

Transit Marketing:

A Program of Research, Demonstration and Communication

Transit Management Division

Final Report
April 1985



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1. Report No. UMTA-MA-06-0049-85-8		2. Government Accession No.		3. Recipient's Catalog No.	
4. Title and Subtitle TRANSIT MARKETING: A PROGRAM OF RESEARCH, DEMONSTRATION AND COMMUNICATION				5. Report Date April 1985	
				6. Performing Organization Code DTS-64	
				8. Performing Organization Report No. DOT-TSC-UMTA-85-7	
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9. Performing Organization Name and Address Cambridge Systematics, Inc.* 222 Third Street Cambridge, MA 02142				11. Contract or Grant No. DOT-TSC-1752	
12. Sponsoring Agency Name and Address U.S. Department of Transportation Urban Mass Transportation Administration Transit Management Division Washington, DC 20590				13. Type of Report and Period Covered Final Report	
				14. Sponsoring Agency Code URT-32	
15. Supplementary Notes *Under Contract to: U.S. Department of Transportation Research and Special Programs Administration Transportation Systems Center Cambridge, MA 02142					
16. Abstract This report recommends a five-year program of research, demonstration, and communication to improve the effectiveness of marketing practice in the U.S. transit industry. The program is oriented toward the development of improved market research tools, strategic planning, marketing techniques, and evaluation methods. It consists of two phases. The first phase encompasses research and development. The second phase involves the deployment of prototypical marketing programs, based on the results of the research program. Training and information dissemination are also included in the second phase to help translate research and development activities into better marketing practice at the local level. This is the second report resulting from a review of current practice in transit marketing. An assessment of current activities is presented in <u>Transit Marketing: A Review of the State-of-the-Art and a Handbook of Current Practice.</u>					
17. Key Words Transit Marketing, Market Research			18. Distribution Statement Document is available to the public through the National Technical Information Service, Springfield, Virginia 22161		
19. Security Classif. (of this report) UNCLASSIFIED		20. Security Classif. (of this page) UNCLASSIFIED		21. No. of Pages 72	22. Price

Preface

This document was prepared by Cambridge Systematics, Inc., for the Urban Mass Transportation Administration's Transit Management Division, under contract to the Transportation Systems Center (TSC) of the U.S. Department of Transportation. Considerable assistance was provided by a number of individuals who are very active in the field of transit marketing. This review has benefited enormously from their experience, insights and perspectives.

Providing direct input as consultants to the study were Richard L. Oram, Dr. Gordon J. (Pete) Fielding, John T. (Jack) Doolittle, Dr. Peter B. Everett, Dr. Mark D. Abkowitz, Harron Ellenson and Mary R. Currier. In addition, marketing directors from twenty-five major transit agencies generously contributed their time and ideas by participating in our survey of current marketing and by reviewing intermediate products. Their perspectives have helped us to focus the study on those methods most relevant to the transit industry.

Finally, Rosemary Booth, our Technical Monitor at TSC, has provided valuable insights and guidance throughout the course of the study. This document has benefited greatly from her participation.

The valuable contributions of all these individuals we gratefully acknowledge.

METRIC CONVERSION FACTORS

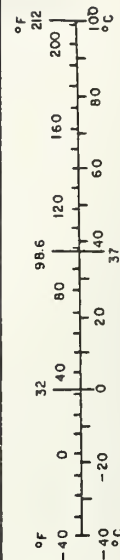
Approximate Conversions to Metric Measures

Symbol	When You Know	Multiply by	To Find	Symbol
LENGTH				
in	inches	2.5	centimeters	cm
ft	feet	30	meters	m
yd	yards	0.9	kilometers	km
mi	miles	1.6		
AREA				
in ²	square inches	6.5	square centimeters	cm ²
ft ²	square feet	0.09	square meters	m ²
yd ²	square yards	0.8	square meters	m ²
mi ²	square miles	2.6	square kilometers	km ²
	acres	0.4	hectares	ha
MASS (weight)				
oz	ounces	28	grams	g
lb	pounds	0.45	kilograms	kg
	short tons (2000 lb)	0.9	tonnes	t
VOLUME				
tsp	teaspoons	6	milliliters	ml
Tbsp	tablespoons	15	milliliters	ml
fl oz	fluid ounces	30	milliliters	ml
c	cups	0.24	liters	l
pt	pints	0.47	liters	l
qt	quarts	0.95	liters	l
gal	gallons	3.8	liters	l
ft ³	cubic feet	0.03	cubic meters	m ³
yd ³	cubic yards	0.76	cubic meters	m ³
TEMPERATURE (exact)				
°F	Fahrenheit temperature	5/9 (after subtracting 32)	Celsius temperature	°C

* 1 in = 2.54 (exactly). For other exact conversions and more detailed tables, see NBS Misc. Publ. 286, Units of Weights and Measures, Price \$2.25, SD Catalog No. C13.10.286.

Approximate Conversions from Metric Measures

Symbol	When You Know	Multiply by	To Find	Symbol
LENGTH				
mm	millimeters	0.04	inches	in
cm	centimeters	0.4	inches	in
m	meters	3.3	feet	ft
m	meters	1.1	yards	yd
km	kilometers	0.6	miles	mi
AREA				
cm ²	square centimeters	0.16	square inches	in ²
m ²	square meters	1.2	square yards	yd ²
km ²	square kilometers	0.4	square miles	mi ²
ha	hectares (10,000 m ²)	2.5	acres	
MASS (weight)				
g	grams	0.035	ounces	oz
kg	kilograms	2.2	pounds	lb
t	tonnes (1000 kg)	1.1	short tons	
VOLUME				
ml	milliliters	0.03	fluid ounces	fl oz
l	liters	2.1	pints	pt
l	liters	1.06	quarts	qt
l	liters	0.26	gallons	gal
m ³	cubic meters	35	cubic feet	ft ³
m ³	cubic meters	1.3	cubic yards	yd ³
TEMPERATURE (exact)				
°C	Celsius temperature	9/5 (then add 32)	Fahrenheit temperature	°F



Contents

	<u>Page</u>
1.0 Introduction.	1
2.0 Market Research Tools	7
3.0 Strategic Planning and Marketing Techniques . .	15
4.0 Evaluation Procedures	25
5.0 Deployment of Prototypical Marketing Programs .	29
6.0 Training and Information Dissemination.	33
7.0 Program Action Plan	35

List of Tables

<u>Table</u>		<u>Page</u>
1	Five-Year Transit Marketing Research Program: Recommended Level of Effort . . .	40
2	Research Program Budget by Year	41
3	Research, Demonstration and Communication Program: Assessment Criteria	44
4	Research, Demonstration and Communication Program: Resource Allocation	47

List of Figures

<u>Figure</u>		<u>Page</u>
1	Five-Year Transit Marketing Research Program: Recommended Schedule	36
2	Schedule of Research Program Products by Program Activities	37

Executive Summary

This report recommends a five-year program of research, demonstration, and communication to improve the effectiveness of marketing practice in the U.S. transit industry. To achieve this objective, the program is oriented toward the development of improved market research tools, and marketing techniques and strategies, and their deployment by transit marketing professionals.

The program consists of two phases. The first phase includes the research and development needed to improve current marketing practice. The second phase involves the actual deployment of a prototypical marketing program, based on the results of the research program. Training and information dissemination are also included in the second phase to facilitate the translation of research and development activities into better marketing practice at the local level.

Five major program areas are identified:

- market research tools,
- strategic planning and marketing techniques,
- evaluation methods,
- deployment of prototypical marketing programs, and
- training and information dissemination.

Program products will include handbooks, workshops, evaluation reports and cross-cutting studies. The overall level of effort recommended for the program is

\$11,675,000, with allocations among the areas listed above as follows: \$2,350,000 for market research techniques, \$4,525,000 for strategic planning and marketing techniques, \$1,150,000 for evaluation procedures, \$2,100,000 for deploying a customer-oriented marketing program, and \$1,500,000 for workshops, conferences, clearinghouse activities, and other training or information dissemination activities.

Introduction

Persistent declines in ridership and increases in the cost of service for transit systems in U.S. cities in recent years have prompted many operators to explore ways of attracting new riders or enticing current riders to use transit more often. Over the past decade, marketing has been given increasing consideration as a method for increasing both ridership and productivity. Recent improvements in market research and marketing techniques for service industries in the private sector have also sparked an interest in transferring some private sector techniques to the transit industry. The program presented in this report is designed to increase the productivity of U.S. transit systems by improving the state of the art in marketing. The primary focus is on bus systems, which represent the majority of transit systems now operating.

This is the second report resulting from a review of current practice in transit marketing. An assessment of current marketing activities is presented in Transit Marketing: A Review of the State of the Art and A Handbook of Current Practice, prepared for the Transportation Systems Center by Cambridge Systematics, Inc., March 1985. This report was the product of interviews

with transit marketing professionals, including the marketing directors of twenty-five major transit agencies, and a review of earlier research efforts. It provides a profile of current practice, identifies emerging marketing techniques, explores the extent of evaluation of marketing practice, and identifies those techniques needing further demonstration and evaluation.

The program presented in this report also reflects issues raised at a two-day workshop on transit marketing held in June 1984, sponsored by the Urban Mass Transportation Administration (UMTA), Office of Management Research and Transit Services. The workshop was organized for UMTA by the Transportation Research Board, the Pennsylvania State University, and Public Technology, Inc., in cooperation with the American Public Transit Association. Attendees included transit marketing directors and general managers, state and federal officials, academicians, and private sector marketers. The workshop invited recommendations from the participants for marketing research, demonstrations, and information sharing projects that UMTA should support over the next five years.

The marketing workshop identified training of transit personnel in a "customer orientation" as a high priority. The program of research and development presented in this report identifies the effective elements of a customer orientation and suggests ways to combine these elements into an overall marketing program. A plan of action is presented for developing a prototype

marketing program to be deployed on a test basis in four settings: small, medium and large urban areas and in a non-urban area.

The program consists of two phases. The first phase comprises the research and development needed to improve current marketing practice and to better understand its role in a transit agency. The second phase involves the actual deployment of a prototypical marketing system, based on the results of the research program. The second phase also includes training and information dissemination, to translate results of the research into better practice at the local level. Key features of the proposed program are as follows:

Phase I: Research and Development

A. Market Research Tools

Special research studies are recommended, both to adapt existing techniques used in private sector market research and to develop new techniques and research tools for understanding transit consumer behavior. These tools will enhance the capabilities of operators in the following areas:

- identifying market segments for target marketing;
- obtaining and interpreting attitudinal data;
- relating stated intentions to subsequent behavior;
- coordinating data collection activities; and
- monitoring key market indicators.

B. Strategic Planning and Marketing Techniques

Research in this area will include the following two elements:

- (1) a special study to design, implement, and evaluate a prototypical strategic planning process; and
- (2) a series of demonstrations and evaluations of specific marketing techniques in the areas of consumer information, service development and pricing, advertising and promotion, and public relations. Existing techniques identified in the state-of-the-art review as well as innovative techniques proposed by transit operators will be included.

C. Evaluation Methods

A special research study is recommended to identify, develop, and demonstrate evaluation techniques useful for individual transit operators. An advisory panel consisting of transit operator representatives will be established to guide the development of these techniques, to insure that they respond to operator needs and capabilities.

Phase II: Deployment, Training and Information Dissemination

D. Deployment of Prototypical Marketing Programs

Based on results of the research in Phase I, prototypical marketing programs will be developed for four system sizes. These programs will be set up in four transit agencies and their effectiveness monitored. The programs will emphasize a customer orientation throughout the agency, with particular attention to the organizational role and function of marketing.

E. Training and Information Dissemination

A major emphasis in all phases of this research program is ongoing communication both between UMTA and transit operators and among individual operators. Recommended activities in this area include preparing and distributing tutorial materials, establishing a clearinghouse for transit marketing information, and holding a series of workshops and conferences for industry representatives.

This program has been designed to satisfy the most immediate research needs. While the research will result in significant advancement, it will leave many questions unanswered and will soon become outdated if not continued. The recommended program should therefore be viewed as part of an ongoing commitment to transit marketing.

The remainder of this report describes in more detail the recommended activities in each element of the program. The report concludes with a summary section which includes a recommended implementation schedule, a breakdown of estimated costs, and a description of the projects recommended for the program.

2.0

Market Research Tools

The primary objective of this area of the research program is to develop market research techniques which are 1) directly relevant to the needs of transit agencies, 2) easily understood and readily accepted by operators, and 3) implementable within the resources expected to be available. A second objective is to introduce a certain degree of standardization in the market research activities conducted by individual transit agencies. By making individual research efforts more comparable, the body of knowledge regarding consumer attitudes and behavior with respect to transit can be substantially strengthened.

Some specific issues to be addressed in this area of the research program are the following:

- Target Marketing--How can operators more effectively target their marketing efforts? What market segmentation strategies are relevant to transit usage? How should an agency go about determining which segmentation strategy is most appropriate for a given situation?
- Attitudinal Data--How can operators best use attitudinal data? What attributes of transit are most critical with respect to user attitudes? How can attitudinal data be

used to identify areas in which service needs to be improved? To what extent can changes in attitudes be used as leading indicators for subsequent changes in behavior?

- Stated Intentions Versus Behavior--How can information on stated intentions of potential transit users be used to design new services or evaluate the effectiveness of alternative service changes prior to implementation? How do expressions of intent relate to subsequent behavior? What are the most cost-effective procedures for obtaining and interpreting this type of information?
- Coordinated Data Collection Activities--How can data collection activities within a transit agency be coordinated and/or combined to be more cost effective? What statistical procedures are needed to combine data from various sources (e.g., telephone surveys, ridership counts, Census data, etc.)?
- Key Market Indicators--Which indicators can be used to detect changes in the market for transit service in order to identify opportunities for new services or problems with existing service? What trends should be monitored? Which indicators are leading indicators?

This area of the research program will involve three types of activities. First, special research studies are recommended to develop certain specific market research techniques. In each of these studies, existing private sector market research techniques will be reviewed and, if appropriate, adapted for use by the transit industry. To insure the effective transfer of private sector experience and expertise, individuals

involved in private sector market research will be invited to participate actively in a series of workshops. The application of the techniques that are developed will then be demonstrated and evaluated. The final and perhaps most critical activities undertaken in this element of the research program are the communication of these techniques to transit agencies and the training of appropriate agency staff in their use.

The remainder of this section describes in more detail the specific research studies and associated demonstrations and evaluations that are proposed to address the research issues identified above. To save administrative costs and maximize the extent to which program resources are devoted to demonstration projects, demonstrations of market research techniques will be combined with demonstrations of marketing techniques wherever possible. (A recommended schedule for research and development activities is given in Figure 1 and a schedule of program products is given in Figure 2, at the end of the report.)

2.1 Market Segmentation for Target Marketing

For the marketing efforts of transit agencies to be cost effective, operators must be able to identify which market segments are most worthwhile and tailor their marketing efforts to the needs of those segments. To do this, operators need segmentation procedures which distinguish groups with different travel needs and attitudes towards transit. As part of the research program, a special study should be conducted with the following objectives:

-
- 1) review market segmentation procedures used in both the private sector and transit industry;
 - 2) assess alternative market segmentation schemes (e.g., geographic, demographic, psychographic, travel patterns, or some combination of these) appropriate for transit; and
 - 3) determine how each procedure can be implemented.

The procedures that are developed in this research study would then be implemented through a series of demonstrations and evaluations designed 1) to demonstrate the cost effectiveness of these techniques relative to other approaches for identifying target markets, 2) to identify which market segmentation procedures are most appropriate for which situations, and 3) to indicate the extent to which their application is practical given the staff and resources typically available to transit marketing departments.

The overall demonstration design should allow for testing and comparing each market segmentation procedure in a number of settings. More specifically, all of the most promising procedures should be demonstrated in each of four demonstration sites representing a range of transit market settings (i.e., size, market share, etc.). A cross-cutting analysis of demonstration results would then assess which segmentation procedures are most appropriate for a given setting.

2.2 Attitudinal Data

To the extent that changes in attitudes are leading indicators for changes in behavior, practical techniques for obtaining and interpreting attitudinal data can be useful to operators in identifying the improvements needed in existing service to maintain current ridership and to attract new riders. As a first step in helping operators to develop this capability, a special research study is recommended to answer the following questions:

- What attributes of transit service have the greatest effect on attitudes and subsequent behavior?
- What is the relative importance of these attributes? How does this relative importance vary among different market segments?
- What is the relationship between attitudes or change in attitudes and subsequent behavior? How does this relationship vary by service attribute and by market segment?
- What is the most cost effective means of obtaining reliable attitudinal data? To what extent can data collection procedures be standardized?

The objective of this research study is to produce practical techniques for obtaining and interpreting attitudinal data and guidelines for their most effective use. The techniques would be demonstrated in a range of settings and their effectiveness evaluated.

2.3 Stated Intentions versus Behavior

Many operators rely on the stated intentions of potential users to develop ridership estimates when designing new services. Rarely, though, do stated intentions translate directly into actual behavior. What is

needed are operator guidelines for practical methods of obtaining and interpreting this type of data.

The first step in developing these guidelines would be a research study to develop alternative procedures for obtaining and analyzing data on stated intentions. Relevant private sector marketing techniques will be screened and adapted to the transit industry as appropriate. Next, relationships between intentions and subsequent behavior would be determined for a broad range of service offerings and market segments. The latter could be accomplished by collecting data in areas where new transit service of some sort (or a change in existing service) is to be introduced. Finally, these guidelines would be demonstrated and evaluated in a range of settings.

2.4 Coordinated Data Collection Activities

The primary objective of this program element is to provide transit operators with guidelines on how to design an overall, agency-wide data collection program that will yield the most information given the resources available. The first step toward achieving this objective is a research study exploring the statistical implications of combining information from multiple data sources (e.g., Census, on-board surveys, telephone interview surveys, etc.) and developing a set of procedures for coordinating agency data collection activities. Demonstrations in this area would emphasize the potential cost savings to be gained by a coordinated approach to data collection. As a test of the cost effectiveness

of these procedures and their application, they could be implemented in a separate demonstration or in conjunction with one of the other research program demonstrations.

2.5 Key Market Indicators

To help operators plan for changes in the market for transit services, it would be useful to identify key indicators which could give advance notice of growth or decline in transit utilization. By monitoring trends in areas related to transit usage such as development, employment, population, automobile ownership, and the like, operators can identify new marketing opportunities or potential problem areas and formulate strategies in time to take advantage (or minimize adverse effects) of changes in the marketing environment.

As a first step towards providing transit operators with this capability, a special research study with the following objectives is recommended:

- identify key indicators for the growth or decline of transit usage;
- identify the patterns of correlation between these indicators and transit activity; and
- identify data sources for these indicators.

Once these key indicators and possible data sources have been identified, key indicator programs would be implemented in a number of demonstration settings.

3.0

Strategic Planning and Marketing Techniques

This area of the research program focuses on developing procedures for acting on the consumer data obtained through market research. It includes two components:

- design and demonstration of guidelines for strategic planning, including the development of marketing strategies; and
- demonstration and evaluation of specific marketing techniques.

3.1 Strategic Planning

Strategic planning is different from the planning normally done by transit agencies. Most local service decisions deal with service problems and are constrained by considerations such as current funding, vehicle fleet, and personnel. Strategic planning deals with more fundamental, longer-term decisions about the overall goals and objectives of the organization and the ways to achieve them, given the environment in which the organization operates.

One observation of participants in the recent transit marketing workshop was that many agencies are not capable of effective strategic planning because their

staffs lack the necessary expertise. This component of the research program strives to improve strategic planning capabilities in the transit industry by addressing the following issues:

- How can market research be used to set overall agency goals and objectives? What types of data are required?
- In developing marketing strategies, how should specific marketing techniques be selected to reflect marketing objectives? What information is needed to support this selection process?
- How can the return on a marketing investment be maximized? How much should be spent, where and how?
- What is the appropriate mix or balance among marketing techniques? Where should resources be allocated, given a broad range of techniques?

The first step in this component of the research program would be a special research study to develop guidelines or procedures for using market research results to develop agency goals and objectives and to identify the most effective marketing techniques for achieving these objectives. The initial phase of this study would include a review of strategic planning as currently practiced in the private sector, and information exchange through joint workshops or conferences with public and private sector representatives. Once these strategic planning procedures have been developed, they would be implemented at the corridor level in a number of demonstration settings. (The schedule for activities and products in this area of the research program is given in Figures 1 and 2 at the end of this report.)

3.2 Transit Marketing Techniques

The objectives of this component of the research program are: 1) to measure the effectiveness of existing transit marketing techniques under a broad range of conditions through a series of demonstrations and evaluations; and 2) to develop and evaluate new techniques. Based on the state-of-the-art review, a number of existing transit marketing techniques will be evaluated. Agencies routinely use these techniques but lack solid evidence of their cost effectiveness. Transit operators will also be invited to submit proposals for innovative marketing techniques. The most promising techniques will be funded for demonstration and evaluation.

This component of the research program will provide both cross-sectional and longitudinal evaluation results. For cross-sectional results, some specific marketing techniques--those of highest priority--will be demonstrated in more than one setting to provide evidence of transferability. The specific criteria used in selecting sites are likely to differ according to the techniques being tested, but in most cases sites will be selected to insure adequate variation in operator characteristics such as size, type of service offered, ridership (both total and peak versus off-peak), and funding mechanism. For longitudinal results, the evaluations will, at a minimum, be based on the measurement and analysis of appropriate data both before and after the implementation of a specific marketing technique.

More specifically, the demonstrations and associated evaluations of both current and new marketing techniques will address the following issues:

- Cost Effectiveness--What are the revenue and productivity impacts of a particular marketing technique? How do these impacts compare with the costs of its implementation?
- Opportunities for Private Sector Participation--How can private sector involvement in transit marketing efforts be maximized?
- Behavioral and Attitudinal Impacts--What changes in attitudes and behavior can be attributed to the marketing techniques?
- Target Marketing Implications--How do changes in attitudes and behavior resulting from a particular marketing technique differ between individuals with different characteristics?
- Transferability--How transferable are the demonstration results? In what settings is a particular marketing technique likely to work?

Demonstration of Existing Techniques

In selecting specific marketing techniques to be included as part of the long range research program, the program should focus on techniques for which:

- there is clearly a deficiency of evaluation results to document the effectiveness of the technique;
- there is a clear indication of interest and potential effectiveness; and
- an evaluation can provide unambiguous results.

The state-of-the-art review¹ identified a wide range of techniques for which there is a clear indication of interest, but little definitive evidence of effectiveness. The review led to the following categorization of techniques:²

- consumer information
- service development and pricing
- advertising and promotion
- public relations

The experiences reported by the marketing directors interviewed for the review clearly indicate that techniques in each of these broad areas have applicability within the transit industry, but that the appropriateness of any single technique for a particular transit operator is related to specific agency needs. Based on evidence in the review, the existing transit marketing techniques recommended for demonstration and evaluation include the following:

Consumer Information Techniques--Although customer information techniques of the type recommended for demonstration are already in widespread use, there is not a consensus on the most cost effective approach to these techniques, particularly on the degree of automation that is appropriate. Because customer information activities generally constitute a major portion of the

¹Transit Marketing: A Review of the State of the Art, prepared for the Transportation Systems Center by Cambridge Systematics, Inc., May, 1984.

²These categories are described in the state-of-the-art review.

marketing budget for a transit agency, improvements in the cost effectiveness of these techniques could produce considerable cost savings for many agencies. The specific techniques recommended for evaluation are:

- Telephone information systems, including different ways of automating the telephone response process and the use of this technique as a sales tool and as a mechanism for collecting consumer information. Particular consideration should be given to determining appropriate levels of automation for agencies of various sizes.
- User aids, including system/route schedules, maps, bus stop signs, and other permanent information displays. Demonstrations in this area should determine the relative cost-effectiveness of selected user aids and alternative distribution mechanisms.

Service Development and Pricing Techniques--One element of the marketing function is defining the appropriate combination of service characteristics (frequency, reliability, comfort, etc.) and the price for the service being offered to the customer. Within this broad context, the techniques suggested for further demonstration and evaluation are those oriented toward improving the quality of the experience the customer has in using the system. Providing transit service means frequent, direct contact with the customer. The nature of this contact is largely what determines whether a customer will continue to use the service. If the experience is unpleasant, the customer is unlikely to continue riding regardless of fare or service frequency. The recommended techniques are:

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- Employee training programs--including attitude training for all employees who come into direct contact with consumers (drivers, telephone operators, community affairs staff, sales/information outlet personnel) and those whose job performance directly impacts service quality (mechanics and other maintenance personnel).
 - Improved equipment--including new and reconditioned vehicles, upgrading amenities on existing equipment, e.g., air conditioning, interior design, etc. Demonstrations in this area would be structured to determine the impact of improved equipment and passenger amenities on transit ridership on specific routes.

Service development is a legitimate element of transit marketing and one for which a stronger marketing department role is often suggested. Because new services have been the focus of UMTA's Service and Methods Demonstration (SMD) Program, however, they are not included in the transit marketing demonstrations. As previously stated, techniques oriented toward improving the quality of existing service are recommended for inclusion. Pricing of services is also an integral part of marketing. Long-term pricing issues and the effect of fare changes on ridership have also been evaluated as SMD demonstrations in the past and are not suggested for additional research in this program. Short-term pricing techniques are generally used in connection with a promotional campaign and are recommended for inclusion as demonstrations under advertising and promotional techniques.

Advertising and Promotional Techniques--The recommended techniques in this group emphasize marketing to groups identified as having a high potential for transit use. The techniques combine market research activities designed to identify the high potential groups with incentives for the people in these groups to try the services available. These techniques focus marketing resources where they will be most effective rather than using general appeals to the population at large. The specific techniques recommended for inclusion are:

- Direct contact marketing, including a broad range of marketing approaches (e.g., direct mail, door-to-door, telemarketing, contact through employers, etc.). Emphasis will be given to determining the relationship between the costs of direct contact marketing and longer term ridership levels and revenues.
- Merchant discounts, including a broad range of both the number and type of merchants involved and who is eligible to receive them. Demonstration projects will be structured to determine the full costs of merchant discount programs, including staff time required for administration, and the relationship of these programs to transit ridership levels.
- Short-term price discounts, covering a range of fare reductions, single-day fare elimination, time-of-day and day-of-week restrictions (mid-day, evenings, weekends), and free ride coupons. Demonstrations will be structured to maximize private sector participation and to determine the relative effectiveness of alternative fare reduction strategies for increasing ridership levels over the long term.

Public Relations--While there is evidence of enthusiastic interest in the techniques described in the state-of-the-art review, some techniques are excluded from consideration as demonstration projects because a conclusive evaluation would be difficult. Generally, those techniques are oriented exclusively toward improving the image of the transit agency.

Development and Demonstration of Innovative Techniques

A second element of this component of the research program will be to develop and demonstrate new and innovative techniques.¹ An area of immediate interest is the use of emerging computer and telecommunications technologies for target marketing. Examples of techniques in this area would include:

- the interactive use of Census data;
- developing and updating mailing and telephone lists;
- interactive cable television presentations;
- standardized marketing data and data sharing; and
- consumer decisions and preboarding activities.

In order to generate a wide range of new concepts, proposals will be requested from individual transit operators, with the most promising proposals funded.

¹In addition, this element of the research program could be used to evaluate existing marketing techniques not included in the given categories.

Selection or screening criteria will need to be developed, possibly focusing on a distribution of transit agencies by geographic location, size, and type of transit system as well as on SMD criteria such as credibility of evaluation, transferability and cost-effectiveness.

4.0

Evaluation Procedures

One of the major findings common to the transit marketing workshop and the state-of-the-art review was that a large proportion of marketing efforts undertaken by transit agencies are evaluated, but these evaluations often lack statistical rigor. As a result, they seldom provide a definitive test of the effectiveness of a particular marketing technique. There is thus a need to improve current evaluation practice in order to measure the results of specific marketing activities against the objectives defined in the market research and strategic planning phases of the marketing process. The objectives of this area of the research program are:

- 1) to develop reliable, usable, affordable evaluation techniques;
- 2) to demonstrate their practical application; and
- 3) to develop and provide relevant tutorial materials.

While the techniques must be statistically sound, an equally important criterion for their design is that they be accessible to transit operators. Specifically, the procedures must:

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- address issues relevant to individual transit operators;
 - be easily understood by agency staff; and
 - be affordable within the evaluation resources likely to be available.

Since there is wide variation among operators with respect to staff capabilities and resources available for evaluation, several sets of techniques representing various degrees of sophistication will be developed.

The development of these procedures first requires a special research study to identify a range of evaluation techniques to be assessed with respect to implementation costs and accuracy. Development and testing of the techniques will address the following issues:

- Focus of Evaluation--What specific questions should marketing evaluations be designed to answer? What feedback do operators need regarding the cost effectiveness of their marketing efforts?
- Appropriate Level of Detail--What marketing techniques require true experimental designs to be evaluated? What techniques can be adequately evaluated with less sophisticated designs?
- Cost versus Accuracy Tradeoffs--What are the cost and accuracy implications associated with the use of true experimental designs of varying complexity?
- Measures of Effectiveness--Which measures (i.e., behavioral versus attitudinal versus intent) are most appropriate for which marketing techniques?
- Data Collection Methods--What tradeoffs in terms of cost and accuracy are associated

with alternative methods for collecting evaluation data?

- Sample Size Requirements--What sample sizes are typically required to provide definitive evaluation results? What alternative sampling strategies can be employed to reduce data collection costs?

Marketing evaluations could, at one level (a), employ a true experimental design with before and after measurements for experimental and control groups using relatively large sample sizes to develop evaluation conclusions. Then, separate analyses could be performed using only part of the full amount of information available. To compare the relative effectiveness of both approaches, it is recommended that the evaluation element of a number of demonstrations include the use of both formal and simplified techniques. Conclusions based on the less complete evaluation designs could then be compared with those based on the full evaluation effort, with particular attention given to determining the level of accuracy lost by simplification.

Since the main objective of this element of the research program is to improve the state of the art of evaluation as currently practiced by operators, it is essential that this group be convinced of the practicality and usefulness of evaluation techniques proposed. To accomplish this, the following process is recommended for developing, demonstrating, and communicating information about evaluation techniques:

- Operators should have a substantive role in developing techniques. Particular attention should be given to the information operators most need and the barriers which prevent

them from conducting more reliable evaluations. The mechanism recommended for obtaining this input is to establish an advisory panel consisting of representatives of from five to ten operators to guide the development and demonstration of techniques.

- Once a set of evaluation techniques and associated tutorial materials have been developed, they will be demonstrated by a larger group of operators (10-15).
- Based on the experience gained from these demonstrations, the initial tutorial materials will be revised as appropriate and distributed among operators.
- Exchange of evaluation results among individual operators should be encouraged. This could be done by creating a separate information clearinghouse specifically for this purpose or by tying into already-established information distribution channels (e.g., UMTA's Public Transportation Network, appropriate APTA and TRB Committees, etc.).

5.0

Deployment of Prototypical Marketing Programs

One of the highest priorities identified by participants in the transit marketing conference was the need for demonstrating the value of a customer (versus product) orientation to marketing. To meet this need, the final element of the research program focuses on the design and deployment of customer-oriented marketing programs in four prototypical transit agencies selected to represent large, medium, small, and non-urban systems. The design of these prototypical marketing programs will be based on the results of the research and development phase of the research program, with particular attention given to the following:

- The use of strategic planning to set goals and objectives and to provide overall direction for the marketing process;
- The integration of marketing activities with those of service planning and operations;
- The development of a comprehensive and systematic market research program;
- The development of marketing strategies on the basis of customer needs identified through market research; and
- The implementation of a continuous information feedback system, to evaluate the results of marketing activities.

In addition to selecting prototypical transit agencies on the basis of size, consideration will also be given to the existing organizational role and function of marketing within an agency. Specifically, selected agencies will be those in which the value of a comprehensive marketing program, integrated with other agency functions, is fully recognized. This additional selection criterion has two advantages. First, the cost associated with deploying the programs will be less for agencies which already have active marketing organizations. Second, upper management support for marketing programs is likely to be strong in such agencies.

Even at transit agencies with comprehensive marketing programs, the actual deployment of prototypical marketing programs may still require major changes in both orientation and organizational structure. In addition, the staff skills needed to implement, manage, and operate a comprehensive and expanded marketing function must be developed or expanded in these systems. As a result, the primary emphasis during the initial phase of deployment will be on training. To a large extent, the tutorial materials and other products developed in the first phase of the research program will serve as the basis for this training.

Funding for deploying the four prototypical marketing programs covers the incremental costs of expanding the existing marketing function--for example, additional staff, data collection activities, and implementation and evaluation of selected marketing techniques. Available resources can be used more cost-effectively to augment promising marketing programs rather than to

develop new ones. Funding continues for a two-year period, corresponding to the fourth and fifth years of the research program.

Other activities associated with this element of the research program are limited to monitoring the implementation and operation of the prototypical marketing programs, and documenting the program in a series of case study reports. A case study approach to evaluation is recommended because of the importance of institutional issues in this marketing element.

Training and Information Dissemination

The establishment of effective communication between UMTA/TSC and transit agencies and among individual transit agencies is crucial to the success of the research program. Furthermore, communication between UMTA/TSC and transit agencies needs to operate in both directions. The credibility of the research program and its products will be significantly enhanced among operators if the operators themselves feel that they had a significant voice in its development. This flow of communication has been initiated by the state-of-the-art review and marketing workshop. Input from the industry must continue if the standardized market research, planning, implementation, and evaluation techniques developed are to be both accepted and used by transit operators.

Specific mechanisms for insuring two-way communication include the following:

- A transit marketing clearinghouse function within UMTA's Public Transportation Network to foster communication among transit operators.
- Evaluation reports documenting the results of individual demonstrations;

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- "Cross-cutting" reports comparing the application of a specific marketing technique in a number of different settings;
 - A series of handbooks (similar to that prepared for User-Side Subsidies) for practical application of marketing techniques;
 - A similar set of handbooks for strategic planning, market research, and evaluation procedures;
 - A series of workshops or training sessions covering practical marketing topics and involving both public and private sector participants.
 - Annual conferences to review the progress and accomplishments of the research program and, if necessary, re-assess program directions.

In addition, it is recommended that technical assistance be made available by UMTA to transit operators for marketing activities.

Program Action Plan

7.1 Program Schedule and Level of Effort

The recommended scheduling of the research program elements is presented in Figure 1. As shown, all special research studies associated with the development of market research, strategic planning, and evaluation procedures are scheduled for the first year of the research program, with associated demonstrations and evaluations occurring in the second and third years. Demonstrations of existing marketing techniques begin in the first year and extend over a four-year period. Demonstrations of new marketing techniques begin in the second year. (During the first year, demonstration proposals are invited from individual transit operators.) The second phase of the research program, deployment of prototypical marketing programs, begins in the fourth year, taking full advantage of the market research, strategic planning, and evaluation procedures developed and demonstrated during the initial phase of the research program. Information dissemination activities are ongoing throughout the five-year research program. The products associated with each element of the research program and the time frame in which they will become available are identified in Figure 2.

Year

1 2 3 4 5

<u>Market Research Techniques</u> Research Studies Demonstrations					
<u>Strategic Planning and Marketing Techniques</u> Research Study (Strategic Planning) Demonstrations (Strategic Planning) Demonstrations of Existing Techniques Demonstrations of New Techniques					
<u>Evaluation Procedures</u> Research Study Evaluation					
<u>Information Dissemination</u>					
<u>Deployment of Prototypical Marketing Program</u>					

Figure 1. Five-Year Transit Marketing Research Program:
Recommended Schedule

Product

Program Activity	Year 1	Year 2	Year 3	Year 4	Year 5
MARKET RESEARCH TECHNIQUES					
<u>Research Studies</u>					
- Handbooks					
- Workshops					
<u>Demonstrations</u>					
- Evaluation Reports					
- Cross-Cutting Studies					
- Revised Handbook					
- Workshops					
STRATEGIC PLANNING GUIDELINES					
<u>Research Studies</u>					
- Handbook					
- Workshop					
<u>Demonstrations</u>					
- Evaluation Reports					
- Cross-Cutting Studies					
- Revised Handbook					
- Workshops					

Figure 2. Schedule of Research Program Products by Program Activities

Product

Program Activity	Year 1	Year 2	Year 3	Year 4	Year 5
MARKETING TECHNIQUES					
<u>Demonstrations</u>					
- Evaluation Reports					
- Cross-Cutting Studies					
- Handbooks					
- Workshops					
EVALUATION PROCEDURES					
<u>Research Studies</u>					
- Handbook					
- Workshop					
<u>Evaluations</u>					
- Evaluation Reports					
- Cross-Cutting Studies					
- Handbooks					
- Workshops					
DEPLOYMENT					
- Case Study Reports					

Figure 2. (Continued) Schedule of Research Program Products by Program Activities

The recommended level of effort associated with each component of the research program described in this report is presented in Table 1. As shown, the total level of effort associated with the five-year program is \$11,675,000. For the market research component of the research program, \$2,350,000 is included to support the five research activities and associated demonstrations identified in this area and to develop tutorial materials. The largest portion of the research program's resources (\$4,525,000) is allocated to the development, demonstration and evaluation of strategic planning procedures and specific transit marketing techniques. This amount supports the development of strategic planning procedures and their demonstration in four sites, and between 17 and 19 demonstration projects of specific marketing techniques, divided more or less equally between demonstrations of existing techniques and demonstrations of new techniques. Demonstration sites will be chosen to represent a broad range of agency types including small, medium and larger urban areas and rural area agencies.

In the area of evaluation, a total of \$1,150,000 is allocated for developing evaluation procedures and associated tutorial materials appropriate for individual operators (\$100,000) and for testing these procedures by funding 10 to 15 evaluations performed by individual transit agencies (\$1,050,000). The deployment of prototypical marketing programs is allocated \$2,100,000. Finally, \$1,500,000 is allocated to communications-related activities such as conferences, workshops, clearinghouse functions, etc. The program budget requirements by year are presented in Table 2.

Table 1. Five-Year Transit Marketing Research Program:
Recommended Levels of Effort

<u>A. Market Research Techniques</u>		
5 Special Research Studies (including tutorial materials)	\$	500,000
10 Demonstrations of Market Research Techniques		1,850,000
<u>B. Strategic Planning and Marketing Techniques</u>		
Special Research Study to Develop Strategic Planning Procedures (including tutorial materials)	\$	100,000
4 Demonstrations of Strategic Planning		700,000
11 Demonstrations of Existing Techniques		2,025,000
6-8 Demonstrations of New Techniques		1,700,000
<u>C. Evaluation Procedures</u>		
Special Research Study (including tutorial materials)		100,000
10-15 Evaluations by Individual Transit Agencies		1,050,000
<u>D. Deployment of Prototypical Marketing Program</u>		
4 Demonstrations and Evaluations		2,100,000
<u>E. Information Dissemination and Training</u>		
		<u>1,500,000</u>
TOTAL		\$11,625,000

Table 2. Research Program Budget by Year

Activity	Year				
	1	2	3	4	5
Market Research Techniques	\$ 700,000	\$ 850,000	\$ 800,000		
Strategic Planning and Marketing Techniques	600,000	1,400,000	1,000,000	850,000	675,000
Evaluation Procedures	100,000	500,000	550,000		
Information Dissemination	300,000	300,000	300,000	300,000	300,000
Deployment of Prototypical Marketing Programs				1,050,000	1,050,000
TOTAL	\$1,700,000	\$3,050,000	\$2,650,000	\$2,200,000	\$2,025,000

7.2 Projects Recommended for Research and Demonstration

This section describes the specific projects recommended for the transit marketing research, demonstration and communication program. The projects are intended to satisfy the most immediate research needs. While the research will result in significant advancement, it will also leave many questions unanswered and will soon be outdated if not continued. The recommended five-year program should therefore be viewed as part of an ongoing commitment to transit marketing research.

The effectiveness of the research effort depends to a considerable degree on applying the funds to a finite number of projects, such that there is sufficient funding for each project to produce meaningful results. Spreading the resources too thin will result in research which is inconclusive and of limited value. Consistent with this reasoning, the research program focuses on certain aspects of transit marketing and avoids others. Three criteria were used in selecting and ranking specific projects.

1. level of interest among transit marketing professionals
2. level of understanding of the concept's cost effectiveness
3. potential for meaningful research

Focus areas were selected based on interviews with marketing directors at 25 transit agencies, discussions at the June 1984 workshop convened by UMTA and TRB in Washington, D.C., and a review of prior research efforts. Documentation of these efforts is presented in Transit Marketing: A Review of the State of the Art prepared by Cambridge Systematics and in a summary of the June 1984 workshop prepared by Public Technology Inc. Table 3 presents the assessment criteria by focus area.

The review of the state of the art in transit marketing also led to a formulation of an overall theme for the research program, which is: "A Program to Increase the Cost-Effectiveness of Transit Marketing Practice." Because the interpretation of cost-effectiveness varies from one agency to another, it was necessary to design a flexible research program which also reflects some fundamental premises. To this end, the specific projects recommended below are organized around three basic concepts--market identification, strategic planning, and customer orientation.

Table 3. Research, Demonstration and Communication Program:
Assessment Criteria

	Assessment Criteria			
	Level of Interest	Perceived Payoff	Evaluation Potential	Priority
<u>Market Research Tools</u>				
1. Identify Market Segments	***	***	***	***
2. Practical Use of Attitudinal Data	***	**	*	**
3. Measuring & Interpreting Consumer Intentions	**	**	*	*
4. Coordinating Data Collection	*	*	**	*
5. Monitoring Key Market Indicators	**	*	**	**
<u>Strategic Planning</u>				
1. Research, Design, Implementation, Evaluate	***	**	**	***
<u>Demonstrations of Marketing Techniques</u>				
1. Telephone Information Systems	*	**	**	*
2. User Aids	*	**	**	*
3. Employee Training	***	***	**	***
4. Direct Contact Marketing	***	***	***	***
5. Merchant Discounts	***	**	***	**
6. Short-Term Price Discounts	**	**	***	*
<u>Demonstrations of Marketing Innovations</u>				
1. Private Sector Participation	***	***	**	***
2. Organizational Innovations (unspecified)	**	***	*	**
3. Electronic Hardware Innovation	**	**	**	**
4. Integration of Microcomputers	**	*	*	*
5. Transit Agency Proposals				
<u>Evaluation Procedures</u>	***	***	**	***

Asterisks indicate the relative priority for each focus area, with three asterisks indicating the highest priority. Note that all areas are identified as important.

Market Segmentation and Identification The first step in marketing must be understanding the public and their travel choice behavior. The program emphasizes the need for good market research tools which allow the agency to:

1. determine what kinds of service the public will use
2. identify who are the most likely users of each type of service offered
3. identify the best channels for communicating with the individuals who are the most likely users

A high priority has therefore been given to the development of market research tools to facilitate market segmentation and identification.

Strategic Planning There is considerable evidence from private sector marketing practice that effective marketing requires a long-range planning perspective. This suggests that transit agencies should be intentional about identifying strategies for retaining current riders, increasing ridership among infrequent riders, and developing new markets in the future. The manner in which these strategies are defined should be based on a clear articulation of agency and marketing department goals.

Customer Orientation To attract riders transit agencies must respond to the needs of the public. Doing so requires an orientation designed to develop the services the public wants, provide the information necessary for the public to understand and use the services, and ensure that using the services will be a pleasant experience. Such an orientation is the responsibility

of all of the employees of an agency--managers, service planners, marketers, information suppliers, drivers and maintenance crews. Tight fiscal constraints on many transit agencies often lead to an orientation which puts the production of low cost service ahead of consumer needs. Achieving an overall customer orientation therefore often requires a deliberate, ongoing training effort which involves the entire organization. It also requires a comprehensive planning program which directs the efforts of all employees to meet the needs of the public.

The specific projects suggested to respond to the current research and development needs in transit marketing and which incorporate the three guiding concepts of market segmentation, strategic planning and customer orientation are summarized in Table 4. The table includes the project priorities developed in Table 3. This prioritization was the basis for scheduling each project within the five-year program. It is in fact a relative prioritization, because all of the projects were felt to be of high priority and worthy of inclusion in the research program.

Table 4 also indicates the number of sites at which specific demonstrations will be implemented and gives the recommended level of funding for each. The objectives and major elements of each project are described in the remaining pages of the report.

**Table 4. Research, Demonstration and Communication Program:
Resource Allocation**

	Priority	Research Studies	Demonstration Projects ¹	Demonstration Evaluations ²	Imple- menta- tion Year ³	Total
Market Research Tools						
1. Market Segmentation for Target Marketing	***	\$150,000	2 sites @ \$125,000	@ 100,000	1-2	\$600,000
2. Practical Use of Attitudinal Data	**	150,000	2 sites @ 100,000	@ 75,000	1-2	500,000
3. Measuring & Interpreting Consumer Intentions	*	50,000	2 sites @ 100,000	@ 75,000	3	400,000
4. Coordinating Data Collection	*	50,000	2 sites @ 100,000	@ 75,000	3	400,000
5. Monitoring Key Market Indicators	**	100,000	2 sites @ 100,000	@ 75,000	2	450,000
Strategic Planning						
1. Research, Design, Implement, Evaluate	***	100,000	4 sites @ 100,000	@ 75,000	1-5	800,000
Marketing Demonstrations						
1. Telephone Information Systems	*		1 site @ 100,000	@ 75,000	3	175,000
2. User Aids	*		2 site @ 100,000	@ 75,000	3	350,000
3. Employee Training	***		2 sites @ 100,000	@ 75,000	1	350,000
4. Direct Contact Marketing	***		3 sites @ 100,000	@ 75,000	1	525,000
5. Merchant Discounts	**		2 sites @ 100,000	@ 100,000	2	400,000
6. Short-Term Price Discounts	*		1 site @ 100,000	@ 125,000	3	225,000
Demonstrations of Marketing Innovations						
1. Private Sector Participation	***		6-8 demos 1,000,000	700,000	1-5	1,700,000
2. Organizational Innovations	**		(unspecified)			
3. Electronic Hardware Innovations	**					
4. Integration of Microcomputers	*					
Note: Additional Proposals to be Solicited from Transit Agencies						
Evaluation Procedures						
	***	100,000		700,000	2-3	1,150,000
Deployment of Prototypical Marketing Program						
			4 sites @ 350,000	@ 175,000	4-5	2,100,000
Information Dissemination & Training						
					1-5	1,500,000
TOTAL:						\$11,625,000

***First Priority
**Second Priority
*Third Priority

¹Site selection to be balanced by type, size, and geographic location of transit agencies.

²Includes data collection.

³All Research Studies to take place during Year 1.

Market Research

- Objectives:
- develop market research techniques directly relevant to the needs of the industry, easily understood and accepted by operators, and implementable with available resources
 - introduce standardization in market research activities to increase knowledge of consumer attitudes and behavior

1. Market Segmentation for Target Marketing

- Objective:
- identify high potential market segments and tailor marketing activities to those segments

- Research Elements
- review market segmentation procedures used in private sector and transit industry
 - identify alternative market segmentation schemes appropriate for transit
 - determine how each procedure can be implemented

Cost: \$150,000

- Demonstration Elements:
- identify market segmentation procedures most appropriate in various situations
 - demonstrate cost effectiveness of segmentation techniques relative to other approaches

Cost: \$450,000

2. Practical Use of Attitudinal Data

- Objective: ● develop practical techniques for obtaining and interpreting attitudinal data
- Research Elements:
- determine what transit service attributes have the greatest effect on attitudes and subsequent behavior
 - determine the relative importance of these attributes and how this relative importance varies among different market segments
 - determine degree of correlation between attitudes and behavior and identify situations where this correlation can be usefully applied
 - identify most cost-effective means of obtaining reliable attitudinal data
- Cost: \$150,000
- Demonstration Elements:
- demonstrate and evaluate techniques in a range of agency settings
- Cost: \$350,000

3. Measuring and Interpreting Consumer Intentions

- Objective: ● develop guidelines for obtaining and interpreting data on stated intentions
- Research Elements:
- develop alternative procedures for obtaining and analyzing data on stated intentions
 - determine relationships between intentions and subsequent behavior for a broad range of service offerings and market segments
- Cost: \$50,000

Demon- ● demonstrate and evaluate guidelines in
stration a range of agency settings
Elements:

Cost: \$350,000

4. Coordinated Data Collection

Objective: ● maximize effectiveness of available
resources through coordination of
agency data collection activities

Research ● explore statistical implications of
Elements: combining information from multiple
data sources

● develop guidelines on how to design an
overall, agency-wide data collection
program

Cost: \$50,000

Demon- ● demonstrate program in a number of
stration agency settings
Elements:

Cost: \$350,000

5. Key Market Indicators

Objective: ● identify key indicators which could
give advance notice of growth or de-
cline in transit utilization

Research ● identify key indicators for growth or
Elements: decline or transit usage

● identify patterns of correlation be-
tween these indicators and transit
activity

● identify data sources for these indi-
cators

Cost: \$100,000

Demon-
stration
Elements:

- implement key indicator programs in a
number of agency settings

Cost: \$350,000

Strategic Planning and Marketing Techniques

Research is recommended to increase the effectiveness of specific marketing techniques when implemented within the framework of a strategic planning approach. The projects are divided into three categories:

1. those oriented to improving the practice of strategic planning
2. those oriented to increasing the effectiveness of techniques which are common elements of current marketing programs
3. those oriented to development of promising new techniques

1. Strategic Planning

- Objectives:
- encourage a long-range view of marketing and ridership development
 - incorporate marketing consideration into the development of long range transit policy
 - promote strategic positioning as an element of planning for marketing activities
 - promote integration of market research data into service planning activities

- Demonstration Elements:
- a strategic planning approach should be demonstrated in agencies of different sizes (small, medium and large urban systems and rural systems)
 - each demonstration should include:
 - long-range goal setting
 - market segmentation/identification
 - target market identification (strategic planning)
 - target marketing strategies

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- development of measures of effectiveness
 - evaluation of marketing efforts

Implementa-
tion Issues:

- demonstrations should be for a three-year period
- evaluations should focus on the impact of the process on the overall efficiency of the marketing program
- in medium and large urban agencies the approach should be implemented in selected corridors leaving other similar corridors as controls for the purpose of comparison
- demonstration sites should be selected which have active marketing programs in place but which have previously lacked the strategic planning framework

Cost:

- the overall level of effort should be \$100,000 for research, \$400,000 for demonstration and \$300,000 for evaluation; distribution among the four sites will need to reflect the specific resource needs of each

2. Increasing the Effectiveness of Current Practice

Demonstrations and evaluations are recommended in the following areas of current practice:

- Telephone Information Systems
- User Aids
- Employee Training
- Direct Contact Marketing
- Merchant Discounts
- Short-Term Price Discounts

While activities in these areas are already common in transit agencies, new research is recommended because the cost effectiveness of these techniques is not yet adequately understood and documented.

Telephone Information Systems

Objectives:

- explore ways to use the telephone information system for market research and for identifying high potential users
- explore ways of using the telephone operator as a sales agent
- assess the effect of telephone information automation on consumer attitudes and satisfaction

Demonstration Elements:

- use telephone operator to get name, address and phone number from people making inquiries. Assess the cost of acquiring the additional information.
- train telephone operators in sales techniques to interest callers in expanding their use of the system
 - determine cost of training and effect on customer satisfaction with information received and attitude about system
 - determine the impact of training on operator attitudes about the agency and the marketing program.
- test automated information system and compare with "live" operator in the same setting comparing customer attitudes and response and cost of the information system

Implementation Issues:

- implement each demonstration element in a single setting

Cost: \$175,000

User Aids

Objectives:

- examine information needs of users and differences in information needs for different types of trips or users

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|--------------------------|--|
| | <ul style="list-style-type: none">● explore relative effectiveness of alternative designs for user information● explore new mechanisms for supplying user information |
| Demonstration Elements | <ul style="list-style-type: none">● test alternative designs for route schedules● determine purpose of individual user aids and relative importance of each aid to consumers in terms of overall information system |
| Notes on Implementation: | <ul style="list-style-type: none">● implement and evaluate at two sites. |
| Cost: | \$350,000 |

Employee Training in Customer Orientation

- | | |
|--------------------------|--|
| Objectives: | <ul style="list-style-type: none">● integrate all employees into marketing process, with emphasis on drivers, telephone operators, and staff involved in service planning and pricing● develop training programs in customer orientation |
| Demonstration Elements: | <ul style="list-style-type: none">● develop prototypical program to expand employee job descriptions to include customer orientation● develop training programs for all employees (and their supervisors) who come into direct contact with public and those responsible for service planning and pricing● develop an ongoing process to include employees in design and implementation of marketing activities● develop program of incentives for employee participation and recognition |
| Notes on Implementation: | demonstrate at two agencies of different size and geographic locations |
| Cost: | \$350,000 |

Direct Contact Marketing

Objectives:	<ul style="list-style-type: none">● market to high potential users through direct contact (in person, door-to-door, telephone or mail)● compare cost-effectiveness of direct contact with other marketing methods
Demonstration Elements:	<ol style="list-style-type: none">1. Comparison of direct contact marketing techniques<ul style="list-style-type: none">○ implement several direct contact marketing techniques in different corridors of the same metropolitan region2. Comparison of focused versus unfocused direct contact marketing<ul style="list-style-type: none">○ using the same technique, conduct focused (e.g., mailing to individuals who have been identified as high potential users) and unfocused (e.g., mailing to all residents within a target zip code) direct contact marketing promotions
Notes on Implementation:	<ul style="list-style-type: none">● tie in with market research techniques● implement in conjunction with other marketing activities that are consistent over all corridors● demonstrate at three transit agencies● implement in conjunction with computerized information systems
Cost:	\$525,000

Merchant Discounts

Objectives:

- involve merchants in marketing transit through discounts
- determine relative effectiveness of offering discounts to different groups (e.g., passholders, individuals requesting information, etc.)
- examine effectiveness of merchants discounts in generating business for merchants
- examine effect of merchant discounts on sensitivity of transit users to fare or pass prices.

Demonstration Elements:

1. Ongoing Merchant Discount Program

- develop and promote merchant discount program for passholders
- document full range of costs and benefits to transit agency, participating merchants and passholders and determine cost-effectiveness of program for each group

2. Short-Term Merchant Discount Program

- make merchant discount program (as developed under (1)) available to groups identified as high potential users
- promote via direct contact marketing
- incorporate information request with application to participate in program
- track to determine long-term impacts on ridership

Notes on Implementation:

- tie in with market research and direct contact marketing techniques
- demonstrate at two transit agencies of different sizes and geographic locations; for greater economy, both elements are demonstrated at each agency

Cost:

\$400,000

Short Term Price Discounts

- Objectives:
- examine effects of short-term price discounts on mode choice behavior of individuals
 - explore how long-term effects of price discounts vary with individual characteristics and trip type
 - explore difference in long-term impacts of systemwide and route-specific short-term discounts
 - examine long-run costs and benefits

Demon-
stration
Elements:

1. Systemwide Short-Term Discount

- "Ride Home Free:"
 - one-day promotion
 - purchase of ticket entitles individual to free ride home and entry into lottery (prizes donated by local merchants)
 - return ticket requests name, address, phone number, and whether individual considers self to be regular transit rider
- long-term impacts on ridership to be measured via survey of sample of first time and infrequent transit users

2. Select Route Short-Term Discount

- Free ride coupons (or transit passes distributed for use in last week of month)
 - distributed to individuals who respond to direct contact marketing promotion
 - coupons good for free ride and serves as entry into lottery (prizes donated by local merchants)
 - coupon requests name, address, phone number, and whether individual considers self to be regular transit rider

Notes on
Implemen-
tation:

Cost:

- long-term impacts on ridership to be measured via survey of sample of first time and infrequent transit users
- tie-in with market research and direct contact marketing techniques

\$225,000

Innovations in Marketing

To generate a wide range of new concepts, proposals for innovative marketing activities will be solicited from transit agencies for demonstration funding. The project concepts described below are based on preliminary discussions with industry representatives. An RFP process in the first program year will generate more detailed descriptions of other innovative marketing activities.

Objective: ● develop and demonstrate new and innovative transit marketing techniques

Selection Criteria: ● perceived need for proposed research
 ● anticipated cost-effectiveness of project concept
 ● ability to perform credible evaluation
 ● transferability of project concept
 ● distribution of demonstrations by geographic location, size, and type of transit agency

Anticipated
Areas of
Interest:

1. Private Sector Participation

Objectives: ● supplement transit agency marketing resources
 ● gain support and cooperation of local business community

Demonstration Concepts: ● employer participation in market research
 ● joint promotion of athletic, convention center, etc. events

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- private sector sponsorship of transit services
 - third-party sales of transit tickets, passes, merchant discount programs

2. Organization and Management

- Objectives:
- develop locally-interactive marketing approach tailored to needs of specific areas
- Demonstration Concepts:
- work with local community groups to market relevant transit services
 - establish "travelling" transit marketing specialists to provide technical assistance to small transit agencies

3. Electronic User Aids and Data Collection

- Objectives:
- provide up-to-date information
 - collect consumer data
- Demonstration Concepts:
- set up interactive computerized information systems to include scheduling, routing, cost, trip planning, and consumer survey information.
 - institute credit card payment for transit services
 - work with local banks to locate automated teller machines with ability to issue tickets/passes at transit stations and terminals

4. Microelectronic/Microcomputer-Aided Marketing

- Objectives:
- establish accessible and cost-effective data base for marketing activities
- Demonstration Concepts:
- develop standardized cost analysis of household transportation options (automobile versus transit)

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- develop contact files
 - use of secondary data sources such as Census data, local economic trend indicators, etc.

Cost: \$1,700,000 total for 6 to 8 demonstration projects at transit agencies of varying size and geographic location

Evaluation

- Objective: ● improve state of the art of evaluation in transit marketing
- Research ● identify a range of evaluation techniques with respect to implementation costs and accuracy; particular emphasis on simplified techniques that can be readily used by transit marketing professionals and as evidence for budget and other program requests
- provide mechanism for substantive participation by transit industry to ensure practicality and usefulness of research results
- develop and establish distribution mechanism for tutorial materials
- Demonstration Elements: ● test simplified techniques in parallel with more sophisticated techniques and evaluate and assess relative effectiveness
- demonstrate techniques in a variety of settings
- Cost: \$1,100,000

Training and Information Dissemination

- Objective: ● establish mechanisms for disseminating results of research and demonstration programs
- Implementation Elements:
- establish a transit marketing clearinghouse function within UMTA's Public Transportation Network
 - produce evaluation reports and cross-cutting reports to compare application of specific technique in a variety of settings
 - develop a series of handbooks for practical application of marketing techniques and strategic planning, market research, and evaluation procedures
 - sponsor a series of workshops or training sessions covering practical marketing topics and involving both public and private sector participants
 - sponsor annual marketing conference to review progress and re-assess program directions
- Cost: \$1,500,000

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