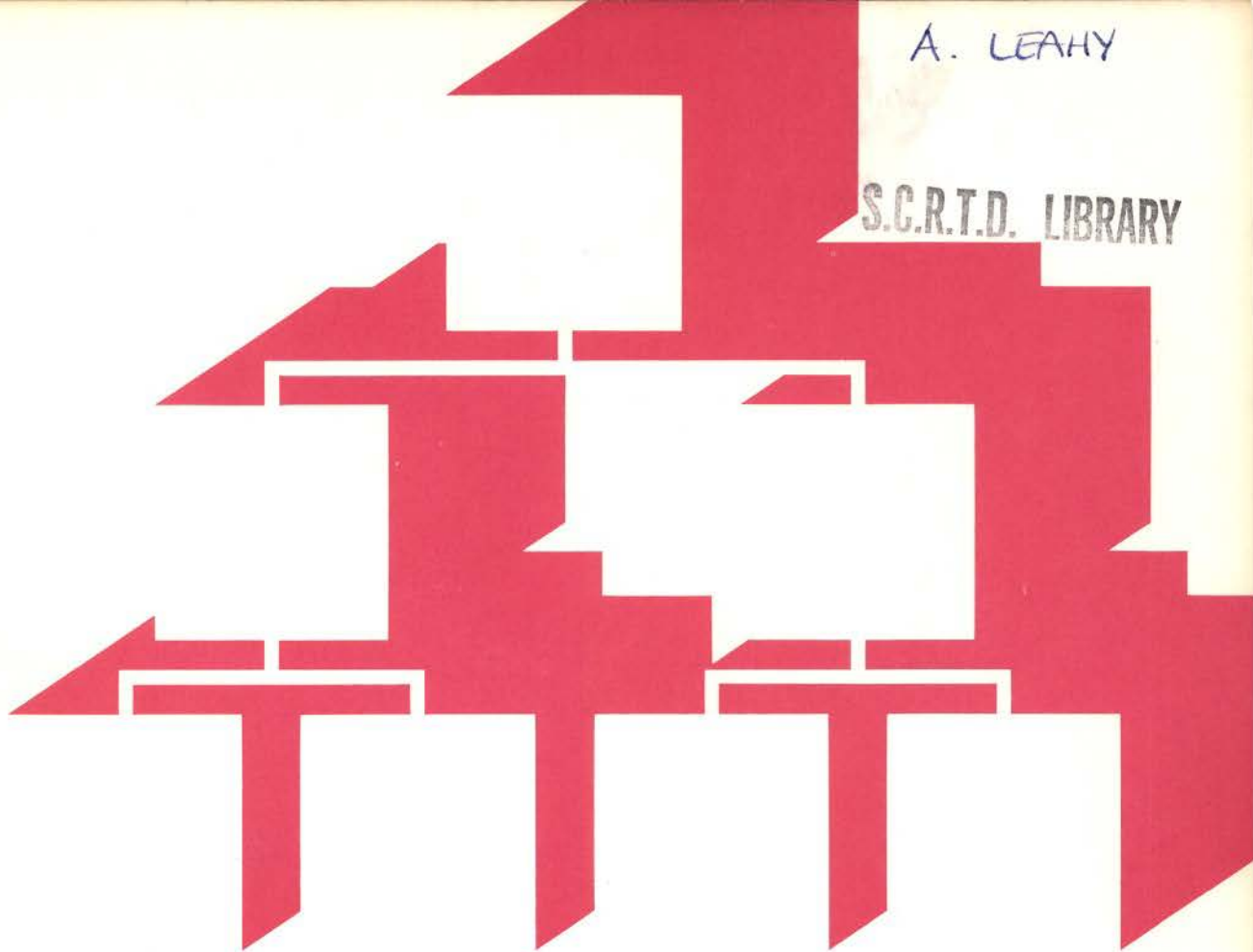


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# MARKETING ORGANIZATION

## TRANSIT MARKETING MANAGEMENT HANDBOOK

NOVEMBER 1975



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

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**Transit Marketing Management Handbook:  
Marketing Organization**

**November 1975**

**U.S. Department of Transportation  
Urban Mass Transportation Administration  
Office of Transit Management  
Washington, D.C. 20590**

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## Preface

This Transit Marketing Management Handbook was prepared as a result of a study performed under contract to the U.S. Department of Transportation, Urban Mass Transportation Administration, Office of Transit Management. The study, entitled "A Study of Marketing Functions in Transit Management Organization Structures," was conducted by LESKO ASSOCIATES in collaboration with Smith and Locke Associates, Inc. Study team members were Robert Lesko and Lora Leavy, LESKO ASSOCIATES; Irving Smith and Barry Locke, Smith and Locke Associates, Inc.; and Henry Bernhard of Ogilvy & Mather, Inc.

The study effort revolved around extensive contact with transit industry management personnel. Over 100 transit systems were contacted and asked to participate in the project. The overwhelming majority of these systems' managers were enthusiastically cooperative and provided a wealth of information on their marketing and management activities. In addition, top management of 21 transit systems agreed to permit study team members to visit their operations in order to personally interview marketing personnel and to observe marketing activities first-hand. Without the open encouragement and total cooperation offered by these transit management professionals, this handbook could not have been completed in so short a time.



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## Purpose of the Handbook

Marketing has a basic functional responsibility within transit systems. If transit systems are to be responsive to the public's needs, they must recognize the role and responsibilities of marketing. Furthermore, as transit systems move to develop a marketing approach, they will require guidance on how they can more effectively incorporate marketing into their organizational structures and decision processes. Therefore, it is important to identify, compare, and assess the marketing function and alternative approaches to decision processes and formal organizational structures.

At present, a variety of organizational structures which encompass the marketing function can be found within the transit industry. Within individual transit systems, the structure of the decision-making processes may vary substantially with regard to coordination and the delegation of authority between specific organizational elements. The study upon which this handbook is based sought to evaluate the effectiveness of alternative organizational structures and decision processes in terms of the integration of marketing into transit organizational structures and its ultimate impact on the quality of service provided. The study also included an examination of the marketing function in certain non-transit organizational structures which are potentially applicable and transferable to the transit industry. The findings of the study have been incorporated into this handbook, the objective of which is:

- to assist transit professionals in developing a marketing approach and an effective marketing organizational structure within their transit systems.

The specific goals of the handbook are:

- to present an evaluation of the extent to which the transit industry has adopted the marketing function and approach,
- to present some factual examples of the impact of marketing organizational structures within the industry, and
- to provide specific guidance to transit professionals on effectively incorporating marketing into their organizational structures and decision processes.

The handbook is structured as a "ready-reference" management source for the transit industry. Its six chapter divisions

were selected on the basis of logical organization and ease of use. The handbook's first two chapters lay the groundwork for understanding marketing and marketing organizational structures both in general terms and as they apply specifically to the transit industry. Then, based upon this information, the reader is given specific guidelines and recommendations for organizing or reorganizing the transit marketing function. Because the handbook is intended for use by transit systems of all sizes, alternative approaches based on size are presented wherever relevant.

The handbook is organized as follows:

- 1) Chapter I, Introduction, contains a preliminary discussion of marketing as it pertains to the transit industry.
- 2) Chapter II, Understanding Transit Marketing Organizational Structures, contains the findings and conclusions of the above-mentioned study and presents an assessment of the state of the art of marketing in the mass transit industry.
- 3) Chapters III through VI provide the transit manager with general guidance and specific tools (management aids) for initiating and integrating the marketing function within a transit system. The process begins in Chapter III, Evaluating Transit Marketing Organizational Structures, with guidelines for evaluating the nature of a transit system's marketing structure, capabilities, and orientation--a necessary first step for improving the system's marketing potential.
- 4) Chapter IV, Recommendations for Marketing Organization, is the core of the handbook. The chapter contains the most important guidelines for planning a new marketing structure or for reorganizing an existing one.
- 5) Once the marketing structure has been evaluated and general recommendations are made to top management, the real work begins: the recommendations are converted into an action plan and the reorganization process is started. The initial and most crucial step in the reorganization process is treated in Chapter V, The Reorganization Process: Planning.
- 6) Upon approval of the action plan, the reorganization process is carried through to its conclusion. The remaining three steps of the process are discussed in Chapter VI, The Reorganization Process: Initial Implementation, Transition, and Full Operation.

For reference purposes, two appendices are included. Appendix A contains a representative listing of transit marketing



budgets and program costs. Appendix B is a bibliography of marketing and organizational references which the reader may find helpful.

Because the handbook is intended for use by professional transit managers, a knowledge of transit terms and conventions has been assumed on the part of the readership. Therefore, only those functions and/or activities which are directly marketing-related are given detailed treatment within the handbook. Also, the handbook has purposely omitted any discussion of the effects of local, state, and national politics on the transit marketing effort; an apolitical environment within which changes are to be made has been assumed for the purposes of the handbook. It is recognized, of course, that no such virgin organizations exist in the mass transit industry. However, it was felt that, if politics were interwoven throughout the discussion, the primary message of the handbook would be clouded and the objective would not be well served. The handbook is intended as a management tool for transit professionals who should be fully familiar with the environment in which they work.



## Chapter I Introduction

Marketing is probably the most misunderstood of all transit management functions. Although all transit systems carry out elements of marketing, only a few have a complete understanding of the marketing function and maintain an integrated marketing activity with all of the elements of marketing working in balance.

Modern marketing in the mass transit context implies not just the selling of transit but a total concern for and responsiveness to the service needs of current and potential transit patrons. As a basic thrust of transit management, marketing provides a rational basis for allocating and controlling finite operational resources in the most efficient and productive manner possible. Furthermore, a consumer orientation enables the transit decision-maker to better serve the public while making better use of operating resources; this can be accomplished because of transit marketing's distinctive components of market research, service planning and development, pricing and fare collection, sales communications, community relations, rider information, and public relations.

However, the study upon which this handbook is based revealed that a large majority of transit managers tended to equate marketing with promotion--i.e., advertising and public relations. In actuality, promotion is just one of five areas of marketing activity traditionally used in the commercial sector; the others are product (service), pricing, distribution, and sales. Furthermore, to produce the marketing management function, the five marketing elements must be combined with the traditional management activities of research and goal-setting, planning, organization, implementation and operation, and evaluation and control. This process is illustrated below in Figure I-1, Marketing Management Matrix.

The cells of the matrix represent all possible activities which the marketing function could perform during the lifetime of an organization. However, it is evident that some of the activity cells do not properly belong within the transit marketing management function. The distribution component, for example, is not required because the whole of transit service is itself a distribution function. Implementation and operation of the actual transit service obviously belong within a transit system's operations function. Pricing implementation decisions, likewise, are not solely a marketing responsibility. And

MANAGEMENT ACTIVITIES	MARKETING ELEMENTS				
	Product (Service)	Pricing	Promotion	Sales	Distribution
Research and Goal-setting					
Planning					
Organization					
Implementation and Operation					
Evaluation and Control					

Figure I-1. Marketing Management Matrix



finally, a very strong case can be made for removing all formal evaluation and control activities from the line management functions, the logic being that no group can plan and perform an effort and then objectively judge the effectiveness and efficiency of its own planning and performance. But because good management should continuously evaluate and control its activities, the evaluation and control activities should remain on an informal basis.

The remaining activity cells comprise the essential transit marketing management activities. These are illustrated below in Figure I-2, Transit Marketing Management Matrix.

Each element of marketing has its own degree of acceptance and rules of performance in the transit industry. The product or service element, for instance, quite frequently brings marketing into conflict with the transit operations function. The operations staff strongly feels that decisions concerning routes, schedules, and boarding points belong solely within the operations function. And it is true that, whenever the question revolves around efficiency--that is, how well the system is performing a given service--the operations function is on solid ground. For example, operations should clearly have the responsibility for determining such things as the rotation for assigning drivers or for measuring the performance of the system in meeting route headway goals. But developing the transit service toward the goal of maximizing effectiveness--how well the given service is fulfilling a real need in the marketplace--is the responsibility of the marketing function. Such issues as market penetration by the transit system in specific neighborhoods or the nature of off-peak transit needs for different market segments fall into the effectiveness category and, as such, should be decided solely by the marketing function.

On questions of service development, marketing should not be in competition with operations. The competition exists, however, because marketing is usually unable to draw a clear line between service efficiency and effectiveness and thus establish a legitimate role for itself in transit service development. To achieve legitimacy, the marketing function must have solid facts and feasible plans and proposals for recommended changes to on-going services. The facts can be obtained only through sound market research; feasibility can be demonstrated only if the marketing staff has an intimate understanding of transit operations.

Pricing is an integral part of the marketing function but is almost never confined to it in commercial firms. In the transit industry, pricing is an extremely political process; in fact, transit fares have often been a key issue in the conversion of transit systems from private to public ownership. Although the ultimate responsibility for transit pricing decisions

MANAGEMENT ACTIVITIES	MARKETING ELEMENTS				
	Product (Service)	Pricing	Promotion	Sales	Distribution
Research and Goal-setting					
Planning					
Organization					
Implementation and Operation					
Evaluation and Control	INFORMAL	INFORMAL	INFORMAL	INFORMAL	

Figure I-2. Transit Marketing Management Matrix



belongs outside the marketing function, marketing should provide continuous input because specific fare structures must be tied to specific service development packages (this is especially true when fare collection and pricing are used as promotional tools). For this reason, pricing should be included as an integral part of the service development activity. In those transit systems where the marketing function is more than just promotion, the market staff appears to participate actively in pricing decisions.

Promotion is the most widely-practiced and thoroughly-executed element of transit marketing. Most transit systems have a promotion program of some sort, even though it may be known as advertising, public relations, public information, marketing, or customer relations. While transit promotion activities are usually well planned, organized, and implemented, the reverse is true with regard to promotion research, goal-setting, and evaluation. Transit promotion efforts are most commonly tied to vague goals such as improving image, generating community support, achieving respectability, or "letting them know we're here." Promotional programs which are created to achieve such nebulous goals are very difficult to control or justify; very rarely are the goals based on valid market research and almost never are the promotional programs evaluated to determine whether or not the goals were achieved.

The sales element of transit marketing is widely known as customer services. Most transit systems conduct some form of customer service activity in the course of handling telephone inquiries or disseminating rider information and schedules. Furthermore, every system employs a sizeable but usually overlooked sales force in the form of its drivers or operators and its telephone information personnel. Unfortunately, most of the transit systems surveyed consider their charter and tour efforts to be their only sales activities. To those transit managers who take issue with the notion that customer service personnel and operators are part of a sales effort, it should be pointed out that these two groups are more closely involved with the decision to buy transit services than any other transit personnel because of their unique proximity to the public at the time of the key sales step: the close. At present, however, the sales potential of operators and customer service personnel is largely wasted because they lack the necessary training and experience to close a sale--to lead the customer to a decision to purchase.

Of all the marketing management activities performed in the transit industry, the research and goal-setting activity is the most frequently deficient. Yet market research should be the initial step for each and every element of marketing. No lasting benefits can be achieved from service, pricing, promotion, or sales projects and programs if they are not based on solid market research. Market research investigates the

quantitative and qualitative facts of the marketplace which drive every activity within marketing; without them, marketing is a boat without a rudder. Specifically, market research enables the transit decision-maker to identify personal characteristics, tripmaking patterns, travel demands, attitudes, and other features of market groups and segments. In addition, market research assists in measuring the potential ridership volume offered by the various market segments. But at the most basic level, market research helps the transit decision-maker to understand what makes the customer decide to buy transit services; all other market information is derived from refinements of this basic fact. Therefore, the goal which is set without a basis in market research is based on a combination of guesswork and wishful thinking. The plan which is drafted to achieve such a goal is misspent, as is every subsequent effort on through to the final management activity of evaluation. Market research is the keystone of transit marketing.

To arrive at a foundation for a completely integrated transit marketing function, it is first necessary to define transit marketing in terms of its most important elements and activities:

Marketing for mass transit systems is that function which serves to understand and respond to customer needs for the services of the system by:

- 1) analysis, through market research, of the mobility wants, needs, and preferences of all present and potential customers;
- 2) interpretation of the needs and the effectiveness of the transit system in fulfilling them in terms of service development, which includes the development of pricing structures; and
- 3) communication to the customer of the nature of the system's services through mass promotion programs and individual customer service (sales) activities (e.g., rider information aids)

so as to satisfy customer needs, stimulate patronage of the system, and generate an adequate return.

The following, then, are the major building blocks of the marketing function:

- Market Research
- Service Development
- Promotion (Advertising/Public Relations)
- Customer Services

All conclusions and recommendations contained in this handbook revolve around these four functional units.



## Chapter II

### Understanding Transit Marketing Organizational Structures

Marketing in the transit industry is at a critical stage of development and acceptance. Only within recent years have the need for and value of marketing been recognized by the more progressive transit managers. At this juncture, the failure of transit marketing programs, for whatever reason, could encourage the skeptics to "write off" marketing as merely a passing fad. Of course, it is true that very few systems have rejected marketing completely or are likely to do so in the future. But fewer still have adopted a total marketing point of view. And even systems which have committed considerable resources to marketing have experienced mixed results.

A healthy transit marketing function is dependent upon many factors: a capable marketing team, a high-quality non-marketing management team, a favorable political atmosphere within the system, a reasonable marketing budget, correct organizational structure, and acceptance of marketing within the system as a legitimate transit function. But without exception, a successful marketing function is never found in systems which lack either genuine support from top management or a consumer orientation. Of these two critical factors, the latter is by far the more difficult to conceptualize and, consequently, to develop within a transit system.

#### A Consumer Orientation Vs. an Operations Orientation

A transit system which is consumer-oriented will investigate the wants and needs of individual transit consumers, accumulate the individual wants and needs over the total marketplace, determine the effectiveness of the transit system in satisfying consumers, and change the manner in which transit services are offered to the consumer in order to improve the effectiveness of the transit system. At the other end of the transit management spectrum is the operations orientation, which seeks the most efficient use of the capital and labor resources available to the transit system. Both viewpoints should be represented in a transit system; ideally, the system should be both effective and efficient. But at present, many transit systems have too much of an operations outlook at the expense of a healthy consumer orientation. As an example, the general manager of a medium-sized, West Coast transit system told the study team of an incident which occurred during his first few days on the job. He had noticed that the bus schedules printed for the



public showed times which were three minutes earlier than those on the drivers' schedule paddles. The general manager asked his scheduling department for an explanation and was told that it had always been done that way because the transit system didn't want riders holding up the buses; the riders could wait but the buses couldn't. From an operations point of view, the practice was perfectly logical. But the new general manager knew that he had his work cut out for him in turning the system around from an operations to a consumer orientation.

To achieve a consumer orientation, a transit system must look outside of itself; this is what distinguishes a consumer-oriented system from its operations-oriented counterpart. The staff of a consumer-oriented transit system understands that the system is a service organization which can be effective only if it meets the needs of current and potential customers. While the operations people in a consumer-oriented system do their best to see that transit service fulfills the current needs of present customers, the marketing and planning people try both to understand the needs of potential customers and to keep current with the changing needs of present customers. The entire system participates in a continuous process of modifying transit service to meet new and changing needs so as to attract new customers while maintaining current customers.

Service modifications may take the form of new or revised routes and schedules, new equipment and facilities, improved rider information, altered pricing schemes, improved safety features, or any number of other changes and combinations of changes. Some changes will be major but most will be small and localized. The ability to accept and thrive on such changes is another characteristic of a consumer orientation in the transit industry. The opposite is true of an operations-oriented system; a bias toward standardization and a reluctance to tamper with the service as provided are dominant in such systems. An operations orientation can be characterized as a belief that, if the transit system is well run according to internally-generated performance standards, customers will use it. Stated more simply, an operations-oriented system deals with the customer on a take-it-or-leave-it basis, with little recognition of the fact that public transit faces direct competition from other transportation modes.

One of the most serious mistakes which can be made in operating a transit system is to associate a consumer orientation strictly with the marketing department. In actuality, if the transit marketing staff are the only people with a consumer orientation, both the marketing function and the transit system as a whole are in trouble. It is essential that the consumer approach be an integral part of every organizational unit within the system. And, because the point of view of transit leadership invariably determines the point of view of the entire system, a total commitment to the consumer must begin at the top of the management structure. This relationship provided the opening

question for the study of marketing functions in transit organizational structures: does the chief executive (and, therefore, the transit system) have a consumer orientation?

Of the transit systems visited by the study team, only slightly more than half showed real evidence of a consumer orientation. This assessment was based on the point of view of the chief executive and/or key staff rather than on the resource commitment to marketing because all too many systems had followed the ineffective strategy of making major resource commitments with the frail hope of buying a consumer approach. Size of the system was no indicator of market awareness, either; some of the most keenly consumer-conscious operations were observed in the smaller and middle-sized transit systems.

A consumer orientation is an almost instinctive attitude which causes the transit system, individually and collectively, to react positively when dealing with customers. The hoped-for result of a consumer orientation is a satisfied customer--and there is no more effective salesperson than a satisfied customer.

#### Typical Organizational Models

Organization of the transit marketing function takes many forms throughout the industry. Rarely are all transit marketing activities found in one organizational unit. The service development and public relations activities, for example, are most frequently found outside transit marketing departments. Service development, the key activity for improving transit effectiveness in the marketplace, is usually an adjunct to an operations unit or a planning group. In larger systems, public relations is often linked to a legislative affairs or governmental relations activity and operates directly under or within the general manager's office. Market research, the keystone of all marketing activities, is as likely to be found in a planning unit as in a marketing group. The only marketing activities which are more or less consistently found in a marketing department are promotion and customer services.

The scattering of the marketing function throughout the system usually results in a total marketing effort which is both inefficient and ineffective. However, the dispersal of marketing activities throughout the system is not usually the result of a conscious decision on the part of transit management; rather, transit marketing activities have been developed in piecemeal fashion in various departments and have assumed their present niches as a result of many factors, all of which may be associated with expediency. The inefficiencies caused by a less-than-ideal organizational structure can be overcome by an unusually capable marketing staff or management team, but an inefficient organization will always make a difficult job even more difficult.



The organizational approaches discussed in the following pages are representative of systems in which (1) marketing is considered an important part of transit management, (2) a marketing group has been operating for at least six months, and (3) a serious attempt has been made to organize or reorganize the marketing function in the recent past. In these sample situations, transit marketing is being approached professionally and thoroughly; the marketing function is developing toward an ideal. And yet, because a fully-integrated transit marketing function has only recently gained acceptance as a viable and legitimate management function, most of the more than 100 systems surveyed have only just begun to assess the marketing function from an organizational viewpoint. Thus, the cases discussed below represent only solid beginnings--serious attempts to improve the performance of the transit marketing function. Also, the cases should be viewed as examples of how individual transit systems approach the organization of marketing. Since the individual approaches are a reflection of many different factors--size, sophistication of present management and staff, makeup of the marketplace, internal and external political realities, available resources, etc.--the reader should interpret the case discussions not as endorsements but rather as illustrations of organizational approaches representative of specific situations.

The cases are segmented into large (over 500 vehicles), medium (150 to 500 vehicles), and small (under 150 vehicles) classes to present a full range of organizational development. The organization charts which accompany each discussion have been prepared to show only those units which interact directly with the marketing function. It should be cautioned, however, that the organization charts provide no more than a snapshot of the marketing process. A complete understanding of a system's marketing process can be gained only through first-hand observation; no assessment of the quality of a system's marketing can be made from its organizational structure alone.

### Large Transit Systems (over 500 vehicles)

#### 1) Chicago Transit Authority (CTA)

Background. CTA, currently operating 2,440 buses and 1,100 rail cars, is the major operating transit agency in the Chicago metropolitan area and one of the largest transit operations in the world. Recently, CTA underwent a major reorganization; elements of the new organization which relate to the marketing function are summarized below in Figure II-1.

Summary. The Marketing Department was created in 1974 and was placed within the newly-created General Development Division; Marketing currently has approximately 100 staff members. The marketing function is organizationally well integrated with the exceptions of public relations (located in Public Affairs, which reports directly to the General Manager) and the majority of service development (performed by

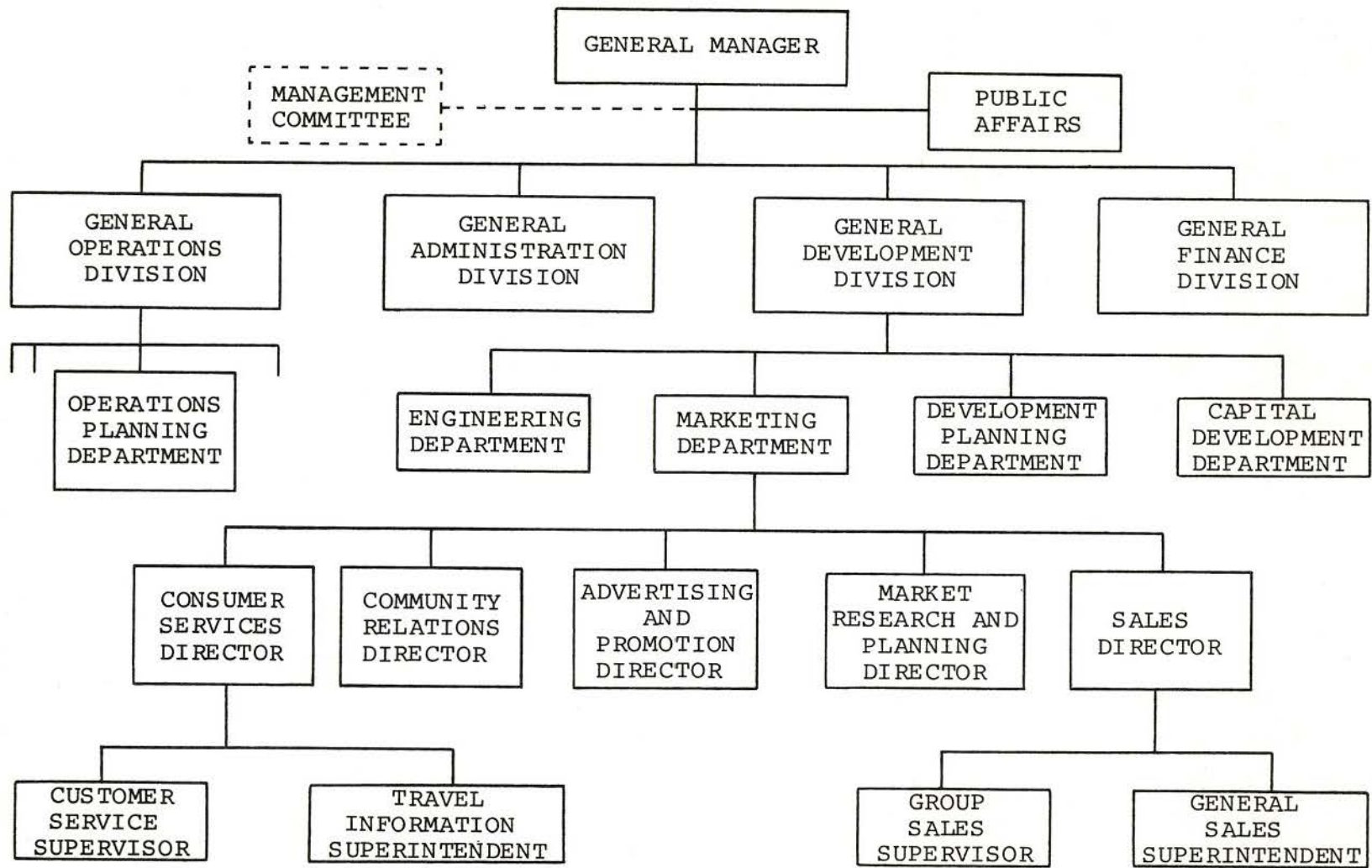


Figure II-1. Chicago Transit Authority Marketing Function Organization Chart



the Operations Planning Department within the General Operations Division). CTA's marketing function is one of the few which recognize and formalize a transit sales activity beyond normal group and charter sales. The overall marketing organization provides an efficient structure for the effective performance of marketing function activities.

Market Research. A Director of Market Research and Planning heads the market research group. Responsibilities include the coordination and direction of studies of market penetration, market segmentation, public attitudes, ridership potential, and other areas related to increasing CTA ridership and revenues. For simple rider surveys and demographic studies, the market research group employs the services of the Travel Information unit's telephone answering personnel during slack times. The market research unit is also responsible for interpretation of research findings and development of service-change recommendations for the approval of the Marketing Department Manager. The research and planning activities are coordinated with the Operations Planning Department and the Development Planning Department.

Service Development. CTA's service development activity is distributed between three organizational units: the Market Research and Planning group within the Marketing Department, the Development Planning Department, and the Operations Planning Department. All service changes must be approved by a Management Committee composed of the four Division Managers, the Manager of Development Planning, the Manager of Public Affairs, and the Chairman of the recently-created Regional Transit Authority in an ex officio role. CTA is not attempting substantial route and service expansion because 95 percent of the service area population is already served within three-eighths of a mile; improving the effectiveness of the present system is CTA's general service development objective.

Promotion. The Advertising and Promotion group handles mass media advertising and in-house promotion activities; it also prepares and distributes promotional materials, schedules, maps, and service-change notices. The Advertising and Promotion Director coordinates and directs the efforts of CTA's advertising agency in the planning, development, execution, and placement of advertising. Public relations activities are conducted by the Public Affairs Department.

Customer Services. CTA's extensive customer service activity is handled by three sections: Sales, Community Relations, and Consumer Services. The Sales section performs the normal group and charter sales activities but is also involved in the direct selling of conventional CTA services to individuals, groups, corporations, and the like. Members of the Sales staff call on customers to analyze requirements and prepare service and rate proposals. The Community Relations section acts as CTA's liaison with both civic and commercial groups by receiving suggestions and presenting

informational programs on the various CTA services. The Consumer Services section operates the downtown Travel Information Center and performs the telephone inquiry function through the Superintendent of Travel Information. CTA's telephone inquiry service is supported by a computer-based microfiche system which flashes instant information to the operators, enabling them to respond quickly and accurately to the public. The Travel Information Center, in addition to providing the public with CTA information and materials, supplies route and timetable information for AMTRAK, eight commuter railroads, and the 30 suburban bus companies which serve the metropolitan Chicago region. A Customer Service group rounds out the Consumer Services section; it provides in-depth responses to complaints, commendations, suggestions, and other special inquiries.

## 2) Municipality of Metropolitan Seattle (Metro)

Background. Metro was established in 1958 as a waste water treatment authority. In 1967, the enabling legislation for Metro was amended to include the responsibility for transit planning in the Seattle metropolitan area. Operating responsibility for the transit system in Seattle and surrounding King County was vested in January, 1973. Metro then proceeded to acquire the city-owned Seattle Transit System and a privately-owned system serving the remainder of King County. The Metro system currently operates over 500 buses and 58 trolley coaches.

Summary. Metro has one of the most completely integrated marketing organizations of any system visited by the study team. With the exception of public information, every transit marketing activity is performed within a group of over 100 people headed by the Manager of Marketing and Service Planning. Metro's efficient marketing organization and its strong and pervasive consumer orientation are a potentially unbeatable combination. Figure II-2, below, summarizes Metro's marketing organization.

Market Research. The Chief of Market Research and Planning, who reports to the Supervisor of Marketing, performs the market research activity within Metro. Most of the market research is done in-house and is designed to answer specific research questions. Research projects are divided into three groups: simple studies generally conducted for in-house operational use (e.g., on-board rider surveys, mailed rider surveys, etc.); limited surveys, usually with a sample size of under 400, to evaluate current services; and major attitudinal or impact studies which are contracted out. Research results are distributed throughout the Transit Department and serve as input to the service development and market planning processes. Market research



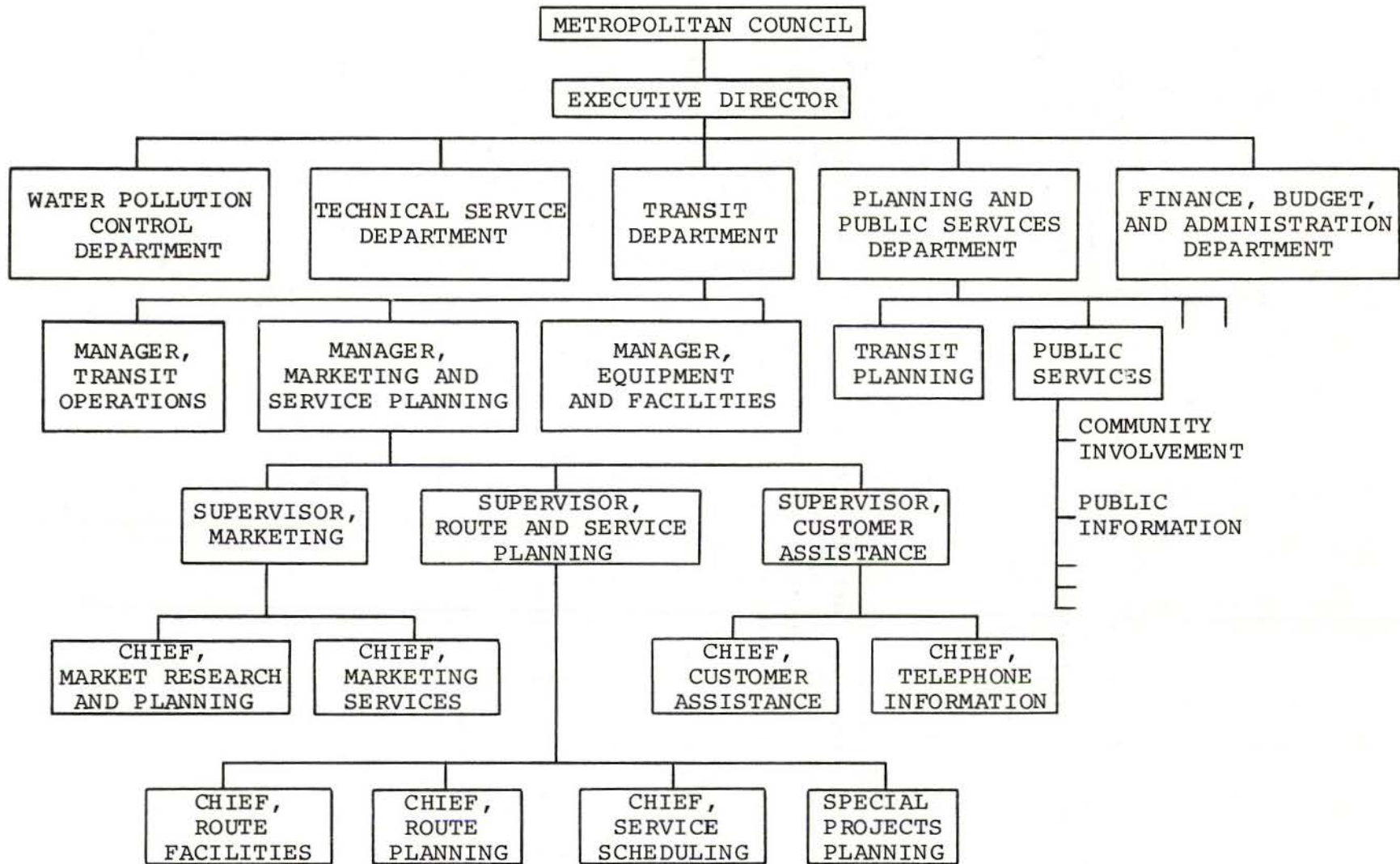


Figure II-2. Seattle Metro Marketing Function Organization Chart



activities within the Market Research and Planning section are coordinated with other Metro research and survey activities such as those conducted by the Transit Planning group in the Planning and Public Services Department.

Service Development. Metro's service development function is the responsibility of the Supervisor of Route and Service Planning. The Supervisor's duties include directing the planning of service, route, and facilities improvements. The Route and Service Planning group coordinates the development of transit service and facilities planning with other Metro functions such as new building construction, environmental projects, highway planning and construction, industrial and commercial development, and regional transportation planning. The group is also responsible for initiating and directing project studies for specialized transit services and facilities. Most of the Metro service development activity is performed according to a "target" marketing process which entails careful and complete integration of all development activities from segmented market research through the operational phase of specific transit services. The service development activity makes extensive use of the Revenue and Service Information System (RASI) to measure productivity of routes and services. Long-range (three to five years) service development activities are the responsibility of the Transit Planning group in the Planning and Public Services Department.

Promotion. Metro's advertising is managed on a project-to-project basis. The responsibility for advertising coordination is shared by the Manager of Marketing and Service Planning and the Supervisor of Marketing. Metro has retained a consortium of marketing and advertising specialists who provide consulting, planning, and implementation assistance to the promotion activity. Public relations is handled in-house by the Public Services group of the Planning and Public Services Department; additional public relations support is provided by the marketing consortium contractors. Promotional activities are also conducted by the Customer Assistance group.

Customer Services. Customer service activities are divided between the Supervisor of Customer Assistance and the Chief of Marketing Services, who reports to the Supervisor of Marketing. The Customer Assistance group operates the Customer Assistance Office in downtown Seattle to provide information to the public and to handle special sales (e.g., senior citizen passes, ticket books, school tokens, etc.). In addition, the Customer Assistance group operates the telephone information center. The Marketing Services group is responsible for preparing community relations programs and for producing and distributing promotional and informational materials. The timetables, maps, posters, and other



informational items are available to the public through over 500 rider information outlets. The aggressive and timely distribution of these customer information materials has resulted in a decrease in telephone inquiries and a net cost benefit to Metro.

### Medium Transit Systems (150 to 500 vehicles)

#### 1) Queen City Metro of Cincinnati (Metro)

Background. In August, 1973, the privately-owned Cincinnati Transit, Inc., was purchased by the City of Cincinnati. The system was renamed Queen City Metro and the responsibility for operating it was vested in the Southwest Ohio Regional Transit Authority (SORTA). Management for Metro is provided by a team from a contract management firm. Metro currently operates 422 vehicles throughout its system.

Summary. The marketing function at Metro is very well organized and highly integrated. All of the marketing activities are performed within the Marketing Department, which is headed by a Director of Marketing. The entire Metro organization responds well to special marketing projects such as the Bicentennial Activities Project Office. A consumer orientation is evident throughout the Metro structure. The Metro marketing function organization is shown in Figure II-3, below.

Market Research. Metro's Director of Marketing directly oversees all market research activities. Research is properly considered fundamental to Metro's ability to develop and promote transit services which are highly desired by the community. Major research efforts have dealt with the needs of senior citizens, the requirement for special summer service, and customer preferences for expanded transit schedule handouts. Although most of the research projects are limited in scope and are accomplished in-house, a major regional market survey is scheduled for 1975. Market research information is carefully coordinated with the Operational Research and Planning Department to insure the inclusion of the most current internal operating information.

Service Development. The Metro approach to service development revolves around a team concept which is particularly appropriate for smaller and middle-sized transit operations. At Metro, new route service is planned jointly by the Director of Marketing and the Director of Schedules. The two enjoy a close and effective working relationship which is backed up by the general team approach of all Metro management activities. Fare changes and route

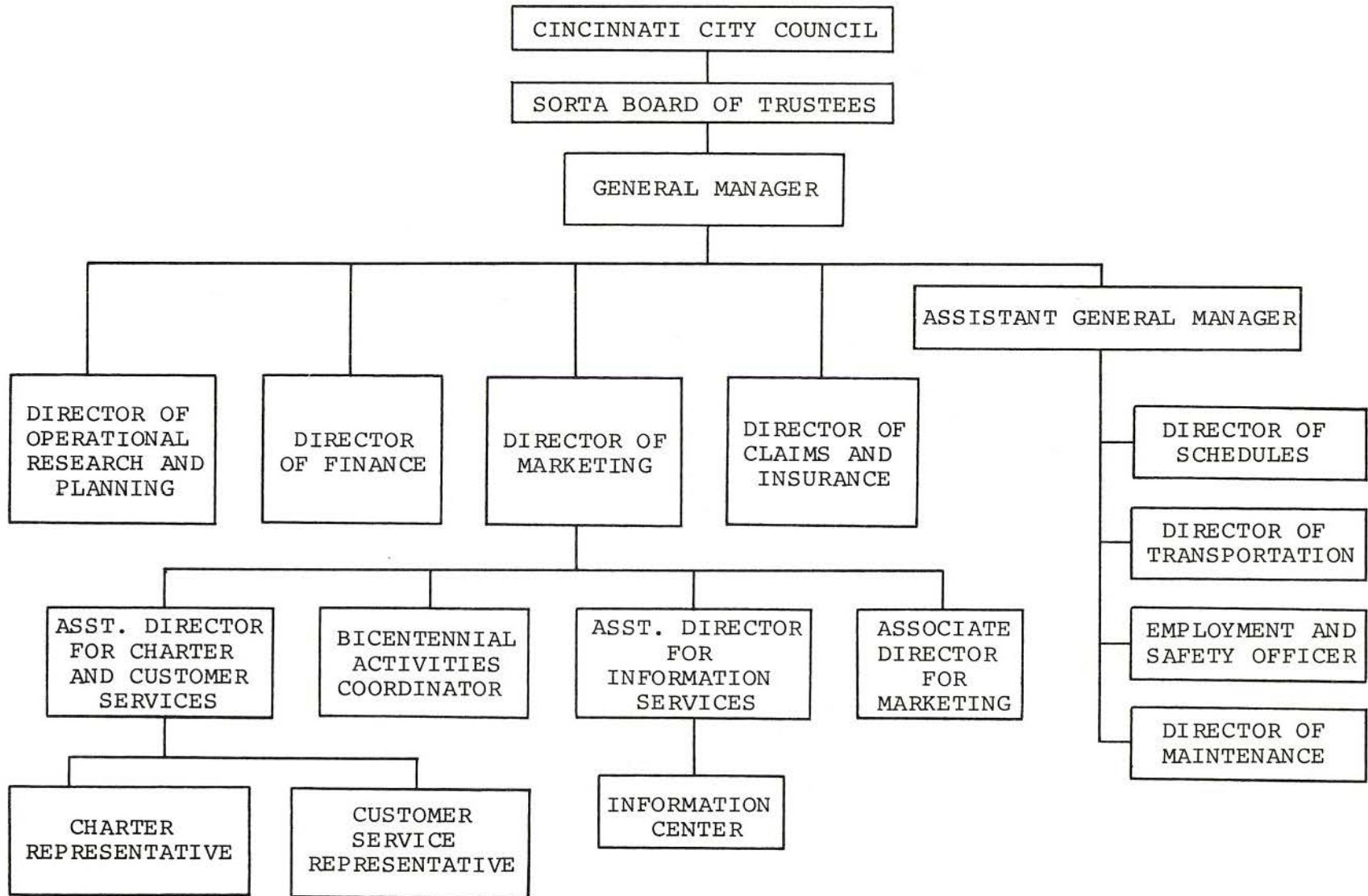


Figure II-3. Queen City Metro Marketing Function Organization Chart



extensions must be approved by the SORTA Board of Trustees and coordinated with the Cincinnati City Council. The team approach insures that all service development proposals are based on a thorough assessment of need by the marketing staff and an equally thorough assessment of feasibility by operations personnel.

Promotion. The advertising activity is coordinated by the Associate Director of Marketing. Although Metro retains the services of an advertising agency, all media placement and purchasing are closely supervised by the Associate Director of Marketing. Special promotions such as Bicentennial Activities are included in this unit. Promotion activities are closely tied to the market research and service development activities--again, through Metro's team approach to management.

Customer Services. Metro's customer service activities are divided between the Assistant Director for Information Services and the Customer Service Representative, who reports to the Assistant Director for Charter and Customer Services. The Information Services unit includes the telephone inquiry staff and is responsible for distribution of schedules and rider information. The latter area includes maintenance of an extensive system of schedules mounted on light poles throughout the city. The Customer Services unit acts as Metro's consumer ombudsman and handles all rider complaints and suggestions concerning transit services. The unit is heavily involved in the development of various community relations projects involving youth groups, cultural institutions, and the business community.

Special Sales. The charter and group sales effort is the responsibility of the Charter Representative, who reports to the Assistant Director for Charter and Customer Services. Metro operates a year-round charter service within a 50-mile radius of Cincinnati. Special transit services such as tours, sports event service, and summer service are also sold through this unit.

## 2) Denver Regional Transportation District (RTD)

Background. With the purchase of Denver Metro Transit in July, 1974, RTD became an operational organization; before this date it had functioned solely as a planning unit. By mid-1974, RTD had acquired all remaining transit systems in the Denver metropolitan area. However, the assumption of operational responsibilities did not remove RTD's regional transit planning duties; the dual nature of the system--planning and operations--is reflected in RTD's overall organizational structure. RTD retains a contract



management firm to handle day-to-day operational duties under the general guidance of the RTD Assistant Executive Director (AED) for Operations. RTD currently operates a fleet of just under 500 vehicles.

Summary. As can be seen from Figure II-4, below, RTD's marketing function is considerably spread throughout the organization. However, the marketing function is able to perform effectively because of unusually capable management, a strong consumer orientation, and a firm commitment to marketing from the top down. In addition, RTD's relative newness allows it to remain flexible enough for an informal team management approach; in other words, although organizationally fragmented, the marketing function has been informally integrated across formal organizational lines. RTD has no organizational units below the departmental level; the various functional activities are identified only by job title. Of special interest is the fact that RTD's Bus Marketing group, which handles aspects of all four major marketing activities--market research, service development, promotion, and customer services--is a division of the Operations Department. (Bus service, incidentally, is RTD's only current transit mode.)

Market Research. The market research activity is performed entirely within RTD's Bus Marketing program. A Market Analyst and two Aides report to a Manager of Market Analysis who, in turn, reports to the Director of Bus Marketing. This staff researches demand patterns, performs demographic analyses, and develops market data from Denver and other cities to assess various service attributes (i.e., fare structures, frequency of service, service hours, etc.). The Market Analysis staff also assists in the analysis of plans for service improvements and is responsible for evaluating the effectiveness of marketing programs and projects. For specific route studies, the contract management firm contributes staff assistance. Other RTD market research activities include designing survey instruments, supervising the distribution and collection of the survey instruments, verifying the accuracy and reasonableness of collected data, and analyzing survey results.

Service Development. RTD's bus service development activity is performed within the Operations Department; the Planning and Development Departments shown in Figure II-4 are concerned strictly with the long-range development of a fixed guideway rapid transit system. With the exception of detailed scheduling and routing matters, all proposals for bus development programs are prepared by the Bus Marketing staff and submitted to the AED for Operations for approval. Refinements to service development projects which relate to scheduling and routing are performed within

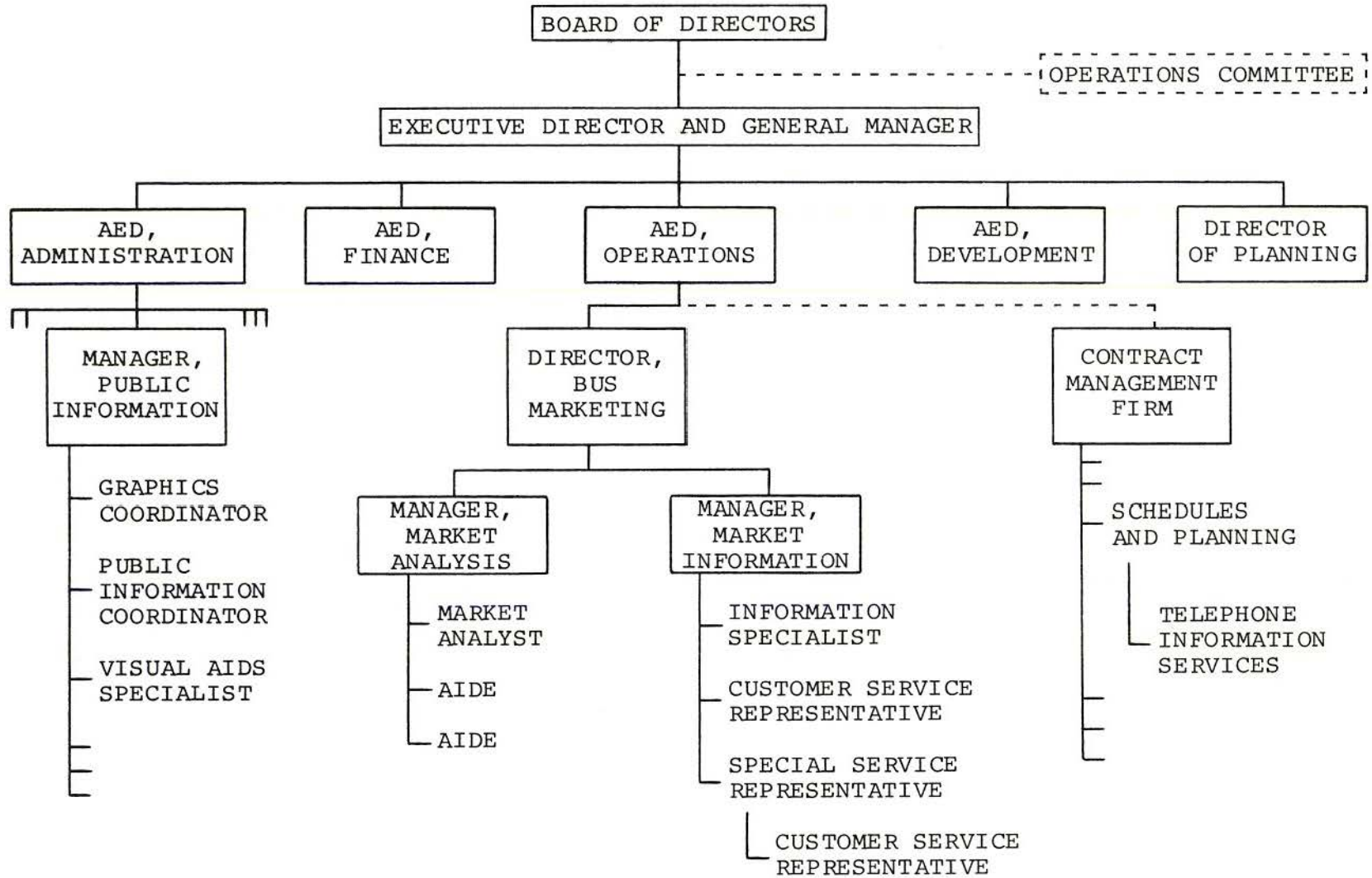


Figure II-4. Denver Regional Transportation District Marketing Function Organization Chart



the Schedules and Planning section of the contract management firm. In addition, the management firm is responsible for developing service pricing analyses; these are submitted to the Director of Bus Marketing and must be approved, in turn, by the AED for Operations, the Executive Director, and the Operations Committee of the Board of Directors.

Promotion. RTD's promotion efforts are divided between the Operations and Administration Departments. Advertising and promotional campaigns are developed and implemented within the Operations Department by the Director of Bus Marketing with the assistance of the Manager of Market Information. An Information Specialist reporting to the Manager of Market Information is responsible for developing special transit education programs for employees, school groups, neighborhood centers, and the like. Within the Administration Department, the Manager of Public Information is responsible for press and media liaison as well as institutional advertising.

Customer Services. The Manager of Market Information, who reports to the Director of Bus Marketing within the Operations Department, is responsible for supervision of two Customer Service Representatives and a Special Service Representative. The Special Service Representative supervises the operation of RTD's downtown information center while the Customer Service Representatives assist in the distribution of promotional materials, answer inquiries at the information center, and serve as the "eyes and ears" of RTD by riding buses and soliciting customers' opinions on the quality of service. RTD's telephone information service is currently operated by the contract management firm.

Special Sales. Charter and special-service sales programs are the responsibility of the Special Service Representative, who also supervises the downtown information center.

#### Small Transit Systems (under 150 vehicles)

##### 1) Cumberland-Dauphin-Harrisburg Transit Authority, or Capitol Area Transit (CAT)

Background. CAT operates 92 buses in the Harrisburg metropolitan area and, at the time of the study, had retained a contract management firm to manage operations.

Summary. CAT's marketing function is performed through a team approach supplemented by the services of an advertising agency. CAT's management team evidences a strong consumer orientation. All CAT operations are closely scrutinized



by the Transit Authority Board and all service and route changes, fares, ad campaigns, and customer service activities must be approved by Board members. CAT's marketing function organization is shown in Figure II-5, below.

Market Research. Market research activities are performed by the advertising agency and are coordinated by CAT's Administrative Assistant for Marketing. A system-wide rider attitude survey was completed by the advertising agency in early 1975.

Service Development. All service development activity is directed by the Resident Manager and the Director of Administration. Because of the smallness of the system, these two managers have an intimate knowledge of every aspect of CAT operations. The Administrative Assistant for Marketing rounds out the service development team.

Promotion. The Administrative Assistant for Marketing coordinates CAT's day-to-day promotion activities and manages the efforts of the advertising agency. However, all major advertising and promotion decisions, including the decision to retain the advertising agency, are made by the Transit Authority Board. In addition to advertising, the agency provides press releases, public relations, and general communications services. An internally-circulated newsletter is an integral part of CAT's promotion activity.

Customer Services. CAT's Marketing unit includes a telephone information center and maintains an active distribution system for rider information and token sales.

## 2) Metropolitan Tulsa Transit Authority (MTTA)

Background. MTTA operates 90 buses in the Tulsa metropolitan area. It is owned and operated by a public authority which was established in 1968. For the next several years, MTTA operated in a continuing state of decline. Then, in January of 1972, Joseph Arnn was named Executive Director. Mr. Arnn felt he could reverse the system's decline by adopting a marketing approach. His strategy was to emphasize, through an informal public relations program, the potential of mass transit; he felt that promotion of the existing system, such as it was, would have been unrealistic. Mr. Arnn used economic criteria to determine his target markets and aimed his messages using a modified version of the opinion-leader approach. He also brought in a scheduling expert as Operations Manager; as a result, schedules, routes, and fares were evaluated and altered through modern analysis techniques. Finally, a fleet of much-needed new buses was obtained through an UMTA capital grant. Eighteen months after taking over, Mr.

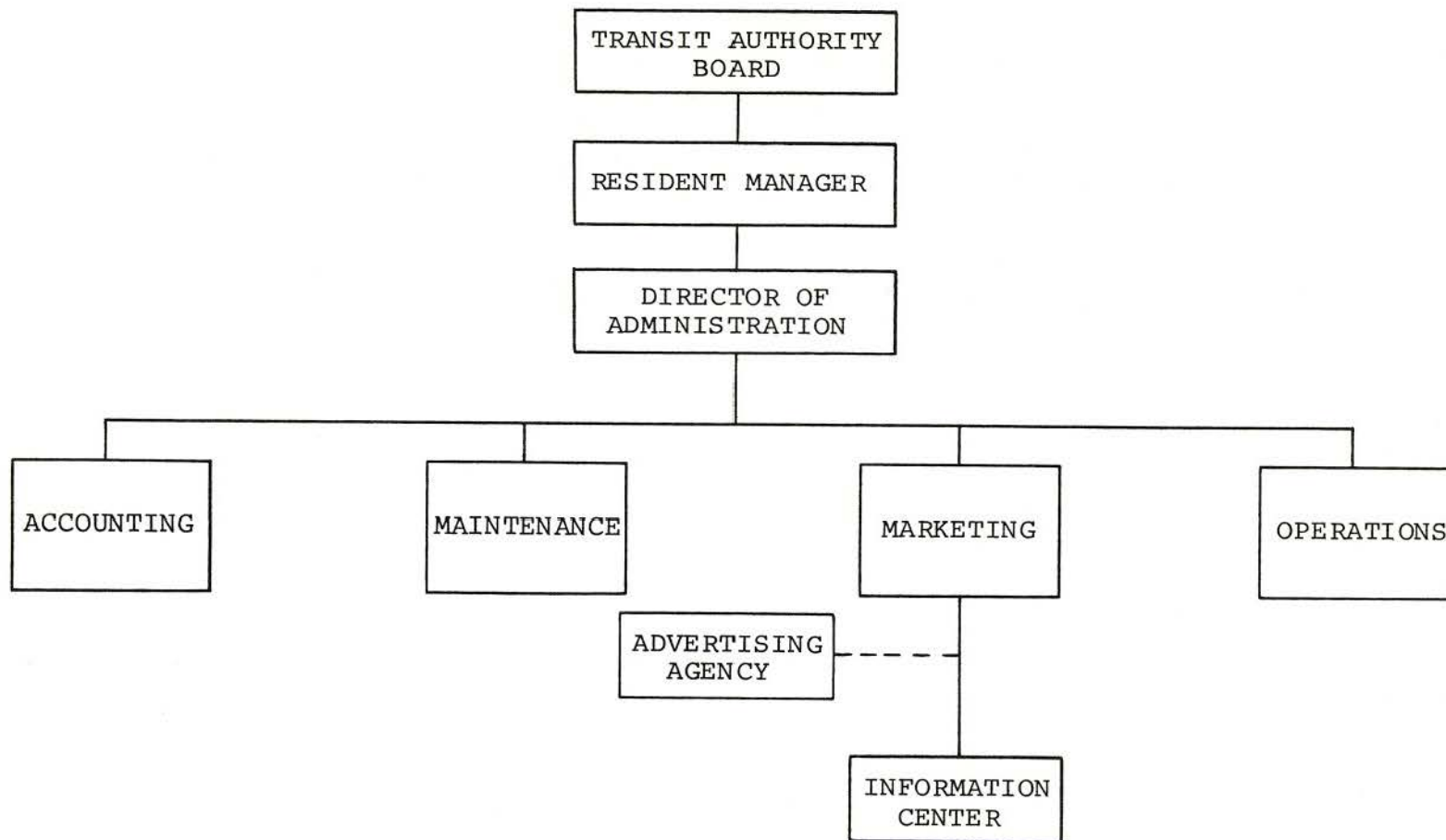


Figure II-5. Capitol Area Transit Marketing Function Organization Chart



Arnn retired; however, the influence of his marketing approach is still very much in evidence at MTTA. In terms of ridership figures, the results speak for themselves. In 1971, before Mr. Arnn was named Executive Director, MTTA's ridership was 1.7 million. By the end of 1972, ridership had increased to 2.1 million. And by the end of 1973, ridership had reached 2.6 million. Mr. Arnn and his marketing approach were clearly responsible for reversing the years of decline.

Summary. The MTTA marketing function is directed and coordinated by the Manager of Marketing. MTTA's marketing organization is well integrated in that the Manager of Marketing works very closely with the Executive Director and the Assistant Director on marketing policy and major marketing program decisions. The degree of MTTA's consumer orientation is outstanding, as evidenced by the results discussed above. The current MTTA marketing function organization is presented for reference in Figure II-6, below.

Market Research. The MTTA market research activity is coordinated by the Manager of Marketing. The Service and Planning Representative distributes and compiles passenger survey forms, conducts on-board surveys, and assists in the performance of research studies. All major, comprehensive market surveys are performed under contract by an outside market research firm.

Service Development. Major service development activities are managed on a team basis by the Executive Director, the Assistant Director, and the Manager of Marketing. Recommendations for route and service changes, based on market research findings and conclusions, originate in the Marketing unit and are proposed to the senior MTTA management team. The general service development categories include special needs service (for the elderly, handicapped, low-income, etc.), express routes, shopping and recreational routes, and exclusive-use routes.

Promotion. MTTA's advertising and public relations activities are directed by the Manager of Marketing with the support of an advertising and public relations firm. Advertising is employed to introduce specific user-oriented services to specific target groups which have been determined by market research. MTTA's public relations activities are performed by the Manager of Public Relations, who reports to the Manager of Marketing. These activities, which include media releases, special community events, and regular MTTA publications, all serve to enhance the public perception of mass transit as an attractive, high-quality urban service.

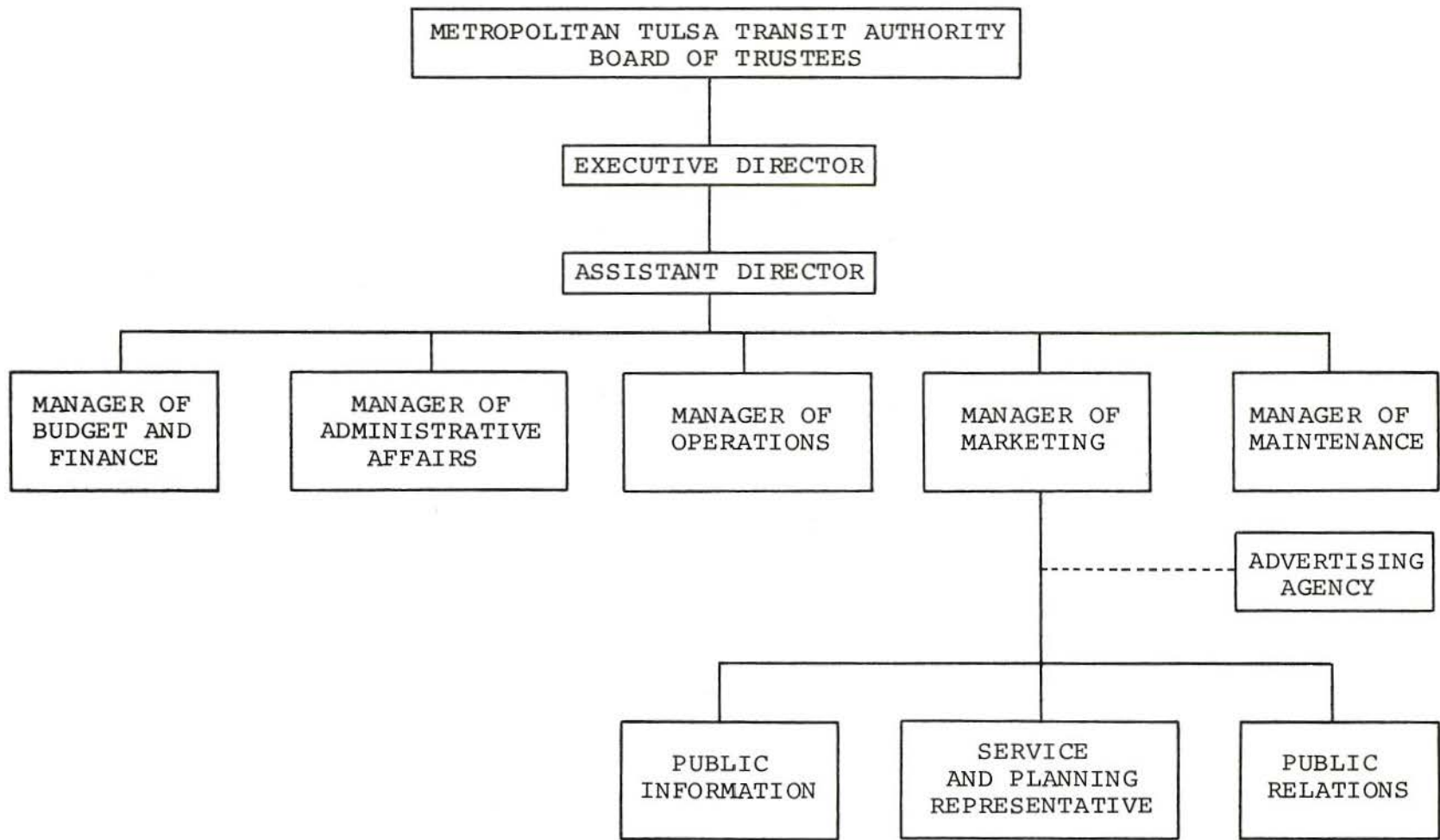


Figure II-6. Metropolitan Tulsa Transit Authority Marketing Function Organization Chart



Customer Services. MTTA's customer service activities are conducted by a Director of Public Information, who reports to the Manager of Marketing. The activities include telephone information service during all hours of operation, system route maps and schedules which are available at all major access points, bus stop signs, and mass-media dissemination of service information.

### 3) Montgomery (Alabama) Area Transit System (MATS)

Background. MATS was initiated in 1974 and currently operates a fleet of 40 vehicles. Management is provided by a contract management firm.

Summary. The MATS marketing function is centralized in the office of the Resident Manager, who works closely with the management firm on the development of specific transit marketing projects. The Marketing and Public Relations Department consists of two "AmBUSadors" who make public appearances, distribute rider information, etc. The public relations activity is performed under contract by an outside public relations firm. A consumer orientation pervades the entire MATS organization, from its driver training program to its maintenance personnel. Figure II-7, below, depicts the MATS marketing function organization.

Market Research. MATS uses largely informal methods for obtaining market information; for example, its AmBUSadors gather informal rider data as they move throughout the community. More formal research is performed by the City of Montgomery Planning and Development Department, which is currently directing an on-board survey.

Service Development. Minor service changes are initiated and implemented by the Resident Manager and the Superintendent of Transportation. Major service changes are subject to the approval of a city Policy Committee, a Technical Coordinating Committee, and a Citizens Participation Group. The process of planning major service changes and securing approval for them is coordinated by the city Planning and Development Department.

Promotion. MATS maintains a continuing effort to promote transit services through public service time on mass media. The services of a public relations firm are used to help in the preparation and distribution of display advertising.

Customer Services. The two AmBUSadors of the Marketing and Public Relations Department carry out the MATS rider information program. In addition, they provide a link between MATS and various community organizations.

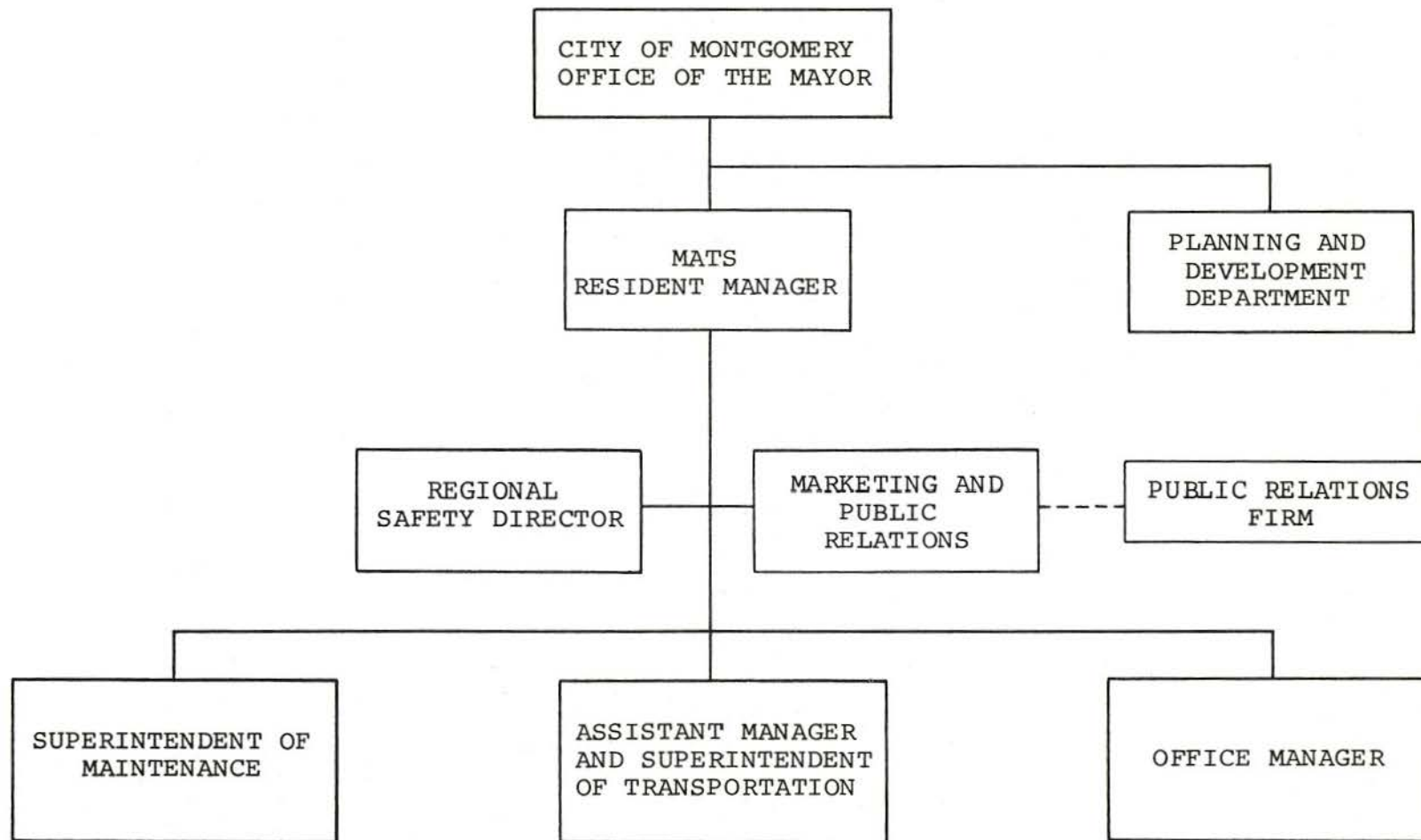


Figure II-7. Montgomery (Alabama) Area Transit System Marketing Function Organization Chart



#### 4) Duke Power Company (Greensboro, N.C.) (Duke Transit)

Background. Duke Transit is one of four transit systems owned and operated by the Duke Power Company, a North Carolina electric utility company. Duke Transit is serving as the pilot model for the other Duke Power properties in terms of developing a marketing effort. At present, Duke Transit operates 33 vehicles in the Greensboro area.

Summary. Although the transit marketing function is still in its infancy, Duke Power has begun the marketing development process by installing a Supervisor of Business Development--a position which is unique among Duke Power's transit properties. The Supervisor is a consumer-oriented person with a very general charter: to make Duke Transit responsive to its market. The Supervisor reports to the Manager of Transportation and is responsible for public relations, information services, research, and basic planning. No advertising is undertaken on behalf of Duke Transit because the local utilities commission requested the discontinuation of all utility-company advertising. A study to produce short- and long-term development plans for Duke Transit has been performed by a private firm in cooperation with the Greensboro city planning department; the results include a market analysis and service recommendations. The Supervisor of Business Development will be responsible for implementing those recommendations approved by Duke Power. In addition, the Supervisor has undertaken research into the demographic distribution of the service-area population and the demand-responsiveness of a Dial-A-Ride project. The Supervisor's objective is a complete turnaround of all Duke Power transit properties, beginning with Duke Transit in Greensboro. The current organization of Duke Power, as it pertains to the Greensboro operation, is depicted below in Figure II-8.

#### **A Recapitulation**

The material presented thus far lays the groundwork for the remainder of the handbook. The discussion of marketing--both in general terms and as applied in the transit industry--is intended to provide a conceptual foundation for the approaches and recommendations offered in Chapters III through VI. The organizational structures discussed in this chapter will aid the reader by providing some points of reference for the approaches and recommendations which follow, all of which are based on actual experience from within the transit industry.

Subsequent chapters contain the following information for organizing or reorganizing the transit marketing function:

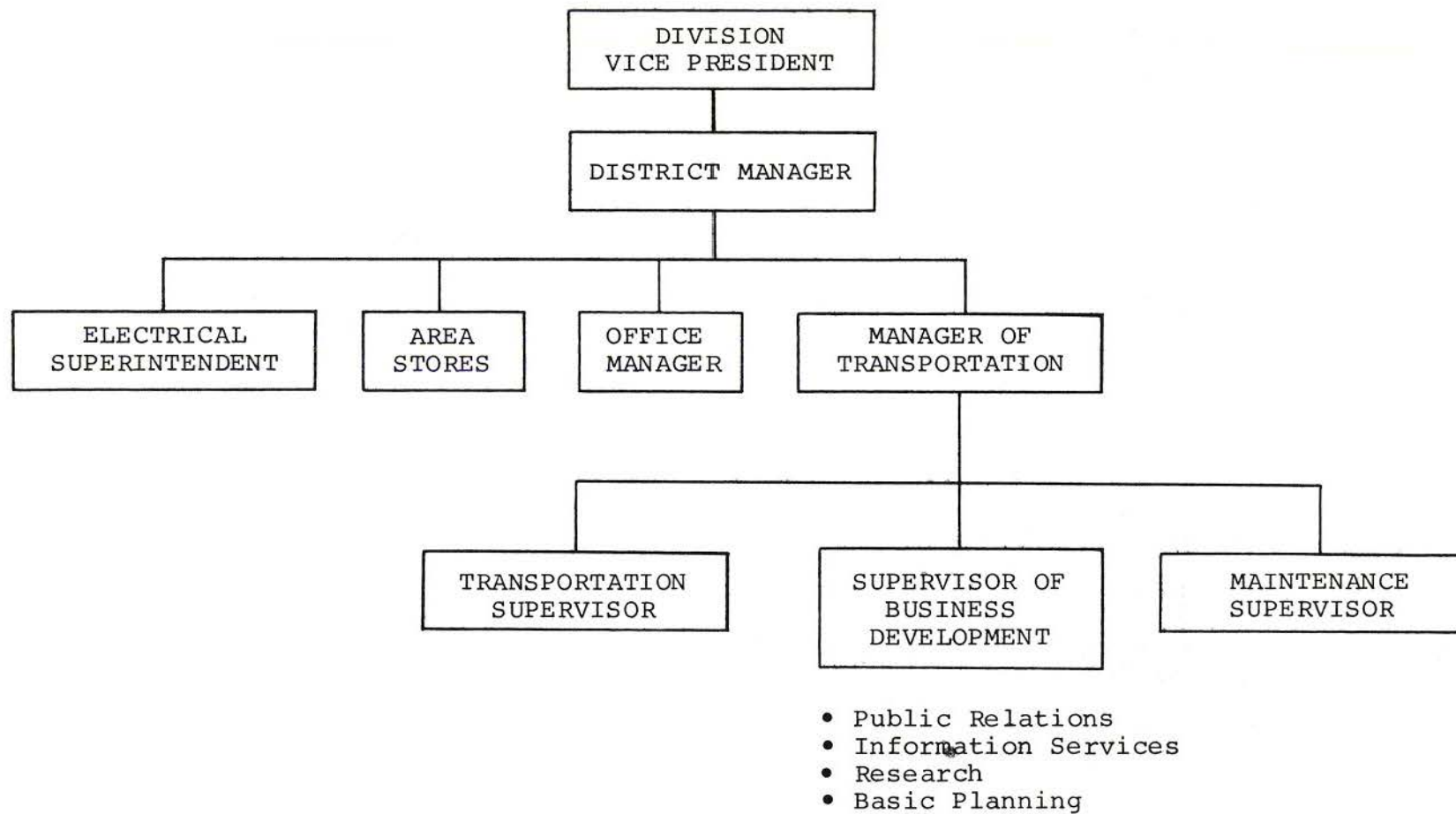


Figure II-8. Duke Power Company (Greensboro, N.C.) Organization Chart



- guidelines, in the form of a checklist, for evaluating the nature of a transit system's marketing structure, capabilities, and orientation;
- suggestions for planning a new marketing structure or for reorganizing an existing one; and
- recommendations for planning and carrying out the marketing reorganization process.

The suggestions and recommendations which follow are not meant to be dogmatic or inflexible. Instead, they should be regarded as guidelines or reference points, to be modified as individual situations demand.

## Chapter III

### Evaluating Transit Marketing Organizational Structures

#### What Is a Marketing Organization Evaluation?

A marketing organization evaluation should be the initial step in the process of organizing or reorganizing a transit system's marketing function. The evaluation includes an inventory of all the factors which constitute a transit system's present marketing situation as well as a review of the factors which led to the present situation's development. In the process, particular attention should be focused on the system's marketing program, personnel, and resources and on its overall degree of consumer orientation.

In addition to the initial evaluation, every transit system should undergo periodic re-evaluations. Such evaluations are invaluable tools for (1) isolating and identifying a system's weaknesses, (2) developing means for augmenting and building upon a system's strengths, (3) understanding the conditions which led to past successes and failures, and (4) determining the probable effects on a system's marketing efforts of conditions which are likely to arise in the future.

#### Who Should Conduct the Evaluation?

Choosing the proper person or persons to conduct the marketing organization evaluation is critical to its success. But an even more important requirement must be met before evaluators are chosen: the marketing evaluation must be commissioned by the highest authority within the transit system. If a system's top decision-makers do not enthusiastically support the evaluation, its findings and recommendations will never be implemented and the effort will be wasted.

A two-person evaluation team consisting of a staff member and a person from outside the system usually proves the most effective device for carrying out a marketing evaluation; however, this approach can be scaled back for smaller transit systems. The two most important requirements for evaluation team members are a thorough understanding of (1) the marketing function and consumer orientation and (2) transit operations and procedures. The transit staff members should have, in addition, a complete understanding of the entire transit system and ready access to other staff members and information. The outside team member, of course, must possess a degree of objectivity.



### How to Conduct the Evaluation

A marketing organization evaluation should require no more than two or three weeks' time. The evaluation team should report to top management in a special-project capacity and should be responsible for preparing a formal report which summarizes the findings, conclusions, and recommendations from the evaluation process. The team must be assured free access to all transit system personnel and information.

As a starting exercise, the evaluation team should make an attempt to collect every relevant marketing fact concerning the transit system's services, market, personnel, performance, etc. Much of this information is easily obtained within the system; other data can be gathered from outside sources such as those listed in Appendix B to this handbook. This marketing information will serve as background for the evaluation and will help in making a case for beefing up the marketing function if that, in fact, is what is required. The bulk of the data-collection effort will be a one-time occurrence; updating the information for future marketing evaluations can be done with relative ease.

After the data-gathering exercise, the evaluation process should proceed to an investigation of the transit system's marketing function. Because the evaluation is intended to deal only with the organization of the marketing function, the evaluation team must confine its efforts to the structural aspects of marketing and resist undertaking a full-blown evaluation of marketing programs, the marketplace, and the like.

### A Checklist for the Marketing Organization Evaluation

The checklist provided below is intended as a working management aid which provides a flexible structure for the evaluation process. Because it was designed to be as comprehensive and exhaustive as possible, the checklist includes some processes, personnel, and organizational features which may apply only to larger transit systems. However, small and medium-sized systems which read through and discard obviously inapplicable refinements should find the checklist equally helpful. The basic issues remain the same for all transit systems; the larger the system, however, the more the issues need to be refined in order to be isolated and understood. In all cases, it must be remembered that the checklist is only a tool; it cannot be used as a substitute for good judgment and will be useless in the absence of a commitment to change where a need for change is indicated.

The checklist consists of a list of questions, both objective and subjective, concerning the nature of a transit system's marketing function organization. The questions are positively biased--that is, they are structured so that a "yes" answer

indicates a plus for the marketing structure while a "no" answer indicates a minus. As a result, a transit system can be "scored." However, there are problems associated with trying to assess the state of the marketing structure by using a simple, evaluative score based on the number of positive or negative answers from a checklist. For one thing, scores are comparative measures of performance; they are generally meaningless when they stand alone. Since measuring the scores of Transit System A and Transit System B against each other is not possible, a comparative scoring system is out of the question. But, since the questions do cover all the essential components of an optimum marketing structure, some conclusions can be drawn from the isolated, raw score. In general, a transit system which answers "yes" to over 75 of the 100 checklist questions can be considered marketing-oriented and reasonably well structured. Less than 50 "yes" answers indicates the existence of fundamental problems in the marketing function.

The real value of scoring is that, as the evaluation process continues over time, a transit system can measure progress or the lack of it as reflected in the scores. It must be cautioned, however, that a scoring trend will be valid only so long as the evaluation process and evaluation team are kept reasonably constant.

Another helpful feature of the checklist is the fact that the questions are clustered around general topics: objective and goals; planning; organization and structure; management; and the familiar program activities of market research, service development, promotion, and customer services. This structure allows the evaluators to analyze the marketing organization with regard to specific areas of deficiency. Even in transit systems with a reasonably high general score, there may be an area or areas of weakness; the checklist structure can help to isolate and identify those areas.

The results, conclusions, and recommendations from the evaluation process should be presented to top management in a form which allows specific decisions to be made concerning the marketing structure. The evaluation team should devise an action program which sets out the required changes in order of priority.

A discussion of the organization/reorganization process and additional management aids are presented in the following chapters.



## MARKETING ORGANIZATION EVALUATION CHECKLIST

Objective and Goals

- 1) Does the transit system have a formal consumer-oriented objective? Yes \_\_\_ No \_\_\_
- 2) Are the high-priority non-marketing goals of the transit system consumer-oriented? Yes \_\_\_ No \_\_\_
- 3) Is the collection and analysis of market research information a clear goal of the transit system? Yes \_\_\_ No \_\_\_
- 4) Does the system have as a goal the development of service in response to specific customer needs? Yes \_\_\_ No \_\_\_
- 5) Are advertising and public relations projects designed to achieve specific, well-defined goals? Yes \_\_\_ No \_\_\_
- 6) Are the various customer service programs designed to achieve specific, well-defined goals? Yes \_\_\_ No \_\_\_
- 7) Are the goals of the marketing function closely integrated across the market research, service development, promotion, and customer service activities? Yes \_\_\_ No \_\_\_
- 8) Are the transit marketing function goals thought of as more than one-shot planning devices--i.e., are they taken seriously? Yes \_\_\_ No \_\_\_
- 9) Are the marketing function goals completely familiar to the marketing staff? Yes \_\_\_ No \_\_\_
- 10) Are the high-priority non-marketing goals of the transit system completely familiar to the marketing staff? Yes \_\_\_ No \_\_\_
- 11) Are the high-priority marketing function goals well known among the non-marketing staff? Yes \_\_\_ No \_\_\_
- 12) Are the marketing manager and the marketing staff held accountable for achievement of the marketing goals? Yes \_\_\_ No \_\_\_

## MARKETING ORGANIZATION EVALUATION CHECKLIST (CONTINUED)

Objective and Goals (continued)

- 13) Are the marketing goals given the same (or higher) priority as non-marketing goals? Yes \_\_\_ No \_\_\_
- 14) Is there a formal process for establishing goals and evaluating their effectiveness? Yes \_\_\_ No \_\_\_
- 15) Do the marketing goals determine the day-to-day operations of the marketing function? Yes \_\_\_ No \_\_\_
- 16) Are the marketing function goals updated on a regular basis? Yes \_\_\_ No \_\_\_
- 17) Are the marketing goals an integral part of the budget process? Yes \_\_\_ No \_\_\_

Planning

- 18) Is there a marketing plan? Yes \_\_\_ No \_\_\_
- 19) Is the marketing plan structured around clearly-defined goals? Yes \_\_\_ No \_\_\_
- 20) Are the events and activities of the marketing plan well developed and logically tied together? Yes \_\_\_ No \_\_\_
- 21) Does the plan contain a market research element? Yes \_\_\_ No \_\_\_
- 22) Does the plan contain a service development element? Yes \_\_\_ No \_\_\_
- 23) Does the plan contain a promotion element? Yes \_\_\_ No \_\_\_
- 24) Does the plan contain a customer service element? Yes \_\_\_ No \_\_\_
- 25) Is the marketing plan updated on a regular basis? Yes \_\_\_ No \_\_\_
- 26) Do the daily marketing activities revolve around the marketing plan? Yes \_\_\_ No \_\_\_



## MARKETING ORGANIZATION EVALUATION CHECKLIST (CONTINUED)

Planning (continued)

- 27) Are the marketing plan and the budget coordinated? Yes \_\_\_ No \_\_\_
- 28) Is the marketing plan used as a control device by top management? Yes \_\_\_ No \_\_\_
- 29) Is the development of the marketing plan carried out by the entire marketing staff? Yes \_\_\_ No \_\_\_

Organization and Structure

- 30) Is there a separate marketing unit in the transit system? Yes \_\_\_ No \_\_\_
- 31) Does the marketing unit contain a market research group? Yes \_\_\_ No \_\_\_
- 32) --a service development group? Yes \_\_\_ No \_\_\_
- 33) --a promotion group? Yes \_\_\_ No \_\_\_
- 34) --a customer service group? Yes \_\_\_ No \_\_\_
- 35) Is the marketing unit on the same organizational level as units such as operations or administration? Yes \_\_\_ No \_\_\_
- 36) Is the public relations activity included within the promotion group? Yes \_\_\_ No \_\_\_
- 37) Is service development performed by the marketing unit with the support of the operations unit? Yes \_\_\_ No \_\_\_
- 38) Is all advertising coordinated and directed by the promotion group? Yes \_\_\_ No \_\_\_
- 39) Is the marketing unit a line function? Yes \_\_\_ No \_\_\_
- 40) Is there a well-recognized decision process for approval of major marketing projects? Yes \_\_\_ No \_\_\_
- 41) Is there a formal marketing development process which carries a project from market research through a development phase and into an implementation phase? Yes \_\_\_ No \_\_\_

## MARKETING ORGANIZATION EVALUATION CHECKLIST (CONTINUED)

Organization and Structure (continued)

- 42) Do the various marketing groups work as a team to achieve overall goals? Yes \_\_\_ No \_\_\_
- 43) Are all functions and lines of responsibility and authority clearly defined within the marketing unit? Yes \_\_\_ No \_\_\_
- 44) Are there written position descriptions for all marketing staff members? Yes \_\_\_ No \_\_\_

Management

- 45) Are the key transit management personnel consumer-oriented? Yes \_\_\_ No \_\_\_
- 46) Is marketing a first-priority program in the transit system? Yes \_\_\_ No \_\_\_
- 47) Are the best people in the transit system directly involved with marketing? Yes \_\_\_ No \_\_\_
- 48) Is management of the marketing function a prerequisite for advancement to top management? Yes \_\_\_ No \_\_\_
- 49) Are the marketing personnel knowledgeable about the transit system's operations? Yes \_\_\_ No \_\_\_
- 50) Do the marketing personnel need to be knowledgeable about transit operations in order to accomplish their present duties? Yes \_\_\_ No \_\_\_
- 51) Is there a single management-level person who coordinates the transit system's marketing efforts? Yes \_\_\_ No \_\_\_
- 52) Is the marketing manager a co-equal of (or superior to) the operations manager? Yes \_\_\_ No \_\_\_
- 53) Is the marketing manager as well qualified as other managers in terms of experience and education? Yes \_\_\_ No \_\_\_



## MARKETING ORGANIZATION EVALUATION CHECKLIST (CONTINUED)

Management (continued)

- 54) Is the salary of the marketing manager comparable to (or greater than) other key management salaries? Yes \_\_\_ No \_\_\_
- 55) Does the marketing manager participate in major decisions about service development? Yes \_\_\_ No \_\_\_
- 56) Is the present marketing manager expected to hold the job for more than a year? Yes \_\_\_ No \_\_\_
- 57) Do the marketing staff members regularly participate, as peers of other transit staff members, in special projects and task forces? Yes \_\_\_ No \_\_\_
- 58) Could the marketing manager be a future candidate for the position of general manager? Yes \_\_\_ No \_\_\_
- 59) Does the marketing manager make the final decisions as to the hiring of marketing staff? Yes \_\_\_ No \_\_\_
- 60) Does the marketing function prepare a formal program budget for annual activities? Yes \_\_\_ No \_\_\_
- 61) Does the marketing staff undergo a formal performance-evaluation process? Yes \_\_\_ No \_\_\_

Market Research Program

- 62) Is the market research activity the initial stage of all new marketing projects? Yes \_\_\_ No \_\_\_
- 63) Do the market research staff members participate in the service development activity? Yes \_\_\_ No \_\_\_
- 64) Are the market research data used by non-marketing staff? Yes \_\_\_ No \_\_\_
- 65) Does the market research analysis serve as the basis for transit system planning in general? Yes \_\_\_ No \_\_\_

## MARKETING ORGANIZATION EVALUATION CHECKLIST (CONTINUED)

Market Research Program (continued)

- 66) Do the market research staff and the operations analysis staff work together to improve service effectiveness? Yes \_\_\_ No \_\_\_
- 67) Is there a widespread understanding in the marketing unit of the basic composition and characteristics of the local transit market? Yes \_\_\_ No \_\_\_
- 68) Are market research projects limited in scope and focused on specific target markets for specific proposed service improvements? Yes \_\_\_ No \_\_\_
- 69) Is market research a continuing activity which builds upon past investigations and analyses? Yes \_\_\_ No \_\_\_
- 70) Are the majority of market research projects conducted in-house? Yes \_\_\_ No \_\_\_
- 71) Has the transit system commissioned a major attitudinal market survey in the past 18 months? Yes \_\_\_ No \_\_\_
- 72) Does the market research program include evaluative studies of services currently offered by the transit system? Yes \_\_\_ No \_\_\_
- 73) Is there a specific line item in the budget for market research activities? Yes \_\_\_ No \_\_\_

Service Development Program

- 74) Is the service development activity located in the system's marketing unit? Yes \_\_\_ No \_\_\_
- 75) Is the service development staff knowledgeable about both market facts and transit operations? Yes \_\_\_ No \_\_\_
- 76) Are recommendations for changes to pricing structures included in the service development activities? Yes \_\_\_ No \_\_\_



## MARKETING ORGANIZATION EVALUATION CHECKLIST (CONTINUED)

Service Development Program (continued)

- 77) Are service development projects carried through a formal implementation phase? Yes \_\_\_ No \_\_\_
- 78) Are there provisions for a trial period for testing and evaluating the feasibility of service changes? Yes \_\_\_ No \_\_\_
- 79) Are service changes accomplished with the use of a marketing team which coordinates the operational and promotional aspects of implementation? Yes \_\_\_ No \_\_\_
- 80) Is the initiation of new service changes based upon the results of market research? Yes \_\_\_ No \_\_\_
- 81) Does the service development activity follow through on service changes to evaluate their performance? Yes \_\_\_ No \_\_\_
- 82) Is there a specific line item in the budget for service development activities? Yes \_\_\_ No \_\_\_

Promotion Program

- 83) Are promotion projects based directly on the results of specific market research analyses? Yes \_\_\_ No \_\_\_
- 84) Does the promotion staff carry out an evaluation of every promotion project? Yes \_\_\_ No \_\_\_
- 85) Can the impact of the transit system's advertising campaigns be measured? Yes \_\_\_ No \_\_\_
- 86) Are promotion campaigns targeted to specific audiences? Yes \_\_\_ No \_\_\_
- 87) Does the public relations activity enlist the direct support and participation of community resources? Yes \_\_\_ No \_\_\_

## MARKETING ORGANIZATION EVALUATION CHECKLIST (CONTINUED)

Promotion Program (continued)

- 88) Is there a consideration of the mix of promotional tools (advertising, public relations, direct mail, rider information, etc.) for each promotion campaign? Yes \_\_\_ No \_\_\_
- 89) Are in-house promotion activities carried out by the promotion group? Yes \_\_\_ No \_\_\_
- 90) Is there a specific line item in the budget for promotion activities? Yes \_\_\_ No \_\_\_

Customer Service Program

- 91) Is the customer service activity sales-oriented? Yes \_\_\_ No \_\_\_
- 92) Are all rider information programs (telephone inquiries, route maps, schedules, etc.) integrated with implementation of service changes? Yes \_\_\_ No \_\_\_
- 93) Are community relations programs coordinated with promotion activities? Yes \_\_\_ No \_\_\_
- 94) Does the customer service activity feed back the results of customer contacts to the market research activity? Yes \_\_\_ No \_\_\_
- 95) Are the comparative costs and effectiveness of printed rider information versus the telephone inquiry activity taken into consideration? Yes \_\_\_ No \_\_\_
- 96) Is the telephone inquiry unit used to conduct simple market surveys by telephone during slack times? Yes \_\_\_ No \_\_\_
- 97) Does the customer service activity maintain a centrally-located, walk-in information and sales center? Yes \_\_\_ No \_\_\_
- 98) Does the customer service activity coordinate its sales efforts with the training of bus operators? Yes \_\_\_ No \_\_\_



## MARKETING ORGANIZATION EVALUATION CHECKLIST (CONTINUED)

Customer Service Program (continued)

- 99) Are special sales activities (char-  
ters, tours, etc.) directed by the  
customer services group? Yes \_\_\_ No \_\_\_
- 100) Is there a specific line item in  
the budget for customer service  
activities? Yes \_\_\_ No \_\_\_

## Chapter IV

### Recommendations for Marketing Organization

Before the actual organization or reorganization of the marketing function begins, it is helpful to review some commonly-used marketing structures and to understand the general conditions to which they are best suited. This chapter discusses the principal alternative organizational structures associated with the marketing function in the commercial sector and highlights the approach most appropriate for the transit industry. Sample modifications to the recommended structure based on size of the transit system are presented together with detailed model functional descriptions for key marketing activity units and sample position descriptions for the principal marketing staff members.

#### Marketing Structure Alternatives

A marketing unit may be organized in four basic ways: by product or service, by market-territory, by market-customer, and by function. These four approaches are described in detail below.

A product organization for marketing is usually employed where the products or services produced are not homogeneous. Product managers oversee all marketing activities concerning their particular product and are supported by staff units for research, promotion, and sales. A typical product organization is shown below in Figure IV-1. This type of organization is most frequently found in the consumer goods industries.

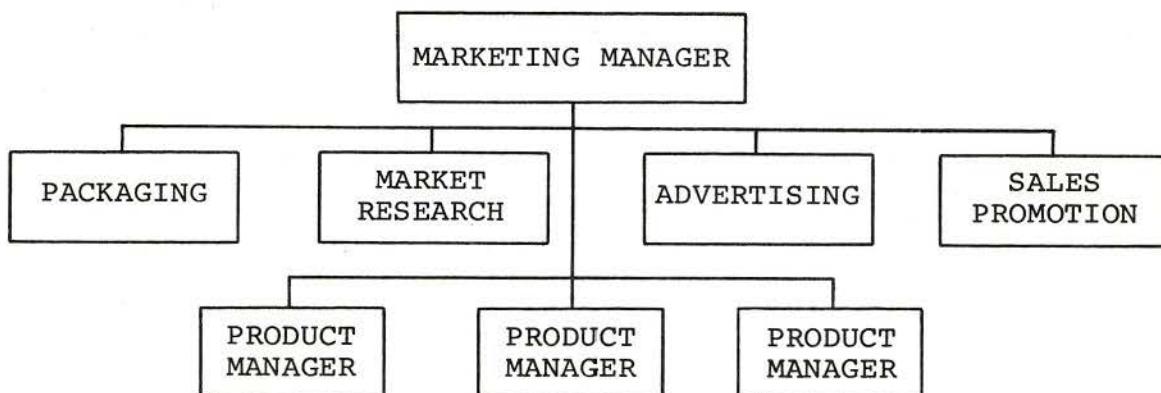


Figure IV-1. A Product Organization for Marketing

A market-territory organization for marketing is widely used where the product/service line and the market are both relatively homogeneous but the market is so large that it must be geographically segmented for management purposes. If the market segments are large enough, the territory units may have their own support staffs; usually, however, the support staffs are centralized. Large national and international firms with homogeneous products such as insurance and basic materials (e.g., steel, aluminum, etc.) are generally organized along the lines of the market-territory model depicted below in Figure IV-2.

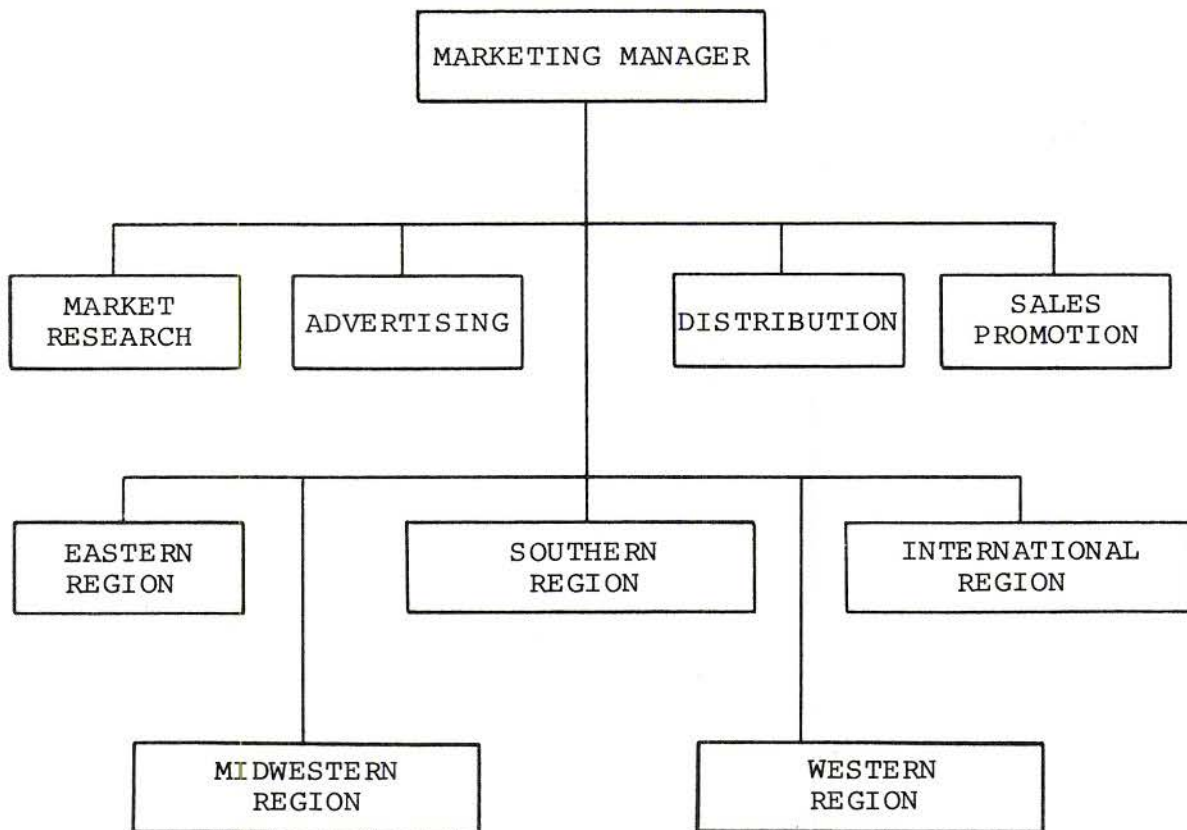


Figure IV-2. A Market-territory Organization for Marketing



A market-customer organization for marketing is commonly used where the products or services are relatively homogeneous but the customers fall into natural classes or segments. The segmentation might be by industry or by some other real criterion such as government and military markets. The market-customer units are supported by staff functions as shown in Figure IV-3, below. Marketing functions within the computer industry are frequently organized around the market-customer model, as are those of some industrial products firms.

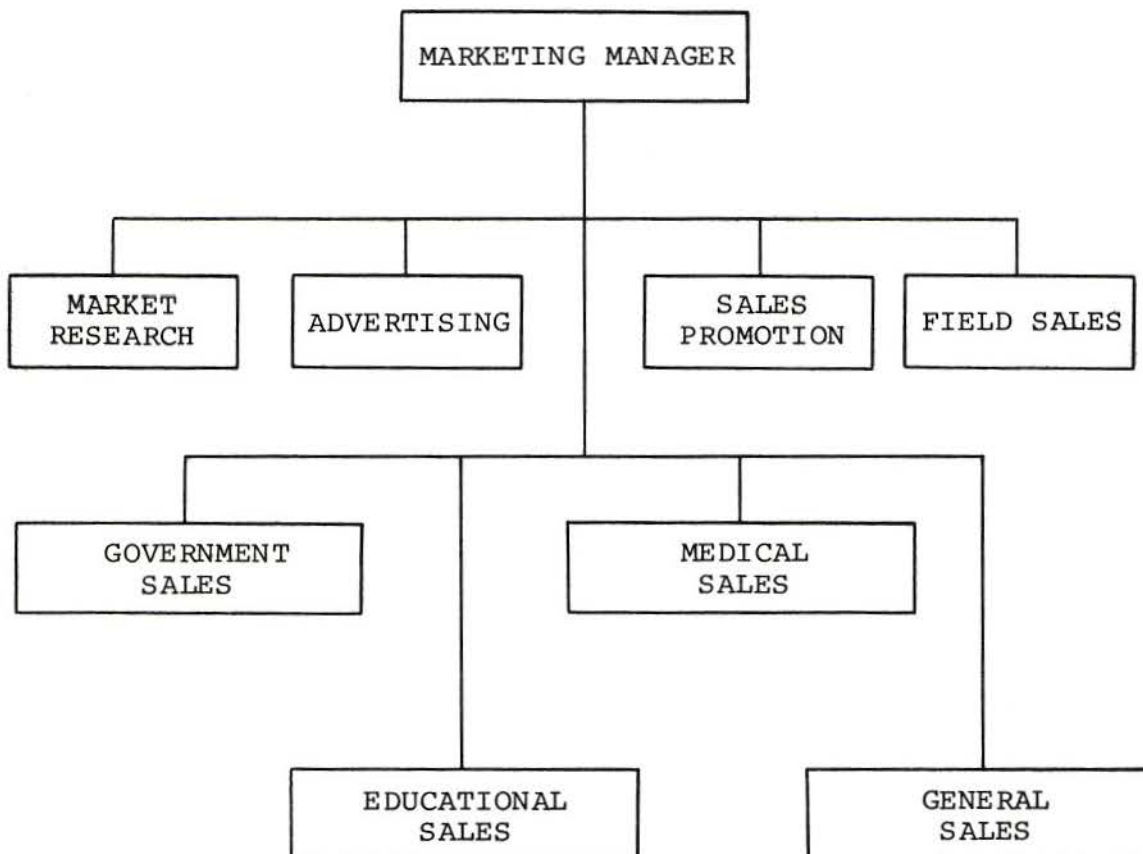


Figure IV-3. A Market-customer Organization for Marketing

A functional organization for marketing is the simplest, most common, and, usually, most effective structure. It is also the most easily-controlled structure. A functional organization is used where the products or services and the market are relatively homogeneous. Staff members of such an organization are encouraged to become specialists in the important marketing activities of market research, promotion, sales, etc. This specialization almost always results in improved effectiveness and efficiency for the overall marketing effort. Also, because of the easily-defined areas of responsibility and functional activity, organizational conflicts are reduced. Figure IV-4, below, depicts a typical functional marketing organization.

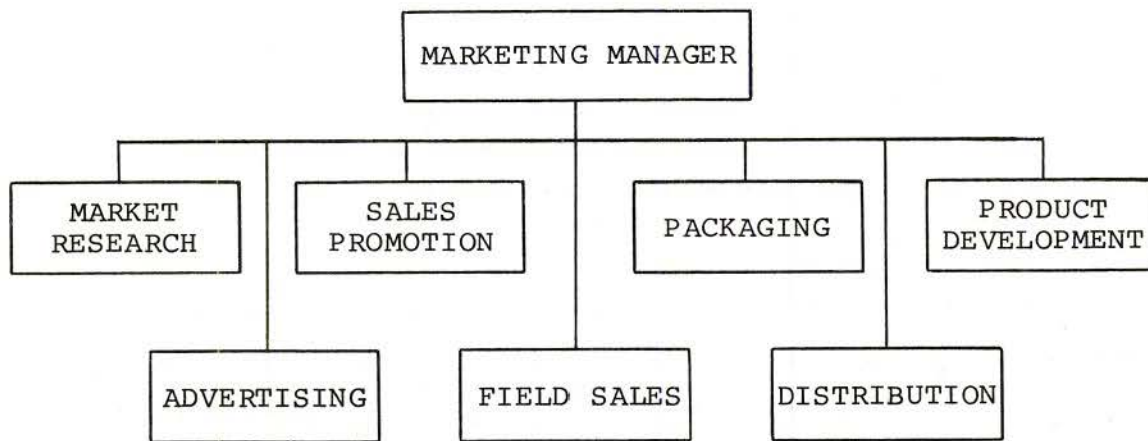


Figure IV-4. A Functional Organization for Marketing

The functional organization is the most appropriate structure for the transit marketing function. Transit services are homogeneous, the transit market is relatively localized, and transit marketing resources are limited; these three conditions call for a simple and responsive organizational structure which the functional model can best provide. Not surprisingly, all of the transit systems analyzed during the study were structured along functional lines. Although most of the structures were incomplete and some were fragmented, all were functionally organized.

The recommended transit marketing organization depicted below in Figure IV-5 is strictly a line structure. The decision-making flow for transit marketing proceeds clearly upward from each functional area through the marketing manager to the general manager. Each major activity area within the marketing

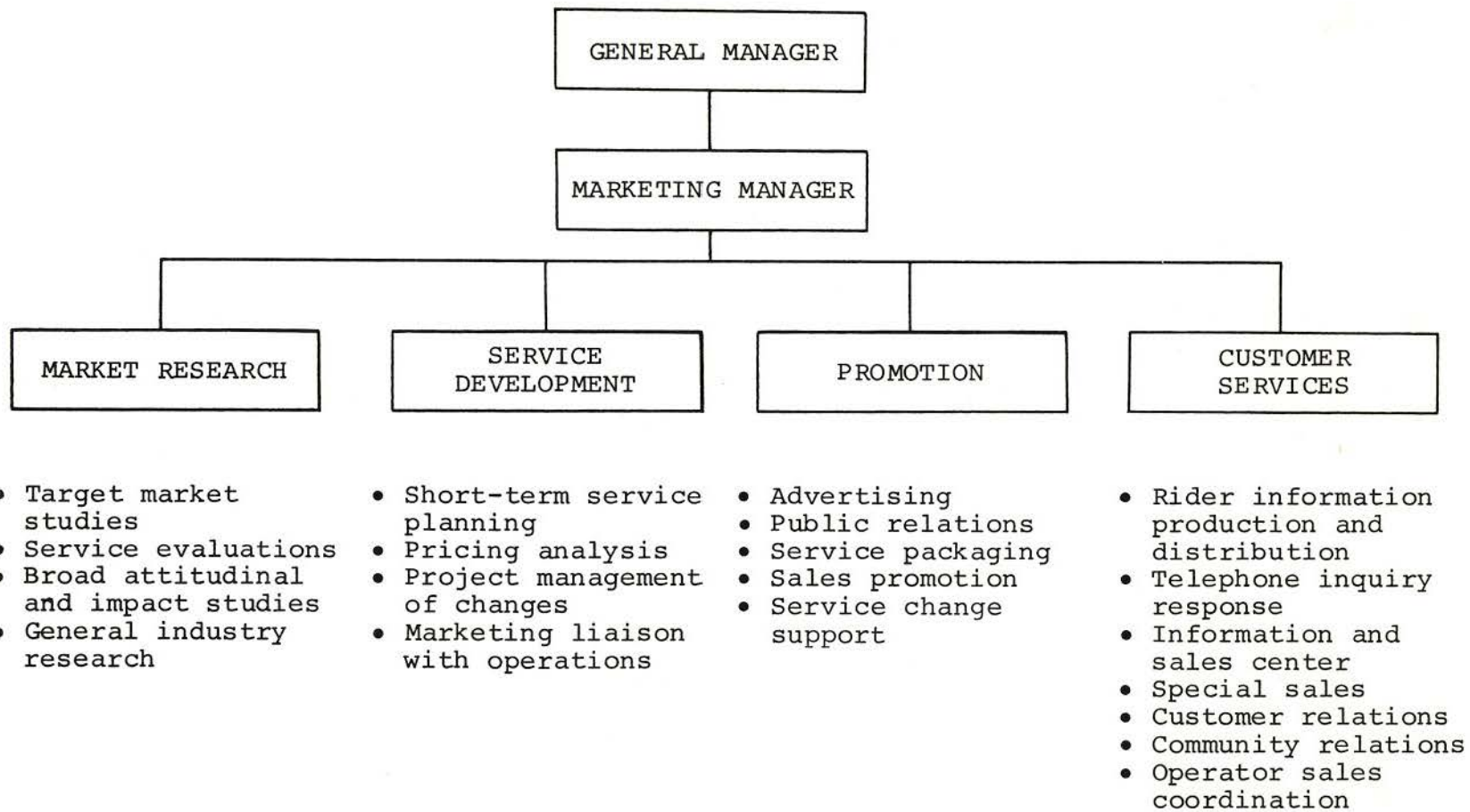


Figure IV-5. Recommended Transit Marketing Organization and Functions



unit has a well-defined function to perform, thus preventing fragmentation of the marketing effort while minimizing conflicts between groups.

In adopting the recommended organizational structure for carrying out the marketing function, larger transit systems may require further specialization within the service development, promotion, and customer services units. Within service development, there is a natural and logical division between analysis and planning activities and service change implementation. Similarly, the promotion activity may be broken down into its advertising and public relations components. Customer services can be divided into rider information, customer and community relations, and special sales. These refinements are depicted in Figure IV-6, below.

Smaller transit systems may not have the resources to support the staff requirements of the recommended marketing organization shown in Figure IV-5. The solution is to consolidate the recommended structure by merging market research with service development and promotion with customer services. The organization may be condensed in this manner because of the natural relationship and order of progression of the marketing activities. Market research, the initial activity, identifies the need; service development modifies or creates a service to meet the need. Promotion--specifically advertising--informs the general marketplace of available services while customer services informs individual customers and makes the final "sale." A consolidated organizational structure suitable for smaller systems is shown in Figure IV-7, below.

#### **Marketing Unit Functional Descriptions**

Functional descriptions of organizational units are useful tools for management in that they constitute documentation of the specific authorities and responsibilities of various functions within the organizational structure. More simply stated, functional descriptions define the scope and limits of activity for major organizational units.

The functional descriptions presented in the following pages are tailored to the organizational structure shown in Figure IV-5. However, the functional descriptions can easily be expanded or condensed to reflect a larger, more specialized or a smaller, more generalized transit marketing unit. The reader is encouraged to adapt and refine these management aids to fit the organizational environment of the specific transit system. Such conditions as strengths and weaknesses of incumbents, resource levels, differing program priorities, and political climate will influence the ultimate distribution of functions within a given transit system.

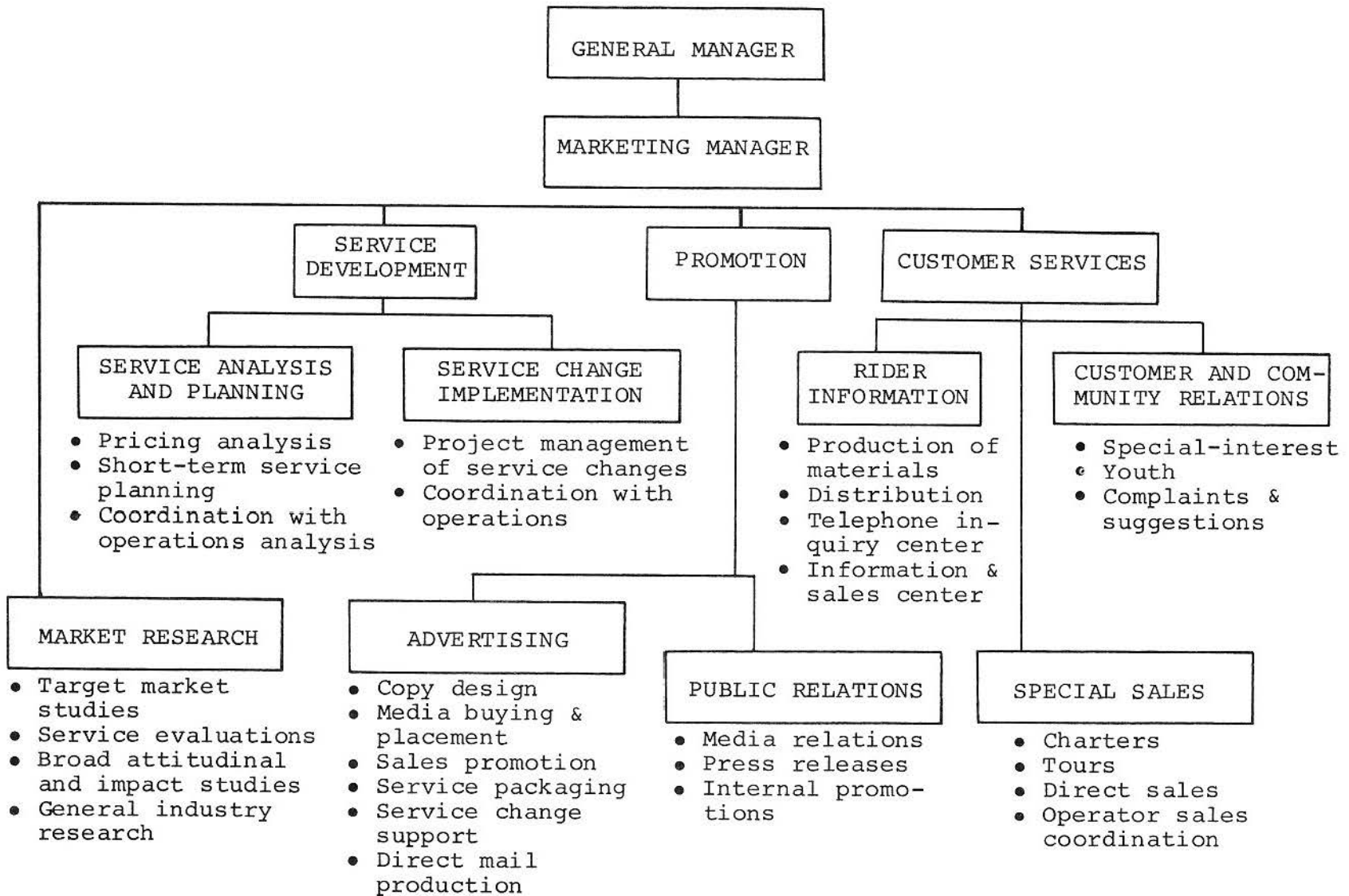
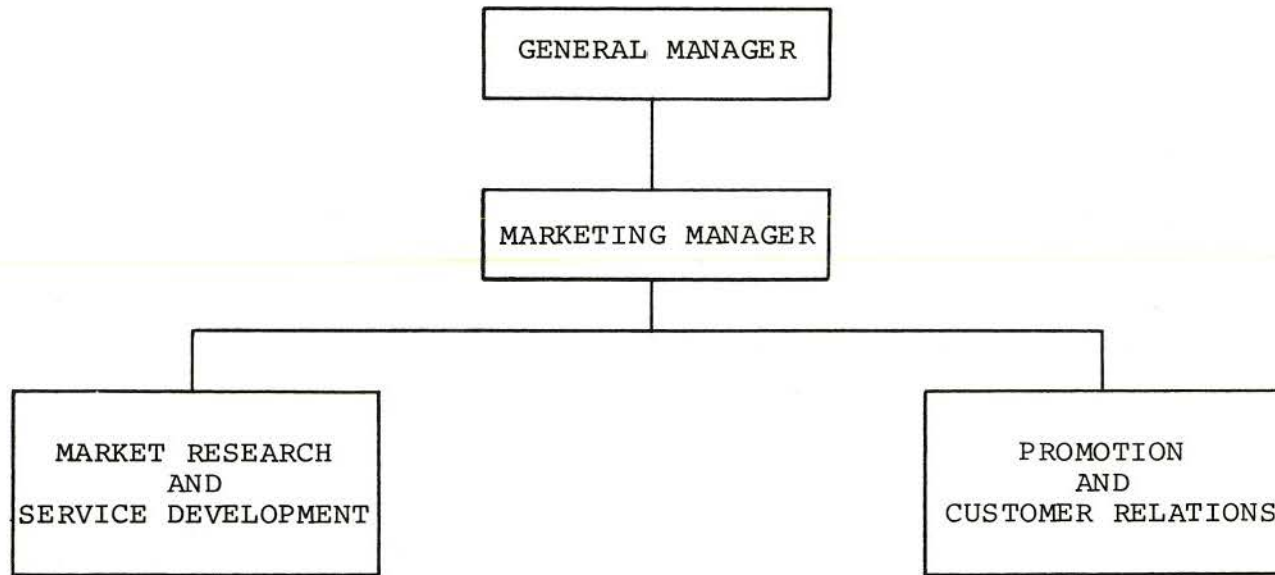


Figure IV-6. Recommended Transit Marketing Organization and Functions for Larger Systems



- Target research studies\*
- Broad attitudinal and impact studies
- Service and pricing analysis and planning\*
- Project management of service changes\*
- Coordination with operations

- Advertising and public relations\*
- Rider information design and distribution\*
- Telephone inquiry center
- Information and sales center
- Customer and community relations\*
- Operator sales coordination\*
- Special sales

\*Indicates high-priority functions.

Figure IV-7

Recommended Transit Marketing Organization and Functions for Smaller Systems



## FUNCTIONAL DESCRIPTION: MARKETING

Summary

The marketing function is performed within a major line organizational unit of the transit system; the Marketing Manager reports directly to the General Manager. The general responsibilities of the marketing function include the performance of market research, service development, promotion, and customer service activities. The marketing function represents the customer's point of view in all major transit system decisions on routes, fare structure, and frequency of service.

Activities

- 1) Leads the development and maintenance of a market or consumer orientation throughout the transit system.
- 2) Performs market research activities, including assessment of the nature of the marketplace, evaluation of the effectiveness of current transit services in fulfilling specific market needs, and other research studies as required.
- 3) Coordinates service development activities by interpreting market research findings and developing, in cooperation with the operations unit, fare structures and services to fulfill clearly-recognized needs.
- 4) Performs the mass-market promotional activities of advertising and public relations to inform current and potential customers of transit service benefits and to persuade them to use the transit system.
- 5) Performs individual customer service activities, including rider information dissemination, telephone inquiry response, direct and special sales, community relations efforts, and coordination of in-house sales training.
- 6) Establishes well-defined goals for the various marketing activities and monitors their achievement.
- 7) Subject to the approval of the General Manager and other authorities, coordinates the development of an integrated marketing program plan and budget.
- 8) Monitors the organization of the marketing function and recommends structural revisions to the General Manager as required.
- 9) Coordinates and integrates the implementation and operation of the various marketing programs within the transit system.
- 10) Continuously evaluates the performance of all marketing activities, programs, and projects.

## FUNCTIONAL DESCRIPTION: MARKET RESEARCH

Summary

The market research activity is performed as a line function within the marketing unit and is responsible for the description and measurement of various markets for transit services. The overall responsibilities of the market research activity include (1) generalized data collection, (2) measurement and analysis of specific markets and market segments, and (3) forecasting of market potentials for transit services.

Activities

- 1) Develops and performs target market studies of limited scope to measure and assess the need for transit services within specific market segments.
- 2) Develops and performs studies of limited scope to evaluate the acceptance and effectiveness of specific transit services (routes, fare structures, express service, etc.) in the marketplace.
- 3) Periodically designs and manages major market research studies to determine marketplace attitudes toward mass transit and the image and impact of the transit system in the market.
- 4) Periodically develops and performs studies to determine the effectiveness of specific transit advertising campaigns and themes in the marketplace.
- 5) Periodically performs projections of market characteristics and trends to support planning and service development.
- 6) Occasionally performs special studies of a research nature as required by the marketing unit, General Manager, or Board of Directors.



## FUNCTIONAL DESCRIPTION: SERVICE DEVELOPMENT

Summary

The service development activity is performed as a line function within the marketing unit and is responsible for the planning, development, and initial implementation of changes to transit services. Such changes will improve the ability of the transit system to meet transit consumer needs which have been identified in the marketplace. The service development activity serves as the primary liaison between the marketing and operations functions; service development coordinates all development proposals with the operations function to insure their feasibility and practicality.

Activities

- 1) Performs continuing analysis of transit pricing structures in terms of the trade-off between increased ridership and profitability.
- 2) Interprets the findings and conclusions of the market research activity in terms of their impact on transit services.
- 3) Performs planning activities for transit service changes over the short-term planning horizon of one year.
- 4) Maintains continuing close coordination with the operations function to insure that service change recommendations are feasible and practical.
- 5) Develops individual service changes by coordination of all aspects of routing, fare structure, service scheduling, operating personnel training, promotion, and rider information.
- 6) Manages the initiation and testing of service changes throughout the transit system by close coordination between other marketing activities and the operations function.



## FUNCTIONAL DESCRIPTION: PROMOTION

Summary

The promotion activity is performed as a line function within the marketing unit and is responsible for all advertising, public relations, and mass communications programs within the transit system. The promotion activity serves to inform the market of existing mass transit services and to encourage their use by potential customers. Promotion also supports the introduction of new transit services into the marketplace.

Activities

- 1) Coordinates the development of advertising programs to achieve well-defined goals based on market research findings.
- 2) Performs all design, media-selection, and time-buying activities for both paid and public service advertising programs.
- 3) Directs the performance of any advertising or public relations agency which may be retained by the transit system.
- 4) Performs public relations activities, including media relations efforts and distribution of press releases on all transit services.
- 5) Supports the introduction of new transit services by developing promotional programs and materials tailored to target markets.
- 6) Develops special sales promotion materials and direct mail campaigns.
- 7) Supports the customer service activity by assisting in the design of rider information materials to insure compatibility with promotional criteria.
- 8) Supports the customer service activity by designing promotional materials for direct and special sales activities.
- 9) Assists the operations function in developing design motifs for bus exteriors and rider facilities which are compatible with the transit system's overall public image.

## FUNCTIONAL DESCRIPTION: CUSTOMER SERVICES

Summary

The customer service activity is performed as a line function within the marketing unit and is responsible for all rider information, direct and special sales, community and customer relations, and transit sales coordination programs within the transit system. The customer service activity deals with individual customers and small groups in a direct information and sales capacity.

Activities

- 1) Produces, distributes, and maintains inventories of rider information materials, including schedules and route maps.
- 2) Operates the telephone inquiry response center to provide timely and accurate responses to rider inquiries.
- 3) Operates the customer information and sales center for distribution of tokens, special passes, discount fare tickets, etc.
- 4) Performs special sales activities relating to charters and tours and conducts direct sales of regular transit services to companies and other groups.
- 5) Performs customer relations activities, including the quick and responsive handling of customer complaints and suggestions, to maintain goodwill on the part of present customers.
- 6) Develops and implements community relations activities which encourage use of transit services by affinity groups based on schools, neighborhoods, religions, national origins, etc.
- 7) Coordinates the development of a sales consciousness in vehicle operators by assisting the personnel and operations functions in operator training programs.



### Marketing Staff Position Descriptions

The position descriptions presented in the following pages have been developed for only the principal members of the marketing management team: the marketing manager and the heads of the market research, service development, promotion, and customer service activities. Provided that they are given full support from top management, the personnel who fill these five positions will determine the effectiveness and impact of the transit marketing effort. Although other, subsidiary marketing positions are important to the marketing effort, it is impossible to generalize about their requirements and responsibilities because they are so greatly determined by the specific strengths and weaknesses of the senior marketing incumbents. Suffice it to say that a well-balanced staff is required to insure efficient and effective performance of the marketing function. Each key staff member's strengths and weaknesses should be evaluated so that a complementary supporting staff may be assembled.

The selection of a marketing manager is the most critical step in putting together a transit marketing team because the marketing manager's abilities and performance will be the determining factors in the performance quality of the marketing unit as a whole. The search for a marketing manager should be conducted both within and outside the transit system. A person who is (1) knowledgeable about transit operations, (2) consumer-oriented, (3) a good manager, and (4) capable of implementing marketing programs and projects may be considered a viable candidate for the marketing manager position. In addition, candidates should have the position of transit system general manager as a realistic career goal; the management abilities thus implied should be prerequisites for any true line management position. Recommendations for conducting the recruitment process are contained in Chapter VI.

One final note: the specific titles used in the following position descriptions (i.e., Marketing Manager, Director of Market Research, etc.) were chosen on the basis of convenience; actual titles will be dependent upon the overall structure and traditions of individual transit systems.



## POSITION DESCRIPTION

Title: Marketing Manager

Supervisor: General Manager

Responsibilities

- 1) Establishes and maintains an active consumer orientation throughout the marketing unit and assists the General Manager in maintaining a consumer orientation throughout the entire transit system.
- 2) Establishes, maintains, and documents a consistent management process which begins with the setting of goals for each major marketing activity; progresses to the development of detailed plans which are updated at least annually; and continues through the organization, implementation, operation, and evaluation of all marketing programs and activities.
- 3) Establishes and formally manages a totally integrated marketing program which includes elements from each of the major marketing activities--market research, service development, promotion, and customer services.
- 4) Assembles and manages a competent team of marketing specialists in the areas of market research, service development, promotion, and customer services.
- 5) Contributes the marketing viewpoint to all transit policy, planning, and decision-making actions.
- 6) Formulates and, upon approval, implements well-designed market strategies for improving the transit system's ridership and revenues.

Requirements

Candidates for the position must be consumer-oriented and knowledgeable about transit operations. A demonstrated ability to manage on a program and project basis is a prerequisite. The position requires receptivity to changes, a creative imagination, and an ability to recognize obsolescence. A minimum of eight years' experience in progressively more responsible positions, with at least one year of direct urban transit experience, is desired. Specific marketing experience in the areas of market research, product/service development, promotion, or customer services is highly desirable. The candidate should have a college degree or equivalent; graduate study in related fields such as marketing, business administration, and urban transportation management would be helpful.

## POSITION DESCRIPTION

Title: Director of  
Market Research

Supervisor: Marketing Manager

Responsibilities

- 1) Develops specific market research questions which will assist in the accomplishment of overall transit system goals of increased ridership and revenues by responding to clearly-defined consumer needs.
- 2) Formulates market research programs and projects which will provide answers to the research questions on an efficient and low-cost basis.
- 3) Conducts limited market research projects and manages larger-scale contract research efforts in an efficient and effective manner.
- 4) Performs evaluative market research studies on transit services and marketing programs in cooperation with the operations function to determine impact and effectiveness.
- 5) Interprets the market research data, findings, and conclusions to provide the service development, promotion, and customer service activities with baseline market information from which an integrated marketing program can be designed.
- 6) Performs special research studies as may be required by management.
- 7) Manages and motivates a small support staff.

Requirements

Candidates for the position must have a demonstrated ability to design, plan, manage, and perform quantitative market research projects. An ability to improvise and to use in-house personnel to conduct studies is a necessity. Candidates should have a minimum of six years of business experience with at least two years of direct market research experience. An ability to evaluate and interpret research data and findings is a prime requirement. Familiarity with product/service development and advertising would be helpful. A college degree with specific coursework in market research techniques and statistical methods is required; some graduate study in the areas of market research, management statistics and sampling techniques, and marketing would be very useful.



## POSITION DESCRIPTION

Title: Director of Service Development      Supervisor: Marketing Manager

Responsibilities

- 1) Combines the findings and conclusions of the market research activity with transit operations specifications to produce criteria for feasible service changes which are responsive to transit customer needs and which will result in increased ridership and revenues for the transit system.
- 2) Analyzes and evaluates on-going transit services with respect to responsiveness to market needs and recommends changes to routes, fare structures, and schedules as required.
- 3) Initiates and maintains close working relationships with the transit operations function and the other marketing activities to insure that a steady flow of new service ideas is stimulated from all appropriate sources.
- 4) Manages the implementation of service changes after their approval by top management.
- 5) Evaluates the effectiveness of service changes and recommends continuation or discontinuation to top management.
- 6) Coordinates the planning and development of all major service changes within the transit system to insure that all changes are consistent and compatible with one another.
- 7) Manages and motivates a small support staff.

Requirements

Candidates for the position must have a demonstrated ability in program and project management. A proven knowledge of transit routing, scheduling, operations, and control and a consumer orientation are necessary for successful performance of the position's duties. Also essential is an ability to coordinate the efforts of project personnel across organizational lines. Candidates should have a minimum of six years' experience in a related field with at least one year of transit industry service. A college degree or equivalent is required; coursework in the fields of project management, urban transportation management, and business administration is desirable.



## POSITION DESCRIPTION

Title: Director of Promotion      Supervisor: Marketing Manager

Responsibilities

- 1) Designs and implements both paid and public service advertising campaigns and programs to encourage increased patronage of specific transit services.
- 2) Designs and implements sales promotion programs for special transit services which are targeted to specific segments of the market.
- 3) Maintains good relations with the media and develops and implements regular public relations programs and projects.
- 4) Directs and evaluates the efforts of any advertising or public relations agency which may be retained by the transit system.
- 5) Supports other marketing activities by providing special promotions for new services and designing materials for customer service activities.
- 6) Manages and motivates a small support staff.

Requirements

Candidates for the position must have a demonstrated ability to design and implement advertising and promotional campaigns. A working knowledge of public relations techniques is also required. Candidates should have a minimum of six years' experience with at least two years' experience in designing and implementing advertising and promotional programs. Two years of college or the equivalent is desired. Coursework in advertising, public relations, and mass communication would be helpful.

## POSITION DESCRIPTION

Title: Director of  
Customer Services

Supervisor: Marketing Manager

Responsibilities

- 1) Oversees the production and distribution of schedules and route maps.
- 2) Manages the operation of the telephone response unit and the information and sales center.
- 3) Coordinates all direct sales efforts, including charter sales, group sales, and sales of special services offered by the transit system.
- 4) Develops and implements an efficient and productive system for reacting to customer inquiries, suggestions, and complaints.
- 5) Develops and implements programs to improve the image and, eventually, the utilization of transit services by working with church groups, service organizations, youth groups, schools, and businesses.
- 6) Works closely with the personnel and operations functions to develop training programs for transit system employees (e.g., vehicle operators) which emphasize the importance of a sales consciousness.
- 7) Manages and motivates a large operating and support staff, some of whom may be unionized.

Requirements

Candidates for the position must have a demonstrated ability in the areas of customer sales and service. Experience in managing unionized employees is required. A familiarity with community relations programs and activities would be useful. Candidates should have a minimum of six years' experience with at least two years of sales and sales management experience. Candidates must have completed high school; some college-level study in the areas of marketing, sales, or business administration would be useful.

### **Selling the New Marketing Organization to Management**

The design process for restructuring the marketing function should proceed upon completion of the evaluation process discussed in Chapter III. Findings, conclusions, and general recommendations from the evaluation process should be documented in the form of a report and submitted to top management for the required decisions. Recommendations for changes to the marketing structure may be based on the recommended structures depicted in Figures IV-5, IV-6, and IV-7, above. The number and extent of changes will vary markedly from system to system, depending on the status of the marketing function, the resources available, and the willingness of top management to accept change. But whatever the scope of the recommendations, they should be presented forcefully. If the results of the evaluation process are not presented in a form which lends itself to immediate decision-making, the reorganization process will falter and, as a result, the transit marketing function will suffer. The best vehicle for selling the new marketing structure to top management is a comprehensive, well-drawn organization action plan. Detailed recommendations for the development, contents, and utilization of an action plan are presented in the following chapter.



## Chapter V

### The Reorganization Process: Planning

After the marketing organization evaluation process has been completed, the actual reorganization process can be accomplished in four interrelated steps: (1) planning, (2) initial implementation, (3) transition, and (4) full operation. The four-step reorganization process is illustrated schematically in Figure V-1, below.

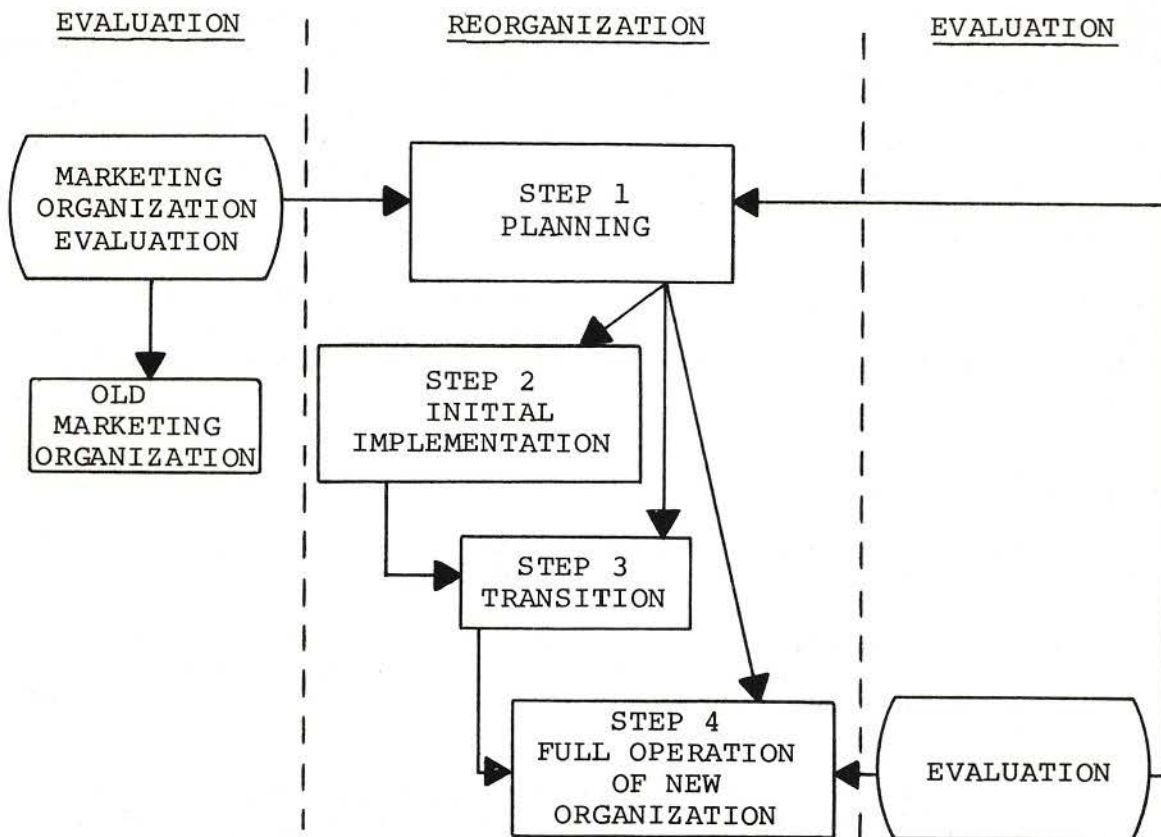


Figure V-1. Transit Marketing Reorganization Process

As with the evaluation process, the reorganization process should be carried out by a special project team appointed by and reporting to top management. The reorganization team can be composed of two or three transit system staff members, preferably including one person who has participated in the evaluation process. In the reorganization process, the requirement for an outsider on the project team is not as pressing as it is in the evaluation process. The primary requirement for reorganization team members is that they fully understand both the existing marketing organization and the principles of marketing organization which were discussed in Chapter IV.

Ideally, the reorganization team should report to a formal, ad hoc marketing organization committee composed of top managers and decision-makers. The participation of a transit system's highest-level authorities is important because the reorganization will necessitate realignment of some functions, reassignment of some personnel, and a considerable expenditure of resources, all of which require the highest level of approval. The committee structure is important, too, as a device which lends legitimacy and credibility to the reorganization effort. If a top-level standing committee on marketing already exists in a transit system, it can be used as the overseer of the reorganization process. In all cases, the system's general manager should play an active role in the reorganization process, whether as a member of the reorganization team in smaller systems or as a member of the overseeing committee in larger systems.

The remainder of this chapter is devoted to a discussion of the planning step of the reorganization process. The initial implementation, transition, and full operation steps are discussed in Chapter VI.

#### Step 1: Forming the Plan

Three distinct levels of formal planning are employed by most large commercial firms. They are described as follows:

- a) Policy planning is long-range in scope (from two to five years) and provides overall guidance and priorities regarding the general objective and goals of the entire firm.
- b) Program planning is mid-range in scope (one to two years) and provides policy implementation guidelines in connection with the budget-approval cycle; it provides a means for allocating limited resources to achieve specific goals.
- c) Implementation planning is short-range in scope (always one year or less) and provides a structure for achieving



very specific events and performing very specific activities within a limited time-frame and with limited resources; the keystone of implementation planning is action.

The focus of this chapter is on the third type of planning: implementation or action planning. Using the findings, conclusions, and recommendations of the evaluation team, the reorganization team should draw up a marketing organization action plan which presents specific recommendations to top management. An action plan is a formal document which contains a detailed discussion of each major event and activity in the reorganization process. To illustrate the logical sequence of the process, the activities and events should be related to one another in a dependency network. The dependency network also illustrates the priorities for various activities and events and, wherever necessary, sets forth the sequence of decisions for top management. The expected progression of the process over time should be illustrated by a detailed milestone schedule, which provides starting and completion dates for principal accomplishments.

Estimates of costs and an overall budget for the reorganization process are another integral part of the action plan. The reorganization budget must be differentiated from the marketing program budget because the latter can be formulated only after the reorganization has been substantially completed. If a general forecast of the marketing program budget is included in the action plan, it should be expressed only in terms of an overall level of effort. For reference, Appendix A contains representative marketing program budget figures which were provided to the study team by participating transit systems.

#### **A Sample Marketing Organization Action Plan**

A sample action plan for a hypothetical transit system (the "XYZ Transit Company") is presented on the following pages as a management aid. The activities, events, resources, and schedules referred to in the plan are for purposes of illustration only; however, based on the findings of the study team, they may be considered typical of the marketing function throughout the transit industry. To assist the reader, the current organization of the hypothetical transit system is presented below in Figure V-2.



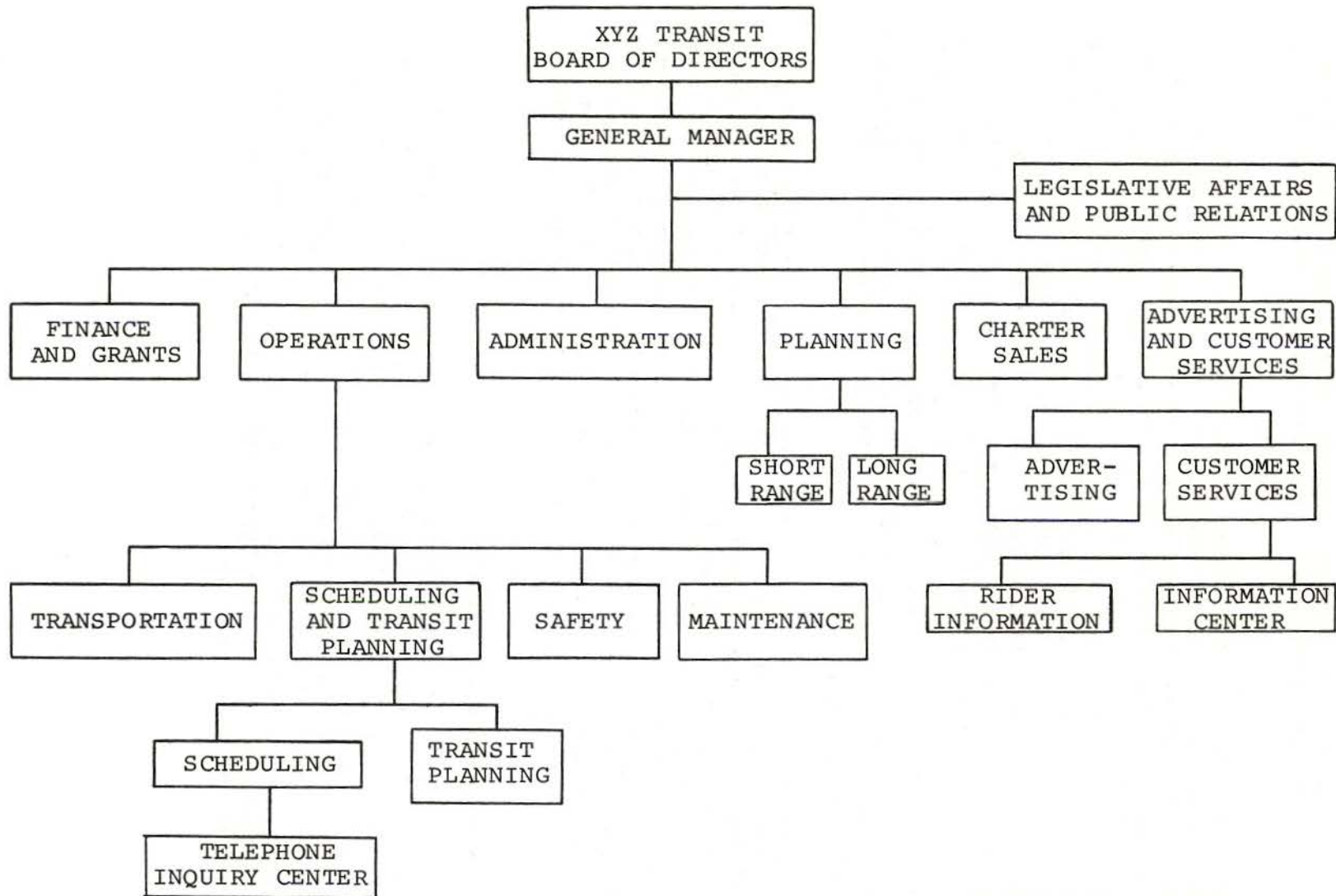


Figure V-2. Current Organization of XYZ Transit Company

## XYZ TRANSIT MARKETING ORGANIZATION ACTION PLAN

Introduction

The marketing organization evaluation was recently completed and several general recommendations were presented to the top management of XYZ Transit. The recommendations were accepted and approval was given for the completion of this marketing organization action plan as the initial step in the reorganization process. The action plan is divided into six interrelated sections as follows:

- A. Summary of the Evaluation Recommendations
- B. Planned Activities and Events
- C. Dependency Network
- D. Milestone Schedule
- E. Reorganization Budget

The marketing organization action plan is submitted herewith for review and approval by the Marketing Reorganization Committee.

A. Summary of the Evaluation Recommendations

The following is a summary of the general recommendations which were made to top management after completion of the recent evaluation of XYZ Transit's marketing function organization:

- 1) The XYZ Transit marketing function is organizationally fragmented and lacks some important components; therefore, the evaluation team recommends that a new Marketing Department be authorized, organized, staffed, and funded. (A detailed discussion of the specific organizational recommendations is contained in Section B, below.)
- 2) The new Marketing Department should be a line unit with the Marketing Manager reporting directly to the General Manager.
- 3) The new Marketing Department should be structured along functional lines and should have, as major components, the activities of market research, service development, promotion, and customer services. (See Chapter IV of the Transit Marketing Management Handbook: Marketing Organization, included as an appendix to this plan.)
- 4) To oversee the reorganization of XYZ Transit's marketing function, a Marketing Reorganization Committee should be formed with membership composed of two Board members, the General Manager, and one other staff member who will be selected by the General Manager.

## XYZ TRANSIT MARKETING ORGANIZATION ACTION PLAN (CONTINUED)

5) To accomplish the reorganization, XYZ Transit should undertake the following steps, in order, through a special reorganization project team to be appointed by the Marketing Reorganization Committee:

- Step 1. Preparation of a marketing organization action plan for XYZ Transit should be authorized immediately.
- Step 2. Upon review and approval of the action plan by the Marketing Reorganization Committee, an initial implementation program to accomplish the high-priority actions of the reorganization should be initiated.
- Step 3. The results of the initial implementation program should be reviewed and, upon approval by the Marketing Reorganization Committee, the transition activities should begin.
- Step 4. Upon the successful completion of the transition activities, full operation of the Marketing Department should be authorized and the Marketing Reorganization Committee should be disbanded.

(Detailed treatments of each of the reorganization steps are contained in Section B, below.)

## B. Planned Activities and Events

### Step 1: Planning

#### Events

- 1-1(E)            Receive approval of the marketing organization action plan.

### Step 2: Initial Implementation

#### Activities

- 2-1(A)            Design the detailed, functional, organizational structure for the XYZ Transit Marketing Department.
- 2-2(A)            Develop detailed functional descriptions for each major activity within the Marketing Department.



## XYZ TRANSIT MARKETING ORGANIZATION ACTION PLAN (CONTINUED)

- 2-3(A) Develop detailed position descriptions for principal marketing staff members.
- 2-4(A) Prepare a list of current XYZ Transit organizational units and staff members to be moved into the new Marketing Department. As recommended by the evaluation team, the list will include the staff and resources of the Transit Planning group from Operations, the Public Relations group from the General Manager's office, the Telephone Inquiry Center group from the Scheduling unit in Operations, the Short-range Planning group from Planning, the entire Advertising and Customer Services group, and the Charter Sales group.

Events

- 2-1(E) Receive approval for the proposed structure, functional descriptions, and position descriptions from the Marketing Reorganization Committee.
- 2-2(E) Receive approval of the initial move list from the Marketing Reorganization Committee.

Step 3: TransitionActivities

- 3-1(A) In cooperation with the Acting Marketing Manager, prepare a marketing program plan and budget for the transition step.
- 3-2(A) Recruit or make recommendations to the Marketing Reorganization Committee for a permanent Marketing Manager.
- 3-3(A) Carry out transition marketing programs and projects.
- 3-4(A) Recruit and/or recommend current staff members for principal positions in the new Marketing Department.
- 3-5(A) Prepare a marketing program plan and budget for the full operation step.

## XYZ TRANSIT MARKETING ORGANIZATION ACTION PLAN (CONTINUED)

Events

- 3-1 (E) Acting Marketing Manager is appointed by the Marketing Reorganization Committee and begins new Marketing Department operations.
- 3-2 (E) Transition-step marketing program and budget are approved by the Marketing Reorganization Committee.
- 3-3 (E) Permanent Marketing Manager comes on board.
- 3-4 (E) Principal Marketing Department staff members come on board.
- 3-5 (E) Full operation marketing program and budget are approved by the Marketing Reorganization Committee.

Step 4: Full OperationActivities

- 4-1 (A) Carry out full operation marketing program and projects.

Events

- 4-1 (E) Marketing Reorganization Committee and special reorganization project team are disbanded.

C. Dependency Network

The dependency network presented below indicates the priorities and relationships of the various activities and events of the marketing reorganization process. The network does not contain a time scale because such a scale might obscure the primary purpose of the management tool: to present an orderly and logical sequence of reorganization actions. A time scale is presented separately in the form of the milestone schedule in Section D, below.





**FINANCIAL COMMUNICATIONS  
CHECK LIST\***

TARGET AUDIENCES →																						
Client	Date	PRESENT STOCKHOLDERS			POTENTIAL STOCKHOLDERS			DISTRIBUTORS			ADVISORS			PRESS			REGULATORY AGENCIES			EMPLOYEES		
Code: Value or Weight:		Individuals, Registered	Individuals (street name)	Institutional Holders	Individuals	Institutions (including mutual funds; insurance, investment and trust companies; pension or profit-sharing funds; banks and trustees)	Investment Bankers	Broker-Dealers	Security Analysts	Investment Counselors	Market-Letter Writers	Advisory and Statistical Services	Business/Financial Publications	Financial Wire Services	Newspaper Financial Writers	Radio Financial Broadcasters	General and Trade News Media	Securities Exchange Commission	Other Regulatory Agencies			
(1) Primary (designed for)																						
(2) Secondary (exposed)																						
© 1968 The Bowes Company																						
METHODS OF COMMUNICATION ↓																						
CONTACT WITH INDIVIDUALS, VIA:																						
1. Investor Relations Director		2	2	1	2	1	1	1	1	1	1	1	1	1	1	2	1	2	2			
2. Corporate Top Management		2		1		1	1	1	1	1	1		1	1	1	2	2	1	1	2		
3. "Street Man" (analyst contact)				1		1	2	2	1	1	1	1										
4. "Welcome" and/or "Adieu" Letters		1			1																	
5. Correspondence		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
6. Individual Analyst Visits									1	1	1	1										
CONTACT WITH GROUPS, VIA:																						
7. Annual Stockholders' Meeting		1	1	1									2	2	2	2						
8. Analyst Society Presentations							1	1	1	1	1	1	2	2	2	2						
9. Special Events, Inc. Tours		1		1		1	1	1	1	1	1	1	1	1	1	1	1					
10. Select Analyst Meetings							1	1	1	1	1											
11. Press Conferences		2	2	2	2	2	2	2	2	2	2	2	1	1	1	1	1	2	2	2	2	2
12. Speeches							1	1	1	1	1	1	2	2	2	2						
13. Surveys & Questionnaires		1	1	1			1	1	1	1	2	2	2	2	2							
FINANCIAL REPORTS																						
14. Annual Report		1	1	1	2	2	2	2	1	1	1	1	2	2	2	2	2	2	2	2	2	2
15. Interim Reports		1	1	1	2	2	2	2	1	1	1	1	2	2	2	2	2	2	2	2	2	2
16. Statistical Supplements		2	2	1	2	2	2	2	1	1	1	1	2	2	2	2						
17. Proxy Statements		1	1	1					2	2	2	2										
18. Prospectuses		1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	1	2	2	2	2
OTHER LITERATURE																						
19. Post-Annual Meeting Reports		1	1	1			2	2	2	2	2	2	2	2	2	2						
20. Corporate Basic Reports		2	2	2	1	1	1	1	1	1	1	1	2	2	2	2	2					
21. Special Letters to Stockholders		1	1	1			2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
22. Dividend Inserts		1	1	1																		
23. Reprints of Speeches, Ads, etc.		1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2					
24. Capability & Product Brochures		2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	1					
ADVERTISING																						
25. Corporate/Financial Advertising		2	2	2	1	1	1	1	2	2	2	1										
26. Product/Service Advertising		2	2	2	2	2	2	2	2	2	2	2					2					
PUBLICITY																						
27. Financial News Releases		2	2	2	2	2	2	2	2	2	2	2	1	1	1	1	1	2	2	2	2	2
28. General News Releases		2	2	2	2	2	2	2	2	2	2	2	1	1	1	1	1	2	2	2	2	2
29. Feature Articles		2	2	2	2	2	2	2	2	2	2	2	1	1	1	1	1	2	2	2	2	2
30. Industry Survey Stories		2	2	2	2	2	2	2	2	2	2	2	1	1	1	1	1	2	2	2	2	2

\* This "Financial Communications Check List" is meant to serve as a reminder of the steps a company should consider to reach all segments of the financial community. You might want to compare your present program with this chart to determine how comprehensive and how well-directed your current activities are. This chart has been filled out with a (1) or (2) under each financial public

to show the primary or secondary aim of each financial communications activity. It does not, however, measure effectiveness; to do that, you need two things: specific goals and yardsticks to show progress. The goals will vary for each company. The yardsticks recommended by the Public Relations Division of The Bowes Company are available on request.







## FINANCIAL COMMUNICATIONS CHECK LIST\*

<b>TARGET AUDIENCES →</b>																									
Client _____ Date _____																									
Code: Value or Weight:																									
(1) Primary (designed for)																									
(2) Secondary (exposed)																									
© 1968 The Bowes Company																									
<b>METHODS OF COMMUNICATION ↓</b>	PRESENT STOCKHOLDERS	Individuals, Registered	Individuals (street name)	Institutional Holders	POTENTIAL STOCKHOLDERS	Individuals	Institutions (including mutual funds; insurance, investment and trust companies; pension or profit-sharing funds; banks and trustees)	DISTRIBUTORS	Investment Bankers	Broker-Dealers	ADVISORS	Security Analysts	Investment Counselors	Market-Letter Writers	Advisory and Statistical Services	PRESS	Business/Financial Publications	Financial Wire Services	Newspaper Financial Writers	Radio Financial Broadcasters	General and Trade News Media	REGULATORY AGENCIES	Securities Exchange Commission	Other Regulatory Agencies	EMPLOYEES
<b>CONTACT WITH INDIVIDUALS, VIA:</b>																									
1. Investor Relations Director	2	2	1		2	1			1	1		1	1	1	1		1	1	1	1	2		1	2	2
2. Corporate Top Management	2		1			1			1	1		1	1	1	1		1	1	1	2	2		1	1	2
3. "Street Man" (analyst contact)			1			1			2	2		1	1	1	1										
4. "Welcome" and/or "Adieu" Letters	1				1																				
5. Correspondence	1	1	1		1	1			1	1		1	1	1	1		1	1	1	1	1		1	1	
6. Individual Analyst Visits												1	1	1	1										
<b>CONTACT WITH GROUPS, VIA:</b>																									
7. Annual Stockholders' Meeting	1	1	1														2	2	2	2					
8. Analyst Society Presentations									1	1		1	1	1	1		2	2	2	2					
9. Special Events, Inc. Tours	1		1			1			1	1		1	1	1	1		1	1	1	1	1				
10. Select Analyst Meetings									1	1		1	1	1	1										
11. Press Conferences	2	2	2		2	2			2	2		2	2	2	2		1	1	1	1	1		2	2	2
12. Speeches									1	1		1	1	1	1		2	2	2	2					
13. Surveys & Questionnaires	1	1	1						1	1		1	1	1	2		2	2	2	2					
<b>FINANCIAL REPORTS</b>																									
14. Annual Report	1	1	1		2	2			2	2		1	1	1	1		2	2	2	2	2		2		2
15. Interim Reports	1	1	1		2	2			2	2		1	1	1	1		2	2	2	2	2		2		2
16. Statistical Supplements	2	2	1		2	2			2	2		1	1	1	1		2	2	2	2				2	
17. Proxy Statements	1	1	1									2	2	2	2										
18. Prospectuses	1	1	1		1	1			1	1		1	1	1	1		2	2	2	2	2		1	2	2
<b>OTHER LITERATURE</b>																									
19. Post-Annual Meeting Reports	1	1	1						2	2		2	2	2	2		2	2	2	2			2		
20. Corporate Basic Reports	2	2	2		1	1			1	1		1	1	1	1		2	2	2	2	2				
21. Special Letters to Stockholders	1	1	1						2	2		2	2	2	2		2	2	2	2	2		2		2
22. Dividend Inserts	1	1	1																						
23. Reprints of Speeches, Ads, etc.	1	1	1		1	1			2	2		2	2	2	2		2	2	2	2	2				
24. Capability & Product Brochures	2	2	2		2	2			2	2		2	2	2	2		2	2	2	2	1				
<b>ADVERTISING</b>																									
25. Corporate/Financial Advertising	2	2	2		1	1			1	1		2	2	2	1										
26. Product/Service Advertising	2	2	2		2	2			2	2		2	2	2	2							2			
<b>PUBLICITY</b>																									
27. Financial News Releases	2	2	2		2	2			2	2		2	2	2	2		1	1	1	1	1		2	2	2
28. General News Releases	2	2	2		2	2			2	2		2	2	2	2		1	1	1	1	1		2	2	2
29. Feature Articles	2	2	2		2	2			2	2		2	2	2	2		1	1	1	1	1		2	2	2
30. Industry Survey Stories	2	2	2		2	2			2	2		2	2	2	2		1	1	1	1	1		2	2	2

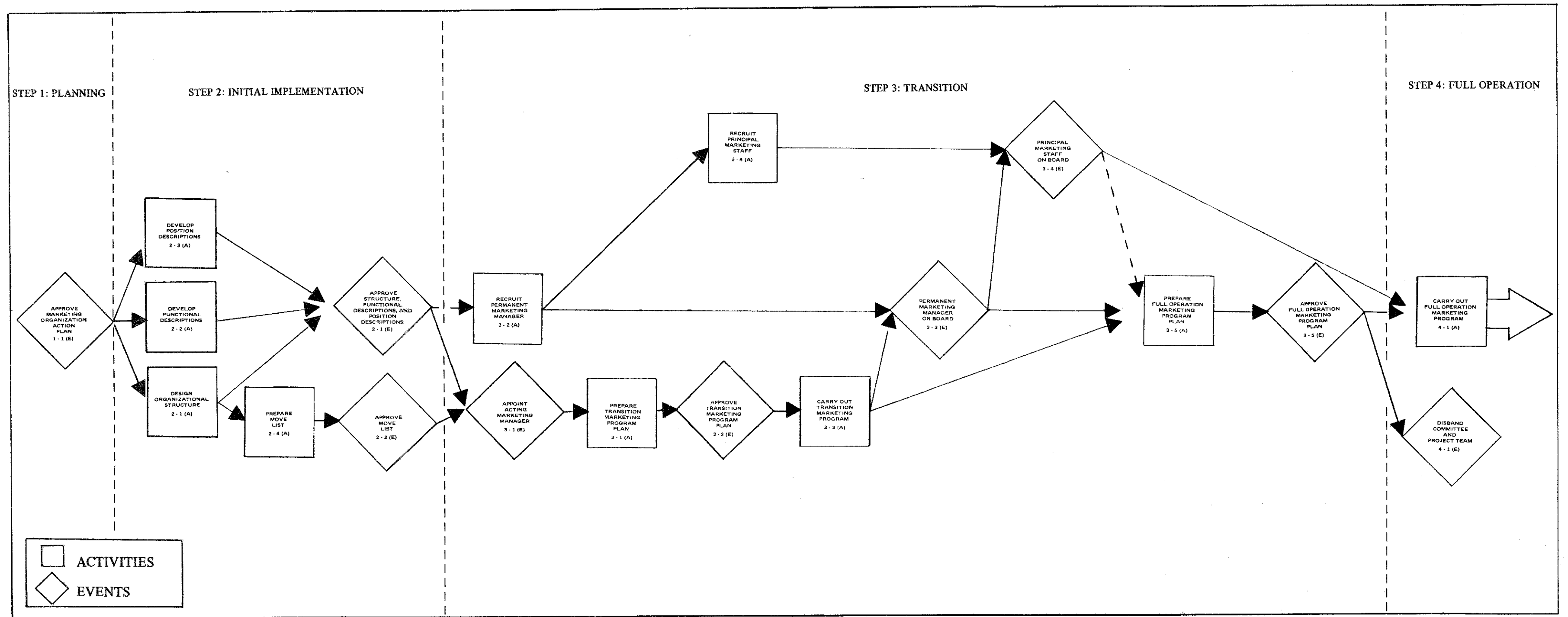
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to show the primary or secondary aim of each financial communications activity. It does not, however, measure effectiveness; to do that, you need two things: specific goals and yardsticks to show progress. The goals will vary for each company. The yardsticks recommended by the Public Relations Division of The Bowes Company are available on request.





XYZ TRANSIT MARKETING ORGANIZATION ACTION PLAN (CONTINUED)



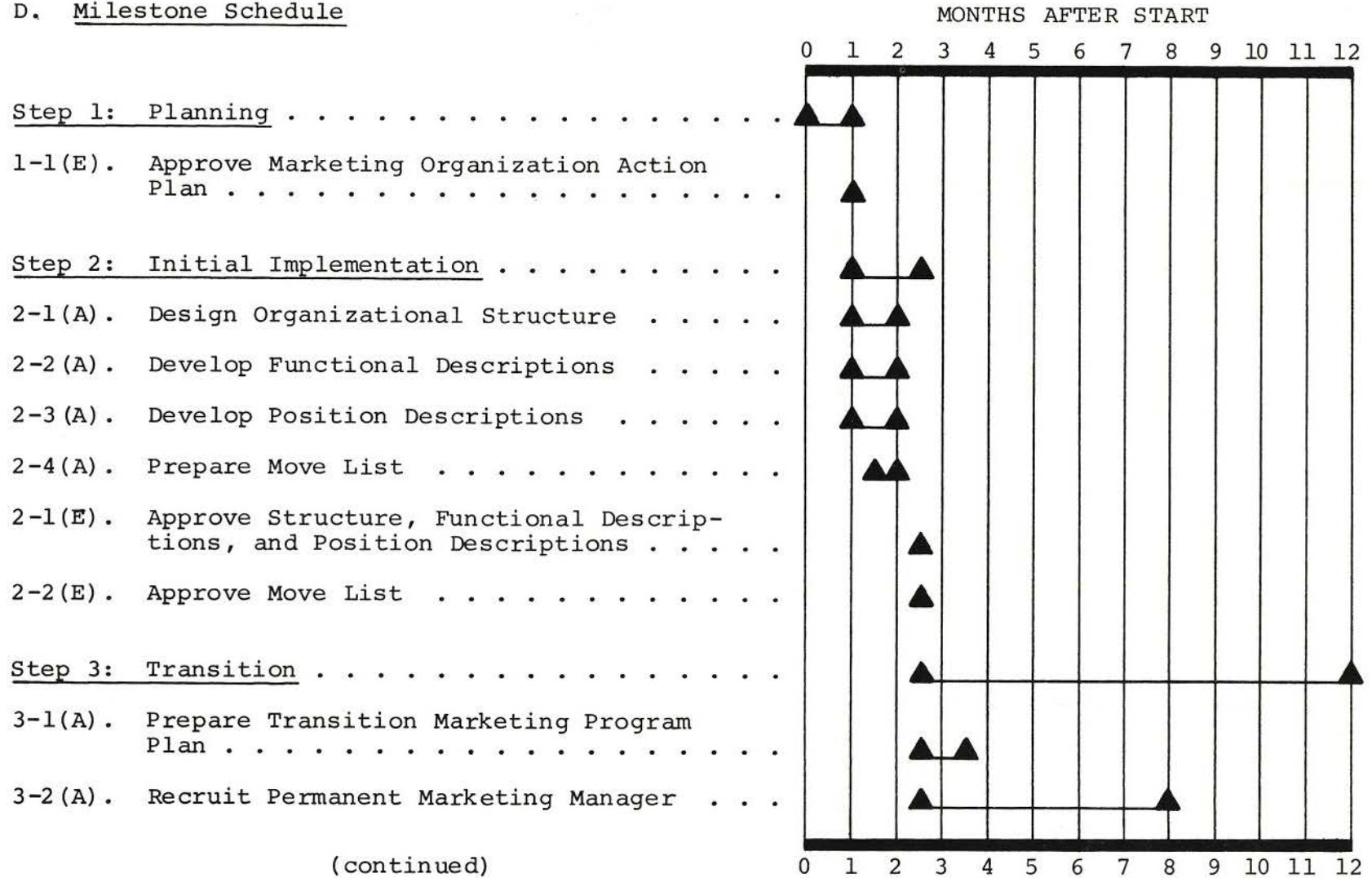
DEPENDENCY NETWORK



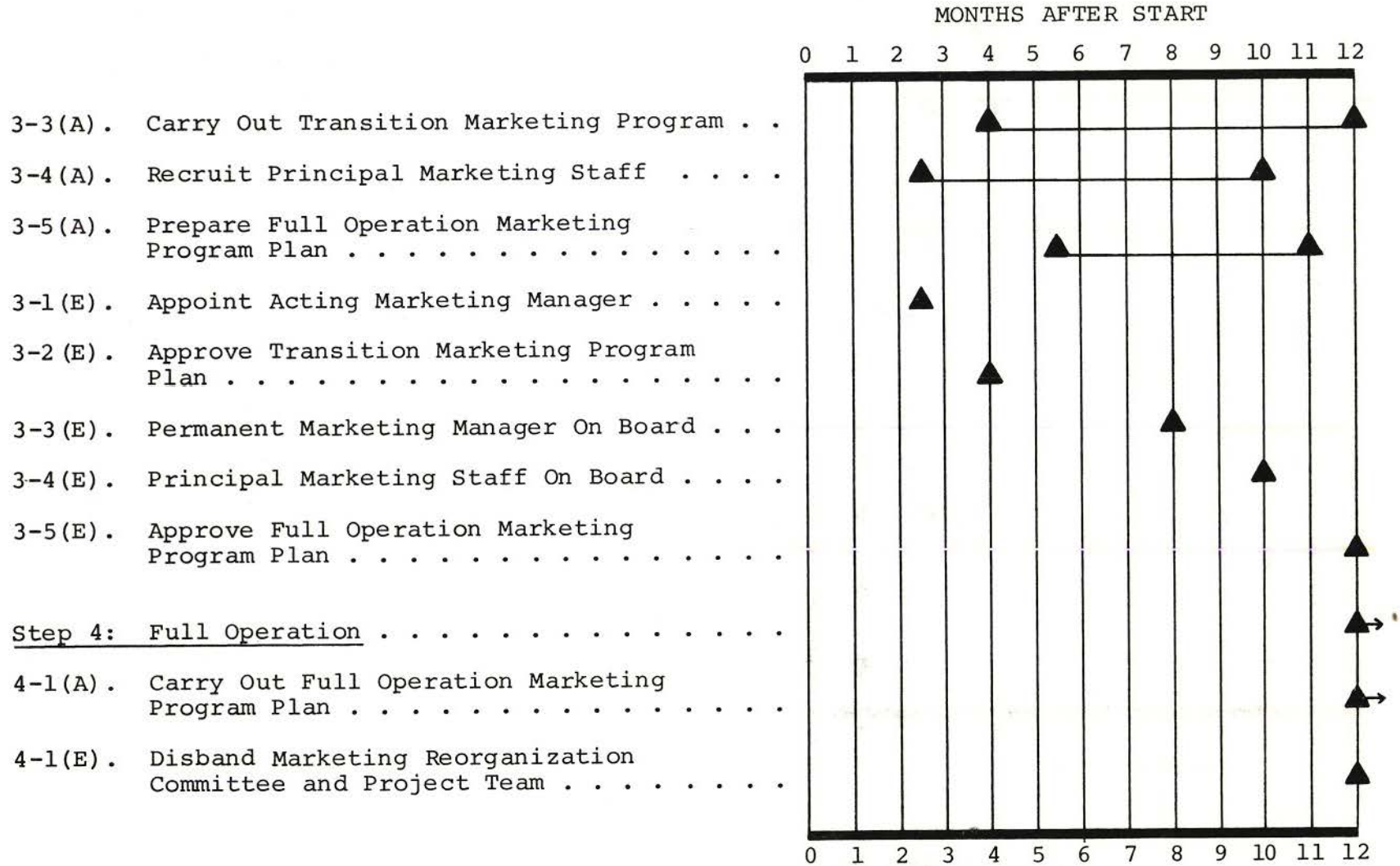


XYZ TRANSIT MARKETING ORGANIZATION ACTION PLAN (CONTINUED)

D. Milestone Schedule



XYZ TRANSIT MARKETING ORGANIZATION ACTION PLAN (CONTINUED)





## XYZ TRANSIT MARKETING ORGANIZATION ACTION PLAN (CONTINUED)

E. Reorganization Budget

The reorganization budget presented below is composed of estimates of direct, out-of-pocket costs for the reorganization process only. The estimates do not include the marketing program budget or marketing staff costs; these latter cost estimates will be prepared during the transition step under Activity 3-1(A), the preparation of the transition marketing program plan.

Recruitment Costs

Recruitment ads in national and industry publications . . . . .	\$1,500.00	
10 1-day candidate trips for interviews @ \$200 airfare and \$35/day per diem . . . . .	<u>2,350.00</u>	\$3,850.00

Miscellaneous Costs

Travel to other systems to observe marketing organization--4 1-day trips @ \$200 airfare and \$35/day per diem . . . . .	\$ 940.00	
Supplies, materials, and services . . . . .	<u>1,000.00</u>	<u>\$1,940.00</u>
 TOTAL REORGANIZATION BUDGET AMOUNT . . . . .		 <u>\$5,790.00</u>

## Chapter VI

### The Reorganization Process: Initial Implementation, Transition, and Full Operation

#### Step 2: Initial Implementation

The activities and events within Step 2 of the marketing reorganization process are of critical importance. The success of the transition and full operation steps is dependent upon the organizational structure, functional descriptions, and position descriptions which are prepared and approved during the initial implementation step.

#### Designing the Marketing Organizational Structure and Move List

The design of the organizational structure should proceed along the guidelines presented in Chapter IV. However, because the new structure must reflect the realities of the existing organization, the reorganization team should remain flexible in the execution of the design; some existing organizational arrangements may be inviolate and, hence, not subject to immediate change. For example, if a public relations unit has broader usefulness to management or if the planning unit is shared with other, non-transit public services, the reorganization team should proceed around such obstacles. Fighting too avidly against people who resist change can only hurt the overall reorganization process. Then, too, the reorganization team should keep in mind that people retire or change jobs; what may seem unacceptable today may become attractive at a later date.

Obviously, the project team should not bend to every whim of incumbents who resist change. Good judgment and sensitivity should prevail in selecting those changes on which to remain firm and those on which to compromise. However, the new marketing function must have the activities of market research, limited service planning, advertising, and rider information in order to function even minimally during the transition step. Other marketing activities can be added later to round out the new marketing department but those named above are critical to the success of the initial structure.

Of all internal organizational shifts, the most difficult to accomplish will be the transfer of the service planning unit out of the operations group and into the marketing group. The operations group will fight this move by claiming that (1) the



move would be disruptive to their activities and (2) service planning cannot be accomplished by marketing "types." The first objection is valid for any reorganization process; there will be a real, although temporary, disruption which cannot be avoided. Therefore, it should be explained to the operations group that the reorganization will eventually benefit the entire transit system; the temporary negative effects will have to be dealt with by everyone.

The second objection cannot be dismissed so easily. It is true that service planning as it is done within operations cannot be successfully accomplished by the marketing group. But a distinction must be made between service planning to improve operational efficiency and service planning to improve effectiveness. This distinction, which was discussed in Chapter I, is the pivotal reason for transferring the service planning group into the service development activity of the marketing department. The planning and development of effective new transit services must be led by the marketing department, with the direct and firm support of the operations department. All activities involving the improvement of transit system efficiency--and this most surely includes the scheduling activity--should remain within the operations group.

#### Developing Functional and Position Descriptions

Drafting functional and position descriptions for the new marketing department will be less controversial than restructuring the department. The reorganization team can begin with the sample descriptions presented in Chapter IV but should feel free to depart from the guidelines if there are incumbents in the transit system who are strong candidates for filling principal positions in the new marketing department. The position descriptions in particular should be drafted to reflect the strengths and weaknesses of those incumbents; supporting staff positions can be designed to compensate for any obvious weaknesses on the part of the principals. For example, a customer services head with great sales and service-program skills but who lacks administrative abilities can be strengthened by the addition of a skilled administrative assistant. Such mixing and matching of positions requires considerable care and should be done with the goal of making the organization work.

#### Gaining Approval from the Marketing Reorganization Committee

The reorganization team should carefully document the work accomplished during the initial implementation step and submit the results to the marketing reorganization committee in a report format. The reorganization team should be prepared to explain and defend the proposed organizational structure, functional descriptions, and position descriptions.



### Step 3: Transition

The transition step of the reorganization process proceeds simultaneously on two fronts: (1) operation of the new marketing department commences and (2) the reorganization process continues. Marketing operations begin with the appointment of a temporary marketing manager; they proceed through the preparation of a transition marketing program plan and, upon approval of the plan, into execution of the marketing program. The reorganization process continues with the recruitment of a permanent marketing manager and principal marketing staff; once these personnel are on board and have assumed leadership of the on-going marketing program, a marketing program plan for the full operation step can be drafted for review and approval.

#### Appointing the Acting Marketing Manager

The new marketing department's operations cannot begin until an acting marketing manager is appointed. The reorganization team should act immediately to recommend a staff member to the marketing reorganization committee to fill the position on a temporary basis. The primary criterion for selection of the acting marketing manager is an ability to plan, initiate, and manage programs and projects. The acting marketing manager will be stepping into a difficult position because there will be few precedents on which to rely in terms of both the marketing program and the marketing structure. The position can be filled by a member of the reorganization team or the marketing reorganization committee, depending on the availability of particular personnel and resources. But whatever the final decision, the reorganization team and committee should understand that the position of acting marketing manager is a full-time job.

#### Planning, Approving, and Managing the Transition Marketing Program

As a first order of business, the reorganization team and the acting marketing manager should prepare a transition marketing program plan. The marketing program plan will differ somewhat from the marketing organization action plan because it is program- rather than implementation-oriented. Although marketing planning is not within the scope of this handbook, a few general suggestions are in order:

- a) The program plan should reflect specific, short-term goals to be achieved.
- b) It should then enumerate and explain specific programs and projects which will accomplish each of the specific goals.



- c) The programs and projects should be arranged by major marketing activity area--i.e., market research, service development, promotion, and customer services.
- d) The plan should present detailed costs for each program element and then accumulate the costs into a program budget.
- e) A detailed milestone schedule should be included to indicate expected dates of accomplishments.
- f) Wherever possible, specific assignments for marketing program and project management should be indicated.

Some of the references contained in Appendix B to this handbook may prove to be useful aids for the reorganization team in the planning and management of the marketing program. The referenced publications are good sources of information concerning the content of each of the program activities within the marketing function.

The transition marketing program plan should be prepared in compliance with the schedules contained in the marketing organization action plan and formally submitted to the marketing reorganization committee for review and approval. Upon approval, initiation of the marketing program and day-to-day management of the marketing activities should commence immediately. The acting marketing manager should report directly to the marketing reorganization committee for policy guidance and should draw on the reorganization team for program and management support. The transition marketing program will continue until it is superceded by the full operation program; until that time, the transition program will constitute the marketing function for the transit system.

#### Recruiting the Marketing Manager and Principal Marketing Staff

Concurrent with the selection and appointment of an acting marketing manager, the reorganization team should begin the search for a permanent marketing manager. If the reorganization team and the marketing reorganization committee members feel there is an outstanding candidate located within the transit system, the search activity can be bypassed. However, some level of recruitment activity will take place because it is highly unlikely that all principal marketing staff positions will be filled by present employees of the transit system. Recruitment activity should begin with both the formal and informal release of the position descriptions and job requirements. Formal release can be accomplished by ads in local, regional, and national newspapers and in industry and trade publications. Informal release should be by word of mouth, from reorganization team and committee members to their industry contacts.



As applicants respond, the reorganization team should screen their resumes and forward the more promising ones to the marketing reorganization committee for evaluation. Next, individual candidates can be requested to visit the transit system for interviews. The interview procedure should be standardized to facilitate comparison. One effective procedure involves having the candidate talk with four or five interviewers; the interviewers then meet to evaluate the candidate and document the evaluation. When all candidates have been interviewed and their evaluations have been compared, the reorganization team should submit recommendations to the marketing reorganization committee for final selection and hiring.

The selection of a permanent marketing manager should take precedence over all other recruitment activities. If possible, the permanent marketing manager should be given a large role in the selection and hiring of the principal marketing staff. In fact, a strong argument can be made for allowing the committee to hire only the marketing manager and for leaving selection of the principal staff to the new marketing manager. But if selection of the marketing manager requires considerable time, the recruitment procedure for principal marketing staff should at least be started in order to achieve the timely commencement of normal marketing operations.

#### Planning the Full Operation Marketing Program

Once the permanent marketing manager and two or three principal marketing staff members are on board, preparation of the full operation marketing program plan can begin. The program planning process is essentially the same as that required for preparation of the transition marketing plan; the only real difference is that the full operation program plan should have a one-year horizon and should be tied to the transit system's budget cycle. Due to the one-year planning horizon, the full operation program plan should include quarterly reviews for evaluation and redirection. The plan should be prepared substantially by the permanent principal marketing staff under the leadership of the new marketing manager but with the guidance and support of the reorganization team. Upon its completion, in compliance with the marketing organization action plan schedule, the plan should be formally submitted to the marketing reorganization committee for review and approval.

#### **Step 4: Full Operation**

Upon final approval by the marketing reorganization committee, the full operation step of the reorganization process begins. At that time, the new marketing department can take its place alongside the transit system's other permanent organizational units. Having completed their duties, the marketing



reorganization committee and the special reorganization team can be disbanded.

The new marketing department will probably require from six months to a year to "shake out." By that time, the marketing manager and principal marketing staff should have coalesced into a coordinated team and the marketing program should have progressed far enough to permit a cursory evaluation. Periodic evaluations of the marketing function will assist in keeping it responsive, efficient, and effective. The process detailed in Chapter III will continue to provide a good structure for conducting evaluations.

If any weaknesses show up in the new marketing department, they should be isolated and remedied. Such corrections, however, will probably involve only minimal effort and disruption. Major reorganizations such as the one detailed in this handbook occur very infrequently in the life of any enterprise.

## Appendix A

### Marketing Program Budget Summary

The marketing budget figures obtained from the transit systems surveyed by the study team are summarized below. The figures are presented in as much detail as was originally provided. The identities of specific transit systems have been kept anonymous to maintain the confidentiality of the information.

<u>System Number</u>	<u>Total Annual Marketing Budget</u>	<u>Remarks</u>
<u>SMALL TRANSIT SYSTEMS (UNDER 150 VEHICLES)</u>		
1	\$26,000	Allocated for direct advertising and public relations expenses; no salaries are included.
2	\$35,000	Allocated for media placement only; no salaries are included.
3	\$50,000	Allocated for public relations and limited advertising; salaries are included.
4	\$18,500	Allocated for salary of the Assistant to the Director for Marketing, Public Relations, and Community Relations.
5	\$97,000	Includes \$85,000 allocated to production and placement of media advertising and a \$12,000 retainer fee for an ad agency; no salaries are included.
6	\$15,000	Allocated for the salary of the Coordinator for Marketing and Service Development; marketing funds are determined by surplus of operating funds.



Appendix A  
Marketing Program Budget Summary

<u>System Number</u>	<u>Total Annual Marketing Budget</u>	<u>Remarks</u>
<u>SMALL TRANSIT SYSTEMS (CONTINUED)</u>		
7	\$10-20,000	Allocated for newspaper, radio, and billboard advertising; no salaries are included.
8	\$50,000	Allocated for total advertising effort through an ad agency; no salaries are included.
9	\$29,800	Allocated for all marketing communications including a retainer for a public relations firm; no salaries are included.
<u>MEDIUM TRANSIT SYSTEMS (150 TO 500 VEHICLES)</u>		
1	\$47,000	Allocated for all advertising, public relations, and marketing publications; salaries are included.
2	\$100,000	Allocated for total in-house marketing effort; salaries are included.
3	\$75,000	Includes \$50,000 allocated for information center telephone operators and \$25,000 for media placement.
4	\$233,400	Includes the following allocations: \$118,000 -- Salaries \$ 49,000 -- Media placement \$ 15,000 -- Media production \$ 20,500 -- Information services \$ 4,000 -- Market research \$ 7,750 -- Special promotions \$ 8,250 -- Information center \$ 1,900 -- Charter promotions \$ 9,000 -- Miscellaneous

<u>System Number</u>	<u>Total Annual Marketing Budget</u>	<u>Remarks</u>
<u>MEDIUM TRANSIT SYSTEMS (CONTINUED)</u>		
5	\$380,000	Allocated for total marketing program; salaries are included.
6	\$75,000	Includes \$25,000 allocated for salary of Director of Marketing and \$50,000 for market research, advertising, and rider information activities.
7	\$1,196,579	Includes the following allocations: \$ 27,600 -- Director of Marketing salary \$ 15,180 -- Assistant Director of Marketing salary \$255,862 -- Salaries of 21 information clerks \$306,127 -- All other salaries, wages, and overhead \$375,000 -- Public relations and advertising \$ 95,000 -- Printing of schedules \$121,810 -- Other direct marketing expenses
8	\$128,000	Allocated for total marketing program; salaries are included.
9	\$1,358,819	Includes the following allocations: \$1,011,019 -- Salaries, wages, and overhead \$ 262,300 -- Professional services, including advertising and public relations \$ 85,500 -- Other direct marketing expenses



<u>System Number</u>	<u>Total Annual Marketing Budget</u>	<u>Remarks</u>
<u>LARGE TRANSIT SYSTEMS (OVER 500 VEHICLES)</u>		
1	\$300,000	Allocated for the production of advertising and rider information; does not include salaries or media costs (\$250,000 of time equivalent is received in public service announcements).
2	\$160,000	Allocated for print advertising and rider information; no salaries are included.
3	\$1,700,000	Allocated for marketing and public information; salaries are included.
4	\$355,862	Includes the following allocations: \$187,359 -- Salaries \$ 27,913 -- Employee benefits \$ 7,500 -- Professional services \$ 42,000 -- Publications \$ 13,500 -- General advertising \$ 77,590 -- Other direct marketing
5	\$220,000	Allocated for media expenditures which include the following categories (no salaries are included): \$ 96,000 -- Television \$ 63,000 -- Radio \$ 34,200 -- Newspaper \$ 25,800 -- Outdoor \$ 1,000 -- Transit
6	\$400,000	Includes the following allocations (no salaries are included): \$204,000 -- Advertising production and media \$ 70,000 -- Timetables \$ 18,000 -- Rider maps \$ 5,000 -- Service change notices \$ 30,000 -- Research \$ 2,000 -- Training \$ 10,000 -- Product development \$ 61,000 -- Other expenses

<u>System Number</u>	<u>Total Annual Marketing Budget</u>	<u>Remarks</u>
<u>LARGE TRANSIT SYSTEMS (CONTINUED)</u>		
7	\$862,400	Includes the following allocations (no salaries are included): \$771,900 -- Advertising and promotion \$ 37,500 -- Community relations \$ 28,000 -- Research and planning \$ 25,000 -- Consumer services
8	\$657,250	Includes the following allocations (no salaries are included): \$ 60,000 -- Production of advertising materials \$ 60,000 -- Print media charges \$ 85,000 -- Broadcast media charges \$ 14,750 -- Other media charges \$ 20,000 -- Production of models, exhibits, and special projects \$130,000 -- Bus graphics \$114,000 -- Rider information \$ 50,000 -- Route maps \$ 15,000 -- Temporary personnel \$103,500 -- Market research \$ 5,000 -- Uniforms for customer service representatives

## Appendix B

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