

The Dawning of a New Era in Transit: *Major Trends*



The convergence of major demographic and societal trends is creating an unprecedented opportunity for the future of America’s transit industry. This technical brief details four major trends converging to shape the future of transit across America.

The following summarizes a presentation delivered by John W. Martin, CEO of the Southeastern Institute of Research, at the Federal Transit Administration’s 2009 State Programs meeting and a RTAP national webinar conducted in February 2010. Mr. Martin’s remarks detailed major trends that are setting up an exciting future for transit across America. His remarks now serve as the foundation for a five-part webinar series sponsored by RTAP and available in RTAP’s Resource Center at www.nationalrtap.org.

The content in this paper and RTAP’s related webinar series are not official RTAP policy, but rather reflect the views of Mr. Martin, informed by hundreds of marketing studies his firm has conducted for transit and transportation agencies. In addition, National RTAP does not endorse the products or the companies listed within the brief.

Major Trends Reshaping the Future of Transit

Four major trends are now converging to shape the future of transit in America: emergence of empowering rider-friendly technology, a new consumer mindset, generational dynamics and the mainstreaming of the sustainable transportation cause.

Trend #1: Emergence of Empowering, Rider-friendly Technology

One of the most visible trends shaping the future of transit is the advent of new technology that is changing the way travelers and commuters plan their trips. Smart phone technology such as the *iPhone* and *Google Nexus* now give travelers across almost every mode direct access to real-time travel information to monitor traffic conditions, select alternative modes and routes, find rideshare partners, and track when “their bus” will be arriving. Innovative, forward-looking transit operators are now embracing these new “customer-centric” technologies to help make their transit service even more convenient, and, consequently, more popular to use.

Today, there are a handful of smart phone brands like Apple’s *iPhone* and more than a hundred downloadable real-time, travel-planning applications commonly called “apps” such as the *iPhone* compatible *NextBus* and the new *Android* smart phone “app” called *AnyStop*. As the market share of smart phones grows (currently just under 10 percent, but projected to be universal within five years), these helpful, personal, virtual travel guides will become a customary part of “taking the bus.”

The challenge for most transit operators in pursuing this technology is cost. And for good reason—not only is it expensive to wire buses and shuttles to provide real-time information, it is also expensive to keep a system up and running 24/7/365. Because of the cost, community transit operators are not rushing out to acquire the

latest real-time reporting technology. But as the price of this technology falls, the day will come when everyone will have it. For now, go visit *NextBus* or *AnyStop* corporate websites to learn about their offerings. As you do, think about how these innovative services are improving the overall transit rider experience. Then consider incorporating these new, empowering technologies into your long-term planning.

Trend #2: A New Consumer Mindset

The second major trend that’s reshaping the future of transit is a new consumer mindset that no one could have predicted just a few years ago—the “New Fru” or “frugality” movement.

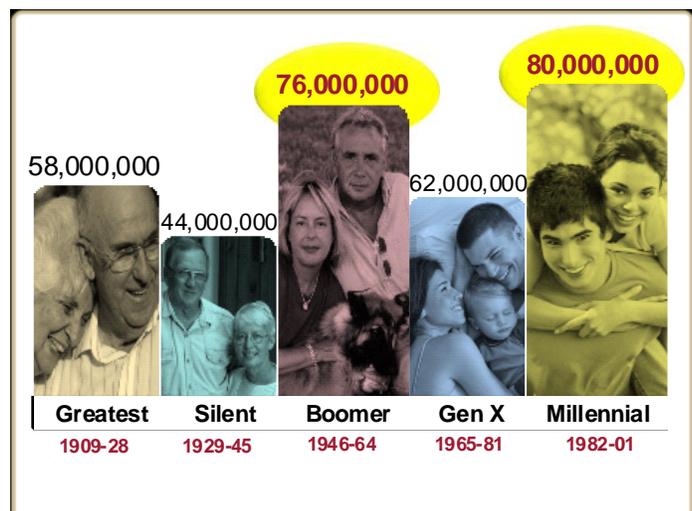
The New Fru is the result of the green movement converging with the Great Recession. The GREEN movement really took root in 2006 as “*Being Green*” became mainstream. According to our national consumer research, by the fall 2006, 80 percent of adults across America said they thought or acted “green” and more than half said they spent more for “green” products and services. Then came the Great Recession that shifted America’s mindset away from our hyper-consumption of material goods to a greater focus on consuming positive, personally enriching experiences. This recession-inspired “hunker down” and “back to what really matters” mentality perfectly reinforced the green movement’s ethic of reusing, renewing and recycling.



Together, these complementary forces have led consumers to spend less, live smarter and have a smaller personal footprint. We call it the “New Fru” lifestyle. It transcends age, gender, race and zip code. Walmart’s ubiquitous advertising campaign is perhaps the best example of this movement. Why is this relevant to transit providers? This new mindset, now shared by a majority of Americans, places more value on efficient and more affordable transportation choices such as more fuel-efficient vehicles, combining trips and greater use of transit.

Trend #3: Generational Dynamics

The third transcendent trend creating a bright future for transit is related to demographics and the generational dynamics behind the numbers. There are five generations that make up America’s population today (see chart depicting birth years and size of these five age cohorts born in the U.S.). Of significant interest to transit operators are the Baby Boomers and the Millennials (sometimes called Gen Ys). At 76 million and 80 million strong respectively, these two generations will reshape transit usage over the next two decades.



Millennials are leading the charge to try transit. In fact, when we asked recently in a nationwide survey which actions were taken in response to the increase in the price of gas, Millennials—by a far margin over other generations—said they started commuting in a bus. There are several reasons behind this trend.

First, compared to other generations, Millennials are not as car-centric as Boomers and the older generations. They simply do not value vehicle ownership as much as the older generations. Second, they are better able to manage their daily activities without a car. Why? Millennials "work to live" as opposed to Boomers who "live to work." Millennials, consequently, have more regularly scheduled 9 to 5 jobs or they make them that way. This makes them more suited to scheduled transit services and planned ridesharing arrangements. Lastly, Millennials tend to be more urban-centric, in both large cities and small towns, living closer to an existing transit system.

Given the fact that Millennials represent the largest generation in U.S. history and that only 40 percent of them are in the workforce (they are currently 9 to 28 years old), they represent a huge new wave of future transit riders. Transit systems need to embrace Millennials and maximize conversion of this promising generation.

Baby Boomers represent the other demographic-related trend that's creating a huge opportunity for transit operators in the coming years. By 2030, the 76 million Baby Boomers will double the number of seniors in America (those aged 65+) from roughly 10 percent to 19 percent of the total population. As they age, they will not be able to avoid the loss of some of their faculties—hearing and vision impairment especially. Consequently, driving statistics will not be in their favor. In 2005, 11 percent of all fatal crashes involved drivers aged 65+. Safety analysts predict that by 2030, when all Baby Boomers are at least 65, they could be responsible for 25 percent of all fatal crashes. Traffic engineers will try to fend this off by making existing travel infrastructure safer using technologies like flashing stop signs and optical speed bars. Ultimately, however, policy makers will have to increase driver licensing requirements. This will eventually run counter to Boomers' expectations of their future lifestyles.



According to a 2008 Older Dominion Partnership study, 88 percent of Boomers said they plan to live at home during their traditional retirement age—seven in ten want to live at home even with a debilitating illness. However, 58 percent said it would be very difficult to stay in their current home if they were no longer able to drive. They already see the potential squeeze. They may be more receptive to exploring alternatives to single-occupancy vehicle travel now, before it is a necessity in the future. Transit systems need to tap this opportunity—get Baby Boomers on board now in order to serve them in the future.

When you put the Boomers' and Millennials' generational insights together, you end up with one overarching conclusion—the largest number of choice riders in the history of transit is headed our way.

Trend #4: The Mainstreaming of Sustainable Transportation

The fourth major trend shaping the future of transit is the mainstreaming of sustainable transportation systems as the most practical way to handle and manage growth. More and more elected officials and policy leaders are coming to the realization that we can no longer pave our way out of congestion. In order to accommodate expected population growth and related vehicle miles traveled, we must focus on better management and integration of the transportation infrastructure and options we already have. Fortunately, just as policy leaders are coming to this realization, so too are business leaders. Transportation Demand Management (TDM) initiatives and support services that encourage employees to use public transit, van/carpool, bicycle, walk or use other alternatives to driving alone to work are now being viewed as best business practices for employee

recruitment and retention programs, as well as sustainability initiatives that lower corporate green house gas footprints.

We call this heightened awareness of sustainable transportation and the benefits of TDM/transit the **New Deal** in honor of President Roosevelt’s program responding to the stock market crash of 1929. During the Great Depression, the New Deal focused the nation on public works and poured millions of dollars into the economy to get people back to work.

Among the public works initiatives of 2010 is transit. Millions of dollars have recently been pledged to transit. But, almost as important as money is the heightened public conversation that advances transit as a mainstream mobility solution. Yesterday, the conversation on America’s future mobility needs centered exclusively on building more roads. Today, the conversation includes a greater need for investment in a more sustainable system—one that moves people, not just cars, in the most efficient manner possible. The promise and potential of transit has now moved to center stage.

New Customer-Focused Face of Transit

These four shifts—new emerging rider-friendly technology, the new frugality mindset, new generational dynamics, and the new deal are the beginning of just what may be the dawning of a new era for transit. Community transit operators and organizations, and associations representing the industry must now capitalize on this opportunity. This will require everyone in the industry not to be locked into the old or traditional ways of doing things. Everyone must embrace new ways of operating and marketing their systems and advancing the overall industry to present the new, customer-focused face of transit.



About the Author

John W. Martin is President and CEO of the Southeastern Institute of Research (www.sirresearch.com), a 45-year-old marketing research firm headquartered in Richmond, Virginia. SIR has conducted over 13,000 studies for Fortune 1000 companies, governmental agencies and non-profit organizations. Through in-depth interviews, focus groups, ethnography and survey research, SIR helps organizations identify their unique selling propositions, formulate communication strategies, explore new products and services, and measure the overall effectiveness of marketing programs.

In addition to heading up SIR, John is the co-founder and CEO of The Boomer Project (www.boomerproject.com), a national research-based marketing “think tank” that tracks generational trends and provides strategic consultation on how to effectively communicate with each generation – Gen Ys, Gen X, Baby Boomers and Silent Generation. Boomer Project insights have been featured in the *Los Angeles Times*, *Washington Post*, *Chicago Tribune*, *Toronto Star*, *BusinessWeek*, *Barron’s*, *NBC Nightly News*, *CBS News*, *MSNBC* and *NPR’s Morning Edition*. John co-authored the award-winning business book, *Boomer Consumer*, published in 2007 and subsequently named a Top 10 Business Book by Corbis, a Bill Gates Company.

A program of the Federal Transit Administration administered by the Neponset Valley Transportation Management Association

