# CREATION OF A NEW PRODUCT – THE KRASNOYARSK MONORAIL TRANSPORT SYSTEM

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There was such discipline as marketing in my study plan last semester. I had to prepare a term paper – a project. The purpose of this project was to create a new product or service, which is necessary for citizens of Krasnoyarsk. I began my work from analysis of the cardinal problems, which inhabitants have.

Among such problems as lack of available habitation, quality of the housing and communal services and lack of decent work people in Krasnoyarsk have the main problem – traffic jams. The city authority tried to solve this problem with the underground several years ago. It had been begun to build but the project was stopped. So, if we can't pass traffic jams under the ground, we will be able to pass them above the ground. The same problem in Moscow and Japan had already been solved such way – over the ground, except the underground. In according to "The concept of development of public passenger transport in Krasnoyarsk for 2011 - 2015 with prospect till 2020" the movement speed of passenger transport in the city center during "rush hours" did not exceed 10 km/h last year. My proposal is the passenger transport remaking. So, let's begin!

## 1 Monorail transport system

So, I present to you the Krasnoyarsk Monorail Transport System. For your better understanding, I explain to you, what the monorail is. A monorail is a rail-based transportation system in which the track consists of a single rail, typically elevated and with the trains suspended from it. The term is also used variously to describe the beam of the system, or the vehicles traveling on such a beam or track. The transportation system is often referred to as a railway. Colloquially, the term "monorail" is often used to describe any form of elevated rail or people mover.

#### 1.1 Advantages and disadvantages

What virtues has this unusual railway got as a transport for city-millionaire?

- 1. The main advantage of the monorail as the traditional underground, it doesn't take a place at the overloaded city roads. But it is cheaper in building compare to metro.
- 2. The monorail system is capable to overcome steeper vertical declivities in comparison with other kinds of railway transport.
- 3. As the danger of accidents absences in theory the monorail speed can exceed the speed of traditional railway transport. Besides that the probability of collisions with other traffic objects is insignificantly small.
- 4. Visibility at every side of movement is wider because of raising transport line on certain height.
- 5. There is lowered noisiness because of using silent electric motors and rubberized wheels.
- 6. Also, monorail has such advantage as building and commissioning quickness in comparison with the underground.

But monorail has its own disadvantages as every type of transport.

1. There is no one standardized monorails. But nowadays the preparation of documents for this process is going on.

- 2. The monorail switch is a complicated construction. Its switching time is about 30 sec. But it is not so important, because monorail has high speed.
- 3. There is potential danger of trains falling from height. So, such accidents did not happen in the whole history of the monorail.
- 4. In a case of train stop because of accident or technique defects passengers has not a possibility to leave the train.
- 5. Monorail maintenance costs are more expensive than such costs for other transport. And this type of transport acquits itself only in case with big passenger turnover. Krasnoyarsk transport system has such quantity of passengers.

# 2 Marketing research

# 2.1 Public transport importance in Krasnoyarsk dwellers life

Today about 400 000 people use public transport in Krasnoyarsk. The distribution among types of transport – buses, trolleybuses and trams – is shown on the diagram.

# 2.2 Citizen's opinions

Before the project creation, I decided to get more information and conduct the survey among people of different age. I prepare these questions:

- Do you know anything about Monorail Transport System?
- What do you think about such innovation in our city?
- Would you make use of this type of transport, if we have such opportunity in Krasnoyarsk?

Let me show you how this transport really functions. For example, in the capital of Russia – Moscow. Moscow Monorail Transport System is the monorail system of northeast administrative district. As for April 2013 13 000-15 000 people use this transport every day. The monorail stations are opened from 7 a.m. till 11 p.m. The fare is 19 rubles per one trip. Only disadvantage is one transport line.

## 3 Stages in implementation of KMTS

The relevance of this service in Krasnoyarsk consists of following points:

- an assistance in road unloading;
- a reduction of bus fleet as a result of passenger turnover reduction;
- as a result of previous two points less traffic jams.

Now I am going to present you the stages of monorail transport system commercialization in Krasnoyarsk. And begin with the building plan.

## 3.1 Route scheme

Estimated route must conform the traffic safety requirements and not create obstacles for traffic. Besides that, the monorail must be built thus that its directions are similar to passenger's directions. I have found out the most uploaded routes in "rush hours" by results of analysis. And the ideal route looks like you see at the slide.

#### 3.2 Multiattributive model of service

It is important to understand, that associations with service a customer has in his awareness cannot have anything in common with reality. In most cases a customer is not an expert in the sphere where he wants to buy a service in, that is why he builds associations basing on the subjective perception of his past experience or under the influence of information environment. However these associations influence on customer's decision about purchase, even if they are incorrect or wrong. It is necessary to imagine the structure of features and attributes this kind of services perceiving by consumers very well, in order to use a described above psychological tool for improving your service sale. That is why I need to make a mul-

tiattributive model of service, which I am aimed to provide at monorail transport system. You can see it on the slide.

## 3.3 Segmentation

Before launching new service, I have to hold some target marketing actions. Firstly, I need to segment the market. I use for this two principals – geographical and demographic. According to the first principal, I pay attention at the type of the city and population density. As for the second principal, I should select my potential customer by age and incomes. And so, I get a model profile of the segment. It consists of Krasnoyarsk citizens, whose the main directions are east and south parts of Octyabrskiy district, the city center and avenue named by newspaper "Krasnoyarskiy rabochiy". Generally our potential passengers are children at the age of 14-18 years, students and other age categories, which consists of working people or those who has not their own car temporarily.

#### 3.4 Market share

The second step is definition expected market share of the new product or service. Public transport service with the monorail system will have weak position in the market, as you watch on the diagram. It may be caused by mistrust to such transport, human factor or a habit to take well-known buses and trolleybuses. In future this situation should improve and KMTS should get high position in the public transport market of Krasnoyarsk city such as it is shown on the diagram.

# 3.5 Marketing complex – 4P concept

As we defined so wide market segment, it is expediently to use only one marketing complex – the undifferentiated marketing – for realization this new service.

4P concept consists of 4 parts or sides of marketing action: product, price, place and promotion.

#### **PRODUCT**

This element includes several components. Actually good – monorail transport system. It will satisfy citizens' needs for movement around the city avoiding traffic jams. The trademark – is the logo of the company. Blue and white colors mean ease and freedom in movement around the city. Service is passengers' transportation by the use of the monorail system.

#### **PRICE**

First of all it includes pricing. Price of the good is one journey price on KMTS. Many factors influence on a journey price – from the electricity consumption to staff salary. Also the company should consider distance of transportation and average incomes of their passengers. Because of the service novelty initial trip cost will be higher than at the traditional transport. – about 35 rubles. But price policy is going on. Let's calculate the average journey price for the KMTS as for the popular type of transport. I offer to use information about trip prices in Moscow city. I need to say that following calculations is not absolutely correct. It is just about the really cost. After the calculations the approximate trip price is 15 rubles. But distances between stations in Krasnoyarsk are smaller than in Moscow, it would be better for the trip cost size.

#### **PROMOTION**

The inculcation of such new service to the public transport market of Krasnoyarsk will be rather difficult. And the first item, which the KMTS will possibly face with, is competitors - buses, trolleybuses and trams. The second thing is citizens' lack of knowledge about monorail transport system and their mistrust to this transport. It is necessary to use preventive actions for successful life of my new product. For example, active advertising campaign, cheap excursion trips and others.

#### **PLACE**

Sale process will be held from managers of passengers' transportations to customers. Allegedly, it will be short-term contract between carrier and passenger. Payment should be inside trains with conductors.

#### **Conclusion**

In conclusion I would like to say that any new product faces to different troubles. Any company launching new product or service should make much effort for the future users' acceptance this innovation and its successful functioning. To realize my idea about monorail transport system it is necessary to do a great number of actions. Those researches that were shown in my term paper are just a small part of the whole creation and launching new service.

## The list of used sources

- 1 Актуально: Какие проблемы волнуют красноярцев в первую очередь? [Электронный ресурс]: http://gornovosti.ru;
- 2 Концепция развития пассажирского транспорта [Электронный ресурс]: http://www.admkrsk.ru;
  - 3 Monorail. URL: http://en.wikipedia.org.