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Workshop 2f - Learning to Perform Good Benchmarking

Title:

Effective Benchmarking – Growing Public Transport in Sweden and Ireland

The role of Benchmarking and Quality Tracking in knowing what customers want and informing Transport Managers of service priorities.

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Effective Benchmarking – Growing Public Transport in Sweden and Ireland

Introduction

Benchmarking often takes the form of an annual measurement of service level based on Operator or PTA – based criteria. There is a lack of rapid feedback loops to the operations planners and little regard for the needs of the customer. In this paper we will demonstrate two approaches to benchmarking and tracking that are

- ? dynamic
- ? customer-driven and market responsive
- ? include measurement of Company – defined standards
- ? have rapid feedback to the operator
- ? rapid response to customer needs
- ? and involve organisational learning

The Swedish Experience

Introduction

From in 1996 to 1999, the PTAs were performing annual market surveys targeting both non-users and frequent users of public transports. The aim of the survey was twofold. Primarily to provide each PTA with information relevant to their respective market, but the survey also aimed to stimulate benchmarking. The number of participating PTAs in the first couple of years was acceptable – almost 2/3 of all Swedish PTAs participated. But in 1999 only half of the PTAs took part in the survey. There were many critical voices raised – information was too late and too aggregated. I.e. the information did not give any insight into the operative and strategic issues facing the PTAs, and the benchmarking activities were minimal at best. The consensus was that it was time for a change.

The dynamic market

Real-time information systems, giving passengers of public transport services up-to-date information about current timetables etc, is nothing new and has been implemented and developed in the bigger cities around Europe and the world during the past few years.

But from a marketing point of view, the traditional mindset when it comes to customer satisfaction surveys is that they are to be performed annually. In fact, the annual survey prevails as the dominant approach within many other service markets as well. The major drawback of only “talking to the passengers” once a year is that it reinforces our view on the market as static rather than dynamic. In order to understand the fluctuations in the marketplace, i.e. to understand how market interventions affect the market and the customers, those who are responsible for the development of transport services need better and more up-to-date information, preferably in real time. With instant market feedback, it’s possible to create a market reaction learning process that will enable the users to make better decisions that ultimately will improve the public transport services.

The new Public Transport Barometer

In setting up the new Public Transport Barometer the major change from the previously conducted market surveys was the development of the web based analysis tool. The main objective for the development of the new barometer was to tailor the survey in order to shorten the step from analysis to operative activities and strategic decision making.

The second aim was to increase the accessibility to the information that in turn would trigger a more widespread benchmarking. The web based analysis tool enabled the users to reach these goals. Firstly, the use of the web offered the PTAs the possibility to create numerous reports annually without any extra cost. Secondly, the results could be spread throughout the organisation and always be at hand, as long as you are able to log on to the Internet.

By changing survey the reporting media from paper to web, the following changes were created in the way the PTAs work with market information today:

(1) Non-stop collection of data about the markets attitudes and behaviours. The use of web reporting gave the PTA the opportunity to report information continuously, without the cost increase that traditional reporting would give. The set-up was therefore that each PTA performs the same number of interviews as in the old annual survey, a minimum of 1000 per year, but in a tracking manner resulting in monthly results with good statistic precision.

(2) All the results and analysis are presented on the Web. Each PTA logs onto a secure password protected website to analyse their market. This enables the PTAs to almost get “on-line” with their market and thereby creates a solid foundation for successful decision-making. This gives the management of PTAs greater possibilities to get exactly the information he/she needs in exactly the way they prefer. The tool is interactive and all data are presented in dynamic diagrams and tables. The PTA can customise the analysis by interactively selecting the target groups and the question areas of interest. As an example, the user could compare the own results with other PTAs and of course the average values for the whole population of Sweden. All these comparisons are done in a few seconds using a minimum number of mouse-clicks. It’s an easy to use system, even for those who are not market analysts, with interpretation guides in order to help the PTAs draw the correct conclusions.

(3) The increased speed of reporting has given more actionable results. The interviews are made on a monthly basis with a report just a couple of days after the each month’s fieldwork is completed. This could be compared with the earlier situation where the fieldwork was done annually and the report came three months later. All interviews are conducted via telephone using a representative sample.

(4) The flexibility has increased. This tool gives the users the possibility to be flexible and include new questions every month. Thus, the barometer can be seen as an omnibus survey but with less cost.

(5) By creating an open system emphasis is put on benchmarking. All PTAs should be able to view and compare themselves with all other PTAs. This is done by one-click top lists regarding all quality areas measured. The barometer has caused the PTAs to ask questions such as; which other PTAs are similar to us, i.e. are competing in the same market context as we do? Why are they performing better than us in certain fields, and what can we learn from each other?

(6) The bulk of the analysis work is transferred from the research consultant to the PTA. Who is better to understand and interpret the market fluctuations than the very organisation that has the business- and local market knowledge and know the day-to-day work by heart?

Improved analysis capabilities

The changes above have given the PTAs new and improved ways of analysing their customers and their market. Aside from being able to analyse the results descriptively, i.e. comparing results for unique questions over time or compared to other questions or PTAs, we implemented the following pre-cooked analysis features into the webreport (see graphs at end of paper):

- Time series analysis for easy detection of satisfaction changes
- Top list function for easy benchmarking with other PTAs
- Importance/performance matrices based on multivariate analysis for finding the quality areas that have low satisfaction scores but that are important to the overall perception of the PTA

Some examples of the findings based on the analyses made by the PTAs are:

On an overall basis, the most critical satisfaction driver among customers is simplicity and reliability compared to the non-customers where of course simplicity is important but where departure times blocks them from using the public transport system. Of course, these results vary between PTAs and between different segments in the market.

One PTA detected a sharp decrease in the customers’ satisfaction with the drivers and instantly initiated a driver education programme. They have now halted the decline in satisfaction and are making improvements month by month.

Another PTA increased the fares by 10% and instantly saw a sharp decrease in customer satisfaction. After six months the market had accepted the fare change as the satisfaction scores were back to the level upheld before the change.

One PTA implemented a customer guarantee giving the customers the choice to take a taxi, paid for by the PTA, if the public transport was delayed a defined number of minutes. A successful marketing campaign explaining this service to the customers increased the customer satisfaction scores dramatically. Ten months after the campaign the satisfaction level has dropped slow but continuously, emphasising the importance of continuing communication with the market

There are other examples as well, and the market reaction learning process is in effect creating a knowledge bank that all PTAs can draw experiences from. The industry is learning about what effect different types of market interventions have on the customers such as fare changes, changing of time tables and routes etc. They are also starting to learn about how seasonal changes and external events of uncontrollable nature affect the market, for example accidents, bad weather and system failures due to breakdown in structures and vehicles.

Overall effects of implementing the barometer

The general effect of having implemented the barometer is increased use of market information. The PTAs have received a greater understanding of their customers' and their market and how their actions directly affect the market.

Today, all but one of the PTAs are participating in the new barometer and are, in different extent, using the information generated in their product development and market- and communication strategies. Most PTAs also present the latest results on their reoccurring board meetings. It's fair to say that the barometer has become a great success. In the years 2001 and 2002 almost 30 000 telephone interviews annually have been conducted with the Swedish general public. The concept of the new barometer has also attracted attention from media and the politicians. Through the barometer, the management of the PTAs have gotten a renewed interest in the public transport sector and regard the obstacles ahead as an interesting and exciting challenge. The top management in the different PTAs recognise the barometer as a central tool to increase the organisations involvement in the process to develop a better product.

The experience in Dublin

Model for quality benchmarking and tracking

I reported to the ECOMM conference last year some details of the Quality Model developed in Dublin which is also based on QUATTRO. We adopted a longitudinal approach to development, taking the customer from pre-travel decision-making through to arrival at destination. Their needs, fears and requirements were tested at all stages. The emerging model was tested in focus groups and hall tests so that the items are worded in the language of the customer with importance weights measured and a further measurement for 'delight', what will make the customer want to come back.

This quality model is translated into a number of questionnaires that are operated by trained observers who carry out visual assessment of the transport environment according to strictly defined criteria ,who also interview customers on-vehicle and carry out 800 doorstep interviews each year. Measurement takes place throughout the day every weekday except in the months of August and December. Monthly reports are delivered to Depot Managers and full 6 monthly reports to Senior Management. All aspects of the service are covered from the cleanliness of the floor in the Lost Property Office, to politeness of Information Bureau Staff, provision of information on roadside timetables and displays, information bureau hard copy and timetables on the internet. With regard to the journey, all aspects from the waiting environment to bus cleanliness and the driver's uniform, not to mention punctuality and speed of journey are measured.

Company-defined performance criteria were developed as benchmark standards, written into the survey process and incorporated into a Customer Charter that I will describe shortly.

(Slide 1 *)**

Telephone interviewing is not at present a viable option in Ireland. Many of the people who use public transport do not have fixed-line phones. Some have 'pay as you go' phones which are of no value for survey purposes. Nevertheless our manual systems (we do not have the Swedish web-based tool) enable us to produce 3 month rolling reports within 3 weeks of the close of a monthly sample period.

Development of the model

The previous method for auditing Dublin Bus quality relied on evaluation criteria researched in the market place at least 6 years before. Since then there have been significant changes in the market place in terms of customers' needs, expectations and perceptions of quality. Likewise there has been an equally significant improvement in Dublin Bus services.

Although the methodology addressed the evaluation of Customer Charter items, the changes mentioned above mean that Dublin Bus was not getting up-to-date management and marketing information for generation of the necessary changes that are required for growth and retention of customer base in the medium to long term. Furthermore there was some numerical evidence that dissatisfied customers are dissatisfied for reasons other than those identified by previous research or specified in the charter.

Therefore there was a comprehensive review of the criteria governing satisfaction with *travelling* and *journeys* in a broad context, rather than bus specific areas. In this way we were able to track the opinions, needs, expectations and perceptions of Dublin Bus customers and potential customers.

Methodology

1. Analysis and review existing audit instruments and procedures
2. Review of previous Dublin Bus research and input from EU project STIMULUS
3. Review of UK Centro and DETR criteria
4. Qualitative research with 4 'user groups':
 - Frequent bus commuters
 - Off peak bus users
 - Car commuters
 - Young bus users
5. Design repertory grid questionnaires
6. Quantitative research with 300 members of the public as follows:
 - Frequent bus commuters
 - Off peak bus users
 - Car commuters n
 - Young bus users
7. Analysis of data
8. Re-draft of audit procedures and instruments ensuring compatibility with current audit overall results delivery format.

Organisation impacts

Customer Charter

(Slide ***)

Measurements of customer perceptions of quality led the quality manager to develop a customer charter, setting benchmark standards and promising to deliver these standards of service. All measures are compared with the standards set out in the charter. In this way, gaps are highlighted and managers know where to invest resources.

Examples of charter items

- ? No bus will depart ahead of its advertise time
- ? At least 92% of services will run within 5 minutes of advertised time
- ? Staff will consider your safety and comfort when driving

(Slide ***)

Another issue highlighted by on-going customer measurements was customer perceptions of safety, especially on route 27. Early measurements in 1997 showed low perceptions of safety and the expected increase in passenger carryings after the introduction of a Quality Bus Corridor on the route did not materialise. Further probing found that new customers tended to be car owners who had greater expectations of personal safety while travelling.

(Slide ***)

Benchmarking route 27 against a different route (25A) highlighted the low scores in 1997.

In 2001 it was benchmarked against 3 other routes showing its position in relation to safety (not the worst) and indicated the scope for improvement to reach the same scores as route 46A (the best route) against which other routes are judged (more about route 46A below).

In late 2002, it was benchmarked against 8 other routes which run on Quality Bus Corridors where it came in joint sixth place on safety.

Marketing positioning

Slide * – PCA**

Benchmarking also allows for a global positioning of each route relative to each other on the criteria scored by customers. In this slide we can see that route 46A is delivering on all dimensions, while route 27 is moving closer in terms of service delivery issues but still lower on safety issues. Routes 78A and 40 are lowest in this area however.

TAPESTRY

Background

The issue of personal safety on-bus was the main target of the Dublin Bus demonstrator in the TAPESTRY project. To back up the benchmarking data gathered on bus, a door-to-door survey of residents in the area found that lack of safety was leading to avoidance of the bus route in favour of other modes of transport. Discussion groups and surveys were held with school children in the worst affected area and following this, a campaign was designed to influence the attitude of young people towards the bus. **(Slide ***)** It was hoped to indirectly influence residents' perceptions of the bus also. The aim was to improve perceptions of safety and to increase use of the bus, especially off-peak use. The campaign ensured that the children were actively involved and that there were certain outcomes related to their activities.

The Competition

The campaign took the form of a competition in four schools where the children were asked to design a picture, poem or song with theme of 'How the bus is useful to me'. Entries far surpassed expectations and were judged by a panel including Dublin bus personnel, Viacom, a commercial artist and Interactions Research. Prizes - including cinema tickets (by UCI), CDs and concert tickets (by FM104), a trip to an adventure centre (by Dublin Bus) – were presented at a party held for all the classes involved. This party was supported by Coca-Cola, Tayto and Cadbury. **(Slide *** Slide ***)**

The campaign

The winning entries were then used to develop material for display along the route 27. One of the entries became a strapline 'The Dublin bus is here for us' and was displayed on 14 bus sides for 2 weeks in September 2002. Another was used to develop a poster and this was displayed in a number of bus shelters along the route along with information about TAPESTRY and what Dublin Bus was hoping to achieve. **(Slide ***)** 12 more entries were used to design the Dublin Bus corporate calendar for 2003. This was distributed to households in the area in December 2002 and to all primary schools in Dublin.

The outcomes

Following this a further survey of residents was conducted to measure the impact of the campaign.

- ? 34% recollected the calendar and 46% of these felt that it improved their opinion of Dublin Bus **(Slide *** Slide ***)**
- ? 10% said they had started to use route 27 more in recent months **(Slide ***)**
- ? Daytime usage of at least twice a week increased from 22% of respondents in the initial survey to 48% in the post-campaign survey **(Slide ***)**
- ? Avoidance of the bus has decreased
- ? Feelings of safety on the bus have increased
- ? People are now more aware of vandalism, smoking and bad passenger behaviour indicating that these have become more unacceptable
- ? Cost of vandalism for the October / Halloween period (just after the bus side/shelter campaign in the field) decreased from over €3000 in 2001 to just over €1000 in 2002 **(Slides *** *** ***)**

The project was so successful that the company will repeat it citywide this year with further use of the TAPESTRY measurements as benchmarks.

(Slides ***)

Organisation structure

Benchmarking and tracking activities have transformed attitudes within the Company. Ten years ago customer satisfaction and customer preferences were matters for the Marketing Department, not for Operations and Engineering. Now the Operating and Engineering Departments are as enthusiastic about learning from customer data. The benefits are clear to see.

Last year saw the creation of a new department devoted exclusively to 'Quality and Improvement'. The Company gained the award of ISO to its Information and Commercial departments and a whole new orientation towards quality and meeting customer needs has emerged. A comprehensive business plan devoted to quality improvement and meeting customer needs has also been adopted.

Inter-depot competition

(Slide ***)

As seen in the slide, the Customer Charter results allow for benchmarking within the company showing the depots with the best performance and highlighting areas for improvement.

As well as customer results, internal procedures were also benchmarked. The winning depot received significant cash prizes for staff (around €400 per driver plus €6000 to the depot social fund) at a presentation involving the whole company.

Economic effects (business use), route profitability and growth of passenger numbers. Since 1992 customer satisfaction with services has risen from low levels of around 30% to around 70% thus putting the Company on a par with the likes of Microsoft for levels of satisfaction.

Slide ***

The economic effects are obvious when we look at customer numbers - and remember that this growth rate is against the background of a relatively stable population and a doubling of private car ownership every 5 years. (+4.3% over 4 years)

Slide ***

But the real benefit shows when service is delivered to the highest possible standards from a customer viewpoint. Passenger numbers up 2 ½ times in just over 5 years!

Slide ***

Benchmarking applications summary (Slides *** ***)

So benchmarking is not just a passive information-seeking exercise. It is an active tool for bringing about organisational and service improvement initiatives.

- ? Speed (Immediacy of results)
- ? Continuous activity
- ? Simplicity and efficiency
- ? Market & customer driven quality models incorporating company specified benchmarks
- ? Results in a format useful to Operators / PTAs (flexible reporting styles)
- ? Sensitivity and flexibility allowing rapid measurement of effects of service changes Open reporting (where possible)
- ? Comparisons between services, business units and companies
- ? Bring the learning into the Company - drive organisation change and development
- ? Increased understanding of customers
- ? Be honest about the findings
- ? Feed results into market intelligence
- ? Disseminate to and involve all personnel
- ? Use it to detect and solve problems
- ? Change the organisation structure and procedures
- ? Take notice of what works!

Future Plans

The next step must be to take a broader perspective and start thinking of public transport as just one more commodity in a competitive market economy. To this end we propose the formation of a

customer / market driven benchmarking scheme for positioning Transport in the world of competitive retail markets and propose setting up of Quality Improvement Groups comprising Executives and Managers from operating companies and PTEs.

(We offer to act as coordinators for this network and welcome further discussion (meeting ***** ??))