

Item #2023-0002

# **FARE CAPPING MARKETING UPDATE, CASH TO TAP CONVERSION UPDATE AND CAL-ITP OPEN PAYMENT EFFICACY**

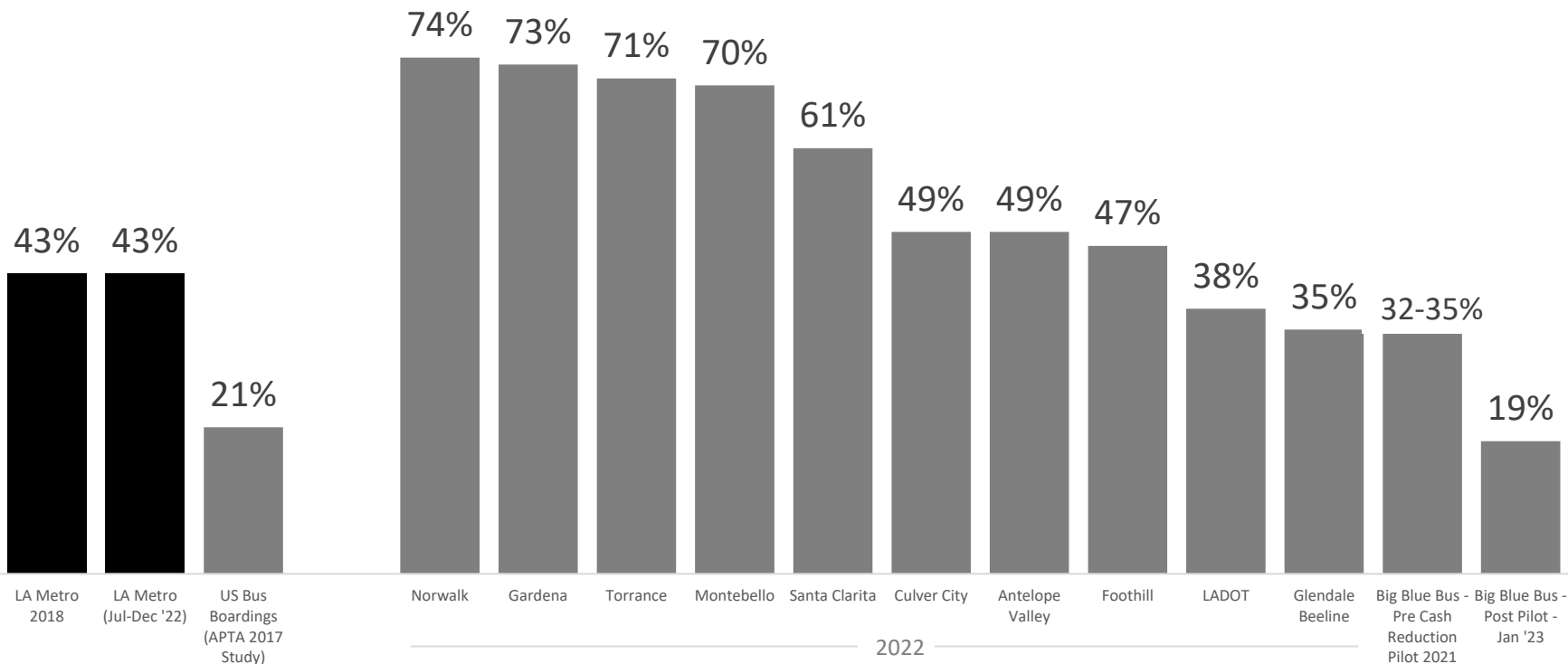
April 2023 Finance Committee



# 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



# Why Cash-Dominant Bus Riders Use Cash

33% of adult Metro bus riders are cash-dominant (use mostly cash) and account for most of the cash boardings

67% use mostly TAP

Cash-dominant riders use cash for most purchases in general	Loading more than a day's fare can be a financial burden for cash-dominant riders	Accessing TAP can be difficult for cash-dominant riders	In addition to access challenges, cash-dominant riders have other barriers to TAP	The financial benefits of TAP don't outweigh the difficulty of loading fare
<ul style="list-style-type: none"><li>• 87% of cash-dominant bus riders use cash for at least half of their purchases in general.</li><li>• 70% of cash dominant riders are unbanked or underbanked vs. 20% of Angelenos.</li><li>• According to the FDIC, being unbanked or underbanked drives cash usage in general. (2017)</li><li>• Unbanked are more likely to get paid in cash or pre-paid card. (FDIC, 2017)</li></ul>	<ul style="list-style-type: none"><li>• 62% of cash-dominant riders would rather not load fare on TAP because they might need it for something else.</li><li>• When loading TAP fare, 45% of cash-dominant riders only load one trip or one day's worth.</li></ul>	<ul style="list-style-type: none"><li>• "I'm a person who will take the easier way...its easier for me just to grab cash." - Rider, Long Beach</li><li>• 66% of cash-dominant riders say they'd have to go out of their way to load TAP</li><li>• 67% of cash-dominant riders would only walk a few blocks or less to load TAP fare</li><li>• Only 40% of bus stops are within a quarter-mile of a TAP vendor</li><li>• 54% of cash-dominant riders say they don't have a credit card or debit card to load fare</li></ul>	<ul style="list-style-type: none"><li>• 62% are worried about losing money if they lose their TAP card.</li><li>• About half of cash-dominant riders<ul style="list-style-type: none"><li>• Don't know enough about TAP</li><li>• Have concerns of being tracked</li><li>• Don't think they ride Metro enough to bother with TAP</li></ul></li><li>• 28% cite TAP instructions not being in their native language</li><li>• Anecdotally, some mentioned:<ul style="list-style-type: none"><li>• Being able to board with only partial fare using cash</li><li>• Long lines and unhelpful staff at TAP vendors</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Some cash-dominant riders use TAP on days when it would financially benefit them.</li><li>• However, it often requires them to take special trips to rail stations the night before travel or getting a prepaid card to load fare online.</li><li>• When asked what it would take for them to use TAP more often, cash dominant riders said "free rides" and "big savings"</li><li>• Fare capping would "get me to do the whole TAP card process." Rider, Long Beach</li></ul>

# Opportunities to Convert Cash-Dominant Bus Riders

Promote LIFE Program to under \$35K HHI cash-dominant riders	Promote fare-capping to most-frequent riders	Increase the number of TAP vendors and the presence of TAP at vendors	Ensure all TAP and discount program processes are easy as possible	Target banked, smartphone users	Make it easier for Spanish-dominant riders to navigate TAP	Increase awareness of TAP channels and benefits of TAP
<ul style="list-style-type: none"> <li>79% of cash-dominant riders earn less than \$35K household income—which would qualify them for LIFE</li> <li>Only 40% of cash-dominant riders are aware of the LIFE program—an opportunity to boost awareness and enrollment.</li> </ul>	<ul style="list-style-type: none"> <li>~60% of cash-dominant riders ride the minimum needed to benefit from the 7-day cap (5 days/week Regular Fare; 3 days/week discounted fare)</li> </ul>	<ul style="list-style-type: none"> <li>16% of cash-dominant riders say it would be their ideal TAP loading channel</li> <li>Only 40% of metro bus stops are within a quarter mile walk of a TAP vendor.</li> <li>Some riders expressed that buying/loading TAP at vendors was complicated and that TAP was not prominently displayed.</li> </ul>	<ul style="list-style-type: none"> <li>74% of cash-dominant riders use cash because they think it is easier to use than TAP</li> </ul>	<ul style="list-style-type: none"> <li>About 26% of cash-dominant riders have a credit/debit card and a smartphone, which would allow them to use the TAP app or Apple Wallet.</li> <li>19% of cash-dominant riders say that loading fare on the TAP app or Apple Wallet would be their preferred method.</li> </ul>	<ul style="list-style-type: none"> <li>39% of cash-dominant riders are Spanish-dominant, meaning they speak Spanish at home and have low English proficiency.</li> <li>Cash-dominant riders with limited English proficiency cite more barriers to TAP than English speakers.</li> </ul>	<ul style="list-style-type: none"> <li>Only 48% of cash-dominant riders know they can load fare at a TAP vending machine at a rail/bus station.</li> <li>Only 19% know they can load fare at a TAP vendor.</li> <li>However, increasing awareness will not be a cure-all, as the average cash-dominant rider has 3.6 “big” barriers to TAP.</li> </ul>

# Estimated Potential Cash Boardings Conversion

## % of Metro Bus Boardings



Including groups that will be more difficult to convert, e.g.:

- Don't ride enough to perceive benefit from fare-capping or LIFE
- Don't have a credit/debit card and don't want to load more than a day's worth of fare, so would have to load fare daily
- Very concerned about being tracked (i.e. may not want to give information to join LIFE)

Including groups that will be easier to convert, e.g.:

- Open to benefits of TAP but are not aware of where/how to get it
- Ride enough to perceive benefit from fare capping or LIFE
- Can load TAP fare via digital/mobile
- Able to load more than day's worth of fare at a time
- Not concerned about being tracked

# TAP Vendor location awareness

## Regional “Cash to TAP” Awareness Campaign

- Timeline: November 2022-Ongoing
- Strategy-highlight convenient and familiar vendors locations
- Channels-Metro & Muni Operator owned outlets, print , digital and paid media (Facebook and Instagram ads, paid search and digital displays)



Bus Bench Ad

# Spanish Supermarkets Join TAP

- Increasing number of TAP Vendors with a focus on Spanish Markets
  - 30 additional vendors since November 2022; total 1,882 locations
    - 21 Northgate Markets (Spanish markets)
    - 9 Traditional RPOS vendors
  - 33 RIA Money Transfer Services to be added by end of Q2
    - Stand alone storefronts and located inside El Super & Superior (Spanish markets)
- TAP Blue Shirt Team
  - Free TAP card giveaways
    - Targeting high cash use bus lines (Bus lines: 16, 18, 111, 233, 251)
    - TAP cards loaded with \$5 Stored Value to increase adoption
    - Distribution includes TAP information (TAP benefits, how to reload, vendor locations, etc.)
- TAP vendor locator language enhancements on taptogo.net
  - Web enhancement complete
  - Update for each vendor location/account in progress



## Additional Efforts- Promoting TAP sales on Metro Bus

- 23 % of cash dominant riders prefer to load fare on Metro bus. Second only to loading at a rail station
- Over 80,000 TAP reloads on Metro bus every month
- “TAP sold here” signage in progress with Communications
- TAP provides ongoing training to Metro bus operators to ensure they are familiar with how to conduct TAP reloads on the farebox

Stored Value Reloads on Bus Farebox

	Sales Count	Cash Collected
4/1/2022	87,322	\$ 318,586
5/1/2022	89,973	\$ 331,829
6/1/2022	91,817	\$ 337,271
7/1/2022	103,483	\$ 377,274
8/1/2022	113,104	\$ 416,023
9/1/2022	101,904	\$ 377,234
10/1/2022	88,771	\$ 333,118
11/1/2022	87,603	\$ 327,261
12/1/2022	88,661	\$ 329,344
1/1/2023	84,303	\$ 319,116
2/1/2023	77,161	\$ 294,998
3/1/2023	86,877	\$ 328,238
<b>Grand Total</b>	<b>1,338,763</b>	<b>\$ 4,957,361</b>



# Next Steps

April

- Conduct internal trainings on Fare Capping and Fare Changes (Customer Service, Fare Enforcement, Bus/Rail Ops, etc.)
- Prepare for external outreach (CBOs, Service Councils, CAC, Older Adults, etc.)
- Finalize Fare Capping & Fare Change marketing strategy

May

- Continue Fare Capping and Fare Changes internal trainings
- Go to print on all Fare Capping & Fare Change marketing
- Provide final assessment of CAL-ITP proposal

June

- June 1-30- Fare Capping and Fare Change Pre launch marketing
- Continue free TAP card distribution
- Continue internal trainings
- Begin external outreach

July

- July 1-Launch Fare Capping & Fare Changes
- Monitor customer behavior and feedback