

EXECUTIVE SUMMARY

Toward a Positioning Strategy for Transit Services in Metropolitan San Juan

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INTRODUCTION

The San Juan Metropolitan Area (SJMA) is the current focus of a number of efforts to improve mobility through the development and refinement of public transportation services. These efforts most notably include:

- Tren Urbano
- Autoridad Metropolitana de Autobuses (AMA) – The Metropolitan Bus Authority
- Metrobus
- Públicos

Both AMA and Tren Urbano are or will be faced with the challenge of attracting new riders to transit. Though there is some evidence to suggest that public support for the expenditure of large amounts of public funds on Tren Urbano is related to the public's desire to find a "solution" to the problems of traffic congestion that currently plague metropolitan San Juan, it is unclear whether such support emerges from a belief that Tren Urbano will somehow alleviate road congestion (thereby improving driving conditions for those with no real desire to use transit services) or whether it arises from a strong desire of individuals to have a new modal choice.

The challenge of attracting new riders to transit calls for careful consideration of the special needs of those who can potentially choose this option. Transit systems are not like municipal water systems; they must compete with the automobile in the marketplace of transportation choices.¹ The implications for San Juan are clear: the challenge of attracting new riders to transit will depend in great part on the extent to which the needs of these potential users are understood, responded to, and communicated in a marketplace where other choices exist. In managerial terms, the success of current transit efforts in San Juan will depend on the creation and execution of an effective *marketing strategy*.

PURPOSE OF STUDY

The present study attempts to explore public perception of transit options with an eye toward developing an effective market positioning strategy that links new and improved services with potential users of these services. Though the specific goal of this study was to develop a typology of such public perception, some tentative framing of marketing choices is attempted, and encouragement is given for an on-going market research program to further test and refine the many informal hypotheses advanced by planners regarding the potential acceptance of new transit services.

¹ George M. Smerk, "Management of Public Transportation," in George E. Gray and Lester A. Hoel, editors, *Public Transportation*, 2nd edition. (New Jersey: Prentice Hall, 1992), p.464.

MARKETING STRATEGY AND PUBLIC TRANSIT

Marketing "is that aspect of an organization that links what the organization does or produces to the needs of (potential) customers."² The four elements that determine this link are referred to as the "marketing mix;" and include:

1. The design of the product or service being offered;
2. The pricing of that product or service;
3. The choice of distribution channels; and
4. The means by which the organization communicates with its market about the offering and its attributes.

The marketing function has been little understood or appreciated in most North American transit agencies.³ The process of developing an effective market positioning strategy for new transit services will necessarily involve the mapping of how current transit options are positioned *de facto* in the marketplace – most likely in the absence of strategic thought or intent. But the question of how new services can or should be positioned is a *managerial choice* – by designing and promoting new services around attributes most highly valued by the targeted customers, management can very directly impact the ways in which the offered services are received and understood in the marketplace. The power of a positioning strategy is that it serves to organize and inform a wide range of choices, down to the specifics of the marketing mix. The current study is intended to inform the process, by generating the data from which current transit services may be eventually be mapped, and providing clues as to what kinds of marketing choices might lead to an effective positioning strategy.

The development of a coherent marketing strategy for Tren Urbano will need to consider all of these issues. But most importantly, it will need to be based on a solid understanding of the marketplace for transportation services in the San Juan Metropolitan Area.

STATEMENT OF RESEARCH PROBLEM

The San Juan urban transportation market may be understood as consisting of two primary sub-markets: persons with access to automobiles (mode choice riders) and those without such access (transit-dependents). It is assumed that the proportion of automobile-access persons who choose to make metropolitan-area trips via a transit mode is exceedingly small, especially when compared to other comparably-sized U.S. cities. This assumption derives from the simple observation that most comparably-sized cities in the U.S. have some form of urban rail transit, which is generally known to attract large numbers of "mode choice" riders than bus-only systems; it is reinforced by the generally small share of trips made by transit modes within the San Juan Metropolitan Area.

It is widely suspected that San Juan is characterized by a high level of unmet travel demand, especially among those without access to automobiles. Just the same, Tren Urbano will need to attract a large number of mode choice riders if it is to meet public expectations that the system will help mitigate the effects of road congestion. **Given this situation, the present study**

² Alan Hoffman, *Application of the Strategic Services Model to Transit Operations: The Case of the San Diego MTDB*, unpublished research report submitted to the Massachusetts Institute of Technology (Cambridge, Massachusetts: May 1995), p.3.

³ Smerk, "Management," p.464.

focuses on the modal choice market – a special challenge and highly important market for Tren Urbano and other transit services.

The research problem of this study was an initial exploration into the ways in which targeted segments of the San Juan modal-choice transportation market:

- Conceptualize transportation modes;
- Perceive issues of urban mobility;
- Assign societal members to transportation modes; and
- Value aspects or dimensions of transportation service.

The research problem may be formalized into a series of five questions:

1. How do persons within the mode choice market view the primary competitor (i.e., automobiles and highways, as well as parking and toll-charge “shortcuts”)?
2. How do these persons describe and characterize the different modal options available to them (specifically, AMA, Metrobus, públicos, Aqua Expreso, walking and getting rides)?
3. How do these people describe different places that might give clues as to the urban form that transit services should support or provide?
4. What travel behaviors and attitudes are salient to people’s descriptions of modal choice?
5. What social perceptions influence behavioral choices, especially with relation to transportation (such as feelings of security, gender and status differences, and socioeconomic status)?

These questions are necessarily broad, as previous research has not explored these issues in any great depth. The breadth of the issues necessitates a qualitative methodology capable of capturing the range of expressions and attitudes which could prove important in the formulation of marketing strategy for transit services. **The primary methodology selected in this study is that of focus groups.** The use of focus groups will allow for the development of market-derived data relevant to addressing each of the above questions: on the basis of these data, further research can more appropriately and confidently measure that which is crucial and ask that which is relevant. For this study, four focus groups were conducted for the following groups: secretaries from Hato Rey; office workers from Hato Rey; students; and medical works from Centro Médico.

FINDINGS

This section describes the results of the four focus groups. The results may be understood as the natural expression of different Puerto Ricans when discussing transportation options.

Attitude toward Congestion

Attitudes toward congestion are reflected in the two primary effects of congestion spoken by the groups: delays and changes in behavior. The participants in the different groups assigned different reasons for the existence of congestion. These reasons are worth noting as they likely are behind people’s attitudes toward transportation projects: different causes might tend to favor different solutions in the public’s mind. Attitudes toward congestion were generally uniform among the groups. It was seen as a source of uncivilized behavior and as a major determinant of

people's choice of activities. Many people spoke of coping strategies that involved seeking alternative routes, while they acknowledged that few alternatives really existed.

Attitude toward Transit Modes

The richest data of use to marketing strategy development arose from the discussion of the different transit options available to area residents. For each mode described, attention was paid to the first non-prompted mention of that mode; special note was also made for the entirety of how that mode was described and how its users were described. Though each group considered the AMA bus system, the Metrobus, and the públicos and guaguaitas (little buses), some groups also mentioned the Aqua Expreso, the Moscoso Bridge, parking, "catching" rides, and the proposed Tren Urbano.

Attitude toward Places

Certain places seem to stand out in the Puerto Rican consciousness; a better understanding of what makes these places special may help significantly in the planning of effective transit services and their related urban amenities. Chief among the places considered in this study was Plaza las Américas, the large shopping mall that has become the village square of modern-day San Juan.

Travel Behavior

The discussion in the four focus groups revealed a lot about individuals' travel behavior and their attitudes toward travel choices. Among the subjects explored were attitudes toward driving, traveling alone or accompanied, and modal choice.

SUMMARY OF THEMES

A brief listing of major themes include the following:

- *Importance of peer or reference groups* – While most focus group participants expressed comfort with the idea of a place where "everyone" was, many felt uncomfortable being the only representative of their social class in an area (i.e., transit mode).
- *Role of reliability* – Participants consistently expressed the need to be able to depend on their transportation.
- *Importance of Composure* – This theme was stressed by many participants, particularly females, in making the choice to not use transit even when they became transit-dependent due to the need to arrive to places, such as work, clean, sweat-free, neat and ordered.
- *Importance of the Social* – Participants reported Puerto Ricans as very sociable people and stated that people feel safer in environments filled with people, but filled with the right kind of people (e.g., socio-economic class).
- *Role of Walking* – Walking is inherent to any public transit system but most participants viewed walking as a necessary evil (to get from car to destination) or as a social activity, but not as a desired transit mode.
- *Being Driven vs. Driving* – There clearly exists a population of people who would prefer to be driven, especially when faced with congestion.

- *Security and the Fear of Assaults* – The fear of assault is one of the primary motivating factors influencing decisions regarding urban form, transportation choice, and even choice of activities within the San Juan Metropolitan Area.

IMPLICATIONS TO MARKETING STRATEGY

Findings from the focus groups suggest a number of immediate implications to an evolving marketing strategy for Tren Urbano. However, given the nature of the focus group research process, the preceding findings and following strategies should be taken as hypotheses based on careful observation of the sample data.

Marketing Mix

Product – The largest number of implications may be drawn on the actual design of transit services. If the goal is that of selling transit services to the modal-choice market, several aspects of the transit product should be considered, including the following:

- Offer parallel services, one cheaper (but less reliable and less frequent) targeted at price-sensitive customers, and one more expensive, but offering clear and consistent service standards.
- Service will need to respect the importance of composure.
- Stations will need to offer protection from wind, rain and heat.
- Stations will need to offer more than just transit access, but should be designed to have entry plaza areas, be brightly lit with established entry points, and have fountains, shops, eating, and entertainment uses (e.g., cinema).
- Night service will need to be carefully planned.
- Information technologies, such as video cameras, should be used for their interactive capabilities and to instill feelings of security for passengers.

Price – In addition to a pricing decision based on parallel services, other pricing strategies are proposed:

- Group travel may be encouraged through group pricing.
- Pricing should match the amenity.
- Congestion pricing in the morning can help distribute the flow of users.

Distribution Channels – Distribution channels normally refer to the means by which a product is distributed. Applied to transit problems, it can mean either the way in which tickets are distributed or the way the transportation service itself is routed.

Communications – A coherent communications strategy is a vital element of any marketing plan. While such a strategy normally depends on a better-elaborated segmentation and positioning strategy, a few initial phases are proposed:

- Take advantage of the themes identified through market research.
- Focus on congestion and roads as transit's competitor, not cars. The automobile is an important part of many people's identity and it would be a mistake to target the automobile as the competition.
- Use radio creatively as the primary communications media relating to travel.

Segmentation Strategy

For the marketing mix to be better targeted, managers of transit services will need to better segment the market for such services. This study suggests that there already exists a ready-made market for transit among modal-choice customers, but that this segment's needs are quite specific (reliability and composure).

Positioning Strategy

Even in the absence of a more detailed segmentation strategy, some tentative statements may be made about a proposed market positioning strategy for new transit services in metropolitan San Juan.

- Transit, if designed as proposed, should be positioned as reliable.
- Transit should be positioned as the "social," "safe" alternative.
- Transit services should be differentiated clearly enough so that "premium" services can be positioned as the most popular services.
- Improved transit services should be clearly differentiated from AMA.
- Tren Urbano should be renamed following the adoption of a clear positioning strategy.

CONCLUSION

The development of a market positioning strategy for transit services in metropolitan San Juan will depend on further market research. The primary question to be explored will be how physical facilities (and services in general) can be designed to make modal choice riders feel comfortable while at the same time encouraging all users to adopt high standards of behavior.