

Dynamic pricing system

In December 2016, the Company's dynamic revenue management system covered 100% of the deregulated domestic segment (except for its socially important component).

The dynamic pricing system is the most flexible pricing tool ever used by FPC. It is a powerful combination of most approaches previously used as marketing promotion tools: pricing depending on seat/berth category (upper or lower berth); day of the week; booking date, etc. Unlike static marketing promotions, where the rates are set in advance for a long period of time, the dynamic pricing system offers flexible ticketing.

The dynamic pricing system applies consistent pricing principles for each destination, train and route leg.

Fare plans are in place for each destination, which take into account seasonal fluctuation, day of the week and passenger traffic. In some cases, the lowest fare for compartment carriages may be just a little higher than fares for third-class sleeping carriages.

As tickets get sold, and the departure date draws nearer, fares for the main route leg generally grow higher. At the same time, the fare at different route legs may vary disproportionately.

In case of high demand, the fare for a certain route leg may get closer to the main route leg fare. The Company may also apply the Discounted Fares Policy for the main train route to boost relevant passenger traffic. Thus, the fare for the main route may be lower than

fares for certain legs. Discounted fares may apply to low-demand routes or trains through to the departure date.

Ticket fares for each train mainly depend on the expected booking profile. In case of significant deviation from the projected parameters, fares are adjusted in a consistent manner. We increase fares when actual demand exceeds the projected level and decrease them when projected demand is low.

Customers appreciate the current Tariff Policy. According to surveys, 94% of passengers say that they benefited from the implementation of the system and actively take advantage of it. Their choice is driven by objective reasons: approximately 68% of tickets that are subject to dynamic pricing are sold at prices lower than or comparable to basic fares.

The share of tickets sold at reduced fares varies by destination and train category. For instance, although the Moscow – Adler route (operating a double-decker) provides high passenger traffic, in 2016 the Company sold 80% of tickets for the route at prices lower than basic fares.

In 2016, 96% of tickets for train No. 23/24 Moscow – Kazan were sold at prices lower than basic fares driving an increase in passenger traffic.

In summer, almost all tickets were purchased at discounted fares.

Dynamic pricing helps the carrier identify a balance between demand and service pricing and improve the overall efficiency of the initiative. As at 2016, the areas covered by the revenue management system reported an upward trend in passenger traffic, with a 108.8% growth in passenger turnover.

Seizing the opportunities offered by the system, passengers may save significantly on transport fares. All trains covered by the system are labelled in online ticketing systems by a special icon ("dynamic pricing").



For the list of trains covered by the dynamic pricing system, please visit Russian Railways website.