Amtrak Marketing and Sales and PRIIA Section 209

Standing Committee on Rail Transportation
Matt Hardison
February 19, 2013
Outline

• Background/PR1IA Section 209
• Marketing and Sales
  – Sales Distribution and Customer Service
  – Pricing and Revenue Management
  – Marketing and Advertising
  – Market Research and Forecasting
• Conclusions
PRIIA Section 209 Background

• Section 209 Requirements:
  – States and Amtrak to collaborate on developing a cost sharing formula that will treat all States equally – paying like amounts for like services
  – Costs are based on Amtrak Performance Tracking (APT) system

• “Route” Costs: Amtrak and States agreed to allocated costs from APT families
  – 401 (Sales);
  – 402 (Information & Reservations)
  – Route-specific Route Advertising costs
  – Additional requested services (e.g., custom research/demand forecasting)

• “Additive” Costs:
  – Encompasses other, more difficult to allocate costs
  – Replaces prior detailed allocation methods with simpler rates that can be applied consistently across like routes

• Capital: Project/route-specific (e.g., Wi-Fi, PIDS, OPIS)
Amtrak Marketing and Sales: Functional Organization

1. Sales Distribution and Customer Service
   - Reservations and Call Centers
   - Sales Distribution (eCommerce, mobile, eTicketing/reservations, station ticketing, travel agency systems, and onboard systems)
   - + Route Advertising/Other Services

2. Pricing and Revenue Management
   - Pricing, Revenue Management, Decision Support Systems

3. Marketing and Advertising Programs
   - Advertising Programs, Loyalty Program (AGR), Field Sales teams

4. Market Research and Analysis
   - Market Research, Ridership Analysis, Demand Forecasting, CSI Reporting

"Route" Costs

"Additive" Costs
Marketing and Sales Goals

• Drive traffic through creative, cost-effective customer communications, sales and advertising solutions to continue growing the national system
• Capitalize on Amtrak’s national scope to build, procure and deliver state-of-the-art rail solutions (e.g., Wi-Fi, PIDS, NTAMS, OPIS)
• Deliver maximum revenue/available seat-mile
• Deliver customized research, analysis and solutions in customer satisfaction, new routes and services, as needed
1. Sales Distribution and Customer Service

Responsibilities:

*Manage sales systems and channels to deliver quality customer service, control costs, improve customer access and self service, and deliver consistent information.*

Key FY13 Programs:

- Improve on-board Wi-Fi service quality through system upgrades such as 4G/LTE
- Complete Passenger Information Display Systems (PIDS) national contract (hardware, software)
- Complete deployment of eTicketing functionality and leverage device to implement Electronic Delay Reporting
- Deploy enhancements to iPhone, Android mobile platforms (simplify booking process; train cancellation; push notification; real-time synchronization with Amtrak.com profiles)
- Begin re-platform of “Julie” voice response unit (VRU) to a cloud-based solution
- Define a strategy for the future model for station reservations and ticketing
Sales Channel Share Trends

Trends in Booking Channel Share

Self Service* | Contact Center | Station Agents | Travel Agency
---|---|---|---
FY04 | 39% | 27% | 25% | 29%
FY05 | 44% | 27% | 25% | 27%
FY06 | 49% | 25% | 25% | 25%
FY07 | 53% | 22% | 22% | 22%
FY08 | 58% | 19% | 19% | 19%
FY09 | 59% | 19% | 19% | 19%
FY10 | 61% | 18% | 18% | 18%
FY11 | 64% | 16% | 16% | 16%
FY12 | 67% | 16% | 16% | 16%

* “Self Service” includes Amtrak.com, Quik-Trak, Mobile App, Julie, and Travel Agent Web.
Benefits of Channel Shift

Amtrak Distribution Channel Cost per Rider

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Channel Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY05</td>
<td>$9.62</td>
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<tr>
<td>FY06</td>
<td>$9.32</td>
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<tr>
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<tr>
<td>FY10</td>
<td>$7.84</td>
</tr>
<tr>
<td>FY11</td>
<td>$7.55</td>
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Technology Programs Designed as Nation-wide Solutions

- **Principle**: capitalize on national scope to design, procure fully integrated solutions for cost-effective deployment by Amtrak and its partners

- **Examples**:
  - Train communications (telemetry) and data system (TCD)
  - Wi-Fi system
  - Passenger Information Display Systems (PIDS) – integrated with train communications and activity monitoring systems
  - On-board Passenger Information Systems (OPIS) – integrated with train communications and activity monitoring systems
  - Amtrak.com, mobile app, and loyalty program integration
  - Pricing and revenue management systems
Acela Wi-Fi traffic jumped after 3G to 4G/LTE upgrade

- Data consumption peaked at 8 Mbps prior to the upgrade and 25 Mbps afterwards
- Average throughput is nearly 9x higher after the upgrade
Work is underway to capitalize on the Wi-Fi network

• On-board Passenger Information Systems (OPIS)
  – Provides automated announcements and signage as well as end-of-car displays with maps, news, weather, sports scores, and the like
  – Acela automated announcements solution designed (pending funding)
  – Amtrak is working on an RFP – with California’s assistance – that we will issue in FY2013 Q2 for standardized equipment and software
  – California will be first to purchase from this contract

• On-board entertainment (e.g., news, TV Shows, movies)
  – Still in R&D phase; test platform available this summer
  – Consulting with external vendors
National Passenger Information Display System (PIDS) Program

• Amtrak has developed a national PIDS standard and program structure that will enable the efficient and timely deployment of PIDS at stations

• Our goal is to create an integrated, open and flexible PIDS solution that addresses three critical areas:
  – Strategic:
    • Dramatically improves customer experience when navigating the station and platform environment
    • Provides a platform for our partners to buy and deploy PIDS equipment
    • Yields solutions built to national standards
  – Legal
    • ADA compliance
  – Systems/Operations:
    • Integrates with Amtrak’s systems
    • Improves the dissemination of train status information
    • Enhances the productivity of station staff
PIDS Without Standards – a Variety of Unpredictable Signs
PIDS With Standards – Reliable, Real-Time A/V Information

<table>
<thead>
<tr>
<th>Time</th>
<th>No.</th>
<th>Train</th>
<th>To</th>
<th>From</th>
<th>Status</th>
<th>Gate</th>
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<tbody>
<tr>
<td>3:35</td>
<td>190</td>
<td>N.E. Regional</td>
<td>Boston</td>
<td>Washington</td>
<td>On Time</td>
<td>A1</td>
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<tr>
<td>4:40</td>
<td>401</td>
<td>MARC-Penn Line</td>
<td>Washington</td>
<td>Baltimore</td>
<td>On Time</td>
<td>B2</td>
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<tr>
<td>5:25</td>
<td>502</td>
<td>MARC-Penn Line</td>
<td>Washington</td>
<td>Perruville</td>
<td>Now 5:35am</td>
<td>B</td>
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<tr>
<td>5:30</td>
<td>2150</td>
<td>Acela Express</td>
<td>Boston</td>
<td>Washington</td>
<td>On Time</td>
<td>A</td>
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<td>170</td>
<td>N.E. Regional</td>
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<td>Washington</td>
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<td>A1</td>
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<td>67</td>
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<td>Newport News</td>
<td>Boston</td>
<td>Delased</td>
<td>A3</td>
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<tr>
<td>6:12</td>
<td>180</td>
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<td>New York</td>
<td>Richmond</td>
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<td>B</td>
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<td>408</td>
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<td>Baltimore</td>
<td>Washington</td>
<td>On Time</td>
<td>A</td>
</tr>
</tbody>
</table>

Main Board

Train Information

Messaging

Train Information and Visual Messaging

Platform Displays

Gate Board

Train Information and Visual Messaging
National PIDS Program Status

• In FY12, Amtrak focused on establishing the program structure
  – A Request for Proposals was written and released to the marketplace
  – Proposals from prospective vendors were received in September 2012
  – Contract award is expected in FY13 Q2
  – State partners will be able to issue task orders under Amtrak’s Master Services Agreement

• Like Wi-Fi, eTicketing and On-board Passenger Information Systems (OPIS), PIDS solution delivers
  – Nation-wide, professionally designed, built and tested solution built for the rail environment
  – Contract vehicle for states to implement as desired/needed
OPIS Without Standards – a Variety of Unpredictable Signs
OPIS With Conceptual Standards

LCD Screens – Cafés and End-of-Cars

External LED

Vestibule LED

Internal LED
In-path Alerting Launched Fall 2012

Sample Email Notice

From: Amtrak [mailto:No reply@Amtrak.com]
Sent: Monday, October 29, 2012 11:37 AM
To: Stramiello, Peter
Subject: Important Amtrak Service Alert (Reservation number 1C3DC9 / PETER MR STRAMIELLO)

Dear Amtrak Passenger,

Our records indicate that you are scheduled to depart Plattsburgh-New-York traveling aboard Amtrak Train 0068 that Train is delayed. The estimated departure time is now 1:30 PM. Please note that trains can make up time during travel.

Thank you for being a valued Amtrak customer. We appreciate your patronage and apologize for any inconvenience.

Sincerely,
Amtrak Customer Service

Sample Text Notice

Train 68 from Plattsburgh to New York is now expected to depart 10 minutes late at 1:30p
Amtrak Marketing and Sales: Functional Organization

1. Sales Distribution and Customer Service
   - Reservations and Call Centers
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2. Pricing and Revenue Management
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“Route” Costs

“Additive” Costs
2. Pricing and Revenue Management (PRM)

- Deliver analytics and modeling of ticket revenue performance
- Develop and execute pricing
- Revenue-manage inventory to deliver highest revenue per departure
  - Measured by Ticket Revenue/Available Seat-Mile (T-RASM)
Key FY13 PRM Programs:

- **Fare Family Foundation** (Allows “web only pricing”)
  - Provides range of pricing and rules
  - Supporting revenue and ridership growth goals

- **Automated Forecasting Revenue Management System**
  - Multi-year project delivering a revenue optimization solution that accurately forecasts demand and optimizes revenue for each city pair and price point
  - Uploads optimized price point inventory authorizations to Arrow
  - The Revenue Management Solution will measurably enhance revenue performance by an estimated 3% to 5%
  - Cutover begins in FY15; complete in FY16
Improved forecasting delivers revenue and ridership benefits

- Data based on actual impacts to Eurostar
- Eurostar management estimate the investment made in their automated demand forecasting solution was recovered within the first 12 months of operation

Increase in revenue and riders after revenue management automated forecasting solution was implemented
3. Marketing and Advertising Programs

• Responsibilities
  – National and local advertising campaigns, loyalty marketing (Amtrak Guest Rewards and Customer Relationship Management), travel agency sales and marketing programs across the U.S.

• Sample FY13 Programs
  – Fall and Winter/Spring fully integrated advertising campaigns to drive awareness, consideration and purchase
  – National Train Day to drive awareness, interest, and support of rail travel
  – Amtrak Guest Rewards redemption restructuring research (positioning for FY14-15 implementation)
  – New eCRM platform on Amtrak.com
  – On-going responsibilities
    • Marketing partnerships (e.g., AAA, Student Advantage, Amtrak Vacations) and exhibiting at consumer and travel trade conventions
    • Developing and distributing marketing collateral (timetable products, merchandise, brochures)
Field Marketing Directors and Corridor Services
Field Sales Team Responsibilities/Activities

• Promote Amtrak/state services at major trade shows:
  – AARP, 18K consumers
  – ITB, Pow Wow and WTM International trade shows 50K travel agents, travel industry and tour operators
  – GBTA, 4K business travel managers

• Coordinate work with other internal resources (e.g., Revenue Management, Call Center, Amtrak.com, Timetable, Customers Relations) for addressing state priorities

• Support states through
  – Amtrak and state joint marketing meetings and plans
  – Directing field resources on marketing and supporting state trains

• Support state ticket sales through B2B and other online consumer sales channels:
  – Travel Agents (GDS)
  – Corporate Online Booking Tools
  – Consumer Booking Website (e.g., Hipmunk.com)
  – International Booking Websites
Amtrak Guest Rewards & eCRM

• Responsibilities
  – Amtrak Guest Rewards (AGR) Program
  – eCRM on Amtrak.com

• FY13 Plans
  – Continue to grow the marketable database of both programs
  – Continue enhancement of both AGR and eCRM relevance across all Amtrak services
  – Begin restructuring Amtrak Guest Rewards redemption parameters based on market research results
  – Increase member self-service redemption options
  – Implement a new eCRM platform for Amtrak.com personalization and email distribution resulting in more precise targeted message/advertising delivery compared to current platform
National Advertising and Marketing Programs

• Responsibilities
  – Plan, develop and execute national advertising campaigns and marketing programs
  – Plan and develop marketing support collateral and promotional items

• FY13 Activities
  – Launched Fall advertising campaigns; with targeted and national media support
    • Search – Google, Yahoo, Bing; sample branded search terms: Amtrak fares, Amtrak schedules, Amtrak routes, Amtrak stations, etc
    • 180 state train name terms included in search media buy
    • Online display/banners/tabs, examples include Pandora, Frommers, tripadvisor
  – Plan and launch Winter, Spring campaigns
  – National Train Day 2013 (May 11) Organizing for 200+ events across the country
  – Produce System Timetables and related cards; including maps, schedules and in-book advertising
Advertising covering mixed media

Nation-wide Contextual Advertising
…and services across the U.S.

Illinois

Maine

Vermont

Pennsylvania

New York
Amtrak.com geo-targeted messages

Northeast Regional
Acela
New York
Pennsylvania
4. Market Research and Analysis

Responsibilities:

*Market Research, demand forecasting, reporting and analysis*

Key FY13 Programs:

- **Market Research**
  - **CSI Online**: Parallel customer satisfaction survey to monthly mailed CSI survey. Intent is to measure the impact of mode (mailed vs. on-line) then replace mailed with less expensive and more timely on-line mode.
  
  - **Service Recovery Satisfaction Index (SRSI)**: Online survey of customers experiencing a service disruption. Monthly route level report should enable business lines to identify “best in class” practices.

- **Demand Forecasting**:
  - To support schedule, routing and equipment decisions

- **Reporting and Analysis (scheduled and ad hoc)**:
  - Overall ridership and ticket revenue monthly analysis
  - City pair/market level reports
  - Passenger type reports
  - State reporting
  - Special promotions reports
  - Station activity reports
Conclusions: Building New Capabilities

• In Place Now
  – eTicketing
  – 3/3.5G Wi-Fi
  – Mobile apps (iPhone, Android)
  – Self-service modify/cancel on Amtrak.com and mobile
  – On-call services across department – research, eCommerce, pricing and revenue management support, advertising and field sales

• Coming within Next Year
  – 4G Wi-Fi roll-out
  – PIDS National Contract
  – OPIS National Contract

• Marketing and Sales is delivering significantly improved, cost-effective services that
  – Improve customer service and self-service
  – Reduce costs
  – Can meet a variety of specialized State Partners needs

• We are always looking to do more, and welcome your suggestions and ideas for improvement