



**Washington State  
Department of Transportation**

# TURNING THE TIDE

TRANSFORMING THE BRAND & REBUILDING RIDERSHIP



**Washington State Ferries**



**MARKETING PLAN**

**2009-2015**





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## EXECUTIVE SUMMARY

The Washington State Department of Transportation Ferries Division (WSF) has linked Washington's 200 miles of marine highways for over 55 years. In recent years WSF's funding levels, services, and ridership have declined, which required WSF to focus its resources on basic operational and capital needs of the system. WSF was not able to invest in marketing, and was limited in its ability to develop and implement strategies that may have helped mitigate some of the impacts from recent challenges. As a result, WSF's brand and reputation have suffered.

In 2009, the Legislature provided funding for a marketing program to improve customer service, transform the WSF brand, and rebuild ridership. This funding came as a result of a financing study conducted by the Legislature, which recommended a marketing program emphasizing off-peak ridership to help WSF attain projected ridership and associated revenues. This report to the Legislature's Transportation Committees is the first step in the process of establishing a marketing program; it outlines a broad marketing strategy, specific actions, a timeline for implementation, and the allocation of resources necessary to achieve marketing goals.

In marketing the ferry system, it is important to recognize that WSF is the public identity of the Washington State Department of Transportation (WSDOT) Ferries Division, an operating entity within WSDOT. As such, WSF's strategic goals must be in alignment with the broader WSDOT strategic vision. This approach is consistently applied to all of WSDOT's operating divisions and its unique transportation services, such as the Good-to-Go program and Amtrak Cascade services.

### WSF LONG RANGE PLAN

*In June 2009, WSDOT adopted a long range plan for the ferry system that sets a vision for putting WSF on a path to sustainability. The plan states that it is critical that WSF achieve the level of ridership expected from the demand forecasts both from a revenue and system utilization perspective, without significantly increasing capacity.*

- *Ridership is forecasted to grow by 37% between 2006 and 2030 (13% growth would return WSF to the historical high level of ridership in 1999).*
- *Growing system capacity solely by acquiring larger vessels and increasing terminal capacity is not a feasible strategy given financial, environmental, and political constraints.*
- *The plan calls for WSF to make sustainable investments in the ferry system while more efficiently using existing assets.*

### SYSTEM CHALLENGES, 1999 TO PRESENT:

- *Repeal of motor vehicle excise tax in 1999 resulted in cut sailings, increased fares, and tabled plans for expansion*
- *Annual ridership declined by over four million from 26.8M (1999) to nearly 23M (2009)*
- *In 2007, four of WSF's oldest vessels were pulled from service due to safety concerns forcing further reductions in service and capacity, and eliminating back-up vessels for the system*

The approach to this marketing plan goes beyond “purchased media” and advertising and looks holistically at how to manage WSF’s different services to improve customer service and maintain and grow ridership. Marketing often extends beyond simple advertising and messaging to include product design and quality. In addition to communications and advertising, this marketing plan integrates the concepts of customer service, business development, and new products and services.

Today, despite its challenges, WSF has a renewed sense of management purpose and is poised to build upon its many strengths including: its large core customer base; its position as a one-of-a-kind service provider across the Puget Sound; new vessels soon entering the fleet; and planned information technology improvements and expansion of a vehicle reservation system. This marketing plan is an important step in this process to rebuild WSF’s ridership and transform its brand. It is clear that it is a new day for WSF and its customers.

## OUR CURRENT SITUATION

An extensive assessment of current WSF operations, trends in the communities it serves, and the WSF customer base highlighted opportunities and challenges that needed to be considered in developing the marketing strategy. Highlights are listed in Exhibit 1 and include:

**STRENGTHS.** WSF has a long history of providing safe and reliable service to a core customer base. WSF has a strong safety and reliability record, consistently completing over 99% of trips over the past ten years. The trust that many customers still place in WSF lends itself to an expectancy that we can do better and improve the overall rider experience.

**WEAKNESSES.** Today, WSF has an aging fleet and terminals with vehicle capacity constraints during peak periods, a lack of organizational focus on marketing and business development, and uncertainty about long-term sustainable funding. A prolonged period of negative media has driven public perception that WSF may be incapable of focusing on what customers really want.



**OPPORTUNITIES.** A host of planned service improvements present the opportunity to transform WSF’s brand, enhance the customer experience, and emphasize real modernization, improved stability, and value. Equally important, new leadership is out front and center in the communities demonstrating that there is an authentic commitment to improving the system.

**THREATS.** Externally, a decrease in population growth and an aging demographic in West Sound communities may reduce underlying demand for ferry services. In addition, negative messages in the media have tarnished the WSF brand and will continue to damage its reputation if basic problems are not addressed. Internally, WSF is limited in its ability to be responsive to customer needs due to funding constraints and inadequate customer service incentives for fleet and terminal employees.

**Exhibit 1**  
**STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS ANALYSIS**

	WSF OPERATIONS ▼	WSF COMMUNITIES ▼	WSF CUSTOMERS ▼
<b>STRENGTHS</b>	<ul style="list-style-type: none"> <li>Strong market position with few competitors</li> <li>History of reliable, safe and affordable service</li> </ul>	<ul style="list-style-type: none"> <li>Long-term regional population growth</li> <li>Attractive destinations</li> </ul>	<ul style="list-style-type: none"> <li>Large core customer base</li> <li>Generally high satisfaction and perceived value among customers</li> </ul>
<b>WEAKNESSES</b>	<ul style="list-style-type: none"> <li>Lack of sustainable funding source</li> <li>Vehicle capacity constraint in peak</li> <li>Aging fleet and terminals</li> <li>Lack of investment in marketing</li> <li>Lack of incentives to provide customer service</li> </ul>	<ul style="list-style-type: none"> <li>West Sound has growing percent of retirees</li> <li>Want service, but not the associated congestion</li> </ul>	<ul style="list-style-type: none"> <li>Frustration with long lines &amp; wait times</li> <li>Want more service, but concerns about fare increases</li> </ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"> <li>Grow ridership: Walk-ons, off-peak and new</li> <li>Long-term fare predictability</li> <li>Transform brand through actions and messaging</li> <li>Modernization of fleet and services</li> <li>ITS improvements and new reservation system</li> </ul>	<ul style="list-style-type: none"> <li>Marketing to new residents in ferry served communities</li> <li>Coordinate with other transit agencies to improve connections to other job centers</li> </ul>	<ul style="list-style-type: none"> <li>Increase counter-flow ridership</li> <li>Support continued growth in recreation trips</li> <li>Marketing to business/commercial users</li> <li>Grow passengers and walk-on ridership</li> </ul>
<b>THREATS</b>	<ul style="list-style-type: none"> <li>Growing attractiveness of ferry alternatives                             <ul style="list-style-type: none"> <li>• By road</li> <li>• Telecommuting</li> </ul> </li> <li>Negative messages in media                             <ul style="list-style-type: none"> <li>• Structural fare adjustments</li> <li>• Service interruptions</li> </ul> </li> <li>Declining ridership since 1999</li> </ul>	<ul style="list-style-type: none"> <li>Changing West Sound demographics                             <ul style="list-style-type: none"> <li>• Population growth slowing</li> <li>• Getting older</li> </ul> </li> <li>Employment growth less concentrated in downtown Seattle</li> <li>Cross-sound commute levels flat or declining</li> </ul>	<ul style="list-style-type: none"> <li>Recent losses in ridership:                             <ul style="list-style-type: none"> <li>• Passengers and walk-ons</li> <li>• Commuters</li> </ul> </li> <li>Aging commuter base - many near retirement</li> <li>Frequency of commuter trips decreasing</li> <li>Perception of WSF has suffered in recent years</li> </ul>

## OUR GOALS AND OBJECTIVES

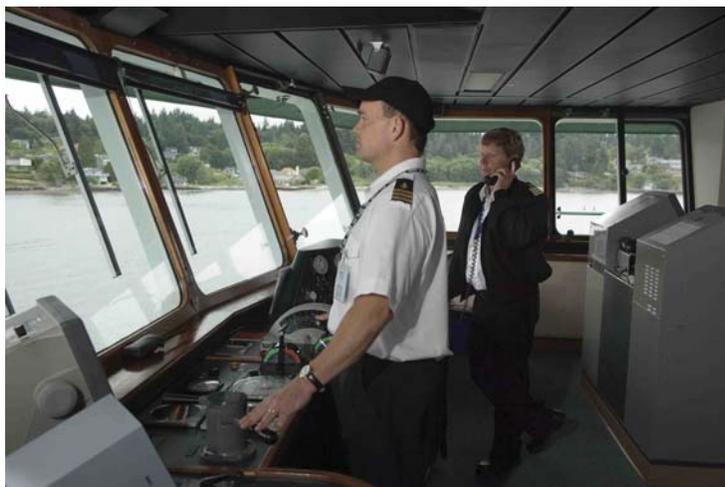
WSF marketing has four objectives that are consistent with the WSF's overarching goals and the need to improve operationally while strengthening its image and identity.

- 1. TRANSFORM THE BRAND.** WSF built its brand and its reputation by providing over 55 years of safe, reliable, convenient, and affordable service to cross-sound travelers. Over the last decade, the WSF brand has been tarnished through service cuts, fare increases, and failure to improve customer service. The WSF brand has also suffered in recent years due to negative press about the system's challenges including forced retirement of the Steel Electrics. Marketing can energize the confidence of its customers by highlighting WSF's accomplishments and investments in new vessels and services, such as information technology systems and the expansion of vehicle reservations. Marketing should transform and broaden the appeal of WSF's brand through more targeted messages, images, and services that will appeal to new markets and customer groups.
- 2. GROW NEW MARKET SEGMENTS AND OFF-PEAK RIDERSHIP.** WSF's ridership forecasts indicate that ridership is expected to increase approximately 37% over the next 22 years. As mentioned above, during peak sailing periods there is little to no unused vehicle capacity to accommodate the expected increases in vehicle ridership. Therefore, marketing will target ridership growth in off-peak periods, which usually serve infrequent, recreational, and commercial customers, as well as targeting opportunities to grow passenger and walk-on ridership.
- 3. MAINTAIN AND GROW THE COMMUTER CUSTOMER BASE.** Commuters are a foundational customer segment for WSF, and commute customers make more trips per year than any other customer type. Therefore, gaining (or losing) one commute customer has a significant impact on total ridership. The marketing strategy will target the commuter customer segment to first slow recent decreases in commuter trips and eventually grow ridership in this important customer base.
- 4. INCREASE CUSTOMER SATISFACTION.** WSF is in the customer service business and strives to provide excellent service at a value that allows customers to choose travel times that support and enhance their lifestyle. Marketing addresses this through operational improvements, modernization of services, and raising awareness about improvements in products and customer service.



## OUR STRATEGY

WSF marketing needs to address all aspects of an organization's operations and activities that directly or indirectly affect the customer. To achieve the marketing objectives, WSF must improve operational approaches to meet the needs of its customers and communities. Only by focusing and aligning the organization's actions around its customers and communities can WSF hope to maintain the loyalty of its existing customers and attract new ones.



A successful WSF marketing strategy will increase ridership, particularly in target customer groups, and generate more revenue. Ultimately, these additional revenues will help WSF serve its customers better and reduce financial pressure to increase fares.

The marketing strategy outlines actions to be taken over the next five years and beyond so that WSF can take control of its reputation and build ridership in the long-term. The strategy is broken into three phases based on the two-year budget cycle with the understanding that the investment in marketing should continue beyond the initial phases described in this plan.

**PHASE I: Transform the Brand.** Phase I takes place during the remainder of fiscal year 2010 and in fiscal year 2011, and it focuses on WSF taking control of its reputation and transforming its brand. Actions in this phase center on broad coordinated messages, integrated operations to address customer complaints, and devising sales strategies to target off-peak travel opportunities.

**PHASE II: Build Demand.** Phase II takes place during fiscal years 2012 and 2013. This phase focuses on engaging target markets, implementing service improvements, and strengthening customer relations to increase ridership demand. Actions in this phase will become more targeted and will broaden the marketing approach to reach more new markets and incorporate more customer groups.

**PHASE III: Build Ridership.** Phase III encompasses fiscal year 2014 and beyond. It focuses on increasing targeted messages and initiatives toward specific market segments and market areas to increase ridership among these groups. Actions in this phase will include more specific products and services, such as ticket packages and group discounts, which will result in direct increases in ridership in specific customer groups.

Specific strategic actions are grouped into four categories related to WSF's operations and service. These four categories include new initiatives and existing and planned actions that are all a part of WSF's broader efforts to meet the needs of its current and future customers.

- **CUSTOMER SERVICE AND CLIENT CARE.** Actions related to improving customer service and communications, assessing and responding to customer needs, and focusing on client care in all ongoing customer relationships.
- **PRODUCTS AND SERVICES.** Product and service enhancements that improve the overall WSF customer experience, address the needs of existing customers, and attract new customers to the system.
- **BUSINESS DEVELOPMENT.** Reaching out to potential client organizations, communities, and market segments to develop strategies that promote awareness of WSF services (existing and new) and ultimately lead to increased ridership. A key part of business development is to strategically look at pricing strategies as an instrument to attract new customers.
- **PUBLIC RELATIONS AND COMMUNICATIONS.** Actions related to communication using a variety of media tools. Message development, coordination, and integration are critical elements of this action group.



## Phase I Action Plan

The marketing strategy spans a five year planning period, but particular attention has been given to providing a detailed action plan for the 2009-2011 biennium. Phase I of the marketing plan will result in the following outcomes and improvements:

- 1. Coordinated Marketing Campaign and Message Development.** The WSF marketing program will coordinate efforts across the organization to develop a marketing campaign, key messages, and actionable plans for advertising, social media, and public relations. The groundwork laid in this first phase will provide a clear and unifying approach to marketing that will touch on all aspects of WSF operations and guide efforts in Phases II and III. A new sales and marketing coordinator will be hired to assist in the campaign, message development, and client care process.
- 2. Improved Traveler Information.** Phase I will include the first of several intelligent transportation system (ITS) improvements in information sharing via the WSF website and other communication systems. Timely information on sailing schedules, delays, and wait times will be provided in a new and improved travel planning section of the website and broadcast via highway advisory information and social media tools. Real-time ferry information will also be integrated into the regional traffic map on the main WSDOT website. In addition, WSF will partner with local ferry-served communities and tourism organizations to advertise or cross-link attractive recreational opportunities on its website. A new web marketing specialist will be hired to assist in implementing website and travel information improvements.
- 3. Promotions and Packages.** With every new vessel that comes online we will develop promotions, events, and special ticket packages to raise awareness and emphasize marketing campaign messages. The new sales and marketing coordinator will also assess other opportunities to grow off-peak ridership, identify target markets, and develop compelling trip packages and discount promotions.
- 4. Audit of WSF Customer Service Processes.** Common customer complaints that are not addressed effectively are a key barrier to transforming the WSF brand, the customer experience, and ultimately increasing ridership. An internal audit of WSF customer service processes will help management better understand why certain complaints are not being addressed, identify improvements in internal systems to streamline problem-solving, and place additional emphasis on a culture of customer service. This internal audit will complement the annual Washington State Transportation Commission (WSTC) Customer Survey, which will gauge external customer opinions and satisfaction levels.

There is a need to improve customer service training and incorporate customer service incentives for terminal and fleet staff. If appropriate, customer service training of terminal and fleet staff will begin in Phase I and continue as an ongoing commitment.

The exhibit below summarizes the marketing strategy actions by the four categories and three phases. The target markets addressed by actions in each phase are indicated at the top of the exhibit.

Exhibit 2

## WSF MARKETING STRATEGY: At a Glance

Focus on Target Markets	PHASE I TRANSFORM BRAND AND REPUTATION		PHASE II BUILD DEMAND		PHASE III BUILD RIDERSHIP	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 & BEYOND
	ALL CUSTOMERS	COMMUTERS	RECREATIONAL	COMMERCIAL		
<b>CUSTOMER SERVICE &amp; CLIENT CARE</b>	<ul style="list-style-type: none"> <li>Audit customer service functions and communications</li> <li>Implement customer service training</li> <li>Conduct customer survey (WSTC)</li> <li>Develop customer satisfaction metrics</li> </ul>		<ul style="list-style-type: none"> <li>Support priority access program in reservation system</li> <li>Address issues identified in WSTC survey</li> <li>Focus on client care for new programs</li> <li>Implement recommendations from customer service audit</li> <li>Continue customer service training</li> </ul>		<ul style="list-style-type: none"> <li>Customer service strategy for reservation system in Central Sound</li> </ul>	
<b>PRODUCTS &amp; SERVICES</b>	<ul style="list-style-type: none"> <li>Website improvements - improve ease and information quality and quantity</li> <li>Reservation System - Port Townsend/Keystone and Anacortes/Sidney</li> <li>New Vessels - Two 64-car ferries</li> </ul>		<ul style="list-style-type: none"> <li>ITS Improvements</li> <li>Website Improvements - open source data</li> <li>Reservation System - San Juan Is. and commercial customers</li> <li>New Vessel- One 64-car ferry</li> <li>Scheduling adjustments</li> </ul>		<ul style="list-style-type: none"> <li>ITS Improvements</li> <li>Continued website and technology improvements</li> <li>Reservation System - Central Sound</li> <li>New Vessels - Two 144-car ferries</li> </ul>	
<b>BUSINESS DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>Identify contacts and engage potential clients for developing incentive packages (CTR programs, tourism agencies, other transportation agencies)</li> <li>Implement programs and initiatives developed through partnerships</li> </ul>		<ul style="list-style-type: none"> <li>Actively develop partnerships</li> <li>Develop new initiatives</li> <li>Partner with Commute Trip Reduction programs</li> </ul>		<ul style="list-style-type: none"> <li>Implement targeted pricing strategies</li> </ul>	
<b>PUBLIC RELATIONS &amp; COMMUNICATIONS</b>	<ul style="list-style-type: none"> <li>Brand Development</li> <li>Develop marketing strategy for promoting new products and services</li> <li>Develop social media and public relations plan</li> <li>Implement initial communication initiatives</li> </ul>		<ul style="list-style-type: none"> <li>Launch communication and public relations plan for expanded reservation system and new vessels</li> <li>Launch advertising campaign for reservation system</li> <li>Communicate additional messages to target markets</li> </ul>		<ul style="list-style-type: none"> <li>Launch communications plan for expanded reservation system and new vessels</li> <li>Communicate additional messages for specific markets</li> </ul>	

## MEASURING OUR SUCCESS

WSF will utilize a range of performance metrics to measure the effectiveness of the marketing strategy and track progress towards the four marketing objectives.

WSF will use these performance metrics to submit a marketing program progress report with each biennial budget to demonstrate how well its objectives are being met. Performance measures will also be used to re-evaluate and adjust tactics and target markets as necessary.

We will measure our success with the following tools:

- 1. WASHINGTON STATE TRANSPORTATION COMMISSION (WSTC) SURVEY RESULTS.** The WSTC conducts regular surveys of ferry customers to learn about rider behavior, travel preferences, and travel patterns. This survey already includes many questions that will feed into the suggested performance metrics, and can include more targeted questions in future surveys.
- 2. OTHER QUANTIFIABLE METRICS.** WSF keeps an extensive database on its ridership, which can be used to analyze the number of trips by fare category, by route, and by time of day. Additionally, other databases on specific programs like the Commercial Users Program, safety and on-time performance records, and website traffic can be used to quantify program results.



## BUDGET AND RESOURCES

The State Legislature has appropriated \$1.1 million for the WSF marketing program in the 2009-11 biennial Transportation Budget, which is 0.3% of the organization’s total budget. To make the best use of these new resources, WSF has identified opportunities to redeploy and/or refocus existing staff resources on the new marketing program initiatives. A key Phase I effort is to conduct a customer service audit, which will provide a basis for reorganizing these functions with the new technology and communications investments proposed as part of the reservations system.

Beyond the redeployment, WSF proposes adding two key positions focused exclusively on the new marketing program elements: a sales and marketing coordinator and a web marketing specialist. The balance of the marketing program budget is allocated among the following:

- Professional services (marketing campaign, media strategy, trainings)
- Purchased media (advertising)
- Promotions and materials (events, pamphlets, ticket packages)
- Technology/communications improvements (ITS, website)

### MARKETING FOR AMTRAK CASCADES

*The Amtrak Cascades service provides a useful reference point for the WSF marketing strategy. Amtrak Cascades has an operating budget of about \$29 million for the 2009-2011 biennium and the marketing/communications budget for the service is \$1.4 million annually - the State contributes \$600,000, and Amtrak contributes the remaining \$800,000. The annual marketing budget represents 4.8% of the total annual operating budget. Marketing and communication expenditures for Amtrak Cascades are primarily for media purchases and consulting services.*



# **TURNING THE TIDE**

TRANSFORMING THE BRAND & REBUILDING RIDERSHIP

## **MAIN REPORT**

**MARKETING PLAN**

**2009-2015**



# INTRODUCTION

For over 55 years, the Washington State Department of Transportation Ferries Division (WSF) has served not only as a link between communities and naturally abundant resources, but as a visible symbol of the beautiful scenery and lifestyle of the Puget Sound.

In recent years services and ridership have declined. Ridership peaked at 26.8 million in 1999 and is now nearly 23 million (2009). The ferry system's core source of funding was cut with the repeal of the motor vehicle excise tax in 1999. Sailings were cut throughout the system; fares were raised; and plans for system expansion, including new ferries, additional sailings, and passenger-only ferry service, were cancelled. In addition, four of WSF's oldest vessels, the Steel Electric class, were pulled from service in 2007 due to safety concerns. Losing these vessels forced further reductions in service, eliminated much needed vessel backup for the system, and reduced capacity to deliver reliable service.



Today, despite its challenges, WSF has a renewed sense of management purpose and is poised to build upon its many strengths including: its large core customer base; its position as a one-of-a-kind service provider across the Puget Sound; new vessels soon entering the fleet; and planned information technology improvements and expansion of a vehicle reservation system. It is clear that it is a new day for WSF and its customers. This marketing plan represents an opportunity to transform WSF's reputation and begin to build the ridership base.

## WHY DOES WSF NEED MARKETING?

A successful WSF marketing strategy will increase ridership, particularly in target customer groups, and generate more revenue. Ultimately, these additional revenues will help WSF serve its customers better and reduce financial pressure to increase fares.

In 2009, the Legislature provided funding for a marketing program to improve customer service, transform the WSF brand, and rebuild ridership. This funding came as a result of a financing study conducted by the Legislature, which recommended a marketing program emphasizing off-peak ridership to help WSF attain projected ridership and associated revenues. This report to the Legislature's Transportation Committees is the first step in the process of establishing a marketing program; it outlines a broad marketing strategy, specific actions, a timeline for implementation, and the allocation of resources necessary to achieve marketing goals.

### **WSF LONG RANGE PLAN**

*In June 2009, WSDOT adopted a long range plan for the ferry system that sets a vision for putting WSF on a path to sustainability. The plan states that it is critical that WSF achieve the level of ridership expected from the demand forecasts both from a revenue and system utilization perspective, without significantly increasing capacity.*

- *Ridership is forecasted to grow by 37% between 2006 and 2030.*
- *Growing system capacity solely by acquiring larger vessels and increasing terminal capacity is not a feasible strategy given financial, environmental, and political constraints.*
- *The plan calls for WSF to make sustainable investments in the ferry system while more efficiently using existing assets.*

## WHAT IS MARKETING?

In the private sector, the term marketing describes the integrated process of (1) designing products or services; (2) delivering your goods to those who want them; and (3) communicating to potential consumers – seeking to influence the scope, depth, and intensity of demand. This mix of interdependent marketing elements is characterized as the “Four Ps” of marketing: product, pricing, place and promotions.

Marketing is closely related to the concept of brand. Simply put, the brand of an organization equates to its reputation. For WSF, it is the way people feel about all aspects of the ferry system – its services, its prices, its place in their lives and the messages they hear about ferries on a routine basis. When you think about the Washington State Ferries, almost everyone has an image that comes to mind. A brand is the collective experience of what every customer sees, hears, experiences, and believes to be true.

Another key concept is the organization’s mission, vision and guiding principles which reflect the internal beliefs of management and staff about what the organization is and what it aspires to be. There must be an organizational commitment to conveying this to the customers it serves through all of its activities. In a well functioning organization the brand experienced by customers should be in close alignment with the mission, vision, and guiding principles.

A successful marketing strategy for WSF must be rooted in the overarching mission, vision and guiding principles forwarded by the leadership of WSF and address a mix of all Four Ps in its action plan. Such a fundamentally sound marketing strategy will establish a positive brand and reputation for WSF and allow it to achieve ridership and other marketing goals.

### **THE “FOUR PS” FOR WSF**

*We have defined the Four Ps as they apply to WSF’s unique role as a provider of transportation services:*

- *Product - WSF services to our customers*
- *Pricing - what customers are willing to pay for WSF services*
- *Place - the core market area WSF serves*
- *Promotions - the communication tools used to ensure customers are aware of ferry services and encouraged to travel with WSF*

### **WSF VISION**

*Making a difference for our customers and the communities we serve every day by providing the best in marine transportation.*

### **WSF MISSION**

*To provide the highest standard in marine transportation that is safe, secure, efficient, reliable, and environmentally sound reflecting the innovation and pride of our employees.*

### **GUIDING PRINCIPLES**

*Every employee of the Washington State Ferries is an essential member of a team committed to:*

- *Safety and Security*
- *Customer Experience*
- *Professional Excellence*
- *Integrity*
- *Respect*
- *Partnerships*

## WSF Marketing Framework

**Exhibit 3** shows the framework for the WSF marketing strategy, which is aligned with core organizational goals and incorporates a comprehensive range of strategic actions that touch on all major aspects of WSF operations.



## MARKETING AT WSDOT

WSF is the public identity of the Washington State Department of Transportation (WSDOT) Ferries Division, an operating entity within WSDOT. As such, WSF's strategic goals must be in alignment with the broader WSDOT strategic vision.

To be successful, however, WSF must transform its one-of-a-kind brand identity and devise a marketing strategy that focuses on its unique operating environment.

This approach is consistently applied to all of WSDOT's operating divisions and its customized transportation services, such as the Good-to-Go program and the Amtrak Cascade services. Allowing each specialty service or program to develop its own identity and marketing strategy provides the greatest opportunity for success throughout the entire Department.

### MARKETING FOR AMTRAK CASCADES

*The Amtrak Cascades service provides a useful reference point for the WSF marketing strategy. Amtrak Cascades has an operating budget of about \$29 million for the 2009-2011 biennium and the marketing/communications budget for the service is \$1.4 million annually - the State contributes \$600,000, and Amtrak contributes the remaining \$800,000. The annual marketing budget represents 4.8% of the total annual operating budget. Marketing and communication expenditures for Amtrak Cascades are primarily for media purchases and consulting services.*

## Our Tools

A powerful marketing strategy must incorporate a wide range of elements including product design, pricing strategy, marketplace positioning, and coordinated communications. The WSF marketing strategy incorporates all of these concepts through the following four core elements:

- **CUSTOMER SERVICE AND CLIENT CARE.** Actions related to improving how WSF assesses and responds to customer needs, and focus on client care in all ongoing customer relationships.
- **PRODUCTS AND SERVICES.** Product and service enhancements that improve the overall WSF customer experience, address the needs of existing customers, and attract new customers to the system.
- **BUSINESS DEVELOPMENT.** Reaching out to potential client organizations and market segments to develop strategies that promote awareness of WSF services and ultimately lead to increased ridership.
- **PUBLIC RELATIONS AND COMMUNICATIONS.** Actions related to communication utilizing a variety of media tools. Message development and coordination is an important element of this action group.

The marketing strategy calls for actions in all of these categories and provides a coordinated approach to further marketing objectives and broader organizational goals.

## Important Terms

There are three terms worth highlighting and defining to help navigate this document:

**MARKETING STRATEGY.** The overarching strategy to achieve the marketing objectives by aligning a broad collection of actions that are designed to influence customer loyalty and improve the ability to attract new customers. These actions fundamentally span virtually all aspects of WSF operations. The strategy lays out a phasing plan that will coordinate marketing efforts and direct resources over the next five years and beyond.

**MARKETING PROGRAM.** The specific program that will be directed by the WSF Communications Department to coordinate the marketing strategy and implement many public relations and communication-related actions. The marketing budget that was appropriated for the 2009-2011 biennium will be used to fund the marketing program.

**MARKETING PLAN.** This document, which is a written description of the broad marketing strategy, the marketing program, and detailed budget and performance evaluation plans.



## WHO ELSE USES MARKETING EFFECTIVELY?

Around the world, the private sector spends trillions of dollars on marketing communications each year. They do this because private industry exists to make profits and a basic business tenet is that an effective marketing program increases profits. Each industry seeks an optimal level of marketing investment where every dollar invested in marketing translates to more than a dollar of new profits.

For the same reasons that private companies invest in marketing, many public entities also find that marketing is an important component of cost-effective operations. Certain public agencies—in particular, transit agencies—have found that active marketing allows them to achieve more cost-effective operations.

Transit agencies invest in marketing for one key reason that also applies to Washington State Ferries: making fuller use of existing capacity is “free” revenue.



Transit agencies have empty seats at certain times and places within their operations. Filling those seats (or filling those empty spaces on the car deck) costs them nearly nothing in marginal operating costs, yet each new passenger (or new car) contributes new revenue to the system.

If a Bremerton-Seattle sailing has one unused space on the car deck, filling that space generates roughly \$12 in additional revenues while having a minimal impact on WSF system costs. On the other side of the same coin, if the agency can prevent a rider from leaving the system and opening-up space on the deck, then it prevents a \$12 revenue loss.

Marketing can be an effective way to attract new riders and prevent ridership losses, ultimately generating more revenue that will allow WSF to better serve its customers and limit fare increases.

## The Marketing Trend in Transportation

Traditionally, public transit agencies have used basic marketing methods such as rider surveys and general advertising to better understand their customers' wants and needs. However, an increasing number of public transit agencies are utilizing more sophisticated methods to attract new riders and retain existing ones.

The Transportation Research Board (TRB) has recently formed a committee focused on improving the responsiveness and marketing of public transportation systems. Some of the topics and new marketing concepts being considered by the committee include:

- Better dissemination of information to current and potential customers;
- Improvement of services, routes, schedules, and user information systems;
- Issues and research related to fare policy, fare structure, sales of fare media, and the impact of fare policy decisions and marketing on transit customer use.

The American Public Transportation Association (APTA) is also recognizing the importance of marketing by hosting a marketing and communications workshop in 2010 that focuses on all aspects of public transportation marketing and communications, including media relations, research, customer service, ridership initiatives, and best practices.

## How Much Do Other Agencies Invest?

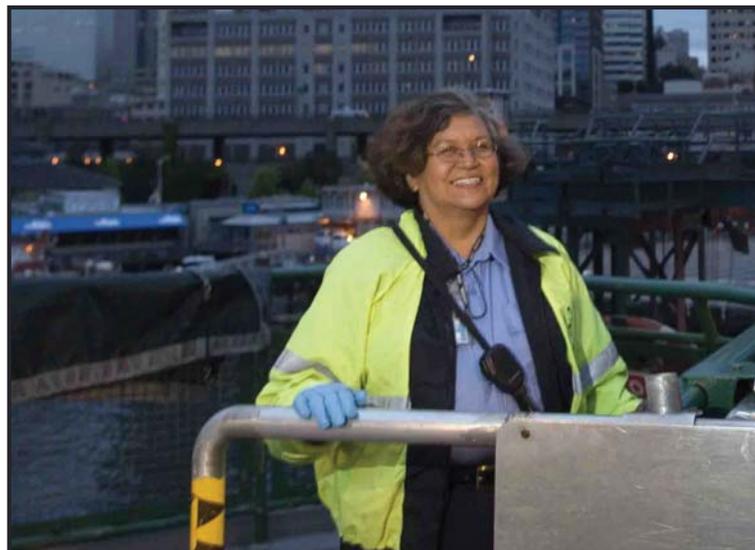
Federal Transportation Administration (FTA) estimates that public transit agencies invest in marketing at levels ranging from 1% to 5% of agency operating costs. For Washington State Ferries, with an annual operating budget of \$200 million, this would translate to investing \$2 million to \$10 million per year. Many transit agencies locally (including Sound Transit) and around the country make similar investments in marketing. For example, Sound Transit invests roughly 3% of their operating budget in marketing. Given the challenges WSF is facing in terms of turning the tide on its ridership losses, it is a sensible step to invest in developing a marketing strategy that will help the agency achieve more cost-effective operations and long-term goals.

### TRANSPORTATION MARKETING EXAMPLE

*Los Angeles County Metropolitan Transportation Authority (LA County Metro), as an example, has been vigorously marketing its transit services as an attractive alternative to cars. Sharp messaging in advertisements and savvy product placements, such as t-shirts worn by local baristas and bumper stickers, has allowed LA County Metro to re-brand its image and increase discretionary riders by 12%. Many also attribute LA County Metro's recent marketing campaign as a primary reason why the "Measure R" sales tax funding initiative was passed, which will provide an estimated \$361 million in additional revenues. There are roughly 225 full-time employees that work within the LA County Metro's Communications department (about 2.5% of the total agency work force), of which 47 employees are dedicated to carrying out creative marketing initiatives.*

## OUR APPROACH

We began with a simple premise: in order to develop a solid marketing plan, we had to know who we were marketing to – we needed to better understand our customers and the communities they live in. To build this understanding, we conducted extensive analysis of existing data on WSF ridership trends, customer characteristics and travel patterns, market dynamics, and broad demographic and economic trends. We sought to integrate and compare the many disparate data sources collected over the years to provide a quantitative and analytical foundation



for the marketing strategy. We supplemented these findings with a qualitative assessment of our own operations to develop a comprehensive assessment of strengths, weaknesses, opportunities, and threats (SWOT Analysis).

Next, we began development of the marketing strategy by defining the objectives that address marketing opportunities and threats while also furthering broad organizational goals. The marketing strategy was then fleshed out with a coordinated plan of actions with clear timelines, target markets, resource estimates, and plans for performance evaluation.

# OUR CURRENT SITUATION

This section takes a comprehensive look at WSF operations, the communities WSF serves, and the WSF customer base to identify the most important opportunities and challenges that need to be addressed in the marketing strategy.

The Situation Assessment includes four major components:

1. **WSF OPERATIONS.** An assessment of WSF’s operations, recent challenges, political and financial considerations, and long-term organizational plans for improvement.
2. **WSF COMMUNITIES.** A summary of broad demographic and economic trends that have an impact on ferry operations and ridership. This section also provides an overview of the different geographic market areas and ferry served communities that are home to the bulk of WSF’s customer base.
3. **WSF CUSTOMERS.** A description of the market segments that comprise the WSF customer base and identification of trends and characteristics of each segment with implications for the marketing strategy.
4. **SWOT ANALYSIS.** The implications of key market research findings are summarized and organized in this analysis of strengths, weaknesses, opportunities and threats (SWOT). This section serves as the analytical foundation for the strategies and priorities outlined in the marketing strategy.

The findings presented in this section are only highlights of the full market research conducted to support the marketing strategy development. Additional detailed analysis of route-, market segment-, and market area-specific findings can be found in the accompanying Technical Appendix.

## WSF OPERATIONS

Ferry service is an essential part of the highway network in the Puget Sound region. WSF operates 10 routes with nearly 500 sailings per day, serving local residents, commuters, employers, students, commercial shippers, and tourists who count on WSF for safe, reliable transportation across the Puget Sound. WSF, with annual ridership of approximately 23 million passengers, is the largest ferry system in the nation and the second largest transit system in the state, after King County Metro.



## WSF COMMUNITIES

Washington State Ferries provides connections between 20 ferry terminals over a broad market area that encompasses much of Western Washington. On the east side of the Puget Sound are the densely populated centers of economic activity in Snohomish, King, and Pierce Counties. On the west side of the Puget Sound are the less-populated Clallam, Island, Jefferson, Kitsap, Mason, and San Juan Counties. Many residents in West Sound counties are dependent on the ferry system for access to mainland jobs, goods, and services while residents from East Sound counties and beyond often use the ferry system to access recreational amenities in the West Sound such as the Olympic Peninsula and the San Juan Islands.

Exhibit 4 shows the county-level split between West Sound and East Sound communities served by the ferry system. Residents in these counties are responsible for over 80% of all ferry trips each year and these counties are considered the ferry system’s regional market area.

### EXHIBIT 4

#### WSF REGIONAL MARKET AREAS – EAST AND WEST SOUND COUNTIES



## WSF CUSTOMERS

WSF customers fall into four broad market segments: regular commuters, regular non-commuters, infrequent tourist/recreation riders, and the business/commercial group. The marketing program will use research findings on demographic characteristics and trends in each of the four market segments to target customers in the most effective manner to grow ridership.

More detailed analysis of recent trends in ridership by route, customer characteristics (age, income, and frequency of travel), market segment characteristics, and travel pattern trends (trip origins and destinations) are included in the Technical Appendix. The following table outlines the four market segments and their unique characteristics.

**Exhibit 5**  
**MARKET SEGMENT SUMMARY**

	REGULAR COMMUTERS	REGULAR NON-COMMUTERS	TOURIST/RECREATION RIDERS	BUSINESS/COMMERCIAL FLEET
<b>DESCRIPTION</b>	<p>Primarily use the system for transportation to and from work on a regular basis.</p> <ul style="list-style-type: none"> <li>Comprise 30% of the WSF customer base</li> <li>They tend to ride West to East in the morning and East to West in the evening</li> <li>The most frequent users of the ferry system: 21 or more trips per month</li> <li>Commonly purchase multi-ride passes to reduce the costs of commuting</li> </ul>	<p>Take occasional trips for errands, shopping, and social activities.</p> <ul style="list-style-type: none"> <li>Comprise 35% of the WSF customer base</li> <li>Reside in cities and counties that have the greatest access to the system but do not use it to commute</li> <li>Take fewer than 5 trips per month</li> <li>Typically pay full fare, but may purchase multi-ride passes</li> </ul>	<p>Infrequent users of the ferry system for recreational purposes.</p> <ul style="list-style-type: none"> <li>Comprise 25% of the WSF customer base</li> <li>Live in the Puget Sound region or out of state and use WSF for tourism and recreational purposes</li> <li>Travel is westbound towards attractions such as the Olympic Peninsula or the San Juan Islands</li> <li>Take fewer than 3 trips per month – mainly in the summer</li> <li>Pay full fares</li> </ul>	<p>Freight, delivery services and independent construction/trade businesses.</p> <ul style="list-style-type: none"> <li>Comprise a small percentage of WSF customer base</li> <li>Make frequent trips, often during off-peak times or in the counter-peak flow direction</li> <li>Use commercial accounts to automatically pay fare</li> </ul>
<b>AGE</b>	Mid 30s to mid 60s	40s and older (more riders over 65 than other segments)	All Ages (fairly distributed through all age ranges)	N/A
<b>INCOME</b>	Middle to high income	Middle to upper-middle income	Middle to high income	N/A
<b>ROUTES WITH HIGH % OF SEGMENT</b>	<ul style="list-style-type: none"> <li>Pt. Defiance/Tahlequah</li> <li>Seattle/Bremerton</li> <li>Fauntleroy/Southworth</li> <li>Seattle/Bainbridge</li> </ul>	<ul style="list-style-type: none"> <li>Mukilteo/Clinton</li> <li>Edmonds/Kingston</li> <li>Port Townsend/Keystone</li> </ul>	<ul style="list-style-type: none"> <li>San Juan Islands</li> <li>Port Townsend/Keystone</li> <li>Mukilteo/Clinton</li> <li>Edmonds/Kingston</li> </ul>	<ul style="list-style-type: none"> <li>San Juan Islands</li> <li>Vashon Island</li> <li>Mukilteo/Clinton</li> <li>Edmonds/Kingston</li> </ul>

## STRATEGIC ASSESSMENT OF STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS (SWOT ANALYSIS)

Like every large organization in need of improvement, WSF has some significant areas of challenge and opportunity to address. This section outlines the major strengths and weaknesses of WSF's operations and the strategic opportunities and threats the marketing strategy needs to address. The SWOT analysis identifies different types of strategic implications such as:

- Strengths that can be leveraged
- Market segments or market areas worth targeting
- Messages or themes worth incorporating
- Operational challenges that need to be addressed or mitigated
- Product or service investments likely to provide significant customer or community benefits
- Contingencies that need to be considered if negative trends continue

The presentation and discussion of the SWOT is organized in such a way as to first lay out the strengths and weaknesses, which is fundamentally a review of WSF and its operating environment, and then identify strategic implications for each. Next there is a discussion of threats, which are the external factors that could impede WSF's ability to achieve its marketing objectives, and again the strategic implications of each are identified. Finally, the opportunities are discussed. Since the opportunities are really where the marketing strategy needs to focus, they are considered last and incorporate the strategic implications of the strengths, weaknesses and threats.



## STRENGTHS

**THE WSF BRAND – A HISTORY OF SAFE, RELIABLE AND AFFORDABLE SERVICE.** Public perception of the ferry system has generally been very positive over the years due to WSF’s history of providing safe, reliable, and affordable service. WSF has a strong safety and reliability record, consistently completing over 99% of trips over the past ten years. Building on existing customer loyalty and trust will be essential.

**STRONG MARKET POSITION WITH FEW COMPETITORS.** Many ferry-served communities in the West Sound, particularly those on islands, are dependent on the ferry system for access to mainland jobs, goods, and services. Travelers are also dependent on the ferry system to access attractive destinations like the Olympic Peninsula and the San Juan Islands.

**LARGE CORE MARKET.** The WSF primary regional market area has over four million residents and will continue to grow. The WSF customer base consists of a large core group of residents in ferry-served communities who have used the ferry system for years.

### Strategic Implications

*The WSF brand is an asset that needs to be transformed in order to maintain its market position and current levels of ridership.*

### Strategic Implications

*WSF should not take its market position for granted. It should build strong working relationships in ferry-served communities and distinguish service from alternatives in less-dependent communities.*

### Strategic Implications

*Generating even a small increase in demand in the untapped regional market could result in a significant ridership increase. At the same time, WSF must continue improving service to meet the needs of its important customer base of long-time users.*



## WEAKNESSES

**LACK OF A SUSTAINABLE FUNDING SOURCE.** In 1999, WSF lost a significant source of funding when the MVET (motor vehicle excise tax) was repealed with the passage of I-695 and later enactment by the Legislature, causing a formidable lack of capital funding going forward. Prior to this, WSF customers enjoyed a very stable funding base that contributed greatly to the system's reputation for reliability and quality service. WSF needs either a permanent higher allocation of existing resources, or a new revenue source to sustain its current level of service.

**AGING FLEET AND TERMINALS.** WSF's vessel fleet is among the oldest of any major ferry operator, and many vessels are due for retirement between now and 2030. Furthermore, many WSF terminal facilities were built in the 1940s and 1950s and have had few improvements beyond basic maintenance and preservation. WSF is facing a significant recapitalization effort in the next 20 years related to these aging vessels and facilities.

**VEHICLE CAPACITY IS A CONSTRAINT.** Many routes utilize most or all vehicle capacity during peak sailing periods. This congestion during peak periods often leads to long wait times and reduces the attractiveness of ferry services. Additional vehicle capacity exists on off-peak and counter-flow sailings, and additional walk-on capacity exists on all sailings.

**LACK OF INVESTMENT IN MARKETING.** WSF has no dedicated funding to market the system. In addition, negative media coverage consistently undermines the WSF reputation with no opportunity to counteract these messages with marketing information.

**LACK OF INCENTIVES TO PROMOTE A STRONG CULTURE OF SERVICE.** As a public transportation service provider, customer service is essential to effective service delivery. However, due to a lack of incentives, there are gaps in both the real and perceived attention to customer needs by fleet and terminal staff.

### Strategic Implications

*Funding uncertainty can undermine messages of stability and modernization that will be important to the marketing strategy. Efforts to close the funding gap are expected to ramp up next year and may provide an opportunity to turn this weakness back into a strength.*

### Strategic Implications

*Vessel replacement, modernization plans, and new technology investments, such as the proposed reservation system, are all integral to WSF maintaining levels of service and transforming its brand and reputation.*

### Strategic Implications

*This constraint leads to customer dissatisfaction during peak times and requires that ridership growth be targeted in areas where there is existing capacity in the system. Strategies should target off-peak/counter-flow vehicle ridership, spreading demand, and growth in walk-on ridership.*

### Strategic Implications

*An investment in marketing will allow WSF to take a more proactive stance on communications, customer service, business development, and efforts to enhance products and services.*

### Strategic Implications

*This weakness directly impacts customer perceptions, the WSF brand, and ridership. There is an opportunity to cultivate a culture of customer service in conjunction with upcoming product and service improvements.*

## THREATS

**GROWING ATTRACTIVENESS OF ALTERNATIVES.** Primary alternatives to using the ferry system are driving by road or simply reducing or eliminating the need to travel by telecommuting. Recent fare increases and service cuts on the ferry system, coupled with road infrastructure improvements such as the Tacoma Narrows Bridge expansion, have resulted in some users leaving the ferry system to drive instead. There are also indicators that regular ferry commuters are beginning to telecommute more and reduce the frequency of weekly trips.

**RECENT CHALLENGES AND NEGATIVE MESSAGES IN THE MEDIA ARE AFFECTING PUBLIC PERCEPTION.** In recent years, as WSF has adjusted to funding challenges the agency has been forced to deal with negative messages in the media about service interruptions, fare increases, vessel maintenance delays, labor disputes, conflicting communications, and other operational problems. These negative messages have gradually eroded public perception of the ferry system and tarnished the WSF brand.

**DECREASING RIDERSHIP SINCE 1999.** Systemwide ferry ridership has been declining since 1999. Fare increases played a role in these declines along with service changes, infrastructure projects, and broad demographic and economic trends. Many of these influences are outside the control of WSF and will continue to have a negative influence on ridership potential.

The recent losses in ridership have been more concentrated in passenger and walk-on commuters. This is a notable challenge because a single commuter can generate between 300 and 500 trips per year and the system has excess walk-on capacity even during peak periods.

### Strategic Implications

*WSF cannot take its core base of regular customers for granted, particularly in communities with viable road alternatives. If ferry service becomes less competitive with alternatives WSF will continue to lose market share and ridership.*

### Strategic Implications

*These problems emphasize the importance of re-asserting WSF's positive brand through operational improvements and proactive messaging. Addressing common complaints and misconceptions will be important to transforming the WSF brand and reputation.*

### Strategic Implications

*Expectations of ridership growth need to be moderated by an understanding of forces outside WSF's control. For example, some of the ridership losses can be attributed to legislative decisions to reduce service, particularly the elimination of POF. The walk-on commuter market needs to be a target of the marketing plan to stop the declining trend in ridership and possibly regain some of these lost commuter customers.*

**CHANGING WEST SOUND DEMOGRAPHICS – POPULATION GROWTH SLOWING, GETTING OLDER.**

West Sound population growth has slowed since 2000 compared to trends in the 1970s, 1980s, and 1990s. Ferry-served communities in the West Sound have high concentrations of retirees and the population aged 55 and over in the West Sound has been growing faster than it has in the East Sound and faster than the state average. This trend is reflected in WSF commuters who are also getting older and many regular riders are nearing retirement age.

**EMPLOYMENT GROWTH LESS CONCENTRATED IN DOWNTOWN SEATTLE.**

Since 2000, employment in Downtown Seattle has dropped significantly and has not recovered as well compared to other employment centers on the east side and throughout King County. This pattern of more distributed employment in King County is a challenge for WSF since two of its largest routes are based from Downtown Seattle.

**CROSS-SOUND COMMUTER COUNTS ARE FLAT OR DECLINING.**

Between 2002 and 2006, a higher share of workers were living and working in the West Sound instead of commuting to the East Sound. This trend is very pronounced in Kitsap County where over 3,000 more workers were living and working in Kitsap County. Over the same time period, the number of workers commuting from Kitsap County to King County decreased by over 2,000. This trend is another challenge affecting WSF ridership, particularly in the commuter market segment.

**Strategic Implications**

*WSF should not expect to see the same level of demand growth from the West Sound as it has seen historically. A retirement boom among existing commuter customers would present a significant challenge because retirees are less frequent riders on the system.*

**Strategic Implications**

*Transit connections to other employment centers in the region are going to become more important to the WSF customer base over time. Also investments that target on-time performance and travel predictability can improve WSF's competitiveness in a world with more distributed employment centers.*

**Strategic Implications**

*WSF may want to focus efforts to grow commuter ridership on routes where east-west commute flows are increasing. There is an opportunity to target counter-flow ridership as West Sound economies grow.*

**IMPLEMENTATION CHALLENGES**

*The marketing strategy and many of the operational improvements being considered by WSF are unlikely to have an immediate impact on ridership due to several of the threats listed. The ferry system has been losing ridership since 1999 and efforts to reverse this trend are challenging because of the larger market forces driving ridership losses.*

*Every time an individual makes a decision about where to live or work that includes (or excludes) the ferry system, the competitive position of the ferry system shifts. Influencing these choices (and seeing the accumulated effects of choices once they have been made) takes time. It will take time for messaging, system improvements, and new services to gradually improve perception of WSF, awareness of its qualities, and ultimately customer behavior.*

## OPPORTUNITIES

Many of the opportunities for WSF are derived directly from the strategic implications of the strengths, weaknesses, and threats identified earlier in the SWOT analysis. Opportunities fall into three general categories: transforming WSF's brand, targeting specific markets to grow ridership where there is capacity, and providing and promoting new and improved products and services. These opportunities are the foundation for many of the actions that comprise the marketing strategy.

### Target Markets

**Grow Ridership: Walk-ons, off-peak, counter-flow, new markets.** Due to vehicle capacity constraints in peak periods, growth in system utilization can be achieved by growing walk-on ridership, off-peak vehicle traffic, and counter-flow ridership. Identifying new markets and pools of potential riders with desired travel patterns will be important to growing ridership.

**Support continued growth in recreation trips.** Recreation trips represented 25% of total trips in 2008 and this share has been steadily increasing over the past 15 years. There is an opportunity to identify strategies that will appeal to this market segment and accelerate the growth of recreation trips in the system.

**Marketing to business/commercial users.** Commercial customers are not a particularly large segment of the overall system customer base but are unique in that many commercial trips occur during off-peak times or in the counter-peak-flow direction, when the ferry system has excess capacity. Improvements in commercial usage of the ferry system could provide a significant source of revenue since additional trips will likely be on sailings with excess capacity and result in improved system efficiency.

**Marketing to new residents in ferry served communities.** Ferry-served communities are dynamic and changing. It is important to understand what types of demographic changes are occurring in these communities and consider strategies to target these new types of customers and develop messages that are most likely to resonate with them. In 2008, more than 25% of riders reported that they have been riding the system for less than six years.

### New Products and Services

**Improved Traveler Information.** New intelligent transportation system (ITS) communication and information sharing improvements present an opportunity to provide timely information on sailing schedules, wait times, and other real-time ferry information. These improvements will address common customer frustrations and improve the overall customer experience.

**New reservation system.** The vehicle reservation system being considered by WSF has the potential to alleviate many challenges facing the system such as terminal capacity, long-wait times, and peak capacity constraints. Implementing the reservation system successfully is an opportunity to improve the customer experience and bolster public perception of WSF and its services.

**Modernization of fleet and services.** New vessels commissioned for the system as well as a range of planned website and technology improvements present an opportunity to modernize the ferry system and raise awareness about these improvements.

**Coordinate with other transit agencies to improve connections to other job centers.** Address the growing economic distribution in the Puget Sound by partnering with other transit agencies to better serve other employment hubs in addition to Downtown Seattle.

**Long-term fare predictability.** The structural fare increases earlier in the decade have been implemented and moving forward, fare increases will be more gradual and predictable. There is an opportunity to incorporate messages of stability and predictability in the marketing plan.

## Image and Identity

**Transform brand through actions and messaging.** WSF has had virtually no investment in marketing for many years. Communication and messaging has been focused on reacting to media messages driven by service problems, fare increases, impacts of the aging fleet, and funding challenges. With a renewed commitment to marketing and implementation of new services and modernization efforts, there is an opportunity to transform the WSF brand and public image.

### Exhibit 6 SWOT ANALYSIS SUMMARY

	WSF OPERATIONS	WSF COMMUNITIES	WSF CUSTOMERS
STRENGTHS	<ul style="list-style-type: none"> <li>Strong market position with few competitors</li> <li>History of reliable, safe and affordable service</li> </ul>	<ul style="list-style-type: none"> <li>Long-term regional population growth</li> <li>Attractive destinations</li> </ul>	<ul style="list-style-type: none"> <li>Large core customer base</li> <li>Generally high satisfaction and perceived value among customers</li> </ul>
WEAKNESSES	<ul style="list-style-type: none"> <li>Lack of sustainable funding source</li> <li>Vehicle capacity constraint in peak</li> <li>Aging fleet and terminals</li> <li>Lack of investment in marketing</li> <li>Lack of incentives to provide customer service</li> </ul>	<ul style="list-style-type: none"> <li>West Sound has growing percent of retirees</li> <li>Want service, but not the associated congestion</li> </ul>	<ul style="list-style-type: none"> <li>Frustration with long lines &amp; wait times</li> <li>Want more service, but concerns about fare increases</li> </ul>
OPPORTUNITIES	<ul style="list-style-type: none"> <li>Grow ridership: Walk-ons, off-peak and new</li> <li>Long-term fare predictability</li> <li>Transform brand through actions and messaging</li> <li>Modernization of fleet and services</li> <li>ITS improvements and new reservation system</li> </ul>	<ul style="list-style-type: none"> <li>Marketing to new residents in ferry served communities</li> <li>Coordinate with other transit agencies to improve connections to other job centers</li> </ul>	<ul style="list-style-type: none"> <li>Increase counter-flow ridership</li> <li>Support continued growth in recreation trips</li> <li>Marketing to business/commercial users</li> <li>Grow passengers and walk-on ridership</li> </ul>
THREATS	<ul style="list-style-type: none"> <li>Growing attractiveness of ferry alternatives                             <ul style="list-style-type: none"> <li>By road</li> <li>Telecommuting</li> </ul> </li> <li>Negative messages in media                             <ul style="list-style-type: none"> <li>Structural fare adjustments</li> <li>Service interruptions</li> </ul> </li> <li>Declining ridership since 1999</li> </ul>	<ul style="list-style-type: none"> <li>Changing West Sound demographics                             <ul style="list-style-type: none"> <li>Population growth slowing</li> <li>Getting older</li> </ul> </li> <li>Employment growth less concentrated in downtown Seattle</li> <li>Cross-sound commute levels flat or declining</li> </ul>	<ul style="list-style-type: none"> <li>Recent losses in ridership:                             <ul style="list-style-type: none"> <li>Passengers and walk-ons</li> <li>Commuters</li> </ul> </li> <li>Aging commuter base - many near retirement</li> <li>Frequency of commuter trips decreasing</li> <li>Perception of WSF has suffered in recent years</li> </ul>

# MARKETING STRATEGY

## OUR GOALS AND OBJECTIVES

### Agency Goals

In order for the WSF marketing strategy to be successful, it must have objectives that align with broader WSF organizational goals that have been developed and refined over time, and are reflected in the recently adopted WSF Long-Range Plan. The two primary goals defined for the organization are:

- **MANAGE DEMAND.** WSF's ridership demand is not level throughout the day. During off-peak periods, vessels sail below full capacity, and during peak times, there are often more vehicles wanting to board than can be accommodated, leading to congestion and long wait times. Since the Long-Range Plan does not include system wide vessel capacity expansion, WSF wants to proactively manage demand across peak and off-peak sailings. This will mitigate congestion issues during peak sailing times, reduce the need for expensive capital investment, and improve the customer experience.
- **UTILIZE EXISTING ASSETS.** WSF's capital assets include terminals and vessels. Currently, both of these assets are stretched to their limits during peak sailings. In lieu of building larger terminals and new vessels, WSF wants to strategically implement operational and pricing strategies that will allow its existing assets to accommodate ridership growth for as long as possible. This will allow WSF to only invest in capital upgrades when operational and pricing strategies have been exhausted, and reduce the overall need for investment.



## Marketing Strategy Objectives

The marketing strategy objectives need to be based on the SWOT analysis and reflect these broader service delivery challenges. Toward this end, four objectives are proposed.

- 1. TRANSFORM THE BRAND.** WSF built its brand and its reputation by providing over 55 years of safe, reliable, convenient, and affordable service to cross-sound travelers. Over the last decade, the WSF brand has been tarnished through service cuts, fare increases, and failure to improve customer service. The WSF brand has also suffered in recent years due to negative press about the system's challenges including forced retirement of the Steel Electrics. Marketing can energize the confidence of its customers by highlighting WSF's accomplishments and investments in new vessels and services, such as information technology systems and the expansion of vehicle reservations. Marketing should transform and broaden the appeal of WSF's brand through more targeted messages, images, and services that will appeal to new markets and customer groups.
- 2. GROW NEW MARKET SEGMENTS AND OFF-PEAK RIDERSHIP.** WSF's ridership forecasts indicate that ridership is expected to increase approximately 37% over the next 22 years. As mentioned above, during peak sailing periods there is little to no unused vehicle capacity to accommodate the expected increases in vehicle ridership. Therefore, marketing will target ridership growth in off-peak periods, which usually serve infrequent, recreational, and commercial customers, as well as targeting opportunities to grow passenger and walk-on ridership.
- 3. MAINTAIN AND GROW THE COMMUTER CUSTOMER BASE.** Commuters are a foundational customer segment for WSF, and commute customers make more trips per year than any other customer type. Therefore, gaining (or losing) one commute customer has a significant impact on total ridership. The marketing strategy will target the commuter customer segment to first slow recent decreases in commuter trips and eventually grow ridership in this important customer base.
- 4. INCREASE CUSTOMER SATISFACTION.** WSF is in the customer service business and strives to provide excellent service at a value that allows customers to choose travel times that support their lifestyle. Marketing addresses this through operational improvements, modernization of services, and raising awareness about improvements in products and customer service.



## OUR STRATEGY

WSF marketing needs to address all aspects of an organization's operations and activities that directly or indirectly affect the customer. To achieve the marketing objectives, WSF must improve operational approaches to meet the needs of its customers and communities. Only by focusing and aligning the organizations' actions around its customers and communities can WSF hope to maintain the loyalty of its existing customers and attract new ones.

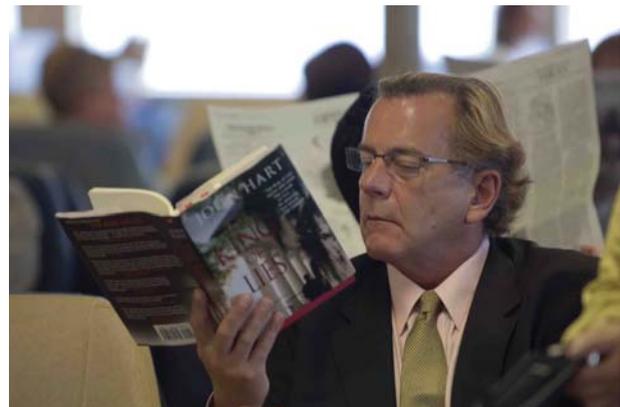
If WSF is successful in its marketing strategy, it will increase ridership, particularly in target customer groups, and generate more revenue. Ultimately these additional revenues will help WSF serve its customers better and reduce financial pressure to increase fares.

The marketing strategy outlines actions to be taken over the next five years and beyond so that WSF can take control of its reputation and build ridership in the long-term. The strategy is broken into three phases based on the two-year budget cycle with the understanding that the investment in marketing should continue beyond the initial phases described in this plan.

**PHASE I: TRANSFORM THE BRAND.** Phase I takes place during the remainder of fiscal year 2010 and in fiscal year 2011, and it focuses on WSF taking control of its reputation and transforming its brand. Actions in this phase center around broad coordinated messages, integrated operations to address customer complaints, and devising sales strategies to target off-peak travel opportunities.

**PHASE II: BUILD DEMAND.** Phase II takes place during fiscal years 2012 and 2013. This phase focuses on engaging target markets, implementing service improvements, and strengthening customer relations to increase ridership demand. Actions in this phase will become more targeted and will broaden the marketing approach to reach more new markets and incorporate more customer groups.

**PHASE III: BUILD RIDERSHIP.** Phase III encompasses fiscal year 2014 and beyond. It focuses on increasing targeted messages and initiatives toward specific market segments and market areas to increase ridership among these groups. Actions in this phase will include more specific products and services, such as ticket packages and group discounts, which will result in direct increases in ridership in specific customer groups.



Specific strategic actions are grouped into four categories related to WSF's operations and service. These four categories include new initiatives and existing and planned actions that are all a part of WSF's broader efforts to meet the needs of its current and future customers.

- **CUSTOMER SERVICE AND CLIENT CARE** – Actions related to improving customer services and communications, assessing and responding to customer needs, and focusing on client care in all ongoing customer relationships.
- **PRODUCTS AND SERVICES** – Product and service enhancements that improve the overall WSF customer experience, address the needs of existing customers, and attract new customers to the system.
- **BUSINESS DEVELOPMENT** – Reaching out to potential client organizations, communities, and market segments to develop strategies that promote awareness of WSF services and ultimately lead to increased ridership.
- **PUBLIC RELATIONS AND COMMUNICATIONS** – Actions related to communication utilizing a variety of media tools. Message development and coordination is an important element of this action group.



## Role of Pricing in Marketing Strategy

Pricing strategies are typically core elements of a marketing strategy in the private sector. However, as a public transit agency, WSF does not have the same flexibility as a private business to adjust its prices. Fares are set annually through a statutorily constrained four-month-long public process in which equity issues and other public concerns must be taken into consideration. As a result, WSF is not able to exclusively use pricing to manage demand, ridership, and revenues like a private enterprise, such as an airline company, would be able to do.

Despite its statutory constraints, WSF does have the ability to use the following limited pricing mechanisms to target specific markets and incentivize certain ridership patterns.

- 1. EXECUTIVE AUTHORITY.** The WSF assistant secretary has the executive authority to implement limited special discounts and promotional fares without going through the full fare revision process.
- 2. TARGETED FARE INCENTIVES.** The annual fare setting process can be used as an opportunity to explore different fare strategies to incentivize ridership in specific categories or time periods. For example, a “small car discount” would allow smaller cars to pay a lower price, thus encouraging more small cars and effectively increasing the number of cars a vessel can carry.
- 3. OTHER FARE ADJUSTMENTS.** There are a number of other fare adjustments that could be implemented to bring fare revenue and costs of operations into better alignment. One mechanism currently being considered, which would increase WSF’s marketing challenges, is a fuel surcharge. This strategy would help WSF adjust better to the challenge of fluctuating fuel costs, however it would also pose additional customer service challenges and could negatively affect ridership goals.

The WSF pricing strategies are included in the Business Development category of actions because many of the pricing strategies available to WSF would help to target specific market segments and generate opportunities for new partnerships with businesses, transportation agencies, and community groups.

Exhibit 7 summarizes the marketing strategy actions by the four categories and three phases. The target markets addressed by actions in each phase are indicated at the top of the exhibit.

### EXHIBIT 7 WSF MARKETING STRATEGY: At a Glance

Focus on Target Markets	PHASE I TRANSFORM BRAND AND REPUTATION		PHASE II BUILD DEMAND		PHASE III BUILD RIDERSHIP	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 & BEYOND
	ALL CUSTOMERS		COMMUTERS		RECREATIONAL	
				COMMERCIAL		
<b>CUSTOMER SERVICE &amp; CLIENT CARE</b>	<ul style="list-style-type: none"> <li>Audit customer service functions and communications</li> <li>Implement customer service training</li> <li>Conduct customer survey (WSTC)</li> <li>Develop customer satisfaction metrics</li> </ul>		<ul style="list-style-type: none"> <li>Support priority access program in reservation system</li> <li>Address issues identified in WSTC survey</li> <li>Focus on client care for new programs</li> <li>Implement recommendations from customer service audit</li> <li>Continue customer service training</li> </ul>		<ul style="list-style-type: none"> <li>Customer service strategy for reservation system in Central Sound</li> </ul>	
<b>PRODUCTS &amp; SERVICES</b>	<ul style="list-style-type: none"> <li>Website improvements - improve ease and information quality and quantity</li> <li>Reservation System - Port Townsend/Keystone and Anacortes/Sidney</li> <li>New Vessels - Two 64-car ferries</li> </ul>		<ul style="list-style-type: none"> <li>ITS Improvements</li> <li>Website Improvements - open source data</li> <li>Reservation System - San Juan Is. and commercial customers</li> <li>New Vessel- One 64-car ferry</li> <li>Scheduling adjustments</li> </ul>		<ul style="list-style-type: none"> <li>ITS Improvements</li> <li>Continued website and technology improvements</li> <li>Reservation System - Central Sound</li> <li>New Vessels - Two 144-car ferries</li> </ul>	
<b>BUSINESS DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>Identify contacts and engage potential clients for developing incentive packages (CTR programs, tourism agencies, other transportation agencies)</li> <li>Implement programs and initiatives developed through partnerships</li> </ul>		<ul style="list-style-type: none"> <li>Actively develop partnerships</li> <li>Develop new initiatives</li> <li>Partner with Commute Trip Reduction programs</li> </ul>		<ul style="list-style-type: none"> <li>Implement targeted pricing strategies</li> </ul>	
<b>PUBLIC RELATIONS &amp; COMMUNICATIONS</b>	<ul style="list-style-type: none"> <li>Brand Development</li> <li>Develop marketing strategy for promoting new products and services</li> <li>Develop social media and public relations plan</li> <li>Implement initial communication initiatives</li> </ul>		<ul style="list-style-type: none"> <li>Launch communication and public relations plan for expanded reservation system and new vessels</li> <li>Launch advertising campaign for reservation system</li> <li>Communicate additional messages to target markets</li> </ul>		<ul style="list-style-type: none"> <li>Launch communications plan for expanded reservation system and new vessels</li> <li>Communicate additional messages for specific markets</li> </ul>	

#### ACTION STRATEGY BY RESPONSIBILITY

The icons in the following section represent responsibility by area for actions of the marketing strategy. The marketing program actions are generally new proposed elements and are the focus of the budget discussion later. Operations and investments are generally actions that are currently planned or underway.

#### DEPARTMENT



MARKETING PROGRAM



OPERATIONS



INVESTMENTS: Vessels, Terminals, and Technology

## PHASE I: TRANSFORM BRAND AND REPUTATION (FY 2010-2011)

Actions in this phase include immediate and short-term steps that can be accomplished during the remainder of fiscal year 2010 and in fiscal year 2011. These actions set the foundation for WSF to proactively shape public perception about its services, transform its brand, and to develop new initiatives and relationships.

### TARGET AUDIENCES

- Puget Sound Region Residents
- Regular Commuters
- Regular Non-commuters

### CUSTOMER SERVICE & CLIENT CARE

- M** | **WSTC CUSTOMER SURVEY.** WSF will work with the Washington State Transportation Commission to enhance existing survey efforts and add additional elements to assess in greater detail what WSF is doing well and what needs improvement from a customer's perspective.
- M** | **DEVELOP CUSTOMER SATISFACTION METRICS.** WSF will develop metrics of customer satisfaction and incorporate them into the regular WSTC survey to allow tracking of performance over time.
- M** | **AUDIT INTERNAL CUSTOMER SERVICE PROCESSES.** Common customer complaints that are not addressed effectively are a key barrier to improving the WSF brand, the customer experience, and ultimately increasing ridership. An internal audit of WSF customer service processes will help management better understand why certain complaints are not being addressed and identify any improvements in internal systems to streamline problem-solving and place additional emphasis on a culture of customer service. This internal audit will complement the annual Washington State Transportation Commission (WSTC) Customer Survey, which will gauge external customer opinions and satisfaction levels.
- M** | **IMPLEMENT CUSTOMER SERVICE TRAINING.** A key element of success going forward will be to ensure that all front line employees (vessel and terminal staff) are provided the necessary training to support the new services and initiatives. The training will build on any issues identified in the customer service audit.

## PRODUCTS & SERVICES

**ITS IMPROVEMENTS.** During Phase I, the regional communication system will be upgraded throughout the system with queue detection technology to accurately calculate wait times and highway advisory radio broadcasts. 

**WEBSITE IMPROVEMENTS.** The existing website will be upgraded to enhance the customer experience. Possible improvements include better integration with transit trip planners, better integration with WSDOT services such as the regional traffic flow map, and provision of more detailed information on the best travel times. The website will also be updated to prepare for integration of future ITS improvements and the reservations system. 

**RESERVATION SYSTEM.** During Phase I, an industry-standard reservation system will be implemented on the Port Townsend-Keystone and Anacortes-Sidney routes, featuring an intuitive web interface, change and cancellation flexibility, text and email alerts, and priority access programs for frequent and commercial users. Additionally, commercial reservations in the San Juan Islands will be upgraded with these features. 

Priority Access programs for frequent riders and commercial customers will provide dedicated reservation space to regular ferry customers, as well as other benefits.

Partnership groups in the affected communities will be formed to discuss route-specific implementation and customer needs. These groups will include ferry customers and community stakeholders, and the general public will be invited to comment at the end of each meeting.

**NEW VESSELS.** The first two of several new vessels in coming years will be delivered: One in June of 2010 to Port Townsend/Keystone and a second in May of 2011. These new 64-vehicle ferries will be more stable and powerful than the vessels they will be replacing, improving reliability and adding capacity to the system. 

**BUSINESS DEVELOPMENT**



**IDENTIFY CONTACTS AND ENGAGE POTENTIAL CLIENTS IN DEVELOPING TRAVEL INCENTIVE PACKAGES.** There are numerous potential clients WSF could be collaborating with to further organizational and marketing strategy objectives. During Phase I, these contacts should be inventoried and plans should be developed to reach out to these individuals and organizations. Potential contacts include:

- Commute trip reduction (CTR) programs and other transit agencies collaborating with CTR programs (King County Metro, Sound Transit)
- Tourism related agencies and associations – both local and statewide
- Other public transportation agencies or departments
  - Freight Mobility Board
  - WSDOT Freight Office
  - WSDOT Public Transit
  - Local transit agencies (Sound Transit, Metro, Community Transit)



**IMPLEMENT PROGRAMS AND INITIATIVES DEVELOPED THROUGH PARTNERSHIPS.** Examples of possible programs and partnerships include:

- Partnerships with communities, tourist agencies, and hospitality venues
- Joint marketing and promotional opportunities with other state agencies and regional tourism and economic development organizations.

## PUBLIC RELATIONS & COMMUNICATION

Broadly, the Phase I communication actions are focused on ensuring that WSF's messages are consistent with its objectives so that WSF can gain control of its brand. This includes both proactive messages WSF puts out and how it responds to unexpected issues that arise.

**BRAND DEVELOPMENT.** Develop messages that enhance WSF's brand and counter negative perceptions. The messages should be disseminated throughout the organization to ensure a unified approach to messaging in all media and customer contact.



**DEVELOP COMMON MARKETING STRATEGY FOR PROMOTING NEW AND/OR IMPROVED PRODUCTS AND SERVICES.** This action will allow WSF to consider the products and services being developed and develop strategies to promote these improvements to the public. During Phase I, there are opportunities to promote intelligent transportation system (ITS) improvements, the delivery of new vessels, website improvements, and the reservation system and its benefits. In addition, WSF can create a consistent "look & feel" for marketing materials, advertisements, the website, and other elements of the marketing strategy.



**DEVELOP PROMOTIONAL PLAN.** Create a cost-effective plan, allocate resources, and assign responsibilities to lay the foundation for a comprehensive promotional campaign.



**DEVELOP SOCIAL MEDIA AND PUBLIC RELATIONS PLANS.** Create strategy plans, allocate resources, and assign responsibilities for the various social media and public relations tools to be used in the marketing strategy. This includes developing a plan to use social media tools such as blogs or Twitter to increase publicity and earn coverage from other media outlets.



**IMPLEMENT INITIAL COMMUNICATION INITIATIVES.** The bulk of Phase I will be used in message development and planning but early implementation of communication plans is possible in FY 2011. Early implementation will focus on less expensive communication channels such as onboard messaging and social media. These efforts will try to leverage connections with current riders to promote the positive benefits of the ferry system.



## PHASE II: BUILD DEMAND (FY 2012-2013)

This phase will increasingly target specific market segments and market areas to grow demand. The success of this phase will rely heavily on broad-based commitment from WSF fleet and terminal staff throughout the organization.

### Target Audiences

#### All Market Segments

- Regular Commuters
- Regular Non-Commuters
- Tourist/Recreation Riders
- Business/Commercial Fleet

### CUSTOMER SERVICE & CLIENT CARE

- M** | **SUPPORT PRIORITY ACCESS PROGRAM IN RESERVATION SYSTEM.** The new reservation system will support the ability for frequent user and commercial customers to join priority access programs in order to receive benefits, such as access to reservations on peak sailings. WSF will also train customer service staff to help priority access program members manage their reservations, their priority access accounts, and to address questions and concerns regarding reservations and payments.
- M** | **ADDRESS ISSUES IDENTIFIED IN WSTC SURVEY.** Based on the customer survey results, needed improvements will be identified to alleviate negative or problematic issues to enhance the customer experience.
- M** | **FOCUS ON CLIENT CARE IN NEW PROGRAMS.** As new programs such as the commercial reservation system mature, WSF will develop client care plans to focus on customer relationship building and ensure that customer satisfaction is built with repeat customers.
- O** | **IMPLEMENT RECOMMENDATIONS FROM INTERNAL CUSTOMER SERVICE AUDIT.** Based on findings of the internal customer service assessment, begin to make improvements to enhance WSF's customer service orientation.

### PRODUCTS & SERVICES

- I** | **ITS IMPROVEMENTS.** A variety of ITS improvements are planned for Phase II including:
  - Construction of variable messaging signs (VMS) on highways throughout the system to communicate general ferry and reservation-specific information, depending on the route.
  - Extension of highway advisory radio to more routes, and WSF will send out ferry service messages via Twitter and email.

PRODUCTS & SERVICES (CONT.)

**WEBSITE IMPROVEMENTS.** Website improvements include making open source data available for Smartphone and other application development by independent developers. | 

**RESERVATION SYSTEM.** In Phase II, the industry-standard reservation system will become available for all customers in the San Juan Islands, and the reservation system will be implemented for commercial customers on all routes. | 

Additional partnership groups will be held with freight customers in affected communities to determine route-specific implementation and customer needs.

**NEW VESSEL.** A new 64 car ferry will be delivered in January 2012. | 

**SCHEDULING.** Adjustments to route schedules will be considered to increase efficiency, fill service needs, and/or increase on-time service. | 

BUSINESS DEVELOPMENT

**ACTIVELY DEVELOP PARTNERSHIPS.** Contact potential client organizations identified in Phase I, and begin to determine areas for collaboration with these organizations. | 

**PARTNER WITH CTR PROGRAMS.** Actively engage CTR programs to develop initiatives that would result in higher transit usage and ferry ridership. | 

**DEVELOP NEW INITIATIVES.** Work with partnering organizations to create new initiatives to support ridership growth. Initiatives should focus on the defined target markets and market areas, such as recreational travel, for example. | 

PUBLIC RELATIONS & COMMUNICATION

**LAUNCH AGGRESSIVE COMMUNICATION AND PUBLIC RELATIONS PLAN FOR ITS IMPROVEMENTS, THE RESERVATION SYSTEM AND THE DELIVERY OF NEW VESSELS.** Implement the public relations plan promoting ITS improvements, the upcoming expansion of the reservation system, and new vessels being delivered in the Central Puget Sound. This could include a coordinated push to generate earned media, through bloggers, and other online media. | 

**LAUNCH AN EXTENSIVE ADVERTISING CAMPAIGN CENTERED AROUND THE RESERVATION SYSTEM.** Undertake online and broadcast advertising campaigns in ferry communities to highlight the benefits of the new reservation system, targeting market segment-specific messages to websites and radio stations based on demographic appeal. | 

**COMMUNICATE ADDITIONAL MESSAGES THAT WILL APPEAL TO TARGET MARKETS AND MARKET AREAS.** Implement non-reservation related messages developed in Phase II for specific targeted markets and communicate through the appropriate media tools (online banner ads, radio spots, onboard displays). | 

## PHASE III: BUILD RIDERSHIP (FY 2014-2015 & BEYOND)

In Phase III programs and messages are targeted to specific market segments and market areas. This includes fiscal year 2014 and 2015, but also extends beyond these years as WSF's marketing strategy becomes established.

With Phase I and II messages and initiatives in place, the next phase of the marketing strategy will focus directly on route-specific opportunities. Using the research findings on high-traffic routes with capacity, the campaign will target residents, businesses and tourists in those specific ferry communities to encourage them to ride WSF.

The rollout of the WSF reservation system will create a unique opportunity to target new potential riders on specific routes to help build overall ridership.

### TARGET AUDIENCES

**All market segments in specific market areas and routes**

## CUSTOMER SERVICE & CLIENT CARE



**DEVELOP CUSTOMER SERVICE STRATEGY FOR THE ROLLOUT OF THE RESERVATION SYSTEM IN THE CENTRAL SOUND.** Before the reservation system is implemented for routes in the central Puget Sound (those with the most ridership and high concentrations of commuters), develop a plan for messaging, customer outreach, and customer assistance to make the transition as smooth as possible when the reservation system goes into effect.

## PRODUCTS & SERVICES



**ITS IMPROVEMENTS.** A variety of ITS improvements are planned for Phase III including:

- Accurate, real-time information will be available system wide through regional and local VMS, highway and local advisory radio, as well as on the WSF website.
- Customers will be able to receive reservation-specific communication via text message and email alerts.



**RESERVATION SYSTEM.** Industry-standard reservations, including all features mentioned previously, will be implemented on the Central Puget Sound routes (Edmonds-Kingston, Seattle-Bainbridge, Seattle-Bremerton). Partnership groups will be formed in affected communities prior to reservation implementation to engage customers and community leaders in tailoring the system to each specific route.



**NEW VESSELS.** Pending funds availability, two new 144 car ferries will be put into service on core routes. The first will be delivered in June of 2013 and the second in January of 2014. These new vessels will add capacity to the system, which will be felt on multiple routes.



**CONTINUED WEBSITE AND TECHNOLOGY IMPROVEMENTS.** Integrate ITS and reservation system features into the website and continue to improve trip planning functions and overall usability.

## BUSINESS DEVELOPMENT

**IMPLEMENT TARGETED PRICING STRATEGIES.** Use executive discretion and the annual fare setting process to offer special fares to incent desired ridership growth. Tactics to consider include commercial user discounts, trip packages, and small-car discounts among others.



## PUBLIC RELATIONS & COMMUNICATION

**LAUNCH AGGRESSIVE COMMUNICATION AND PUBLIC RELATIONS PLAN FOR THE EXPANDED RESERVATION SYSTEM AND THE DELIVERY OF NEW VESSELS.** Implement the public relations plan and advertisements promoting the upcoming expansion of the reservation system and new ferries being delivered in the Central Puget Sound. This could include an online advertising campaign and coordinated push to generate earned media.



**COMMUNICATE ADDITIONAL MESSAGES THAT WILL APPEAL TO TARGET MARKETS AND MARKET AREAS.** Implement messages developed in Phase II for specific targeted markets and communicate through the appropriate media tools (online banner ads, radio spots).



## MARKETING TOOLS (COMMUNICATION CHANNELS)

WSF has a number of tools or channels available to reach its target markets with its messages and promotions. Tools included in the marketing plan include direct advertising (onboard, online, or radio), indirect marketing through social media and earned media, and relationship building with local communities, businesses, and organizations. Different tools are appropriate for different messages and target markets. A combination of channels may also be the best approach. For example, a campaign to promote and increase awareness of the potential new reservation system could involve onboard advertising aimed at current users, partnerships with affected ferry communities, and earned media and online advertising aimed at the broader Puget Sound region. Exhibit 8 below lists specific tools available and their use.

**EXHIBIT 8  
PROPOSED MARKETING TOOLS**

	DESCRIPTION	VALUE
<b>WEBSITE</b>	Displaying key messages of the Marketing Strategy on WSF's website	<p>Visitors to WSF's web site, who have a direct interest in the ferry system, will see new messaging and information. This is an opportunity to engage directly with target customer segments</p> <p>WSF has full ownership of this forum, and it would be a minimal cost to add these communication elements</p>
<b>ONLINE ADVERTISING</b>	Advertising on the WSF and WSDOT web sites, and ferry community and partner web sites	<p>Ads can be targeted to specific customer segments based on web site audiences</p> <p>Effectiveness is easy to measure (number of clicks)</p>
<b>ONLINE SOCIAL MEDIA</b>	Garnering mention on blogs and other online news outlets	<p>Online media plays an increasingly important role in consumer behavior, and has experienced explosive growth among several key target audiences</p> <p>A campaign to communicate WSF messaging can be aimed at influential outlets that can spread positive word about the system and its features</p>
<b>ONBOARD PROMOTIONS &amp; ADVERTISING</b>	<p>Displaying key messages and promotion information on onboard billboards and other advertising space</p> <p>Hosting onboard events</p>	<p>Promoting key messages onboard will create buzz among ferry riders and result in word-of-mouth marketing</p> <p>Onboard promotions and events can improve the ridership experience, as customers feel part of a special opportunity</p> <p>Certain routes represent unique opportunities for hosting onboard promotions with WSF partners</p>
<b>EARNED MEDIA</b>	Free, local television, radio, and print coverage via positive newsworthy stories or events	On-going PR efforts to increase awareness and highlight key system benefits are important to building reputation in ferry-served communities and increasing ridership over time
<b>PARTNERSHIPS &amp; COMMUNITY RELATIONS</b>	Working with ferry-served communities and local businesses to promote ferry use	Partnerships with communities can leverage the recreational customer base to increase ridership, tourism, visits to local businesses, and event participation
<b>EMPLOYER RELATIONS</b>	Working with large employers in the region to promote ferry ridership as part of the Commute Trip Reduction (CTR) program and as an environmentally friendly mode of transportation	Improving or increasing shuttle service between terminals and workplaces can help increase ridership and help employers meet CTR requirements
<b>COMMERCIAL FLEET OUTREACH</b>	Outreach to frequent commercial users	<p>Commercial customers are a potential significant source of new revenue</p> <p>Better understanding of commercial customers needs will help improve the Commercial Users Program</p>
<b>RADIO ADVERTISING</b>	<p>Purchasing advertisements on radio stations</p> <p>Partnering for remote broadcasts or partnership and sponsorships</p>	<p>Relatively affordable advertisements</p> <p>Ads can be targeted both geographically and by customer segment</p> <p>Ferry trips are often part of a longer trip involving vehicles and radio use</p> <p>Ads can be targeted toward specific routes and highlight features of the ferry system</p>

Based on actions outlined in the marketing strategy, the exhibit below shows the use of different marketing tools in the three phases of the marketing strategy. Tools used in Phase I include those easiest and quickest to activate in order to bolster WSF’s brand during the remaining biennium. Phases II and III incorporate additional tools, such as building relationships and commercial user outreach, which take more time and effort to develop and implement.

**Exhibit 9  
MARKETING TOOL UTILIZATION BY PHASE**

**WSF BUILDING AWARENESS STRATEGY**

<b>Marketing Tool</b>	<b>PHASE I TRANSFORM BRAND AND REPUTATION</b>	<b>PHASE II BUILD DEMAND</b>	<b>PHASE III BUILD RIDERSHIP</b>
WEBSITE	★	★	★
ONLINE ADVERTISING	★	★	★
ONLINE SOCIAL MEDIA	★	★	★
ONBOARD PROMOTIONS & ADVERTISING	★	★	★
EARNED MEDIA	★	★	★
PARTNERSHIP & COMMUNITY RELATIONS		★	★
EMPLOYER RELATIONS		★	★
COMMERCIAL FLEET OUTREACH		★	★
RADIO ADVERTISING		★	★

# MEASURING OUR SUCCESS

WSF will utilize a range of performance metrics to measure the effectiveness of the marketing strategy and track progress towards its goals. These metrics are grouped around the four primary marketing objectives:

1. Transform the Brand
2. Grow New Market Segments and Off-Peak Ridership
3. Maintain and Grow the Commuter Customer Base
4. Increase Customer Satisfaction

WSF will use these performance metrics to submit a marketing program progress report with each biennial budget to demonstrate how well its objectives are being met. Performance measures will also be used to assess the effectiveness of the key marketing program actions and provide a basis for possible adjustments in tactics and target markets as necessary. This process may also identify opportunities to leverage existing actions and efforts that could lead to new initiatives that would be presented to the Legislature for consideration as part of future budget requests.

It is important to note that measuring success can be a difficult process, especially when there is no solid basis to measure it against. With any number of factors influencing ridership, it may be difficult to isolate the marketing program's impact. For example, the number of commute trips may decline in upcoming years, but the marketing strategy could still be a success if ridership would have declined much more without the marketing efforts. These types of complexities make it important that performance measures be developed and interpreted thoughtfully.

We will measure our success with the following tools:

- **WASHINGTON STATE TRANSPORTATION COMMISSION (WSTC) SURVEY RESULTS.** The WSTC conducts regular surveys of ferry customers to learn about rider behavior, travel preferences, and travel patterns. This survey already includes many questions that will feed into the suggested performance metrics, and can include more targeted questions in future surveys.
- **OTHER QUANTIFIABLE METRICS.** WSF keeps an extensive database on its ridership, which can be used to analyze the number of trips by fare category, by route, and by time of day. Additionally, other databases on specific programs like the Commercial Users Program, safety and on-time performance records, and website traffic can be used to quantify marketing program results.

Exhibit 10 lists several potential performance metrics that could be used to evaluate progress towards achieving the four marketing strategy objectives.

**Exhibit 10  
POTENTIAL PERFORMANCE METRICS**

PROGRAM OBJECTIVE	POTENTIAL PERFORMANCE METRICS
<p><b>TRANSFORM THE BRAND</b></p>	<p><b>WSTC Customer Survey results</b></p> <ul style="list-style-type: none"> <li>• Awareness of key messages</li> <li>• Perceptions regarding safety</li> <li>• Perceptions regarding reliability</li> <li>• Perceptions regarding value</li> <li>• Awareness of service enhancements</li> <li>• Percent of customers who have read/heard advertisements</li> </ul> <p><b>Quantifiable Metrics</b></p> <ul style="list-style-type: none"> <li>• Number of community/business partnerships</li> <li>• Ratio of positive to negative newspaper articles</li> <li>• Safety record</li> <li>• Number of hits on WSF website</li> <li>• Number of clicks on WSF banner ads</li> </ul>
<p><b>GROW NEW MARKET SEGMENTS AND OFF-PEAK RIDERSHIP</b></p>	<p><b>WSTC Survey results</b></p> <ul style="list-style-type: none"> <li>• Percent of customers reporting recreational trip purpose</li> <li>• Percent of customers reporting commercial trip purpose</li> </ul> <p><b>Quantifiable Metrics</b></p> <ul style="list-style-type: none"> <li>• Ratio of peak to off-peak ridership</li> <li>• Commercial Program priority access program members</li> <li>• Volume to capacity ratio for off-peak sailings</li> </ul>
<p><b>MAINTAIN AND GROW THE COMMUTER CUSTOMER BASE</b></p>	<p><b>WSTC Customer Survey results</b></p> <ul style="list-style-type: none"> <li>• Percent of customers reporting commute trip purpose</li> <li>• Percent of customers making 6+ trips per week</li> </ul> <p><b>Quantifiable Metrics</b></p> <ul style="list-style-type: none"> <li>• Ridership on peak sailings</li> <li>• Multiride passes sold</li> <li>• Frequent user priority access program members</li> <li>• Number of business partners who offer subsidized ferry passes to employees</li> </ul>
<p><b>INCREASE CUSTOMER SATISFACTION</b></p>	<p><b>WSTC Customer Survey results</b></p> <ul style="list-style-type: none"> <li>• Level of satisfaction with WSF</li> <li>• Increase in level of satisfaction over time</li> <li>• Satisfaction with the reservation system</li> <li>• Perceptions regarding value</li> <li>• Perceptions regarding convenience</li> <li>• Satisfaction with the WSF website</li> </ul> <p><b>Quantifiable Metrics</b></p> <ul style="list-style-type: none"> <li>• Average wait times</li> <li>• Percentage of sailings at full capacity</li> <li>• Percent of sailings leaving on-time</li> </ul>

## BUDGET AND RESOURCES

The State Legislature has appropriated \$1.1 million for the WSF marketing program in the 2009-11 biennial Transportation Budget. This section contains WSF's estimate for the staffing and resources necessary to support the marketing program for this biennium and beyond.

### TOTAL BUDGET AND RESOURCE SUMMARY

Exhibit 11 presents the proposed budget and resource summary for the current biennium and the following two biennia. It is assumed that the staffing needs that will be hired in the current biennium would be done in the spring, so the first full year of staffing costs would not be until FY 2011.

	EXHIBIT 11		
	PHASE I (2010-2011)	PHASE II (2012-2013)	PHASE III (2014-2015)
	▼	▼	▼
<b>STAFFING EXPENDITURES</b>			
Sales and Marketing Coordinator	1 FTE	1 FTE	1 FTE
Web Marketing Specialist	1 FTE	1 FTE	1 FTE
Customer Service Agent(s)	--	TBD	TBD
<b>Total Staffing Expenditures (\$1,000s)</b>	<b>\$200</b>	<b>\$412</b>	<b>\$428</b>
<b>OTHER EXPENDITURES</b>			
Professional Services (Marketing campaign, media strategy, trainings)	\$475	\$180	\$180
Purchased Media (Advertising)	\$175	\$295	\$350
Promotions and Materials	\$150	\$170	\$225
Technology Improvements (Website, ITS)	\$150	\$90	\$40
<b>Total Other Expenditures (\$1,000s)</b>	<b>\$900</b>	<b>\$735</b>	<b>\$795</b>
<b>TOTAL EXPENDITURES (\$1,000s)</b>	<b>\$1,100</b>	<b>\$1,147</b>	<b>\$1,223</b>

## STAFFING

A successful marketing strategy needs staff members at WSF who will drive and support implementation of the marketing strategy under the direction of the Director of Communications. There are a number of staff resources that would be fully or partially redeployed including customer service staff (pending the customer service audit) as well as staff engaged in community relations, inter-agency support, and the employer programs, such as the Commute Trip Reduction (CTR) efforts.

WSF does not currently employ any staff who have a background in or are focused on marketing other than the Director of Communications. Modest increases in staff are essential if WSF is to succeed in launching a serious marketing effort.

- **SALES AND MARKETING COORDINATOR.** This position would work directly with the Director of Communications on all aspects of implementation of this plan and be specifically responsible for implementing the marketing partnerships, the social media actions, and the earned media efforts (hire in spring 2010).
- **WEB MARKETING SPECIALIST.** This position would work directly with the Director on the actions related to improving the website and real-time communications.
- **CUSTOMER SERVICE AGENTS.** There will be a need to augment the customer service department, particularly in relation to moving toward 24-hour coverage. However, additional positions cannot be identified until the Phase I customer service audit is completed. There may be an opportunity to leverage the investments in new technologies identified in the reservations program to free up existing customer resources to be redeployed (hiring needs and timing to be determined).

## OTHER EXPENSES

In addition to the staffing costs, there are several categories of non-staff expenses necessary to achieve a successful marketing strategy. These include:

- **PROFESSIONAL SERVICES.** Professional services will likely include assistance with the customer service audit, customer service training, development of branding for new products (ITS and reservations), and the development of a marketing campaign and social media strategy.
- **PURCHASED MEDIA (ADVERTISING).** Expenditures in this category would include print, online and any broadcast advertising that is determined to be appropriate to support the communications strategy and roll out of new products and services.
- **PROMOTIONS AND MATERIALS.** These expenditures would include development and printing of promotional materials and costs associated with promotional events such as the launch of new vessels.
- **TECHNOLOGY IMPROVEMENTS.** There will be costs associated with the integration of the marketing strategy with existing and new technology initiatives.