

To: Metrolinx Board of Directors
From: Kathy Haley, President, UP Express
Date: February 10th, 2016
Re: UP Express Quarterly Board Report

Recommendation

That this report be received for information.

Executive Summary

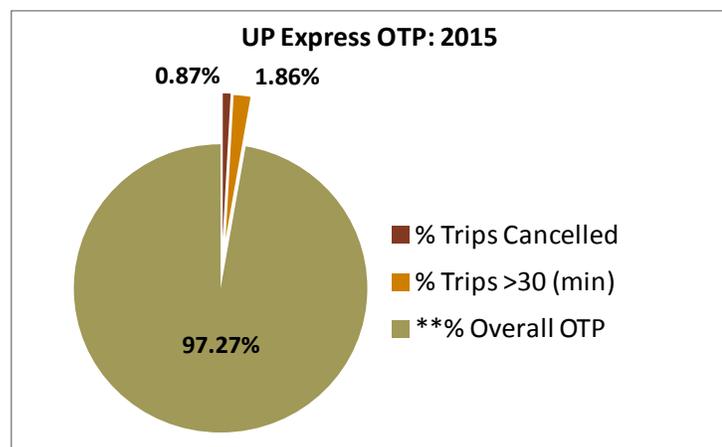
As UP Express continues to serve airport travelers into 2016, our experience is not dissimilar to other jurisdictions when they launched air-rail links like UP Express. It takes time to build awareness and loyalty. Feedback from riders has been overwhelmingly positive, giving us confidence that the more people who try UP Express the more long-term customers we will gain.

To facilitate this trial, and to continue to grow our ridership, we must change user habits that have been ingrained with air travelers to and from our city for years. These are significant. Just a few short months ago, there was no rail connection to Canada’s largest airport; now there is one. In the eight months we have been operating, we have learned a lot about barriers – such as low awareness, difficulty finding UP Express and impediments to ticket sales – and we are working to overcome these barriers. Our efforts in this regard include targeted promotional campaigns, improved way-finding and signage, discounts through partner hotels and other incentive programs.

While we acknowledge that ridership levels are below what was projected, we now know much more about consumer behaviour and the realities of the market than we did when those projections were made. We are adjusting to meet the challenges. Because of the positive feedback we have received from people who are using UP Express, we have every reason to believe ridership will grow over time.

Operations and Performance

For the months of November and December, UP Express continues to maintain its benchmark on-time performance at 97.27%.¹ In December, we successfully completed 4,855 trips. In addition, our overall average trip time is 25.28 minutes² after 8 months of operation.

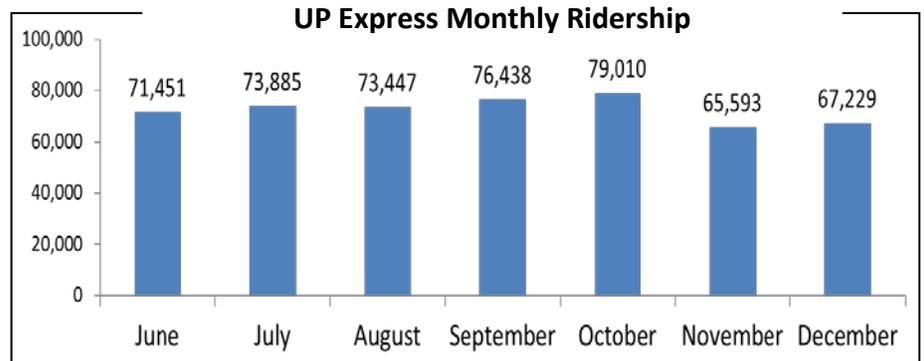


¹ Year to Date – As of December 31, 2015
² Year to Date – As of December 31, 2015

Ridership

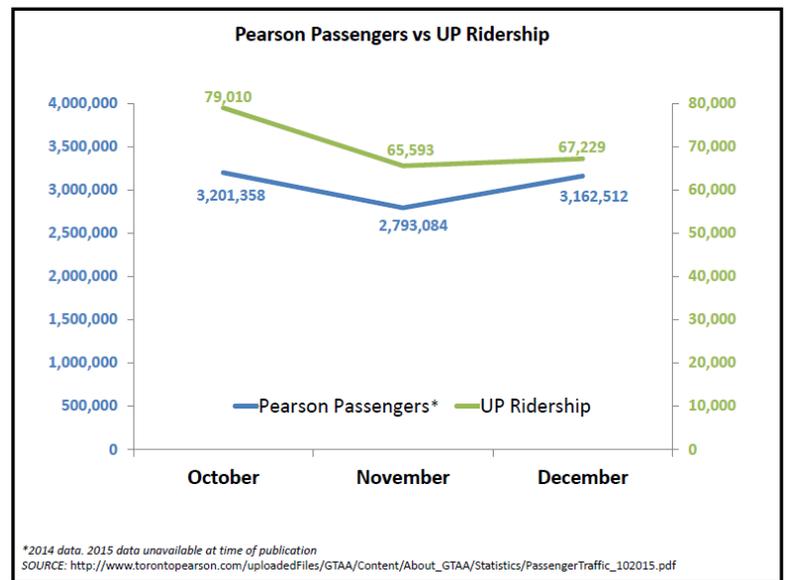
For the last quarter, UP Express can report the following on ridership:

- UP Express had 65,593 riders for November and 67,229 for December.
- Cumulative average daily ridership for November & December is approximately 2400³.



As a service in a new market whose ridership is derived from airport traffic, our analysis has shown some fluctuations in ridership for the last two months of 2015, which is consistent with the seasonal and cyclical travel patterns of airport traffic. We have factored these seasonal travel patterns into our business and marketing planning in order to increase our ridership capture rate.

It is important to remember, ridership varies by time of day and time of year. At peak times we are meeting our projections. Our experience is not dissimilar to that of other jurisdictions when they launched air-rail links like UP Express. It takes time to build awareness and loyalty.



LISTENING, LEARNING & IMPROVING

As we move into 2016, UP Express has spent this last quarter building on previous initiatives and tactics in order to drive customers to try out and use our service. We have learned more in this time about the perceived barriers to using UP Express – such as low awareness, difficulty finding UP Express and impediments to ticket sales. We are strategizing and taking action to overcome these barriers.

Initiatives we have implemented include an increased presence and better way-finding signage for UP Express at Pearson Airport and the Skywalk; incentive programs such as our BOGO promotion; complimentary tickets in selected hotels and geo-targeting for digital media outreach. All of these initiatives, as well as others we are exploring and developing, are designed to overcome ingrained habits – by raising awareness and providing incentives for people to try UP Express.

³ Cumulative as of December 31, 2015

Marketing, Communications & Business Development

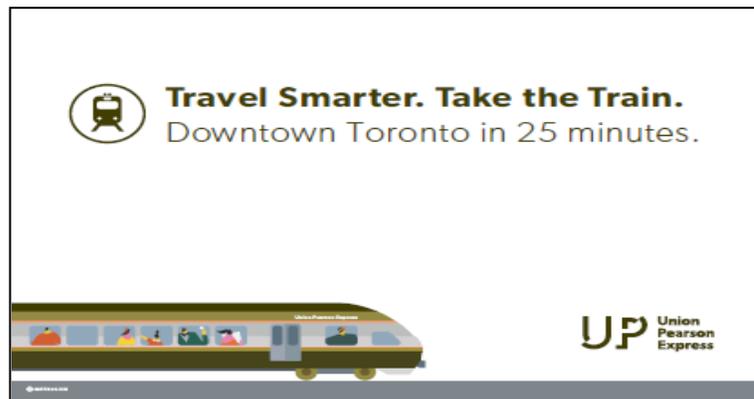
We are continuing to develop and implement strategies to attract new riders – who, once they have tried UP Express, we are confident will become long-term customers. This past quarter we executed several integrated marketing tactics to support awareness and trial of the service.

In December 2015, with support from our strategic and retail partners, we completed a holiday campaign to increase awareness of UP Express and drive ridership during the busy holiday period. As a multichannel campaign, it included signage in strategic areas along the Skywalk, Pearson and Union stations, a consumer offer with our retail partners, and a “Tweet from your Seat” social media element #UPfortheholidays offering customers a chance to win an Air Canada travel voucher.



At the end of January, UP Express concluded the “UP One-UP” campaign, a buy one/get one free promotion. We saw significant uptake on this campaign through several distribution channels including on site at Terminals 1 & 3 at Pearson, along with our direct mail drop in the catchment area and distribution via the UP Express Magazine in the Globe & Mail. To date, we have seen over 10,000⁴ redemptions. Of note, the direct mail drop (unaddressed) in the catchment area has delivered 15% of total redemptions at a response rate significantly higher than the industry average.

UP Express continues to intensify our presence at Pearson Airport in order to build awareness and drive ridership. In January, we increased our advertising at the airport with a new campaign, “Travel Smarter. Take the Train.” – demonstrating that UP Express is the smartest way to get downtown. Our team is also working on developing welcome packages during key tourism events in the city. This month, Toronto is hosting the NBA All-Star game and UP Express is part of the NBA league app and our staff will be on hand to greet visitors to our city.



We continue to see favourable results from our communications and outreach activities. Recently, Toronto was featured on the *New York Times Top 52 places to visit in 2016*⁵ and UP Express was mentioned as an enabler to getting travellers downtown. In the last quarter, we held over 100 hours of consumer pop-up activities, which garnered over 115,000 interactions with potential customers.

⁴ As of January 19, 2015.

⁵ <http://www.nytimes.com/interactive/2016/01/07/travel/places-to-visit.html>

In order to extend our social media presence and reach to consumers, UP Express continues to leverage strategic social media channels of core partners like the Greater Toronto Airports Authority, Air Canada and WestJet. For the month of December, organic conversations online were 94% favourable, and our online Guest Experience videos garnered 343,000 views and a total reach of 205,000 across both Twitter and Facebook. This underscores what we know: People who use UP Express are very satisfied with it. We simply need more people to try it.

We continue to develop our corporate account program with over 100⁶ corporate accounts signed to date. With another 150⁷ corporate opportunities in the sales pipeline, our attention remains on building awareness of UP Express amongst the business community by developing and implementing an activation program to encourage employees who travel to use UP Express.

Guest Experience

At the end of November, UP Express launched its permanent Guest Satisfaction Survey to identify opportunities for improvement across different service areas, support the development of guest service strategies and allow UP to benchmark its performance.

These insights from the Guest Satisfaction study will help UP Express to devise strategies to build loyalty among its current guests and encourage repeat business, while building a solid foundation to attract new riders. In addition, we are also intensifying our long-term survey and research efforts in preparation for the one year anniversary.

Conclusion

UP Express has consistently delivered on its core values. The challenge ahead is to build further awareness and through this, build ridership. In 2016, UP will continue to proactively address these challenges and barriers with new learnings, new messaging and a renewed focus on key markets.

We remain optimistic that UP Express ridership will grow over time, because we know that people who use UP Express love it. Our focus continues to be getting more people on board.

Respectfully submitted,
Kathy Haley

⁶ As of January 29, 2016

⁷ As of January 29, 2016