

Direct-Mail Marketing to New Residents

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In January 1989, Tri-Met began monthly direct-mail marketing to new residents in 24 target zip codes that were selected for their excellent transit service. Each month, new residents in these zip codes are sent a direct mail packet containing a coupon for 10 free Tri-Met tickets. One-half of the packets also contain an offer for Tri-Met to plan a transit trip of the respondent's choosing. The purpose of the promotion is to capture new riders and retain persons who rode transit before moving at the same or higher riding frequency. Nonriders and those whose riding frequency declined after moving were sent an additional offer of discounts on a monthly pass and Tri-Met tickets and a coupon for a free Transportation Guide. A direct-mail survey to evaluate the promotion was sent to respondents to the January and February 1989 mailings. Key findings from the study were as follows: (a) the original offer received a 30 percent response; (b) over one-third of nonriders before the promotion rode Tri-Met at least twice in a month following the promotion, including 17 percent who rode 7 or more times; (c) more than half of those who were transit riders before moving were retained at the same or greater frequency. The promotion's success demonstrates that moving is a prime time to effect changes in modes of transportation. This promotion succeeded because Tri-Met carefully selected the target market and promoted a good product by providing it to persons at a time when they were making major lifestyle changes.

Every year, thousands of people move into new residences in the Portland metropolitan area—from outside the area and from within. Some of these persons use transit, some have used it in the past, and some have never used it. In January 1989, the Tri-County Metropolitan Transportation District of Oregon (Tri-Met) launched a direct-mail marketing campaign targeting these new residents. The idea behind the campaign was to market transit to persons at a time when they were making major lifestyle changes. This time seemed a golden opportunity to capture new riders and reinforce riding behavior among those who used transit before they moved. The promotion and the results of evaluative research are described.

PROMOTION DESIGN

Tri-Met selected new residents in 24 zip codes as the target audience for the promotion. The zip codes chosen were those with particularly good transit service. Tri-Met chose these zip codes because the agency wished to eliminate as many barriers to riding (including inconvenient service) as possible to elicit the greatest response. A mailing house in Philadelphia that specializes in new-resident promotions was hired to obtain the names and addresses of new residents in the target zip

codes and to mail promotional packets. Each month, Tri-Met sends the promotional packet to persons moving into the selected zip codes. At the onset of the promotion, Tri-Met sent packets to all persons who had moved into the area within the past 6 months.

The promotional packet contained the following:

- A letter outlining the personal benefits of riding transit,
- A packet of information about riding Tri-Met, and
- A response coupon that could be redeemed for 10 free Tri-Met tickets.

A short survey to elicit cursory information about the respondent's transit usage appeared on the reverse of each response coupon. One-half of the promotional packets also offered to plan a trip on Tri-Met for the respondent. Tri-Met did not offer trip plans to all new residents for two reasons. First, the agency was uncertain whether there were sufficient staff to plan all requested trips, given an unknown response level. Second, the agency wished to determine if the trip-planning offer made a significant difference in the overall response to the promotional packet.

Tri-Met fulfilled the requests for tickets, information, and trip plans usually within 2 days of receiving the coupons. Information packets sent to persons who did not request a trip plan contained a brochure describing how to ride, a list of ticket and schedule outlets, a piece describing community benefits of mass transit, and a customer comment card. Respondents who requested a trip plan received instructions and schedule information for making the requested trip in addition to the materials listed earlier.

The names, addresses, and responses to the coupon survey were entered into a data base and segmented into three groups:

1. Persons who did not ride transit either before or after moving;
2. Persons who rode transit 20 or more times a month before moving but less than 20 times per month after moving; and
3. Persons who rode Tri-Met 20 or more times per month before and after moving.

Members of the first two groups (62 percent of all respondents) were selected to receive a follow-up offer because they were members of the primary target group (i.e., nonriders or riders whose riding frequency had decreased).

The follow-up offer consisted of three different coupons offering one-half off the price of a book of 10 Tri-Met tickets, 25 percent off the price of a monthly pass, and 50 percent off a Tri-Met guide and map. A graphic presentation of the promotion strategy is shown in Figure 1.

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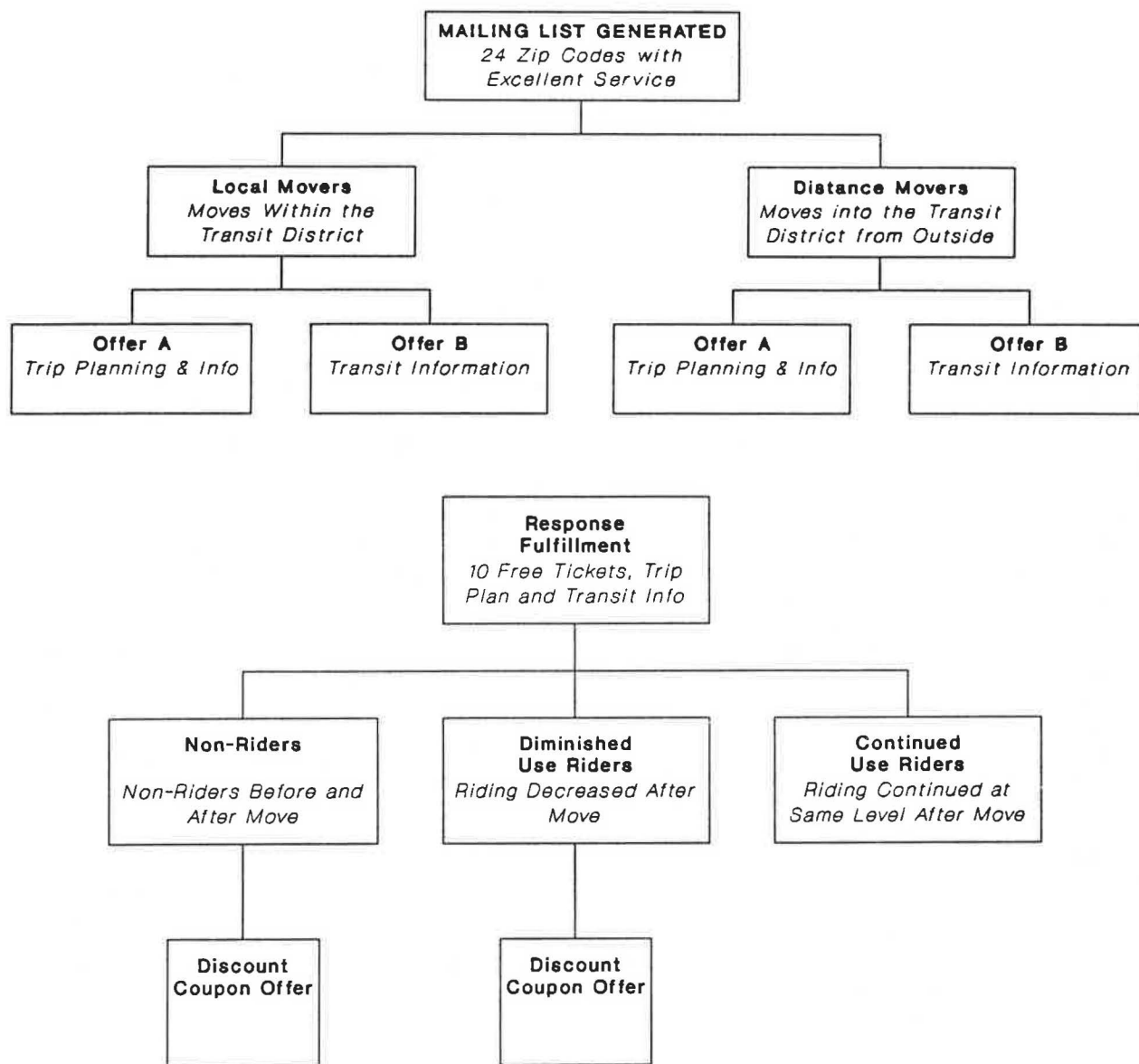


FIGURE 1 New residents promotion flowchart.

PROMOTION OBJECTIVES

The primary objective of the program was to increase ridership by retaining existing riders and capturing new riders. The specific objectives that follow were developed on the basis of the experience of other transit properties with similar programs.

1. Generate a 15 percent response rate to the initial mailing.
2. Have 50 percent of the initial respondents make use of the promotional offer.
3. Have 10 percent of the initial respondents make use of the follow-up offer.
4. Have 10 percent of the initial respondents who did not previously use transit become regular transit riders. (A regular rider is defined as a person who makes seven or more transit trips per month).

5. Have 50 percent of the initial respondents who were riders continue riding Tri-Met at the same or greater frequency.

STUDY METHODOLOGY

The research design to evaluate the effectiveness of the promotion included the following:

- A short survey on the back of the initial response coupon. The survey obtained cursory information about each respondent's transit usage before and after moving. Tri-Met used this information to select those to receive the follow-up offer. Each coupon also contained a unique identification code that appeared on other research materials, allowing Tri-Met to track each respondent throughout the project.

- A tally of response coupons returned from the initial offer each month. This tally allowed Tri-Met to determine the response rate to the initial mailing on a monthly basis.
- A research mailing sent to respondents to the January and February initial mailings who met the criteria to receive a follow-up offer.
- A record of coupons from the follow-up offer that were redeemed.

A secondary research goal was to quantify the amount of revenue (in actual tickets used) Tri-Met gave away. This amount is important for estimating ridership as estimates are revenue based.

STUDY RESULTS

Response to the Initial Mailing of the Promotional Packet

In January and February 1989, 6,816 promotional packets were mailed to new residents in the Portland area. A total of 2,241 persons (32 percent) responded. Experience with direct-mail promotions and research has indicated a definite bias in responses to promotions of this type. In general, only persons with at least marginal interest in the product or service being offered respond. In this instance, many nonriders were eliminated from further promotions or scrutiny because they did not respond to the initial mailing.

Responses to the initial offer far exceeded Tri-Met's goal of 15 percent. In January and February 1989, the response rate was greater than 30 percent. The overall response rate for the first 4 months was 30 percent.

The response rate for Offer A (trip planning) was consistently 3 percentage points lower than for Offer B (information only). Although this difference in response rates is not large, the consistency of response differences is interesting. Perhaps some recipients of Offer A thought they were required to request a trip plan to obtain the free tickets and were unable or unwilling to do so.

The trip planning aspect of Offer A was somewhat less appealing to respondents than Offer B (information only). In the first 4 months of the promotion, only 39 percent of those who were offered trip planning actually submitted a trip plan request. The remainder requested information only. Among those who did request a trip plan, only 18 percent were persons who moved from outside the Tri-Met service district. The remainder were persons who made local moves. This finding reinforces the idea that trip planning is a desirable service for persons changing residences no matter how long they have lived in the general area.

Figure 2 shows the response to the initial mailing for each of the first 4 months of the promotion, broken down by offer. The grouping on the far right represents the combined response for all 4 months. The reverse of the response coupon in the initial offer contained a short questionnaire designed to yield cursory transit usage information about the respondent.

In all, 42 percent of respondents to the initial mailing were nonriders after moving, including 7 percent who rode transit before they moved. The remaining 58 percent of respondents reported riding Tri-Met at least two times per month after moving.

Although it is difficult to pinpoint the reasons for a change in travel behavior, there is evidence to suggest that moving from one home to another may precipitate just such a change. In a November 1988 poll (Tri-Met Attitude and Awareness Study), 9 percent of respondents who had stopped riding Tri-Met cited moving as their primary reason. Responses to the coupon survey indicated that 42 percent of all respondents changed their travel behavior when they moved; 28 percent increased their transit travel frequency and 14 percent either stopped riding transit or decreased their transit usage. Fully 8 percent of respondents who did not ride transit before moving began riding more than 20 times per month even before receiving the promotion.

The target audience for the follow-up offer was selected on the basis of information from the coupon survey regarding transit use before and after moving. Table 1 presents the

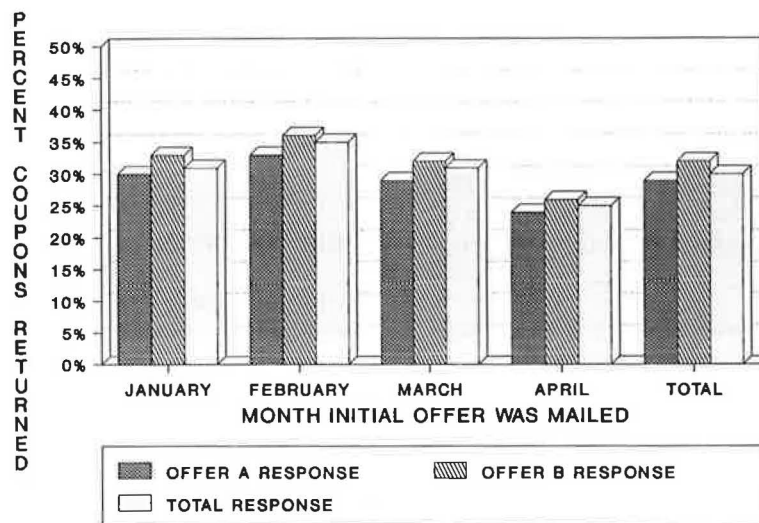


FIGURE 2 Percent response to initial mailing by offer.

TABLE 1 NEW RESIDENTS TRANSIT USAGE—SEGMENTATION FOR FOLLOW-UP MAILING

		Transit Trips Per Month After Move				
Transit Trips Per Month Before Move	Count	0-10	11-20	21-30	31+	Row Total
	Tot Pct					
0-10	2466 55.4	226 5.1	97 2.2	268 6.0	3057	
11-20	126 2.8	191 4.3	27 .6	35 .8	379	
21-30	74 1.7	42 .9	105 2.4	26 .6	247	
31+	196 4.4	64 1.4	33 .7	476 10.7	769	
Column Total	2862 64.3	523 11.7	262 5.9	805 18.1	4452 100.0	

■ Target Group for Follow-up Offer

target audience for the follow-up offer for the first 4 months of the promotion.

Follow-up offer recipients were nonriders before and after moving, riders who used transit fewer than 11 times per month, and riders whose transit usage decreased to less than 20 trips per month after moving.

Tri-Met mailed follow-up offers containing three discount coupons in late April to 1,387 of the 2,241 January and February respondents to the initial mailing. The coupons expired on August 15, 1989. By the end of May, 150 coupons had been redeemed, as follows:

Coupon Type	Coupons Redeemed
50 percent off, one book of Tri-Met tickets	75
25 percent off, one regular Tri-Met monthly pass	45
50 percent off, one Tri-Met transportation guide	30
Total	150

Because each respondent could redeem one, two, or three coupons, and because coupons were redeemed at various pass and ticket outlets, calculating an exact response rate was not possible. Coupon redemptions in May indicate a response rate between 5 and 11 percent.

Direct Mail Survey Results

At the end of April, direct mail surveys were sent to the 1,387 respondents who were selected to receive the follow-up offer. Separate surveys were sent to persons who initially received Offer A (trip planning) and persons who received Offer B (information only). A total of 472 surveys were returned for a response rate from the target group of 33 percent. The maximum margin of error for a sample of this size is ±4.5 percent at the 95 percent confidence level.

Overall Response to Information Packets

In all, the packets sent to respondents to the original mailing were perceived as being very useful. All respondents were sent 10 free tickets; a list of pass, ticket, and schedule outlets; and a brochure outlining how to ride Tri-Met. In addition, Offer A respondents who requested a trip plan were sent instructions for making the trip they requested and appropriate schedule information. Table 2 presents each packet information piece by perceived usefulness.

Respondents thought the packet provided complete information. When asked, "Is there anything else Tri-Met could provide you with to help make using buses or MAX easier or more pleasant?", the most common response was "nothing else" (33 percent of all comments). Other comments mentioned often were "you're doing a good job" (10 percent), a need for more service (9 percent), a need for route or schedule information (8 percent), "thanks for the tickets" (6 percent), "send more free tickets" (6 percent), and safety or security concerns (5 percent).

Response to Trip Planning Offer

In all, 16 percent of the survey respondents actually requested a trip plan when responding to the original mailing. This number represents just over one-third of the respondents who were sent Offer A (trip planning).

Respondents who remembered requesting a trip plan were asked a series of questions related to that trip. Their responses must be viewed with caution. Because the number of respondents who remembered asking for a trip plan is so small ($n = 51$), the margin of error for these responses increases to ±14 percent. Therefore, the following discussion should be viewed

TABLE 2 USEFULNESS OF PACKET INFORMATION

Information Piece	Very	2	3	4	Not at
	Useful				All Useful
10 Free Tickets					
Group 1 (Trip Plans)	90%	4%	4%	1%	1%
Group 2 (No Trip Plans)	92	5	2	1	0
List of Schedule Outlets					
Group 1	34	16	24	10	15
Group 2	32	13	27	7	21
How to Ride Brochure					
Group 1	31	22	29	9	9
Group 2	21	23	33	10	13
Trip Plan Information*					
Group 1	49	20	17	10	4
Bus/MAX Schedule*					
Group 1	65	18	10	3	4

* Sent only to persons who requested a trip plan

as an indicator only and should not be assigned statistical validity.

More than half of the respondents who remembered receiving a trip plan actually made the trip. The majority of these were work trips (54 percent), followed by shopping (12 percent), and school (8 percent). Nearly all respondents found that their trip planning information was easy to understand (84 percent very easy, 14 percent somewhat easy, 2 percent somewhat difficult). Three-quarters of those who made their requested trip were local movers, whereas one-quarter were persons moving into the Tri-Met district.

Persons who did not make the trip they requested were asked why not. Reasons mentioned in order were as follows: no need (35 percent), used my car (18 percent), takes too long (13 percent), no time (6 percent), no service (6 percent), and plan to later (6 percent). Comments written in the survey margins indicated that several respondents took advantage of the trip planning offer to obtain information on riding transit in the event of bad weather or a car breakdown, etc.

Free Ticket Usage

All respondents were asked who used the free tickets. Three-quarters of all respondents reported using at least one ticket personally, 35 percent gave one or more tickets to a household member, 12 percent gave at least one ticket to someone outside the household, and 28 percent plan to use their tickets at a later date.

Table 3 presents the actual number of tickets used and by whom. Each respondent received 10 tickets, which were distributed among the various user groups mentioned. A total of 4,080 tickets were distributed, 6 percent of which were unaccounted for.

Changes in Transit Usage

As discussed earlier, moving is a prime time to intervene to affect transit ridership. In all, 47 percent of respondents to

TABLE 3 FREE TICKET USAGE (N = 408)

NUMBER OF TICKETS	USER GROUP					Total
	Respondent	Household Member	Gave Away	Plan to Use	Don't Plan to Use	
1	14	10	6	4	0	34
2	100	78	34	24	2	238
3	36	12	3	9	0	60
4	140	80	16	56	0	292
5	175	125	30	65	0	395
6	138	72	6	132	0	348
7	63	14	7	42	0	126
8	152	80	32	96	0	360
9	18	18	9	45	0	90
10	<u>1,250</u>	<u>290</u>	<u>120</u>	<u>250</u>	<u>0</u>	<u>1,910</u>
TOTAL	2,086	779	263	723	2	3,853
Pct of Tot.	51%	19%	6%	18%	0%	94%

the direct-mail promotion changed their transit riding behavior at the time they moved; 17 percent increased their riding frequency; and 30 percent decreased their riding frequency.

The promotion appears to have had a significant effect on respondents' transit usage. After moving, 60 percent of existing riders decreased their riding frequency or stopped riding altogether. After receiving the promotion, 16 percent of these respondents began riding transit with the same or greater frequency than they had before they moved. Among nonriders, 37 percent began riding after receiving the promotion.

Overall, then, between the time respondents mailed in the coupon for 10 free tickets and the time they answered the survey (about 3 months later), 42 percent increased their transit usage, 31 percent continued to ride about the same amount, 12 percent decreased their transit usage, and 14 percent remained nonriders.

When asked if they ride more or less often after receiving the promotion, 41 percent said they ride more often, 2 percent said they ride less often, and 58 percent ride about the same amount as before. This 58 percent includes persons who were nonriders both before and after the promotion.

Table 4 presents respondents' transit usage before moving, after moving, and after receiving the free tickets. As indicated, 43 percent of persons who were nonriders before moving began using transit after they moved. An additional 37 percent began riding after they received the free tickets. There was a substantial drop-off in riding frequency among riders (particularly among frequency and heavy riders) after moving. The promotion seems to have mitigated some of this drop-off although riding frequency in the higher categories did not return to previous levels.

After looking at the effectiveness of the promotion overall, Tri-Met evaluated the effectiveness of each of the two offers in persuading persons to use Tri-Met. Offer A (trip planning) appears to have been slightly more persuasive than Offer B (information only) both among riders and nonriders. In all, 69 percent of Offer A recipients who were nonriders after moving began riding Tri-Met. By comparison, 65 percent of Offer B recipients who were nonriders after moving began riding Tri-Met.

Among those who rode Tri-Met after moving, 27 percent of Offer A recipients increased their transit usage compared with 21 percent of Offer B recipients. Both offers were effective at retaining existing riders at the same level of transit usage they had before the promotion.

There appears to be little relationship between transit usage decreases and the offer riders received. Twenty-one percent of respondents who were riders after moving decreased their transit usage. These riders were divided evenly between those who received Offer A and those who received Offer B. More than half of these riders began riding on their own initiative after moving and either decreased their riding frequency or stopped riding altogether after a short period of time.

Demographic Characteristics of Respondents

Demographic characteristics of respondents are presented in Table 5. Respondents are divided into three groups: nonriders, new riders, and old riders. Nonriders are persons who did not ride transit before or after moving. New riders are persons who did not ride transit before moving, but began riding after moving and before receiving the promotion. Old riders are persons who used transit before and after moving.

Demographic characteristics of new riders are similar to those of existing Tri-Met riders. The majority of new riders are 25 to 44 years old, earn less than \$30,000 per year, rent their residences, and are employed. New riders are less likely to work in a professional occupation and more likely to be a manager, secretary, student, or retired.

Persons who used transit before the promotion appear to be somewhat more mobile than nonriders or those who just began riding as evidenced by the differences in length of residence presented in Table 5.

In looking at where new riders come from, it is important to note that they are spread throughout the target zip codes. These zip codes were chosen because they offered some of the best transit service in the district. Once again, a good product was key to successful marketing.

TABLE 4 CHANGES IN TRANSIT USAGE OVER TIME, BY RIDER AND NONRIDER BEFORE MOVING

RIDERSHIP STATUS BEFORE PROMOTION	Non-Rider	Light Rider	Occasional Rider	Frequent Rider	Heavy Rider
NON-RIDERS (n=254) (0-1 Trips/Month)					
Before Moving	100%	0%	0%	0%	0%
After Moving	57	23	7	5	8
After Promotion	20	37	15	15	13
RIDERS (n=137)					
Before Moving	0%	13%	12%	22%	53%
After Moving	19	21	16	17	27
After Promotion	10	22	18	15	35
ALL RESPONDENTS					
Before Moving	64%	5%	4%	8%	19%
After Moving	42	23	10	9	16
After Promotion	17	32	16	14	21

TABLE 5 DEMOGRAPHIC CHARACTERISTICS OF SURVEY RESPONDENTS

CHARACTERISTIC	RIDERSHIP STATUS AFTER PROMOTION			
	All Respondents	Non-Riders	New Riders	Old Riders
AGE				
18 and Under	2%	0%	4%	0%
19 to 24	12	5	12	15
25 to 34	31	41	32	26
35 to 44	27	36	24	29
45 to 54	10	7	9	12
55 to 64	7	7	8	6
65 and Over	<u>11</u>	<u>5</u>	<u>11</u>	<u>12</u>
	100%	100%	100%	100%
INCOME				
Less than \$10,000	16%	7%	16%	19%
\$10,000 to \$15,000	15	12	11	20
\$15,000 to \$20,000	14	12	11	17
\$20,000 to \$25,000	11	12	13	9
\$25,000 to \$30,000	10	12	12	8
\$30,000 to \$40,000	17	26	16	16
\$40,000 to \$50,000	6	7	7	5
More than \$50,000	<u>11</u>	<u>12</u>	<u>14</u>	<u>6</u>
	100%	100%	100%	100%
OWN/RENT HOME				
Own	33%	41%	39%	21%
Rent	<u>67</u>	<u>59</u>	<u>61</u>	<u>79</u>
	100%	100%	100%	100%
DISTANCE OF MOVE				
Inside District	80%	79%	77%	84%
From Outside District	<u>20</u>	<u>21</u>	<u>23</u>	<u>16</u>
	100%	100%	100%	100%
LENGTH OF RESIDENCE				
Less than 6 Months	46%	44%	44%	54%
7 to 12 Months	44	43	44	36
1 to 2 Years	3	3	4	3
3 to 5 Years	4	8	4	3
More than 5 Years	<u>4</u>	<u>3</u>	<u>5</u>	<u>3</u>
	100%	100%	100%	100%
JOB CLASSIFICATION				
Professional	32%	46%	35%	24%
Management	10	7	13	8
Sales	5	5	4	5
Secretarial	11	0	12	15
Laborer	4	7	2	8
Technician	7	3	6	9
Student	9	12	11	4
Retired	12	7	11	14
Unemployed	4	3	4	4
Other	<u>6</u>	<u>10</u>	<u>2</u>	<u>10</u>
	100%	100%	100%	100%
RIDERSHIP STATUS BEFORE MOVE				
Non-Rider	64%	100%	100%	0%
Light Rider	5	0	0	13
Occasional Rider	4	0	0	12
Frequent Rider	4	0	0	22
Heavy Rider	<u>19</u>	<u>0</u>	<u>0</u>	<u>53</u>
	100%	100%	100%	100%

TABLE 5 (continued on next page)

TABLE 5 (continued)

CHARACTERISTIC	RIDERSHIP STATUS AFTER PROMOTION			
	All Respondents	Non-Riders	New Riders	Old Riders
RIDERSHIP STATUS AFTER MOVE				
Non-Rider	42%	100%	46%	19%
Light Rider	23	0	28	21
Occasional Rider	10	0	9	16
Frequent Rider	9	0	6	17
Heavy Rider	<u>16</u>	<u>0</u>	<u>11</u>	<u>27</u>
	100%	100%	100%	100%
RIDERSHIP STATUS AFTER PROMOTION				
Non-Rider	17%	100%	3%	10%
Light Rider	32	0	45	22
Occasional Rider	16	0	19	18
Frequent Rider	14	0	17	15
Heavy Rider	<u>21</u>	<u>0</u>	<u>16</u>	<u>35</u>
	100%	100%	100%	100%
OFFER RECEIVED				
A: Trip Planning	46%	48%	50%	42%
B: Information Packet	<u>54</u>	<u>52</u>	<u>50</u>	<u>58</u>
	100%	100%	100%	100%

COST-BENEFIT ANALYSIS

The purpose of this cost-benefit analysis was to determine the cost to Tri-Met for each new rider captured and each rider who was convinced to continue riding transit with the same or greater frequency as a result of the promotion. Costs were divided into three categories:

1. Development and production,
2. Mailing costs, and
3. Revenue lost or given away.

Labor costs for work done by Tri-Met staff are not included. Other labor costs are included in the appropriate categories.

Development and Production Costs

Development and production costs refer to the monies associated with designing the creative approach and printing the finished materials. The development and production costs for the promotion totaled \$10,048.69, including costs for the original offer, the follow-up coupon offer, and the information packets.

The costs of the original offer (\$2,347.50) and the follow-up coupon offer (\$6,598.44) were prorated over 2 years (\$8,945.94 per 24 months = \$372.75/month), because they were printed in sufficient quantity to cover monthly mailings for that time period.

Information packet materials were prorated over 6 months (\$1,102.75 per 6 months = \$183.79/month). After prorating, the total monthly development and production cost for the promotion was \$556.54. Total development costs for January and February are calculated as follows:

Item	Cost (\$)	Cost per Month (\$)
Original offer	195.63	97.81
Follow-up coupon offer	549.87	274.93
Information packet materials	<u>367.58</u>	<u>183.79</u>
Total production/development costs	1,113.08	556.54

Mailing Costs

Mailing costs include postage and fees charged by the mailing house. Mailing costs for January and February were as follows:

Item	Cost (\$)
Original offer	2,862.08
Follow-up coupon offer	<u>548.08</u>
Total mailing costs	3,410.16

Revenue Lost or Given Away

Lost revenue is revenue Tri-Met would have collected in the course of normal operations had there been no promotion. For example, if Tri-Met gives a book of 10 all-zone tickets to a regular Tri-Met rider, Tri-Met loses \$10.50 (ticket book price) that the rider would otherwise have paid through purchasing tickets or paying the cash fare.

Revenue given away refers to the value of tickets or coupons given to persons who would not have purchased them otherwise. From the 6,816 original offers mailed, Tri-Met received 2,193 responses. Everyone who responded was sent an information packet containing a book of 10 all-zone tickets

valued at \$10.50 each, for a total value of \$23,026.50. Of the 2,193 persons who responded, 806 persons rode Tri-Met at least 11 times per month after moving. It is reasonable to assume that these persons used the free tickets instead of a fare they would normally purchase—resulting in lost revenue to Tri-Met.

$$806 \text{ Nontarget respondents} \cdot \$10.50 \\ = \$8,463.00 \text{ (lost revenue)}$$

For purposes of allocating the remaining ticket revenues into lost revenue or revenue given away, the remaining 1,387 persons in Tri-Met's target market were divided into three groups based on survey returns:

1. New riders and riders retained at the same or higher level as a result of the promotion ($n = 587$).
2. Nonriders and persons who rode fewer than 7 times per month following the promotion ($n = 408$).
3. Persons who rode Tri-Met before moving whose riding frequency decreased or remained constant despite the promotion. All respondents in this category still ride 7 or more times per month ($n = 392$).

Ticket revenue from Groups A and B is considered to be revenue given away because the tickets would probably not have been purchased if there were no promotion.

Ticket revenue from Group C is considered to be lost revenue because members of this group would probably have paid for their rides if they had not had the free tickets.

$$\text{Ticket revenue given away } (995 \cdot \$10.50) = \$10,447.50$$

$$\text{Lost ticket revenue } (392 \cdot \$10.50) = \$4,116.00$$

Another source of revenue that must be considered is the follow-up coupon offer. This offer contained three coupons for three different discounts: 50 percent off a book of 10 tickets, 25 percent off a monthly pass, and 50 percent off a transportation guide.

In the month after the follow-up offer was sent to January and February respondents, coupons were redeemed for 26 two-zone passes, 19 all-zone passes, 49 books of two-zone tickets, 26 books of all-zone tickets, and 30 transportation guides. The total amount discounted off the regular price was \$701.50. (This cost could be higher as respondents had 3.5 months to redeem their coupons). Because it is not possible to know which respondents used these coupons, this money is considered to be revenue given away.

$$\text{Total revenue given away } (\$10,447.50 + \$701.50) = \$11,149.00$$

$$\text{Total revenue lost } (\$8,463.00 + \$4,116.00) = \$12,579.00$$

Cost Per Rider Attracted or Retained

When determining the cost per person on the mailing list and the cost per new rider attracted or retained, only actual costs to Tri-Met are included. Because "revenue given away" would not have been collected in the absence of this promotion, it

is not a farebox loss to Tri-Met and hence is excluded from the cost calculations. The total cost to Tri-Met for the new residents promotion in January and February is computed as follows:

Item	Cost (\$)
Development and production	1,113.08
Mailing	3,410.16
Lost revenue	<u>12,579.00</u>
Total	17,102.24

$$\text{Total cost per new rider or rider retained} = \$29.13$$

$$\text{Total cost per person on the mailing list} = \$ 2.50$$

CONCLUSIONS

Assessments of how well the promotion worked to achieve the stated objective were as follows:

1. Generate a 15 percent response to the initial mailing.

Responses to the initial offer more than doubled Tri-Met's objective of 15 percent in January and February. The overall response rate for the first 4 months of the promotion was 30 percent.

2. Have 50 percent of the initial respondents make use of the promotional offer.

Three-quarters (75 percent) of all respondents to the survey reported using at least one of the free tickets. In addition, respondents to the initial mailing who were not selected to receive the follow-up offer were persons who ride Tri-Met 11 or more times per month. It is reasonable to assume that all these respondents used at least one free ticket, bringing the total number of initial respondents who used the promotional offer to well over 50 percent.

3. Have 10 percent of the initial respondents make use of the follow-up offer.

In all, 1,387 follow-up offers were sent in late April to targeted respondents to the January and February initial mailings. In May, 150 coupons were redeemed. Because respondents could redeem one, two, or three coupons, it was impossible to calculate an exact response rate. The response rate was between 5 and 11 percent of the target group on the basis of coupon redemptions in May. The response rate for the entire group of initial respondents ($n = 2,241$) was between 2 and 7 percent.

4. Have 10 percent of the initial respondents who did not previously use transit become regular transit riders. (A regular rider is defined as a person who makes seven or more transit trips per month.)

Again, the promotion was successful beyond Tri-Met's expectations. Among all nonriders, 37 percent said they rode Tri-Met at least twice per month following the promotion including 17 percent who rode at least seven times per month. In fact, 5 percent of all nonriders began riding Tri-Met 30 or more times per month after receiving the promotion.

5. Have 50 percent of the initial respondents who were riders continue riding Tri-Met at the same or greater frequency.

In all, 64 percent of persons who were transit riders before moving were retained at the same or greater frequency. Many of these respondents were not included as part of the target market for the follow-up offer because they were already riding of their own volition at least 11 times per month after moving.

For riders who were selected to receive the follow-up coupon, 56 percent of those surveyed who used transit before moving continued to ride at least as much as they had before. However, only 16 percent of these retained riders can be attributed to the promotion. The remainder resumed riding at the same frequency before receiving the promotion.

There is no statistically significant difference in the ability of Offers A and B to attract new riders or retain existing ones. Offer A (trip planning) consistently received an initial response three percentage points below the response to Offer B. Among persons who responded to the initial offer, there was little difference in the number persuaded to ride transit as a result of receiving one offer or the other.

The information packets were complete. When asked what else Tri-Met could do to make using transit easier, the most common response was "nothing else." Respondents found the free tickets to be the most useful item in the packet. The majority of those who received trip plans said the schedule information was also very useful.

More than half of the free tickets were used personally by the respondents, 19 percent were used by someone in the respondent's household, and respondents planned to use 18 percent of the tickets at a later date. Only 6 percent of all tickets were given to someone outside the respondent's household.

Tri-Met plans to conduct a study of new riders captured through the new residents promotion to determine how long

they continue to use transit. The study involves contacting new riders once each quarter for an entire year. It is scheduled to begin in January 1991. Information from this study will help Tri-Met to further evaluate the costs and benefits of this type of promotion. The cost of attracting new riders and retaining existing ones was relatively inexpensive. After including revenue from giving tickets to regular riders, the cost per rider captured or retained was \$29.13. Tri-Met may wish to lower the amount of lost revenue, and thus, cost per rider attracted or retained, by decreasing the number of free tickets offered from 10 to 5. It is not possible to predict what effect, if any, decreasing the number of tickets offered will have on response rates.

Tri-Met may wish to consider expanding the program to include more zip codes. Expanding the program will probably result in a lower overall response rate because transit service in other areas is not quite as good as that in the currently targeted zip codes. On the other hand, the program will reach more people, resulting in more exposure, and possibly a higher number of new riders.

Tri-Met did an excellent job of ferreting out its target market. The blanket mailing to new residents appealed to persons at a time when they were making major lifestyle changes. Experience tells us that those who responded were persons with an elevated interest in using transit. Of the respondents to the initial mailing, 65 percent were nonriders before they moved.

The new residents program overall was highly successful. Tri-Met's expectations were exceeded in four out of five objective areas. In addition to selecting a prime target market, the key to the promotion's success was providing complete information about a good product to persons at a time when they were making major lifestyle changes.

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