FOR DISCUSSION

DRAFT

PURPOSES ONLY

Air Rail Link

Customer Experience and Business Strategy & Plan

High-Level Discrete Choice Results

June 2012

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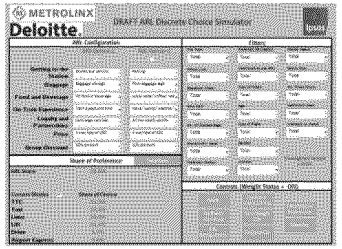
I. Executive Summary

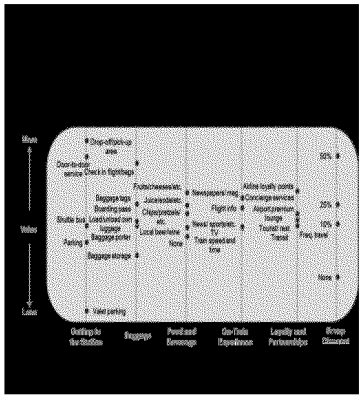
I. Executive Summary (1/4)

Executive Summary

Understanding the Discrete Choice Analysis

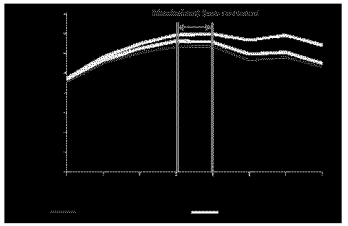
- In May 2012, ARL conducted a Discrete Choice (DC) market research study, the purpose of which was to test the ***value proposition*** of seven key service offering attributes **Exclusion per Committee Direction**
- In order to inform customer experience and broader strategic decisions, the data has been analyzed and weighted to be consistent with the official ridership forecasts. The contents of this report represents a summary of the findings
- The Discrete Choice study is one of many inputs that will inform the ARL Customer Experience Strategy





Total Sample Observations and Insights

- There is a strong appetite for the ARL service and most findings were in line with previous studies conducted at Metrolinx / ARL
- **Exclusion per Committee Direction** the decision-making of potential ARL customers, non-price attributes account for 21% of importance and also influence customer choice in choosing the take the ARL
- **Exclusion per Committee Direction**



I. Executive Summary (2/4)

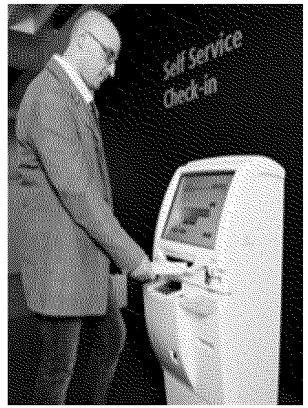
Executive Summary

Total Sample Observations and Insights (cont.)

- **Exclusion per Committee Direction**

Informing the Customer Experience Strategy

- Discrete Choice tested a number strategic decisions within the CE projects across the Customer Lifecycle and also provided insights for other ARL Program projects
- Study findings support the ACT recommended key CE 'must have' strategic elements for 2015, and also align with the post-2015 ARL vision:
  - **Exclusion per Committee Direction** non-price attributes having relatively lower importance and influence on potential customers
  - Strategic elements such the pick-up / drop-off area, baggage tag printing capabilities, and advance ticket purchasing are moderately valued

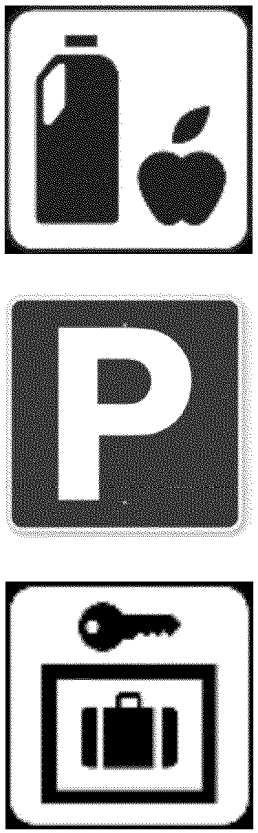


I. Executive Summary (3/4)

Executive Summary

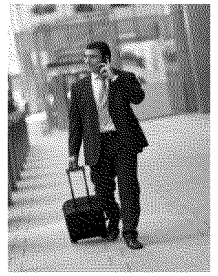
Informing the Customer Experience Strategy (cont.)

- Respondents placed relatively low importance and value on free food and beverage and entertainment and travel information services
- In terms of marketing the ARL service, emphasis should be placed on promoting the speed and Exclusion per Committee Direction of the service over current slower Exclusion per Committee Direction modes of transportation (e.g., taxis / limos) because respondents are least satisfied with these elements of their current airport travel experience
- With a low number of respondents traveling to the airport late in the evening (and more in very early mornings), ARL should conduct further analysis with the GTAA and Rail Operations Exclusion per Committee Direction **Exclusion per Committee Direction** to respond to both inbound and outbound service
- Post launch, ARL will be required to understand the customer appetite for additional 'want to have' services such as short-term parking and baggage storage as respondents placed relatively low value on these amenities
- In addition, the Discrete Choice findings and simulator tool should be used to help in the prioritization of strategic elements within the ARL Business Strategy and Plan



I. Executive Summary (4/4)

Executive Summary



Exclusion per Committee Direction

II. Understanding the Discrete Choice Analysis

Note 1: The Discrete Choice results should be used to test the value proposition Exclusion per Committee Direction of customers. The Share of Preference Exclusion per Committee Direction generated based on the Discrete Choice analysis should not be used in conjunction with other studies (e.g., SDG Ridership Study) to conduct analysis (e.g., forecast ridership). The calibration of data and choice of base case configuration/bundle are specific to this study alone

Note 2: The Discrete Choice study is one of many inputs that will inform the ARL Customer Experience Strategy.

The Discrete Choice study tested seven key service offering attributes to help inform ARL's Customer Experience strategy

Attributes and Levels Tested

The Discrete Choice simulator and survey helped understand the impact of customer preferences and choices on specific service features:

Getting to the Station	Baggage	Food and Beverage	On-Train Experience
			
• Parking • Valet parking • Drop-off / pick-up area • Door-to-door service • Shuttle bus service	• Load / unload own luggage • Baggage porter service • Print baggage tags • Print boarding pass • Check in flight / bags • Baggage storage	• Fruits / cheeses / crackers • Chips / pretzels / peanuts / cookies • Juice / soda / coffee / water • Local beer / wine • No food or beverage * Note: The Food and Beverage attribute was positioned as complimentary to those surveyed.	• Flight info screens • Free newspapers / magazines • News / sports / weather TV • Train speed and time

Exclusion per Committee Direction

More specifically, the study tested the value proposition of service offering attributes Exclusion per Committee Direction of potential ARL customers

Purpose of Discrete Choice Analysis

Exclusion per Committee Direction

SDG Ridership Study

- Unlike Discrete Choice, this study was designed to project ridership based on a defined catchment area that represents the potential ARL market

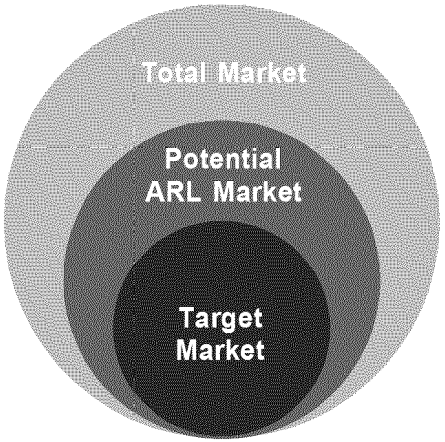
Business Strategy

- The results of the Discrete Choice analysis will be used to validate and update ARL's business strategy

Financials

- The results of the Discrete Choice analysis only considers the impact of different service feature bundles (i.e., attribute bundles) on fare revenue. The costs associated with attribute bundles will need to be analyzed to determine profitability

Scope of Discrete Choice Analysis



	Overview of Markets	Insights from Market
Total Market	Represents the total market of individuals travelling to Pearson airport	Public awareness and marketing
Potential ARL Market	Represents portion of the Total Market that would potentially use the ARL service Market is based on the catchment area defined in the SDG Ridership Study (refer next slide)	Share of market relative to other competitive transportation modes and ridership
Target Market	Represents the portion of the Potential ARL Market that will be most likely to use the ARL Market is based on **weighting the customer profiles** and catchment areas in the Potential ARL Market (refer next slide)	Value proposition and price sensitivity of high potential customers

To better understand the behavior of high potential customers, DC data was weighted based on SDG Ridership Study projections

Data Adjustments / Weights

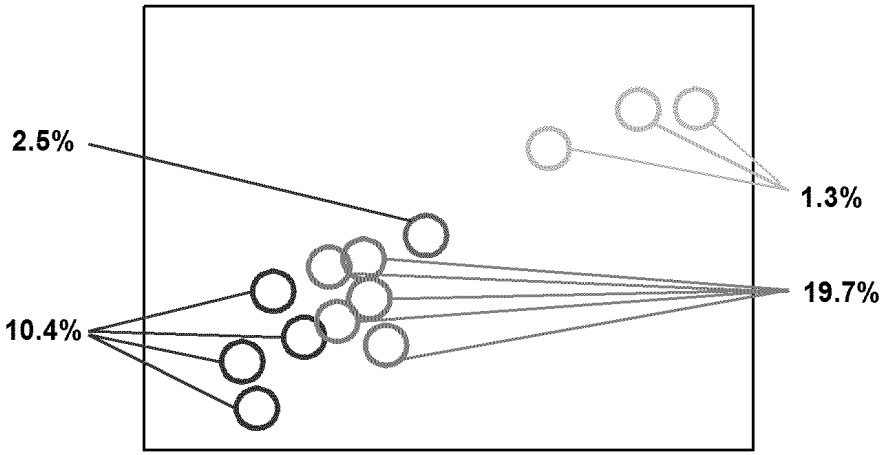
1 Business : Non-Business Traveller

- Results have been weighted to ensure representation between business and non-business travellers is in-line with the SDG Ridership Study 2020 projections (i.e., 39% Business, 61% Non-Business)

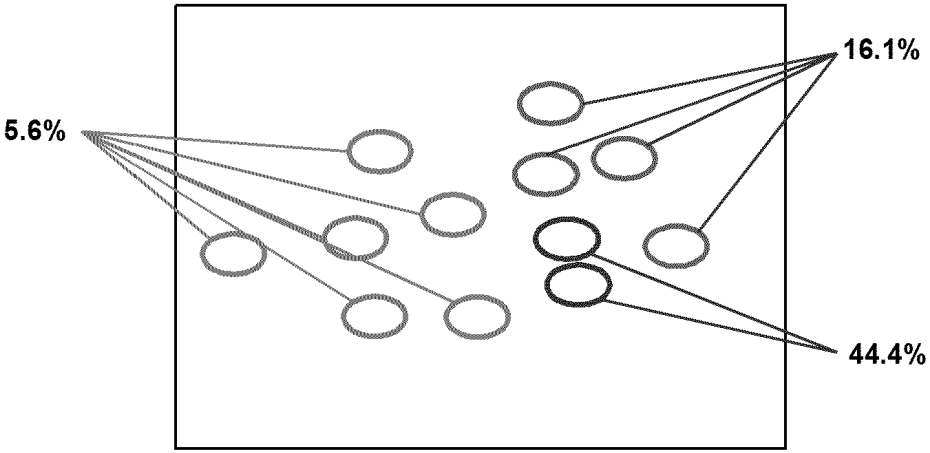
2 Catchment Area Representation

- Results have been weighted to ensure catchment area representation is aligned with the SDG Ridership Study catchment area[1] ridership breakdown

All Catchment Areas



Downtown Catchment Areas



Area	Definition
1	Etobicoke South
2	Etobicoke Central – Humber Valley
4	Central Area/Weston – Eglinton West/York
5	Central Area – Downsview/Jane & Finch
7	Central Area – Forest Hill
8	Central Area – Thornhill
9A	Central Area – Ellesmere/Eglinton East

Area	Definition
9B	Central Area – Danforth/Beaches
10	Central Area – Steeles
11	Scarborough
12	Pickering/Ajax
13	Whitby
14	Oshawa

Area	Definition
101	Core – South of Dundas
102	Core – North of Dundas
103	East – The Annex
104	East – Corktown/Distillery/Moss Park
105	East – Casa Lomo/Moore Park/Leaside
106	West – Brockton Village
107	West – Dovercourt/Bickford Park

Area	Definition
108	West – Wychwood Park
109	West – Little Italy/Trinity-Bellwoods/King West/Liberty Village
110	West – Bloor West Village/High Park/The Junction
111	West – Roncesvalles/Parkdale
112	East – Summerhill/Rosedale/Regent Park

1. For Northstar, GTHA segment includes York Region and Halton/Hamilton which are additional areas that were not included in the Ipsos survey results

Finally, three key assumptions were made in order to analyze the results

Data Analysis Assumptions

1 Base Case Bundle

- Discrete choice analysis presented in this document is based on a base case bundle of attributes (listed below)
- **Exclusion per Committee Direction**
- Sensitivity analysis was conducted on other attribute bundles to test that the findings for the base case hold for other attributes as well

Attribute Levels	Base Case Bundle
	Drop-off / Pick-up area
	Load and unload own luggage
	No food or beverage
	News, sports, and weather television
	Collect airline loyalty points
	No group discount

2 Take Rate

- Share of Preference represents the percentage of respondents surveyed that selected a travel option, while Take Rate represents the estimated percentage of respondents that would actually use the option in a real life purchasing decision
- Take Rate accounts for the fact that survey respondents often over-state their likelihood to use an option. The Take Rate value is generated by applying a weighting or correction factor to the Share of Preference value. Take Rates are not ridership projections

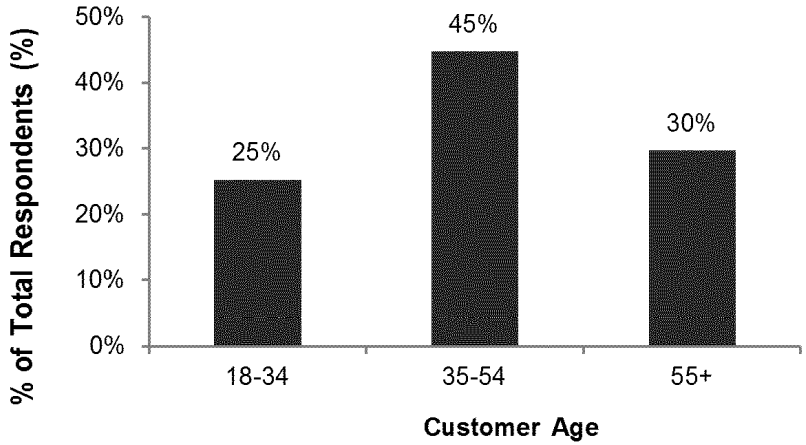
3

Exclusion per Committee Direction

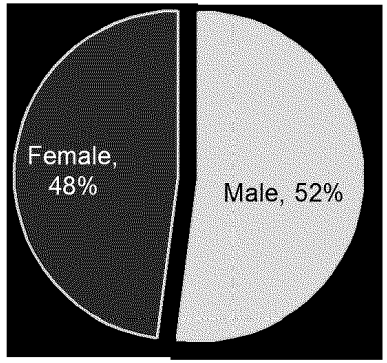
III. Total Sample Observations and Insights

The profile of survey respondents varied by age, gender type, level of education, marital status…

Age

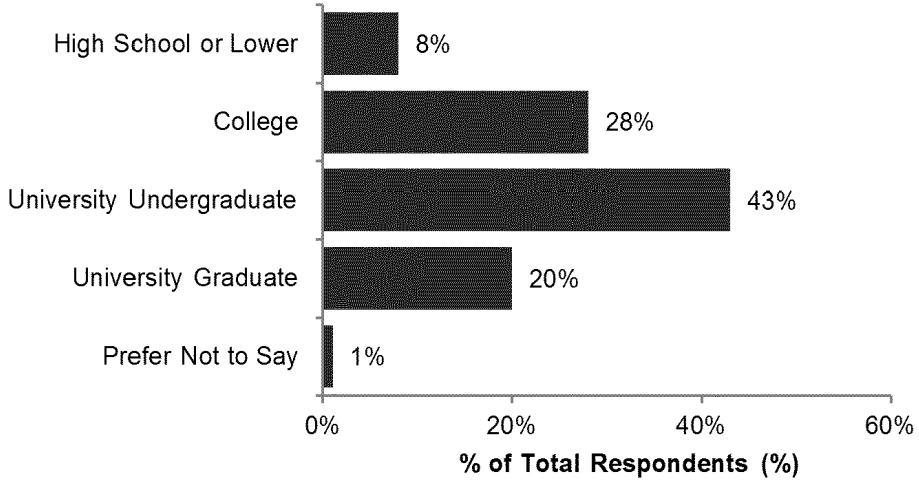


Gender

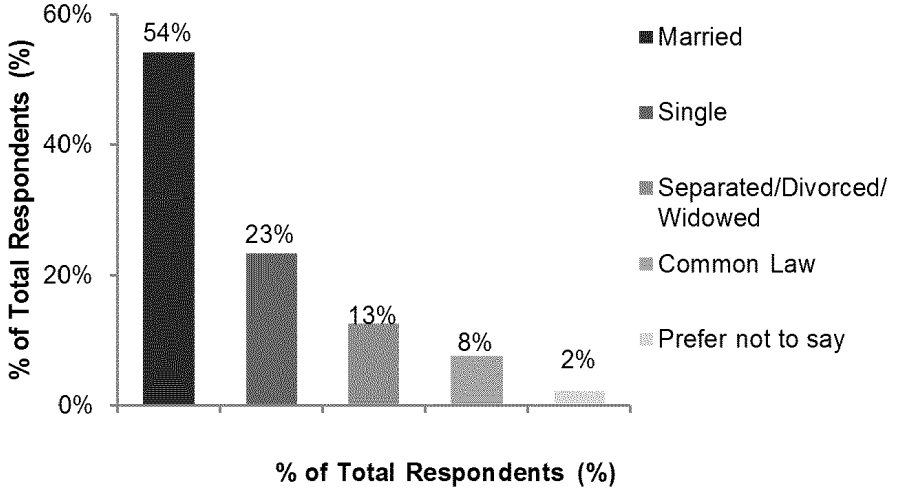


% of Total Respondents (%)

Highest Level of Education [1]



Marital Status

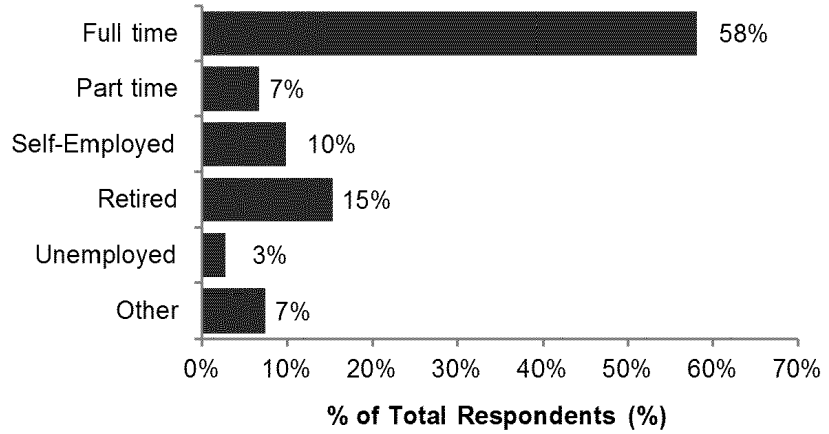


1. High School or Lower includes Graduated High School (7%), Some High School (1%) and Primary School or Less (1%); College includes Graduate from College/CEGEP (19%) and Some College/CEGEP (9%); University Undergraduate includes University Undergraduate Degree (34%) and Some University *(9%)*

Note: Analysis based on unweighted, total sample data (n = 3137).

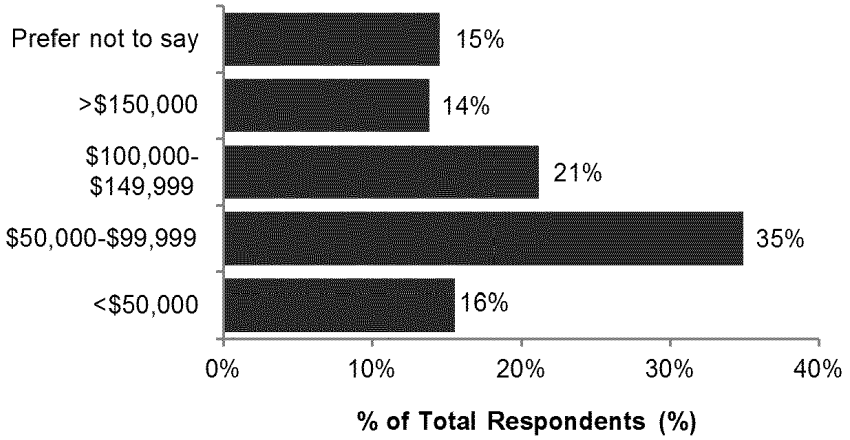
...employment status, income levels, place of residence, and family sizes

Employment Status

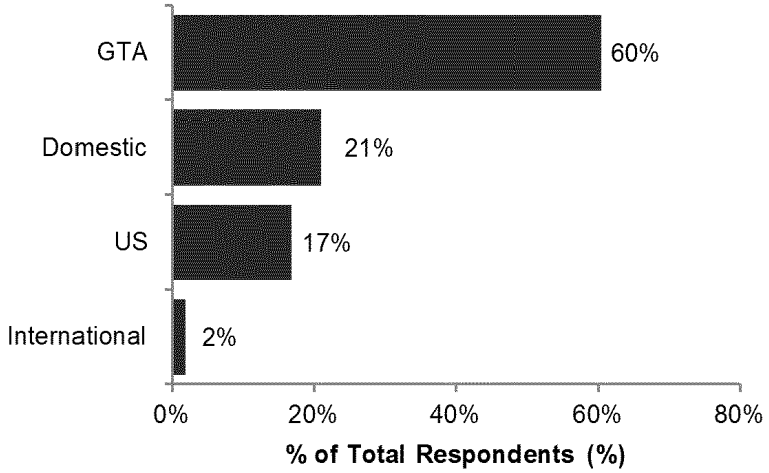


Other includes Homemaker (2%), Full-Time Student (3%), Prefer not to say (1.5%), and Other (0.6%)

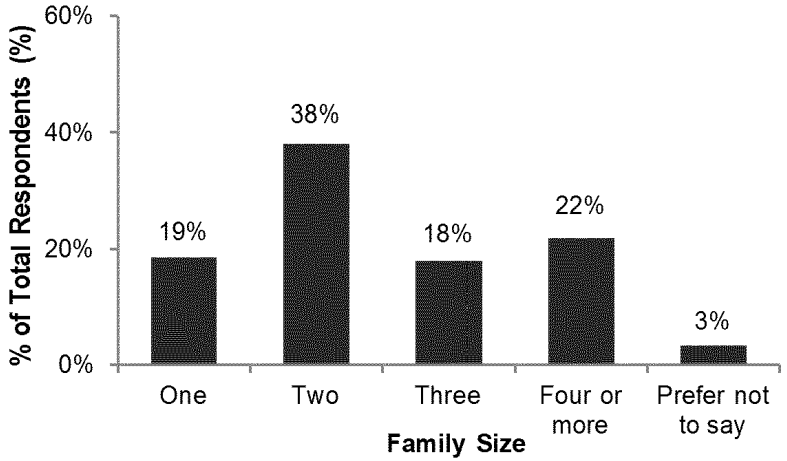
Household Income



Place of Residence



Family Size[1]

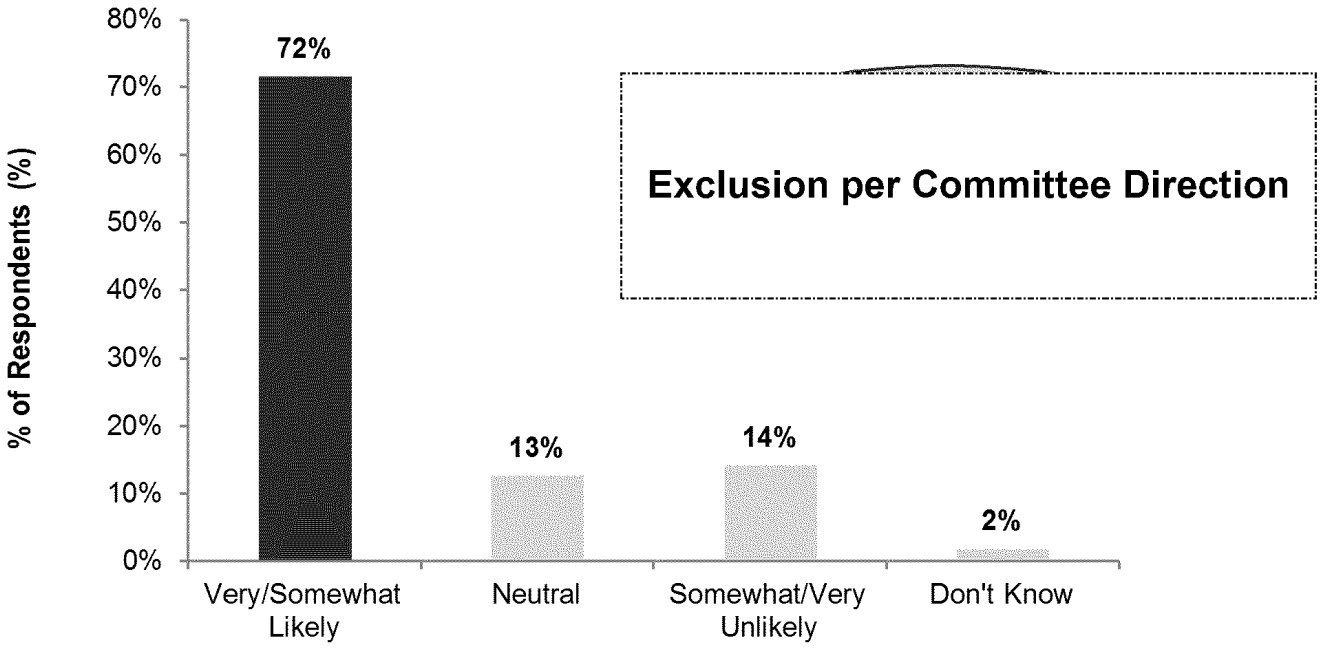


1. 3.4% preferred not to indicate the size of their family

Note: Analysis based on unweighted, total sample data (n = 3137).

Over 70% of those surveyed indicated that they would be likely to switch from their current mode of airport transportation to ARL

Likelihood to Switch to ARL



Likelihood to Use ARL Over Existing Transportation

Observations

- Even with only a basic knowledge of the ARL service, a large majority of respondents indicated that they were willing to switch their current mode of airport transportation

Exclusion per Committee Direction

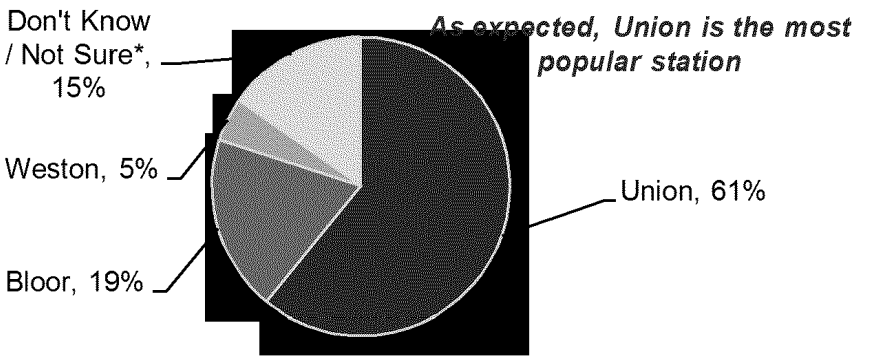
Data Interpretation

- Respondents were provided with a basic description of the ARL service prior to responding to this question (train every 15 minutes, 25 minutes from Union to Pearson)

Note: Analysis based on weighted, total sample data (n = 3137).

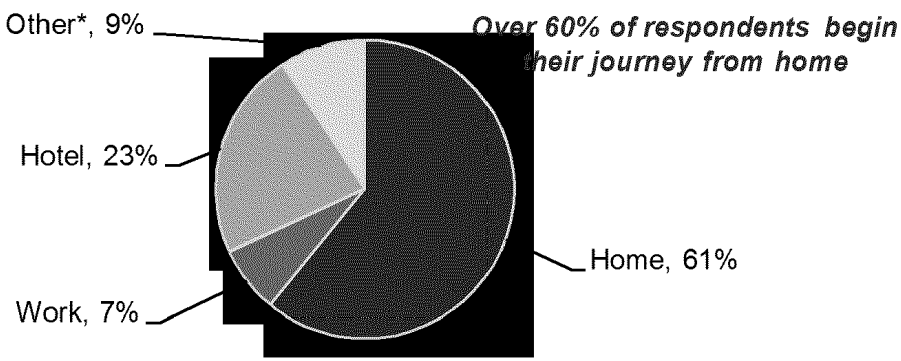
The majority of respondents indicated a preference for using Union station, initiating travel from home, checking baggage, and self-funding their travel

Preferred ARL Station [1]



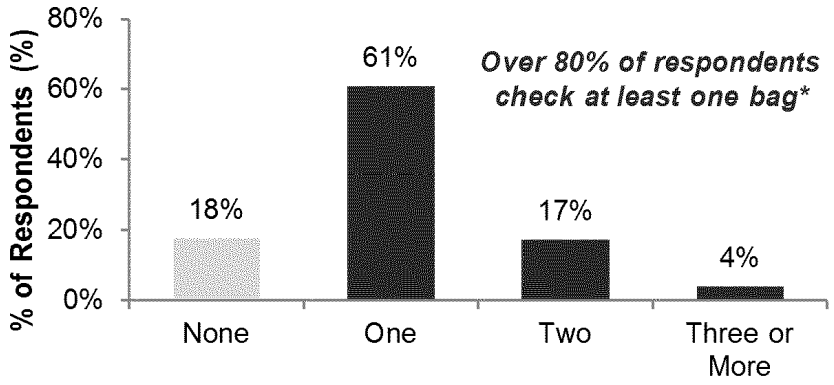
*For the purposes of analysis (i.e., DC simulator), the Don't Know / Not Sure respondents were included in the Union station numbers

Place of Departure [2]



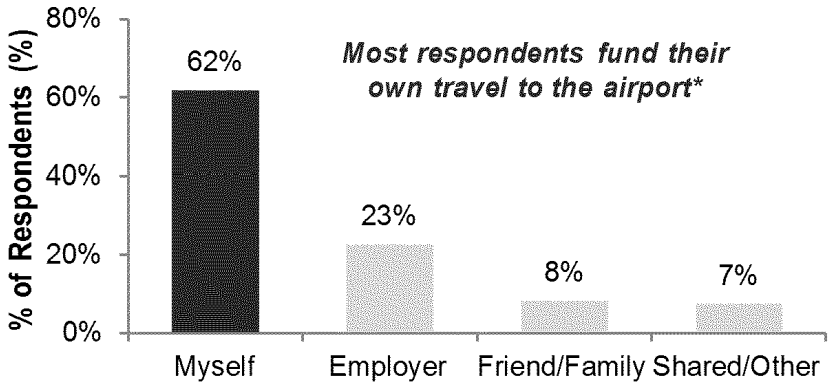
*Other includes school, home of friend/relative, and other

Number of Checked Bags [3]



*0.2% of respondents indicates they did not know or could not remember

Source of Airport Transportation Payment [4]



*Largely due to Leisure customers. However, the survey results also indicated that a large number of GTA Business customers also self-fund their travel.

1. Q18: Assuming you were to use the Air Rail Link in the future, where would you be most likely to board the service, if all other circumstances were similar to today?
2. Q9: Which of the following best describes where you started your journey to the airport during your most recent trip to Pearson?
3: Q10: During this most recent trip, how many checked bags did you travel with?
4. Q6: Who paid for your travel to the airport?

Note: Analysis based on weighted, total sample data (n = 3137).

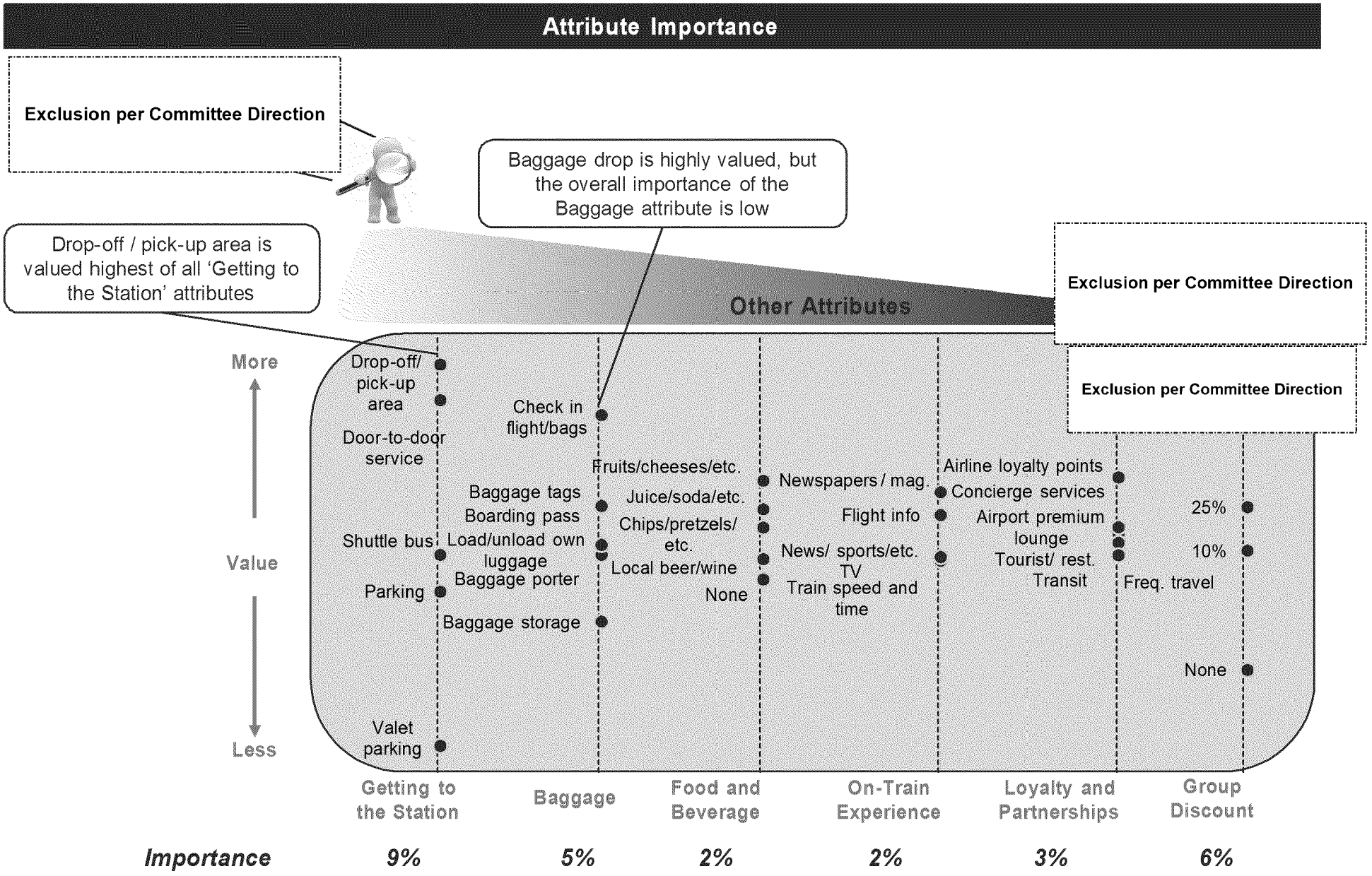
Exclusion per Committee Direction

Exclusion per Committee Direction

Exclusion per Committee Direction

Exclusion per Committee Direction

Customers value attributes that Exclusion per Committee Direction increase convenience (getting to the station, baggage)



Note: Analysis based on weighted, total sample data (n = 3137).

Exclusion per Committee Direction

Exclusion per Committee Direction

Exclusion per Committee Direction

Exclusion per Committee Direction

IV. Informing the ARL Customer Experience Strategy

Discrete Choice tested a number strategic decisions across the four CE projects across the Customer Lifecycle and also provided insights for other ARL Program projects

Customer Lifecycle Touchpoints Tested by Discrete Choice

Touch point	Information & Planning	Getting to / from the Station	Getting to the Lounge / Platform	Ticket Purchase	Airport / Airline Services	Waiting for the Train	Boarding the Train	Onboard the Train	De-boarding the Train at T1	Getting to / from the Terminal	End-to-End Experience
	Uses the website, mobile app, and other pre-departure information to plan trip	Goes to the desired station through various access options	Proceeds from the arrival point at the station to the ARL lounge or platform	Purchases a ticket using one of the many available channels in advance, in the station / lounge, or onboard	Checks in for a flight at the ARL station / lounge and uses other airport / airline services available	Waits for the train in the ARL station / lounge, and enjoys amenities, retail options, and services available	Boards the train and loads baggage onto appropriate storage area	Rides the train to Terminal 1 at Toronto Pearson, while using services such as Wi-Fi and enjoying onboard enter-tainment	Collects baggage and de-boards the train at T1 Pearson	Takes LINK Train to Terminal 3 (if required) and navigates to check-in area / ARL platform in T1	Customer experience that reaches across the entire lifecycle
Projects	**Multi-Channel Customer Service**	**Station Experience**			**Station Experience**		**Onboard Experience**			**Station Experience**	**Other Projects**
CE Strategy Decisions Tested by DC		**Getting to the Station**		Exclusion per Committee Direction	**Baggage**			**Enter. & Travel Info.**			**Marketing Strategy**
						Food and Beverage		**Food and Beverage**			**Operations Strategy**

Study findings not only support the ACT recommended key CE strategic elements for 2015, but also mostly align with the post-2015 ARL vision

Summary and Implications of Discrete Choice Findings on CE Strategy

- In general, Discrete Choice findings **align with the proposed Customer Experience strategy** for ARL
- **Exclusion per Committee Direction**
- Strategic elements such the **pick-up / drop-off area, baggage tag printing capabilities, and advance ticket purchasing are moderately valued**
- Respondents placed relatively **low importance and value on free food and beverage and entertainment and travel information services**
- In terms of marketing the ARL service, **emphasis should be placed on promoting the speed** Exclusion per Committee Direction **of the service** over current slower Exclusion per Committee Direction modes of transportation (e.g., taxis / limos) because respondents are least satisfied with these elements of their current airport travel experience
- With a low number of respondents traveling to the airport late in the evening (and more in very early mornings), ARL should **conduct further analysis with the GTAA and Rail Operations on the cost-benefit of modifying the service** (train frequency and operating hours) to respond to both inbound and outbound service
- **Post launch, ARL will be required to understand the customer appetite for additional 'want to have' services** such as short-term parking and baggage storage as respondents placed relatively low value on these amenities
- In addition, the Discrete Choice **findings and simulator tool should be used to help in the prioritization of strategic elements within the ARL Business Strategy and Plan**

ARL should assess the cost-benefit of implementing short-term parking post launch as it is not a service that is highly valued by respondents

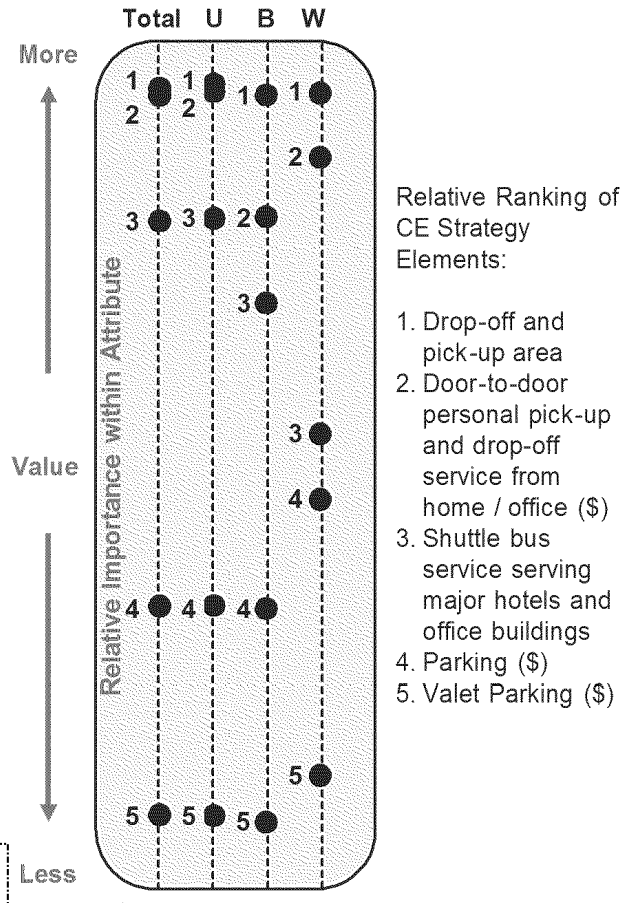
Station Experience: Getting to the Station

Validation of ACT Decisions based on Discrete Choice Findings

CE Strategy Element	ACT Decision (14 – May)	DC Validation	DC Findings / Implications
Pick–up / Drop-off area	**Must Have** a Kiss & Ride area at Union, Bloor, and Weston stations	●	Highest valued Getting to the Station option ~37% of respondents would take a taxi / limo or get dropped off at the station
Door-to-Door Service	**Want to Have** a convenient / cost effective door-to-door service (e.g., taxi, Uber, etc.)	●	Highest valued Getting to the Station option (comparable to pick-up / drop area) ~25% of respondents would take a taxi / limo
Shuttle Bus	**Discard** shuttle bus service at Union Station	●	Low value when compared to pick-up / drop-off area and door-to-door service < 5% of respondents would use a shuttle bus to get to the station
Parking	**Want to Have** short-term parking at Union, Bloor, and Weston stations	●	Low valued option; < 5% of respondents would drive and park at the station **Exclusion per Committee Direction**
Valet Parking	Valet parking was not considered	N/A	Lowest valued option of all Getting to the Station options considered

● No / Low Alignment to ACT decision ◑ ● High Alignment to ACT decision

Isotherm: Getting to the Station



Relative Ranking of CE Strategy Elements:

1. Drop-off and pick-up area
2. Door-to-door personal pick-up and drop-off service from home / office ($)
3. Shuttle bus service serving major hotels and office buildings
4. Parking ($)
5. Valet Parking ($)

$ - Service will be available at an additional fee to customers

Importance 9%

Exclusion per Committee Direction

U: Union, B: Bloor, W: Weston

Baggage services that are an extension of the air travel experience are highly valued

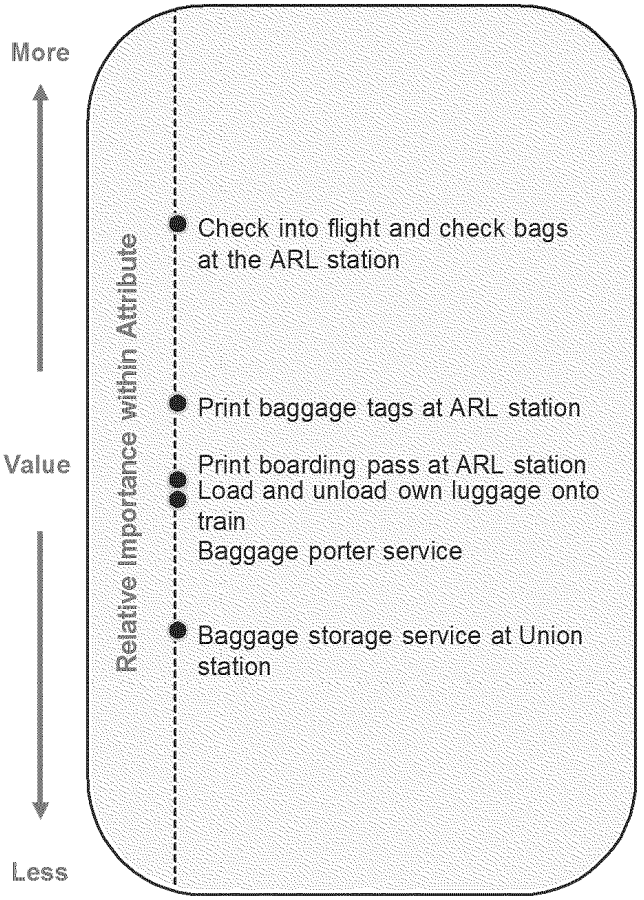
Station Experience: Baggage*

Validation of ACT Decisions based on Discrete Choice Findings

CE Strategy Element	ACT Decision (14 – May)	DC Validation	DC Findings / Implications
Check-in flight / bags	**Want to Have** Full Service Check-in with Baggage Drop at Union station	◑	Highest valued Baggage option, however Baggage only has an overall relative importance of 5% > 80% of respondents checked at least one bag
Print baggage tags	**Must Have** self-service check-in kiosks with baggage tag printing capabilities at Union, Bloor and Weston stations	●	2nd most valued Baggage option. Relatively higher in value than other options (except for check-in flight / bag)
Print boarding pass	Check-in kiosks with no baggage tag printing capabilities was not considered	N/A	Relatively low value Value of option seems to increase if baggage tag printing capabilities exist
Baggage porter	**Discard** option to have baggage porter service at all stations	●	Relatively low value Option is comparable in value to loading / unloading own luggage
Baggage storage	**Want to Have** a shared baggage storage with VIA Rail at Union station. Feasibility analysis required.	●	Lowest valued option of all Baggage options considered Exclusion per Committee Direction

No / Low Alignment to ACT decision ● ◑ ● High Alignment to ACT decision

Isotherm: Baggage



Importance 5%

Exclusion per Committee Direction

*Onboard Host and GSRs will help with this service

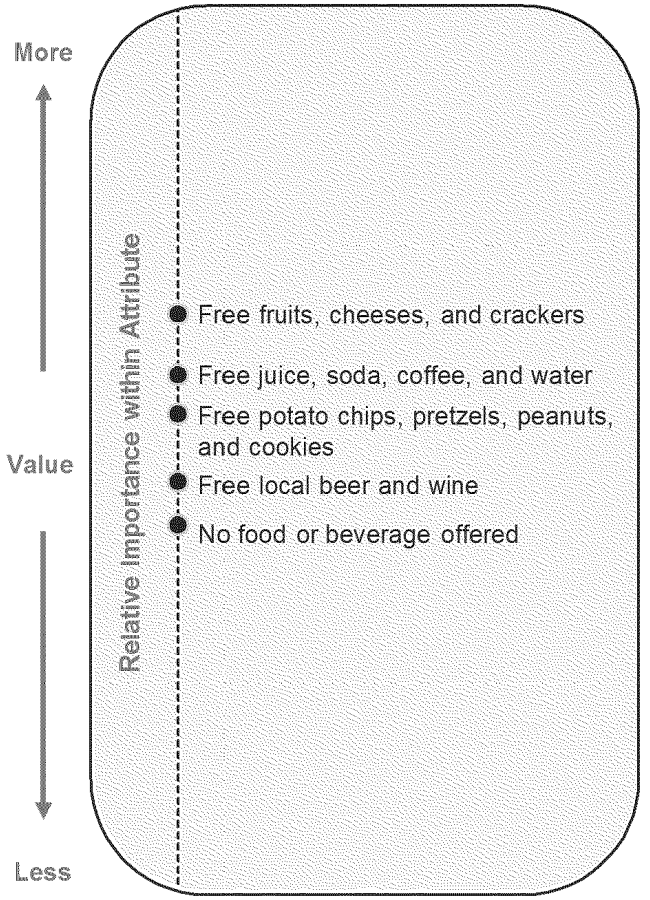
Respondents placed little importance on Food and Beverage and did not differentiate the value they placed on unique offerings

Station and Onboard Experience: Food and Beverage

Validation of ACT Decisions based on Discrete Choice Findings

CE Strategy Element	ACT Decision (14 – May)	DC Validation	DC Findings / Implications
Free food and beverage offerings 	**Station Experience:** • **Must Have** food and beverage offerings at Union station • **Want to Have** food and beverage offerings at Bloor, Weston, and T1 stations • Retail Strategy project is needed in order to define the specific retail / food & beverage offerings for all stations • The decision regarding whether to offer free food is still outstanding **Onboard Experience:** • **Discard** onboard food & beverage sales unless Discrete Choice research suggests otherwise • Only offer food / beverage / alcohol as promotional samples through partnerships and sponsorships		• Even with the option to receive complimentary food, respondents only gave Food and Beverage a relative importance of 2% when compared to the other attributes tested • Within the Food and Beverage attribute, there is relatively little differentiation in the value of the different food and beverage options • As part of the Retail Strategy project assess whether extensive food and beverage offerings are required, as well as whether food and beverage offerings are required at all stations post launch

Isotherm: Food and Beverage



Importance 2%

Exclusion per Committee Direction

No / Low Alignment to ACT decision ◐ High Alignment to ACT decision

ARL should keep in mind the low importance of onboard entertainment and travel information options when defining its screen display strategy

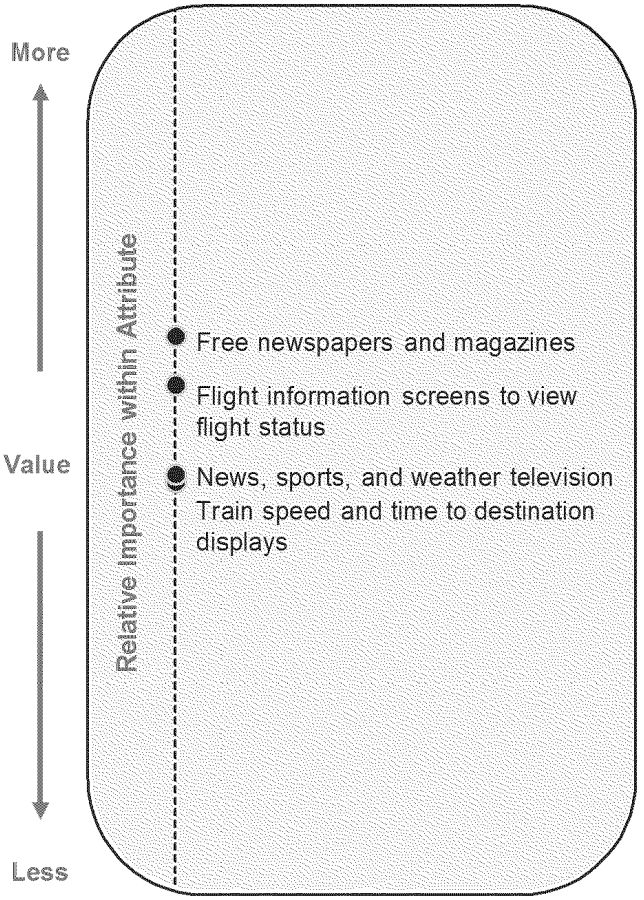
Onboard Experience: Entertainment and Travel Information

Validation of ACT Decisions based on Discrete Choice Findings

CE Strategy Element	ACT Decision (14 – May)	DC Validation	DC Findings / Implications
Free newspapers and magazines 	**Discard** option to provide free newspapers and magazines onboard	◑	The relative importance of the On-Train Experience attribute is only 2% Even though free newspapers and magazines is the highest valued On-Train Experience attribute option, the other options are relatively close in value Although DC findings indicate that entertainment and travel information services have relatively low importance, it would still be valuable to include some of these services because they will help reduce the stress of the overall travel experience and many leading ARLs provide some of these services onboard[1]. In addition, some of these services will also drive non-fare revenue (e.g., advertising).
Flight information screens	**Must Have** flight Information on LCDs onboard the train	◑	
News, sports, and weather television	**Must Have** TV programming onboard that includes: ARL information, tourism information, advertising, news and weather	◑	
Train speed & time to destination displays	**Must Have** next stop annunciation and the number of minutes to final destination at each stop	◑	

No / Low Alignment to ACT decision ● ◀ ◑ ▶ ● High Alignment to ACT decision

Isotherm: On-Train Experience



Importance 2%

Exclusion per Committee Direction

1. Heathrow Express, Rhonexpress, Narita Express, and Arlanda Express provide flight information. Heathrow Express also provides onboard TV programming.

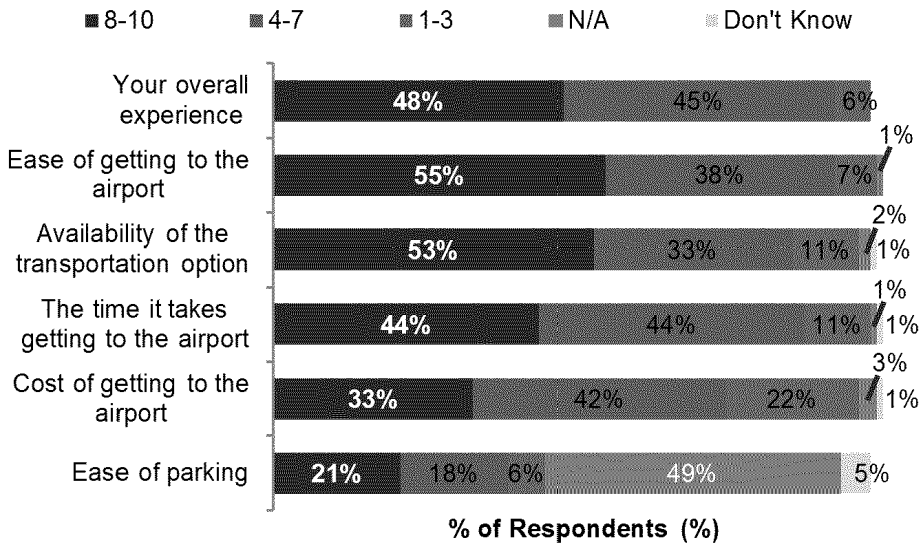
Exclusion per Committee Direction

ARL should focus on delivering on and promoting the speed advantage of the service

Exclusion per Committee Direction

Other Project: Marketing Strategy

Perception of Current Travel Experience to Airport[1]



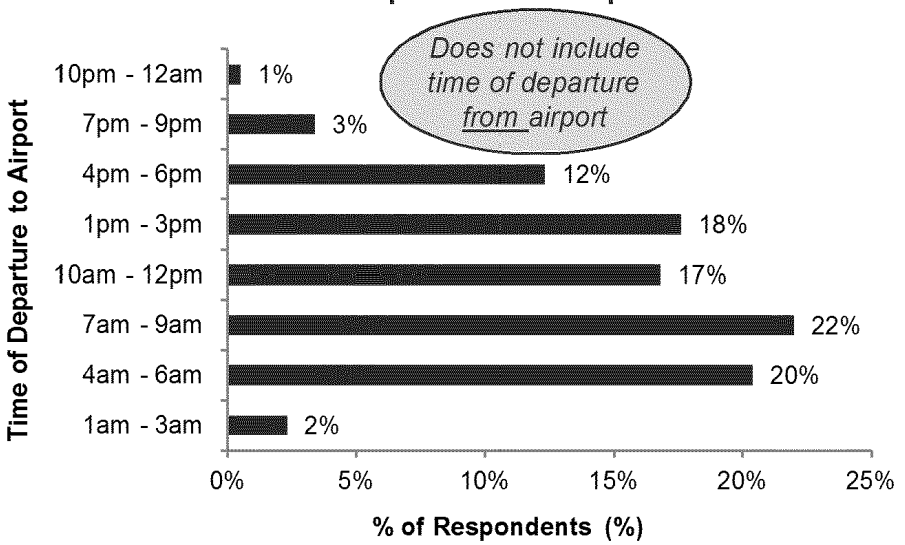
Observations

- Almost of half of respondents had a positive overall travel experience during their most recent trip to Pearson
- With a large number of respondents satisfied with their current travel experience, ARL will need develop a value proposition that targets specific aspects of the current travel experience that are current lacking
- Two potential areas that ARL can target are the time it takes to get to the airport (almost half of respondents took more than 30 min. to get to the airport) Exclusion per Committee Direction

Exclusion per Committee Direction

Other Project: Operations Strategy

Time of Departure to Airport[2]



Note: ~5% or respondents did not know or could not remember

Observations

- The current working assumption for hours of operations for ARL are 5:30am – 1:00am. This is similar to the hours of operation for Airport Express
- Based on survey responses, most respondents began their journey to the airport between the hours of 4am to 6pm
- Respondents leaving from the airport were not surveyed, so departure time from the airport was not captured in the survey results
- **Exclusion per Committee Direction**

1. Q17. Think about your most recent trip to Pearson, how would your rate the following aspects of this experience? ('10' means excellent and a '1' very poor)
2. Q7. Approximately what time of the day did you begin your journey to the airport today? during your most recent trip to Pearson?

Note: Analysis based on weighted, total sample data (n = 3137).

V. Customer Profile Specific Observations and Insights

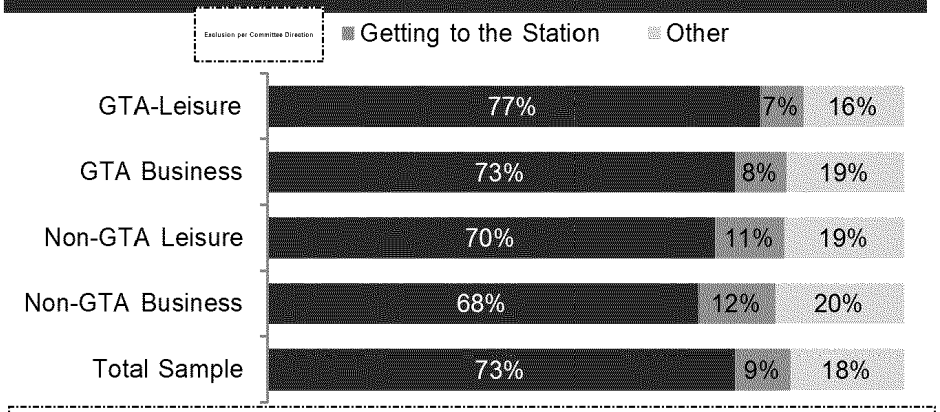
1. GTA Leisure
2. GTA Business
3. Non-GTA Leisure
4. Non-GTA Business

Note:

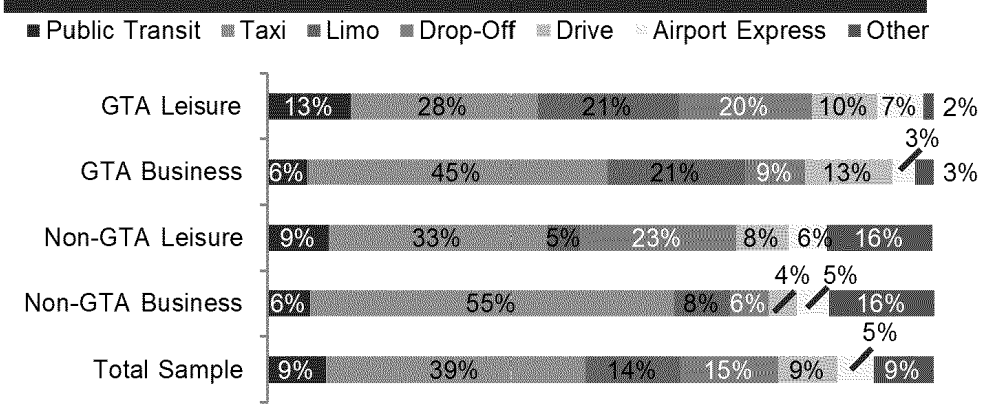
- GTA includes respondents that identified themselves as living in the Greater Toronto Area. Non-GTA includes respondents who identified themselves as living in Canada but outside of the GTA, in the United States, or outside of Canada and the United States
- Key observations and insights on Canadians as well as non-Canadians have also been captured in this section

General sample observations and insights mostly hold true across all four customer profiles

Attribute Importance



Current Preferred Mode of Transportation



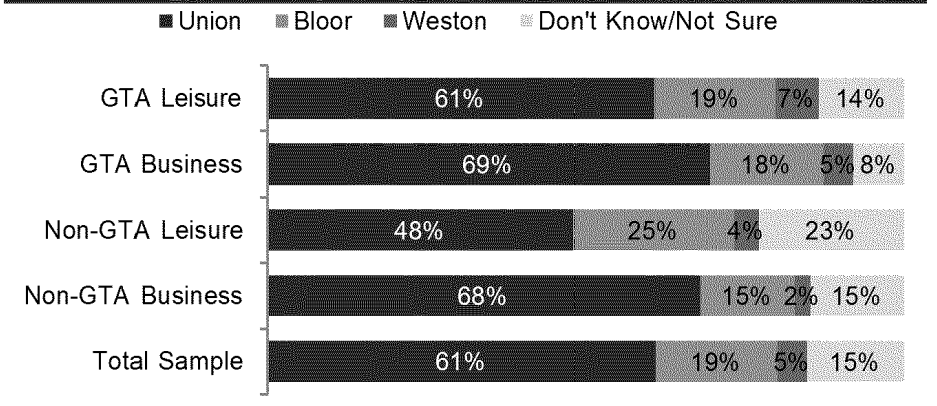
Exclusion per Committee Direction

Taxi / Limo are the preferred modes of transportation across all customer profiles

Note: Other includes Baggage, Food and Beverage, On-Train Experience, Loyalty and Partnerships, and Group Discount. Also, Non-Canadians are less price sensitive than Canadian customers

Note: Other includes Rental Car, Shuttle Bus, and Don't Know. Public Transit includes TTC, GO Bus, Brampton Transit, and Mississauga Transit

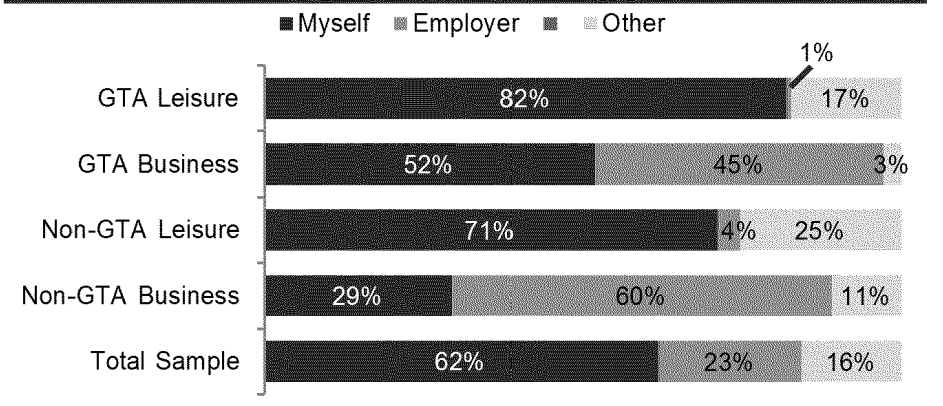
Preferred Station



Union station is the most preferred among all customer profiles, especially business customers

Note: For the purposes of analysis (i.e., simulator), the Don't Know / Not Sure respondents were included in the Union station numbers

Source of Airport Transportation Payment



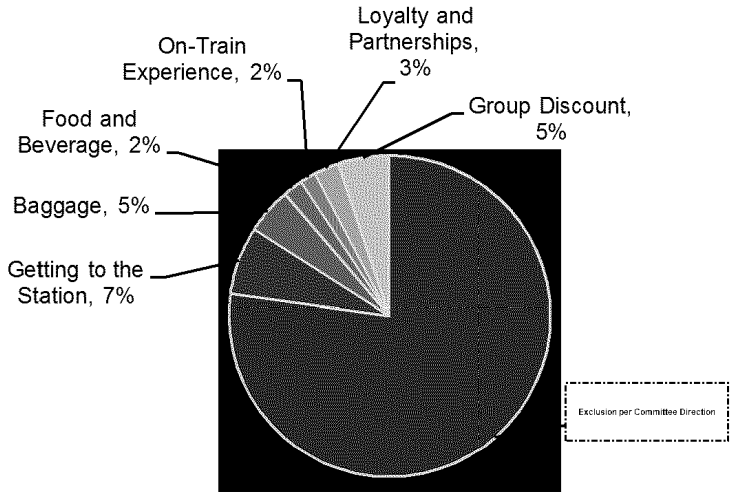
Customers largely pay for their own airport transportation, with the exception of Non-GTA Business customers

Note: Other includes Friend/Family and Shared/Other

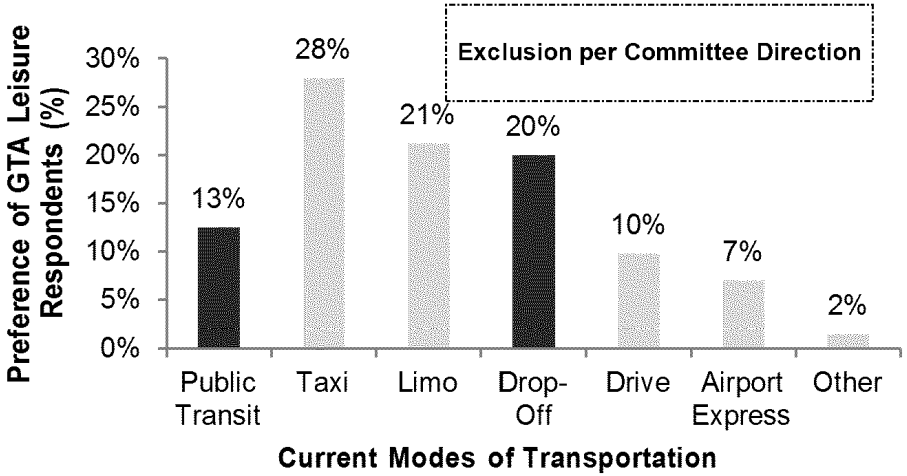
Note: Analysis based on weighted, total sample data (n = 3137).

Potential GTA Leisure customers Exclusion per Committee Direction with a third preferring to use the lowest cost modes of transportation to the airport and the majority travelling with companions

Attribute Importance

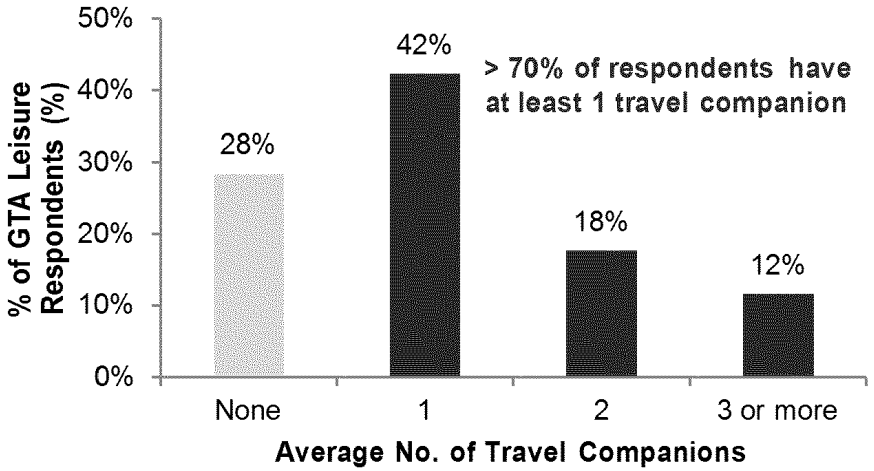


Current Preferred Mode of Transportation



Note: Other includes shuttle buses (0.9%), rental cars (0.1%), and don't know (0.5%). Public Transit includes TTC (11.8%), GO Bus (0.6%), and Brampton Transit (0.1%)

Travel Companions



Observations (n = 1215)

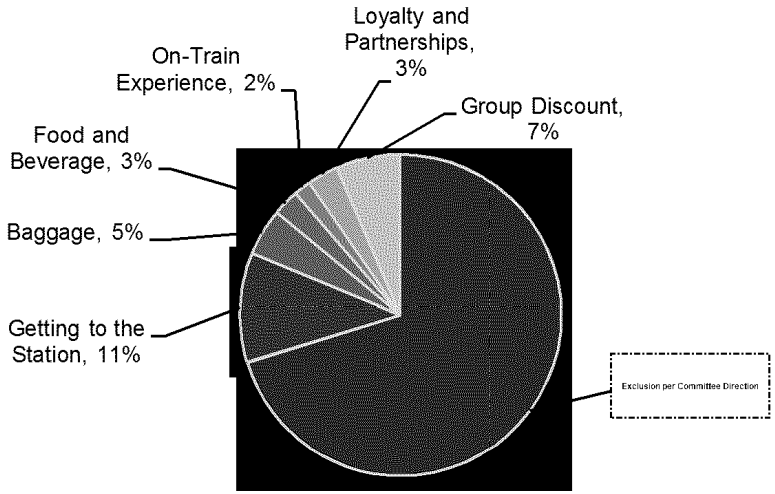
- Relative to other customer profiles, GTA Leisure customers are the most price sensitive
- Exclusion per Committee Direction
- Exclusion per Committee Direction

Note: Analysis based on weighted, total sample data (n = 3137). GTA includes respondents that identified themselves as living in the Greater Toronto Area.

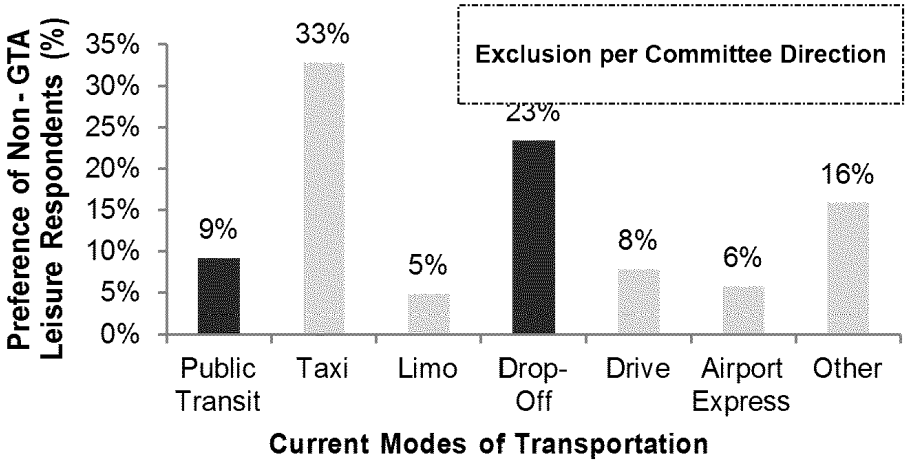
Exclusion per Committee Direction

Non-GTA Leisure customers Exclusion per Committee Direction GTA customers, but they still prefer Exclusion per Committee Direction modes of transportation like Drop-Off and TTC, possibly due to their travelling in groups

Attribute Importance

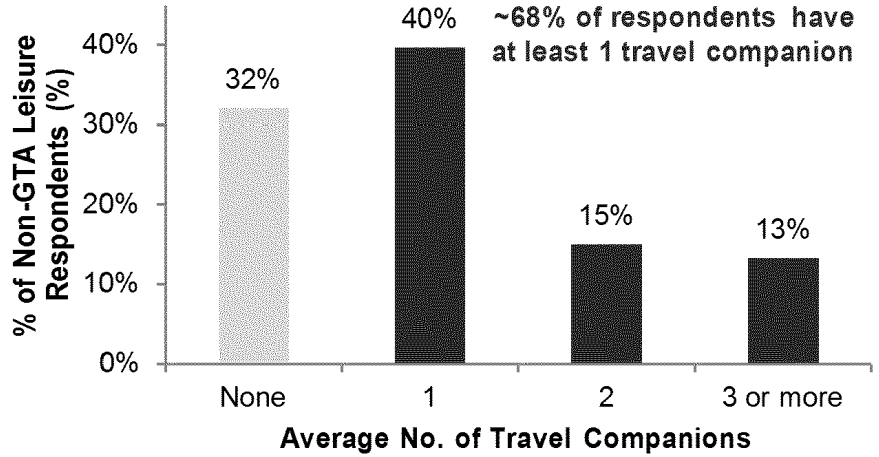


Current Preferred Mode of Transportation



Note: Other includes shuttle buses (9.5%), rental cars (5.6%), and don't know (0.8%). Public Transit includes TTC (8.2%), GO Bus (0.9%), Mississauga Transit (0.1%)

Travel Companions

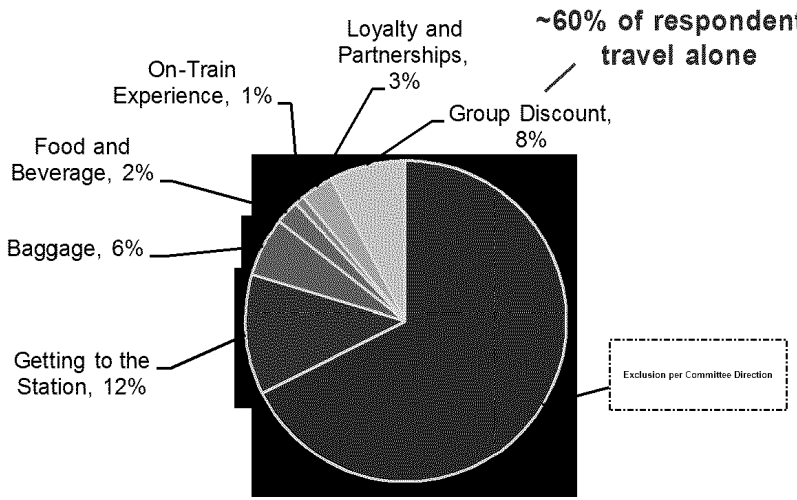


Observations (n = 699)

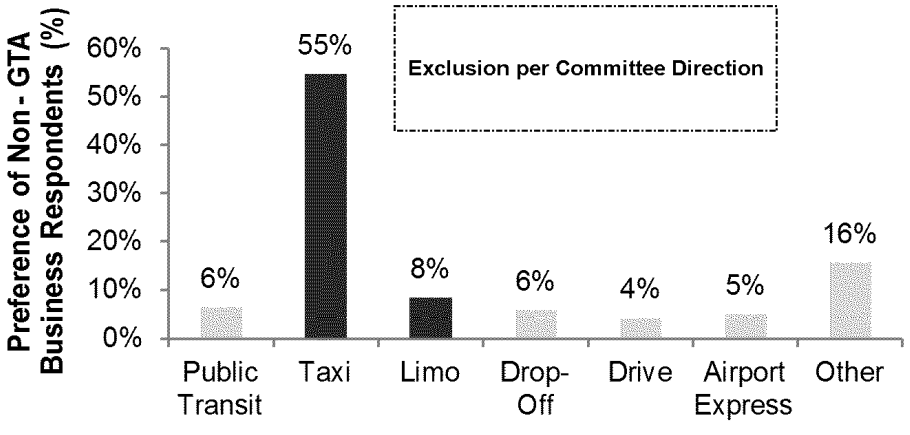
Note: Analysis based on weighted, total sample data (n = 3137). Non-GTA includes respondents who identified themselves as living in Canada but outside of the GTA, in the United States, or outside of Canada and the United States.

Non-GTA Business customers use Exclusion per Committee Direction modes of transportation to the airport as employers cover their travel expenses

Attribute Importance

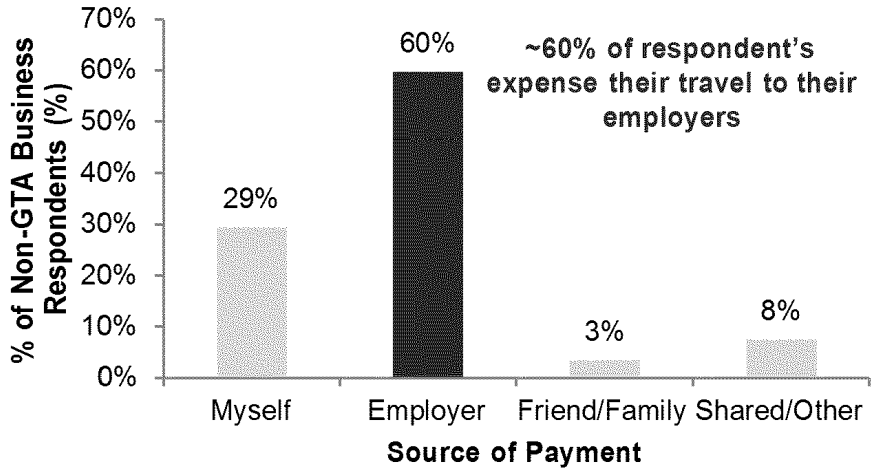


Current Preferred Mode of Transportation



Note: Other includes shuttle buses (5.6%) , rental cars (9.4%), don't know (0.7%)
Public Transit includes TTC (4.4%) and GO Bus (2%)

Source of Airport Transportation Payment



Observations (n = 840)

Exclusion per Committee Direction

Note: Analysis based on weighted, total sample data (n = 3137). Non-GTA includes respondents who identified themselves as living in Canada but outside of the GTA, in the United States, or outside of Canada and the United States.

VI. Appendix

Table of Contents

1. Discrete Choice provides valuable insight into the customer decision making process in order to determine ARL CE Strategy

DC Background

- Given the number of potential features that can impact a customer's overall travel experience between Union, Bloor and Weston Stations and the airport, a Discrete Choice Modeling approach helps ARL to **understand the impact that specific service features will have on customer preferences and choices**

1. **Base Offer** (e.g. 15 x 25 min service)
2. **Enhanced Service Options** (e.g. Food on the train)
3. **'Wow' Factor** (tbd)

- **Outputs** of the survey will inform the following three key inputs:
  1. **ARL options** (the services that customers desire from the ARL)
  2. **Exclusion per Committee Direction**
  3. **Ridership propensity** (likelihood to change mode of travel to take the ARL)

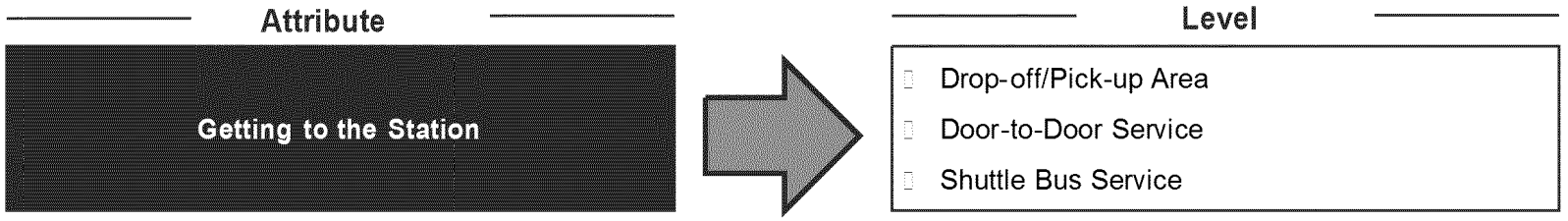
- These outputs then inform ARL's decision-making:
  - **Exclusion per Committee Direction**
  - The **specific features** of the ARL service that consumers feel will **most enrich their overall travel experience** between these two major transportation hubs

1. Discrete Choice Analysis can help predict which travel package options customers choose based on given attributes

Potential Attributes to be Tested

- Exclusion per Committee Direction
- 2 Getting to the Station
- 3 Baggage
- 4 Food and Beverage
- 5 On-Train Experience
- 6 Loyalty and Partnerships
- 7 Group Discounts

- Discrete choice presents respondents with a series of choices ('packages') between different scenarios:
  - Price level A, with business services available in-lounge, with in-transit beverage service; OR
  - Price level B, with news and entertainment available in-lounge, with food service in-transit; OR
  - Price level C, with baggage porter service, with free in-transit entertainment
- Each package contains a specific value proposition
  - An attribute (e.g., Getting to the Station) has a number of associated levels (e.g., Drop-off/Pick-up area, Door-to-Door service, Shuttle Bus Service, Parking, Valet Parking) that make up the value proposition



- This exercise replicates the decisions that consumers make in the real world

1. The Discrete Choice model will deliver the relative value of each level within each attribute

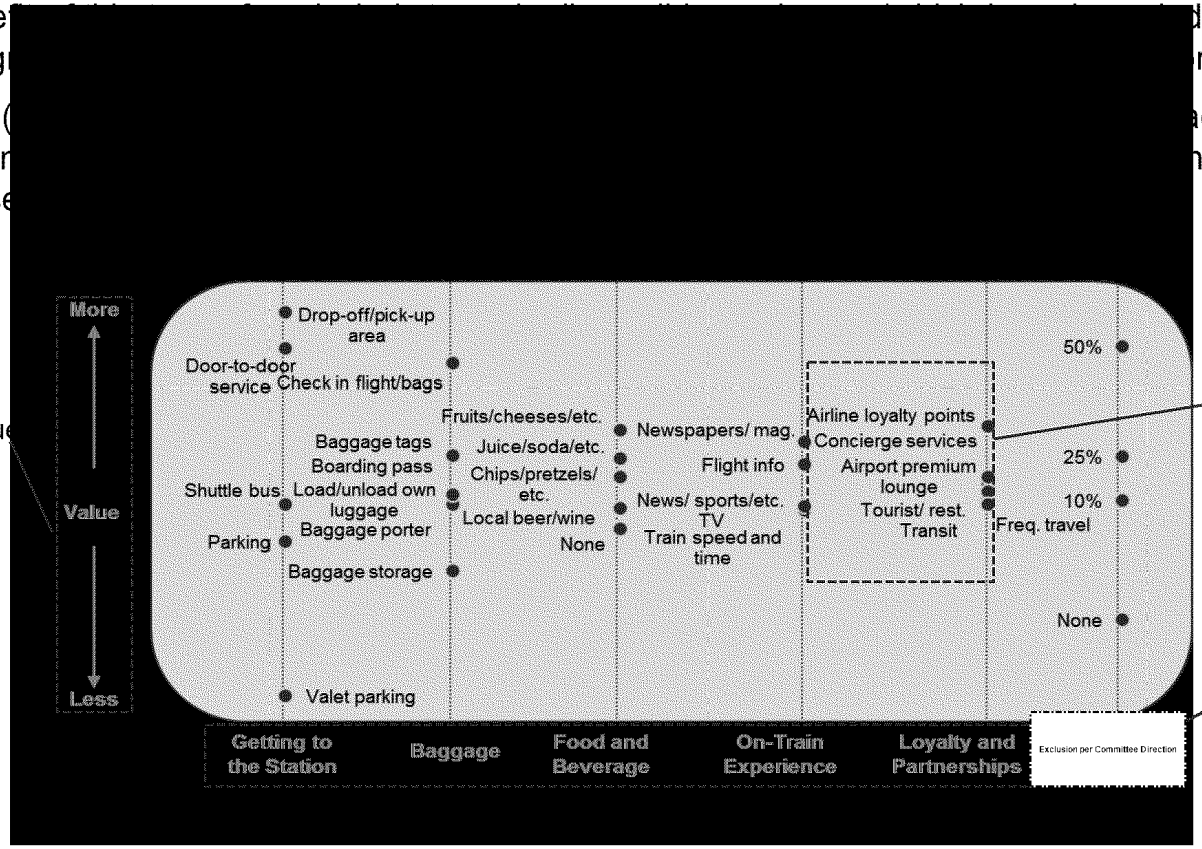
- The choices respondents make determine how important that option is on the decision to ride the ARL
- The Discrete Choice model will identify the importance of each attribute in the decision

ATTRIBUTE IMPORTANCE

On-Train Experience | Exclusion per Committee Direction | Loyalty and Partnerships | Group Discounts

Exclusion per Committee Direction

- A chart, called an isotherm graph, is produced that shows the relative value of each attribute level
- The utility scores are plotted on an isotherm graph
  - The bene[illegible]dexed) for consumer or traveler g[illegible]re successful
- Each indicator ([illegible]ach circle on the isotherm demor[illegible]hile a lower position on this axis represe[illegible]



1. The output from the data collection enables projections of up-take for specific packages of interest

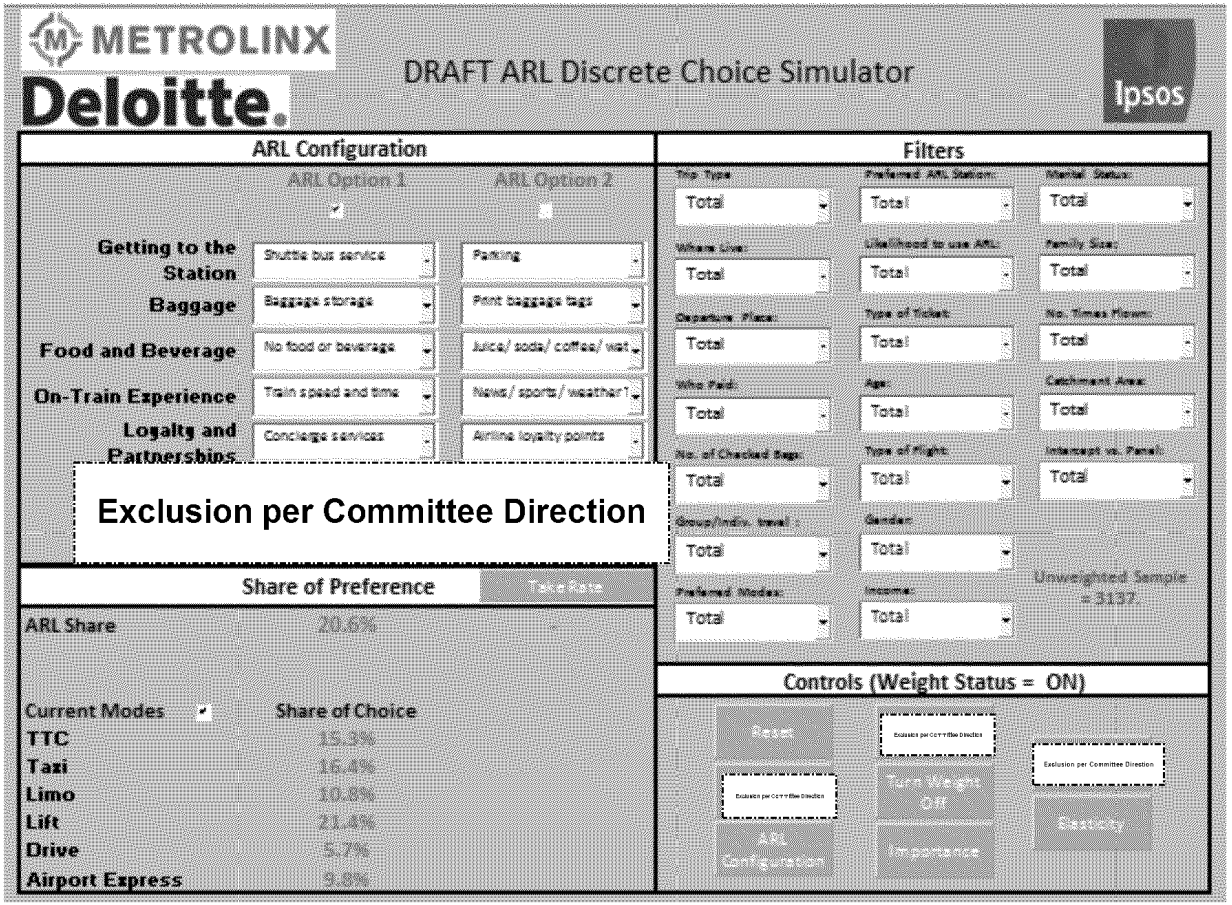
Exclusion per Committee Direction

- In addition to ranking all plausible packages from high to low, DC analysis also produces a projected take rate for select packages (e.g., number of customers or potential customers likely to choose a set transportation package)
- This information can be utilized by ARL to inform the potential uplift in ridership based on certain service offerings
- While take rates are meant to be a guide or reference only, the variance in take rates across various packages are an insightful indicator in terms of what package combination will generate the greatest level of interest among potential passengers, as well as the magnitude of that preference over other possible packages

Exclusion per Committee Direction

1. Based on the DC results, a simulator that models respondents choices is created to provide the ability to run 'what-if' scenarios

- The model **shows the relative importance of transportation mode** Exclusion per Committee Direction **amenities, and other features** that are manipulated during the exercise
- This output allows the user to **run 'what-if' scenarios** to see how selected package offerings Exclusion per Committee Direction affect customer choice or preference
- The key outputs of the 'what-if' scenarios include the share of preference Exclusion per Committee Direction



2. Relationship between Discrete Choice and Previous Market Studies

	Discrete Choice Study	Northstar ARL Market Assessment [1]	SDG Ridership Study [2]
Survey Respondents	• Includes GTA and non-GTA residents • Does not include Pearson employees	• Includes GTHA residents, visitors to Toronto, and Pearson employees	• Includes GTA and non-GTA residents • Does not include Pearson employees
Catchment Area	• Same catchment area as SDG Ridership Study	• Includes two additional segments which were not included in SDG Ridership Study: York and West (Halton/Hamilton, etc.)	• SDG's catchment area consisted of 25 zones stretching from the airport to Oshawa, based on forecasts of in-scope demand
Weighting of Results	• Discrete Choice weighted its data by catchment area, and business vs. non-business was weighted to be 39:61 • Weighting aligns with SDG Ridership Study data projections	• North Star weighted its data by catchment area, and business vs. non-business was weighted to be 30:70	• Weights were not used
Additional Notes	• Intercept respondents must have lived outside the GTA and Panel respondents must have lived in the GTA (and/or US), having travelled to the GTA within the past 12 months	• GTHA respondents had to have flown out of Pearson within the past 12 months or planned to within the next 12 months	

1. ARL Market Assessment Draft Report, Northstar, September 26, 2011
2. Toronto Airport Rail Link 2009 Traffic and Revenue Update Final Report, SDG, March 2010.

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