

Go-Ahead's launch into Mobile marketing – Your City in your Pocket!

Executive Summary

The Go-ahead Group is one of the UK's leading providers of public transport. Traditionally bus tickets were bought on bus, which slowed down boarding times and required the correct amount of change. As a group we wanted to quickly trial mobile app retailing as a new channel to counter those issues.

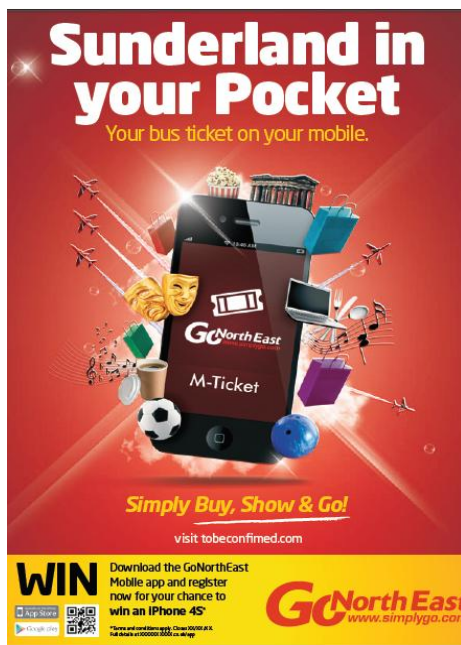
We needed to achieve three things; to develop a new channel that was easy for passengers to use; to make the trial quick and cost effective to prove the value of mobile; and finally, to further improve our environmental credentials by reducing both paper and plastic usage.

We decided on a simple flash screen concept whereby a passenger would save a credit card to the mobile application, and choose from limited products such as season tickets and simply activate the ticket when ready to board.

With a £51k marketing budget across five bus companies a mix of traditional and digital paid for

marketing activities were undertaken to drive awareness and downloads. These included online display advertising on local tourism and local authority websites, some ppc campaigns, extensive e-crm, door drops, local press, outdoor and experiential techniques such as employing local DJ's to ride on buses and try and convert paper ticket purchasers. In addition numerous contra deals were developed with local companies to maximise exposure, in addition to using our own estates of at stop marketing, on bus and bus exteriors.

The results to date are sales in excess of £4m, from over 510,000 tickets sold, and over 48,000 active users, who all love it! Our average age for this channel has reduced by 5 years reflecting the younger audience we have attracted. And all the above has helped us reduce our paper usage improving our CSR credentials.



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Introduction

Since forming over twenty six years ago, the Go-ahead Group has developed into one of the UK's leading providers of public transport, employing over 23,500 employees. The company provides high quality, locally branded and focussed bus and rail operations across the UK. In total we run three rail franchises, Southern/Gatwick Express, Southeastern and London Midland. In addition we run regulated London bus services under our Go-Ahead London brand, and ten local bus brands such as Brighton and Hove buses, Bluestar, Metrobus, Go Northeast, Oxford Bus, Plymouth Citybus and Anglian, carrying over two million bus passengers daily.

Our business issue – on bus purchasing.

Traditionally bus tickets had predominantly been bought on bus. This obviously had the drawback of slowing down boarding times and the need for passengers to have the correct amount of change, both known deterrents to bus travel. As part of our group strategy to offer self service retailing channels to our passengers, the group also offered e-commerce websites, retail stores and e-crm as additional channels to purchase.



In 2011, the group successfully launched its own smartcard 'the Key', as shown to the left. Each Key is designed to illustrate local landmarks, attractions and activities that passengers see whilst travelling on our services. So whilst each smartcard uses the local brand colours and logos, it is uniquely different, whilst still looking like a family of connected brands. So a Go Northeast card will show icons like the Angel of the North compared to a Go Southcoast card showing Stonehenge. Each locally branded smartcard

allows passengers to top up for travel online or in stores. This channel has proved to be immensely successful and within eighteen months has grown to be the most successful smartcard scheme outside of London with over 500k users, and second only to Oyster in daily use volume. It also demonstrated through research, the appetite of passengers to purchase off bus using new technology, and additionally and importantly attracted a younger audience to buses. Within a year of launch it has moved off bus revenue from 25% up to 35% through its introduction.

At the same time, growth in Smartphone penetration especially around Android phones as favoured by bus passengers, led us to start looking at launching into mobile applications.

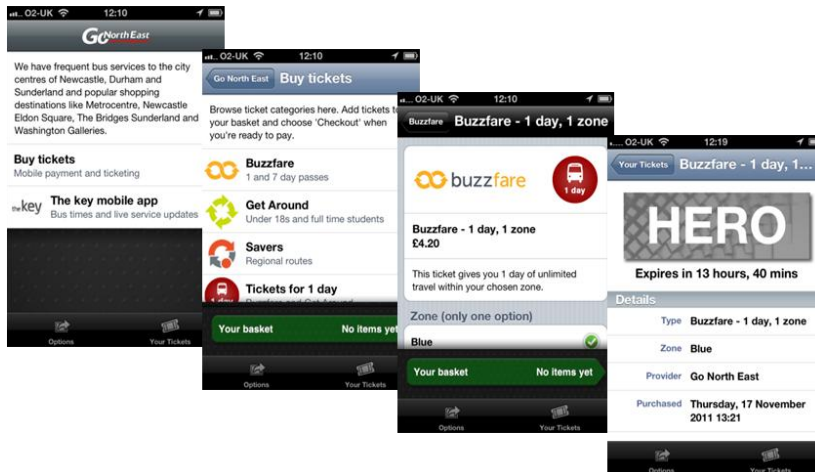
Our objective – grow mobile as a channel

Initially we were unsure as to whether mobile would be successful as a retailing channel or even if there was an appetite for retailing whilst on the move using smartphones. Did our passengers, especially season ticket holders only want to purchase online at home as a considered purchase or did mobile also offer the opportunity to grow unplanned, more spontaneous travel. Using our customer database we researched the concept thoroughly to validate this was what our passengers wanted before developing the concept further. As a business we wanted to achieve three things out of mobile retailing. Firstly to develop a new retailing channel through mobile apps that would be easy for passengers to use due to the reduced screen size. Secondly to make the trial quick and cost effective to prove the value of mobile as a retailing channel, before investing in readers/ validators,

as we run 4,600 buses nationally. And finally, due to the fact the phone was the ticket, we wanted to further improve our environmental credentials by reducing both paper and plastic usage.

The scale of the task

We therefore decided on a simple flash screen concept whereby a passenger would save a credit card to the application, and would choose from a limited product set of tickets such as season tickets, and multi trip, carnet style products. They would then simply activate the ticket when either



leaving the house, or at the stop. When the bus arrived they showed a four letter word to the driver and quickly boarded. Depending upon the type of ticket, a countdown would begin showing how many hours would be left before the ticket expired. The word changed daily, and as bus drivers arrived at each depot, they were informed of what the daily code was. The app

was fraud proof in that we developed a countdown timer that included seconds so that the driver could see a counting clock. Additionally the letter was on a coloured and flickering hologrammed background. The app was relatively simple to build across both android and ios platforms, and was ready to launch in our first bus company Go Northeast in only four months. Our plan was to test it for four months and then if the revenue results were good, we would roll out to other companies within the group.

After four months, whilst our initial uptake was fairly steady, if not dramatic, the feedback from the new customers who had tried it was amazing, they loved the concept! Therefore we decided to still go ahead with the launch to three other companies, Plymouth Citybus, More bus and Bluestar and to rethink our marketing plan to make the marketing launch more impactful.

We engaged with a new local creative agency Bluestone, who came up with the concept of the whole city in your pocket. No need to search for change anymore, your mobile was the ticket to get



you around your favourite city, whether for work or leisure. Similarly to how we had depicted local landmarks on our key card, we reintroduced them in the marketing collateral for the new launch of the M-ticketing solution. The main messages of the M-Ticket marketing promotion focused on simplicity and ease-of-use with a 'Simply buy, show and go!' strapline. The marketing campaign

was a multi-channel approach across all companies with traditional and digital advertising methods at its core. It focused on raising the profile and awareness of the M-ticketing app and included a

combination of bus back and bus exterior advertising including M-ticket liveried buses; Radio advertising; Outdoor advertising (roadside prime sites); door drops and mobile shaped leaflets; and on-bus information including media screens and full colour ticket back advertising. In addition we increased our use of mobile specific content via our mobile and responsive websites to encourage mobile downloads and sales, utilised e-crm campaigns extensively to over 400k customers and promoted heavily using social media campaigns to our extensive facebook and twitter followers.



Some of our local bus companies have turnovers starting at £7m, therefore we had to utilise channels that maximised our minimal marketing spend. Each company spent between £5k to £21k on the launch, as that was the budget allocated. Resourceful and engaging activities were key to the success, as was the use of our own estate and buses.

For example Plymouth Citybus only had a total budget of £5k! For this they spent

£2,300 on paid for media including digital advertising in local papers alongside traditional press advertising and door drops. They offered a number of contra deals of free travel as prizes for free editorial and additional advertising especially with the local universities and colleges and local tourism agencies. In addition contras were agreed with local radio stations to promote the launch. Online banners were developed on the 'This is Plymouth' home page to support the app



The best value for money advertising was to utilise our own estate, including bus stops and on both the interior and exterior of buses. This took up the rest of the spend but gave great exposure, especially easy linking through QR codes at bus stops to the google play and apple stores to download directly. The buses running locally in the areas achieved great standout for all companies who adopted similar tactics. In

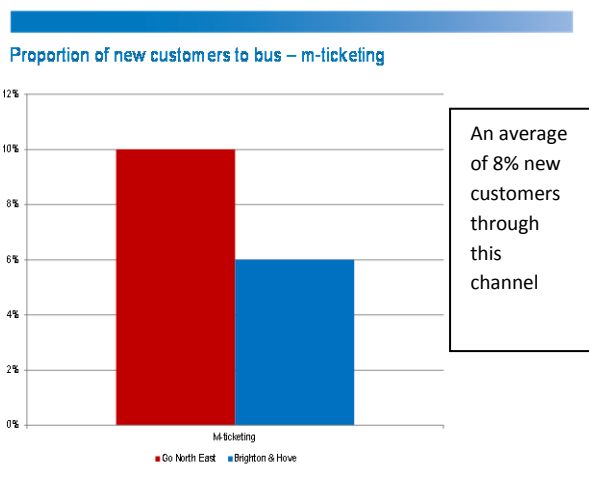
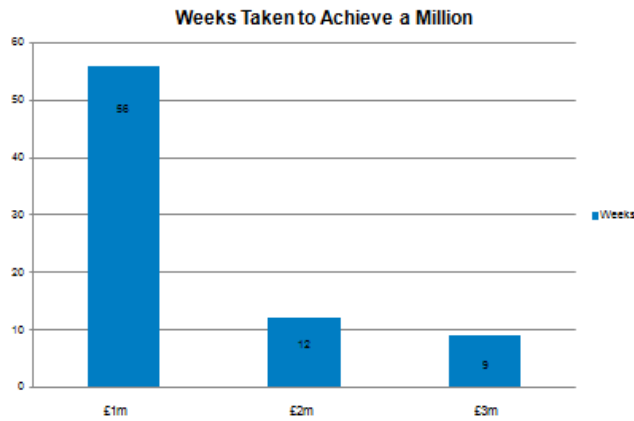


addition in the north east, we teamed up with local DJ, Sibbers, of Real Radio to run a promotion to encourage weekly paper ticket customers to swap over to our M-Ticket app. The DJ jumped on different buses every day for a whole month to educate and encourage any customers who still bought their weekly paper tickets to swap to electronic or even smart tickets. He explained all the benefits of M-Ticketing and topping up a Key card, rather than using a traditional paper ticket.

Digital is great, but never underestimate the power of speaking directly to passengers. We spoke to hundreds of commuter and leisure

passengers at local events held in Plymouth city centre, Gateshead and Metrocentre Interchange, Eldon Square Interchange, Washington Galleries, Southampton shopping centres and Wilts and Dorset. Word spread very quickly about the new app, adding to the momentum of the launches.

Evidence of commercial success - The results.



After the initial slow start to the first local launch, the second launch in comparison was really effective. It took 56 weeks to reach the first million pounds of revenue, but the second and third million were easily achieved in less than three months each, and continue to gain momentum, growing week by week. In the last 8 weeks have achieved our fourth million and we have continued to grow this channel exponentially since launch. We now have over 48,000 active customers who have ordered in excess of 510,000 tickets. We have an average download conversion to purchase of 43% which is incredibly high, but in some areas such as Brighton where we know smartphone penetration is extremely high, this figure rises to 63%. All of this from a total marketing budget of £51k

In addition, as we have researched thoroughly all the new customers who have signed up for our mobile app, we know that on average between 6 and 10% of customers are brand new to our brands. We are therefore able to ascertain, therefore, how much incremental revenue they generate due to average spend for customers through this channel. We therefore know that through our new customers alone, what

incremental revenue we are generating, even before we start to understand if this technology makes our existing customers spend more.

By analysing their age, we also know that through this technology we are attracting a younger audience to our buses. On average our mobile ticketing customers are five years younger than even our smartcard users, who are also, much younger than our traditional online customers.

Return on investment of M ticketing

As per our original three aspirations for M ticketing, we developed a solution that our passengers loved as a new self service retailing channel. This flash pass style of solution was developed cost effectively, and tested quickly before having to decide whether to invest further in other technology that would require new kit to be fitted to our buses, such as EMV or NFC. After 15 months of using this new technology we are now down to a cost per ticket sale on a weekly basis of less than 0.9% and this is reducing week on week (excluding credit card fee payments). This makes mobile ticketing our cheapest channel to retail across the group within 2 years of launch.

We know, as stated that it also delivers in terms of new passenger growth across bus, especially in the age range of 16 – 24, one of our key target audience ranges. We also understand through analysis that it attracts Key smartcard customers to convert as well as attracting brand new customers.

And finally, it ticks our CSR credentials in that there is no paper or plastic wastage from using this channel, as, as our advertising shows, your phone as your ticket.



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