

MONTHLY PASS SURVEY

SOUTHERN CALIFORNIA
RAPID TRANSIT DISTRICT

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March 1976

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I. BACKGROUND & PURPOSE

Nearly 100,000 passes were sold in February, 1976. Since this constitutes only about one-sixth of the District's total weekday rides, there is considerable potential for increasing monthly pass sales.

Pass sale outlets were increased in 1975 and plans are underway for expanded sales and marketing efforts in 1976. However, if such efforts are to be fiscally responsible, answers to several basic questions are needed. The price for a regular one-zone pass is currently \$10.00 based on an assumption of a 40-ride month of 25¢ per ride. Is this a valid assumption?

Although not explicitly stated that passes are not transferable, the assumption has been made that pass buyers are the only users. Is this assumption valid?

On the marketing side, it is important to know who the pass users are in terms of their demographics. To assist in marketing the passes, it is necessary to know preferences for sales outlets and method of purchase.

The Monthly Pass Survey was designed to answer these and other questions to provide the District with data on which to base decisions regarding monthly pass sales.

II. METHODOLOGY

A structured, self-administered questionnaire was adopted as the data collecting instrument. A pilot survey was conducted during the December sales period to determine what rate of response to expect and to further refine the questionnaire.

The final questionnaire was bilingual. Postage-paid return envelopes were provided with each form.

From the pilot survey, it was determined that a return rate of approximately 40% could be anticipated. Since 1,000 completed returns were necessary to assure adequate bases in the subcells, the total distribution was set at 2,500.

Based on November, 1975 sales, questionnaires were distributed to pass sales outlets on a pro-rata basis. (The final distribution totalled 2,600 forms). Sales clerks were instructed on distribution procedures and distributed the forms the week of January 25, 1976. By the cut-off date of February 26, 1976, 1109 valid responses were received, constituting a 42.7% rate of return.

The results which are reported are based on the responses of these 1109 respondents.

III. CONCLUSIONS & RECOMMENDATIONS

I. There is considerable potential for growth in monthly pass sales as indicated by the ratio of pass sales to daily riders. Although monthly passes have not been fully utilized as a tool for increasing ridership, plans are underway for increasing sales outlets and launching a sales effort directed at employers.

However, before accelerating marketing efforts, it would be prudent to ask whether increasing pass sales is indeed desirable from a fiscal point of view. Survey results would indicate it is not. This is because while regular passes are priced based on the assumption of a 40-ride month, actual usage is closer to a 65-ride month.

Thus, two policy decisions need to be made:

- 1 - Whether or not to adjust monthly pass prices to reflect actual usage more closely, and
- 2 - Based on the decision made in #1, whether to market the passes as a convenience item, as a "bargain" item, or both.

It is recommended that passes be priced on a 60-ride per month price and that they be marketed on the basis that the pass represents a 10% discount from actual usage costs, as well as providing the convenience of not having to carry exact change.

II. Those unwilling to purchase annual bus passes outnumber those willing to do so by a ratio of more than two to one. Consequently, the concept appears to have small chance of success at this time and is not recommended for consideration.

Quarterly passes, on the other hand, present a more viable alternative. Although those willing to buy quarterly passes are nearly equalled by those not willing to do so, these passes have a greater appeal, especially to male pass buyers. Quarterly passes could be priced at a greater discount (than the monthly passes), thus giving riders the option of greater savings.

It is recommended that quarterly passes be offered, in conjunction with the new pricing recommended in I above, and priced at 10-15% below monthly pass rates.

III. The current pass sales outlets show a fairly high level of acceptance by pass purchasers. There is interest among certain segments in supermarkets and banks. The proportion indicating preference for buying passes by mail suggests that this option, which is available now, is not well known by purchasers and should be better publicized.

IV. Results indicate a relatively low level of pass transfers. In effect, those who purchase the pass are the principal users of the pass. The advantages of a non-transferable pass are in the better controls which such a pass would allow. A transferable pass, on the other hand opens up some new marketing opportunities. Namely, selling blocks of passes to employers who can then let employees use them as the need arises (much like taxi scrips are now used). Of course each of these options has certain disadvantages.

Therefore it is recommended that these issues be fully explored and a policy decision made to coincide with pricing changes.

IV. STUDY RESULTS

A. DEMOGRAPHIC DATA

One of the primary purposes of the study was to identify the monthly pass buyer market segment. One method of accomplishing this is in terms of demographic characteristics. Namely, defining the market in terms of the age, income, sex and other personal or household statistics of the monthly pass users.

There is a greater proportion of females than males who purchase monthly passes (55% vs 45%). However, the age breakdown between males and females is relatively uniform. More than half of those purchasing a monthly pass are age 50 or older with more than a third in the 62 and older age group. (Table I)

Consistent with the greater concentration of older persons and females is the income level of monthly pass buyers. Two-thirds of the respondents have an income of below \$10,000. A greater proportion of females -- 73% -- have an annual income below \$10,000 as opposed to 60% of the males. Conversely, nearly one out of four males has an annual income in excess of \$15,000 as compared with one out of eight females with a comparable income. (Tables II, III)

Forty-seven percent of monthly pass buyers constitute one person households, with more than half the female pass purchasers being in a one person household. (Table IV)

Nearly half of the male pass purchasers have no automobile in the household. Again, this proportion is significantly higher among females, 60% of whom do not have an automobile. (Table V)

Thus the composite profile of a monthly pass buyer which emerges is that of a female over 50 years of age, living alone and dependent on public transit to commute to work.

TABLE I

	<u>AGE</u>		
	<u>TOTAL</u>	<u>MALE</u>	<u>FEMALE</u>
	<u>100%</u>	<u>45%</u>	<u>55%</u>
Under 30	16%	16%	16%
30 - 39	13	15	11
40 - 49	14	13	15
50 - 61	22	21	22
62 & Older	<u>35</u>	<u>35</u>	<u>36</u>
	100%	100%	100%

TABLE II

	<u>ANNUAL INCOME</u>		
	<u>TOTAL</u>	<u>MALE</u>	<u>FEMALE</u>
Under \$10,000	68%	60%	73%
\$10,000 - \$14,999	16	16	15
\$15,000 - \$19,999	8	12	6
\$20,000 & Over	<u>8</u>	<u>12</u>	<u>6</u>
	100%	100%	100%

TABLE III

INCOME BY AGE

<u>AGE</u>	<u>ANNUAL INCOME</u>		
	<u>Under \$10,000</u>	<u>\$10,000- \$14,999</u>	<u>\$15,000 & Over</u>
Under 30.	17%	14%	15%
30 - 39	9	15	28
40 - 49	11	18	22
50 - 61	17	34	27
62 & Older	<u>46</u>	<u>19</u>	<u>8</u>
	100%	100%	100%

TABLE IV

NUMBER IN HOUSEHOLD

	<u>TOTAL</u>	<u>MALE</u>	<u>FEMALE</u>
One	47%	39%	53%
Two	26	26	26
Three	12	12	11
Four	7	10	5
Five or More	<u>8</u>	<u>13</u>	<u>5</u>
	100%	100%	100%

TABLE V

NUMBER OF AUTOMOBILES

	<u>TOTAL</u>	<u>MALE</u>	<u>FEMALE</u>
None	56%	50%	60%
One	27	28	27
Two	13	16	10
Three or More	<u>4</u>	<u>6</u>	<u>3</u>
	100%	100%	100%

B. BEHAVIORAL DATA

In order to properly define a particular market segment, it is necessary to go a step past the demographics stage and identify behavior patterns. Even though there might be marked variation in the demographic makeup of a market segment, this variation is not significant in and of itself unless it correlates with definable behavioral patterns.

Thus, this section analyzes the monthly pass purchasers in terms of their behavior and how their behavior is correlated with their demographic structure.

There is a positive correlation between the length of time pass purchasers have been riding RTD buses and the length of time they have been purchasing monthly passes. Overall, more than four-fifths of the respondents have been using RTD buses for more than one year. A smaller, though still substantial majority (71%), have been buying monthly passes for more than a year. A higher proportion of females, than males, have been using buses and purchasing monthly passes for longer than a year.

Question: "When did you first start to use RTD buses?"

	<u>TOTAL</u>	<u>MALE</u>	<u>FEMALE</u>
Less than 6 months ago	9%	11%	6%
6 - 12 months ago	7	10	6
More than 12 months ago	<u>84</u>	<u>79</u>	<u>88</u>
	100%	100%	100%

Question: "When did you first start to buy RTD Monthly Passes?"

	<u>TOTAL</u>	<u>MALE</u>	<u>FEMALE</u>
Less than 6 months ago	14%	18%	11%
6 - 12 months ago	15	16	14
More than 12 months ago	<u>71</u>	<u>66</u>	<u>75</u>
	100%	100%	100%

Nearly half of all monthly pass buyers use their pass 25 or more days a month. Twenty-one percent use their pass 20 days a month or less often.

Looking at a different dimension of usage, half the respondents use their pass twice a day. An additional 38% use their pass 3-4 times a day.

Usage does not differ significantly between males and females but there is an inverse relationship between income and usage. Namely, frequency of use decreases as income increases.

There is, however, a direct correlation between number of days per month that a pass is used and the number of times per day that it is used. Restated, those who use their pass more days a month also use it more frequently each day. (Table VI)

TABLE VI

FREQUENCY OF USING MONTHLY PASS

<u>Days per month:</u>	<u>TOTAL</u>	<u>INCOME</u>		
		<u>Under \$10,000</u>	<u>\$10,000-14,999</u>	<u>\$15,000 & Over</u>
25 or more days	49%	56%	45%	24%
21 - 24 days	30	25	34	51
15 - 20 days	18	16	18	24
14 days or less	<u>3</u>	<u>3</u>	<u>3</u>	<u>1</u>
	100%	100%	100%	100%
 <u>Times per day:</u>				
5 or more times	12%	13%	9%	8%
3 - 4 times	38	40	35	37
2 times or less	<u>50</u>	<u>47</u>	<u>56</u>	<u>55</u>
	100%	100%	100%	100%

<u>Average use per day:</u>	<u>AVERAGE USE PER MONTH</u>		
	<u>25 days or more</u>	<u>21-24 days</u>	<u>20 days or less</u>
5 or more times	18%	7%	4%
3 - 4 times	48	32	26
2 times or less	<u>34</u>	<u>61</u>	<u>70</u>
	100%	100%	100%

What these data indicate therefore, is that the monthly pass holders average 66 rides per month. If they were paying the basic 25¢ fare, the average monthly revenue would average \$16.50 a month. However, pass fees as they now exist, bring in average revenues of about \$8.90 per month per pass holder.

Thus, the data suggest that monthly pass charges would be more realistic if pegged to 60 rides per month, rather than the current 40 rides per month base.

Although not explicitly specified on the pass that it is transferable, the assumption has been that there is only one user per monthly pass. This assumption is relatively well upheld by the findings of the study.

Overall, 12% of pass holders admit that someone else also uses their pass. The someone else is more likely to be a friend or relative than a member of the immediate family. The only group showing a significantly higher use by others is the under 30 age group. One-fourth of monthly pass holders in this group state that someone else also uses their pass. As the table below shows, the incidence by use by others decreases as age of pass holder increases.

Question: "Who else, besides yourself, uses your monthly pass?"

	AGE					
	Total	Under 30	30-39	40-49	50-61	62 & Older
No one else	88%	76%	88%	90%	90%	93%
Husband/wife/children	5	5	6	2	7	4
Friends/relatives/other	7	19	6	8	3	3
	100%	100%	100%	100%	100%	100%

The greatest amount of transfer use is among holders of a \$10 monthly pass. This is probably due to two factors. Firstly, the older pass holders are more likely to be living alone and secondly, the senior citizen's pass is difficult to transfer except to a person of like age.

TABLE VII

	<u>TYPE OF MONTHLY PASS BOUGHT</u>			
	<u>\$4 Sr. Citizens</u>	<u>\$10</u>	<u>\$18</u>	<u>Other</u>
No one else	92%	83%	94%	95%
Husband/wife/children	4	7	1	-
Friends/relatives/others	<u>4</u>	<u>10</u>	<u>5</u>	<u>5</u>
	100%	100%	100%	100%

Nearly one-fourth of the households comprised of two or more persons have others in the household who also buy a monthly pass. This proportion increases as the number of persons in the household increases.

Question: "How many persons in your household, besides yourself, buy a monthly pass?"

<u>Number in household who buy a monthly pass</u>	<u>NUMBER IN HOUSEHOLD</u>			
	<u>2</u>	<u>3</u>	<u>4</u>	<u>5 or More</u>
1 - 2	80%	75%	73%	66%
3 - 7	20	16	17	33
8 or more	<u>-</u>	<u>10</u>	<u>10</u>	<u>1</u>
	100%	100%	100%	100%

C. ATTITUDINAL DATA

In addition to demographic and behavioral data items, a few questions were included on the attitudinal aspects of buying monthly passes. These questions were asked to provide a qualitative framework to the foregoing quantitative data.

It's interesting to note that while monthly pass users, on the average, save nearly 40%, the majority of them state they buy a monthly pass for reasons other than saving money. More than half (52%) buy a monthly pass because they don't need to carry exact change.

The higher the annual income, the more frequently is the fact that no exact change need be carried mentioned. The money saving aspect is mentioned more frequently by the younger (under 30) respondents. (Tables VIII, IX)

TABLE VIII

MAIN REASONS FOR BUYING

MONTHLY PASS

	<u>Total</u>	<u>Under 30</u>	<u>30- 39</u>	<u>40- 49</u>	<u>50- 61</u>	<u>62 & Older</u>
Don't need to carry exact change	52%	43%	53%	55%	53%	54%
Saves me money	30	44	26	29	30	24
Convenient to use	17	17	21	14	13	18
Saves me time	3	4	1	6	3	3
Other reasons	<u>2</u>	<u>1</u>	<u>3</u>	<u>1</u>	<u>3</u>	<u>2</u>
	*	*	*	*	*	*

TABLE IX

MAIN REASONS FOR BUYING

MONTHLY PASS

INCOME

	<u>Under \$10,000</u>	<u>\$10,000- 14,999</u>	<u>\$15,000 & Over</u>
Don't need to carry exact change	49%	51%	64%
Saves me money	31	29	27
Convenient to use	19	14	10
Saves me time	3	3	1
Other reasons	<u>2</u>	<u>3</u>	<u>1</u>
	*	*	*

* Totals to more than 100% due to multiple reasons.

When asked for their preference of places to purchase a monthly pass, it is interesting that existing RTD pass outlets received the most mentions. A close second choice is banks, followed by supermarkets.

There are no significant differences in preference for pass sales outlets by sex. However, the 40-49 age group shows a significantly higher preference for banks and supermarkets. Purchasing by mail receives more mentions by younger respondents while frequency of mentioning RTD pass outlets increases with the increase in age. (Table X)

TABLE X

PREFERRED SALES OUTLETS

	<u>Total</u>	<u>AGE</u>				
		<u>Under 30</u>	<u>30- 39</u>	<u>40- 49</u>	<u>50- 61</u>	<u>62 & Older</u>
RTD Pass Outlets	41%	31%	39%	41%	42%	45%
Banks	37	35	40	55	36	35
Supermarkets	27	34	36	47	29	17
RTD Headquarters	14	7	15	20	14	16
By Mail	13	27	16	13	8	8
Other	1	--	--	--	--	1
	*	*	*	*	*	*

* May total to more than 100% due to multiple responses.

Purchasers of
 a marked preference for
 RTD headquarters. Purc
 preference for buying p
 Question: "If given a
 your monthly

64-8

Senior Citizen passes show
 ing at RTD pass outlets and
 f \$10. passes have a greater
 supermarkets and by mail.
 where would you like to buy

TYPE OF PASS PURCHASED

	<u>\$4. Sr. Citizen</u>	<u>\$10. one- Zone</u>	<u>\$18. two- Zone</u>
RTD Pass Outlets	45%)	36%)	43%)
)-62%)-49%)-44%
RTD Headquarters	27)	13)	11)
Banks	35	37	37
Supermarkets	17	32	28
By Mail	8	16	10
Other	1	*	-
	**	**	**

* Less than 0.5%

** May total to more than 100% due to multiple answers.

A final attitudinal question dealt with willingness to purchase passes on a quarterly or annual basis. This concept received a rather lukewarm acceptance, with 36% being willing to purchase quarterly passes and 22% willing to purchase annual passes.

In both cases, males indicated a greater willingness to purchase passes of a less frequent issue. Not surprisingly, those who are willing to buy passes on a quarterly or annual basis are most likely to be those who use their pass most frequently.

(Tables XI, XII, XIII, XIV)

TABLE XI

WILLINGNESS TO PURCHASE

QUARTERLY PASS

	<u>Total</u>	<u>Male</u>	<u>Female</u>
Willing	36%	44%	30%
Will Consider	29	26	31
Not Willing	<u>35</u>	<u>30</u>	<u>39</u>
	100%	100%	100%

TABLE XII

WILLINGNESS TO PURCHASE

ANNUAL PASS

	<u>Total</u>	<u>Male</u>	<u>Female</u>
Willing	22%	25%	19%
Will Consider	19	21	17
Not Willing	<u>59</u>	<u>54</u>	<u>64</u>
	100%	100%	100%

TABLE XIII

WILLINGNESS TO PURCHASE
QUARTERLY PASS

	<u>Frequency of Pass Usage</u>		
	<u>25 or more days/mo.</u>	<u>21-24 days/mo.</u>	<u>20 or less days/mo.</u>
Willing	41%	33%	32%
Will Consider	28	31	28
Not Willing	<u>31</u>	<u>36</u>	<u>40</u>
	100%	100%	100%

TABLE XIV

WILLINGNESS TO PURCHASE
ANNUAL PASS

	<u>Frequency of Pass Usage</u>		
	<u>25 or more days/mo.</u>	<u>21-24 days/mo.</u>	<u>20 or less days/mo.</u>
Willing	28%	17%	13%
Will Consider	21	17	20
Not Willing	<u>51</u>	<u>66</u>	<u>67</u>
	100%	100%	100%