

2013 DBA DESIGN EFFECTIVENESS  
AWARDS SUBMISSION

## Hemisphere

**PROJECT TITLE**  
Metrolink: Marketing  
& Product Interventions

**CATEGORY**  
12: Service Design

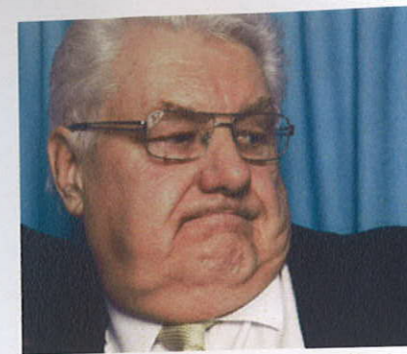
**CLIENT COMPANY**  
Transport for Greater  
Manchester

**DESIGN CONSULTANCY**  
Hemisphere Design &  
Marketing Consultants

**CURRENT DATE**  
28th June 2013

FOR PUBLICATION





# +85%

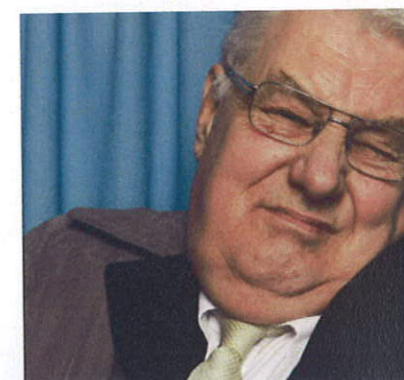
Increase in  
average weekly  
sales of 1-day  
travelcards

# +155%

Increase in  
average weekly  
sales of 7-day  
travelcards

# +43%

Performance  
over budget of  
new Metrolink  
line to Oldham



## Executive summary

Transport for Greater Manchester (TfGM) is expanding the reach of its Metrolink tram system exponentially. A £1.4 billion investment programme, started in 2009, will double the size of the network by 2016, with an accompanying increase in revenues of 130% required to meet capital investment repayments.

However, when the first new tram line to Chorlton opened in 2011, sales levels were more than 30% behind budget, indicating a mismatch between service delivery and public expectations. Hemisphere was asked to investigate this gap and recommend any service interventions that could help improve sales performance.

The changes that have been devised and implemented to Metrolink's sales policies, marketing approach and user interfaces have resulted in significant uplifts in sales, with recent line openings exceeding budget targets and major increases in the purchase of loyalty products that provide added value to users. In addition, the resulting shifts in passenger buying habits demonstrate that better value products can be made more accessible for customers via simplified sales channels without resulting in reduced revenues.

- Sales of Weekly Travelcards are running at an average of 155% increase on the previous year
- Revenues from sales of Day Travelcards have risen by 85%
- The opening of the new line to Oldham in July 2012 delivered sales at 35% over budget in the first month and has achieved a 43% increase over budget in the first year

The impacts of these trial service interventions have provided valuable data on passenger response to simpler and more flexible sales policies; lessons which will shape the approach to TfGM's new Smart ticketing scheme, due to be introduced in 2014.

(293 WORDS)

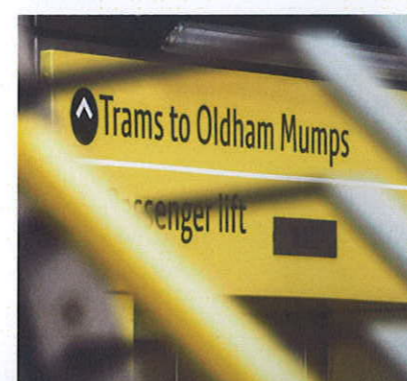
## Project overview

### OUTLINE OF THE PROJECT BRIEF

Hemisphere was tasked with identifying any structural issues preventing customer take-up of Metrolink services. This included a review of the existing sales policies and marketing strategy and proposing a range of interventions to improve the structure of the service offer and promotion, with particular reference to the opening of new lines and the changes required for the successful introduction of Smart ticketing.

### Key objectives

- To achieve the 3-month revenue target for the opening of the new Metrolink line to Oldham from July 2012
- To improve overall take-up of Metrolink services by:
  - a) tackling negative passenger perceptions around value for money and the complexity of fares and ticket types
  - b) proposing changes to ticket products and sales policies in advance of the planned move to Smart ticketing and assess customer response and impact on revenue
  - c) reducing the proportion of one-off single and return tickets purchased by more active promotion of loyalty-based and unlimited travel products such as Weekly and Day Travelcards
- To move customers towards lower cost, self-service sales channels through simpler, less hassle transaction processes





## PLANNED GROWTH 2009-2016

## Number of trams

32  
 ↑ 97

## Number of stops

39  
 ↑ 92

## Revenue

£30m  
 ↑ £70m

## Passenger journeys

20m  
 ↑ 50m



## PROJECT DESCRIPTION

As Greater Manchester's flagship public transport service, Metrolink has a major role to play in providing the region's 2.75 million citizens with a reliable and affordable means of getting around, encouraging them to make more sustainable transport choices. Since it began operating in 1992, the demand for Metrolink services has outstripped supply, and the system has already been through several phases of expansion. But with a 19% increase in population recorded in the 2011 census and further growth expected, Metrolink needs to more than double in size to meet the anticipated needs of a burgeoning population.

In 2009, a major £1.4 billion infrastructure development programme began on Metrolink, with the aim of more than doubling the size of the network and tripling the number of trams by 2016. This expansion is funded in part by national government, but also by a substantial amount of capital borrowing to be paid back out of future revenues. It is therefore vital that revenue targets are met as new lines and services are opened.

The 20 million journeys per year undertaken at present are expected to leap to 50 million, meaning that not just the infrastructure but the service provision requirements have to be ready to deal with this massive increase in volume. To manage this, TfGM is also investing in a new £20 million Smart ticketing scheme, a more advanced version of London's Oyster system, due to begin operating on Metrolink in 2014. For Smart ticketing to be successful in encouraging the public to adopt a more 'pay as you go' approach to travel, the structure and selling approach to the service offer needs to be simpler, more transparent and more flexible.

This project has therefore been focussed on trial interventions to creating the marketing foundations for both the expanded network and the new Smart ticketing system. The results achieved are being used to shape future service provision so that it provides a persuasive alternative to the car and creates a major upshift in public transport use.



#### MARKET SURVEY RESULTS

? 33%

Proportion of customers who find ticket types confusing



14%

Not confident they are buying the right ticket



42%

Amount by which users overestimate ticket costs

#### OVERVIEW OF THE MARKET

Although it operates within the wider transport infrastructure, Metrolink effectively exists in its own unique marketplace - it has no equivalent competitor. This has given it a freedom to develop sales policies that suit its own operational needs, but are not always customer-focussed. As part of the move to Smart ticketing, Metrolink is intent on revising its service approach to deliver a more integrated offer across all modes of public transport. This includes examining all aspects of its own long-established sales practices, as well as working with bus and rail operators to design and deliver a service proposition that is simple to understand and use, flexible and better value for money.

#### KEY ISSUES/CHALLENGES:

##### Existing poor perceptions of value for money

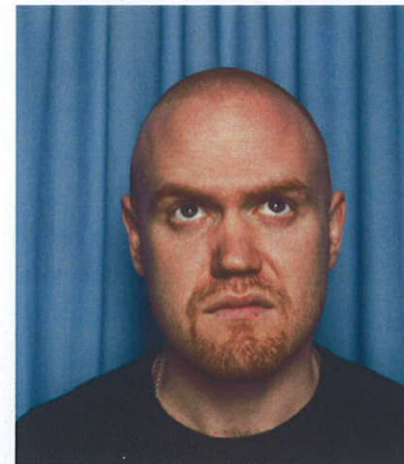
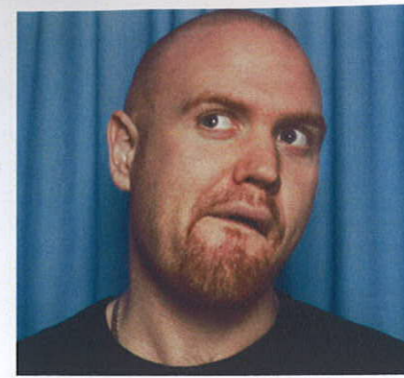
Despite good value season and saver tickets being available to passengers, research has shown that almost half of potential users overestimate the cost of fares and don't believe there is a significant advantage in purchasing a regular use ticket. Perceptions of cost are also bound up with quality of service issues, but there is a basic requirement to engage customers with better value products as a means of encouraging patronage.

##### Poor visibility of better value products

Although better value tickets are available in theory, information about these unlimited travel day, weekend and family products has not been available either online, in person or in print. This means customers are only likely to find these products on a ticket machine. However, they are buried in a sub-menu and are not immediately obvious from the home screen.

##### Complicated fare structure

As Metrolink has expanded, new fares have been added as new lines have been introduced but with no real concept of an overarching fare structure for the whole network. All journeys are currently sold as 'point to point' fares, with over 600 different price combinations making it impossible to provide clear, network-wide pricing information. Providing transparent pricing information would also highlight the historic inequities that exist between fares on different lines. This situation will be untenable in a Smart ticketing world where passengers will want to know the value of the 'pay as you go' journeys they are making with their smart ticketing account. A high level of trust in the fare deductions will be essential to the Smart scheme's success.



**Lack of clear pricing information**

Historically, Metrolink's complex fare structure has made it unfeasible to provide simple and accessible price information. Journey cost information has been provided solely by an online price calculator which shows the cost for a journey between two specifically entered destinations. No pre-purchase printed information is available on ticket types or costs.

**Barriers to purchase**

To purchase any form of season ticket, passengers first have to obtain a photo-card ID through a cumbersome process involving completing a paper form and posting it off with a passport photograph then waiting up to a fortnight to receive it back. This is a hurdle worth tackling for a monthly or annual season ticket, but for a weekly season ticket, the hassle factor is undoubtedly a barrier to purchase. This barrier was effectively preventing people from becoming committed Metrolink regular customers, whereas the aim in any future Smart system is to encourage, not prevent, customer loyalty.

**Ticket sales patterns**

From sales and survey data it is apparent that passengers are purchasing a high proportion of single and return tickets, even when travelling regularly on the network. Some of this may be down to the barriers to season ticket purchase, but it could also result from the exact 'point to point' nature of Metrolink tickets i.e. if you travel into the city centre in the morning you may not be returning from exactly the same stop, so may feel you cannot purchase a return in case you come back from a different location.

**PROJECT LAUNCH DATE**

The Metrolink marketing interventions activity took place in two phases:

New line marketing approach:  
July 2012

Changes to ticket machines implemented:  
November 2012

Promotion of sales policy changes:  
From December 2012

**SIZE OF DESIGN BUDGET**

*Confidential.*

## Outline of the design solution

Following a thorough analysis of existing research and sales figures, Hemisphere proposed that many of the issues highlighted could be tackled by a series of sales and marketing 'interventions':

- making changes to the underlying price structure and sales policies and removing barriers to purchase
- promoting better value products more effectively
- changing the sales interface to feature better value products more prominently
- providing more transparent information about fares and services

### THE AMENDS TO THE SERVICE DESIGN COMPRISED:

#### More overt promotion of better value products

The ticket machine interface was redesigned to place more home page prominence on the day, weekend and multimodal Travelcard products, presenting these options to the customer much earlier in the ticket selection process. The software was also amended to create a single 'City Zone' destination for all city centre stops. As well as speeding up passenger flow at ticket machines, this meant that passengers could buy a return ticket at the beginning of the day with the flexibility to return from any stop in the city centre. For season ticket holders this also created additional flexibility and value, effectively giving them unlimited city centre travel as part of their purchase.

Ticket machine – previous user sales interface



Simplified user sales interface



Changes to interface to highlight better value products



On-stop posters



Ticket machine sticker

### Removal of photo-card ID requirement

Hemisphere proposed the removal of the requirement to obtain a photo-card ID before being able to purchase a weekly season ticket. As well as encouraging loyalty, this was a key means of evaluating the true customer demand for better value, regular travel products, as well as assessing the resulting effect on revenues, both of which are essential criteria for planning the right sales approach for the new Smart ticketing world.

This shift in policy required reprogramming of ticket machines, plus a public-facing campaign to promote the change to existing Metrolink users. TfGM employees were recruited to feature in the photoshoot, increasing staff engagement with the changes taking place by creating a good internal 'buzz'.



Flyers in the style of passport photos using Metrolink staff as models

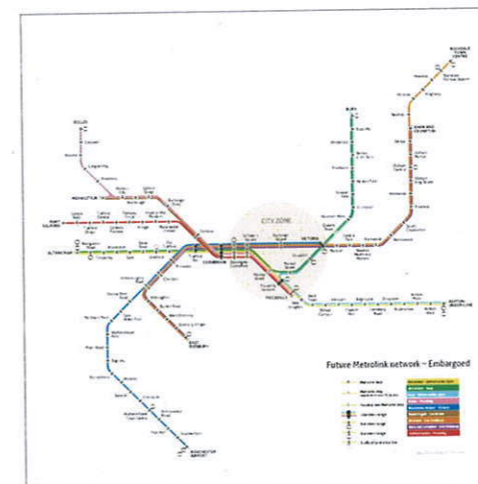


Tram window vinyl

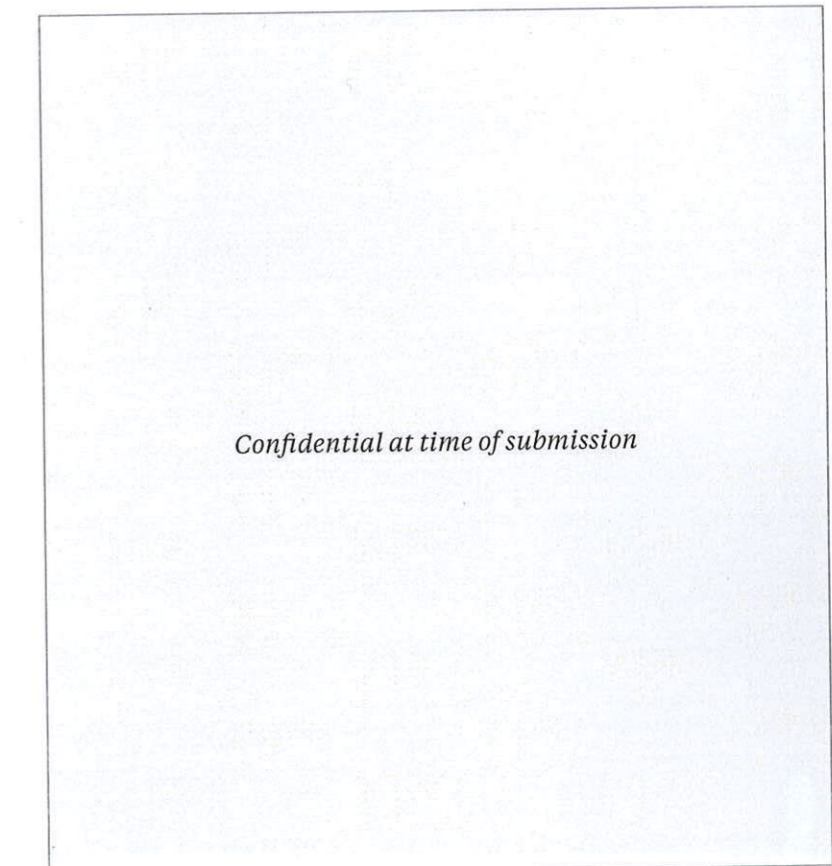


**Devising a new zonal fare structure**

A proposed zonal fare map was developed to persuade transport authority members that achieving price harmonisation across lines would make journey costs more transparent to the travelling public and fare choices easier to understand. This led to an agreed two-stage approach to fare rises in 2013 and 2014 to achieve a fully-zonal price structure in time for the introduction of Smart ticketing.



Previous fare map



New zonal fare map

*“Hemisphere proved to us that revising our fare structure to make it simple and transparent is fundamental to the future success of both Metrolink and Smart ticketing. The clarity of their thinking has enabled us to convince a wide range of political stakeholders to move away from the historic complex and inequitable structure to a much more customer-centric price model.”*

Mike Mellor, Head of Commercial and Marketing  
Transport for Greater Manchester



New line door-drop pack

**Provision of more transparent information**

A new-style 'line by line' information guide was created to target the opening of the new line to Oldham in July 2011. Rather than focussing primarily on outdoor media and PR to drive sales, as in previous new line openings, the Oldham campaign directly targeted all households within a 1km radius of the new stops with a door-drop pack containing newly formatted information on pricing, ticket types and service times that emphasised to people the value and added benefits that choosing Metrolink could offer. (470 WORDS)

Approximate journey time in minutes

- Oldham Mumps
- Freehold
- South Chadderton
- Hollinwood
- Falsworth
- Newton Heath and Moston
- Central Park
- Monsall
- Victoria
- Shudehill
- Market Street
- Mosley Street
- St Peter's Square
- Deansgate-Castlefield

Onwards to St Werburgh's Rd

- Metrolink stop
- Line interchange
- Rail/Bus interchange
- Southbound only
- Park & ride
- Bike stands
- Bike lockers

**Oldham Mumps to City Zone**  
Ticket prices and service information from June 2012

Example fares travelling to the City Zone  
Peak hours are up to 9.30 in the morning, Monday to Friday (excluding public holidays)

ADULT	FROM ZONE A	FROM ZONE B
Single (peak)	£3.20	£2.30
Return (peak)	£4.80	£3.40
Return (off-peak)	£3.50	£2.80
Day Saver (peak)	£6.40	£4.40
Day Saver (off-peak)	£4.50	£3.50
Weekend Saver	£5.00	£3.50
Weekly Season Ticket	£19.00	£13.50
4-weekly Season Ticket	£70.00	£51.00
Quarterly Season Ticket	£215.00	£150.00
Annual Season Ticket	£760.00	£540.00

CHILD (Proof of age required)	FROM ZONE A	FROM ZONE B
Single (peak)	£1.60	£1.10
Return (peak)	£2.40	£1.70
Return (off-peak)	£1.70	£1.40
Day Saver (peak)	£2.60	£2.60
Day Saver (off-peak)	£1.80	£1.80
Weekend Saver	£2.50	£2.50
Weekly Season Ticket	£9.50	£6.50
4-weekly Season Ticket	£35.00	£25.00

FAMILIES & GROUPS	FROM ZONE A	FROM ZONE B
Family Return (off-peak)	£5.00	£4.00
Family Day Saver (weekday)	£6.20	£6.20
Family Day Saver (weekend)	£5.00	£5.00
Family Weekend Saver	£7.00	£7.00
Group Day Saver (off-peak)	£10.00	£10.00

**TRAM FREQUENCIES**

Mon-Thu	Fri-Sat	Sun & Public Hols
Every 12 minutes	Every 12 minutes	Every 12 minutes from 09.00-17.30 Every 15 minutes at all other times

**TRAM TIMES**

Mon-Thu	Friday	Saturday	Sun & Public Hols
FIRST LAST	FIRST LAST	FIRST LAST	FIRST LAST
06.00 23.42	06.00 00.52	06.00 01.04	07.00 22.41

**Getting the most out of your new Metrolink service**

Inside this leaflet you'll find lots of information to guide you on how to use your new Metrolink service, from ticket prices and advice on the best value ticket to buy for your journey, to details of the first and last tram times and the time it takes to travel.

In the chart to the left you will find example fares for journeys into Manchester city centre, but remember that you can buy Single, Return and Season Tickets to any destination on the Metrolink network. To find out the cost of your required journey, simply use our online ticket selector at [www.metrolink.co.uk](http://www.metrolink.co.uk)

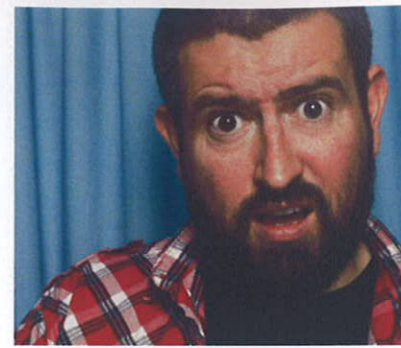
Oldham Mumps

To Oldham and beyond...  
The new Metrolink line to Oldham Mumps is just the first stage in the development of Metrolink's Oldham and Rochdale service. The current Oldham Mumps stop is a temporary measure while we create a new line through Oldham town centre. This will be followed by the rest of the line to Rochdale Railway Station, then subsequently with extensions to Oldham and Rochdale town centres.

Metrolink Network Map

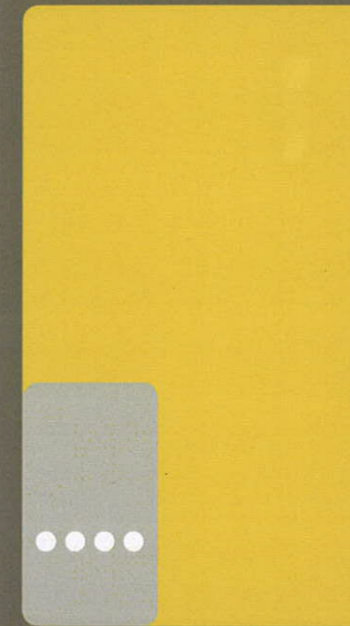
Top right: Artist's impression of eventual Oldham Mumps stop

New 'line by line' information guide



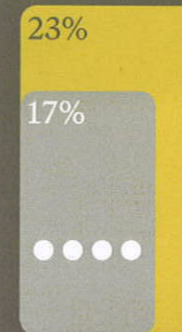
Increase in weekly season ticket sales

**+155%**



Increase in rate of year on year revenue increase

**+35%**



## Summary of results

Removing barriers to purchase has shown that the travelling public react swiftly and positively to products that are marketed to them as more flexible and better value for money.

### Weekly season ticket campaign

Sales of weekly season tickets across the Metrolink network jumped by over 150% within a few weeks of the promotional campaign launch.

As expected, sales of peak returns have fallen as a result, but the sales of off-peak returns have not been impacted, indicating that most of the product transfer from singles and returns to weeklies has been from commuters.

Over the network as a whole, trip rates have risen slightly as the converted passengers are using their weekly tickets to make more journeys. A drop in revenue was predicted as a logical consequence of it being easier for customers to access lower cost, better-value tickets, however the year-on-year revenue increase levels that were already being experienced due to new line openings have increased following the changes.

The conclusion is that making better value products easier to access is encouraging more people to become more regular users of the Metrolink network.

### Impact on weekly season ticket sales

Increase in average sales per week **+155%**

### Impact on sales of peak returns

Average year-on-year increase pre-changes **+8%**

Average year-on-year decrease Jan - May 13 **-10%**

### Impact on sales of off-peak returns

Average year-on-year increase pre-changes **+5%**

Average year-on-year increase Jan - May 13 **+7%**

### Impact on revenue

Average year-on-year increase pre-changes **+17%**

Average year-on-year increase Jan - May 13 **+23%**



Oldham line sales level above budget month 1

+35%



Oldham line sales level above budget year 1

+43%



**Opening of the new line to Oldham**

The provision of more transparent customer-facing price and service information had a noticeable effect on sales for the opening of the new line to Oldham in July 2011, delivering revenues up to 43% over budgeted levels:

% increase above budget for month 1	+35%
% increase above budget for quarter 1	+28%
% increase above budget for year 1	+43%

This is compared to the new Metrolink line to South Manchester, which opened in July 2011, prior to any sales policy interventions being made. This opening was marketed via a traditional above the line campaign and revenue targets fell short by -31% in the first month and -19% in the first year.

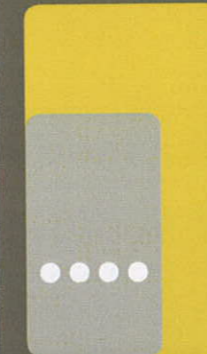
Increase in Travelcard weekly revenue

+85%



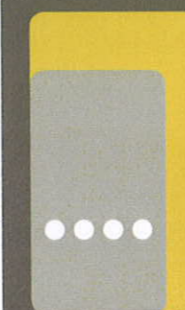
Increase in multimodal Travelcard sales

+45%



Shift in buying habits from Travelshops to ticket machines

+24%



**Sales of Day, Weekend and Multimodal Travelcards**

The repositioning of the better value, unlimited travel products on the home screen of the ticket machine interface had a noticeable impact on sales of these products, including multimodal (bus and tram, bus, tram and train) options.

**Day and Weekend Travelcard sales**

Average year-on-year increase in sales pre-changes	20%
Average year-on-year increase in sales Jan - May 13	85%

**Multimodal Travelcard sales**

Average year-on-year increase pre-changes	-4%
Average year-on-year increase from Jan - May 13	+45%

**Shift of sales patterns from Travelshops to Ticket machines**

By giving customers easier access to better value products at ticket machines and making these items more prominent on the home screen, there was a noticeable shift in the number of people using lower cost, self-service channels.

**Change in buying patterns**

Proportion of weekly sales made at ticket machines pre changes	64%
Proportion of weekly sales made at ticket machines Jan - May 13	88%

*“We knew we had to radically rethink the way Metrolink sells and markets to its customers. But when you are so close to the detail, it needs external strategic and creative input to help you see things differently. Hemisphere’s design thinking has challenged us to try new approaches to our services and these have proved unequivocally that giving customers easier access to better value products doesn’t result in revenue losses, but increases both customer loyalty and overall demand.”*

Mike Mellor, Head of Commercial and Marketing  
Transport for Greater Manchester



## Other influencing factors

At the time of the service intervention activities, overall Metrolink revenues were running at higher levels than the previous year as a consequence of new line openings, providing a generally positive backdrop to these results. This has been accounted for by showing the shift in year on year % performance that resulted from the changes wherever possible.

During the time period when the service interventions were introduced, there were a number of other traditional marketing campaigns undertaken which may have influenced overall uptake. These included a campaign targeted at Christmas shoppers with promotional offers from retailers and a special city centre travel offer over the Pride festival weekend in October. However, neither of these are viewed as having a significant impact on the results as they were primarily targeted at off-peak leisure travellers, not regular commuters.

In addition, seasonal factors such as different October/February half-term weeks, the exact day/dates when Christmas fell and poor weather in January/February will have influenced sales performance year on year, but with six months' data now available to assess the impacts, the conclusions drawn are considered valid.

## Declaration

On behalf of Hemisphere Design & Marketing Consultants

Sue Vanden  
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On behalf of Transport for Greater Manchester

Mike Mellor  
Head of Marketing and Commercial  
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### RESEARCH RESOURCES

Smile Campaign Evaluation Report  
Steer Davis Gleave May 2013

Evaluating performance  
Metrolink Customer Satisfaction  
Survey, MVA Consultancy  
December 2011

Smart ticketing qualitative  
concept testing  
GfK NOP Social Research,  
December 2011

Understanding Passenger  
Attitudes to Fare Options  
MVA Consultancy 2009

Fares & Ticketing Survey  
Greater Manchester Passenger  
Transport Executive 2008