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YORK REGION TRANSIT
BRAND DEVELOPMENT – BUS PAINTING

The Transit Committee recommends:

1. The presentation by Mary Lou Johnston, Manager, Marketing and Customer Services be received; and

2. The recommendation contained in the following report, June 5, 2006, from the Commissioner of Transportation and Works be adopted:

1. RECOMMENDATION

It is recommended that the York Region Transit (YRT) brand update (Concept 1), which includes costs of $868,000 over a six-year period to repaint YRT buses to reflect the new brand, as outlined in this report, be endorsed.

2. PURPOSE

This report seeks authorization to proceed with implementation of a "refreshed" brand identity for York Region Transit (YRT). The objective of refreshing the YRT brand at this time is to continue growing ridership by improving the image of public transit as a customer-focused service of which the residents of York can be justifiably proud. A refreshed identity for YRT is recommended to more closely align it with the Viva identity creating "one family of transit services" in the minds of York residents and address a growing perception of two separate systems.

3. BACKGROUND

York Region is a leader and an innovator in public transit in Canada. The Region was one of the first to amalgamate separate municipal systems. It is also the first jurisdiction in the Greater Toronto Area to implement a comprehensive bus rapid transit service.

During the last five years, York Region Transit (YRT) has integrated the brand, routes and operations of five separate municipal systems. YRT's marketing activities during this period of amalgamation have focused on the "basics"; integrating the system's identity as YRT, consolidating routes and providing customers with the information they need to use the system.

As the basis for developing the 2004/2005 Marketing Plan, YRT conducted market research with users and non-users of transit. This research revealed that while York Region residents are aware of YRT as their Regional public transit operator (due mainly to the fact that they see the vehicles on the street), they may not fully appreciate the range and value of its services.

More challenging to growing ridership in an area with high car ownership is the negative image of the system. Residents see YRT as a utility with a "downmarket" image and for many of our target markets (discretionary riders) it is seen as "not for people like me". They see current marketing materials as "flat and uninteresting". Although transportation concerns are still the number one issue in the Region, residents are not changing their travel habits quickly enough.

At the same time that YRT was developing its Marketing Plan, the Viva corporate identity was launched in December, 2004 as part of a media campaign to bring attention to the new service. Viva's name and identity were developed to underline its position as a new and innovative transit option in the Region. Both the name and corporate identity were based on the results of extensive research with target markets. Customers' input underlined the need for Viva to be seen as innovative, modern and customer-focused.

There are significant opportunities to build familiarity and improve the image of YRT services that will in turn drive increased use with potential riders, especially those who view transit in a negative way. It is also important to build pride and support for transit even for those who do not intend to use it. Research highlighted the need for a positive perception of transit for those who can influence transit use – parents and employers. This is critical for our businesses and other audiences who influence others to use transit.

Gee Jeffery and Partners (GJP) have been retained as the creative consultants assigned to develop the refreshed identity for YRT. GJP has been intimately involved with both YRT and Viva over the past two years. They created the Viva brand including the name, colours, logo and overall style and message. In addition, they have undertaken market research for both YRT and Viva and have worked as the agency of record for YRT over the past two years. Their experience in the brand industry and the transit knowledge and insight they have gained over the past two years, position them as the ideal team to undertake this brand refresh work.

Since May, 2005, GJP has worked closely with staff to execute and develop the strategy and creative work behind a refreshed brand for YRT. Anticipating the launch of Viva, the timing was critical to complete and execute this project in order to reinforce the image of one innovative, modern transit system.

4. ANALYSIS AND OPTIONS

4.1 Visible Integration with Viva Service is Required to Grow Ridership on Both YRT and Viva Routes

Given the existing perception of YRT with target and potential audiences, the launch of Viva presents a number of challenges to YRT:

- The new image of Viva communicates a sense of innovation and is a source of pride both for a new transit service and for the Region as the sponsors and "drivers" of rapid transit.
- The new vehicles and new stations are a very visible reminder of a "new and innovative approach to transit".
- Viva and YRT are part of one system and based on the past 6 months, the perception is that they are two separate systems and do not work together. There is confusion created in the minds of riders and non-riders. The perception is also that the Region is supporting two separate transit systems.
- When the existing YRT identity and fleet are put next to Viva, the resulting image is of YRT as the "poor cousin". It is perceived as old-fashioned, utilitarian, and non-customer focused and does not support the "one system" integration that was planned. It looks like two systems with one being superior to the other.

To address this situation, staff have refreshed some of YRT's marketing materials. Some of what contributes to YRT's identity is the soft assets produced on a regular basis to keep customers informed. They include schedules, route maps, newsletters, etc. What is clear is that the major contributors to image are the "hard assets" that are on, or roll down, the roads and streets of York; the vehicles and bus stops. A new image on these hard assets will have a very visible impact on the perception of YRT.

4.2 A Fresh and Attractive Look is a Proven Contributor to Growing Market Share

Organizations and businesses refresh their brand identities for very specific reasons; to drive business and take advantage of market opportunities. Typically this is done when the existing identity no longer fits the profile of the organization because it has changed its offering, its promise or its key messages.

The LCBO for example changed its identity and brand style to position itself as a business focused on entertaining rather than a government monopoly focused on control. A new logo helped communicate this change in positioning along with new marketing materials and new physical assets (primarily retail stores). In a similar way, British Petroleum (BP) changed its visual identity to align with its new position. From simply an engineering company focused on petroleum to a focus "beyond petroleum" (BP) to meet the world's energy needs through a variety of initiatives and products. A new identity featuring a sun-like logo, helped communicate this change. YRT is pursuing a similar strategy – strengthening our message about the value of YRT to our community.

> "We don't have a lot of money but the best tool we have is the thousands of buses on the street. Each one is a billboard for our system- a better bus improves the perception of the service". – Los Angeles Transit Authority.

In the area of public transit, the Los Angeles system reported to us that their discretionary ridership increased by 3% as result of a refreshed brand identity that was applied to all of their services. In St. Albert, Alberta (a suburban area similar to York Region), 14% of residents said that a re-branded system and an advertising campaign had encouraged them to use transit more, resulting in a 5% growth in ridership.

These results of marketing and brand efforts are consistent with findings by the Canadian Urban Transit Association (CUTA) research that…

> "a transit system's brand plays a large role in influencing the attitudes and travel decisions of both riders and non-riders…The goal is to improve the competitive position of transit services, relative to car travel, as perceived by current and potential customers."- CUTA

There will be several tangible benefits to improving the YRT identity:

- By changing the colours, YRT/Viva will "own" a new vibrant blue as the colour for all transit in York Region, much as the TTC "owns" the colour red, and GO Transit, the colour green.
- An expected increase in ridership, improving potential for future funding and advertising revenue.
- Aligning the identities of YRT and Viva will play a key role in reducing confusion of one or two transit systems in York Region. The two services will work more effectively and synergistically as one system if they actually look like one system.
- It will help build pride and awareness of one innovative, customer-focused transit offering in York Region.
- Viva and YRT are moving forward as one system under YRT operations and management. Having an aligned visual style and identity will be the most effective and efficient way to manage marketing and communications activities. We can take advantage of opportunities to save costs with an aligned visual style in newsletters and other communication materials.

During 2006, a key component of our marketing activities will be to build on the launch of the Viva service to strengthen the "York Connected" message that we are part of one system. This will help maximize the value, the reach and the impact of the 2006 marketing budget for both Viva and YRT. Existing communications and marketing channels will be used to educate audiences (both riders and non-riders alike) about the alignment of YRT and Viva and about the innovative transit available in the Region.

Based on research from riders, non-riders and stakeholders, GJP has developed a refreshed brand identity for YRT. This includes an updated logo and colours that would

be applied to both the soft and hard assets (YRT buses). See *Attachment 1* for suggested brand updates.

5. FINANCIAL IMPLICATIONS

This brand refresh reflects the relative costs of changing "soft assets" (materials that are easy to change because they are printed) and hard assets and the need for fiscal prudence. Staff have developed a financial conversion strategy which considered three concepts for implementation on the vehicles in a phased approach. The need to make an impact on our target audiences is balanced with the budget requirements. Concept 1 which suggests a new identity on all new buses and the new identity on existing buses over a six-year time frame is the recommended approach. This allows for the entire fleet to have a visual link to Viva so that YRT and Viva are seen as one system. The approach is fiscally responsible and offers a cost-effective strategy which is outlined in Table 1 below and detailed in *Attachment 2*. The costs represent total costs over a five to six-year implementation period and take advantage of buses already scheduled for repainting and refurbishing.

Table 1
'Brand Refresh' Concept Summary

Concept	Proposed Implementation Timelines	Total Costs
Concept 1 New identity on new buses AND on existing buses plus new logo	6 years to completion of bus fleet	$868,000
Concept 2 New identity on new buses only AND replace gold with blue on existing buses plus new logo	5 years to completion of bus fleet	$204,200
Concept 3 Replace gold with blue on new and existing buses plus new logo	5 years to completion of bus fleet	$204,200

The design cost for refreshing the corporate identity was included in the 2005 Marketing budget so agency fees had already been allocated. A responsible fiscal approach is being taken to changing the soft assets. As materials are reprinted, the change to the new identity is done at no additional printing cost. As materials are used they will be re-branded with the new identity. Since September 2005, many of the marketing materials have been updated to visually connect YRT and Viva as one system.

Experience has shown that refreshing a brand in the transit industry will also increase discretionary ridership as indicated in Los Angeles (+3%) and St. Albert (+5%) Transit authorities. A 1% growth in ridership for YRT/Viva would amount to an additional 200,000 new riders and $400,000 in new revenue. This will also contribute to an improvement in the system revenue/cost ratio - for every 1% growth in ridership the revenue/cost ratio will increase by 0.4%. For 2005, revenue/cost ratio for YRT was 0.45. Maintaining an appealing brand, coordinated with Viva, is an important part of an overall strategy to increase the revenue/cost ratio.

6. LOCAL MUNICIPAL IMPACT

The refreshed brand will be packaged as part of a message about transit connectivity and improvement in York Region. This message will have a significant local impact as it will communicate an innovative and customer-focused transit system that connects residents and businesses in all the local communities of York Region.

7. CONCLUSION

The launch of Viva offers an opportunity to revitalize transit and reinforce the message of a customer-focused and improved transit system serving the needs of York. Moving forward with the current brand identity for YRT presents significant challenges in that it creates confusion in the minds of our customers and citizens between a “new service” and an “old service”. By refreshing the brand identity of YRT and adopting Concept 1, the message of “York Connected and One-System” will be reinforced. Aligning the brand identities of Viva and YRT allows for much more synergy and efficient use of communications resources in terms of future marketing and communications activities.

Governments at all levels are putting increased focus and priority on public transit. In order to stay in a position to reap the benefits of public transit for growth and a high quality of life it is important to attract riders and supporters by being fresh, innovative, forward thinking and customer-focused.

A refreshed brand is a relatively low-cost investment in the future of public transit in York Region. The Region is actively working to build one of the most modern and innovative transit systems by adopting Web site trip planning, GPS tracking, text messaging and eventually video screens on every vehicle, internet connectivity and the first bus rapid transit service in the GTA. A refreshed brand image will help package all of these initiatives, communicated to our target audiences and position YRT as a progressive transit property. It will attract more riders, and by extension, attract more advertising revenue. Increasing ridership will, in turn, mean a larger share of gasoline tax infrastructure dollars and revenue.

Our vehicles represent significant and low-cost "media" to communicate our message of innovations and customer-focused service to the people of York Region. Each one is a rolling billboard and a better bus improves the perception of service. Concept 1 is recommended in order to help us grow towards our ridership goals, build pride and awareness of transit and visually convey the message that YRT and Viva are one innovative and well connected system in York Region.

It is recommended that York Region Transit staff be authorized to proceed with a revitalized brand image including the financial conversion strategy – Concept 1, and apply it to all assets in a fiscally responsible manner.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause are attached to this report.)