



Customer Service and Operations Committee

Board Information Item III-A

March 12, 2015

Business Partnerships and Encouraging Off-Peak Ridership

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201374

Resolution:
 Yes No

TITLE:

Business Partnerships and Transit Advertising

PRESENTATION SUMMARY:

Staff will provide an update on WMATA's programs that promote ridership through destination and event marketing, and SmartBenefits programs, as well as advertising revenues and information opportunities from the new transit advertising contract.

PURPOSE:

- Provide an overview of Metro's partnership marketing efforts to encourage ridership
- Preview digital advertising pilot program

DESCRIPTION:

Metro's Customer Service, Communications and Marketing department uses its assets to barter added value for riders with deals and discounts, promote ridership to local and regional destinations and events, and support core services by delivering increased revenue through transit advertising. Further, it works with employers throughout the region to grow SmartBenefits programs that make transit commuting more affordable and convenient for riders.

Key Highlights:

- Metro has partnered with regional sports, entertainment, and tourism destinations, as well as conventions and special events to promote ridership.
- Last year, such marketing partnerships resulted in an average ridership increase of four percent for participating destinations.
- More partnerships are coming in 2015, including major retailers, who will provide Metro riders with discounts when they show their SmartTrip® card.
- Specially branded SmartTrip® cards with promoting Zoo animals and the Van Gogh exhibits were extremely popular – over a million sold – and riders keep them on average for more than four years in their wallets.
- Despite the adverse impact of anti-transit tax policy, Metro increased the number of employer SmartBenefits programs last year by more than five percent, largely along the new Silver Line.
- Metro is going to begin selling digital advertising in eight stations this spring, to increase commercial revenue that supports train and bus service.

Background and History:

Apart from SmartBenefits, Metro's marketing department historically did not proactively seek partnerships. By working with destinations, venues, sports teams, and event promoters -- largely through barter arrangements -- Metro has leveraged the marketing efforts of regional organizations to encourage transit use for non-commuting purposes, increased off-peak ridership, and generated good will in the communities we serve by making Metro an integral part of the region's events and tourism economic opportunities.

Now in the second year of the program, Metro has begun to document success, creating a baseline against which to measure trends and predict outcomes that enable the Authority to forecast additional (non-commutation) revenues.

Additionally, Metro is now in its second year of business plan goals for the expansion of SmartBenefits programs. In 2014, SmartBenefits accounts expanded by more than five percent, to 315 total accounts, following a dedicated effort to enroll employers along the new Silver Line.

In addition to ridership generation, marketing also contributes about \$20 million annually to the support for core bus and rail services through the sale of outdoor advertising in the transit system. This advertising includes bus exterior and interior signage, rail car interior signage, and station displays.

A new contract for the sale of advertising was awarded to CBS Outdoor, now OutFront Media, that took effect July 1, 2014. That contract provides Metro with a minimum annual guarantee of about \$20 million (annual average over life of contract, vs. last contract average of \$8 million), and an upside revenue sharing above the guarantee of 68 percent.

As part of the new contract, OutFront will pilot digital advertising displays (10 signs in eight rail stations). The expense for the displays and the installation is funded by OutFront, which will recoup their investment through revenue from the sale of digital ads.

Discussion:

The criteria used by the Marketing staff to identify partnership opportunities include:

- Promoting ridership on Metrobus and/or Metrorail to local and regional destinations and special events
- Engaging Metro in the communities we serve and add value to the price of a trip on the system for riders
- Relying upon bartered services to be cost-effective

Over the last year, the five partnerships that grew in terms of ridership were the NBC4 Health and Fitness Expo, with 17 percent increase in actual ridership at Mt. Vernon Square station from the previous year's two-day event; Adams Morgan Day, 16 percent increase in actual ridership at Woodley Park station over the prior year; FloFest, nine percent increase in actual ridership at Anacostia station; and International Festival Prince George's County, one percent increase in actual ridership at Largo Town Center from same weekend the prior year.

Metro and the Tysons Partnership teamed up on a number of events last year, including the Tysons Job Fair, Beer and Bourbon Festival, Silver Line Music, and the Food Truck Festival. During the holiday season, the “Silver Saturday” promotion allowed Metro customers to use their SmarTrip® cards at select retailers, restaurants and local hotels in the Tysons Corner area to receive discounts every Saturday between November 29 and December 20, 2014. During Saturdays in December, there was a 16 percent increase in actual Saturday ridership at Tysons Corner station compared with Saturdays in November.

Ridership to Tysons Corner station on each of the three Silver Saturdays in December exceeded ridership on all previous Saturdays following the opening of the line.

Our customer research on this promotion showed that about half of SV riders were aware of the promotion, and of those, 84 percent said they would use their SmarTrip® card at retailers for the discount.

Metro is working on both return and new partnerships for 2015 with local retailers, the Board of Trade, Destination DC, the Hispanic Chamber of Commerce, and the Cherry Blossom Festival.

SmartBenefits outreach to employers is also underway this year, and our goal is to continue to enroll new employers, despite the anti-transit tax policy that makes parking more affordable than transit. There are currently about 250,000 employee participants in the SmartBenefits program. The 2015 recruitment goal is 325 new participants, which is three percent higher than the number of new participants recruited in CY 2014. The following SmartBenefits strategies are planned to increase participation:

- Promote the SmartBenefits parking benefit along with the transit benefit in Metro parking service areas that have capacity.
- Planning will conduct analysis of urban employment areas that have access to Metrorail service but have low entry and exit numbers. A list of employers in those areas will be provided to the SmartBenefits team to contact about commuter program benefits for the employer and employees.
- SmartBenefits sales team is partnering with the District’s goDCgo transit demand team to enroll District employers with at least 20 employees in the SmartBenefits program to comply with the District of Columbia Employer Transit Benefit Ordinance by January 1, 2016. The ordinance calls for District employers to provide access to a pre-tax or employer-paid transit benefit program. Outreach tactics to inform and enroll employers include: blog posts, email blasts, employer seminars, evening house events, webinars, Metro system ads and community outreach.

Finally, with our new outdoor advertising contract, Metro will be trying new digital displays in eight stations to generate more revenue. Utilizing existing Map kiosks – System Maps and Station Area Maps – 10 digital displays will appear in eight station mezzanines, replacing wall mounted 72” digital panels.

FUNDING IMPACT:

| | |
|---|--|
| Increase to operating revenues through fares and advertising sales. | |
| Project Manager: | Lynn Bowersox |
| Project Department/Office: | Customer Service, Communications and Marketing |

TIMELINE:

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|---|---|
| Previous Actions | No previous actions to report at this time. |
| Anticipated actions after presentation | Expanded partnership commencing in 2015. Digital advertising project launches in 10 stations this spring. |

RECOMMENDATION:

This is an information item.



Washington Metropolitan Area Transit Authority

Marketing Partnerships and Transit Advertising

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Marketing Partnership Agreements

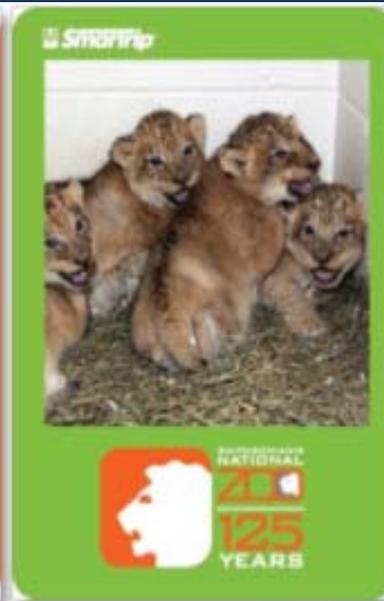


Van Gogh Repetitions
The Phillips Collection
October 12, 2013 - January 26, 2014





Partnership Successes

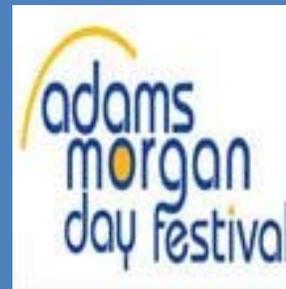




2014 Partnership Results



17% 
in ridership



16% 
in ridership



9% 
in ridership



1% 
in ridership



Silver Saturday Results



Ridership at Tysons Corner Station up 16% for Saturdays in December compared to November

Tysons
C O R N E R
C E N T E R



Returning Partners





Upcoming Partnership Deals





More in the Pipeline





SmartBenefits Growth

- 5% Account growth in 2014 – Silver Line
- 3% Growth goal for 2015

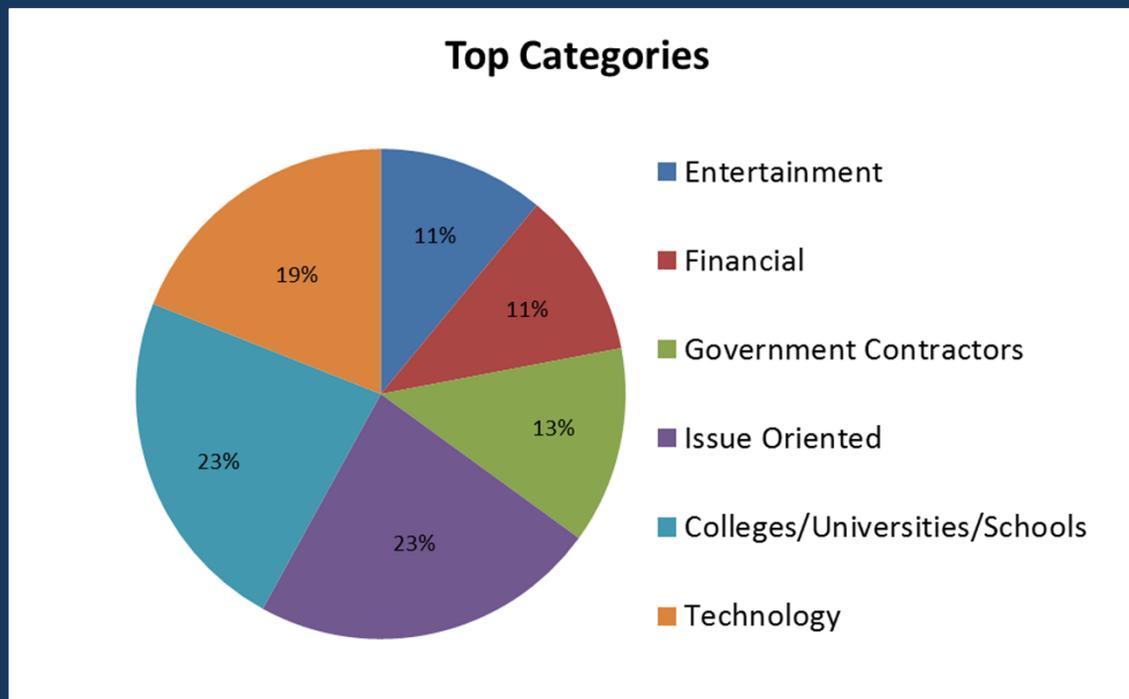




Transit Advertising

- Effective FY15, new minimum guarantee of \$20.7 million annually

2014 Metro Transit Advertising Source





Station Dominations





Digital Advertising Pilot



Pilot to include
10 digital screens
in 8 Metrorail stations

