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The Potential of Luxury Trains in the United States

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The Potential of Luxury Trains in the United States

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I. Abstract

Railways have long played a part in societal infrastructure, whether it be transcontinental freight, passenger transportation, intercity public transit, or small-scale industrial usage. Over time, railways were slowly phased out in favor of air and automobile travel. More recently, the popularity of trains and rail travel has begun to see a resurgence. Unlike traveling by plane, modern luxury rail travel has a focus on the journey itself, as noted by Sarah Feldberg, a writer for *Travel Weekly*. Some offer observation cars, such as the *Rovos Rail's Pride of Africa*, which Feldberg describes as a place “where you watch the track spit out behind you like an infinite ladder... [and] you soak in the details of passing landscape” (Feldberg 2018).

Despite this expanding resurgence, the United States has yet to substantially develop luxury rail travel. At present, there are only a handful of luxury rail experiences in operation within North America, let alone the United States. This begs the question of why? This thesis will investigate luxury rail as a whole and present potential ways it could better penetrate the American market. It will detail a discussion of global luxury rail experiences, the advantages and disadvantages of luxury rail when compared to other forms of leisure travel, and potential room for growth.

II. Acknowledgements

Before getting into the main portion of this thesis I would like to take a moment to thank various individuals who have helped along the journey. First, I would like to thank my thesis advisor Paul Bagdan, Ph.D. Without the time Prof. Bagdan gave me I do not think this thesis would have been finished. Whether it was a helping hand with research, a guiding email, or simply an ear to listen to my ramblings, Prof. Bagdan was there to assist me in this project.

Second, I would like to thank my parents. While they may not have understood everything I was talking about, they were always available to listen to what I had found. They also did not seem to mind me taking most of my Thanksgiving break time at home simply sitting in the kitchen writing this paper. Lastly, but certainly not least, I would like to thank my wonderful girlfriend, Grace. Without her constant support as we each wrote our separate theses I am not sure I would have finished mine. Not only was she there to put up with me going on about trains, but she was there to act as a sounding board for my ideas.

III. Definitions and Introduction

In order to understand the topic at hand and some of the various terms being used throughout this paper they must be defined. First is the difference between luxury rail travel and general passenger travel. While all luxury rail travel is passenger rail travel, not all passenger rail travel will be considered luxury. Many generic passenger rail services offer various levels of comfort and luxury, such as first class or business class. This will not be the basis of defining luxury rail travel. The key difference is in the purpose of the trip. Passenger rail is generally used in a way which focuses on the destination, i.e. getting from point A to point B. Luxury rail travel will be considered a trip focused on the journey rather than the destination. In that respect, it resembles an “overland cruise.”

While there is no formal rating system for luxury rail outside of a top 25 list put together by *The Society of International Railway Travelers*, luxury rail appears to be defined by its amenities. The amenities offered on the train in conjunction with the types of cars which make up the train provides a good point for comparison. For example, traveling First Class on an Amtrak train from Washington D.C. to New York City would not be considered luxury rail, while taking a trip on either *The Ghan* in Australia or *The Rocky Mountaineer* in Canada would be, even if the guest is traveling in a lower class.

Another form of trains discussed here are private rail cars. A private rail car is a single rail car or collection of rail cars owned either by an individual or a charter company. The owner of the cars does not necessarily own a locomotive or have conductors or engineers to move the cars across the country. Instead, this style of rail travel involves negotiating an agreement with

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Amtrak to use one of their locomotives. Doing so involves a number of fees depending on the car, as well as a per-mile rate.

The last key term is potential. This paper defines it as opportunities for growth within the luxury rail market. These opportunities will be developed through the analysis of luxury rail's strengths and weaknesses, potential costs, and sources of income. By comparing these factors this paper will provide an informed opinion and reasoning to support ways luxury train experiences can grow here in the US.

IV. Luxury Railway Efforts Around the World

Although luxury rail has a limited presence in the U.S. there are numerous examples worldwide. The following is a list of the top twenty-five luxury railway operations adapted from *The Society of International Railway Travelers*.

Continent	Train	Sleeper or Day Trip
Europe	Venice Simplon Orient Express	Sleeper
	The Golden Eagle Danube Express	Sleeper
	The Royal Scotsman	Sleeper
	The Golden Eagle (Russia)	Sleeper
	El Transcantábrico Gran Lujo	Sleeper
	Al-Andalus	Sleeper
	The British Pullman	Day Trip
	Golden Pass Panoramic Express	Day Trip
	Flam Railway	Day Trip
	Bergen Railway	Day Trip
	Glacier Express	Day Trip
	Bernina Express	Day Trip
Africa	Rovos Rail Pride of Africa	Sleeper
Asia	The Sweet Train	Day Trip
	Deccan Odyssey	Sleeper
	Eastern & Orient Express	Sleeper
	Shangri-La Express	Sleeper

	Maharajas' Express	Sleeper
	The Seven Stars Kyushu	Sleeper
Australia/New Zealand	The Ghan	Sleeper
	Indian Pacific	Sleeper
South America	Andean Explorer	Sleeper
	Hiram Bingham	Day Trip
North America	Royal Canadian Pacific	Sleeper
	Rocky Mountaineer	Day Trip
	The Canadian	Sleeper

This list includes a selection of both luxury overnight trains and day only trains. This is an important distinction when examining the industry. While the focus of this paper will be on multi-day travel onboard luxury trains, it is again more about the features onboard and the route being taken that qualifies a train as luxury. As such some luxury rail experiences may only be one day. Although the list above is divided by regions, luxury rail experiences can be divided in a number of manners. This paper will focus on their classification in the additional areas: i) style, ii) types of accommodations and amenities, iii) trip itineraries, iv) and pricing.

A. Styles:

Style refers to the general aesthetic and design of the train and cars. This category, for the purpose of this paper, is broken down into two types: rail revival and modern. Rail revival is a style that focuses heavily on the journey. These trains are often restored or refurbished historic trains and carriages. They often focus on returning travelers to a point in history without internet access and the accompanying features. Some go as far as to include the opportunity to write

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letters to be mailed from the train. Examples of this style include *Rovos Rail's The Pride of Africa* and *The Venice Simplon Orient Express*. A number of trains in this category are owned by *Belmond*, a hospitality and leisure travel company with a focus on luxury (Feldberg 2018).

The opposing key style is modern. These trains still focus on the journey but also tend to have more modern amenities. Rather than the traditional observation deck cars of rail revival, they feature dome glass viewing cars. The majority of the trains that already exist in this category tend to walk the line with rail revival. This is one of the areas for potential growth that will be explored in more depth later.

An additional aspect of style is accommodations aboard luxury trains. Most luxury trains offer a selection of several classes or suites which typically affect the size of the room and its bathroom. Each carriage is typically equipped with two to three rooms depending on the class and most are en-suite. However, in standard classes or in single rider carriages, these sections often have bathroom and shower units which are shared by the entire car. Typically bathrooms onboard luxury trains only have a shower stall while some larger and more prestigious trains boast a bathtub as well. A key exception to the standard layout is *The Rocky Mountaineer*; this train, while being an overnight luxury train, does not have sleeping arrangements onboard. Instead the class of one's ticket determines where they will be seated onboard as well as some of their amenities. In this arrangement, passengers aboard *The Rocky Mountaineer* are given sleeping arrangements in a hotel within the town the train is parked for the evening (Rocky Mountaineer n.d.).

B. Amenities:

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Amenities vary based on the train and its style. Some do not provide amenities such as internet access. Those that do, however, advise guests that it may be of poor quality while the train is underway. Many trains also feature individual climate control, minibars, and small televisions. Aside from one's cabin, many of the trains are equipped with a dining-room car, a lounge car, and an observation car. Dining room cars are fairly standard among trains, featuring all two and four-person tables. Some encourage solo or couple travelers to dine with others. This encouragement may become forced on some trains due to passenger numbers.

Lounge cars can be found on all luxury trains. Some larger, multi-class trains, such as *The Ghan*, have separate lounge cars for each class with the higher classes being permitted into all classes. These carriages typically feature more comfortable chairs and couches, some form of beverage service, and a bar, and they often host nightly events such as live music. Below is an example of a lounge car aboard *The Deccan Odyssey* train.



(Free Use, Courtesy of Pixabay.com)

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Most luxury trains also feature an observation car. These come in two main styles: outdoor and indoor. The outdoor observation cars are often placed at the caboose position on the train featuring a deck area with some benches. They are also typically built as part of a lounge car. Some trains do feature mid-train observation cars such as The *Rocky Mountaineer*, which has small observation decks at the back of a number of regular cars. Indoor observation cars are the most prevalent on day-trip only trains or on trains without sleeping quarters. They are typically elevated dome cars with standard train seating which allows the guest to see to the front of the train.



(Brenda 2016)



(The Man in Seat 61 n.d.)

Besides the standard amenities aboard luxury trains, some offer additional on-board services or cars. For example, *The Andean Explorer* from *Belmond*, has a spa car. This car offers massages and facial treatments similar to some resort hotels. *The Deccan Odyssey* features a small fitness room with treadmills and exercise bikes. Some trains also offer laundry services and in-room-dining for guests in select classes (Belmond n.d.).

C. Itineraries:

Trip itineraries vary greatly from train to train with the most common being 2-4 days long, although some trains offer trips with a duration of 12-16 days. Generally, itineraries are split to be either sight-seeing focused or to be ‘escape to nature’ focused. A good example of a train which does both is *The Royal Scotsman*. It features a number of sightseeing trips such as, “Heritage Home & Gardens,” “Clans, Castles, and Isles,” and a “Scotch Malt Whiskey Tour.”

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All three of these focus on the destinations visited and the history of the country. On the other hand, some of the train's other trips are focused on the land that is Scotland. These trips include "Wild Scotland," "Western Scenic Wonders," and "Grand Taste of the Highlands" (Belmond n.d.).

D. Pricing:

Pricing like itineraries varies from train to train and based on route and class. The below table shows a number of the trains listed above with average price per trips identified by length of itinerary. Additionally, based on the information shown below, the overall average price per day on a luxury train is about \$2,074.62 USD. Interestingly enough it appears that when comparing this average per day cost to the average per day cost by length of itinerary, five day trips are priced significantly higher by more than \$1,000 on average. Comparatively 1-2 day trips are significantly less expensive by about \$700.

Train	1-2 Day	4 Day	5 Day	7 Day	10+ Day	Overall Avg
Venice Simplon Orient Express	\$4,898.00	\$9,634.80	\$21,700.00	X	X	X
The Golden Eagle Danube Express	X	X	X	\$16,595.00	\$28,145.00	X
The Royal Scotsman	X	X	X	X	X	\$12,710.00
The Golden Eagle (Russia)	X	X	X	X	\$36,345.00	X
El Transcantábrico Gran Lujo	X	X	X	\$17,800.00	X	X
Al-Andalus	X	X	X	\$12,366.00	X	X

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The British Pullman	\$651.00	X	X	X	X	X
Golden Pass Panoramic Express	\$49.14	X	X	X	X	X
Rovos Rail Pride of Africa	X	X	X	X	\$13,053.75	X
Deccan Odyssey	X	X	X	\$8,330.00	X	X
Eastern & Orient Express	X	\$6,005.00	X	X	X	X
Maharajas' Express	X	X	X	\$15,540.00	X	X
The Seven Stars Kyushu	\$1,980.00	\$4,158.00	X	X	X	X
The Ghan	\$2,910.00	\$6,110.00	X	X	X	X
Indian Pacific	\$1,825.00	\$4,972.50	X	X	X	X
Royal Canadian Pacific	X	\$8,395.00	\$10,220.00	X	X	X
Rocky Mountaineer	\$2,099.00	X	X	X	X	X
AVERAGE	\$2,058.88	\$6,545.88	\$15,960.00	\$14,126.20	\$25,847.92	
Average per Day	\$1,372.58	\$1,636.47	\$3,192.00	\$2,018.03	\$2,153.99	\$2,074.62

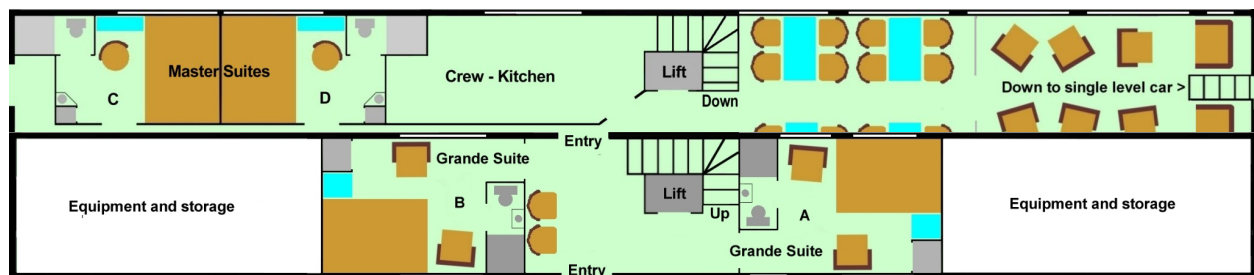
(Prices extracted from Belmond n.d., The Society of International Railway Travelers n.d., and Golden Eagle Luxury Trains n.d.)

E. Rail Charters:

Aside from the above mentioned style of luxury rail, it would be unwise to ignore privately owned rail cars. Currently, there are two main players in the American market for this category: *America's Trains Inc.* and *Northern Sky Private Rail Charters* (NSPRC). While being in the same market segment, the trains offer vastly different services and routes (Northern Sky Private Rail Charters n.d., America's Trains Inc. n.d.).

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America's Trains Inc. offers a selection of different cars, which are renovated historic cars. Their accommodations are very similar to several of the previously mentioned luxury trains with single or double rooms available and most with ensuite restrooms. However, one of the differences lies in layout. Most luxury trains have cabins that run most of the distance from side to side of a train car but they still have to leave room for passengers to move through the train. This means that the cabin is typically very narrow with the beds being the widest part of the car. On the two level cars offered by *America's Trains Inc.* this does not appear to be the case. Those cars allow the suite to run the entire width of the rail car since other guests or staff do not need to pass on the same level. This allows for a wider car with additional views which some guests may prefer. (America's Trains Inc. n.d.)



(America's Trains Inc. n.d.)

Northern Sky Private Rail Charters (NSPRC), on the other hand, only has two styles of car, their “Northern Sky” dome car and their “Northern Dreams” traditional sleeper. These cars are both laid out very similarly to most luxury trains with cabins on one side of the car with a lounge car at the rear. Both cars fit the traditional rail revival style yet feature a few modern amenities such as the “surround sound theater.” This train series would likely be the better option for larger groups since they feature more cabins per train car (Northern Sky Private Rail Charters n.d.).

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When it comes to itineraries and pricing, *America's Trains Inc.* has more route options that typically fall within different regions of the US. Comparatively, NSPRC runs from Chicago to either New Orleans, Los Angeles, or Washington DC. Despite these routes both trains allow the opportunity for guests to determine their own routes since the individual cars can be connected to Amtrak trains. This means that guests can travel to most destinations that Amtrak trains travel to. Pricing is typically based on length of the trip and is unlisted for NSPRC.

America's Trains Inc. offers two options, one in the traditional style of booking a trip and another in the form of a timeshare or "Train Shares" as they call it. Their pricing hovers around the \$7,000 for five days but can fluctuate based on class and length of trip. This pricing would place it at about \$1,400 per day which would position it well below the overall daily average of luxury trains (Bellenoit 2021).

V. Advantages of Luxury Trains

For the purpose of this paper, the decision to travel will be defined as either for business or for leisure. Luxury rail travel could be counted for business in some cases. Examples of this could include the consideration of multi-country travel, traveling to earn income through social media, or through the chartering of private rail cars by businesses. This paper focuses instead on the leisure travel side of operations.

A. Life Satisfaction:

One potential reason for leisure travel is to increase one's overall life satisfaction. According to a paper by Jordan Varney, there are a number of studies which link leisure travel to increasing an individual's life satisfaction. The term "life satisfaction" may be confusing without context. In the context of Varney's work and in this paper, life satisfaction refers to, "a conscious evaluation of how their [(an individual's)] life is going and how close their life is to their ideal" (Varney 2019).

Varney's research was performed on a sample from the Netherlands which was done in part because previous research focused on British and other English speaking people. Information was gathered through an online survey where participants were asked about how often they vacationed throughout the year. In addition, the participants had their life satisfaction measured "using the Satisfaction with Life Scale" (Varney 2019). According to the results, the study found that individuals who partook in leisure travel saw increases in their overall life satisfaction compared to a time before the trip. In addition, the study found that the increase directly correlated to the number of trips individuals took with more trips resulting in a greater increase in life satisfaction. Lastly, the final hypothesis of the test, whether international versus

domestic travel impacts the amount of increase in life satisfaction, correlated that international travel solicited a greater response (Varney 2019).

B. Journey Based Leisure Travel:

Now that the correlation between leisure travel and life satisfaction has been discussed, the main question has to be asked. Why trains? There is no shortage of options when it comes to deciding on where or how to take leisure travel. Individuals could choose to vacation all across the globe, anywhere from the beaches of Hawaii to the slopes of the Swiss Alps. People could also choose to take their vacation while traveling such as through a road trip or a cruise. This again asks why someone should, or rather would, choose a luxury train over any of the other options. There are a number of ways to answer this question but the following will be the focus: the benefits of travel experience, the environmental benefits, and the benefits to communities.

What are the benefits of vacationing aboard a luxury train compared to traveling by car, recreational vehicle (RV), boat, or plane? First, it depends on what kind of experience a traveler is looking for. Luxury rail travel is primarily journey based, even when taking itineraries that focus on excursions. Comparatively air travel is almost entirely destination based. The reason luxury rail is classified this way in the paper is because this is how many luxury rail opportunities define themselves. Many luxury rail lines pride themselves on the attention they give to letting their guests experience the scenery that they pass along on their journey. This is a reason why several luxury trains ‘stable’ or stop for the night and only travel during the day.

Luxury rail is one of the best options for travelers looking for journey based travel because of the convenience it offers versus some of its competitors. When comparing other overland travel methods, such as car or RV travel, the traveler has more opportunity to relax. In

car or RV travel the driver has to remain vigilant at the wheel or the trip could get stuck in traffic.

Both may seem trivial but detract from the experience of the passengers. Automobile travelers must also give consideration to stops for fuel and the restroom, which could cause delays and negatively impact other plans for the journey or cause additional stress. Additionally, when traveling by car or RV the traveler is still responsible for a number of components of the trip such as food and general chores.

If traveling by car, travelers likely have to plan stops for meals or hotels which could increase the cost of the trip significantly. RVing may offer more consideration to these issues since travelers can cook within the vehicle, but they must still plan grocery shopping and spend the time cooking and cleaning-up. While RVs may have sleeping accommodations onboard, individuals may still have to pay for the location they choose to park the vehicle and have to tend to the onboard utilities. Thus, these accommodations include additional chores travelers must perform, such as finding parking, dumping waste water and refilling fresh water.

C. Uniqueness:

Luxury trains also provide a different level of uniqueness to their journeys that other modes of leisure travel may not. For example, planes and cruise ships often follow very similar routes between companies. This means guests can shop around and find the best option to meet their travel needs. Luxury trains on the other hand may operate in similar regions, but generally are more spread out without sharing routes and smaller stops. As a result luxury rail travelers have to seek out luxury train experiences and plan any further portions of their trip around the route offered. Comparatively, planes and boats offer more flexibility to decide a travel method after planning the rest of the trip.

Another component to this is the wide variety of journey lengths that are offered, with some trips as short as one day with no overnight, and others lasting up to 16 days traveling across continents. This variability helps to build the potential demand for luxury rail. In the United States there are currently a number of different day trip based train opportunities, such as dinner-show trains or wine-tour trains. Current U.S. luxury train opportunities, such as a trip aboard *The Rocky Mountaineer* or the privately owned rail cars mentioned previously, fall into the most common length of trip in the luxury rail segment of 3-5 days. This leaves a potentially untapped market for longer trips, including but not limited to, cross country trips.

D. Onboard Advantages:

One of the key factors to making a trip journey-based is what the guest can do while taking the journey between their various stops or excursions. When traveling by boat, it is often about what is being offered onboard the vessel. Cruise ships fill the demand for onboard amenities easily because their large size provides lots of space for everything from pools and theaters to extensive dining options. Car and rail travel cannot provide some of these amenities simply due to size constraints. A car has to be able to fit on the road, and a train, while afforded more space, still has to meet requirements based on track, tunnel, and bridge sizes. So where does rail win?

The answer is in views. Arguably, one of the best features of luxury rail travel is the sweeping views guests get to experience. While the train trundles along through the wilderness, passengers are treated to a range of picturesque scenes. They could experience beautiful sights of roaring rivers, animals on the Outback, snow covered peaks, and much more, which, when

compared to the constant expanse of the ocean, the seemingly endless asphalt highway, or the tiny view through an airplane window, is breathtaking.

Considering that luxury trains and road tripping share a number of similarities, where do luxury trains pull ahead of cars and RVs? Aside from the convenience factors afforded to travelers of luxury rail, personal space should also be considered. When road tripping in a normal car passengers are confined to their seat with maybe some additional space on either side. RVs offer a greater level of freedom since they are, in some cases, far larger than a regular car or many of the cabin offerings aboard a luxury train. Yet, travelers are still very confined aboard an RV, being trapped inside one or two rooms. Compare this to the space offered by having a cabin aboard a luxury train and the opportunity to travel around within the train between lounge cars and observation cars. To return to the comparison to cruise ships, some of the smaller vessels still carry upwards of 1000 guests. Compare this to *The Ghan*, one of the largest luxury trains which has a maximum occupancy of just over 300. This means guests are not overcrowded when using the amenities onboard luxury rail travel (Journey Beyond Rail n.d.).

E. Environmental Impacts:

Currently all the advantages of luxury rail have been focused on the guest experience and not external forces. While the guest experience is paramount in any hospitality focused business, there are other factors that need to be weighed, such as environmental impacts. In the last decade, more than ever, climate change and environmental concerns have grown. These concerns, when combined with a mental image of old steam locomotives fueled by carriages of coal, could push more environmentally conscious guests away. In addition, environmental concerns extend farther than the minds of guests. Concerns could also have implications in

legislation and legal requirements when running a luxury train operation. Before diving much deeper into the environmental impacts of running a luxury train, the locomotives responsible for hauling these trains should be discussed. Most luxury trains run on a mixture of fuels. Some use traditional coal-fired, steam-powered locomotives for less strenuous portions of travel to add a historic flair. But most operators turn to diesel-electric locomotives when more power is required. This means that the train locomotive is equipped with a diesel powered engine, which turns a generator, that in turn powers electric motors which move the train as well as power various electric components of the train. In addition to diesel-electric locomotives, some trains run on overhead electrical lines or have a combination locomotive which can switch between the two.

According to a UK study presented by *Statista*, rail travel is the second lowest producer of carbon emissions per kilometer. It ranks as nearly one quarter the rate as automobile travel and only about 14% of the rate for airplane travel. Cruise ships are not listed in the survey; however, when using ferries as a counterpart, they still produce nearly double the carbon emissions per kilometer (Tiseo 2023).

F. Benefits to Communities:

Another external factor which luxury train travel can prove advantageous is its benefits to communities. Luxury rail travel requires a good amount of infrastructure in order to function effectively, much like automobile or air travel. Similar to cruises, it requires activities for guests at stopping points or while on excursions. This is where route planning can lead to community growth. For this conversation, the paper will turn its attention to trains that ‘stable’ for the night. ‘Stabling’ is simply a general term for parking a train at a station. In the conversation of luxury

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trains it refers to times when trains stop for the night and only travel during the day. Some trains may do this so that guests avoid missing the scenery they are paying to view. Others stop at night because it makes the journey more comfortable for the guests since the train is not rocking while they try to sleep. Still, more do it because they may not want to invest the capital in having sleeper cars aboard the train (W. 2015).

An example of this is the Canadian based train *The Rocky Mountaineer*. This train stables at night and arranges a local hotel for the passengers to stay at before reboarding for breakfast and the next day of travel. This may seem like a lost source of revenue for the company. However, it arguably builds a better relationship between the company and the communities the train visits. The hotels chosen by *The Rocky Mountaineer* do feature a mix of both large name hotel brands and local small hotels, depending on the route. This supports the local business of the town and would likely make them view the train more favorably. This good publicity not only encourages residents of station towns to take a trip themselves, but it also presents the opportunity to show good faith to get passengers around the globe (Rocky Mountaineer n.d.).

Stepping back into the realm of sleeper car equipped luxury trains, they are still beneficial to the communities they visit. Unlike cruise ships, which generally follow similar routes docking at neighboring ports, luxury rail tends to stop in a mixture of unique stations. Some of these more isolated or unique stations present the opportunity for tourism development in the surrounding area. Many stops involve some sort of excursion coordinated by the rail company. The excursion may not be run by the company itself, but rather contract the adventure to a local guide or tourism company. This presents the opportunity for the area to grow more and potentially see more tourism revenue.

G. Rail Charters:

While so far this section has focused on individual luxury trains, it will now refocus on private luxury rail charters. Private luxury rail charters are advantageous over luxury trains in the control and independence they give guests. Guests of rail charters can select a predetermined route or design their own which gives them freedom to choose where they wish to stop and for how long. There is the constraint that the charter uses an Amtrak train and therefore may be slightly limited with departure times and destinations. However, this could be seen as a benefit since rail charters could be used as a premier class onboard a regular Amtrak trip. In addition, while the total amount of space a guest has to explore may be limited with rail charters, guests have a larger amount of personal space for themselves since the entire experience is theirs. Similar to how guests may enjoy a vacation rental over a hotel, rail charters may be preferred over a luxury train experience.

VI. Disadvantages of Luxury Trains

One of the primary challenges to the growth of luxury trains in the U.S. has to do with competition within the travel market. As outlined above, individuals seeking leisure travel have a number of different options available. People can choose from a wide range of options between aircraft, boats, and automobiles. Each option for travel offers a different advantage over luxury trains, which could cause potential customers to gravitate towards them over a luxury train trip.

A. Planes:

Luxury trains tend to focus heavily on the journey and less on the destination. This results in trips that take a number of days by train and could be completed in a few hours by plane. Guests may choose to travel by plane over luxury trains because they are more focused on using leisure travel as a means to get to their desired final destination. Planes are inherently faster, and the lack of rails means they have a larger potential range over most luxury trains. Simply put, one can fly from the East Coast of the United States to central Europe in eight hours, but there is no trans-oceanic train along that route, let alone one that could do it in less time.

B. Cruises:

Cruises pose another threat to luxury rail travel. Like planes, they provide more route opportunities within each individual company. Unlike planes, they also typically surpass luxury rail in both personal space and amenities. Due to their sheer size, cruise ships are capable of offering far more amenities to guests as well as more modern amenities. Most cruise ships have pools, theaters, and extensive dining options. Some, such as *Royal Caribbean's* fleet, have interesting technology like robotic bartenders. A survey from *Travel Guard* (as presented by

Statista) showed that “high-caliber entertainment” ranks as the most popular feature aboard cruise ships. While luxury dining does exist on the majority of luxury trains, there is typically only one dining car onboard that changes style for different meals. This may bore guests who are on longer itineraries compared to the multiple food outlets aboard cruise ships with different styles of cuisine and service (Travel Guard 2014).

C. Automobiles:

Traveling by automobile affords travelers the most freedom out of any of the other styles of leisure travel. When traveling by car, the individual gets to set the route and the pace and decide on where to eat and sleep. Traveling by car may seem challenging to some considering the need to decide and prepare for these various factors rather than the preset schedule of a luxury train. A possible solution to this is RVing. According to *IBISWorld*, the industry of RV and camper van rentals has been on a steady yet tiered revenue growth and is expected to see another sharp growth in the coming years. This is despite the industry’s mature state and growing competition within the industry. This could spell problems for the luxury rail industry considering the shared customer base of overland travelers (Seiler 2023).

D. Rail Competition:

Aside from competition in the leisure travel market, luxury trains must face competition on the rails. While it was previously stated that luxury rail does not have much location based competition with itself, it does face competition on who gets to ride the rails. Rail infrastructure is built to handle both freight and passenger travel with competition over priority often becoming an issue. In many countries, passenger rail has to yield to freight rail, which can result in delays for travelers who could be spending over \$10,000 on a ticket. Additional delays can occur in

other ways, such as on *Rovos Rail's The Pride of Africa*, which experiences delays due to load-shedding within the South African power grid. While the decision to use luxury rail is more about the journey and not the destination, delays still stop guests from seeing the scenery as they sit at a station or at a passing point. Additionally, as alluded to, delays could impact scheduled excursions through the rail company though they try to work through delays when they occur (W. 2015).

In addition to the competition on the rails, the overall rail infrastructure in the U.S. must be considered before starting a venture of this type. One of the ways which cruises beat out luxury rail is in size. Trains must fit to certain exterior dimensions and weights dependent on their routes in order to fit through tunnels, over bridges, or along the track gauge used in the United States. This becomes a greatly limiting factor for room sizes and available amenities. Aside from size limitations, rail infrastructure as a whole is a significant factor.

E. Infrastructure:

Rail infrastructure includes the tracks themselves, bridges, tunnels, and stations. This portion becomes rather complicated rather quickly. As a reminder, Amtrak is a government-run passenger rail service similar to local commuter rail networks. Aside from a large portion of the Northeast Corridor and passenger rail stations, rail infrastructure is privately owned by freight rail companies. The Northeast Corridor and stations are owned by Amtrak and paid for through tax dollars. In order for Amtrak to run in other portions of the United States where it does not own the track, it is forced to pay a leasing fee (RailInc 2023).

This represents a minor problem for privately owned luxury rail. In order to operate a luxury rail, it needs access to the tracks. This would likely involve a similar arrangement or the

construction of new tracks. The former of these two options would likely be feasible. However, it could require substantial interaction with freight rail. Additionally, it could result in a requirement to help fund repairs along track used. Operation in the Northeast Corridor could require even more negotiation, since the tracks are more crowded with passenger rail and are owned by the government.

F. Government Oversight:

The challenges of negotiating with the government lead into another potential issue of luxury rail travel; government oversight. Currently, rail travel in the U.S. is overseen by the Federal Railroad Administration (FRA), while railroad accidents are investigated by the National Transportation Safety Board (NTSB). It is their responsibility to provide recommendations post-accidents. When navigating through the FRA website, information is fairly scarce regarding luxury rail or even passenger rail in general. This is likely because the majority of U.S. passenger rail is governmentally owned. In the end, luxury rail could face a number of legislative issues, considering the number of safety practices that are currently required to travel by train. However, a new venture in luxury rail could help to define the legislation for the future. By being involved in the new legislation, a company could help to develop oversight, which is advantageous for the industry as a whole allowing for further expansion.

G. Staffing:

Aside from challenges with the government and other train lines, luxury trains require staffing. This could pose a challenge for a number of reasons. In the end, luxury trains are a hospitality and tourism based venture. They require a high staff to customer ratio, which could prove challenging to assemble in an industry which is already struggling to find employees. That

being said, the hospitality industry is seeing continued growth in employees with the growth expected to continue (Le 2023).

Finding employees is not the only challenge for a hotel-resort on steel wheels. Similar to cruise ships and remote resorts, there is an additional need for employee housing and food. This could involve additional cars attached to the train to house employees. Also, employee recruitment could become challenging because employees may not want to be away from home for multiple days. Essentially, due to the design of luxury rail it could be unappealing to employees and cost more in labor than other ventures in comparable markets.

VII. Recommendations for Development

Now that the advantages and disadvantages of luxury rail have been outlined the main question of potential can be answered. There are three main regions of potential development for luxury rail in the US. First is the expansion of the globally popular rail-revival model into the U.S. market. Second is development into a new design such as amenity-driven modern luxury rail. Third is the expansion of the private rail charter industry. Each has its benefits and shortcomings that could help them succeed or lead them to failure.

A. Rail Revival:

Migrating a rail-revival model into the U.S. market is likely the safest option of the three. The existing market acts as a proving ground for the concept. While it has seen limited introduction in the US, primarily *The Rocky Mountaineer*, the market has seen extensive testing around the globe. A luxury rail experience in this category could be designed to focus heavily on a nostalgia approach. This approach would involve the traditional rail-revival style of limited amenities such as those seen on *Rovos Rail*. This could be structured to follow historic routes such as *The Golden Eagle's* route, which follows the Silk Roads. Potential routes could include a “the journey West” style route, perhaps focused on the very early days of rail in the U.S.. Alternatively a route could be developed similarly to those of *The Royal Scotsman* focused on visiting national parks. Again, similar to *The Royal Scotsman*, an adaptation of a classic Bourbon Trail expedition could be developed in the Southeast.

B. Modern:

The option of modern or amenity focused luxury rail poses additional risks. On one hand, there is very limited research regarding the market in this category. It is not one that exists

globally and as such has not been tested. One of the greatest challenges to ventures of this style, besides entering an fairly unknown market, are the physical challenges of combining modern amenities with rail travel. Luxury rail often faces constraints due to size limitations. This is why most luxury trains only have lounge cars and observation cars for amenities outside of food and beverage. This, however, provides a great potential for growth in the industry through research and development. A venture trying to launch modernized luxury rail would likely have to spend a considerable amount of resources better developing technology for rail travel. Trains looking to move into this segment may consider trying to upgrade their entertainment onboard. This could be done with the addition of a movie theater car, a night-club style car, or a gaming car. These may all sound very complicated but could all likely be accomplished much more affordably than other hotel or cruise ship amenities.

C. Rail Charters:

Lastly, is the expansion of privately owned rail charters. This market already exists in the U.S., but is potentially missing a target audience. When looking over the currently existing offerings, both seem to appeal to an older crowd with their rail-revival formats. However, with a growing market for vacation rentals such as *Airbnb* and *Vrbo*, rail charters could see growth. They are essentially the same concept only in motion. Vacation rentals can be seen as a way to save money or to get away from the traditional hotel aesthetic. A luxury rail offering in this category could be marketed towards budget focused vacationers or have a route designed to stop in unique and remote destinations for a truly original experience. If the venture is developed with a more customizable experience, where the guest builds their own route, it could provide valuable information on selected destinations should the operation decide to expand into an independent luxury train (Jayawardena 2019).

D. Financials:

Now that the different options have been outlined, the pros and cons of each one's financials will be discussed. First is start-up costs. The least expensive option in this category is privately owned rail charters. A restored rail car can cost between \$500,000 and \$1 million. A company could outsource the restorations, do them in-house, or build the car from the ground up. Any of the three would likely cost similar amounts in the end to get the car ready for guests.

A rail revival style train would have a similar per-car cost but would also include additional costs for the locomotive. When choosing a locomotive, the intended route has to be considered. Locomotives come in different styles each offering different amounts of power. Typically, AC powered locomotives have more pulling strength than their DC traction counterparts. As mentioned most luxury trains run on a diesel electric locomotive, which can cost between \$1.5-\$2 million depending on whether it is configured as DC or AC power. For a complete luxury train, it could cost upwards of \$20 million, assuming the train has a DC locomotive, two dining cars, an observation car, two staff cars, and eight guest cars. A train of this length could carry 16-24 guests depending on how the sleeper cars are configured. In contrast, the construction cost of a hotel room could cost \$200,000-\$600,000 per room and a luxury hotel room could cost \$500,000 - \$1,000,000 or more per room (World Wide Rails n.d.).

A modernized luxury train would likely be the most expensive simply due to the amenities. It could be estimated that guest cars and amenity cars would easily exceed the estimated \$1 million a car for rail revival or private rail. This is due to the costs of modern technology and the additional utility work needed to run any modern tech. However, due to the modern amenities, a higher ticket price could likely be charged to eventually reimburse the start-up costs.

Once start up costs have been analyzed the running costs should be broken down. Luxury travel and tourism has a high cost associated with labor due to the high staff to guest ratio needed in order to maintain the level of luxury. Luxury rail is no different. Not only do luxury trains need staff to attend to guests but they also need staff to operate the train. Similar to cruise ships where staff are housed onboard, luxury trains follow a similar model. Labor onboard can be broken down into two sections; train operations and guest operations. Train operations refers to the individuals needed to keep the train moving. This would include train engineers, or operators, and a maintenance staff. Depending on whether a train operates all day it may require more than one operator to be onboard at a time. Maintenance staff may be housed onboard, but a luxury rail operation could likely save labor costs by outsourcing maintenance by stop. This does however require that the individuals are knowledgeable about the train itself, which could prove challenging with outsourcing. The staff required for guest operations is much larger and includes concierges, food & beverage staff, housekeeping, entertainers, and more. The best option to save costs and space onboard in this area is to have individuals fill multiple roles. For example, cross-training servers as housekeeping could be beneficial since the dining car may only be open for specific seating times. There is the concern of overworking staff and having difficulty recruiting, which would have to be weighed in making this decision.

Staffing is another area where rail charters are more cost effective. Since rail charters tend to operate similarly to vacation rentals, the required staffing is much lower for small charters. For example, a charter that calls for one car that is a combination sleeper and observation car may only require one staff member who is on-call for guest emergencies or safety. This may not be the case for larger multi-car charters, where guests may want additional services. Rail charters are at a slight disadvantage when it comes to running fees. By their nature

rail charters require a leased train to pull them. This incurs a per mile fee which, depending on the pricing model and trip length, could become problematic.

Recuperating the funds required for building and running a luxury train is fairly similar to how cruise ships or luxury hotels make money. Ticket prices and rates often cover a guest's food and most of their beverages, with upcharges for some menu items and beverages. In addition, luxury trains can charge for onboard services such as spa cars. On ventures that choose to experiment with the modern amenity-focused style it may make more sense to charge a higher ticket price and not for individual amenities. Simply put, whether or not a guest chooses to use amenities, such as a spa car, the staff still have to be housed onboard. Therefore, unless the cost of those additional staff members and their costs are already worked into the ticket price, which they could be, the operation loses money if the amenity does not see use.

VIII. Conclusion

In the end, it is important to realize that luxury rail travel is focused on the journey rather than the destination. Luxury rail travel, like many areas of tourism, is built for the guests that it serves and therefore must be tailored to them. While the current supply of luxury rail travel is primarily outside of the United States, there is a growing potential to expand luxury rail farther into the U.S. market. In order to accomplish this growth some further steps should be taken.

One of the first steps is for information to be dispersed. Luxury rail has a very limited ranking system and is fairly unknown outside the already existing market. A way to grow interest and popularize luxury rail could be for expanded ranking and reviewing of luxury rail. For example, companies such as AAA, Forbes, or Michelin could begin to review or rank luxury rail. If this transpired, information on luxury rail would likely be more accessible and demand for luxury rail trips could increase.

The second big hurdle has to do with information regarding the field or sector. Currently, it is very difficult to find information about luxury rail as a sub-industry. Further research in the field, such as demand analysis, industry analysis, etc., would be very useful to developing and expanding the industry. In the United States, very little information is currently available, so it is very difficult to examine specifically which concepts or areas of growth would work most optimally. As such, the most important place for growth is in market research.

In conclusion the luxury rail industry in the United States is very small compared to other parts of the globe. This size gives the industry a great potential to grow both in pre-established fields and in defining new ones. Luxury rail may not be for all, but for those seeking to take a

journey based trip the U.S. has expanses of land to be explored, all to the gentle rocking of a train car.

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