national transit marketing conference

proceedings

June 9-11, 1975
Stouffers National Center Inn
Arlington, Virginia
sponsored by the
U.S. Department of Transportation
Urban Mass Transportation Administration
Office of Transit Management
in cooperation with
American Public Transit Association

DEPARTMENT OF TRANSPORTATION UNITED STATES OF AMERICA apta

NATIONAL TRANSIT
MARKETING CONFERENCE

PROCEEDINGS

U.S. DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
OFFICE OF TRANSIT MANAGEMENT
WASHINGTON, D.C. 20590

SEPTEMBER 1975

NOTICE

TABLE OF CONTENTS

GENERAL INTRODUCTION

Introduction to Transit Marketing.. 1
Nicholas E. Bade, Marketing Program Manager, Office of Transit Management
Bruce T. Barkley, Acting Director, Office of Transit Management
Robert M. Prowda, Assistant Marketing Program Manager, Office of Transit Management

First National Transit Marketing Conference.................................... 2
Nicholas E. Bade, Marketing Program Manager, Office of Transit Management
Conference Moderator

INTRODUCTION AND OVERVIEW OF MARKETING

Remarks.. 5
Frank C. Herringer, Administrator
Urban Mass Transportation Administration

Introduction and Overview of Marketing.. 10
Dr. William J. Ronan, Chairman
American Public Transit Association

The Transit Politician's View of Marketing 15
Doug Kelm, Chairman
Metropolitan Transit Commission
St. Paul, Minnesota

The Value of Marketing for the Decision Maker.................................. 23
Robert T. Pollock, Vice President
Transit Management and Operations
Dalton-Dalton-Little-Newport

MARKETING'S APPLICABILITY TO TRANSIT

The Prototypical Transit Marketing Plan... 33
Murray Gross, President
Market Horizons Inc.
(A marketing consulting subsidiary of
Grey Advertising Inc.)

Marketing Research.. 45
Shirley Young
Executive Vice President,
Research Services and Marketing
Grey Advertising Inc.

Service Planning and Development 53
Thompson A. Nooner, General Manager
Central Ohio Transit Authority
Columbus, Ohio

Pricing Strategy 62
Donald M. Hill, Principal
Peat, Marwick, Mitchell & Co.

Sales Communication 67
John G. Marder
Executive Vice President
Grey Advertising Inc.

User Information Aids 73
Stephen J. Kabala
Marketing Manager
Chicago Transit Authority

The Marketing Role of Transit Employees 78
Larry Coffman
Manager of Marketing & Service Planning
Municipality of Metropolitan Seattle

A Comprehensive Marketing Case History 83
John T. Mauro
Executive Director
Port Authority of Allegheny County

How An Old Dog Learned New Tricks 92
Charles D. Kirkpatrick
Vice President - Sales
Greyhound Lines, Inc.

THE UMTA TRANSIT MARKETING PROJECT

Project Progress Report 99
Richard DelBelso
Assistant Research Director
Grey Advertising Inc.

John D. Wilkins
Transportation Planning and Operations Analyst
Chase, Rosen and Wallace, Inc.

Shirley Young
Executive Vice President
Research Services and Marketing
Grey Advertising Inc.

THE TRANSIT INDUSTRY AND THE U.S. DEPARTMENT OF TRANSPORTATION

William T. Coleman, Jr.
Secretary of Transportation.. 108

THE "HOW TO" OF MARKETING FOR THE TRANSIT INDUSTRY

How To Formulate A System Of Objectives.. 112
Louis B. Olsen
Assistant General Manager
Twin Cities Metropolitan Transit Commission

How To Develop A Marketing Budget... 119
Murray Gross, President
Market Horizons Inc.
(A marketing consulting subsidiary of
Grey Advertising Inc.)

How To Develop/Organize A Marketing Department................................... 126
John E. Warrington
Acting Director of Marketing
Washington Metropolitan Area Transit Authority

How To Select And Work With Marketing Services Suppliers......................... 132
John G. Marder
Executive Vice President
Grey Advertising Inc.

APTA's Commitment to Marketing... 141
Richard D. Buck, Director
Massachusetts Bay Transportation Authority
Boston, Massachusetts

How To Formulate Pricing Policies.. 143
Stanley B. Rosen
Vice President and Principal
Chase, Rosen and Wallace, Inc.

How To Monitor and Evaluate A Marketing Program.................................. 148
Peter C. Weiglin
Vice President and Director of Marketing
ATE Management and Service Company, Inc.

How To Obtain Marketing Assistance From UMTA, APTA, State DOT'S................. 156
Robert M. Prowda
Assistant Marketing Program Manager
Office of Transit Management

MARKETING WORKSHOPS.. 160

REGISTRATION... 162

PARTICIPANTS... 187

GENERAL INTRODUCTION

MODERN MARKETING AND THE TRANSIT INDUSTRY

Marketing increasingly is being recognized as a key element in revitalizing urban public transportation.

This recognition partially reflects the realization that capital improvements, operating support or effective resources management alone won't generate significant ridership increases. Rather, it is now acknowledged the public's perceptions and attitudes toward transit must be altered -- and marketing techniques applied with widespread success in the commercial sector appear to be uniquely suited to this challenge.

Coupled with this is the new orientation -- a public service orientation -- transit has acquired during the past decade. As a consequence, the transit decision maker must now balance the traditional need for operational efficiency with the growing public commitment to serve the totality of urban mobility needs. And marketing, as a modern management tool, provides the basis for allocating finite resources consistent with market needs.

Defined in the broadest sense, marketing denotes a management philosophy -- a total consumer orientation. It is an orientation supported by a range of formal management actions in three basic areas. First, actions are undertaken to better understand the marketplace and its mobility needs. Market research, for example, is used to identify market groups, their travel needs, present tripmaking patterns, attitudes and other features. It also is used to identify their potential ridership volume.

Second, this information is used to develop and operate services that respond to the identified needs. And third, actions are undertaken to develop in the marketplace a disposition to use transit -- that is, riders are "sold."

Thus, marketing provides a rational basis for more closely tailoring a transit system's services to the public's needs. In this respect, it offers a rational basis for channeling the allocation and control of operating resources -- thereby providing a low-capital intensive way of improving transit services in the short-term.

Viewed from this perspective, the marketing concept is most relevant to the operational transit manager. Its techniques, for example, provide a rational basis for decisions that must be made today for services, equipment or systems that are already in existence. As such, the transit manager's marketing activities -- with their extremely short-term focus -- perfectly complement the planning activities of organizations responsible for identifying and channeling mobility needs over longer time spans.

Inevitably the operator's marketing activities and the extended planning efforts will meet -- with their mutual success depending on the local commitment to blending the two in support of the community mobility goals.

This means that the application of marketing coupled with effective direction of other variables affecting the urban public transportation process will greatly enhance attainment of the community's transportation-related goals.

Marketing then is clearly a significant transit management tool. In recognition of this, the U.S. Department of Transportation's Urban Mass Transportation Administration sponsors a Marketing Division within its Office of Transit Management. Through it UMTA supports a broad range of activities to foster the urban public transit industry's awareness, acceptance and successful application of marketing. One of these activities was the First National Transit Marketing Conference which is the subject of this document.

...About the First National Transit Marketing Conference

Transit management's interest in modern marketing techniques is growing rapidly -- as evidenced by the transit industry's outstanding participation in the first National Transit Marketing Conference held June 9-11, 1975 at Arlington, Virginia.

Sponsored by UMTA in cooperation with the American Public Transit Association (APTA), the conference had a singular objective: foster the transit industry's awareness, acceptance, understanding and successful application of marketing techniques. Invited to participate were chief executive officers, board chairmen and senior marketing personnel of transit systems operating in urbanized areas with populations of more than 200,000.

During the three-day conference technical sessions centered on an in-depth examination of marketing's tools and components as they apply to transit. Case histories and "how-to" workshops were among the approaches used to familiarize participants with the marketing concept. Participants reviewed a draft marketing handbook UMTA is preparing for use by marketing specialists and others who need detailed information to implement a transit marketing program.

UMTA also distributed for the first time a layman's guide to transit marketing. Developed by UMTA's Office of Transit Management which presented the conference, the guide is intended to familiarize non-marketing persons with the subject.

U.S. Department of Transportation Secretary William T. Coleman, Jr. opened the conference's second-day program while UMTA Administrator Frank C. Herringer and APTA Chairman Dr. William Ronan delivered keynote remarks at the June 9 opening session.

Participating with them in the conference were chief executive officers, board chairmen and senior marketers representing 85 of the nation's 100 biggest systems. Within the group, there were key decisionmakers from 47 of the country's 50 largest systems.

Also participating were transit executives from Alaska, Hawaii, Puerto Rico, Mexico, Canada and many states' departments of transportation. Altogether, participation at the conference exceeded 250. Many more persons wanted to participate but were unable to do so because of facility limitations. Additionally, representatives of virtually every segment of the transportation community have expressed an interest in the conference's content.

In response to the demonstrated concern for transit marketing, the conference's proceedings are presented in this document. Many of the presentations were supplemented by audio-visual aids which are not reproduced here due to cost and space constraints. Nevertheless, the essential elements are encompassed here and the document offers an excellent resource for those interested in transit marketing.

Moreover, this document symbolizes the transit industry's commitment to improving transit management since many transit system decisionmakers helped develop and actually participated in the presentations.

Therefore, it is with great pleasure we present, on behalf of the transit industry, the proceedings of the First National Transit Marketing Conference.

Sincerely,

Bruce T. Barkley
Acting Director
Office of Transit Management

Nicholas E. Bade
Marketing Program Manager
Office of Transit Management

Robert M. Prowda
Assistant Marketing Program Manager
Office of Transit Management

I. INTRODUCTION AND OVERVIEW OF MARKETING

Remarks by Frank C. Herringer
Administrator, Urban Mass Transportation Administration

It is indeed a pleasure to be here today to join you in the first annual national conference ever to focus on transit marketing. That so many of you -- including Board members and Chief Executives -- have gathered here today is one indication that marketing is finally being recognized as an important function for the urban transit industry.

Five or ten years ago, it would not have made sense to hold this kind of meeting -- deteriorating equipment discouraged new riders, and it was all the industry could do to prevent old riders from leaving transit for their private autos.

In the last 10 years or so, however, we've seen some significant changes in the transit industry, not the least of which has been the massive Federal investment in local transit systems. As of June 30 of this year, UMTA will have provided over 4 billion in capital grant funding. That, along with the provisions of the Federal-Aid Highway Act of 1973, and especially the National Mass Transportation Assistance Act of 1974, indicates the serious Federal commitment to transit improvement. And I might note that, in a year when the President has requested budget cutbacks for many Federal agencies, UMTA's proposed fiscal year '76 budget is $1.7 billion, up 19.3 percent over the current fiscal year.

Then, too, in 1973 the competition -- the private auto -- was weakened as the nation was hit with some rather sobering facts -- that auto fuel was neither unlimited nor cheap, that urban pollution was a deadly problem for our cities, and that inflation could and would send the cost of daily necessities higher than ever before.

As these various factors began working in transit's favor, we saw the first increase in ridership since World War II.

Not so coincidentally, marketing concurrently began to be recognized by more and more properties as a viable tool of the transit industry. The marketing successes of other industries were viewed as equally possible for the transit operators throughout the nation.

Transit, like other industries, must sell its service. And we must actively promote our service. The transit industry cannot afford to let the public discover it on its own. Without a catalyst like last winter's energy crisis, that simply will not happen. And, we must provide the service we promise when we try to sell it.

Of course, you must have a good product to start with. And we do have a good product today. As you look around the country, you realize that the nation's bus and rail facilities and equipment are in better shape than ever. As of April, UMTA funding has provided 3800 rapid, light and commuter rail cars, 98 miles of rail track, and more than 20,660 new buses. Replacement and expansion programs are helping to keep fleet age acceptably low.

We also have a product that is clearly consistent with the national goals of clean air, energy conservation, and reduced urban congestion. It is also cheaper as well as safer than its competitor, the auto.

But good physical property alone cannot do the job of attracting more riders. That is why we need the dynamic application of marketing tools and techniques in the transit business. We need an infusion of new marketing emphasis to help "sell" transit. Of all the tools management has available to it, marketing appears to have one of the greatest potentials.

Transit marketing's goal is two fold: to first increase the attractiveness of urban mass transit by good, responsive management, and then to increase public awareness and acceptance of it.

Only your imagination limits the marketing tools that can be employed to make transit service more attractive to the public. In addition to clean, well-maintained equipment, transit operators must provide accurate scheduling information that is easily obtainable, buses and rail lines that run where and when they are supposed to, attractive shelters and readable destination signs, and so forth. Cultural bus loops, shoppers special loops, preferential bus lines, Sunday half-fare programs, and commuter clubs are examples of innovative marketing programs.

Increasing public awareness and acceptance of our product may be a little more difficult. After all, we are attempting to overcome generations of auto dependence.

UMTA has mounted a considerable transit marketing effort to assist transit operators in revitalizing public transit and the public's enthusiastic acceptance of it.

Early in my tenure as UMTA Administrator, I talked with you about my intention to highlight the UMTA effort to assist transit management. In March 1973, we moved those functions out of RD & D and organized an Office of Transit Management, to give proper emphasis to marketing and other management tools that are essential to good operation. UMTA's objective in establishing this office, with its separate Transit Marketing Division, is to help transit operators better serve the market's needs by making better use of operating resources.

One of the marketing efforts at UMTA is the Transit Marketing Project, a 34-month program to demonstrate improved marketing techniques at two demonstration sites: Baltimore and Nashville. The project includes extensive market research in both cities as the basis for demonstrating marketing techniques that include service planning, user information, and promotional elements.

By this time next year, the project should begin producing solid marketing data that I hope will be useful to each of you in improving your own systems. In addition, a comprehensive Transit Marketing Handbook is being prepared to familiarize marketing personnel entering the transit industry with the particular needs of mass transit marketing. During this conference, you also will hear of research projects being undertaken in three key areas to inventory and evaluate other promising techniques. UMTA will soon begin studies of transit fare policies and their implications, user information aids and dissemination techniques, and the role of marketing within transit management structures. The results of these projects will be specific guidelines for the application of marketing techniques.

In addition, UMTA's transit marketing division is providing support for the monitoring, evaluation, and reporting of site-specific marketing innovations that have broad application to the transit industry. We want to systematically gather data on the successful programs that you launch and disseminate them throughout the industry.

Our efforts do not stop with information -- we also provide money. Through the Section 9 technical studies money, project funding can be obtained for management improvement studies in the areas of marketing, management organization, operations and maintencance, financial planning human resources and development training, and safety and security.

As with any Federal program, though, UMTA can only do so much. We can provide funding and some technical assistance, but it is up to you management people to take up the challenge of transit marketing.

And that challenge is greatest right now. Although transit ridership increased for the last two calendar years, we cannot rest on our past successes, however limited some might feel they may be.

Unfortunately, we may now be witnessing a decline in transit ridership, despite my optimism. The public is slipping back into old habits and we will all have to work harder than ever, not just to attract more riders, but to retain the ridership gains achieved during last year's energy crisis.

Recently, New York's ridership statistics for the first quarter of 1975 showed weekday ridership on the subway dropped 4.8 percent, Manhattan and Bronx Surface Transit Operating Authority bus ridership fell 3.6 percent, and Nassau County bus use dropped a substantial 10.2 percent! Commuter rail patronage also dropped after last year's big gains.

Transit experts cite the recession and increasing unemployment -- with increasing availability of gasoline -- as primary factors in declining mass transit use. But we must not get into the habit of relying on crises and excuses to bail out mass transit. We must acquire and apply marketing and other management tools and take the initiative.

One promising note here is that ridership is increasing in cities like Los Angeles, San Francisco, Denver, Atlanta, and Pittsburgh. In fact, their increases are nearly offsetting the declines recorded in other large cities, according to APTA.

MARTA, for instance, has been rolling up substantial gains. The Denver Regional Transportation District has managed to preserve most of the 1.3 million additional riders it picked up during the first four months of 1974. The changing commitment away from highways and toward mass transit in Colorado was indicated when Governor Lamm recently ruled out construction of a $200 million highway in the Denver area, I-470, "if I have to drive a silver stake through its heart." Now, that's commitment!

Marketing, I believe, points the way to the future for urban mass transit. And there's no better time to begin marketing activities than now.

We hope this conference will provide you with a thorough analysis of marketing and its relationship to the transit industry. Hopefully, it will enable you -- the key transit decisionmakers -- to properly assess the role marketing should play in your own operation. We expect the evidence will convince you to declare for marketing as a key element in maintaining transit's upward momentum.

I certainly recognize that marketing is going to be a key concern of mine as I move to BART. It is essential that we move BART's ridership up from the current 115,000 a day to closer to the 175,000 that was expected, and I hope that this conference will give us some ideas.

This will probably be my last address to an APTA group as UMTA Administrator, but with the BART move I don't feel compelled to say farewell -- I look forward to a successful conference.

INTRODUCTION AND OVERVIEW OF MARKETING

Dr. William J. Ronan
Chairman
American Public Transit Association

This marketing first represents a cooperative effort, and I want to express appreciation on behalf of my fellow members of APTA to the Urban Uass Transportation Administration. Specifically to Frank Herringer, who, I guess is giving us a swan song. I want to express our appreciation for his many contributions, not the least of which was to put UMTA on a very sound management basis. And, that we were able to work very closely with Frank and his associates with minimum waste of time and energy, and I think the facts speak for themselves as to what has happened in the past two and one-half years.

Our appreciation, also, to Bruce Barkley and to Nick Bade who have been working on this conference; and I would also like to mention our own Vice President for Marketing, Dick Buck, head of our Marketing Committee; and Lou Olsen, who has been working with him as APTA's Marketing Executive Committee Chairman; and to Grey Advertising, Smith & Locke Associates, and Chase, Rosen & Wallace Inc., who have all contributed to making this seminar the excellent start that it has had here this morning. Actually, as we approach this conference, we must recognize, as Frank has indicated, its timeliness.

It is important not only for those of us in transport (Public Transit), but it is equally important to the nation, because as has been indicated already, the energy crisis is very much with us. It is more with us than it was before, but the public has not recognized it, and we are sliding back into our old habits, just paying more for gasoline and continuing to burn it up at incredible rates. So much so, that recently, when we at the Port of New York Authority raised our bridge and tunnel tolls 50% in order to get more money for mass transit, the first results of that were amazing traffic went up 1%! You figure it.

It is important, therefore, that we be successful, in terms of our broad national interests, and particularly, the balance of payments. So adverse, that we have to pay out billions for oil to the O.P.E.C. It's also important, as has been indicated, from the point of view of government, because actually, there is a great economy for government if we really make public transit attractive and draw the customers, and pull people into public transport as against the wide-spread and almost profitless use of private automobiles.

We are not consigning the private automobile to oblivion by any means...we are looking for its proper place in relation to public transport. So from the point of view of government, as well -- and also, equally important -- from the point of view of all the public at large, there is not only the matter of energy, but the matter of environmental conditions, that surround, particularly, in our great urban centers.

As we approach this seminar, marketing in public transit is different. Now, I know there are similarities to the merchandising of other products. But public transport, I would submit, has certain different characteristics. First of all, in the public mind, it still is that sort of in-between area, as between being a governmental function, like health, sanitation, police, fire -- and a business, an entrepreneurial service. And while some of us -- particularly those of us in UMTA and APTA -- have been convincing the legislature and the public (and I think very credibly so) that public transport must be considered a public service and equally important in our Metropolitan area, with these other services, like fire protection, police and health, it still is regarded, and this is a virtue, and not necessarily an evil, as an enterprise which somehow should have the characteristics of a private business. And so, public transport management, whether publicly owned or privately owned, is on the spot continually for performance as a business as well as a public service. And this gives us, I think, a special marketing challenge.

In addition, of course, it has been said public transport has been through a long period of decay and decline, and is now in a period of renaissance, but it is still competing against the most comfortable, individualized form of transport ever offered to anyone, anywhere -- namely, the American automobile.

This, then, becomes a second challenge. But, there are also other aspects of the marketing problem that I would tick off, not just to bring them to your attention for the first time, but just to give them a little focus. And that is that public transport operates in a glass house; it is constantly under surveillance, and in the New York metropolitan area is the second major topic of conversation following the weather. If you don't believe it, tune in on any New York radio station in the morning, and it will give you two bits of news; what's happening with the weather, and what's happening with public transport -- and some mornings, it is a beautiful morning, and some mornings it is not, and I speak out of some years of experience.

Not only does transit live in a glass house, and finds itself under constant surveillance, but it has a very special relationship -- even different from the weather -- when it comes to the media; something to bear in mind, because there is not very much the media can do about the weather. They can tell you if it was good, bad, in between this, that, or the other thing, but they can't really carry their complaints. Occasionally, they complain the weather bureau misleads people -- but, they can certainly do a lot about what happens on public transport -- and they usually do. And this makes it difficult in marketing transport, because the failures are highlighted, and the successes almost never reported. In this respect, it is a little different from weather, because a good day, in the New York press, will bring us pictures of very lovely girls sitting in the part, of people sunning themselves, and very nice stories about all the people who tried to get to the beach and could not because they didn't use public transport.

With all due respect to the performance of mass transportation, -- a very different bit of business. I have forgotten how many trains we ran at the MTA when I was there -- I think it was 9,800, or something like that -- during the morning rush hour, all subways and railroad trains during the day, plus all the thousands of buses. But we had a newspaper in New York that used to say, "was your train late today? If so, here is why." There will be 3, 4, or 5 trains in a little box on the most readable page other than the front page -- page 3. I tried for a long time with Ronnie Kane and others to change this newspaper's habits. Finally, I went over to the publisher at one of our luncheons and said "why don't you do me one favor? I have asked you to get rid of that box but you won't -- why don't you just print the whole fact. Of the 9,800 and so many trains, only three were late, and here is why." He said to me, "gosh, is that the case?" And I said "yes, we have been trying to tell your people that for a long time." He said, "well, I'm not sure that is news."

Public transport has some additional problems. In many places it is limited, as to the kind of services it can render -- unlike certain other types of business -- because it may be riveted down by franchises to particular routes, it may not have the ability to have that kind of flexible arrangement; it may be prohibited, in some cases, from engaging in charter, or special services, or very special group services. These are areas where I think we need to have some corrective action taken, because if public transport is going to compete, is we are going to be able to market the service, we have to have a service that will match as reasonably as we can make it, the services of the private automobile. We are not going to replace the automobile in areas where it can be replaced unless we encompass the totality of types of service that that type of equipment can provide the individual. I also mentioned a couple of other items which we cannot gloss over, which are very much present, the problem of crowding in public transport and the problem of crime in public transport. Our problems are to be considered as one discusses marketing.

As we move through this seminar and consider marketing in public transport, because of its nature, we will be addressing ourselves, I'm sure, to our customers. One of the first elements of a business, if you have customers, is to be sure you keep your customers. Then there are our potential customers, the people who can be drawn into public transport and here there is need for a lot more analysis, a lot more research, and a lot more marketing ingenuity.

I would salute many of the properties presented here for some of the more imaginative marketing activities particularly in the last three years or so. Therefore, we must address ourselves to our customers and our potential customers, but that is not enough if you have followed what I had said earlier, because we also have to address ourselves to the public.

We've got to sell ourselves not only to customers, and potential customers, but continue to sell ourselves to the tax payers who help support us, to the public at large, the media, and of course to the government and that means to the politicians, as well as to the bureaucrats. It means also we have to sell public transport, we have to market public transport for our employees and to our employees.

Somebody once said to me, at a time when the MTA was trying to do a few things in the marketing field, "you know it's very interesting Ronan, you were talking about marketing your services, it's fantastic to me how many of your employees drive to work," it was true. This means, of course, that in addition to selling our employees, we have to sell ourselves. Very important. Beyond that I think if we really are going to market this service we have to also reach that broad spectrum of public thinking represented by some of those who are opinion-makers, but are not so convinced.

There are certain television and radio commentators who deprecate the public services of New York more than any individuals. Now, it is easy to be critical of such people, but on the other hand, it shows a failure on our part to market, and to bring the importance of our service to the attention of key people. It also means we have to look at the intellectual and university communities alike. That is one of the reasons the American Public Transit Association has brought out its TRANSIT JOURNAL. Now those who developed the journal looked on it as a marketing device, but it is and can be what I have been speaking about, basicly, a tool to influence customers, potential customers, the public and the media.

I mentioned our own employees. The in-house activities, and this gets around to other outside activities, such as keeping the equipment clean, reliable, having it attractive, and having it available. In the early days of our control of the Long Island Railroad, we won a prize for the best marketing jingle on radio, and it was great! The general theme was "leave your car at home, and take the Long Island Railroad to work." Well, some of us took hold of the Long

Island Railroad and found,first of all, it could not carry the people it was then carrying, because the equipment was broken down and unreliable. Thus, our prize winning marketing jingle was not in accord with the facts, so we dropped it.

We then addressed ourselves to the in-house activities of making the equipment available and reliable, and we attempted to develop a comprehensive scheduling service in order to make special services, such as, express bus routes, shoppers specials, culture buses, special central city operations, and the like, more convenient. We should also be addressing ourselves to new methods of making the use of public transport convenient, not only in terms of equipment, but in the whole area.

And last, but by no means least, the question of manpower, which I have mentioned before. This takes alot of doing because as with most bureaucratic organizations, it is not easy to take over, and either re-establish morale, or build it for the first time.

My favorite story with respect to this is not from the transit business, but from a cafe on the lower east side of New York which is now out of business, the Cafe Royale. It had the best ice coffee, but it did not survive, it had the most bureaucratic waiters you've ever seen, that's why it finally went out of business. Each waiter was independent, each waiter had his own particular set of tables. One evening when I was there and about to catch a train I looked at my watch and it had stopped. A waiter was going by and I said "waiter, would you mind telling me what time it is," he looked at me and said, "sorry, not my table."

Well, we have to get to the point where marketing is everybody's table, which is what we are really saying here today. It can't be a single department, although we are happy that 50% of the transit systems now have marketing departments, and that research is actively underway in Baltimore and Nashville. All of these things give us heart, but one of the things giving me particularly great heart today is the turn out as this conference. Your attendance here shows how important all of you regard marketing, and may I conclude by just saying I am delighted to be with you and to participate in this seminar. I will close by saying again, "marketing is everybody's table."

THE TRANSIT POLITICIAN'S VIEW OF MARKETING

Doug Kelm
Chairman, Metropolitan Transit Commission
St. Paul, Minnesota

During the last decade, a new breed has appeared within the transit industry: The transit politician. I do not presume sufficient expertise in marketing to address professionals, so I am particularly directing my remarks to my fellow transit politicians present at this signally important seminar.

Since we're here to discuss transit marketing, perhaps, before we go any further, we should agree on what the term "marketing" means as well as to understand how the marketing process works. Above all, we should understand the role and the use of marketing in transit management.

Marketing in the Twin Cities means three things -- consumer research, understanding the needs and the wants of the consumer; product development, manufacturing or developing a product or service to satisfy those needs; and marketing communications, communicating to that consumer that your product or service fills their needs.

Last fall, quite by accident, I received a customer call for bus information. She said I understand that you have buses that will take me from the shopping center near my home to the Vikings football game. I told her that we did and that the service was very popular. I gave her the locations and the times the bus ran and told her that it was quite simple. Just get on the bus with a purple flag. She thanked me very much and then said, "Oh, by the way, where do I get one of those purple flags?"

What we had was a "failure to communicate", a breakdown in the third stage in the marketing process.

Using this this threefold definition of marketing--consumer research, product development, and marketing communication--let's trace the development of the "marketing process."

To begin, the process of marketing transit is the same process used in marketing any product. From fixtures to fixed guideways. The first step in the process, consumer research, is to really understand the needs and the wants of the consumer. How can any manufacturer design a product to be bought by the consumer, or create a service to be used by the consumer--without initially understanding the consumer's needs for that product or service? This is where consumer research comes into play. The manufacturer's conversation with the consumer, to determine their attitude about the product.

Certainly, the first questions as far as products are concerned are... What do you want? What should my product give you? What are the benefits of my product that you find attractive?

For transit people too, it's...What do you want? What kind of transportation do you want? Where do you want to go? When do you want to go? What are the benefits of my service that you find attractive?

The answers to these questions lead into step two of the marketing process, product development. To transit people, it means using the consumer attitudes to determine the range of transit services to be offered. This includes the proper routing, as well as the specific equipment to be used. And it means responsive scheduling, and perhaps special driver training. Consumer research should tell transit management what services are needed to meet the consumer's transportation needs.

In addition to determining overall consumer needs, research will also allow transit management to separate the different groups of riders that exist. The elderly, managerial and professional, clerical, inner city, and suburban housewives. Each of these groups have special transportation needs, so it is essential that the transit manager understand these needs so as to design the most accommodating system.

I'm going to risk interrupting a train of thought by suggesting that in recent years, in industry and government, product development in respect to <u>equipment</u> has suffered from a lack of market research. Specifically, in our fascination with advanced concepts, such as PRT, we have permitted the technologists to rush ahead with "solutions" for which problems have not yet been defined. They've not asked what the consumer wants before expending huge amounts on PRT development; they've not asked whether PRT guideways are acceptable to the community, what the impact on urban development will be, whether the environment will be harmed. In summary, they've been so concerned with determining how something could be done that they've never asked whether it should be done.

Once the service product has been determined, we're ready for step three in the marketing process--marketing communications. Simply communicating to the consumer that we have the service or the product that will meet their needs. Once research has told transit management what our system should be comprised of, it is then the role of marketing communications to bring all of those elements together and package the product for the consumer.

Marketing communications consist of many elements. Advertising is the most familiar. The use of television, radio, newspaper, direct mail, billboards, among just a few to let the consumer know that our service exists, and that it meets their needs over and above the competition. In transit our competition, of course, is the private automobile. So, we have to tell the consumer that we can meet their needs in terms of travel time, dependability, cost savings, and accessibility. In this way, the consumer can come to realize that the service was designed to meet their needs, as a viable transportation alternative.

To repeat, there are three stages within the marketing process--consumer research, product development, and marketing communication. Marketing is not merely advertising, as most have believed throughout the years. Marketing involves the entire business process, determining what the consumer wants, and then providing it for him.

In the Twin Cities we have just begun to understand the impact marketing can ultimately have upon the success of the transit system. When we assumed ownership of Twin City Lines in September of 1970, it didn't take much research to tell us that Twin Citians were totally dissatisfied with the bus system under private ownership, and had low expectations of transit service in general. Under private ownership, public service was subordinate to the need for the bus company to show a profit. Unprofitable routes were cut back, new equipment to replace 20-year old buses was an impossibility, and fares kept increasing to offset the dwindling number of riders.

Our initial marketing plan was based upon those expressed attitudes of the consumer--with the intent of modifying their attitudes toward transit through a better product. It was our challenge to adapt our system to the consumer's needs, and after making system improvements, to communicate the new benefits.

Our first task was to stem the precipitous decline in ridership. During the first year the identification of consumer needs and desires frankly was not followed by very impressive product development. We therefore gambled on a marketing communications program that was built around "promises". At the end of year one, the decline was stopped. But this was an act of faith on the part of those consumers and we knew that it would not continue if substantial performance was not soon forthcoming. And even more certainly we knew that mere public relations, advertising, and promotion programs would never convert the potential choice rider.

Some of the consumer needs and desires we identified were quite obvious: A clean bus, with bright interiors, with comfortable seats, with air-conditioning. In a climate with extremes of heat and cold, and snow and rain and wind, shelters are important. Easily identifiable bus stops with minimum information including the bus information telephone number is another obvious physical feature. During the next three years, over 600 new buses were purchased with 300 more now being bid; 150 shelters are installed, 120 more underway this year and a similar number are in the planning stage for next year. But the consumer is not satisfied by capital improvements alone. Our research led us to establish new standards for rider accessibility in terms of coverage and frequency. For example, the next three years saw a doubling of route miles, catching up with development that occurred during the decline of bus service under private ownership. Express bus routes increased tenfold. Downtown small bus circulation systems were initiated.

The identification of needs and desires is a difficult task. In the early days it was accompanied by a great deal of gambling and attendant failures. Today our projections of success on new routes and services are becoming increasingly reliable --although willingness to accept reasonable risks must characterize a service-oriented enterprise. Research has taken various forms: the early organization of a 40 person citizens advisory committee was one; the use of marketing professionals interviewing consumers and potential consumers on board buses and in their homes continues to be another. We also work with major employers both to discover needs and to communicate to their employees. Next we drew up 12 subregions within which we began route-ridership improvement studies. These studies are cooperative ventures, with local communities and state and county highway departments represented on the project management boards. A citizens advisory committee is established in each region. The area's demography is studied, past and projected development is analyzed, and planned public works projects are inventoried. Each study consumes about six months. The product is a ten-year service expansion plan including the staging of new routes, street related improvements, and capital facilities such as shelters and park/ride sites. Many of these studies are complete, the remainder will be complete or at least well under way by the end of this year. We are convinced that this highly structured approach is required both for sound research and for programmed product development.

While pricing of a product is an important marketing consideration, we are convinced that it is not the most important factor in the consumer's decision. We have experimented with various fare levels and are convinced that quality of service is the prime factor. A good pricing policy is one that results in a reasonable fare and, above all, a fare which is equitable for the kind of service offered, as well as the distance traveled or time saved. Presently we are considering the use of reduced or free fares as <u>promotional</u> devices--perhaps from month to month selecting different routes to promote off-peak riding by offering free or reduced fares--and then measuring the residual impact of such promotions on continuing ridership after regular fares are restored.

The escalating ridership trend over the past four years, as well as subsequent consumer research--reflect a substantial change in consumer attitudes toward transit as a result of the marketing effort. By 1973, we found that over 90% of the transit <u>users</u> surveyed were "highly satisfied" with the MTC's transit service. Even among non-users well over 80% felt the commission was doing an "exceptional job".

We face awesome marketing challenges in the days ahead. For example, we find ourselves in a precarious situation in that our "factory" is nearly empty during much of the day while we continue to pay our employees and other overhead expenses.

Our challenge is to use consumer research to seek solutions to this "off-peak" problem. Consumer research to determine whether or not there is a need for transit during these periods of the day. Perhaps we will find that our present transit system is not designed to accommodate the consumers' midday destinations. Perhaps, for example, routes established for peak-hour service do not accommodate off-peak travel patterns. We will then have to adjust our service accordingly. Once we have made service adjustments to meet the consumers' needs, we must communicate the benefits of the changes in order to motivate expanded use of the service.

Perhaps, on the other hand, our research will tell us that even if we pay people to use current transit service during the midday--they will not do so. Should this be the case, any energies and dollars spent to communicate "off-peak" service would be wasteful, and instead we should redirect our research to find out what consumer attitudes or behavior is controlling the choice of alternate transportation modes.

Perhaps research will show that there is a greater potential in spreading out the peak period rush hours in order to narrow the off-peak period, and to lessen the traffic congestion, making for a more pleasant ride for the consumer. If this is what the research indicates, then it will be marketing communications that will acquaint the consumers with the benefits of staggered commuter trips, and will convince employers of the value of such coordinated programs.

The problems of "off-peak" ridership and "staggered commuter trips" are only two marketing challenges that we face looking into 1976. Our knowledge of the marketing process will allow us to better underatand the consumer through <u>consumer research</u>. It will allow us to develop services that the consumer needs, through <u>product development</u>. And finally, to effectively communicate the benefits of the services to the consumer through <u>marketing communications</u>.

What can this threefold process mean for you? It's very simple. If our role is to ultimately sustain and increase the numbers of transit users, we must compete effectively with the private automobile. To compete effectively with the automobile, the transit manager needs to develop a "marketing sophistication" that does not exist today. He must identify existing and potential transit users and the benefits they seek. This information must be used in developing an overall marketing plan to provide those benefits. Without this knowledge, marketing transportation, like marketing any product, will remain a guessing game.

Two things are necessary in order to carry out the marketing process that I previously discussed; one, organization and two, financial commitment.

Today, enlightened transit management sees the marketing philosophy integrated into all aspects of transit management; in many cases internal reorganization has led to the formalizing of the marketing function. Marketing managers reporting directly to the general manager (with broadened responsibilities which in some cases include the routing and scheduling function) have become key members of the transit management team. It is contended that this type of reorganization and the formalization of the marketing function leads to a much more "consumer oriented service."

The point is, however, that if a transit system is going to market, it simply must organize itself to market, thus allowing marketing "concepts" to play a vital role in consumer oriented decisions.

The MTC has struggled with the question, "How much should a transit system spend on marketing?" This obviously is a very difficult question to answer for it depends on local circumstances on the one hand and the size of the transit system on the other hand.

However, what I can say is that specific funds for marketing ought to be budgeted for consumer research, product development, and marketing communications.

In the Twin Cities, during this current fiscal year, against farebox revenues of $16,000,000, the Metropolitan Transit Commission budgeted approximately $500,000 for consumer research and communications alone.

I'm convinced that this is not enough, but what is significant here is not the amount that was budgeted but rather the commitment to marketing that was made in the budgeting process.

With this in mind, one thing is certain. If there is to be an effective marketing program, transit managers and governing boards simply must understand that the marketing process begins with the budgeting process, and they must be willing to face critics who are not accustomed to the expenditure of marketing dollars by a public or semi-public body.

Consumer research, product development, marketing communication, supported by appropriate organization and financial commitment... these are the elements of a successful marketing program.

It is my hope that my brief remarks will provide a foundation for the more in-depth discussions that will follow this afternoon and tomorrow.

Thank you.

THE VALUE OF MARKETING FOR THE DECISION MAKER

Robert T. Pollock
Vice President, Transit Management and Operations
Dalton-Dalton-Little-Newport

This is the first day of the Transit Marketing Conference, and even at this early morning stage it's probably apparent to you that you are going to listen to a group of very able people who all have one important message to deliver. That message is the importance of marketing. In effect, you are going to be told that there is a new religion that is going to contribute to the salvation of the transit industry. Its name is marketing, and I'm one of the prophets who are going to lead you into the fold.

Now your first reaction, logically, is suspicious...you wonder whether the required application of energy and resources to marketing will result in any meaningful improvement in your business. So let me begin by putting this entire subject into some form of reasonable perspective.

I'm a transit operator, and have been one for many years. I'm familiar with all of the operating and management problems which each of you are confronted with daily. I've been on the line with problems of equipment shortages, breakdowns, fuel shortages, and labor problems. But fundamental to them all is declining revenues, since everything else can be solved when there is enough money available. I had my fill of fire-fighting. And I became tired of it. That's what prompted me to look for a better way.

As I studied the nature of transit operations, and spoke to businessmen in other industries, I noted that there was a basic difference in the orientation of transit operators compared to the approach being used in other businesses. Most transit operators run their businesses as production entities. Many of us came up through engineering and operations, and our primary concern was and still is to make sure that the equipment rolls out in the morning and comes back again at night. In between, we apply ourselves to trying...to the best of our ability...to schedule our runs in order to best accommodate traffic patterns as we perceive them. Many of us go a few steps further and conduct origin and destination studies among riders, and adjust schedules to conform with the information obtained in these studies. Fundamentally, however, our orientation was and is to conducting a sound operation with emphasis upon equipment, maintenance, routing, and scheduling.

In contrast, successful businessmen in other areas view their businesses differently. One thing became readily apparent to me. That is that no business...whether large or small...was ever successful unless its owners or managers defined its purpose and had some sense of direction to which they were oriented. And in almost all cases, this orientation is to the consumer. The totality of the business enterprise is focused on the satisfaction of the consumer's needs and desires, including expressions of those needs and desires which the customer isn't even aware of. Let me explain what I mean by this latter point. That is, how can a businessman fulfill a customer's needs when the customer himself isn't aware of precisely what he wants?

Some of the problems faced by the building industry during recent years have included:

... The high cost and scarcity of land

... The high cost of construction.

... The difficulty consumers have maintaining a home, because of the absence of skilled craftsmen and the high fees they request.

These problems were particularly pressing among older people, especially those who were retired. Nevertheless, housing and shelter are necessary. One solution was multiple dwellings. But this imposed other problems. Many people were accustomed to owning their own homes, and didn't want to become renters. In addition, builders who were in the practice of building and selling didn't have the capital required to invest in the ownership and maintenance of multiple dwellings. The solution was the development of the condominium, which is the fastest growing form of home ownership in the country.

Now, consumers didn't develop the condominium, they never heard of the word, and the legal concept was substantially beyond their grasp. But some individual builders were interested in their customers. They perceived a series of changes in the environment, and concomitant changes in the life styles and needs of a group of people. Not all people, of course, but a significant group of identifiable people...let's call them a segment. And these builders responded to those needs by creatively developing a new product form...the condominium.

This example illustrates what I mean by marketing. It represents that effort by the businessman to determine precisely what his current and potential customers need and desire, and then orient the totality of his business operation to the satisfaction of these needs. Now, you can very well say to me..."If I give my customers everything that they want, I'll go broke." And you would, of course. Which brings us to a detailed list of the various components of a total marketing program. These include:

... Product Planning

... Pricing

... Promotion

... Advertising, and

... Market Research

These functions must be viewed in their totality. They are all part of the marketing function, and require integration into a single, focused entity. The means by which this is done is the Marketing Plan...a subject to be discussed in detail by following speakers.

Obviously, however, your customers need a reasonable fare. This functions as an inhibiting factor to the quality of service and equipment that you can provide. Thus, the need to achieve a trade-off between the customers' product expectations and what they are willing to pay. The means of determining the proper balance, or marketing mix, is marketing research or marketing tests, as expressed in the form of demonstration projects.

My conversations with many transit operators indicate that they realize the need for a systematic marketing oriented approach by businesses which produce tangible products, but believe that the need to become involved with a formal marketing program is not as critical or not as feasible when dealing with a service business such as transit. I believe that the reverse is true. Let me tell you why.

One of the most important reasons for employing marketing tools and marketing plans is the need to respond in a coherent and intelligent manner to changing environmental conditions. If our environment were a constant unchanging one, then all we would have to do is determine at one point in our business the appropriate method of running it and then live happily ever after with that fixed configuration. But life just isn't that simple...it's consistantly changing, and many of these changes impact upon us and our business. Some examples, which are quite familiar to you:

... Higher prices for fuel which affect both you and your main competitor...the automobile.

... Inflation in everything you buy.

... New roads, new housing developments, new factories.

... Changing traffic patterns in the central business district.

... The availability of new equipment.

... A more articulate and demanding consumer.

... Increased political demands for improved services.

... Environmental concerns.

Now, this is only a brief list. I'm sure that in a half-hour of discussion we can multiply it ten or twenty-fold. I just jotted these items down at random. But after I did, I looked at the list again. There are eight items on it. But at least five of the items I listed didn't exist a few years ago, and they are becoming more intense and critical daily. Given this rapidly changing external environment, which we can't control but which we must respond to, I can think of no alternative available to us other than the use of a systematic approach to problem solving through the use of marketing planning.

Now please note that these problems aren't the traditional ones that we generally get grey hair over...like equipment breakdowns, labor troubles, and others. They represent problems which are relatively new to the industry, and which require creative solutions ...the type of solutions which will emerge only from a radically different approach to the conduct of our business. The traditional problems which we are attuned to are of the squeaky wheel type.

They are of immediate concern, and require immediate attention and rectification if the system is to operate today. The newer problems take some time to come into focus, and are easy to shove onto a back burner. If we ignore them, however, they can lead to our complete destruction. I need only point to the railroad industry to illustrate that this is not an idle threat. Actually, we have been sitting around for thirty years watching mass transit decline with little opportunity to do anything about it. Well, the time has come and the facilities are now available. The consumer is more amenable to mass transit than ever before in the careers of most of us present today. They are willing to try us and experiment. They'll overlook some of our shortcomings if the promise of improvement exists. Let's grasp this opportunity and do something about it. Let's start by focusing our attention on the behavior of other industries and see what we can learn from them.

Now, I am not going to hold the airlines industry up as the epitomy of success in the commercial sector. Unfortunately, they have been hard hit during the last two years by a series of events which is substantially beyond their control. But they would be a lot worse off if they did nothing about this situation...and it's interesting to note that despite the restrictions placed upon this industry by the various regulatory agencies, they are utilizing every trick in the marketing handbook to try and improve their performance.

Since their problems as a segment of the transportation industry they are so akin to ours, it may be appropriate to briefly examine some of the things that they are doing. Let's look at this in the context of the various marketing functions which I described before.

In the product area, the airlines offer their customers a variety of services and improved facilities, such as:

... Carry-on luggage

... Wider seats

... Constant change and innovation in the variety of food offered

... Such amenities as music, movies, and reading matter

In pricing, we have truly witnessed extensive variation. For example:

... Some airlines offer a 35% discount rate for regular coach fares between certain cities on weekdays.

... If a traveler stays at his destination 7 to 30 days, and is ticketed at least 7 days before flight, he can obtain a 20% to 25% discount on an excursion fare.

... If a family travels together, the head of household pays full fare and other members of the family get one-third off.

... A "layaway" plan, with a discount of 37% for travelers who can make plans 60 days in advance, is also offered.

There are many others, but I don't want to take your time.

In the promotion area:

... TWA, as part of its Trans World Vacations programs, offers discount books in major cities, plus a travel-book series.

... British Airways offers a fly-drive, all-inclusive tour including hotel and rental car.

... Pan Am is offering special incentive commissions to its travel agents.

Now, the airlines aren't the only service industry that is using various marketing tools to improve their business. The banks are, too. Witness such undertakings as:

... Free premiums if you open a new account.

... A free auto safety kit with a new car loan.

... Free membership in a buying plan if you open a new account.

... Free carpeting with a home improvement loan.

... Checks in a variety of colors and with pictures on them.

... Offers of Travelers Checks without fee payment.

... "Unscrambled" bank statements.

... No-fee checking accounts, and

... Extensive use of advertising to promote these offers.

It's readily apparent that in both of these service industries, despite their regulated nature, a variety of offers and changes are being made in the area of product, price, and promotion. Moreover, these changes and offers are heavily advertised. Finally, something less apparent but existing nevertheless is the fact that these institutions use market research rather extensively to determine precisely what their customers want. Indeed, the total revolution in the banking industry which started some years ago, and which is typified by Chase Manhattan Bank's advertising campaign..."You Have A Friend At Chase Manhattan"...was based upon research which indicated that one of the major problems confronting banks was the consumer's perception of them as rather austere and forbidding institutions.

What is the consumer's perception of your transit operation? I wonder how many in this room can answer that question. Let's face it. There is little that we can do about improving our market position if we don't have some pretty precise information advising us what consumers like and dislike about our current operation, and what their future expectations and needs are.

I would not want to leave the impression that the mass transit industry is totally devoid of marketing activity. There have been some very fine examples of efforts to respond to consumer needs. There have also been many tactical marketing efforts designed to solve specific problems. For example, various companies in the industry have offered:

... Special fares for senior citizens.

... Special shopping trip fares in order to encourage traffic during non-peak periods.

... Weekend fare reductions.

... New product forms, such as the "culture tour" offered in New York.

... Promotion enticements, including the innovative free ride "Fareless Flyer" being run by the Nashville MTA.

... Seattle's Magic Carpet, which offers free bus rides in the CBD, and which has resulted in a significant increase in area ridership and retail sales.

In the product area, we have witnessed Dial-A-Ride, Park and Ride, special bus lanes, and other innovations to facilitate and encourage increased ridership.

What I would now like to encourage, in each market, is a coordinated and integrated marketing program which employs every weapon in the marketing arsenal to achieve a single-minded objective. That objective is a substantial increase in ridership. Based upon historical precedent, it is possible within the next decade to double or even triple transit ridership.

Some of the opportunities available for you to capitalize upon increased ridership and market share include:

... The availability of capital grants.

... A substantially more favorable attitude among political authorities regarding the need to encourage mass transit growth.

... A more favorable economic relationship versus the automobile.

... Consumer awareness of the problems of pollution, energy shortages, and crowded roads, all predisposing them more favorably to mass transit use.

... Most importantly, your cognizance of these opportunities and your willingness, as evidenced by your presence here today, to try new approaches to building system volume.

The opportunity exists, but it is not sitting there like a fruit on the tree ready to be picked. We're going to have to work for it by assuming a direct confrontation with our prime competitor ...the auto. The precise form which this competitive onslaught should take will vary significantly by market, but the process or procedure by which it will be developed and implemented will remain fairly constant. That process will lean heavily upon the development of a marketing plan to manipulate the total product offer so that it conforms to the requirements of your customers to a greater extent than the currently preferred transit mode.

A marketing program has five simple components to it. These are:

... First -- find out precisely what your customers' needs are, in terms of product, service, and price.

... Second -- determine what opportunities for expanded volume exist for you in the marketplace. Who represents your best prospects, and what do you have to do to obtain their patronage.

... Third -- initiate a program to fulfill the consumers' needs to the best of your ability. This may require some substantial changes in your operating program and capital investment. It's not easy, and I don't anticipate that you are going to be able to achieve it overnight.

... Fourth -- tell the world what you're doing. Use advertising and publicity to communicate your message. Use promotion to induce initial trial.

... Finally -- evaluate the effectiveness of your efforts and initiate corrective action if required.

The best way to prepare and integrate a program of this type is through the means of a marketing plan. This represents a written document containing your review of the situation in your market, an analysis of the situation, a statement of objectives, and a program to achieve these objectives. Planning anticipates the so-called fires, and helps to prevent them. At the same time, with a plan at hand you will be better prepared for sudden developments.

Planning also leads to a better coordination of functions among executives. Since a variety of executives are responsible for contributing to the marketing function, it is essential that there be some integrating form of communication so that each executive will know what the other is trying to achieve and how he is likely to proceed to accomplish his task.

A written plan acts as a reference document which is readily available for consultation and serves as a protection against loss of experience due to any management or personnel change.

While these are valid reasons for preparing a marketing plan, perhaps its greatest value comes from the very process of its preparation. The development of a marketing plan requires the contribution of thought and effort on the part of <u>all</u> the people concerned with operating your system. Thus, by the nature of its development, a marketing plan emphasizes the relative importance of all marketing forces and, therefore, encourages integrated group and marketing thinking.

Although systematic marketing planning is valuable, it is no panacea for marketing success. It guarantees nothing. Yet, by continuous planning and organized problem solving, improved performance is inevitable.

When planning fails, it is generally for one of the following reasons:

... The absence of adequate review of your business situation, so that the planner is unaware of the nature of conditions confronting him.

... Inadequate participation or cooperation by all involved in the marketing function.

... Establishment of unrealistic objectives.

... Unanticipated circumstances beyond your control.

However, if you analyze all of these reasons you will find that they apply equally to a situation where no plan is prepared. Thus, there is no question in my mind that even the poorest plan is better than no plan.

In fact, I'm reminded of the old man who was asked by a reporter on his birthday how it felt to be ninety years old. "Considering the alternative," he replied, "just fine." And considering the alternative, marketing planning is something you don't want to be without.

II. MARKETING'S APPLICABILITY TO TRANSIT

THE PROTOTYPICAL TRANSIT MARKETING PLAN

Murray Gross
President, Market Horizons Inc.
(A marketing consulting subsidiary
of Grey Advertising Inc.)

Bob Pollock spoke to you about the need for marketing planning and the contribution that it could make to the success of your business. Now I would like to talk to you about how to prepare a marketing plan. Before I get into the specifics of planning, however, I'd first like to dispel some concerns which you may have about the mumbo-jumbo ritual of this mysterious thing that's called a marketing plan. Let me assure you that:

... It's not a complicated subject

... It doesn't require any special training or knowledge. You certainly don't have to go to a business school to learn how to prepare a marketing plan

... It's not very difficult to do.

Your first plan may take a bit longer and require more effort than subsequent ones will. But it will represent a step forward, a contribution on your part to furthering your company's interests and, finally, something which will prove a labor of love and which I promise you're going to be proud of.

Planning is deciding <u>now</u> what to do in the future, and developing the necessary programs to achieve it. It is based upon the accumulation of information, an evaluation of the meaning and implications of this information, the establishment of objectives, and finally the determination of a course of action to be taken based upon your comprehension of the situation.

You've all heard the story of the student who was surprised to learn one day, in a college literature class, that he had been speaking prose all his life. Similarly, many people are surprised to **learn** that whether they realize it or not, a substantial portion of their business and personal life has been devoted to planning.

In its simplest form, you may go home tonight and make plans regarding your weekend activities. Somewhat more structured would be the development of your family's vacation plan. You may, right now, be in the midst of discussions at home to decide how you're going to spend your vacation in the future ... this August, perhaps.

The advantage of deciding now what to do in the future, is that it implies orderly progress to achieve what you want to do. For your vacation you may require travel tickets, hotel reservations, and many other things. Some of these arrangements will be made by you; others may be made by another member of the family. It is evident, therefore, that the planning process also includes the determination of <u>what</u> is to be done and <u>who</u> is to do it in order to achieve best results in the desired time.

Thus, the preparation of a marketing plan, or the act of planning, is essentially the systematic organization of your thinking in the form of a scheme of action to achieve a desired objective within a given period of time.

There are four basic components to a marketing plan. These are:

... The Business Review -- which tells us where we are <u>now</u> and what is happening which will influence our activities.

... The Objectives -- which describe <u>where</u> we want to go.

... The Strategies -- which indicate <u>how</u> we are going to get to where we want to go.

... The Action Program -- which describes what we are going to <u>do</u> to get where we want to go.

The various stages or components of the marketing plan are not separate and discreet elements. They carefully mesh into each other, since each serves as a prelude for a subsequent stage. Thus, your plan should literally flow like a stream, with continuity of thought evident from page to page.

The marketing plan begins with the Business Review, which represents a systematic presentation and analysis of all the factual information you can collect which will...in one way or another...influence the nature of your business. This section should not represent a mere compilation of facts, but rather a careful analysis and diagnosis which leads to a firm conclusion.

Preparation of the Business Review may be compared to the construction of a picture puzzle. When all of the little pieces are put together in an intelligent manner, the picture emerges. This picture should represent an understanding of the underlying causes which influence a business. These causes may be internal in nature, such as the adequacy of your equipment to provide the desired level of service, or external, such as population shifts which affect your route structure or new opportunities to increase ridership.

It would be most desirable if you had available to you original research based upon interviews with current and potential customers, which enables you to determine their needs and wants. In the absence of this information, or as a supplement to it, Origin and Destination studies and analysis of population and residence data from such sources as the Census, the City Planning Department, various state agencies, etc., would be desirable.

Broadly, the Business Review should provide answers to such questions as:

1. What are the long-term transit trends and opportunities in your area? What influences these trends?

2. What events are now transpiring or will transpire which will influence the level of ridership on your system?

3. How does your product and service configuration conform to the consumers' requirements?

4. What is the situation with competitive modes? How does this affect you, and how can you respond to the situation?

5. What are the results of your prior year marketing and business efforts? How do these compare to the previous plan? If there is a discrepancy between the prior plan and results attained, can you explain what accounted for this divergence?

6. How effective were your efforts in advertising, promotion, information services, and selling?

7. Most importantly, who are your customers, how do they behave, what are their needs, to what extent are you satisfying these needs, and how can you improve your service to them within the confines of your budget or, possibly, at a higher fare?

The total function of this Business Review is to enable you to discover opportunities and anticipate problems, which brings us to the next section of the marketing plan...entitled, "Problems and Opportunities".

All of the information in the Business Review is not very meaningful until you review it and extract from it pertinent areas of problems and opportunities upon which to develop your marketing program.

A problem represents a hindrance to growth. It is something that must be overcome in order for the Company to maximize its potential. The problem may derive from internal factors or be external in nature, and represent some form of competitive activity or change in the socio-economic environment. On the other hand, an opportunity represents a favorable circumstance which may derive from either external or internal conditions. In this section you should strive to recognize a situation, either existing or emerging, which can serve as a prelude to the development of appropriate strategies and plans in order to enhance your competitive position.

The next section in the marketing plan is the "Statement of Objectives", or a description of where you want to go ... that is, what you expect to achieve. Unless you know where you want to go, you can't draw a road map describing how to get there. Since, in effect, the balance of the plan represents a directional road map, at this point you have to define your objectives or describe what you intend to achieve. An objective is not an estimate of what you expect to happen. Rather, it's a description of what you want to happen, and thereby serves as a basis of your plan to make it happen.

Although objectives should be defined for every aspect of your business, in this section you should confine yourself to those objectives which deal with major areas of specific achievement. Since marketing is a business function, the primary objective covered in this section should relate to ridership and your profit or deficit levels.

Let's define precisely how objectives should be stated:

1. Objectives should be quantified. They shouldn't be vague and generalized, such as, "Our objective is to increase ridership". Rather, the statement should be "Our objective is to increase ridership by 6% to 27 million passenger rides." This enables you to focus your efforts and resources on the attainment of this specific tool. It also makes the objective measurable and subject to future evaluation.

2. Objectives should be attainable. As managers, your

There is nothing novel about this concept. The creativity comes in defining the opportunity, establishing the objective, and then subsequently developing some unique combination of services to significantly influence employees to select your mode as the preferred one.

With the objectives defined, you now know <u>where</u> you want to go. The next step is the preparation of the strategy, which describes the approach that should be used to achieve your objectives.

The strategic decision exercises a controlling influence on all of your subsequent actions by establishing the framework within which decisions of lesser importance are made.

Let's take an example of what I'm talking about. The core, or basic, strategy for a car rental company, such as Hertz or Avis, could be to:

... Concentrate its efforts on the business traveller who rents a car at airport locations.

By way of explanation, this happens to be one of <u>the</u> major volume sources for car rentals. Now let's examine this strategy and see what it achieves:

... First, it defines the market target or business segment which the company is planning to concentrate against.

... Secondly, it represents a differentiating and limiting approach. It serves to focus the company's efforts in one area and contrast it from competition who may be orienting their activities to other areas.

... Third, it serves as the basis for the subsequent allocation of resources and determination of sub-strategies in such areas as selling, advertising, promotion, etc.

The implications of this strategy to the car rental company are manifold. Some examples follow:

1. Major effort will be made to obtain priority locations at airports.

2. The type of car purchased and made available will be the one most used by business travellers at airports. In contrast, had their emphasis been upon suburban use and locations, they would have required substantially more station wagons.

objectives should be realistic and attainable within the confines of the available resources and the previously stated environment. Since the objectives serve as a basis upon which the success of your effort will be measured, it behooves you to be realistic without being timid. Furthermore, it's essential that no objective should be established, either in this section or elsewhere in the plan, unless you spell out precisely how you plan to achieve it.

3. Objectives should be priorized. There are many marketing steps which are desirable, but not very meaningful in terms of your company's success. If you list every little detail of your job function as an objective, it tends to overload and confuse the reader and detract from the serious intent of the plan.

With the above in mind, let me briefly review examples of some objectives:

1. Increase ridership.

2. Reduce deficit.

3. Improve your image with the consumer.

4. Develop a more equitable rate structure.

5. Increase off-peak daily and weekend traffic.

Your objectives should emerge from and relate to the Statement Of Problems And Opportunities. Since these serve as a source of the inhibiting factors confronting you, as well as those areas which are ripe for exploitation, some objectives are obvious ones ... such as the need to increase non-peak load ridership. Other objectives may derive from the need to correct or forestall a deteriorating situation. But the best objectives ... those which could be potentially most productive ... are inspired ones. They're not obvious. They often emerge from a creative analysis of the marketplace. Sometimes from inspiration and sometimes from perspiration, or a disciplined search and pursuit of opportunities.

For example, your objective may be to increase ridership among workers who commute in heavy numbers to an industrial park. To achieve this you may have to work closely with the employers, perhaps even obtaining subsidies from them or getting them to stagger their work hours, and structure your routing and scheduling to conform to the needs of the specific population segment employed in that industrial park.

3. Advertising media selected, and the advertising message contained therein, will indicate how this company has specifically oriented its efforts to satisfy the needs of the business traveller.

This particular strategy should potentially develop sufficient volume to fulfill the stated objectives. The core strategy is like the hand on the rudder ... it enables you to direct your business instead of permitting it to drift. In this way, you will travel faster and cover more distance than if your business ship is permitted to float aimlessly. One of the important advantages of the marketing plan is that it compels a review of strategy. Following the format we have reviewed today, the plan dictates a searching review of changing conditions which affect your business; the distillation of these findings in the form of Problems and Opportunities; the establishment of objectives; and now, the definition of your strategy. In this way, you are procedurally compelled to consider alternative plans and avoid the rote repetition of prior behavior. The result should be a contemporary approach to the conduct of your business.

Now, let's examine strategic alternatives in the transit industry. If, for example, your basic objective is to increase ridership by 10%, there are a variety of strategies which can be used to achieve this objective. One strategy may be based upon price alone. It would entail lowering fares, with a concomitant reduction in the quality of equipment and service to compensate for the reduced fare revenues.

An alternate strategy could be to increase fares while at the same time significantly increasing service, quality of equipment, and performance in order to attract more riders.

These two alternate strategies are diametrically opposite to each other. Nevertheless, depending upon local conditions, each could be effective in achieving the objective of increasing ridership. It is apparent, therefore, that no single strategy is appropriate in every circumstance. That is why it is critical that prior to the determination of strategy you carefully review and ascertain the specific consumer needs and desires in your market. This points to the need for carefully integrating all sections of your marketing plan. The document should figuratively flow like a stream, so that each section relates to what came before it and what will follow it. It is obvious that the Business Review, Problems and Opportunities, establishment of objectives and development of Strategy represent a coordinated entity, since each of these sections must build upon the information and thinking contained in the others.

There are four key subject areas which should be included in the strategy section.

The first is positioning the product. Positioning is the totality of what a product or service is, and how it is sold to the consumer. It encompasses the product's reason for being ... that is its excuse for existing in the marketplace ... and is, therefore, the product's most important property. It differentiates the product from competitive offers. The positioning statement also represents a definition of precisely who you are competing against. In short, it represents the concept or organizing idea that glues all of a product's marketing properties into a cohesive unity.

Let's look at a current example of positioning. As you know, Cadillac recently introduced the Seville, which was positioned to compete with the Mercedes-Benz. The establishment of Seville's positioning at the very beginning against the Mercedes-Benz affected every aspect of the car's marketing strategy and program because of the influence which it exdrted upon the car's design, its performance features, its price, the selection of the market target, advertising media, and advertising copy.

I believe that it is reasonable to state that in most cases, mass transit competes with the use of the private automobile. Thus, the stance which you assume ... that is, the validity of the reason which you project to justify your existence in the marketplace ... must be evaluated in terms of its effectiveness against this prime competitor.

The second subject area in the competitive strategy is the marketing mix. This is represented by the allocation of a This is represented by the allocation of a priority of importance or weight to various marketing functions. The physical and monetary resources available to you are limited. It is, therefore, a strategic decision to determine how your company should allocate its funds vis-a-vis improved product features (such as air conditioning) which would increase ridership, or for more service information aids, promotional fares, or advertising and research, all of which will improve ridership too.

The third strategic decision is based upon a definition of the market target. Once the product has been positioned, and the marketing mix decided upon, the next step is to define in very explicit terms the characteristics of the prospective user of your service ... that is, those whom you wish to influence with your marketing program. Here you must not only define where these people live (which is not very difficult, since most of them will be within the confines of your physical route structure, although you may also decide on the basis of your Business Review to extend your route structure or curtail it), but you must also define your future customers in terms of age, sex, income, whether they are employed or unemployed, and their psychographic status in terms of their vulnerability to abandon the use of the automobile in favor of mass transit. It is only by choosing the right market target that you know precisely what you're going to say to them, thereby increasing the probability of having them use your service.

The final aspect of the competitive strategy is the selection of the buying incentive. When you sell mass transit, you're not dealing with a tangible entity. It's not the bus or the train that's important; rather it's the ideas which you convey about the totality of what you have to offer which gratifies a user's needs. The sales proposition is, therefore made up of those attributes which are most likely to motivate customers to use mass transit. The sales proposition is essentially your concept of what you have to offer in terms of its intrinsic attributes as well as its consumer benefits.

Since people do not normally change their behavior patterns for only one reason, your sales proposition may be multidimensional. Thus, for example, it may feature the comfort and ease of mass transit ... in contrast to the hassle of fighting traffic by driving ... and, depending upon local circumstances, it may also point to the fact that it is less expensive to ride on the bus than to pay for gas, tolls, and parking.

Obviously, the sales proposition is more than just a part of the advertising strategy. It permeates every aspect of marketing. For example, if your major sales proposition is based upon the physical comfort of riding on your bus, then the fulfillment of this promise should include the assurance that every rider will have a seat, that the drivers will be courteous, and perhaps that other amenities ... such as air consitioning, appropriate interior lighting at night, and perhaps even internal music ... will be made available.

Here, too, we note the need for integrating every aspect of the marketing plan, since obviously the sales proposition or buying incentives will emerge from the previously defined strategy, which, in turn, was derived from the objectives.

The final section of the marketing plan is called the Action Plan.

Its function is to show how your company should move from its current level of activity to the activity level indicated by your objectives. You now have to describe what you will do to make what you want to happen, happen.

Even if a company never had a marketing plan along the lines being discussed today, it would have some form of Action Plan or a list of "Things To Do". If not, it would come to a grinding halt. The difference between a "Things To Do" list and the formal Action Plan in your marketing document is the disciplined approach based upon a solid foundation of facts and thinking which precedes the development of the Action Plan.

The Action Plan represents a series of activities which you plan to perform, covering a variety of marketing functions, to achieve your established objectives. Some of the functions to be covered in the plan include:

... Your product

... Service

... Pricing

... Information services

... Advertising

... Promotion

... Research

Each of the above sub-headings should be covered in a separate chapter whose contents include the following:

... A Statement of Objectives -- that is, what you intend to achieve in this particular function. Since you've already covered the major objectives, you will now want to cover the sub-objectives which represent the intermediate steps that must be achieved if the previously described major objective- are to be attained. Some examples of sub-objectives could include:

... Reduced headways

... More coverage

... Improved on-time performance

To the extent possible, each of these should be quantified. Instead of saying, "We will improve headways", the statement should be "We will improve headways to 3 minutes during peak periods, and 8 minutes during non-peak periods."

... In each chapter in the Action Plan section, a strategy statement should be included. Here, you would discuss the general approach you plan to use to achieve the objectives. For example, in terms of an objective to improve information services, you may indicate that, "Major emphasis in achieving this objective will be placed on the use of the telephone and bus signs rather than printed schedules".

... The final element in each section of the Action Plan is the specific program which you plan to implement. Here, you should indicate exactly what you plan to do. To achieve your advertising objectives, for example, you should indicate:

... The budget to be allocated

... The creative program you plan to use

... The media you plan to use

... How you plan to schedule your advertising

... How you plan to evaluate the effectiveness of your advertising.

The answers to these questions, which should include a time schedule, and assignment of responsibilities to the individuals responsible for implementing the program, provide the necessary fuel to drive the program forward.

This represents the basic structure of a marketing plan. More detailed information on how to prepare a marketing plan will be included in the Transit Marketing Handbook which each of you will receive when it is completed.

Despite the apparent rigidity of structure which I described today, I want to emphasize that a marketing plan does not require intense technical knowledge or training, and does not have to adhere to a specific format. If you have generally absorbed the flow of thinking that I have described, and prepare your document along these lines, I'm sure that you will find that it represents a vast improvement over a situation where marketing planning is ignored. I have no doubt that when we join together for similar meetings in future years, your conversations will be permeated with enthusiasm over the contributions you have been able to make through the use of marketing planning.

MARKETING RESEARCH

Shirley Young
Executive Vice President
and Director of Research Services and Marketing
Grey Advertising, Inc.

I hope that by this point in today's agenda your reaction to the very word "marketing" doesn't resemble that of the fifth grader who handed in her book report, which consisted of a single sentence: "This book told me more about penguins than I really want to know".

My presentation will deal rather specifically with one of the less well understood but nonetheless vital components of the marketing process -- namely, market research. You have heard in earlier presentations that effective marketing is based on the idea of satisfying the needs of the buyer. This means that in order to be a successful marketer of the transit services he offers, the transit operator needs to organize and integrate them -- and his communications efforts about them -- in such a way as to be responsive to the needs and desires of consumers in the marketplace. Marketing research is the tool by which relevant and valid consumer feedback is obtained; as such, it is the foundation upon which the modern marketing concept rests.

Let us look at the way that this marketing discipline can be applied to the "selling" of mass transit to the American public.

The marketing effort can be viewed as the communications flow from the transit marketer to the consumer; conversely, marketing research represents the communications flow from the consumer back to the transit marketer. Marketing to consumers involves several distinct stages, at which key decisions must be made; different kinds of market research must be applied to provide the right kind of consumer input at each of these stages.

I. The first decision to be made, and one of utmost importance, is "What should my marketing/communications strategy be?" In order to plan and develop a sound strategy, the marketer must have sufficient information about four major conditions of his marketplace. Specifically....

   1. Who are the best prospects for increased use of service?

      This is a critical decision in all marketing strategy, but particularly in mass transit. Because while we are dealing in what is called mass transit, public transportation is often not being used by the mass public, but by a rather limited segment of people.

      And we also know that there is some part of the mass public who does not represent an easily accessible potential

      What we need to determine, then, is who represents the more easily accessible potential for increased use of transit services so that we can focus our efforts to better satisfy them to convert them to greater use of public transit.

      We call the "best prospect" consumers the "market target group". Later on you will be hearing some of the findings about "who" was identified as the mass transit target group by means of the research we conducted in Nashville and Baltimore for the UMTA Transit Marketing Project.

   2. What is the competitive stance he should take in positioning his product or service in the marketplace? That is, what is the competition for his product or service, or from what source can he expect to gain incremental business?

      A transit marketer might assume that single-occupant cars are his major competition, but in some cases, taxis, commuter rail, or car pools could represent significant competitors.

Obviously, the way to motivate a carpool consumer to ride the bus would differ substantially from the way to motivate a single-occupant car driver. Transit operators in multi-modal cities must also learn the extent to which one mode (such as the subway) competes with another (such as the bus) for transit prospects -- and why.

3. Which benefits should he stress to motivate the target consumers to buy his product or use his service? Specifically, in transit marketing we need to know when does the target consumer want to travel by mass transit? Where does he/she go? What other service and schedule benefits does he/she seek from transportation, and which of these are now barriers to using public transportation? For example, how important is the psychological benefit of "not having to worry about being mugged on the street"? Such issues play an important role in determining the appropriate service modifications, and in establishing motivating buying incentives for the communications effort.

4. The marketer must also know how the communications to consumers should be expressed -- or what tone it should take; i.e. should it be informative, and straightforward, or should it create the right emotional appeal? By emotional appeal, I mean, do we have to overcome an emotional fear by taking a reassuring tone, or perhaps overcome a negative status image by creating an impression that transit is socially desirable or acceptable?

Only after all these questions have been answered and the information has been synthesized can an integrated marketing strategy be developed. The type of research which provides this kind of input, is, therefore, called strategic research.

Because business decisions of considerable magnitude are made on the basis of this type of research, strategic studies require large, representative samples of the population to assure the validity and projectability of the findings.

Let's look then, in more detail, at how strategic research can be utilized in developing a transit marketing program.

Take transit planning as a starting point. How does the transit marketer know whether to extend a route, or to add a new route, or to change the path of an existing route? While some information to guide such decisions can be gained from on-board research, or from origin-destination studies, this information is likely to be incomplete -- because, in the case of on-board research, the travel patterns of only current riders are identified.

Before transit planning decisions can be made, the transit operator must evaluate the opportunity for generating new ridership from potential riders. The question, however, is how can one determine who the potential riders are -- that is, who the market target should be for the transit marketer's efforts?

The answer lies in conducting marketing research which deals with consumers' attitudes in addition to investigating consumers behavior with respect to transit. As Jerry Marder indicated in his presentation, there is a large consensus of evidence in marketing research in this country that measuring and understanding consumers' attitudes is a vital precursor to understanding consumers' behavior.

Strategic research, therefore, can answer the question of who are the potential expansion customers for transit by measuring attitudes of consumers in terms of ...

> ... their willingness to switch from a competitive mode of transport to transit for specific trips, and their expected frequency of transit use
>
> and by examining the behavior of consumers in terms of ...
>
> ... their trip taking behavior; that is the frequency, time of trips, and destination, by purpose of trip.

The analysis of attitudinally favorable consumers in terms of their trip behavior and number of trips, origins and destinations, etc. allows us to identify which consumer segments represents the most likely prospects for expanded use of transit, who they are, how many they are and how many trips are potentially convertible.

Learning about who, when and where the target group travels is only half the story, though. It remains to uncover the attitudinal barriers to transit ridership -- the considerations that have held them back up to now -- and to attack them by altering these perceptions in line with what people want. This can be accomplished through concrete service and scheduling improvements, in conjunction with the appropriate communications, geared to offset the currently existing ridership barriers among the prime potential target customers. Again, we do this through measurement of what is in the head of the potential expansion group which we have identified -- what the target group wants from their transportation mode and what they know and think about mass transit relative to what they get from competitive modes, such as driving their own car.

To do this, we start by finding out what the target group wants for each of the trips they take -- what they consider their needs to be from a transportation mode.

These are measured through sophisticated scalar measurement tools which insure that we will be able to get more than just the socially acceptable answers. To illustrate: in the research we conducted as part of the Transit Marketing Project in Baltimore and Nashville, consumers were asked to rate the importance of such functionally-related needs as "being able to come and go whenever you want to", and "making the trip in comfort" -- as well as such psychological benefits as "arriving at work feeling fresh", "not being exposed to people who make you feel uncomfortable", and "traveling in a way that's accepted by people like yourself".

Then we measure, again using attitude scaling techniques, how they evaluate mass transit relative to cars on each of these transportation considerations, to determine which considerations represent attitudinal barriers to their switching to mass transit. This quantifies for us the areas of greatest dissatisfaction with mass transit and also identifies the areas where the car is vulnerable; i.e. those areas of dissatisfaction with driving a car.

With these data, it is possible to identify service elements which are important but not viewed as "deliverable" by the transit facilities as currently offered. This permits service planning to be made against known priorities. More emphasis can be placed on service elements which deliver benefits of greatest importance to the target group which represents the best potential for increasing transit ridership.

With respect to priorizing what is to be emphasized in communications: by understanding what people already know or don't know about transit -- routes, schedules, special services -- we can determine what and how much information needs to be communicated. Obviously, meaningful information programs could be mounted on each of these topics, but if people already know about them, such programs would represent funds poorly spent and would do little to advance ridership.

By examining the data relating to the psychologically- or emotionally-oriented attitudes in the same way, it is possible to priorize communications to address the issues with the greatest potential motivating leverage for the target group. For example, if the benefit of "arriving at work feeling fresh" is extremely important, and an area of dissatisfaction and therefore of vulnerability for the car, communications should stress this benefit about the mass transit alternative in all communications efforts.

I have spent as much time as I have on strategic research because the development of the marketing and communications strategy -- based on this type of research -- is the single most important decision which must be made in any transit marketing plan. As Murray Gross said earlier, this marketing and communications strategy will provide the organizing idea and planning tool for all the marketing and communications activities which will follow.

Now we move to the second decision stage in the transit marketing process. After the marketing strategy has been developed, and plans have been established for product/service modification and a communications package, the marketer might then ask: "Are the components of my marketing effort right?"

Before launching a major effort which could involve considerable expenditure, the marketer may find it necessary to determine in advance of actual implementation just how well his revised product or service actually meets the needs of consumers in the market target group, relative to its competition. Or, he might want to evaluate various alternative solutions to a service problem, in order to decide which one of them to implement. Likewise, to make sure that he is spending his communications budget as efficiently as possible, he might want to make sure that his advertising has been executed in a way that fulfills its strategic objectives.

Consumer feedback on such issues can be obtained through various types of pre-tests. The size, scope and content of an individual pre-test is determined by the individual problem to be addressed. Each pre-test is, in effect, a custom study.

And since it is focused on a limited issue, it requires more limited samples and scale of research.

III. Now, let's look at the third step in the marketing decision-making process. Once he is assured that the various individual elements are accomplishing their objectives, and the marketing plan is implemented, it is necessary for the marketer to determine: "Is my total marketing/communications effort right?" That is, the marketer must be able to determine the cost effectiveness of this total program, and to modify it, if necessary, to make it even better.

In evaluating the overall effectiveness of the marketing program, the marketer must determine its affect on the consumer's mind as well as on his behavior.

By affects on consumer's behavior, we mean the extent to which they actually buy his product or use his service. Market response analysis is the tool which provides this data. In the transit industry, market response analysis is traditionally carried out by means of fare box counts, point-load counts or other similar audits of fares or passengers carried.

But since consumers' actions are dependent on what they think and know, to understand their behavior we also need to measure the effects our program has had inside their heads. That is, whether and how much the marketing program has generated awareness of the product/service, the extent of advertising awareness generated, what messages were registered, and what shifts in attitudes toward the product/service took place - both overall and on those specific attributes which were singled out as "strategic" because of their importance to consumers -- i.e. if the major strategic objective is to make people aware that busses are more comfortable than previously, then the research should be evaluated in terms of whether or not this was an area of improved perception among consumers. This is accomplished by means of penetration research -- large scale quantitative studies conducted among prospects of the product or service.

Because of the importance of being able to demonstrate the success or failure of the program -- and to improve it over time -- market response analysis and penetration research must be given high priority and will be discussed at greater length in a separate presentation.

To conclude, if we view marketing as the way the transit industry talks to consumers about fulfilling their needs, then marketing research is simply the feedback mechanism by which the transit marketer needs will vary according to the decision stage which he is at.

> The single most important decision stage is formulation of the marketing strategy. This is the time for strategic research.
>
> The second decision stage is when the components of the marketing effort are being implemented. This is the time for pre-testing of components and need be done only as issues arise.
>
> The final decision state is when the total effort must be evaluated for cost effectiveness and all efforts re-evaluated for modification. This is the time for penetration and market response research.

In all this research, we have emphasized that the most helpful research measures and inter-relates consumers' attitudes with consumer behavior so that we not only measure what is happening -- i.e. consumers' behavior, but we understand why it is happening -- i.e. what is in the consumer's mind. This is the only way that the marketer can understand what he must do to alter future consumer behavior in line with the marketers' objectives.

As many of this morning's speakers have illustrated so well, the heart of the marketing concept is to start with what the consumer wants and then design improve product and services to meet these wants. This is in contrast to the traditional procedure of starting with what the seller has developed -- whether a product or a service -- and trying to push consumers to use what he has already developed. Marketing research is simply the means by which the marketer can determine what consumers' needs are. It is only a matter of asking the right questions at the right time.

SERVICE PLANNING AND DEVELOPMENT

Thompson A. Nooner
General Manager, Central Ohio Transit Authority
Columbus, Ohio

There is a song which comes to mind when the subject of Marketing comes up. It was very popular during the big band era . . . or about the time that consumer marketing was first beginning, especially in the automobile industry.

The song is the Duke Ellington Classic "It Don't Mean A Thing If It Ain't Got That Swing".

It fits us here today, because you can call it "Marketing" if its mere gimmicktry . . . you can call it "Marketing" if its loaded with tons of demographic research and studies . . . you can call it "Marketing" if its got good solid advertising and sales promotion . . . "But it don't mean a thing if you ain't got that Product".

I would like to quote a passage from an old annual report of one of America's leading producers and sellers of consumer goods. I chose this because what that Company did twenty-three years ago as it adopted a new marketing concept is directly applicable to the transit industry today as we look to Marketing.

(Quote) "In 1952, the Company's operating managers were presented an advanced concept of marketing. In simple terms, it introduces the marketing man at the beginning, rather than at the end of the production cycle and integrates marketing into each phase of the business.

"Marketing, through its studies and research, establishes for the engineer and the manufacturing man what the customer wants in a given product, what price he is willing to pay, and when and where it will be wanted.

"Marketing has authority in product planning, production scheduling, distribution and servicing the product. This concept fixes responsibility, makes possible greater flexibility and closer teamwork in the marketing of the Company's products". (End of quote)

What this policy statement says in summary is that it is the first duty of Marketing to improve the product offering rather than merely to sell it.

The announcement of this corporate policy and the implementation process which followed it caused some temporary discomfort among some of the Company's officials and employees. This was overcome, however, and this investor-owned, decidedly profit oriented enterprise has grown while successfully adhering to that policy.

The titles and nomenclatures may be different . . . like "Manufacturing" instead of "Transportation" . . . but the application of this philosophy and others like it which the consumer industries have adopted and followed, including, most significantly, those centered in Detroit, is equally valid for us in transit.

To improve the product is the responsibility of the Product Planning subfunction within the Marketing function. For ease of understanding, because our product is essentially a service, I will refer to this subfunction as Service Development instead of using the private sector reference which is Product Planning.

The principle responsibility of Service Development is to make possible the orderly and effective utilization of the transit systems resources, whether financial, manpower or equipment, for optimum results.

"Build a better mousetrap and the world will beat a path to your door."

An incorrect statement if taken literally. Still, as with any broad generalization, it is more than half-truth. Business volume problems become greatly simplified when the enterprise has been successful in developing products or services which fulfill customer wants and desires.

Thus, effective selling originates at the point when a service is originally conceived, rather than at the end of the cycle when its out on the street.

If we, like others, are to be long term successful, Marketing must be charged with the responsibility of determining the needs and desires of the market place. And, Marketing must be given the authority to see to it that the requirements to fulfill these needs are clearly interpreted in the form of service offerings by Scheduling, Transportation, Finance and other functions which have significant roles in the providing of service.

Service Development is the key function which is responsible for programming the changes in the system's service. Service Development provides for the right service, in the right place, at the right time at a cost the market is willing to support.

The right service implies more than new service. Service Development must also consider the existing service, its components, and what changes, improvements or even eliminations need to take place.

A substantial element of Service Development involves converting seemingly unrelated facts about customers into functional service specifications for the use of other departments. Thus, this task involves the integration of the sometimes conflicting activities, work plans and attitudes from all areas within the system. Probably, the most important is the pulling together of the efforts of Marketing, Schedules and Transportation to achieve planned unity and singleness of purpose in service scope. Service Development combines the ideas and action plans for contributing departments so as to make services available that best satisfy consumer wants and desires.

Thus Service Development, within Marketing, is the foundation upon which a consumer-oriented transit system is built.

Let us examine how this is accomplished as the various and sometimes conflicting, factors both in and outside the transit system are considered and evaluated in making recommendations to management for new or revised services.

We have identified ten task responsibilities for Service Development.

In this overview, please bear in mind that Service Development does not make all or even most of the service change decisions. Rather, it sees to it that decisions are made by responsible functional managers with a timing that permits the program to be formulated and introduced.

Service Development is responsible for making recommendation for management decision in each of these ten task areas. Although each area constitutes a distinct responsibility, it is only when all ten are taken together that they make up the Service Development function.

1. Service Scope Recommendations

Without fixing this responsibility, the service scope could enlarge in a haphazard manner. Development must follow a predetermined plan if we are to obtain the most efficient use of resources.

Each of us hear daily challenges like "They do it that way in City A or City B, why don't we?" There has been widespread technical and marketing experimentation and innovation in transit. Much of it highly successful. Some of it less than successful. Our public support agencies have become increasingly aware of these changes, although not always of their growing pains or economic cost.

Service Development must help to determine and outline a structural pattern that is suited to the local situation.

At this point, it is appropriate to point out that the term service, as used here, is not limited to the on-the-street services made up of routes and headways. A fare collection program is a service, as is a user information or system identification program. Any system activity which interfaces with and affects the consumer should be involved.

2. Analysis of Consumer Wants and Habits

In order to make effective recommendations, Service Development must analyze consumer needs and habits to find the answers to a series of questions.

What should be the characteristics of the service?

What should be the performance of the service if consumer desires are to fulfilled effectively?

How do the consumer's decision and use habits affect the components and the offering of the service?

This analysis is probably the most fundamental and significant responsibility given to Service Development. It is a difficult and demanding task. Not only must we know what consumers want now, but we must anticipate and project their future desires. Thus, it is necessary that Service Development rely on another Marketing sub-function . . . that of Market Research. For this reason, it is often advantageous to combine the two.

3. Service Appraisal

Service Development must constantly make determinations of where transit stands in relationship to competitive modes as reviewed through the eyes of the consumer. For input regarding consumer acceptance levels, the Service Developer again relys upon the Market Researcher. When moving beyond that and into the arena of success predictability, the initial step is an appraisal of our own strenghts and weaknesses. Similarly, we must measure the pros and cons of our competitors. Then, the planning which follows is programmed to exploit our strengths (which are growing day by day) and to overcome or minimize our weaknesses. At the same time, it is necessary to realistically and objectively project the future trend of the competitions ability to do the same thing.

Identifying where we have the competitive edge and how to use it, is Service Development's job.

4. Service Idea Processing

Ideas spring from everywhere . . . from within the System, from customers, from market research, from individuals throughout the service area (some of whom have not even tried our service). Citizen input sessions can produce an abundance of ideas. Certainly, the trade press and suppliers are valuable sources. Conventions and meetings such as this are invaluable. In transit, we are extremely fortunate to have two idea sources and clearing houses of high caliber in APTA and UMTA.

Service idea processing, through the Service Development function, is the procedure through which ideas are given the attention they deserve. If not so structured and formally assigned to the function which has the prime responsibility for making service recommendations . . . many valuable service ideas could be rejected before they are adequately considered. Or, others could be over investigated to the point where the need expires before any conclusion is reached.

5. Preparation of Functional Service Specifications

Whereas knowledge of the consumer and his wants comes from many sources, Service Development must gather and translate this knowledge into requirements for service. These become the the functional service specifications which other involved departments must have in order to contribute to the consumer-oriented service.

Since consumers are notoriously poor describers of what it is that they want a service to do, this task is not an easy one.

The functional service specification is usually quite different from those laid down by Schedules or Transportation. Just as the public timetable is quite different from an operating schedule, although both contain the same information.

Functional service specifications should include specifications for:

a. Performance Characteristics

b. Direction, time of day, days of the week

c. Type of service, whether local, express, shuttle, demand response, etc.

d. Appearance requirements

e. Support requirements such as signage, shelters, ramps, platforms, etc.

f. Identification and user information

g. Maximum allowable cost, considering both anticipated revenue and allocated subsidy support.

What various people within the System think is the most desirable service to offer and what consumers will actually want to buy may be different things, indeed. Service Development's functional service specifications are needed to bridge that gap.

6. Appearance Development

Appearance Sells.

The visual impact of the System's people, its vehicles, street hardware, and public information graphics is often the critical point which turns a consumer decision from unfavorable to favorable or vice versa. Outstanding appearance or "packaging" is also a means for building community support.

7. Control of Service Scope

One of the major objectives, toward which we all strive, is to maintain, at all times, the right quantity, quality and balance of services which together produce the optimum community service.

a. What services should be improved?

b. What services should be added?

c. What services should be curtailed or dropped?

Ideally, the most important consideration is how does each tie into the overall service. In many cases, services which are economically sub-standard are offered because they fill out the system and enhance its overall effectiveness. Tests other than economics need to be applied. How much management time and effort does the service require? To what extent does it contribute to the completeness of community service? Or, perhaps, is it there because it has always been and because of the human reluctance to disturb "old standbys"?

Almost always there are two opposing views on Service Scope. Some believe that a wide range is desirable in order to obtain higher passenger volumes. The counter viewpoint is to offer a limited range of like services with the resulting cost and control advantages. It is logical that marketeers will advocate the first view while operations people would prefer the latter. Service Development must help determine the optimum answer which is usually somewhere inbetween.

8. Timing of Service Introduction

Consumer acceptance of a new service often hinges upon introducing it at the most advantageous time. Consumer attitudes must be considered since they will usually balk at frequent changes affecting their habit patterns. This is particularly true of the heavy current user. Moreover, consumers must be given the opportunity to assimilate one innovation before being asked to take on another one. This is critical in the case of either radical or widespread service changes.

Service Development has the responsibility to make up a fully integrated master schedule of the activities required to develop, finalize and introduce a new or revised service. Since timing cuts across and involves all departments, it is essential that all agree. Adherence will assure that Schedules, Transportation, Finance, Purchasing, Marketing and others will work together toward a planned introduction date.

9. Price Formulation

It is essential that consumer needs be interpreted for price. Inattention to what the consumer can pay or is willing to pay may prove disastorous . . . because price in the consumers mind, is a service characteristic. And, he weighs all other characteristics in reference to price.

The Service Development role here, while an essential one, is not a governing one. Service Development does not have final authority for the establishment of fares. It is the responsibility of Service Development to determine, as accurately as possible, the values which the consumer and the community will attach to various services. And, therefrom to forecast the volume and revenue to be obtained.

10. Service Information

When a consumer buys transit service he is purchasing more than the trip itself. He is purchasing what the service can do for him. To benefit from the full utility of the service, the consumer needs information about the service and how to use it. He needs to understand not only the features of the service, but, more importantly, its benefits as well.

The development of accurate data on service features and the consumer benefits thereof is another responsibility of Service Development. However, the preparation of distributed information as to writing style, presentation format and channels of distribution rests with two other Marketing functions: Advertising and User Information.

Sounds like a lot of work and a heavy responsibility doesn't it? You are right . . . it is.

And it's tough to get started too, as the other consumer industries have already learned. It's tough because to do it right, depending on local circumstances, it may be necessary to take pieces of work responsiblity away from some pre-existing functionas and place these responsibilities in one place under the control of something different called Marketing, in general, and Service Development in particular. But, you can bet your life that's the way our competitors have been doing it for decades now . . . the same decades which have seen transit ridership run off the lower end of the chart.

To assist those of you who want to incorporate Service Development in your overall Marketing set-up, we have prepared the outline of the step-by-step process on how-its-done. It is available

Marketing centered Service Development is a function which transit must adopt.

Buy your market research from competent outside sources and take advantage of a good outside advertising and public relations agency, if your dollars so dictate.

But, by all means, key your in-house Marketing efforts around Service Development.

"It don't mean a thing if you ain't got that service."

PRICING STRATEGY

Donald M. Hill
Principal
Peat, Marwick, Mitchell & Co.

Recently I saw a rerun of a movie made in the thirties about the rise to influence of a newspaper man. One of his early achievements was a campaign against the owners of the transit property - because of the overly large rate of return on their investment. Imagine - too much profit! At that time it was felt that fares should be set at a value commensurate with service. Since there was little competition from the automobile, this meant profits that were kept in line only by public pressures.

Recent fare practices reflect a change in philosophy concerning transit. From the 1950's to the late 60's, private operators tried to stay in business by increasing fares and curtailing service. Then, as the properties were taken over by the public, fares stabilized and deficits have gone up to the point where we do not cover even the operating and maintenance costs, let alone the capital costs.

I have data on fares from 1958 through 1972 to 1973, and the ratio of revenue to costs in 36 urbanized areas. Only seven of these areas had revenue to cost ratios that were greater than one; the rest did not cover operating costs out of the fare box.

Houston is the only city with population over one million that covered costs at that time. In the large city category the recovery ratio is from 48% in Boston to 98% in Chicago. The overall result is that in 1972 only about 85 percent of operating costs were recovered by the fare box, requiring a 400 million subsidy. By 1974 this went to approximately one billion and will probably increase, at least in the short run, if operators follow their plans to maintain fares while improving services.

Obviously, society is beginning to regard transit as a community benefit service such as: library, police, etc. and are going to continue this subsidization. It is important to understand the effects of fare practices to determine how they can be used to help meet your objectives. UMTA has awarded a contract to PMM & Company to study this problem. You do not want to wait until our report in December of this year, so we are going to tell you what we know during this conference in my talk and in one to be given tomorrow. I will provide an overview and the next discussion is focused on case histories of recent fare practices and what conclusions can be reached.

It is appropriate now to talk about elasticity. Price elasticity is a measure of what you can expect to happen to ridership if prices are increased or decreased. The so-called CURTIN rule refers to a study done by John Curtin, whereby he related the loss in ridership to price increases for a number of systems. He found, in general, that for each 10 percent increase in price, the ridership would decrease about 3 percent. Stated in terms of elasticity this is a minus-point-three (-.3) elasticity. The best of all situations would be to have zero (0) elasticity when the fare is increased, which means you retain all ridership. On the other hand, you would like as large an elasticity as possible when you have a fare decrease, so that for a small decrease in fare, you get a large increase in ridership. Elasticity is also related to the loss ratio. I have repeated the calculation for .3 elasticity or loss ratio. Please do not attach too much significance to the minus-point-three value of elasticity. Other studies have demonstrated that the value depends on the size of the city as well as other factors. For example, the elasticity for 15 cities in the greater than 500,000 population was minus point two during the period 1961 - 1967. During this same period, 39 cities of population lower than 100,000 had a value of minus-point-four three.

In discussions of elasticity, people may use terms like point-elasticity, cross-elasticity, arc-elasticity, and they may take the log of price and demand. I have ignored these terms today, since they are not really important, except to economists. As a last point, you are aware that ridership changes depend on more than the fare. The concept of elasticity takes into account the possible change in ridership to to other factors such as the level of service, income level of the target market, etc. Since the paper today is about the effect of fare practices, I will leave those factors to other speakers.

We are not sure that the values of elasticity we have measured are correct for the times we are in now. Fuel costs are up; people are more concerned about congestion and the environment. The climate is more favorable to steps being taken to discourage car ridership. Also, there is little empirical data concerning the value of elasticity when prices are decreased. We think that it is not as large as -.3. This means that the ridership will not increase as much when fares are reduced as it decreases when they are increased. It works against us in both directions! The value of elasticity is also dependent on the amount of the change in price. That is, there is a point of zero return where it does not pay to go any further in reducing the price.

Another point is that we really should not be looking at just the entire market, but should determine elasticity of different markets. This would include the effect of fare changes on different age groups, by time of day, etc.

For example, if we know the value of elasticity for all markets, we might be more successful with our attempts to improve the situation with fare changes. An example of the possibilities available is what WMATA has proposed recently. Their idea is to increase fares during the peak hours, when ridership tends to be less elastic. That is, a fare increase during the peak will not result in as large a loss in ridership because the people who ride the bus to and from work will not switch to cars. Put differently, these people cannot decide to stop going to work as easily as people who use the system in the off-peak can decide to reduce the level of tripmaking for shopping, visiting, etc..

As a last portion of this discussion, I want to review what a previous speaker said about objectives. As he discussed them, it was pointed out that we need objectives for purposes of targets and a yardstick to measure what happened after some action is taken. The objectives are fairly straightforward, but to be sure we are on common ground, I had better say something about them.

<u>Reduce Deficit</u>

Refers to either reducing the total deficit or the deficit (subsidy) per ride.

<u>Improve Image</u>

Is a very difficult thing to define. However, the way you do it is not difficult to define. For example, promotional fares such as unlimited rides on Sunday, flat fares, free transfers, free zones, etc. all improve your image.

<u>Develop More Equitable Charges</u>

Refers to attempts to make people pay for the service received or pay proportionally to the cost of providing the service. This would involve, for example, fares proportional to the length of trip.

Balance Load Over Time

Is the attempt to reduce the ratio between peak and off peak ridership.

Increase Ridership

In an attempt to increase ridership to (1) improve the mobility of the individuals in the area, i.e. improve the quality of life through giving people more opportunity to get to work, recreational facilities, etc., or (2) get people out of cars so as to improve the area by reducing congestion and air and noise pollution.

You may have other names for them or different categorizations, but I think you can fit yours into this grouping. One of the unfortunate conditions that prevails is that you usually cannot do something that improves your position for all objectives. For example, most fare practices which increase ridership will result in an increase in the deficit. Consider the trend toward exact fares. They reduce the incidence of driver harm and speed up bus operations. However, exact fares have a negative marketing effect and do not improve the image. Likewise flat fares are easier to administer and hence cut costs, but they do not result in equitable charges for users of the system. We have been talking about fare practices in this discussion as though that is all you can do. This is not the case, and in fact, most fare changes should be associated with service improvement and vigorous marketing to be really effective.

I have listed four types of fare practices that will be discussed in the case history presentation. Again, you may have different groups, but all practices should fit somewhere. I believe all of the categories are self defining, but will provide my definitions to be sure we are on common grounds.

General Fare Reduction (Increase)

Refers to decreases (increases) in fares that are system-wide. This may involve reductions in the base fare, transfers and zones.

Bulk Discounts

Are price reductions that are associated with volume use, e.g. a monthly pass for a specified or unlimited number of rides. Unlike the situation in Europe and commuter rail, we have reduced our rise of this type of practice. I feel that we should examine this possibility more in terms of improvements in ridership and cash flow that might result.

Off-Peak Discounts

Are price reductions available in non-peak hours?

Free and Multi-Stop Service

Includes free zones and special coupons offered by merchants.

In summary I have shown how fare practices have evolved as the nature of ownership has changed. With the movement of properties into public ownership has come different objectives or at least different emphasis on objectives. We no longer look for profits, but attempt to make transit satisfy other needs of the community. I have discussed what little we know about elasticity, the relationship between price and ridership and held out hope for more insight after PMM & Company finishes its project and in the discussion of case histories.

SALES COMMUNICATION

John G. Marder
Executive Vice President
Grey Advertising Inc.

Rather than talking about advertising and promotion as two separate things, I would like to treat them, today, as one. Because, even though advertising and promotion come in many forms -- collateral materials, publicity, public relations, print and broadcast advertising, contests, etc. -- they are all -- essentially -- marketing tools or devices that support communications objectives. So -- when we talk about the role of advertising and promotion in the marketing process -- in making a sale -- we are really talking about the role of communications -- how we use communications to make a sale.

To begin with, communications are used -- in the marketing process -- to influence attitudes -- the way people feel about or view any particular product or service. Usually -- because we are most interested in increasing our business -- we focus our communications on the people who do not know about -- or feel sufficiently positive about whatever it is we are selling. And we seek to make these people feel more positive. And what we are doing is using communications to produce positive changes in attitudes.

Now we know -- from a great deal of research that has been done on the subject -- that changes in attitudes influence behavior -- or how people act. Changes in attitudes can induce people to take certain actions (like riding a bus). So in the final analysis, the role of communications is to influence or affect behavior.

How Communications Works

But how does it work? What are the essential ingredients of effective communications -- that work to affect attitudes and induce the desired behavior?

To begin with, we must impart information. Someone can't have an attitude or opinion about something unless he knows it exists -- what it consists of -- what it offers. Someone can't have an opinion about using a transit system unless he knows there is something you ride in -- called a "bus."

But, for information to have importance -- to have impact -- the information must be relevant -- of the highest interest -- of the most concern -- to the potential buyer. He must know that the bus can take him from National Airport to the Mayflower Hotel -- and that it costs only 60¢. Now, if that's pretty relevant to his needs, and he considers that pretty good -- that's what we call a relevant benefit.

Third, this most important information -- these relevant benefits -- must be communicated persuasively in a manner consistent with the buyer's psychology -- with an understanding of who he is, what he responds to, and so forth.

And in communicating this information -- and particularly the most relevant information -- we have created what advertising professionals refer to as awareness. And in communicating the relevant information persuasively, we have affected the attitudes of the potential buyer.

And by accomplishing all of this, -- all other things being equal -- we have -- through communications -- sufficiently affected his psyche to produce a change in his behavior -- he takes the bus.

And having waded through that detailed and labored explanation of how it all happens -- we can now agree that putting a rider on a bus has got to be one of the most complicated jobs in America.

So the role of advertising and promotion in the marketing process -- the role of any form of communications in the marketing process -- is to change attitudes and affect behavior.

<u>(Elements Of Communications Strategy)</u>

But what goes into a communication -- a good communication, that is -- that gives it the ability to change attitudes -- to persuade -- to affect people's behavior? Essentially, there are four basic elements -- four elements to what we call "Communications Strategy."

Whom to talk -- the market target. How to talk -- the stance. What to say -- the buying incentives. And the way to say it -- or the tonality of the communications.

Once again -- who -- the market target -- the potential buyer -- not only the demographic description of the market target (age, income, geographic location) -- all the data that described him or her externally -- but also some of the internals -- the market target's psychology -- attitudes -- a description of the market target's mind. Because we cannot communicate effectively -- to a person or a group -- without knowing first who it is we are talking to. So, the first ingredient in creating successful communications is a clear and specific picture of the market target.

Next, in deciding how we communicate -- or the stance our communications should take -- we look away from our market target and at the competition that surrounds us -- because here, the basic decision is "should we communicate generically or competitively." Should our communications convey simply the benefits of steel as an appropriate material for building skyscrapers -- or should we communicate the competitive advantages of U.S. Steel over another brand? Should we talk about the general benefit of getting from National Airport to the Mayflower Hotel -- or should we talk about the specific advantages of getting there by bus instead of taxi?

What shall we communicate -- what is the relevant information that will persuade the market target to take the desired action? What are the key buying incentives to go by bus from National to the Mayflower? Well, how about low cost? And wouldn't it be nice to be able to offer frequency of service, or speedy trip? They're probably all key buying incentives -- but saying them is not enough -- we must be prepared to support what we say. To effectively influence behavior, the buyer must believe that our statements are true.

Finally, we come to the manner or the way in which we communicate -- the tonality of our communication -- the general directions for its execution. Should the communication have a sense of importance? Should it be expressed intimately...humorously...as a news item? The answer lies in our understanding of what sort of person the market target is, and how significant the issues are to him.

(Elements Of Marketing Communications)

Now that we understand a little about how communications works, let's talk about some of the key pieces of marketing communications -- the marketing tools we use to build awareness to change attitudes, and affect behavior.

To begin with -- there is the message -- the tangible expression of our communications. It may be a verbal communication. It may be a non-verbal communication -- because we are not limited to communicating only with words.

There is also -- the medium -- the vehicle that carries the message. Some people see media as merely a conduit -- a transmittal device. Others see the medium as an integral part of the message. Others, like Marshall McLuhan, contend that "the medium is the message." If I had to guess -- depending on how the message is structured and what it consists of -- I think all three points of view could be correct.

And there is research -- research of many different kinds -- for many different purposes. And used properly, research can be extremely helpful -- in providing the input to the message, and also in evaluating the creative execution.

There are many others to be sure, but in terms of the most important aspects of marketing communications -- and in recognition of our time constraints -- these will have to do.

Let's go back for a moment -- and talk a little more about media -- about media selection. The major considerations in selecting media are message, market target and money.

The message that the advertiser intends to communicate is probably the paramount consideration in media selection. Certain media tend to be highly appropriate to certain messages -- and, of course, the reverse is also true. For example, if we have a long and complicated message, outdoor billboards are highly inappropriate. On the other hand, billboards -- or large posters on the sides of buses -- are highly appropriate for a simple idea that can be expressed with a dramatic graphic. The other print media -- newspapers, magazines, direct mail -- are better able to handle a complex thought -- which requires more copy. In addition, they have the advantage of portability -- the message can be clipped out and carried around for repeated reference.

The broadcast media -- television and radio -- tend to project messages in a more emotional, more involving, and more intrusive manner. (It requires a special effort to escape them.) The more popular stations also communicate to groups of people who tend to be less susceptible to written messages -- primarily the less educated, and lower socio-economic groups.

Which brings us to the appropriateness of a medium to the market target -- the people we are trying to reach. Each medium -- radio, television, newspapers, etc. -- has its own, individual demographics depending on the geographic market; the time of day it is used; the the time of year, etc. For example, in most markets in the

United States, the primary audience listening to radio during the mid-morning hours consists of women in the home. However, during the early morning and late afternoon -- when many people are driving to and from work -- we get an audience that is almost one-half adult males. At other times -- afternoon, for example -- the radio audience is loaded with teenagers. But even this changes from station to station.

The third major consideration that impinges on the selection of media is money. There are media, in certain situations, that are unaffordable. It is unlikely that any, strictly local advertiser could afford an original, Barbra Streisand television special. On the other hand, the media that are usually available to local transit operators -- spot television, radio, newspapers, local magazines, outdoor and transit, direct mail -- may all be affordable if used properly.

The bottom line in media selection -- is really a matter of how many of the market target can be reached, and at what cost. If enough of the target audience can be reached at an affordable cost, and the medium is appropriate to the message, it can be perfectly acceptable media choice.

A few words about research. And the three types of marketing research that are most useful to local advertisers. Let's begin with strategic research -- specifically, a type of strategic research called a market target buying incentive study.

An MT/BI -- as we call it -- addresses itself to some of the most basic ingredients of the message. For example: Whom are we trying to reach -- the market target -- or the multiple market targets -- and it defines them both demographically and psychographically. And not only is this information critical to message development, it is also extremely helpful in media selection.

Next, the identification of the buying incentive (or incentives) is another major benefit. Strategic research can tell us what to say by identifying the most relevant information -- from the standpoint of the market target.

Finally, by describing the psychology of the market target, strategic research provides direction for the emotional framework of the message -- the message tonality. All together -- from the standpoint of creating advertising -- the information available from this kind of strategic research -- makes it the single most useful type of research that can be done.

Evaluative research -- usually copy testing or copy research -- is helpful in evaluating the effectiveness of the message or the advertising execution. It can tell us how well a commercial communicates to its market target. It can evaluate the attention values, impact and reca-l. It can evaluate the comprehension of the advertising, and can pinpoint areas of misunderstanding. Finally, and most important, it can evaluate the ability of an advertising execution to persuade -- to change the attitudes of the market target and influence its behavior. To sum it up -- copy testing can tell us how successful our message is, and whether it is worthwhile to spend against it in the media.

Finally, there is situation research -- penetration or tracking studies -- which measure the combined effect of message, media, and money on the market target. In short, this kind of research is used to evaluate campaign effectiveness. Studies, conducted at regular intervals of perhaps 6 or 12 months, can track a campaign's increasing or decreasing ability to create awareness, build positive attitudes, and influence behavior.

So much for the role, the mechanics, and some of the key elements and considerations in the marketing process. But the bottom line -- is, how often do we follow our own advice?

Well, as you will hear later, the transit marketing demonstrations that are being conducted in Baltimore and Nashville are using all of these concepts and techniques. Because what I have described to you today is not just theory. They are the practical building blocks of any successful communications effort. And they can be just as useful to you as they are to us. Because while we preach -- we also practice.

USER INFORMATION AIDS

Stephen J. Kabala
Marketing Manager
Chicago Transit Authority

Rider information systems must serve two purposes. First, they should make people aware of transit services; and second, they should tell people how to use those services. Just making the public aware of transit is not enough to attract them to use it.

A great many potential users do not know the extent of transit services that are available. They need to be informed about the extent of service and how to use it. Studies have shown that lack of information leads to apprehension and may act as a riding deterrent. Clear and accurate information such as where and when the service runs, how much it costs, how long it takes, and where the stops are takes some of the uncertainty out of riding. It makes riding easier and, therefore, makes transit a more acceptable alternative to the automobile.

Before continuing, it is important to note the difference between pure information communication and sales communication. Pure information communication tells people how to use the service and is relayed through the use of what is known as user information aids. Sales communication tells people why to use transit. Of course, in the marketing effort, both processes work together to most effectively reach people with the information and to use dollars more efficiently. For example, a newspaper ad may use persuasive copy and artwork to sell the service, but also include route and schedule information to tell how to use it.

Effective user information systems recognize that different people have differing information needs. For example, as environments and backgrounds differ, so do the attitudes and motivations of the people. The transit system must, therefore, tailor its user information aids to the community it is trying to reach. As a result, many types of user information aids have been developed.

Bus stops and shelters identify the points at which the buses on specific routes stop. Road and sidewalk signage direct passengers to the locations of special services such as "Park and Ride" or to station entrances. Time schedules for various routes may be printed in a pocket-sized format for individuals and may be displayed on large signs at terminals and major transfer points. These schedules and route information may be translated into foreign languages too, depending upon the needs of the community served. Route maps are usually drawn for a large service area showing all routes serving the area.

Transit companies have also developed cards or small brochures which are distributed to banks, hotels, theaters, travel agents, etc. and which contain route and perhaps schedule information for transit in the CBD or in the particular locale serviced. Special brochures are also used to announce new or modified services and transit opportunities.

These brochures may be handouts on affected routes, or may be mailed directly to the residents of certain areas. Some transit companies have established information kiosks, manned and unmanned, in central locations to dispense informational materials and to answer specific questions from the public. The telephone information number, which almost every transit company maintains, answers individual questions, and often provides supplementary information to a potential passenger.

I would like to spend a few minutes discussing telephone information services in more detail, because they are a very important part of a transit compan's overall information system. Improvement in the telephone services offered can complement printed informational and sales materials and can significantly enhance the transit system's image, as well as improve consumer accessibility to the system.

Analysis of typical telephone inquiries has shown that no matter how complete and readable printed materials are, there will always be questions from the public which can only be handled by a person who can respond directly or who can use structured, and perhaps computerized, information to formulate an answer. In fact, the dissemination of good "paper" information - maps, timetables, advertisements - may actually stimulate increased use of the telephone inquiry portion of the overall information system.

There is little correlation between the size of a transit company or its ridership and the size of telephone information system needed. Hence, some transit companies have sought to improve their telephone information systems by improving the facilities; some have focused on the selection and training of operators; some by obtaining more sophisticated telephone and/or data retrieval equipment; and some by centralizing and consolidating their functions on a city or regionwide basis.

There are many steps that can be taken to improve telephone information services. The desirability of these various means of improvement will depend upon the number of calls that the system is expected to handle.

For smaller systems, the basic level of improvement is often adequate to meet the demand. This basic service should include: a separate information telephone number with multiple lines and personnel with sole responsibility for providing information. The separation of information service from general office functions permits the development of a "service" image, both for the information operators and for the users of the service. Information calls are no longer treated as interruptions to other business, and the user does not have to wait through "answer the call", "find out what you want", and/or "find the right person" routines.

The next level of improvement includes the provision of facilities and equipment for handling a larger volume of inquiries, as well as making the process of providing information more efficient. This class of improvement includes automatic call directors, which equalize the work load among operators much more efficiently than do manual systems; improved working facilities for operators and expanded and better organized information sources.

Another area of improvement which may significantly improve efficiency is in the upgrading of information personnel. This may be accomplished by means of improved training programs, salary improvements, which reduce turnover and attract higher quality applicants, and by the institution of incentive programs.

The most sophisticated system improvement is an automated information retrieval system for the telephone service personnel.

Most inquiries pertain to routing and schedules and take a little over one minute on the average to answer; most inquiries come during weekdays; and most inquiries have to be translated by the information operator into a form suitable for the retrieval methods used. The National Bureau of Standards monitored some actual calls and found that the average call consists of roughly equal parts of understanding the question, retrieving pertinent information, and answering the question, as shown in the following chart:

ANALYSIS OF INFORMATION CALLS

FOR 74 INFORMATION CALLS

	Percent of Call Duration
A. Understand Question	Average 31% (Range 27%-39%)
B. Retrieve Information	Average 27% (Range 22%-39%)
C. Answer Question	Average 42% (Range 29%-46%)

NBSIR 75-665, PTPTM Program, Preliminary Analysis, February 1975

The two-thirds of each average call which is "communication" can perhaps be reduced by experienced operators who can do a quicker "translating" job, and it can also be reduced by imposing structure on the questions asked. For example, a recorded message can be played to callers on HOLD in an automatic call-distributing system asking the caller to format the question in a particular way. The communication time may also be reduced by having the operator's reference information in several forms so that less interpreting is required. Similarly, the retrieval information can be formatted to assemble relevant data together. In many instances the answer to an initial question will stimulate more questions from the caller. If you -an anticipate these secondary questions by storing related information together, you can reduce retrieval time substantially.

With all of these user information aids and approaches in use, there is a problem -- and many of you have identified that problem. There is not adequate data available to tell you what kind of information system you need or how to develop it. Questions like what information aids should be used, what colors, sizes, shapes, how much information, and what should it cost need to be answered.

In response to your requests to provide answers to those and other pertinent questions, UMTA is sponsoring a study of user information aids and dissemination techniques. The project will be completed around July, and at that time a handbook of aids and techniques will be sent to each of you.

There are several steps involved in preparing that final handbook. First, telephone conversations were held with many of you to get your suggestions; and on-site visits were made to many systems in the United States, Canada, Mexico, and Europe. In Europe, for example, numerous interesting approaches to disseminating rider information are used. Here are a few of them that might be of interest to you.

Technical sources were also researched. The information gathered was then evaluated by the consultant's designers and marketing experts, and citizen laboratories were held to test those evaluations. Using the cities of Seattle, Washington, Columbus, Ohio, and Dallas, Texas, we have a representative cross-section of people and attitudes from across the U.S. The purpose of these laboratories is to test attitudes, aids, and techniques. It includes evaluations of and responses to aids such as pocket schedules, maps, bus stop signs, as well as tests of techniques. Maybe once and for all we will find out if people can read transit maps.

As I noted earlier, the end product of this project will be a handbook geared to the needs of transit systems of all sizes. The process for determining which techniques are appropriate to your needs and resources will be discussed. This will address methods of reaching the broadest range of riders and potential riders. Topics such as how to design the aids, what materials to use, and what the costs will range will be covered. Details on what types of information are best in what types of situations and how to disseminate this information will be included. Which items might be best localized and which might be best standardized will also be discussed. In other words, this manual should act as a guideline for identifying strengths and weaknesses in your existing system; and will assist you in implementing more effective user information systems. On Wednesday, the marketeers in this room will have a chance to make sure the project is in step with the industry's needs when they review the project work completed to date in a workshop.

In summary, let me reiterate that user information is a key element in the marketing effort, since, properly used information systems will contribute to providing better services to the public. That is, a well executed user information system will illustrate to the public that you understand their information needs and are concerned enough to meet them.

And, when properly executed, the user information system will serve both its purposes: making people aware of transit services and telling them how to use those services.

THE MARKETING ROLE OF TRANSIT EMPLOYEES

Larry Coffman
Manager of Marketing & Service Planning
Municipality of Metropolitan Seattle
Seattle, Washington

I'll waste no time trying to convince this group that involvement of employees in the marketing effort is important. If we truly have marketing programs, then employees are involved by definition, because marketing is a constant effort by all hands to improve our basic product -- the bus ride.

I'm going to show some ways that we approach employee involvement at Metro Seattle in hopes that you may spot some ideas that will be of use in your system. I likewise am looking forward to learning some of the techniques various systems here have found effective. Employee involvement is one of six carefully chosen marketing goals. This serves as a constant reminder of its importance to our mission of gaining more and more riders for Metro Transit.

At this point let me also plug Pete Weiglin's excellent article in the May '75 "Transit Journal" in which he described a "hypothetical" , consumer-oriented system concept that incorporates scheduling short-range planning, research, customer relations and marketing all in a single organizational unit. Happily, at Metro Seattle precisely this kind of organization is a reality and one of the major reasons why much of what you will see in the next few minutes has been possible to accomplish in less than two years.

Discussions like these tend to focus on the driver. Certainly he or she is key, but we need to consider all employees for maximum effectiveness, with primary attention to those that are in daily contact with the public -- namely drivers, telephone operators and customer relations personnel.

To provide some definition to this large and complex subject, let me suggest four major categories of consideration: (1) the working environment; (2) communication, both downward and upward; (3) what I call "special assists"; and -- most important; (4) employee participation.

Environment means providing pleasant surroundings as an indication of management's interest in the employee and in providing the circumstances that will be most conducive to peak productivity. In some cases, like our Customer Assistance Office, the decor also is for the public's benefit, but this certainly does nothing to detract from its positive effect on employee morale. Our new agency offices are in the refurbished Pioneer Building, Seattle's oldest office building, in the heart of Pioneer Square. I can personally attest to the benefits of this move on morale and productivity.

Downward communication is geared to meeting the employees' fundamental human need to stay informed about policies and programs that affect them and their work.

Beginning at the agency level, a publication that outlines and explains agency policy fulfills an important role. We have our monthly "Metro Monitor", featuring in one instance an editorial on transit funding by Transit Committee chairman Aubrey Davis.

Also important is the traditional house-organ or newsletter that focuses in on the duties of various employees -- like this one about our two hard-working marketing service representatives or advises of retirements -- or even deaths -- in a warm, human way.

Continuing to zero in on marketing, per se, an important advantage can be gained by acquainting employees -- particularly drivers as we're doing -- with the marketing program at the point of entry onto the job.

Keeping employees -- and again all employees -- advised in advance of changes or new promotions is essential for maximum success. We recently introduced an "Advance Flyer", which is posted conspicuously on bulletin boards throughout all of the major work areas prior to kicking off a new program or promotion.

The same kind of explanation precedes our thrice-annual service changes.

And a display explained our system of "trailblazer" signs, aimed at making it easier for drivers to identify difficult turns in the route, recovery points and zone lines.

And, of course, we cooperate with the Operations Division in publishing the periodic bulletins to drivers that explain, among other things, various marketing efforts. Agency publications, instruction and advance notices and bulletins than are the backbone of downward communication.

Upward communication -- or the "feedback" opportunity -- tends to be pretty traditional too, but the tough and tricky thing is to maintain it over time. This takes dedication.

A good example is the suggestion system, which is frequently advocated but usually tried and forgotten. Metro is proud of the fact that since mid-1972 with addition of the transit function, we have processed over 400 suggestions from transit employees and made a total of 62 individual awards amounting to $380.

Our night-shift telephone operator won her award for suggesting -- and laying out -- our "Owl" timetable. It goes without saying that feedback reaches maximum effectiveness when it results in a reward for the employee.

Another feedback channel at Metro Seattle is the "red card". We process more than 3,000 of these a year. They contain complaints as well as constructive suggestions. And, once in awhile, we even get one accompanied by other items. A recent submittal was by a driver with ambitions to do the lyrics on a Metro radio spot.

Another aspect of upward communication is the feeling that employees are free to come in and "bend the boss's ear' if they have a "hot" idea. There is no set prescription on how to handle this, but the opportunity for face-to-face contact can't be beat for humanizing any bureaucracy.

In what may be a new twist for some, we recently retained a trained facilitator to conduct a "focus interview" session with 10 of our Customer Assistance Office personnel, which was summarized in a report to management. New and more legible maps are one of the products of suggestions received at that session.

"Special assists" is sort of my own catch-all term for a category of items that will vary from system-to-system. This is for those kinds of activities which show that the management is willing to go a bit out of its way to make things a little easier -- or better understood -- for all employees.

Better understanding of the traditional elements involved in our daily job of getting people from point-to-point on time was the whole purpose of a little brochure, which was strictly for internal distribution.

And we were trying to make the driver's job a little easier when we took our dozen or so passes and permits of various sizes, shapes and colors and standardized and color-coded them. This was shown on a chart, which we prepared to explain the new coding system.

And when a survey of drivers told us that questions about fares and zone lines were the most frequent -- we published a helpful brochure for distribution to passengers on the buses.

And when we were experiencing difficulties in having drivers bring timetables back to the base at the end of the day, we placed colorful bins at key points in the various yards. The contents are sorted and replaced in the timetable racks at each base periodically by the report men. It's working well and we're saving money to boot!

The trailblazer program, which I discussed earlier, was another prime example of a special assist. Again, this is the category for those little extras that pay lots of dividends in higher morale and better performance with the public -- both essential to marketing's main job of getting -- and keeping -- people on the bus.

Finally, participation is without equal in its effectiveness in gaining attention, support and understanding from virtually any employee. One technique is the staff retreat, which Metro has been using quite effectively in recent months to discuss and redefine agency goals and objectives.

One notable example of employee participation was the three-month program through which our 1,200 men and women drivers took part in selecting new driver wear. The main messages were that they wanted them to be wash-n-wear and that they wanted flexibility in their wardrobe.

The result was some seven different pieces, including two colors of doubleknit slacks; broadcloth and knit shirts; and a wind-breaker, sweater and parka, all wash-n-wear and all for the price of the traditional three-piece green uniform.

The driver also has been consulted as we have been developing our specifications for new rolling stock -- particularly when it comes to things like new seats.

I'm the first to admit that we have not involved drivers and other experienced supervisory personnel to the degree we should in service planning. The insight they bring represents every bit as important a checkpoint as the origin-destination and attitude-study results that we use. We intend to rectify this.

On the other hand, an exciting example of employee participation was the recent "target-marketing" test program. We held meetings before and after the special promotion of two different routes to let each unit chief explain his or her role in the project. Besides an increase in ridership, we gained important new friends in-house for the marketing effort -- because they understood better what we were doing -- and they had a hand in it!

Again -- marketing and the employee can be viewed in four categories: the environment provided; communication both downward and upward; those special assists; and participation.

Growing ridership is one good sign that you've paid proper attention to the people who are helping you do the job of attracting and holding riders day-in-and-day-out. Other indicators are low absenteeism, low turnover and a low number of grievances coupled with a high number of commendations and suggestions for service improvements.

Whatever your score at present, remember there's always the chance to improve because it's a job that is never-ending.

THE PAT MARKETING STORY - A COMPREHENSIVE MARKETING CASE HISTORY

John T. Mauro
Executive Director
Port Authority of Allegheny County

After presiding at this afternoon's enlightening session, and observing an impressive array of speakers, I approach my next task with humility. I have been asked to present a comprehensive case history of PAT's marketing experience. We're flattered to have been singled out for this honor, but I hope what I have to report isn't regarded so much as a complete and comprehensive marketing program, but more as a beginning to stimulate thought and imagination in an industry that needs both to survive in the future.

For perspective, there are some things you should know about our organization - The Port Authority of Allegheny County or PATransit. We are the sixth largest transit agency on the North American continent. We have 2,700 employees; a budget of about $64 million a year. We operate 171 bus and trolley routes, a fleet of about 1,000 vehicles; and about every three days, we say, we make the round trip to the moon and back in terms of miles covered. And I'm sure there are many days when some of our customers wish we'd go there and stay. At any rate, PAT Transit serves 1,008,000 persons in about 150 municipalities in the Pittsburgh metropolitan area.

Our Transit Marketing Plan begins with market research. The market comes in several different forms. It can be classified by socio-economic groups, geographic concentrations, the origin and destinations of riders, the time of day, week or year and the trip purpose. Or to put it in simpler terms, marketing research involves establishing who, where, when and why.

We maintain a Planning Research Division, which utilizes a whole range of demographic data. We plot densities, and when you prepare a map like this, you learn that within a 755 square mile area, about 70 percent of the population is situated on about 25 percent of the land. We graphically organized the concentration of our elderly, as well as the concentration of the young people, the concentration of those who are at the poverty level, and employment densities.

Recently, we embarked on an extensive program to update all of our demographic information regarding residential concentrations. To get away from using the 1970 census, which is not outdated, we have been able to work out a system with the Bell Telephone Company to obtain address changes. These changes have been placed into our computer and now enable us to prepare our best estimate of what is happening to the population on a quarterly basis. We also have made and do make ridership surveys. We count our ridership daily; every person that boards a bus is counted. This enables us then to begin mapping the concentrations, origin, and destination of our ridership to determine where we should put emphasis on service improvements. We also are able to graphically portray, about four times a year, the results of a special survey of our ridership by route and hour of day. The bulk of riders come in the two hours in the morning and the two hours in the evening. In between you get these peaks and valleys.

From a series of analyses, we began to build a base for a Service Planning and Development Program. We call this Product Planning and the product, in our terms, involved an improvement of service, the improvement of the equipment, and other facets of our operation.

The Red Flyer network didn't exist two years ago. We now have 49 routes linking Downtown Pittsburgh with all parts of county. In some 100 trips, we're carrying approximately 10,000 persons a day. Eighty-two percent of the persons earn over $12,000 a year and about 50/50 are male/female. Forty-nine percent (and this was surprising to us) are in the 16 to 38 year age group. Seventy-five percent have a car and could have driven, but chose transit. And 66 percent of the people who ride our Red Flyers are within six blocks of a bus stop. The Flyer programs are designed to meet the overall objectives of transit - reduce traffic congestion, reduce fuel consumption and reduce air pollution. As I said, we carry about 10,000 riders a day who probably would be driving if PAT had not initiated this service.

The Park and Ride Program really is an extension of the Red Flyer Program. We increased the number of parking spaces in our outlying areas. We now have approximately forty lots. The number of spaces rose from 800 to 4,000 in a period of two years. These are mostly free spaces. We have made virtually no capital investment; we have utilized existing shopping centers, church lots, lots furnished by governmental units. The facilities range from 30 to 75 spaces. We are not embarked on a program of building strategically located larger lots in the outlying areas -- lots that will hold as many as 1,500 to 2,500 spaces each connected to the major express transit corridors. Our strategy is to intercept the autos, transfer the commuters to transit for the journey into the congested core.

Another aspect of our program has dealt with equipment. The average age of our bus fleet is around 9.3 years. We submitted an application for Federal funding of 70 new buses in the spring of 1972, shortly after I joined the Authority. The 70 buses were just delivered about three weeks ago. Essentially, we are confronted with a task of taking both our trolleys, which are over a quarter of a century old, and our existing buses and completely rehabilitating them, inside and out. We have completely rehabilitated 86 trolleys at a cost of approximately $25,000 each. You can bury a lot of money in welding and unseen wires, but in order to call attention to the fact that we were rehabilitating, we engaged the firm of Peter Muller-Munk, which suggested the mod exterior paint design. And literally what we have running around our downtown streets today is a series of little lolly-pops that have created quite a sensation with the public. We carried over this color scheme and renovation into a hundred buses. The old vehicles are eye catching, they call attention to transit, they add color and interest to our downtown streets. We've even been told that some of the yellow ones that we painted run cooler, and if that's what the customer wants to think, let him.

We're also trying to get feedback, not only from our maintenance people, but also from people out in the street -- what would they like to see on a bus? We took a bus that was wrecked. Our maintenance department went to work on it. Some of the features include a large sign which clearly identifies the destination of the bus. It can be read from a block and a half away. We've tried to convince manufacturers that this feature is important. We also have signs on the side of the bus, and we have a sign at the rear of the bus so that people know the bus that they missed. And we have installed lights over the front door, paneling on the inside, rearranged the seats; all with the idea of trying to improve the product we have to work with.

We've also installed 200 shelters; our ongoing program calls for at least 75 to 100 new shelters a year. From the public's standpoint, shelters are popular. A shelter is visible, it's comfortable, and even if it doesn't provide heat or light, it shows concern on the part of the transit management for the patrons who are standing out in the streets day-in and day-out waiting for our service.

We've inaugurated simplified street signing; easy to read, and easy to understand.

We've begun to introduce exclusive bus lanes, after almost two years of work with EPA, county and state governments. Many suggestions have been shot down as the result of controversy. We have been able to salvage one contra-flow lane running between downtown and one of our eastern areas. We hope to extend it.

We also make service revisions in response to public suggestions.

Another program that we instituted is a U-bus program. We stole that idea, I think, from Milwaukee. Sixteen routes now lead directly into the educational and health center in the city of Pittsburgh, from the outlying areas without the necessity of transfers. This has special appeal to faculty, students and staff. And we call it the U-bus, because we fully expected somebody, someday to say, "look, that's a U-bus."

On February 1, we took over a commuter rail service operated by the Chessie System. The first thing we did was paint the cars with mod colors. Another thing we did was pick up $3.00 a ride subsidy. We're in the process of increasing ridership substantially We call this our Chessie-PAT service.

We have stepped up bus service to sports events. We have joint promotions going now with the Pirates and the Steelers. Youngsters get reduced rates to the ball games in the baseball season. And we have a reduced bus fare program which I will describe later. We've increased our service to the outlying shopping centers, particularly on Saturdays.

All the while, we have been working on a rapid transit program which has been bogged down in a series of political controversies and transit alternative studies.

Our overall attempts, therefore, have concentrated on improving existing service while we plan for the long term. On an incremental basis, we have shown movement (progress) in improving the product.

We also developed a pricing strategy. Our funds are too limited to enable us to drastically reduce our fares. Our basic fare is 40¢ with a 10¢ transfer and we also have zone charges. I would consider 25¢ to be an ideal fare. Instead, we adopted a range of fare incentives geared across the board to appeal to regular commuters, families, elderly, disabled, the poor and disadvantaged, students and young people.

We had a weekly permit program. By dropping the price just two years ago from $3.10 to $2.60, our sales doubled to 6,000 permits per week. We dropped the price of the monthly permit from $13.50 to $10.00. Our sales climbed from 2,000 to 18,000 a month. This led to the development of an annual permit. The idea was suggested by one of our Board members in July of 1973. The question was, would people pay $100, make a $100 commitment to transit to buy such a permit. The sales started slowly. We began advertising the $53 a year savings. I think we were the first in the country to offer an annual permit. Over the last two years, we've sold 2,500 annual permits. During Christmas, we sold 1,000 of them, which gave us roughly $100,000 in the bank going into the year. Our promotion on the annual permit is centered on the idea that it makes an ideal gift for Christmas, for graduation and for birthdays.

We're now providing senior citizens free fare. This is made possible by 100% state funding from the state lottery. We're carrying approximately 10,000 senior citizens a day, all during the off-peak period. We inaugurated a model cities transit service program in poverty areas in our city. With Federal subsidies, we feature a 10¢ loop service for adults and 5¢ for children, within the Model Cities district furnishing greater mobility to downtown and to Oakland, and we also are giving 10¢ off on the through routes. Four million riders have utilized this service in the three years its been in operation.

We have a Tuesday special. Tuesday traditionally has been the weak day in our operation. So, in the off-peak periods, we give 15¢ off regular fares. We've increased our ridership on the lowest day of the week by 7,000 to 8,000 persons.

We now sell a ten-trip ticket on which we give a 10% discount to persons who ride our system from outer zones where the fares are 50¢ and up. A ten-trip ticket was just a gleam in someone's eye about a year ago. We are now selling 16,000 a week.

We borrowed from New York the idea that you ought to have a reduced fare on weekends. But our program goes farther than New York's. A family of four can buy a permit for $1, and ride anywhere in the system as often as they want on Saturday and Sunday and utilize every conveyance we have in our system. In the first ten months of this program, we sold 500,000 Big Buck Passes. Our Saturday and Sunday ridership increased by 70,000 persons in a year. Translated into percentages, Saturday is up 25% and Sunday 33%.

We have a Wild Card Bus. Everyday, somewhere in our system, the patrons who get on an unidentified bus, are greeted with a smile from the operator and a covered fare box. The ride's on us. The idea stemmed from a seven-day strike we had. We wondered how do you break the ice between the operators who infuriated the public. The strike ended at eight o'clock at night. By nine-thirty that evening, we had Board approval to provide free rides that next morning from 6AM to noon. And it worked wonders. Many riders heard the eleven o'clock newscast and expected the treat, but others were completely caught by surprise and grins were the order of the day. We said if it worked then, why not exploit this idea every day of the year. And we have, so for $25 to $30 a day, we have customers who tell their friends, relatives and co-workers, "guess what happened to me this morning. I hit the Wild Card Bus and got a free ride into town." The drivers are happy. It makes them important. The riders are happy.

We instituted a 10¢ stop-over transfer which is really designed for interrupted journeys -- Mom dropping off the kids at a baby sitter on the way to work. Previously, once she got off the bus, she would have to pay a new fare. So for 10¢, we now let passengers drop off, get a transfer, stay an hour and continue on their journey.

We are utilizing BankAmericard and Master Charge cards so our customers can charge monthly or weekly or annual permit purchases. It is an added convenience for the people who don't have the cash on hand, and can in fact postpone payment for 30 days before the bill catches up.

Another developing program is our payroll deduction plan. We have approximately 1,475 employees associated with 18 major concerns participating in the first year of its operation. Our incentive is that if you commit to buying 11 monthly permits, you get the twelfth one free. Employers are now coming to us and they are doing several things. One, they are deducting from paychecks the costs of monthly permits. We furnish the permits; the employer distributes them, he collects and gives us the money. Two, employers are becoming our major sales ticketing agency within some of the major corporate locations and also in governmental headquarters.

We use many of the user information aids which deal with the third "P" in our marketing program -- "Promotion." In 1973, we distributed about 2,300,000 schedules. In 1974, we jumped that figure to almost six million. We did this by installing schedule racks containing all 74 timetables in 20 downtown buildings; smaller racks in 44 suburban locations as well as our Manchester Office and Downtown Service Center. Our sale of tickets was ranging in the order of $700,000 a year at an off-beat downtown location. By moving into the center of town, we've increased our sales to $2,900,000. In the first year of operation, some 177,000 customers have come into this installation either to buy tickets or to obtain information.

We increased our retail outlets - department stores and others - which sell our tickets from about a dozen to 136 all over the county.

Maps and publications, I'm sure you have them; we're generating about 30 or 40 different publications now - a downtown map, a park and ride map with table showing the locations, and numerous booklets. We're working on a system map, if we can just keep our system still long enough to draw one.

Our sales communication effort has involved trolley and bus cards. Why stop with the cards? Why not the bus itself? So, we've gone to a very extensive advertising program that utilizes the side of the bus. By going to the mod paint scheme, we created a white band around the bus. This is the common element. And in that location, we are painting advertising messages, getting rid of those cardboard disasters that encumber most buses today. The paint jobs advertise our park and ride program; we have an economy bus, an ecology bus, an energy bus. And that led to another advance; why not sell the space? The first of our fifty buses have been painted with commercial messages, sold for $3,600 a year and also cost of a free paint job, when the ad is changed. We have a waiting list of 40 to 50 commercial advertisers who want their messages painted on buses, even an old bus. Our return from Winston Network, which handles our advertising, increased in 1973 from $170,000 to $263,000 in 1974.

Radio traffic reports. All of our buses are equipped with two-way radios and the thought occurred to us, why not take information on road traffic conditions during the congested hours and relay it to radio and TV stations. And so we hired Mike Kelly, who formerly used to fly a helicopter with one of the stations that gave up the program of reporting traffic. On our staff now, he assembles the information that comes into our central control from a selected group of drivers. This is relayed to 10 radio stations and one TV station in the morning and in the evening. What do we get in return? We get commercials, free from the 10 radio stations and one TV station - a minute spot announcement in the morning and in the evening. We've also earned two half-hour shows on TV. It's the equivalent of almost $200,000 worth of time on radio and TV.

It became evident when we went into the payroll deduction plan and the stepped up monthly permit, that we needed someone in charge. We established a new office, and staffed it with Carol Schneider. We've got her dressed up with a uniform and when she goes into these corporate offices, the guys look at her and talk with her, even if they don't want to buy any permits.

Take one cards are placed in our buses and trolleys. We have also launched a major program of telling our employees what we are doing, through a series of publications mailed to the homes of our workers and to 1,400 members or our PAT Alumni Association.

We like to think that everybody in the organization is market oriented. The ideas that have been generated at PAT have been the result of an enormous amount of team work within our organization. Harold Geissenheimer, who I regard as perhaps one of the most alert, hard working, energetic, imaginative, Operations Directors has suggested many of these schemes. Eddie Beachler, who's our Marketing & Communications Director is credited for some fine advertising promotions. Ken Hussong, who is our Maintenance Manager, has been the guy who's sweated over the trolley and bus rehabilitation program which generates tremendous enthusiasm and employee morale. Our Planning & Research Director, Dave Bond, is responsible for much of our data. I have said that our Board Members have suggested improvements. I also think it helps to have an executive director who was a former newspaper man, spent five years in public relations, and 13 years in city government, where he constantly had to appeal to the public and respond to the public. We work as a team. Transit marketing, in my judgment, involves your Board, your executive director, and involves every one of the line operations. You have to bring together a team and generate enthusiasm.

Obviously, the first line of offense or defense is the driver. We have instituted driver courtesy programs, we give prizes, we have contests - pick your favorite driver, your most courteous driver. We invite customers letters. We put these letters into the personnel files of the driver. We have a driver courtesy officer, who spends all of his time taking complaints and goes into the field and talks with the drivers. We have a woman who handles 5,600 complaints a year and works with community groups full time on service problems and programs.

What have the marketing programs of product improvement, price incentives, and promotion meant to PAT? Our ridership in 1974 hit 104 million. This was a 14 percent increase over 1973, and the highest ridership since 1968 when our fare was 30¢. The ridership in the first four months of this year is up almost a million and a half riders over last year. We not only retained what we had gained in 1974, but we have had a 4.4 percent increase in 1975 despite 9.5 percent unemployment in the Pittsburgh district, which I suspect is the underlying factor for many of the declines in other cities. We have gained 51,000 riders on an average weekday over two years ago, and as I indicated to you, our ridership is up 70,000 on Saturdays and Sundays.

What did the program cost? It's difficult to answer. For example, is the cost of renovation of equipment included as part of your marketing cost, or isn't it? They were up $2.2 million or seven percent over 1973. So really, when you come down to it, what did the marketing program cost us? We would like to think instead we made an investment to increase ridership.

The situation at the moment is that we are engaged in a battle to obtain more state and county funding to go with the federal funds. We're caught in the midst of an election, and one of the issues is our growing deficit. There will be suggestions made, I'm sure, to cut service, and raise fares. A 5¢ increase in fares in 1969 cost us five million riders, 5¢ in 1971 cost us ten million riders; fifteen million riders lost due to a 10¢ increase and it's taken all this time to recover.

We're determined at PAT to continue marketing our services aggressively and imaginatively. As far as we're concerned, we're on a whole new trip!

HOW AN OLD DOG LEARNED NEW TRICKS

Charles D. Kirkpatrick
Vice President - Sales
Greyhound Lines, Inc.

You know, there's an old adage that most of us have heard many times, "Nothing happens until somebody sells something". Now that old bromide may be a cliché, but somehow it makes more sense in today's market place than when it was coined by some eager peddler years ago. In those days the word "marketing" most likely referred to the housewife's trip to the corner grocery to do her weekly shopping.

The purchase of goods or services by a buyer from the seller was plainly and simply a sale. And the process was just "selling." The person who concluded the transaction was a salesman.

Why wasn't the process called marketing instead of just selling?

Probably because the emphasis in those days was totally and completely on convincing the other guy he should buy without any consideration being given to why. Research consisted of an inbred exchange of opinions between the guys who were doing the selling, usually with the boss or the guy who could yell the loudest prevailing. The salesman and the department he represented probably had no say in the quality control of the product or service - and more than likely he didn't even know whether or not it truly filled a market need, or if the price he was told to charge was truly competitive.

Now the circumstances I've just described may be familiar to many of you in this room here today. They are certainly familiar to me, because prior to 1960 that is pretty much the way Greyhound Lines sold or marketed its services. While opportunities for new passenger and package express sources went unexploited, our operating, accounting and traffic people ran our bus line the way they had been taught by the railroads - which is where many of them came from.

Fortunately, we in Greyhound Lines began to realize the value of marketing and adopted the philosophy that we were not merely in the bus business but in the transportation business. With this realization came recognition of the value of market research; the involvement of our sales people in schedule planning, bus design, terminal layout and graphics, standards of service at ticket counters and over the telephones - and, of course, the traditional responsibilities for advertising, sales promotion and public relations.

This has proved to be a mighty big and important job. That's because Greyhound Lines <u>is</u> big and important as America's largest ground transportation carrier. How big? Well, we own and operate 4,791 buses, all of which we build ourselves. They run over 101,618 miles of certificated routes.

In 1974 these buses were operated over 475 million miles by 9,333 drivers. They were serviced by 3,368 maintenance employees. Seventy-five million passengers left the driving to Greyhound last year. These people bought their tickets or secured travel information at 143 company operated terminals staffed with over 5,000 employees. 3,368 on line commission agent stations added their able sales and service assistance in smaller towns and communities. And, some interesting figures on all those millions of passengers in 1974. They travelled an average of 135 miles and paid $5.88 for their ticket. There were an average of 22.5 passengers occupying each bus they rode on. Underneath, in the baggage bins of those same passenger carrying buses, hundreds of thousands of packages were carried, generating over $80 million dollars in revenue. Total revenues for Greyhound Lines in 1974 were $577,821,000.

Big? You better believe it! Profitable? An emphatic yes. $36,604,000 after tax profits in 1974. Marketing oriented? All the way - but marketing is not a big factor in our business - and, with apologies to our hosts, I don't think it's a big factor in yours. Before you start thinking I'm downgrading you - or myself - let me explain. I'm talking about money. In most manufacturing businesses, marketing is one of the major expense items with as much as 30 - 40, or even 60 percent of gross sales allocated to the marketing effort. Not so in a service business. Not so in my business...and I expect not so in your business. And that's what makes marketing so important to Greyhound and to you. We can't overwhelm it with money,so we have to compensate with ideas, innovations, skills and with urgency. We have a lot of buses and the legal authority to operate those buses. Why can't we just run those buses up and down the street and highways and take care of the people who want to go someplace?

Well, you and I know it just won't work that way. Greyhound has a responsibility to do a lot better than that. So do you. <u>We</u> to our customers and shareholders. You to <u>your</u> customers and taxpayers. It's our job, yours and mine, to provide service so attractive that our customers will buy it - and at a price they can afford.

To fill a market need and to fill that need with ultimate efficiency in the use of our equipment and facilities. And, to aggressively seek out and exploit new sources of revenue. To - as I said earlier - be in the transportation business - not just the bus business.

Look, I know that what I've just said is not an easy task. It's been difficult for Greyhound and it's probably even more difficult for you. Your problems aren't unknown to us at Greyhound. We too have, over the years, been deeply involved in transit and commuter operations. We still are on the San Francisco Peninsula and in the Cleveland area. We know the frustrations of convincing the public to leave the driving to mass transit. And, I'm not purporting here today that intelligent, well conceived marketing programs are the only panacea for increased ridership and profits - or decreased operating losses. What I am saying is that marketing is a damned good alternative until something better comes along.

Let me cite several case histories on how effective marketing has benefited Greyhound Lines. Remember I said earlier that our average passenger travels 135 miles and spends only $5.88 for his ticket? From this you might conclude that Greyhound is basically a short haul intercity carrier. You'd be right. As the airlines improved their service over the years and reduced their fares, the intercity bus lines were simply aced out of the long haul, point-to-point travel market. We just couldn't compete against the time factor in favor of the airlines on distances of over 300 miles. In July of 1972 our analysis of our major terminals confirmed we sold less than 1,000 tickets with a value of $150.00 or more. Relate that to the 75 million passengers I mentioned earlier. So here was a problem - a marketing problem. How could Greyhound regain at least some of the long haul travel market?

We concluded we could do it by filling a market need. A need for leisurely travel beamed at younger and older people more interested in seeing our great country than travelling at 500 miles per hour at 35,000 feet. People with time to travel if the price was right. The answer! The Greyhound Ameripass. A full month's travel throughout the U.S.A. and Canada for only $175.00 - two months for only $250.00.

Were we successful? You better believe it. Since the plan was first introduced in mid-September 1972, we have sold almost 200,000 Ameripasses with a dollar value of $29 and a half million. In July of 1974 alone we sold 15,907 Ameripasses with revenue of $2,724,645. Relate that to the some 1,000 tickets with a value of $150.00 or more that we sold in 1972. The Ameripass has been a travel marketer's dream. Develop new travel dollars without any diminution of your existing revenues. I could go on and on about the Ameripass because to me it's an exciting marketing story.

From a trip log which the passenger fills out during his trip we determine yield per passenger mile - an important benchmark for us. But we also get an in depth demographic profile of the Ameripassenger to help us sharpen and refine our Ameripass marketing strategy. This is why the program has continued to grow even during the recession when travel in general is down.

Walt Disney World in Florida is another of my travel success story favorites. When Disney Productions announced the plans for Walt Disney World in the late 60's, we could easily have taken a somewhat blasé position. We held operating rights to the main entrance and we could have been satisfied to handle the traffic on our regular route service. It would have been a new dollar windfall and welcome new business. But that wasn't enough for us. Remember, Greyhound is in the transportation business, not just the bus business. So, we went to the Disney people with a complete operational and marketing plan which embraced:

- Special direct to park service from all key Florida cities.

- The airport bus service from Orlando McCoy Jetport to Walt Disney World.

- Shuttle bus service from outside the park hotels to the heart of the Vacation Kingdom.

- One and two day sightseeing tours from Miami to the park.

- Sightseeing tours from Walt Disney World to Cape Kennedy and Cypress Gardens.

- A complete escorted tour program from key midwestern, eastern and southern cities.

- A full series of 2, 3 and 4 night package tours marketed through Greyhound's own sales outlets as well as by airlines and tour operators through the world.

- A cooperative program for the handling of bus charters both to and from Walt Disney World.

Did it work? Well let's see! During the fiscal year July 1973 through June 1974 we:

- Carried 324,058 passengers on the special direct to gate one day service.

- Handled 139,804 passengers in charter service.

- Booked 48,749 persons on package tours.

- Carried 192,137 passengers to and from the airport to the park.

- Transported 734,428 people from perimeter hotels to Walt Disney World.

Well, I could go on and on, but I think you get the idea. Not just the bus business - the transportation business, that's Greyhound's thing - and marketing makes the difference.

Now, let me move on to a marketing concept that will probably be a little easier for you mass transit executives to relate to. With the mass movement of people to the suburbs, it is becoming increasingly contrary to the first principle of marketing - "make it easy to buy" - to ask people to go all the way downtown to catch their bus - and then come right through their own neighborhood aboard the Greyhound on their way out of town. We have been developing a whole series of suburban bus stations in a perimeter around major cities, where people can board the Greyhound on its way out of town, without first going downtown. For example, here's a map of Los Angeles - showing our suburban stations where we are keeping old customers and gaining new ones by making it easy for customers to give us their business. Several of our Los Angeles Basin stations are served by the Southern California Rapid Transit District including our huge terminal in downtown Los Angeles. At El Monte, we are a tenant in the SCRTD Terminal.

But it is in Chicago that rapid transit and Greyhound have really come together in a dramatic and practical approach to the creation of true transportation centers. Centers which literally fulfill that first principle of marketing - make it easy to buy. Let me tell you the CTA story. We first went to the Chicago Transit Authority with a proposal to rent space for Greyhound in the CTA's public facilities in early 1969. As I mentioned earlier, we felt the best way to serve people was to be where they are -- and where they can get to us the easiest.

You see, about 89 percent of all intercity travel today is done by private car. Capturing just one percent of that market would have a tremendous effect on public transportation revenues. Transportation centers link the gaps between transportation systems.

The development of transportation centers has been beneficial to the Chicago Transit Authority, too. They tell us they worked with Greyhound in developing transportation centers for several reasons. First, they were looking to make a contribution to a more balanced metropolitan system, and they felt Greyhound went farther by offering service to out of town areas. Today their system includes New York, L.A. and Memphis. They like the fact that Greyhound pays rent for each of our terminals in their facilities. This gives CTA a guaranteed steady income in addition to the extra traffic they get from Greyhound travelers.

The CTA believes the most important benefit that Greyhound brought with its transporation center concept was a new opportunity for people to travel more than ever before. For example, the center at 95th and Dan Ryan in Chicago serves an area of over one million people. Many of them get to Greyhound by the CTA. Elevated trains run from downtown Chicago through the south side of the city to the Dan Ryan Center. Buses also make stops every few blocks to carry passengers right to the center. Thirty-six Greyhound buses leave from the Dan Ryan Center everyday going east or south. A passenger going north or west can buy his ticket and ride one of Greyhound's ten shuttle buses to the downtown terminal.

Jefferson Park serves an area of one half million people in Northwestern Chicago and the surrounding suburbs. Jefferson Park services airline as well as bus and commuter train passengers. A CTA bus leaves every 15 minutes throughout the day for O'Hare Airport.

The Skokie Transportation Center serves over half a million residents of Northern Chicago and the outlying suburbs. A Greyhound terminal, CTA train and bus lines, and a local bus line all meet at the Center. In addition to passenger service, one of the most important services Greyhound offers at this center is its package express. Area businesses ship about 70 packages every day -- and several times that during peak seasons. Much of this business comes from the large number of corporations in the area. Greyhound can deliver packages anywhere in the country in two to four days. Buy many individuals rely on Skokie package express service, too, because they know wedding or other gifts will arrive on time -- and in good condition.

Another major service of Greyhound at all three transportation centers is its special college bus service during the school year. On holidays and weekends during the school year, Greyhound buses go directly from each center to college campuses located in other Illinois cities.

Transportation centers offer an important first step -- for all transportation services -- including Greyhound -- to improve public transportation. They are one way to help take the pressure of automobile traffic off the crowded downtown areas of major metropolitan centers.

Greyhound looks for potential locations for such centers and guides their development. We know from experience that the key to good transportation centers is planning. They are most effective where representatives from all the transportation services involved sit down early -- even before the construction stage -- and analyze the needs of that particular community together. The results are American ingenuity at its best -- where two or more services join together, not at the expense of one or the other, but at the benefit of all -- including every present and potential rider of public transportation in America.

I extend to every transit executive here today a cordial invitation to sit down with me or our field people to explore the many mutual opportunities we have to more effectively market our transportation capabilities. What happened in Chicago can and should happen in every major city in America.

III. THE UMTA TRANSIT MARKETING PROJECT

THE UMTA TRANSIT MARKETING PROJECT: PROJECT PROGRESS REPORT

Shirley Young
Executive Vice President, Research Services and Marketing
Grey Advertising, Inc.

Richard Del Belso
Assistant Research Director
Grey Advertising, Inc.

John D. Wilkins
Transportation Planning and Operations Analyst
Chase, Rosen and Wallace, Inc.

Young:

As most of you probably know already, the Department of Transportation last year awarded a contract to Grey Advertising and its associates -- Chase, Rosen and Wallace, and Smith and Locke Associates -- to develop comprehensive marketing techniques for transit operators nationwide. Our assignment is to demonstrate that mass transit can be successfully marketed as a consumer service by following the principles being discussed during this conference.

Our first task was to develop criteria by which to select two demonstration sites for the project. One of the cities was to be representative of large metropolitan areas, with a population over 600,000; the other city was to be of medium size, with a population between 300,000 and 600,000. After development of site selection criteria and application to the 53 qualifying transit operator- who answered the query letter, Baltimore and Nashville were selected for the demonstration.

All of the remaining tasks center around the planning, implementation and evaluation of marketing programs for the transit authorities in these two markets. Out of this, our objectives are to come up with principles and programs which can be generalized to other transit markets.

In order to accomplish our objectives, we will be following a series of steps that represent each of the stages required for a broadly-based, totally integrated transit marketing program. These essentially conform to the 3-phase decision-making process which I outlined yesterday.

Our first step is to obtain information about the consumer marketplace -- by means of a large-scale strategic research study. The output of this research will enable us to make the key decisions that define the marketing/communications strategies.

Included as part of those strategies will be a series of recommendations for various types of service improvements -- some routing and scheduling changes, and perhaps other kinds of improvements as well.

For example, the use of preferential traffic lanes for buses, or maybe improved signage both on the vehicles and at the bus stops. Working with the transit operators in each market, this project will involve the actual implementation of these service improvements -- as many as are feasible from both an operational and budget point of view.

Furthermore, our communications strategy recommendations will be carried through to executions and actual exposure in each market -- via advertising and promotion campaigns. We will also be taking the first steps to monitor the effectiveness of our program.

In order to track the results of all of these efforts, we will conduct two additional waves of tracking research and monitoring.

Wave I will provide an early reading -- maybe about three months after all systems are "go" -- permitting us to identify any trouble spots and then "fine tune" the marketing mix.

Wave II, represents the final evaluation phase -- and will help evaluate the cost effectiveness of the program as well as help each of the transit properties to better plan future marketing efforts.

At the present time, we're winding up our analysis of the strategic research will form the basis for the marketing strategy and recommendation for service improvements and communications. These will then be presented to the two transit authorities involved, UMTA and the National Mass Transit Marketing Committee.

What we would like to do today, though, is to demonstrate how the strategic research approach can be applied to the transit marketing problem, by taking you through some actual data from our demonstration project research. In the interest of time, however, (unless all of you have a spare week), we will present only the findings for one of the demonstration sites -- Baltimore, with apologies to our Nashville friends.

Del Belso:

Our research was conducted as a two phase study in both Demonstration Sites. Phase I was a Rider Definition Study, concerned primarily with identifying and describing the consumer market target. Phase II was a Rider Incentive Study, designed to explore consumer motivations so that buying incentives can be developed.

The actual interviewing for the Rider Definition Study took place between last November 18 and December 20. It was based on a large probability sample of telephone households, falling within the limits of the MTA's Operating Area.

By Operating Area, I mean that geographical area in which the bulk of the transit network falls, or which would be feasible to serve with new routes. The MTA's Operating Area goes beyond Baltimore City, spilling over into Baltimore County and northern Anne Arundel County.

Now...what were we trying to find out with this piece of research? First and foremost, we wanted to determine Who is the market target. That is, what is the overall size and nature of the current and potential transit market in Baltimore.

In defining the market target for transit, we had to consider: how big is the current rider group and what is the potential for increasing their transit trips? And -- even more importantly -- what is the potential for increasing transit ridership by bringing non-current riders into the transit market? As you may recall from Shirley's presentation yesterday, defining the market target is such an important issue because it determines who we focus our efforts against. We want to concentrate on those people who are most favorably disposed toward the use of transit, rather than trying to satisfy the needs of the general population -- a great hunk of which will never switch to transit no matter what we do.

The study was designed to cover two additional important strategic issues: namely, to determine what transit is competing against within the market target group, and to evaluate whether any parts of the Operating Area, presently served at relatively low levels, exhibit high potential that would require route or schedule modifications to be fully tapped.

So...our concerns in this phase were mostly behavioral, though potential riders were distinguished from non-potentials by means of an attitudinal measurement. The bulk of the interview dealt mainly with trip-taking patterns, for five kinds of trips: work, trips to college or technical school, shopping trips that are not primarily for groceries, personal business trips and leisure trips.

The sample group we interviewed was quite large, to permit an analysis by many different consumer sub-groups. In accordance with our objectives, all types of people were interviewed -- not just bus riders -- but when, during the course of the interview, a respondent was identified as a non-potential rider, he or she was "skipped" through the major behavioral measurement portion.

The only respondent eligibility requirements we imposed are that respondent had to be at least 16, and had to make local trips. Only one person in a household was eligible for the interview.

We were pleased to learn that the market in Baltimore is quite large: 41% of consumers in telephone households are already current riders -- that is, they make at least 3 trips a month on the bus -- enough to have some familiarity with existing services. Those people who don't use the bus for at least 3 trips a month were asked how likely they would be to ride the bus if services were improved to better match their needs.

Consumers who said they would be likely to convert were classified as potential riders; those who wouldn't consider riding the bus no matter what were classified as non-potentials. If the full potential of the market were realized, the incidence of transit riders would be 41% plus 28% -- a whopping 69% of people in the Operating Area. This would be a 68% increase over the number of riders out there now.

Next, we wanted to know how the potential increase in riders would impact on actual rides -- and also, whether the increase in rides would be greater for some type of trips than for others.

To do this, we examined our data separately by each of the five trip types we asked about. First, we identified current and potential riders who make that kind of trip. From them, we selected a group of consumers who represent expansion potential -- that is, people who now make less than 60% of their trips by transit, but would be willing to increase transit usage for that specific trip type.

We then obtained the number of trips they currently make by transit and the number of trips they would be willing to make by transit, if service could be made more attractive. The difference represents incremental rides.

If all the expansion prospects did switch to transit, the number of MTA rides would increase by 8,905,000 trips per month. Incidentally that would be a 118% increase over the current volume of 7,570,000 trips per month. Clearly, the expansion opportunities are quite sizable in this market.

What is somewhat discouraging is that work trips represent the single most important source of new volume, accounting for 65% of all the potential trips. This is not because so many people work -- but because those who do make so many trips. Clearly this source of new transit trips cannot be ignored. However, it is essential to address the problem of maximizing the expansion possibilities for off-peak service...and here, shopping and personal business trips turned out to generate the greatest source of incremental volume. Between these 2 trip types, a maximum of 2 million new trips per month could be generated -- nothing to sneeze at. Leisure trips and trips to college or technical school would require too costly a service in relation to the potential volume increase to be derived from them -- and so we failed to consider them further.

Therefore, on the basis of the potential volume of trips they would make if converted to transit, we identified our market target as expansion prospects for work trips, non-grocery shopping trips and personal business trips.

Next, we wanted to know something about the characteristics of these expansion groups: let me review some of the key findings for the work prospects as an example. They are mostly new riders, rather than infrequent riders, and unlike those who use the bus for work trips now, they are mostly men. They are essentially a mass market, being drawn from all age, education and income levels about in proportion to the incidence of these levels in the general population of workers. However, they are more upscale than heavy current riders, who tend to be slewed toward women in lower educational levels. One more important characteristic about these expansion prospects -- almost 3/4 of them have a car at their disposal all the time. This information will be put to use in deciding how our final transit offer should be positioned in the marketplace, and serves as one of the inputs when deciding what the context of our communications should be -- that is, communicating with the appropriate tonality and in the appropriate media.

Now, what about competitive framework? Is transit in Baltimore competing against single-occupant cars, cars driven by friends or relatives, car pools, taxis? No surprises here. Almost 4 out of 5 expansion prospects currently get to work by driving their own car.

Having determined WHO is the market target and WHAT is the competition, we then asked the questions WHERE do they travel, and WHEN. For if the expansion prospects travel to destinations that are inadequately served by transit, then we cannot reasonably hope to capture them no matter how much communicating, promoting, or informing we do.

To make sense of these data, we analyzed them by 9 specific neighborhoods -- each of which could be considered as a residential point of origin. Today we will show the results from just one of these areas -- Dundalk/North Point. Then John Wilkins -- one of our technological consultants from CRW -- will describe how he used the research findings to identify some service problems there, and discuss his proposals for solutions to those problems.

Dundalk and North Point are two contiguous areas in Baltimore County, somewhat to the Southeast of central Baltimore. For transit planning purposes, however, they can be treated as one. The potential for an increase in rider volume in Dundalk/North Point is substantial. It ranks as one of the highest areas investigated in terms of number of trips which could be generated by expansion prospects.

First of all, of the people who make work trips from this area, 2 out of 3 can be considered expansion prospects. The CBD, another part of Baltimore City, Bethlehem Steel (which is located in Sparrow's Point) and their own neighborhood are major destinations -- all of which could be served by transit. Three out of four expansion prospects travel to one of those four destinations. Thirdly, the greatest demand would be for service to Bethlehem Steel and to Baltimore City other than the CBD. We know from various other studies of this area that the major employment destination from Dundalk--North Point to Baltimore City is an industrial complex in the southeast section of town.

Probably because of the industrial destination of these people, we also learned that our transit prospects make work trips at somewhat irregular hours. Only 1 in 3 travel during the usual rush-hour period. An additional one-third make week-end work trips while the remaining people travel at odd times or at night. Surely, to be effective, transit planning for this area must take into account the irregular nature of these work travel schedules.

To get a preliminary feel for the way service in this specific neighborhood could be made more attractive to potential customers, we read a list of possible improvements and asked them to indicate which ones would make them consider using the bus.

We found that 2 major improvements are desired: greater frequency of service -- no doubt a reflection of the fact that so many people travel during non-rush hours when headways are increased -- and a more direct route to work, one that doesn't require a transfer.

Among the destinations of shopping trip prospects, there is an overwhelming preference for one shopping destination -- East Point Mass -- patronized by 73% of the expansion prospects. But, with a little careful planning, it should also be possible to accomodate the 13% of prospects who shop within the Dundalk?North Point area and the 3% who prefer to shop in downtown Baltimore.

The times at which the expansion prospects make their shopping trips tend to be fairly regular. The largest proportion of people shop during week-day non-rush periods (4-%) -- but to fully maximize the volume potential here, the data suggests that some week night service to East Point Mall should be considered.

The service desires of shopping prospects paralleled those of work trip prospects fairly closely. Again, the desire for more frequent service is paramount. Next in importance is a desire to make the trip in a shorter time.

We looked at the same type of information for personal business trip prospects, too, but by this time I am sure you get the idea of our analysis. So let's take a look at what John has put together to show what existing service is like, and how he proposes to adjust it to better fit these customer needs.

Wilkins:

The area we defined as Dundalk/ North Point is easily shown on most maps. All localized research was confined to these boundaries. As you will notice, the boundary follows natural barriers.

Dundalk/ North Point is predominately a residential area. The Grey study indicated that the most important of the commercial and retail areas is the East Point Mall, which accounts for over 70% of Dundalk/ North Point's non-grocery shopping trips. The major employer in the area is Bethlehem Steel's Sparrow's Point works. Other major job locations are immediately to the west of the study area.

The Dundalk portion of the study area is well served with radial routes. Route 10 provides service from the CBD to the area along Dundalk Avenue, Sollers Point and Bethlehem Steel.

The research data indicated two important routing objectives to be achieved. First, the radial lines had to be restructured and extended to accomodate both CBD and local destinations. Second, Route 4 had to be restructured to provide better access to local destinations and proximity to major residential areas. In planning this, we had to keep in mind the prospects' desire for direct service whenever possible.

It was determined that Route 10 should provide service to Dundalk proper. The line would operate to the intersection of Dundalk and Liberty Avenues where it would split.

Both branches would terminate at Sollers Point. Mill service would still be provided by Route 10 at shift change times, but service at other times will be transferred to Route 4.

Route 20 was proposed to provide radial service into North Point and to serve areas presently without bus service. Additionally, the route was designed to serve local trip needs. One branch of the proposed routing will proceed to the densely populated section called Inverness. The second branch will operate to East Point Mall and North Point Village. Local trips to the Colgate Industrial area and East Point Mall are easily accomodated. Shift change service is also proposed to operate along North Point Road and Wise Avenue to Sparrows Point. Peak North Point Road service will operate directly to Holabird Avenue and then to the CBD.

To find out how to develop motivating offers, we have conducted a Rider Incentive Study. While we had some data to show you, in the interests of time -- and to prevent all of you from going into a state of paralysis from the neck down -- we have decided to save these data until we can combine it with a description of the recommendations which will stem from it. This will be completed in about a month, for presentation to the transit authority, UMTA and the NMTMC. In the meantime, let me give you a brief overview of the method we follow to uncover current barriers to ridership.

The objectives of this study are to fill in the remaining pieces of our marketing/communications strategy. Namely -- which service elements should we stress in planning other kinds of service improvements; and what are the key benefits we should stress in our communications strategy?

To execute the study, we reinterviewed 1200 consumers identified as either expansion prospects or heavy current riders by our Phase I research.

The interview was composed almost entirely of attitudinal, scalar-type questions dealing with transportation needs, and beliefs about how well these needs are satisfied by riding a bus as well as by driving a car.

We will analyze these data first, by identifying those trip-taking considerations which our target group -- expansion prospects -- views as important. The next step is to find our where the car is vulnerable: are there any functional or emotional benefits that people want in transportation -- but fail to get by driving a car?

Next, we isolate the important considerations on which the bus is evaluated unfavorably to the car, by both expansion prospects and heavy current riders. These represent the unsatisfied needs which create barriers to ridership. Improvements in these elements are the ones we should stress -- both in our service improvement program and our communications. Once we can satisfy those needs, we have a "buying incentive".

At that point, we will have all of the components of a marketing strategy, based on consumers' input about their behavior and attitudes.

After analyzing the cost efficiencies involved in the implementation of our recommended service improvement package -- and agreement to the recommendations by all the parties involved -- actual implementation will be our next step. Our plans call for this to happen before the end of the year.

So, we ought to be able to make an interesting full report to you at the second annual Transit Marketing Conference -- which we hope will take place next year. In the meantime, I hope you all agree that our project is an exciting one.

IV. THE TRANSIT INDUSTRY AND THE U.S. DEPARTMENT OF TRANSPORTATION

THE TRANSIT INDUSTRY AND
THE U.S. DEPARTMENT OF TRANSPORTATION

William T. Coleman, Jr.
Secretary of Transportation

Welcome to Washington and to this important gathering of top management in the public transportation field. Most of you here, I would guess - and I join you in this - believe that mass transit is a mode whose time has come...again. We look at statistics, and at projections, and realize that the demands on energy and other resources are almost beyond our control.

We further realize that it just is not in the public interest for people to go to work each day one to a car, consume urban space for parking, and go back home at night. It's no longer just a matter of the expense. The issue today is whether we are going to succeed in becoming energy sufficient by 1985 or shall we continue to consume beyond our means.

Now, all of us know that we can not just sit in a conference room or in a college or any place else and say, "Well, if people did what they ought to do, here is the sort of system they would design."

What you have to do is somehow induce people to do what they should have been doing. That is the subject to be discussed today; namely, how do you sell public transportation to the people?

Clearly, we have some problems that must be faced. I know the feeling that has prevailed toward low cost or cheap mass transportation systems. But what does that mean? Does that mean, for example, that New York today should continue to have the same transit fare when we know that since fares were fixed at 35¢ inflation has increased costs 26.1%? We have traditionally priced the service at what the poor can afford to pay. Is that concept still valid?

I know, for example, that the District of Columbia's Metro System is going to run to a community that is probably one of the most affluent suburbs in the United States.

Now, is it proper to say that a person in the suburbs should have his fare fixed by what the poor person who lives in the center of the city can afford to pay? On the other hand, if mass transit is to induce the suburbanite to come into the city without a car then you are dealing with a social situation which changes the equation around.

Now I am not indicating how I would come out on these issues. But I do think that the old rules of thumb are no longer the rules that we can use today. And I would really like to see the talents in this room put to these issues. See whether or not we shouldn't reexamine some of our traditional ideas. I say this because, under the leadership of Claude Brinegar and Frank Herringer and some other people in the Department, we were able to get through, what I feel is one of the most innovative and imaginative bills ever enacted by Congress in the last 15 years. I refer to the Mass Transportation Assistance Act of 1974. That Act provides for the next six years $11.8 billion will be available for needed capital improvements and operating subsidies in the mass transit field.

When you look at the mass transit demands that we have in this country, and add up all the grants and requests for grants, $11.8 billion is a lot of money but not enough to go around.

I was fortunate to represent an urban authority in labor negotiations. Labor unions can calculate as well as I can. They will say to management, well, we know you will get X dollars from the Federal grant pot; how much <u>more</u> can you get? This is a fact of life. Now that you have that fact of life, you have to recognize that even though, in theory, operating subsidies paid by federal and state governments make sense, it's also a fact of life that the amount of money in the pot is there on the bargaining table usually before you start bargaining.

Now, I hope that these comments don't make me seem anti-labor. But the fact is that I'm responsible and you're responsible to provide the best type of service in the public transit industry to the American people. And whether you like it or not everything you do in this country today has a price tag on it. Somehow we have to be able to get these services to the people at the lowest possible cost.

It's this type of problem which I think that your industry is going to have to face up to. Even though we have these great programs in the Federal government and in some of the states, when you finally get down to it, you still have to use your resources and your ingenuity if you are to deliver the type of service the American people want and deserve.

One other thing: I can't prove it, but some of my friends who were in the private transit business tell me that when they bought capital equipment, the price was well below what it is today. Sure, everything's gone up, but it also seems that when Federal money is involved or state money is involved, somehow the cost of equipment just goes up and up.

If these things are happening in the community, we have to be alert to them. We must make sure that they don't continue to happen because the Congress is not going to be able to appropriate enough money. We can't afford enough money to buy systems, if each year the inflation cost is 10% or 12%.

In regard to what we fund in the way of operating subsidies for the purpose of improving service, we must be sensitive to the consequences of ever-increasing wages. On the other hand, we know that in this country there has to be a fair collective bargaining situation and a person who works and supplies the services is worthy of his wages. In this respect, marketing can be very effective and influential, in finding better ways to serve more people - improving productivity. I think the whole question of trying to get a better hold over the automobile and develop services where people willingly will not use their automobiles during the day time in the center of the city is something that you have to do.

My only experience in public transportation has left me with a real appreciation for the dedication and the competence of transit management. I commend you for your commitment to better transit and I hope you come up with useful ideas in this conference.

I want to end the way I started: that I really think the mission you are involved in is one of the most important that we have in this country.

In my term as Secretary of Transportation I am going to do my best and I think my first priority has to be the railroads. No matter how you look at the railroads we really cannot do without them. Something like 66% of the manufacturing activity in the United States would be shut down within two weeks or so if our railroads quit running.

I would have to list urban mass transportation and another top priority. I hope by the end of my tenure you will give me some of the answers that I find most difficult to get a real hold on - honest-to-goodness mass transportation solutions that I confess I don't have today and that I believe the industry doesn't have.

We must look at 1) what these tremendous increases in operating costs mean to service to the public; 2) what the tremendous escalations in costs means to construction; and 3) that though we are spending much more money and we are trying to build and develop better services we still are not attracting enough people back to urban mass transit facilities. So I hope that while you are meeting here you will address these problems.

It is very important. We have to salvage mass transportation. If we do come up with a solution, I will assure you that the present administration will commit itself to it. I will assure you the Congress will know that something must be done and that we are willing to make the effort. But in this country we constantly face the problem that though we have these theories, when we put them down on paper they don't work quite as well as we would like for them to work. And that is the reason you have come here,to sit down and really work and try to come up with answers to these problems. When you do, I assure you we will try to the best of our ability to put them into effect.

V. THE "HOW TO" OF MARKETING FOR THE TRANSIT INDUSTRY

HOW TO FORMULATE A SYSTEM OF OBJECTIVES

Louis B. Olsen
Assistant General Manager
Twin Cities Metropolitan Transit Commission

Today I am going to focus on one aspect of the marketing plan - the development of objectives. I am going to describe how the Twin Cities Metropolitan Transit Commission established its early goals and objectives; what were the reasons for those goals and objectives and how we measured progress toward the achievement of those goals and objectives.

But first, I would like to discuss the general approach that I believe most transit systems take regarding objectives. Usually steps are taken as a reaction, that is, when a problem or need for action is identified, something has to be improved or changed. It is sort of "the squeaky wheel gets the grease" philosophy. Perhaps, if a marketing plan had been established in the beginning things might not have been done differently.

However, the development of a plan would have entailed the establishment of the priorities we were operating under.

In a sense, I feel that most of us would react to an analysis of our activities like the author of a recently published popular book. After the reviewer discussed the many hidden meanings, the author remarked that he didn't realize he had so many messages in his book.

Likewise, I think that most of us would be surprised to realize that we have always operated with objectives and goals ...most of the time unwritten.

One of the main objectives of this conference is to provide a good argument for formalizing the process of marketing through

the development of a written plan that will yield improvements.

I think that is enough philosophy for the time being.

Now I would like to discuss the objectives that were developed by the Metropolitan Transit Commission in the Twin Cities, the reasons why these objectives were selected and an evaluation of how well we feel the marketing program met those objectives.

In September of 1970 the Metropolitan Transit Commission acquired the operating rights and assets of the then privately owned major transit system.

Prior to public takeover, the private operator had been caught in the squeeze of escalating costs and an inablility to raise fares proportionately to cover the increased operating costs. The fare problem was largely due to public policy.

In an effort to maintain solvency, the private operator was forced to significantly curtail marginal transit services and in some instances even found it necessary to discontinue routes.

In December of 1969, the private operator experienced a 25 day strike.

The end result of the curtailment of transit services and the strike was a 17% decline in ridership the year prior to public takeover.

Service cuts and the strike led to widespread public dissatisfaction and eventually a deterioration of the image of mass transit in the Twin Cities area.

It was in this setting that the Metropolitan Transit Commission assumed responsibility for operations of the major transit system.

It is probably appropriate to point out at this time that the Metropolitan Transit Commission's transit taxing district consists of all or a portion of the 7-county metropolitan area, having a population of 2.1 million. Regularly scheduled route service currently extends some 51 miles in an east-west direction and 46 miles in a north-south direction.

The premise behind the takeover of the private company was that transit was a vital and necessary community service that could not be allowed to perish. There was a realization from the beginning that subsidies would be necessary in order to meet increasing demands for service.

At the time of takeover, it was decided that a single major objective was of prime importance. The image of transit had to be improved in the Twin Cities community. First the public had to be convinced that the negative policies of the private operator would not continue and that the Metropolitan Transit Commission would, over a period of time, improve and expand transit services.

First off, public takeover was heralded by a series of straightforward, honest, full page newspaper advertisements . . . . the first of which appeared the morning after public takeover asking the question, "Now that the Twin Cities Area Metropolitan Transit Commission has acquired Twin Cities Lines . . . Will you recognize your bus tomorrow morning?"

The ad answered its own question by saying . . . "Sure, you'll recognize it, it will be the same bus that's picked you up every morning. Your bus service is going to change and get better. A whole lot better. But it's going to take time. PLEASE BE PATIENT WITH US." The ad went on to outline the Metropolitan Transit Commission's pre-established 13 point improvement program.

On the heels of this ad a second ad . . . . entitled "OUR PHILOSOPHY" ran in the metropolitan newspapers. It stated clearly honestly and openly that "When you build a house . . . you build it one brick at a time . . . carefully . . . surely. AND WE'RE GOING TO BUILD A BETTER TRANSIT SYSTEM THE SAME WAY WE'D BUILD A HOUSE . . . CAREFULLY . . . SURELY . . . and closed with the statement that "That's a lot of bricks . . . but it takes a lot of bricks . . . and time . . . and work . . . and money to build a bus system". This ad also unveiled the campaign theme of the Metropolitan Transit Commission, the now famous "We're getting there" . . . .

These ads and others that followed, addressed the public attitude/image problem of public transit in the Twin Cities. They attacked a problem that consumer research had identified prior to the MTC's acquisition of the private company.

The early marketing plan of the Metropolitan Transit Commission also had several sub-objectives that were:

1. Improving the telephone bus information services.

2. Convincing the public that service and other improvements would become a reality.

3. Improving appearance of the bus fleet by purchasing new buses thus lowering the fleet age and bringing air conditioning to buses in the Twin Cities for the first time.

At takeover in 1970, the telephone information system had an outdated telephone call distributor, a total of 7 telephone operators with no more than three telephone operators on duty at any one time.

In a report to the Metropolitan Transit Commission a private consultant indicated that its study just prior to public takeover showed that "less than 5% of the calls made to the bus information number resulted in a direct connection" and that "almost 60% of the calls resulted in a busy signal, the remainder receiving a taped recorded message".

A further survey conducted by Northwestern Bell Telephone Company during the period just prior to takeover showed that a total of 16,400 phone calls received a busy signal during the period of the 5 day survey.

Recognizing that a key element in changing the image of the transit system . . . and the increased use of the transit system . . . was a vastly improved telephone information capability . . . the Metropolitan Transit Commission set into motion actions that led to the development of a new bus information telephone center in just four short months. The new center . . . . .included among its improvements, a work force of 18 personnel (an increase of 11), 6 bus information operators on duty during the peak hours and the use of a new, faster and more efficient automatic call distributor.

The objective to triple the 900 calls per weekday answered by the bus information operators . . . the results . . . in less than a month an average of more than 3,000 calls answered each weekday. More than meeting the pre-established objective.

I might add at this time the Metropolitan Transit Commission now answers over 5,000 calls per day with 30 bus information operators.

The next sub-objective was that of convincing the public that service improvements would become a reality.

Shortly after public takeover, the Commission had accumulated more than 500 requests for new routes, extensions of existing routes and frequency improvements. These requests were analyzed, and where it was determined appropriate, service was put into place and that service was aggressively advertised in daily and suburban newspapers . . . . .by use of the radio jingle and by direct mail . . . . that was sent to all homes four blocks either side of the affected route or route segment.

A new twist was added . . . . direct mail included a free coupon good for the first ride in-bound with the caption "Take the first trip on us".

The ads, radio and direct mail served a three-fold purpose; that of communicating the new image to the public . . . that of informing the public of new service . . . and that of motivating the public to use it.

The direct mail free ride coupons had a 21% return, more than double the anticipated 9% return.

The last sub-objective was that of improving the physical appearance of the fleet was realized in less than 3 1/2 years when during the summer of 1974, the Metropolitan Transit Commission took delivery on 293 new air conditioned buses, bringing to a total 609 new air conditioned buses delivered during the 3 1/2 year period since takeover.

The MTC's fleet then consisted of 813 buses of which 625 were less than 3 1/2 years old for a fleet age of 4 1/2 years, a far cry from the average fleet age of 13 1/2 years at takeover.

The new air conditioned buses with plush upholstered seats and many with club seating arrangements in the rear of the bus, have during the past three years done much to impact the positive image of the Metropolitan Transit Commission.

Now let's take a look at the objectives and review the results.

You will recall that our main objective was improving the public image of mass transit in the Twin Cities. You will also recall that I mentioned there was a 17% decline in ridership . . . and that the Metropolitan Transit Commission acquired the private transit system in September of 1970.

By October of 1971, the Commission had turned the decline in ridership into an increase in ridership . . . and not since September of 1971 has the MTC had a month when ridership was down compared to the corresponding month of the previous year.

As a matter of fact, during the calendar year of 1974, the Metropolitan Transit Commission experienced a 10% overall increase in ridership.

Moreover, a consumer study of both transit and non-transit users done by a private marketing consulting firm in the Twin Cities in 1973 showed that more than 91% of the current transit users surveyed were "highly satisfied with the transit services provided by the Commission" and that more than 85% of the non-users surveyed felt the transit commission was doing an "exceptional job".

The major objective that of improving the image of public transit in the Twin Cities was met as evidenced by the dramatic turn-around in ridership and the almost "hard to believe" results of the consumer survey.

The sub-objective that of improving the telephone information center was met when the telephone center's handling of calls increased from 900 at public takeover to over 3,000 in the short space of five months.

The second objective that of convincing the public that service and other improvements would become a reality was met by putting the service into place and advertising in newspaper, radio and by the use of direct mail together with the free coupon that yielded a 21% return more than double of what was anticipated.

And the last objective that of improving the physical appearance of buses by lowering the fleet age was met with the delivery of 609 new air conditioned buses and an average fleet age of 4 1/2 years.

My charge at the conference today was to convince those of you gathered that a formal system of well thought out objectives is an absolute necessity to the attainment of the marketing goals of your transit system.

I have shared with you some of the early goals of the Metropolitan Transit Commission in the Twin Cities.

Your goals when thought out . . . might be quite a bit different than ours. Perhaps they will deal with employee courtesy . . . or driver safety . . . or a new easier to understand hand schedule format . . . or anyone of a number of things that your transit system needs to improve the quality of the transit product.

In this regard, I would like to close by saying that the system of "management by objective" is a tried, tested and proven system.

And if it is a good system for management in general then it is a must system for a marketing program.

This is a truism that must be subscribed to not only by the marketing manager but by the general manager and the governing board who in the final analysis must share the responsibility for results . . . or the lack of results. Thank you.

HOW TO DEVELOP A MARKETING BUDGET

Murray Gross
President, Market Horizons, Inc.
(A marketing consulting subsidiary
of Grey Advertising Inc.)

Before I begin my presentation, I want to first clarify the title listed in the agenda..."How To Develop A Marketing Budget." It may be misleading...because I believe many of you think I'm going to make some kind of magic pronouncement, or give you a special formula that will, now and forevermore, solve your problem of periodically calculating a marketing budget. It certainly would be helpful if I were able to say that a small transit system should spend X% of revenues on marketing, a medium size system should spend Y%, and so forth. Unfortunately, there just ain't no such figures around. I have searched for this kind of data, but no one has studies this aspect of mass transit.

However, I feel pretty safe in making the following statement. Service companies in general, and transit operations in particular, spend too little on marketing. A study published in the October, 1974 Journal of Marketing reported that service firms only spent 2%-4% of sales for marketing, compared to 10%-20% for manufacturing firms.

So in lieu of any magic formulas, I intend to examine the issues that you will encounter during the development of a marketing budget, and suggest the approach you should use in the budgeting process.

When we discuss marketing budgets, there are two elements which warrant consideration. These are:

... The size of the total marketing budget.

... The allocation of sums to various functions within the marketing arena.

First...to ensure that we're all talking the same language...I'd like to define the term "marketing budget":

> "The marketing budget consists of the cost of all communication and persuasion methods required to achieve a company's marketing objectives. It includes such functions as advertising, service aids, promotion, research, personal selling, information services, signage, and public relations."

Now, it should be simple to calculate and add the costs of all of these functions. Yet I must confess that even the largest and most sophisticated companies are unable to determine the size of their marketing budgets with any degree of scientific certainty. This is so because marketing deals with human responses and, therefore, the extent to which we can get precise measurements between specific expenditures and response or performance levels is not very good. Indeed, even to the extent that these types of relationships can be established, the available methods are expensive, time-consuming, and require high levels of experience and sophistication.

Does that mean that we just give up, spit over our left shoulder, and pull a figure out of the air? The answer is obviously NO. The absence of absolute perfection doesn't mean that we can't deal with approximations.

There are three methods generally used in the business community to establish marketing budgets. These are:

... Subjective budgeting

... Percent of sales budgeting, and

... The "task" approach

When "subjective budgeting" is used, management decides...generally on the basis of judgement and experience...how much money to allocate to marketing. In effect, whatever funds are "available" or "left" after everything else is covered are grudgingly granted to the Marketing Department.

This procedure can scarcely be dignified with the term "budgeting method." By the very nature of its approach, it indicates that management considers marketing to be a marginal activity barely worthy of financing. In most cases when this approach is used, the funds allocated to marketing are too small to do an effective job even in terms of modest or routine objectives.

When the "percent of sales" approach is used, management decides ...usually on the basis of judgement and experience...to allocate a specific percentage of sales to marketing. Although the procedure represents utter simplicity and can be readily rationalized in terms of prior year efforts, this method is also arbitrary and capricious...since it does not take into consideration new conditions in the marketplace which may not have prevailed in prior years. Nor does it consider marketing as a contributor to sales, but merely as a dependent variable. Thus, as sales fall, marketing expenditures are curtailed, despite the fact that a period of declining revenues may very well indicate the need for increased marketing expenditures.

The "task" approach to budgeting represents the most desirable one. It recognizes that marketing is a function whose purpose is to help achieve a defined business objective. Thus, the amount budgeted for marketing is the investment considered necessary to achieve the company's marketing objectives. Budget decisions based upon this approach are fully consonant with the framework of marketing planning and analysis which has been advocated during our sessions here. It takes into account the desired task and provides marketing with the funds required to accomplish it. The basic consideration is "what's needed to do the job."

Utilizing the objective and task method of budgeting, the initial step is to establish marketplace objectives for the company. Consideration is then given to the various marketing functions which must be performed in order to achieve these objectives. The next stage is to determine what each of these functions will cost.

Thus, for example, you would establish the amount of advertising required to communicate your message during the year ahead, and determine the cost of this level of advertising communication. At the same time, you would evaluate the need for promotion, information services, research, etc., determine what they will cost, and include them in your marketing budget.

On the basis of the budgeting approach suggested here, the attainment of a specified set of objectives is contingent upon the availability of the resources to achieve these objectives. You can't increase ridership by 25% if you don't have the equipment to fulfill this added volume level. The same applies to the achievement of objectives which depend upon the use of added sales-power or added advertising.

This confronts us with a chicken or egg type of problem. Should we first evaluate the available resources and then adopt appropriate objectives which can be fulfilled with these resources? Or should we first define what we believe to be logically attainable objectives and then determine the quantity of resources that will be required to attain them?

There is no simple anxwer to this dilemma. In practice, the appropriate procedure is to obtain a feeling for the possibilities at each end of the spectrum and strive to balance or compromise both sets of requirements. This is generally done at the mid-stream of the planning process, after the business review has been completed, and represents a stage in the negotiation process between top management and marketing management.

The budget should, therefore, reflect the joint thinking of a variety of individuals. Management is responsible for providing guidance on the performance results which it expects, and the availability of financial resources. The marketing specialists, on the other hand, should be prepared to submit programs to achieve management's objectives, and define the costs of these programs.

Although the objective and task approach to budgeting is both sensible and logical, it is not...as I'm sure you readily appreciate ...as simple to implement as I have described it. Some of the implementation problems are based on the following considerations:

... How does one determine how much advertising or other effort is required to achieve a specific objective?

... What if the funds deemed necessary to achieve the established objectives are just not available?

In reply to the first question, I can say that there are technical guidelines for you to follow with regard to the cost of reaching people via advertising media, and that your advertising agency should be able to help you develop this part of your marketing budget. Furthermore, there is no better teacher than experience, and your budgeting efforts in this area...as in others...will unquestionably improve with time.

The second question that I asked is a more basic one. What do you do if the funds you believe are necessary to achieve the established objectives are not available. I don't believe that the answer is very difficult. If you are not playing games, and believe with conviction that the plan you established is sound, and the costs you developed to achieve this plan are realistic, then you have only one alternative. That is to go back and scale down your objectives so that they conform to the resources being granted you to achieve them. To do otherwise indicates lack of conviction on your part in the validity of the budget that you originally submitted.

To this point, we have discussed how to determine the size of the total marketing budget. I would now like to talk about the allocation of sums to various functions within the marketing arena.

In keeping with the need expressed by other speakers to integrate all aspects of the marketing program so that they function jointly to achieve predetermined objectives, it is necessary to develop the marketing budget so that the amount of funds allocated to each line item in the budget relates to the total strategy which you have established for your system.

Many of the decisions to be made in this area will be based upon the strategic decision you make regarding the "marketing mix." This refers to the relative role of the various components in the marketing arsenal available to you.

For example, one of your major marketing objectives may be to induce trial...that is, to get people who haven't utilized mass transit to try it, in the expectation that the improvements you have made over the years will be recognized and appreciated by these new riders, leading to their conversion to permanent riders. There are a number of methods which you can use to induce trial. One is advertising, whereby you strive to favorably influence your prospects' attitudes toward mass transit in order to motivate them to use the system. Another method is promotion, whereby you provide some rapid form of inducement to motivate usage. This inducement may be in the form of a reduced fare, a free fare, or some other form of material offer. This kind of promotion can be substantially more expensive than advertising. On the other hand, it can work substantially faster for some purposes...such as inducing trial. Thus, if your major objective is to induce trial...particularly if this is applicable to a well-defined geographic area, such as new suburbs built during the last two years...then your marketing mix would dictate heavier expenditures for promotion than for advertising.

Thus, the establishment of your objectives, and the subsequent strategic determination of the best way to implement your objectives, will importantly influence your marketing mix, or the allocation of funds among the various functions in the marketing program.

Going beyond the development of your marketing budget...you should recognize that <u>after</u> your marketing plan and budget are approved, you need some means to evaluate and control the performance of what is being done. In short, you need a control system to assess the effectiveness of the total program in achieving the stated objectives, within the confines of the agreed upon budget.

A control program will provide the feedback to respond to changed conditions in the environment. Planning and doing should not operate in a vacuum. A business is affected by many unpredictable elements and events which may transpire. You must, therefore, be prepared to respond to these changes.

Thus, a control system must be instituted to keep abreast of and manage change. This should be done on a regular basis. Some people are attuned only to fiscal year reviews. However, time is a continuum. Life and business do not start and stop with the calendar, and we shouldn't restrict our thinking to fixed periods.

The actual control system which you implement should have three elements. These are:

... Measurement -- The assessment of actual performance versus stated objectives.

... Analysis -- The determination of the reasons for the disparity between objectives and performance, and the evaluation as to whether the reasons for the disparity are acceptable.

... Plan Improvement -- The initiation of new procedures to attain the original objectives, or the development of revised objectives whose need is indicated by your new analysis of the situation.

There are a variety of tools and criteria which can be utilized in the measurement and analysis stage to determine the extent to which variances exist from the plan. These should be related to the quantified objectives described in the plan. Some of the factors which could be included in the review are:

... Cost -- expenditures versus budget.

... Ridership and increases in revenue versus objectives.

... Advertising tracking studies on attitude shift, recall, awareness, etc.

Again, the important factor is that the measurement, or audit, should be periodic and regular. The marketing plan should specify who should perform this function, and when it should be done. It should not be performed only when red flags are perceived. Its function is to prevent a deterioration in the marketing situation, rather than to learn of such situations when it is too late to do anything about it.

Now, there is a little religion that I would like to preach about commitment to marketing budgets. There is a substantial temptation ...particularly in the transit industry, where a long-range history and commitment to marketing is not present...to consider the marketing budget as the most flexible element in the total budget. Thus, whenever financial troubles arise, the ax usually falls first and hardest on the marketing budget. It's difficult to fire people, defer maintenance, or defer orders for new equipment. It's not nearly as painful or as immediately noticeable to cancel advertising, eliminate promotion, reduce information services, or eliminate research. On the other hand, it's highly likely that the serious plight in which mass transit finds itself today is due to the fact that this attitude has prevailed for too many years. The transit industry is now suffering the consequences of deferred marketing expenditures. So if cuts have to be made... make them up and down the line. Don't look to marketing just because it's an intangible that you can't put your hand around or touch. If it was worth budgeting for in the first place, it's worth keeping to the same extent as other items in your total budget.

Wrapping up now, let me review the three important procedures which should be adhered to when developing a market budget:

> First, the development of the marketing budget should represent the joint thinking of top management and marketing management.
>
> Next, as in every other aspect of the marketing planning process, the development of the marketing budget should not be based upon a mere projection of prior spending levels to the future. Rather, the budget should be adequate to attain the agreed upon objectives.
>
> Finally, a control system should be initiated in order to assess the effectiveness of the total program in achieving agreed upon objectives, within the confines of the established budget.

HOW TO DEVELOP/ORGANIZE A MARKETING DEPARTMENT

John E. Warrington
Acting Director of Marketing
Washington Metropolitan Area Transit Authority

This is a unique conference in many ways. One of the by-products of its unique character is that the representative of the host property gets to speak on the second day -- and it's the property's junior representative who gets to do it.

Therefore, before you all get out of town, I want to extend a word of welcome on behalf of our Board Chairman, Joe Alexander, and our General Manager, Jack Graham. We're pleased that you selected our home base for this important conference on marketing.

We heard a good deal of theory yesterday and it was good theory. Today we're into the nuts and bolts. My job is to discuss the development and organization of a marketing department. Of course, I'll be describing my own department which may <u>or may not</u> be right for you but the similarities of responsibility and purpose and thrust should be fairly evident.

I'm going to risk one brief swipe at the theoretical because it deals with a basic tool which works the nuts and bolts to follow. The theory is simply this: The top marketing functionary is responsible for the program of the marketing office; the General Manager, together with his policy board, is responsible for the marketing program of the property. Sound's simple -- and it is. But it is through misunderstanding of this concept that much of the confusion about marketing arises.

How often, when ridership is up, do we see the marketing types muscling forward for credit? All too often. When ridership is down, on the other hand, how often do we see the finger of blame pointed at the marketing department? Almost always. If we believe truly in the marketing concept that's been outlined here for two days, we'll accept neither of the claims. Ridership goes up when all the departments perform well -- courteous operators, clean equipment, functional routes, operable schedules, dependable information. It goes down when one or more of the departments fail to perform. These are the key elements of a market-oriented or customer-oriented marketing program -- the things that touch the customer -- and the real orchestra leader is the General Manager.

Therefore, it can be said that if the big boss and his Board are dedicated to marketing as a pivotal discipline, almost any kind of marketing organization can get the job done. If they look upon marketing as those advertising guys or as glorified PR types, the best organizing job in the world will still fall short of the mark. If those at the top don't believe that people are paramount -- and that everything must be geared toward serving and satisfying those people -- the marketing job will be like eating soup with a fork. It may be possible to do, but its tedious, frustrating and damned unrewarding.

I leave it to all of you to determine the strength of the marketing influence in your own organizations. One of the revealing methods of measuring that strength is to test it against the four basic jobs in the marketing cycle:

1. Find out what the customer wants,

2. Tell it to the rest of the business,

3. See that a customer-acceptable produc- is developed and produced, and

4. Sell it.

The first, second and fourth assignments are wholly within the charter of a marketing office. They can be achieved through consumer research, communications, and merchandising. It's that third task that tells the story. Does marketing influence the product offering? Can marketing, speaking for the custormer or potential custormer, cause change to take place in other departments? Is it a catalyst or a developer of excuses? That's the measure of a property's marketing commitment.

WMATA's Office of Marketing was established by resolution of our Board of Directors in the Fall of 1972. The resolution called for three things:

1. An aggressive marketing effort patterned after the approach of successful private retail enterprise,

2. Initiation of a series of customer-oriented actions supported by a positive sales promotion program, and

3. Full commitment of the Authority to better public transportation.

A couple of months after adoption of this resolution. WMATA took over four faltering bus companies and our marketing axioms were put to the immediate acid test. The companies were generally undermanned, the equipment had whiskers, the facilities were pretty doggy, the morale was low and -- worst of all -- customer expectations were way up. WMATA, they thought, was going to rescue the situation overnight. They were disappointed and they were vocal about it. Here's how we tried to organize the marketing office to handle the situation.

First, we put it at the second tier of the organization with the Director reproting to the General Manager -- very important consideration.

In putting together the organization, we focused all activity on the needs of the consumer. Our marketing approach implies neither short-term nor single-department activity. Rather, it is a fundamental policy under which <u>every</u> function is oriented to the customer. In so doing, we have avoided a production-oriented approach and developed along the lines of a "people-oriented" approach. For this reason, you will probably find that the titles of our branches and sections are somewhat different than those found in most transit systems. However, once the various work responsibilities of the branches and sections are discussed, I believe you will see that we are covering most if not all of the essential elements of a marketing function.

As you can see, we have broken down into four branches, each with a customer oriented mission.

Our largest branch in terms of personnel is the Consumer Affairs Branch. Here you will find the Customer Information Section which consists of 64 telephone information operators and supervisors handling over 30,000 telephone inquiries per week. Quite simply, this section supplies the customer with the information he or she needs in order to purchase our product.

We try to infuse the information operator with a strong sense of salesmanship because, as we all know, the information call is often the first sales contact with a potential rider. This contact is where the sale begins. The way a potential customer is handled at this point is ultimately reflected in revenue and ridership.

Recently we developed and committed to print our training manual for the Customer Information Section. It's called "Reaching Out for Riders" and we printed several extra copies for distribution at this conference. It has had a major influence in the quality and manner of our telephone information service.

We are especially proud of the next section -- the Consumer Assistance Section. It's an unusual group, literally charged with responsibility for biting the hand that feeds them.

The Section is staffed by six ombudsmen and a section head, each with special responsibility to act as agent for the customer within the Authority. This section receives complaints, suggestions, and other types of comments from customers, interprets those comments and directs them to the appropriate department within the Authority in order to effect service changes or otherwise respond to customer needs.

When we established our Consumer Affairs Branch we conducted considerable research in order to learn from other customer assistance programs in the Washington area. C & P Telephone, Ford, Safeway, Marriott Corp. and others were interviewed to determine how private enterprise handles customer complaint, assistance and suggestion functions.

To be more effective and to improve a transit system's service to the consuming public, it is critically important that the consumer assistance unit not be regarded as "window dressing". Rather, it must be perceived as (and, in fact, be) a group of concerned, knowledgeable and helpful people who are seeking to improve the system in line with the customer's real desires and needs. Not all the comments received will necessarily represent true customer feeling or opinion. Even these will serve, however, as the impetus and direction for marketing research into what the public wants and expects of its transit service.

The overall mission of the Merchandising Branch is to create and schedule all advertising and sales promotion for the Authority. Included here is the responsibility to create demand, build acceptance, test market needs, stimulate sales and provide sales tools.

This branch is also in charge of various non-fare box revenue generating programs such as concessions, revenue advertising on specialty literature as well as on buses and trains. These revenues are now counted in the hundreds-of-thousands of dollars annually. Soon they will be in the seven-figure category.

Within this branch we have two sections - Marketing Research and Graphic Information.

Our Market Research Section seeks, collects, analyzes, interprets and reports facts and opinions on consumer needs. In essence, it is this section's responsibility to know what is on the consumer's mind. This section is oriented toward attitudinal research as opposed to origin-destination type research. In view of the importance we place on the way our customers view us, we find a strong, day-to-day working relationship between the Market Research Section and the Consumer Assistance Section discussed earlier.

The Graphics Information Section which is charged with managing WMATA's promotional efforts. This section is responsible for providing the various informational and promotional literature of the Authority. The overall contribution, however, is to make it easier for the customer to ride the bus by keeping him up-to-date on the system. This is the source of our promotional advertising program, the most visible and most vulnerable element of public service marketing.

The majority of the present functions of the Sales Branch were inherited from the private bus companies which were taken over by Metro in 1973. The principal responsibility of this branch is not only to increase the patronage on regular route service but to sell Metrobus contract and charter services.

As you can see, the branch is organized in much the same manner as most transit authorities providing charter and contract service. We have, however, added a -ection identified "Equipment Coordination" as a marketing function insuring the availability of equipment for charter and contract use consistent with the other daily operating needs of the Authority. We have found that by using senior transportation men with solid working knowledge of the Transportation Department, we are able to effect a better degree of coordination in our charter and contract service.

The contract sales portion of this section was responsible for over three million dollars in contract sales last year. Coupled with charter and convention sales, this activity brought in more than five million dollars in revenues in 1974.

The Consumer Sales Section focus all of it's attention on regular-route ridership, concentrating on any and all endeavors that might increase fare box revenues. Perhaps it's most successful effort to date has been the establishment of retail sales outlets for tickets and tokens across the region. Metrobus now has 303 outlets for sale of tickets and tokens on a "no commission" basis -- and the number is growing every month.

Consumer Sales also has responsibility for Senior Citizen Pass Program and has recently arranged with 77 libraries throughout the region to serve as registration centers for our so called "super adults". One additional activity worth mentioning is a "where and when" project which involves setting up special booths in key employment centers manned by persons who know the route and fare structure and stocked with all kinds of informative data and timetables. Last week the program visited the FBI which is in the process of moving to new quarters.

The Youth Services Branch involves a program tailored to school kids and run by two members of the Washington Redskins. It is not simply a couple of football players giving slide shows. It is a structured effort where the ball players spend as much as an entire week in one school to get across the idea of vandalising publicly owned buses is stupid. In the three years this program has been pursued, our vandalism cost have been cut in half.

That is basically the way WMATA developed and organized it's marketing office. It is similar to many others. It is probably different from most. As I said earlier, it may <u>or may not</u> work for you. But it seems to be doing the job for us.

HOW TO SELECT AND WORK WITH MARKETING SERVICES SUPPLIERS

John G. Marder
Executive Vice President
Grey Advertising Inc.

This next session -- the last "How To" before "How to go to lunch" -- could just as easily have been called "How To Select And Work With An Advertising Agency" -- or "How To Select And Work With A Research Company" -- because these are probably the two most frequently-required outside suppliers of marketing services that a transit company is likely to need. And -- fortunately -- the methods of intelligently selecting any of these service organizations are very much the same. So, for the sake of clarity, simplicity, and -- even more important -- an on-time departure for lunch, let me confine my comments to the selection of an advertising agency -- with the clear understanding that these principles of selection will also apply to other suppliers as well.

The Key Issues

Now while there are many advertising agencies, there are surprisingly few that are really appropriate for any particular advertiser -- particularly, a local advertiser in a relatively specialized business. But while there may not be a great many, there will probably be some that are highly appropriate. The key is to choose an agency as knowledgeably and as intelligently as possible. And to do this, there are two basic issues you must understand and address.

The first is that you must understand and express what you need from an advertising agency. The second is that you must develop specific criteria for evaluating agency capabilities.

Evaluation of Advertiser's Needs

First let's talk about needs. An advertiser, before he can intelligently judge any particular agency, should know what he will need in terms of services. Further, he should be able to articulate these needs -- specifically -- and in terms of what his most important needs are.

Next is a check list that can help identify the specific areas of need -- and the relative importance of each.

On the left we have listed 8 possible groups of advertiser needs. Overall planning and strategy -- and that might include both marketing planning and advertising or communications planning. Second, the creation of advertising -- further defined by media type. Third, we have media placement -- which can be paid media placement, or public service media solicitation -- again by specific media type. Next, collateral material. Do you need brochures, posters? Next, do you need public relations -- publicity services? Do you need your agency to keep extensive budgets and data on your advertising program? Do you need them to prepare frequent reports or presentations? This list is either too long -- or too short -- depending on who you are. So, you adjust it to reflect your needs.

Now, to quantify the importance of each of these needs, you place an "X" in the appropriate column -- indicating a primary need, secondary need, or a service that is not required.

And if you take the time to work your way through this matrix, you should have a pretty fair profile of your advertising needs. And you are now ready for the next step in the selection process -- identifying some of the selection criteria which will help you determine which agency to select.

Now, at this point -- to stay within my time -- I'm going to combine the selection criteria with how to locate the appropriate candidates.

Locating Candidates

One method of locating candidates is -- of course -- the Yellow Pages. But a better source -- is the Standard Directory of Advertising Agencies. More commonly called the Advertising Agency "Red Book" -- it can be found in any good public library.

From this book -- and this is a typical page -- an advertiser can determine:

... The names of the agencies, and where their offices are located.

... How long they have been in business;

... Any areas of specialization;

... Their billings -- one indicator of the size of an agency;

... The areas of media experience -- their breakdown of billings by media type;

... Who the key management people are -- which also gives you some indication of the range of services offered;

... And the clients they serve.

And now let's talk about each of these in a little more detail.

First, Who The Agencies Are And Where They Have Offices. The Red Book lists thousands of agencies, but I believe that a local advertiser -- like most of you are -- should be most interested in those that are in his immediate vicinity. And by "immediate vicinity" I mean either in the advertiser's community or within a couple of hours travel. Proximity should be a factor in your selection. Your agency should be well-acquainted with your particular geographic market -- and should be close enough for you to meet with on a relatively frequent basis.

How Long Have They Been In Business. No great indication of talent or ability. But it does tell you something about their ability to run their own organization -- their ability to survive.

Areas of Specialization. Vanguard Associates specializes in the Black and other minority group markets. Other agencies specialize in retail advertising, packaged goods, etc.

Their Annual Billings -- one measure of the relative size of an agency....And billings are often an indication of the range of service. Very few small agencies can provide the full range of marketing and communications services -- and not all small agencies can afford -- or can keep -- talented advertising people.

So size can be an indication of capability. One the other hand, a large agency is not right for every advertiser. You have to be sure that the agency values your account. That it is willing to give you its first class people and its first class service. I have never yet seen a client who was happy in second class.

Areas of Media Experience. Most agencies list the breakdown of their gross billings by medium. This gives an advertiser an indication of the agency's current experience in the media he considers important. 80% of Vanguard's billing is in radio and television.

Who Are The Key Management People? Do you know them? Have you heard of them? Are they well-known and well-regarded in your city? Advertising -- and research, and public relations -- are people businesses. And they are as capable and as reliable as the people who run them.

Range of Services Provided. The titles of the agency's key officers can also tell you something about the range of services provided. If key management consists of a president and a treasurer-secretary, an advertiser may not be able to get the breadth of experience or capabilities he needs. So, a good thing to look for is whether the agency has listed key people in most of the service areas needed. For example, a Creative Director, Public Relations, Research, etc.

Current Clients. Almost all agencies list their clients. And this tells you a great deal about them. For example, if the agency lists only major advertisers such as Procter & Gamble and General Foods, it is undoubtedly a very good agency -- but it may not be an appropriate agency for a smaller, local advertiser. Look for a mix of accounts.

On the other hand, if all the clients are small and unknown, the agency may lack the experience, the ability, and the range of services -- that are needed.

Another thing a client list tells you -- is the product or service areas in which the agency works. If all their clients are in one area of business, that says something about their current advertising experience.

And the client list can also tell you something about the quality of the advertising an agency can produce. For one thing, you may already be familiar with their work. Or you may know something about some of their clients. Quality advertisers usually seek out quality advertising agencies. Armour, Control Data, Land O'Lakes, the phone company, Pillsbury -- that's not bad!

The elements we have just reviewed should provide an advertiser with sufficient information to put together a list of agencies who could possibly satisfy his needs. The next step is to make contact with them -- to find out if they are interested in you, and to learn more about who they are, and what they have done.

The best way is to write to the agencies on your list -- 8 or 10 at the most -- inviting them to solicit your account. This letter should be accompanied by your account profile -- which provides the agencies with the basic information -- about your company and your advertising intentions.

To begin with, your name, address -- a brief description of the nature of your business and your organization. Third, a statement of your total communcations needs. And then, the services required from your agency. Here's where the advertiser needs checklist will come in handy. And remember, you must be very clear about which services you want your agency to provide. Finally, you should give the agencies a general picture of your total communications budget -- and, specifically, how much you intend to bill through your agency.

This account profile enables the prospective agencies to evaluate you -- the advertiser. Does the agency want to handle your kind of an account? Can they provide the services you require? Is the size of the account adequate for them to accept? Remember it saves you time and trouble if the agencies who can't or don't want to handle your business drop out at the beginning.

Advertising Agency Questionnaire

Now in addition to the initial invitation letter and the account profile, you should include an agency questionnaire, and indicate by what date you would like it completed and returned. Generally speaking, you should allow two to three weeks for a simple questionnaire.

The questionnaire -- covering agency history and growth -- agency organization, account service -- other services, compensation -- enables the advertiser to obtain a more detailed profile of the agency's capabilities. Our suggested questionnaire is far too long to discuss here -- and each of you will receive a copy at a later date -- when we distribute the transcripts of these talks. The most important thing, however, is that the questionnaire should reflect your particular needs and areas of special interest -- so I strongly suggest that you make extensive changes in this prototype. And one small aside -- if it isn't important, don't ask it. Irrelevant information takes time -- and time is money -- for both you and your agency.

Initial Agency Interview

The quality of the response and the completed questionnaires should help you to eliminate those agencies who are not interested and those whose qualifications are obviously inadequate.

The next step is to request an informal, preliminary meeting with the agencies still in consideration. And it is usually best if the meeting is small -- perhaps two people from the advertiser and two from the agency. One of your people should represent top management, the other should be the key person at your company who will be in daily contact with the agency. You should meet with a representative of the agency's top management and the person who would be in charge of your account.

The initial meeting should enable both parties to become acquainted, and determine whether a viable working relationship could be established. If the signs are positive, it should also be used to establish an agenda for the agency's presentation to the the full client group that will have a voice in agency selection.

The agenda for the presentation should be discussed only in general terms. More important, is that you describe fully what your special interests and needs are, and where you feel more information is required from the agency. You should restrict the agency as little as possible in its presentation, since a major purpose is to hear them express their capabilities and personality.

Agency Presentation

The agency's presentation -- should cover the following areas:

... Its credentials -- very briefly -- the agency's business background, size, growth, the accounts it serves, and a quick review of its organizational capabilities. (You should already have most of this in writing.)

... More important -- at the presentation -- are examples of the agency's work -- examples of the advertising it has produced for other clients; examples of their research; collateral materials; and the other services that are important to you. What an agency has already done for its clients is usually the very best indication of its talent and ability.

... Their Relevant Experience -- case histories of the agency's specific marketing and communications experience with your kind of business, your target audience, your key media, etc. They should describe the problems they were faced with, the solutions they arrived at, and the results achieved by their efforts.

... And finally, you should have an opportunity to meet and hear from the people who would actually work on your account. Because, in the final analysis, an agency is mostly the people who work on your account.

A few additional points to consider. A consistent format for the agency presentations will make it easier for you to evaluate them. Try to schedule presentations of this type with not less than three or more than five agencies. Try to hold the presentation on the agency's premises, since it allows the agency to demonstrate their facilities and makes it easier to introduce their people. It also enables your group to get a better picture of them. And, finally, you should allow two to three hours for each presentation.

Shortly after the agencies have made their presentations, your selection committee should makes its recommendation. It is a good idea to have not only a first but a second choice -- in the event that subsequent discussions eliminate your first choice.

Compensation

Now let's talk about agency compensation. The final step in the selection process is to establish the terms by which the agency will be compensated for its services. This should always be done in the form of a written contract. Most agencies already have their own contract forms -- that describe the services they will perform and the compensation they expect to receive.

In addition, the 4A's -- the American Association of Advertising Agencies -- and the ANA -- the Association of National Advertisers -- both located in New York City -- also have booklets that contain various clauses and provisions used in agency/client agreements. If you are a member of either organization -- or know someone who is -- I'm sure you can get a copy.

But standard provisions and standard contracts are merely a going-in guide. There are very few agencies that will not be happy to discuss modifications of a standard contract if they more specifically describe and anticipate the services that will be required of them. Because, in the long run, the very best contract -- for both the advertiser and the agency -- is one which contains both the agency's fundamental needs, and as many of the specific requirements of the client as possible. Try to anticipate your needs. The more an agency knows about its client in advance, the more realistically it can price its services -- and the better it will serve its client in the long run.

The basic idea to bear in mind is that the only thing an agency has to sell is the time and talent of its people. And the more a client expects an agency to do, the more the agency expects to be compensated.

Years ago -- before the turn of the century -- when advertising agents did little more than sell space in magazines and newspapers, the 15% commission system was born. Today, except for a limited range of accounts that require relatively limited agency service, this system of compensation is not only out of date, it is -- in my opinion, particularly for an advertiser in the public sector -- totally inadequate. This is particularly true for clients with budgets of less than a million dollars -- who quite properly require extensive service.

Probably the most equitable form of compensation for these accounts is a fee -- based on the agency's labor and overhead plus 25% of this sum for profit. Does this figure surprise you? Just bear in mind that most lawyers, accountants, and marketing consultants add even more. In addition, the advertiser is billed for all out-of-pocket expenses -- typography, engravings, media and so forth -- at their net net cost -- and that means the actual cost to the agency, minus all discounts and commissions.

On the one hand, there is a saving to advertiser since he recovers the agency mark-up on production, and the 15% commission on media that normally goes to the agency. For example, instead of paying $100,000 for a spot television schedule -- and having the stations discount the bill by $15,000 to his agency -- the advertiser will pay only $85,000 -- since he is already compensating the agency for its labor, overhead and profit in the agreed-upon fee. However, you should not look to this fee system as a means of reducing your advertising costs. Because, in the long run, a smaller advertiser should end up paying his agency more than the 15% in commissions and mark-up.

Agency compensation is just not an intelligent major issue. A smart advertiser bases his decision almost totally on his evaluation of the agency's talent, capability, and desire to serve him. Whether you end up paying your agency 15% of your total budget -- as you would under the common commission system -- or 20 or 25% -- remember that the differential could be 100% or more -- in terms of the quality of their work -- the effectiveness of the advertising they produce.

<u>After You Make Your Decision</u>

Next -- one small but important point. After you have made your decision and have selected an agency, you should notify and thank the others who actively solicited your account. You may have made some friends among them. Remember, it is unlikely that only the agency you selected was talented and capable. And while you and your new agency may have promised to stay married for life, divorce is not uncommon in the advertising world, either. So it is not only a courtesy, it is also an act of prudence to maintain good relations with the other agencies you have come to respect.

Working With Your New Agency

So you now have a new advertising agency. You have selected it with care, and after a long and painstaking procedure -- which has been costly -- in terms of time -- to both you and your agency. It is now up to you to utilize -- to the optimum extent -- the agency's talent and capabilities you so ardently (or is it "ardously") sought.

You can do this best -- by making your agency a full partner in your marketing and communications program. Provide them with information. With facts. Invite them to join you on field trips to your facilities. Invite them to meet as many of your people as they feel are necessary. Establish a peer relationship between your top management and the agency's top management -- between your key marketing people and the key agency executives that work on your account.

Give them an opportunity to express their ideas. And listen to what they say. Remember -- when you first chose them, you thought they were pretty good.

And they had to measure up to some pretty stringent criteria -- maybe more stringent than you could hack. So remember what you thought before you hired them. (They didn't get stupid overnight.) And also remember -- that the mark of your own good judgement -- the test of your own good judgement -- is your willingness to take your agency's advice.

APTA's COMMITMENT TO MARKETING

Richard D. Buck
Director, Massachusetts Bay Transportation Authority
Boston, Massachusetts

Good afternoon, for those of you who don't know me I am Richard D. Buck, Director of the MBTA in Boston and Vice President of Marketing for APTA.

I shall be brief.

In fact, I can sum up APTA's commitment to marketing merely by calling attention to yourselves -- the over 200 Board Chairmen, Chief Executive Officers and senior marketing personnel who have given up three days out of your busy schedules to absorb three days of workshops on one subject -- Marketing.

Only a short year ago, I stood before the American Transit Association's Marketing Division Administrative Committee Mid-Year session in Washington and sounded a cautionary note about the industry's commitment to the marketing concept.

Almost one year to the day later -- I stand here and proudly state that my concern has disappeared, destroyed by the amazing permeation of marketing throughout the transit industry and the Federal government.

Another indication of APTA's commitment is that the membership of the APTA Marketing Executive Committee has almost doubled in one short year to its present nineteen members.

For another indication, only a short year ago only one committee had a poistion directly described as being concerned with quote "marketing" unquote.

Today almost half of our members are correctly called marketeers.

Let's take a quick look at the thematic proof of our success in convincing our industry of the importance of marketing.

At last month's APTA Mid-Year meeting the operations division session had a discussion of the "Development of Demand Responsive Service" -- a new marketing technique to make service more attuned to what our riding publics really want.

That same session had a discussion of -- again I quote -- "Marketing and Promotion."

The small operations division session devoted one-half of its program to marketing listening to a discussion of off peak riding at a reduced cost; senior citizen and hendicapped transportation problems; what habits can be changed in transit with present route structure and the energy proglems; how can transit handle more passengers without staggered work hours; and how can dial-a-ride affect fixed route operations.

So then, in only one short year -- to paraphrase a current cigarette ad -- "We've come a long way 'baby'."

It is an old ploy among speakers to say -- "I shall be brief," -- and then to ramble on interminably, let me deliver on my promise of brevity...

In sum, the industry's approach to transit marketing, once timorous, trepidatious, tentative, is now various, vigorous, visionary.

This APTA/UMTA program is proof positive of that particular pudding.

I thank you.

HOW TO FORMULATE PRICING POLICIES

Stanley B. Rosen
Vice President and Principal
Chase, Rosen and Wallace

Yesterday we went over the objectives of marketing and the four types of fare practices that might be used to advance those objectives. You also got a brief discussion of elasticity and empirical results concerning the expected change in ridership due to fare increases and decreases. Today I am going to present information on a number of recent fare practices that have been tried. I will tell you my generalizations based on them. You may draw different conclusions because of special circumstances in your area, or because you interpret the results differently than I do. The important thing is for you to obtain insight on what might work to your benefit - not that we agree on a unified theory of pricing. The cases that follow will be discussed in the categories of fare practices.

We have information on six cities, including one outside of the United States - Rome, Italy. The first five cities describe fare decreases, the the 6th (WMATA) is a proposal for an increase that has not yet been implemented. In general when fares are decreased, ridership goes up, but not to avoid a loss in revenue. For example, if you reduce fares by 20 percent, the ridership must go up by 25 percent to compensate; a 50 percent decrease in fares requires about a 100 percent increase in ridership, and so forth.

Specific results noted after the fare changes are shown are somewhat clouded by effects of other simultaneous changes, e.g. service improvements, sale of discount passes, etc. It is nevertheless instructive to note that in the cases involving fare decreases:

... Ridership increased from about 18% in Los Angeles and Rome, to over 100% in Cincinnati and San Diego.

... Changes in automobile usage was generally small on a percentage basis but reported as reductions of over 20,000 trips per work day in Atlanta and reductions of 530,000 vehicle miles per work day in Los Angeles.

... Only San Diego reported a revenue increase; however, this was more than off-set by costs of added service. The Rome experiment implied no net cost, since the revenues projected with the "old" fare would just cover the cost of handling fares.

... The Washington fare increase proposal projects a 10% revenue increase with only minimal loss in peak ridership.

In Atlanta, the base fare was reduced slightly more than 60 percent. To break even, it would be necessary to increase ridership by more than 150 percent. It increased only 30%; however, the objective of that fare change seemed more related to generating acceptance of a special tax to subsidize transit improvements and operations.

San Diego experienced a different type effect after the fare was reduced. Ridership increased by 115 % more than covering the average fare decrease from 37¢ to 23¢, (38 percent decrease in fare). As discussed yesterday, WMATA has proposed an increase in fares during the peak with no change in off-peak. You could view this as a general increase overall and a decrease in the off-peak. The intent of this proposal is to take advantage of the fact that peak ridership is less apt to find other means to get to work and will pay the increased fares. In addition, I feel that if the peak fares are increased, this will result in a more equitable charge structure, since the individuals who ride during the peak determine the size of the system, number of buses, drivers, etc., and hence give rise to the capital and much of the operating outlays that are required. My contention is that increasing fares during the peak would tend to advance two fare objectives: increase revenue, and provide more equitable fares.

The generalizations that can be drawn from these case histories and through review of available reprots are that:

1. General fare reductions increase ridership, but not at sufficient levels to offset the loss of revenue.

2. Conversely, fare increases lead to decreases in ridership, but there is an increase in revenue. The greatest percentage change in ridership in both situations

occurs in the off-peak; however, the greatest absolute change occurs during the peak.

3. There is little impact on the use of automobiles due to this type of fare change. Apparently people compare out-of-pocket costs of the use of transit and auto. They do not factor-in wear and tear of the car, and perhaps even monthly parking costs.

I have information on bulk discounts (Passes) that have been insttuted in six cities; all but one - Stockholm - are United States cities. In most instances the passes are unlimited, free per use, and transferable. In the case of San Diego the monthly pass price was adjusted at the time of the general fare decrease discussed in the previous page.

Taken by itself, the practice of providing bulk discounts for transit users can be expected to attract primarily the regular riders, thus resulting in revenue losses. On the other hand, once a rider has such an unlimited-ride pass, his use and dependence on the transit system should increase. In particular, regular work-trip riders will recognize the pass as free transportation at noon, in the evening and on weekends.

As with most fare practices discussed, best results are generally achieved when such discounts are part of a broader plan to gain objectives. Thus in Stockholm when fares were increased, the blow was softened by the availability of the passes and both ridership and revenue actually increased.

In San Diego on the other hand, the combination of reduced fares, monthly passes and increased service brought major increases in ridership and revenues.

Quantitative results attributable to bulk discount practices are limited. Reports indicate, however, that:

... Sales of monthly passes increased from 200 to 300 percent in both San Diego and Stockholm when the cost was reduced.

,,, Usage of passes ranged from 27% of the ridership in Los Angeles to 70% in Stockholm.

This practice appears to increase ridership during the off-peak, usually by peak riders, and have very little effect on automobile ridership. This practice may be useful in reducing costs of fare collection.

I have information about off-peak discounts in four U.S. cities. The typical plan has a reduced fare during midday or on weekends. For example, in New York City a rider can use the system for half-fare on Sunday (commuter railroad, bus or subway) through purchase of one-way and getting the return free. This has resulted in a 30 percent increase in ridership and in fact has yielded increased revenues on the commuter rail, while losing about 5 million per year on the subway.

The results obtained in these cases include:

... Off-peak ridership increases ranging from "small" in Boston to 50% in Trenton.

... Only slight increase in overall ridership.

... Insufficient new trips to cover lost revenue on old trips.

The general conclusions are that these type of plans can result in significant increase of the off-peak usuage and only minimally reduce the peak usage. Usually the off-peak plans result in a loss of revenue, but do have a positive impact on the system's image.

There are four cases of free or multi-stop service that I would like to discuss. This category of fare structure charges covers a broad spectrum of options. The main feature in all these is that the rider can make several stops while paying a single fare. They range from Oakland's one-way/Stop-off and Go-again plan to Seattle's free Magic Carpet service in the CBD. This type of service is generally geared to increasing ridership in off-peak periods and attracting people to otherwise less accessible merchants. It is used to counter advantages of the auto that stops can be made at negligible cost.

The major results reported for such service are significant increases in business for the areas effected; this includes a 5 million dollar increase in sales in the Seattle CBD during the first year of its Magic Carpet service.

The conclusions are that this is a good technique to increase off-peak ridership, improve the image of the transit system, and may result in much increased sales in the business area.

The end result of what I have discussed today is that the overall picture is confused. The same fare practices in different cities may provide different results. However, we can draw some general conclusions. Peak hour riders are captive enough that fare increases will yield decreases in the deficit. Fare decreases can yield significant ridership increases during the off-peak. Fare adjustments alone do not reduce auto usage. Special plans, such as the free zone, improve merchant sales in that zone.

Insofar as the types of effects of the different fare categories discussed today are concerned, there are some positive impacts, but it should be emphasized that fare practices are only one way to accomplish objectives. Service improvements, better information aids, new marketing campaigns, and other means to improve the image of the system should all be considered as a package when you attempt to understand the effect of a fare change, or when you set out to achieve an objective.

HOW TO MONITOR AND EVALUATE A MARKETING PROGRAM

Peter C. Weiglin
Vice President and Director of Marketing
ATE Management and Service Company, Inc.

The process of monitoring the marketing effort can be described as the process whereby management determines the relative position of reality as compared to the plan of action. Or, to put it another way, "How are we doing?" We must be able to determine whether our efforts are succeeding or failing, and the reasons for success or failure.

But before you can measure, you have to know what you're measuring against: the goals and objectives of the system. Is the goal to increase ridership? Then the ridership trend is the yardstick. But it's usually more than that raw number. The system exists to increase mobility in its urban area, but the consumers, one at a time, must perceive it as an alternative mode. So the consumer's state of mind and attitude toward the system is important too.

Another part of the equation is, just what is a marketing effort? Over the years, I've heard more than one transit manager, more than one Board member, say things like:

- "Look, I don't know anything about this marketing thing. That's <u>your</u> bag."

- "Advertising? Government agencies don't advertise. Maybe an occasional legal notice, but that's it."

- "Market research? No way. We don't want any more studies."

- "The price of diesel fuel went up, so we have to kill the marketing budget." (I think I hit a nerve there.)

- "What do the drivers have to do with Marketing?"

This conference has answered these questions, I think, in exhaustive detail. And it also points up why the conference was necessary: why the marketing process has been adopted slowly in transit. People weren't looking at the individual transit ride as a consumer product. This approach--marketing--came in from left field to center stage.

Four years ago, the question was, "How will we know marketing when we see it?" You've seen the techniques, you've heard some of the case histories, some of the success stories that resulted from the infusion of marketing techniques. Now, the question is, "How do we know marketing is doing the job in a cost-effective manner?"

Let's assume that we probe the consumer's mind to within an inch of its life. Let's assume that we align the service just the way he or she wants it. Let's assume we tell the world about it. Lights, sound, color, graphics, emotional appeal--all these things. It's fun...but is it working?

Let's look at those goals again. Goal 1: To increase ridership. Wonderful. By how much and by when? Ridership is the primary measurement. Oh, you say, we can't really set a number a year, three years, in advance, can we?

Have you looked at your TDP lately? It's likely to include a five-year projection of revenues and expenses, service improvements, and capital needs. And on one of those charts, is a ridership projection...otherwise how did you arrive at your revenue and service level figures? And your costs?

Now, I see a number of sudden shocked facial expressions here... and I warn you, that projection isn't just an "UMTA number", to be sent off and forgotten. Nor should it be. And if an agency other than the transit operating agency prepared those numbers, you may have a problem, but you sure have a goal. The operating agency has to be up front in preparing the TDP, the TIP, and the POP, because the best use of these is as working documents. They form the basis on which you will be called to account. The projected ridership should be converted from an annual to a monthly or even weekly figure, with seasonal adjustments, and the performance measured against it. Even better, the annual projection should have been built up that way in the first place...from weekly and monthly figures.

The selection of monitoring techniques carries with it a very simple maxim: you get what you pay for. It's possible to spend a great deal of money on measurements, with diminishing returns. The trick is to know how far to go, and when to stop.

So the first place to look is -- surprise -- the farebox. Despite the trend to lower fares, you should still check them occasionally.

In additon to the direct measurement of passenger usage, revenue measurements are often valuable in a monitoring program. The extent that revenue measurements are useful is dependent upon the amount of detail that is available, which is in turn a function of the fare collection system and the amount of record keeping performed by the drivers.

All revenue totals serve largely as an indicator of trends in usage. The value of absolute revenue numbers varies widely with the procedures for obtaining revenue data in use on the transit system, as well as with the fare structure. For example, the use of monthly or weekly passes makes any meaningful revenue analysis by line almost impossible. Thus, it is fruitless to generalize about the utility of revenue information, but it is a start, as you apply it to your city.

Having the driver push a button to count passengers, we have found, is not too accurate a measurement. Most ridership counts are made by applying an average fare number against the day's receipts. The average fare is calculated by making periodic counts, by type of fare paid, and calculating the percentage contribution to total revenue made by each fare category. Those percentage factors are applied to the revenue to find ridership. You reason from the sample to the whole system.

That's the general ridership process, but quite often you're more interested in some part of the syste, for example, it is sometimes desirable to obtain data on particular types of passenger transactions, such as transfers and school fares. Or, you may want to assess the changes in usage on a crosstown route which has a high proportion of transfer passengers, which requires that transfers be collected and analyzed on a detailed basis. Again, the practicality of such measurements is dependent on the fare structure and operating procedures of the transit system.

Using the revenue control system is the least costly way to measure your results. But often, it's not enough: you need more specific information. How is the new Northside Express doing? Do we have overcrowding on the Route 13? The germ of a problem may come from analysis of operating data, or the customer comment calls and letters. Somebody goes out and takes a look.

The point load count is usually a medium-cost technique for obtaining passenger data. It is most suited to lines having strongly defined load peaks, and lines having little passenger turnover. Most radial lines in a strongly CBD-oriented transit system fall into this category. This technique is suited to lines having medium to high levels of usage. It can often be very economically applied where multiple lines can be observed at one location, such as at the edge of a CBD.

Point counts, or maximum load point checks, can certainly show a trend on a sub-set of your service products, when they are performed on a regular basis and compared with previous checks. How often do you do them? That's a trade off between accuracy and the budget.

The most detailed information is obtained from the line profile. This type of count is also the most expensive, as it requires the use of a person riding or trailing the coach, to perform the count. It is most suited to lines with infrequent service, as on these lines the cost of using this technique is likely to be comparable to the cost of point load counts. This technique is also well suited to crosstown or intra-community routes which do not have pronounced peak load points, and which may have substantial passenger turnover on each trip. Automatic passenger counting equipment, presently under development, may substantially reduce the cost of obtaining line profiles.

All of these techniques may be used to provide valid data on ridership trends. However, the validity of the point load count technique is strongly dependent on the selection of the points to be used, and in many cases, will need to be supplemented by passenger transaction or revenue data in order to establish total area ridership changes. What's required is a mix of these methods with which you feel comfortable, it must identify your problem areas without going over your budget.

It has not been my intention to present new or different techniques of data collection here, but to review the commonly used techniques. To sum up, the three most commonly used sources of passenger usage are:

- Passenger transaction counts
- Point load counts
- On-off counts or line profiles

And, as I have mentioned, one of the largest deterrents to adequate usage monitoring is the cost of data collection and analysis. In designing a monitoring system, it is desirable to allow for relatively frequent data collection and adjust the level of detail accordingly.

Both point load counts and line profiles are satisfactory means of obtaining data for service adjustments. The use of each technique will depend on cost factors and the type of ridership pattern on a particular line. In some cases, a line profile may be supplemented by point load counts taken at more frequent intervals. In other situations, the cost of obtaining line profiles may be reduced by sampling trips or vehicles. Even the transactions count is useful on some types of count is usually sufficient on an express route where all passengers ride through the express zone.

The revenue count is, of course, your basic daily broad-brush measurement.

All of this helps us understand how well we're doing. Now for the tough one: <u>Why</u> are we doing well, better, or more poorly, than we expected? That's where the consumer research program helps us. The purposes of a continuing program of consumer research are to determine:

- Are you reaching the intended market segments?
- Is your creative material having the desired effect?
- Is your media mix effective?
- Have you achieved the desired changes in attitudes?

These questions can only be answered by a continuing consumer research program designed as an extension of the initial research program.

What is continuing consumer research, or penetration research? Penetration research consists of a series of studies over time. A "base wave" is conducted immediately prior to the introduction of any service changes or changes in the communications program, followed at intervals by other studies, each of which help to track the progress of the marketing effort.

The number and timing of the subsequent studies depends on the implementation schedule for the marketing program. In the simplest case, that of a service improvement and communications package implemented at one time, two subsequent survey waves are recommended.

The first followup wave should be conducted shortly after the implementation of the package. However, enough time should be allowed for the marketing program to have a measureable effect. The second wave should be conducted after the marketing program has been in operation enough time for it to have full effect.

In a more complex situation where a marketing plan is implemented in several stages, more followup waves are necessary. Careful timing is needed to assure that the maximum amount of information is obtained from each wave. For example, one survey effort may serve as the initial followup wave for a phase 2 implementation and as the second wave for phase 1.

The purpose of the first wave of followup research is to assist in the fine tuning of the marketing plan. Information obtained in this wave is used to determine the effectiveness of varying elements of the service improvement and communications package. As a result, modifications and improvements of the package can be made early in the program.

In order to make maximum use of penetration research, it is necessary to establish a definite analytical plan in advance. The analytical plan will include a statement of the questions that the studies are designed to answer. In addition, the analytical plan will include specifications for sample sizes so that these are sufficient to permit one to derive valid results for all subgroups in the sample that are of interest.

Examples of questions that penetration research may be used to answer are:

- Has the marketing program had an effect on consumers in the desired market targets?
- Has this effect been positive, i.e. has usage increased in a particular market segment?
- Has the marketing program had an effect on consumers other than the selected market targets, i.e. people who may not necessarily utilize transit services, but who would support transit improvements?
- What parts of the marketing program have had the most effect - service improvements or communications?
- Is additional transit usage diverted from automobile travel, or is it trips that were not previously being made?
- Are new users, i.e. persons who did not formerly use the transit system, being attracted to it, or are current riders making more of their trips by transit?

Design of a penetration research project includes both the design of a questionnaire and the design of a sampling framework for the administration of the questionnaire. The questionnaire for penetration research in a transit marketing program would most likely include the following types of questions.

- Questions designed to sort out current, potential and non-potential riders.
- Questions designed to indicate attitudes, including:

  Overall attitude toward transit service. Level of satisfaction with transit service versus automobile usage. Attitudes toward specific service improvements.

- Questions designed to indicate awareness and use of elements of the marketing program, including:

Awareness of service improvements.
Trail of new services.
Evaluation of these improvements.
Desire for additional changes.
Reasons for failure to utilize new services.
Awareness of the communiations program.
Recall of specific media messages.

Classification questions, including:

Demographic questions, such as age and sex.
Employment status and location.
Frequency of transit usage.
Automobile availability.

The subject of design of unbiased questions has already been covered. An additional requirement in this type of study is that the questionnaire remain the same from wave to wave to maintain continuity of the study.

However, if changes are made in the marketing plan on the basis of early results, additional questions relating to those specific changes would be added. Each wave of a penetration research project requires a separate, independent sample of consumers - large enough to be representative of the area under consideration and to permit an analysis by the relevant subgroups of consumers.

The subgroups used in a study may vary depending upon the particular situation. In many cases, the classifcation of users as current, potential or non-potential may be sufficient. In other cases, subdivision by demographic variables, employment location, or other variables may be necessary. The sampling plan is constructed on the basis of the incidence rates of the relevant consumer segments, as determined by the strategic research.

Now, at about this point, I hear you say, we can't afford the whole nine yards...this is Science Fiction to us. Well, right now, that may be. But don't let that feeling keep you from doing <u>something</u>. I agree that it's a lot less costly to get your information from the people you have lunch with, or from the public officials who comment on your program. But that approach is also much less accurate. So, some funds have to be committed for this kind of research; it's as vital to your success as the cost of diesel fuel, because it helps tell you where to spend the rest of your budget for maximum return on those public dollars.

So, will we have a series of base waves or research kicking off around the country in about 60 days? I hope so, because you have to get both "before and after" data on marketing programs. Any monitoring program should be initiated far enough in advance of the implementation of the marketing program so that an adequate amount of "before" or baseline data is available. Also, be patient and do not expect instant results. Design both the service improvement and monitoring program to allow for sufficient time for growth. Remember, it's only by comparing the second survey that you can see how you've done during the intervening period. The first survey is usually the hardest one to get off the ground. After that they come easier, but you have to do that first one.

If you haven't done the first survey, you're already late. Now, there's help available. If that sounds like a commercial for ATE, you're only partially correct. You're soon to hear from Bob Prowda of UMTA about the way they can help. And the state Departments of Transportation have been expanding their capabilities for assistance as well. And as you've found during this conference, this group of people is only too willing to share information between transit systems.

One warning here, by the way: what works in one city may not work in another. I've made the comment among the 24 systems I have contact with, that the foundation of the industry is "selective theft". Well, I'm only partially kidding, but the key word there is "selective". You also have to be careful in comparing your own results to those in other cities, because the situations are different all over. As one of my old professors used to say, "Ceteris ain't necessarily Paribus."

The summary is very simple:

- Start now.
- Get the best help you can, and the best tools you can afford.
- Know what goals you're measuring against, and define them as clearly as possible.
- Use the results of your research to improve your program, on a continuing basis.

And finally...start now.

HOW TO OBTAIN MARKETING ASSISTANCE FROM UMTA, APTA, STATE DOT'S

Robert M. Prowda
Assistant Marketing Program Manager
Office of Transit Management

For those of you just starting or contemplating a marketing program, the task ahead may look pretty formidable.

Fortunately, help is available from many sources -- I'd like to discuss some of them with you. And for the operator with an established marketing program -- you may find some of these sources of help quite useful.

First of all, what assistance is available from the Federal Government? The Office of Transit Management's primary function is assisting the transit operator to improve transit management techniques and providing, whenever possible, technical assistance to the transit industry.

Within the Marketing Division of the Office of Transit Management, Nick Bade and I are ready to help whenever we can. Our capabilities depend on you to tell us what's needed in order to further the awareness, acceptance and successful application of marketing. Our program attempts to listen to your needs in the marketing area and then translate those needs into actions that benefit all transit systems nationwide. This conference, for example, is a response to a stated need. Also, the transit Information Aids Project, the Marketing Organization Study, and the Pricing Policy Study are other good examples of needs identified by the transit industry that are being met by UMTA.

Over the course of the coming year, the Marketing Division will be increasing technical assistance available to you. At this point your input has indicated that we can help you by:

1) Assisting transit marketing people new to the industry. This may include information on UMTA, DOT, APTA, what different systems are doing, new ideas, publications, etc.

   Or

   Making the arrangements to attend the Transit Marketing Course we are now developing and that Nick Bade has previously explained.

2) Reviewing marketing plans, programs for development or other similar activities, as time permits.

3) Acting as a focal point for marketing people looking for a job -- or available job openings in the industry.

4) Making sure the role of marketing in the transit operation is understood at the Federal level and, by taking your ideas for new marketing techniques and refining them on behalf of all transit systems.

The next area of assistance is money! Yes, Federal dollars are available for marketing assistance through three avenues of the UMTA Act -- Section 9 and Section 5.

Please note that Section 9 -- Technical Study Monies -- can be used to finance marketing activities. This includes market research, plans for service development, rider information aids analysis and strategy, communications and promotional program plans, and evaluations. All in all, Section 9 funds can be used for the research, planning, and evaluation of marketing activities -- but -- not for the implementation of the plans, or production of the information aids, or production and media placement communications. Section 5 can assist you here -- more on that later.

For those not familiar with Section 9, please note it places a good deal of emphasis on operations and management improvements and evaluation. At present, Section 9 is administered in most urban areas by metropolitan planning organizations. These agencies, generally, do not focus on day-to-day transit operations. Therefore, you have to watch out for yourself and your system by supporting and pushing for the use of Section 9 funds for management and marketing analysis with the local agency charged with administering Section 9 funds.

Another area relevant to Section 9 -- Transit Development Programs or TDP's. Each transit authority must have a short range development plan to secure capital grant money from UMTA. TDP's can be a vehicle for doing a lot of the marketing work, especially market research and marketing development plans.

Several cities have taken advantage of the Transit Development Program to do some extensive and excellent work. For example, one city had identified a problem with the public's awareness of transit services. Using the Transit Development Program as one vehicle for funding -- the problem was studies and a report produced identifying guidelines for a Transit Rider Information Program. The Cleveland Ohio Transit Development Program includes a marketing element and recommendations for action in that area. Section 5 -- the new section of the UMTA Act that provides for operating assistance -- also has marketing potential. You're probably familiar with the interim guidelines published earlier this year -- the transit operator must identify positive management actions...to improve the efficiency and productivity of transit operations. Obviously, marketing is one activity that can help accomplish this goal.

Furthermore, most marketing activities are eligible costs toward which Federal funds can be applied. Market research, printing schedules, advertising and promotional programs, and hiring marketing consultants -- all are eligible costs. Moreover, from the Section 5 applications we've reviewed, it is evident many indeed are including marketing activities in Section 5 programs of projects. Section 6 (R & D) is available for unique demonstration of management techniques.

Another excellent -- and often overlooled -- source of help are state DOTs. Generally, states provide a range of transit assistance - it may be financial, technical, regulatory or some combination of the three. The range of assistance is quite varied. Some states are directly involved with capital purchases, and day-to-day operations. Others provide technical aid -- usually in the planning area -- still others provide little or no help at this time.

States can be most helpful to smaller transit systems -- providing valuable marketing expertise and resources that many smaller operators could not generate themselves.

Earlier this year the Office of Transit Management conducted a telephone inquiry of state DOTs. We asked about technical assistance to transit operators -- with particular reference to overall management techniques and the marketing involvement. The information has been compiled and is available in the Introduction to Transit Marketing Handbook.

APTA is another good source of technical assistance. The APTA Library, is an excellent source of the latest reports, case studies, and transit histories. Having been around for 100 years the library is considered as one of the most extensive in the country.

Passenger Transport, the weekly APTA paper is an excellent informational source for keeping up to date on marketing activities, and it will be expanding in the near future!

Passenger Transport will begin to feature transit system advertising ideas, including samples of the advertising materials and will include a weekly marketing matters column. APTA's communications staff is another source of information on all phases of transit management, marketing and operations. They know what is going on and who to contact.

If you are developing a seminar on marketing or a marketing segment as part of a conference, then APTA can assist you in potential topics, suggested speakers, etc. APTA and UMTA will continue to work together in the marketing area. The APTA marketing committees hold regular meetings for information exchange and an interchange of ideas. APTA represents a valuable resource to the industry and should be used as much as possible.

Finally, yourselves. That's right! Transit systems should help one another -- provide each other with technical assistance. If you have a good idea -- share it. If you have a problem, call someone else. If you have a marketing campaign that is good -- tell people about it.

I hope I've been of some help to you -- and sincerely look forward to working with you in the future!

VI. MARKETING WORKSHOPS

Marketing Workshops were conducted on Wednesday morning, June 11th. Workshop reports were presented during a working luncheon. The following are the moderators of the individual workshops:

<u>WORKSHOP MODERATORS</u>

MARKET PLANNING -	Pete Weiglin, ATE Service and Management Company
	Murray Gross, Grey Advertising, Inc.
	Christopher Lovelock, Harvard Business School
MARKET RESEARCH -	Richard Del Belso, Grey Advertising, Inc.
	Larry Duckworth, Queen City Metro
SERVICE DEVELOPMENT PLANNING -	John Wilkins, Chase, Rosen and Wallace
	Tom Nooner, Columbus CTA
PRICING STRATEGY -	Stan Rosen, Chase, Rosen and Wallace
	Ed Beachler, Pittsburgh PAT
USER INFORMATION -	Gary Anderson, Illium Inc.
	Art Schwartz, Chase, Rosen and Wallace
EMPLOYEE TRAINING -	Larry Coffman, Seattle Metro
	Irv Smith, Smith and Locke Associates, Inc.
SALES COMMUNICATIONS -	Tony Kouneski, Baltimore MTA
	James D. Grahma, Grey Advertising, Inc.

VII. REGISTRATION

REGISTRATION LIST
FOR
UMTA/APTA TRANSIT MARKETING CONFERENCE
WASHINGTON, D.C. JUNE 9-10-11, 1975

ALASKA

FAIRBANKS

John A. Carlson
Borough Mayor
Fairbanks North Star Borough

Sunny Carpenter
Presiding Officer
Borough Assembly

Phil Younker
Member of Borough Assembly
Fairbanks North Star Borough

CALIFORNIA

LONG BEACH

J. C. Farell
Assistant General Manager
Long Beach Public Transportation Company

LOS ANGELES

Byron E. Cook
President
Southern California Rapid Transit District

LOS ANGELES

Jack R. Gilstrap
General Manager
Southern California Rapid Transit District

G. L. McDonald
Manager of Planning and Marketing
Southern California Rapid Transit District

OAKLAND

Virginia Dennison
Public Information Manager
AC Transit

C. Keith Bernard
Director, Marketing and Research
Bay Area Rapid Transit

Richard O. Clark
President, Board of Directors
Bay Area Rapid Transit

Ella Hill Hutch
Director
Bay Area Rapid Transit

ORANGE COUNTY

Mary-Evelyn Bryden
Assistant for Inter-Governmental Relations
Orange County Transit District

Arthur Golland
Marketing Manager
Orange County Transit District

Thomas Jenkins
Manager of Planning
Orange County Transit District

SACRAMENTO

Robert Ehlers
Board Chairman
Sacramento Regional Transit District

Hollis Thompson
Board Member
Sacramento Regional Transit District

SAN DIEGO

J. Warren Mooers
Marketing Manager
San Diego Transit Corporation

SAN FRANCISCO

Dale W. Luehring
General Manager
Golden Gate Bridge,
Highway and Transportation District

COLORADO

DENVER

John R. Crowley
Chairman of the Board of Directors
Regional Transportation District

David N. Goss
Director of Bus Marketing
Regional Transportation District

James E. Reading
Assistant Executive Director - Operations
Regional Transportation District

John D. Simpson
Executive Director and General Manager
Regional Transportation District

CONNECTICUT

HARTFORD

Arthur Handman
Executive Director
Hartford Transit District

DELAWARE

WILMINGTON

Gerald T. Haugh
Executive Director
Delaware Authority for Regional Transit

WILMINGTON

Stephen R. Welch
Public Relations Supervisor
Delaware Authority for Regional Transit

DISTRICT OF COLUMBIA

Joseph Alexander
Chairman of the Board
Washington Metropolitan Area Transit Authority

Jackson Graham
General Manager
Washington Metropolitan Area Transit Authority

John E. Warrington
Director, Office of Marketing
Washington Metropolitan Area Transit Authority

FLORIDA

FT. LAUDERDALE

Houston Miller
Director, Division of Mass Transit
Broward County Department of Transportation

JACKSONVILLE

J. G. Poquette
President and Chief Executive Officer
City Coach Lines, Inc.

Ruth Sargent
Marketing/Service Department
Jacksonville Transportation Authority

MIAMI

Peter Andolina
Metropolitan Dade County Transit Agency

R. A. Hauer
Vice President and Regional Executive Officer
National City Management Co.

ST. PETERSBURG

K. E. Schreiber
Transit Director
St. Petersburg Transit System

GEORGIA

ATLANTA

William Swinford
Assistant to the General Manager
Communications and Marketing
MARTA

HAWAII

HONOLULU

Abe N. Poepoe
Marketing Coordinator
Mass Transit Division
Department of Transportation Services

ILLINOIS

CHAMPAIGN

Thomas J. Costello
Director of Public Information
Champaign Urbana Mass Transit District

William L. Volk
Managing Director
Champaign Urbana Mass Transit District

CHICAGO

Quincy Brooks
Executive Director
Chicago Urban Transit Authority

Thomas Buck
Public Relations Director
Chicago Transit Authority

Terrell Hill
General Development Director
Chicago Transit Authority

Stephen Kabala
Marketing Manager
Chicago Transit Authority

Marshall Suloway
Chairman
Chicago

INDIANA

FT. WAYNE

Eric Kuhne
Director of Planning and Development
Fort Wayne Public Transportation Corporation

Mark de Haven
Maintenance Director
Fort Wayne Public Transportation Corporation

INDIANAPOLIS

William E. Bell
General Manager
Indianapolis Public Transportation Corporation

Michael J. Hufnagel
Director of Marketing
Indianapolis Public Transportation Corporation

John W. Walls
Chairman
Indianapolis Public Transportation Corporation

KANSAS

WICHITA

R. W. Castleberry
Administrative Assistant - Marketing Manager
Wichita Metropolitan Transit Authority

Helene H. Little
Chairman
Wichita Metropolitan Transit Authority

Paul F. McGinnis
Executive Director
Wichita Metropolitan Transit Authority

KENTUCKY

FRANKFORT

Thomas R. Layman
Director, Division Urban Planning
Kentucky Department of Transportation

LOUISVILLE

Robert S. Carhart
Director of Marketing
Transit Authority of River City

MARYLAND

BALTIMORE

Walter J. Addison
Administrator
Mass Transit Administration

Joseph V. Garvey
Resident Manager
Mass Transit Administration

Anthony M. Kouneski
Director of Marketing
Mass Transit Administration

ROCKVILLE

Henry Satinkas
Assistant Director - Office of Transit Planning
Montgomery County Department of Transportation

MASSACHUSETTS

BOSTON

Richard Buck
Board Member
Massachusetts Bay Transit Authority

Robert R. Kiley
Chairman and Chief Executive Officer
Massachusetts Bay Transit Authority

James King
Massachusetts Bay Transit Authority

HOLYOKE

Norman A. Burgess
Superintendant of Transportation
Holyoke Street Railway Company

HOLYOKE

David L. Pellissier
General Superintendant
Holyoke Street Railway Company

George F. Pellissier
General Manager
Holyoke Street Railway Company

WORCESTER

William L. Fox
President
Worcester Regional Transit Authority

James McCleary
Worcester Regional Transit Authority

Robert E. Ojala
Acting Administrator
Worcester Regional Transit Authority

MICHIGAN

ANN ARBOR

Janet Nembvalts
Michigan Transportation Authority

DETROIT

K. Ross Childs
Acting General Manager
Southeastern Michigan Transportation Authority

Mattie J. Myers
Chairwoman of the Board
Southeastern Michigan Transportation Authority

John J. Saunders
Director of Marketing
Southeastern Michigan Transportation Authority

MINNESOTA

MINNEAPOLIS

Doug Kelm
Chairman
Metropolitan Transit Comission

MINNEAPOLIS

Louis Olsen
Assistant General Manager
Metropolitan Transit Commission

Greg Fern
Metropolitan Transit Commission

MISSOURI

KANSAS CITY

Peter M. Cipolla
Director of Marketing
Kansas City Area Transportation Authority

ST. LOUIS

James F. Bender
Director of Marketing
American Transit Corporation

James Kendrick
Bistate Transit System

Jacqueline Phillips
Bistate Transit System

NEBRASKA

OMAHA

J. T. Erdman
Executive Director
Metro Area Transit

Joseph E. Stoye
Manager - Marketing
Metro Area Transit

Fred H. Thoma
Chairman of the Board
Metro Area Transit

NEW JERSEY

MAPLEWOOD

Anthony L. Grazioso
Director of Public Affairs
Transport of New Jersey

MAPLEWOOD

Robert McAndrew
Administrative Assistant to the President
Transport of New Jersey

Robert Weiss
Marketing Consultant
Transport of New Jersey

NEW MEXICO

ALBUQUERQUE

Connie Rossignol Callan
Research Analyst
Albuquerque Transit System

NEW YORK

ALBANY

Keith Barber
Public Information Officer
Capital District Transportation Authority

Robert D. Manz
General Manager
Capital District Transportation Authority

BROOKLYN

F. D. Wilkinson, Jr.
Executive Officer, Passenger Services
NYC Transit Authority

BUFFALO

Robert G. Decker
Executive Vice President
Niagara Frontier Transit Metro System, Inc.

James Fleming
Marketing Representative
Niagara Frontier Transit Metro System, Inc.

Joseph Mendelson
Vice President
Weil, Levy and King

CARLE PLACE

Andrew G. Schiavone
Executive Office
Metropolitan Suburban Bus Authority

NEW YORK

Louis J. Gambaccini
Vice President and General Manager
Port Authority - Trans Hudson Corporation

Lloyd Schwalb
Supervisor, Passenger Services
Port Authority Trans Hudson Corporation

Claire McCarthy
Manager, Marketing
Metropolitan Transportation Authority

ROCHESTER

Jean Crapsey
Chairman of Rochester-Genessee Regional
Transportation Authority

Melissa Fox
Director of Public Information
Regional Transit Service

John A. Garrity
Vice President and Resident Manager
Regional Transit Service

Howard Gates
Chief Marketing Manager
Regional Transit Service

SYRACUSE

Albert R. Babinicz
Administrative Assistant
Central New York Regional Transportational Authority

Warren H. Frank
Executive Director
Central New York Regional Transportation Authority

Warren Woodruff
Vice President and General Manager
Central New York Regional Transportation Authority

OHIO

AKRON

Thomas Anders
Board of Trustees
Metro Transit Authority

Dale Culbertson
Director of Marketing
Metro Transit Authority

E. Miller
General Manager
Metro Transit Authority

CANTON

Wilson Myers
Secretary - Treasurer
Canton Regional Transit Authority

CINCINNATI

Billie Burkart
Marketing Coordinator
Queen City Metro

Ted Bushelman
Vice Chairman
Queen City Metro

Larry Duckworth
Director of Marketing
Queen City Metro

Edward A. Harvey
General Manager
Queen City Metro

John L. Williams
General Manager
ATE Management and Service Company

CLEVELAND

Dale R. Finley
Board Member
Greater Cleveland Regional Transit Authority

CLEVELAND

Leonard Ronis
General Manager
Cleveland Transit System

Richard S. Stoddart
President
Greater Cleveland Regional Transit Authority

COLUMBUS

Walter Daggett
Executive Director
Central Ohio Transit Authority

Norman Folpe
President - COTA Board
Central Ohio Transit Authority

Thompson A. Nooner
General Manager
Central Ohio Transit Authority

Bruce Wagner
Director of Service Development
Central Ohio Transit Authority

DAYTON

Virginia R. King
Director of Marketing
RTA - Operations Division

Richard W. Murphy
President of MVRTA Board
Regional Transit Authority

Robert B. Shaffer
Resident Manager
Regional Transit Authority

TOLEDO

Charles Whitten
General Manager
Toledo Area Regional Transit Authority

YOUNGSTOWN

Keith Armstrong
Executive Director and General Manager
Western Reserve Transporation Authority

YOUNGSTOWN

Terry Labar
Director of Marketing and Development
Western Reserve Transportation Authority

OKLAHOMA

TULSA

James Highland
Director
Metropolitan Tulsa Transit Authority

William H. Morris
Chairman of the Board
Metropolitan Tulsa Transit Authority

Janice Pappan
Marketing
Metropolitan Tulsa Transit Authority

OREGON

PORTLAND

Thomas S. King
General Manager
Tri-County Metropolitan Transportation
District of Oregon

Stephen R. McCarthy
Assistant General Manager
Tri-County Metropolitan Transportation
District of Oregon

Robert C. Patrick, Jr.
Director of Marketing
Tri-County Metropolitan Transportation
District of Oregon

PENNSYLVANIA

ALLENTOWN

Theodore Berger
Lehigh and Northampton Transportation Authority

Anthony Forchielli
Secretary
Lehigh and Northampton Transportation Authority

ALLENTOWN

Richard Reynolds
Lehigh and Northampton Transportation Authority

Charles M. Weeks
General Manager
Lehigh and Northampton Transportation Authority

ERIE

Raymond Fels
Manager - Public Relations
Erie Metropolitan Transportation Authority

HARRISBURG

Harold S. Buchter
Vice Chairman
Cumberland-Dauphin-Harrisburg Transit Authority

William S. Parkin
Marketing
Cumberland-Dauphin-Harrisburg Transit Authority

Charles E. Pugh
Chairman
Cumberland-Dauphin-Harrisburg Transit Authority

KINGSTON

Frederic Berecky
Planning Assistant
Luzerne County Transportation Authority

Jerry L. Eddy
Executive Director
Luzerne County Transportation Authority

PHILADELPHIA

Thomas Hickey
Public Relations Manager
Southeastern Pennsylvania Transportation Authority

H. C. Juram
Planning Director
Southeastern Pennsylvania Transportation Authority

PITTSBURGH

Edwin H. Beachler
Director
Marketing and Communications
Port Authority of Allegheny County

Harold H. Geissenheimer
Director, Transit Operations
Port Authority of Allegheny County

John T. Mauro
Executive Director
Port Authority of Allegheny County

RHODE ISLAND

PROVIDENCE

Marc Samet
Rhode Island Public Transit Authority

H. M. Selander
Vice President and Resident Manager
Rhode Island Public Transit Authority

TENNESSEE

KNOXVILLE

W. T. Crutcher
Chairman
Knoxville Transit Authority

Frank Davis
Member
Knoxville Transit Authority

Mary Lou Horner
Vice Chairperson
Knoxville Transit Authority

MEMPHIS

J. T. Chandler
Chairman
Metropolitan Transit Authority

Thomas Evans
General Manager
Metropolitan Transit Authority

MEMPHIS

Marge B. Thrasher
Board Member
Metropolitan Transit Authority

NASHVILLE

James Eastman
Marketing Director
Metropolitan Transit Authority

James H. Harris III
Secretary
Metropolitan Transit Authority

Harvel Williams
Resident Manager
Metropolitan Transit Authority

TEXAS

FORT WORTH

Louis L. Heil
Assistant General Manager
CITRAN

HOUSTON

Stanley H. Gates, Jr.
Genereral Manager
Houston Transit System

Thomas A. Niskala
Director of Planning and Market Research
Houston Transit System

SAN ANTONIO

Bennie J. Cantu
Chairman of the Board
San Antonio Transit System

Thomas M. Fuller
Assistant General Manager
San Antonio Transit System

F. Norman Hill
General Manager
San Antonio Transit System

UTAH

SALT LAKE CITY

John R. McGrath
Marketing Supe-visor
Utah Transit Authority

Paul E. Ross
Transit Coordinator
Utah Transit Authority

VIRGINIA

ARLINGTON

Jack O. Crawford
Deputy Director
Northern Virginia Transportation Commission

NORFOLK

Herb A. Pence, Jr.
Director of Marketing
Tidewater Metro Transit

William G. Womack
Resident Manager
Tidewater Metro Transit

HAMPTON

A. T. Foster
Director of Charter and Special Operations
PENTRAN

Orman E. Hicks
Executive Director
PENTRAN

J. Keith Porter
Vice President
PENTRAN

RICHMOND

Henry C. Church
General Manager
Greater Richmond Transit Company

RICHMOND

Jack J. Green
Director of Marketing
Greater Richmond Transit Company

WASHINGTON

SEATTLE

Larry L. Coffman
Manager of Marketing and Service Planning
Municipality of Metropolitan Seattle

Robert Neir
Municipality of Metropolitan Seattle

Carle H. Salley
Director of Transit
Municipality of Metropolitan Seattle

TACOMA

Severo Esquivel
Assistant City Manager
Tacoma Transit

Edward Huson
City Councilman
Tacoma

C. R. Walsh
Director of Transportation
Tacoma Transit

WEST VIRGINIA

CHARLESTON

William R. Currey
Marketing Director
Kanawha Valley Regional Transportation Authority

WISCONSIN

MILWAUKEE

Henry M. Mayer
Vice President and General Manager
Milwaukee and Suburban Transport Corporation

PUERTO RICO

SAN JUAN

Rafael L. Ignacio
Secretary of Transportation and Public Works
Metropolitan Bus Authority

Miguel A. Pabon
Senior Marketing Officer
Metropolitan Bus Authority

Juan B. Ramos, Esq.
President and General Manager
Metropolitan Bus Authority

CANADA

OTTAWA

Jacques G. Guay
Director, Public Relations and Marketing
Ottawa-Carleton Regional Transit Authority

TORONTO

R. B. Kelly
Manager - Marketing and Community Relations
Toronto Transit Commission

MEXICO

MEXICO CITY

Jesus Torres-Moncayo
Director of Commercial Services
Sistema de Transporte Colectivo

STATE DOT'S AND FEDERAL AGENCIES

CALIFORNIA

Kenneth R. Ingram
Chief, Marketing Branch
California Department of Transportation

FLORIDA

Donald F. Weber
Transportation Marketing Specialist
Florida Department of Transportation
Division of Mass Transit Operations

ILLINOIS

J. E. McCarthy
Project Manager
Illinois Department of Transportation

INDIANA

Perry Maull
Planning Project - Assistant to the Coordinator
Indiana Department of Transportation

Harry Ross
Planning Project Director
Indiana Department of Transportation

MICHIGAN

Jan Gugliotti
Marketing Specialist
Michigan Department of Transportation

NEW JERSEY

Bernard Strongin
Chief, Bureau of Marketing and Analysis
New Jersey Department of Transportation

NEW YORK

Donn Fichter
Associate Research Analyst (Transportation)
New York State Department of Transportation

NORTH CAROLINA

David C. Robinson
Director of Mass Transit
North Carolina Department of Transportation

PENNSYLVANIA

William H. Polk
Executive Assistant and
Chief Engineer
Pennsylvania Department of Transportation

TEXAS

Russell Cummings
Executive Director
Texas Mass Transportation Commission

Karen Kothman
Public Information - Marketing
Texas Mass Transportation Commission

WISCONSIN

Frank E. Potts
Supervisor, Transit Planning and Demonstration Unit
Wisconsin Department of Transportation

UMTA PERSONNEL

Peter Benjamin

Edward Boyle

Judith Connor

Diane Enos

Frank Enty

Roy Field

Ronald J. Fisher

Ingrid Goldstrom

Thomas Hillegas

John E. Hirten

Philip Hughes

UMTA PERSONNEL (Cont'd)

Ronald C. Kane

Judy Kaplan

Tom Keefe

David Lee

Stephen G. McConahey

Arrigo Mongini

Chuck Morison

Henry Nejako

Carol Passen

Gran Paules

Reginald Pierce

Jerome C. Premo

Stan Price

Michael Steadham

Peter Ward

Ray Warner

Harold B. Williams

TRANSIT COMMUNITY OBSERVERS

Gary Anderson

Abe Baum

James F. Bender

Robert C. Buchanan

F. Stephen Cobe

Joseph Connolly

Thomas H. Floyd, Jr.

Harold Graham

Frank Gray

Jay Hargrove

Chuck Krouse

Robert J. Lesko

Christopher Lovelock

Walter Mazan

Benjamin Morris

Ray A. Mundy

Joseph Palastak

Joseph G. Poquette

Phillip Ringo

Richard Ross

Joyce Ross

Robert Sharp

William Smith

Harry Tennant

TRANSIT COMMUNITY OBSERVERS (Cont'd)

Alan M. Voorhees

Richard Walbrecker

Nanette Wiese

VIII. PARTICIPANTS

PROGRAM PARTICIPANTS AND CONTRIBUTORS FOR
UMTA/APTA TRANSIT MARKETING CONFERENCE
WASHINGTON, D. C. JUNE 9-10-11, 1975

Program Participants And Technical Contributors

William T. Coleman, Jr.
Secretary
U. S. Department of Transportation

Frank C. Herringer
Administrator
Urban Mass Transportation Administration

Dr. William J. Ronan
Chairman
American Public Transit Association

-and-

Gary H. Andersen
President
Illium/Octopus, Inc.

Nicholas E. Bade
Marketing Program Manager
Office of Transit Management

Bruce T. Barkley
Acting Director
Office of Transit Management

Edwin H. Beachler
Director, Communications and Marketing Division
Port Authority of Allegheny County

Richard D. Buck
Director
Massachusetts Bay Transportation Authority

Larry Coffman
Manager of Marketing and Service Planning
Municipality of Metropolitan Seattle (Metro Seattle)

Robert M. Coultas
Deputy Executive Director
American Public Transit Association

Richard Del Belso
Assistant Research Director
Grey Advertising, Inc.

Donald Eagles
Assistant Director of Public Information
Massachusetts Bay Transportation Authority

Albert Engelken
Director of Communications Services
American Public Transit Association

Barbara Feigin
Vice President
Grey Advertising, Inc.

Raymond Fels
Manager of Public Relations
Erie Metropolitan Transit Authority

Warren H. Frank
Executive Director
Central New York Regional Transit Authority

Stanley H. Gates, Jr.
President, National City Management Company
Presidnet, American Public Transit Association

David Goss
Director of Bus Marketing
Regional Transportation District
Denver, Colorado

James D. Graham
Vice President
Grey Advertising, Inc.

Murray Gross
President
Market Horizons, Inc.

Donald M. Hill
Principal
Peat, Marwick, Mitchell and Company

F. Macy Jones
Account Executive
Grey Advertising, Inc.

John Paul Jones
Transit Industry Liaison
Office of Transit Management

Stephen J. Kabala
Marketing Manager
Chicago Tranist Authority

Ronald C. Kane
Director, Office of Public Affairs
Urban Mass Transportation Administration

Doug Kelm
Chairman
Metropolitan Transit Commission
St. Paul, Minnesota

Charles Kirkpatrick
Vice President - Sales
Greyhound Lines, Inc.

Charles Kromer
Manager - Statistical Department
American Public Transit Association

Barry M. Locke
Vice President
Smith and Locke Associates, Inc.

Dr. Christopher Lovelock
Harvard Business School

Jeanne Luppen
Marketing Director
Central Arkansas Transit

John G. Marder
Executive Vice President
Grey Advertising, Inc.

John T. Mauro
Executive Director
Port Authority of Allegheny County

Stephen G. McConahey
Director, Section V Task Force
Urban Mass Transportation Administration

George L. McDonald
Manager, Planning and Marketing
Southern California Rapid Transit District

Hobert B. McKay
Vice President - Resident Manager
Metropolitan Dade County Transit Agency

Thompson A. Nooner
General Manager
Central Ohio Transit Authority

Louis B. Olsen
Assistant General Manager
Metropolitan Transit Commission
St. Paul, Minnesota

Robert T. Pollock
Vice President, Transit Management and Operations
Dalton-Dalton-Little-Newport

Robert Prowda
Assistant Marketing Program Manager
Office of Transit Management

William R. Reinhart
Assistant Account Executive
Grey Advertising, Inc.

Stanley B. Rosen
Vice President and Principal
Chase, Rosen and Wallace, Inc.

Brenda Sanders
Secretary
Office of Transit Management

Herbert J. Scheuer
Director, Administration and Member Services
American Public Transit Association

Arthur Schwartz
Senior Transportation Analyst
Chase, Rosen and Wallace, Inc.

Robert C. Sharp
Manager
Advertising and Market Development
General Electric Company

Irving P. Smith
President
Smith and Locke Associates, Inc.

B. R. Stokes
Executive Director
American Public Transit Association

Charles Tuori
Associate Editor
Passenger Transport
American Public Transit Association

John E. Warrington
Acting Director of Marketing
Washington Metropolitan Area Transit Authority

Peter C. Weiglin
Vice President and Director of Marketing
ATE Management and Service Company, Inc.

John D. Wilkins
Transportation Planning and Operations Analyst
Chase, Rosen and Wallace, Inc.

Shirley Young
Executive Vice President, Research
Services and Marketing
Grey Advertising, Inc.