominately young people who are building their travel habits," Kreienkamp says. "They are digital natives; they buy online, they use social networks and use their smart phones and apps to organise their lives. Potential HKX travellers are receptive to internet-based promotion, and our young demographic positions us well for future growth."

## Traditional service

HKX operates a very traditional style of service using locomotives hauling fairly elderly coaches, although it plans to introduce refurbished trains soon. "Passenger rolling stock is scarce and of course it is extremely important for the product, but the type of rolling stock is not as important to customers as one might think," Kreienkamp says. "We see that every day with our very diverse fleet. Safety is important, but so is cleanliness, especially the toilets. There is a trade off between cost and the type of service provided."

HKX strongly believes in good customer service and regards its staff as the face to the customer.

"We want our staff to treat the customers well," Kreienkamp says. "Passengers want to be cared for when there is disruption and they don't know what to do."

Launching an open-access service in Europe is not easy and Kreienkamp urges potential operators to check that non-discriminatory access to the network is available in four key areas:

- infrastructure covering track, stations and power supply
- finance covering rating and interest terms
- distribution channels comprising websites, ticket sales at stations, and through ticketing, and
- rolling stock whether new or used, and if it is available in the country where you plan to operate.

But as Kreienkamp observes: "We experienced every discriminatory practice on the list."

Kreienkamp adds that HKX has learnt three important lessons so far: "Competition and cooperation within passenger rail is key for growing the number of travellers overall," she says. "Do only what you know best yourself and then find the best partners for the rest. Treat your customers well, and then they will tell you where you can improve. We believe the combination of these three things is where innovation comes from."

Finally, Kreienkamp says HKX has demonstrated that there is a market for low-fare long-distance passenger rail services in Germany. "We are not profitable yet, but we are on a good route to get there," she says.

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