

Water Transit Authority Marketing Plan

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Table of Contents

- Table of Contents 1
- Executive Summary 2
- Description of Target Markets and Messaging 4
 - Description of the Target 4
 - Demographic Profile..... 4
 - Psychographic Profile 4
 - Regional Differences 5
 - Customer Lifecycle 6
 - Messaging for the Target 7
 - System Identity 8
- Phased Plan Framework..... 9
 - Phase I: Building Demand (FY 05-06 & FY 06-07)..... 9
 - Phase II: Grand Opening and Launch (FY 06-07 & FY 07-08)..... 9
 - Phase III: Building Ridership 11
- Implementation 12
 - FY 05/06 Marketing Budget Elements 13

Executive Summary

WTA is building a new network of ferry service that will unfold over time. Each of the new ferry services will eventually have its own marketing plan to guide launch and sustaining marketing. This plan provides a framework for marketing that can guide future activities and budgeting.

Demographically, the target for ferry ridership is an employed, adult trans-bay commuter currently using an automobile to transit the bay, typically over a bridge, for work. While there are many factors that will influence ferry ridership (i.e., cost or distance to the terminal) there are some key psychographic factors that will make ferry transit attractive to targets. Those who value the quality of their trip over the cost and perceived timesavings will be most likely to become loyal ferry users. This is the group that will be most interested in the consumer promise of the ferry system:

- Great alternative to stress and expense of solo commuting
- A safe, reliable, comfortable ride
- Environmentally friendly boats
- State-of-the-art traveler amenities

The target becomes even more defined considering where the target lives: those who live closer to their final destination will be more interested in timesavings, and those who live farther away or travel longer distances to ferry terminals will be interested in quality of the commute issues.

The Customer Lifecycle describes the process of moving prospects from trial to loyal users who stick with the product and become your most valuable customers. This Customer Lifecycle repeats itself over time.

A key aspect of the marketing plan will be developing an overarching identity for the entire system that brings a commuter focus and takes ferry transit out of the realm of pleasure boating and recreation and instead positions it as a viable commuter choice.

There will be three parts to each marketing plan:

Phase I: Building Demand

The timeframe for building demand is from now until approximately three months prior to the service introduction or reintroduction. Tactics include:

- Create awareness of the regional water transit network as a viable commute alternative
- Sustain interest during the phasing of the project.

Phase II: Grand Opening and Launch

The timeframe of this phase is approximately three months prior to launch and three months after. Tactics include:

- Build demand prior to the opening of new ferry service.
- Maintain demand after launch.

Within the marketing plan is a brief description of a six-month launch timeline.

Phase III: Building Ridership

The timeframe for this phase is approximately three months after launch until the entire system has been rolled out.

- Meet and exceed ridership projections.

Finally, the marketing plan discusses three budgeting approaches: zero-based spending plans, percent of revenue or per transaction, and stated figure budgeting. The proposed FY 05/06 budget was developed as a zero-based spending plan designed for Phases 1 (Building Demand) and II (New Service Development Launch).

Description of Target Markets and Messaging

At one time, ferry transit was the only way to get across the Bay. Today, commuters have an array of choices: carpool or solo commutes over bridges, BART and/or the bus. Ferry transit will not appeal to all commuters and marketing should be targeted to make the most of resources.

Description of the Target

Demographic Profile

Demographics are physical characteristics that help us target prospective users. The target is an employed adult trans-bay commuter, currently using an automobile to cross the Bay a regular, frequent basis, most likely for work. The market is equally women and men with incomes high enough to afford fares considerably higher than bridge tolls and other transit options. Although water transit will be very attractive to those who live within walking distance of the ferry terminal (such as Tiburon and Sausalito), the target is most likely to drive to the ferry terminal and park for the day. This individual will be looking for an easy connection to the ferry terminal from freeways and local roads. It is unlikely commuters will travel long distances to park and then ride water transit, thus the catchment area we will draw from is probably within 5-10 miles of the ferry terminal.

Psychographic Profile

Psychographics are attitudes toward the product that help us align our messaging so it reaches receptive minds. Cambridge Systematics, WTA's ridership consulting firm, segmented the market into eight different segments that rested on six factors influencing ferry transit use decisions:

1. Environment - Bay Area residents/commuters care about the environment and the impacts of population including auto pollution as a top-of-mind issue. It is unclear if this is a primary motivating factor, however, since studies also reveal a strong preference for driving one's own car to the ferry access point.
2. Timesavings -commute times are increasing in the Bay Area as in many major metropolitan areas and drivers are weighing options to get them where they need to go in the shortest amount of time possible.
3. Flexibility - potential ferry riders need to know that the service will be convenient to their schedule, not that they will need to change their

- schedule to suit the ferry service. Commuters want robust service that gives them many options of span and frequency.
4. Stress - potential riders are looking for relatively simple solutions to their travel needs. Easy to understand, easy to use, short waiting times, immediate connections, if needed, to their final destination.
 5. Cost - Bay Area residents are used to costs of public transit and bridge tolls for travel across the bay. Those using private vehicles may also be familiar with parking costs. Potential riders are less sensitive to local travel costs but they still need to see value for their fare, especially when it is higher than what they are used to spending on their commute.
 6. Travel experience - some riders are more predisposed to driving alone, taking transit or walking. In each of these modes, there is a distinctly different travel experience that will attract a potential rider to the ferry system.

The key takeaways from the Cambridge data point out those who consider themselves to be even modest environmentalists with some stress in their lives would be better candidates for water transit than those who have needs for absolute timesavings. These are people who will value the quality of their trip over the cost and perceived timesavings (as long as it is perceptually about the same as their drive). While we don't believe environmental messages will be the primary driver to move this group to water transit, they can be an important secondary consideration.

Regional Differences

The Cambridge data further segments audiences: those who live near or far from San Francisco.

Type I: Short Distance Commuters

For those who live in locations such as Oakland or Alameda, water transit cannot compete head-to-head on timesavings with commute alternatives such as solo commuting. Rather, the message should focus on the quality of the commute and quality of life issues.

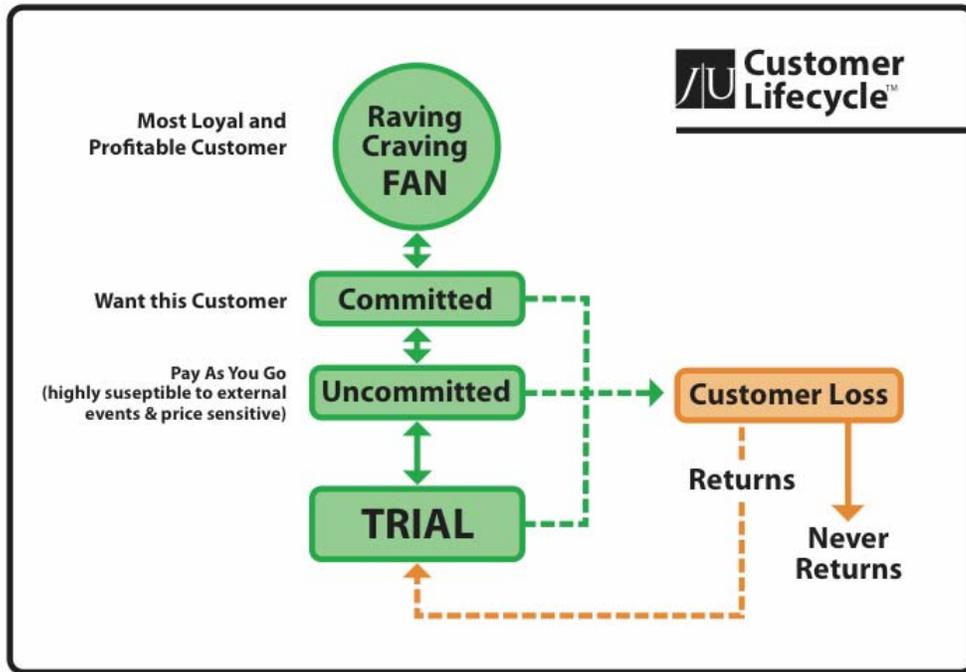
Type II: Long Distance Commuters

The farther people live from the bay and the longer distances they drive, the more important their perception of a need for timesavings becomes. Thus, if water transit can compete with other modes on long distance routes, it becomes a viable choice and timesavings can be a primary message. The long distance routes include:

- Vallejo to San Francisco
- Hercules/Rodeo to San Francisco
- Antioch to San Francisco
- Martinez/Pittsburgh to San Francisco

Customer Lifecycle

Moving customers from trial to raving, craving fans takes some time, but it's worth it to cultivate customer loyalty. Loyal customers use you more often and don't defect to competitors (in this case, back to their cars). Loyal customers stick with you even in the rain, and they don't take the ferry on a one-way trip.



The customer lifecycle begins with trial and a customer figuring out how the ferry system will fit into his or her commute. If the experience is positive, the customer will try again and move into a pay-as-you-go situation. At this point, decision-making is still on a day-by-day basis where the ferry is arrayed against other choices (such as personal vehicle or in some cases, transit) and some days the ferry will win, other days the customer will defect. Some customers will stay at this day-to-day decision making phase. These customers are still valuable, but they are highly vulnerable to external events and operational problems.

The next phase of the customer lifecycle is the raving, craving fans who are fervent about ferry service. These are the customers we want the bulk of the revenue from because they are the most loyal. Loyal customers are the ones who buy the commuter books and will shift to multi-day fare media. These

customers use the ferry every opportunity they have because it is simply a better commute for them and will put up with minor inconveniences with a minimum of grumbling. Loyal customers tend to be the heaviest users and typically are the greatest contributors to the revenue stream and thus farebox recovery standards. These are the most valuable customers and will help keep the revenue stream stable.

The final phase of the customer lifecycle are those customers who lapse because the service or product no longer works for them or they become disenchanted with it. These customers can be won back, but it is expensive.

If you consider that this Customer Lifecycle is repeating itself over and over again as the population shifts, it means that marketing water transit is not a simple one-time message. Consistent marketing fuels the pipeline of customers and helps you meet and exceed your farebox recovery standard now and in the future.

Messaging for the Target

To date, the WTA has been positioned around advocacy and explaining the need for expanded ferry service. As the system begins to emerge, having an identity with a product and commuter focus becomes key and will help solidify ferry transit within the prospect's mind. This is called "positioning." In the absence of attitude and awareness research we assume the current positioning is wrapped up as ferry service for commuters and recreational use:

For existing users:

- A great way to get to work on some or most days
- Expensive in comparison with other options
- Fairly efficient or at least comparable to car travel

For the general public:

- Perceived as a recreational alternative
- Not perceived as a strong commuter option; a little "fluffy"
- No perception of time and cost
- Perceived as its own system with no connections at origin or destination end

We need to reposition the ferry system so it has a firm place within the consumer's mind as a viable option to solo driving. We have to build a consumer promise to put ferry ridership on the radar of prospective commuter customers:

“Water transit is a great alternative to the stress and expense of commuting alone in your auto. When you commute by ferry, you have a safe, reliable, comfortable ride across the bay in a non-polluting ferryboat equipped with state-of-the-art traveler amenities.”

As part of messaging development, we need to test the consumer promise and determine which elements resonate most strongly with prospective customers.

System Identity

To make the positioning come alive, we recommend developing a system identity that helps the consumer identify ferry service in a quick and easy-to-remember manner. Customers will *not* refer to the system as “water transit,” or “the WTA.” Currently, users call the service by its generic name or the individual lines (“I take the ferry” or “Sausalito ferry,” or simply “Vallejo”). As stated above, the ferry service has a strong recreational perception among non-riders that can be counteracted with a system identity that positions the service as commute option.

The FY 05/06 work plan includes an effort to develop a system identity that could become the umbrella under which the existing system and new service eventually resides. This becomes a unifying marketing element that helps further the concept of a system-wide ferry transit network for commuters.

The work plan includes initial concepting of a system identity name, testing with consumers, and developing a logo or mark that can be used to visually identify the system. The system identity can then be applied on marketing materials and assets, such as terminals, boats and fare media, as a unifying element.

Phased Plan Framework

Because network of ferry service will be rolled out over a period of years, the marketing framework must be phased. In some cases, we may be building demand for future service while simultaneously launching new service. Each of the ferry lines will eventually have its own marketing plan to guide launch and sustaining marketing. This plan provides a framework or template for marketing that can guide future activities in three macro phases and the objectives under each:

Phase I: Building Demand (FY 05-06 & FY 06-07)

Create awareness of the regional water transit network as a viable commute alternative. Where ferry transit was once the only way to get across the bay, it is now virtually invisible as a commute alternative. Water transit has the potential to attract a different kind of commuter - the solo driver - and is not intended to pull people off BART or the bus. As a transportation alternative, it can become a major force in combating congestion in the Bay Area. Tactics to create awareness include:

- Create a system identity for the emerging water transit system as a viable commute alternative.
- Capitalize on the success of the current ferry system.
- Strong message management that stresses the unique personal benefits of using the ferry system.
- Advocacy advertising to presenting WTA's position on key issues.

Sustain interest during the phasing of the project. The water transit system will emerge over a period of years as funding becomes available. It will be a gradual rollout, starting (perhaps) with the future assumption of Alameda-Oakland Ferry Service and then new service to South San Francisco and so forth. There will be no moment in time when the entire service is unveiled all at once - rather, routes will be added at various times around the Bay. Tactics to sustain interest include:

- Create a plan with that can shift with changing timelines and geographies.
- Create a localized plan that allows interest to be peaked and sustained simultaneously without causing confusion in other parts of the Bay Area.

Phase II: Grand Opening and Launch (FY 06-07 & FY 07-08)

Build demand prior to the opening of new ferry service. Marketing stimulates demand, but you can't stimulate demand too early because people forget, make other plans or generally lose interest if you can't or don't deliver on your

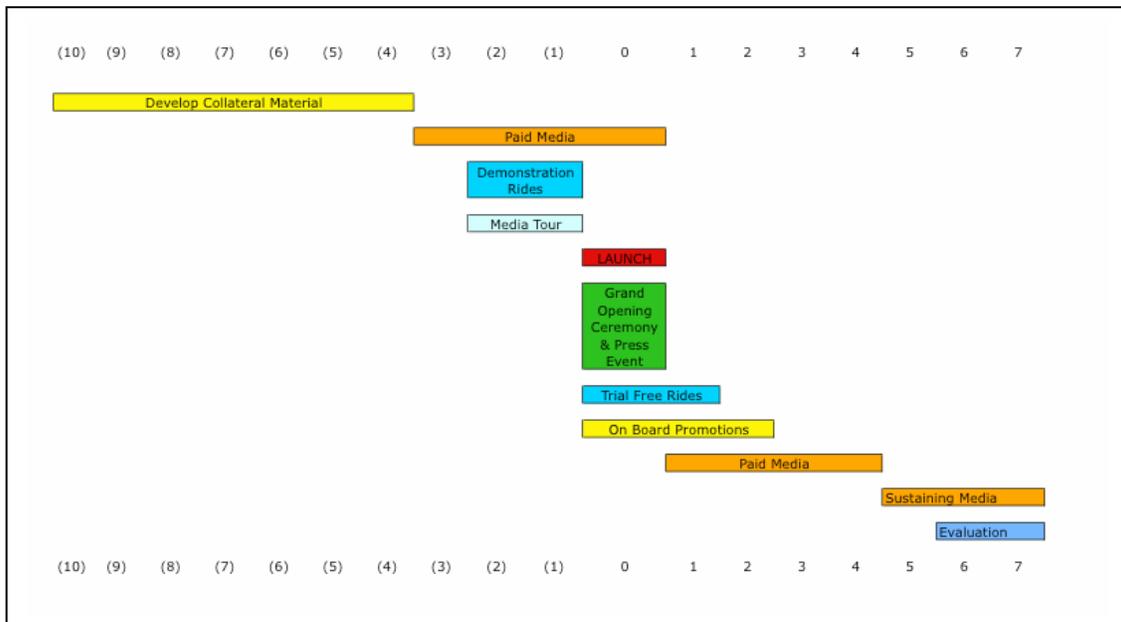
promise. We can create interest and awareness that new or upgraded service is coming by strategically placing messages in the market so that when the service launches, people are ready. Tactics to build demand include:

- A strong public relations program designed to introduce the expanded ferry system to the media, opinion leaders, prospective patrons and the general public.
- A targeted publicity program to generate descriptions, visuals and media endorsements of the ferry system.
- Demonstrations and tours for the media and VIPs.
- Grand opening kickoff celebrations.
- Placement of paid media support.
- Use sales promotion and alliances to spike sales with specific target audiences.
- Terminal signage, boat decaling, and trailblazer signs to generate interest.

Launch Timeline

The following timeline has been established as a not-later-than count back schedule. Service launch has been designated as Week 0. Preparatory events such as production and pre-sale activities are designated as Week (1), (2), (3), etc., meaning they are happening BEFORE Week 0. Post opening events are designated as Week 1, 2, 3, etc. meaning they happen AFTER Week 0.

For example, the media tour is completed 1-2 weeks *prior* to the service launch.



Maintain demand after launch. After the initial hype of the launch, you have to keep people interested in the service and convert them from trial to regular usage; this is not automatic and will take some work to maintain customer “stickiness” so they become and stay loyal patrons. Tactics to maintain demand include:

- Distribution of promotional materials at terminals and on boats.
- Value-added promotions.
- Development of easy to obtain fare media that encourages loyal ridership.

Phase III: Building Ridership

Meet and exceed ridership projections. Cambridge Systematics developed an extensive modeling system that forecasts ridership on existing, reconfigured and proposed routes both in terms of 1998 daily ridership figures and estimated 2025 ridership. The goal is to meet and exceed the ridership projections. The forecasts include modes of access and ridership by purpose. Tactics to meet and exceed ridership include:

- Focus on loyal trip generators: commuters who cross the bay on a frequent, regular basis for work and recreation.
- Focus on developing daypart ridership: morning and evening commute and weekend trips.
- Measure against projections; adjust promotions and programs as necessary.

Implementation

Determining how much to budget for marketing can be an agonizing decision for public agencies. On the one hand, there are often groups that believe, “if you build it, they will come.” Others realize that marketing is all about effecting change, and to make people sit up and take notice takes allocated resources. Public agencies are frequently disappointed to find that, although their budgets are big for them, other advertisers in the market dwarf their expenditures. There are several different ways to look at budgeting. Here are three methods for consideration.

- Zero-based spending plan. This looks at what will it cost to achieve the kind of reach and frequency needed to achieve the transaction and revenue goals. We typically look at a zero-based spending plan to understand the magnitude of the challenge against us. This type of spending plan takes into account the advertising messages in the market, the level of competitive voices in the market (who is competing for the target’s attention), the layers of media in the market, and even the reach of the market. The FY 05/06 proposed allocation was developed as a zero-based budget.
- Percent of revenue or per transaction. This looks at marketing as a percentage of the total revenue. This is especially helpful when looking at a launch and comparing the number of units you want sold, the timeframe available and media markets. It is not unreasonable to see at a 1-2.5% of revenue share being devoted to marketing. This kind of budget can also be helpful when the agency moves into a ridership maintenance mode.
- Stated figure budget. Sometime, there is a plugged number in the budget that is what it is. And you have to live with it. While this is the least preferable, as it is not tied to sales goals or the reality of the market, it is a reality we must confront and can deal with.

FY 05/06 Marketing Budget Elements

Phase I: Building Demand

Existing Service

- General Outreach and Communication
- Redo website to move from advocacy into system implementation
- Step up outreach at civic meetings and events
- Media outreach
- Produce articles and support schedule pages in Bay Crossings newspaper, a primary source of information for existing ferry riders and waterfront stakeholders.

Promotion of Existing Service

- Work with Golden Gate, Alameda/Oakland and Vallejo on service promotions
- Demonstration rides with existing service
- Support Bay Crossings Store, Ferry Building as a distribution point for ferry tickets, schedules and other information about ferry system and destinations.

Production of Informational Materials

- Update map, create additional leave behinds
- Develop new presentation

New Service Development

- Brand Identity Program and Research
- Ideation, research, design of logo/mark

Outreach to specific communities

- SSF transit managers, East Bay feeder communities

Demonstration free rides

- SSF transit managers demonstration rides