

# **Transit Marketing: Strategies for San Juan, Puerto Rico**

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## **A. Research Objectives**

Several urban rail transit systems have shown that beyond sound operational performance, a creative and broad-based marketing strategy has been instrumental in developing high levels of ridership and has improved public acceptance of transit in those cities. The marketing strategies employed also helped overcome the significant problems of negative public perception that the transit systems faced. San Juan faces these same challenges but has the opportunity to position itself for success with a commitment to excellence in transit marketing. This research provides a base of knowledge from which Tren Urbano managers may develop an effective marketing strategy for the new urban rail transit system.

## **B. Motivation**

Transit, as with many government services, may not be associated with good marketing, but rather with poor service quality and management. However, as congestion and air quality problems grow more severe in major metropolitan areas and as public services are increasingly held to higher standards, marketing functions are likely to play a more important role for transit. Managers familiar with current marketing practices will be better positioned to develop strategies for their own programs when resources are more constrained and ridership is ever more important.

In many areas auto-use is growing and transit ridership is falling. However, several factors support the counter-argument that public transportation will not fail but rather will be even more important in the future. Increases in highway congestion, levels of air pollution and concerns about patterns of development are merging in many areas to generate interest in new approaches to mobility. Most citizens no longer believe we can simply add highways to reduce congestion and are taking an interest in new

options to address mobility needs. If these trends continue, public transportation can assume a more important role in the future.

On the other hand, some of transit's long standing problems remain-- it is often inaccessible, slow and difficult to use. As well, desire for personal security, for smaller, more flexible government and the complexity of today's trip demands are factors that argue for continued or increased use of private automobiles. The fast growing Intelligent Transportation Systems industry seeks to keep cars available and practical for everyone, promising technological solutions to ensure easy driving for decades into the future. How should transit position itself in this environment?

For public transportation to survive and indeed to make a contribution to addressing the problems of pollution, development and congestion, it must become more reliable, inviting and pervasive. What would this imply for transit?

- predictable and rational schedules, routes and frequencies
- well designed stations / stops, easy transfers, safe travel and transfer points, comfortable, with logical routing, and good information to the public
- extensive coverage – in terms of geography, modes, accessibility and service hours

Only if these three goals are met can transit keep the transit dependent riders, attract mode choice riders and earn the favor of decision-makers and the public as a sound societal investment. Part of achieving this goal requires that transit services be known for excellence in operations, that there be a public commitment to supporting transportation and land use changes and that public transit really represents a viable option for certain types of trips.

This will be a difficult transition and some of these issues are outside of the control of transit managers. However, part of the managerial response can be to improve transit marketing. *Transit* marketing may not be widely studied, but marketing is and lessons can be drawn from other fields for use in the transit context. Marketing may take many forms but in all cases it is (a) promoting the use of a service or a good, (b)

providing information to users, potential users and other affected individuals and (c) proactive. In addition, marketing may be employed to promote any of at least four types of products or services:

- an existing product or service (transit)
- the idea of a future service (extensions or enhancements to transit service)
- a newly revised or updated service (feeder buses to a rail station)
- the choice of one service over another (transit versus driving)

In fact, a transit marketing campaign will almost surely have to address each of these challenges at some point, and often respond to several simultaneously. Anticipating each of these scenarios should help managers as they form marketing and operations strategies.

### **C. Research Methodology**

This research consisted of a literature review and several brief case studies. The literature covered the areas of marketing, transit marketing, transit management and the management of social campaigns. The cases covered several aspects of the marketing of both new and older rail transit systems. The cases included St. Louis, MO, Dallas, TX, and Philadelphia, PA. The literature and the cases were used to demonstrate both the breadth of marketing management functions and marketing's potential importance in the San Juan context.

### **D. Findings and Implications for the San Juan Metropolitan Area**

#### **Three Basic Principles for Transit Marketing**

To organize the reader's understanding of marketing's role for transit, the following three principles have been used to guide this research.

#### *Marketing comprises a broad range of activities*

The traditional perception of marketing as promotion and advertising is not wrong, but it is incomplete. Marketing is a multi-disciplinary function including planning, pricing, product definition and contributing to the future direction of the organization. The concept may be restated as two points:

- marketing concerns must play a role in overall organizational strategic and long-term planning
- marketing functions are the responsibility of managers throughout the organization, not just the “marketing” staff

*Transit Marketing should have three goals*

- to maintain existing ridership
- to generate new ridership
- to improve public support for mass transportation

This point has several implications:

- marketing programs must focus as much on the system’s existing riders as on non-riders
- early and on-going market research is needed to support the allocation of organizational and marketing resources
- developing external relationships with allied parties outside of the transit agency can be a means to widen public support
- transit is part of a city’s welcome mat for outsiders, transit agencies should see themselves as part of the hospitality industry train employees accordingly
- managers must strive to create an organizational culture that can integrate and utilize new information from outside of the organization for planning purposes

*Strong marketing programs anticipate the need for internal and external evaluations*

Organizational resources should not be allocated to marketing activities without a plan for assessing their impact on the organization’s success.

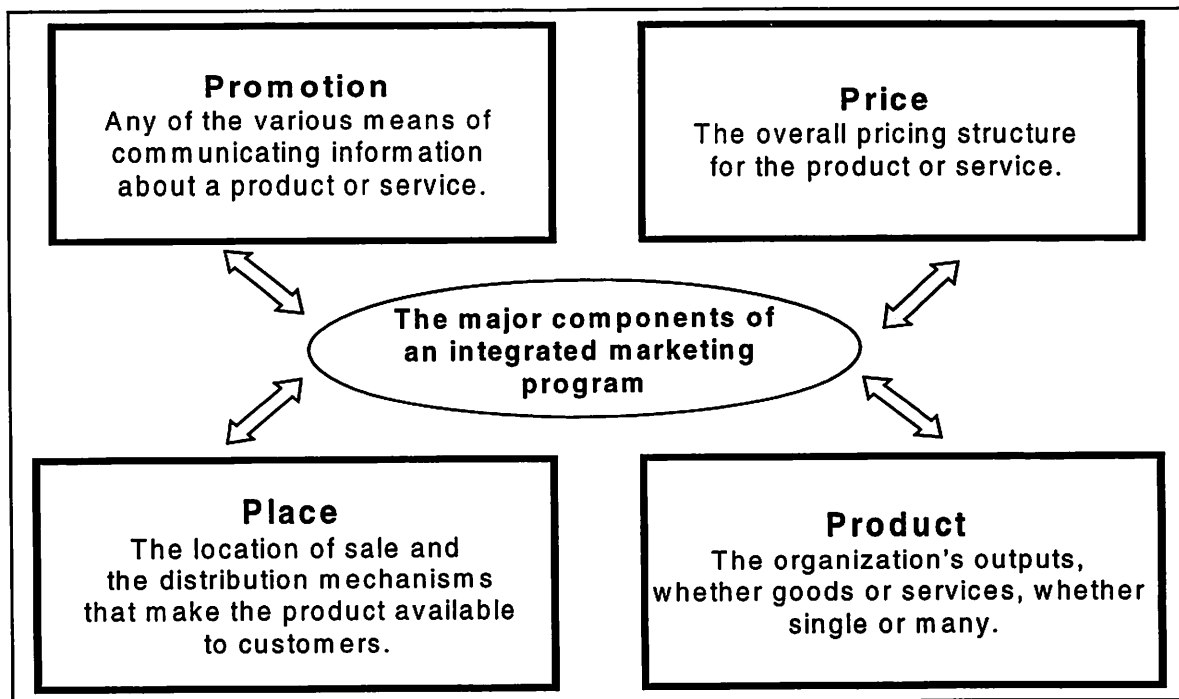
Implications:

- managers must develop a clear statement of goals at the outset of any planning process
- plans should permit a quantification of the resources allocated to marketing and the resulting outputs
- the organization must make a commitment to periodically review its performance against previously stated targets
- reviews should include a commitment to use customer and peer evaluation information in performance assessment
- managers must develop a means of incorporating evaluation results into the planning process

Managers keeping these three principles in mind should be in a position to develop effective marketing programs. However, the most important aspect of a transit system's success is reliable operational performance. Issues of design, routing and equipment selection do contribute to the both the operator's and the user's experience of the system but their impact can be overwhelmed by unreliable performance at the outset of a system's operation, when public opinions are forming. Transit's future depends on a number of factors. Some, such as land development, are out of its direct control, but the allocation of senior management attention to marketing functions presents a real opportunity for transit to improve its image and its performance.

In addition to the use of the three principles listed above, managers may use the traditional Four P's of Marketing to organize their work.

**Figure 1: The Four P's of Marketing**



Promotion may include any type of communication, whether regular or special and may be conducted via any media. Examples include advertising, mailings, radio and print communications, face-to-face exchanges and others.

Pricing is a complex topic only briefly discussed here.<sup>1</sup> A firm's production may be priced in a number of ways, by the piece, by time, by time of day, as multiple purchases, in advance, at the point of sale and others. Identifying the appropriate price structure requires a thorough understanding of the product's position in the market and of the actions of competitor organizations.

Place once referred simply to the location where an organization's outputs were made available to consumers, such as a store. As the pace of information exchange has increased, however, the place concept in marketing has evolved considerably. Consumers can often access goods and make purchases remotely, making the traditional face-to-face sale now only one of many means to acquire goods.

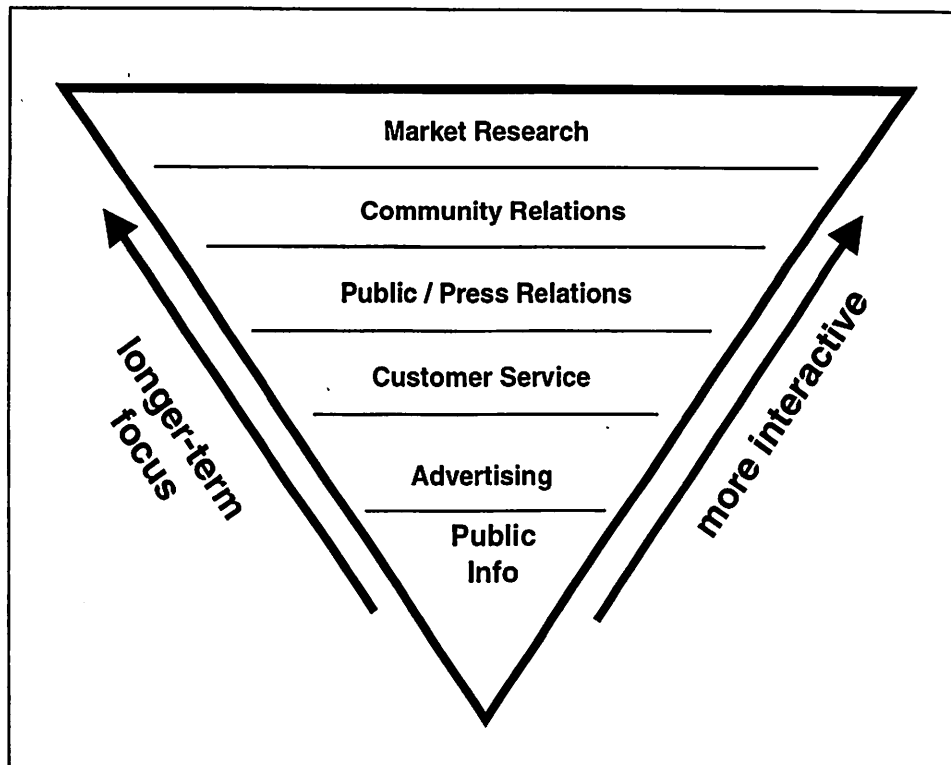
Product designates either goods or services produced by an organization. From a marketing point of view, the important characteristic of these outputs is that they may be modified to respond to changing market conditions. Organizations with static products will suffer as consumer demands and the products of other organizations evolve. Organizations that can not easily or quickly alter their products (such as the transit industry) should concentrate on developing new and more flexible promotional, pricing and place strategies.

Marketing management also involves the use of a number of different staff functions as detailed in Figure 2. Each of these functions is an important part of a marketing effort. The size of the organization or the marketing effort can determine the staffing requirements for marketing.

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<sup>1</sup> For further reading, research on transit system fare structures was conducted in a Master's thesis entitled: *Intermodal Fare Integration: Application to the San Juan Metropolitan Area*, by Joseph Barr of the Massachusetts Institute of Technology in 1997.

**Figure 2: A hierarchy of major functional components of marketing**



Marketing is the strategic organizing effort required to bring the various sub-functions together and to provide an organizational context for the activities.

*Market research* is the process of examining the context in which the organization's product will be deployed and from that, determining how to allocate organizational resources for maximum effectiveness.

*Community relations* consists of direct contact with the public in areas affected by a project. It is often the most visible part of the early planning and construction phases for a system. In a sense, it is the agency's public involvement in local politics. Examples include learning about the community's concerns as planning or construction is undertaken and informing the community about a project's status. Once construction is completed, community relations functions may be maintained or be merged into other communications functions.

*Public / Press Relations* is used to address targeted short-term information needs and communications for unplanned events. Information may be made available to the public or to specific sub-groups of concern

*Customer Service* is the task of responding reactively to direct customer inquiries or concerns. Examples include staffing a telephone information

line, a lost-and-found office and addressing the planning requirements of special groups or events.

*Advertising* is the direct act of placing messages where the public can receive them, either in print or in the electronic media. The messages generally convey promotional or static information, not developing news regarding specific events.

*Public Information* is the task of actively providing service related information, whether repeat or new, to the concerned public. Examples for transit include fare, routing and schedule information.

It is important that managers recognize the inter-relationships between these functions as well as their characteristics. For example, public information, as noted above, is a relatively simple function, but nonetheless fills a critical need for consumers. It is generally a one-way transfer of static information, using signs or postings. In the case of transit this might include schedules and timetables at a kiosk.<sup>2</sup> In contrast, community relations functions are highly interactive and must evolve in lockstep with any changes in the organization's activities. In addition, some marketing related functions are short-term in nature, such as promotion for a special event, while others, like community relations address long-term customer concerns.

Marketing is not only a multi-disciplinary management function, it is also one that benefits from the involvement of partners outside of the transit agency. These partners may play formal or informal roles but can greatly enhance the breadth and effectiveness of the marketing campaign by lending their support to the transit system. Figure 3 displays roles several key partners and the roles they may play.

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<sup>2</sup> Newly developing technology such as automated schedule information displays and real-time information for customers are changing the face of public information functions. However, the fundamental nature of public information – the provision of direct information to the concerned public remains the same. Technological improvements, mostly in terms of greater targeting and interactivity of information, tend to blur the distinction between the functions described above but do not alter the need to use multiple methods to satisfy customer concerns.

**Figure 3: Potential partners in marketing for transit agencies**

	Stakeholders		
	General Public	Private Sector	Government
<b>Contributions</b>	- Broad support -Volunteer time -Planning input	-Targeted support -Joint development -Ridership promotion	-Promotional assistance -Service planning input
<b>Benefits</b>	-Responsive transit -Improved use of government resources	-Improved access for labor -Reductions in congestion -Corporate visibility	-Improved access for employees -Public health -Land use changes

**Recommendations**

Marketing activities for Tren Urbano must respond to the context in the San Juan area but also must begin to reshape the image of transit in the minds of the city’s residents. Managers and marketing staff need to approach that challenge with the confidence that their work will be effective and productive. The process of mounting a successful marketing campaign will be complex and may best be broken into several components. It is recommended that the marketing campaign be divided into four sub-sections, each devoted to one of four time-based phases. The four phases are summarized in figure 4-1 and each is subsequently discussed in more detail in the final document.

**Figure 4: Recommended Phases for Tren Urbano Marketing**

Phase	Title	Time	Focus
<b>A</b>	Pre-Revenue	Early 1998 – early 2001	Community relations activities, market research and developing a base of support for Tren Urbano
<b>B</b>	Opening	Mid 2001 – early 2002	Preparation, opening and initial revenue service
<b>C</b>	Ridership Development	Early 2002 – early 2003	Attract and retain of a solid core of regular and special event riders
<b>D</b>	Evaluation and Revision	Mid 2003	Revise marketing plan for future years

Each of these phases is dated based on the assumption that revenue service begins in November of 2001. If that date changes, marketing activities should be shifted accordingly.

### **Preliminary goals for the Tren Urbano marketing plan**

As the reader considers the organization of the marketing work in these phases, the following goals and objectives should be kept in mind. Drafted as part of the procurement process for Tren Urbano, these goals can be expected to evolve but are illustrative of the early thinking as to how to orient the marketing program.

- To build awareness of Tren Urbano's value to the San Juan Metropolitan Area
- To contribute to meeting or exceeding ridership forecasts
- To achieve effective coordination of marketing functions between the system's owner, the Puerto Rico Highway and Transportation Authority and its contracted Operator, the Siemens Transit Team

The final marketing plan will rely on the coordinated efforts of both the Puerto Rico Highway and Transportation Authority (The Authority) and the contracted operating agency's staff. While the Authority will have final say in the form and content of the marketing program, the operating staff are expected to be the primary implementers of the marketing program.

In support of the goals identified above, the following preliminary objectives were also defined. In support of each objective, proposed activities are detailed in the final document.

- To build awareness and enthusiasm prior to the initiation of Tren Urbano revenue service
- To continually build ridership over the course of the contract
- To educate potential riders about the benefits, costs, safety, and efficiency of Tren Urbano
- To gain broad based media coverage of the system, its opening, long-term benefits, and positive impact on the area
- To proactively address the security concerns of riders, potential riders and those near the alignment
- To build support for developing additional lines throughout the San Juan Metropolitan Area
- To achieve effective inter-institutional coordination of marketing efforts