

To: Board of Directors, Metrolinx
From: Mark Childs, *Chief Marketing Officer*
Date: December 6, 2018
Re: Marketing Quarterly Update

Executive Summary

The Marketing Division drives ridership and fare revenue through marketing, customer insights, establishing partnerships and promoting non-fare sales. In the last quarter, Marketing, in collaboration with Operations and Planning & Development Divisions, increased ridership and revenue by launching new services and launching promotions tailored to customer needs and wants. We continue to review progress on our pilots/trial programs and new services to identify opportunities that encourage new riders to try our services, and stimulate increased use by existing customers as we continue expanding services across the network.

Highlights

Fiscal year to date¹ GO ridership is 38.7 million boardings, 1.3 million above target.² Overall, growth is seen on each of the GO train corridors. Lakeshore East (LSE) (+3%) and West (LSW) (+1%) show minimal growth, impacted by weekend ridership declines (LSE boardings increased 5% on weekday and LSW increased 4% on weekdays). Weekend GO train ridership decreased year over year on LSE (-1%) and LSW (-7%). This is associated with a decrease in sporting event attendance in April, May and June (LSE would have grown in boardings if sporting event attendance hadn't changed and sporting events explains 35% of the decline on LSW). In September, corridor construction which is being completed to improve future services such as rehabilitating and replacing bridges, decreased service to hourly on LSE and LSW and diverted trains from Exhibition and Mimico Stations. As a result, weekend boardings decreased 25% on LSW, and 13% on LSE in September 2018.

GO bus services, which make up approximately 20% of overall boardings, maintained ridership levels compared to 2017 due to increased off-peak train service replacing buses that previously served these routes. Further focus on marketing GO bus in the next quarter will help increase ridership to key destinations.

¹ Year to date results are for the period: April 1, 2018 to September 30, 2018.

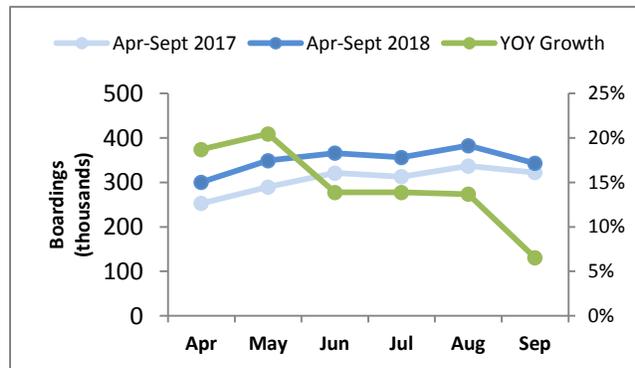
² Key Performance Indicator Report for the month of September 2018.

The Barrie GO train corridor has the largest fiscal year to date growth, at 19% (437K additional riders). This growth is the result of additional weekday off-peak services implemented in December 2017, and piloting the Barrie Kids GO Free³ program.

Overall, corridor construction and event attendance is reducing off-peak growth over the last quarter, with ridership increasing with service increases, pricing promotions, and more targeted marketing.

UP Express continues to see an average ridership growth of 14% year over year.⁴ Marketing efforts through digital assets at the airport continue to build awareness of the UP Express service for airport travellers. The new Airport Traveller Acquisition campaign is expected to contribute to this ridership growth with an additional 181,000 rides resulting in \$1.7 million in incremental revenue. The campaign

Figure 1: UP Express Growth from April to September 2018



started rolling out in mid-November on social channels and will ramp up in December during peak holiday travel, specifically at Toronto Pearson. Marketing efforts through print and digital assets at the airport will continue to build awareness of the UP Express service for airport travellers and drive trials of the service.

Marketing Division's quarterly highlights include:

- Extension of the Barrie Kids Ride Free Pilot to December 31, 2018. There has been an incremental increase of 44,000 rides from the service changes and Kids GO Free initiative (as at September 30, 2018).
- The Muskoka pilot program, delivered in collaboration with Ontario Northlands, concluded in September with over 250 combo tickets sold over the five weekends of promotional service. Negotiations to expand the program for the 2019 season are underway.
- The seasonal Niagara program concluded Thanksgiving weekend. Overall, the program performed above target with upwards of 39,000 boardings and over \$300,000 in revenue. Staff are looking for additional ways to increase program offerings for 2019.
- Continuing to develop partnerships with major events to offer promotional pricing such as ride and ticket combo packages and an exchange of promotional assets. In July, we partnered with the Honda Indy to offer combo tickets and saw an

³ The Kids GO Free pilot started on April 28, 2018 and is continuing until December 31, 2018.

⁴ Source: Revenue Accounting reconciled data. Monthly boardings not adjusted for impact of service disruptions.

increase of ridership and fare revenue during the event. It is estimated that between 6,000 to 14,400 tickets were sold with an increase in revenue of about \$45k to \$108k.⁵ In August, we partnered with the Canadian National Exhibition, with an estimated revenue increase of \$1.9M to \$2.2M and increased ridership of 252K to 288K.

- Partnered with Scotiabank to launch Scotiabank Arena-branded PRESTO cards delivered at TTC and GO stations to support the Raptors and Leafs home opening events. The partnership was successful in garnering 60 million earned media impressions from 196 pieces of coverage on the initiative (over \$2M in value) and 35M in paid media impressions. Of the cards distributed, over 30% are in active circulation with a period pass on the TTC and card use continues to increase. Scotiabank was pleased with the results and customer engagement at GO stations exceeded expectations.
- Our focus on increasing PRESTO adoption on the TTC is intensifying as the TTC Metropass is being discontinued in December. Instead of using a Metropass, customers can load a TTC Monthly Pass onto their PRESTO cards. This will give them access to great new benefits, like balance protection if their cards are lost or stolen or the option to have their passes automatically renew each month. Efforts over the summer and fall to convert TTC Metropass holders to PRESTO have shown strong sales month over month. We expect our intensified campaign efforts in November and December to help significantly bolster conversions.
- The PRESTO card retail rollout at Shoppers Drug Mart was completed in October, bringing the store count to 384 stores across the 416 and 905 regions and Ottawa.

Conclusion

Metrolinx is exerting a new and stronger leadership in putting customers at the centre of all that we do, leading to increases in ridership and revenue generation. Marketing Division is at the forefront of these activities.

Respectfully submitted,

Mark Childs
Chief Marketing Officer

⁵ Please note, due to concerts ongoing at the Budweiser Stage there was a challenge to attribute ridership to each specific event.