

"CitiBike is a powerful opportunity for Citi to connect with New Yorkers and help move the city, and the company, forward." ~ Edward Skyler, EVP GLOBAL PUBLIC AFFAIRS Citi. (pls. see p.22)

Citi Bike Boom

The profound change in New York City's daily culture came into stark relief during an early January polar-vortex that encrusted Gotham in snow and sent wind chills plummeting into the subzero range.

It wasn't just that New Yorkers braved the elements; it was that the Big City's denizens simply dug out bicycles and rode them around town as if it were hotter than July.

Indeed, some 6,669 people were tooling around on bicycles on the coldest day on record in about 100 years, according to tracking data courtesy of New York's new Citi Bike program. Hey: If you've got a choice between a long walk in the freezing cold or short bike ride, it really is a no brainer.

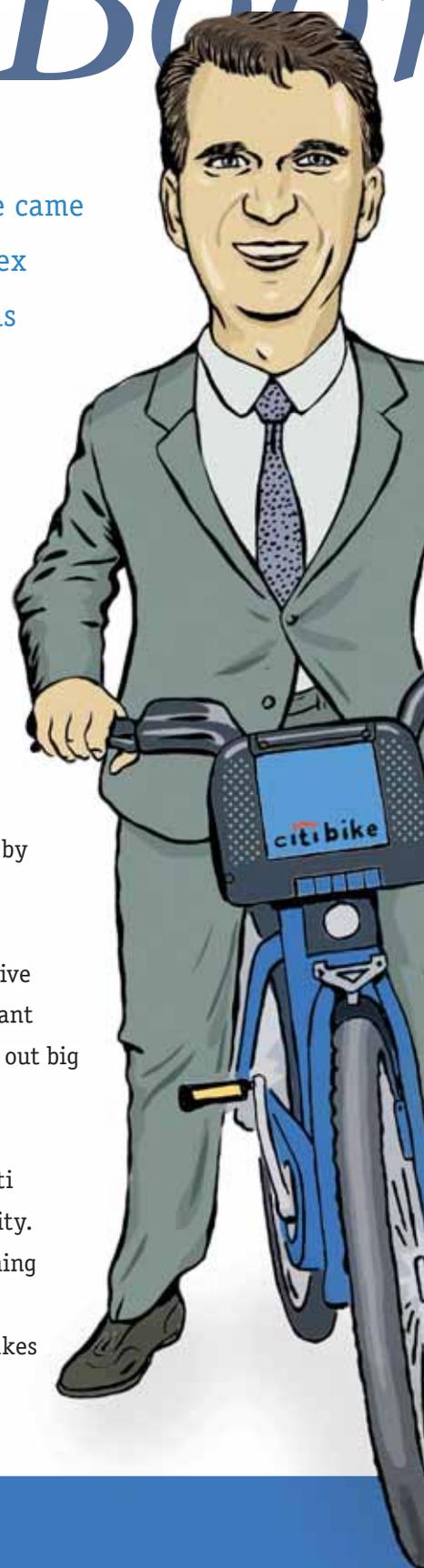
Even a year ago, such behavior would have been unthinkable simply because it wasn't an option. It is only since bike sharing arrived in New York City last May that a two-wheeled alternative was a possibility. The program was part of former Mayor Michael Bloomberg's grand plan to improve city life by providing new ways to get from one point to the next.

The program was not without its controversies, but its success has wildly exceeded expectations (*see sidebar*). Even more stunning is the program's positive effect on the reputation of its sponsor: Citi. Just six years ago, the financial giant was widely pilloried for accepting bailout money while simultaneously shelling out big bucks for naming rights to the new Mets baseball stadium.

This time, it is receiving praise even from its biggest critics.

Edward Skyler, a former deputy mayor under Bloomberg and now a top Citi executive, is at the center of this remarkable return on corporate responsibility.

As Ed observes, the accountability in question is not necessarily tied to opening more checking accounts or selling more insurance. It has little to do with advertising or promotions. It's about finding a fresh point of relevance that makes a difference for everyday people — whether they are Citi customers or not.



m!

Citi Bike is about making connections, not transactions, says Citi EVP Edward Skyler.

How did the Citi Bike program happen?

Before I joined Citi, I worked for Mayor Bloomberg as deputy mayor for operations and oversaw part of transportation. So, I was involved in this program in the early stages from the City Hall side.

Then I moved to Citi in 2011 and the Transportation Commissioner called. She said the city was moving forward with a bike-sharing program and suggested that 'Citi Bike' had a nice ring to it. So, we started to have a conversation and some meetings. We went through the program and decided that it actually was a great fit for the company.

It was not just the corporate team but also the consumer marketing team that was heavily involved in doing the testing to see whether it would be an effective sponsorship for us. They looked at how other programs in other cities have fared and talked to other sponsors to understand their experience. They spent a lot of time with the Department of Transportation to become comfortable that there were plans in place for a strong program that would provide a good user experience.

We all came to the same conclusion and announced it in City Hall Park. It's been more than a year since Citi Bike launched, and now we're happy to see it's off and running.

Were customer demographics a consideration?

Oh, sure. New York City is our largest branch network in the United States, and globally as well. Clearly, the program footprint matches very well against the bank branch footprint in the city.

One of the three pillars of our strategy is to leverage urbanization globally. New York being New York — as well as our hometown — makes it a perfect place to sponsor a bike-sharing program.

How much do Citibank customers overlap with Citi Bike customers?

I actually don't know, but we've seen a business uptick in New York City on both the retail bank as well as on the credit-card side of our business. The

reputational benefits are pretty clear. There's quite a bit of not only advertising value, but also brand lift just because of the sustainability aspect and the innovation that the program represents.

What were the hurdles to making Citi Bike a reality?

Whenever you look at urban initiatives like Citi Bike, the good ones — the innovative ones — are going to be inherently controversial. I saw that working in the Bloomberg Administration, whether it was a smoking ban, a ban on trans fats or certain education initiatives. Good things are sometimes controversial because they are innovative, and so they create conversations.

Some controversy can be a good thing as long as you believe that at the end of the day the initiative is going to be seen as a positive. Sometimes, until people see the benefits, you go through a rough patch. That's what you saw with Citi Bike. In this case, the rough patch was pretty short-lived. It became recognized as a success very, very quickly through our internal tracking and outside polling. Now it's seen as a resounding success.

You just need to have conviction in what you're doing and be able to make your case internally. A lot of us looked at it — the brand team and consumer marketing team. We all came to the same conclusion: Citi Bike is a powerful opportunity for Citi to connect with New Yorkers and help move the city, and the company, forward.

What was the most daunting objection?

We took a close look at the conversation in New York City about bicycle transportation because people are passionate about every inch of public real estate here. There are always questions about whether there are enough bike lanes, too many bike lanes or enough parking spots. There are questions about whether the city is prioritizing cars versus people or people versus cars. That was a debate we needed to be comfortable wading into, and ultimately we decided that we were.

What scared you most about the program?

We are the sponsor and not the operator, so we don't control the program itself. So, you're always going to feel that you're taking a chance and you're making a bet that it will be operated wisely.

That was something we were concerned about, and there were some initial delays rolling the program out. But our position was to get it right. There was no reason to rush it.

To what extent does Citi run Citi Bike?

We don't. Alta Bicycle Share, Inc., runs the program and the city oversees it. We are the sponsors, but we don't run it any more than we run the New York Mets. We don't operate the system.

We obviously had input into the branding and the layout. Blue is our brand color, so the bikes are blue to be consistent with our other advertising and branding. But we didn't design the bike, the software that makes the program work, or the stations.

Mayor Bloomberg is such a strong advocate for mass transit—and this mode in particular—that people knew it was a City Government program and understood that we were just the sponsor. Do some people misunderstand that? Sure. But that is not a widespread issue for us.

Has the Citi Bike success improved business for Citi?

If you look across metrics, it's been very positive. We've seen an increase in the likelihood of people considering additional Citi products. We've seen higher rates of account openings in both bank and credit cards, and we've seen uplift in our brand metric overall.

So, in terms of our efforts to enhance the value of our brand to drive business results, we are seeing a good return so far.

How else do you measure the value of the sponsorship?

Certainly word-of-mouth is another measure. New York City is an urban laboratory. I was in Singapore, Tokyo, and Warsaw in the weeks and months after the launch, and people asked me about Citi Bike. Everything you do in New York City travels internationally. We've gotten widespread attention throughout the world because of New York City's prominence.

It's also brought our brand to the attention of

people who might not have thought about Citibank. From a free-media perspective, it's not just that we're getting attention on CNBC all of the time. We've been on the Late Show, Jimmy Kimmel, Letterman, and the Today Show. It's gotten us exposure in the general news media in a positive way that is important for us. It's also helped rebuild the reputation of the industry.

Is there any hard data behind that or is it mostly anecdotal?

No, it's not anecdotal at all. We track favorability. We track impressions, the media and social media. It's pretty robust. During the first few months of the program, favorable impressions of Citi increased by 17 points. Our image as an innovative company went up by 12 points, and so did our reputation for social responsibility.

Was there any result that you found surprising?

The way Citi Bike exploded onto the scene, and how quickly it became a phenomenon, was surprising. It really caught on fast. People decided quickly that they liked it. We tracked the exposure here versus London versus Washington DC, Chicago, and other cities that have tried this, and we received much more exposure than those cities did.

I think it's because New York is the capital of the world—the world's second home—however you look at it. There's only one New York City, and when you do something here it gets noticed. It's an event in itself.

Did the investment in Citi Bike replace traditional advertising?

Sure. We have a certain amount of resources and we allocated some of those resources to Citi Bike. However, keep in mind that we are always finding different opportunities to put our resources behind. We also allocated resources to support the Olympics fund, which we did in 2012 and again for the Olympic Games in Sochi and Brazil. So, it's part of our usual practice of putting our budget behind the opportunities we have.

Is there any linkage to bank promotions or customer activation?

We've engaged in a number of activation events to promote the program. We hosted a launch event in

Big Wheels

Citibank's bike-sharing program — Citi Bike — is winning praise from the bank's harshest critics. "We love this, but we hate who's behind it," says Casey Neistat, who is both a bike enthusiast and bank antagonist.

Casey considers Citibank to be "a pretty big villain," but uses Citi Bike "for as much as 30 percent of his rides and is thrilled by how it's turned his friends into cyclists." Activist Cathy O'Neil is similarly conflicted. On the one hand she thinks Citibank "shouldn't exist," but on the other hand can't resist using its bikes.

"I used to be too afraid to bike in the city," she says. "Now there are so many people biking because of Citi Bike, it feels safe." Between May and November of 2013, "New Yorkers (and tourists) took more than 4.7 million trips and pedaled 9.4 million

miles, obliterating projections... More than 92,000 people purchased \$95 annual memberships; tens of thousands more bought daily and weekly passes."

Citi Bike is both "an urban sustainability advocate's trippiest fantasy" and "a bank marketer's jackpot." As Citi's Ed Skyler explains: "It cuts through all the noise. When you're in New York City, you're inundated by ads everywhere you go... This is unique. It distinguishes itself."

Unlike the Citi bailout, Citi Bike did not cost taxpayers a penny, although it did cost Citi \$41 million. And it gave locals something to love.

"There are opportunities for name recognition and there are opportunities to connect directly with people," says Ed, "and Citi Bike is in the second category."

[Source: Nick Summers, *Bloomberg Businessweek*, 11/4/13]

Union Square, with demo rides and helmet giveaways. We have incorporated the program into our local marketing mix. We instituted a \$15 statement credit for consumers who purchase an annual membership with a Citi credit or debit card. And we've engaged our own employees through events and free passes.

In December, we joined forces with the Times Square Alliance and Countdown Entertainment to create a Citi Bike Pedal Power Station in Times Square where New Yorkers and tourists rode bikes to generate energy to power the New Year's Eve ball drop. Nearly, 2,200 people participated, and the event earned extensive national media coverage.

There are perhaps additional opportunities we'll explore in the future. We've been careful because this is a public transportation system and our priority is to make sure it is being used and that it is successful. So, we've taken a balanced approach and the promotional aspects have been minimized at this point.

Has Citi Bike changed the Citibank banking experience?

To the extent that some of the bike stations are positioned near branches, perhaps some branches are more successful than they have been previously. But inside the branch you wouldn't notice anything different.

Was there any other thinking behind Citi Bike?

We wanted to do something meaningful for New York City during our 200th anniversary. New York has been our hometown for two centuries now, and we really wanted to give back to a city that's been such a great home for the company. We were founded on Wall Street back in 1812. So, New York is a special place in the company's history and heritage.

What is Citi's brand purpose?

Our purpose as a bank is to enable progress for consumers by helping them save, simplifying their financial lives, and helping them become homeowners. We enable progress for companies by giving access to capital markets, and by helping them manage their payrolls globally.

We also enable progress for institutions like governments, by helping to raise money for infrastructure projects, transportation and utility projects, such as water mains, sustainable energy, finance, and so forth.

The common thread that runs between all our businesses is the concept of enabling progress, enabling people to go from ambition to achievement. If we thought of ourselves as an Oscar contender, we'd

want to win for Best Supporting Actor or Actress, because what we do is try to find ideas and put capital behind them.

How does the Citi Bike program align with that purpose?

Citi Bike is a very specific opportunity to connect directly with people and make their lives easier. It makes them feel better about Citibank and what we provide. That's consistent with what we try to do as a bank to make life simpler, and promote sustainability.

Citi Bike makes people's lives easier because it helps solve the problem of getting around a complicated city like New York where there is a lot of traffic congestion, and mass transit that is under stress. It gives people a new, creative way to get around town and simplify their life.

Sustainability is very important to us—not only sustainability concerning our own operations, such as how we lower greenhouse gas reduction, but also how we finance sustainable energy projects such as wind farms, solar, and so on. Citi Bike is a perfect example of sustainability because it is very carbon friendly. It also is a great way to connect with people by delivering a solution to a vexing urban issue like congestion.

Has there been any change in the Citibank culture because of Citi Bike?

Any time you do something big and bold like this, your employees get excited about it. We've certainly seen that. We have employee promotion of Citi Bike, on all levels. Our CEO has used the program. Our people like to see that we are proud of our company, and that we are contributing to the dynamic environment that is New York City.

Do you use Citi Bike?

I'm more of a subway guy!

How does the Citi Field sponsorship compare to Citi Bike?

They are different, and hard to compare. Citi Field was a naming rights play, and I wasn't here when those considerations were made.

For us, this is an opportunity to directly connect with people. Just like our Olympic sponsorship through the social media platform really connects

and engages people, we're trying to do the same thing here. I think that's the direction effective sponsorships are moving in.

What were the major benefits of the Citi Field sponsorship?

What we really tried to do is activate it within the community. So, we work with community-based and volunteer organizations to try to get use of their platforms to bring people into games and have experiences that they otherwise wouldn't have.

Through a program called Citi Field Kids, we sponsor alumni programs for former Mets players, work for organizations like Habitat for Humanity, and the YMCA. We use it as a platform for specific community engagement.

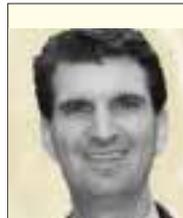
I went to a session we had before for a game in the fall where we had some people from Newtown, Connecticut, come to practice on the field for an hour before the game and meet some of the Mets players, like Zach Wheeler. So, Citi Field is a powerful property, but they are very different sponsorships.

How do you see Citi Bike evolving over time?

It's a six-year deal. Keep in mind that it's a relatively young program. We hope that the city will be able to build out the whole network because we have a contract that gives us the right to rent out 10,000 bikes in 600 stations. We're hopeful that the city will invest in the network and build that out. We'll see. So far, so good, but the program just started last May.

What do you love most about Citi Bike?

When you look at the growth of New York City, you see how mass transit has played such a large role. Citi Bike is an opportunity for Citibank to partner with a transformative transportation initiative—a new mass-transportation network. That is really exciting. ■



EDWARD SKYLER is executive vice-president of global public affairs for **Citi**, where he leads communications, branding, corporate sponsorship and government affairs. He previously was Deputy Mayor for Operations for the City of New York.