
Intra-Vermont Promotional Fare

October, 2014

Amtrak State-Supported Corridors

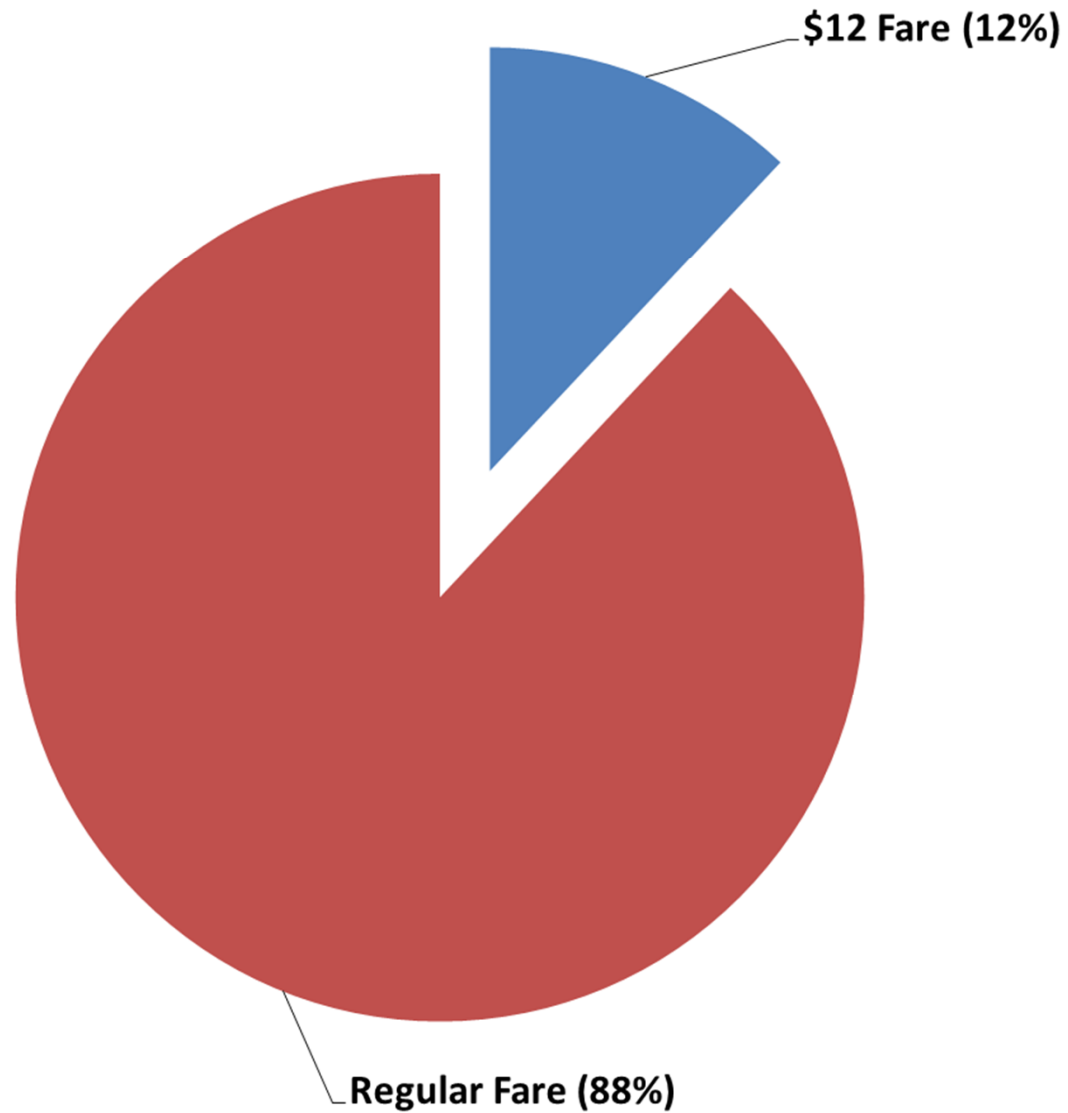
- Intra-Vermont Promotional Fare
 - “\$12 Fare”
 - Good for travel within Vermont
 - Available through the following channels:
 - Specific website link to Amtrak.com from VermontVacation.com
 - 1-800-USA-RAIL
 - Amtrak agent
 - Higher than base fare for some intra-VT city pairs
 - System requires only 1 day prior to travel
- Fare was jointly developed by Amtrak and VTTrans

Promotional Fare Use

- Amtrak has reviewed the use of the promotional fare over the last four fiscal years (October 1-September 30)
 - From FY2011-FY2013:
 - Intra-Vermont Ridership was essentially flat
 - Use of the \$12 fare increased significantly
 - Revenue was less than FY2011 despite fare increases.
 - In FY2014
 - Intra-Vermont Ridership exhibited strong growth
 - Use of the \$12 fare increased, but decreased as a proportion of all Intra-Vermont trips
 - In all years, regular fare use overwhelmingly exceeds promotional fare use for Intra-Vermont travel

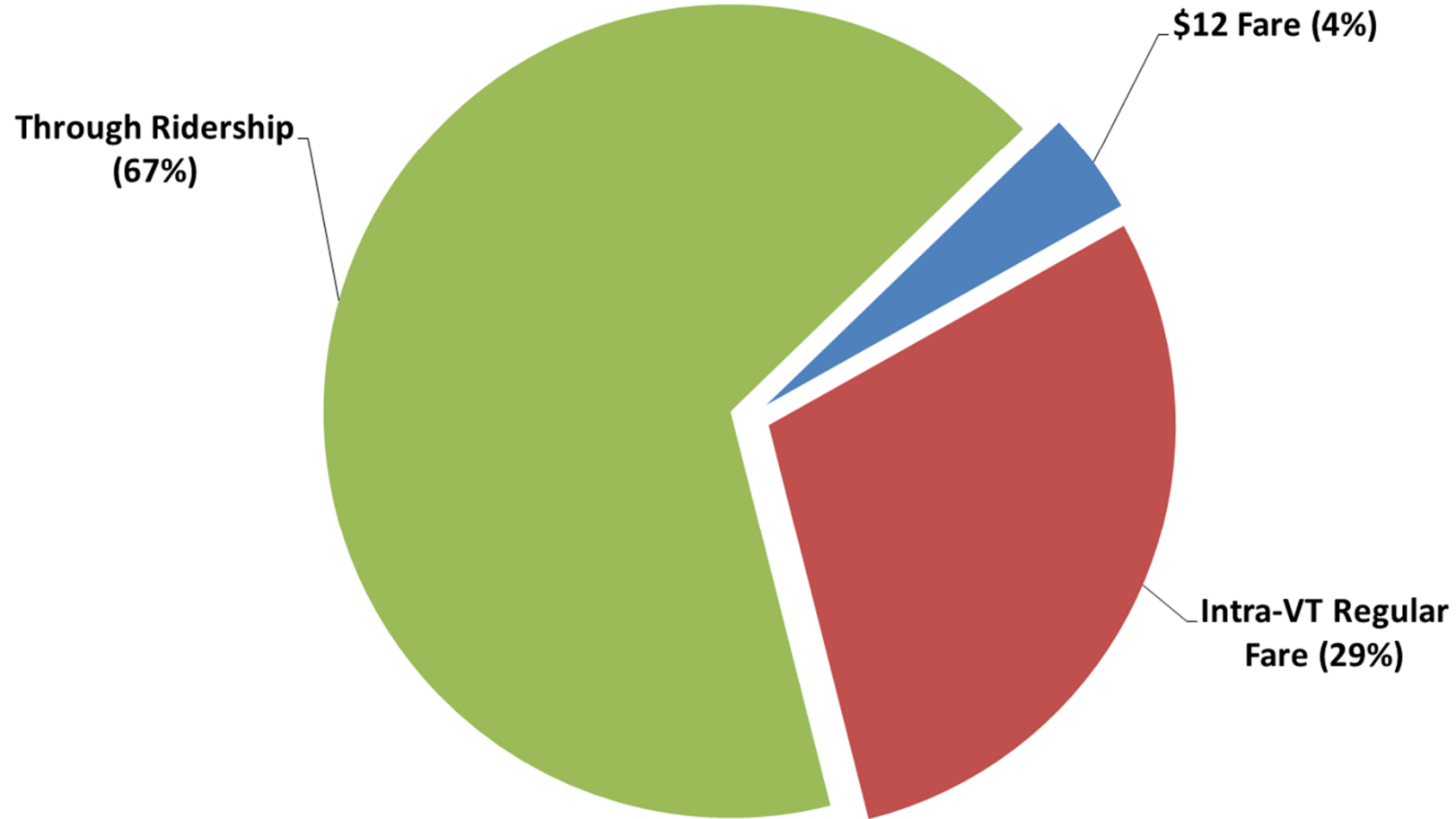
Promotional Fare Use Illustrated

Intra-Vermont \$12 Fare Use FY2011-FY2014



Promotional Fare Use Illustrated

**Total *Vermont* Ridership
\$12 Fare Use FY2011-FY2014**



Revenue Implications

- Analysis shows that the \$12 Fare is hurting Intra-Vermont Ticket Revenue without generating significant ridership.

Intra-Vermont Ridership and Revenue vs. Estimates without \$12 Fare

	Actual Ridership/Revenue		Est. Without Promotion	
	<u>Ridership</u>	<u>Revenue</u>	<u>Ridership</u>	<u>Revenue</u>
FY 2011	6,883	\$ 149,178	6,758	\$ 147,796
FY 2012	6,136	\$ 111,019	6,036	\$ 110,772
FY 2013	6,935	\$ 139,443	6,885	\$ 152,797
FY 2014	9,871	\$ 186,558	9,421	\$ 193,235
FY 2011-14	29,825	\$ 586,198	29,100	\$ 604,600

- If the \$12 fare did not exist, Amtrak estimates:
 - Gain of approximately \$18,400 in Revenue
 - Loss of approximately 725 local passengers

Cost and Other Negative Implications

- Costs of providing the Intra-Vermont Fare
 - Marketing/advertising costs to support awareness of the fare
 - Possible impact on Reservation & Information costs
 - R&I costs are allocated based on talk time survey
 - Vermonter is on the higher side of talk time per passenger system-wide
 - \$12 fare can contribute to this
 - Difficult to quantify the exact cost
- Other negative implications
 - Confusion/frustration about the fare and availability generates negative feedback and lowers customer satisfaction
 - Outdated promotion type; Amtrak is moving away from these types of long-term promotional fares

Conclusion

- The Intra-Vermont \$12 Promotional fare has not performed well over the last several years.
 - Limited overall use
 - Negative effect on ticket revenue
 - Negligible effect on ridership
- Amtrak can identify no business case to continue offering the promotional fare.
- Amtrak would discontinue the promotional fare immediately if it applied to NEC or Long Distance service.
- The State of Vermont can decide to keep or eliminate the fare at its discretion.

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