

## **PUBLIC TRANSIT MARKETING: LECTURE MODULES**

- Topic 01: What Is Marketing**
- Topic 02: What Is Promotion's Role In Public Transportation**
- Topic 03: Purchasing for Public Transit Marketing Managers**
- Topic 04: Pricing for Public Transit Organizations**
- Topic 05: Product Management In Public Transit**
- Topic 06: The Role Of Facilities in Public Transportation**
- Topic 07: Strategic Planning & The Public Transit Manager**
- Topic 08: Consumer Behavior: Decision-Making On Public Transit Usage**
- Topic 09: What Is Marketing's Role In The Strategic Planning Efforts of Public Transit Organizations?**
- Topic 10: Market Segmentation & Target Marketing: Public Transit Applications**
- Topic 11: Information For Public Transit Marketing Decision Making: The Role Of Information Systems & Marketing Research**
- Topic 12: The Role Of The Transit Manager In The Year 2000**
- Topic 13: TQM And Public Transit Management**
- Topic 14: Consumer Search Behavior For Public Transit Service**
- Topic 15: Consumer Expectations Of Transit Services**
- Topic 16: Analyzing Consumer Perceptions of Public Transit Service Providers**
- Topic 17: The Role of The Customer In The Delivery Of Public Transit Services**
- Topic 18: The Role Of Employees In The Marketing Of Public Transit Services**
- Topic 19: Measuring Service Quality: A Public Transit Application**
- Topic 20: Measuring Customer Satisfaction: A Public Transit Application**
- Topic 21: Service Value: A Public Transit Application**
- Topic 22: Comprehensive Transit Service Decision-Making Models**
- Topic 23: Building Customer Relationships In Public Transit Environments**
- Topic 24: The Role Of Communications In The Marketing Of Public Transit Services**
- Topic 25: Conceptualizing The Public Transit Experience**
- Topic 26: Managing People In The Public Transit Context**
- Topic 27: Value Creation Strategies For Public Transit Organizations**

**Topic 28: Comprehensive Decision-Making Considerations In Public Transit Contexts**

## **General Topics What Is Marketing? (2 hours)**

**Module Description:** This module offers an introduction to marketing. It covers important broad topics such as why should marketing be studied in transit services, and what is the basis of transit marketing

**Goals of Session:**

- to point out the underlying factors that managers consider in carrying out their services
- to familiarize transit managers with the goals of marketing and how they apply to transit managers

**Experience Level:** novice

**Prerequisites:** none

**Length:** 2 hours

**Who Should Attend:** All Transit and Commuter/Ridesharing Professionals

**Skill/Knowledge Gained:**

- knowledge of the four different orientations that influence organizations
- a formal definition of marketing
- awareness of the key to effective marketing

## General Topics

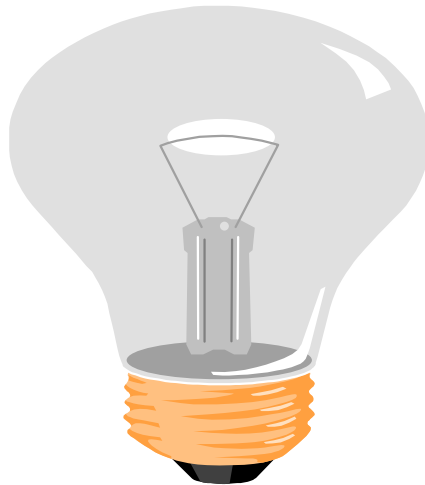
### What Is Marketing?

(2 hours)

Marketing Defined

⇒ is defined by the American Marketing Association  
as the process of:

- planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.



⇒ **Marketing is NOT Selling and Advertising.**

⇒ Marketing is a philosophy, or a management orientation, that stresses the importance of customer satisfaction and includes all the activities required to implement this philosophy.

**Generally Speaking, Marketing is said to Include The Management of The 4 P's**

- ◆ Price
- ◆ Place
- ◆ Product
- ◆ Promotion

⇒ **For Public Transit Managers, This Means**

Price

- Setting the Basic Fare Structure
- Identifying Seasonal Price Offers
- Identifying Individual Discounts
- Special Event Activities

Place

- Identifying Stops
- Designing & Maintaining Physical Facilities

Product

- Designing & Maintaining Rolling Stock
- Managing tangible Evidence of Service

Promotion

- Advertising
- Personnel Selling
- Sales Promotion
- Publicity

Public Relations

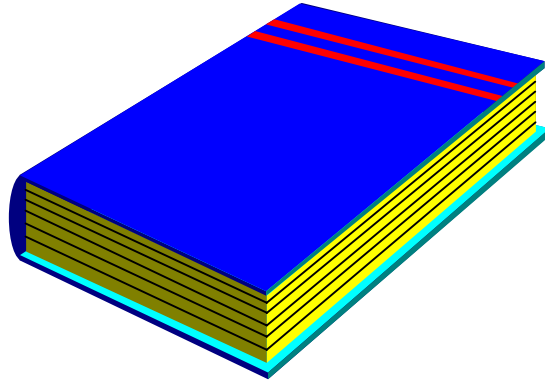
- **Marketing Involves Some Type of Exchange.**



**Exchange Requires The Following Conditions**

- ◆ Willingness to Buy
- ◆ Authority to Buy
- ◆ Medium of Exchange

# Why Should Transit Managers Study Marketing?



⇒ **Marketing Is Pervasive In Society**

- ◆ **Barrier To Transit Use Marketing Serves As A Source of Information**
- ◆ **Competitors Use Marketing As A**

⇒ **Marketing Is Important To The Market Place Success of Individual Transit Organizations**

- ◆ **Marketing Is An Important Input In The Design of Transit Services**
- ◆ **Marketing Is An Important Tool In The Regulation of Demand**
- ◆ **Marketing Is An Important Input In The Level of Support For Transit Systems**

⇒ **Marketing Is Important In The Internal Management Efforts of Transit Organizations**

- ◆ **What is Internal Marketing**
- ◆ **How Does Employee Satisfaction Affect Customer Satisfaction?**
- ◆ **Developing A Market(ing) Orientation**

# What Is A Market(ing) Orientation?

There are four different orientations that influence organizations

- **Production**

⇒ Production orientation focuses on internal capabilities of the firm rather than on the desires and needs of the marketplace. The firm is concerned with what it does best based on its resources and experience, rather than what consumers want.

- **Sales**

⇒ Sales orientation assumes that buyers resist purchasing items that are not essential and that buyers must be persuaded to buy. It also assumes that more goods and services will be purchased if aggressive sales techniques are used and that high sales result in high profits.

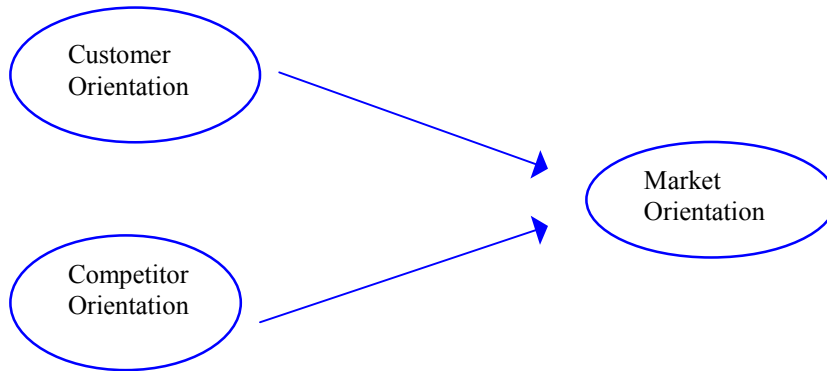
- **Marketing**

⇒ Marketing orientation is based on the understanding that a sale predominantly depends on the customer's decision to purchase a product and the customer's perception of the value of the product

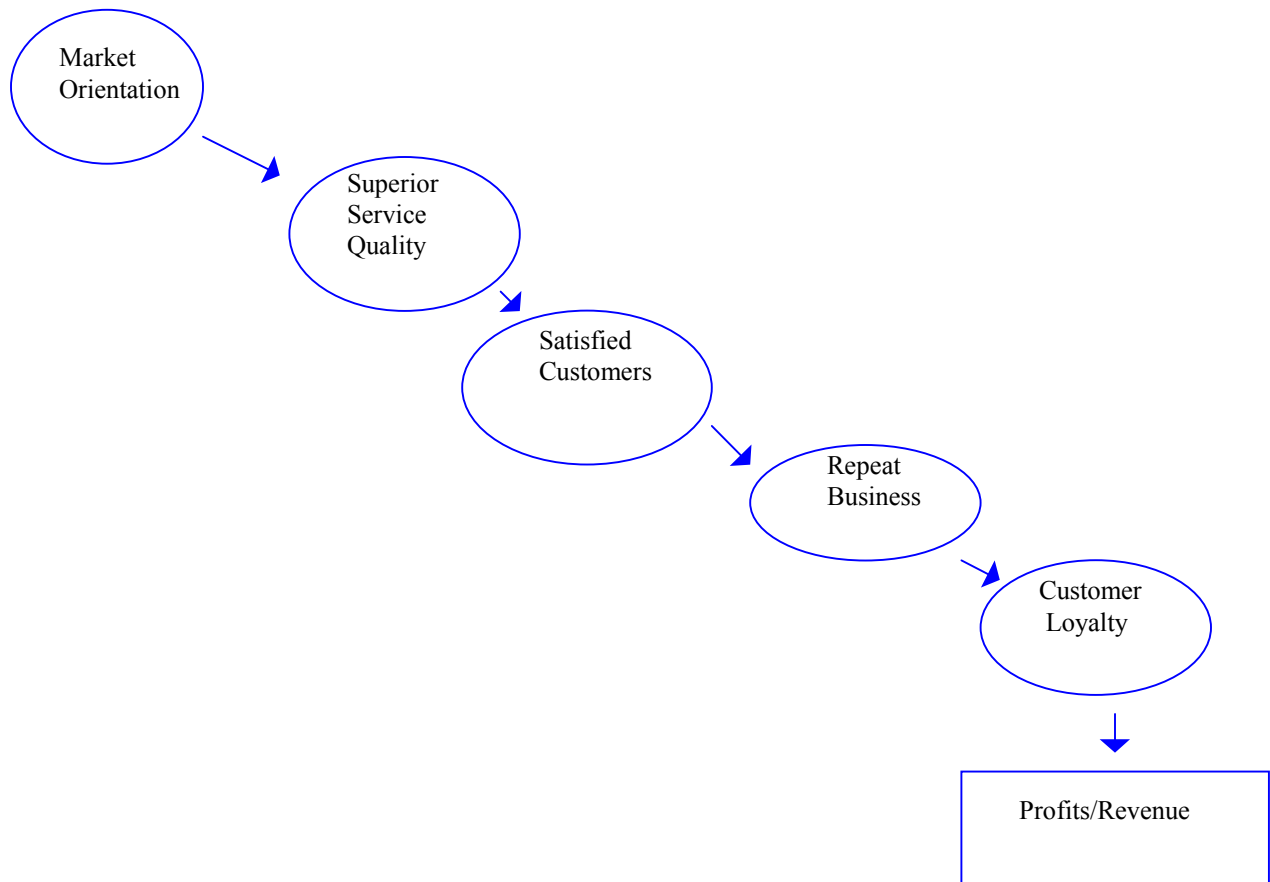
- **Societal Marketing**

⇒ Societal marketing concept suggest that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting organizational objectives and simultaneously preserving or enhancing both the individual's and society's long-term best interests. This orientation extends the marketing concept to serve three bodies rather than two: customers, the organization, and society as a whole

## What Are The Components of A Market(ing) Orientation?



## What Is The Goal Of Marketing & How Does Marketing Apply To The Transit Manager?



# The Value Creation Chain

## What Is The Objective Of Transit Marketing?

### ⇒ Forming Relationships

- ◇ Relationship marketing is a strategy that entails forgoing long-term partnerships with customers which contribute to their success.

## What Is The Basis Of Transit Marketing?

### ⇒ Selecting one or more target markets

- ◇ subsets of the total market
- ◇ define those most likely to be users of your services

### ⇒ Setting marketing objectives

- ◇ marketing objective is a statement of what is to be accomplished through marketing activities

### ⇒ Developing and maintaining a marketing mix that will produce mutually satisfying exchanges with target markets.

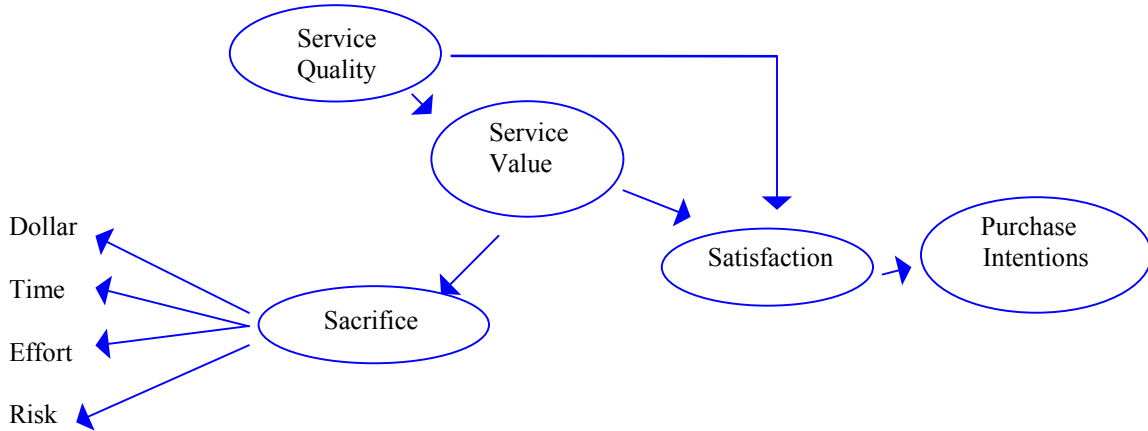
- ◇ Price
- ◇ Place
- ◇ Promotion
- ◇ Product
- ◇ Physical Facilities
- ◇ People
- ◇ Processes

## The Key To Effective Marketing

⇒ **The Creation of Customer Satisfaction**

⇒ **The Creation of Value**

- ◇ customer value is created based on their perception of what they get versus what they give up.



## The Consumer Decision Making Process



**General Topic**  
**What is Promotion's Role in**  
**Public Transportation?**  
**(2 Hours)**

**Module Description:** This module provides an introduction to promotions. It will introduce the relationships between public transportation and promotions. Valuable background information will be presented, including the objectives of promotional efforts and how promotions affect the use of transit services.

**Goals of Session:**

- to familiarize transit managers with the importance of the use of promotions in public transportation
- to teach transit managers how to organize and budget promotional activities
- to illustrate various creative strategies for transit services

**Experience Level:** novice

**Prerequisites:** none

**Length:** 2 hours

**Who Should Attend:** Transit Managers, Marketing Staff, Regional Commuter Service Directors, Marketing Staff, Ridesharing coordinators, Employee Transportation Coordinators

**Skill/Knowledge Gained:**

- key terminology
- ability to manage the promotion process as it relates to public transportation

**General Topics**  
**What is Promotion's Role in**  
**Public Transportation?**  
**(2 Hours)**

**Promotion** is defined as the exchange of ideas, sharing of feelings, and trading of information  
Between consumers and the providers of goods and services

**What Are The Objectives of Promotional Efforts?**

- ◆ To Inform
- ◆ To Persuade
- ◆ To Remind

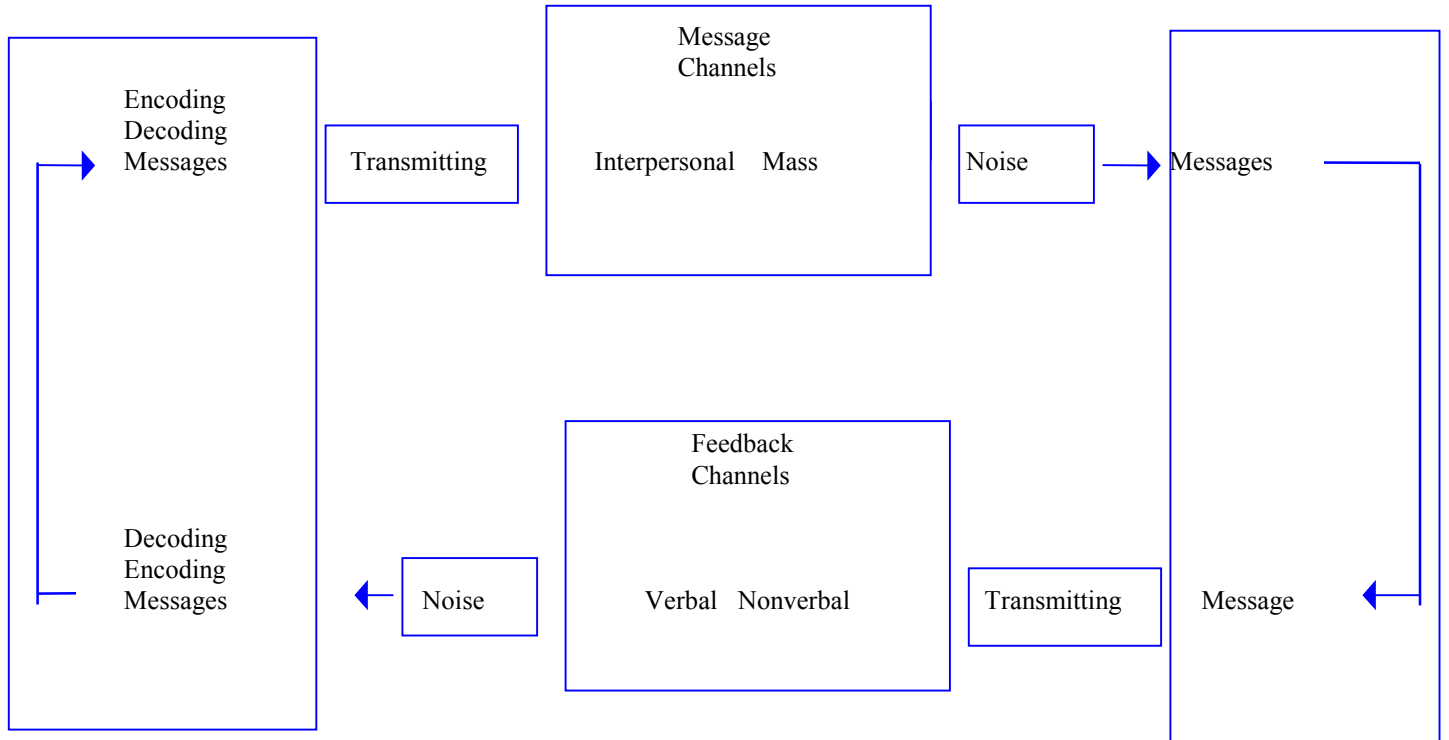
**Who Is The Object Of Promotional Efforts?**

- ◆ Customers
- ◆ Potential Customers
- ◆ Employees
- ◆ Other Publics

⇒ The promotional element is comprised of a mix of tools available for the marketer which is called the promotional mix

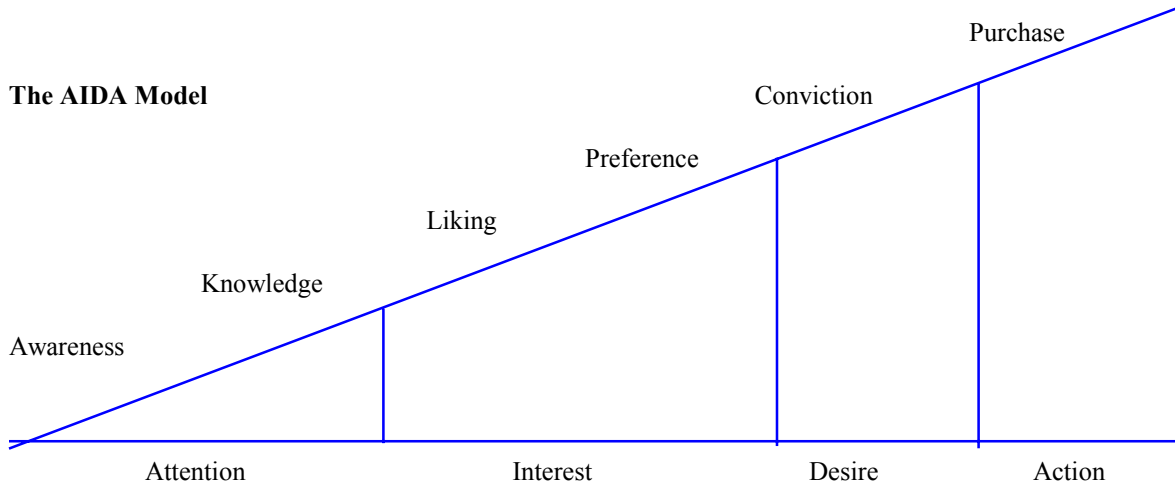
- ◆ advertising
- ◆ personal selling
- ◆ sales promotion
- ◆ publicity.

# What is Included In The Promotional Communications Process?



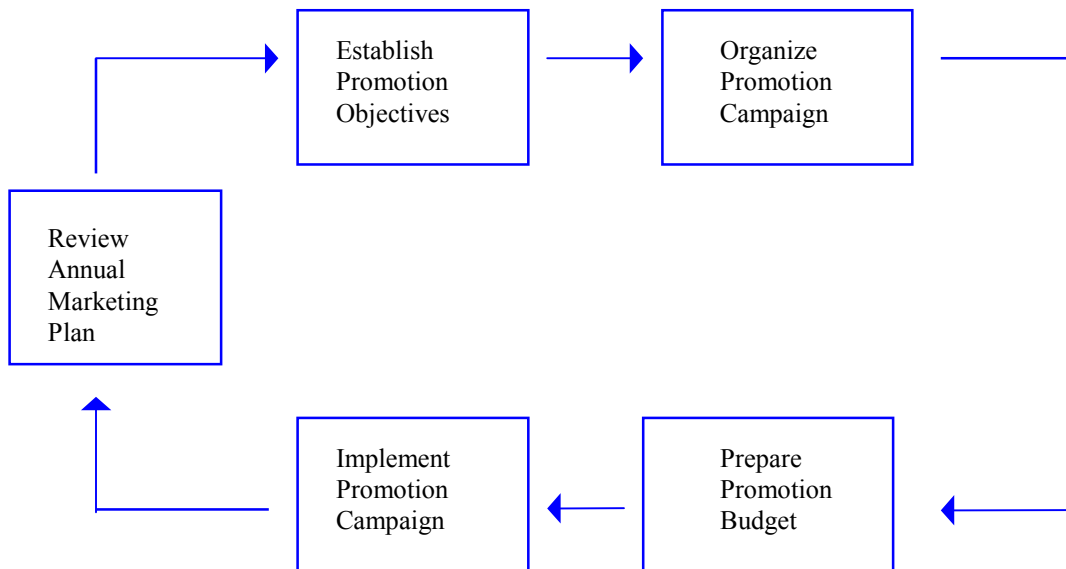
## How Does Promotion Affect The Use Of Transit Services?

⇒ The Hierarchy of Effects Model



## How Should Transit Managers "Manage" The Promotion Process?

### The Promotion Management Process



## **Selected Examples of Promotional Objectives For Transit Organizations**

- |                                      |                                |
|--------------------------------------|--------------------------------|
| • Create Consumer Awareness          | • Enhance Organization's Image |
| • Provide Pertinent Information      | • Change Consumer Attitudes    |
| • Improve Customer Understanding     | • Alter Consumers' Behavior    |
| • Induce Trial Ridership             | • Introduce New Service(s)     |
| • Increase Ridership                 | • Establish Market Position    |
| • Increase/Maintain Customer Loyalty | • Develop Name Recognition     |
| • Create Positive Associations       | • Accentuate Service Value     |
| • Explain Organization's Viewpoint   | • Enhance Public Support       |
| • Counter Competitor/Critics Claims  | • Counter Negative Publicity   |
| • Increase Purchase Frequency        | • Introduce New Facilities     |
| • Stabilize Ridership Demand         | • Fulfill Legal Requirements   |

## How Can Transit Promotion Activities Be Organized?

⇒ By Orientation of The Promotion Strategy

- Push Strategy ( directing Promotion Efforts at Intermediate Users
  - ◆ Large Employers
  - ◆ Conventions
  - ◆ Sports/Entertainment Events
- Pull Strategy ( directing Promotion Efforts at Final User
  - ◆ Advertising
  - ◆ Direct Market Appeals
  - ◆ Price Appeals
- Combination Strategy ( directing Promotion Efforts at both Intermediate & Final Users
  - ◆ Sales Promotion
  - ◆ Public Relations
  - ◆ Advertising/Direct market Appeals

## **How Should The Transit Manager Approach Budgeting For The Promotion Effort?**

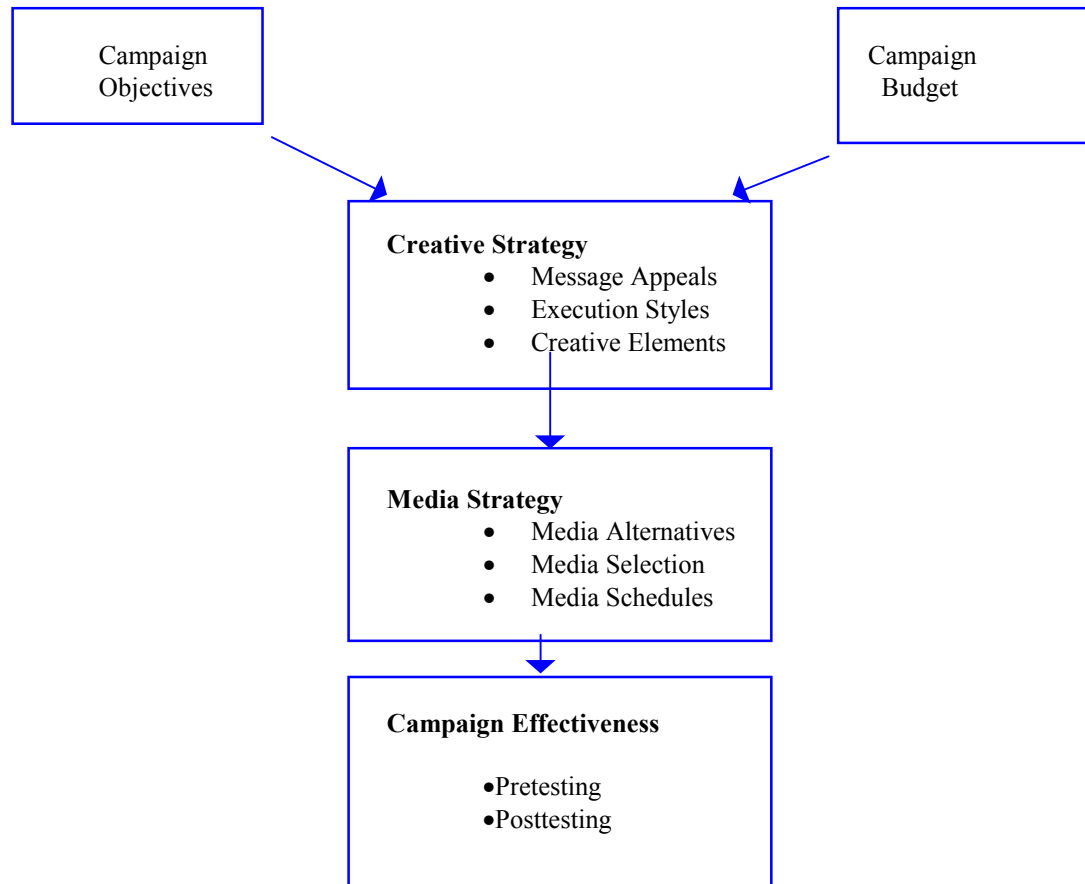
- ⇒ Educated Guess Method
- ⇒ Arbitrary Amount Method
- ⇒ Available Funds Method
- ⇒ Percentage of Revenues Method
- ⇒ Comparable Comparison Method
- ⇒ Objective & Task Method

## **Possible Resources?**

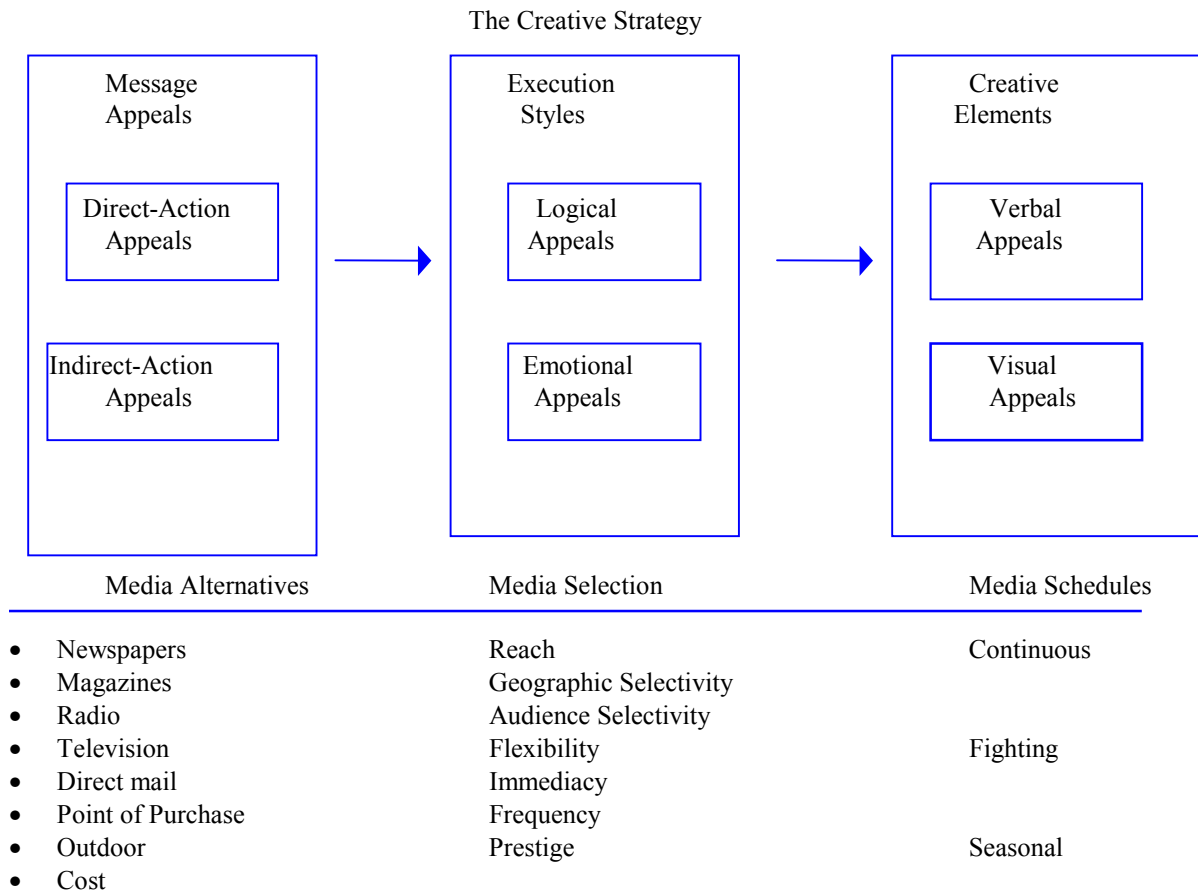
- Internal Experts
- Trade Sources
- Government Data
- Outside Agencies
- Other Public Agents/Agencies

# What Should The Transit Marketing Manager Know About Implementing Promotional Campaigns?

## The Creative Advertising Campaign Process



# How Does One Select The Right Creative Strategy For Transit Services?



**General Topics**  
**Purchasing for Public Transit Marketing Managers**  
**(1-2 Hours)**

**Module Description:** This module covers various aspects of purchasing as it relates to public transportation services. Several topics are discussed including outsourcing, purchasing contracts, and managing bid-based contracts.

**Goals of Session:**

- to familiarize attendees with how purchasing factors to consider
- to identify the importance of purchasing strategies in public transit

**Experience Level:** novice

**Prerequisites:** none

**Length:** 1 - 2 hours

**Who Should Attend:** Transit Managers, Purchasing and Marketing Staff, Regional Commuter Service Directors , Marketing Staff

**Skill/Knowledge Gained:**

- ability to plan effective purchasing contracts
- ability to manage purchasing agreements for long-term relationships

**General Topics**  
**Purchasing for Public Transit Marketing Managers**  
**(1-2 Hours)**

**I. What Strategic Options Are Available to Transit Managers In Need of Goods or Services?**

- A. Self Provision
- B. Out Sourcing

**II. What is Purchased For Marketing Purposes?**

- ⇒ Goods
  - ◇ Supplies
  - ◇ Equipment
  - ◇ Assets
  
- ⇒ Services
  - ◇ Professional Services
  - ◇ Creative Services
  - ◇ Research Services
  - ◇ Administrative Services

**III. Why Outsource?**

- ⇒ Sources of Advantage Inherent in Outsourcing
  - ◇ Acquisition of Specific Skills
  - ◇ Cost Advantages Inherent in Scale Economies
  - ◇ Experience
  - ◇ Avoidance of Long Term Asset/Employee Commitments



## **IV. The Challenge of Purchasing (Outsourcing) Services**

### **A. The Process**

- ◇ Identifying Suppliers
- ◇ Qualifying Suppliers
- ◇ Contracting For Specific Services
- ◇ Managing Service Provision
- ◇ Evaluating Service Outcomes

### **B. Problems?**

- ◇ Intangibility of Output
- ◇ Subjectivity of Evaluation
- ◇ Lack of Expertise/Experience
- ◇ Personal Involvement of Managers
- ◇ Abstract Contractual Obligations

### **C. Solutions?**

- ◇ Competitive Bidding Processes
- ◇ Third Party Evaluation
  - ⇒ Industry Experts
  - ⇒ Trusted Suppliers
- ◇ Relationship Formation

## **V. Achieving Efficient Purchasing Outcomes**

### **A. Weighing Risks**

- ◇ ensuring yourself against non-performance
- ◇ risk premiums

### **B. Establishing Trust**

- ◇ equity
- ◇ organizational/institutional justice
- ◇ procedural justice

## **VI. Keys to Effective Purchasing Contracts?**

- A. Creating Incentives for Quality Performance
- B. Defining Expectations
- C. Setting Deadlines
- D. Identifying Specific Evaluation Criteria

## **VII. Managing Bid-Based Contracts**

- A. Notify Potential Suppliers of Specific Need and Solicit Proposals
- B. Pre-proposal information meeting
- C. Quality Potential Suppliers
- D. Invite Proposals
  - ◇ written proposals
  - ◇ formal presentations
  - ◇ identify criteria
  - ◇ identify evaluators
  - ◇ identify process
- E. Select Supplier
- F. Negotiate Final Contract With Selected Supplier
- G. Notify All Suppliers of Decision
- H. Evaluate Supplier Performance

## **VIII. Keys to Establishing Long-Term Supplier Relationships?**

- A. Establishing Trust
  - ◇ transaction - specific investment
  - ◇ equity
  
- B. Managing Conflict
  - ◇ power/dependency
  - ◇ organizational socialization
  
- C. Establishing Cooperation
  - ◇ procedural justice
  - ◇ organizational justice
  
- D. Developing Expertise
  - ◇ experience
  - ◇ education
  - ◇ employees

## **General Topics**

### **Pricing for Public Transit Organizations**

#### **(2 Hours)**

**Module Description:** This module will introduce pricing and how it relates to public transit organizations. The use of basic marketing concepts makes this module user-friendly for those with no previous marketing background or expertise.

**Goals of Session:**

- to establish the importance of pricing activities in the context of public provision of transportation services
- to illustrate the determinants of value
- to specify the pricing process

**Experience Level:** novice

**Prerequisites:** none

**Length:** 2 hours

**Who Should Attend:** Transit Managers, Transit Planning, Finance and Marketing Staff, Regional Commuter Service Directors

**Skill/Knowledge Gained:**

- basic terminology
- foundation necessary to manage service demands and to develop “special” pricing for services

## **General Topics**

### **Pricing for Public Transit Organizations**

#### **(2 Hours)**

#### **What Is Price?**

⇒ **Price** is the cost associated with the acquisition and/or use of a good or service

#### **Why Is The Price of Good or Service Important?**

- Price is the mechanism by which goods and services are allocated among consumers, governments, and businesses.
- Price is often used as a proxy for product or service quality
- Price has a significant affect on expectations
- Price has a significant affect on volume

#### **Pricing and Transit Organizations**



Motivation to Use Transit System



Cue To the Quality of the System



Determinant of Financial Health of System

#### **The Role Of Price In The Demand For Transit Services**

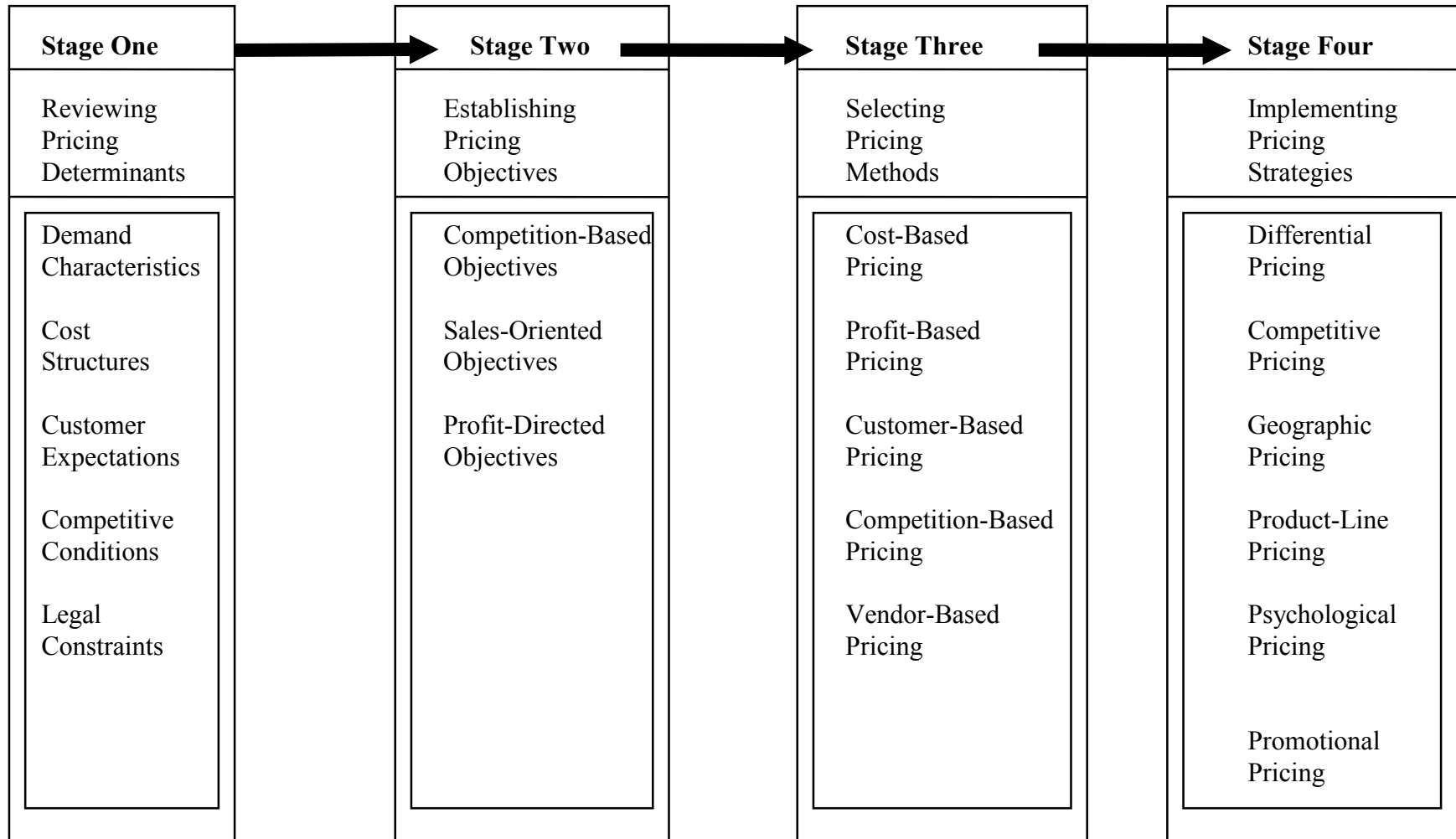


Barrier versus Motivation To Use



Determinant of Revenues

## THE PRICING PROCESS



## **What Determines The Prices Which Should Be Charged By Transit Systems?**

### **⇒ Demand Characteristics**

- ◇ Price Sensitivity
- ◇ Price Elasticity

### **⇒ Cost Structures**

- ◇ Vehicle Costs (Fixed Cost)
- ◇ Fuel Costs (Variable Cost)
- ◇ Parking Costs (Variable Cost)

### **⇒ Customer Expectations**

- ◇ User Fees
- ◇ Comfort
- ◇ Convenience
- ◇ Safety

### **⇒ Competitive Condition**

- ◇ Self Provision
- ◇ Other Transit Providers

### **⇒ Legal/Ethical Constraints**

- ◇ Mandated Prices
- ◇ Community Interests
- ◇ Political Realities

## **Specific Transit Pricing Concerns**

### **⇒ Managing Service Demand**

- ◇ By Time
- ◇ By Route

### **⇒ Pricing Special Services**

- ◇ Special Events
- ◇ Special Groups
- ◇ Specific Individuals



## How Does Price Affect Consumers' Willingness To use Transit Services?

⇒ Price Affects The Value Attributed To A Service Provider

## How Is Value Created By Transit Organizations?

### DETERMINANTS OF VALUE

#### **PRODUCT UTILITY**

The functional benefits derived from good product design and enhanced product features

#### **PRODUCT QUALITY**

The utilitarian benefits that are associated with good materials and superior workmanship

#### **PRODUCT PRICE**

The absolute dollar cost of the goods and services and their comparable cost relative to the competitions'

#### **CUSTOMER SERVICE**

The benefits secured as a result of the types of services offered and the manner in which the customer is treated and assisted

#### **CUSTOMER CONVENIENCE**

The benefits affiliated with the time and place offered by the sellers' goods and services

#### **INTANGIBLE BENEFITS**

The perceived gain derived from the image of the provider of the goods and services

**General Topics**  
**Product Management in Public Transit**  
**(1 - 2 Hours)**

**Module Description:** This module gives a general overview of product management for a service. Its main focus is on the total product concept.

**Goals of Session:**

- to specify the nature of what transit organizations are selling
- point out the dimensions of the total product concept
- answer the question, “Why do transit services not attract new users?” via reflection on product characteristics influencing the rate of product adoption

**Experience Level:** novice

**Prerequisites:** none

**Length:** 1 - 2 hours

**Who Should Attend:** Transit Managers and Marketing Staff, Regional Commuter Service Directors and Marketing Staff

**Skill/Knowledge Gained:**

- identify positive and negative characteristics within the service organization
- make effective design and strategic plans for management of the product

# General Topics

## Product Management in Public Transit

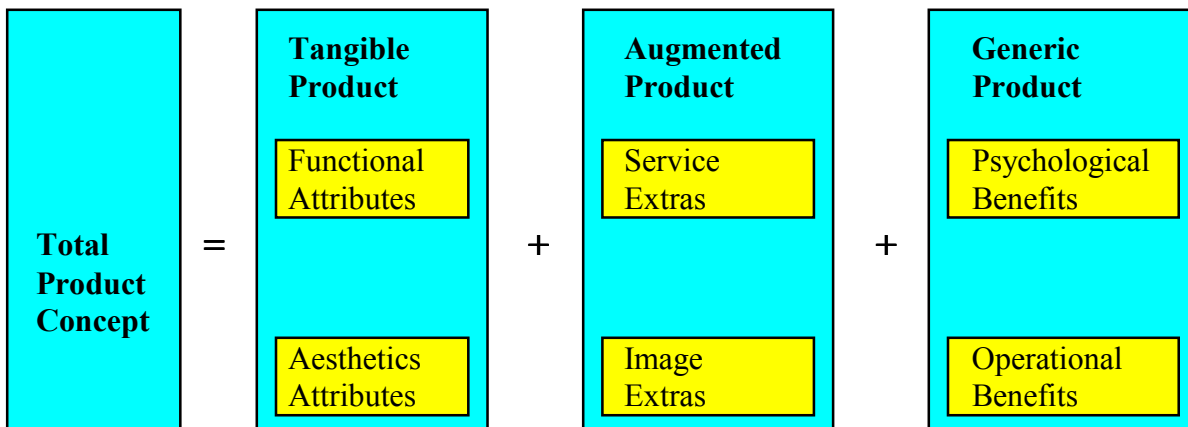
(1 - 2 Hours)

### What Are Transit Organizations Selling?

*The answer is simple. The transportation industry is selling a service. This service has some tangible aspects but primarily public transportation falls into the services category. With this in mind product management for services takes on a slightly different meaning from the old paradigm of traditional product management (physical good).*

### How Can Transit Organizations Manage Their Product Offering?

⇒ **The Total Product Concept**



### The Tangible Product

⇒ **Functional Attributes**

- ◇ Convenience
- ◇ Timeliness
- ◇ Safety

⇒ **Aesthetic Attributes**

- ◇ Appearance of Facilities
- ◇ Appearance of Rolling stock

- ◇ Appearance of Employees
- ◇ Appearance of Other Customers

## The Augmented Product



### Service Extras

- Toll Free Information
- Automated Ticket Purchases
- On-Board services



### Image Extras

- Established Name Recognition
- First Class Section
- Frequent Traveler Awards
- Personal Endorsements

## The Generic Product



### Psychological Benefits

- Personal Satisfaction
- Environmental Concern
- Social Interaction
- Stress Reduction



### Operational Benefits

- Extra Personal Time
- Comfort of Ride

- Quietness of Ride
- Scheduling Convenience

## Why Do Transit Services Not Attract New Users?

### Product Characteristics That Influence The Rate of Product Adoption

<b>Relative Advantage</b>	The extent to which the transit service is perceived to be a better way of travel than the consumers existing mode
<b>Compatibility</b>	The extent to which transit services are consistent with existing patterns of consumers' buying and usage behavior and their self image
<b>Complexity</b>	The extent to which transit services can be easily understood and used by potential consumers
<b>Observability</b>	The extent to which potential transit users can see or visualize the favorable attributes and benefits of transit usage
<b>Trialability</b>	The extent to which transit services can be tested on a trial basis and the degree to which the benefit of transit usage can be experienced through demonstrations, trials, and other visual presentations



<p style="text-align: center;"><b>General Topics</b> <b>The Role of Facilities in Public Transportation Management</b> <b>(1-2 Hours)</b></p>
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**Module Description:** This module focuses on the role of facilities in the management of public transportation. As background information, services are defined and the unique characteristics of services are explained. Insight on how users evaluate facilities is also given.

**Goals of Session:**

- to introduce attendees to the services concept
- to explain the importance of physical facilities in transit organizations

**Experience Level:** novice

**Prerequisites:** none

**Length:** 1 - 2 hours

**Who Should Attend:** Transit Managers, Operations and Marketing Staff, Regional Commuter Service Directors

**Skill/Knowledge Gained:**

- ability to identify the unique characteristics of the public transportation system
- ability to identify areas of concern for your agency

**General Topics**  
**The Role of Facilities in Public Transportation Management**  
**(1-2 Hours)**

**How Do Users Evaluate Transit Services?**

**Typical Misperceptions**



**Transit Services:**

- Offer a Product Rather Than A Service
- 
- Will Always Attract Riders If They Have Good Routes
- 
- Will Always Attract Riders If they Have A Good Schedule
- 
- Do Not Consider Themselves To Be In A Service Industry
  
- Do Not Understand Or Listen To Consumers' Needs
  
- Do Not Know What Determines Whether Their Customers Are Satisfied With The Transit Services Offered

## How Are Services Defined?

### The Service Concept

Services differ from physical goods because of their intangibility, heterogeneity, inseparability, and perishability. In today's literature, we conceptualize services and physical goods at opposite ends of a continuum with one end being a pure service and the other a pure physical good.

### The Unique Characteristics of Services:

- **Intangibility** refers to the lack of physical evidence to represent the service (i.e. you do not take the train or bus home with you and keep it at your house).
- **Heterogeneity** refers to the variability of the service delivery (i.e. sometimes it's a pleasant ride on public transportation and sometimes it's a miserable ride).
- **Inseparability** refers to the fact that service production and consumption happen simultaneously (i.e. as the train moves along the tracks the rider is simultaneously consuming the service as he or she rides to a destination).
- **Perishability** suggests that, if a service is not used, it is lost forever. In other words, it is non-inventoriable (i.e. the empty seats on a bus or a train for the 9 a.m. run cannot be saved up and used on the 10 a.m. run. If those seats are not occupied on the 9 a.m. run, they are lost forever).

With this in mind, one can see that services are different from physical goods and that the consumer evaluates services differently than physical goods.

## **How Do Consumers Evaluate The Physical Facilities of Transit Organizations?**

The literature suggests that the consumer tends to evaluate services on many different levels. The most common of which are the physical facilities that are involved in the service delivery. In the case of public transportation, this includes the following:

- **Rolling Stock**
- **Stops**
- **Stations**

## **How Are These Facilities Evaluated?**

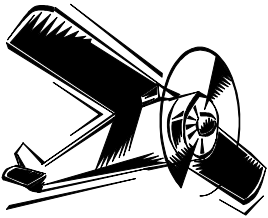
⇒ **The Servicescape**

- **Atmosphere**
  - ◆ Reliability
  - ◆ Responsiveness
  - ◆ Empathy
- **Layout**
  - ◆ Reliability
  - ◆ Responsiveness
  - ◆ Empathy
- **Technology**
  - ◆ Reliability
  - ◆ Responsiveness
  - ◆ Empathy

## Important Questions For The Transit Manager



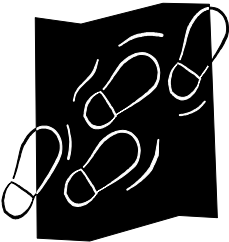
Does the average public transportation agency focus on the atmosphere, layout and technology of its physical facilities?



Does the agency focus on the cleanliness, comfort, and newness of its vehicles, stops, and stations?



Does the agency focus on the layout of its vehicles, stops and stations?



What technology is implemented in the public transportation system?



**STRATEGIC PLANNING  
&  
THE PUBLIC TRANSPORTATION MANAGER  
(2 Hours)**

**Module Description:** This module provides general information on the uses of strategic planning. Through this course, you will gain an understanding of the strategic management process.

**Goals of Session:**

- to illustrate the components of the strategic management process
- to show the usefulness of the process

**Experience Level:** novice

**Prerequisites:** none

**Length:** 1-2 Hours

**Who Should Attend:** Transit Managers, Planners, Financial and Marketing Staff, Regional Commuter Service Directors, Planners and Marketing Staff

**Skill/Knowledge Gained:**

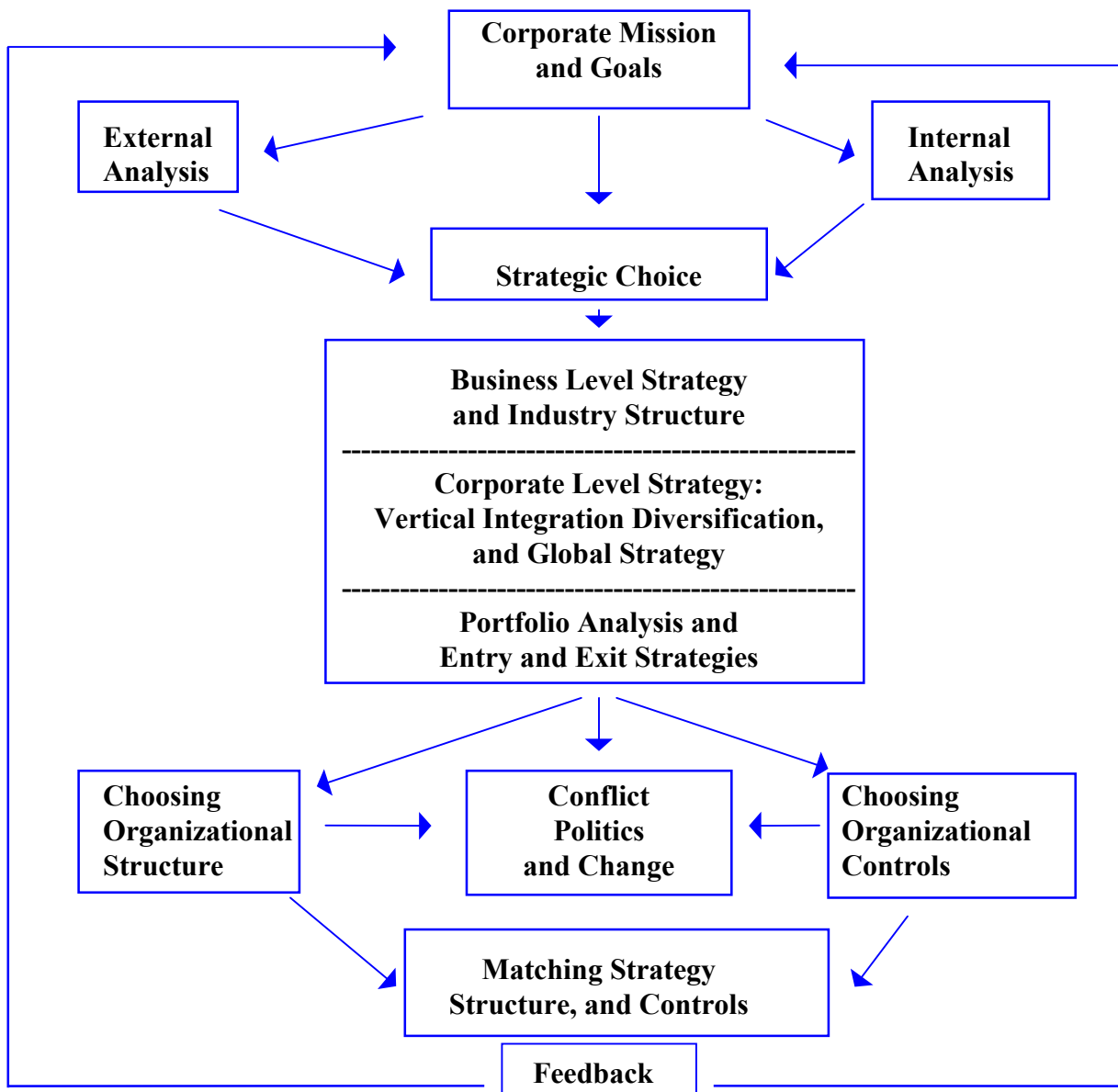
- general understanding of strategic planning
- skills to implement the strategic management process

# STRATEGIC PLANNING & THE PUBLIC TRANSPORTATION MANAGER (2 Hours)

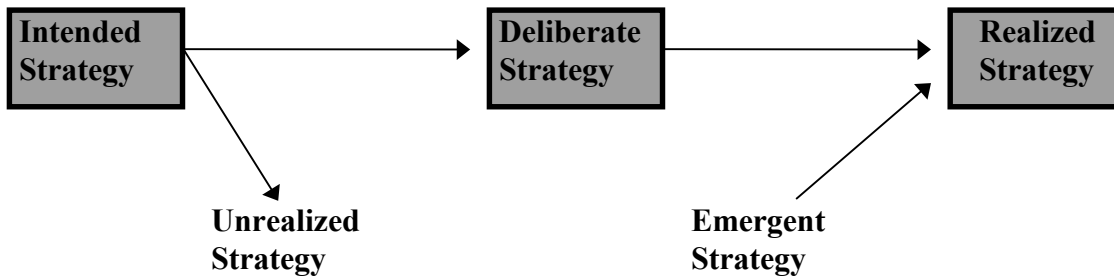
**Strategic Planning Defined:** *The determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.*

*° Alfred Chandler (Harvard University)*

## Components of The Strategic Management Process



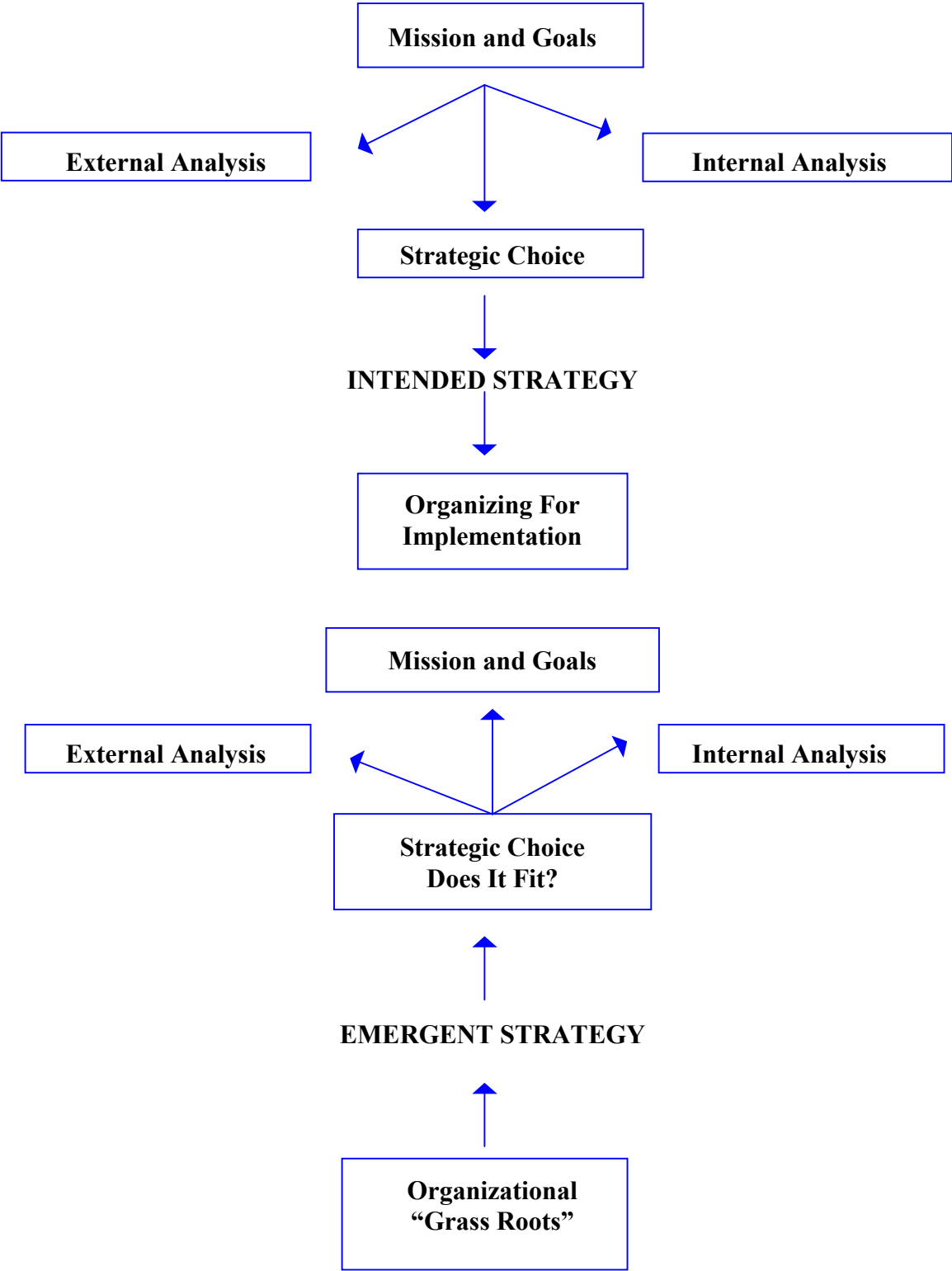
## I. Strategic Planning: An Overview



Strategy is . . . . *a pattern in a stream of decisions or actions*  
Henry Mintzberg (McGill University)

- ⇒ Strategy is a function of planned (intended) and unplanned (emergent) decisions or actions
- ⇒ What Portion of Public Transit Strategic Decisions/Actions Are Emergent (unplanned)?
- ⇒ How Can the Public Transit Manager Integrate Emergent (Unplanned) Decisions Into Their Decisions?

# The Strategic Management Process For Intended & Emergent Strategies



## II. Components of the Strategic Planning Process

### A. Organizational Mission & Major Goals

1 **Mission**→ why the organization exists and what it should be doing

**The mission of XRTA is to provide affordable, and convenient transportation alternatives to satisfy the mass transit needs of residents and visitors to the X regional area.**

2. **Goals**

**Ridership Levels**

**Revenues**

**Customer Satisfaction**

**Client Satisfaction**

**Important Characteristics?**

**Quantifiable • substantial • affordable**

### B. External Analysis

1. **Strategic Opportunities**

**Growth**

→ **New Residential Areas**

→ **New Business Areas**

→ **Niches**

**Environmental Changes**

→ **Increasing Commuting Costs**

→ **Changing Values**

→ **Value of Time**

2. **Strategic Threats**

**Decline**

→ **Declining Population Base**

→ **Exit of Businesses**

**Environmental Changes**

→ **Electric Cars**

→ **Home Based Businesses**

### **C. Internal Analysis**

#### **Organizational Strengths & Weaknesses**

- Routes?
- Management?
- Funding?
- Facilities?
- Marketing Expertise?
- Public Support/Awareness?
- Political Support/Opposition?
- Business Community Support?
- Revenue Base?
- Equipment?

### **D. Strategic Choice**

#### **“SWOT” Analysis**

**(Strengths, Weaknesses, Opportunities, and Threats)**

- **Environmental Alignment**

**Environmental Characteristics → Organizational Plans**

- **Strategic Fit**

**Organizational Resources → Organizational Plans**

### **E. Business Level Strategy**

#### **Options?**

- **Cost Leadership**
- **Differentiation**
- **Market Niche**

### **F. Corporate Level Strategy**

#### **Options?**

#### **Growth?**

- **Vertical Integration**
- **Expansion**
- **Diversification**

#### **No Growth?**

- **Efficiency**
- **Effectiveness**

→ **Adaptability**

## G. Analyzing the Organizational Profile

### Product-Market Matrix

<b>High</b>	<b>Cash Cow</b>	<b>Star</b>
<b>Share of Traffic</b>	<b>Dog</b>	<b>Problem Child</b>
<b>Low</b>	<b>Low</b>	<b>High</b>

**Growth of Segment/Market**

#### Possible Segments/Markets?

- **Route**
- **Type of Service (Bus/Light Rail/Rail/Van/Ride Share etc.)**
- **Destination**
- **Origin**

## H. Designing the Organizational Structure

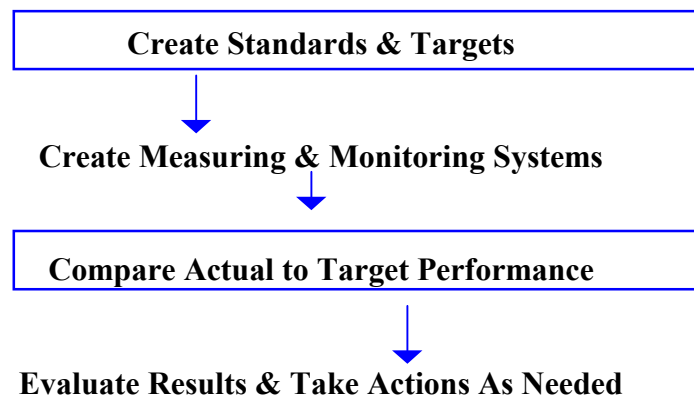
- **Level of Centralization**
- **Functional Structure (Departmentalization)**

## **I.. Choosing Integration and Control Systems**

- **Integration**

- **Direct Customer Contact**
- **Liaison Committees**
- **Task Force**
- **Teams**
- **Oversight Committees**
- **Boards**

- **Control**



## **J. The Importance of Matching Strategy, Structure, & Controls**

- **Misalignment With the Environment**
- **Poor Organizational Fit**

## **K. Conflict, Politics, & Change**

- **Managing Multiple Publics**
- **Serving Multiple Markets**

## **L. The Role of Feedback**

- **Upwards Feedback**
- **Horizontal Feedback**
- **Market Directed Feedback**

### **III. Does Strategic Planning Work For Public Transit Managers?**

#### **Major Characteristics of Successful Strategic Managers**

- **Well Informed**
- **Skilled at Time Allocation**
- **Good Politicians**
- **Experts at Being Imprecise**
- **Able To Progress In A Piecemeal Fashion Strong Consensus Builders**

## **CONSUMER BEHAVIOR: THE IMPACT OF CONSUMER DECISION-MAKING ON PUBLIC TRANSIT USAGE (2- 4 HOURS)**

**Module Description:** This module offers an introduction to consumer behavior. It will introduce the relationship between transportation and consumer behavior. Valuable background information will be presented, including: key terminology, steps involved in the consumer decision-making process, and the types of purchasing decisions.

**Goals of Session:**

- to familiarize public transit managers with the relevance and importance of consumer behavior within the public transit industry

**Experience Level:** novice

**Prerequisites:** none

**Length:** 2 - 4 hours

**Who Should Attend:** Transit Managers, Planning and Marketing Staff, Regional Commuter Service Directors and Marketing Staff , Ridesharing Coordinators, Employee Transportation Coordinators

**Skill/Knowledge Gained:**

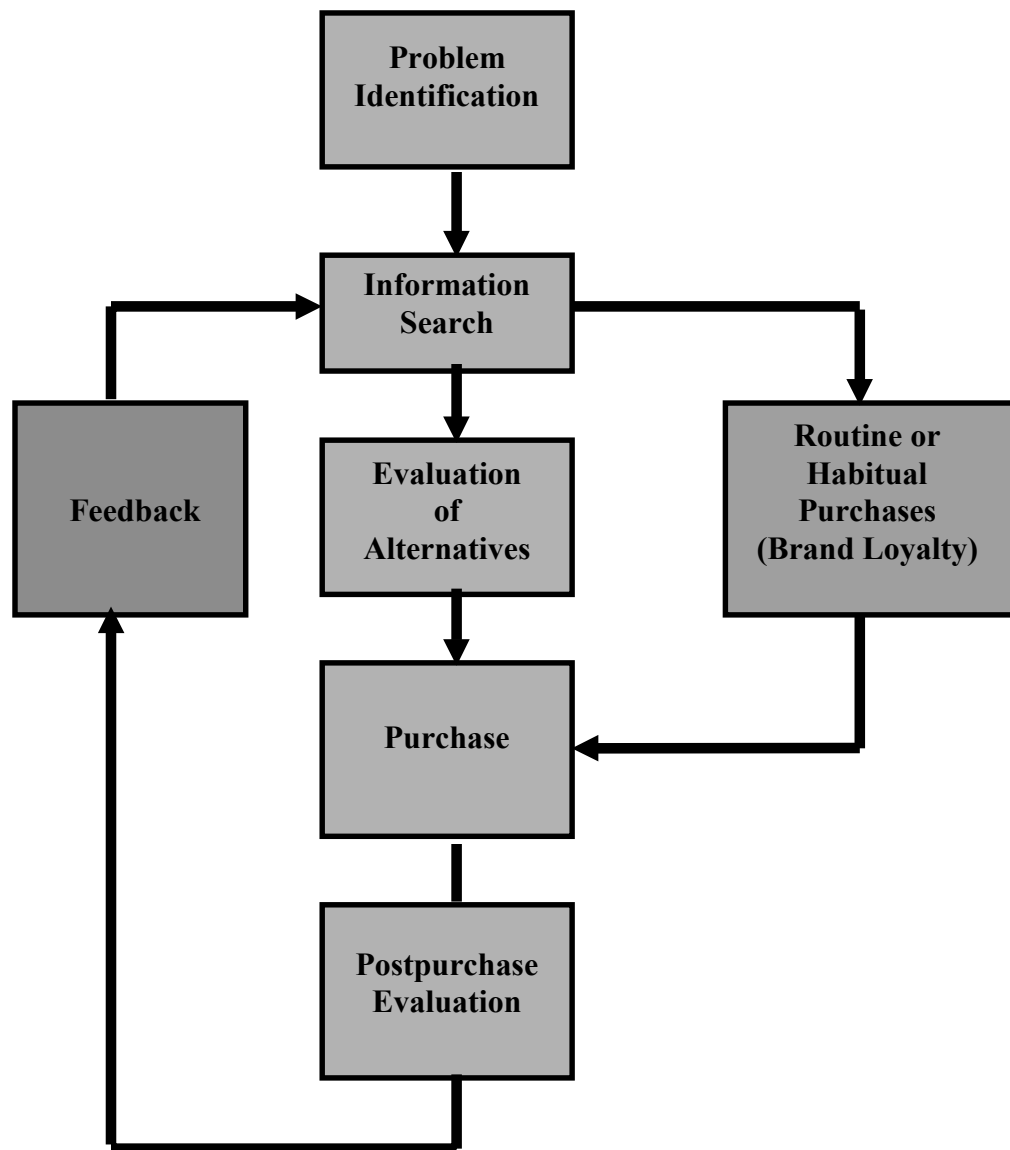
- ability to identify the components of a hierarchy of effects model in public transit
- understanding of the steps in the consumer decision-making process
- ability to determine whether consumers display high or low involvement behaviors in their transit pursuits

# CONSUMER BEHAVIOR: THE IMPACT OF CONSUMER DECISION-MAKING ON PUBLIC TRANSIT USAGE (2- 4 HOURS)

## I. What Is Consumer Behavior?

*... human behavior which is market directed. That is, the decisions and related activities of individuals which are involved specifically in the processes related to the acquisition and consumption of goods and services.*

## II. What Steps Are Involved In Consumers' Decision-Making Processes?



### **III. Types Of Consumer Purchasing Decisions**

#### **A. High Involvement**

→ Characteristics?

- High Risk
- High Complexity
- Low Level of Familiarity/Experience
- Low Level of Knowledge

#### **B. Low Involvement**

→ Characteristics?

- Low Risk
- Low Complexity
- High Level of Familiarity/Experience
- High Level of Knowledge

**⇒ For Whom Is Public Transit A High Involvement Decision?**

?

?

?

?

**⇒ For Whom Is Public Transit A Low Involvement Decision?**

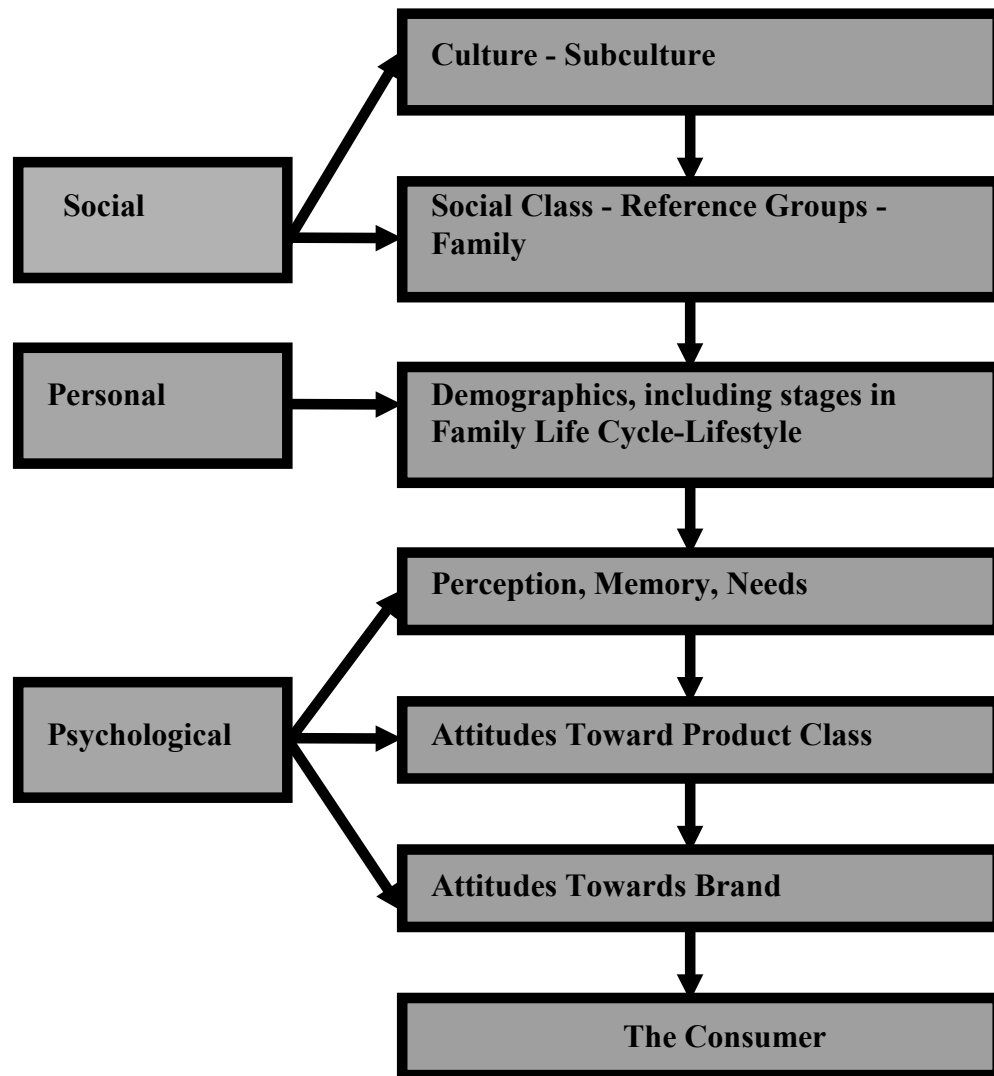
?

?

?

?

#### IV. How Can Public Transit Consumers Be Classified In A Meaningful Way?



#### V. How Does The Type of Product & Characteristics of Consumers Affect Consumer Decision-Making Processes For Public Transit Services?

##### A. Problem Identification Affects & Strategies



⇒ Role of Public Transit Marketing?

→ Build Awareness of Actual State

→ Link Desired State to Public Transit Use

## **B. Information Search**

### **⇒ How Much Information Will Consumers Seek?**

- Cost of Information
- Benefit or Value Derived From Information

### **⇒ Determinants of Extent of Information Search?**

- Strength of Need For Product
- Person's Ego Involvement With Product
- Severity of Social & Financial Consequences of a Bad Decision

### **⇒ Factors That Are Likely To Increase Pre-Purchase Search For Information About Public Transit Services**

#### **⇒ Product Factors**

- Long Time Between Use
- Changes in Routes/Schedules
- Fee Changes
- Changes in Features/Equipment

#### **→ Situational Factors**

- Experience With Transit System (1st time, Bad experiences)
- Social Acceptability (Peer Pressure, Gift)
- Value-related Considerations (Discretionary Users, deviation from group norm, ecological considerations)

#### **→ Personal Factors**

- Demographic Characteristics (Well Educated, Higher Income, White Collar Occupation, under 35)
- Personality (Low Dogmatic, Low Risk Perceptions, Shopping Orientation)

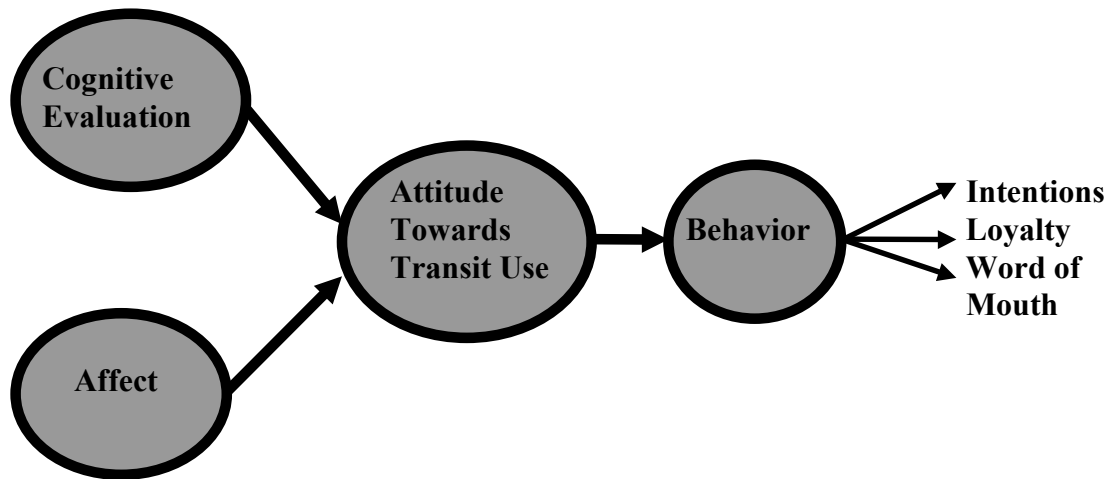
#### **→ Sources of Information**

- Personal Sources
- Commercial Sources
- Public Sources

### **C. Evaluation of Alternatives**

⇒ Evoked Set Of Alternatives

⇒ Forming Attitudes Towards The Use of Public Transit



⇒ Attributes Used To Evaluate Products

→ Cost Attributes

→ Performance Attributes

→ Social Attributes

→ Availability Attributes

### **E. Purchase**

⇒ When To Purchase?

⇒ Where To Purchase?

⇒ How Much To Purchase?

### **F. Post-Purchase Evaluation**

⇒ Aspiration Levels (Expectations)

⇒ Cognitive Dissonance

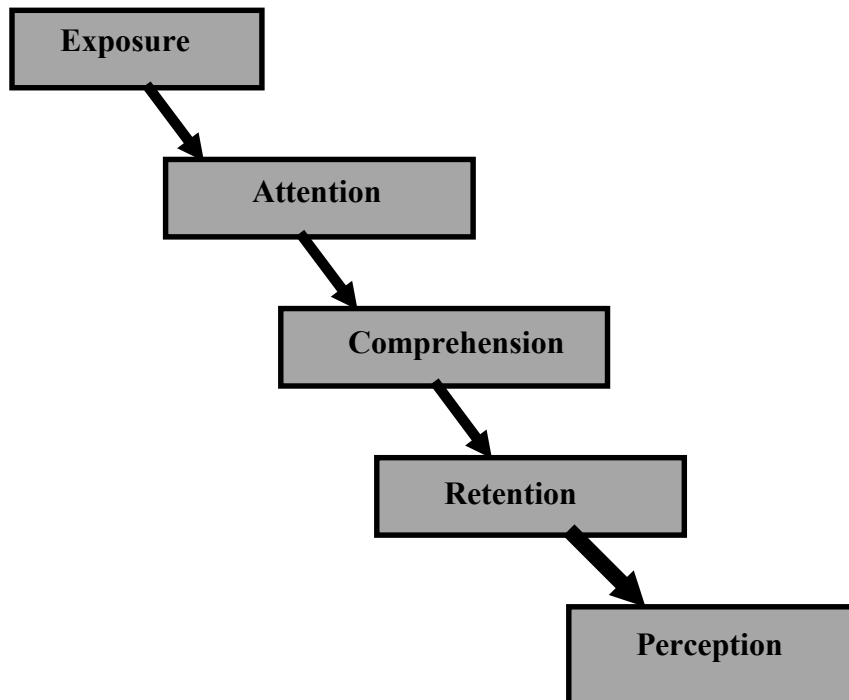
→ The Role of The Transit Marketer In Post Purchase Evaluations?

## VI. Characteristics of High versus Low Involvement Processing

High Involvement Consumer Behavior	Low Involvement Consumer Behavior
<ul style="list-style-type: none"><li>• Consumers Are Information Processors</li></ul>	<ul style="list-style-type: none"><li>• Consumers Learn Information At Random</li></ul>
<ul style="list-style-type: none"><li>• Consumers Are Information Seekers</li></ul>	<ul style="list-style-type: none"><li>• Consumers Are Information Gathers</li></ul>
<ul style="list-style-type: none"><li>• Consumers Represent An Active Audience For Advertisers</li></ul>	<ul style="list-style-type: none"><li>• Consumers Represent A Passive Audience For Advertisers</li></ul>
<ul style="list-style-type: none"><li>• Consumers Evaluate Brands Before Buying</li></ul>	<ul style="list-style-type: none"><li>• Consumers Buy First, Evaluate later - if at all</li></ul>
<ul style="list-style-type: none"><li>• Consumers Seek To Maximize Satisfaction</li></ul>	<ul style="list-style-type: none"><li>• Consumers Seek An Acceptable Level of Satisfaction</li></ul>
<ul style="list-style-type: none"><li>• Personality &amp; Lifestyle Closely Related To Purchase Behavior (Self-Identity)</li></ul>	<ul style="list-style-type: none"><li>• Personality &amp; Lifestyle Not Related To Purchase Behavior (No Self-Identity)</li></ul>
<ul style="list-style-type: none"><li>• Reference Group Influence High</li></ul>	<ul style="list-style-type: none"><li>• Reference Group Influence Low</li></ul>

## VII. Perception & Memory Effects In Public Transit

### A. Perceptual Process



### B. Selective Perception

### C. Memory Limitations

- Categorization
- Integration

### **VIII. Changing Attitudes Towards Public Transit**

$$\text{Attitude}_A = \sum_{i=1}^k B_i \times I_i$$

⇒ Implications?

→ To Change Attitude About Public Transit

- Change Belief About Public Transit
- or
- Change Importance of Belief

**General Topic**  
**What Is Marketing's Role In The Strategic Planning Efforts of  
Public Transit Organizations?**  
**(1-2 Hours)**

**Module Description:** This module will introduce a strategic approach to the planning and implementation of marketing strategies by public transit managers.

**Goals of Session:**

- to enlighten managers on the goal of strategic marketing
- to illustrate the relevance of marketing and strategic planning in public transit organizations

**Experience Level:** novice

**Prerequisites:** none

**Length:** 1 - 2 hours

**Who Should Attend:** Transit Managers, Planners, Financial and Marketing Staff, Regional Commuter Service Directors, Planners and Marketing Staff

**Skill/Knowledge Gained:**

- key terminology
- steps in strategic planning process
- marketing's role in the planning process

<p style="text-align: center;"><b>General Topic</b> <b>What Is Marketing's Role In The Strategic Planning Efforts of Public Transit Organizations?</b> <b>(1-2 Hours)</b></p>
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## **I. The Goal Of Strategic Marketing:**

⇒ **A Sustainable Competitive Advantage**

→ *an identifiable product attribute that favorably differentiates a good or service*

→ *the reason why patrons use public transit services*

## **II. Key Terms**

⇒ **The Strategic Marketing Process** - the steps taken at the product and market levels to allocate marketing resources to viable marketing positions and programs. Involves three phases: (1) planning, (2) implementation, and (3) control.

⇒ **Goals** (or Objectives) - precise statement of results sought, quantified in time and magnitude, where possible.

⇒ **Marketing Strategies** (or Marketing Actions) - the means by which an organization pursues its goals.

⇒ **The Marketing Program** - a plan which integrates an organization's marketing mix elements in order to define their product (goods and/or services) offering.

⇒ **The Marketing Plan** - a written statement which identifies an organization's target market, specific marketing goals, the marketing program, the marketing budget, and the time line for the marketing program.

→ **Annual Marketing Plans** - identify marketing goals and strategies for a twelve month time frame

→ **Long Range Marketing Plans** - identify marketing goals and strategies for two to five years into the future

→ **Industry** - a group of firms offering goods and services which are close substitutes for each other.

### III. Steps In The Strategic Planning Process

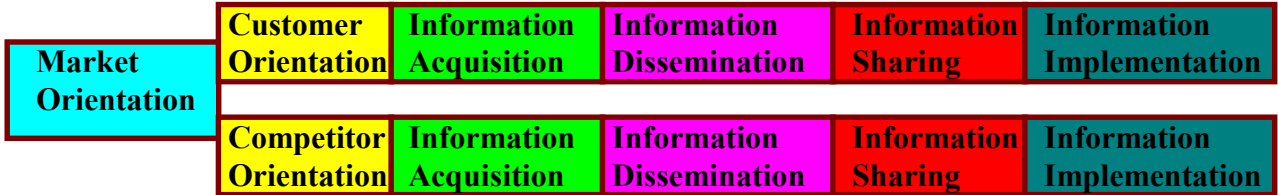


#### A Road Map!

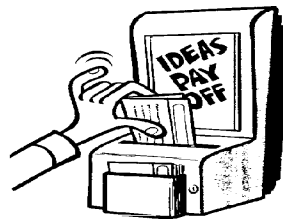
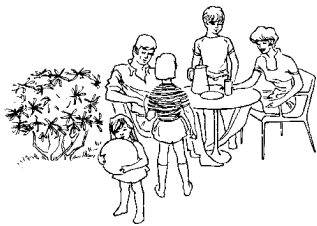


## IV. Marketing's Role In The Planning Process

### A. Information Provision



### B. Product Development



### C. Enacting Strategies



## **V. Requirements For A Marketing Strategy To Be Successful**



**A. Measurable Goals**

**B. Valid Assumptions/Facts**

**C. Simplicity**

**D. Complete & Feasible**

**E. Controllable & Flexible**

## **MARKET SEGMENTATION & TARGET MARKETING: PUBLIC TRANSIT APPLICATIONS (2-4 HOURS)**

**Module Description:** This module will cover the processes of market segmentation and target marketing. Background information, including key terminology, a range of segmentation and business strength factors, and tips on evaluating and choosing target markets and marketing strategies will be presented.

**Goals of Session:**

- to provide an overview of market segmentation and target marketing
- to point out how segmenting and targeting can be applied in public transit organizations

**Experience Level:** novice

**Prerequisites:** none

**Length:** 2 - 4 hours

**Who Should Attend:** Transit Managers, Planners, and Marketing Staff, Regional Commuter Service Directors, Planners and Marketing Staff

**Skill/Knowledge Gained:**

- overall awareness of the benefits of segmenting and targeting markets
- realization of the growing importance of segmentation strategies in public transit markets

# MARKET SEGMENTATION & TARGET MARKETING: PUBLIC TRANSIT APPLICATIONS (2-4 HOURS)

## I. The Objectives of Market Segmentation & Target Marketing?

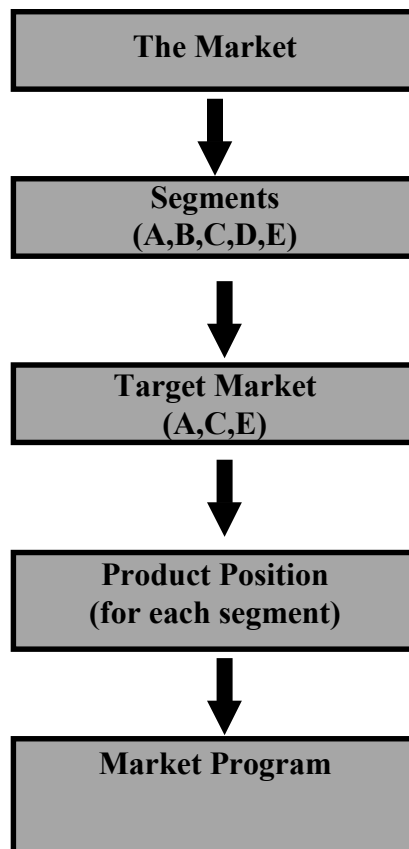
⇒ **Identifying Who Is Most Likely To Use Public Transit and Developing Programs to Increase Their Usage**

## II. Definitions

⇒ **Market Segmentation** - *the process by which the market for public transit is divided into distinct customer subsets of people with similar needs and characteristics which lead them to respond in a particular way to the service offered and the strategic marketing efforts of the public transit organization*

⇒ **Target Marketing** - *the process of selecting a single, or a limited number of, market segments on which to focus the public transit organization's marketing efforts*

⇒ **Product Positioning** - *the process of designing the public transit product offering so that it creates a competitive advantage in the target market*



**(for each segment)**

### **III. Why Should A Public Transit Organization Segment Their Markets & Target Their Marketing Efforts?**

#### **A. The Benefits of Segmentation Strategies?**

##### **⇒ Identifying Opportunities For New Services**

- New Routes
- New Schedules
- New Services

##### **⇒ Better Designed Marketing Programs**

- Assists in Identifying Needs Of Customers Assists in Identifying Pricing Preferences of Customers
- Assists in Identifying Promotional Habits of Customers
- Assists in Identifying Customer Origins & Destinations

#### **B. Growing Importance of Segmentation Strategies in Transit Markets**

##### **⇒ Slowing Population Growth**

- Most Growth Will Be from Existing Consumer Groups
- Use Concentrated In A Limited Number of Segments
- Changing Demographic Profile of Market Participants

##### **⇒ Increasing Sophistication of Transit Users**

- More Special Purpose (Niche) Users
- New Sources of Service Information
- Changing Media (Promotional) Habits of Customers

##### **⇒ Opportunities Identified For New Technologies**

- Information Kiosks
- Internet Information Links
- New Technology-Driven Services

##### **⇒ Better Implementation of Marketing Programs**

- Broadening Service Offerings
- Identification of New Revenue Sources
- Maximizing Effectiveness of Promotional Efforts
- Identifying New Customer Service demands

## **IV. What Knowledge Does The Public Transit Manager Want To Gain From His/Her Segmentation Efforts**

### **⇒ Who Uses Our Transit Services?**

- Heavy Users
- Light Users
- Non-Users

### **⇒ When Do The Various “Users” Use Our Transit Services?**

- Day of Week
- Time of Day
- How Often

### **⇒ Where Do The Various “Users” Use Our Transit Services?**

- Origins
- Destinations
- Special Use Niches

### **⇒ Why Do The Various “Users” Use Our Transit Services?**

- Price
- Cost
- Benefits

## **V. How Can Public Transit Markets Be Segmented?**

### **A. Demographic Characteristics**

- Age
- Gender
- Family Life Cycle Stage
- Income
- Race/Ethnic Origin
- Occupation
- Education
- Geographic Origin
- Geographic Destination

## **B. General Behavioral Descriptors**

→ Life Style

### **Goodyear's Six**

- Prestige Buyer
- Comfortable Conservative
- Value Shopper
- Pretender
- Trusting Patron
- Bargain Hunter

### **Ogilvy and Mather Needs Ten**

- Basic Needs
- Fairer Deal
- Traditional Family Life
- Conventional Family Life
- Look-At-Me
- Somebody Better
- Real Conservatism
- Young Optimist
- Visible Achiever
- Socially Aware

→ Social Class

- Upper
- Middle
- Lower

## **C. Product (Service) Related Behavioral Descriptors**

→ Service Usage

→ Loyalty

→ Purchase Predisposition

→ Purchase Influence

→ Innovativeness

## **D. Consumer Needs**

→ Benefits Sought

→ Choice Criteria

## **VI. What Is Involved In The Segmentation Process For Transit Services?**

### **A. Determining Differences In Consumers Needs/Desire For The Services Offered**

→ Number of Distinct Product-Markets?

→ Which Segments Represent Attractive Alternatives?

→ Which Segments Represent Unfulfilled Opportunities?

### **B. Requirements For Effective Segmentation**

→ Substantiality (Adequate Size)

→ Measurability

→ Accessibility

→ Responsiveness (different response to marketing efforts)

## **VII. Target Marketing - Determining The Attractiveness of Public Transit Market Segments**

### **⇒ Step 1: Selection of Market Attractiveness & Business Strength Factors**

→ Factors Underlying Market Attractiveness

- Market Factors

- ⊗ overall size
- ⊗ growth rate
- ⊗ life cycle stage
- ⊗

- Economic & Technological Factors

- ⊗ entry & exit barriers
- ⊗ employment rate
- ⊗ investment requirements

- Competitive Factors

- ⊗ number & strength of competitors
- ⊗ substitution affects
- ⊗ attractiveness of alternatives

- Environmental Factors

- ⊗ regulatory climate
- ⊗ degree of social acceptance
- ⊗ political constraints

→ Factors Underlying Competitive Position/Business Strengths

- Market Position Factors

- ⊗ relative share of commuter market
- ⊗ rate of change in share
- ⊗ organization's image
- ⊗ quality/service/price perceptions
- ⊗ diversity of services offered

- Economic & Technological Factors

- ⊗ relative cost position
- ⊗ capacity utilization
- ⊗ technological innovation prospects

- Organizational Capabilities

- ⊗ management strength & depth
- ⊗ marketing expertise
- ⊗ financial resources

- Environmental Factors

- ⊗ regulatory climate
- ⊗ degree of social acceptance
- ⊗ political constraints

**⇒ Step 2: Weighting Each Attractiveness & Business Strength Factor**

<b>Attractiveness</b>			
<b>Factor Group</b>	<b>Weight</b>	<b>Rating</b>	<b>Total</b>
Market	50	08	400
Economic/ Technological	20	09	180
Competition	20	09	180
Environment	10	10	100
Total	100	36	860
Attractiveness Rating	860/100 = 86		



<b>Business Strengths</b>			
<b>Factor Group</b>	<b>Weight</b>	<b>Rating</b>	<b>Total</b>
Market	20	09	180
Economic/ Technological	20	09	180
Competition	50	09	450
Environment	10	10	100
<b>Total</b>	<b>100</b>	<b>36</b>	<b>890</b>
Attractiveness Rating	$890/100 = 89$		

⇒ Steps 3 & 4: Rating Each Segment As To Its Market Attractiveness & Organizational Strengths

<b>Market Attractiveness</b>	<b>High</b>	1	4	7
	<b>Average</b>	2	5	8
	<b>Low</b>	3	6	9
		<b>Strong</b>	<b>Medium</b>	<b>Weak</b>

### **Organization's Competitive Position**

⇒ Step 5: Projecting The Future Position Of A market

- Shifts In Consumer Needs & Behavior
- Entry or Exit of Competitors
- Changes in Economic Climate
- Changes in Political Climate

⇒ Step 6: Evaluating & Choosing Target Markets and Marketing Strategies

<b>Market Attractiveness</b>	<b>High</b>	<b>Desirable Potential Target</b>	<b>Desirable Potential Target</b>	<b>Build Selectively</b>
	<b>Average</b>	<b>Desirable Potential Target</b>	<b>Manage For Earnings</b>	<b>Limited Expansion or Harvest</b>
	<b>Low</b>	<b>Protect &amp; Refocus</b>	<b>Manage For Earnings</b>	<b>Divest</b>
		<b>Strong</b>	<b>Medium</b>	<b>Weak</b>

**Organization's Competitive Position**

**INFORMATION FOR PUBLIC TRANSIT MARKETING  
DECISION MAKING:  
THE ROLE OF INFORMATION SYSTEMS &  
MARKETING RESEARCH  
(2-4 HOURS)**

**Module Description:** This module takes a look at the usefulness of marketing information systems (MIS) and marketing research (MR). It focuses on the role MIS and MR play in public transit decision-making processes.

**Goals of Session:**

- to establish the importance and purpose of MIS and MR in transit agencies

**Experience Level:** intermediate/advanced

**Prerequisites:** formal marketing training and/or equivalent middle or upper management experience

**Length:** 2 - 4 hours

**Who Should Attend:** Transit Managers and Marketing Staff, Regional Commuter Service Directors and Marketing Staff

**Skill/Knowledge Gained:**

- ability to process information in an orderly manner in efforts to reach a decision for an agency
- familiarity with the stages of the MR process
- ability to facilitate the implementation of the MR process

# INFORMATION FOR PUBLIC TRANSIT MARKETING DECISION MAKING: THE ROLE OF INFORMATION SYSTEMS & MARKETING RESEARCH (2-4 HOURS)

## I. What Is The Purpose of Transit Oriented MIS Systems & Marketing Research Efforts?

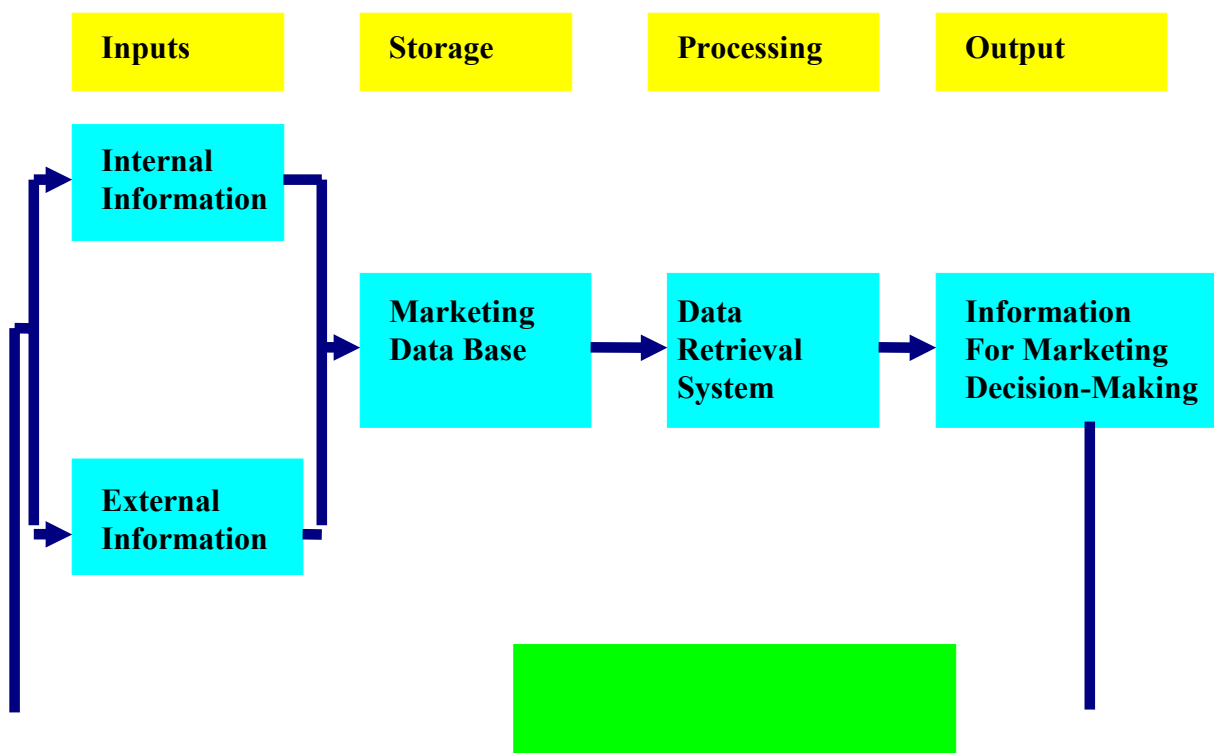
⇒ Providing The data and Information Necessary To Enhance The Decision Making Of Public Transit Mangers

## II. Definitions

⇒ **Marketing Information System (MIS)** - a program for managing and organizing information gathered for inside and outside of the transit organization

⇒ **Marketing Research** - the collection, analysis, and interpretation of data for guiding marketing decisions

## III. Components of a Marketing Information System



**A. Internal Information**

- ⇒ Performance Records
- ⇒ Records/Examples of All Past Marketing Activities
- ⇒ Public Relations Releases
- ⇒ Personnel Inventories
- ⇒ Equipment Inventories
- ⇒ Stock Inventories
- ⇒
- ⇒ Strategic Plan

**B. External Information**

- ⇒ Government Documents
- ⇒ Trade Sources
- ⇒ News Articles
- ⇒ Professional Associations
- ⇒ Academic Journals
- ⇒ Consultants
- ⇒ Competitive Records

**C. Marketing Data Base**

- ⇒ Information Files
- ⇒ Data Files
- ⇒ Reports
- ⇒ Examples

## **D. Data Retrieval System**

⇒ Computerized

⇒ Document Files

### ⇒E. Information For Marketing Decision-Making

⇒ Specialized/Custom Reports

⇒ General Information

### F. Feedback

⇒ Periodic Evaluation

⇒ Episodic (Critical) Incidents

## IV. The Marketing Research Process For Public Transit Managers

### A. Why Market Research?

⇒ Questions With No Answers

⇒ High Degree of Risk/Cost Associated With A Decision

⇒ To Maintain Organization - Customer Link

⇒ To Evaluate Performance of The Organization

⇒ To Satisfy An Interested Third Party

### B. Stages In The Marketing Research Process



#### 1. Problem Definition?

*identifying the nature and boundary of the problem*

⇒ Deviations From Expected Performance

⇒ Marketplace Threat

⇒ New Service Offering

⇒ Customer Complaint(s)

## 2. Research Design?

*identifying the overall plan for conducting a research investigation*

→ Reliable & Valid Results

→ Exploratory Studies

- collect ad hoc information
- develop hypotheses

→ Descriptive Studies

- to understand current situation
- baseline for more in-depth investigations

→ Experimental Studies

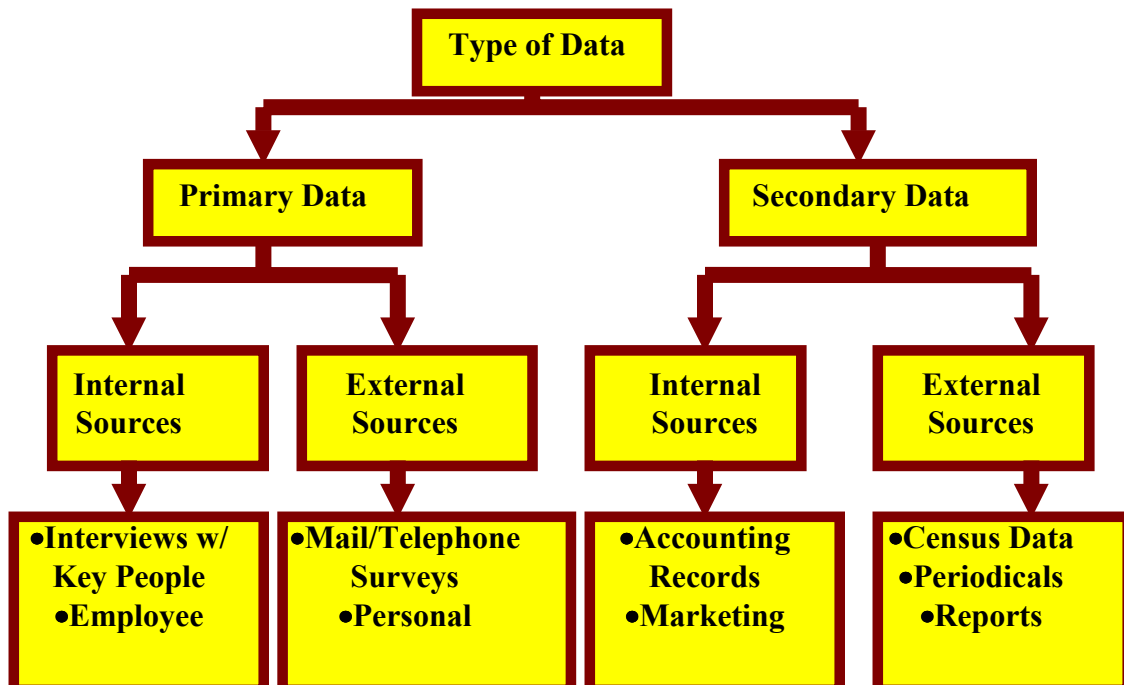
- identified independent and dependent variables
- attempts to ascertain cause & effect relationships
- can be laboratory or field studies

## 3. Data Collection?

*identifying how the data needed to answer the research question is to be gathered*

→ Secondary Data Sources

→ Primary Data Sources



**Surveys**

**Interviews**

**Databank**

## Examples of Secondary Data Sources

Internal Sources	External Sources
Company Reports	<b>Government Publications</b> County, City Statistics Economic Indicators Statistical Abstract of US or State Survey of Current Business
Ridership Records	<b>Census Data</b> Population Statistics Service Industry Statistics Transportation Statistics
Cash Receipts Records	<b>Private Publications</b> Moody's Transportation Manual Standard & Poor's Register Sales & Marketing Management's Annual Survey of Buying Power
Staff Reports Previous Research Reports	A Guide to Consumer Markets Editor and Publisher Market Guide
Accident Reports Rider Complaints	

## Examples of Primary Data

Internal Primary Data	External Primary Data
Employee Job Satisfaction	Customer Usage Rates
Employee Motivation	Media Patterns
Employee Performance	Customer Satisfaction
Employee Attitudes Towards Work	External Service Quality
Employee Attitude Towards Organization	Customer Attitude Towards Organization
Internal Service Quality	Consumer Life Styles
Employee Customer Orientation	Customer Attitudes Towards Commuting

### a. How Can Primary Data Be Collected?

⇒ **By Survey**

→ **Mail**

→ **Telephone**

→ **Personal Interview**

→ **Computerized (Automated) System**

⇒ **By Observation**

→ **Personal**

→ **Mechanical**

## Comparison of Three Basic Survey Methods

Survey Characteristic	Mail Survey	Telephone Survey	Personal Interview Survey
Cost	Lowest	Moderate	Highest
Geographic Distribution	Wide	Wide	Narrow
Flexibility if Questioning	Lowest	Moderate	Highest
Interviewer Bias	None (no interviewer)	Moderate	High
Speed of Data Collection	Slowest	Fastest	Moderate
Control Over Data Collection	Lowest	Moderate	Highest
Response Rate	Poor	Good	Excellent
Anonymity of Respondent	High	Moderate	Low
Capacity For Follow-up	High	High	Low
Length of Questionnaire	Short	Moderate	Long

### b. Sampling

⇒ sample versus population

⇒ types of sampling

→random sample

→stratified random sample

→area sampling

→convenience sample

→judgment sample

→quota sampling

### c. Types of Survey Questions

⇒ Open-ended

⇒ Dichotomous

⇒ Multiple Choice

⇒

⇒ Semantic Differential

⇒ Likert

#### **4. Data Analysis & Interpretation**

⇒ Descriptive Statistics

- frequencies
- mean, median, mode
- variance
- goodness-of-fit measure

⇒ Cross-Tabulations

- contingency analysis

⇒ Inferential Statistics

- regression
- experimental designs
- causal models

#### **5. Research Report**

⇒ Format

⇒ Verification of Data

⇒ Reliability & Validity

⇒

⇒ Statement of Work

⇒ Liability

## **THE ROLE OF THE PUBLIC TRANSIT MANAGER IN THE YEAR 2000 (2 Hours)**

**Module Description:** This module is developed to express what the role of a commuter service organization's manager will be in the year 2000. The topic is covered from a non-technical viewpoint.

**Goals of Session:**

- to introduce a non-traditional managerial style
- to highlight the characteristics and concerns of an effective transit manager

**Experience Level:** intermediate/advanced

**Prerequisites:** none

**Length:** 2 Hours

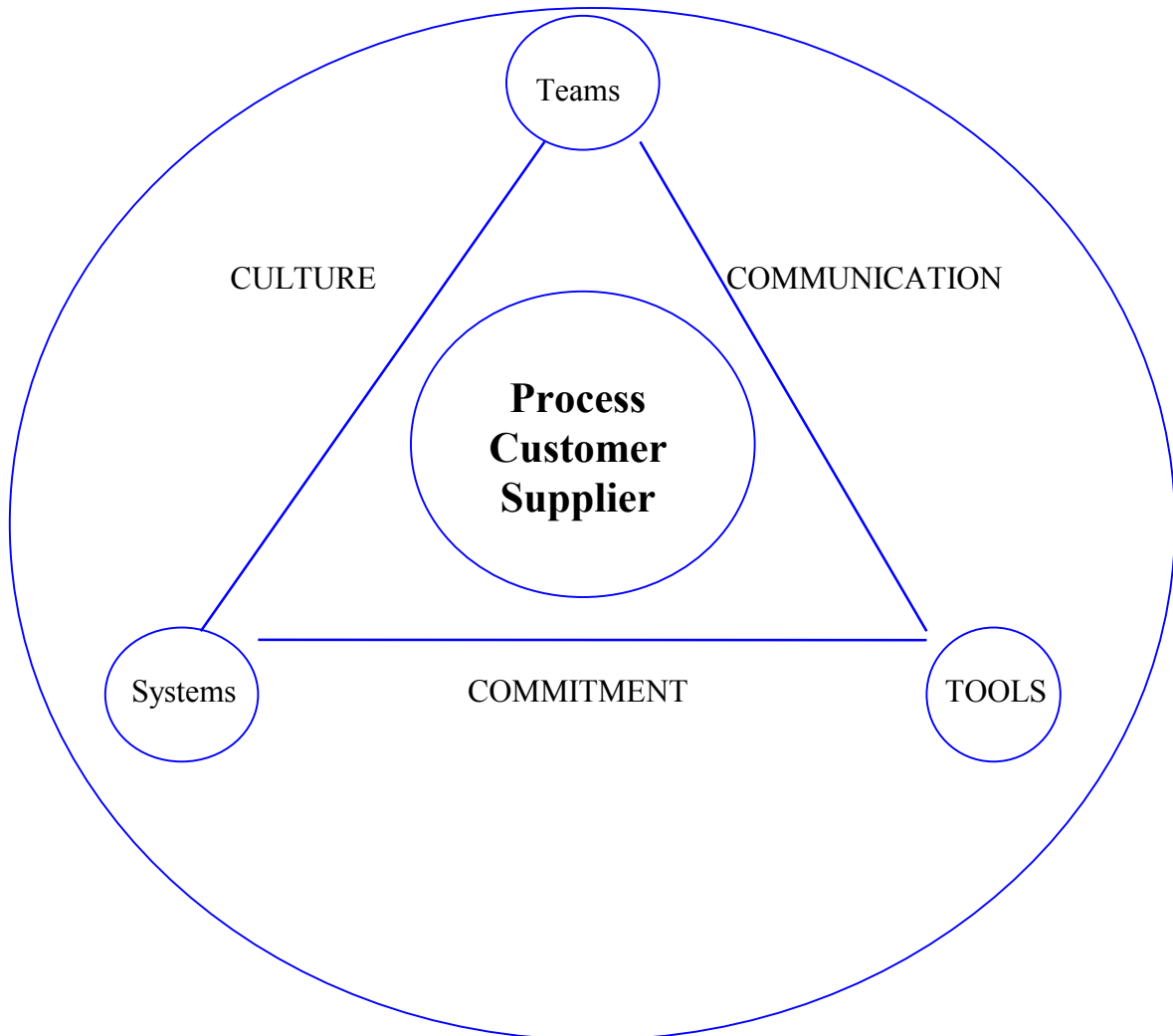
**Who Should Attend:** Transit Managers and Marketing Directors, Regional Commuter Service Directors

**Skill/Knowledge Gained:**

- insight on how to be an effective transit executive

**THE ROLE OF THE PUBLIC TRANSIT  
MANAGER IN THE YEAR 2000  
(2 Hours)**

*The Breaking Away From The Traditional Managerial Style*



- ⇒ **Identify Customer - Transit Organization Relationships**
- ⇒ **Manage Processes**
- ⇒ **Change The Transit Organization's Culture**
- ⇒ **Improve Communications Between Transit Employees**

⇒ **Show Commitment - To Customers & Employees**

## **I. The Characteristics of An Effective Transit Manager**

### **A. Attitudes**

- ⇒ An Orientation To The Transit Customer
- ⇒
- ⇒ Strong Communications Orientation
  
- ⇒ An Action Orientation

### **B. Abilities**

- ⇒ Communications Skills
  
- ⇒ The Ability To Train

### **C. Participation**

- ⇒ In Evaluation
  
- ⇒ In Planning
  
- ⇒ In Doing
  
- ⇒ In Checking
  
- ⇒ In Amending

## **II. How Does The Top Transit Executive Achieve Effective Leadership?**

- ⇒ Recognizing Customers and Discovering Their Needs
- ⇒ Setting Standards That Are Consistent With Customer Requirements
- ⇒ Controlling Processes, Including Systems and Improving Their Requirements
- ⇒ Taking Responsibility For Setting the Guiding Philosophy
- ⇒ Providing Employee Motivation
- ⇒ Empowering Employees

### **III. Ten Steps To Effective Transit Management**

- A. A Commitment to Constant Improvements to Transit Operations**
- B. Adopt a Philosophy of Zero Defects/Errors to Change the Transit Culture Immediately**
- C. Train Employees to Understand Transit Organization - Customer Relationships**
- D. Do Not Purchase Equipment and Supplies on Price Alone**
- E. Recognize That A Key To Transit Service Improvements Lies In Improvements To Systems**
- F. Eliminate The Fear In Supervision & Training Efforts**
- G. Eliminate Barriers Between Departments By Managing the Process - Improve Communications and Teamwork**
- H. Eliminate The Following:**
  - ⇒ Arbitrary Goals Without Methods**
  - ⇒ All Standards Based Only On Numbers**
  - ⇒ Barriers To Pride In Workmanship**
  - ⇒ Fiction - Get Facts By Using The Correct Tools**
- I. Constantly Educate and Retrain - Develop Transit Experts**
- J. Develop a Systematic Approach To Management**

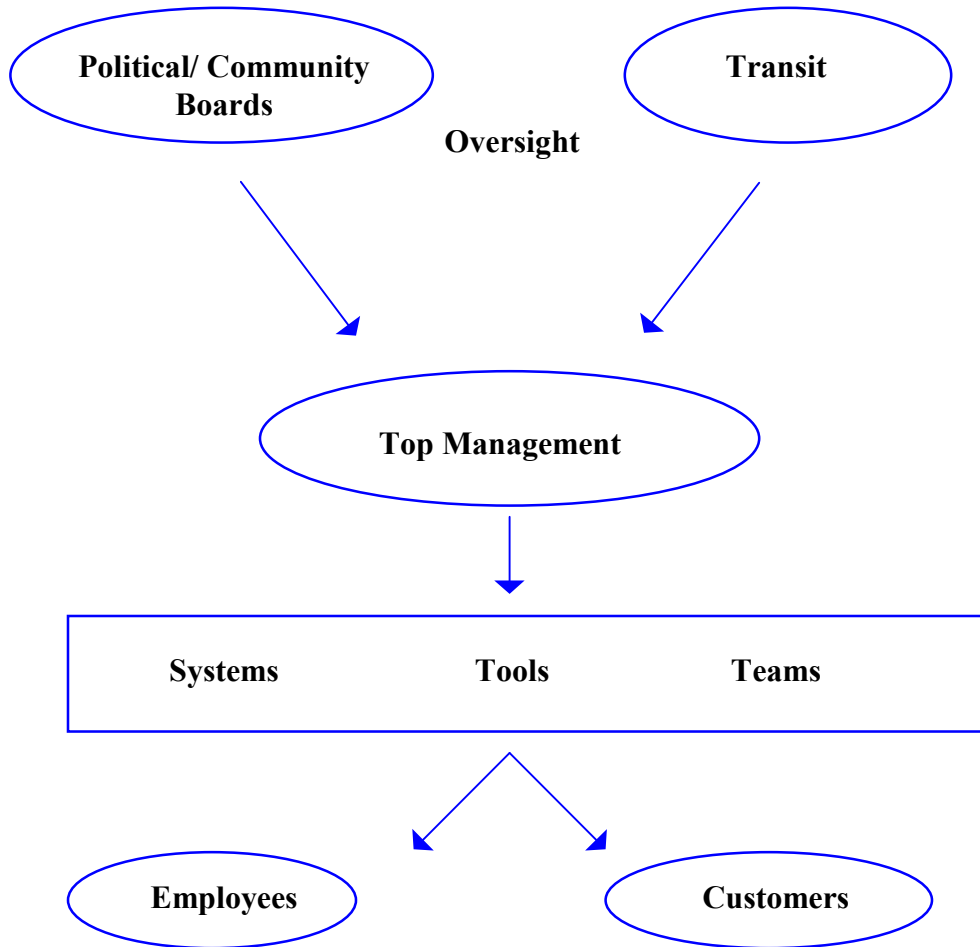
#### IV. The Keys To Effective Twentieth Century Public Transit Management

⇒ **Systems**

⇒ **Tools**

⇒

⇒ **Teams**



## **TQM AND PUBLIC TRANSIT MANAGEMENT (2 HOURS)**

**Module Description:** This module covers Total Quality Management as it relates to public transit management. A general explanation of TQM is given.

**Goals of Session:**

- to familiarize attendees with the concept of total quality management
- to illustrate the importance and usefulness of a “total quality” orientation

**Experience Level:** intermediate

**Prerequisites:** supervisory experience

**Length:** 2 hours

**Who Should Attend:** Transit Managers, Regional Commuter Service Directors

**Skill/Knowledge Gained:**

- basic terminology associated with TQM
- steps of the TQM process
- insight on the components necessary to implement the TQM process

# TQM AND PUBLIC TRANSIT MANAGEMENT

## (2 HOURS)

**Total Quality Management (TQM) is an organizational philosophy that provides a basis for achieving customer satisfaction**

**TQM is the coordination throughout the entire organization of the efforts to provide high quality goods, processes, and services to ensure customer satisfaction. Key to this concept is the idea that quality is important at every step of the process of providing service to customers regardless of the organization's end product. TQM requires a commitment from every employee, but marketing plays an important role because of the need to understand customer requirements.**

### **I. The Elements of TQM**

- ⇒ Quality Function Deployment (QFD) - the visual display of customer expectations and product characteristics to measure how well the product meets customer demands. These tools allow the organization to take customer demands into account during the product design phase.
- ⇒ Continuous Improvement - a commitment to constantly do things better throughout the entire marketing process, from product inception to customer feedback.
- ⇒ Reduced Cycle Time - shortening the time span from product inception to delivery.
- ⇒ Analysis of Process Problems - systematic examination of resolution of such problems to control quality throughout the process.

### **II. What is The Role Of Transit Managers and Employees In TQM?**

**Top Management** - builds on the vision and strategy of TQM. Without strong support from top management, other manager probably can not and/or will not implement the necessary changes and quality efforts.

**Employees** - all employees need to know the organization's mission, values, policies, objectives, and methodologies for making decisions. Employees must have the skills, ability, knowledge, and resources, to perform their jobs. Mutual trust must exist between management and employees.

### **III. Other Key Concepts**

**Teamwork** - in TQM organizations, teamwork means sharing both the responsibility and decision-making

**Training** - training helps employees understand the mission of the organization, their jobs, and their place in the firm.

### **IV. Requirements For Implementing TQM Programs**

⇒ **Education and Communications**

⇒ **Participation and Involvement**

⇒ **Facilitation and Support**

⇒ **Negotiation and Agreement**

### **V. Approaches To Implementing TQM**

⇒ **Blitz Approach**

⇒ **Slow Purposeful Approach**

## **VI. Steps In TQM Implementation**

### **Step 1: Gain Commitment To Change At Top Of Organization**

- ⇒ Get Top Executives Working As A Team**
- ⇒ MBTI**

### **Step 2: Develop A Shared “Mission” or “Vision” of The Business**

- ⇒ Starts With Mission Statement**
- ⇒ Permeates Entire Organization**

### **Step 3: Define Agreed On Measurable Objectives In terms of Mission of Organization**

- ⇒ Clear Targets**
- ⇒ Linked To Mission Statement**

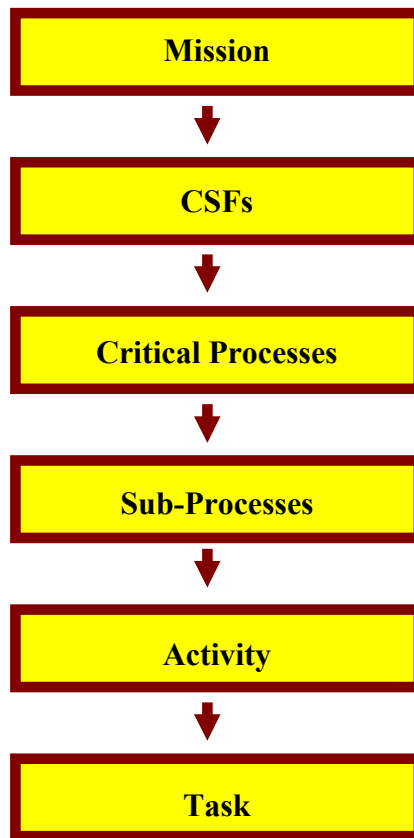
### **Step 4: Develop Mission Into Critical Success Factors (CSFs) to Coerce and Move It Forward**

- ⇒ to 50 Items**
- ⇒ Tied To Mission**

### **Step 5: Break Down CSFs Into Key or Critical Processes & Gain Ownership of Processes**

- ⇒ Stated As Verbs**
- ⇒ From Process Quality Teams**

**Step 6: Break Down Critical Processes Into Sub-Processes and Tasks**



→ **Individuals, teams, and Tasks**

- **Quality Council**
- **Process Quality Teams**
- **Quality Circles**

→ **Performance Measurement and Metrics**

- **Inputs**
- **Outputs**

**Step 7: Monitor and Adjust The Process Alignment In Response To Difficulties In the Change Process**

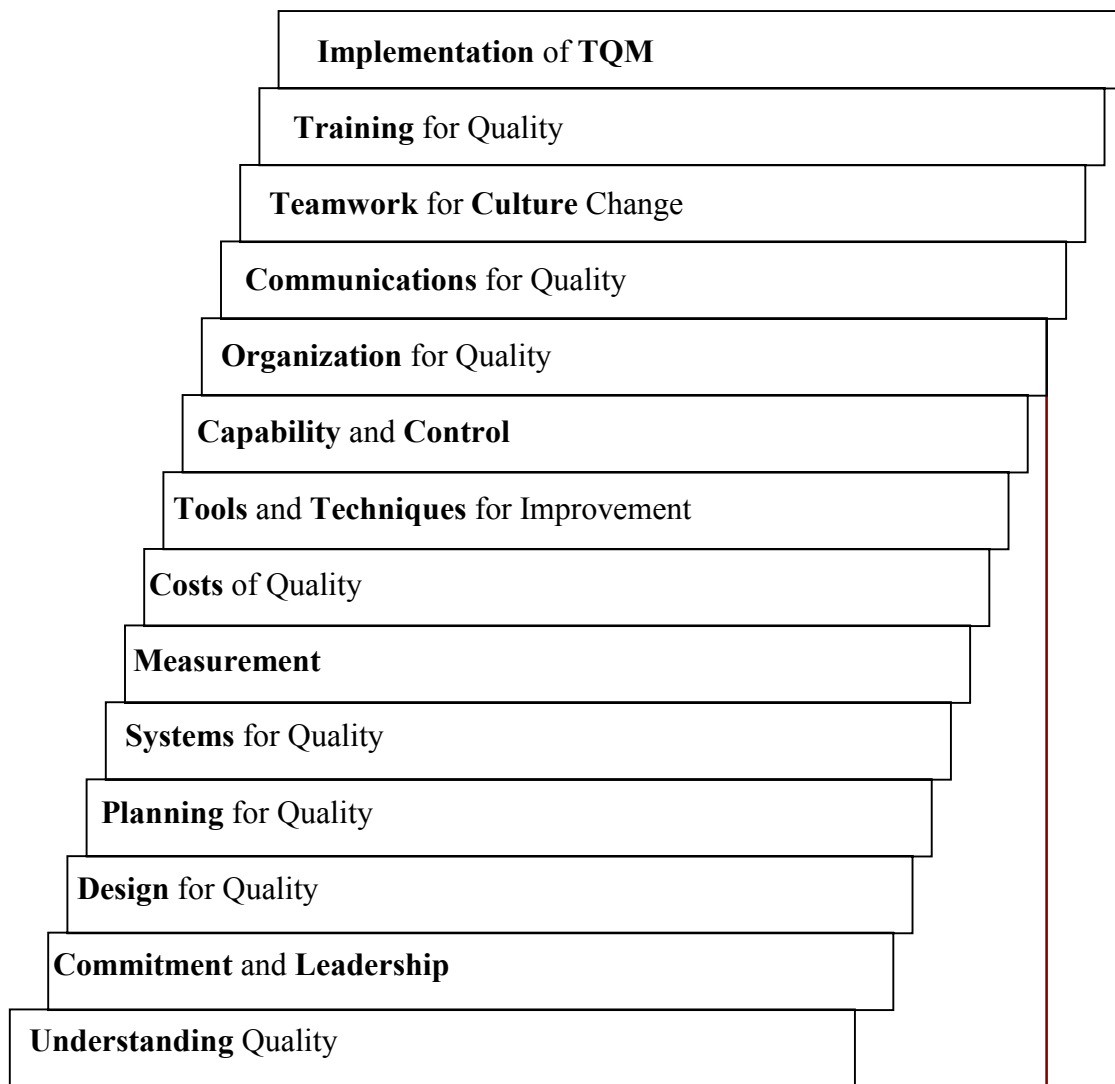
## VII. Continuous Improvement And The TQM Model

- ⇒ *Planning* the Processes and Their Inputs
- ⇒ *Providing* The Inputs
- ⇒ *Operating* The Processes
- ⇒ *Evaluating* The Outputs
- ⇒ *Examining* The performance of the Processes
- ⇒ *Modifying* The Processes and Their Inputs

Keys?

- Focusing On The Customer
- Understanding The Process
- All Employees Committed To Quality

## VII. Planning The Implementation of TQM



(Transit Examples . . . McDorman & Assoc. (TCRP))



## **CONSUMER SEARCH BEHAVIOR FOR PUBLIC TRANSIT SERVICE (2 HOURS)**

**Module Description:** This module provides general information on consumer search behavior as it relates to public transit services. Major emphasis is placed on how to determine and manage switching behavior and what affects this behavior.

**Goals of Session:**

- to introduce transit managers to various aspects of search behavior
- to specify implications for transit marketing efforts with respect to consumer search behavior

**Experience Level:** advanced novice

**Prerequisites:** none

**Length:** 2 hours

**Who Should Attend:** Transit Managers and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- understanding of how to manage customer expectations
- ability to recognize and handle complaint behavior

:

# **CONSUMER SEARCH BEHAVIOR FOR PUBLIC TRANSIT SERVICE (2 HOURS)**

## **I. Services Properties Affecting Consumer Search For Transit Services**

- Search Properties  
⇒ things about transit that customer can seek information about
- Experience Properties  
⇒ things about transit that must be experienced to judge
- Credence Properties  
⇒ things that must be taken on faith

**Are Transit Services High On Search, Experience, or Credence Properties?**

**What Does This Imply About Transit Marketing Efforts?**

## **II. Characteristics of Consumer Search for Public Transit Services**

### **A. Information Search**

- Use of Personal Sources
- Affect of Perceived Risk

### **B. Evaluation of Attributes**

- Evoked set Size
- Impact of Emotion & Mood

### **C. Purchase and Consumption**

- Service Provision as Drama
- Service Roles & Scripts
- Compatibility of Customers

### **D. Post-Purchase Evaluation**

- Attribution of Dissatisfaction
- Innovation Diffusion
- Brand Loyalty

### **E. Propositions (Implications) Relative To Consumers Search For Transit Services**

- ⇒ Consumers Seek More Personal Information
- ⇒ Greater Pre-purchase Evaluation (High Barrier to Initial Use)
- ⇒ More Post-Purchase Evaluation (Complaint Behaviors)
  
- ⇒ Greater Information Search
- ⇒ Increased Perceptions of Risk
- ⇒ Smaller Evoked Set
- ⇒ Self Provision Option
- ⇒ Emotion-based Decision Making (Reactions To Emotions)
- ⇒ Service Encounters are Role Performances
- ⇒ Use of Scripts (By Employees)
- ⇒ Customer Compatibility
- ⇒ More Frequent Complaints
- ⇒ Self Blame
- ⇒ Slower Diffusion of Innovation
- ⇒ Greater Mode Loyalty
- ⇒ Less Mode Switching

### **III. MANAGING SWITCHING BEHAVIOR**

*Switching Behavior Refers To Changes In The Selected Transit Mode*

**Keaveny (1995)**

*Why Are Switching Costs a Major Concern?*

#### **A. Costs Associated With Losing Customer**

- ⇒ Continuing Customers tend to:
  1. increase usage at an increasing rate
  2. purchase at full margin
  3. create operating efficiencies

#### **B. Costs Associated With Replacing Customer**

- ⇒ New Customers tend to:
  1. require advertising & promotions costs
  2. be inefficient users
  3. be low volume users

## **IV. Determinants of Switching Behavior?**

### **A. Pricing**

- High Price
- Price Increases
- Unfair Prices
- Deceptive Pricing

### **B. Inconvenience**

- Location/Hours
- Waiting for Pick Up
- Waiting during Transit

### **C. Core Service Failure**

- Service Mistakes
- Equipment Failures
- Route Inconvenience

### **D. Service Encounter failures**

- Uncaring
- Impolite
- Unresponsive
- Unknowledgeable

### **E. Response to Service Failure**

- Negative Response
- No Response
- Reluctant Response

### **F. Competition**

- Found Better Service Option

### **G. Ethical Problems**

- Unsafe
- Poor Conduct



## H. Involuntary Switching

- Customer Moved
- Destination Changed

### Others?

- Variety Seeking
- Self Provision
- Intermediary Requirement

## V. Managing Switching Behavior

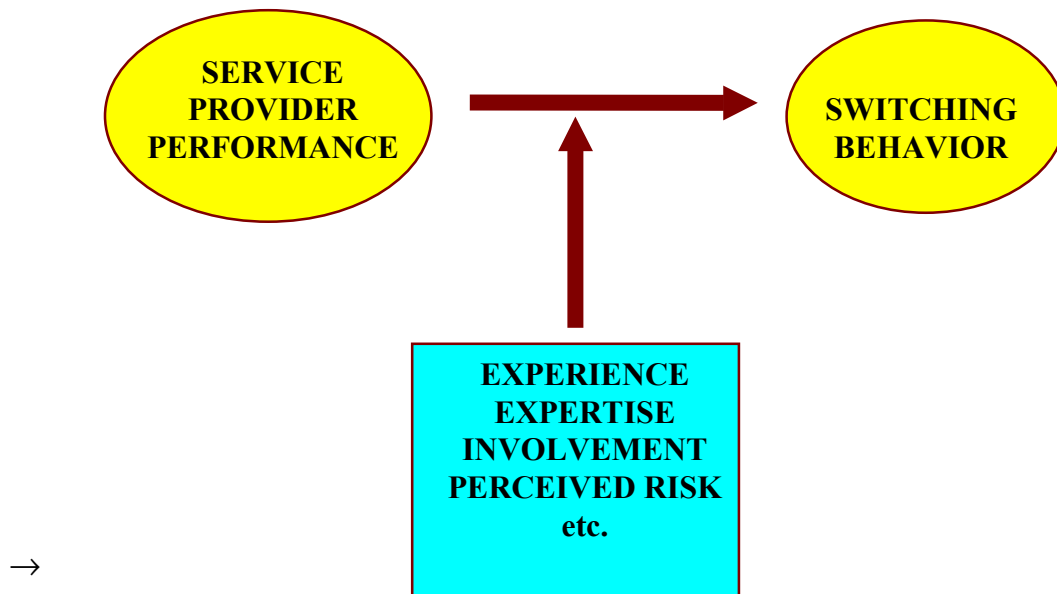
### A. Reactive Management

1. Service Recovery Efforts
2. Complaining Behavior Management
3. Staff Training

### B. Proactive

- A. Identifying The Vigilante Consumer
- B. Managing Customer Expectations
- C. Controlling Employee Performance

## VI. What Affects Switching Behavior?



## **CUSTOMER EXPECTATIONS OF TRANSIT SERVICES (2 HOURS)**

**Module Description:** This module focuses on the effects of customer expectations on the management and services provided of transit organizations. A general overview of the relevant aspects of customer expectations as they related to transit services is given.

**Goals of Session:**

- to explain different types of customer expectations
- to point out what expectations mean to transit managers

**Experience Level:** novice

**Prerequisites:** none

**Length:** 2 hours

**Who Should Attend:** Transit Managers and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- insight on the different kinds of customer expectations
- awareness of the factors that affect consumer expectations

# CUSTOMER EXPECTATIONS OF TRANSIT SERVICES (2 HOURS)

## *HOW DO CONSUMERS' EXPECTATION OF TRANSIT SERVICE PERFORMANCE AFFECT THEIR USE & THE MANAGEMENT OF TRANSIT ORGANIZATIONS?*


### I. Expected Service

#### A. Expectations Relative To Service Levels

⇒ Types of Expectations (Simple Conceptualization)

- Desired
  - Adequate
- 
- Zone of Tolerance

⇒ Types of Expectations (Elaborate Conceptualization)

- Desired
  - Most Likely
  - Minimum Acceptable
- 
- Zones of Tolerance

→ *What Does This Mean To Managers of Transit Organizations?*

1. *They Must Align Their Organization's Performance Within These Zones of Tolerance*
2. *They Must Know What Customers Expect*
3. *They May Be Required To "Manage" Customer Expectations*

#### B. What Causes Zone of Tolerance To Differ

- Prices Charged (User Fees)
- Attributes Deemed Important By Customers (Narrow versus Wide "Zones")
- Experience of Customer

#### C. Sources of Expectations

##### Desired

- ⇒ Personal Needs/Philosophy
- ⇒ Service Provider Promises
- ⇒ Price

### C. Sources of Expectations (Cont.)

#### Most Likely

- ⇒ Experience
- ⇒ Word of Mouth

#### Minimum Acceptable

- ⇒ Price
- ⇒ Alternatives Available To Commuter

## II. Transit Service Encounter versus Overall Expectations of Transit Provider

*transaction-specific versus enduring global expectations  
(i.e. expectation for a specific transit trip versus  
general expectations of the transit organization)*

**Overall Transit Expectations =  $\Sigma$  Specific Transit Experiences**

### ⇒ Sources of Expectations

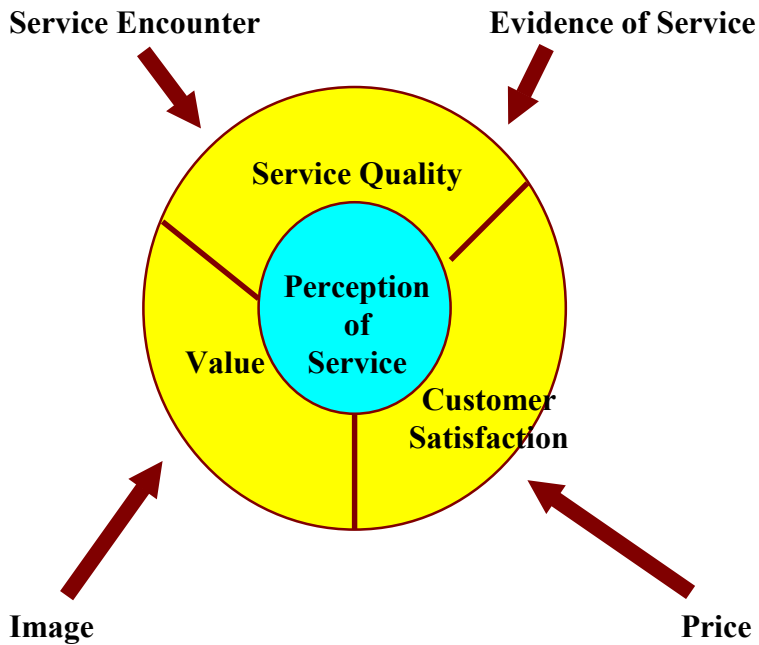
- Explicit Service Promises
  - Advertising
  - Employees
- Implicit Cues
  - Price
  - Physical Evidence

## III. Issues Relative to Expectations

- Unrealistic Expectations
  - ◇ Customer Education
  - ◇ “Reality” Checks
- Need to “Exceed” Expectations
  - ◇ Delighting & Surprising
  - ◇ Honoring Promises
  - ◇ Information Systems
- Constantly Escalating Expectations
  - ◇ Monitoring Service Quality

- ◇ Evaluating Customer Satisfaction
- ◇ Innovative Responses

## IV. Factors Affecting Customers Expectations of Service Encounters



## V. Understanding Customers' Transit Expectations Through Marketing Research

### *Types of Information which Can be Gathered*

- ◆ Complaint Solicitation
- ◆ Critical Incident Techniques Studies
- ◆ Requirements Research
- ◆ Trailer Calls
- ◆ Relationship Surveys
- ◆ Key Client Studies
- ◆ Key Client Studies
- ◆ Mystery Riders
- ◆ Customer Panels
- ◆ Lost Customer Panels
- ◆ Future Expectations Research
- ◆ Management By Walking Around

# **ANALYZING CONSUMER PERCEPTIONS OF PUBLIC TRANSIT SERVICE PROVIDERS (2 HOURS)**

**Module Description:** This module focuses on the service encounter with respect to public transit users.

**Goals of Session:**

- to enlighten individuals on why service encounters are important
- to illustrate that all service encounters are not the same for all customers
- to examine what factors affect the relationships between customers and transit service providers

**Experience Level:** advanced novice

**Prerequisites:** an understanding of basic marketing terminology or equivalent experience

**Length:** 2 hours

**Who Should Attend:** Transit Managers and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- internal and external strategies for managing the service encounter
- importance of “critical incidents” in managing public transit organizations

# ANALYZING CONSUMER PERCEPTIONS OF PUBLIC TRANSIT SERVICE PROVIDERS (2 HOURS)

## THE PUBLIC TRANSIT SERVICE ENCOUNTER

*"The dyadic interaction between a customer and service provider"*  
(Suprenant and Soloman 1987)

### I. Types of Service Encounters

#### A. Remote

⇒ no people involved

#### B. Indirect Personal

⇒ people involved, but no person-to-person contact

#### C. Direct Personal

⇒ direct person-to-person contact

⇒ *Which Type(s) of Encounter Do Public Transit Users Experience?*

⇒ *What Are The Implications of The "Type" of Encounter For The Management of The Transit Users Experience?*

### II. Factors Determining The Nature of Public Transit Service Encounters

*What Affects the Relationship Between The Transit Service Provider and Their Customer?*

#### THE CUSTOMERS

- A. Goals
- B. Expectations
- C. Interpersonal Skills
- D. Attitudes
- E. Personalities
- F. Intelligence
- G. Knowledge
- H. Experience
- I. Expertise
- J. Status

*Implication: Knowing Your Target Markets!*

### **III. What Affects The Customer's Perspective of Transit Service Encounters? (i.e. Why Can't Every Customer Be Treated The Same?)**

#### **A. Importance of the Encounter To The Customer**

- ⇒ discretionary versus necessary purchase
- ⇒ ultimately, what is affected by the use of the transit organization?

#### **B. The Extent to which Tangible Elements are Important**

- ⇒ pick up points
- ⇒ rolling stock

### **IV. The Importance of "Critical Incidents" In The Management of Public Transit Organizations**

#### *"Moments of Truth"*

- ⇒ specific interactions between a customer and a service firm's employees that are specially satisfying or dissatisfying
- ⇒ key: early interactions are most important
- ⇒ CIs are tied to satisfaction

#### **A. How Can Service Firms Identify Critical Incidents**

1. Blueprinting
2. Role Playing
3. Complaint Behavior Analysis
4. Common Sense

#### **B. Types of Critical Incidents**

1. Employee Response to Service Delivery Failure
  - unavailable service
  - unreasonably slow service
  - other core service failures
2. Employee Response to Customer Needs & Wants
  - "special need" customers
  - customer preferences
  - admitted customer error
  - potentially disruptive others
3. Unprompted and Unsolicited Employee Actions
  - attention paid to customer

- out-of-the ordinary employee behavior
- employee behavior
- gestalt evaluation
- performance under adverse circumstances

#### 4. Problem Customer Behavior

- drunkenness
- verbal and physical abuse
- breaking company policies or laws
- uncooperative employees

## V. Managing the Service Encounter

### A. Internal Strategies

#### 1. outcome (option) personalization

- formalization
- standardization
- routinization
- codification

⇒ *issues?*

- control
- role definition
- examples?
  - ◇ Burger King's "Have It Your Way"

#### 2. process personalization

- programmed personalization
- scripts
- pro forma actions
- customized personalization
- personal advocacy
- personal service

### B. External Strategies

#### *"Managing Customer Expectations"*

1. Education
2. Public Relations

### C. Theater Strategies

1. The Stage
2. The Actors
3. The Drama

## 4. The Roles

## **VI. Consumers Evaluation of The Transit Service Encounter**

⇒ *Consumers more Dissatisfied if they Perceive the Provider to have control.*

⇒ *Failures Consumers Believe to be Recurring result in greater dissatisfaction*

⇒ *Logical Explanations for Failures are Preferred*

⇒ *Compensation is Expected*

⇒ *Organized Environments Mitigate Dissatisfaction from Service Failures*

## **VII. Making The Most Of The Transit Service Encounter: Strategies For The Innovative Transit marketer**

**A. Service Recovery**

**B. Service Adaptability**

**C. Service Spontaneity**

**D. Service Coping**

## **VIII. Common Problems in the Public Transit Service Encounter**

**A. Inadequate Standards**

- substitution of technology for people
- improvement in work methods

**B. Absence of Formal Goal setting**

**C. Lack of Customer Defined Standards**

**D. One Time Fixes**

## **THE ROLE OF THE CUSTOMER IN THE DELIVERY OF PUBLIC TRANSIT SERVICES (2 HOUR SESSION)**

**Module Description:** Customers are an important part of the service delivery process. This module deals primarily with the role of customers and the impact management can have in the delivery of the services.

**Goals of Session:**

- to establish the value of the customer in service delivery
- to explain ways management can improve their ability to deliver quality services

**Experience Level:** novice

**Prerequisites:** supervisory experience

**Length:** 2 hours

**Who Should Attend:** Transit Managers, Operations and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- techniques on how to better manage employees
- strategies for enhancing customer participation

# **THE ROLE OF THE CUSTOMER IN THE DELIVERY OF PUBLIC TRANSIT SERVICES (2 HOUR SESSION)**

## **I. Importance of The Customer In Service Delivery**

### **⇒ As Productive Resources**

- ◇ partial employees
- ◇ affect quality & quantity of services produced
- ◇ key contributions to quality, value, & satisfaction
  - what the customers does - technical quality
  - how they did it - functional quality

### **⇒ As Competitors**

- ◇ can provide their own transportation

## **II. What Determines Customers' Role in The Delivery of Transit Services**

### **A. The Nature of The Service**

- degree of tangibility
- degree of personalization/customization
- degree of technology dependence

### **B. Object of Service**

- the object is to move people (as opposed to objects)
- people take a more involved role in such cases

### **C. Consumers' Experience**

- experienced customers perform more of their own services (i.e. require fewer service such as information, education, etc.)
- experienced customers can be more demanding

### **D. Consumers' Expertise (Knowledge)**

- knowledgeable customers are more demanding
- knowledgeable customers can provide more of their own services

### **E. Consumers' Involvement With Service**

- riders with a dependence on public transit

## **F. Perceived Risk**

- Financial
- Social
- Psychological
- Physical
- Performance

⇒ *The Greater The Associated Risk, The More Attentive The Customer Is To The Performance Of the Transit Organization*

⇒ *Which Target Markets Are Likely To Associate The Greatest Risk With The Use Of Public Transit services?*

## **G. Level of Expertise Required To Use Service**

- Technical
  - ◇ Routes
  - ◇ Schedules
  - ◇ Transfers
- Social
  - ◇ Interactions With Employees
  - ◇ Interactions With Other Users
- Physical
  - ◇ Physically Impaired
  - ◇ Other Handicaps

*What Can Transit Service Provider Do To Enhance Customers Participation In The Service Process??*

## **III. Strategies For Enhancing Customer Participation**

- Define Customers' Job
  - ⇒ helping themselves
  - ⇒ helping others
  - ⇒ promoting the company
- Recruit, Educate, & Reward Customers
  - ⇒ recruit "right" customer
  - ⇒ educate & train customer to perform effectively
  - ⇒ reward customers for their contributions
  - ⇒ avoid negative outcomes or inappropriate customer participation
    - ◇ customers don't understand
    - ◇ customers do not perform roles
- Manage the Customer Mix
  - ⇒ recruit homogeneous customers
  - ⇒ keep heterogeneous customers separated
    - ◇ scheduling

◇ routes

## **IV. Organizational Socialization - - developing a proactive customer service attitude among employees**

### *What Can The Transit Service Provider Do To Improve Their Ability To Deliver Quality Services?*

- ⇒ developing the consumer's skills, knowledge, and attitudes relative to the service provision
- ⇒ impart appropriate organizational values, norms, & expectations

## **V. Basis for Organizational Socialization Efforts**

### *How Can The Transit Service Provider “Manage” Its Employees To Enhance The Quality of The Services They Deliver?*

#### **A. Organizational Climate**

- What Behaviors Are Rewarded?
- What Examples Are Set By Managers?
- Is The Customer Always Right?

#### **B. Motivational Effort & Direction**

- What Are Front Line Employees Told
- How Much Supervision

#### **C. Organizational Commitment**

- Employee Turnover
- Belief in Company

## **VI. Managerial Impacts**

#### **A. Customer Education**

- Technical
- Social
- Physical
- Performance

#### **B. Employee Motivation**

- Customer Orientation
- Product Knowledge
- Organizational Commitment

#### **C. Process Control**

- People Flows
- Service Reservation
- Waiting

#### **D. Guiding Principles**

- Equity
- Organizational Justice
- Customer Orientation

- MBWA

# **THE ROLE OF EMPLOYEES IN THE MARKETING OF PUBLIC TRANSIT SERVICES (2 HOUR SESSION)**

**Module Description:** Like customers, employees are important. This module focuses on the critical role of the employee.

**Goals of Session:**

- to explain the importance of the employee in the marketing of public transit
- to disclose how the transit employee affects users' customer satisfaction levels
- to identify ways transit management can control conflict in transit service environments

**Experience Level:** advanced novice

**Prerequisites:** customer service training or supervisory experience

**Length:** 2 hours

**Who Should Attend:** Transit Managers Operations Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- preventive actions that if taken, lessen the chances of conflict
- awareness of various dimensions use to measure the performance of service employees

# THE ROLE OF EMPLOYEES IN THE MARKETING OF PUBLIC TRANSIT SERVICES (2 HOURS)

## *The Critical Role of The Employee*

### **I. Why Is The Service Employee So Important In The Marketing Of Public Transit Services?**

⇒ *Let's Look At The general Characteristics of Services and How They Apply Specifically To Public Transit Services*

#### **A. Inseparability**

- Transit Employee cannot be separated from product

#### **B. Intangibility**

- Transit Employee provides Rider with a physical cue

#### **C. Heterogeneity**

- Transit Employee performance is a major source of variation in the users perceptions of the quality of the transit service

#### **D. Non-Inventoriability**

- Transit Employees use of time defines capacity of system

### **II. How Does The Transit Employee Affect Our Users' Level of Customer Satisfaction?**

*Employee Satisfaction → Customer Satisfaction*

*and*

*Employee Satisfaction ← Customer Satisfaction*

therefore

*Employee Satisfaction ↔ Customer Satisfaction*

## *The Determinants of Employee Satisfaction?*

⇒ The Transit Employee's Perceptions of:

- Organizational Justice
- Procedural Justice
- Equity

## **III. What Are The Dimensions Typically Used To Measure The Performance of Service Employees?**

### **A. Parasuraman, Zeithaml, & Berry**

- Responsiveness
- Reliability
- Empathy
- Assurances
- Tangibles ←???

### **B. Cronin**

- Attitude
- Behavior
- Expertise

### **C. Composite**

- Attitude
  - ⇒ Responsiveness
  - ⇒ Reliability
  - ⇒ Empathy
  - ⇒ Assurances
- Behavior
  - ⇒ Responsiveness
  - ⇒ Reliability
  - ⇒ Empathy
  - ⇒ Assurances
- Expertise
  - ⇒ Responsiveness
  - ⇒ Reliability
  - ⇒ Empathy
  - ⇒ Assurances

#### **IV. What Characteristics of Transit Service Tasks Typically Affect Employee Management Strategies?**

- Service provision is an emotional labor
- Consumers attribute greater risk to services
- Services are more involving for consumers
- Customers tend to rely on WOM

#### **V. Sources of Conflict for Transit Service Employees**

- Person/Role Conflict
- Organization/Client Conflict
- Inter-Client Conflict
- Quality/Productivity Trade-Offs

#### **VI. What Can The Transit Service Provider Do?**

##### **A. Hire the Right People**

- Compete for the best
- Hire based on competence & inclination
- Be the preferred employer

##### **B. Develop People**

- Train for technical & interactive skills
- Empower front-line employees
- Promote teamwork

##### **C. Provide Needed Support Systems**

- Develop service-oriented internal processes
- Provide supportive technology & equipment
- Measure internal service quality

(show examples here)

##### **D. Retain the Best**

- Measure & reward strong service performers
- Treat employees as customers
- Include employees in the company's vision

Sidenote--Question: How do labor agreements contribute/hinder transit agency's ability to manage employees? Providing examples here (of agreements/clauses) could be valuable.

## **MEASURING SERVICE QUALITY: A PUBLIC TRANSIT APPLICATION (2-4 HOURS)**

**Module Description:** This module provides a basic understanding of service quality and its importance in transit services. Topics included are dimensions of service quality, how service quality is measured, and why service quality may be of interest to transit managers.

**Goals of Session:**

- to define key terminology related to service quality
- to illustrate various methods of measuring service quality
- to provide a broad background of service quality

**Experience Level:** advanced novice

**Prerequisites:** customer service training or equivalent experience

**Length:** 2 hours

**Who Should Attend:** Transit Managers, Operations and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

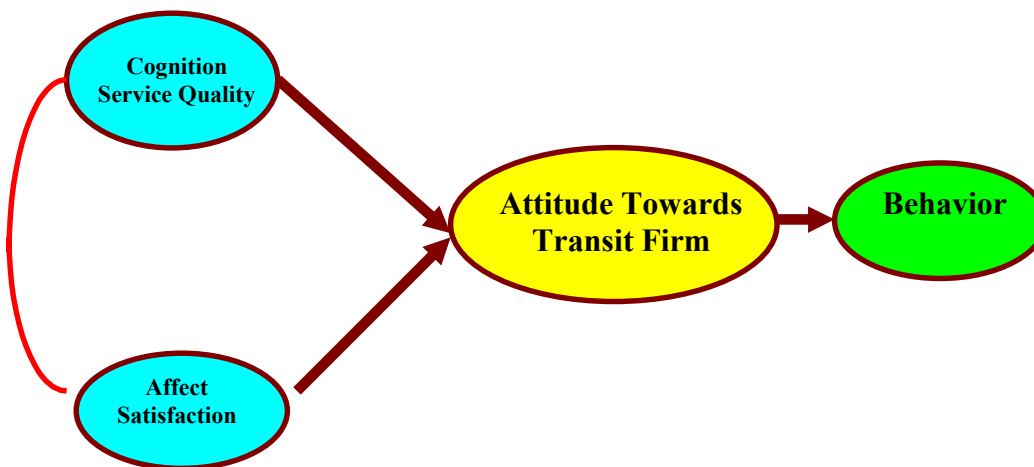
- key terminology
- facts and fallacies related to service quality
- importance of service quality

# MEASURING SERVICE QUALITY: A PUBLIC TRANSIT APPLICATION (2-4 HOURS)

## I. WHAT IS SERVICE QUALITY?

*AN OVERALL PERCEPTION OF EXCELLENCE RELATIVE TO THE PERFORMANCE OF SERVICE ACTIVITIES*

- ⇒ AN ATTITUDE?
- ⇒ LIKE AN ATTITUDE
- ⇒ A FORM OF ATTITUDE
- ⇒ AN ANTECEDENT OF CONSUMERS ATTITUDE TOWARDS A SERVICE PROVIDER



⇒ *Do Service Quality Perceptions of Transit Service From Day-to-Day?      Performance Change*

## TRANSACTION SPECIFIC and GLOBAL PERCEPTIONS

### A. How Is Service Quality Measured?

- GAP BASED
  - ◊ Performance - Expectations
- PERFORMANCE BASED
  - ◊ Performance Only

#### Fallacy of the GAP approach

⇒ *Consumer A expects Service Provider X's service performance to be a 4, but rates its actual performance to be a 3. Consumer B expects Service Provider X's service performance to be a 2 but rates its actual performance to be 3. Which Consumer is most satisfied or most likely to continue?*

#### Using the GAP Paradigm:

⇒ Performance - Expectations = Service Quality

- ◊ Consumer A:  $3 - 4 = -1$
- ◊ Consumer B:  $3 - 2 = 1$

#### Using the Performance-Only Paradigm

- ◊ Consumer A: 3
- ◊ Consumer B: 3

*Which One Makes More Sense To you?*

## II. What Are The Specific Measures of Performance Which Can Be Adapted For Use By Transit Organizations?

⇒ **TANGIBLES**

- XYZ has modern looking equipment
- XYZ's physical facilities are visually appealing
- XYZ's employees are neat looking
- Materials associated with the service are visually appealing at XYZ

⇒ **RELIABILITY**

- When XYZ promises to do something by a certain time, it does so
- When you have a problem, XYZ shows a sincere interest in solving it
- XYZ performs the service right the first time
- XYZ provides its services at the time it promises to do so
- XYZ insists on error free records

⇒ **RESPONSIVENESS**

- Employees of XYZ tell you exactly when the service will be performed
- Employees of XYZ give you prompt service
- Employees of XYZ are always willing to help you
- Employees of XYZ are never too busy to respond to your requests

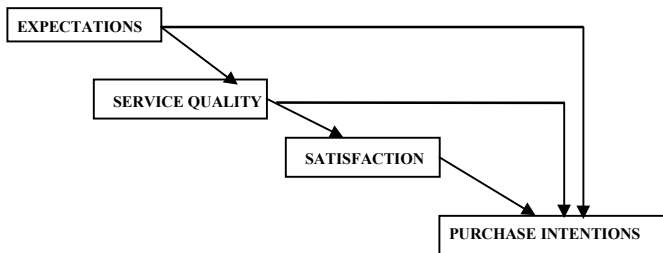
⇒ **ASSURANCES**

- The behavior of employees of XYZ instills confidence in customers
- You feel safe in your transactions with XYZ
- Employees of XYZ are consistently courteous with you
- Employees of XYZ have the knowledge to answer your questions

⇒ **EMPATHY**

- XYZ gives you individual attention
- XYZ has operating hours convenient to all its customers
- XYZ has employees who give you personal attention
- XYZ has your best interests at heart
- Employees of XYZ understand your specific needs

### III. What Is the Role of Expectations



**Figure 1**

**The Role of Expectations In Consumers Decision Making For Transit Services**

### IV. WHAT ARE THE DIMENSIONS OF SERVICE QUALITY?

#### A. PZB's Conceptualization

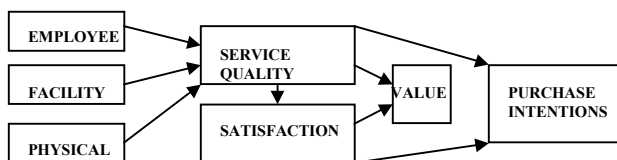
- ⇒ Reliability
- ⇒ Responsiveness
- ⇒ Assurances
- ⇒ Empathy
- ⇒ Tangibles
- **Criticisms?**
  - ◇ *Empirical*
  - ◇ *Conceptual/Theoretical*

## B. Cronin Conceptualization

- Attitude
  - ⇒ Reliability
  - ⇒ Responsiveness
  - ⇒ *Assurances*
  - ⇒ Empathy
- Behavior
  - ⇒ Reliability
  - ⇒ Responsiveness
  - ⇒ *Assurances*
  - ⇒ Empathy
- Expertise
  - ⇒ Reliability
  - ⇒ Responsiveness
  - ⇒ *Assurances*
  - ⇒ Empathy

## V. How Does Service Quality Fit Into Consumers' Decision Making For Transit Services?

### SOURCE OF QUALITY PERCEPTION



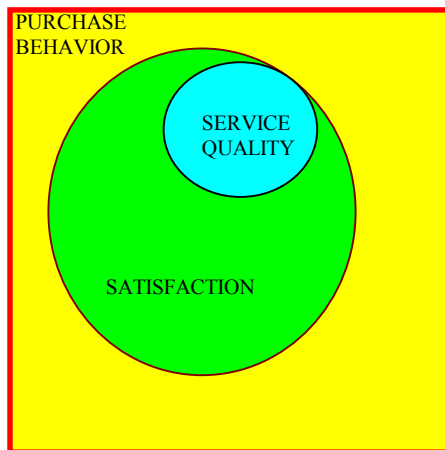
**Figure 2**  
Service Quality's Role in Consumer Decision Making For Services

## VI. How Does Service Quality Differ From Customer Satisfaction- Do They Need To Be Measured Differently?

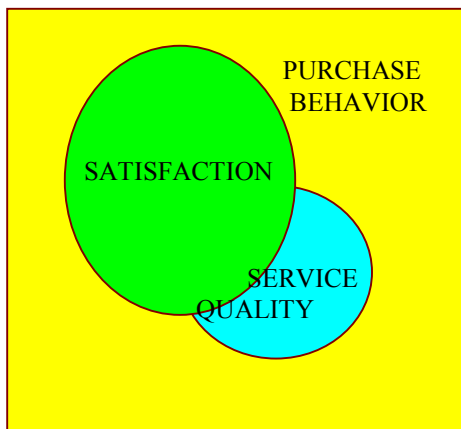
The GAP Measure?

⇒ “SATISFACTION WITH PERFORMANCE”?

*Conceptualizing The Service Quality → Consumer Satisfaction Relationship*



**Figure 3**  
Service Quality is Part of Satisfaction



**Figure 4**  
Service Quality Is A Separate  
But Related Construct

## VI. Why The Level Of Interest In Service Quality Among Transit Managers?

⇒ The Increasing Importance of Service As a Determinant of Consumers' Purchase Intentions

⇒ Increasing Interest of Public Officials in Service Quality

- ⇒ Cost of Providing Higher Levels of Service
- ⇒ The Value Added Impact of Customer Service
- ⇒ Role of Service Quality in TQM Programs & Awards

## **MEASURING CUSTOMER SATISFACTION: A PUBLIC TRANSIT APPLICATION (2 HOURS)**

**Module Description:** The focus of this module is on the measurement of customer satisfaction. Reasons that transit organizations should be concerned with customer satisfaction are revealed.

**Goals of Session:**

- to define key terminology related to customer satisfaction
- to identify the affects of customer satisfaction in a public transit organization

**Experience Level:** advanced novice

**Prerequisites:** customer service training or equivalent experience

**Length:** 2 hours

**Who Should Attend:** Transit Managers, Operations and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- the benefits of keeping customers satisfied
- the ability to manage employees in such a way to facilitate customer satisfaction
- the ability to recognize what factors customer satisfaction leads to

:

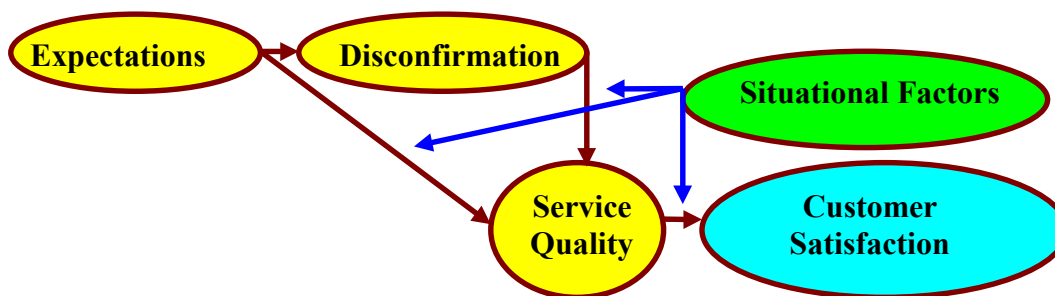
# MEASURING CUSTOMER SATISFACTION: A PUBLIC TRANSIT APPLICATION (2 HOURS)

## I. What Is Customer Satisfaction?

- ⇒ **An Emotional Response**
  - ◇ Happy
  - ◇ Elated
  - ◇ Delighted

## II. What Affects Consumers Satisfaction With A Public Transit Organization?

- ⇒ **Expectations**
- ⇒ **Service (Quality) Performance**
- ⇒ **Situational Factors**



## III. Why Should Transit Organizations Be Concerned With Customer Satisfaction?

- ⇒ **Affects**
  - ◇ Purchase Intentions
  - ◇ Loyalty
  - ◇ WOM
  
- ⇒ **Payoff From Satisfaction Focus**
  - ◇ greater profits
  - ◇ improved customer retention
  - ◇ increased referrals (WOM)
  - ◇ improved compliance
  - ◇ improved productivity
  - ◇ better staff morale
  - ◇ greater efficiency

#### IV. What Leads Transit Users To Be Satisfied?

- ⇒ Unexpectedly Good Performance
- ⇒ Flexibility in Service Provision
- ⇒ Adaptability in Service Provision
- ⇒ Service Recovery

#### V. How Does A Transit Organization Manage Customer Satisfaction

*Employee Satisfaction → Customer Satisfaction*

- ⇒ Internal Marketing
- ⇒ Empowerment
- ⇒ Systems

##### A. Internal Marketing

- Customer Sensitivity Training
- Corporate Communications

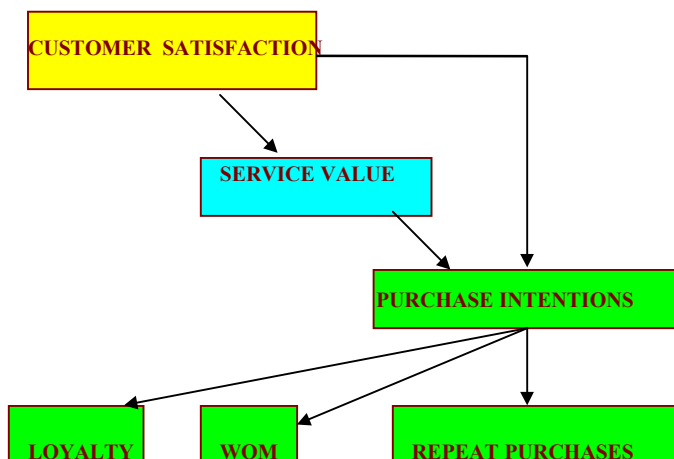
##### B. Empowerment

- Front line ability to make rapid decisions
- Front line authority to make rapid decisions

##### C. Systems

- Easy to access, meaningful customer information
- Easy to access, meaningful product information

#### VI. To What Does Customer Satisfaction Lead?



**Figure 1**  
**Outcomes of Consumer Satisfaction**

**SERVICE VALUE:  
A PUBLIC TRANSIT APPLICATION  
( 1 - 2 HOURS)**

**Module Description:** This module is a basic overview of service value. As background information, service value is defined. Special topics such as ‘what does value really mean to transit users’ are also discussed.

**Goals of Session:**

- to familiarize attendees with the concept of service value
- to point out how service value works into public transportation services

**Experience Level:** advanced

**Prerequisites:** an understanding of basic financial terminology marketing management experience

**Length:** 1 - 2 hours

**Who Should Attend:** Transit Managers and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- general understanding of the importance of service value to transit users and transit providers
- ability to process service value information as it relates to transit users

**SERVICE VALUE:  
A PUBLIC TRANSIT APPLICATION  
( 1 - 2 HOURS)**

**I. What Is Service Value**

⇒ *What You Get For What You Give Up*  
Zeithaml 1988

⇒ *The Decision Making Criteria For The Decade of The '90s*  
BusinessWeek 1993

**II. How Do Transit Users Process Service Value Information?**

**A. Multiplicative Model (Cognitive Division)**

*What You Get/ What You Give Up*

⇒ Gets X 1/Gives

**B. Cognitive Addition**

⇒ Gets + (-) Gives

**III. What Do Transit Users Include In Their Value Assessments?**

**A. Gets**

- ⇒ **Technical Quality** (Physical Quality, Quality of Service Outcome)
- ⇒ **Functional Quality** (Service Quality)
- ⇒ **Servicescape Quality** (Environmental Quality)
- ⇒ **Satisfaction**

**B. Gives (Sacrifice)**

- ⇒ Dollar Cost
- ⇒ Time Cost
- ⇒ Effort Cost
- ⇒ Risk
  - ◇ Performance
  - ◇ Physical
  - ◇ Psychological
  - ◇ Financial
  - ◇ Social
  - ◇ Time

#### **IV. What Causes The Importance of The Service Value Inputs to Vary Across Different Transit users?**

⇒ **Reason For Using Service**

- ◇ hedonic vs. utilitarian
- ◇ convenience vs. specialty
- ◇ complex vs. simple

⇒ **Purchase Context/Purpose**

- ◇ immediate consumption vs. delayed use
- ◇ personal use vs. for someone else

⇒ **Situational Factors**

- ◇ individual vs. group decision making
- ◇ pressured vs. unpressured

⇒ **Personal Characteristics**

- ◇ age
- ◇ gender
- ◇ education
- ◇ income

#### **V. What Affects (Moderates) The Relationship Between Value And Purchase Behavior (Intentions)?**

⇒ **Public Transit Experience**

⇒ **Public Transit Knowledge**

⇒ **Service Provider Experience**

⇒ **Knowledge of Service Provider**

⇒ **Related Expertise**

⇒ **Personal Involvement With Product Category**

⇒ **Personal Involvement with Service Provider**

#### **VI. What Does Value Really Mean To Transit Users?**

⇒ **Value Means Low Price**

⇒ **Value Means Great Quality**

⇒ **Value Means Great Quality For A Low Price**

## **COMPREHENSIVE TRANSIT SERVICE DECISION-MAKING MODELS (2 - 4 HOURS)**

**Module Description:** This module offers a comprehensive view of transit service decision-making models. Various conceptualizations are covered including overall quality of a service product, overall value of transit services, and overall satisfaction with transit services.

**Goals of Session:**

- to familiarize public transit managers with the relevance and importance of decision making
- to provide a “big picture” understanding of various aspects of decision making

**Experience Level:** advanced

**Prerequisites:** transit planning experience/expertise

**Length:** 2 - 4 hours

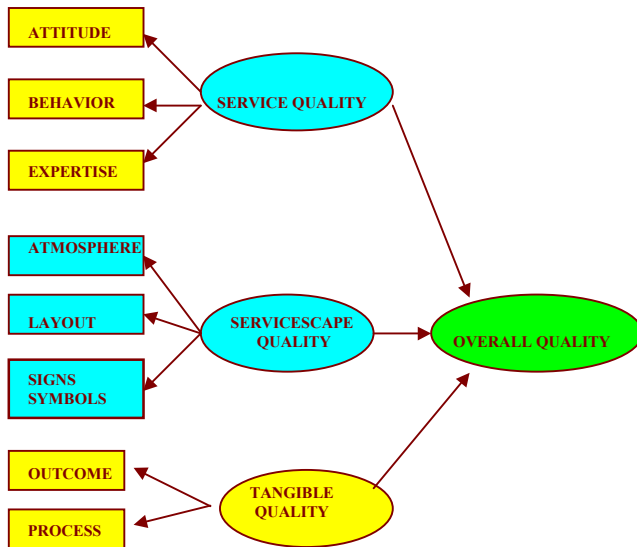
**Who Should Attend:** Transit Managers, Operations, Planners and Marketing Directors, Regional Commuter Service Directors, Planners and Marketing Managers

**Skill/Knowledge Gained:**

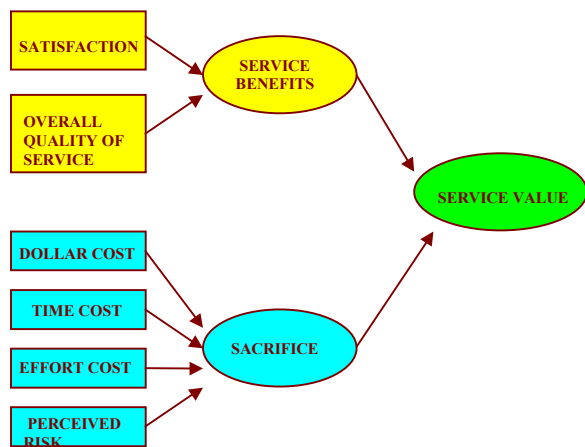
- ability to identify the components of decision-making models in public transit
- ability to determine what features of public transit are essential with respect to quality, value, and satisfaction.

# COMPREHENSIVE TRANSIT SERVICE DECISION-MAKING MODELS (2 - 4 HOURS)

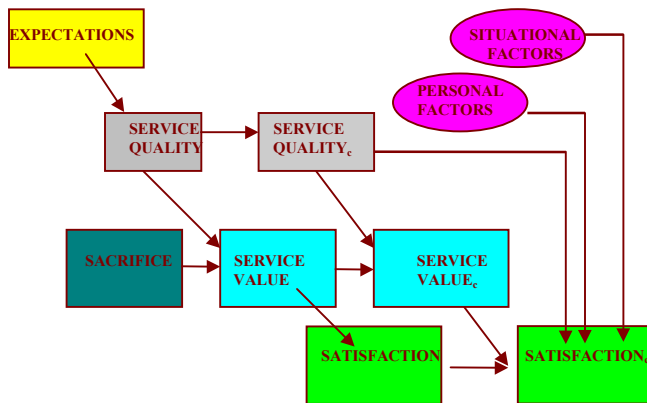
## I. Conceptualizing The Overall Quality of A Service Provider



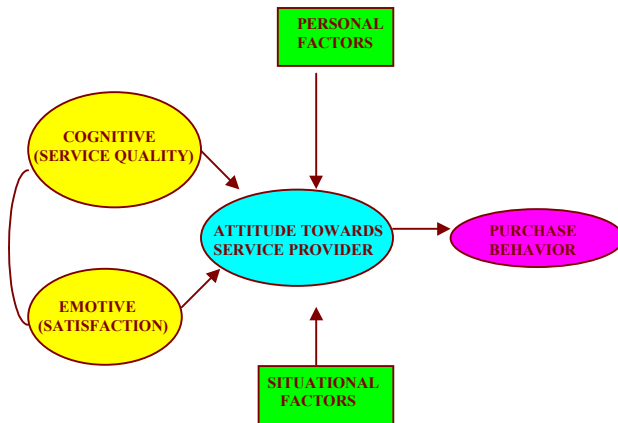
## II. Conceptualizing Consumers' Assessment of the Overall Value of Transit Services



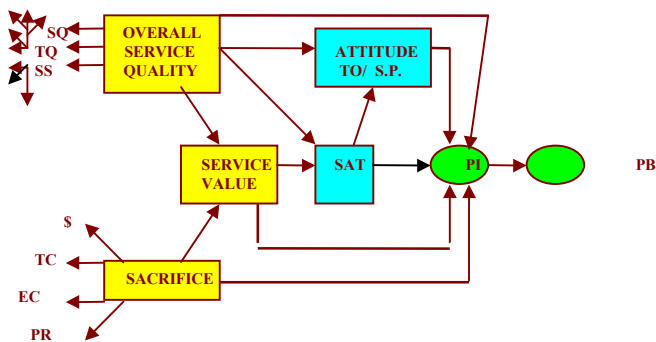
### III. Conceptualizing Consumers' Overall Satisfaction with a Transit Organization



### IV. CONSUMERS' FORMATION OF THEIR ATTITUDE TOWARDS A TRANSIT ORGANIZATION



### V. A COMPREHENSIVE MODEL OF CONSUMER DECISION-MAKING FACTORS FOR SERVICES



## **BUILDING CUSTOMER RELATIONSHIPS IN PUBLIC TRANSIT ENVIRONMENTS ( 2 - 4 HOURS)**

**Module Description:** This module gives an introduction to relationship marketing. It will explain many topics including how relationship marketing applies to public transit services, the benefit of relationships in public transit services, and strategies to develop relationships with customers.

**Goals of Session:**

- to identify how relationships are formed in service environments
- to educate transit managers on the importance of relationships in public transit organizations

**Experience Level:** advanced novice

**Prerequisites:** some customer service training or equivalent experience

**Length:** 2 - 4 hours

**Who Should Attend:** Transit Managers, and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- managerial skills on relationship building
- insight on how to entice customers to repatronize transit services

# **BUILDING CUSTOMER RELATIONSHIPS IN PUBLIC TRANSIT ENVIRONMENTS**

**( 2 - 4 HOURS)**

## ***What Is Relationship Marketing and How Does It Apply to Public Transit Organizations and Transit Consumers?***

⇒ “Relationship” is a term used to describe an exchange between a buyer and a seller

⇒ Goal of Relationship Marketing is for the Service Provider to secure a *base of committed customers* who are profitable to the organization.

## **I. What Are the Benefits of Customer Retention (Relationship) For Public Transit Organizations and Their Customers?**

### **A. For Customers**

- Reduced Stress
- Special Needs Accommodated
- Reduce Time Required
- Reduce Effort Required

### **B. For Organization**

- Increased Purchase
- Lower Costs
- Free Advertising Due to Increased WOM
- Employee Retention
- Lifetime Value of Customer

## **II. What Affects Public Transit Customer Retention Strategies?**

⇒ ***Mode Switching Behavior***

⇒ ***Antecedents of Transit Use***

- ◇ *Experience*
- ◇ *Price*
- ◇ *Perceived Benefits*
- ◇ *Product Class Importance*

### **A. Managing Customer Retention In Public Transit Markets**

- Customer Input Is Needed
- Customer Reinforcement Must Be Offered
- Customers Must Be “Managed”

## **B. Customer Retention Strategic Considerations**

- Impact of Technology
- Role of Physical Quality
- Employee Training/Internal Marketing

## **C. Customer Retention and Market Factors**

- Demographics
- Modal Competition
- Economic Environment

## **D. Service Recovery Strategies & Customer Retention**

- Loyalty
- Positive WOM

# **III. Conceptualizing Relationship-based Exchanges In Public Transit Markets**



## **A. Characteristics of Discrete Transactions**

- arms length interaction
- mutual distrust
- no formal relationship
- buys tickets on a day-by-day basis

## **B. Characteristics of Relationship-based Transactions**

- cooperation
- trust
- formal definition of terms
- buys tickets for extended period

# **IV. Why Are Relationships Important In The Management of Public Transit Organizations?**

## *Characteristics of The Service Providing organization*

### **A. Inseparability**

- service provider & consumer close by definition
- “personal” basis of transaction demands “relationship”

### **B. Simultaneous Production & Consumption**

- helps balance supply & demand
- provides consumer with a sense of assurance

### **C. Non-Inventoriability**

- continuous supply for customer
- continuous demand for service provider

#### **D. Intangibility**

- makes consumption more “tangible”
- provides consumers with a sense of security

### **V. How Are Relationships Formed In Services Environments?**

#### **Step 1: Identify Target Segments**

- ⇒ demographics
- ⇒ geographic
- ⇒ psychographic
- ⇒ behavioral

#### **Step 2: Develop Profiles of Market segments**

- ⇒ when do they consume?
- ⇒ who is the consuming “unit”?
- ⇒ What do they consume?

#### **Step 3: Develop Measures of Attractiveness of Segments**

- ⇒ size
- ⇒ purchasing power
- ⇒ profitability

#### **Step 4: Select The Relationship Targets**

- ⇒ how many targets?
- ⇒ how to target?
  - ◇ advertising
  - ◇ personal selling
  - ◇ price
  - ◇ product mix

#### **Step 5: Ensure That Multiple Targets Are Compatible**

- ⇒ behaviorally
- ⇒ socially

### **VI. What Is The Basis of Relationships Between Service Providers and Service Consumers?**

#### **A. Cooperation**

- service provider flexibility & adaptability
- customer conformance to agreed standards

#### **B. Trust/Equity**

- service provider reliance on customer’s business
- customer’s reliance on service providers performance

#### **C. Mutual Dependence**

- assured demand for service provider

- guaranteed supply for customers

**D. Interdependent Planning**

- mutually agreed upon supply schedule
- consumer input as to performance standards

## VII. Types of Service Relationships

	Relationship→		
↓Transaction	None	Informal	Formal
Discrete	Walk Up	Seniors Clergy	Specific Employers
Continuous		Schools	Extended Passes

Figure 1  
Service Relationship Typology

## VIII. Relationship Problems

### A. Opportunism

- ⇒ self seeking with guile
- ⇒ cheating the system

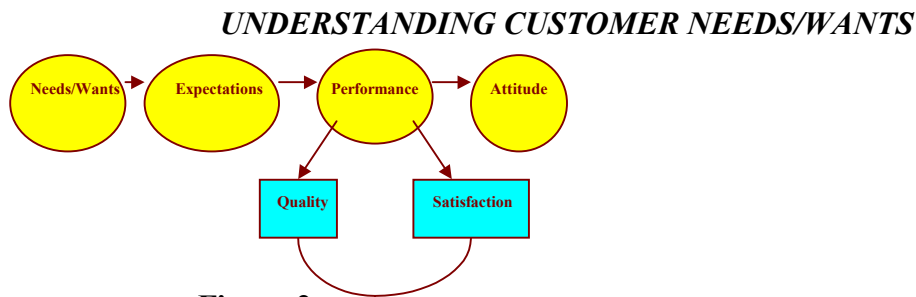
### B. Outcomes of Opportunism

- ⇒ conflict
- ⇒ dissatisfaction
- ⇒ relationship dissolution

## IX. Relationship Forms

- Formal Contract
- Membership
- Pre-Purchase of Multiple Transactions
- Informal - loyalty/preference

## X. Forming Relationships With Consumers



**Figure 2**  
**Understanding Consumers’**  
**Needs & Wants**

- ⇒ *Expectations will condition consumers’ approach/avoidance reaction to Service Provider Relationships*
- ⇒ *Expectations which lead to Service relationships*
  - ◇ greater levels of risk
  - ◇ higher levels of personal involvement
  - ◇ short supply of service
  - ◇ increasing price/cost of service

## XI. Personal Factors Which Affect The Formation of Transit Service Relationships

### A. Demographics

- Age
  - ⇒ 55+ market (*health care, entertainment*)
  - ⇒ teenage market (*dentists, fast food*)
  - ⇒ infant market (*health care, day care*)
- Gender
  - ⇒ working women (*day care, cleaning services, dry cleaners*)
  - ⇒ male versus female (*sports tickets, auto repair*)
- Education
  - ⇒ college graduates (*investment services, banks, insurance*)
  - ⇒ under educated (*public agencies, self-service laundries*)
- Geographic
  - ⇒ regional traditions/expectations (*travel, sports*)
  - ⇒ climatic & other differences (*yard care, recreational services*)

### B. Psychographics

- ⇒ *demographic + psychological/lifestyle differences*
  - ◇ Generation X
  - ◇ Baby Boomers

◇ Maturity Markets

### **C. Perceived Risk**

⇒ *Relationships can Lower Risks to Both the Service Provider and Consumer*

### **D. Sacrifice**

⇒ *Relationships Can Lower the Perceived Sacrifice Associated With A Service*

- Dollar Cost
- Time Costs
- Efforts Costs
- Perceived Risks

## **XII. A Key: Transit Failure Recovery Strategies**

- ⇒ Track & Anticipate Recovery Opportunities
- ⇒ Take Care of Customer Problems On Front Lines
- ⇒ Solve Problems Quickly
- ⇒ Empower Front Line To Solve problems
- ⇒ Learn From Recovery Expenditures

## **XIII. The Future of Transit Service Relationships**

- ⇒ Technology
- ⇒ Time Scarcity

## **XIV. The Impact of Service In Marketing Transit Relationships**

⇒ *Relationship Commitment*

- ◇ Service Quality versus Physical Quality
- ◇ Service Value versus Technical Merit
- ◇ Customer Satisfaction versus Engineering Standards

# **THE ROLE OF COMMUNICATIONS IN THE MARKETING OF PUBLIC TRANSIT SERVICES (2 - 4 HOUR SESSION)**

**Module Description:** This module provides insight on the various roles of communication in the marketing of public transit services. Subject areas covered include but are not limited to the following: importance of communication management in public transit, general communication strategy for transit managers, and the future of service communication efforts.

**Goals of Session:**

- to identify key reasons to consider communication in public transit management
- to point out communication problems in public transit marketing
- to provide a general overview of communication in the marketing of public transit services

**Experience Level:** novice

**Prerequisites:** none

**Length:** 2 - 4 hours

**Who Should Attend:** Transit Managers, and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- ability to effectively manage communications to customers
- ability to combine the proper types of communication media to best fit needs

# THE ROLE OF COMMUNICATIONS IN THE MARKETING OF PUBLIC TRANSIT SERVICES (2 - 4 HOURS)

## I. Key Reasons For The Importance of Communications Management in Public Transit

- ⇒ Inadequate Management of Service Promises
- ⇒ Over Promising in Advertising & Promotion
- ⇒ Inadequate Customer Education
- ⇒ Inadequate Horizontal Communications
- ⇒ Differences in Policies and Procedures Across Outlets

## II. The Typical Problems Associated With The Communication Aspect of Public Transit Marketing

- ⇒ Lack of Awareness of Existence of Service Provider
- ⇒ Lack of Awareness of Benefits of The Service
- ⇒ Reluctance To Abandoned Self Provision
- ⇒ High Level of Perceived Risk
- ⇒ Overcoming Inertia or Loyalty to Another Mode
- ⇒ High Perceived Cost - Benefit Ratio
- ⇒ Failure to Inform/Educate Employees

## III. Impact of Characteristics of Services on Public Transit Organization's Communication Needs

### A. Intangibility

#### *How To Portray An Intangible Service?*

- Examples From Other Areas
  - ⇒ Tangibles
    - ◇ “A Piece of the Rock”
  - ⇒ Personalize
    - ◇ Dave Thomas of Wendy's

### B. Inseparability

- ⇒ *Making The Service Provision A “Personal” and/or “Team” Effort*
- ⇒ Personalization
  - ◇ Mr. Goodwrench
- ⇒ Teamwork

◇ March of Dimes

### **C. Heterogeneity**

- ⇒ Stress Efforts To Standardize
  - ◇ “We Get It Right The First Time”
- ⇒ Stress Benefit
  - ◇ “You Get It Your Way”

### **D. Non-Inventoriability**

- ⇒ Timing of Communications
  - ◇ can't store, so communicating when consumption can occur is important

## **IV. General Communication Strategy Guidelines For Public Transit Marketers**

### **A. Managing Service Problems**

*General Rules: be realistic  
offer guarantees*

- ⇒ Keep Customers Informed About Providers Adaptability
- ⇒ Keep Customers Informed About Changes to Schedules and Routes
- ⇒ Reset Customer expectations
- ⇒ Offer Choices
- ⇒ Create tiered value service offerings
- ⇒ Communicate criteria & levels of service effectiveness
- ⇒ Communicate realities of industry

### **B. Communicate To Customers**

- ⇒ Prepare Customer For Service Provision
- ⇒ Conform Performance to Internal & Customer Standards
- ⇒ Clarify Expectations After Use
- ⇒ Teach Customers to Avoid Peak Demand Periods

### **C. Manage Horizontal communications**

- ⇒ Align Office & Support Personnel with External Customers Through Interactions or Measurement
- ⇒ Open Channels of Communication Between Advertising & Operations
- ⇒ Open Channels of Communications Between Sales & Operations
- ⇒ Create Cross-Functional Teams

## **D. Exceed Customer Expectations: Caveats & Propositions**

- ⇒ Demonstrate Understanding of Customer Expectations
- ⇒ Leverage The Delivery Dimensions
- ⇒ Exceed Expectations of Selected Customers
  - ◇ under promise & over deliver
  - ◇ position unusual service as unique, not standard

## **V. Use Of Advertising By Service Providers**

### **A. Television**

- ⇒ making service tangible
- ⇒ personalizing service provision

### **B. Radio**

- ⇒ building awareness
- ⇒ informing consumers of timing of provision
- ⇒ stressing benefits

### **C. Print**

- ⇒ building awareness
- ⇒ price-based promotions

### **D. Direct**

- ⇒ building relationships
- ⇒ service recovery

## **VI. The Use Of Promotion By Service Providers**

### **A. Price Promotions**

- ⇒ induce trial
- ⇒ shift demand
  - ◇ concerns:
    - ◆ impact on quality perceptions
    - ◆ impact on regular customers

### **B. Sales Promotion**

- ⇒ induce trial
- ⇒ traffic builders

### **C. Cross Marketing Efforts**

- ⇒ with goods provider

⇒ with complimentary service provider

## **VII. Use of Personal Selling By Transit Service Providers**

⇒ *Creating Relationships between The Service Provider and The Service Customer*

### **A. Selling “Unwanted” Services**

⇒ Like Insurance  
⇒ Make Service Wanted or Needed

### **B. Selling Unfamiliar Services**

⇒ Never-Have-Users  
⇒ Rarely-Have-Users

### **C. Selling Unnecessary Services**

⇒ Hedonic Consumption  
⇒ Niche Markets

## **VIII. The Future of Service Communications Efforts**

### **A. Increasing Consumer Familiarity With Services/Service Providers**

#### **B. Technology**

⇒ computerized reservation systems  
⇒ remote ticket distribution  
⇒ ticketless system

#### **C. Direct Communications Channels**

⇒ Internet Applications  
⇒ Computerized Tracking  
⇒ On-board Media

# **CONCEPTUALIZING THE PUBLIC TRANSIT EXPERIENCE (1 - 2 HOURS)**

**Module Description:** This module supplies a “big picture” of the public transit experience. It touches on the dimensions, classifications, and implications of the design of the public transit experience.

**Goals of Session:**

- to provide a general overview of what the consumer “sees” in a public transit service encounter
- to define key dimensions of the transit experience

**Experience Level:** novice

**Prerequisites:** none

**Length:** 1 - 2 hours

**Who Should Attend:** Transit Managers, and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- understanding of the importance of the **total** experience

# CONCEPTUALIZING THE PUBLIC TRANSIT EXPERIENCE

## (1 - 2 HOURS)

*When A Consumer Considers The Benefits of Using Public Transit, What Does He or She “See” In That Service Encounter?*

### I. Dimensions of The Transit Experience

#### A. The Environment

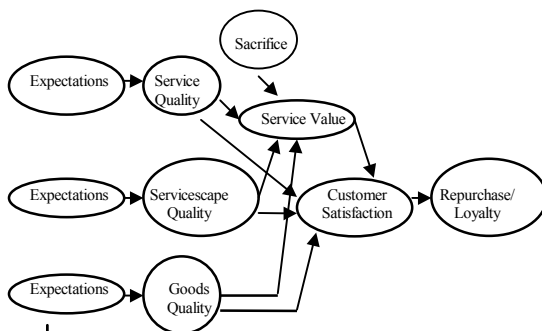
- Internal
  - ⇒ Passenger Facilities
  - ⇒ Customer Conveniences
- External
  - ⇒ Physical Facilities
  - ⇒ Public Necessities

#### B. Personal Interactions

- ⇒ Transit Personnel
- ⇒ Passengers
- ⇒ Facilitators

#### C. Physical Good Qualities

⇒ physical goods consumed/purchased on site



**Figure 1**  
A Conceptual Mode of The SRE Experience

### II. What Does Figure 1 Imply About the Marketing of Public Transit Services?

- **P<sub>1</sub>: The Importance of Expectations**
  - ⇒ Don't Promise What You Can Not Deliver
  - ⇒ Coordinate Marketing, Promotions, & Sales Efforts With Operations

⇒ Keep front File Employees Informed of The Organizations Expectations of Them

- **P<sub>2</sub>: Consumers' Intentions To Reuse A Public Transit Organization Is Determined By Their Overall (Cumulative) Satisfaction With That Organization During their Previous Experience(s)**

⇒ Importance of Knowing What Determines SRE Customer Satisfaction

⇒ Importance of Knowing The level Of Customer Satisfaction Exhibited By Your Customers

- **P<sub>3</sub>: The Satisfaction Exhibited By Public Transit Customers Is Largely Defined By Their Perceptions of The Quality Inherent In the SRE Experience And The Sacrifice Made To Gain Access To that Experience**

⇒ The Importance of The Quality of The SRE Organization's Customer Service (Service Quality)

⇒ The Importance of The Physical Environment Provided By The SRE Organization (Servicescape)

⇒ The Importance of The Quality of Any Physical Goods Purchased During The SRE Encounter

- **P<sub>4</sub>. The Sacrifice Made To Gain Access To Public Transit services Does Not Have A Direct Affect On Public Transit Consumer's Satisfaction, Rather, the Effect Is Through The Effect On Consumers' Value Assessments**

### **III. Implications For The Design The Public Transit Experience**

#### **A. (Customers) Service Components**

- Attitude
- Expertise
- Behavior

#### **B. Servicescape Components**

- Atmosphere
- Layout
- Technology

#### **C. Physical Goods**

- Quality
- Appearance

#### **D. Sacrifice**

- Dollar Cost
- Time Cost
- Effort Cost

- Perceived Risk

## **IV. Classifying The Public Transit Experience**

### **A. Basis of Consumption Decision**

⇒ *Hedonic versus Utilitarian Consumption*

### **B. The Type of Trip**

- Work Related
- Entertainment Related
- Shopping Related
- Travel Related
- Education Related
- Multiple Purpose

## **V. Implications of Classification**

*Importance of “Value” On Decision To Use Public Transit*

- Performance Values
- Social Values
- Cultural Values
- Economic Values
- Technological Values
- Ethical Legal Values

## **MANAGING PEOPLE IN THE PUBLIC TRANSIT CONTEXT (2 HOURS)**

**Module Description:** This module explains why employee management is critical to the success of public transit operations. The importance of the employee is stressed.

**Goals of Session:**

- to establish the importance of managing people in public transit
- to specify how success can be attributed to employees' actions

**Experience Level:** advance novice/intermediate

**Prerequisites:** basic employee management training or equivalent experience

**Length:** 2 hours

**Who Should Attend:** Transit Managers, and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- concepts necessary to manage employee-customer interactions in public transit
- knowledge of ways to enhance service delivery by employees

# **MANAGING PEOPLE IN THE PUBLIC TRANSIT CONTEXT (2 HOURS)**

## ***WHY IS THE MANAGEMENT OF PUBLIC TRANSIT EMPLOYEES CRITICAL TO SUCCESS?***

- ⇒ **INTANGIBILITY**
  - ◇ when tangibility is low, the service provided by transit employees in the service encounter take on greater importance
- ⇒ **INSEPARABILITY**
  - ◇ the transit employee by definition defines the service encounter
- ⇒ **HETEROGENEITY**
  - ◇ making the transit experience consistent (homogeneous depends on employees)
- ⇒ **NON-INVENTORIABILITY**
  - ◇ because inventory can not be used to balance supply and demand, transit employees must be managed to assist in balancing supply and demand

## **I. MAINTAINING QUALITY IN PUBLIC TRANSIT EMPLOYEE - CUSTOMER INTERACTIONS**

### ***WHAT CAN THE TRANSIT ORGANIZATION DO TO IMPROVE THE INTERACTIONS BETWEEN THEIR EMPLOYEES AND CUSTOMERS?***

#### **A. DEVELOPING A CUSTOMER ORIENTATION AMONG EMPLOYEES**

- ⇒ developing & maintaining people skills
  - ◇ power in listening
  - ◇ respecting the dignity of customers (“the customer is always right”)
  - ◇ customer service training
  - ◇ customer sensitivity training

#### **B. CUSTOMER ORIENTED LEADERSHIP**

- ◇ management by doing (MBWA)
- ◇ reinforcement (reward) for good service
  - \* employee of the month
  - \* special employee awards
- ◇ use of customer response instruments
  - \* surveys
  - \* secret “fans”

## C. EMPLOYEE SERVICE QUALITY and CUSTOMER SERVICE QUALITY

- ⇒ satisfied employees → satisfied customers
  - ◇ internal marketing
  - ◇ treating employees as “customers”
    - \* enhances employee retention
    - \* lowers employee recruiting costs
    - \* enhances customer satisfaction

## II. MANAGING FOR POSITIVE WORD OF MOUTH

- ⇒ the primary sources of information for consumers relative to transit services is WOM
- ⇒ how can the public transit organization “manage” its WOM communications

### A. INTERNAL MARKETING

- organizational communications outlets
  - ◆ newsletters
  - ◆ meetings
- setting an organizational example
  - ◆ MBWA
  - ◆ documentation
  - ◆ communication to affected parties
- targeting communications
  - ◆ part-time employee
  - ◆ contract employees (i.e. security)
  - ◆ key employees
- defining employee role behaviors
  - ◆ training
  - ◆ staff meetings
  - ◆ scripts
  - ◆ role playing

### B. EXTERNAL MARKETING

- ⇒ *efforts directed to transit consumers relative to the services offered*
  - customer expectations of services
    - ◆ entry, exit strategies
    - ◆ services available from employees
    - ◆ what customer can bring
    - ◆ what customers can do to assist
    - ◆ waiting time
  - customer role prescription
    - ◆ (in)appropriate behaviors
    - ◆ what needs to be done prior to arrival

- ◆ education relative to use of the service

### **III. MICRO ISSUES**

#### **A. Staff Levels**

#### **B. Scheduling**

### **IV. WHAT CAN THE TRANSIT ORGANIZATION DO TO ENHANCE THE SERVICES DELIVERED BY THEIR EMPLOYEES?**

⇒ *THE ROLE OF ORGANIZATIONAL CLIMATE & STRUCTURE IN PUBLIC TRANSIT ORGANIZATIONS*

⇒ *SOPHISTICATION OF TRANSIT ORGANIZATIONS GENERALLY IS LOW*

#### **A. ORGANIZATIONAL CLIMATE**

- management sets example
- employees must understand the importance the public transit organization places on customers

#### **B. ORGANIZATION STRUCTURE**

- FLAT STRUCTURE?
  - ◆ few levels of management
- DECENTRALIZATION
  - ◆ empowerment
- SPAN OF CONTROL
  - ◆ narrow because of number of customers
- SIZE OF ORGANIZATION
  - ◆ generally, small

## **VALUE CREATION STRATEGIES FOR PUBLIC TRANSIT ORGANIZATIONS (2 HOURS)**

**Module Description:** This module focuses on value creation strategies with respect to public transit organizations. Options discussed under a value-oriented marketing strategy include operational excellence, customer intimacy, and service leadership.

**Goals of Session:**

- to provide a general overview in value-oriented strategy development
- to differentiate the three options for strategy development from one another

**Experience Level:** intermediate/advanced

**Prerequisites:** transit experience

**Length:** 2 hours

**Who Should Attend:** Transit Managers, Operations and Marketing Directors, Regional Commuter Service Directors and Marketing Managers

**Skill/Knowledge Gained:**

- basic terminology
- foundation necessary to develop value creation strategies

# VALUE CREATION STRATEGIES FOR PUBLIC TRANSIT ORGANIZATIONS (2 HOURS)

⇒ *creating value for TRANSIT customers emerges as the emphasis for TRANSIT strategic efforts when the TRANSIT organization recognizes the “lifetime value” of a customer*

## I. Developing A Value-Oriented Marketing Strategy

⇒ options

### A. Operational Excellence

### B. Customer Intimacy

### C. Service Leadership

## II. Operational Excellence

### A. The Keys To Operational Excellence

- “operations is marketing”
- get the right people
  - ◆ employee selection
  - ◆ employee development
  - ◆ employee assignment
  - ◆ employee compensation
- forget economies of scale
- get good consumer information

## III. Customer Intimacy

### A. Classify Customers

- size of sale
- likelihood of repeat
- cost to service
- knowledge of customer
- value placed in service
- service expectations

### B. Developing A Customer Intimacy Strategy

- ⇒ segment market
- ⇒ gather customer information
- ⇒ set customer expectations
- deliver more than you promised

### **C. Implementing A Customer Intimacy Strategy**

- ⇒ invest in employees
- ⇒ use technology to support front-line employees
- ⇒ make recruiting & training of front-line employees critical
- ⇒ link compensation to performance

### **D. Areas of Emphasis**

- ⇒ Employee Satisfaction
- ⇒ Service Recovery

## **IV. Service Leadership**

### **A. Service Performance**

- ⇒ “on time, in comfort”

### **B. Servicescape**

- ⇒ facility
- ⇒ equipment

### **C. Service Quality**

- ⇒ people
- ⇒ processes

## **Comprehensive Decision-Making Considerations In Public Transit Contexts (1-2 hour session)**

**Module Description:** The main purpose of this module is to introduce a comprehensive public transit consumer decision-making model.

**Goals of Session:**

- to give general overview of the comprehensive model
- to expose the public transit managers to the various aspects and terminology of the consumer decision-making model

**Experience Level:** advanced

**Prerequisites:** middle-to-upper management transit experience

**Length:** 1 - 2 hours

**Who Should Attend:** Transit Managers, and Operations Directors, Regional Commuter Service Directors

**Skill/Knowledge Gained:**

- key terminology
- general understanding of the comprehensive public transit consumer decisions-making model

# **Comprehensive Decision-Making Considerations In Public Transit Contexts (1-2 hour session)**

## **I. Internal Service Quality**

- workplace design
- job design
- employee selection & development
- employee rewards & recognition
- tools for serving customers

## **II. Employee Satisfaction**

- compensation
  - organizational culture
  - reduces turnover
- ⇒ enhances service quality
- ⇒ enhances customer retention
- ⇒ enhances service recovery
- ⇒ enhances employee productivity

## **III. External Service Quality**

- service concept
  - service delivered
- ⇒ enhances customer satisfaction
- ⇒ enhances service value

## **IV. Customer Satisfaction**

- service designed and delivered to meet customers needs
  - service delight
- ⇒ enhances loyalty
- ⇒ enhances employee satisfaction
- ⇒ repeat business
- ⇒ referrals

## **V. Customer Loyalty**

