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Can Loyalty Programs Reverse Declining Public Transit Ridership?



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Ridership on public transit is on the decline throughout the country. Reliability of transit, good service coverage, and vehicle maintenance are all important elements in maintaining ridership. An analysis by the [American Public Transportation Association \(APTA\)](#) found that, overall, reduced loyalty toward transit was in part

because its use is no longer as cost-effective for consumers as it once was. Other reasons include the availability and convenience of services and the perceived efficiency of using public transportation versus driving.

However, as a loyalty consultant, I believe transit companies have the opportunity to use loyalty programs to increase transit ridership. In a [2013 Millennials & Mobility](#) survey, APTA found that millennials were enthusiastic about rewards that could be redeemed at local stores and restaurants along their travel route. Transit companies have the opportunity to build customer loyalty by giving their riders points for travel and allowing them to share those points with friends, using gamification and social media to encourage engagement.

The widespread use of smart cards among transit agencies means that a great deal of data already exists about customer use of routes and stations and other public transit ridership trends. Loyalty marketers could use this data to make an everyday commute to work, or a bus ride to the store, rewarding. Riders could earn points for the number of trips taken and achievement badges for referring a friend, traveling during off-peak times, games and more. These are all elements that could help build friendly competition between riders, more engagement and a more loyal customer base that may offset the drop in cost competitiveness.

Examples

Loyalty programs can not only reduce churn but can lead to more riders. One example is Minnesota's Ride to Rewards programs, the first public transit frequent rider program in the nation. The transit rewards program partnered with merchants so that riders received points from the use of public transit and local and online purchases. In its pilot program, [more than 80%](#) of participants said they were more likely to ride as a result.

Bart Perks was a test program conducted in the Bay Area that experimented with offering customers rewards for using transit outside of peak travel times. It lasted six months and encouraged participants to shift their commute away from the peak time of 7:30 a.m. Nearly twice as many people signed up than predicted, and participants were eligible to play games for cash rewards, which they were encouraged to post about on social media. Around [10%](#) of participants changed their commute time. The program used a theory called nudging, which says that people may change behavior for small rewards.

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The Transit Rewards program by the Connecticut Department of Transportation (CTDOT) [offered](#) rail riders perks at a number of restaurants, stores and other places such as museums and breweries. Riders redeemed rewards by showing their transit pass or rewards coupon when they made a purchase. Over 50 local businesses provided perks to public transportation riders.

WeGo Transit & Hytch Rewards is a Nashville-area [pilot program](#) that offers cash to participants. Several companies are involved in the program in which riders can use an app that rewards users for sharing rides with a friend, including on public transportation. The community aspect of the program is important, and distance, type of transportation and the number of people traveling all affect the incentives.

What Successful Programs Must Include

The most successful programs share a number of things in common. First, the programs are easy to understand. The steps for enrolling, earning and redeeming awards are simple to follow. Discounts and offers are both personalized and geo-specific. For example, customers receive offers on mobile loyalty apps based on both where they are and on time of day. These are real-time offers. Geolocation also allows programs to inform participants when there might be delays in traveling on certain routes and about alternatives.

Successful programs should also give participants a broad choice of benefits and rewards. Through harnessing social media, they can encourage participants to share their experiences and to refer friends. In successful programs, transit companies should remind participants of less tangible benefits of using public transport, such as helping the environment. Finally, the programs should give transit companies data about riders and a way to contact them if they reduce their use to find out why. Companies also have the opportunity to identify riders who might be more likely to stop using public transportation and encourage them to continue.

Mistakes made by transit companies generally center around failing to measure or use data effectively. Anytime a company uses a rewards program to build loyalty, it should make sure the program supports its business objectives and is integrated into the overall marketing plan. There must be a way to measure whether the behavior of riders changes, and the impact of the program.

Sometimes, even when a company owns the data, it does not use it effectively. For example, customer data should be used to tailor rewards, promotions and other offers to them. It is critical for companies to recognize that analyzing this data and communicating with the customer is as important as every other element of the loyalty program. Finally, companies need to use the information gathered to better understand the customers and their travel needs including where they travel and how often. Beyond the uses for the reward program, this allows transit companies to understand the needs of riders, the frequency of travel, routes taken and where the transit company needs to make improvements. Furthermore, when companies know why ridership is declining, they can proactively engage riders and make the necessary changes to retain customers.

How to increase ridership on public transportation is one of the major challenges facing transit companies throughout the country today. Public transportation companies can join other organizations that traditionally have not used loyalty programs to engage and expand their customer base in a new way.

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