

# Amtrak Service in Virginia: Balancing Ridership & Revenue

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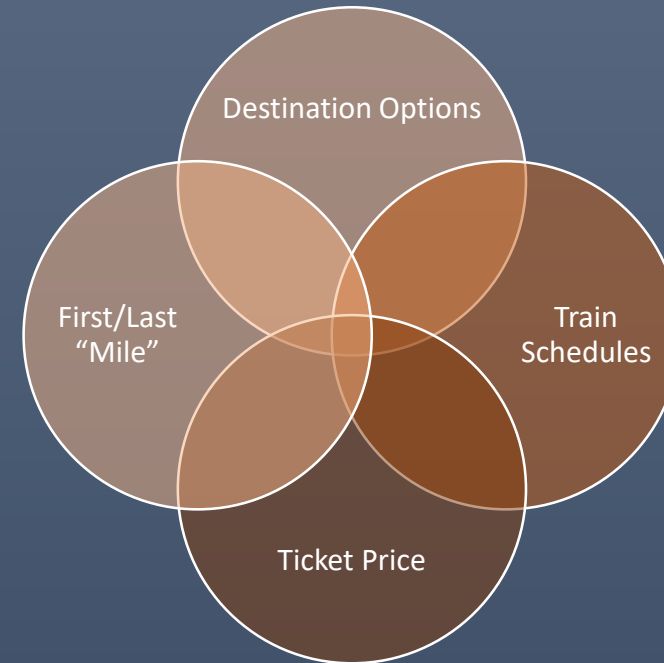
# Balancing Ridership & Revenues

- Ridership Demand

- Demographics
- Destinations Served
- Trip Length
- Reasons for Travel (work / personal)
- Level of Service
- When a ticket is purchased
- Other transportation options
- Schedule

- Revenues Drivers

- Different price points target optimal pricing based on various factors
- Typically more “choice” when purchasing in advance
- Marketing strategies include discounts, flash sales, and advertising to the right market
- Coordination with Amtrak national strategy



# Balancing Ridership & Revenue

- 2017 Fare Analysis

- Amtrak had eliminated/reduced some discounts
  - Amtrak Goal: Maximize Revenue
  - States: Balance Ridership
- Understand Virginia ridership trends and demographics
- Recommend fare and marketing strategies

4  
Groups

12  
Days

38  
Virginians

5,219  
Data Points



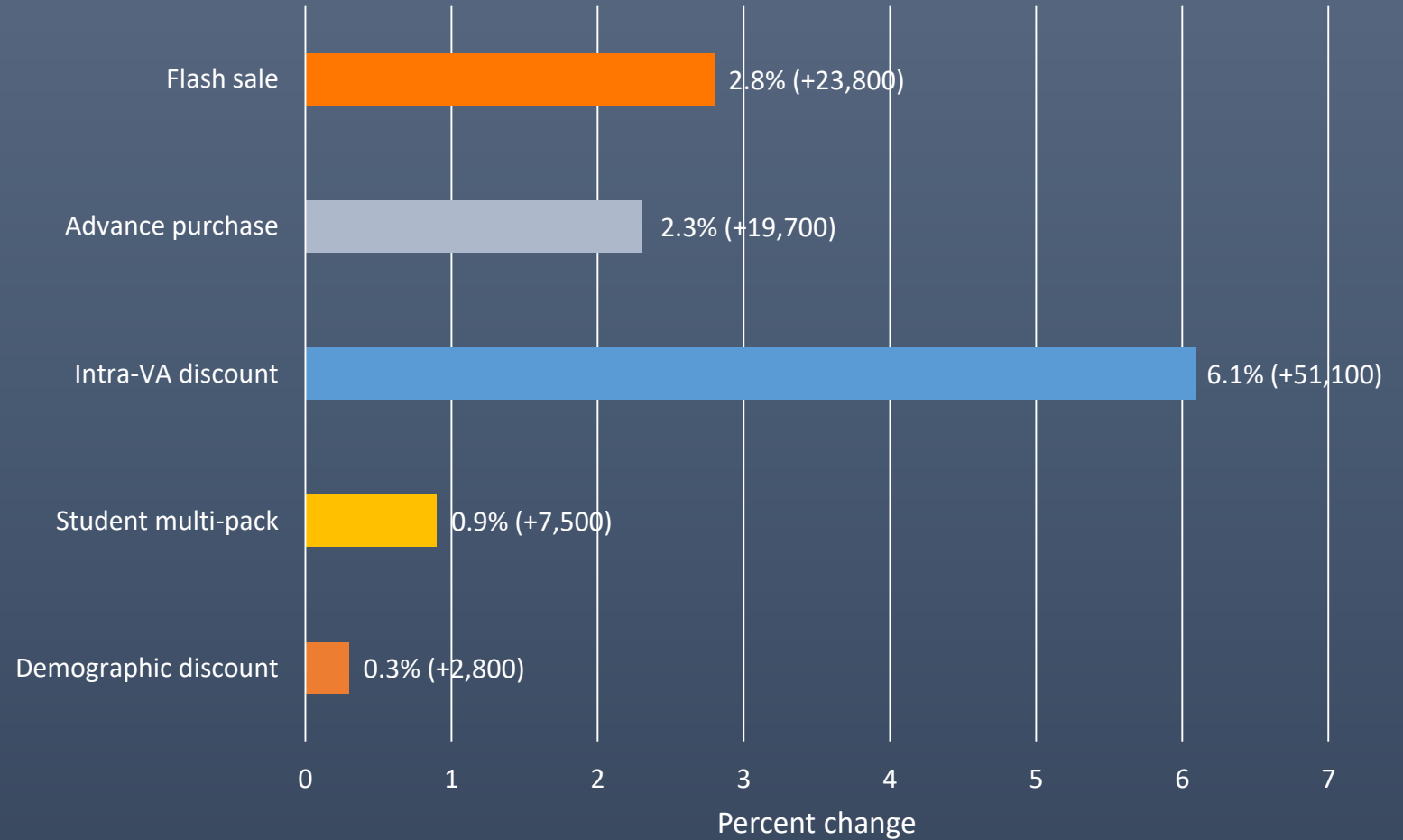
• Closest Train Station to Respondents

# Fare Scenarios and Assumptions

- Existing Promotions
  - **Flash Sale Discount:** 30 percent off flash sale (customers either purchase quickly or lose). Assumed 25 percent of ridership would take advantage of this discount.
  - **Advance Purchase Discount:** 25 percent off ticket price discount (with a 14 days advance purchase). Assumed 25 percent of all ridership would take advantage of this discount.
- Potential Promotions
  - **Intra-Virginia Discount:** Permanently discounted tickets as a result of Intra-Virginia travel (including Washington D.C.). This discount is applied to all riders.
  - **Student Discount:** Pre-paid student ticket pack (e.g. six-pack of tickets at one upfront price). Assumed 20 percent of student ridership would take advantage of this discount.
- Past Promotions
  - **Demographic Discount:** Permanently discounted tickets based on demographics (e.g. student, senior, military). 10 percent off ticket price. Assumed 10 percent of all riders would take advantage of this discount.

# Results of Fare Discount Scenarios

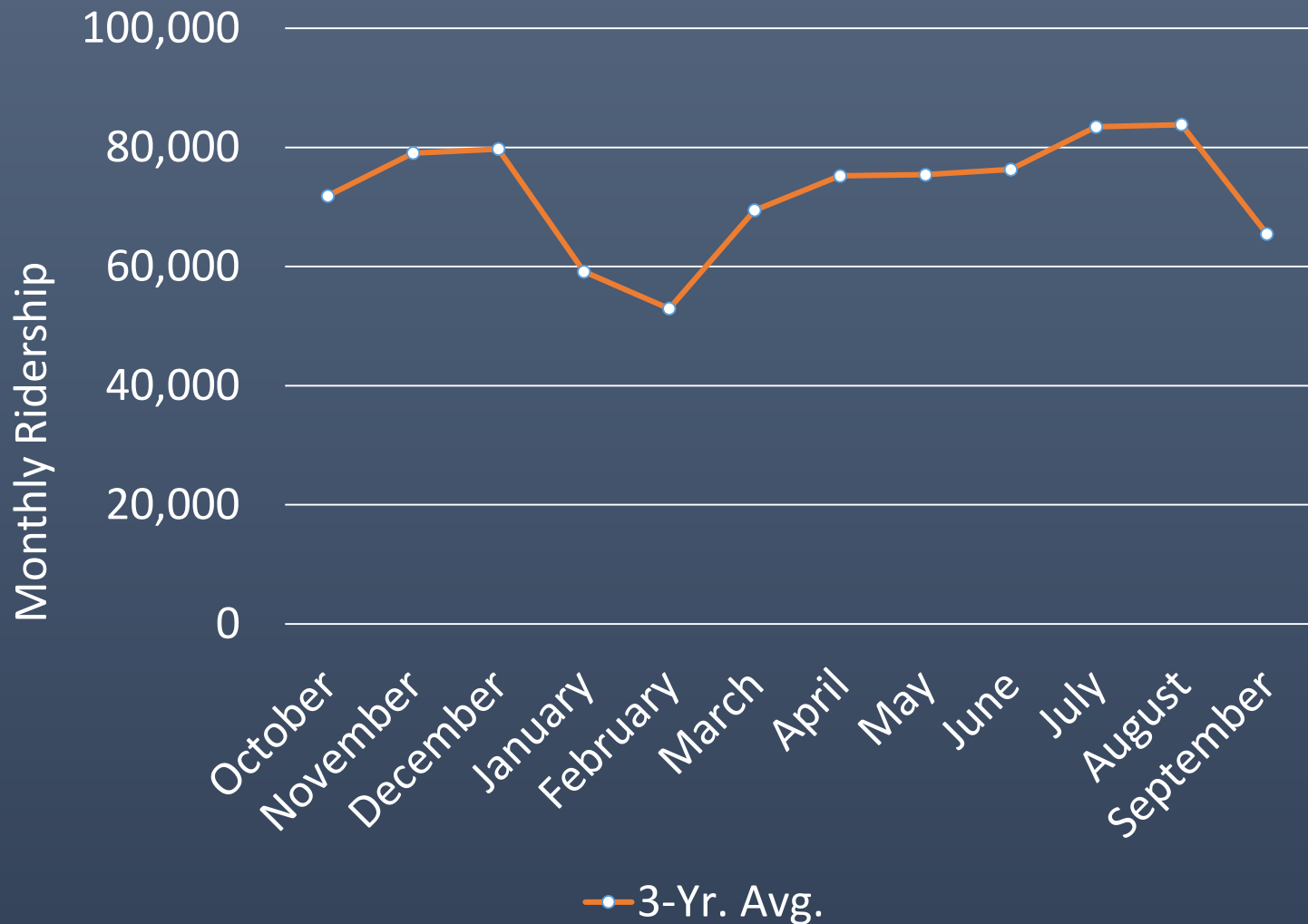
## Estimated Increase in Annual Ridership



***Amtrak VA-Sponsored Trains served 844,434 riders in FY 2018***

# Balancing Ridership & Revenues

- Ridership fluctuates seasonally
  - High season: Holidays and Summer Travel Season
  - Weather events
- Ridership fluctuates annually
  - Reliability trends
  - Customer experience
- Major Events
  - Pandemics
  - Inauguration



# Pandemic Impacts on Service

# Pre-pandemic

March 4, 2019 2<sup>nd</sup> Norfolk Service Begins

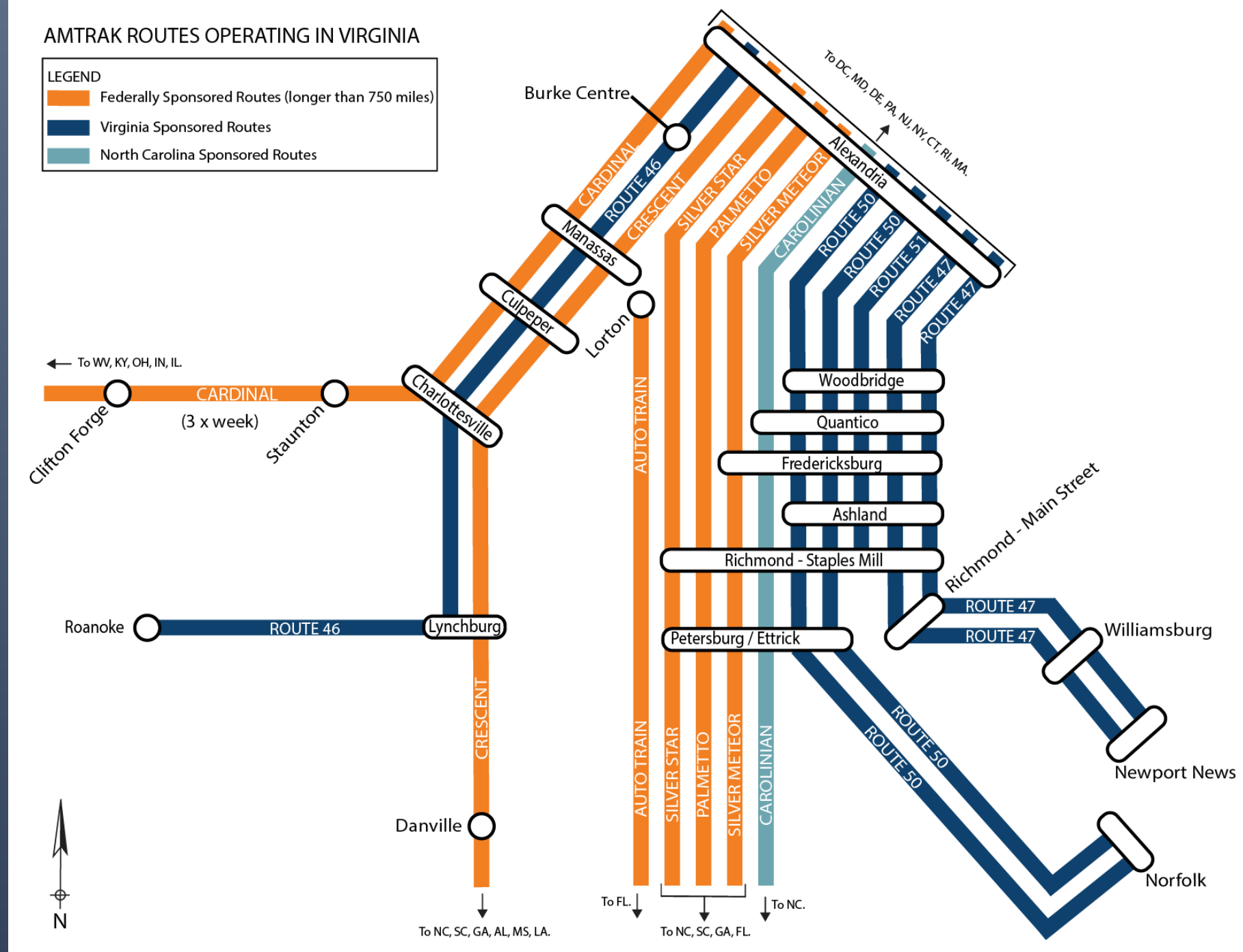
Ridership in FY19: 924,636

Revenue in FY19: \$41.5M

Oct, Nov, Dec 2019 were three highest individual months ever

Marketing Strategies were in place:

- Flash Sales
- Student Discount
- Intra-Virginia Discount
- Group Tickets
- Multi-ride fares





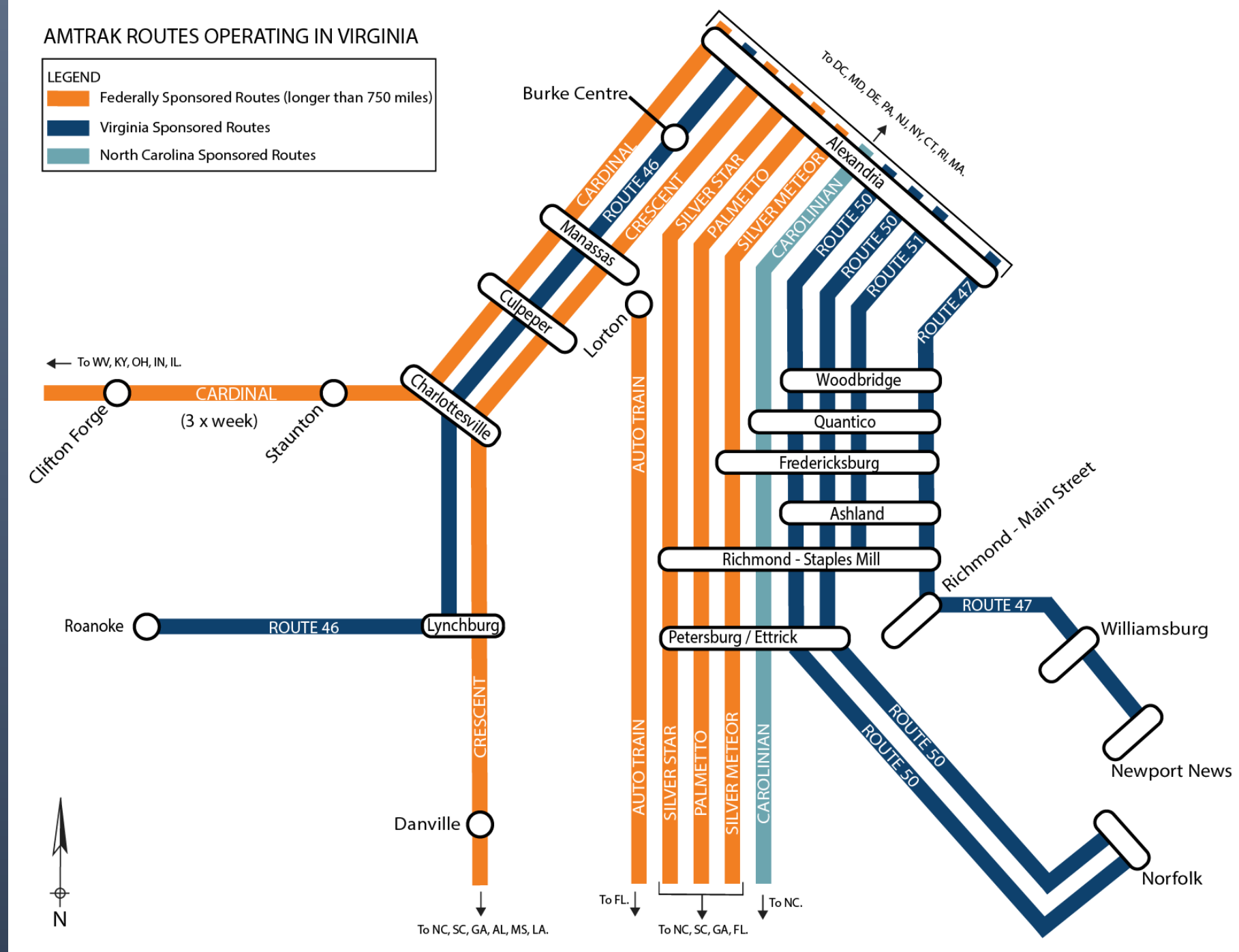
# March 2020

CARES Act funding provided to states (March 27, 2020)

- \$239M made available to State-supported Services
- Amounts states owed held to 80% of FY19 operating costs (PRIIA 209)
- Virginia first decided to cease one round trip from Newport News as ridership was falling.

Amtrak waives Change and Cancellation Fees

Train consist sizes reduced



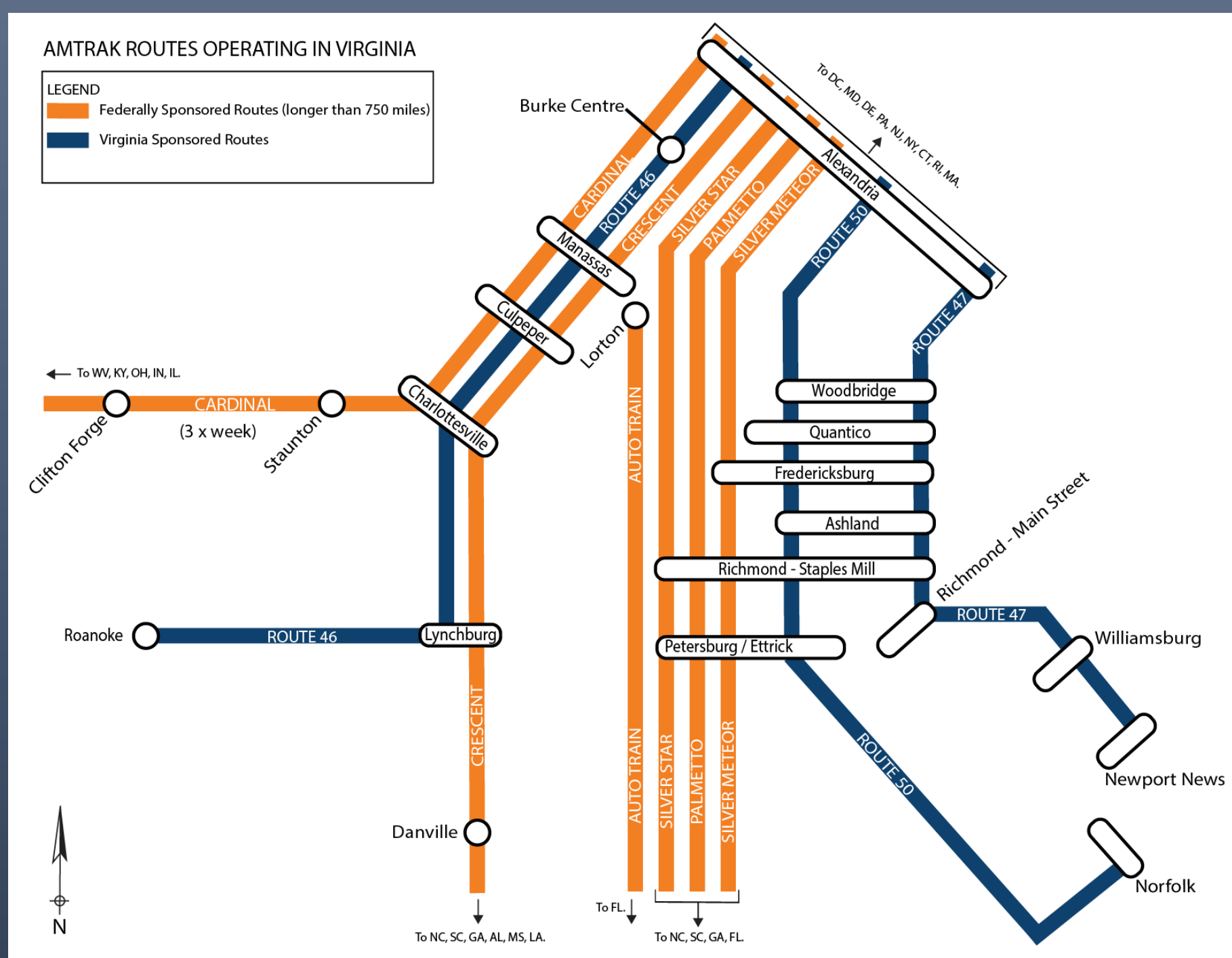
# April 2020

Ridership dropped by 95.7% compared to April 2019

Restrictions were implemented without clear federal guidance

Services cancelled across the country

Amtrak begins weekly update calls for states and stakeholders





# May 2020

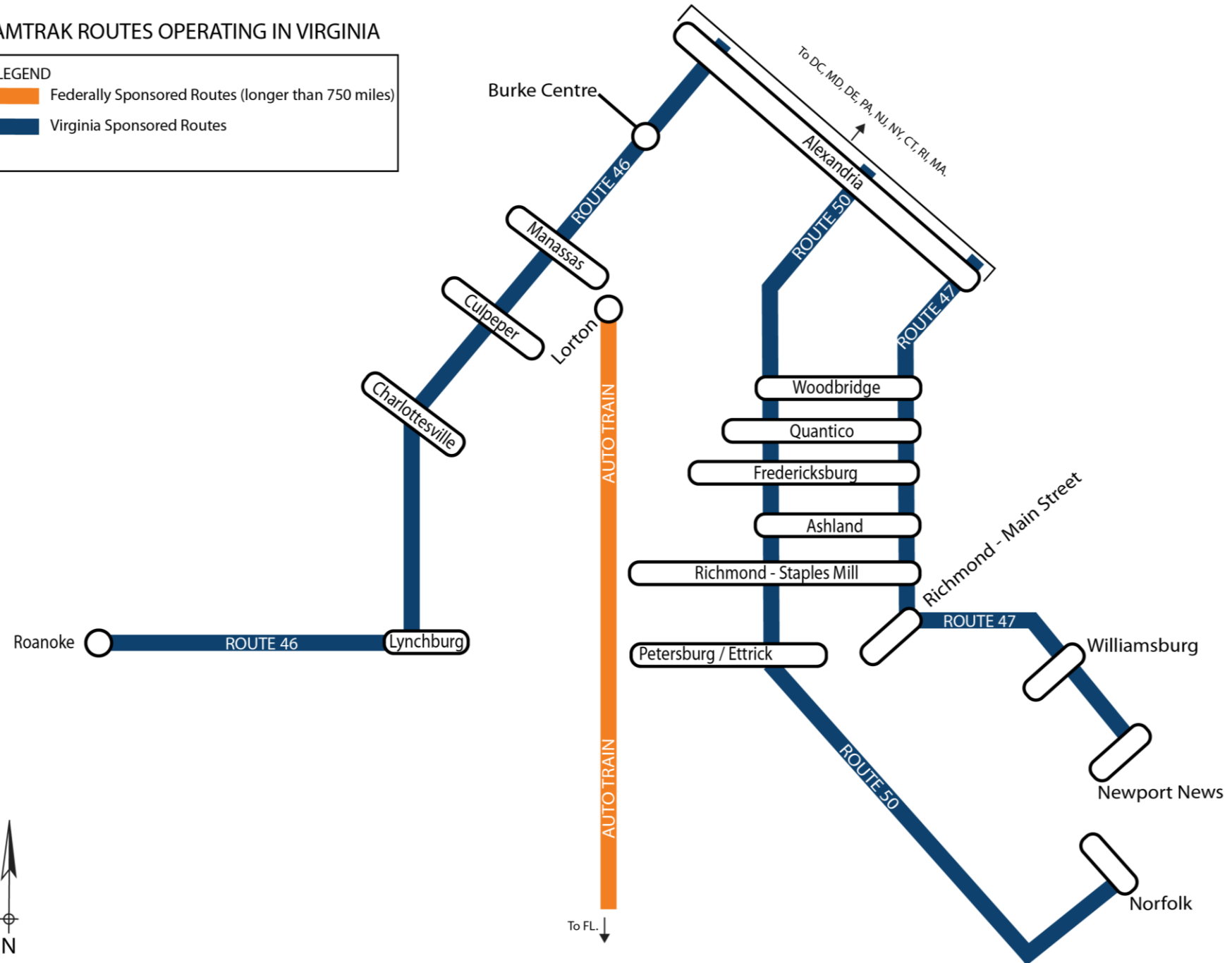
Amtrak ceased all Long Distance service except the Auto Train, combined with track work coinciding south of DC

Virginia acts on Amtrak's recommendations to reduce service (coordinated with NEC reductions) as ridership continued to plummet

## AMTRAK ROUTES OPERATING IN VIRGINIA

### LEGEND

-  Federally Sponsored Routes (longer than 750 miles)
-  Virginia Sponsored Routes



# June 2020

Long Distance restored with restrictions and safety protocols

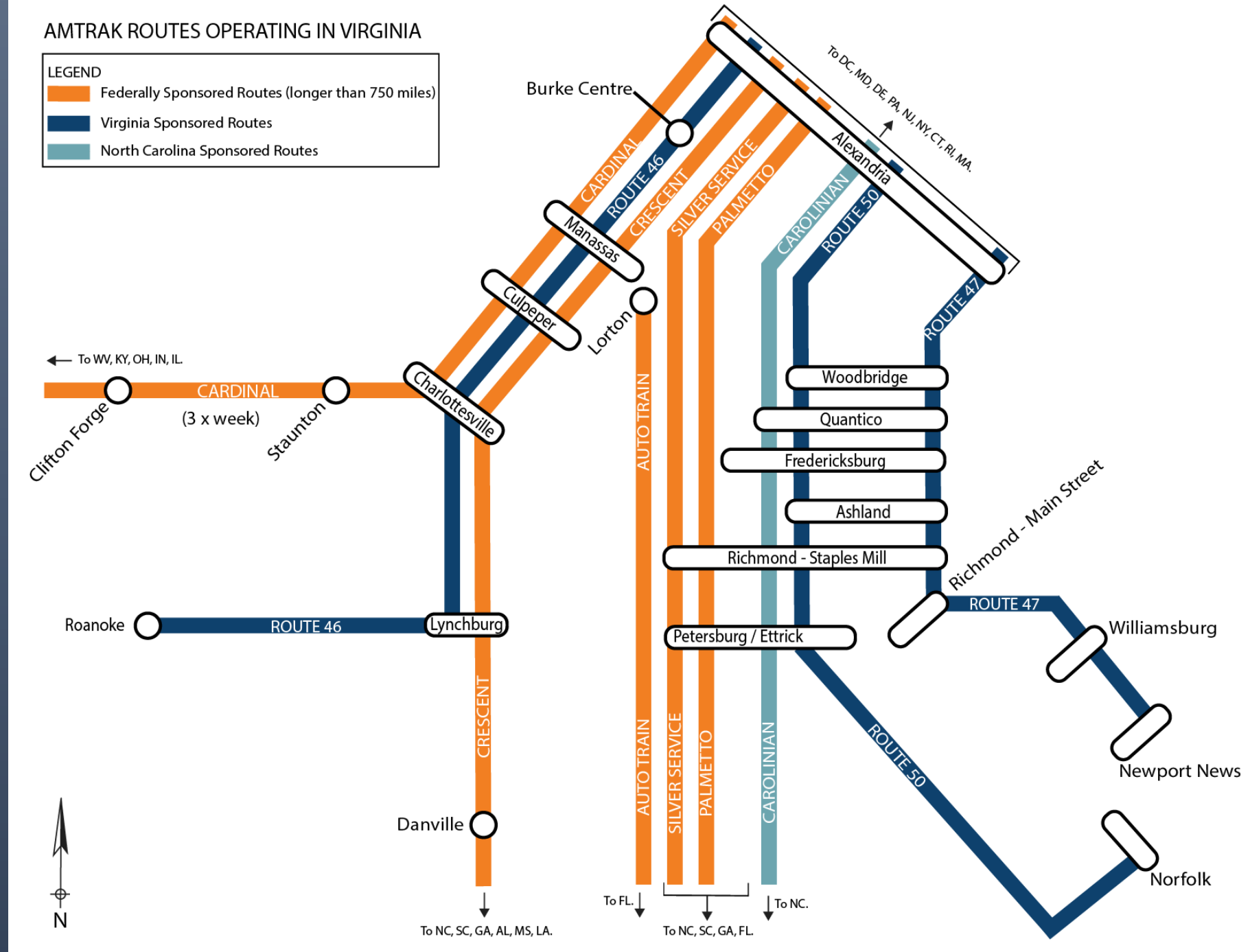
Carolinian service restored

Virginia remained at "50%" service levels

- June 2020 ridership 79,269
- Down 84% compared to June 2019

Prices lowered:

- 25% on SAVER fares
- 20% on VALUE fares



# Sept. 2020

Amtrak's recommends restoration of Virginia service to 80% levels with capacity restrictions and safety protocols already in place

- Sept 2020 ridership 76,227
- Down 71% compared to Sept. 2019

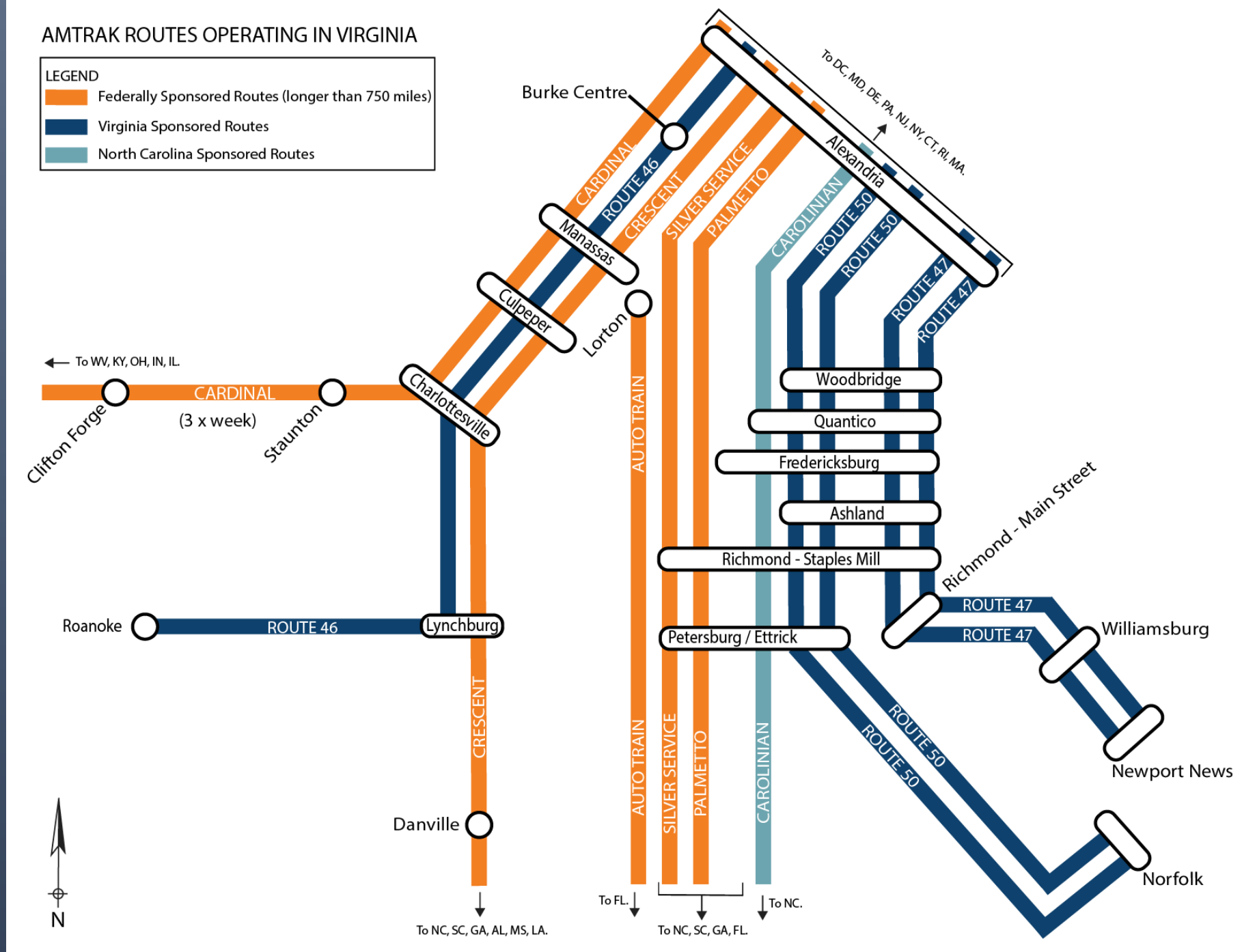
Amtrak faced with furloughs and employee lay-offs/buy-outs

CARES Act funds anticipated to run out by end of year

- States requested \$350M of federal support

Fare adjustments:

- Multi-ride ticket prices lowered 50%
- Cancellation fees reinstated
- Change fees still waived



# Oct. 2020

FY21 Begins with “stable” service and plateaued ridership at 25% of FY19 levels

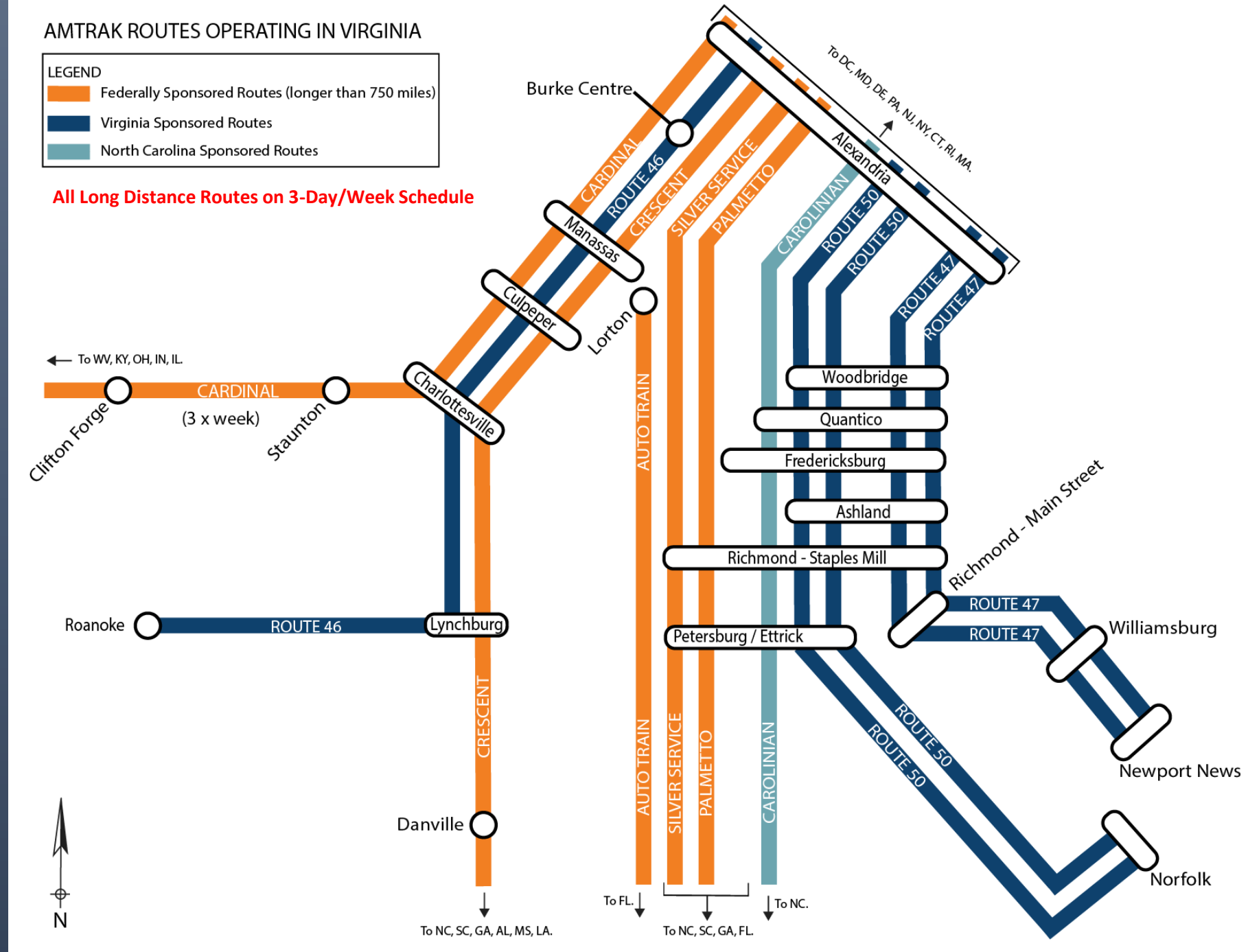
Ridership in FY20: 510,000

Revenue in FY20: \$22.2M

FY20 Operating Agreement extension clause in effect for FY21

Marketing under “Travel Restricted” Phase

- Prices remain low with changes fees waived.
- CARES Act funds remained to help with operations ahead of more federal relief.

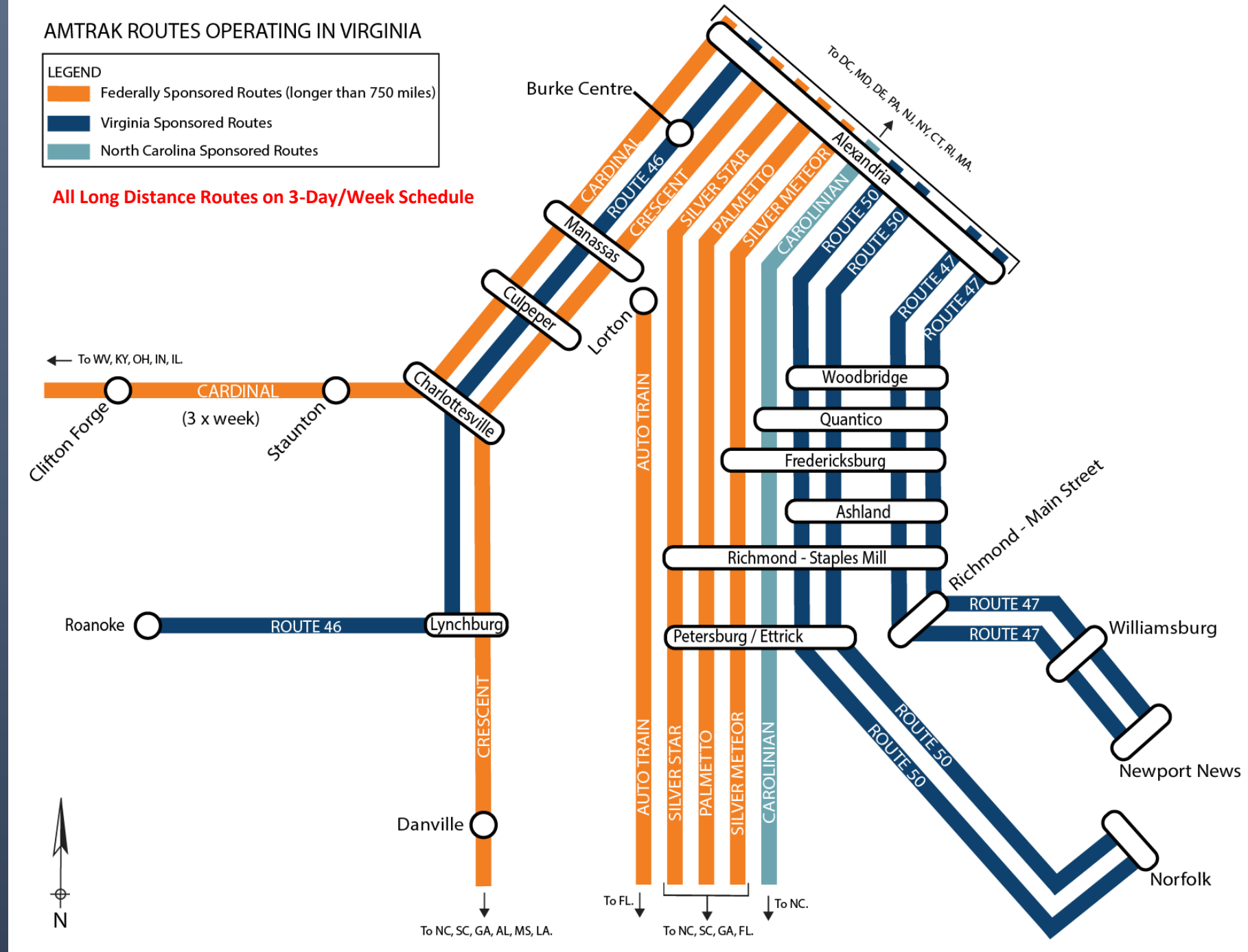


# March 2021

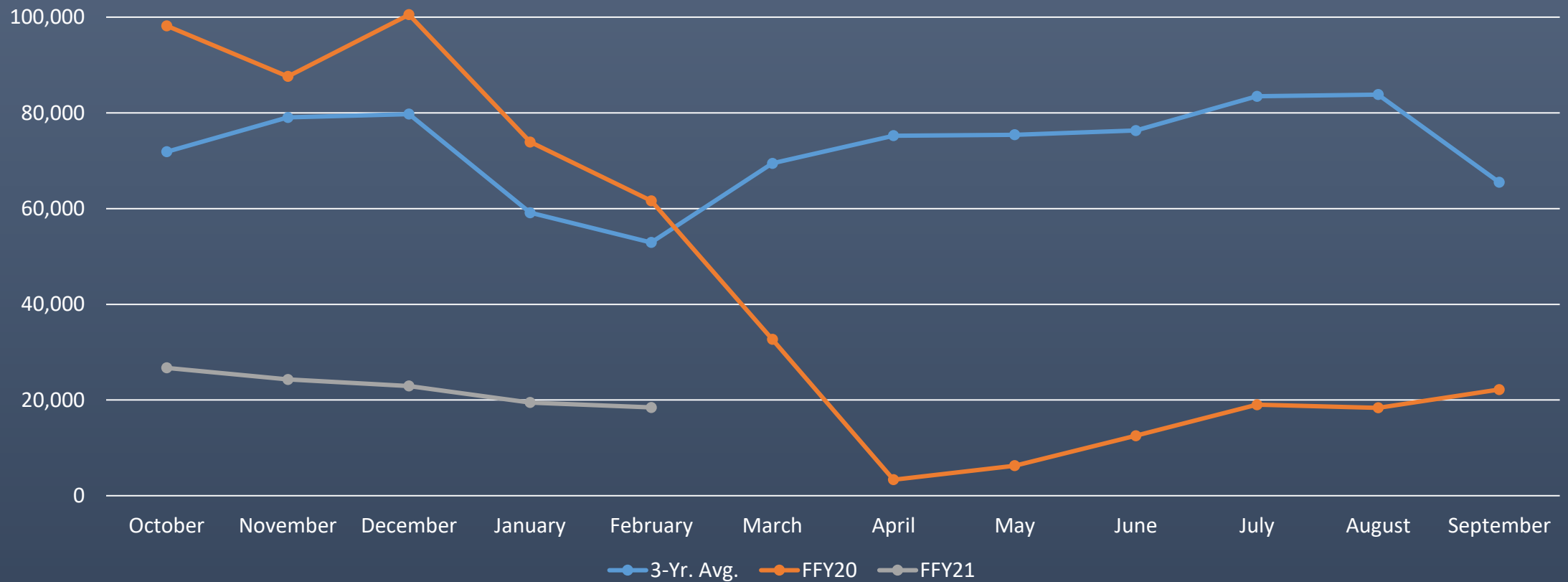
Amtrak restores Silver Star and Silver Meteor services – still reduced to 3 days per week

Federal relief provided to State-supported services

- December 2020 - \$175M
- March 2021 - \$175M
- Virginia receives \$25.2M (each round of relief)



# Ridership 3-Yr Average vs. FY20





# Revenue and Federal Aid

Federal Relief Program	Funding Support for States	Virginia's Share
CARES Act – March 2020	\$239M	\$22.5M
CRSSA – December 2020	\$175M	\$12.6M
ARPA – March 2021	\$175M	\$12.6M

- Federal aid amounts coordinated with Amtrak and SAIPRC
- Original federal support intended to keep reduced services running
- Later funding restores services and rehires Amtrak employees

# Timeline for Recovery

## TRAVEL RESTRICTED

- Traveler safety / reassurance # 1 priority
- Demonstrate support for community / help manage the situation
- Help people dream about better days - and shore up future demand
- Empathy and emotion are key

**Support community. Remain engaged with travelers - most of whom cannot travel now**

## TRAVEL ALLOWED

- Prioritize traveler safety while inspiring 'now' travel (business or leisure)
- Empathy and emotion are key
- Visibly convey space and ability to 'social distance'
- Show how Amtrak is helping community
- Promote flexible travel
- Need to be prepared to activate / turn off by DMA/SL

**Build preference for train travel among the still cautious, yet stir-crazy travelers (business and leisure)**

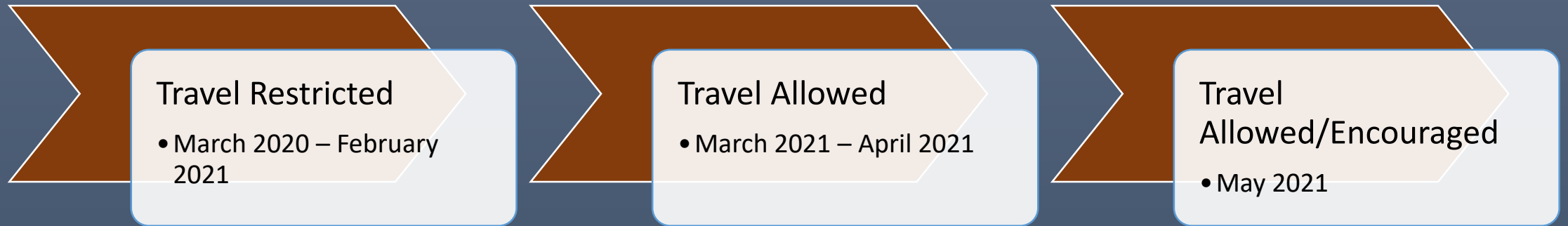
## TRAVEL ENCOURAGED

- Full-scale plan across all SL/ DMAs (business and leisure)
- Continue to re-engage and re-inspire, while ramping up conversion efforts
- Show how Amtrak connects communities
- Empathy and emotion are still critical

**Grow preference for train travel to capture bigger share of growing travel demand (biz and leisure)**



# Timeline for Recovery



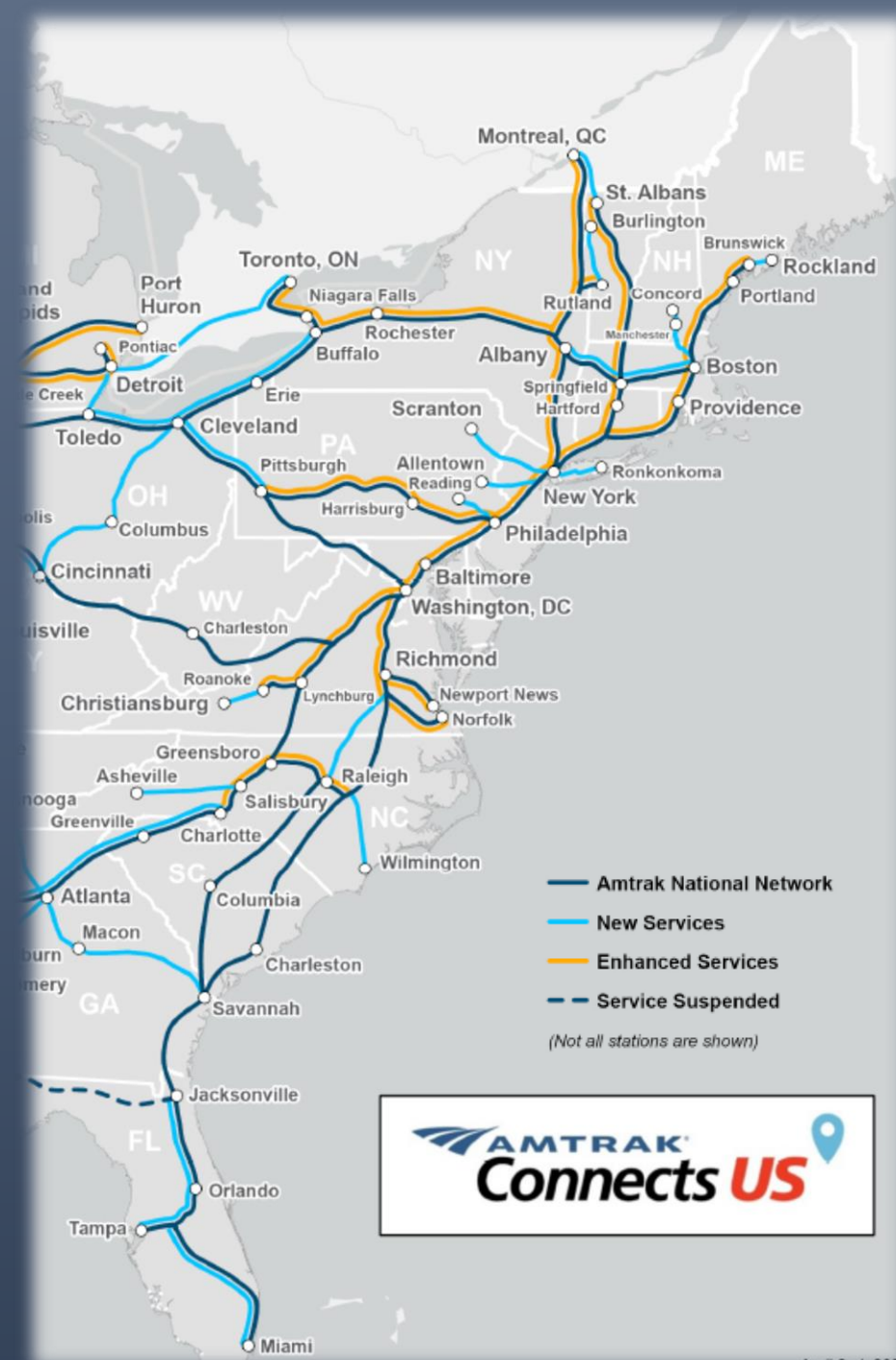
- Other service milestones
  - April 2020 Amtrak limited capacity of trains to 50%
    - Capacity indicator added when booking tickets
  - Cancellation fees waived through Labor Day 2021
  - May 23, 2020 Amtrak will lift 50% restriction
    - Capacity indicator will remain when booking tickets
  - Reduced pricing in place indefinitely

# Marketing Strategy

Haley Glynn

# Marketing & Ticket Fares

- Generally Amtrak controls pricing
- DRPT may initiate marketing proposals affecting ticket fares
  - Excludes Amtrak's general tariff policies
  - Must be consistent with pricing on NEC
  - Proposals are at Dept. expense
- NEC, Long Distance Service, and Carolinian affect Virginia's services
  - Competing - most customers don't know which is a Virginia train
  - Complementary – LD and Carolinian offer more frequencies/convenience to Virginians
  - Complementary – NEC is urban/transit friendly



# Path to Recovery

## TRAVEL RESTRICTED Jan/Feb 2021



### CONTEXT

- Pandemic state is critical
- Widespread restrictions on non-essential travel and gatherings.
- Stir-crazy people dream about escape and better days ahead

### AMTRAK PRIORITY

- Support (and convert) travelers in market. Avoid promoting travel

### SAFETY FIRST

Optimized creative

### MEDIA REC

- Baseline lights on / focus on hand raisers: Paid search & OTAs
- Programmatic website retargeting

## TRAVEL (PARTIAL) ALLOWED Mar-Apr 2021



### CONTEXT

- Pandemic trends positive/stabilizing
- Public authorities advocate caution but restrictions are easing off
- Travel demand starts to recover led by younger early adapters
- Friends and family/ car/ nearby trips preferred

### AMTRAK PRIORITY

- Start rebuilding Amtrak consideration for immediate and future travel

### SAFETY PLUS

Creative refresh

### MEDIA REC

- Increase paid social convert, travel endemic and programmatic prospecting
- Digital and Terrestrial radio
- Paid social Inspire

## TRAVEL (PARTIAL) ENCOURAGED May+ 2021



### CONTEXT.

- Travel demand shows strong uptick - still led by early adopters eager to escape
- Market is flooded with media dollars and travel deals. Emotional sell is key.
- Travelers want to enjoy their (safe) trip.

### AMTRAK PRIORITY

- Actively acquire new customers growing consideration for Amtrak in highly competitive context

### ENJOY THE JOURNEY

NEW campaign


### MEDIA REC

- Incremental budget request
- Expand media channels to support full Acela 21 launch
- Add TV, Sports, and Experiential


# Travel Restricted Marketing- March '20 – Feb '21

- Messaging:
  - Informed audience of enhanced safety measures, while reminding them to keep the train top of mind if they **have** to travel
- Audience:
  - Primarily targeted **essential** travelers (millennials, boomers, families, college students)
  - Secondarily targeted Business travelers looking for reliability, convenience, and efficiency (work while traveling) on the I-95 commute
- Overview:
  - Centered around safety messages and encouraging Virginians to take the train, when it's safe and they are ready
  - Focus centered on essential trips vs. leisure travel

# Travel Restricted Messaging


 **Amtrak Virginia**  
Published by Amy Moore Dunkley · July 28

While you've been home, Virginia has been waiting for you. With cities that beg to be explored. Mountains that long to be climbed. And beaches that inspire relaxation.




AMTRAK.COM/VIRGINIA  
**WHERE TO, VIRGINIA?**  
We're ready when you are.

[Book Now](#)


 **Amtrak Virginia**  
Published by Amy Moore Dunkley · July 28

Skip the packed airplanes and congested highways. These days, you'll feel more comfortable on Amtrak Virginia - because we're limiting capacities on all our trains to practice safe physical distancing.




AMTRAK.COM/VIRGINIA  
**WHERE TO, VIRGINIA?**  
We're ready when you are.

[Book Now](#)

 **Amtrak Virginia**  
Published by Amy Moore Dunkley · 10m

At Amtrak, we're committed to keeping you safe, with enhanced cleaning measures, physical distancing on board and in stations, and contact-free travel. So you can feel even more comfortable taking the train.



AMTRAK.COM/VIRGINIA  
**WHERE TO, VIRGINIA?**  
We're ready when you are.

[Book Now](#)




# Travel Allowed Marketing- March – May '21

- Messaging:
  - Hopeful, optimistic
  - Rediscovering the train when they are ready
- Audience:
  - Primarily targeted leisure travelers (millennials, boomers, families, college students)
  - Secondarily targeted Business travelers looking for reliability, convenience, and efficiency (work while traveling) on the i-95 commute
- Overview:
  - Our recovery plan was centered around the pent-up travel demand

# Travel Allowed Messaging

**Amtrak Virginia**  
Sponsored · 🌐

With big, cozy seating, free WiFi and enhanced cleaning, Amtrak Virginia is all about making you comfortable.




**WHERE TO, VIRGINIA?**  
We're ready when you are.

[Book Now](#)

Like Comment Share

**Amtrak Virginia**  
Sponsored · 🌐

When you're ready, take the first simple step onto a train. It's your low-stress entry back into the world of exploration.



**WHERE TO, VIRGINIA?**  
Your state awaits.

[Book Now](#)

Like Comment Share



**LET'S START WITH VIRGINIA.**



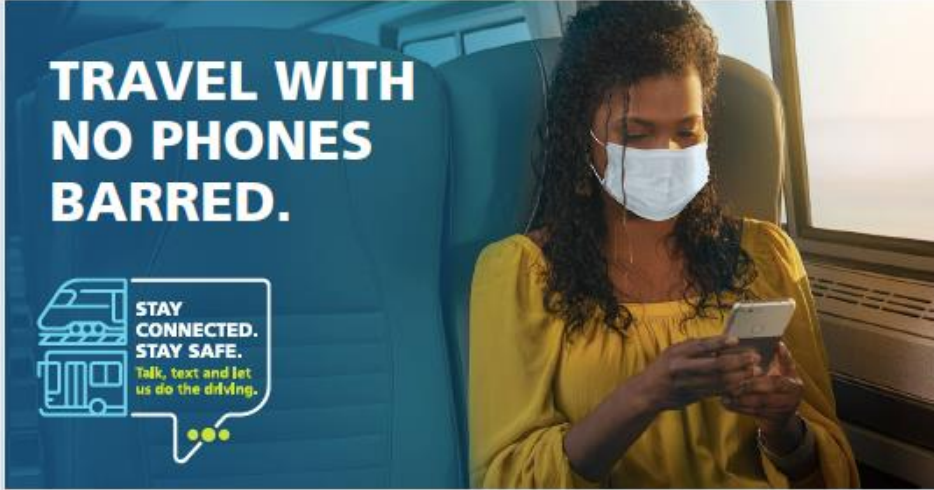
**AMTRAK**  
WHERE TO, VIRGINIA?

[LEARN MORE](#)



**Amtrak Virginia**  
Sponsored · ⚙️

You can't drive and hold a phone in Virginia. But you can talk, text and scroll away on Amtrak.



**STAY CONNECTED. STAY SAFE.**  
Talk, text and let us do the driving.

**AMTRAK.COM/VIRGINIA**  
**We'll Drive. You Text.**  
Stay connected on the train.

[Learn More](#)



👍 225 75 Comments 24 Shares

Like Comment Share

# Future: Travel Encouraged Marketing


- Messaging:
  - Warm, optimistic, friendly
  - Get out and explore Virginia again – and let the train take you there! It's a new day!  
*Where to, Next Virginia?*
- Audience:
  - Leisure Travelers
  - Students
  - Business Travelers (secondary target)
- Overview:
  - Build upon the pent up demand to travel and remind Virginians of the wonderful destinations at their fingertips.

# Travel Encouraged Messaging- A look ahead

 **Amtrak Virginia**  
Sponsored · 




Make plans now to trade seclusion for adventure. Amtrak Virginia is here to help, with safety measures that will get you there comfortably.



**IT'S A NEW DAY.  
ALL ABOARD.**



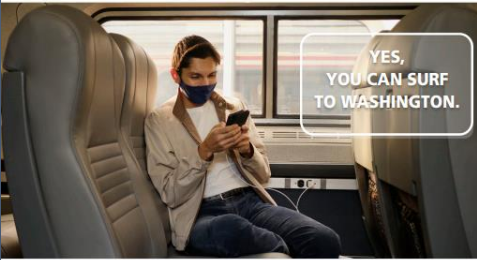
AMTRAK.COM/VIRGINIA  
**WHERE TO, VIRGINIA?** [Book Now](#)

Let's binge-watch the real world.

 Like     Comment     Share

 **Amtrak Virginia**  
Sponsored · 




With free WiFi, you can stay connected the whole time you travel on Amtrak Virginia.



**YES,  
YOU CAN SURF  
TO WASHINGTON.**


AMTRAK.COM/VIRGINIA  
**WHERE TO, VIRGINIA?** [Book Now](#)

Stay connected. Let us drive.

 Like     Comment     Share

**FACT: YOU CAN'T UNWIND ON I-95.**

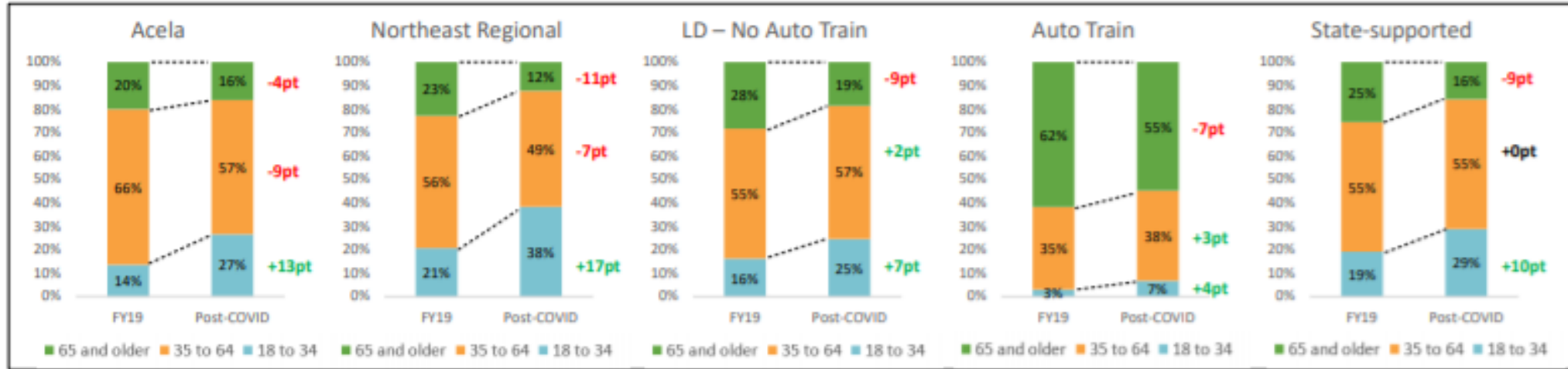


 **AMTRAK** WHERE TO, VIRGINIA?

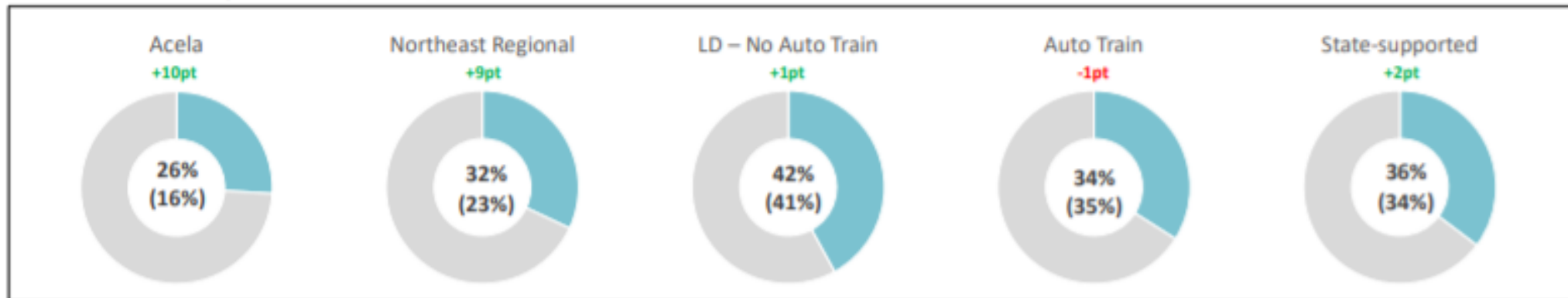
# Ridership Demographic Shift since COVID

## Significant changes in customer base: Younger/Leisure (all products) and new (NEC particularly)

% of Customers by Age, FY19 vs Post-COVID



% of New Customers, post-COVID (vs FY19)



Post-COVID numbers are from the [real-time CSI dashboard](#) (SSO enabled). The new CSI survey was implemented in late April 2020.



# Marketing Objectives

## Acquire New Riders

Collectively, we have identified younger, “explorer” audiences as a key source of growth for Amtrak



## Maintain Ridership

While we look to new sources of growth, we will ensure that we maximize our fair share of existing riders

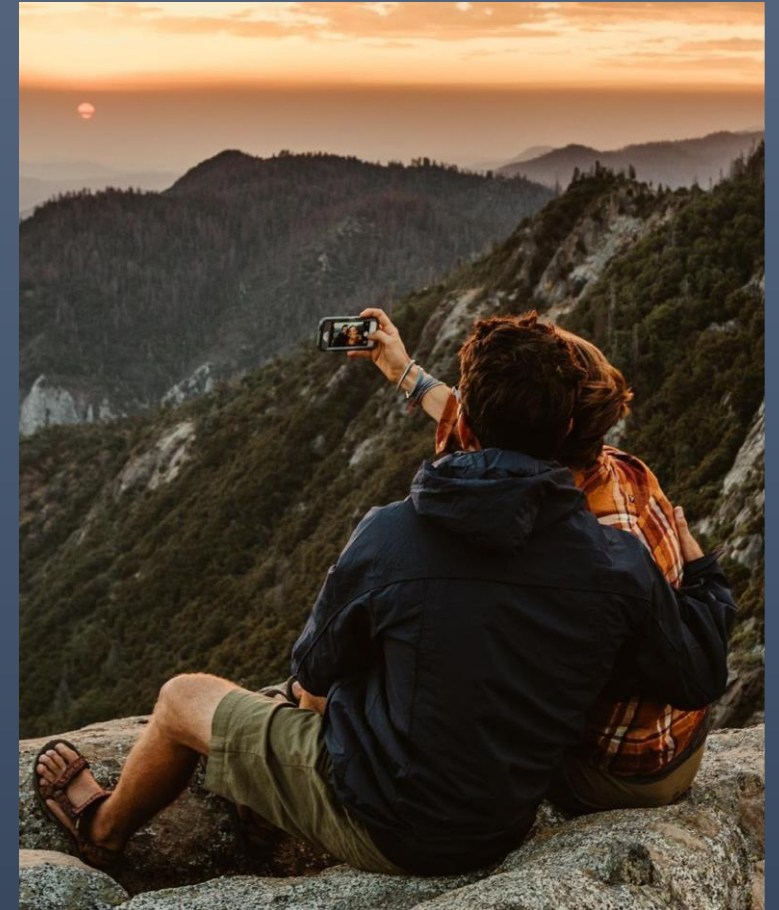
(this group skews older)



In order to reach **new riders**, we will need to **explore new, innovative media** approaches to grasp their attention and promote Amtrak into their consideration set

# New Audience Persona - Explorer

- The curious-minded, with zest for life and diverse interests. To them, travel is much more than getting from point A to point B - it is adventure, discovery and a way to recharge and refresh.
- In 2020, they spent more time dreaming of travel than actually traveling, but still found opportunities to get away, even if it was to see family and friends. Active and social, they feel acutely burdened by pandemic life and keen to make up for the 'lost time'.
- Amtrak is often not on their radar. But they are curious about the train experience and like the idea of train travel.



# Current Travel Data and Trends

- Campaign activity:
  - Higher engagement with “Ready to travel?” messaging vs. Safety messaging
  - People clicking on booking inquiry information more actively than previous months
  - Showcasing a pent-up desire to travel and eagerness to explore travel options
- Data shows:
  - More Americans consider themselves to be ready to travel than at any other time during the pandemic. Positive sentiment toward travel reaches new peaks.
    - $\frac{2}{3}$  travelers excited to learn about new destinations
    - Almost  $\frac{2}{3}$  Americans would be excited to go on a getaway if asked by a friend
    - Lowest level of travel and leisure activities being perceived as unsafe -new pandemic record
  - Comfort level travelers feel in their own communities is on the rise; More acceptance of visitors.
    - 46.7% of Americans would feel happy about ads promoting their hometown
  - The proportion of travelers dreaming, talking about and planning leisure trips continues to grow.
    - Nearly 40% of Americans daydreamed or talked about planning a trip
    - 81.3% of people who have been vaccinated are more comfortable taking leisure trips.

\*Source: Webinar conducted by “[Destination Analysts](#)” based off data from 1,200 Americans from all four regions, who have traveled pre/post pandemic



# Marketing Summary

- Background
  - Pre-pandemic, boasted record numbers in ridership and revenue
  - During pandemic, travel came to a halt, as did our campaigns
  - Northeastern route was strongest performing and most consistent out of Amtrak National routes during pandemic
  - Consistently offered Va Anytime Fare (15% off) and Student discount (25% off)
- Resources for Marketing Strategy
  - Amtrak National and CDC
  - Our Riders – campaign activity, organic search activity, data trends
    - Pointing to pent up demand to travel & veering away from safety messaging
  - Mindset & Audience shifts
    - More leisure travelers than business
    - New, younger audience – Amtrak National calling the “Explorer” group
    - Uptick in first time train travelers

# Questions?

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