

Public Transit Marketing 101

Why and How Public Transit Agencies Need to Market

Melinda Morang

INTRODUCTION

In a world where greenhouse gas emissions are causing global climate change, suburban sprawl is consuming natural resources at an alarming rate, people waste hours in traffic congestion, and those who cannot drive are unable to access jobs and amenities, public transit is badly needed. A higher rate of public transit use would lead to lower greenhouse gas emissions, make denser development more practical and appealing, reduce congestion, and provide more equitable access to jobs and amenities. In order for public transit to be economically and operationally viable, it must maintain high levels of ridership. Unfortunately, most transit systems in the U.S. have trouble doing so. Transit agencies must pursue a variety of strategies to address this shortcoming. One of these strategies is marketing.

In order to increase transit ridership and thus reduce automobile usage, transit agencies must adopt a marketing mindset, use effective, modern marketing techniques, recognize automobiles as the competition, and build a positive image for transit. This paper explains the basics of marketing, compares current automobile and transit marketing efforts, and explains how transit agencies can use better marketing strategies to increase ridership.

MARKETING BASICS

In order to understand how marketing can and should be applied to public transit, it is important to understand the basics of marketing. In this section, I describe basic marketing techniques, the evolution of marketing, and several techniques that are especially important for transit, including service marketing and social marketing. Additionally, I point out several challenges faced by public transit agencies in using these techniques to market transit.

Marketing encompasses a broad set of activities centered on a firm's existing and potential customers. One of these, advertising, serves to persuade potential customers to

purchase the firm's products or services. Marketing also involves research to determine customers' wants and needs.¹ This information influences product or service design² and the company's overall strategy and direction.³ Thus, marketing links the firm's various departments, using the customers' demands to connect design, production, and distribution.⁴ Ultimately, marketing is about the customers, and a company with a marketing mindset is one which considers customers first and foremost.

Marketing practice in the United States has evolved throughout the past century. Prior to 1925, companies focused primarily on production and ignored marketing.⁵ Good products were thought to sell themselves based solely on their merits; people would buy something because it was a useful and high-quality product.⁶ In a time when many people wanted good products and not many products were available, this belief was actually fairly accurate.⁷ From the 1920s to the 1950s, marketing practices started to evolve in response to changes in technology and the economy. Companies began actively seeking to increase sales by sending salesmen to convince people to buy their products.⁸

After World War II, the playing field changed significantly. In the post-war production boom, the market was suddenly saturated with enormous numbers of products and not enough people to buy them.⁹ In response, companies developed new marketing techniques in order to compete with one another for customers.¹⁰ Marketing

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- 1 Boone and Kurtz 2006
 - 2 Ibid.
 - 3 Lovelock 1987
 - 4 Ibid.
 - 5 Boone and Kurtz 2006
 - 6 Ibid.
 - 7 Ibid.
 - 8 Ibid.
 - 9 Ibid.
 - 10 Ibid.

efforts moved beyond the realm of sales and ventured into product development and design.¹¹ Companies carefully crafted products to fill the specific needs or desires of particular market segments.¹² These techniques still prevail in marketing today, along with some further 1990s-era developments in creating and maintaining individual relationships with customers, suppliers, and employees to build up brand loyalty to encourage repeat purchases.¹³

One key strategy of modern marketing is market segmentation. Marketers break up the market into groups of potential customers who share particular interests or needs.¹⁴ They then tailor their efforts specifically to each group, playing off the particular interests and needs of that group.¹⁵ For each segment, these marketing efforts aim to find a reason that the customers are unsatisfied with their current lifestyle, focus their attention on that dissatisfaction, and show how the company's product can alleviate it.¹⁶ Further efforts entail showing the customer how to use the alternative and giving the customer a chance to try the alternative.¹⁷ The technique of market can be used for nearly any type of product or service.

Modern marketing techniques have been developed primarily by companies that sell tangible products rather than intangible services. However, public transit is a service, not a product, and consequently, special service marketing techniques are especially appropriate. Service marketing developed much later than product marketing—as late as the 1970s.¹⁸ While service marketing has many commonalities with product marketing, some techniques must be slightly altered to address the differences between the two. In service industries, the company produces its goods when and where the customer purchases them, instead of far away in a factory as is often the case in product industries.

Unfortunately for public transit, service marketing is inherently more challenging than product marketing. Services are abstract and consequently more difficult to represent easily to customers.¹⁹ Product advertisements

11 Ibid.
12 Ibid.
13 Ibid.
14 Boone and Kurtz 2006
15 Ibid.
16 Lovelock 1987
17 Ibid.
18 Lovelock 1987
19 Shostack 1977

generally combine physical representations of the product with abstract images that link the product to desirable emotions, status, and services.²⁰ Service advertisements must deal with a concept that is already abstract, making it more difficult to create memorable and understandable representations. Consequently, branding is especially critical in service marketing. Similarly, the appearances of the physical spaces customers interact with are very important. People develop expectations about the quality of service they will receive based upon appearances of those spaces,²¹ so transit vehicles and stations must appear clean, safe, and efficient.

Public transit in the United States today is an unusual service due to the not-for-profit nature of the operating agencies. These agencies aim not to maximize profits, but to maximize social good in their service areas.²² Transit agencies seek to decrease automobile usage in order to reduce congestion and pollution, to enhance mobility for those who do not have their own means of transportation, and to maintain the support of the taxpayers who typically fund the systems' operations.²³ Additionally, many of the social benefits of transit, such as improved public health, are subtle and invisible in the short term.²⁴ Thus, public transit marketing could actually use techniques of social marketing, which attempts to promote individual or public good through behavior and attitude change.²⁵ However, while transit marketing should address behavior and attitude change, increasing transit ridership is quite different from convincing people not to smoke or to wear seatbelts. Riding public transit produces social and environmental benefits, but public transit itself is an actual service that riders pay to use. Consequently, public transit should be marketed as a service. The social marketing aspects might be more appropriate for transit advocacy groups, while the public transit agencies themselves should focus on service marketing.

Public transit marketing is further complicated by the fact that public transit's primary competition is the automobile, which is very much a product. Automakers only have to convince their customers to buy a car once every few years.

20 Ibid.
21 Ibid.
22 Lovelock 1987
23 Ibid.
24 Rhindress 2008
25 Kotler et al. 2002

Transit agencies, on the other hand, have to convince their customers to choose transit instead of another mode for every trip they make. Consequently, transit agencies must stay in constant touch with their customers. Furthermore, because cars are much more expensive than individual transit rides, automakers gain a far larger marginal benefit from each automobile purchase than transit agencies gain from each ride purchase. For these reasons, transit agencies should rely more heavily on modern relationship-oriented marketing techniques that focus on efficiently and effectively maintaining a loyal, repeat customer base.

AUTOMOBILE MARKETING

Automakers have perfected the art and science of marketing, employing the full range of product marketing techniques described above. They develop different makes and models to appeal to different market segments. They closely follow their customers' prevailing desires and adapt their products' design and representation to match those desires.²⁶ For example, in recent years, as customers have become more concerned with cars' greenhouse gas emissions, automakers have started emphasizing gas mileage and environmental friendliness.²⁷ Even if their recent engineering efforts have not greatly lessened environmental impacts, they make their customers feel less guilty when purchasing automobiles.²⁸ Automakers do not fight against their customers' changing demands. Instead, they alter their strategies to address these new concerns. Whether or not their way of addressing environmental concerns is laudable, it certainly demonstrates masterful marketing technique. In short, public transit faces fierce competition from an industry that really knows how to market.

Advertising is one of automakers' primary marketing activities. Automobiles are the most advertised of any product type.²⁹ In the first half of 2004 alone, the 29 highest-spending automobile brands put more than \$5 billion into their U.S. media presence,³⁰ which roughly averages to \$350 million per brand per year.

Automobile advertising goes beyond customers' rational need for a quality product to play upon their desires and

26 McLean 2009
27 Ibid.
28 Ibid.
29 Conley 2009
30 Ibid.

emotions. Automobile advertisements do not simply display the product and its features but instead rely upon imagery and symbols to move beyond the rational realm.³¹ In an extensive study of automobile advertisements, Ontario-based sociologist Jim Conley³² found that most of these advertisements rely upon an established library of symbols and representations that the American public readily understands. The ads depict automobiles as fantasy objects that imbue the mundanities of everyday life with technical sophistication and glamour. The imagery, settings, and lighting emphasize ideals of status, autonomy, freedom, and excitement. These ads construct an identity and lifestyle that people want to buy into, but at the same time one that these same people feel they are already naturally a part of.³³

Many of these symbolic qualities make appearances in media outside of advertising, including journalism, literature, and films.³⁴ Popular culture glamorizes automobiles with images of picture-perfect car-based suburbia, exciting chase scenes, and sexy British agents with high-tech BMWs. Transit rarely attracts such obvious attention or positive representations. Some of these automobile depictions are purposeful: automobiles frequently get prominent product placements in movies and television, often for free in exchange for donating products to the studio.³⁵

TRANSIT MARKETING

In contrast, transit agencies in the U.S. have not typically partaken in innovative marketing.³⁶ Throughout their past, transit agencies have instead focused mostly on operations.³⁷ One reason is that transit agencies generally hold monopolies on the public transit services in their jurisdictions and consequently do not perceive any competition for ridership.³⁸ Another is the inherent difficulty of marketing transit services as discussed above.

In a survey of managers and employees from transit organizations in the U.S.,³⁹ Cronin & Hightower found that only half of the contacted agencies had marketing

31 Ibid.
32 Ibid.
33 McLean 2009
34 Conley 2009
35 Grover 2009
36 Cronin and Hightower 2004
37 Lovelock 1987
38 Ibid.
39 Cronin and Hightower 2004

departments. A 1973 study⁴⁰ revealed roughly the same results. Thus, although the field of service marketing has developed significantly since then, transit agencies have not really embraced these advances. The marketing departments that existed in the 2004 survey were generally small.⁴¹ Most of these did not have a dedicated marketing director; instead, this job was assigned to another employee as a secondary duty or dispersed among many employees. Although about two-thirds of the marketing departments had written marketing plans, most of those were short-term and did not address long-term strategies. Some of the agencies surveyed contracted with outside marketing firms, but usually those firms focused more on advertising than on the full spectrum of marketing activities. About 29% of the agencies surveyed had annual budgets of less than \$30,000, although about 20% had annual budgets greater than \$500,000. Nevertheless, a budget of \$500,000 is about 700 times smaller than the annual advertising expenditures for a single automobile brand.

Informational resources and serious research on public transit marketing are hard to find, and there is a dearth of academic literature and textbooks on the subject. The literature that does speak specifically to public transit and marketing seems fairly rudimentary. For example, a study by Jones & Sloman⁴² concluded that “soft measures” (i.e., marketing) could lead people to change their travel behavior. If the authors had thought to consider the last hundred years of development in the field of marketing, such a conclusion should have been self-evident. Additionally, the authors suggest that the best way to change travel behavior is to make people aware of the problems associated with automobile travel and to accept personal responsibility for it. Such a strategy relies far too heavily on people’s rational thoughts and individual sense of duty and cannot possibly compete with automakers’ carefully-crafted strategies that play on customers’ emotions and subconscious desires.

There have been some attempts at innovation. The IndiMark campaign, an initiative of the Munich-based research firm SocialData, has successfully implemented some slightly more innovative marketing techniques.⁴³ In several cities in Europe and Australia, the campaign has used individualized



Underbelly of Chicago’s ‘L’ system, 2011 (Photo Credit: Ellen Manasse)

marketing to encourage travel behavior change. Subjects were contacted for a conversation about their travel habits, told about public transit availability in their home cities, and given a free transit pass for one month. The campaign sought to change behavior for individual trips instead of changing people’s entire lifestyle. It succeeded in decreasing car usage among the targeted populations by about 10% and increasing walking, cycling, and transit use in its place.

Despite the campaign’s success, it still focuses very heavily on information provision and rational decision-making. The technique is reminiscent of the pre-World War II era of marketing when salesmen simply provided potential customers with information about their companies’ products. In other words, the idea is hardly new. Consider IndiMark’s stated viewpoint: “People should receive information, which enables them to improve their perception and to motivate them and to empower them to make their own decisions, rather than telling them what they should do.”⁴⁴ Compare

40 Lovelock 1973
41 Cronin and Hightower 2004
42 Jones and Sloman 2003
43 Brög et al. 2002

44 Ibid.



Photo Credit: Mikhail Kim

this to the attitude taken by automakers in advertising, as described by McLean: “The goal of advertising is to create an urgent desire in potential consumers by developing a sense of lack and feelings of inadequacy... Symbolic meanings are attached to goods and their properties by associating them with our goals, values and dreams. The implicit suggestion is that owning or purchasing the product is the route to happiness and success.”⁴⁵ Thus, public transit marketing speaks to people’s rational side while automobile marketing exploits their inner desires on a more emotional level. As we know, emotions can be extremely powerful in influencing people’s decisions. Thus, simply providing people with information about transit service and relying on them to make a sensible decision is unlikely to compete successfully with ads that convince them they have an “urgent desire” for automobiles.

IMPLICATIONS AND RECOMMENDATIONS

Public transit agencies’ marketing efforts are rudimentary

45 McLean 2009, 60

or non-existent, especially compared to the advanced and well-funded efforts of automakers. In order to increase transit ridership and decrease automobile use, transit agencies need to drastically increase and improve their marketing efforts.

First, transit agencies need to adopt a marketing mindset, orienting all their functions toward attracting and serving the customer.⁴⁶ They need to increase their marketing budgets, even if the increase is not covered by a corresponding revenue increase in the short term. Some agencies should consider forming a marketing department.⁴⁷ However, a marketing department is not strictly necessary if the agency’s various departments fully adopt and integrate the marketing function into their activities.⁴⁸ To some extent, a separate marketing department might actually serve to sequester marketing activities into a corner and encourage other departments to ignore them.⁴⁹ Ultimately, the agency’s upper-level management must make a careful and concerted effort to integrate marketing effectively into the existing organization.⁵⁰

Additionally, transit agencies need to use effective, modern marketing techniques, especially those developed for service marketing and those that emphasize long-term relationships with customers. Specifically:

- Infrastructure should be clean and consistent in appearance.⁵¹
- Signage and schedule information should be readily available and easily readable.⁵²
- Branding is essential.⁵³
- Operators should be polite and competent.⁵⁴
- Successful market segmentation can help increase the effectiveness of advertising and programs like workplace incentives and school travel plans.⁵⁵

46 Lovelock 1987

47 Ibid.

48 Ibid.

49 Ibid.

50 Ibid.

51 Jones and Sloman 2003; Lovelock 1987

52 Jones and Sloman 2003

53 Ibid.

54 Lovelock 1987

55 Jones and Sloman 2003

- Better market research can improve planning, scheduling, and pricing.
- Marketing efforts that reach out to potential customers might even offer new avenues for public participation in the planning process.

Next, transit agencies need to recognize automobiles as the competition. Although transit agencies hold a monopoly on public transit service in their area, they exist alongside other modes of transit on a competitive playing field. Just as automakers stay on top of their competition and their customers' current desires, so too must transit. Transit marketing should exploit the weaknesses of automobiles, taking advantage of drivers' dissatisfaction with traffic congestion,⁵⁶ environmental degradation, parking availability, high maintenance costs, and urban sprawl.

Finally, transit agencies need to build a positive image for transit. Transit currently suffers an image problem. People think of transit as a low-cost and low-quality "alternative" option primarily for poor and elderly people,⁵⁷ and automobile advertisements and popular culture negatively portray transit and the urban environment.⁵⁸ In order for transit to build ridership, customers in all market segments must be made to see transit as something that is for them specifically instead of primarily for some other market segment.⁵⁹ Just as automobile advertisements have done, transit needs to promote lifestyle images that people relate to and want to buy into. Image-oriented advertising campaigns, branding, and slogans are a way to start. Positive "product" placements in mainstream media could improve acceptance for transit.

In conclusion, in order to address the environmental and social impacts of extensive automobile use, people must be convinced to switch from their cars to public transit. Marketing is one key component in a package of strategies for doing this. Public transit agencies need to become better marketers. They should adopt a marketing mindset, use effective, modern marketing techniques, recognize automobiles as the competition, and build a positive image for transit.

56 Lovelock 1987

57 Lovelock 1987; Rhindress 2008

58 Conley 2009

59 Rhindress 2008

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