

## Title:

Has The Chinatown Bus Phenomenon Evolved?

## Word Count:

875

## Summary:

In the late 1990s when the first low-fare bus service from Chinatown in New York to Chinatown in Boston started running, few would have expected the impact it would have had on the bus industry as a whole. This was not a service that was marketed to the general public. It was supposed to appeal to a targeted group of people--recent Chinese immigrants--who needed an inexpensive way to travel between the two cities to visit family, shop, or work. The growth of this phenomenon w...

## Keywords:

chinatown bus, travel industry, bus travel, bus industry

## Article Body:

In the late 1990s when the first low-fare bus service from Chinatown in New York to Chinatown in Boston started running, few would have expected the impact it would have had on the bus industry as a whole. This was not a service that was marketed to the general public. It was supposed to appeal to a targeted group of people--recent Chinese immigrants--who needed an inexpensive way to travel between the two cities to visit family, shop, or work. The growth of this phenomenon was organic. The general public heard of the "Chinatown bus" via word of mouth. It caught on quickly and soon the market was flooded with other companies offering similar service on a variety of routes.

It would be incorrect to say that the only reason that these companies succeeded was due to price. Certainly this was the main enticement for travelers. However, it must be said that the service that the traditional bus carriers was offering was ripe for competition. In truth were the 'full service' offerings of the traditional bus companies worth a premium? Hardly. Customer service lacked on every level, bus stations did not offer a comfortable waiting area, buses were often shabby and service was plagued by delays.

Years after the advent of this first New York to Boston route, it is worth examining how it has caused the bus industry to evolve as a whole. Overall, it seems like the independent companies and the traditional carriers are meeting somewhere in the middle. Independent carriers have had to offer more amenities,

adhere to more closely to safety standards and regulations, and increase fares. At the same time, the traditional carriers have been forced to offer fiercely competitive pricing and generally tighten up their operations. Greyhound and its partners tend to offer the most competitive pricing on the popular New York-Boston and New York-DC routes. Further, these routes are the only ones for which online customers do not have to pay the hefty \$4 online booking surcharge usually imposed at Greyhound's website. They heavily promote this discounted pricing and it usually requires customers to book in advance online (purchasing tickets at the time of departure can be almost twice as expensive as via their website).

What about safety standards? This is the most contentious point of debate in the industry. There are numerous reports of safety violations and certainly anecdotal accounts of poor safety practices. However, it does not appear that the actual safety records of these companies are really worse than other bus carriers that are subject to the same federal regulations. Thanks to intense lobbying efforts, in 2004 a special task force was set up by the Federal Motor Carrier Safety Administration (FMCSA) to step up inspections of "curbside" (Chinatown) bus companies. Despite the increased inspections, the FMCSA reported that curbside carriers had about the same rate of violations as other types of carriers under her agency's authority<sup>3</sup>. This may be a sign that unsafe operators have either stopped running or have improved their level of safety.

Fortunately bus travel is generally an extremely safe mode of transportation, with an average annual fatality rate of only 22 for the past 10 years. No bus fatalities to date have involved Chinatown bus carriers. Mishaps are frequently reported for all segments of the industry--municipal buses, line run carriers, charter and tour companies<sup>1,2</sup>. No concrete research has indicated that Chinatown bus companies have a higher incidence of problems than other operators.

It is important to note that what was once a small niche of the bus industry is now a crowded segment. To lump all carriers following this low-cost model in the same group would be misguided. The quality of the service offered by the various companies varies greatly. Some are fly-by-night concerns while others have transitioned into sizable companies with many employees and fleets of buses.

Another development is that Chinese immigrants are no longer the only players in this segment of the bus industry. Several so-called "Chinatown" bus companies are owned by Hassidic Jews. In addition many charter bus companies have entered the line-run business using the same low-cost model as Chinatown bus lines.

The Chinatown bus industry has grown from a simple, one-man-operation to an established segment of the bus industry. In all likelihood the evolution of the

industry is not complete. We will probably see some regulatory changes which will effect how the Chinatown carriers run their operations. Likewise, as competition within the segment increases, the poorly run operators will most likely be forced out of the game. The traditional carriers will have to continue to offer competitive fares and will also have to find new ways compete. What is abundantly clear is that customers are more than happy to forgo many of the services offered by traditional carriers in order to save money.

1Police: Driver fatigue likely factor in fatal bus crash  
Monday, November 28, 2005; Posted: 7:15 a.m. EST (12:15 GMT)  
<http://www.cnn.com/2005/US/11/27/california.bus/>

2T bus catches fire in Everett; blaze is 4th in 5 weeks  
No riders are hurt; officials seek cause  
By Lucas Wall, Boston Globe October 6, 2005

3 Testimony of Annette Sandberg, FMCSA administrator, given before the House Committee on Transportation and Infrastructure Subcommittee on Highways, Transit and Pipelines. Washington DC, March 2, 2006