



2011 Marketing Plan



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BACKGROUND

Marketing strategy and activities play an important role in attracting and retaining public transit riders in Ottawa, by optimizing the mix of price, product, 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. Revised annually, the plan considers opportunities in the market resulting from changes to the transit products and services we offer, as well as changing consumer needs, attitudes, and trends in purchasing behaviour.

Transit marketing strategies are designed to grow ridership in a way that also improves revenue, toward increasing transit modal share. The marketing plan is intended to create sustainable and affordable growth in transit usage over the long term.

For 2011, marketing activities at OC Transpo have been aligned with strategic planning and development, with the expectation that the annual marketing plan will clearly align with the orientations set forth in OC Transpo's *Business Plan*.



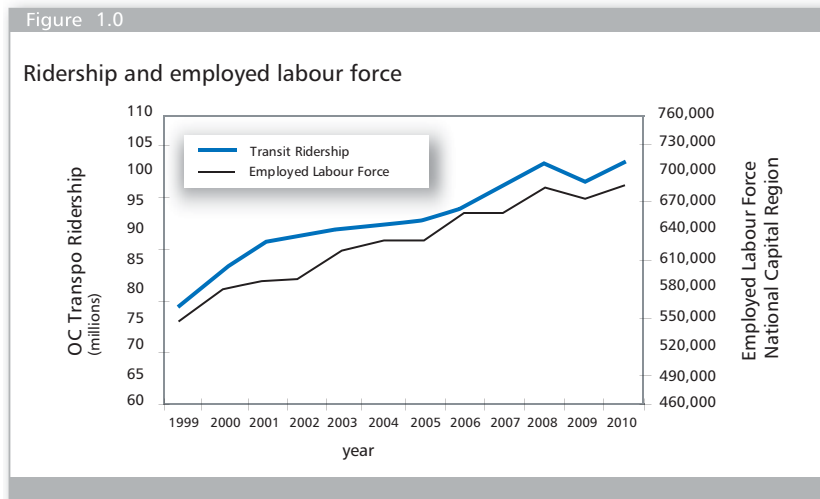
1 STRATEGY AND OBJECTIVES

The *OC Transpo Marketing Plan for 2010*, published in October 2009, outlined objectives and strategies designed to restore ridership after the 2008-2009 bus strike.



Shifting market conditions in 2009 also influenced much of the strategic thinking going into 2010 that, for OC Transpo to succeed, we could not rely on the favourable influence of economic growth and high gas prices that had characterized the market in 2008 and earlier. Between 2001 and 2007, there had been an average annual increase in public transit ridership of 2.0 %, and in 2008 ridership growth prior to the strike was 5.0% over 2007 levels.

Employment levels, which drive over 90% of all transportation demand, are now recovering slowly. In late 2010, it is clear that ridership has recovered from the 2008-2009 labour strike, and OC Transpo is again in a position to build on patterns of growth established since 2001.



A prime opportunity exists in 2011 to conduct social marketing campaigns that revitalize the OC Transpo brand and reinforce the essential nature of transit in everyday life. Marketing strategies in 2011 will focus on the following:

- brand revitalization
- safety
- reliability
- wayfinding
- optimized service design
- e-Transpo
- affordability
- advertising revenue
- community partners and sponsorship
- market research

1.1 Brand revitalization

All marketing decisions ultimately must refer back for validation to a long term vision and brand promise - to a positioning statement. A marketing priority in 2011 is to develop a service identity framework and definition of the OC Transpo brand hierarchy, that properly frames these decisions and allows them to be made with both short-term and long-term impacts in mind.

Service and market development over the next few years must reflect some fundamental changes that are on the horizon for OC Transpo:

- i) Navigation and information systems are shifting to dynamic, real-time services that require less preparation by riders – i.e., less requirement for trip-by-trip advanced travel plans. On-bus GPS and mobile communication capabilities are in place; a station-to-station navigation model is under development. This remodelled information infrastructure will change many of the most common brand touch-points for OC Transpo riders, and will express much of the promise that OC Transpo service is reliable and easy to use.
- ii) Beginning in 2012, the existing paper-based fare payment system that has been in place since the mid-seventies will gradually be replaced by a Smartcard system. The myriad of existing fare-products and associated sub-brands will eventually disappear, and a primary point of contact between OC Transpo and its patrons will be displaced onto the new Smartcard system.
- iii) By 2019, Transitway and other radial bus service through the centre core of the city will be replaced by a new light rail line, and well-established travel habits and service options will be radically changed. This \$2.1 billion investment will create thirteen new multi-modal rapid transit stations, approximately 3 km of light rail tunnel under the city's downtown, and an entirely new transit experience for most OC Transpo riders.

Structural changes of this magnitude cannot be implemented successfully without an over-reaching branding strategy and themes that will stabilize communications throughout the transition period.

A brand positioning statement will be developed to define how OC Transpo, its services and employees fit into the community, and how transit figures as part of an individual's urban life - i.e. social marketing. This positioning statement will be the basis for marketing and communication themes, visual designs, built environment designs, service identity, and partnership development.

The Presto Smartcard and light rail projects both require a comprehensive and consolidated design framework within which to work - and both must make important design decisions in the first part of 2011. Other technological and infrastructure developments need the same framework, which the brand revitalization effort will provide, and which will ensure that physical representations of the transit brand and image are expressed consistently and effectively in all media and travel environments.

The *APTA Peer Review of OC Transpo*, conducted in the fall of 2010, suggested that, in an environment of so many initiatives and new transit developments, key messages may be lost. The development of a brand revitalization strategy and positioning statement will require us to identify and concentrate on just those few strategic objectives that will best express the value and vision for transit in Ottawa's future.

1.2 Safety

Creating an environment that ensures the personal safety of riders is the responsibility of OC Transpo, and is an absolute requirement for people using or considering the use of public transit.

The message of transit safety is a touch-stone that customers recognize and expect in all of our communications and behaviour.

As such, marketing campaigns must as a first principle always include reference to the transit service as a safe and secure environment.

1.3 Reliability

Considerable effort has been made in 2008 through 2010 to assure service reliability through improved fleet and operator availability. Initiatives in fleet maintenance, the acquisition of new buses, and improved workforce management have all contributed to a higher rate of availability, thereby improving service delivery and reliability.

Improvements in service design and scheduling have also contributed to increasing reliability, favouring simpler and more direct routes, proactive travel delay adjustments and easier service recovery from disruptions.

In 2011, campaign themes and strategies will be developed as part of a major social marketing initiative that positions OC Transpo as the predictable and dependable centre of mobility in Ottawa.

1.4 Wayfinding

Wayfinding and navigational signage in Transitway stations was redesigned in 2009, and implementation across the system will be completed in 2011. This initiative will simplify use of the system for new users, encourage more use and more efficient use of the system by all users, and improve the physical environment and commuting experience at stations.

Simplified station-to-station navigation is a prerequisite to a more dynamic, spontaneous and confident use of transit.

When riders are able to use the service with less advance planning, we are able to position the service as “responsive” rather than “prescriptive” - the measure of reliability thus shifts from “predictability” to “dependability”. Ideally, customers begin to realize that they can count on the bus being there, whenever they need it to be there.

1.5 Service design

Service design options in 2011 will be assessed with customer input through the Transplan 2011 and Transplan 2012 consultation and planning programs.

Transitway expansion

Previous years' capital investment will materialize in 2011 with the south-west Transitway extension in Barrhaven, bringing more convenient and higher-speed service to many residents. Two new stations, improved service to Strandherd Park & Ride, simplified local route networks and more direct express routes will improve transit choices and provide more capacity, as well as a more convenient and reliable service for many riders and potential new riders.

Route optimization

Service design was reorganized in several communities in 2007 through 2010, introducing simpler and more direct routes, while some low-performing routes that ran directly to downtown were replaced with trunk-and-feeder routes.

In 2011, as in 2010, there will be no additional investment in service, but additional route optimization could result from possible changes in area coverage and route consolidation. These changes would be developed in accordance with the service delivery model outlined in OC Transpo's *Business Plan*.

Currently, 98.6% of all urban households are within a 5-minute walk to bus service during peak times of the day. The 2010 *APTA Peer Review of OC Transpo* confirms

that this level of area coverage is significantly higher than in other large North American cities. As set forth in the *Business Plan*, this level of reach will be reassessed in 2011 to identify a sustainable threshold that would provide ready access to high quality service without overextending service resources. People prefer to walk a bit further to a frequent and reliable service, than wait at a closer location for infrequent, less direct or less reliable service.

1.6 e-Transpo

The Next Stop Announcement system and mobile communication services introduced in 2009-10 mark the emergence of dynamic real-time service information for OC Transpo riders.

Dynamic and mobile navigation methods will be used by riders in a way that reinforces service reliability, simply by allowing riders to easily manage expectations as conditions change on the street.

Social media will continue to be developed around the octranspo.com website to facilitate customer feedback, and increase dynamic on-demand access to travel information.

Presto Smartcard marketing will begin in earnest towards the end of 2011, focused on the convenience and simplicity of this major innovation. Solutions will also be developed for the provision of real-time service information to riders, through bus arrival displays on station platforms, and web-based mobile channels.

1.7 Affordability

The cumulative effect of successive fare increases over the 18 month period ending in March 2010, combined with less favourable market conditions and a generally diminished OC Transpo public image, has resulted in increased sensitivity to transit pricing amongst Ottawa consumers. Transit prices cannot be increased at the same 7.5% annual rate that was used in 2008, 2009 and 2010 without putting revenue and ridership growth forecasts at risk.

In 2011 approval will be sought for a budget based on a 2.5% fare increase, to take effect in July 2011.

This price increase, combined with an expected modest increase in ridership, will result in total 2011 fare revenue reaching \$162.8 million, a 6 % increase over 2010.

1.8 Advertising Revenue

Sale of advertising space on transit property and through transit communication channels has historically been a reliable source of revenue for transit operators around the world. Typically, large North American transit properties realize about 2% of their revenue through advertising sales – and this is the case in Ottawa where almost \$3 million is generated each year through advertising, compared to \$150 million total pass and ticket sales revenue. When applied directly to transit operating costs, this revenue has the effect of keeping transit fares lower.

Emerging technologies present new opportunities that can increase revenue for transit, particularly around location-based and dynamic communication media. Transit agencies are favourably positioned to leverage the demand for real-time status updates, and to bundle the associated information processes with advertising streams.

Well-established relationships and contracts with existing advertising sales partners will be further developed in 2011 to realize some of this increasing potential.

1.9 Partnerships and sponsorship

Community partners and sponsors provide an opportunity to develop ridership through service offerings targeted to specific destinations, and also to increase revenue or offset costs through advertising or administrative agreements.

Community support for transit and partnerships are also necessary to maintain a positive public image for OC Transpo.

Partners whose location is a common travel destination can play an active role in marketing transit to their own clients and customers, and, through various forms of sponsorship or cost-sharing can discover a vested interest in enhancing transit service to their location.

The 2010 *APTA Peer Review of OC Transpo* recommends active engagement of Ottawa community stakeholders, to build on societal drivers such as the environment, energy use, equity, and economic activity. Best practices in major North American cities depend on strategic partnerships to create an active inter-relationship between public transportation, economic benefits and community well-being.

1.10 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 indispensable in understanding the disposition and makeup of our existing market, and can be used to predict a likely response to new initiatives or products.

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

Market research is required to assist in the development of appropriate models for targeted Smartcard use and for identifying strategic partnerships.

Investment in market research is planned to increase in 2011, and research efforts will be improved and supported by the alignment of marketing activities with strategic development and performance measurement.

2 OTTAWA MARKET - BACKGROUND

This section of the marketing plan defines the Ottawa market in terms necessary to understand and develop transit ridership. Established demographics and patterns of transit usage are described in an effort to identify trends and opportunities, and to support strategic marketing decisions.



2.1 Transit usage

Ottawa has always had a high transit market penetration and level of use amongst commuters, and compares favourably even to Toronto and Montreal, where subway service is provided.

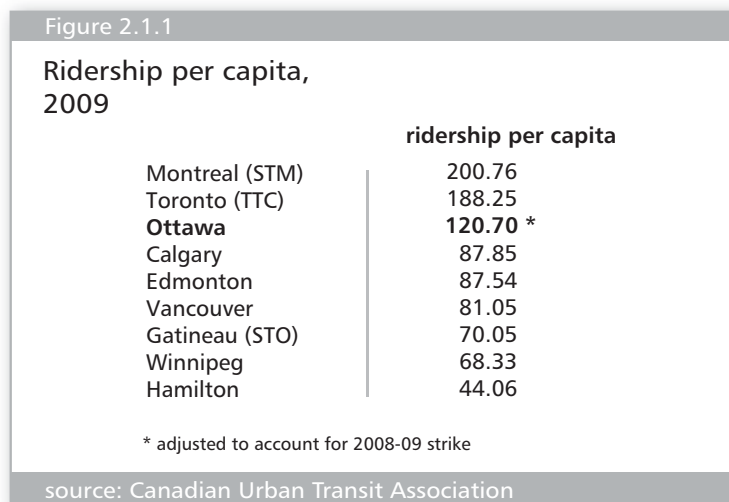
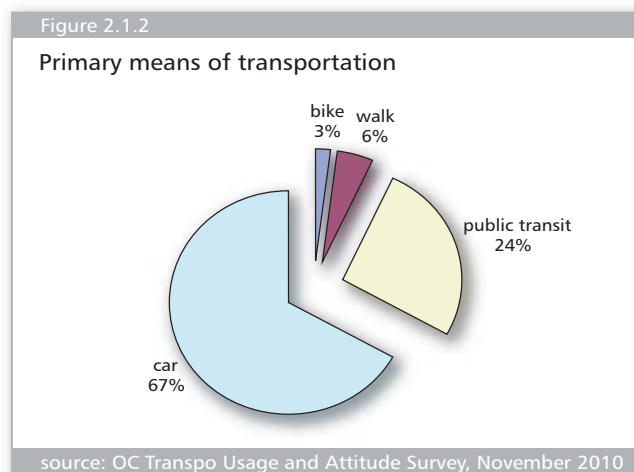


Figure 2.1.2 shows the distribution of travel mode choice across Ottawa in 2010.



In total, 67% 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 67% 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.

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.

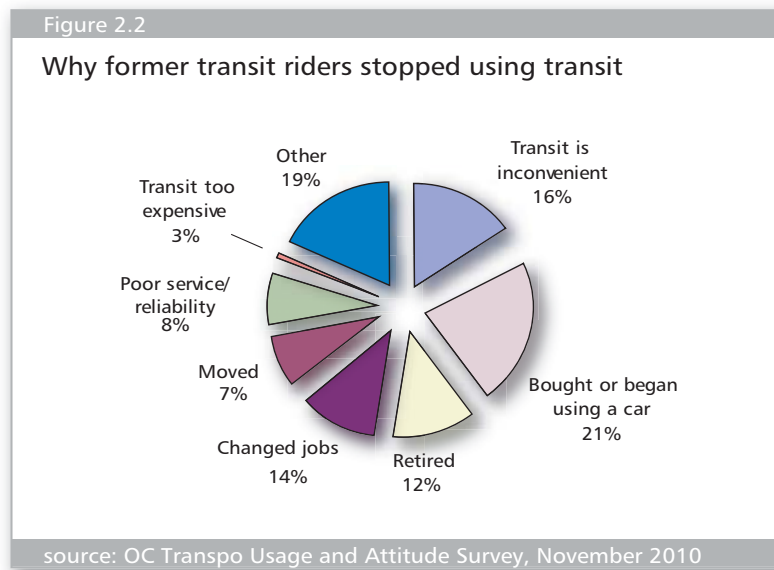
When an individual's commuting circumstances change - either a new job or new residence - they will typically re-assess transportation options, including choice of travel mode. Transportation choices are also typically made each year in the fall, when school resumes for most students, and when traffic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

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.

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.

2.2 Reliability

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



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". In Figure 2.2, the categories of "moved" or "changed jobs" also can be understood to have meant that transit became inconvenient as a result of the move, or the new job.

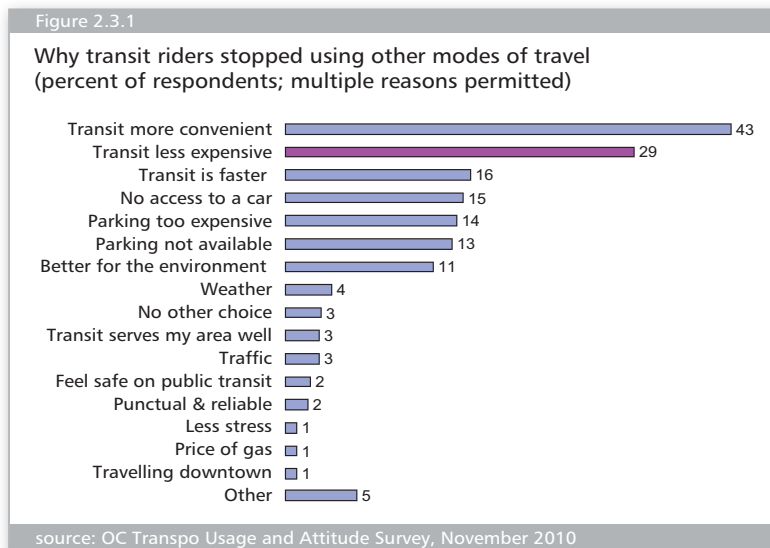
Service design decisions are the primary determinant of whether or not transit is convenient - i.e., the route structure and service level we are able to provide for any particular or potential rider. Within a budget envelope, routes and schedules are optimized to provide the most convenient travel options to the most number of people. Service frequencies, walking distances and routing design all combine to either encourage or discourage transit use for any one rider, and ultimately are configured to make transit a convenient choice for the most people possible.

However, the conclusion that transit is convenient is also based on people's perception of our ability to deliver the service we have publicized. Trip-time calculations in particular include allowances for the likely *reliability* of meeting a schedule at each stage in the journey - i.e., waiting times, transfer times and travel times all potentially introduce a variable that will determine whether the service is, in fact, convenient.

The perception that transit is reliable is based on a three-way balance between our ability to provide the service we promise, our reputation, and other aspects of a customer's expectations. Because OC Transpo is accountable for reliability - because it is not something that riders can control - people are very sensitive to transit reliability. The experience or the belief that transit is perhaps *unreliable*, is one of the quickest and most certain ways of discouraging its use.

2.3 Affordability

After convenience, cost is the biggest consideration in people's modal choice assessment:

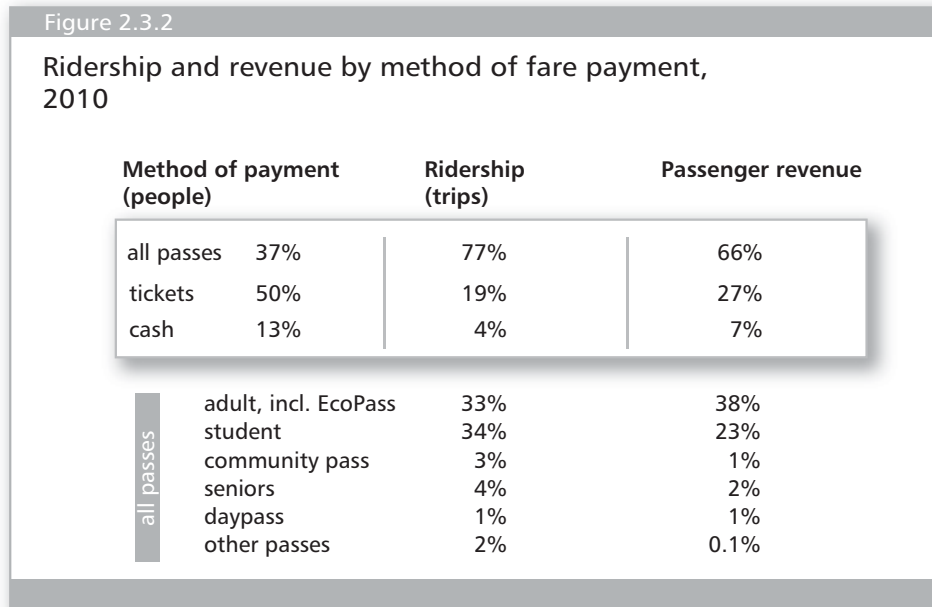


With a revenue-cost target of 50%, pricing options are constrained by both the level of service we offer, and the efficiency with which we operate. Within the parameters of an annual budget fare media pricing has historically been organized on the basis of:

- i) favourable comparison with alternatives - i.e. gas prices, parking prices, and car ownership costs;
- ii) rewarding and retaining more frequent and longer term users of transit;
- iii) providing premium services (express and rural express) at a higher price;
- iv) meeting demand through price concessions or discounts that recognize the need for low-income people to access the service.

Fare payment

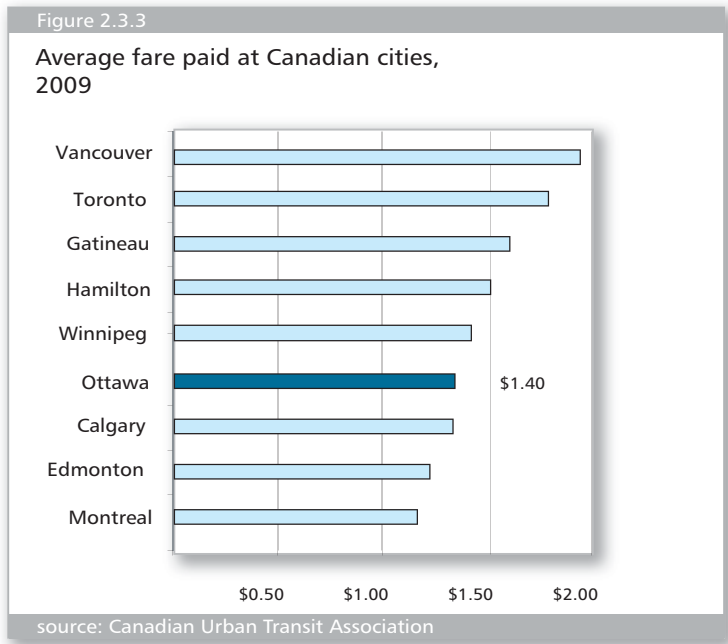
OC Transpo customers can pay their fare using cash, tickets, or period-passes:



Strategically, period passes are positioned and priced to be able to retain riders, encourage more transit use, and simplify the decision to choose transit. Monthly pass prices therefore equate to a certain number of ticket purchases so that if a commuter rides the bus 20 days in a month, and pays with tickets, the price in 2010 is 10% more than the price of an adult monthly pass.

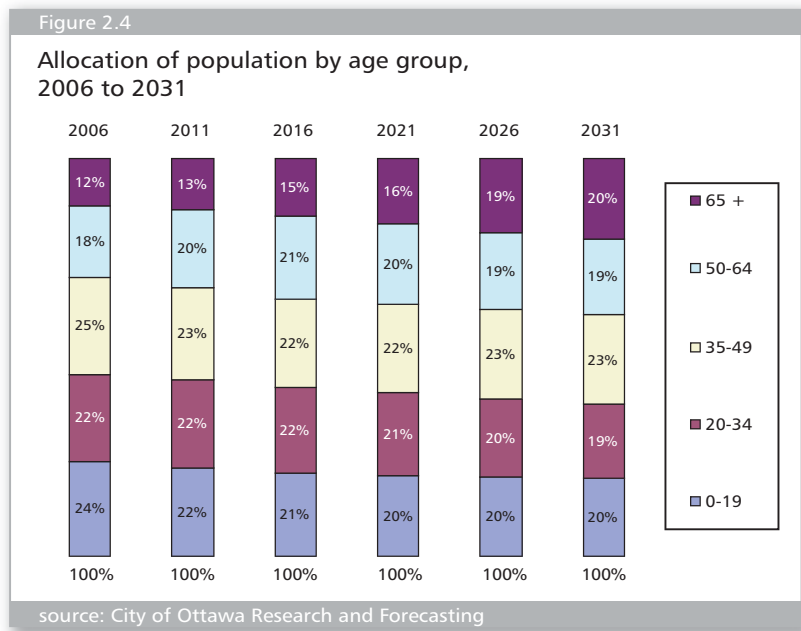
Because of our success in Ottawa at selling monthly and longer-term passes, and our high rate of subsidy for students and seniors, frequent travellers, on average, pay a low price per trip compared to riders in other major Canadian cities. The availability

of a 25% ticket discount also contributes to a low average fare for occasional riders. In 2009, the average price paid per ride was \$1.40.



2.4 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.



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

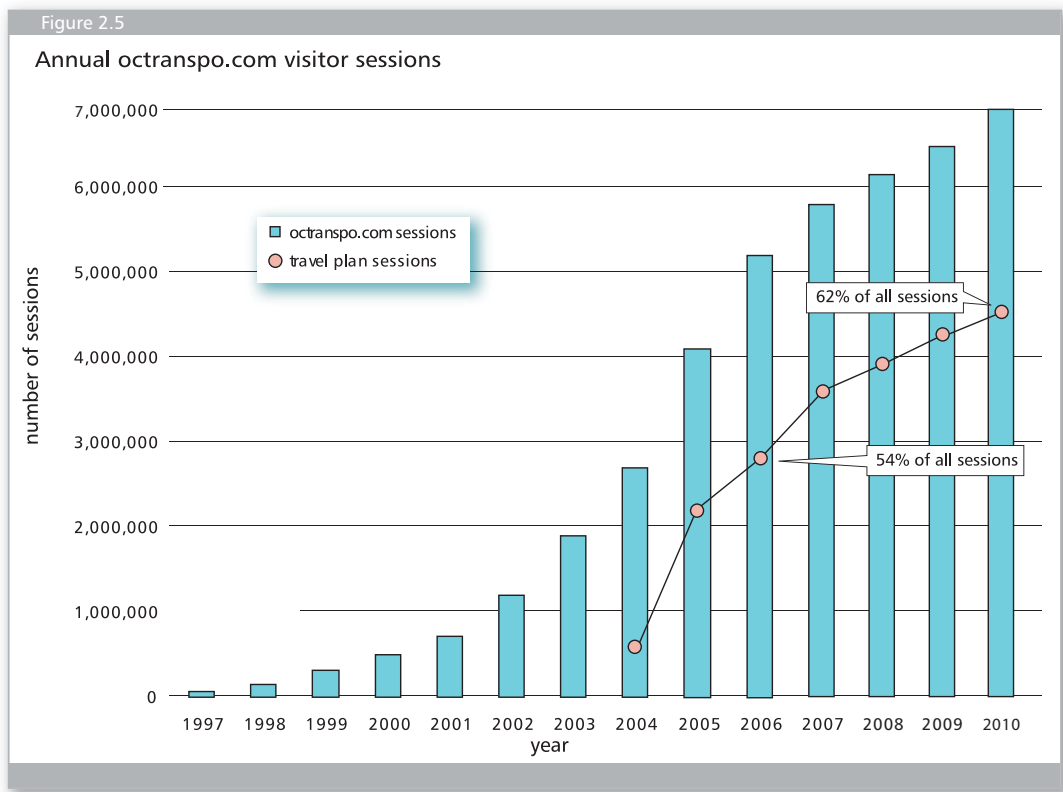
Typically, student transit riders have rapidly converted to automobile use after they enter the work force and as their income increases. Student populations will continue to be a significant captive ridership base in the future, and the challenge of retaining these riders as their commuting habits change, 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 growth, both in ridership and in revenue, lies in the middle, with commuters. Transit marketing strategies established in 2005 - and still applicable - will pursue a large share of the transportation market aged 20-64, in order to maintain positive patterns of ridership and revenue growth.

2.5 Communication 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, a reduced



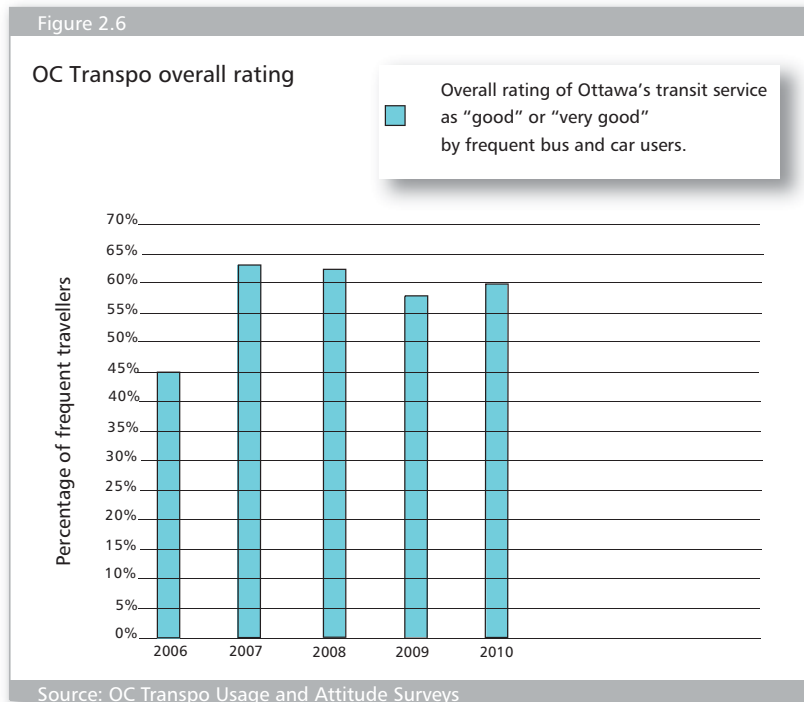
demand for print and call-centre services, and a high satisfaction rating by octranspo.com users, 92 % of whom rated the site as either effective or very effective.

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 opportunities 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 successful development of social media services and mobile communication abilities in 2009 and 2010.

2.6 Customer satisfaction

Customer satisfaction levels are measured annually through OC Transpo's Usage and Attitude Survey. The "overall rating" of transit measures a general assessment of OC Transpo's image by all members of the community who travel on a daily basis, whether by transit or by car. In 2009, overall rating levels decreased slightly but are higher again in 2010.



As identified in the *APTA Peer Review*, public image must be strengthened through an active public relations program and through strategic partnerships throughout the community. With a renewed focus of OC Transpo on social marketing and the community, increased customer satisfaction ratings are anticipated in 2011.

3 RIDERSHIP AND FARE REVENUE

After the 2008-09 labour strike, it was difficult to assess how perceptions of transit in Ottawa had changed in 2009. Ridership levels, purchasing habits and the overall level of economic activity within the community had all shifted, and it was not clear whether the market had stabilized around a new set of conditions, was still in flux, or whether attitudes towards transit had changed in a way that influences consumer choices to use transit.



For 2010, we now anticipate 98.9 million rides by year-end, which is a slight increase over the record-breaking 2008 levels. Service levels established in late 2009 have been more than able to meet the gradual restoration of ridership experienced through to mid 2010. Fare increases in 2009 and early 2010 have contributed to maintaining a revenue:cost ratio of 49, just shy of the 50% target established by Ottawa City Council.

Growth in ridership and revenue is expected to continue through 2011:

Figure 3.0

Projected 2011 ridership, revenue and service levels

	ridership <i>millions</i>	service hours <i>increase over previous year</i>	fare revenue <i>millions</i>
2011	100.1	0.00%	\$162.85
2010	98.9	0.00%	\$153.07
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

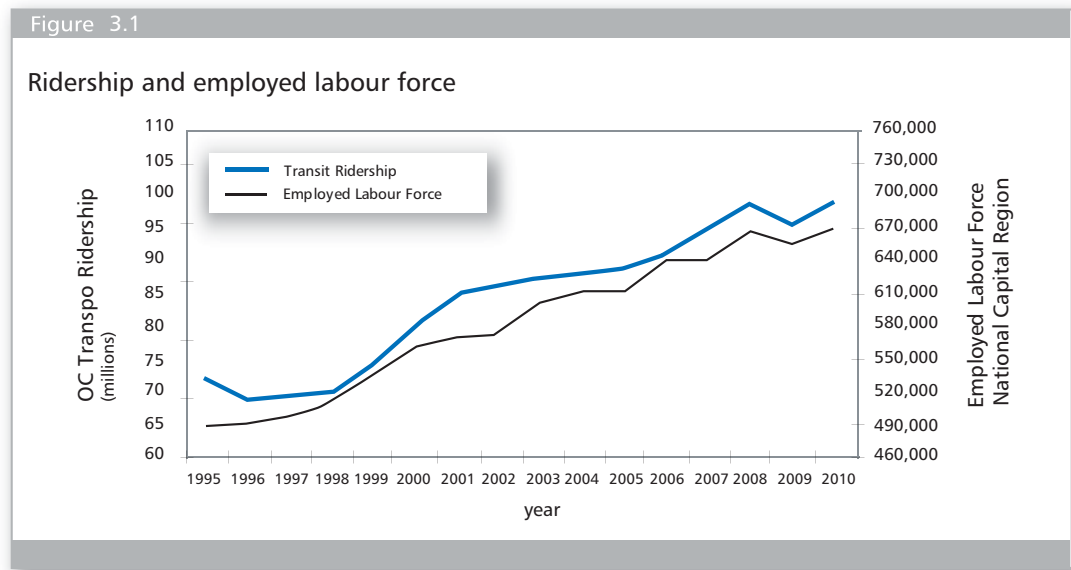
* reflects strike

3.1 Ridership

Compared to 2010, we expect ridership will increase by 1.2% in 2011, due to optimized route and schedule design, and providing that economic activity does not decline. There is a strong 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. In 2009 and 2010, ridership growth occurred more slowly than if employment levels had been higher (Figure 3.1).

Aside from demand, the predicted 1.2% ridership increase through 2011 is based on service and operations plans that provide the right mix of capacity and reliability,

designed to meet the requirement for rapid, reliable commuter service and create a customer-friendly travel experience.



Ridership will benefit from targeted marketing campaigns that focus on Barrhaven service improvements and on social marketing that will position transit as a desirable choice.

3.2 2011 fare level

In 2008, 2009, and 2010 OC Transpo fares were increased more sharply than in previous years, to keep pace with the disproportionate increases in transportation costs and to maintain the desired revenue:cost ratio of 50%. Between 1999 and 2008, the revenue:cost ratio had steadily declined from 58% to 48.8%. Ottawa city council directed an average 7.5% fare increase in each of 2008, 2009 and 2010.

The fare increases in July 2008 and July 2009 did not discourage many people from using transit; transit price-sensitivity in the marketplace was relatively low, especially within the large commuter segments.

However, after the increase in March 2010, which occurred in an environment of less economic certainty, riders began to adjust their fare purchase choices. Adult monthly pass purchases decreased in the second quarter compared to previous years. All full-fare pass products experienced this decline, with the exception of the payroll deducted EcoPass, which rewards uninterrupted purchase with a discount.

In the second quarter of 2010 we observed a marked shift to less expensive fare media, and an overall drop in revenue. The cumulative effect of multiple large price increases eventually requires customers to re-consider their decision to purchase

transit, or at least to evaluate and re-consider the method of payment, and to look for the most economical choice.

Council will be asked to increase fares by an average of just 2.5% in July 2011.

Figure 3.2.1

**Pass prices,
July 2011**

	March 1, 2010	July 1, 2011	increase
Adult Regular Monthly Pass	\$ 91.50	\$ 94.00	\$2.50 / month
Adult Express Monthly Pass	\$ 114.00	\$ 116.00	\$2.00 / month
Adult Rural Monthly Pass	\$ 141.75	\$ 145.00	\$3.25 / month
Adult Annual Regular Pass	\$ 930.00	\$ 950.00	\$20.00 / year
Adult Annual Express Pass	\$ 1164.00	\$ 1190.00	\$26.00 / year
EcoPass	\$ 80.52	\$ 82.50	\$1.98 / month
EcoPass Express	\$ 100.32	\$ 102.00	\$1.68 / month
EcoPass Rural	\$ 124.74	\$ 128.00	\$3.26 / month
Student Regular Monthly Pass	\$ 73.25	\$ 75.00	\$1.75 / month
Student Express Monthly Pass	\$ 85.50	\$ 88.00	\$2.50 / month
Student Rural Monthly Pass	\$ 110.75	\$ 113.00	\$2.25 / month
Student Regular Semester	\$ 250.00	\$ 255.00	\$5.00 / term
Student Express Semester	\$ 290.00	\$ 295.00	\$5.00 / term
Student Annual Regular	\$ 650.00	\$ 667.00	\$17.00 / year
Student Annual Express	\$ 762.00	\$ 781.00	\$19.00 / year
U Pass	\$ 145.00	\$ 148.63	\$ 3.63 / term
Senior Monthly Pass	\$ 36.00	\$ 37.00	\$1.00 / month
Senior EcoPass	\$ 31.68	\$ 32.50	\$0.82 / month
Annual Senior Pass	\$ 395.00	\$ 405.00	\$10.00 / year
Community Monthly Pass	\$ 32.00	\$ 32.00	\$0.0
DayPass / Family Pass	\$ 7.50	\$ 7.50	\$0.0

Figure 3.2.2

**Ticket and cash prices,
July 2011**

	March 1, 2010	July 1, 2011	increase per trip
O-Train ticket	\$ 2.75	\$ 2.85	\$ 0.10
Adult cash	\$ 3.25	\$ 3.25	\$ 0.0
Express cash	\$ 4.25	\$ 4.25	\$ 0.0
Rural cash	\$ 5.25	\$ 5.25	\$ 0.0
Child cash	\$ 1.60	\$ 1.60	\$ 0.0
<i>Base ticket</i>	\$ 1.25	\$ 1.30	\$ 0.05
Adult fare (2 tickets)	\$ 2.50	\$ 2.60	\$ 0.10
Express fare (3 tickets)	\$ 3.75	\$ 3.90	\$ 0.15
Rural fare (4 tickets)	\$ 5.00	\$ 5.20	\$ 0.20
Child fare (1 ticket)	\$ 1.25	\$ 1.30	\$ 0.05

These inflation-level increases (Figures 3.2.1 and 3.2.2) should not reduce ridership. After July 1, 2011, the average fare collected per ride will be \$1.62, contributing to an overall 2011 revenue:cost ratio of 50.0%.

Passenger sensitivity to pricing and price discounts will result in a slightly higher use of period-passes, but overall revenue and ridership distribution across the different available fare media should be similar to recent years:

Figure 3.2.3

Annual revenue and ridership targets by fare type, 2011

Fare Type	2011 Revenue Target (\$ millions)	2011 Ridership Target (millions of trips)
Adult Regular Monthly Pass	\$ 26.474	15.499
Adult Regular EcoPass	\$ 14.000	9.326
Adult Express Monthly Pass	\$ 6.926	2.950
Adult Express EcoPass	\$ 12.262	5.938
Adult Rural Monthly Pass	\$ 0.293	0.100
Adult Rural EcoPass	\$ 0.536	0.208
Annual Adult Regular Pass	\$ 0.565	0.396
Annual Adult Express Pass	\$ 0.130	0.066
Student Regular Monthly Pass	\$ 17.352	14.463
Student Express Monthly Pass	\$ 0.806	0.574
Student Rural Monthly Pass	\$ 0.027	0.015
Annual Student Regular Pass	\$ 3.032	3.457
Annual Student Express Pass	\$ 0.151	0.147
Semester Pass Regular	\$ 1.893	1.852
Semester Pass Express	\$ 0.236	0.200
U-Pass	\$ 14.920	16.569
Senior Monthly Pass	\$ 3.256	4.091
Annual Senior Pass	\$ 0.063	0.088
Senior EcoPass	\$ 0.018	0.026
Community Pass	\$ 1.853	2.634
All Cash Fares	\$ 10.078	3.368
All Ticket Fares	\$ 41.136	17.943
O-Train Ticket	\$ 0.195	0.072
DayPass	\$ 1.319	0.176
Photo IDs	\$ 0.499	n/a
Social Services Subsidy	\$ 4.825	n/a
Total	162.847	100.119

3.3 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.

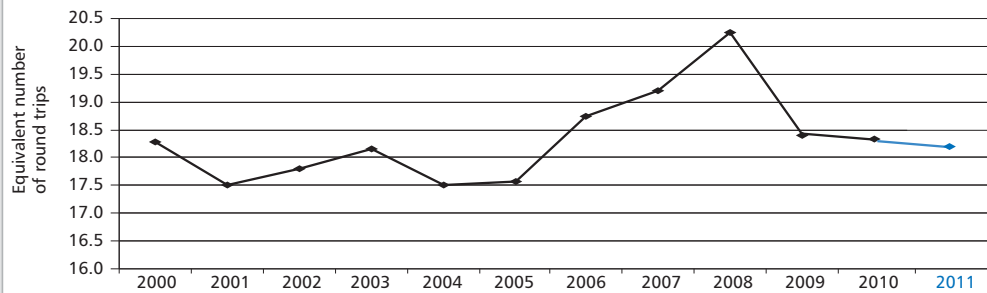
In 2009, the price differential was restored, and tickets are now the equivalent of approximately 18 days of travel on a pass. This is consistent with the marketing strategy to convert infrequent and moderate frequency riders into committed transit users who are willing to purchase a photo ID and monthly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

The corrected price differential was maintained in 2010, and will be maintained in 2011, when ticket prices will increase by about the same amount as passes - i.e., 2.5%, rounded to the nearest 5 cent mark, resulting in a \$1.30 base ticket price.

Figure 3.3

Ticket value in round trips, compared to monthly pass price, 2000-2011

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 94.00
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	\$ 2.60



3.4 Cash fares

Cash fares in 2010 were 30% more than ticket fares, and in 2011 do not need to be increased to maintain the correct price differential in relation to tickets.

The child cash fare would also remain unchanged at \$1.60.

“Top-up” cash fares - used to pay the difference between a regular-trip fare and express-trip fare, have not been adjusted in several years. It is now significantly cheaper to “top-up” using cash rather than tickets, and thus the recommended top-up fare in 2011 will be adjusted to one ticket or \$1.30 cash.

3.5 Student U-Pass

Student U-Passes were provided at the University of Ottawa and Carleton University as part of a two-term pilot project beginning in September 2010. The pilot U-Pass is mandatory for all full-time post-secondary students at these two schools, and is paid at the time students pay their tuition.

The U-Pass is 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 are not included.

The pilot U-Pass is priced at \$145 per term, which represents a 60% savings compared to standard adult fares. While this is a much higher subsidy rate than the 20% benchmark set for other student fare products, additional revenue is collected through the program because the pass is mandatory for all students, including those who do not use transit and did not previously purchase any fare media.

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

From a product management perspective, and in principle as a method of increasing transit ridership, the U-Pass pilot has been very successful. Customer service also benefited - peak lineups were reduced in OC Transpo Sales Centres, which no longer had to provide Photo-IDs to these students

In its current form, however, the U-Pass is not revenue-neutral compared to the previous student pass program. It is estimated that transit revenue from post-secondary students at these two institutions will be reduced by approximately \$3 million over the course of the two-term pilot.

Figure 3.5.1
U-Pass revenue and subsidy, fall semester, 2010

Actual sales, September to December 2010	(\$ millions)	Total
U-Pass sales, at \$145 per pass	\$ 7.3	
		\$ 7.3
Estimated sales in non U-Pass context, September to December 2010	(\$ millions)	
Estimated student pass sales	\$ 6.1	
Estimated student cash & ticket sales	\$ 2.7	\$ 8.8
Estimated sales are based on enrolment growth and prior year's fare type distribution. Estimated sales based on U-Pass survey results (March and November 2010) are similar, with slight variation in estimates by fare type.		
	U-Pass subsidy (\$ millions)	\$ 1.5

Source: OC Transpo sales figures

Based on a U-Pass quantity of about 50,000, current eligibility criteria, and the measured impact on student fare-media sales in the fall of 2010, a revenue-neutral U-Pass price would be \$175 per term.

In 2011, it is recommended that the price of other student fare media be increased by approximately 2.5%, which means that - if the U-Pass price remains unchanged at \$145 - the total cost of the program will increase by 2.5% to 3.08 million.

On the other hand, if the U-Pass price increases by 2.5%, to \$148.63, the two-term subsidy in 2011-12 will be unchanged from 2010-11.

U-Pass program options are currently supported through a student referendum, the most recent conducted in the spring of 2010. Given the timing of City Council budget decisions each year in relation to the school term, the U-Pass program or pilot program would benefit from a multi-year referendum mandate. Such a mandate would conceivably provide for Council-directed fare price changes without the requirement to conduct a new referendum each time the price is adjusted.

Modal share

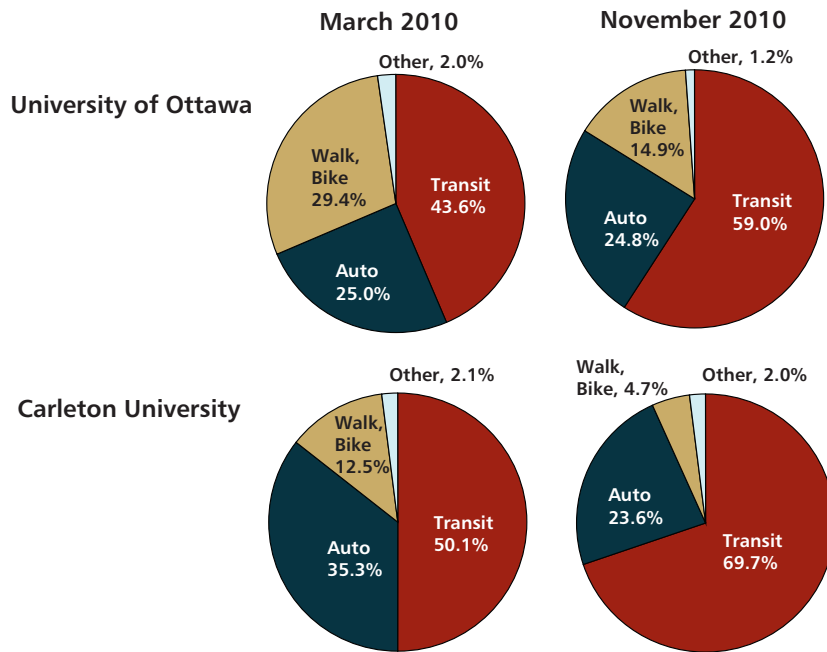
Survey results indicate that overall, student U-Pass holders have increased their transit modal choice by about 17.5%, so that 63.7% of all trips are now made using transit.

As shown in Figure 3.5.2, however, the impact of this change in mode shares is different at the two different campuses. At Carleton University the increase in transit

usage was matched by a decrease in automobile use, but at the University of Ottawa, car use did not change - most of the growth in transit was in lieu of walking or cycling.

Figure 3.5.2

Mode shares, before and after U-pass



Source: U-Pass Survey, March and November 2010

Eligibility

The U-Pass is mandatory for all full-time students at Carleton and U Ottawa, with a few exceptions, most notably those students who as residents of Gatineau are required to purchase STO fare media.

Any change to the eligibility or applicability of the U-Pass program that reduces the number of participants, if it is not accompanied by an increase in the unit price, would have the effect of increasing the net subsidy of the program above the \$3 million cost in 2010-11.

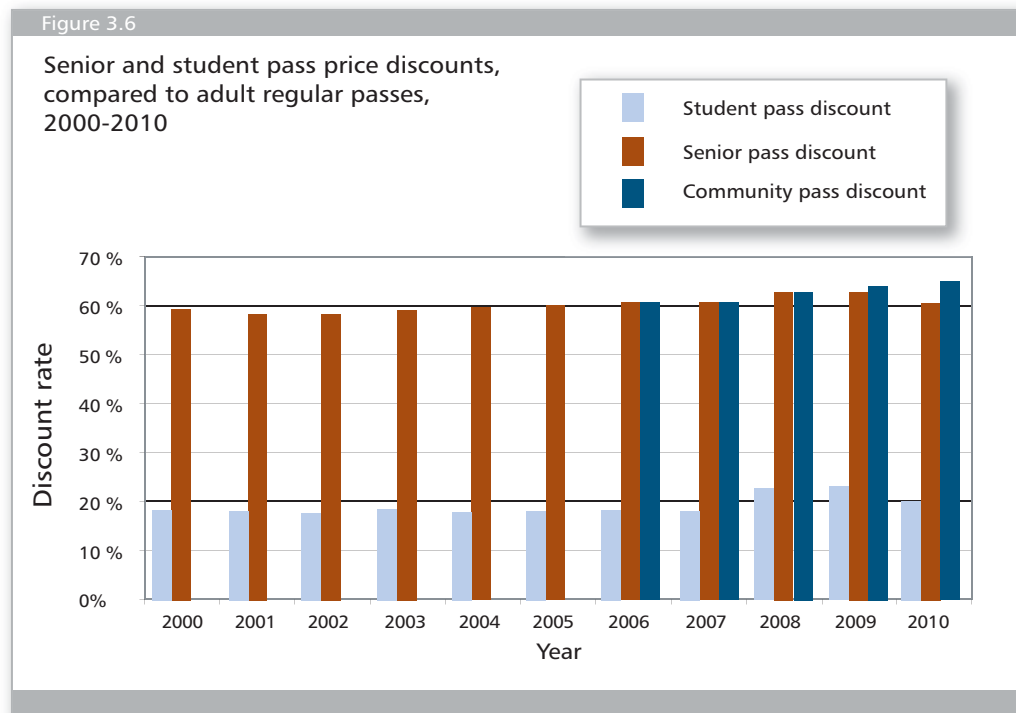
Smartcard transition

The Presto Smartcard - to be active at OC Transpo in 2012 - does not currently provide for a U-Pass product in its functional design. If the U-Pass program is still in effect when Smartcards are introduced, a conversion project will have to be developed to determine the cost and business case for adapting U-Pass to the Smartcard.

3.6 Concession fares

As fares increase, there is 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 increases pressure on standard adult fares, which must increase more than the average to achieve overall budget and revenue objectives. Over time, different rates of growth of the relative fare products result in inconsistent levels of subsidization for different concession fares, as well as an imbalance between purchase options that no longer encourages frequent or long-term transit use.

Another consequence of unbalanced price differentials is that 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.



In 2010, benchmark concession rates were established in an effort to restore some of the price incentives within OC Transpo's fare structure. Discount rates were set for seniors and students at 60% and 20% respectively (Figure 3.7). In 2011, these relative price differentials will be maintained.

Senior price concessions

The 60% discount for senior fares applies to monthly passes only. A program offering free service to senior riders on Wednesdays also exists, as an incentive for non-pass holders to try transit without having to pay the full adult cash or ticket price.

However, more than 70% of senior transit riders do not buy a monthly pass, for the simple reason that they do not travel more than a few times each month. For some, the full adult cash price of \$3.25 per trip may act as a barrier to increasing their transit use; additional trips would be generated if the individual trip price were reduced.

Approximately half of all transit trips by seniors originate in the midday, between weekday peak-periods. Alternative pricing strategies could encourage off-peak ridership amongst seniors in this midday period, thereby making use of unused bus capacity, increasing ridership without increasing service costs, and improving mobility options for some people who have limited financial resources.

Expansion of the Wednesday free service to other weekday time-periods is a simple and effective method to accomplish this. The revenue forecast outlined above in Figure 3.2.3 provides for an additional two half-days of free service for seniors: specifically, Mondays and Fridays after 12 noon. This price-break does not include so many additional weekday peak-periods, that existing senior pass holders would switch to cash or tickets instead.

Veteran price concessions

Transit riders in Ottawa who are war veterans are provided free transit service each year during Veterans' Week. War veterans who are seniors (aged 65 or older) can also take advantage of the 60% pass discount and free Wednesday service, simply by carrying proof of age. Expansion of the free service program would also be of benefit to these senior veterans.

3.7 Community pass

Community passes were introduced in 2006 for recipients of the Ontarians with Disabilities Support Program. Community pass prices and subsidy were set at the same levels as for seniors. In 2009 and 2010 community pass prices were not increased, with the result that the subsidy level is now 65%, compared to 60% for seniors.

Transit price concessions based on an individual's financial need, or ability to pay, cannot be easily managed within the same price framework that governs all other transit prices. With the exception of the community pass, OC Transpo prices are

based on a model that considers transit demand management and the elasticity of the transit market relative to alternatives, or to other household costs.

In 2011 the accountability for community pass pricing and eligibility will be externalized from transit, and will be held instead by the City of Ottawa Department of Social Services. Passes will continue to be distributed through existing OC Transpo sales channels, and arrangements will be developed with the Social Services Department to ensure that full transit fare is credited to OC Transpo revenues.

Social Services, through its agreements with the Province, may be eligible for refund of the cost of subsidizing transit. This change will improve the overall financial performance of the City of Ottawa and make transit revenue easier to compare with other Canadian cities.

2011 transit fares, listed above in Figures 3.2.1 and 3.2.2 do not include any increase in the Community Pass price.

3.8 Reward programs

Pass prices are structured to encourage people to continue buying passes once they have started. In 2010, 40% of adult monthly pass holders indicated that they buy fewer than 12 passes each year. This suggests an opportunity through loyalty rewards or other incentives to increase pass sales in the future. The EcoPass, used by approximately 26,000 people in Ottawa, is particularly effective at encouraging uninterrupted pass purchase through its payroll deduction agreement.

Smartcard price structures will include a loyalty and discount option that rewards uninterrupted purchase for various fare products - similar to the EcoPass program but not requiring a payroll deduction agreement with an employer. Smartcard marketing efforts, which will come forward later in 2011, will build on an image of transit reliability and convenience to encourage subscription to Smartcard pre-authorized payment programs.

At the moment, the discount for Smartcard period-pass purchase is expected to be 10%. After initial purchase at full fare, an individual's monthly pass price would be reduced by an additional 1% each month until the tenth consecutive month, at which point the discount would reach 10%. The 10% discount would then continue to apply as long as pass purchases are uninterrupted.

Unlike the EcoPass program, the Smartcard discount would be available to a variety of pass users.

4 NON-FARE REVENUE

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

- i) the sale of fare products; and
- ii) the sale of advertising space, park & ride permits, charters and sundry items.



The 2011 targets for these latter sources of revenue are as follows :

Figure 4.0

Non-fare revenue targets, 2011

Source	2011 Revenue target	Percentage of non-fare revenue
Advertising	\$ 3,134,000	79.0 %
Park & Ride	\$ 165,000	4.0 %
Charter Services	\$ 215,000	5.0 %
Sundry	\$ 475,000	12.0 %
Total	\$ 3,989,000	100 %

4.1 Static display advertising

Multi-year contracts are currently in place for the management of advertising space and sales on three groups of assets:

- i) on-bus advertising, including bus interiors and exteriors, expires July 2011; current value \$1.6 million per year.
- ii) shelter posters, recently extended to July 2013; current value \$1.2 million per year.
- iii) bus stop benches, recently extended to July 2013; current value \$190k per year.

In the third quarter of 2011 the advertising market will be expanded to include in-station advertising opportunities, with the expectation that an additional \$135k can be generated in 2011. New display cases, decal surfaces and station-domination sales opportunities will be created.

4.2 Dynamic advertising

Video schedule display units in Transitway stations are scheduled for replacement by 2012, with the availability of real-time bus arrival information on station platforms and in passenger waiting areas. New LED display technologies provide potential advertising opportunities that will be explored in conjunction with the expanded in-station static advertising contracts.

The availability of dynamic advertising media in stations is an opportunity to develop location-based advertising streams that are also growing in other dynamic advertising markets - i.e., the web and mobile smartphones.

The octranspo.com website and travel planner will provide new event and Ottawa destination presentations early in 2011, that can be used to attract advertisers and strategic partners who recognize the value of establishing their event or location as a transit destination - as a high profile landmark within the OC Transpo landscape. With over 7 million visits annually, the octranspo.com website is one of the largest and most active sites in the Ottawa community.

OC Transpo needs to invest in technology infrastructure to provide dynamic transit information, but the opportunity to leverage this investment for advertising revenue must still be assessed. Advertising revenue potential from these dynamic and location-based sources is understood to be growing rapidly. Our objective in 2011 is to identify and contract an advertising sales partner who can develop and maximize the revenue from these new opportunities for the next 5 to 10 years.

4.3 Print advertising

Other undeveloped advertising opportunities exist on OC Transpo's printed information products. Each year, over 3 million pocket timetables, as well as hundreds of thousands of maps and brochures are printed and distributed.

A recent assessment by the Organizational Development and Performance office has identified the potential for \$15,000 in annual advertising revenue on transit print media. Advertising sales contracts will be pursued in 2011 in conjunction with the ODP office and other City of Ottawa printed products.

4.4 Partnerships and sponsorship

Marketing resources are planned to be allocated in 2011 to the research and development of strategic partnerships and sponsorship.

Provision of transit service to events and festivals always requires a balance between available capacity in the existing service network and the cost of operating additional service. Event organizers and other major travel destinations also must weigh the cost of providing parking, charter service, or other alternatives to public transit.

Event destinations represent an opportunity to consolidate the purchase and use of transit. OC Transpo has been successful - in a few isolated examples - at developing agreements with partners including Winterlude, The Ottawa 67's and the FatCats baseball group. However, there is considerable undeveloped potential in this marketing approach - potential for improving the transit mode share for these destinations, and for sharing the cost of providing transit.

With the replacement of EcoPass planned in 2012, Smartcard purchase and distribution options may result in new agreements with employers that replace existing administrative processes, and still encourage transit use and pass purchase through an association with the employer.

Similarly, pass distribution and sales arrangements with schools would need to be adjusted to accommodate Smartcards. Negotiation and marketing of these arrangements should begin in 2011.

Loyalty programs developed for Smartcard must consider the value of existing rewards programs such as AirMiles, for whom OC Transpo is already a points-redeemer. Expansion of this program will provide the necessary marketing options demanded by consumers in the Ottawa market. The potential to develop agreements with new partners and sponsors can be increased through creative marketing of these established programs.

Marketing strategies for 2011 and beyond will address the changing relationship between OC Transpo and its major destination-partners, including major Ottawa employers. New relationships with employers will be vital if we are to successfully build ridership within the commuter demographic.

4.5 Park & Ride

Park & Ride revenue comes from the "Gold Permit" program, which allows transit riders to reserve a parking spot for a monthly fee. In addition, all parking at the Baseline Station and Jeanne d'Arc Park & Ride lots requires purchase of a monthly permit.

At busy lots - Eagleson, Fallowfield, Greenboro and Place d'Orléans - the demand for parking exceeds lot capacity on most weekdays during the fall and winter seasons. Management of space is costly and disruptive, but is necessary to ensure safe and reliable access to transit at these facilities.

In 2011, research and analysis will be conducted towards the development of a strategy that generates revenue from parking at lots where demand warrants. Future options may include an expanded monthly permit program, or pre-paid online tickets, or some other combination of methods. Park & Ride revenue in 2011 will not increase over 2010, other than through increased demand for Gold Permit parking.

4.6 Charter services

In 2009 and 2010, revenue from the sale of charter services has been reduced, in order to ensure bus availability to transit riders during peak periods. Nevertheless, the provision of charter services is necessary during major city and convention events.

Better arrangements with event and destination partners will be an opportunity in 2011 to improve the financial model for these specialized service agreements.

4.7 Sundry revenue

Sundry revenue is derived from miscellaneous sources:

i) Visitor Passes	\$84k in 2010
ii) Pass protection	\$97k in 2010
iii) Newspaper boxes	\$219k in 2010
iv) Automated teller machines	\$17k in 2010
v) Convenience store outlets	\$58k in 2010

The forecast revenue from these sources in 2011 is unchanged from 2010, except that newspaper box revenue may be reduced in an effort to manage the amount of paper littered at stations and on buses.

5 BRAND DEVELOPMENT AND MARKETING CAMPAIGNS

The strategy to attract people to transit is always based on increasing convenience, affordability and the promise of performance. The strategy to retain riders is based on reliability and on the many other aspects of a customer's experience that influence feelings of safety, trust and ease-of-use.



The identity and public reputation of OC Transpo and associated services also 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.

Service design and marketing decisions combine to position transit products within the marketplace in a manner that makes it as easy as possible for people to choose transit.

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 that can potentially last for decades.

5.1 Brand revitalization

Transit brand and reputation are reinforced at every possible customer touch-point through the control and management of the brand's physical expression in the environment. This includes everything from the appearance of transit publications, to vehicle cleanliness, signage, livery design, and positive media coverage.

The Transitway brand, characterized by the unique signature of its architecture, is now 30 years old and has become fragmented. It is no longer universal throughout the existing system and is not part of the light rail evolution.

An OC Transpo brand positioning statement and service hierarchy will be established in the first part of 2011, to guide the development of marketing campaign themes for the next five-to-ten year period. This brand revitalization process will also identify signature physical elements of the brand for application in the built environment - at stations, bus stops, and on vehicles - in a manner that will endure for many decades.

A consistent and comprehensive brand hierarchy and image lexicon are required to guide and facilitate the development and design of marketing campaigns and

themes. Consolidation of the transit brand and image under a single directive or vision - a positioning statement - will greatly simplify the development of marketing programs and communication materials, and will improve their effectiveness.

5.2 Image and social marketing

Social marketing campaigns are designed to create an image of transit that occupies a recognizable and desirable place in the community, and in a person's daily life. Lifestyle-oriented campaigns, for example, associate transit with identifiable behaviours and routines in which people can recognize themselves in a positive context. Other social marketing campaigns can emphasize the benefit of transit to the community as a whole, or to the environment, or simply as a desirable activity.

High-level social marketing is a necessary and effective strategy for influencing consumers' decisions through brand quality value and reputation: our credibility, the customer's level of trust and confidence in our ability to perform, and the degree of control and influence a person feels they have over their travel experience.

In 2010, "Ready-Set-Go!" defined the major theme of transit campaigns and communications, reflecting the investment in capital expansion and technological innovation that has characterized the past few years. Internal and external communications reflected how OC Transpo was "Ready" with a strategic direction and vision; "Set" with implementation plans and budget support; and then "Go!" - with the delivery of new services such as next stop announcements, fleet availability, Transitway expansion, and mobile communication.

Later in 2011, ridership campaigns will rely on a social marketing approach that defines how OC Transpo, its services and employees fit into the community, and how transit figures as part of an individual's urban life. Campaign themes and messages will be developed in conjunction with the positioning statement and branding strategy described above. Depending on the outcome of the brand positioning process, one such theme for an external social campaign could be the concept of "Team Transpo." A "Team Transpo" campaign would recognize the participation of all transit staff and functions in the provision of a safe and reliable service, as well as community engagement and civic responsibility.

2011 campaigns will be multi-faceted, using traditional print, advertising and out-of-home display formats, radio and social media.

Customer appreciation

Customer appreciation events will be held at selected stations in the spring of 2011, featuring giveaways, prizes, and customer feedback opportunities.

Christmas food drive

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. The food drive will be conducted again in 2011.

5.3 Navigation and wayfinding

The new wayfinding signage system begun in 2009 will continue to be rolled out at remaining Transitway stations in 2011, and other enhancements, including registered mobile service alerts, will be available early in the year.

A new representation of the rapid transit network - Transitway and O-Train - will be created by April 2011, to coincide with the Barrhaven Transitway extension. This will incorporate the new wayfinding model, as well as brand elements developed through the brand revitalization process.

Real-time arrival information, whether at dynamic video displays, or via telephone or smartphone, significantly improves both the convenience and reliability of transit service. When the requirement to plan travel details in advance is reduced, the decision to use transit is easier - it is more convenient to be able to decide spontaneously to make a trip by bus, than to have to plan too far ahead.

5.4 Targeted campaigns

Each new station, park & ride lot, rapid transit route, schedule change or communication service is an opportunity to promote transit to a targeted group of potential new riders, and promote better service to existing riders.

Targeted campaigns influence specific, individualized travel decisions: for example, decisions based on specific walking distances and conditions, particular departure and arrival times, travel times compared to an equivalent car trip, parking options, ease of transfer at a station - and so on.

A successful transit promotional campaign must 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 Millennium Park & Ride lot in Orleans. Targeted marketing of transit services is effective because it offers customization to the individual's level and provides simple points of access to the service that reduce the complexity and uncertainty of a large system.

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

Transplan 2011

Route orientation and network structure will be optimized for a September 2011 implementation, with an emphasis on increased walking distances. Targeted campaigns, beginning with Transplan 2011, will promote routing alternatives that offer reliability and frequency improvements.

Barrhaven

Transit service to Barrhaven residents will be expanded and improved with the opening of the Southwest Transitway between Fallowfield Station and Barrhaven Centre in April. Targeted information campaigns will promote faster, more frequent service to downtown destinations, Barrhaven destinations, and an overall increase in transit capacity for the community. A direct in-home mailing promotion will be developed in an effort to reach new riders.

The three-kilometer extension of the Southwest Transitway is scheduled to open on Sunday, April 17, 2011. This section of Transitway is the first to be opened outside the Greenbelt through a suburban area, and as such will provide improved transit opportunities for travel within the community of Barrhaven, not just between Barrhaven and central Ottawa. Highlights include:

- i) More frequent, faster service on Route 95
- ii) More capacity and faster trips on express service
- iii) Direct connections on local routes to the Transitway from all areas of Barrhaven
- iv) More frequent direct service to/from the RCMP
- v) Direct service home from Gatineau, providing more open capacity at Bayview and Tunney's Pasture Stations

5.5 e-Transpo

Web services

Mobile alerts and expanded use of social media will be developed to take advantage of the new octranspo.com web platform developed in 2009. A redesigned and updated octranspo.mobi presentation - our new app - will be launched in the first part of 2011.

New event and Ottawa destination presentations, also planned for the first quarter, will see the website become more community-oriented, with active links to other sites, events and partners in Ottawa.

Opportunities exist for independent third-party web developers to make use of "open" transit data, and to create novel or specialized applications for transit riders. Provision of robust data that is consistently available in usable formats and is scalable, can result in applications that meet the needs of a broad range of transit users.

In April 2008, via the Google transit data feed, OC Transpo was one of the first Canadian systems to provide our bus stop and schedule data in open format for developers to build upon. Other data, such as vendor locations, may prove similarly useful. Location-based, targeted data carries a high value in information media channels, and can be used to leverage partnership or sponsorship interests.

Smartbus

Smartbus development emerged as a front-line service in 2010, with the automated next-stop announcement service that now provides a consistent, fully bilingual, reliable service that announces all approaching bus stops on a route.

In 2011, plans are for Smartbus to provide real-time GPS bus locations in a format that can be provided to customers through several channels, including the 560-1000 IVR telephone system, sms text-messaging, video-displays in transit stations, and via the octranspo.com and .mobi websites.

Smartcard

The ease of purchasing transit fares facilitates the use of transit. Because fare payment is an important and frequent touch-point for all transit riders, positioning of Smartcard in the market represents a significant opportunity to revitalize the transit brand in Ottawa. Messaging and campaigns developed during the implementation phase of Smartcard will influence the position of Smartcard and the success and reputation of transit for many years into the future.

In the fall of 2011, customers will begin to hear about the convenience and advantage of the Presto Smartcard:

- i) no monthly voucher required; therefore no requirement to visit a vendor each month;
- ii) convenient on-line or telephone IVR payment options; also a reason not to visit vendors;
- iii) loyalty program and reward offered to a variety of non-concession period-pass users, through credit card or bank account payment, rather than through payroll deduction (replaces EcoPass);
- iv) pending council approval, no requirement for photo IDs; therefore no requirement to visit a Sales Centre to purchase a pass. For instance, photo IDs are not used on any non-concession Presto Smartcards throughout the GTA. This feature removes a significant barrier to pass purchase, greatly simplifies the Smartcard implementation effort, and also creates the possibility of offering a transferable bus pass that can be shared by more than one person in a given fare class;
- v) automatic monthly or low-value top-up; therefore no requirement to remember to renew purchase;
- vi) built-in pass protection plan for registered users, to protect a rider's purchase in the event of a lost or stolen pass; and,
- vii) automatic electronic calculation of payment across all service types (regular, express, rural express) - and for all user types (student, senior, adult).

Marketing of Smartcards will begin with communication to stakeholders, such as school boards and EcoPass administrators, and in early 2012 will develop into a full-scale conversion campaign targeted to existing transit riders, and a promotional campaign targeted to potential new riders.

Information campaigns will be required to introduce some of the changes to our fare structure necessary to align with Presto policies, as part of the Smartcard implementation. For instance, province-wide age rules used in the Presto system require that the OC Transpo cut-off for child fares be increased from age 11 to age 12. While this change has minimal impact on fare revenue, significant effort will be needed to communicate the change to riders.

Para Transpo fares are currently payable with standard OC Transpo fare media, including all passes and tickets. In its initial phase and budget the Smartbus project will not outfit Para Transpo vehicles with Smartcard readers. The Presto system does not currently include a process or technical solution for paratransit operators to collect fares, and any Presto solution would require agreement and implementation across the province. Options for adapting Smartcard payment methods will be inves-

tigated independently in different cities in 2011, including Ottawa, and a separate project and business-case will be required if Para Transpo fare payment is to be fully integrated with Presto Smartcards.

The number of pass and ticket vendor outlets will be evaluated and rationalized in 2011, and it is anticipated that the vendor network will be reduced in the short-term and eliminated in the long-term, after Smartcards have been fully implemented. The extent of this change will depend on the extent that customers make use of the internet and IVR options for Smartcard fare purchases.

As mentioned above in Section 3.6, the Presto Smartcard does not provide for a U-Pass product in its functional design, and a conversion project may have to be developed to adapt U-Pass to the Smartcard. Student annual and semester passes will also not exist in their current form on the Smartcard platform, and alternative products will have to be marketed in conjunction with these other structural changes to student fares.
