

Converting Cash Riders to TAP

Fare Payment Method Survey

February 2023



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Research Process

1. Insight Grounding		2. Understanding Cash & TAP Riders		3. Fare-Capping Message Testing	
Secondary Research	Hypothesis Workshop	In-Depth Interviews (IDI)	Fare Payment Method Survey	Focus Groups	A/B Test Survey
Mine existing data & research on cash customers to inform initial hypotheses	Codify all the things we want to learn/prove in the research	Learn what we don't know we don't know about cash & TAP riders. Help inform survey design	Quantify size of barriers & segments of cash users	Gauge cash & TAP user reactions to fare-capping and potential early-draft fare-capping messages	Test effectiveness of refined fare-capping messages



In Progress

The survey is focus of this report, however, data points from other phases are incorporated.

Fare Payment Survey Methodology

Survey Fielding Dates: Nov 7, 2022 – Jan 3, 2023

Sample Definition

- Monthly Metro Bus Riders
- 18+ years
- LA County residents
- Demos weighted to match 2022 CX Survey

1,896 total completes via multiple channels:

- Metro.net riding pages pop-up: 1,596
- Spanish-dominant vendor mall intercepts: 186
- At bus stops: 167

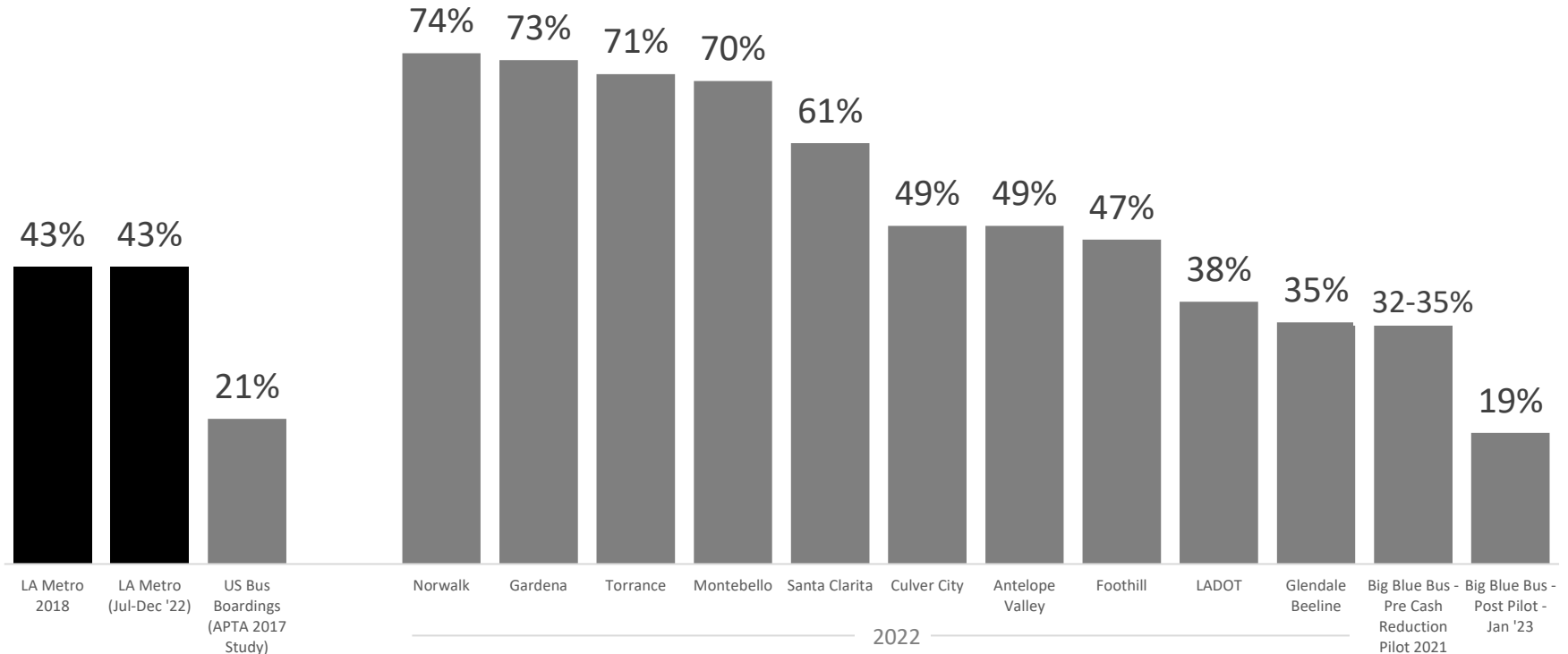
	CX 2022 Survey	2022 Fare Payment Survey (Weighted)
Hispanic/Latino	63%	63%
Black/African American	16%	16%
White	11%	11%
Asian/Pacific Island	6%	6%
Native American	2%	2%
Other	3%	3%
Speak English Very Well or Well	73%	73%
Speak English Not well or Not at all	27%	27%
Under \$15,000	43%	43%
\$15,000-\$24,999	25%	25%
\$25,000-\$49,999	21%	21%
\$50,000-\$99,999	8%	8%
\$100,000+	3%	3%
Smartphone	79%	79%
No smartphone	21%	21%
Female	49%	49%
Male	49%	49%
Non-Binary or Other	2%	2%
18-24	19%	19%
25-44	38%	38%
45-64	33%	33%
65+	10%	10%
Car - regular access	22%	22%
No regular car access	78%	78%
Central Los Angeles*	40%	40%
West Side Cities	6%	6%
South Bay	4%	4%
Gateway Cities	16%	16%
San Gabriel Valley	16%	16%
San Fernando, Santa Clarita, and Antelope Valleys	18%	18%

Prevalence of Cash Usage on Metro

43% of LA Metro's bus boardings are paid with cash, which is substantially higher than the national average.

Other LA County transit agencies have a high percentage of cash bus boardings.

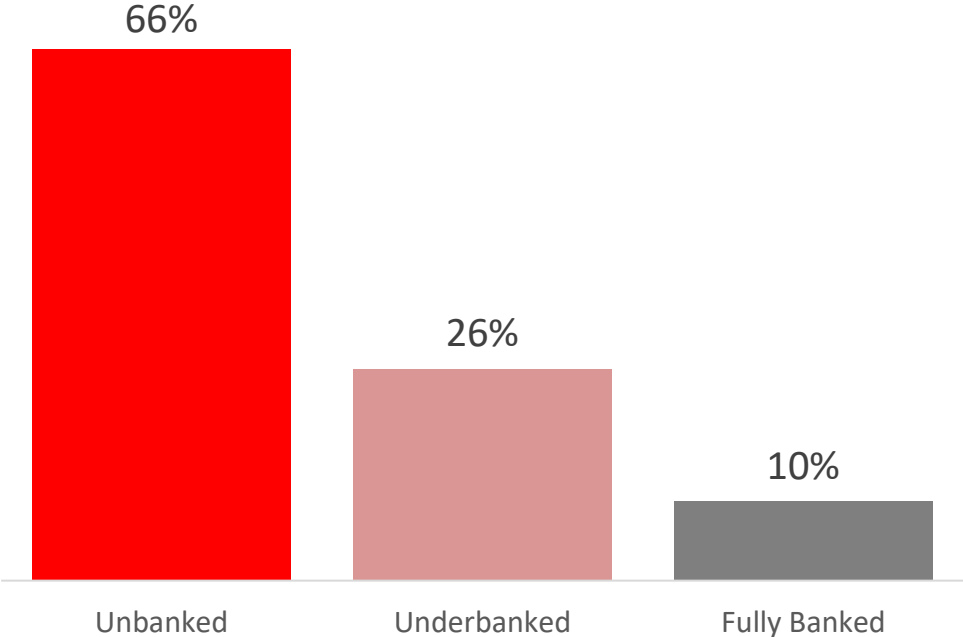
% of Bus Boardings Paid in Cash



Who Uses Cash

Nationally, being unbanked is a big driver of cash usage

% of Americans Who Use Cash to Pay Bills in a Typical Month



Unbanked:
Household does not have a checking or savings account

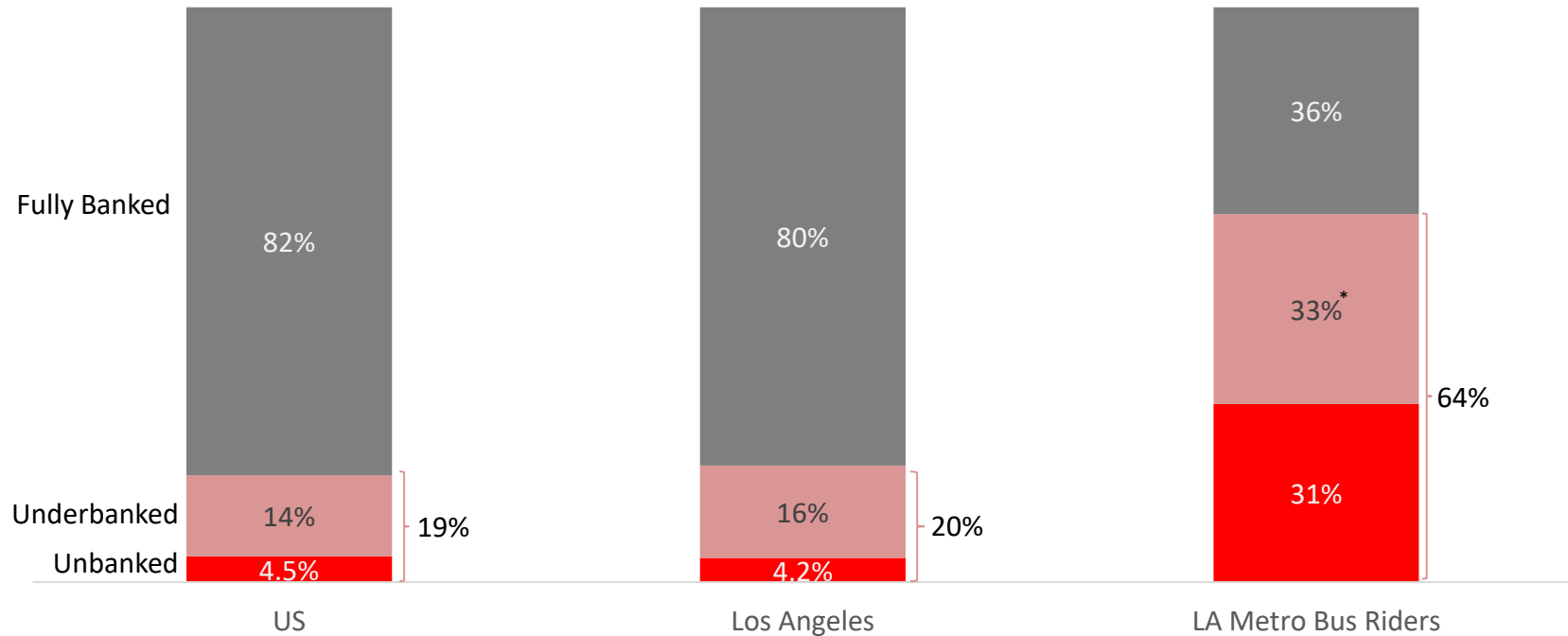
Underbanked:
Household has a checking/savings account and used an Alternative Financial Services (AFS) in past 12 months

Fully Banked:
Household has a checking/savings account and has NOT used an AFS in past 12 months

Alternative Financial Services (AFS):
Money order, check-cashing, international remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, and auto-title loans



LA Metro bus riders are significantly more likely to be unbanked or underbanked

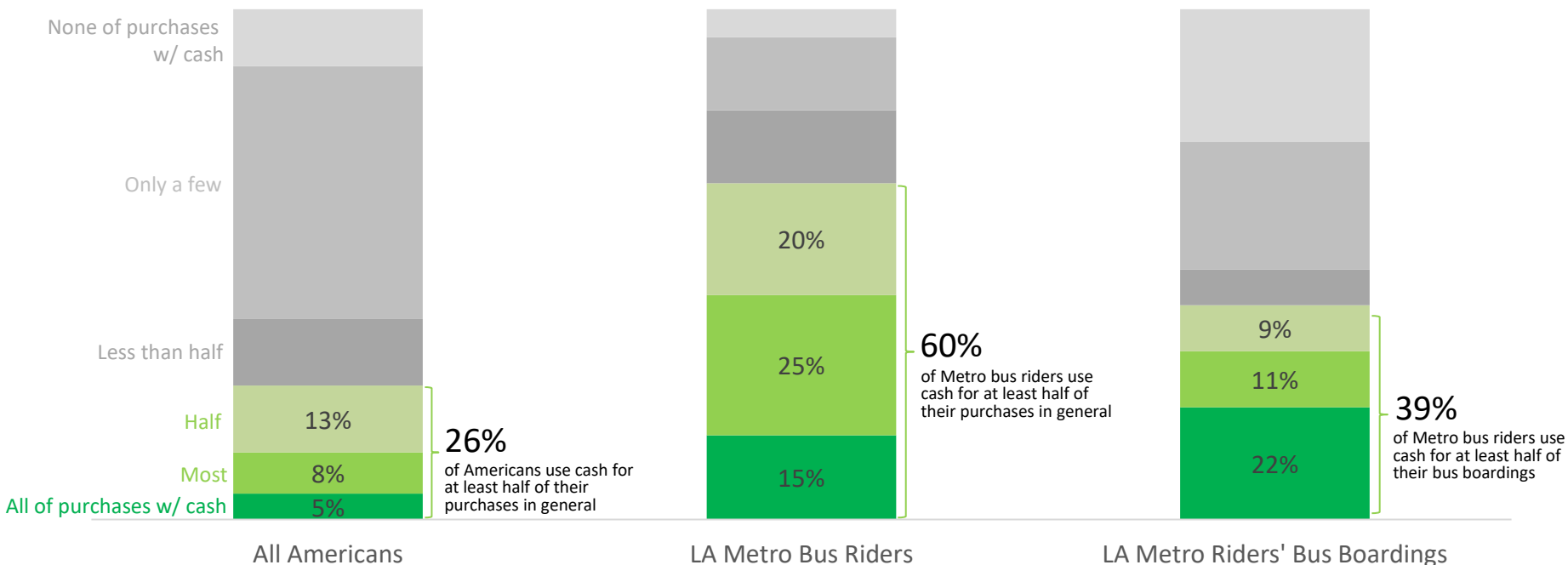


SOURCE OF US: FDIC (2021). FDIC national survey of unbanked and underbanked households. <https://www.fdic.gov/analysis/household-survey/2021report.pdf>
 SOURCE OF LA: FDIC (2021). FDIC national survey of unbanked and underbanked households. <https://www.fdic.gov/analysis/household-survey/2021appendix.pdf>

*The official definition of Underbanked includes usage of one of nine AFS. To minimize questionnaire length, our survey included only three AFS, so the actual incidence of underbanked may be greater.

LA Metro bus riders are more likely than the US population to use cash for at least half of their purchases

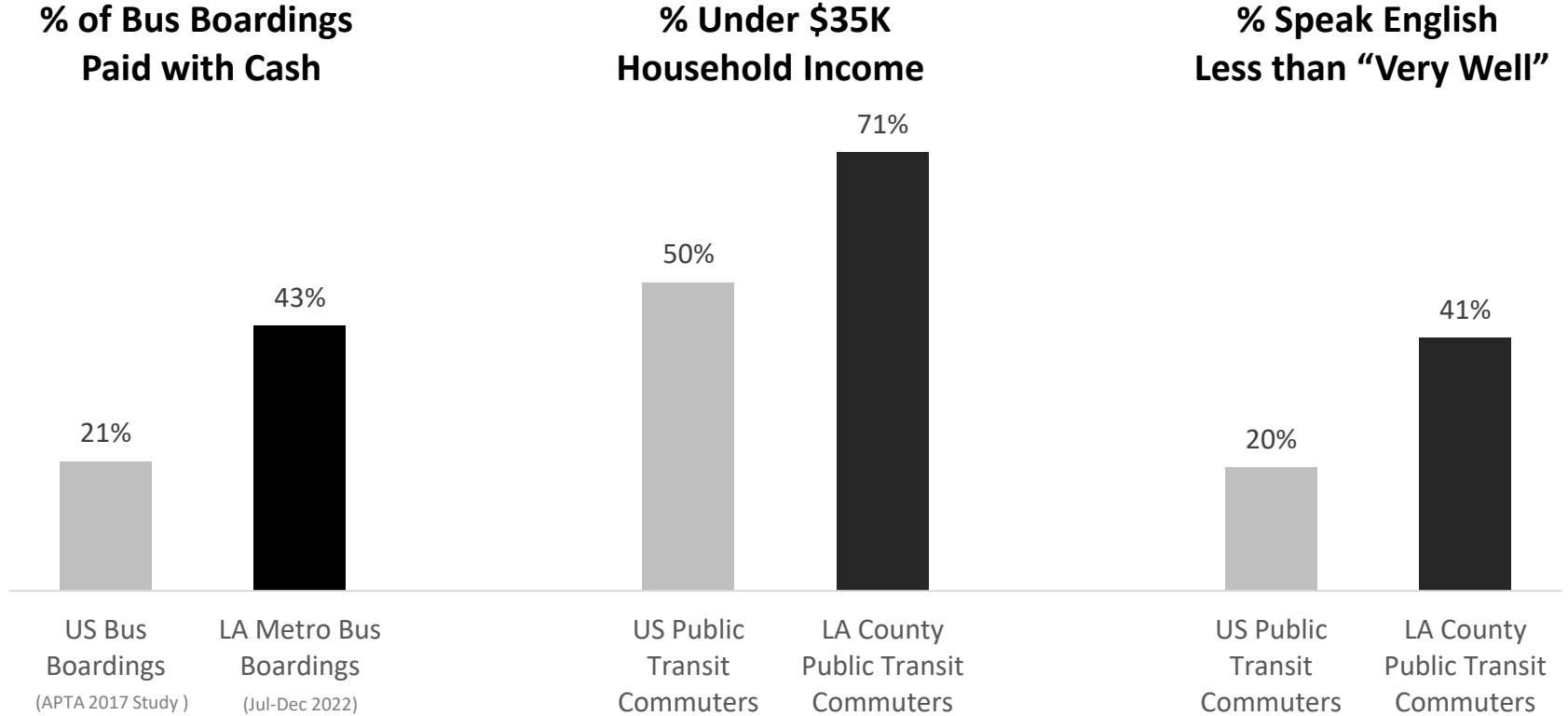
% Who Pay with Cash for Their Purchases



SOURCE FOR USA TOTAL: Jones, J. (2022). Americans using cash less often; foresee cashless society. Gallup. <https://news.gallup.com/poll/397718/americans-using-cash-less-often-foresee-cashless-society.aspx>
 LA METRO FARE PAYMENT SURVEY 2022-23: Now, please think about the purchases you make on a regular basis. About how many of your purchases do you make with cash? All / Most / Half / Less than half / Only a few / None
 LA METRO FARE PAYMENT SURVEY 2022-23: When boarding Metro bus, about how many of your bus rides do you pay with cash? All / Most / Half / Less than half / Only a few / None



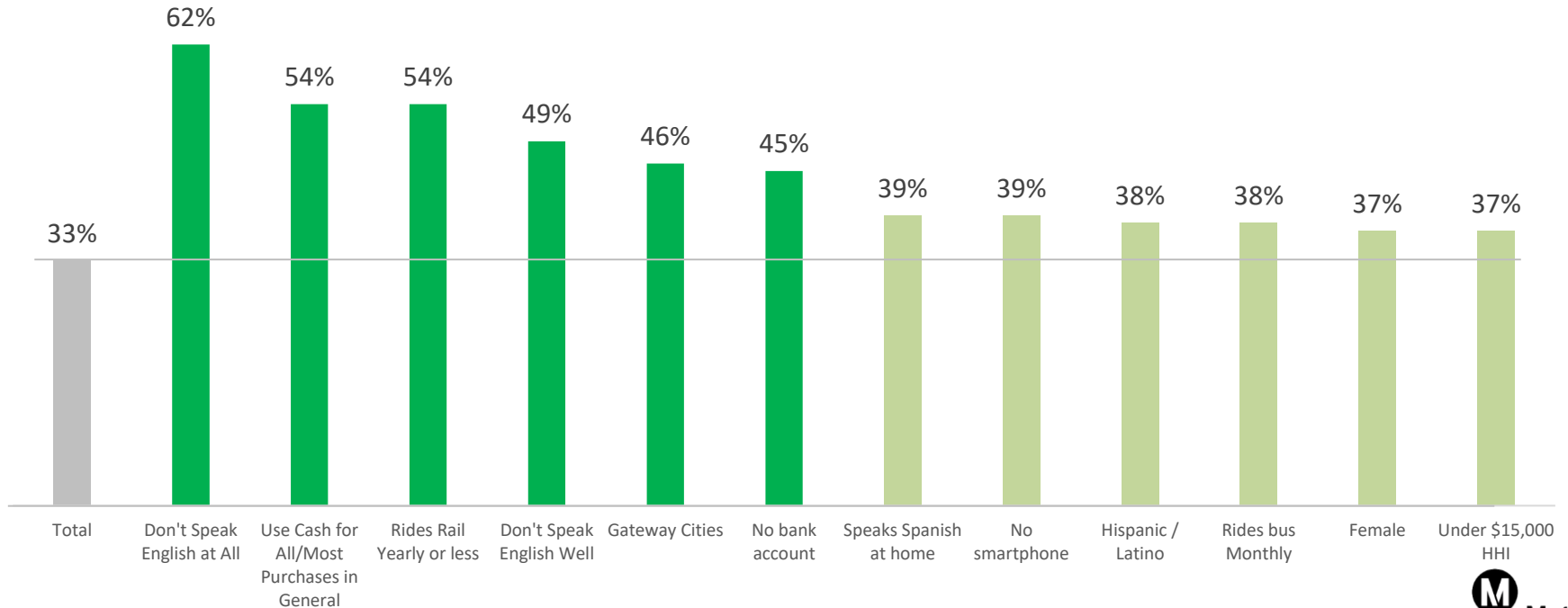
LA Metro's greater cash prevalence is likely due, in part, to Metro's substantially lower income and less English-proficient rider base



Cash is the most-used payment method for a third of Metro bus riders.

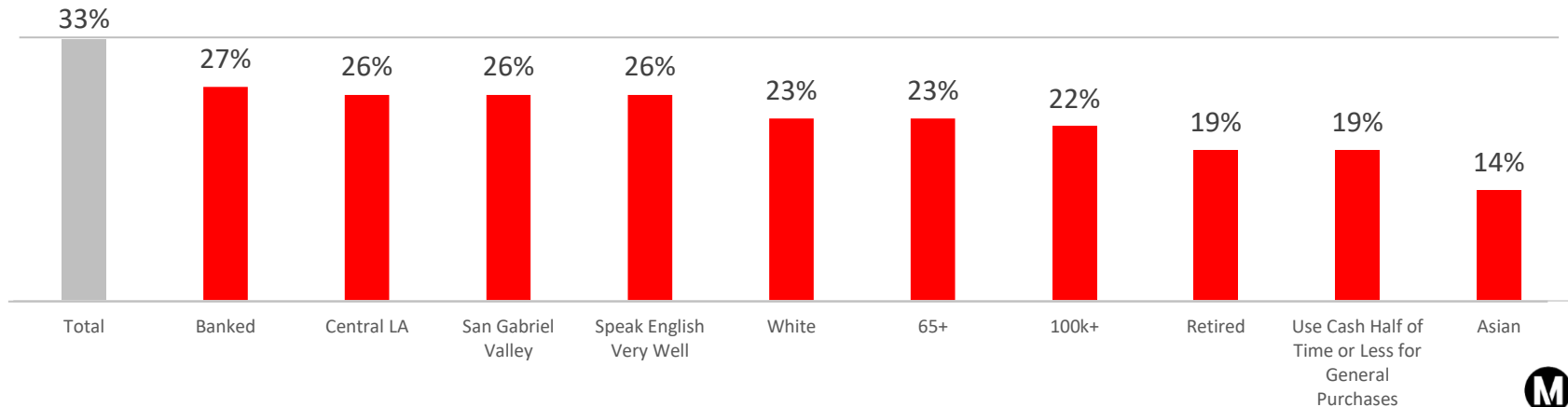
Non-English speakers, cash users in general, infrequent rail riders, Gateway Cities residents, and the unbanked are among those more likely to use cash.

% Who Pay w/ Cash Most Often on Metro Bus



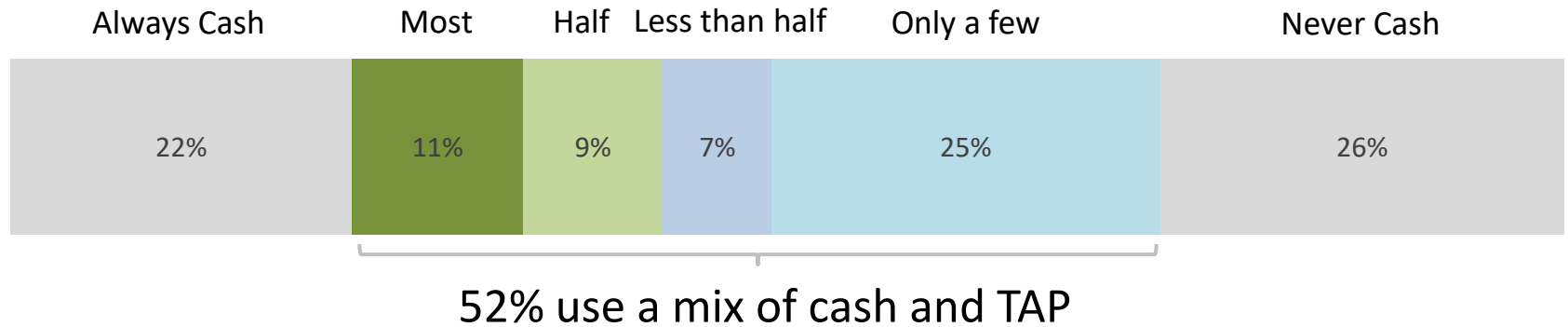
More affluent, older riders, and those who don't use cash in general are less likely to use cash on Metro bus

% Who Pay w/ Cash Most Often on Metro Bus



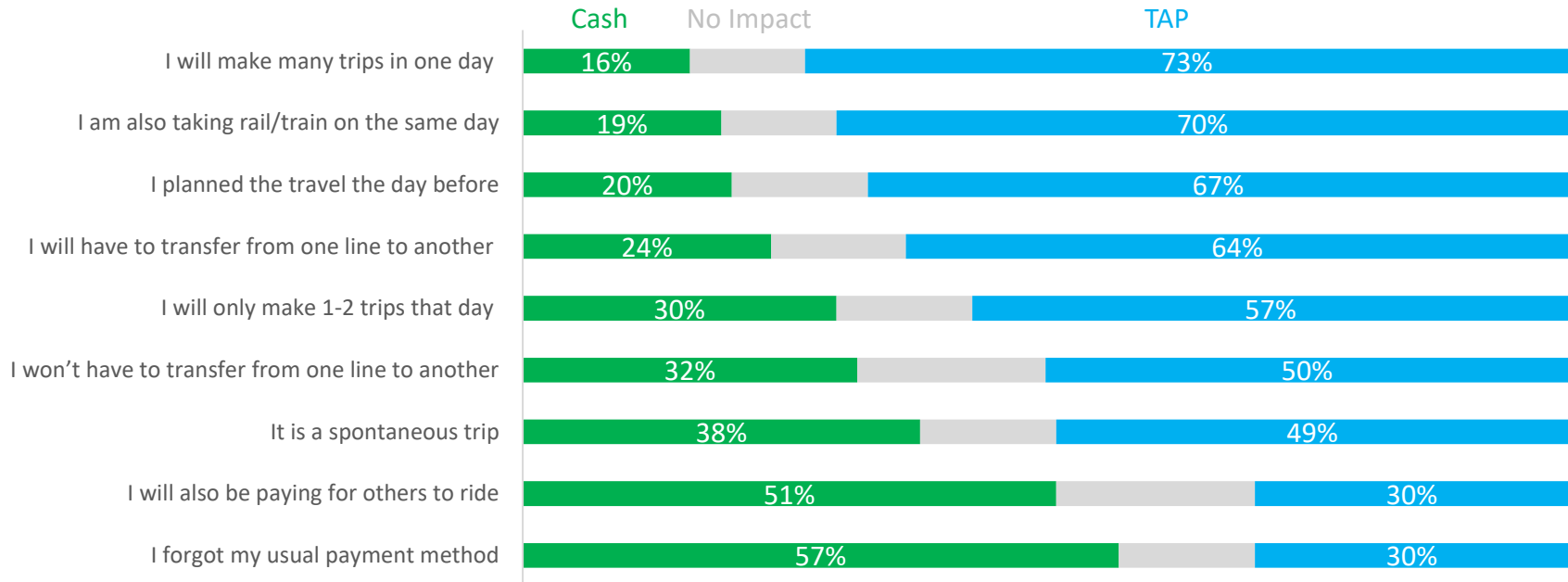
About half of bus riders use a mix of cash and TAP

% Who Pay with Cash When Boarding Metro Bus



TAP usage skews towards planned days of travel with many trips and transfers

Most Likely Fare Payment Method for Each Occasion



If I'm just gonna go on a quick ride, I'll just pay cash.

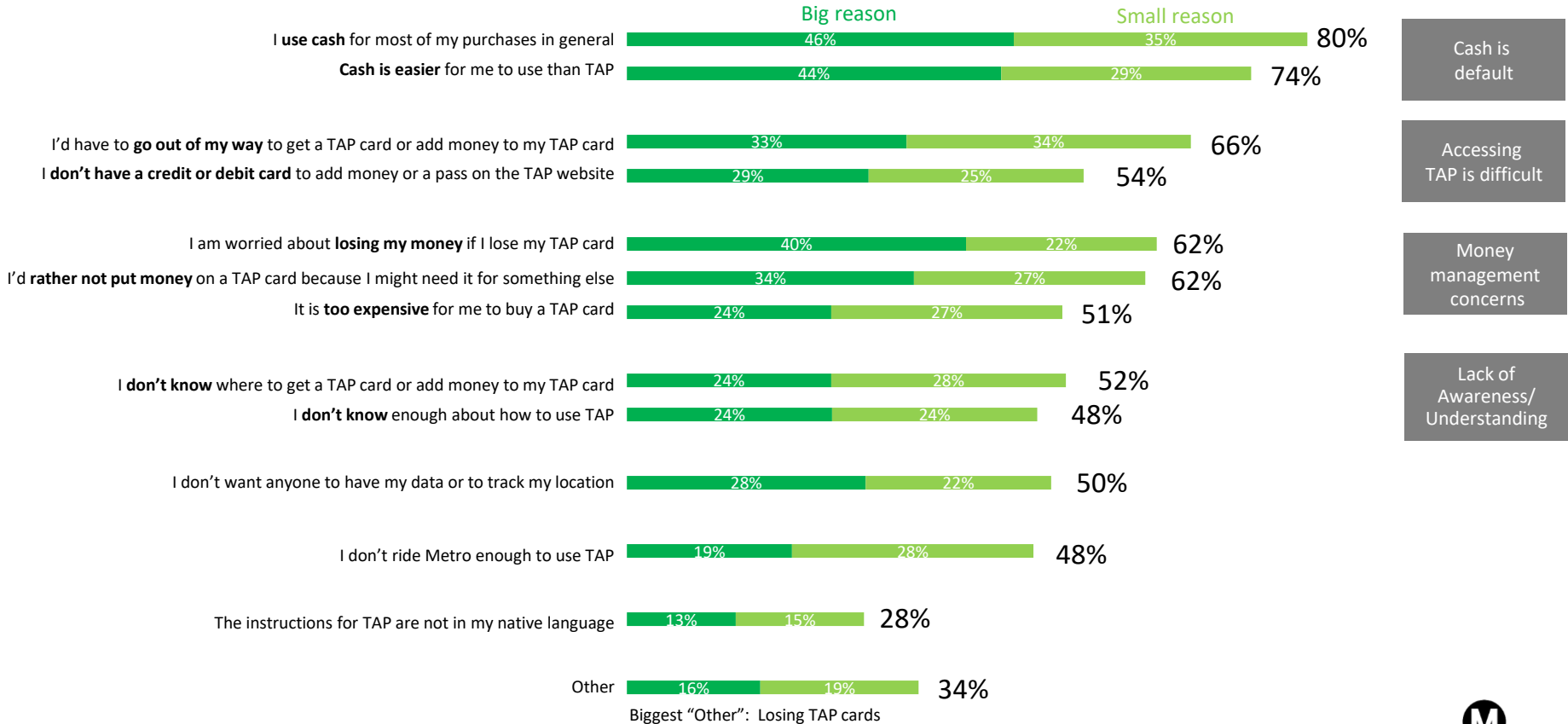
Lorena
Rider of Line 115
and A Line

If I'm gonna use it for the whole day. I'll load it up the night before so I could just have the day pass for the whole entire day.

Why Cash?

Cash is easier because they use it for most purchases in general

Barriers to TAP



Additional barriers to TAP

(from “other” in survey, in-depth interviews, and focus groups)

Money concerns

- Only have enough money to load one fare at a time
- Not spending all money on the card and leftover balance just sitting there
- Bus operators let cash riders on with only partial fare (so less incentive to use TAP)
- Often lose the TAP card (and money on it)

User Experience (UX) Issues

- 24-hour loading time for fares
- Perceptions that loaded money sometimes doesn't show up
- Perceptions that TAP machines are often out of order
 - TVMs sometimes aren't working
 - TAP reader on bus is often out of order
 - Phone payment reader on board difficult to get to work

Access

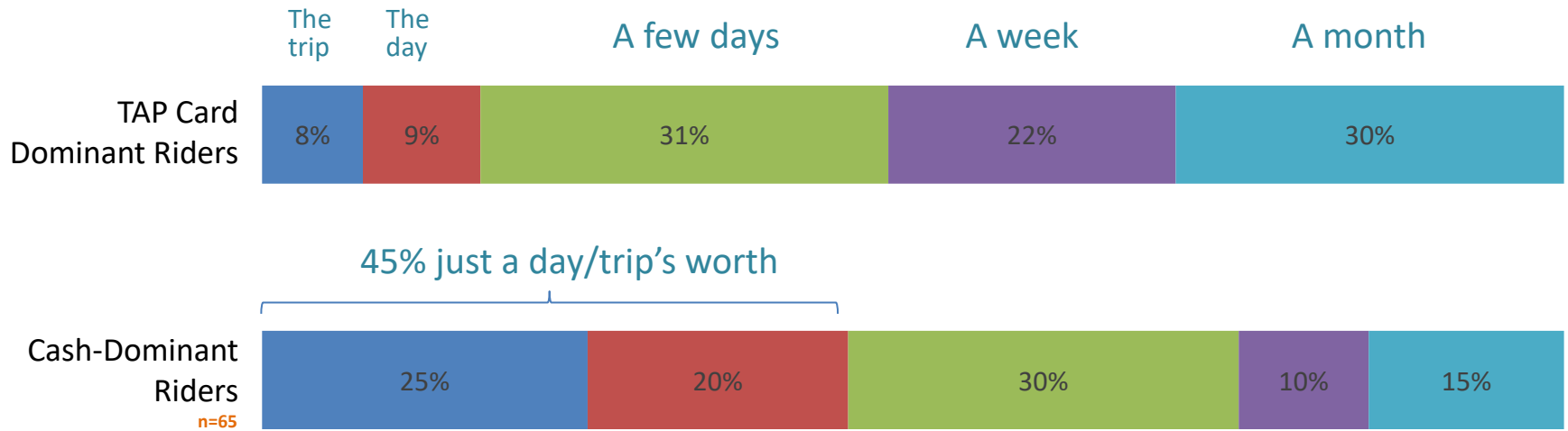
- Long lines / unhelpful staff at TAP vendors
- Safety concerns of loading money to TAP in rail stations

The machines are always broken. Bus drivers have make-shift out-of-order signs. I hope Metro doesn't disappear.

Camille, Rider of 232 & 205

Cash-dominant TAP users tend to only load enough for the trip, the day, or a few days

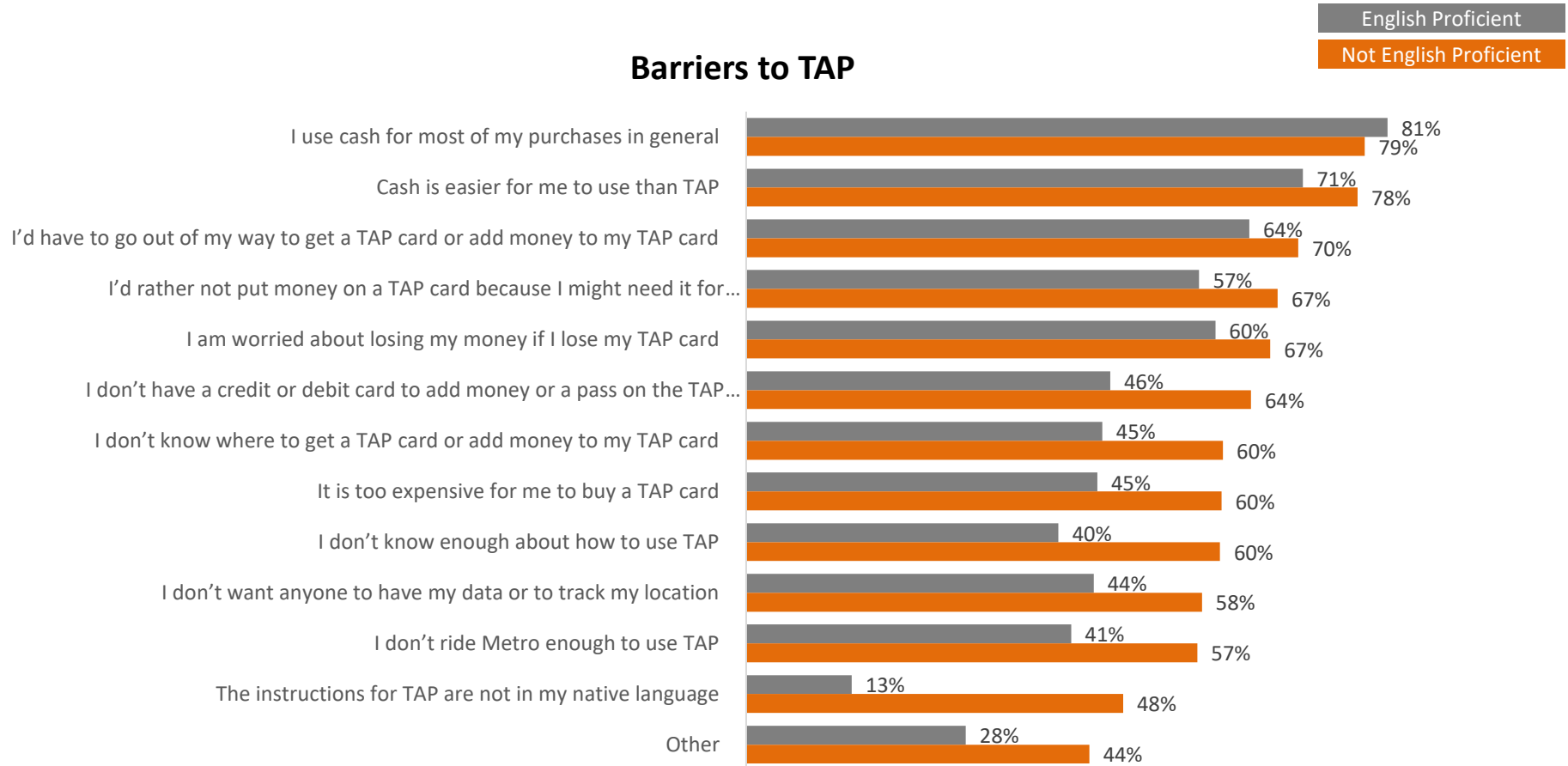
How much load on TAP card...Enough for...



Driven by a need to keep money available for other potential needs

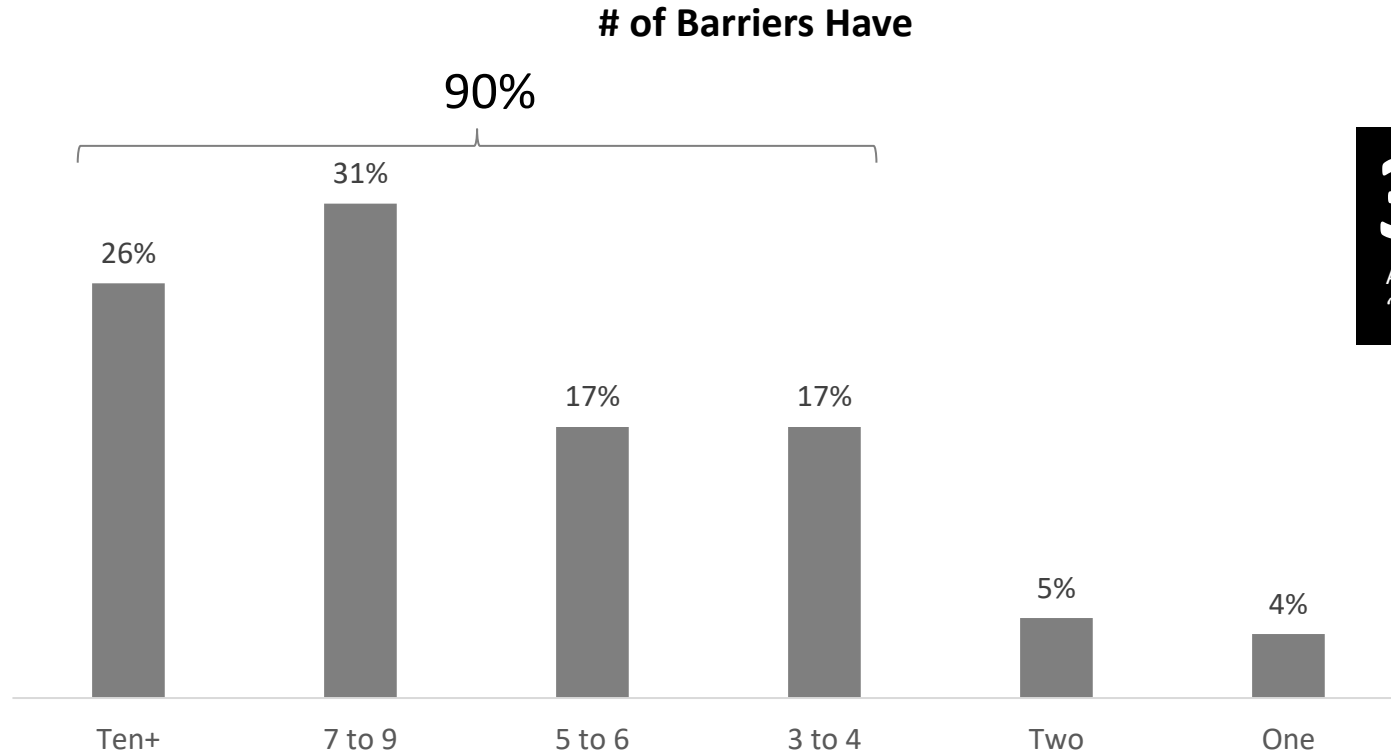
Implication:
Riders who load just enough fare for a trip or a day may benefit from fare capping, however, it will require them to load fare daily onto their TAP card.

Riders with low English proficiency have more barriers to TAP



Overcoming barriers isn't as simple as doing one thing

Nearly all cash-dominant riders have at least three barriers to TAP

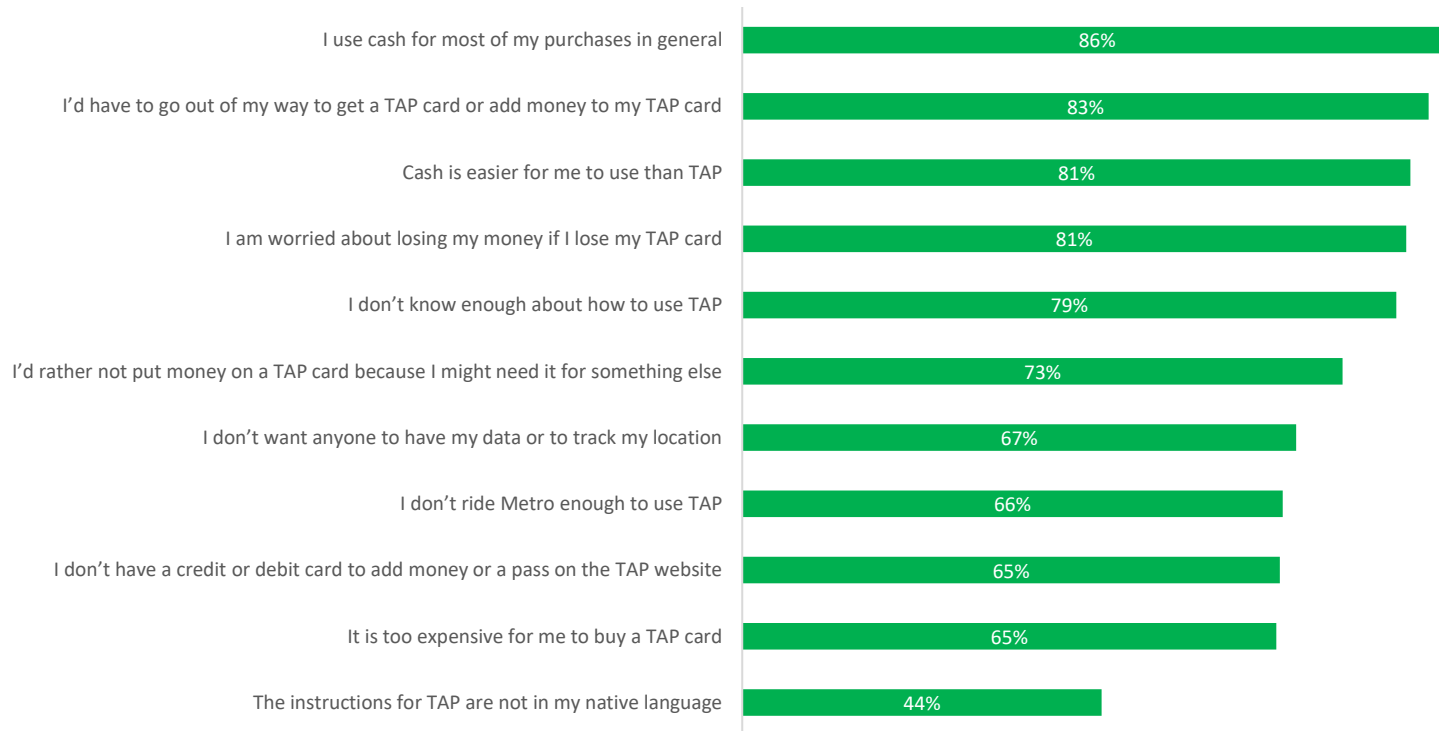


3.6
Avg. # of
"Big" Barriers

Solving awareness of where to get TAP won't be a cure-all. Those with awareness barriers cite other barriers as well.

% Who Have Barriers

(Among Those Who Cite Not Knowing Where to Buy TAP as Big Barrier)



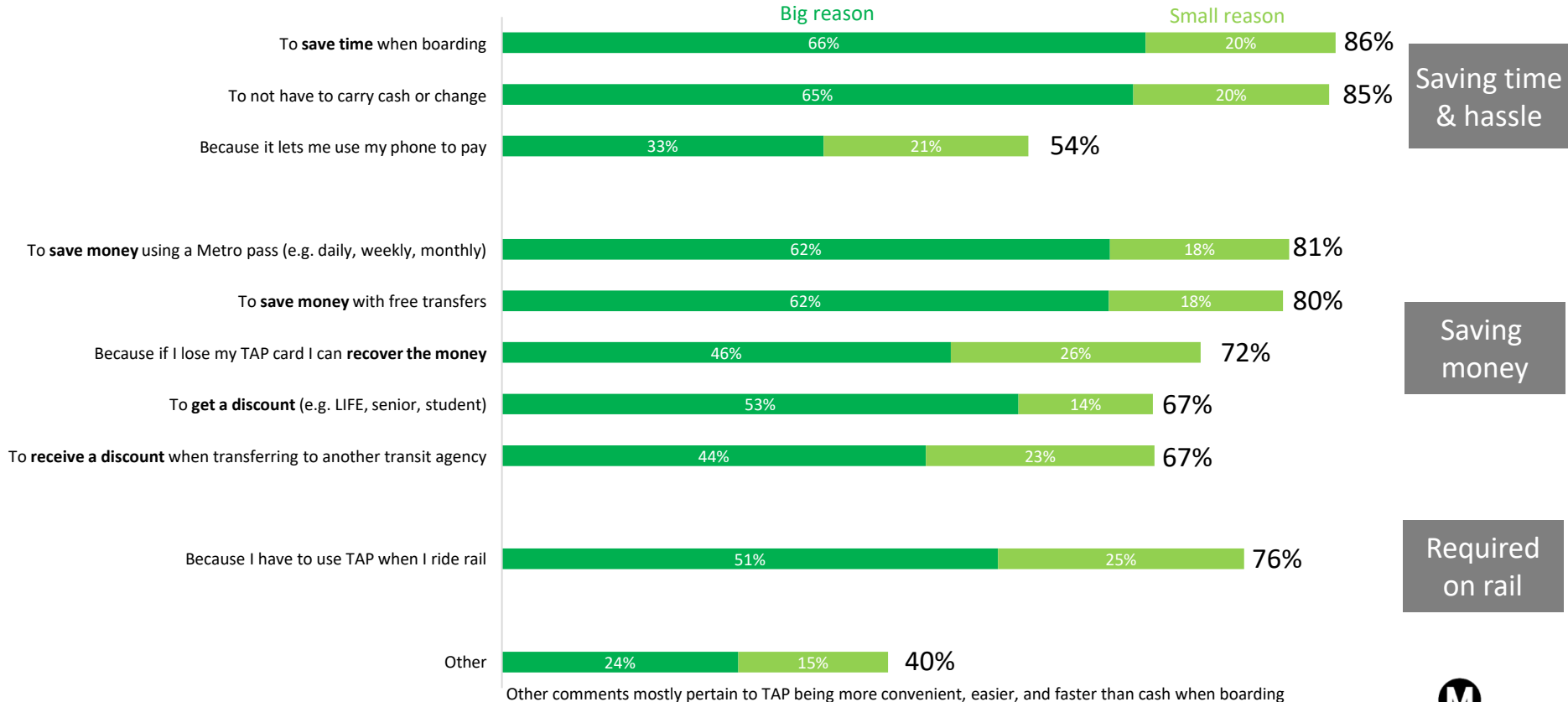
THEORY:

They are not aware of TAP channels because they don't need to be aware. Cash is preferred and has no barriers.

Why TAP?

Motivations for using TAP include saving time & hassle when boarding, saving money, and because it is required on rail

Motivations for Using TAP



Additional motivations to use TAP

(from “other” in survey, in-depth interviews, and focus groups)

Avoiding Cash

- Not having to fumble with cash (convenience)
- Not having to handle cash (germs)
- Safer than carrying cash (worries of being spotted using cash)

Have a Special Pass

- Employer provides them with TAP
- Have an ACCESS pass

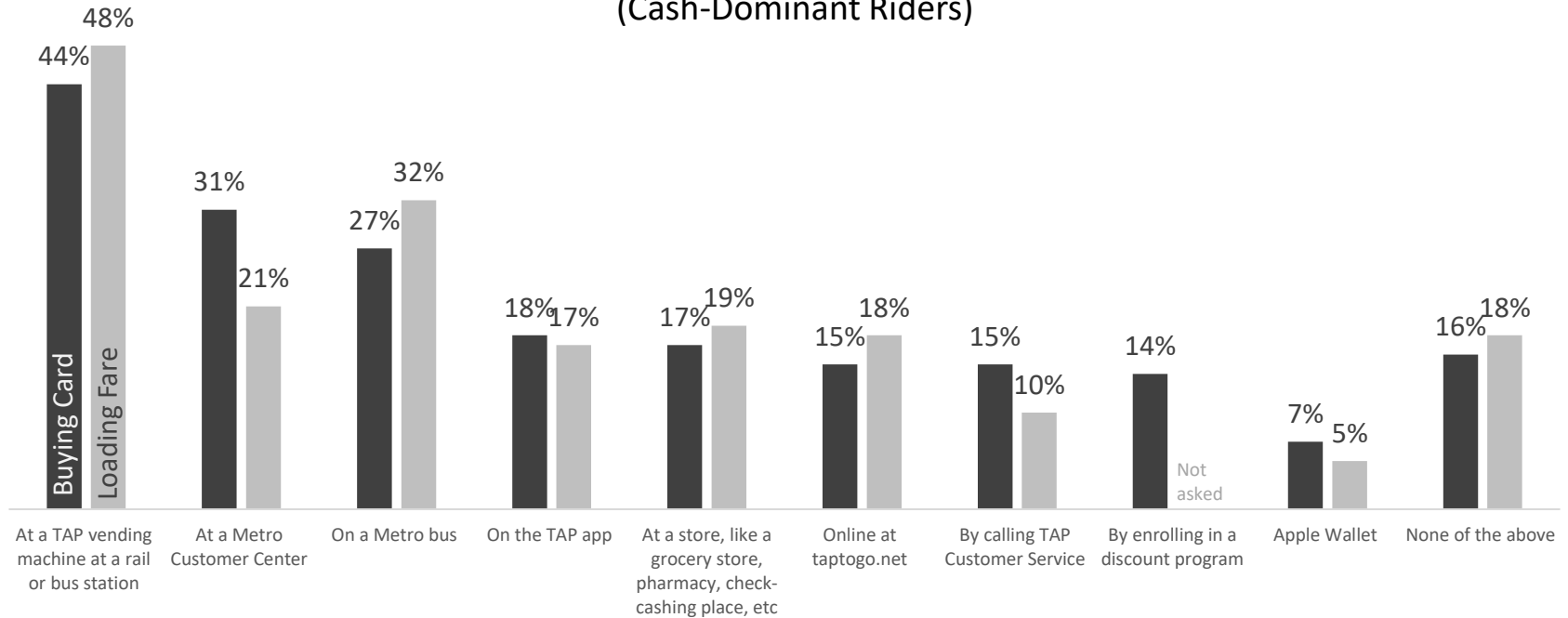
Sharing

- Sharing cards with family

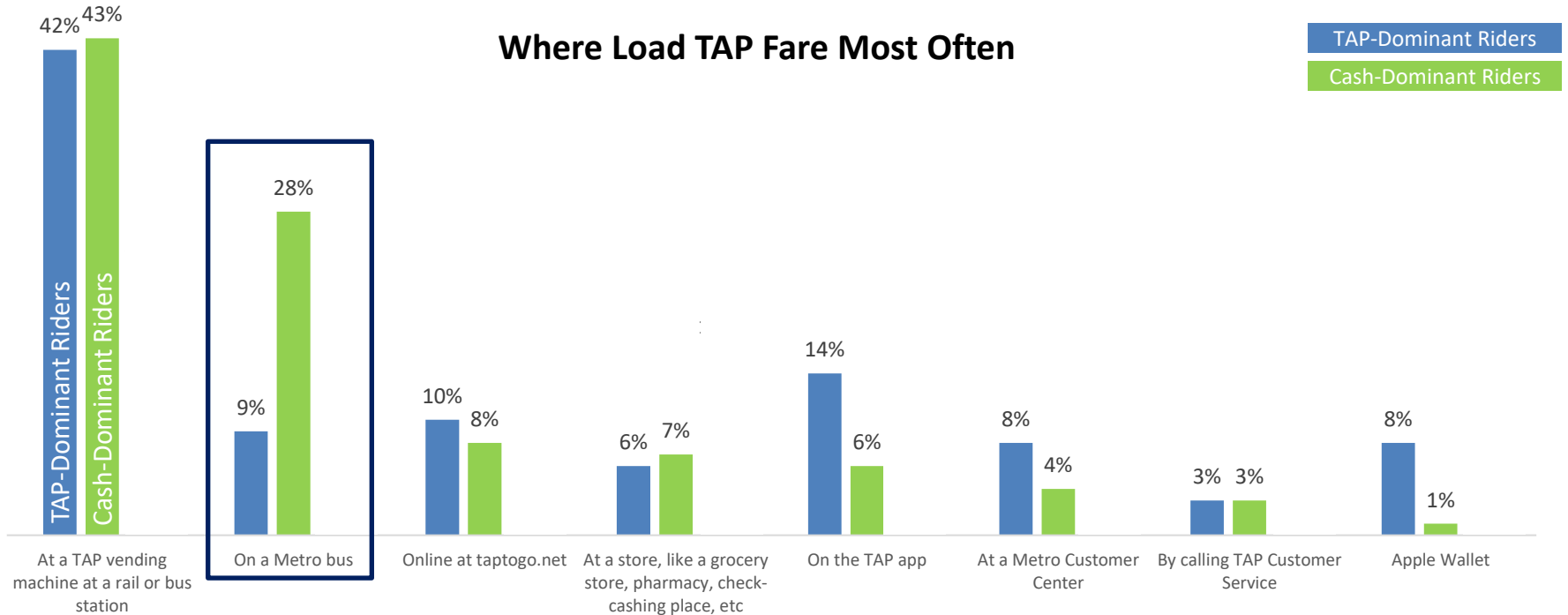
Awareness & Usage of TAP Channels

Among cash-dominant riders, there is room to improve awareness of TAP channels

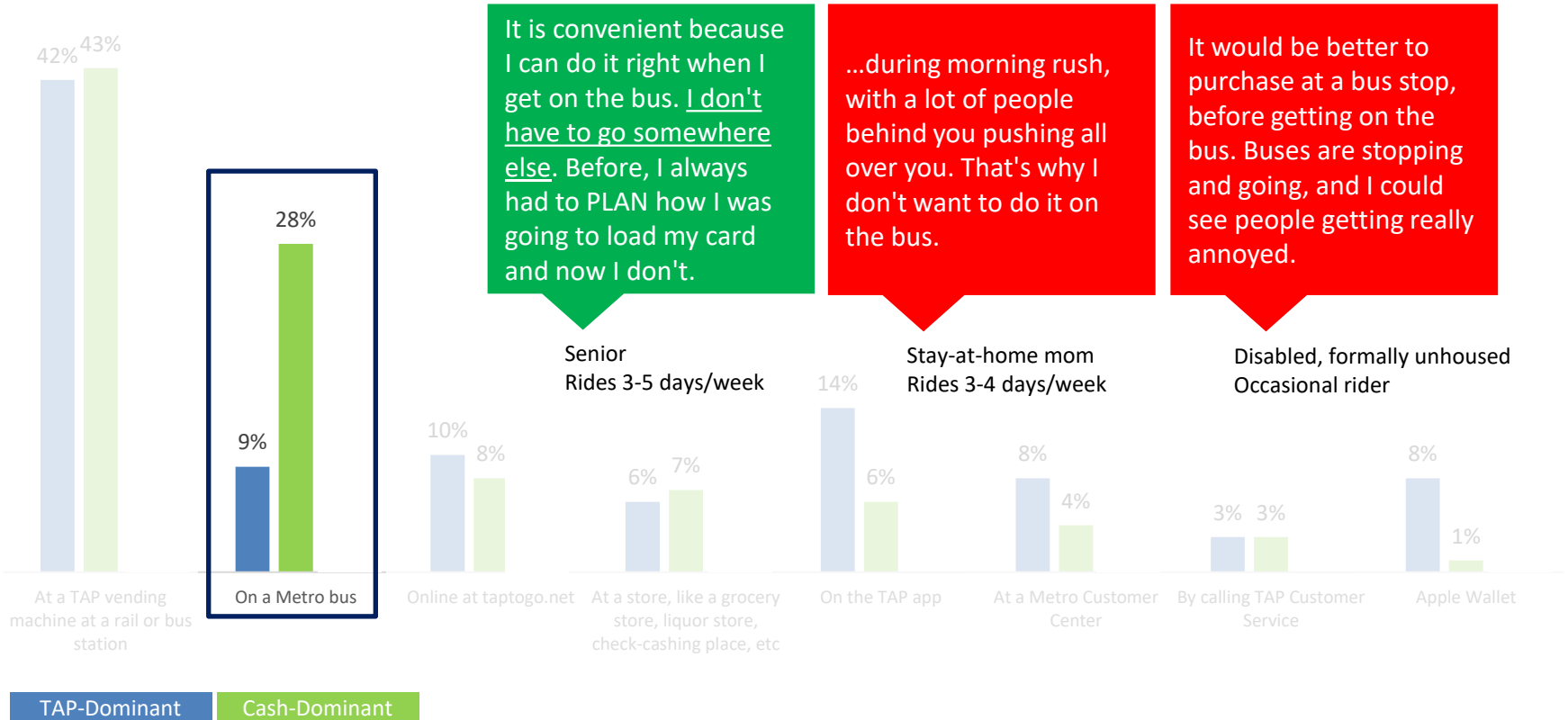
**% Aware of TAP Channels
(Cash-Dominant Riders)**



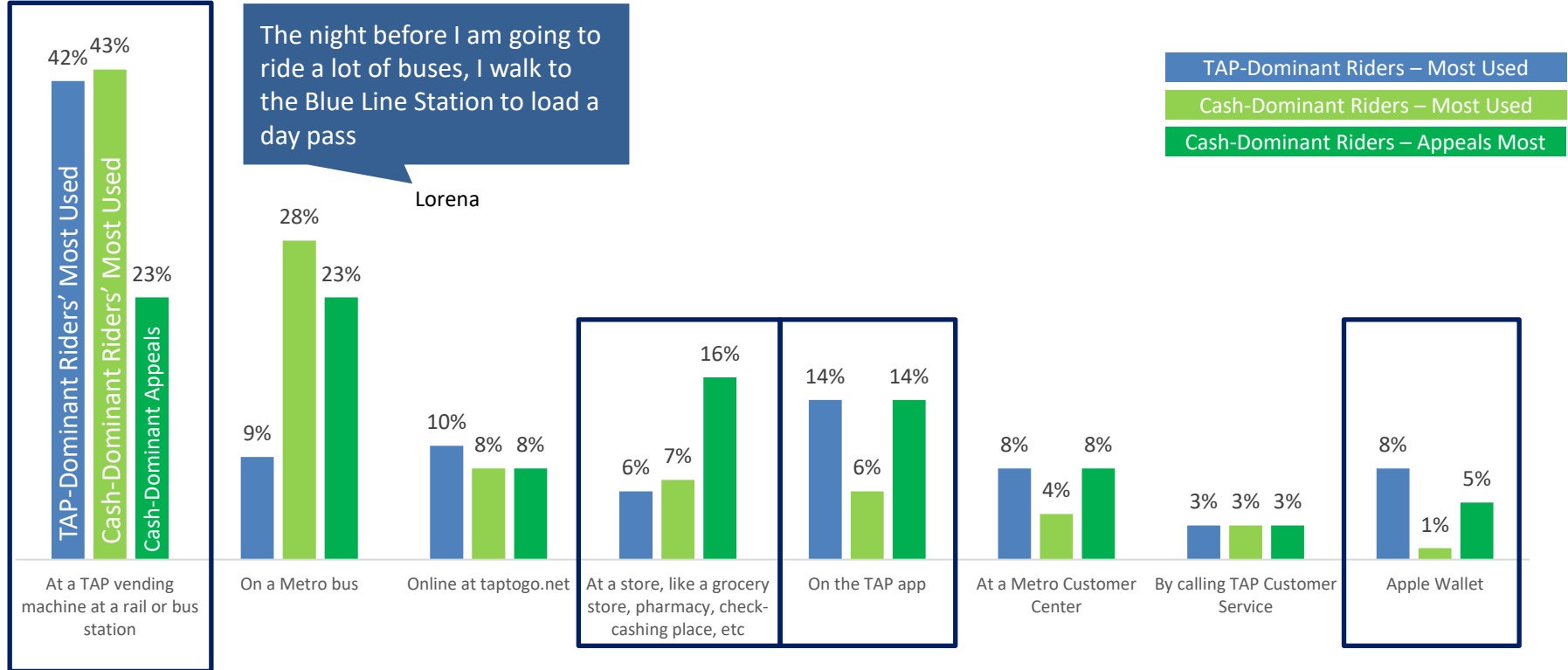
When using TAP, cash-dominant riders are more likely than TAP-dominant riders to load TAP fare on a bus



Loading TAP fare on bus has its pros and cons



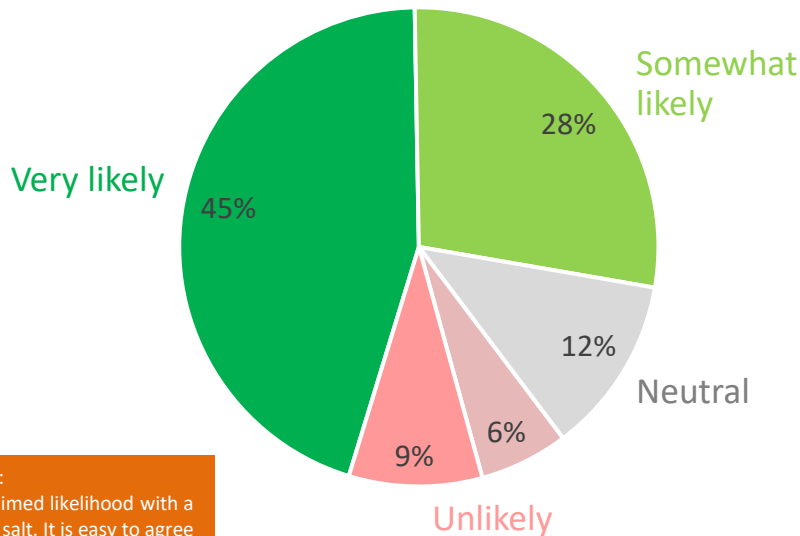
Many cash riders who currently load fare at a rail station would prefer other channels. There is an opportunity to increase loading at vendors and on mobile.



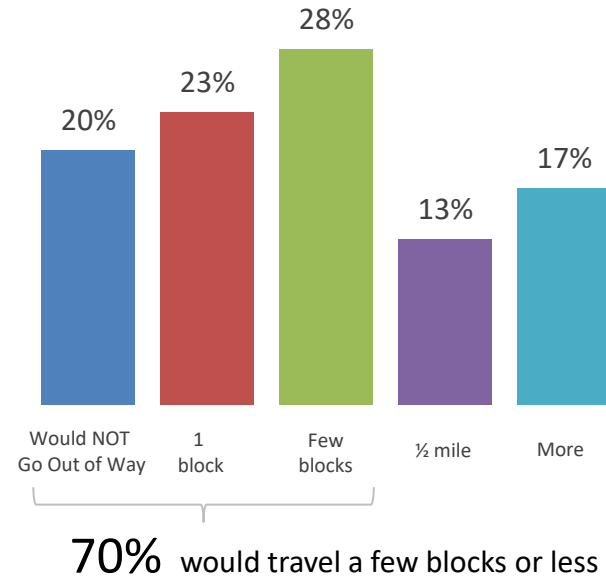
Many cash-dominant riders claim they would load TAP fare at their regular grocery/pharmacy if they could.

However, few would go out of their way to load TAP.

% Likely to Load TAP at Vendor If Available at Their Regular Grocery, Convenience Store, or Pharmacy



Distance Willing to Walk/Bike/Roll to Load Money on a TAP Card



Caution: Take claimed likelihood with a grain of salt. It is easy to agree without fully considering all realities.

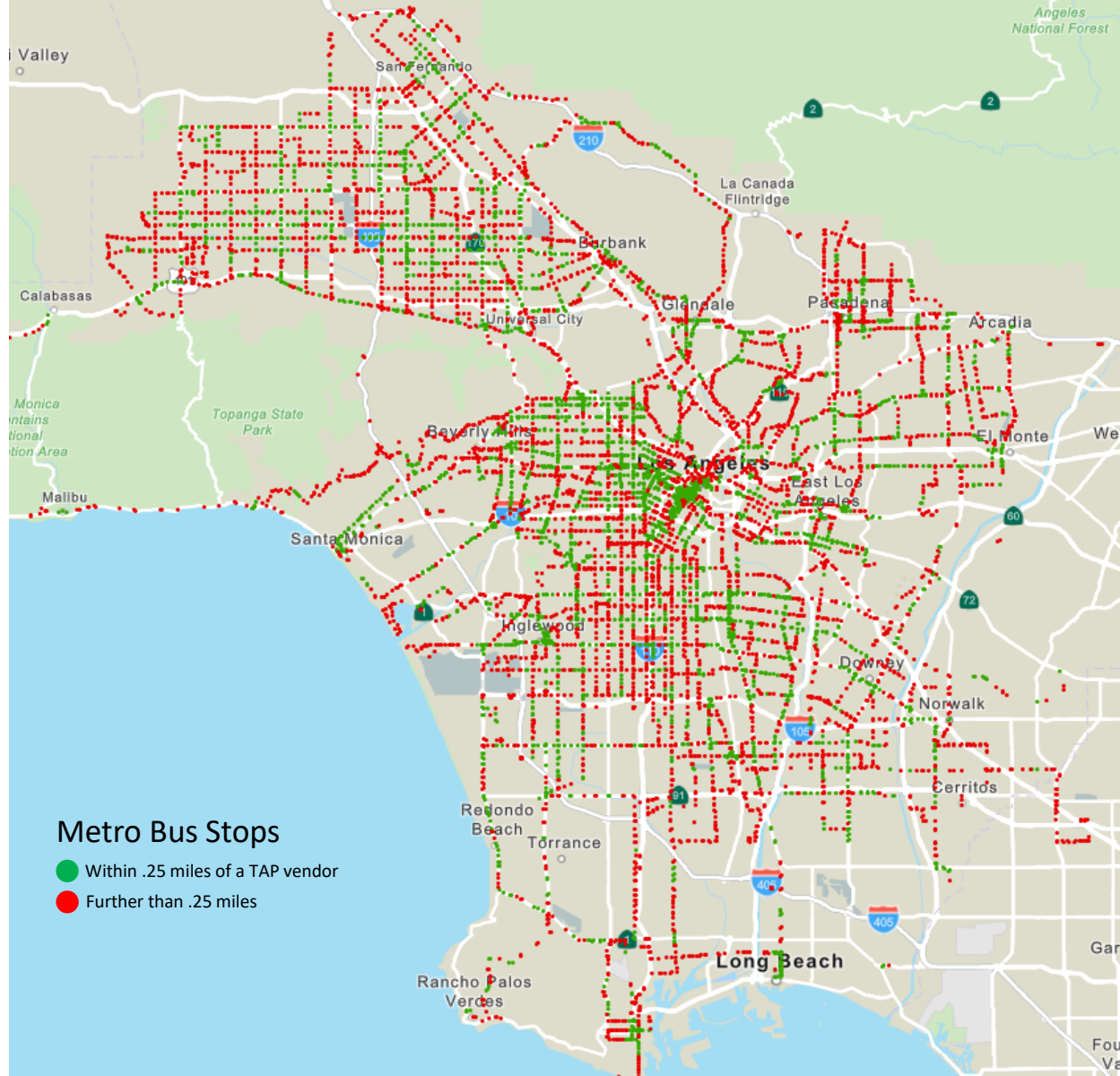


There is opportunity to increase TAP vendor presence.

Only 40% of bus stops are within .25 miles of a TAP vendor.

I've looked for TAP vendors online before, but here was never anything *right here*.

Amy,
Rider of 217 and 14



There is some evidence that loading fare at TAP vendors is complicated

In stores, there is a lot of other stuff going that people behind counters have to deal with. It gets **complicated**.

Larry

There isn't a machine out in public, you have to ask the librarian and it is **complicated** for them and they make it **complicated** for you.

Amy

It is probably more **complicated** than doing it other ways but I prefer to do it in person.

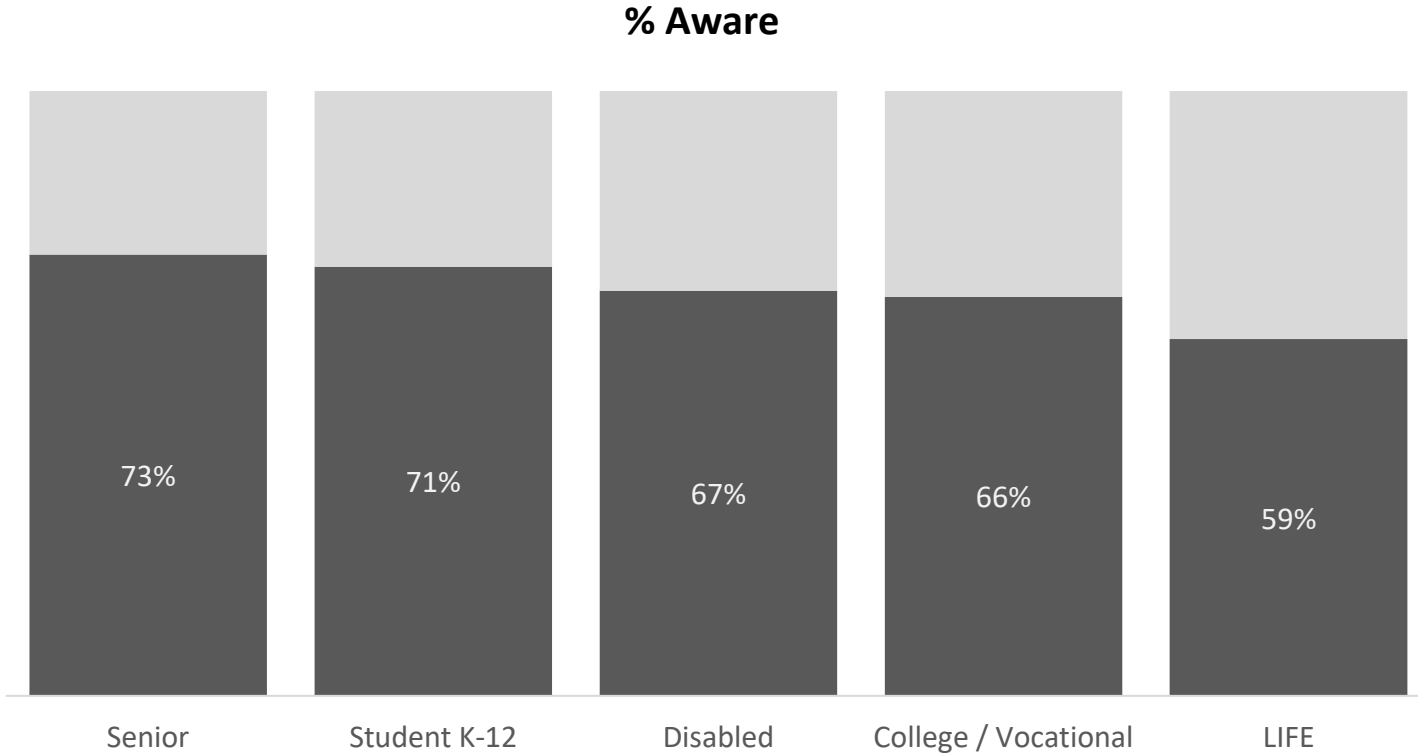
Camile

TAP Fare Loading Channel Recap

Channel	Possible Motivations	Barriers
TVMs at Rail/Bus Stations	<ul style="list-style-type: none"> • Great for regular rail riders • Allows cash 	<ul style="list-style-type: none"> • May not ride rail often • Station not close by • Fear of going down into unsafe stations
On Metro Bus	<ul style="list-style-type: none"> • Don't have to go anywhere else • Allows cash 	<ul style="list-style-type: none"> • More steps than just paying with cash • Slows boarding • Operators sometimes unexcited to help
Taptogo.net	<ul style="list-style-type: none"> • Can add fare from home 	<ul style="list-style-type: none"> • Requires credit/debit card • 2 week wait for delivery of a TAP card • Fare not automatically loaded to card
Vendors	<ul style="list-style-type: none"> • Can pair with other purchases • May be near home/bus stop • Allows cash 	<ul style="list-style-type: none"> • Not enough nearby • May not realize TAP is sold there • Complicated process
TAP app	<ul style="list-style-type: none"> • Can add fare from home and on-the-go 	<ul style="list-style-type: none"> • Requires credit/debit card
Apple Wallet	<ul style="list-style-type: none"> • Can add fare from home and on-the-go 	<ul style="list-style-type: none"> • Requires credit/debit card • May have Android
Customer Center	<ul style="list-style-type: none"> • Can get help from a person • Allows cash 	<ul style="list-style-type: none"> • Few and far between
Calling Customer Service	<ul style="list-style-type: none"> • Can get help from a person 	<ul style="list-style-type: none"> • Not ideal channel for nearly all riders

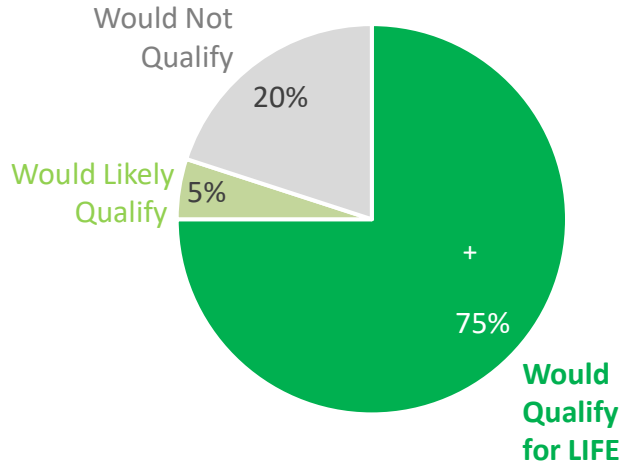
Discounts & Incentives to Use TAP

Most riders are aware of Metro's discount programs

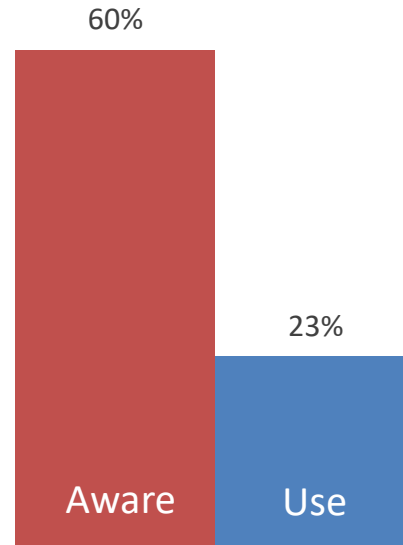


LIFE could be a big cash-to-TAP conversion tool—opportunity to increase program awareness and usage among those aware

% of Metro Riders Who Would Qualify for LIFE



% Aware/Use LIFE



Among Under \$35K Household Income

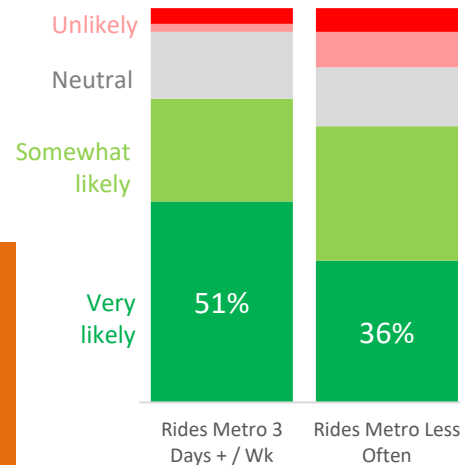
Wow. 20 free rides. That would be enough to get me to switch to TAP.

Semona
Rider of Lines 21 & 23

In a quick survey evaluation, many cash-dominant riders claim to be likely to use TAP after fare-capping.

% of Cash-Dominant Riders Who Claim They Would Use TAP for Most Rides If Fare-Capping is Implemented

n=224*



Caution: Take claimed likelihood with a grain of salt. It is easy to agree without fully considering all realities.

However, during in-depth focus group discussions, very few riders felt fare-capping would motivate them to use TAP more.

You have to ride too many times to get a discount. They're trying give you a deal and they make it hard on you.

What am I supposed to do, go out on my lunch break and ride? This is not a good carrot and hook.

They need to sweeten the deal somehow.

My day is going and coming. I don't have anywhere else to go.

I don't use Metro constantly so wouldn't work for me

This whole program will be full of technicalities.

It probably would make me want to get out and get that one more TAP to ride free on the weekend

It motivates me to think I'm going to go shopping and not pay extra

*Fare-capping interest question had a bug and was only shown to about half of the cash-dominant riders. Two versions of the question were asked with minimal difference in responses.

Version 1: As you may have heard, Metro is considering launching a program called fare-capping, in which if you ride 10 times in a week, the rest of your rides that week would be free. In order to participate, you would need to use a TAP card. If Metro implemented fare-capping, how likely is it that you would use TAP for most of your Metro rides?

Version 2: In 2023, Metro plans to launch a new fare payment process. In this system, after your 3rd paid ride in a day (excluding free transfers), the rest of your rides that day will be free. After your 11th paid ride in 7 days (excluding free transfers), the rest of your rides in that 7-day period will be free. When this system is launched, how likely is it that you would use TAP for most of your Metro rides?

Conclusions

For many cash users, switching to TAP would require more steps (barriers)



Converting cash-dominant riders to TAP will not be easy

We're asking...

- People who use cash for all/most of their purchases in life to use something different on Metro.
- Them to take more steps than just showing up and paying with cash.
- Them to either load fare every day or stretch themselves financially by putting more than they feel they can afford.

Converting cash riders to TAP will require...

Clear substantial financial benefit

+

Steps as easy as cash

(or painless enough that financial benefit outweighs trouble)

How to convert cash-dominant riders to TAP

1. Make cash riders more aware of benefits of TAP and ways to get TAP
 - However, awareness alone won't convert too many people.
2. Target lowest hanging fruit—banked smartphone users to TAP App or Apple Wallet
3. Target lowest hanging fruit—cash-dominant riders who already use TAP some of the time
4. Increase # of TAP vendors:
 - Particularly near high-traffic, high-cash bus stops
5. Make TAP more prominent at vendors and easier to purchase
 - UX test how easy it is to load fare at a TAP vendor
6. Convert low-income riders to LIFE
 - Increase awareness of program
 - UX Test and Improve LIFE sign-up and usage process

How to convert cash-dominant riders to TAP (continued)

7. Make it easier for Spanish-dominant speakers to feel comfortable navigating TAP
 - Include Spanish-first ads
 - Ensure all TAP touchpoints are in Spanish
8. Promote fare-capping to most-frequent cash riders
9. Find a work-around for low-income riders who don't want to put more than a ride/day's worth on their TAP card
10. Give less-than-6-day/week seniors, students, and disabled riders a reason to use TAP over cash
 - e.g. Require TAP to get senior, K-12, and disabled discounts
11. Make online fare loads automatically useable
12. Ensure TAP machines in good working order
13. Make TAP as easy to use as cash
 - UX test all TAP touchpoints & processes
 - UX test all discount program sign-up and usage processes

Additional ideas to consider for converting cash-dominant riders to TAP

- Create a one-stop form for signing up for all fare products and discount programs
 - Unify all programs on the back-end
- Find a ways to get TAP closer to bus stops
- Lower cost per ride when using TAP
- Offer big promotional benefit of switching to TAP
- Make the TAP card a pre-paid card that can be used elsewhere
- Make train stations feel safer