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HEADLINE: Bargain bus company riding into Bay Area next week

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BODY:

A startup bus company in the auto-loving Bay Area? Megabus.com thinks its chances are good.

The Chicago transportation company thinks it can attract middle-aged women, people ages 18 to 30 and retirees, what bus industry executives refer to as "silver surfers."

These have been the primary users of buses operated for the past 16 months by Megabus.com in 14 major cities in the Midwest. The company extends to the Bay Area beginning Wednesday.

Megabus.com anticipates that such riders will show up for the express nonstop service that will link San Francisco, Oakland and San Jose with Los Angeles. The company believes there's room for market growth in the West with an increasing number of convenience-seeking consumers and those getting aboard in the name of helping the environment.

"As more people look at ways to travel green, we anticipate that people are going to look at the motor coach option more seriously," said Eron Shosteck, vice president of the **American Bus Association**, a trade group in Washington.

Megabus.com features low-cost service every day, with tickets purchased at www.megabus.com. The company's 56-seat buses will depart San Francisco at 8:15 a.m., 3 and 11:30 p.m. The morning departure will make a stop in San Jose while the afternoon and evening buses go to Oakland before heading to Los Angeles.

A bus departing Los Angeles at 7 a.m. stops in San Jose before reaching San Francisco at 2 p.m. A bus departing Los Angeles at 2:30 p.m. stops in Oakland before getting to San Francisco at 9:30 p.m., and a third bus departs Los Angeles at 11:30 p.m., stops in Oakland and then reaches San Francisco at 6:30 a.m.

The numbers pale compared with Greyhound's 17 daily departures from San Francisco to Los Angeles. But Megabus.com is betting that consumers will be attracted to what it says will be quicker service, few stops, guaranteed seating and low cost, with \$36 the most expensive ticket.

Megabus.com not only needs no ticket agents, selling via its Web site, but it won't even use a bus terminal. It will load and unload passengers on street corners.

The Megabus.com stop in San Francisco will be at the bus shelter in front of the Caltrain station on Fourth Street between Townsend and King streets. The San Jose stop is on Cahill Street,

south of the entrance to the Diridon Caltrain station. The Oakland stop is on the south side of the service road behind the West Oakland BART station, near Mandela Parkway.

"People like the city center drop-offs. They voice satisfaction with that concept," Dale Moser, the president and chief operating officer of Megabus.com, said based on feedback from Midwestern riders.

The company is a subsidiary of Coach USA of Paramus, N.J., which operates more than 20 local scheduled bus routes, motor coach tours, charters and sightseeing tours. It in turn is a subsidiary of Stagecoach Group, based in the United Kingdom.

Megabus.com began operating in April 2006. Starting Wednesday, it adds Las Vegas, San Diego and Phoenix, as well as Los Angeles and the three Bay Area cities.

Los Angeles is the hub of the West Coast expansion. There will be no routes between the Bay Area cities, and the only routes from here go through Los Angeles.

Moser said he understands "how we feel entitlement, privilege from cars and how cars give us certain freedoms." But he noted Midwestern ridership grew from zero to 450,000 in 16 months and is climbing.

"As the price of gas went up along with tolls and then you have to pay for parking - people were getting frustrated driving to the big cities," Moser said. "They told themselves they could do it much cheaper by taking Megabus and not have the frustration."

Moser said the company has added buses for the West Coast expansion and will soon have an advertising blitz on bus shelters, on radio and in print, including bilingual and college newspapers and AARP publications.

In San Jose, Rod Diridon, executive director of the Mineta Transportation Institute at San Jose State University, questioned whether "there is enough intercity bus business to keep two aggressive corporations profitable," referring to Greyhound and Megabus.com.

"We welcome the competition. It's simply part of the business," said Anna Folmsbee, a spokeswoman for Greyhound, the nation's largest and oldest intercity bus company.

Greyhound, based in Dallas carried 19 million passengers in 2006. The company's ridership was slightly off the previous year's 20.8 million. It said it eliminated about 1,000 stops from 2004 to 2006.

The industry thinks Americans are ready to get onboard.

"The market is there," the Bus Association's Shosteck said. "One of the big reasons that motor coach travel is poised to increase is that coaches have the highest passenger-per-mile, per-gallon profile of any transportation mode."

The group figures that coaches provide 184 passenger miles of service per gallon of fuel and that carbon dioxide emissions are reduced by an average of 85 percent per passenger mile compared with people driving their cars solo.

Megabus has one more incentive to lure people out of their cars: The first four seats booked on a route go for \$1, and go up incrementally from there, to \$36.

That is known as yield management pricing, just as is used by the discount airlines, Moser noted. "That's not a promotion," he said. "There will always be \$1 seats."

Megabus stops

Megabus will use street corners rather than bus terminals for pickups and drop-offs. Its three Bay Area locations will be:

San Francisco: Bus shelter in front of the Caltrain station on Fourth Street between Townsend and King streets

San Jose: On Cahill Street, south of the entrance to the Diridon Caltrain station

Oakland: On the south side of the service road behind the West Oakland BART station, near Mandela Parkway.