

Ridership forecasting for Transit Authorities



The COVID-19 pandemic has highlighted the importance for Transit Authorities to understand their ridership and how it may be impacted by disruptive events, such as COVID-19. Maintaining a ridership forecast and clear customer segmentation, as standard business practice, can provide many benefits for service and financial planning.

1 Ridership forecasting

Transit Authorities should maintain a customer segmentation and ridership forecasts to inform service and financial planning

2 Scenario Planning (e.g. COVID response)

Such a ridership forecast forms the basis for future scenario planning in response to unforeseen events, such as the COVID pandemic

A The first step is to use data to segment your customer base and understand their travel requirements

Customers need to be segmented into distinct categories based on their characteristics and travel behavior i.e. why and how they use the transit system, socioeconomics, travel alternatives etc.

The customer segmentation forms the basis for assessing the impacts of unforeseen events on each segment

In the case of COVID, we have identified three main drivers of ridership suppression

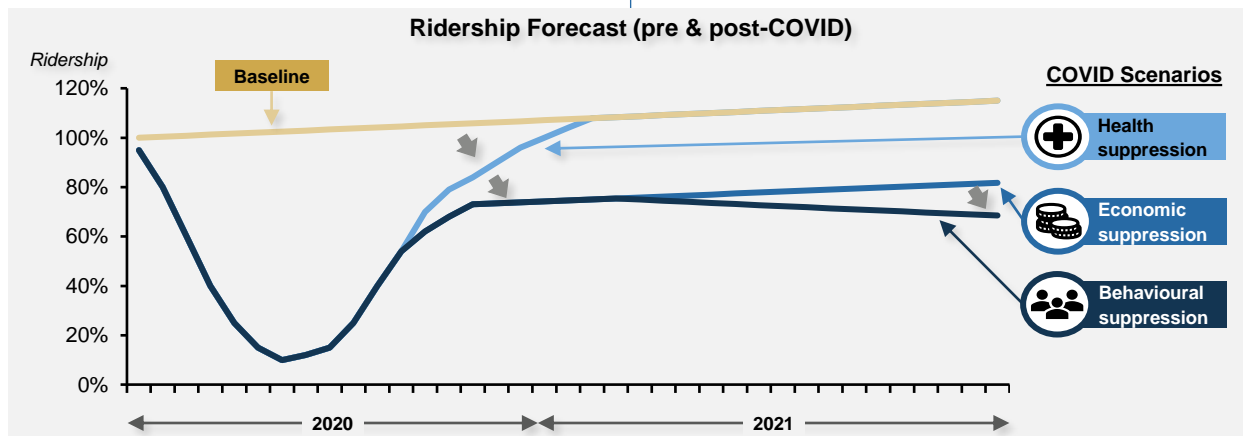
Examples of customer segmentations (non-exhaustive):

- Purpose of travel**: Segments include commute, business or leisure
- Socio-demographic**: Segments include age, income band, level of car ownership
- Ticket type**: Segments include single tickets vs daily / weekly / monthly passes

COVID drivers of ridership suppression (non-exhaustive):

- Direct health-related suppression**: Suppression due to stay at home orders or the fear of COVID preventing travel
- Economic suppression**: Suppression due to increased unemployment and lower disposable income
- Behavioural suppression**: Suppression due to more remote working, preference for delivery and increased staycations

B This can then be used to produce a detailed ridership forecast (by month, mode of transport etc.)...



C ...which will help inform both service and financial planning

- Service planning**
 - Identifies customer segments which can be targeted to help grow ridership
 - Ensure efficient service delivery to ridership demand
- Financial planning**
 - Provides a farebox revenue forecast
 - Identify magnitude of cost reduction measures

- Service planning**
 - Provides detailed forecast of how ridership returns
 - Informs service planning to ensure efficient delivery of services to match new ridership levels
- Financial planning**
 - Identify shortfall in farebox revenue
 - Alternative revenue streams will be required to fill the shortfall identified

Teneo can help:

- Demand forecasting capabilities** - Teneo is experienced in creating customer segmentations and developing industry leading ridership and revenue forecasts for our clients
- Gathering data, information and insight** - We have unrivalled access to information, spanning across proprietary polling and market research, macroeconomic data, historical trends, and unique insights from our network of CEOs and strategic advisors in the US and internationally
- Developing a corporate strategy** - We combine traditional consulting expertise with an understanding of specific industry challenges to help CEOs develop deliverable strategies for recovery, supported by robust, evidenced analysis

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