Welcome to the Beat the Elite Finale 2015
Participants in Beat the Elite 2015

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• DTU

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• KTH
• SSE
• SU
• Södertörn

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• Aalto
• Hanken

Oulu

• BI
<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:15 AM</td>
<td>Welcome by Beat the Elite</td>
</tr>
<tr>
<td>09:30 AM</td>
<td>Team 1</td>
</tr>
<tr>
<td>09:55 AM</td>
<td>Team 2</td>
</tr>
<tr>
<td>10:20 AM</td>
<td>Team 3</td>
</tr>
<tr>
<td>10:40 AM</td>
<td><em>Break</em></td>
</tr>
<tr>
<td>10:50 AM</td>
<td>Team 4</td>
</tr>
<tr>
<td>11:15 AM</td>
<td>Team 5</td>
</tr>
<tr>
<td>11:35 AM</td>
<td>Jury voting</td>
</tr>
<tr>
<td>11:55 AM</td>
<td>The Winner of Beat the Elite 2015 is announced</td>
</tr>
</tbody>
</table>
The Panel of Judges

Jesper Andersen, Chief Strategy Officer
Lars Kaspersen, Director of Communication and Branding

Mikkel Krogsgaard, Project Leader
Jesper Damsgaard, Associate Consultant

Rikke Hvilshøj, Political Chief

Per Holten-Andersen, President

Svend Hylleberg, Dean of Business and Social Sciences

Blake Hanna, Adjunc. Professor
This year's case company
Team 1

Team members:

- Andreas Orebo Hansen
  - MSc Economics, University of Copenhagen
- Frederik Sandager Rasmussen
  - MSc Economics, University of Copenhagen
- Emil Ignatzi Reinholdt
  - BSc International Business, CBS
- Victor Waldemar Jakobsen
  - MSc Finance and Accounting, CBS
Team members:

- Alexander Skjødt
  - BSc International Business
- Silas Pedersen
  - BSc Business Administration & Project Management
- Stine Sofie Bragdø
  - MSc International Business
- Sofie Bonde Holt
  - BSc International Business
The DSB Customer Journey

“Whatever you do, do it well. Do it so well that when people see you do it, they will want to come back and see you do it again, and they will want to bring others and show them how well you do what you do.”
— Walt Disney

Name: Sofie Bonde Holt  School: Copenhagen Business School  Study: BSc. IB
Name: Stine Sofie Bragdø  School: Copenhagen Business School  Study: MSc. IB
Name: Alexander Gram Skjødt  School: Copenhagen Business School  Study: BSc. IB
Name: Silas Moestrup Pedersen  School: Copenhagen Business School  Study: HA. PRO
The DSB Journey – From A to Z with DSB

A three-year customer-driven strategy, delivering a unique customer experience from A to Z by leveraging real time information, accelerating the travel experience and establishing a closer relationship with customers.

**Situation**

"A healthy DSB" has established a promising foundation for growth:

- Long heritage, producing the first railway in Denmark
- A large and stable home market that has not yet been fully captured
- Future large investments in renovation of Danish public infrastructure
- DSB as the most punctual European train operator

**Complication**

However, DSB is facing a number of challenges:

- Customer demands are increasing and perceived customer experience is declining
- Negative reputation is mainly due to issues DSB cannot control
- Future implications such as delays and rescheduling due to infrastructure upgrades
- Easier substitution for other means of transportation

**Question**

So the question is:

*How can DSB increase the amount of passenger kilometres by 7.5% from 2015-2017 while maintaining their profit margin?*

**Tactic evaluation**

By evaluating several tactics based on customer focus, customer km growth and feasibility we found that DSB should develop ...

**Answer**

The DSB Journey – A holistic three-step strategy ensuring a unique journey from A to Z driven by information, acceleration of the customer experience and relation for future growth.

1. **Information**
   - Informing customers by leveraging on real time data will ensure transparency, reduced uncertainty and change the perceived performance of DSB

2. **Acceleration**
   - Accelerating the customer experience by introducing "+Time for all", mitigating future issues regarding disruptions and increasing the customer journey at stations and within trains

3. **Relation**
   - By creating an online 'DSB Society' DSB is able to establish a closer relationship with its customers and further encourage their loyalty by implementing a rewarding loyalty program
The DSB Dilemma

DSB has managed to turn their business around, but their reputation and customers’ perceptions are still negative – mainly due to things DSB cannot control

1. DSB is showing solid financial performance across various financial parameters
   - Passenger revenues (in DKK m)
   - Net profit margin
   - Passenger kilometers (in millions)

   ![Financial Performance Graph]

2. DSB is actually highly punctual and operates the most satisfying railway system in Europe
   - Punctuality of DSB
   - Consumer satisfaction (scale from 1-10)

   ![Punctuality Graph]

   ... but delays within F&R and S-trains, which are not DSB's responsibility, impact consumer satisfaction

   ![On Time vs Delayed Graph]

   ... which has created negative consumer perceptions and a reputation score among Danish companies of only 49

   - 17%: “Delays and waiting time”
   - 3,6%: “Bad image”
   - 5,6%: “Poor quality experience”

   ![Reputation Score Graph]

DSB needs to capture growth

DSB should mainly focus their efforts on the East-West fairs and S-trains, since they provide both exposure and increase the amount of passenger kilometres, while simultaneously changing the customers perception of DSB's performance.

We see that the most profitable fairs are F&R and S-trains, especially in terms of km travelled.

Aggregate km travelled (in billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>F&amp;R</th>
<th>S-Trains</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>4.0</td>
<td>1.1</td>
</tr>
<tr>
<td>2011</td>
<td>4.2</td>
<td>1.2</td>
</tr>
<tr>
<td>2012</td>
<td>4.3</td>
<td>1.3</td>
</tr>
<tr>
<td>2013</td>
<td>4.5</td>
<td>1.3</td>
</tr>
</tbody>
</table>

CAGR: 2.0%

CAGR: 4.7%

... and from a strategic perspective focus should be on the following major cities across country

<table>
<thead>
<tr>
<th>City</th>
<th>Travellers in thousands pr day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copenhagen</td>
<td>108</td>
</tr>
<tr>
<td>Århus</td>
<td>29</td>
</tr>
<tr>
<td>H. Copenhagen</td>
<td>23</td>
</tr>
<tr>
<td>Vesterport</td>
<td>21</td>
</tr>
<tr>
<td>Kbh. Airport</td>
<td>20</td>
</tr>
<tr>
<td>Lyngby</td>
<td>104</td>
</tr>
<tr>
<td>H. Taastrup</td>
<td>29</td>
</tr>
<tr>
<td>Hellerup</td>
<td>26</td>
</tr>
<tr>
<td>Odense</td>
<td>24</td>
</tr>
<tr>
<td>Næstved</td>
<td>23</td>
</tr>
<tr>
<td>Ringsted</td>
<td>23</td>
</tr>
<tr>
<td>Vejle</td>
<td>23</td>
</tr>
<tr>
<td>Slagelse</td>
<td>23</td>
</tr>
<tr>
<td>Kolding</td>
<td>23</td>
</tr>
<tr>
<td>Esbjerg</td>
<td>21</td>
</tr>
<tr>
<td>Aalborg</td>
<td>20</td>
</tr>
<tr>
<td>Odense</td>
<td>19</td>
</tr>
<tr>
<td>Nørreport</td>
<td>108</td>
</tr>
<tr>
<td>København</td>
<td>29</td>
</tr>
<tr>
<td>Østerport</td>
<td>29</td>
</tr>
<tr>
<td>Valby</td>
<td>26</td>
</tr>
</tbody>
</table>

... while keeping in mind that train customers value real-time information, comfort and loyalty rewards.

DSB is in a stable financial position, with especially the East-West and Greater Copenhagen routes generating revenue and km.

Negative reputation
However, DSB is still facing a negative customer reputation, mainly due to external factors outside DSB’s control.

Changing demands
Customers demand real-time information, high level of comfort and rewards for loyalty.

Significant performance gap
Customers’ perception of DSB is extremely low compared to actual performance, which may challenge attracting and retaining customers.

Key take-aways from analysis

1. Solid financial position
DSB is in a stable financial position, with especially the East-West and Greater Copenhagen routes generating revenue and km.

2. Negative reputation
However, DSB is still facing a negative customer reputation, mainly due to external factors outside DSB’s control.

3. Changing demands
Customers demand real-time information, high level of comfort and rewards for loyalty.

4. Significant performance gap
Customers’ perception of DSB is extremely low compared to actual performance, which may challenge attracting and retaining customers.
Improving the customer experience from A to Z

DSB must improve its performance on all parts of the customer journey – starting already from the planning of the journey, and not ending until the consumers have left the station and evaluated the experience.

1. Information – My DSB

- Find destination with Rejseplanen
- Purchase ticket online or station

Customer feelings & thoughts
Where to buy tickets, and what is cheapest?
Will there be free seats on the train?
Are there free parking spaces for bikes/cars?

Opportunity to improve performance
Deliver real time data on delays and capacity
Easiness of buying tickets, finding information

2. Acceleration – +Time

- Get to station
- Take train
- Next step transport
- Post arrival

Customer feelings & thoughts
Is it too crowded to sit?
Evaluation of service: value creation
Are there free parking spaces at station or delay?

Opportunity to improve performance
Reduce hysteria by excellent service in disruption
Interactive stations and “+time for everyone” in trains

3. Relation – DSB Loyalty

Customer feelings & thoughts
Satisfaction with overall experience
Evaluation of DSB vs. alternative means of transportation?
Discussions with family and friends?

Opportunity to improve performance
Leverage on CRM system
Emphasize relations through loyalty program

Alignment customers perception with DSB’s actual performance reduces perceived performance gap

- Frequency of trains
- Punctuality
- Information sharing
- Travel experience
- Customer service
- Customer appreciation

“We need to be better at giving fast and correct information to our customers when unforeseen events occur”
– Susanne M. Koch, Ex. VP, Commercial & HR

Reference: Source: Accenture, 2013
In the trains: Fold-up tables and headphones from the ceiling
- Efficient use of time and ability to work
- Explore while traveling will increase customer experience significantly

Outsource coffee & snacks: Run by sales to Hus Forbi which increases CSR
- Coffee & snack serving will increase quality of “+time”
- Will generate a positive emotion of “giving” and improve brand image

... supported by an extensive marketing campaign

Let people get their facts straight!
- Communicate how DSB is one of the most punctual railways in Europe
- Educate consumers on how they contribute to the reaching the political 2030 goal
- … and how much CO2 emissions they are reducing every ride

1. Go big on social media – engagement easily traceable
2. Promote on screens in trains and at stations

Target initiatives on most important physical stations and in the East-West and S-trains

... affects both motivated and unmotivated users positively

Customer segments
- Motivated users: 37% of customers
  Positive toward train & brand
- Un-motivated users: 38% of customers
  Finds trains stressful Negative toward brand

Impact on segment
- Enhanced brand perception
- Feeling of being appreciated and valued
- Improved trust and acceptance of delay
- Feeling of respect

Aligning customers perception with DSB’s real performance reduces perceived performance gap

Frequency of trains
Punctuality
Information sharing
Travel experience
Customer service
Customer appreciation

Gap between customer perception and DSB’s actual performance

Executive Analysis Solution Implementation Impact
### 3. Relation – DSB Loyalty program

By leveraging the public’s many opinions towards DSB in combination with a comprehensive loyalty program, DSB is able to establish a better relationship with its customers and enhance their experience and perceptions of DSB’s brand.

**Leverage “everybody’s opinions” with DSB Society**
- Establishing a consumer-centred platform: DSB Society as a part of My DSB
- Allowing customers to discuss current problems, share their opinions and suggest new initiatives
- Track and collect feedback as a step towards establishing a more comprehensive CRM-system for future leverage

**Encourage loyalty with digital loyalty program**
- Make customers feel valued and encourage continuous loyalty by introducing a digital loyalty program
- Encourage customers to use train as preferred mean of transportation by granting seasonal discounts on tickets
- Offer special treatment to loyal members in case of conductor fees, etc.

**Award frequent customers with complimentary rides**
- Initiate a point system allowing customer’s to track and earn points per kilometres travelled as a part of DSB Loyalty Program
- Automatically convert points to free rides when customers check in on their “Rejsekort”
- May be integrated with other sorts of tickets long-term (i.e. system to track youth card)

**Impact**

**Consumer experience**
- A feeling of a higher degree of common ownership ✔
- A feeling of being heard and included ✔
- A feeling of being rewarded and valued as a frequent customer ✔

**Consumer perceptions**
- Enhanced perception of DSB’s customer service ✔
- Increased trust in DSB’s overall business model ✔
- Increased tolerance in case of delays and other complications ✔

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**Aligning customers perception with DSB’s real performance reduces perceived performance gap**

![Diagram showing alignment of customer perception with DSB's actual performance with a graph illustrating the gap between the two.](image-url)
## Implementation

Sequential implementation plan will allow for DSB to leverage on progress from the earlier step to enhance impact

<table>
<thead>
<tr>
<th>Strategic initiative</th>
<th>Departments</th>
<th>Work streams</th>
<th>Implementation</th>
<th>Performance indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Information</td>
<td>Management</td>
<td>• Planning My DSB</td>
<td>2015</td>
<td>• On-time delivery</td>
</tr>
<tr>
<td></td>
<td>Interaction design</td>
<td>• Development My DSB</td>
<td>2016</td>
<td>• Marketing ROI</td>
</tr>
<tr>
<td></td>
<td>IT</td>
<td>• Market My DSB</td>
<td>2017</td>
<td>• Increased information sharing</td>
</tr>
<tr>
<td></td>
<td>Marketing</td>
<td>• Constant optimization</td>
<td></td>
<td>• Increased satisfaction Product, Price, Service</td>
</tr>
<tr>
<td></td>
<td>Web-design</td>
<td>based on customer feedback</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Acceleration</td>
<td>Management</td>
<td>• Collaboration vendors</td>
<td>2015</td>
<td>• Collaboration vendor of choice</td>
</tr>
<tr>
<td></td>
<td>IT</td>
<td>• Implement QR initiative</td>
<td>2016</td>
<td>• Frequency use of shopping &amp; book lending</td>
</tr>
<tr>
<td></td>
<td>Marketing</td>
<td>• Make marketing for Reputation team</td>
<td>2017</td>
<td>• Increased satisfaction on comfort</td>
</tr>
<tr>
<td></td>
<td>Operations</td>
<td>• Buy &amp; implement tables</td>
<td></td>
<td>• Marketing ROI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Marketing new initiatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Relation</td>
<td>Management</td>
<td>• Develop DSB Society</td>
<td>2015</td>
<td>• Increase service satisfaction</td>
</tr>
<tr>
<td></td>
<td>IT</td>
<td>• Develop DSB Loyal</td>
<td>2016</td>
<td>• Increase engagement</td>
</tr>
<tr>
<td></td>
<td>Sales</td>
<td>• Monitor and build relations based on Loyalty program</td>
<td>2017</td>
<td>• Increase loyalty</td>
</tr>
<tr>
<td></td>
<td>Marketing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Successful implementation of the *From A to Z with DSB* will enable DSB to reach their objectives within the next three years.
The financial strategy behind "From A to Z with DSB"

Our strategy makes it possible for DSB to enhance their customer reputation over a three year period while growing their passenger kilometres by more than the target of 7.5%.

**DSB will generate revenue (in millions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Information</th>
<th>Accelerate</th>
<th>Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>-23.8</td>
<td>-23.8</td>
<td>-8.4</td>
</tr>
<tr>
<td>2016</td>
<td>0.8</td>
<td>0.8</td>
<td>2.3</td>
</tr>
<tr>
<td>2017</td>
<td>10</td>
<td>20</td>
<td>30</td>
</tr>
</tbody>
</table>

... in a long-term profitable strategy

**... while retaining the profit margin**

<table>
<thead>
<tr>
<th>Component</th>
<th>Current</th>
<th>Information</th>
<th>Accelerate</th>
<th>Relations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>35%</td>
<td></td>
<td>8%</td>
<td>6%</td>
<td>29%</td>
<td>14%</td>
</tr>
</tbody>
</table>

... and increasing the number of km travelled (in millions)

<table>
<thead>
<tr>
<th>Component</th>
<th>Information</th>
<th>Accelerate</th>
<th>Relations</th>
<th>Target</th>
<th>Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>306</td>
<td>111</td>
<td>468</td>
<td>29</td>
<td></td>
</tr>
</tbody>
</table>

**Risk scenario**

- Vandalism on stations
- Lack of supplier for E-grocery
- Users of My DSB are better at updating than DSB
- Non-adoption of IT-systems

**Strategic impact**

**Mitigation**

- Build strong E-grocery wall
- Utilize video-surveillance
- Offer station-space for free
- Communicate to and incentivise employees
- Continue to develop and communicate about the IT-system

DSB is heading towards 2030 with increased customer satisfaction and a head start in reaching the imposed government km targets.

Reference: http://www.dsb.dk/Global/PDF/Om%20DSB%20-%20Tal/Vestt%C3%A6lling%202013%20Hovedrapport%20ver2.pdf
Wrapping up...

A holistic and practical approach to make customers win confidence in DSB and drive growth from existing customer segments.
Team members:

- Christian Wanding Dahl
  - MSc International Marketing & Management
- Frederik Ingemann Rasmussen
  - MSc Finance & Investment
- Jonas Mueller
  - MSc International Marketing & Management
- Jakub Kowalczyk
  - MSc International Marketing & Management
Introducing myDSB experience - “The Way Forward”

Beat the Elite, CBS Case Competition
February 2015

Christian Wanding Dahl, MSc International Marketing & Management, CBS
Frederik Rasmussen, MSc Finance & Investments, CBS
Jakub Kowalczyk, MSc International Marketing & Management, CBS
Jonas Müller, MSc International Marketing & Management, CBS
The "myDSB" strategy will ensure passenger kilometers growth while staying profitable until 2018

Key Question
How can DSB increase passenger kilometers and customer satisfaction until 2018 while staying profitable...

<table>
<thead>
<tr>
<th>Current Situation</th>
<th>Goals</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Successful turnaround into profitability.</td>
<td>&gt; Achieve ≥7.5% growth in Passenger Kilometers.</td>
<td>&gt; Remain operational efficient.</td>
</tr>
<tr>
<td>&gt; Very high political growth ambitions.</td>
<td>&gt; Improve customer satisfaction.</td>
<td>&gt; Manage political dependency.</td>
</tr>
<tr>
<td>&gt; Low customer satisfaction.</td>
<td>&gt; Seamless integrated transportation (door-to-door).</td>
<td>&gt; Delays and transparency.</td>
</tr>
</tbody>
</table>

myDSB

> Launch my DSB App
  > Easy ticket purchase
  > Trip scheduling
  > Real time info
  > “Find a seat function”

Slide 5

Loyalty Program – DSB Plus²

> Introduce three new benefits
  > Compensation program
  > Off-peak hours discount
  > Rejsekort integration
  > Data Collection (Bid Data)

Slide 6

Open Market Platform

> Integrating 3rd party into the App
  > Complementary transport
  > Food and Beverages
  > Newspapers and magazines
  > Online shopping

Slide 7

Target Picture

… by introducing the myDSB App that enables 9,3% growth.
Untapped growth potential can be exploited by shifting the unmotivated segment to the motivated segment and customers from light to heavy users.

Focusing particularly on turning light into medium and medium into heavy customers in both motivated and unmotivated users accelerates growth for DSB.

Source: Case Data; Team Analysis
Identified steps on the customer journey reveals key areas of improvements

**Customer Process**

- **Planning**
  - Experience of the research & planning of the trip
  - Accounts for 15% of customer satisfaction

- **Purchasing**
  - Experience of identifying the correct tickets and confirming the payment

- **Receiving Service**
  - Experience of receiving the service and the fulfillment of expectations

- **After Sales Service**
  - Finalizing the journey with other means of transportation (door-to-door)

**Characteristics**

- **Current Customer Satisfaction**
  - Planning the trip – timetable (Rejseplan)
  - Distance to station
  - Parking options
  - Perception and association with train
  - Product overview, pricing & discounts
  - Accounts for 15% of customer satisfaction

- **Customer Experience**
  - Comfort
    - Option of sitting down – also in peak hours.
    - Time-optimization solutions for effective time consumption (SCA)
  - Safety, Stations & Cleaning
  - Punctuality & Frequency
    - “Real-time” traffic information
  - Integration with other transportation options (bus, metro, local railways)
  - Customer service call-center
  - Handling complaints and lost&found etc.
  - Accounts for 5% of customer satisfaction
  - Accounts for 80% of customer satisfaction

**Improvements and key learnings**

- Improve the integration and simplicity of trip-planning and purchasing process
- Improve option of sitting down and provide real time traffic information to the commuters to re-plan / re-route

Source: Company presentation – internal data 2014, Team analysis
By improving the current DSB app and integrating it with the Rejseplan app, several issues in the customer journey can be solved by the new myDSB app

**Strong social media position can be easily exploited to market the app**

- DSB needs to improve information transparency to build customers trust and satisfaction – drive positive reputation.
- DSB needs to tap into current strong social media presence and exploit its possibilities.
- Social media benchmark internationally shows much better performance than industry peers.

<table>
<thead>
<tr>
<th>Platform</th>
<th>DSB</th>
<th>Amtrak (US)</th>
<th>NSB (Norway)</th>
<th>Deutsche Bahn</th>
<th>SJ (Sweden)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>0.5</td>
<td>0.6</td>
<td>0.8</td>
<td>1.3</td>
<td></td>
</tr>
<tr>
<td>Twitter</td>
<td>0.1</td>
<td>0.2</td>
<td>7.8</td>
<td>1.7</td>
<td>6.2</td>
</tr>
<tr>
<td>Instagram</td>
<td>3.3</td>
<td>4.6</td>
<td>8.9</td>
<td>11.7</td>
<td>7.8</td>
</tr>
</tbody>
</table>

Current satisfaction of the DSB app

- Easy ticket purchase
  - Solve the purchasing bugs where tickets is not delivered.
  - Solve issue of buying/renewing Ungdoms-kort. Make it possible to buy seat-reservation.
- Trip scheduling
  - Integrate Rejseplan-app in the DSB app to avoid the substitution effect and provide seamless trip details.
- Real time traffic info
  - Announcements about delays containing estimated duration and concrete reasons.
- "Find a seat" function
  - Time-studies pr. route and pr. time-interval should indicate seat availability and suggested train-entrance on station.

Source: Case Data; Team Analysis; Google Play
Extending and integrating the DSB Plus\(^2\) loyalty program with myDSB will increase content engagement, drive behavior and increase the customer experience.

### What do we want to achieve?
- Support brand fundamentals
- Enable deep customer insight – gather big data to future analysis
- Allow better complaint handling, product assistance and customer self-service
- Easy and fast adoption of new future technologies
- Provide great support for other tools

### How do we achieve it through DSB Plus\(^2\)?

#### Customer Adoption
- Drive interest through internal marketing channels including existing DSB-app
- Free, due to the loyalty program already in place
- Integrating with physical products (Rejsekort)
- Push-strategy through wifi access point

#### New Membership Benefits
- Possible gain of loyalty points after experiencing a delayed train
- Receive „personalized“ push notifications based on your geolocation
- Schedule your trips outside the peak hours and receive significant discount

### Besides the current benefits we add 3 new:
- **Current**
  - Compensation program
  - Off-peak-hours discount
  - Rejsekort integration
- **New**

### Data Collection
- Customer data: transaction history, demographics, customer profile
- Using low-cost CRM service
  - Nest step: Use data to tailor customer experience
Long term plan of the myDSB app is to include an **open-market platform** that will help derive users and activity in the DSB community.

Identified examples to highlight the functionality of integrating further functions into the myDSB app:

<table>
<thead>
<tr>
<th>To allow passengers to…</th>
<th>...by letting them access…</th>
<th>… and benefit from:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swiftly continue their journey by car</td>
<td>Car sharing and taxi services</td>
<td>Revenue through digital third-party advertising</td>
</tr>
<tr>
<td>Continue their trip with other modes of transport</td>
<td>Rent a bike</td>
<td>Improved customer experience by providing a holistic instrument</td>
</tr>
<tr>
<td>Plan their trip efficiently</td>
<td>Food &amp; Beverages</td>
<td>Improved reputation by offering socially beneficial adjacent features</td>
</tr>
<tr>
<td>Make minor purchases on stations</td>
<td>Shops and kiosks</td>
<td>Improved passenger retention rate by offering truly multi-modal travel and integrating DBS Plus²</td>
</tr>
<tr>
<td>Read the literature during travel</td>
<td>E-magazines and newspapers</td>
<td></td>
</tr>
<tr>
<td>Utilize their time efficiently</td>
<td>Online shopping</td>
<td></td>
</tr>
</tbody>
</table>
Utilizing myDSB will enable DSB exceed their goal by growing 9.3% in passenger kilometers within 3 years.

### Forecast of Passenger Kilometers

<table>
<thead>
<tr>
<th>Year</th>
<th>Worst Case</th>
<th>Base Case</th>
<th>Best Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014e</td>
<td>634</td>
<td>639</td>
<td>641</td>
</tr>
<tr>
<td>2015e</td>
<td>701</td>
<td>670</td>
<td>681</td>
</tr>
<tr>
<td>2016e</td>
<td>722</td>
<td>681</td>
<td>693</td>
</tr>
<tr>
<td>2017e</td>
<td>745</td>
<td>693</td>
<td>750</td>
</tr>
</tbody>
</table>

**CAGR 2014-2017e**
- **Worst Case**: 0.51%
- **Base Case**: 3.02%
- **Best Case**: 5.51%

**Comments**

- The worst case is compared to the recommendations outlined, where no strategy is implemented.
- The base case is where the presented strategy is calculated using conservative parameters of 2%.
- The best case is structured as the base case but with parameters of 4%.
- There is significant potential upside in the inclusion of current non-users.
- Through the less capital intensive implementation of the strategy, profitability will be preserved.

Financial Assumptions:
- **Worst case** – Only supported by an increase in population of 0.4%.
- **Base case** – Moving 2% of medium users to heavy users, increasing average kilometers per customer with 2% flat and shifting users towards heavier segments by 2%. All scenarios are based on the assumption that other revenue generating areas continue with the same growth post as the financial stabilization. The forecasts are derived using calculated average kilometers per user figures, based on segmentation data.
Implementing myDSB requires the accomplishment of three key milestones as well as successfully deal with potential risks as identified by enable mitigations.

Implementation must successful complete all three steps

1. **Launch myDSB**
   - 2015: Contract with App-developer (Jayway) with detailed requirements
   - 2016: Merge Rejseplanen and DSB app together into myDSB – grand launch
   - 2017: Marketing & promotion of the app

2. **Loyalty program**
   - 2016: Integrate with myDSB and implement new benefits
   - 2017: Integrate with rejsekor and launch
   - 2018: Marketing & promotion of the program

3. **Create open platform**
   - 2017: Develop platform
   - 2018: Open for 3rd party contracts
   - 2018: Marketing & promotion with 3rd party

Risk assessment analysis and mitigation strategy

**Impact on operating profit or brand/image**

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1)</strong></td>
<td>Investment costs higher than expected</td>
<td>Investment costs higher than expected</td>
<td>Investment costs higher than expected</td>
</tr>
<tr>
<td><strong>2)</strong></td>
<td>Third party companies lack of interest in DSBs digital space</td>
<td>Third party companies lack of interest in DSBs digital space</td>
<td>Third party companies lack of interest in DSBs digital space</td>
</tr>
<tr>
<td><strong>3)</strong></td>
<td>Change in political landscape</td>
<td>Change in political landscape</td>
<td>Change in political landscape</td>
</tr>
<tr>
<td><strong>4)</strong></td>
<td>People decline to be tracked / share data</td>
<td>People decline to be tracked / share data</td>
<td>People decline to be tracked / share data</td>
</tr>
<tr>
<td><strong>5)</strong></td>
<td>People still expecting a seat</td>
<td>People still expecting a seat</td>
<td>People still expecting a seat</td>
</tr>
<tr>
<td><strong>6)</strong></td>
<td>Increasing Liberalization</td>
<td>Increasing Liberalization</td>
<td>Increasing Liberalization</td>
</tr>
<tr>
<td><strong>7)</strong></td>
<td>Conflict of interest with other public parties</td>
<td>Conflict of interest with other public parties</td>
<td>Conflict of interest with other public parties</td>
</tr>
</tbody>
</table>

**Mitigation Actions**

1) Strict budget control and negotiations with suppliers
2) Engage in collaborations to the extend possible
3) Look for complimentary commercial functions
4) Develop strict big data policy and data protection
5) Reevaluate opportunity for seat allocation
6) Lobbyism and commercialization (independency)
7) Constant adaption to new business models
By offering myDSB, an improved customer experience and a 9.3% increase in passenger kilometers will be achieved by 2018 - Low-risk, high-reward solution that uses context awareness to drive growth by affecting customer behavior.

### Situation
Through enhanced transparency customer experience for all current users is enhanced benefitting DSB by improving their reputation.

### Recommendation
By compensating dissatisfied customers and rewarding loyalty through a point system integrated in myDSB app an incentive for increased usage is created for users resulting in higher frequency of travels.

### Financial Impact
With the purpose of utilizing the phenomena of "+ time" to the fullest, the introduction of an interactive platform, presents users to new possibilities & offers that can contribute to the general society needs.

### Implementation
Provide DSB with tools to take the next steps on The Way Forward.
Break. Be back @ 10:50 AM
Break. Be back @ 10:50 AM
Break. Be back @ 10:50 AM
Team 4

Team members:
- Aleksi Heikkinen
  - MSc Finance
- Maximilian Kirch
  - MSc Corporate Governance
- Philippe Pepin
  - MSc IP Law
- Karl-Johan Sigurdson
  - BSc Economics
By focusing on customer experience, product simplifying and digitalization, DSB is expected to meet its growth targets by 2017.

**Political ambitions led to high target growth rates**
- DSB needs to reach a growth in passenger kilometers of 7.5% in three years
- While also focusing on a long term goal to support political goals of doubling public transport by 2030

**Back to profitability, but passenger kilometers stagnating**
- How to attract more customers, retain profitability and be regulated under political pressure the same time?

**Customer experience, price menus and digitalization**
- Increasing connectivity and comfort leads to better perception and reputation of DSB
- Simplifying prices not to have people turn away when they are not sure what they are buying
- Using GPS trackers to let people follow the trains in real-time to watch out for delays

These recommendations lead to a CAGR of 2.4%
- By targeting both unmotivated present customers and non-users, we expect to be able to attract organic growth that adds up to 7.5% in three years
High expectations to increase passenger kilometres, but political regulation stands in the way of balancing supply and demand

Ambitious goals for public transport
• The Danish Ministry of Transportation has set out an ambitious goal of doubling the use of public transportation by 2030 in which DSB plays a vital role in; but their political responsibilities and requirements restrict DSB of business-oriented maneuvering.

Back in profit
• DSB succeeded in turning their business profitable after a turmoil during the financial crisis, but they are currently facing the challenge of increasing passenger kilometers having to focus on customer experience and regaining trust among Danes.

Customers increasing, fare lengths declining
• While DBS has steadily increased the number of passengers served (though only thanks to solely to S-trains), the average length for each journey has fallen 3.2% in the past five years, leading to stagnation in total passenger kilometers in more recent years.

High market share...
• DSB has a steady position in the rail transportation industry by having amounted for an estimated 88.6% of all passenger kilometers in Denmark last year, showing growth in line with the market.

…but not compared to private cars.
• The passenger transportation industry is dominated by private cars measured in travelled kilometers, but train transportation has increased faster than the market while acquiring customers from buses and coaches

Sources: Case material, DSB Annual Report 2013, DSB Quarterly Report 2014Q3, Statistikbanken.dk
DSB has to tackle both internal and external concerns to regain customer satisfaction and trust

Internal weaknesses of DSB

Delays resulting in low customer satisfaction
- Although DSB is only responsible for around 1/3 of the delays, customers find it as a main issue, which results in a low customer satisfaction and reputation score (50 points; Source: Reptrak Pulse 2013).

Jungle of pricing options
- The overall price policy with ca. 90 pricing options is confusing for the customers and results in a lower willingness to take the train as the favourite mode of transport.

Crowded trains and revenue issues
- During peak hours the customers feel uncomfortable to travel in DSB trains, giving them a larger incentive to switch to another transport method in the long run. Moreover, the revenue is lower during peak times due to heavy usage of monthly tickets.

Unreliable Wi-Fi makes travelling for business impractical
- Whereas travelers have tables, access to plenty of legroom and power outlets, business passengers often require dependable Internet to be able to work on the go.

External weaknesses of DSB

Market saturation in a moderate competition industry
- Customers can only be won via advantageous offers persuading to use the train more often. The rivalry of the transportation industry in Denmark can be described as moderately competitive.

Market positioning, substitutes and competitors pose a threat
- Other market players can offer more tailored and differentiated deals, especially when it comes to end-destinations of travel (bike, bus, metro).

Limited options on the “Cash-Cow” product
- The S-train network is especially saturated, since the passengers are mainly motivated heavy users commuting every day. Moreover, the customer base does only change slightly (due to changes in the general population structure).

Sources: The Boston Consulting Group, Case material
To increase aggregate passenger kilometers, DSB must focus on three pillars to attract new customers and activate existing ones.

1) Customer Experience

**Improve customer perception**
- The reputation and opinions of DSB can be greatly improved by aligning customer experience with their expectations.

**Comfort during rush hour**
- Spread the amount of commuters traveling through peak hours by giving incentives to increase off-peak traveling.

**Connections, both to & from the stations**
- Improve connectivity of the train network with itself and other transportation means, including private transportation through ridesharing or bicycle rentals at the destination railway stations.

2) Reintroduced Price Menus

**Simplify products**
- The accessibility and simplicity of the products DSB offers can be greatly reorganized by reducing the number of excessive ticket-options while retaining special groups’ discounts.

**Start from a clean slate**
- Difficult to drop a few tickets now and then, easier to start from a few ticket classes and offering fixed charges and discounts on extra selections.

**Increases transparency**
- By simplifying the pricing process everyone should be able to tell how much a ticket will cost them.

3) Digitalization

**Improve DSB Mobile App**
- DSB finally has the option of accustoming its consumers with a mobile application, but customer satisfaction is low both for the iPhone and Android version.

**Work as a middle-man**
- Offer ticket purchase of transit connections (ridesharing, bicycles, buses) via mobile application

**Public tracking of trains**
- Fitting GPS trackers on the trains allows customers to see where the trains are in real-time.

Sources: Case material, App Store, Google Play
Improved customer experience appeals both to new and current customers, resulting in increased passenger kilometers.

**Bicycle transportation is working**
- The environmentally friendly minded Danes really love their bicycles. Besides being able to take their bicycles on board the train, bicycle rental services should be operated at the railway stations in Copenhagen, Århus, Odense and Ålborg.

**Increased transit services**
- People only like walking short distances to, and from, train stations, which means that connectivity with other transportation services, such as cars and buses, must be improved.
- To reach the goal of doubling public transportation before 2030, a long-term plan with vast infrastructural changes is needed to facilitate e.g. commuter car parks in immediate proximity to stations.
- By offering intermodal solutions, DSB can make their services attractive for a greater customer pool. By motivating unmotivated- and non-users through door-to-door travel solutions, passenger kilometers are bound to increase.

**Comfort in the limelight**
- Having a perception of a strongly reliable, safe and comfortable train would make people think twice about taking their car to work or for holiday. However, rush hours are uncomfortable due to the overcapacity in the trains. By handing economically and politically feasible discounts for commuters who choose an earlier or later off-peak train, some of the spikes could be smoothed out.
- As mobile network connections work poorly in trains, investing in dependable Wi-Fi would certainly increase customer satisfaction.

*Sources: Case material*
Technological innovations and simpler pricing information to make purchasing tickets an easy process

Easier price structure

**Having too many choices is off-putting**
- By reinventing the price menu from scratch, DSB can increase transparency and attract customers that may have found it too complicated to look for price information previously.

**Focus on the Price Menu**
- The initial argument for the price menu should be one price per journey, making advertisement easier for DSB and comprehending actual prices easier for the customers.
- All discount tickets should be clustered to two discount groups instead, which have an easily countable 25% or 50% discount attached to them. Extra luggage or pets should be charged on a fixed basis, regardless on trip length or destination.

Focus on digital solutions

**Free Wi-Fi on stations**
- While it may require large investments in infrastructure to make Wi-Fi reliable in trains, an easy way to digitally improve customer satisfaction is by offering free Wi-Fi on all train stations for DSB customers.

**Collaborations and App-supported connectivity offers**
- Since bicycles and environmentally friendly travelling is important for Danes, a collaboration with car- or bike-sharing services could improve the travel efficiency.
- Use the DSB app as a platform to order these services and provide information on the availability of services.

**GPS tracking for all DSB trains**
- To make sure that passengers are informed about delays and receive more travel information in general, a GPS tracking system could solve the problem of missing information.
- Transfer Information on current speed, location and estimated time of arrival in real time.

Summary | Situation | Analysis | Recommendation | Impact and Risk Analysis
Acquiring new customers and increasing existing customers travel kilometers leads to an average CAGR of 2.44%.

**Targets**

- **Unmotivated light users** (16% of Danes)
  - Live more than 2 km away from stations, likes to car and finds public transportation limiting
- **Unmotivated medium users** (3% of Danes)
  - Find trains difficult and hates delayed trains
- **Unmotivated heavy users** (3% of Danes)
  - Digital savvy commuters that need their space
- **Unmotivated non-users** (28% of Danes)
  - Men and pensioners that would never take the train
- **Motivated non-users** (13%)
  - More than 2 km away from station, use buses

**Annual impact**

By implementing our recommendations for solving connectivity issues, we strive to motivate 10% of the unmotivated light users to start using the trains as much as motivated medium users.

The digital train tracking system and focus on comfort should improve both the unmotivated medium and heavy users perception of trains, and help us motivate 7.5% of them.

Offering reliable Wi-Fi and an easy pricing structure in addition to the extreme comfort should motivate at least 3% of the train-haters to try them out.

The combination of the three pillars should lead to at least 20% of the motivated non-users changing buses to trains, and becoming at least light and medium users of DSB’s services.

**Current customers**

- **New customers**
  - 2012: 5800 million km
  - 2013: 6000 million km
  - 2014E: 6200 million km
  - 2015E: 6400 million km
  - 2016E: 6600 million km
  - 2017E: 6800 million km

**Passenger kilometer projections**

Sources: Case material
Risks related to recommendations and impact analysis

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Likelihood</th>
<th>Severity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political pressure against pricing renewal</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Increased competition from buses and coaches</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Overestimation of recommendation impact on customer acquisition</td>
<td>Low</td>
<td>Moderate</td>
</tr>
<tr>
<td>Decreasing oil prices increase usage of private cars</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
</tbody>
</table>
The image of DSB can be improved dramatically by innovation and the willingness to change. In targeting unmotivated users, DSB has the chance to increase the passenger kilometers drastically. Our forecasting also shows that new customers can become the base of financial growth, if they are given incentives in the right way.
Team 5

Team members:

• Oskar Harmsen
  • MSc Economics, University of Copenhagen
• Peter Aagaard Nielsen
  • MSc Finance, Aarhus University
• Thyge Enggaard
  • MSc Quantitative Economics, Aarhus University
• Ask Heje
  • MSc Economics & Management, Aarhus University
Jury vote. Please be back @ 11:50 AM
Break. Be back @ 11:50 AM
Break. Be back @ 11:50 AM
Winner of Beat the Elite 2015