What's new in Public transport Customer Relationship Management (CRM)?

From legacy of the past to a stunning future!

By customer relationship, we mean all business links with the customer, from top management to frontline staff.

Among service businesses, transport operators experience two kinds of characteristics: first: the product is not storable- instantly created the service disappears- and second: service transportation relates to human being-customers entrust us with a moment of their life.

Michel Gallet. Consulting engineer, sociologist, manager of consultancies has published several books on the subject of customer relations. He acts as a public passenger transport expert. He developed a tailored methodology called “Proud of” marketed by ERES TRANSPORT. www.eres-ingetrans.eu
Now and in the future

CRM - Customer Relationship Management

- Today: how to satisfy the client’s (*) needs and to maintain a strong relationship before, during and after the trip.

- In the future: the same issue plus how to resist to the centrifugal attraction of alternative modes, increased by the appearance of « third party » operators who invite themselves in the game.

* and non clients
CRM, Customer Relationship Management refers not only to a set of actions, but also to a comprehensive state of mind, that of a part of transportation marketing that supports all micro events of customer experience.
Customer Relationship Management

What does CRM mean?

Whether talking about products, of existing or to be customers, CRM is the core of the "corporate culture", its internal and external image.

Considering what was once a pure commercial relationship may now seem naive, for it is changing. Private companies increase their cooperation with public ones. Economic environment is challenging and customer expectations are increasing.
The transport authority sets the pace

The Transport Authority finances and decides

Operators have to take care of their customers and subcontractors, without forgetting to respect the Transport Authorities regulations, either local or regional.

Transport Authority

Clients

Operators

Proud of: une relation client dans les entreprises de transport
The transport authority sets the pace

The Transport Authority finances and decides

Transport Authority

Whether local or regional, the transit Authorities are the main sponsors of operators and their major finance partners.

Finally, operators have little freedom of action, but several odd duties.

Customer Retention Strategies

Clients

Operators

Proud of : une relation client dans les entreprises de transport
Inform and follow up

Provide correct information to customers.

Three basic needs: routes, schedules and fares must meet the requirements of existing customers as well as of potential ones.
The art of route planning

The choice of itineraries is not that easy.

The transit authority network boundaries are not usually the limit of one’s journey. Combining several transport modes is often necessary.

For the authority, it means embedding maps lines and operating data from very different IT forms when they exist.
The art of route planning

Those long term networks projects use to be modified along the way according to political changes and technological innovations.

The corresponding terms of reference are consequently altered, paving the way for painful discussions with the contractors.

The route planning needs a lot of data and of IT workforce.

They are time and money consuming.

They also need constant adjustments.

The first appeal of big data
Modern management needs to adjust the services as often as possible, to adapt capacity to the demand as well as to overcome traffic hazards.

Posted or printed timetables become outdated as they are too expensive to publish, edit and distribute.
Scheduling, a very risky business

Alternative to the paperflow, IT display needs a costly equipment, both for fleets and stations.

IT displays at main stops and stations are meant to replace posters and leaflets.

They usually combine detection devices installed in hundreds of vehicles combined with monitoring systems, using odometers, etc.

All this is costly, barely standardized, hardly upgradable and often restricted to a specific area.
Access and fare control

Sophisticated hardware and technologies are considered to be the only way to control the flow of passengers entering and leaving the stations, but at what cost!
Access and fare control

Ticketing technologies are in use for accessing and controlling the restricted zones. Unfortunately they are mostly dedicated, and become rapidly outdated. Such is the destiny of magnetic stripe tickets and passes, now facing contactless and radio field devices.
The customers no longer accept disjointed rates. They request multi operator tickets suited to intermodal modes, and innovation, such as flexible passes. It is a challenge for authorities, but an easy job for the smartphone apps.
Demand becomes more and more segmented, from the client’s side: such as for special clients, such as school, tourists, disabled passengers, etc. ,

Same as for the operators, increasingly converted to yield management.

Tailored, no to say bespoke fares are increasingly demanded.
Customer satisfaction and feedback

Delighting the customer and making his trip a memorable experience, is airline’s management common place.

Introduced In public transport, this requires unusual management talents for changing the minds. Through new workforce, it helps creating a customer friendly mentality in the front line: i.e. driving and controlling staff.
Satisfying the customer also means investing; such as in call centers for the day to day inquiries. Those investment also need to handle the quality compliance as well as the painful treatment of customers claims.

New needs arise, such as a comprehensive crisis management, mixing together different operators, transit authorities and political actors.
Customer needs and the ways to address them are changing. Fixed lines and schedules are now completed with on demand public transport, zone transport, private car sharing etc.

It is the end of single operator mode, A new volatile mobility appears, combining all moving solutions.
Innovation and adaptation

It includes a growing number of different operators coming from new horizons.

From management of parking zones, to car sharing and self-service bicycles, both “green” now, the average operator has to cope with new services.

This means new jobs, new partnerships, all very distant from usual trades.
Do not forget to add the human touch.

The captive customer is a vanishing concept. He has become opportunistic and easily fascinated by competition.

Private car travel, nevertheless an expensive solution, remains the reference for comfort and privacy.

Proud of: une relation client dans les entreprises de transport
Say hello to the driver and avoid cheating

That’s why transportation should be reliable, trouble free and if possible pleasant.

Add to it a little touch of kindness from the staff.

This a real challenge for experienced drivers, used to routine jobs, and for young recruits frequently assigned to difficult suburbs!
The future of CRM

CRM enters a new era as smartphone users set the trends. A real revolution is at our door.

Mobile applications and Internet newcomers change the rules.
The future of CRM

Landscape changes and the transit business too

Forecasting the CRM future is not an easy task but several trends are now emerging.
The future of CRM

New smart phones applications dedicated to transport arise every day.

Thousands of start-ups, the most important in the wake of GAFA, have developed adaptive “apps” which literally "siphon“, aspire and redistribute the knowhow of the operators.

Apps for everything also for the individual mobility
Need to travel? You don’t even have to know the full spectrum of means of transport or spend hours visiting corporate websites.

Number of apps offer a complete range of transport modes, from the self-serviced car, car sharing to private taxi, on demand cabs services even rental bikes.

Don’t worry too much, those apps usually still mention the legacy transit operators!
The price often makes the difference.

Apps offer and their price comparisons often deter and divert potential traveler from public transport.

Higher operating costs of the legacies (historical actors) deprive them of any competitive edge.

They also suffer from infrastructure expenses and higher payrolls.
The future of CRM

The apps makers, are all the rage busy to make money.

This happens not from the transportation itself, but from the customer’s data they collect.

They make easy money from your travel habits thru targeted advertising.

We say “In the world of "data to value" if it’s free, it’s you the product.”

The public transport is not the main profit source of the apps makers.

We call them third party operators.
The future of CRM

The GPS geo-location is now global.

Scanning the mobile phones of travelers as those given to bus drivers is quite easy.

Specialized apps combined with the open data official schedules which are provided by the operators, bring accurate information on bus arrivals and propose alternatives to the operator’s services thanks to the on the spot collected data.
Organizing the itineraries marks the first appearance of the so called “trusted third parties”, in the world of services.

This kind of intermediation between buyers and sellers, will be extended to securing a payment. A transaction mode which is rapidly growing in public transport, due to the generally small payments.

Electronic wallets, either from GAFA, banks or startups outpace rapidly the legacy operators.

Next step, the Integrated payment is in the hand of the third party.
Third party operators increase their power

A majority of customers may opt for mobile applications.

These third party platforms, are internet intermediaries which monopolize customer relationship.

They can, in addition to selling competing services, impose their intermediation between issuing tickets, passes, and the client.

The user friendliness of the mobile phone for reservations and small payments makes quite obsolete the expensive ticketing hardware.
Those third party operators do not rely on transportation itself to make money.

Their remuneration issued from advertising gives newcomers financial means that operators do not have.

There is a lack of regulation in an economic environment they have greatly contributed to create.

It gives to the third party operators an unparalleled agility, as their corporate power exonerate them from acting as gentlemen.

All this damages the legacies.
How do react the legacies?

Fares revenues make just a part of the transportation costs. One of the challenges for transport companies is to convert travel time into cash.
The future of CRM

Through the sale of advertising space, the operators ensure extra profits..

Paris Transport RATP, a major public enterprise, thanks to advertising, generates a surprising high revenue - a fifth of its traffic fares -.

Nevertheless, this performance relies on a very attractive urban environment.
The future of CRM

Rail transport benefits from the vast flows of customers passing through stations.

Authorities and operators are now fiercely exploiting it, changing their main stations into shopping centers.

They all work hard to go further by offering travelers fashion, food and leisure temptations as well as medical service and kid sitting.
Management specialists bring a new concept: the digitalization

Everyone agrees.

All economic sectors jostled by these new players, are trying to digitalize themselves by developing specialized subsidiaries. They also acquire start-ups, in the hope to appropriate the magical formula of the digital economy.

But the distance remains great between centennial companies integrated in the political world, hit by heavy investment, broadly unionized, and the start-up companies built up on the digital cloud. They do not need more investment than some man’s years in R&D and stubborn managers.

‘We were a whale, we have to be a school of fish!'
The future to avoid

Organizing authorities and operators will have to continue supporting heavy investments.

As they are strongly challenged by newcomers, they may be gradually reduced to only carry the fall out and the non-connected people, those without smart phones and internet.
Proud of : une relation client dans les entreprises de transport