OC Transpo

2010 Marketing Plan

Ottawa

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1 INTRODUCTION

1.1 Background

Marketing strategy and activities play an important role in attracting and retaining public transit riders in Ottawa. Marketing of transit optimizes the mix of price, product, social responsibility, service delivery and promotion - in a way that will satisfy consumer needs for mobility as well as achieve the best possible balance between revenue and cost, and thus minimize dependency on municipal taxation. Successful marketing can maximize sustainable growth of public transit, which will help reduce Ottawa's use of private automobiles, ease the requirement for future investment in city roads, as well as reduce greenhouse gas emissions.

The OC Transpo Marketing Plan is based on strategies that increase ridership in a way that also increases revenue, and in a way that increases transit's modal share and ridership per capita. In other words, the plan is designed to establish long term, sustainable, affordable growth in transit usage.

Revised annually, the marketing plan considers problems and opportunities that have been identified in the market, existing and potential transit products and services, and consumer needs and attitudes, including trends in purchasing behaviour. This analysis relies on measurement of Ottawa market characteristics, as well as basic marketing and economic principles, and comparison with experiences in other transit jurisdictions of similar size in Canada.

The OC Transpo Marketing Plan for 2009, published in October 2008, outlined objectives and strategies established as a result of major customer and employee surveys that had recently been conducted to determine the attitudes of the providers, recipients and potential recipients of OC Transpo services. There was a clear consensus in survey results that, for OC Transpo to succeed, convenience, reliability, and high levels of service availability must be the foundation for delivering customer service excellence - and in a way that is both friendly and affordable.

The plan for 2009 also was predicated upon conditions of population and economic growth, high transportation demands and high gas prices. Between 2001 and 2007, there had been an average annual increase in public transit ridership of 2.0 %, and in 2008 ridership growth to the end of July was 5.0% over 2007 levels.

Market conditions in Ottawa began to change in the fall of 2008, as gas prices declined rapidly. Transit market conditions changed even more significantly when service was stopped on December 10, due to the OC Transpo operator strike. Economic uncertainty through the winter and spring of 2009 further influenced consumer expectations, confidence, and transportation demand.

Since May of 2009, when transit service was still being restored after the strike, it has been difficult to assess how perceptions of transit in Ottawa have changed from the year before. Ridership levels, purchasing habits and the overall level of economic activity within the community have also all shifted, and it is difficult to know whether the market has stabilized around a new set of conditions, whether it is still in flux, or, most challenging to the development of a marketing plan, whether attitudes towards transit have changed in a way that will influence consumer choices to use transit or not.

In spite of uncertainty about the marketplace, the initiatives and service plans identified for 2009 have in fact been deployed wherever possible. By September 2009, service levels had been increased by 5% over 2008, as outlined in the 2009 marketing plan. Pass and ticket price changes were delayed slightly, but by July 1 had also been put in place as planned. Communication and promotional campaigns around service design and product positioning have been underway through the latter half of 2009.

Ottawa has always had a high modal split in favour of transit use amongst commuters, and compares favourably even to Toronto and Montreal, where subway service is provided.

Figure 1.1

Ridership per capita, 2008

	ridership per capita
Montreal (STM)	203.72
Toronto (TTC)	186.44
Ottawa	**119.70 ***
Calgary	90.99
Edmonton	87.84
Vancouver	78.73
Gatineau (STO)	69.39
Winnipeg	67.27
Hamilton	45.06

* reflects impact of strike in December 2008

source: Canadian Urban Transit Association

As conditions stabilize and market characteristics become clear, opportunities will emerge in 2010 for continued growth and success of public transit in Ottawa. Service, marketing and operating plans have been developed to, initially, re-establish pre-strike levels of transit ridership and commitment, and subsequently, build on the patterns of growth established since 2001.

1.2 Overview

Until December, 2008 ridership had increased at a rate higher than the increased investment in service hours, and higher than the rate of population growth. This ridership increase was influenced by several factors, including prior years service investment, high gasoline costs, increased traffic congestion, increased marketing and promotion, and effective service design - i.e., effective positioning of service.

When growth is well planned and managed, the new customers it brings to transit become committed, long-term riders, willing to pay for high quality service. The higher service levels required to adequately meet growing demand will benefit all riders - new and existing - through an overall increase in capacity and reliability. This in turn will reduce the rate of ridership attrition, creating growth that is sustainable.

However, rapid growth like that experienced in 2008 also presents challenges - specifically:

i) in the areas of service availability and reliability, which are our ability to deliver service that meets demand, and
ii) in the area of trip experience, which is the general impact of crowded buses and schedule disruptions on all riders.

These challenges are reflected in customer attitudes. Complaints about over-crowding and missed trips increased by 75% in the period January to July 2008, compared to the same period in 2007. Poorly managed, rapid growth can create undesirable operating conditions and eventually displaces as many riders as it attracts.

Consequently in 2009, OC Transpo planned to capitalize on the strong demand for service by investing in areas where we are able to deliver service consistent with our standards for quality, and by positioning new service where there is a known demand from identifiable market segments.

Additionally, service design improvements intended to increase schedule reliability were made in 2009, in Orleans and Ottawa West, as they had been in 2007 and 2008 in Kanata and Alta Vista.

Heading into 2010, it is unclear how quickly we will return to the previous high levels of demand. Overall system capacity may be sufficient to address previous complaints of overcrowding, and the requirement for expanded service in 2010 has yet to be established. But the requirement to provide high-quality, reliable service has not changed, and these service characteristics will be the focus of operational and communication initiatives throughout 2010.

Opportunities have been created in 2009 for improving the revenue-cost ratio by attracting new customers that pay full fare - rather than simply providing more rides to existing customers. However, as a result of the strike and resulting ridership loss, the 2010 marketing plan also recognizes a priority of recovering former riders. To some extent the work of attracting and accommodating new riders will be delayed. Promotional campaigns will of course be designed to accomplish both, whenever possible, but the tactics and tone of communications appealing to former riders are not always the same as an appeal to new riders.

One measurable trend to emerge from the summer is that a smaller proportion of riders are purchasing monthly passes, compared to the summer of 2008. It is expected that any reduction caused by residual attitudes and feelings from the period of the strike, will be temporary and recoverable.

Surveys conducted in April, as well as focus group testing of advertising materials in July and August, suggest that many individuals hold contradictory opinions of transit, and that any effort to influence their transportation choice must strike a perfect balance between self-promotion and credibility. In this environment, only a few types of message exist that can encourage the use of transit, without prolonging or re-creating any feelings of resentment or reluctance.

The marketing strategies outlined in this plan are designed to restore - and expand - the customer-base by:

i) reminding previous riders of the convenience and advantages of using transit;
ii) providing and promoting valued service to potential new riders; and
iii) delivering and communicating high standards of service-quality to retain existing riders.

Ridership and revenue projections for 2010, shown in Figure 1.2, are based on no increase in service hours over 2009 levels, and a 7.5% increase in fares effective July 1, 2010.

Figure 1.2

Projected 2010 ridership, revenue and service levels

	ridership *millions*	**service hours** *increase over previous year*	**fare revenue** *millions*
2010	101.7	0.00%	$158.60
2009	80.2*	5.00%	$116.40*
2008	93.9*	1.90%	$125.89*
2007	95.8	3.20%	$124.73
2006	91.9	5.50%	$120.18

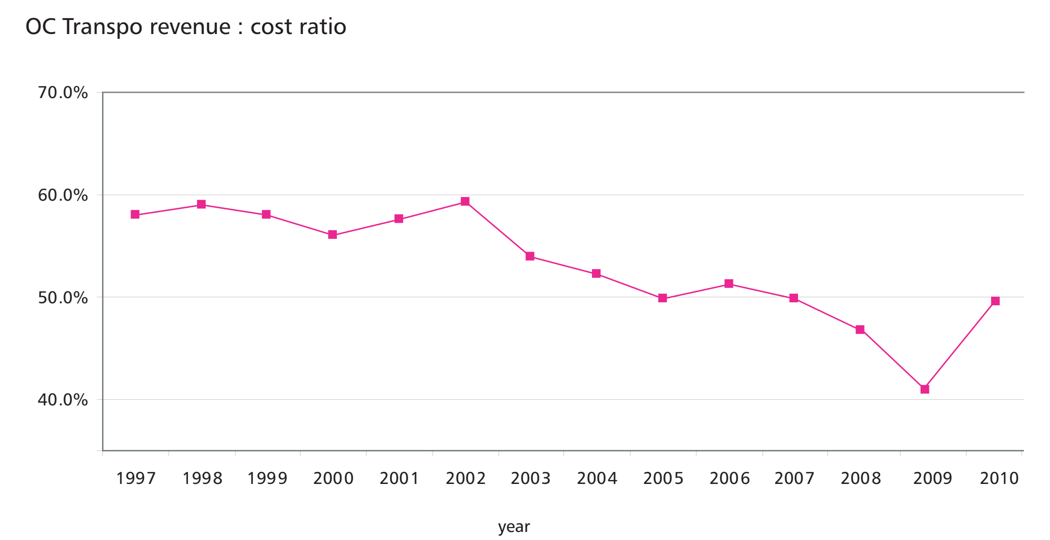
* reflects strike

1.3 Objectives

Revenue Cost Ratio

Ottawa city council has established a target revenue:cost ratio of 50% for transit. Between 1999 and 2008, the r/c ratio had in fact reduced from 58% to 48.8%, in spite of increased investment in service:

Figure 1.3.1



In 2008, the ratio dropped even though ridership increased, mainly because of very large increases in transportation costs, particularly fuel, but also because of increased ridership amongst subsidized groups, including community pass holders and students. In 2009, the combination of lost revenue, discounted fares and new costs related to the strike, as well as the lag in recovering ridership to a level which matches the investment in service after September, the r/c ratio for the year will be low, at 41.0. In 2010 the marketing plan forecasts an improvement to 49.5. Revenue opportunities exist in four areas:

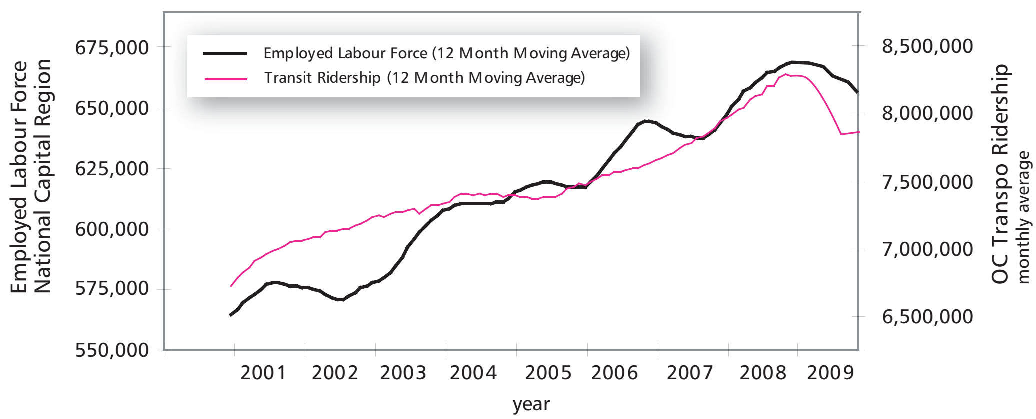
i) attract new riders at times when the cost to provide service is lower;
ii) increase fares to keep pace with transportation costs;
iii) benefit from increased ticket prices established in 2009; and
iv) develop sources of revenue other than fares.

Ridership

Compared to the first 11 months of 2008, ridership will increase by 1.7% in 2010, if ridership recovery programs are effective, and if economic activity does not decline. There is a general correlation between the level of economic activity within a community - for instance as defined by the size of the labour force - and the demand for transportation, including transit:

Figure 1.3.2

Ridership and employed labour force



Source:

In 2009, ridership growth occurred more slowly than if employment levels had been higher. If economic activity in Ottawa declines, the precise impact on 2010 ridership is unknown, but will result in a slower rate of growth than predicted. And if demand lags behind our investment in service hours, there will also be an impact on the revenue:cost ratio.

Aside from demand, the predicted 1.7% ridership increase is also based on service and operations plans that provide the right mix of capacity and reliability, designed to:

i) meet the requirement for rapid, reliable commuter service;
ii) provide a simplified and predictable service configuration; and
Iii) create a customer-friendly travel experience.

Marketing and communication efforts in the latter part of 2009 and the first part of 2010 will be focused on recovering riders lost as a result of the strike. Campaigns will feature the tangible aspects of transit such as speed, comfort, convenience, and affordability, compared to car travel, and will be targeted towards rush-hour commuters. This market segment holds both the lost riders we hope to recover, and potential new riders.

Later in 2010, campaigns will shift towards the more intangible aspects of OC Transpo services, such as how the organization and its employees fit into the community, and how transit figures as part of an individual's urban life - i.e. social marketing.

Express services

Premium fare bus routes operate from Kanata, Barrhaven and Orléans to downtown during peak periods. These routes provide a direct trip from residential streets to primary employment destinations without requiring riders to transfer. Routings and schedules on express routes are primarily designed to meet the travel requirements of one particular community - which is the basis of their attractiveness to riders.

However, the customized nature of these services also limits our ability to maximize the use of resources that are assigned to these routes. At the beginning and end of peak periods, for example, when the demand for service is less, these buses are not full, and the buses make a long trip to downtown with unused capacity. Similarly, as a route travels past secondary destinations, and the initial passengers disembark, seats and space on the bus become available.

In the downtown area in particular - along Albert and Slater streets - any buses operating at less than capacity contribute to service unreliability, commuting discomfort, and higher operating costs.

Future service designs must make better use of the resources assigned to express routes, but the ability and willingness of riders to change and adapt the way they use these routes needs to be better understood, before new designs can be developed. In 2010, comprehensive market research will be conducted to identify the specific requirements of express route riders, and the expectations they have regarding all aspects of the bus service - including travel time, walking distances, wait times, transfers, seating availability and price. This research will form the basis of future service design options.

OC Transpo image

The identity and public reputation of OC Transpo and associated services influence people's decisions whether or not to use transit. Transit riders need positive reinforcement that they have made the right choice, and potential new riders need to have confidence that OC Transpo will be a reliable alternative to car travel.

Brand quality is continuously reinforced at every possible opportunity, from the quality of transit publications, to vehicle cleanliness, livery design, and positive media coverage. In 2010, social marketing efforts will be concentrated in the following areas:

i) transit value, convenience and comfort, compared to cars;
ii) positive environmental impact, featuring hybrid diesel-electric buses;
iii) technological innovation, such as mobile service information via the website, and smart-bus initiatives including gps-based service updates on the 560-1000 schedule system;
iv) service identity, including completion of a new wayfinding system, and standardization of visual identity;
v) community relations, especially through development of partnerships with events and major community destinations;
vi) continuous improvement derived from customer comments, surveys and internal review; and
vii) reinforcement of the desire to preserve a safe and secure travel environment.

Customer satisfaction levels measured in the 2010 Usage and Attitude Survey will, it is expected, reflect a continuing improvement in the general reputation and image of OC Transpo.

Simplify navigation

In 2008, 29% of infrequent riders believed the transit system was "difficult to figure out and use", which represents a barrier to attracting new riders to transit. Wayfinding and navigational signage in Transitway stations was redesigned in 2009, and implementation across the system will be completed in 2010. This initiative will:

i) simplify use of the system for new users, and encourage more use and more efficient use of the system by all users; and
ii) improve the physical environment and commuting experience at stations.

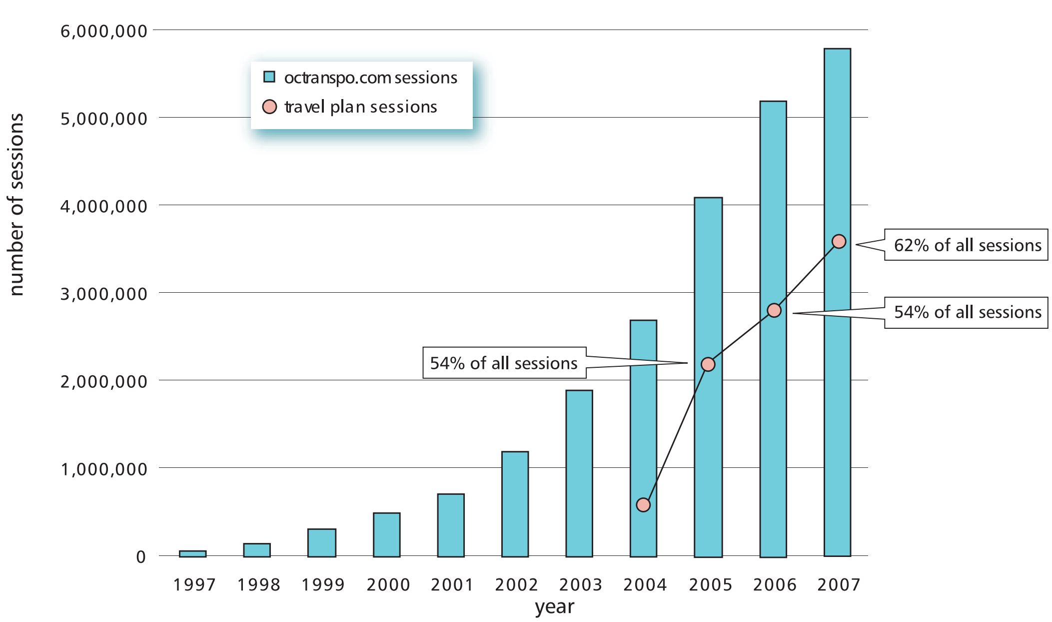
Service design changes introduced in 2007, 2008 and 2009 also simplified the route network by reducing the number of schedule and route variations. The 2009 and 2010 Usage and Attitude survey will measure riders' perception of the relative simplicity or complexity of the service.

Develop social media

The internet has emerged in the past decade as the communication medium of choice for transit riders; this is clearly reflected in the usage rates at octranspo.com (Figure 1.3.3), a reduced demand for print and call-centre services, and a high satisfaction rating by octranspo.com users, 92 % of whom rated the site as either effective or very effective.

Figure 1.3.3

Annual octranspo.com visitor sessions



Recent improvements in the areas of high-speed access, wireless access, mobile devices, and the proliferation of social media such as RSS feeds, mobile browsing, and e-mail alerts and blogs, are an opportunity for OC Transpo to continue to improve the convenience of transit service for all riders.

In 2009, the octranspo.com web site was redesigned and migrated to a new web platform. In addition to an updated image and improved user interface, the new platform has allowed for the provision of social media services and capabilities in 2009 and 2010. Mobile alerts, regular online service updates, and improved customer input channels will build on the intrinsic needs of transit riders.

Internet communication channels, traffic levels and customer satisfaction ratings will continue to be measured through 2010.

Customer feedback and continuous improvement

OC Transpo collects customer feedback through numerous channels including telephone, voice mail, web customer feedback forms and open email. Each customer contact is recorded on a ledger and is distributed to affected departments for follow up. Customer Service Officers are able to respond directly to the customer in at least 50% of the cases, while the balance of the inquiries require further analysis in other branches.

Most branches have at least one staff resource to look into issues and to provide a response back to the customer service department, who then follows up with the customer.

The volume of feedback received by OC Transpo far exceeds the resources allocated to resolving issues. The customer service process becomes one of information management, rather than problem resolution and continuous improvement. This has led to increased dissatisfaction from the public with regards to lack of quality in the response and delayed response time. It is also a source of dissatisfaction for staff who find themselves spending more time managing the volume of communication than on determining the root cause of issues and resolving them, once and for all.

In 2010, a new customer feedback process will be implemented that will funnel the feedback, both positive and negative, into two streams of action. Incidents involving safety and security issues, operator and other staff conduct and sensitive issues will be addressed on a case-by-case basis. Feedback concerning service delivery, planning, information and fares will be directed through a continuous improvement process that engages each branch to examine and address root causes, thereby affecting long-term changes to transit services that will lead to increasing customer satisfaction for all transit users.

Standardized price differentials

Many OC Transpo fare media are differentiated from the regular adult price for two purposes:

i) to encourage riders to use transit more frequently, without reducing revenue in the long term; and
ii) to subsidize the cost of transit for people with limited income, through concession fare rates.

Most people follow similar travel patterns each day, and the travel choices people make - which mode of travel, which travel route, or which method of payment - soon become routine habits.

Marketing strategies are designed to encourage people to convert the casual use of transit into routine use. In this way, transit riders become committed long-term riders, and ridership growth generates sufficient revenue to be sustainable growth.

OC Transpo fare structures and fare media are designed to support the progression towards a longer-term commitment to transit, by encouraging the purchase of period passes, and by rewarding increased use of transit. Thus, tickets provide a lower cost/trip than cash; monthly passes provide a lower cost/trip than tickets, and long term passes (annual, semester and subscription passes) provide a lower cost/trip than any of the other means of payment.

The "commitment scale" of transit prices which results from this structure, does not simply reward increased use of transit. Rather, it provides an incentive for riders to pre-purchase transit, and this in turn discourages riders from considering alternative modes of travel. This model fits with the general marketing strategy to increase transit use in a way that does not undermine revenue - i.e., does not simply encourage more trips from people who have already paid.

Price differentials must also support the needs of individuals who require economic assistance, without undermining the commitment scale. Thus, seniors, students and community pass holders benefit from price discounts when they purchase monthly, semester or annual passes, but not when they pay with tickets and cash.

In recent years, when transit prices have increased, prices have not been adjusted uniformly across all media, and the relative balance between prices on the commitment scale, as well as between the discount rates applied to concession fares, has not been maintained.

In addition to this imbalance, adult transit fares are carrying an increasingly higher percentage of transit costs. When revenue increases rely on only a portion of the clientele, there is a negative impact on the revenue:cost ratio.

In 2010, recommended fares are based on restoring balance to the commitment scale and establishing discount benchmark levels for concession fares.

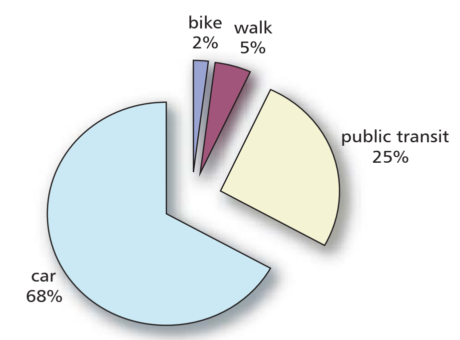
2 MARKET DEFINITION

2.1 Transit usage

Figure 2.1.1 shows the distribution of travel mode choice across Ottawa in 2009. In total, 68% of travellers use a car as their primary travel mode, either as a driver or a passenger, and this segment of the population represents, in broadest terms, the potential market for new transit customers. Many people in this 68% segment use transit occasionally - once a week or less - but do not use transit to commute, so transit is not their primary means of travel.

Figure 2.1

Primary means of transportation



OC Transpo Usage and Attitude Survey, April 2009

Commuting to and from work or school is the main reason people travel within the city regardless of travel mode, and because of its high frequency, commuting choices ultimately influence important transportation commitments and decisions such as investment in a car, or in a second car, or in a transit pass; commuting options also influence geographic choice of residence. Once these major decisions are made by an individual or a family, the ability to influence or effect a change in modal choice is reduced.

When an individual's commuting circumstances change - either a new job or new residence - they will typically re-assess transportation options, including choice of travel mode. Transportation choices are also typically made each year in the fall, when school resumes for most students, and when traffic congestion begins to increase.

Introduction and promotion of new transit services - such as new bus routes, stations, or increased service levels - are important opportunities to attract new riders. Other variables such as cost, traffic congestion and concern for the environment also present opportunities for people to reconsider their transportation options.

Transit is currently over-represented by students and young people, who form a significant part of our customer-base.

Typically, student transit riders have rapidly converted to automobile use after they enter the work force, and as their income increases. Student populations will continue to be a significant captive ridership base in the future, and the challenge of retaining these riders as their commuting habits change, will also continue.

Meanwhile, the market segment for whom we provide the highest rate of subsidy (seniors) is expanding, which means that even if transit usage increases proportionally within this segment, revenues will decrease.

The conclusion drawn from predictions for demographic change in Ottawa, is that the best opportunity for real growth - that is, growth in per capita ridership and revenue - lies in the middle, with commuters. Transit marketing strategies for the next 10 years and beyond, will pursue a larger share of the transportation market aged 20-64, in order to maintain current patterns of ridership and revenue growth.

2.3 Fare payment

OC Transpo customers can pay fare using cash, tickets, or period-passes:

Figure 2.3

Ridership and revenue by method of fare payment, 2008

Method of payment (people)		Ridership (trips)	Passenger revenue
all passes	37%	76%	66%
tickets	50%	21%	27%
cash	13%	3%	7%

all passes		Ridership (trips)	Passenger revenue
	adult, incl. EcoPass	35%	40%
	student	31%	23%
	community pass	2%	1%
	seniors	5%	2%
	daypass	1%	1%
	other passes	2%	0.1%

In recent years, ticket usage has increased relative to pass usage - partly because ticket prices did not keep pace with pass prices, so the cost-advantage of a monthly pass had diminished each year.

When considering options, it is the perceived *convenience* of transit, relative to a car, which most people say influences their decision. Convenience can be defined in many ways, including travel time, speed, necessity of transfer, walking distance, frequency of service and waiting time.

After convenience and its related factors, affordability is the most compelling reason for using transit - mentioned by 32% of Ottawa residents.

Survey results in May 2009, when service was still being restored after the strike, show a small reduction in transit use, by 1.0%. Revenue assessment through the summer shows that a larger percentage of people stopped purchasing monthly passes than typically occurs in the summer.

Both of these reductions suggest that there has been some erosion of the commuter-base, compared to 2008. Factors contributing to this decline include:

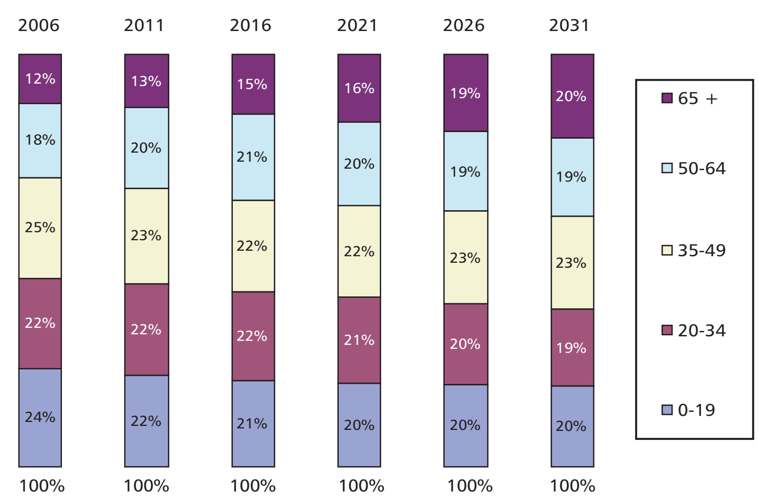
i) the bus strike, when commuters found alternatives to, and lost confidence in, OC Transpo;
ii) lower gas prices and the perceived relative affordability of transit;
iii) uncertain economic conditions; and
iv) level of employment within the community.

2.2 Demographic change

Ottawa's population is aging. By 2031, people aged 65 or older will make up 20% of the population, compared to just 12% in 2006.

Figure 2.2

Allocation of population by age group, 2006 to 2031



source: City of Ottawa Research and Forecasting

In 2009 the price differential between passes and tickets was restored, so that if a commuter rides the bus 20 days in a month, and pays with tickets, the price in 2009 ($92) is 10% more than the price of an adult monthly pass ($84.75). Or put another way, in 2009 the price of a pass equates to only 18.5 days of ticket travel.

Pass purchase is not just an economic decision - it is a process that requires, and confirms, a certain minimum level of commitment to public transit. Pass sales are both a measure of the level of confidence in transit, as well as a method for building confidence.

Annual period-passes and EcoPasses are particularly designed to make it easy to use transit, and to discourage people from discontinuing their use of transit.

Marketing efforts in 2010 are designed to secure transit use through the sale of a period pass.

2.4 Off-peak market potential

Shift workers, service-industry workers, students and seniors travel predominantly during off-peak times, when transit is less convenient due to lower frequency of service, and when car travel is more convenient due to reduced traffic congestion.

In general, there is more unused capacity in the transit system during off-peak times, schedule-adherence is good, and riders can get a seat. On the other hand, service is less direct for many trips, so more transfers are required, and frequency is lower, so riders wait longer for transfers and arrivals.

Off-peak commuters can be attracted to transit by offering higher frequency service during off-peak times, and by providing more direct, quicker trips on local and mainline routes.

Those post-secondary students who do not use transit regularly can also benefit from higher off-peak service levels, for travel to and from school outside of rush-hour, and to recreational activities and part-time jobs. Marketing efforts directed to post-secondary students will emphasize the convenience of a good off-peak service network. However, market penetration is already high in this sector, and the potential to increase ridership is therefore low. Surveys in 2003 indicated that 80% of post-secondary students in Ottawa already use transit on a weekly basis.

The convenience of off-peak service influences the overall net value of transit for families with one car, or with secondary school-aged children who may have part-time jobs.

Although ridership potential is high amongst seniors, and operating costs for off-peak travel are relatively low, the revenue potential from seniors is also low because of the high level of subsidization offered to these pass holders. The level of subsidy afforded to seniors is high compared to student subsidies.

Sustainable growth of off-peak market-share will be possible if sound rates of subsidy are set, using realistic benchmarks. Otherwise, resources directed to off-peak growth will undermine revenue.

2.5 Market research

Detailed market research must be conducted on a regular basis to understand the expectations and influences active in different market segments. Attitude surveys and focus groups, which OC Transpo conducts each year, are useful in understanding the disposition and makeup of our existing market, and can be used to predict a likely response to new initiatives or products, but are limited in the extent that they can be used to predict behavioural changes.

Service design and product development plans depend on an understanding of the existing clientele, as well as an understanding of potential new market segments.

In 2010, market research is required to assist in the development of new plans and models for park & ride service, express service, and a UPass product. New data is also required to measure the ride usage characteristics of different fare product user-groups - i.e., the number of rides taken by users of each type of pass.

Market research activity conducted in 2010, will be increased over 2009, and will be supplemented through the use of on-line surveys, which are a new and cost-effective way of reaching existing riders.

3 Product Definition

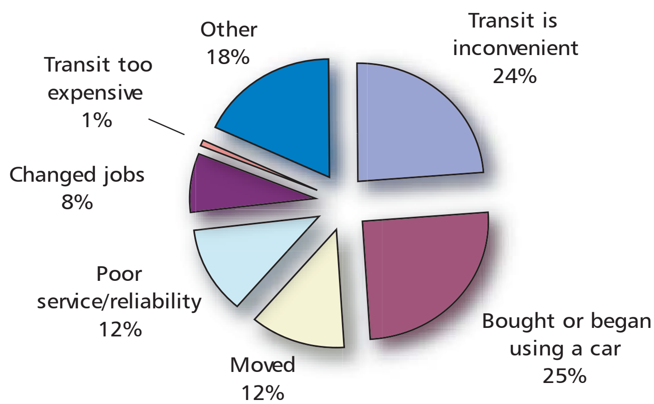
The strategy to attract people to transit is always based on increasing convenience, affordability, and comfort, including safety and ease-of-use. Marketing efforts in 2010 will focus on promotion of service products that meet these needs, and defining the products in these terms.

3.1 Convenience

Most people - frequent, infrequent, and non-transit users alike - define the relative attractiveness of transit versus automobile in terms of convenience.

Figure 3.1

Why former transit riders stopped using transit



OC Transpo Usage and Attitude Survey, April 2008

Even when the word "convenience" is not used, preferences are often expressed in terms of speed, transfer time, waiting time, and walking distance, which are also measures of "convenience". Arguably, the categories of "moved" or "changed jobs" in Figure 3.1 may also have meant that transit became inconvenient as a result of the move.

When we try to quantify convenience, we find that almost half of transit users (frequent and infrequent - 45%) feel that waiting 6 to 10 minutes for a bus is acceptable. This equates to a 12-20 minute frequency of service, because, on average, passengers would arrive at a boarding location 6-10 minutes, or less, before arrival. 81% of transit users say they would use the bus more often if wait times were reduced to 5 minutes, which equates to a 10 minute frequency.

Amongst non-transit users, wait times are identified by 48% of survey respondents as a reason to switch their travel mode to transit.

In 2009, OC Transpo service hours were increased by 5.0 percent within the urban transit area, which accompanies the growth of the bus fleet and is intended to both accommodate transit ridership increases established in 2008, and improve the convenience and reliability of transit service to attract new customers.

Transit service improvements introduced in September 2009 included increased frequencies on major routes at non-rush-hour times and away from the Transitway, so that those routes run at least every 15 minutes at most times, including in the midday, evening, and on weekends. The hours of service on Route 95, the spine of the entire transit system, were increased to 24 hours a day, 7 days a week.

In Orléans and west Ottawa, routes were combined to provide a single, more direct and higher-frequency service along one primary corridor. Circuitous local routes were changed to provide shorter travel time to the Transitway and major community centres.

These changes will encourage increased use of the entire transit system at all times of the week, and will improve service for shift workers, service workers, students, shoppers, seniors, and visitors.

3.2 Capacity and reliability

In 2009, service increases were implemented to improve capacity on routes where ridership is growing, and to improve the reliability of service on other routes, in response to increasing traffic congestion and travel times on some city streets.

In 2010, increases introduced in 2009 will be annualized, but overall service levels will not increase beyond that, and only a small number of route design changes will be considered. Transplan 2010 will concentrate on any adjustments required to redistribute capacity, which will be measured throughout the fall and winter, and adjustments required to properly serve new Park and Ride facilities, when construction is completed. Plans will be developed that move resources from under-performing services to areas where demand and growth are high.

Traffic congestion on busy corridors affects service reliability, commuting comfort, and operating costs throughout the transit system. Street capacity restrictions in the central area, for example, increase pressure to optimize vehicle capacity and cost-effectiveness for all peak-period travellers.

In 2009 we found opportunities to exchange low-revenue premium services, for high-frequency, regular fare commuter service which may require a transfer. A benefit of this exchange is that congested streets in areas such as downtown can be served by fewer buses, with fewer delays. In this way, low-performing routes with unused capacity can be replaced with a more reliable, quicker, more frequent, less expensive service which does not discourage existing riders from using transit. Where overall travel time and wait times are reduced, a reliable transfer is not a barrier to commuting by transit.

2010 initiatives to mitigate travel conditions in the central area include electronic bus arrival signs, improved boarding platforms, and improved streetscapes at waiting areas.

The 2010 service plan also includes a change to service from Stittsville, which will become part of the Urban Transit Area in July 2010. Rural express fares will be replaced by express fares.

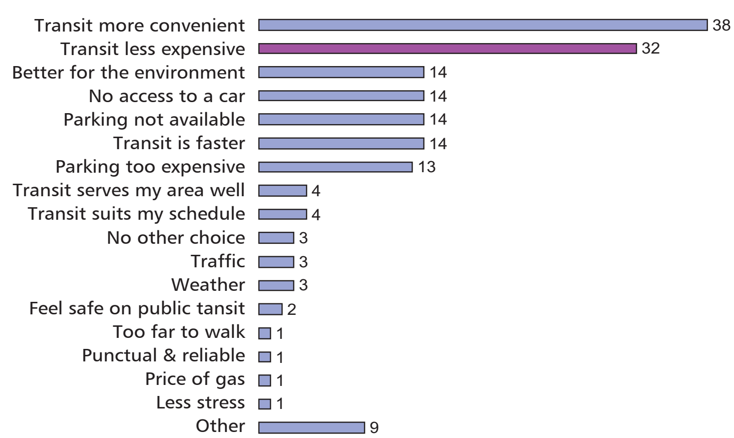
Fleet availability was increased in 2009, reducing the total number of buses required to support the active fleet during weekday peak-periods, thereby improving service delivery and schedule reliability In 2010, improved maintenance processes will also contribute to improved availability and reliability of the fleet.

3.3 Affordability

After convenience, cost is the biggest consideration for people in their modal choice assessment - and in Ottawa, many people recognize that transit is an inexpensive alternative to other modes of travel:

Figure 3.3.1

Why transit riders stopped using other modes of travel
(percent of respondents; multiple reasons permitted)

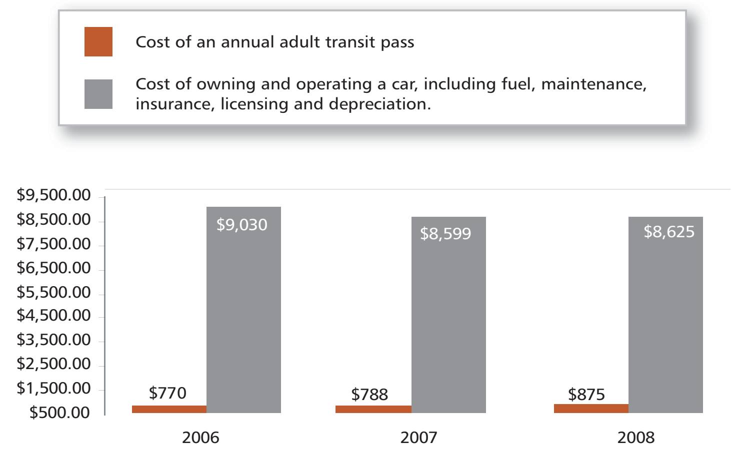


OC Transpo Usage and Attitude Survey, April 2008

In July 2009, transit fares were increased by an average of 7.5%, but the high cost of operating a car has created a market where the reaction to transit price increases of this magnitude, is relatively inelastic:

Figure 3.3.2

Car ownership and operating costs, compared to transit usage costs



source: Automobile costs are reported by CAA, and are a national average.

Automobiles are an increasingly expensive luxury for those commuting to and from work. This is especially true if costs other than gasoline are considered such as insurance, parking, maintenance and repairs, vehicle financing, and depreciation. In 2008, many large North American car makers announced the discontinuation of car leasing options. This will inhibit many car buyers from obtaining no money down, low interest monthly car payments.

The cost advantage of transit means that prices and premium service offerings can be increased without discouraging existing riders, but care must be taken in the process:

i) to respect the needs of riders who require economic assistance, and have limited alternatives to using transit;
ii) to address the perception amongst established transit riders - who are not making the comparison with a car - that transit is expensive.

In 2008, Council directed that OC Transpo fares be increased by 7.5% on average, for both 2009 and 2010. In 2010, this 7.5% increase is the basis for forecasted revenues.

3.4 Ease of use

Improved transitway wayfinding and mobile web services were introduced in 2009, to simplify travel. Implementation of the new wayfinding system will be completed at all Transitway stations in 2010.

Improved access to information provides riders with the flexibility to travel more frequently, and also provides the ability to use the service more efficiently. This can result in faster travel times, reduced waiting, and ultimately, more independence and control over the whole travel experience.

The investment in transitway wayfinding is important mainly to new and infrequent users, and by simplifying their initial experience with the system will help convert those users to regular transit riders. Simplified, customized wayfinding also encourages all riders to confidently use the system for more than routine trips.

Mobile transit information services add a measure of convenience for all users, and also facilitate navigation. E-mail alerts, and cell-phone access to automated travel planning services are new services introduced in 2009, and will be featured in 2010 marketing campaigns. GPS-updates to the 560-1000 telephone schedule service will also be offered in 2010, as well as automated next-stop announcements on-board buses.

Service design considerations such as the number of routes operating in one area, variations in schedules by day or by season, variations in routing, and route naming practices, all contribute to the relative simplicity or complexity of the transit service. Although transit demand is not consistent at all times, and service must be adjusted to meet demand, operating efficiencies and refinements also are balanced against the advantage of making service consistent, understandable and predictable. In 2008 and 2009, simplified and more direct transit routes were introduced in southeast Ottawa, Kanata, Westboro/Britannia, and eastern Orléans.

Service levels have typically been adjusted 4 times per year to reflect changes in demand - in January, April, June and September. Even a small change in the service level - as in April - ripples through the network and affects bus schedules on many trips, including all express commuter trips. In 2010, the April service change will be limited to only those few routes that serve colleges and universities. Service levels on other routes will be maintained at their January levels, through until June, when primary and secondary schools are out. This approach, which began in April 2009, added only a few service hours to the annual budget, but eliminated one seasonal schedule change for most riders.

3.5 Accessibility

As OC Transpo continues to fulfill Council mandate to deploy a fully accessible fleet of buses, several initiatives concerning accessibility have been undertaken in response to the Accessibility for Ontarians with Disabilities Act (AODA). While OC Transpo is federally regulated and cannot be legislated under AODA, we recognize that it is important to reflect the spirit of the legislation in accordance with municipal directives.

To this end, OC Transpo is undertaking an accessible audit and review in the fall of 2009 to be completed in March of 2010. This audit will review accessibility of OC Transpo's built environment as well as customer service components. A project manager has been hired to produce a roadmap outlining how OC Transpo will deploy its accessible transit services in the future such that there is consistency and efficiency among all branches.

In the meantime, OC Transpo's Accessibility Specialist continues to provide community outreach to social agencies with Travel Training. This program has been very successful in engaging members of the community to participate in general activities they would not ordinarily have considered due to the difficulty in managing their transportation needs.

In 2008, the governance structure of Para Transpo's operation was changed to better integrate Para Transpo services with the OC Transpo organization. In 2010, a new service delivery model will be presented and deployed to take advantage of new opportunities and funding sources to address the rising demand for specialized service for persons with disabilities.

4 PRICING

4.1 Fare level

Transit fare media pricing has historically been organized on the basis of:

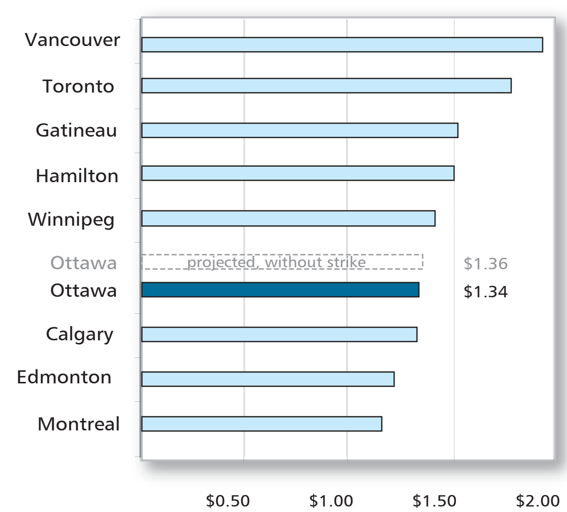
i) rewarding and retaining more frequent and longer term users of transit;
ii) recovering 50% of operating costs through customers' fares;
iii) responding to the needs of individuals who require economic assistance;
iv) providing premium services (express and rural express) at a higher price.

Price differentials across the assorted fare media are built on a "commitment scale" designed to make transit affordable for all members of the community, and also to encourage riders to migrate towards a longer-term commitment through the purchase of monthly, semester and annual period passes.

All things considered, the price of transit in Ottawa is low compared to other major Canadian cities. In 2008, the average price paid per ride was $1.34. While cash fares tend to be among the highest in Canada, these are offset by the availability of a 25% ticket discount, competitively priced period-passes, and concession fare discounts to seniors, community pass holders and students. Those who cannot afford to pay premium fares do not have to, and those able to make a commitment to regular transit use, are encouraged to do so through financial incentives.

Figure 4.1.1

Average fare paid at Canadian cities, 2008



source: Canadian Urban Transit Association

The average operating cost of each ride provided by OC Transpo in 2008 was almost $3.00, and like all transportation costs in Ontario was rising in 2008 at a rate greater than the typical consumer price index, mainly due to the rise in fuel costs, increased commute distances, traffic congestion, and labour and fleet costs.

In 2008 and 2009, OC Transpo fares were increased more sharply than in previous years, to keep pace with the disproportionate increases in transportation costs and to maintain a desirable revenue cost ratio approaching 50%.

As fares have increased, there has been a tendency to protect concession fares, and increase them at a rate lower than the overall average. While this helps many individuals who may be financially challenged, it also results in continuously increasing pressure on adult fares, which must increase more than the average, to achieve overall budget and revenue objectives.

As gaps between full adult fares and concession fares increase, the percentage of subsidy also increases. This has a two-fold effect: it reduces the perceived fairness of the fare structure, and also introduces distortions between the different fare media, interfering with the objective of rewarding frequent transit use and encouraging long-term use.

In 2010, concession fare discount rates will be adjusted to meet benchmark levels, compared to adult regular pass prices:

Students:	20% discount
Seniors:	60% discount
Community pass:	65% discount

In 2008 Ottawa City Council anticipated that an average 7.5% fare increase would be required in 2008, 2009 and 2010; this requirement is confirmed by the analysis and pricing strategy for 2010. The 7.5% fare increase in July 2008 and July 2009 did not discourage many people from using transit; transit price-sensitivity in the current marketplace is relatively low, especially within the large commuter segments.

If fares are increased by 7.5% in 2010, it is expected that the net ridership increase for the first 11 months of the year will be 1.7% greater than the same period in 2008, taking into account both the ridership loss resulting from the fare increase and the availability of additional hours of service that began in September 2009. After July 1, 2010, the average fare collected per ride will be $1.63, contributing to an overall 2010 revenue:cost ratio of 49.5%.

Figure 4.1.2 shows the new prices for transit passes to be recommended for introduction July 1, 2010. The relative distribution of prices across the many categories of passes is designed to generate the highest possible revenue, without discouraging price-sensitive riders. Figure 4.1.3 shows the cash and ticket fares to be paid in each ride category.

Figure 4.1.2

Pass prices, July 2010

	July 1, 2009	July 1, 2010	increase
Adult Regular Monthly Pass	$ 84.75	$ 91.50	$6.75 / month
Adult Express Monthly Pass	$ 106.00	$ 114.00	$8.00 / month
Adult Rural Monthly Pass	$ 131.75	$ 141.75	$10.00 / month
Adult Annual Regular Pass	$ 895.00	$ 930.00	$35.00 / year
Adult Annual Express Pass	$ 1119.00	$ 1164.00	$45.00 / year
EcoPass	$ 74.58	$ 80.52	$5.94 / month
EcoPass Express	$ 93.28	$ 100.32	$7.04 / month
EcoPass Rural	$ 115.94	$ 124.74	$8.80 / month
Student Regular Monthly Pass	$ 65.25	$ 73.25	$8.00 / month
Student Express Monthly Pass	$ 76.50	$ 85.50	$9.00 / month
Student Rural Monthly Pass	$ 103.00	$ 110.75	$7.75 / month
Student Regular Semester	$ 242.00	$ 250.00	$8.00 / term
Student Express Semester	$ 283.50	$ 290.00	$6.50 / term
Student Annual Regular	$ 626.40	$ 650.00	$23.60 / year
Student Annual Express	$ 734.40	$ 762.00	$27.60 / year
Senior Monthly Pass	$ 31.75	$ 36.00	$4.25 / month
Annual Senior Pass	$ 381.00	$ 395.00	$14.00 / year
Community Monthly Pass	$ 30.40	$ 32.00	$1.60 / month
DayPass / Family Pass	$ 7.00	$ 7.50	$0.50 / day

Figure 4.1.3

Ticket and cash prices, July 2010

	July 1, 2009	July 1, 2010	increase per trip
O-Train ticket	$ 2.50	$ 2.75	$ 0.25
Adult cash	$ 3.00 *	$ 3.25	$ 0.25
Express cash	$ 4.00 *	$ 4.25	$ 0.25
Rural cash	$ 5.00 *	$ 5.25	$ 0.25
Child cash	$ 1.50 *	$ 1.60	$ 0.25
Base ticket	*$ 1.15*	*$ 1.25*	*$ 0.10*
Adult fare (2 tickets)	$ 2.30	$ 2.50	$ 0.20
Express fare (3 tickets)	$ 3.45	$ 3.75	$ 0.30
Rural fare (4 tickets)	$ 4.60	$ 5.00	$ 0.40
Child fare (1 ticket)	$ 1.15	$ 1.25	$ 0.10

* unchanged since December 2005

4.2 Tickets

In July 2009, ticket prices were increased by 15% to help restore balance between ticket and monthly pass prices.

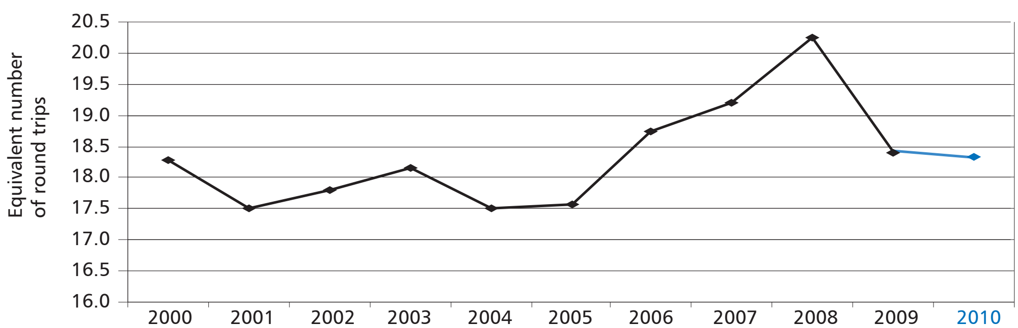
Since 2001, ticket prices had increased at a lower rate than pass prices, with the result that monthly passes became an increasingly less attractive option compared to tickets. By 2008, 20 days of ticket use in a month cost about the same as a monthly pass - and for commuters facing an average 21 work days each month, pass purchase and ticket purchase were roughly equivalent.

In 2009, the price differential was restored, and tickets are now the equivalent of approximately 18 days of travel on a pass. This is consistent with the marketing strategy to convert infrequent and moderate frequency riders into committed transit users who are willing to purchase a photo ID and monthly pass.

Figure 4.2

Ticket value in round trips, compared to monthly pass price, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Regular adult pass price / month	$ 58.50	$ 59.50	$ 60.50	$ 61.75	$ 63.00	$ 65.00	$ 71.25	$ 73.00	$ 81.00	$ 84.75	$ 91.50
Regular ticket fare / trip	$ 1.60	$ 1.70	$ 1.70	$ 1.70	$ 1.80	$ 1.85	$ 1.90	$ 1.90	$ 2.00	$ 2.30	$ 2.50



Now restored, the price differential will be maintained in 2010, when ticket prices will increase by about the same amount as passes - i.e., 7.5%, rounded to the nearest 5 cent mark, resulting in a $1.25 base ticket price.

4.3 Cash fares

Cash fares are currently 25% more than ticket fares, and in 2010 should increase at about the same percentage as tickets, to continue the current pricing alignment with tickets and passes. In 2010, adult cash fares would increase by approximately 8%:

$3.25 adult
$4.25 express
$5.25 rural express

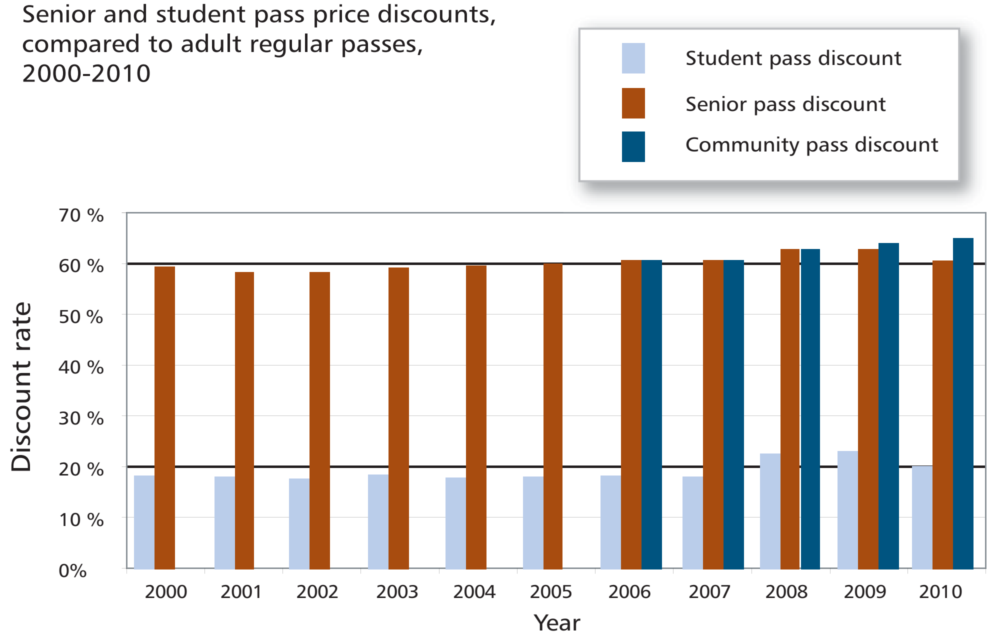
The child cash fare would be $1.60.

4.4 Concession fares

As with tickets, concession fare prices have not increased at the same rate as adult passes in recent years (Figure 4.4). Ridership has grown more rapidly within the market segments using discounted and concession fares, than it has in segments paying full fare, a trend which contributes partly to a reduced revenue:cost ratio. Seniors, students and community pass users contributed approximately 25% of 2008 fare revenues, but accounted for over 38% of transit rides taken in 2008.

Figure 4.4

Senior and student pass price discounts, compared to adult regular passes, 2000-2010



The level of subsidy applied to concession fares is different, depending on whether we measure monthly pass prices, ticket and cash prices, or average fare paid. For example, in 2009, student monthly passes are available at a 23% discount over adult passes, but the average fare paid by students is about 39% less than the average adult fare. Students ride the bus more frequently than typical adult commuters, and thus are doubly rewarded - once for frequent use, and once with concession pass prices.

While it may not be possible to establish and maintain complete equity across all media, more consistency and standardization is necessary, so that when fare increases occur, they are applied with regard to maintaining desired subsidy levels, and desired price differentials amongst the various fare media.

As a first step, benchmark subsidy levels need to be established for each concession category, compared to adult prices. The 2010 Marketing Plan establishes these levels, and recommends price changes which move each concession category towards these levels.

Prices included in the 2010 Marketing Plan are based on the following benchmark concession rates:

i) The student regular monthly pass price discount would be no more than 20% of the adult regular monthly pass price, and no more than 25% of adult express monthly passes;
ii) Senior monthly pass discount would be three times that of students at 60%.
iii) Community pass holders would receive a 65% discount off the adult monthly pass price.

Movement towards these levels in 2010 will require a 12% increase in student rates, 13% increase in senior rates, and 5% increase in community pass rates, compared to 2009, and compared to an average fare increase in 2010 of 7.5%.

Compared to ticket and cash fares, the 2010 monthly pass rates for these concession areas will still offer a significant savings. However, to compensate for the difficulty which may be experienced by some existing monthly pass holders in these sectors, annual and semester pass rates would not increase significantly in 2010:

i) Semester passes will cost $8 more in 2010 than in 2009, and the mandatory pass protection plan will continue to be included in the price.
ii) Annual student, adult and senior pass prices will increase by about 3.8%, compared to the 7.5% average pass price increase.

4.5 Student U-Pass

For several years, universities and colleges in Ottawa have discussed the introduction of a Universal Transit Pass (U-Pass) with OC Transpo. The U-Pass would be mandatory for all full-time post-secondary students, and be paid at the time they pay their tuition.

In 2009, Council approved the concept of establishing a revenue-neutral U-Pass that would be offered to full-time post-secondary students. Because it would be purchased by all students, a U-Pass would cost less per month than the existing student pass. The revenue-neutral price approved by Council was based on 2008 fare prices, and was calculated solely for the University of Ottawa.

In 2010, a revenue-neutral U-Pass price, if it were provided to full-time students at Carleton University, University of Ottawa, La Cité collegiale and Algonquin College, would be $200.50 per semester. This compares to a $250 regular fare semester pass. Any non-revenue-neutral price would require a certain level of subsidy by the City of Ottawa. For example, in 2008 the University of Ottawa Student Federation proposed a $125/semester U-Pass price, which, if offered at all four post-secondary institutions would require a subsidy of $3.991 million.

The non-revenue U-Pass price includes savings in administrative costs, such as Sales Centre operations, photo ID production, peak-month line-up management, pass printing, and fraud. These savings have been used to reduce the U-Pass price.

Since transit use is very high amongst Ottawa students attending universities and colleges, most students would benefit from the reduced price (Figure 4.5). Students who use the bus for more than 2 return trips a week, and pay with tickets, would pay about the same amount using a U-Pass. Students paying with cash, or using express premium services, would pay less by using the U-Pass, as would regular fare riders using the bus more than 2 days a week.

Figure 4.5

Transit use,
college and university students

School	Estimated full-time 2010 student population (Ontario residents)	Full-time students using transit as primary travel mode to/from campus	Full-time students using transit once or more per week
University of Ottawa	27, 500	58%	81%
Carleton University	18, 000	60%	84%
Algonquin College	13, 500	52%	73%
La Cité collegiale	2,600	39%	66%

source: transit usage data from 2003 and 2004 U-Pass surveys, Transit Services

The U-Pass would be a universal, premium fare pass, accepted on all OC Transpo and Para Transpo services including express and rural express routes. Para Transpo rural zone charges would not be included.

In 2010, market research will be conducted to gain a precise and accurate understanding of the student market, the amount of money currently paid by students to use transit, and the general receptiveness to a U-Pass. A joint committee of stakeholders, including student councils, will be created to design an appropriate U-Pass product and develop an implementation plan.

Many students in Ottawa reside in Gatineau; any U-Pass offer must necessarily be developed in conjunction with the STO.

If a U-Pass were to result in increased ridership, additional budget would be required to meet the demand for service.

4.6 EcoPass

Since the Federal Government of Canada introduced the EcoPass salary deduction program, subscription numbers and revenue level per month have significantly increased such that there are now well over 23,000 subscribers contributing nearly $2 million a month. Currently, EcoPass accounts for over 40% of all passenger revenue collected from the sale of adult passes.

In 2007, Council gave OC Transpo direction to reduce the 15% EcoPass discount rate to 12%. In 2010, the Ecopass monthly price would be adjusted to maintain this discount rate, which is still greater than the 10% EcoPass rate offered by STO in Gatineau.

EcoPass offers the convenience of salary deduction to transit users, and some certainty in terms of revenue collection to OC Transpo. In 2010, the EcoPass will cost about $36 more per year than the annual adult regular pass, which offers similar convenience, but requires full up-front payment at the beginning of the year.

When smartcards become available, long-term pass subscriptions like the EcoPass will be available to all customers.

5 Sales and Revenue

Transit revenues contributing to the revenue:cost ratio are derived from two funding sources:

i) the sale of fare products including photo IDs; and
ii) other transit revenue such as advertising.

5.1 Fare products

Based on the pricing, service design and marketing strategies outlined above, ridership and revenue targets for 2010 are forecast as follows:

Figure 5.1

Annual revenue and ridership targets by fare type, 2010

Fare Type	2010 Revenue Target ($ millions)	2010 Ridership Target (millions of trips)
Adult Regular Monthly Pass	$ 27.496	16.995
Adult Regular EcoPass	$ 12.325	8.142
Adult Express Monthly Pass	$ 8.101	3.623
Adult Express EcoPass	$ 11.389	5.706
Adult Rural Monthly Pass	$ 0.586	0.210
Adult Rural EcoPass	$ 0.780	0.318
Annual Adult Regular Pass	$ 0.053	0.452
Annual Adult Express Pass	$ 0.013	0.081
Student Regular Monthly Pass	$ 23.645	20.989
Student Express Monthly Pass	$ 1.631	1.250
Student Rural Monthly Pass	$ 0.088	0.051
Annual Student Regular Pass	$ 4.587	4.263
Annual Student Express Pass	$ 0.488	0.484
Semester Pass Regular	$ 4.731	4.806
Semester Pass Express	$ 0.799	0.692
Senior Monthly Pass	$ 3.239	4.390
Annual Senior Pass	$ 0.298	0.039
Senior EcoPass	$ 0.018	0.029
Community Pass	$ 1.577	2.381
All Cash Fares	$ 9.564	3.324
All Ticket Fares	$ 45.174	20.772
O-Train Ticket	$ 0.483	0.184
DayPass	$ 0.927	0.865
Other	$ 0.071	1.653
Photo IDs	$ 0.569	NA
Total	**158.632**	**101.699**

Note: 'Other' transit customers include: Canada Post Letter Carriers, OC Transpo Employees, OC Transpo Retirees, Police Officers, and CNIB Customers.

5.2 Average price

In early 2009, the average fare paid by riders had declined as a result of post strike incentive offerings to win back ridership. As monthly ridership returned closer to 2008 figures, and the July 1 fare increase took effect, the average fare towards the latter part of 2009 edged higher, ranging from $ 1.36 to $ 1.61.

In 2010, the average fare after July 1 is projected to be $ 1.63, based on the pricing and marketing strategies outlined in the 2010 Marketing Plan.

5.3 Other revenue sources

Business programs supporting and generating revenue other than fare-revenue include advertising, park & ride permits, charters and sundry items. The 2010 targets for these sources of revenue are as follows :

Figure 5.3

Non-fare revenue targets, 2010

Source	2010 Revenue target	Percentage of non-fare revenue
Advertising	$ 2,685,000	71.0 %
Park & Ride	$ 130,000	3.0 %
Charter Services	$ 215,000	6.0 %
Sundry	$ 756,525	20.0 %
Total	$ 3,786,525	100 %

Advertising

Advertising contracts for on-bus and bus-shelter advertising will continue to be the main source of advertising revenue for OC Transpo in 2010. The contract for on-bus advertising provides a fixed annual revenue amount, and was recently renewed to July 2011 with a 5% increase over 2009.

Other advertising opportunities exist on fare media, printed information products, and the octranspo.com website. Over 40 million bus tickets are printed annually, and 3 million pocket timetables, as well as hundreds of thousands of maps and brochures. With over 6 million visits annually, the octranspo.com website is one of the largest and most active sites in the Ottawa community.

The precise value of revenue opportunities in these various media has not been assessed. In 2010, expertise will be sought to evaluate ad revenue opportunities in such assets as tickets, passes, schedules, maps, electronic signage, web site, data use, event sponsorship, distribution capabilities and the sampling of products.

Park & Ride

Park & Ride revenue comes from the "Gold Permit" program, which allows transit riders to reserve a parking spot for a monthly fee. Until 2009, "gold" parking was limited to 20% of all Park & Ride space in any particular lot. A certain degree of over-subscription is permitted and closely monitored to ensure maximum use of available spaces.

Gold Park & Ride Permits continue to be popular among transit users - in September of 2009 the program had 285 monthly subscribers who contribute $90,000 in annual revenue. In addition, the Park & Ride lot at Baseline Station generates revenue of $40,000 annually, much of which is deferred to cover security and other maintenance costs associated with that particular lot.

At busy lots, marketing of the Gold Permit program and of high service levels at alternative locations is required to manage high demand and parking over-flows. Promotion of the Gold Permit program also may generate more revenue. However, a better understanding of the market segment using Park & Ride facilities is required before an effective promotional program can be developed. In 2010, this market research will be undertaken.

In 2010 it will also be determined through the Canada Revenue Agency if Gold Permit fees can be bundled with monthly passes in a manner that permits users to obtain the full transit tax deduction for both products.

Charter services

In 2009, charter services have been downplayed as a revenue source because bus availability during peak periods must take priority. Nevertheless, the provision of charter services is necessary during major city and convention events. Because the supply of this service is limited, prices can be increased in 2010 to better reflect market conditions and the cost of providing this service. Other charter entrepreneurs in this business sector will continue to compete effectively for this market.

Sundry revenue

Sundry revenue is derived from miscellaneous sources:

i) Visitor Passes

In the last several years visitor passes have increased in volume and price. The target market includes groups of students, tourists, conventioneers and volunteers. Pass price varies according to the size of the group and duration of the visit. In 2010, prices will be increased slightly to keep pace with the Daypass price.

ii) Pass protection

Pass Protection was first offered in 2003 as an option to purchasers of annual student passes. Prior to this, annual pass replacement was provided at a cost of $30.00, but this policy failed to address the risk of fraud as a result of pass replacement. In 2009, 80% of student annual pass purchasers opt to buy the $23 pass protection feature. For semester passes, pass protection is not optional, and is built into the price.

iii) Newspaper boxes

In recent years, free tabloids have received wide distribution across North America, and are largely dependent on public transit for their circulation. These tabloids are both a service to transit customers and a source of revenue for OC Transpo; notwithstanding that there are problems associated with litter, both in buses and on streets. In 2010, OC Transpo will continue with its newspaper program, which will generate $215,000 in annual revenue.

iv) Automated teller machines

In early 2003, OC Transpo partnered with Frisco Bay to provide ATM machines at 4 transitway stations. These ATMs generate $20,000 in revenue.

v) Convenience store outlets

Currently, five outlets operate at transitway stations. In October 2009, Quickie vacated the store at Baseline Station as a result of the interim station relocation. Remaining convenience store locations are:

- a Quickie store at Bayshore
- Gateway stores at Orléans, Blair, Hurdman and Lincoln Fields.

In 2010, Gateway stores will be asked to renovate some of these locations, and an RFP will be introduced to invite proposals to establish business services on the transitway including vending machines.

vi) Gift cards

The availability of gift cards has been successfully introduced by the Société de transport de l'Outaouais (STO) and other transit organizations. This option will be explored in 2010.

vii) Merchandise

In the past, several merchandising sales efforts have generated revenue, such as Greyhound bus tickets, leather pass holders, calendars, winter toques and even OC Transpo maps priced at $1. In 2010, there will be a renewed focus to develop more revenue streams through the Sales and Information Centres either through the sale of products such as transit souvenirs or through advertising partnerships.

6 COMMUNICATION STRATEGY

Communication efforts supporting the marketing plan are either:

i) part of a targeted marketing campaign that connects a specific, narrow market segment with a specific product offering; or
ii) part of a social marketing campaign that influences brand quality, image and reputation.

Most campaigns contain elements of both: for example, an event staged at the opening of a new park & ride lot will be targeted towards a specific subset of commuters in the vicinity of the lot. Media coverage of the event, however, might talk about the place of that lot within the City's broader transportation plan, or about the comfort provided by security features at all park & ride lots.

In both cases, regular 'commuters' - whether commuting to work or school or other regular daily activity - are the primary and most sought-after market segment. Once committed to transit travel, commuters contribute to sustainable growth in a travel routine which can potentially last for decades.

Targeted campaigns

Each new station, park & ride lot, rapid transit route, schedule increase or information service planned for 2010 is an opportunity to promote transit to potential new riders, or promote better service to existing riders.

Decisions about the relative convenience or inconvenience of transit are partly based on very specific, individualized travel options - for example, specific walking distances and conditions, particular departure and arrival times, travel times compared to a specific car trip, individual parking options, comfort levels on the bus or at a transfer location - and so on.

Informed decisions about the convenience of transit require access to this individualized level of information. This requirement tends to run contrary to the massive amounts of routing and schedule information which are published to riders and prospective riders.

A successful transit promotional campaign must therefore be targeted in a way that connects a specific, narrow market segment with a specific product offering: for example, employees at the General Hospital campus, connected with high-frequency off-peak service to the new Millennium Park & Ride lot in Orleans. Targeted marketing of transit services is effective because it offers customization to the individual's level - simple points of access to the service which eliminate the complexity and uncertainty of a large system.

Incentives such as coupons or prizes will be offered to encourage trial use of the service. A targeted incentive is generally followed by a targeted sales offer. For instance, a smartcard or EcoPass sales promotion and registration at the General Hospital would logically follow an incentive campaign in the example above.

Social campaigns

Higher-level social marketing initiatives are a necessary and effective strategy for supporting and encouraging decisions to try transit. Brand quality and reputation greatly influence consumers' decisions, through their view of the credibility of our service offers, their level of trust and confidence in our ability to perform, and through the degree of control and influence they feel they will retain over their travel experience.

Social marketing campaigns are planned for the fall of 2009 and early part of 2010 as part of the effort to recover riders lost as a result of the strike. Focus group testing in the summer of 2009 indicated that, at least initially, campaigns must limit any overt statements about service cost and performance, until credibility and trust have been restored in the perception of riders. On the other hand, campaigns cannot rely on general or emotional claims about the value of transit, until the ability to perform has been demonstrated. In other words, any claims must be earned, and that will take some time. Initial campaigns will therefore take an approach that differentiates transit from the alternative - car travel - and will rely on riders' established beliefs and expectations to influence their decision to try transit - or, in the case of ex-riders, to try transit again.

Subsequent campaigns will be designed to help re-integrate OC Transpo into the community, and will stake out a position where transit has a valued and integral role in individuals' daily lives. These subsequent campaigns will be combined with internal marketing efforts to describe and recognize the contribution of front-line transit employees.

6.1 2009 Service improvements

Transplan 2009 introduced new bus service in west Ottawa, Riverside South and eastern Orléans that is designed to be simpler and more reliable than the bus routes that operated previously. Marketing and communication efforts have concentrated on reaching commuters with the message that high-frequency, direct rapid transit service is now available.

In September 2009, major cross-town bus routes 2, 16, and 18, each operating at moderate frequency in the west end, were combined to create two high-frequency mainline corridors providing direct connections across town and to the Transitway. In Orléans, local services were similarly streamlined and simplified, and express routes were combined to form higher-frequency routes to downtown. These communities all benefited from a simplified service design, which provides each specific location with higher-frequency service on fewer numbered routes. One of the new routes - 99 - was created as part of the core rapid transit network. All travel corridors affected by these changes are now served by shorter, higher-frequency bus routes, which, even though they introduced a transfer for many commuters travelling to downtown, will improve service reliability and schedule adherence, and will not lengthen the overall travel time.

When bus routes and schedules are realigned in this manner, many of the benefits to riders are shared, and in some cases are removed from one rider to benefit others. Overall, the result is a more cost-effective and reliable service that, even indirectly, benefits all transit riders.

The new 2009 service was promoted through many OC Transpo communication channels: i.e., web pages, web-links from employer web sites, radio ads, pamphlets on buses, posters, maps and pamphlets distributed at work-sites, and notices and posters at on-street locations. Existing riders were reached through these media and the presence of customer service personnel and customized signage at Bayshore and Orleans Transitway stations.

6.2 Safety and security

A Transport Canada program initiated in 2007 has provided funding to OC Transpo and STO for a major communication campaign on the theme of transit security, designed particularly to:

i) raise awareness of safety and security measures already in place;
ii) reassure travellers that ample support is provided by personnel from all protective service agencies, including both transit agencies, police, medical and para-medical services; and
iii) raise awareness of potential security risks when travelling in public transit.

The communication program was scheduled for launch in January 2009, but was postponed to November 2009 due to the strike. The campaign will feature on-bus posters, radio and newspaper ads, and on-street posters. Community surveys will measure awareness and comfort levels before and after the campaign.

6.3 Customer appreciation

Customer appreciation events will be held at selected stations in the spring of 2010, featuring giveaways, prizes, and customer feedback opportunities.

6.4 Transitway signage

Wayfinding and identification signs in Transitway stations were redesigned in 2009, and introduced at St. Laurent and Bayshore Stations when new construction at those locations was completed in September 2009. This sign system reflects a new navigational model for rapid transit services, replacing the previous black-and-white design with greater use of colour, and greater use of 'named' travel corridors, as opposed to generic directions.

Field testing of the new system will occur in October 2009, and replacement of signs at other stations will continue after that. Capital budget is available to complete all stations in 2009 and 2010.

Transitway identity is not confined to stations and dedicated roadways: many Transitway 'routes' also provide service along bus lanes and on some major arterial streets. A design exercise will be undertaken in early 2010 to determine how bus stops and shelters can be modified at these locations to reflect the presence of rapid-transit service.

6.5 Web services

In August 2009, the octranspo.com website was reconstructed on a new platform which, in addition to offering a new design and focus, offers new services and functionality:

i) advances in mobile computing improve access to information for customers in transit, and have initiated the creation of a mobile 'community' sharing common transit interests and common technology, such as text-messaging.
ii) website users are able to explore transit content presented according to a community or event - and thereby avoid the vast amounts of transit information not relevant to the way they use the service.
iii) web-notifications such as e-mail alerts let riders receive transit service updates at the e-mail or text account of their choice, without having to actively visit the site.
iv) customized FAQ lists and comment forms have improved the method for capturing and responding to customer feedback.
v) video-based information

Overall, as these new capabilities are developed and promoted through 2010, the site will become more community-oriented, with active links to other sites, events and activities in Ottawa.

6.6 Park & ride

Two new park & ride lots opening in late 2009 and early 2010 provide new travel options for residents in the south and east. Commuters travelling to downtown Ottawa, Gatineau and Tunney's Pasture who need the convenience of their car for part of their commute - eg., shopping, or picking up children at school - neverthe-less may be attracted to a convenient, affordable bus trip for the other part of their commute.

Communications will consist of: local newspaper ads, roadside signs, opening event publicity, a radio promo featuring opening day giveaways, direct mail and household distribution of information and incentive coupons. Workplace messages will also be distributed through posters and web links at federal government locations and other major central area employers.

Messages will be directed towards commuters, and in addition to the travel conven-ience and affordability of transit, will emphasize personal and property security at the lots, and convenient association with commercial partners in the vicinity of the lots.

The Gold Permit parking service will be promoted in 2010, after market research is conducted.

6.7 Environment

Each year, OC Transpo participates in many environmental-oriented campaigns, events, and programs, such as Environment Week, Clean Air Day, and Car Free Day. In the past two years, other new programs have arisen in Ottawa, as many organi-zations and companies develop new 'green' initiatives. Transit is always an active and welcome participant in these events, and it is important to reinforce the social and environmental benefits of public transit whenever opportunities present themselves.

6.8 Cleanliness

Cleanliness of the travel environment contributes to people's overall comfort level, as well as their perception of the quality of our service. These perceptions are extend-ed to many other aspects of service delivery, including reliability and convenience.

In 2010, a campaign to improve and maintain a clean bus environment will be undertaken, which will engage transit riders, operators, and maintenance staff.

An advertising program with business partners such as Metro and 24 Hours will also be considered. These partners have both contributed in the past towards awareness programs on the subject of littering and bus cleanliness.

6.9 Events & community relations

Transit's relationship with community events and programs influences people's understanding and perception of the necessity of OC Transpo in the provision of mobility, and also of the place OC Transpo has as part of the community fabric. The marketing strategy in developing these relationships is to always attempt to define or position OC Transpo as "part of the destination", whenever people consider travelling in the city.

Strong partnerships and associations exist with festivals, sporting events and performance venues - eg., Scotiabank Place, the Senators, Lansdowne Park, the Ottawa 67's, the NAC, the NCC, Canada Day, Winterlude, Jazz Festival, Blues Festival, Folk Festival, and Tulip Festival. Requirements to provide service each year are an opportunity to reinforce OC Transpo's role and contribution, and also to introduce non-riders to transit in a context where it is relatively easy for us to deliver a positive travel experience. Parking challenges, costs, anxiety about unfamiliar travel, comfort and safety can all be addressed in a positive context which, potentially, opens the door to securing more regular transit travel.

The octranspo.com redevelopment in 2009 includes an effort to position the website as a portal or contact centre for numerous activities and events within the community, starting with the familiar large-scale events, but also extending to contacts and relationships at the neighbourhood level.

Staff will continue to participate in community outreach programs including information and customer service booths at community events and venues, and also our proactive 'school program' where security and customer relations staff promote transit and educate young riders about the service.

OC Transpo's Travel Training program provided individualized travel training to more than 2,000 new riders in 2009, building a strong and positive relationship with the community in Ottawa, removing pressure from Para Transpo, and improving mobility and quality of life for many individuals. The benefits of this program accrue to OC Transpo's image and reputation.

6.10 Transplan 2010

In comparison to Transplan 2008 and 2009, only a small number of route adjustments will be developed for Transplan 2010. These will accommodate service to new facilities - including plans for Park and Ride lots at Leitrim and Chapel Hill. Plans will also be developed that accommodate any redistribution of resources from low-performing routes to routes where demand and growth are high. Public consultation will begin in the early winter, 2010, culminating with new route implementation in September, or as construction concludes in the fall.

6.11 Management of front-of-bus seating space

The provision of priority seating areas on buses arose in 2008 as an issue that affects comfort, safety and ease of movement in the bus, as well as access to seats for those who cannot stand on a bus.

Policies and procedures around the definition and communication of this service were reviewed by transit operational staff in 2009. Recommendations have been developed for improving and expanding the service, and will be communicated as part of a campaign to raise awareness amongst all riders about the special needs of some travellers, and to reassure seniors and people with disabilities about the comfort and safety of OC Transpo travel.

Policies that apply to use of strollers and other large objects on the bus will also be clarified and communicated as part of the awareness campaign.

6.12 Customer feedback

One of the greatest challenges OC Transpo faces is communicating its successes to the public. The current customer feedback process notes and tabulates individual resolutions, without capitalizing on the trends that could lead to continuous improvement in the entire transit system. When system-wide improvements do occur, they are operationalized as a matter of course with no recognition for the work that brought the improvement to light.

A new customer feedback process to be implemented in 2010 will have a robust and active communication component using the new website. Besides FAQ's that are static, based on common questions from the public, we will also be posting types of complaints received with the continuous improvement resolution describing the analysis and action taken to identify and address the root cause of the issue. Statistics about the number of continuous improvement initiatives undertaken by various branches will also be posted so that the public, and employees alike, will see that positive changes are being made as a result of their feedback.

6.13 Consolidated point of contact

Telephone access to staffed and automated transit services are available through many different public phone numbers: 560-1000 for IVR service, 741-4390 for information, 842-3600 for customer service, plus different numbers for security, administration, accessible services, as well as Para Transpo information, registration, and booking.

Some or all of these services should be available through a single telephone point of contact, without the necessity of manually transferring callers from one service area to another. In 2010, technical options for consolidating telephone services will be investigated.

Any consolidation which can occur on the existing telephony base will result in a higher, more responsive level of customer service in 2010. Any system changes required will be identified for further consolidation in 2011.

6.14 Smartbus

Smartbus development will emerge in several service areas in 2010, and customers will begin to see the benefits of previous year's investment as front-line services are introduced. These include:

i) an automated next-stop announcement service that will result in a consistent, fully bilingual, reliable service that announces all approaching bus stops on a route. Visually impaired customers will have significant, direct benefit from the service, but new customers or customers travelling to new destinations will also experience a higher level of comfort and less uncertainty about the service.

ii) gps bus locations will eventually be available through several channels, including the 560-1000 IVR telephone system, sms text-messaging, video-displays in transit stations, and via the octranspo.com website. In 2010, the first of these channels will be provided.

iii) Presto smartcards will be introduced to OC Transpo customers in 2011. An implementation plan will be developed for the Ottawa market in 2010, based on the results of Presto smartcard pilot projects and product roll-outs to be conducted at several transit agencies in the GTA in 2010.

iv) OC Transpo's automated trip planner has been available since August 2004 on octranspo.com, and is used by approximately 12,000 people each day. In early 2010, STO in Gatineau will also offer an online trip planner, in a format that can be integrated with OC Transpo's. Customers will be able to use either website to plan a continuous trip using buses from both transit companies. This single point of service will also be available to agents working in each transit call centre, simplifying access to transit for riders from both cities.

6.15 Christmas food drive - 25th year

OC Transpo's annual Christmas food drive is one of the year's biggest events for the Ottawa Food Bank. In addition to supporting the Food Bank, this event reinforces the positive and integral role OC Transpo has within the community, builds staff morale, and generates goodwill amongst riders.

In 2009, the 25th anniversary of the food drive will be recognized and promoted, celebrating the important contribution of this event and, hopefully, setting new records for food donations.

6.16 Photo ID sales outlets

In September and October, lineups at OC Transpo Sales and Information Centres create unacceptably long wait times and inconvenience for many customers. In 2010, three initiatives will be undertaken to address this problem:

i) discounted PhotoID price will be offered to students who renew their ID in the spring, instead of the fall;
ii) more temporary staff will be hired during the peak fall month;
iii) community pass purchasers, who have no alternative vendor locations, will be provided with access to an express-wicket.