Mason City Transit Consulting

Final Report

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Prepared by:

Luke Marita-Davis
Tyler Madigan
Roxanne Tang
Josh Sapp

Assisted by:

John Engel
Bob Walker
Travis Kraus

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1.0 Executive Summary

Transit Consulting is a group of students from the University of Iowa Entrepreneurial Management Institute. The team was tasked with finding strategies to increase overall usage of Mason City Transit. After conducting research, our team looked for common threads and trends among experts, drivers, and riders. The team also researched secondary data to look for potential solutions. Our secondary and primary research led the Mason City Transit Consulting team to focus on the importance of enhancing overall marketing efforts through utilizing social media and adding necessary signage. We analyzed the effectiveness of cross-branding and incentives, as well as making operational improvements. The overall themes have been visibility throughout the community and an enhanced rider experience. Giving riders and potential riders as much certainty, visibility, and comfort as possible is crucial in retaining and acquiring customers.

2.0 Project Purpose

The purpose of the project was to find effective strategies to increase bus ridership in the Mason City Area. Mercy Medical and North Iowa Community College were two areas we were asked to focus on. As a business consulting course, the purpose of this project was also to give students hands-on experience in the consulting world, and an opportunity to apply the knowledge and skills gained with actual clients.

3.0 Company History

Mason City Transit has been a staple of the Mason City area for years, serving a diverse population of riders. From the elderly, to the disabled, to college students, offering affordable and effecient service has been their calling card. Patricia Otto, Mason City Transit Manager, and

Steven Van Steenhuyse, Director of Development Services have worked to create a family-friendly culture within the transit system and a tight-knit community for area transit riders.

4.0 Environmental Analysis

4.1 SWOT Analysis

Strengths:

- Transit Manager interacts closely with passengers and drivers (Otto, 2016)
- Willingness to change (Otto, 2016)
- New manager whose time will be split 75% transit/25% Safety. Current manager is 25% transit (Otto, 2016)
- ADA accessible (Van Steenhuyse, 2016)
- Send multiple buses on West Central route (Van Steenhuyse, 2016)
- Good sense of who current riders are (Van Steenhuyse, 2016)

Weaknesses:

- 1 full-time employee, 17-part time (including the 16 drivers) (Otto, 2016)
- No uniforms for drivers – would give a more professional appearance (Otto, 2016)
- The current Transit Manager is also in charge of several other areas outside of transit; this will not be the case with the new manager who should come on board January, 2017 (Otto, 2016)
- Transit Manager is not a Transit Planner. There is no Transit Planner in office (Otto, 2016)
- No current marketing efforts (Van Steenhuyse, 2016)
- Not reaching NIACC students (Van Steenhuyse, 2016)
- Not reaching Mercy Medical employees (Van Steenhuyse, 2016)

Opportunities:

- Mobile applications to provide riders with arrival times, route information, and real-time bus position data
  - o In a 3 year study, Candace Brakewood of the City College of New York, analyzed ridership patterns in NYC after a real-time transit application was

implemented. The application led to a 2% ridership increase, which equals upwards of $6.3 million in new revenue over the three-year study period (Brakewood, 2015)

- Tailoring routes towards work commuters, and a continued expansion of bus hours

    - Central Community Transit in Willmar, MN surveyed 235 riders about their CCT experience. Many wanted expanded hours on nights and weekends, to get to and from work (Bolta, 2015)

- Targeting NIACC students, and Mercy Medical employees to increase ridership

- Pres. Obama signs 2015 bill to increase public transit funding

    - $49 billion increase will allow transit systems to enhance rider experience, convenience (WSJ, 2016)

Threats:

- The market may be too small for a real-time bus tracking application

    - *"We implemented 'Where's my Bus?' a year ago, and people just aren't using it."* – John Griffin, Program Coordinator for Clinton Transit

- Crude oil prices are expected to drop throughout 2016-17

    - As oil prices decrease, public transit ridership often decreases too (IBISWorld, 2016)

- Struggling economy

    - Fortunately unemployment has been on the decline; but if it does increase, ridership could drop

        - When unemployment falls, transit ridership increases; when it rises, ridership decreases (IBISWorld, 2016)

- Poor perceptions of public transit

    - Potential riders may have negative preconceptions about riding buses (Van Steenhuyse, 2016)

- Other forms of low-cost transportation could reduce public transit ridership

    - Biking, walking, carpooling

4.2 PEST Analysis

Political:

- City Council governs transit based on recommendations from Neighborhood Services and Transit Manager (IowaDOT.gov).
    - Mason City Transit administration has less autonomy
- Increase in minimum wage in Iowa (ICgov.org)
    - While budgets for wages increase, revenue from ridership has not
- Funding availability (IowaDOT.gov)
    - Requests ignored unless it becomes a community issue
    - Amount of rides is consideration for funding from the Iowa Department of Transportation

Economic:

- Mason City Transit's fare remains the lowest in the state at $0.50 per ride (Otto, 2016)
    - Rider fees are a valuable source of funding for Iowa Public Transit
    - Revenues from rider fees cover on average 12.8 percent of total public transit operating costs in urban areas (IowaDOT.gov)
- Mason City Transit's night bus service (Skipper, 2015)
    - Second shift workers
    - Students at NIACC taking night classes
    - Boost to overall local economy

Social:

- Timeliness is key (Otto, 2016)
- Free parking is provided in employee lots for Mercy Medical Hospital
    - Three main parking ramps
- Mature industry market (IBISWorld, 2016)
    - Public transit systems haven't changed much economically
    - Revenue grows at economy pace
- Approximately 400 students live on NIACC campus in our lakeside student housing facilities (built in 2014)
    - The Fall 2014 headcount was 2,950 students
    - Room for using Mason City Transit (Van Steenhuyse, 2016)

Technology:

- Uber was the first company to be authorized by the California Division of Measurement Standards (DMS) as providing a reliable and accurate way to recommend fares using GPS data.
- Cambus uses an application through bongo
- Cyride uses an application through NEXT BUS
- Mason City Transit does not use any social media or transit application
    - Clients are open to using Facebook, Snapchat, Twitter, and any free applications to gain more ridership through marketing on social media (Van Steenhuyse, 2016)

5.0 Benchmark Analysis

Mason City Transit Consulting performed a benchmark analysis in order to better understand how Mason City Transit could gain a competitive advantage, as well as avoid pitfalls, and take advantage of opportunities. The team looked at five Iowa transit systems with comparable markets. These cities included: Burlington, Clinton, Ottumwa, Fort Dodge, and Marshalltown. Transit Consulting looked at several elements among each transit system, and developed a best practices matrix. These elements were chosen based on our primary and secondary research. Specifically, looking at cost to ride, the use of rider incentives, social media presence, and use of technology.

Mason City Transit Consulting immediately noticed a significant lack of social media presence, and use of technology. With the most affordable fares in the state, we saw technology as an unfeasible investment for Mason City Transit. Further, after interviewing John Griffin, Operations Coordinator for Clinton Transit, we learned the use of technology—specifically transit applications to provide real-time data—was not as effective in smaller communities. Although Clinton Transit's "Where's my Bus" technology was implemented just a year ago, Griffin admitted, "*people just aren't using it*." However, social media presence seems to be a win-win, and an affordable alternative to costly technology. Griffin also reiterated the importance of posting pertinent rider information on social media. The use of Twitter and Facebook could create a tangible competitive advantage for Mason City Transit.

Best Practices Matrix (Iowa Transit Systems)

Transit System	Market Size (City Population)	Fare cost per trip	Monthly pass cost	Incentives	Facebook	Twitter	Use of Technology
Mason City	27,366	$0.50	$17	N/A	N/A	N/A	N/A
Clinton	26,064	$1.00	$30	Punch card	Yes	N/A	"Live Map" Where's my bus?
Marshalltown	27,620	$1.00	$35	Punch card	N/A	N/A	N/A
Burlington	25,410	$1.25	$25	N/A	N/A	N/A	N/A
Ottumwa	24,624	$1.50	$30	N/A	N/A	N/A	N/A
Fort Dodge	24,649	$1.50	$38	N/A	N/A	N/A	N/A

6.0 Methodology

In order to complete our objective—which was finding strategies to increase Mason City Transit ridership—we began building a pipeline of expert interviews to formulate methods to reach our target markets, NIACC students and faculty, and Mercy Medical employees. We then conducted further research to understand the best way to reach out to students and faculty at NIACC. For students, Facebook and Twitter were the answer. Research showed us that millennials were best reached by technology. A booklet entitled, *Top Five Pieces of Transportation Advice from Industry Experts,* explains that 83% of millennials have smartphones and use them daily for number of things. We quickly learned in today's world it is important to be active on social media. You can provide key information to improve services, identify immediate issues and other problems you may have. An excerpt from the same booklet states, *"Social media is where I find out if the app isn't working, or if their buses bus isn't on time…"* (Smith, 2015).

Mason City Transit Consulting also looked at five comparable Iowa transit systems. Those transit systems included: Burlington, Clinton, Fort Dodge, Ottumwa, and Marshalltown. We also used our expert interview data to better understand potential opportunities and threats. Mason City Transit Consulting began by analyzing the transit systems in each respective city to find similarities and differences. Through interviews, and public information regarding each transit system, like pricing, social media presence, and use of technology, Mason City Transit Consulting gathered data in order to develop a benchmark analysis and best practices matrix.

We then began to research social media use within transit systems, and its overall effectiveness in customer retention and acquisition. We gathered data that illustrates how important social media is in learning what the current/potential riders like/dislike about their transit system. We then interviewed experts in the transit industry and bus drivers employed by Mason City Transit. These experts illustrated how social media can be an effective tool for transit systems, both large and small. We then synthesized this data to back up our findings, results, and recommendations for Mason City Transit. We also spoke with current customers to gain insight on what they value, using what we learned from our expert interviews to develop questions. We learned access to route information, fare prices, and other pertinent information is crucial for people using transit systems, and especially potential riders, new to Mason City. Social media is a great way to keep riders up-to-date with the bus arrivals, possible delays, and other independent variables.

We also utilized mentors throughout the project. Travis Kraus, Assistant Director for the Iowa Initiative for Sustainable Communities, assisted our team throughout the semester and during our trip to Mason City. Throughout the project, Travis provided his professional input, as well as helped us stay on track. He also assisted us in setting up expert interviews and meetings

with Mason City employees when we made the trip to Mason City. The ability to conduct these interviews gave us information to understand actual ground work and help us narrow down how people move around the area. Mason City Transit Consulting's other mentor, John Engel, also worked closely with the team throughout the semester. Engel—our professor as well as a experienced consultant—connected us with well-respected experts in the transit industry all over the United States. Engel also gave us constant feedback and assistance on each piece of our final project.

We later created a survey through Qualtrics to post on the North Iowa Community College Facebook and Twitter page. The survey was centered on how much college students know about the transit services offered, what attracts college students to transit systems, and how to best disseminate the information each student needs to ride. After we discussed deployment methods with a North Iowa Community College representative, an online survey made sense for all parties. Especially considering only 400 students live on campus despite nearly 3,000 students attending the college. Results were pending at the time the report was submitted with the intention that they would be provided at a later date..

In order to find strategies to reach Mercy Medical employees, we contacted, and later interviewed their Marketing/PR Specialist, Angie Creger. In our interview, we gathered invaluable information about employee demographics, and psychographics. This interview also helped us understand why Mercy Medical employees aren't using Mason City Transit.

Throughout the project, our team also conducted secondary research through University of Iowa's online databases, like IBISWorld. We were able to find industry trends, critical demographic information, and key competitor information. We also found several studies that ultimately supported our final recommendations. This research allowed us to better understand

both the internal and external environment, and what our project would become, providing data for our analysis.

7.0 Findings and Results

7.1 Social Media in Transit

Social media was a frequent recommendation that was made in order to increase ridership and improve public image and visibility. "*Social media has become mainstream. That is where public transit systems need to be. It is important to invest time in social media and interact with customers,*" said Ryan Ward, the Transit Programs Administrator for the Iowa Department of Transportation. It is an easy way to access information about a public transit system, and is oftentimes more convenient than calling or finding a website. Riders also expressed interest in a social media page. Riders like Greg Bailey—current rider and Director of Enterprise Applications at NIACC—recognized it as a source for giving feedback. Something that is important to consider in doing this is that customers would not necessarily take their time to post if their experience went well. Nevertheless, it would be an effective outlet for recommendations and improvements.

7.2 Cross-Branding and Incentives

While riding both the Northeast route, and West Central routes, we asked 10 riders about possible incentives. All riders were in favor, and said they would utilize incentives, even if small. After asking current transit rider, Greg Bailey, he explained "*I don't use a monthly pass because it doesn't make sense with the amount I ride, but if you were to offer a discount at Hy-Vee I'd be willing to ride the bus more.*" Rachel McGuire, Director of Enrollment Services at NIACC also

enjoyed the idea of partnering with area businesses to incentivize riders to use local businesses more, and business regulars to utilize public transit more. *"Partnering with someone like Hy-Vee would be a good idea, and I think students would use discounts, and it might help overcome some of their negative perceptions about public transit."* Another current rider and NIACC student added, "*Yeah if you gave me something like a 5% discount at Hy-Vee or Wal-Mart, I'd ride more."* Incentives are currently being used in many transit systems around the country. Brent Paulsen—Research and Technology Manager for Iowa Department of Transportation— explained Des Moines has had success using coupons.

7.3 Signage Improvements

In our interview with Rachel McGuire, she talked about students perceiving transferring buses as *"scary"* and that many students weren't typically aware of arrival times, routes, and how to attain this information. She mentioned adequate signage as a possible solution. McGuire also emphasized the importance of signage at bus stops. She mentioned an influx of international students without transportation, and simple signage could potentially reach into that untapped market. Greg Bailey agreed adding, *"If I'm a new student, how do I know a bus is even coming to NIACC? It would be as simple as putting a sign with the arrival times."*

The two drivers we interviewed also explained that people often flag them down, rather than waiting at a designated stop. Our team immediately saw this as problematic. A new customer has no way of knowing these established norms, and signage could fix this problem. Drivers could continue to allow riders to flag them down, adding a personal touch to the service, but making services, incentives, and other relevant information visible is crucial according to our research. Ryan Ward added that *"the most cost effective way to reach the most potential riders is through advertising/pamphlets at the locations that riders go."* Places such as libraries,

grocery stores, clinics, large places of employment and student populated areas such as dorms and sporting events were all recommended locations to provide pamphlets for potential riders.

7.4 Operational Improvements

As Mason City Transit Consulting conducted interviews with Mason City Transit riders and drivers, along with experts in the industry, minor operational improvements appeared to be a feasible strategy for enhancing the rider experience, and ultimately, increasing ridership. After one current rider mentioned drivers using inappropriate language, we began to search for cost effective ways to quell this behavior. Although the rider raved about Mason City Transit, stating, *"I love the service, and most of the drivers couldn't be nicer."* He had a few concerns as well, explaining, *"I wouldn't feel comfortable bringing my son on board at certain times, sometimes the drivers don't act very professional."* He is someone who uses the bus service frequently and felt that the drivers having uniforms and taking behavioral classes would create a more professional environment. This rider also mentioned that the bus he takes doesn't always completely finish the route, and he has been stranded on a couple of occasions, having to call the service and ask a driver to come pick him up. This is something that can also be addressed with professional bus driver training. In our interview with Rachel McGuire, a NIACC employee, she also mentioned negative perceptions of public transit as a barrier to increasing ridership. Establishing a professional environment could help fight these perceptions.

7.5 Further Study

Jeremy Johnson-Miller, Transit Programs Administrator/Statewide Mobility Coordinator for the Iowa Department of Transportation, indicated that there is a direct correlation between

employing a Mobility Coordinator and increased ridership. A mobility coordinator can be utilized to "*work with and educate the community about what transit options are available.*" This position can be used as outreach for the community, NIACC, as well as neighboring businesses. One example of a program being developed by the mobility coordinator in the Decorah Area is called the "Transit Buddy" program in which local students train and pair *"with new riders, until they can learn how to ride the bus on their own.*" The students are able to count this towards volunteering credits for their classes as incentive to participate. Due to time restraints, the team was unable to support any recommendations for the implementation of a Mobility Coordinator. However, we do suggest further research.

8.0 Conclusion

Utilizing social media appeared to be a cost effective and efficient communication outlet for reaching a vast market of customers. In interviewing various categories of individuals relating to the transit industry, it was clear that they had all recognized a need for it. Social media is a versatile aspect of marketing and outreach. It can be used as a source of feedback, surveying, information regarding events/ activities within the communities, schedules, route maps, and even a contact source for the transit system. In implementing the use of social media, Mason City transit would be able to reach multiple objectives using one source.

Signage improvements are a small and almost unrecognizable, yet substantial improvement that could be implemented for Mason City Transit. Increasing visibility and simplifying the process of finding basic route information is a simple step to attracting a larger volume of customers.

Cross-branding and incentives would not only be a useful marketing strategy, but a way to enhance public image as well. Collaborating with other local organizations can assist in the expansion of Mason City Transit's customer base to areas that have not been targeted before. It is a free ticket into other markets that are not directly related to transit. In offering small yet influential benefits such as discounts or class credits, it is providing incentive for public transit to members of other organizations and is simultaneously working on public image.

Our research also suggested making some operational improvements could be a cost-effective strategy to improve Mason City Transit, and ultimately, increase ridership. The implementation of driver uniforms, and behavioral training, would likely influence professionalism, and enhance rider experience. Transit Consulting has recognized these findings regarding social media, sufficient signage, cross-branding and incentives, and operational improvements to be of the most reasonable and simplistic, yet effective in increasing ridership, and making a greater appeal to potential customers.

9.0 Appendix

Social Media example 1 (Iowa City Transit)

Social Media example 2 (Iowa City Transit)

a. Signage - When talking with some of the bus drivers and current riders of Mason City Public Transit, we learned that there was little to no signage along each route.

      i. Local Postings - bus stop signage is prevalent in most mid to large sized markets. In cities as small as Iowa City, and as large as Minneapolis, there is signage at every stop. Bus stops in Minneapolis even have estimated arrival times on each bus stop, giving riders the knowledge and comfort they deserve. (See Signage Example 3) Iowa City Transit utilizes less detailed signs, but they still give first time riders the bus stop location, and the necessary contact information to find arrival times. (See signage example 1 and 2) After talking with some of the current riders and bus drivers, and looking at the prevalence of signage around the country, we recommend local postings to be implemented in high-traffic areas—such as NIACC—around Mason City.

Signage example 1 (Iowa City, IA bus stop)

Signage example 2 (Iowa City, IA bus stop)

Signage example 3 (Minneapolis, MN bus stop)

2. Incentives

    b. Coupons – coupon implementation was well received among current riders and by employees at NIACC. Angie Creger, Marketing/PR Specialist at Mercy Medical, also cited coupons as a viable strategy to acquire Mercy Medical employees. NIACC employees we spoke with also suggested that a partnership with Hy-Vee would be viable strategy to encourage more students to ride the bus. Coupons could be an idea for other potential partners as well, but we specifically recommend Hy-Vee because it was a name that got brought up more than others.

    c. Frequent-ridership punch card – We recommend rewarding frequent riders with various prizes—potentially provided by partnering businesses—after a set amount of rides. This could boost incentive to
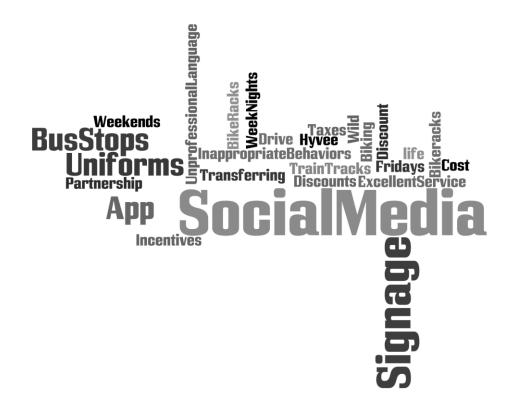
utilize the service, as well as open up local advertising and cross-branding opportunities.

3. Operational

    d. Uniforms - bus drivers in Mason City, as well as current and potential riders all mentioned the idea of bus drivers having some kind of uniform to give the position more professionalism. A 1993 study entitled, *The Effect of Employee Uniforms on Employee Satisfaction,* found that "*a functional, nicely fitted uniform of appropriate design can help an employee feel good about the job."* The study also explains, *"Researchers dealing with the congruency of an organization's messages, such as Rafaeli, note that the appearance of all aspects of service should be coordinated so that the service context is obviously a complete package. Uniforms must be part of that coordinated message"* (Nelson and Brown).

    e. Training - When talking to a frequent rider, we received complaints about drivers using profane language on occasion. Training would be an effective way to combat that problem, as well as strengthen rider experience.

Miscellaneous - Mason City Interviews

    f. Word Bubble - After conducting interviews in the Mason City area we created a word bubble that depicts the most commonly used words in response to our questions. Below is the word bubble we created.

Miscellaneous - NIACC Survey

Q1 I am...
- ○ a student at NIACC
- ○ a faculty member at NIACC
- ○ an employee at Mercy Medical
- ○ no answer
- ○ other (please specify) _____

Q2 What is your primary source of transportation?
- ○ Walking
- ○ Biking
- ○ Driving
- ○ Car-pooling
- ○ Riding the bus
- ○ No answer
- ○ Other (please specify) _____

Q3 How often do you use public transit?

○ Never
○ Rarely
○ 2-3 times a week
○ Daily
○ No answer
○ Other (please specify) _____

Q4 What is your primary use for public transit?

○ Getting to and from work/school
○ Shopping
○ Visiting restaurants
○ No answer
○ Other (please specify) _____

Q5 What barriers prevent you from using public transit?

○ None, I do ride public transit
○ I prefer other modes of transportation (driving, biking, walking)
○ I don't feel comfortable/safe riding the bus
○ I don't live along bus routes
○ I don't have knowledge of bus routes, arrival/departure times, bus stop locations, or fares
○ No answer
○ Other (please specify) _____

Q6 How often do you consult social media platforms for information?

○ Never
○ Rarely
○ Sometimes
○ Often
○ Daily

Q7 When you use social media platforms for getting information, which do you consult to most?

○ Facebook
○ Twitter
○ Instagram
○ Snapchat
○ Other (please specify) _____

Q8 What time does the bus arrive at your location?

Q9 How much does the bus cost per ride? (Example: $0.30, $0.70, $1.00)

Q10 How would/do you find information about riding the bus? (routes, bus fares, bus stops, arrival/departure times, holiday cancellations)

Q11 Would you refer a friend to ride Mason City Transit?
❍ Yes
❍ No (please specify) _____

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