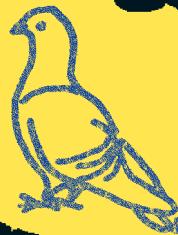


HOW CITIBANK BOUNDED

74

Is this the greatest marketing plan



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oy of all time? By Nick Summers



Vikram Pandit stood fidgeting in a park near New York's City Hall, looking owlish in a suit and rimless spectacles. It was May 7, 2012, and he'd had better springs. Citigroup, where he was chief executive officer, had recently flunked a government "stress test" meant to identify which big lenders were still shaky

in the wake of the financial crisis. The Federal Reserve had vetoed an \$8 billion stock buyback, and irritated shareholders had just voted against Pandit's pay package of \$15 million.

Today the news was better. Pandit took his place next to a podium as New York Mayor Michael Bloomberg announced to a gaggle of reporters that, after three years of study, the city was finally starting a bike-sharing program—one that would cost taxpayers nothing, thanks to a \$41 million deal with Pandit's Citigroup. The cobalt blue two-wheelers, the mayor said, would be called Citi Bikes.

As Bloomberg detailed the program, which he said would grow to include 10,000 bicycles at 600 stations across the city, he kept tripping over its name. "The person who I have the pleasure of introducing next hopes that everyone does exactly the same thing I did four or five times: confuse 'Citi Bike' with 'Citibank,'" the mayor said. "That is very good for Citibank's business, and presumably the reason why they are the sponsor of this—and I certainly hope it works." (The mayor is the founder and majority owner of Bloomberg LP, the parent of this magazine.)

Pandit smiled and took the microphone. "Citi Bike is kind of like the Zipcar for bikes," he said, reeling off its many virtues. "It's better for the environment. It's also good exercise. People will be able to borrow a Citi Bike wherever they want and return it at their desti-

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nation. This should lead to fewer cars on the road. It should lead to less crowding on subways and buses and better access to neighborhoods far from public transit."

And best of all: "As the mayor said—all of this without using any taxpayer money!"

Here the irony was as thick as a Citi Bike's puncture-resistant tires. Citigroup took an estimated \$476 billion in public cash and guarantees during the financial crisis, more than any other bank. Now Pandit was sending an amount equivalent to 0.008 percent of its rescue bill back to the people, in the form of shiny new three-speeds. Could tough, crisis-scarred New Yorkers really be bought off that easily?

Yes.

Eighteen months later, Citi Bike has remade the city. Since the program's official launch on May 27, 2013, New Yorkers (and tourists) have taken more than 4.7 million trips and pedaled 9.4 million miles, obliterating projections, as the system has been embraced by commuters and the celebrity class alike. Bruce Willis rode a Citi Bike off the street and onto the stage of the *Late Show With David Letterman*; 10-year-old Quvenzhané Wallis pedaled one around on the set of the remake of *Annie*. Leonardo DiCaprio, whose new film, *The Wolf of Wall Street*, shows brokerage-house excess at its worst, has been repeatedly spotted on

one of the rolling Citigroup advertisements. More than 92,000 people have purchased \$95 annual memberships; tens of thousands more have bought daily and weekly passes.

Early critics of the program, who faulted the placement of docking stations and called the bikes eyesores, have largely been shouted down. When a *Wall Street Journal* columnist said the city had been "absolutely begrimed by these blazing blue Citibank bikes" and asserted that "the bike lobby is an all-powerful enterprise," she was ridiculed on both *The Daily Show With Jon Stewart* and *The Colbert Report*—programs that are normally sulfuric on anything even tangentially related to the big banks and that have also been quick to mock other Bloomberg programs. Scores of novice cyclists haven't been crushed beneath speeding cabs, bloodying Citi logos, as detractors predicted.

In October the *New York Times* ran a delightful story about couples incorporating Citi Bikes into their wedding ceremonies. Aaron Naparstek, a prominent biking activist, tweeted that Dani Simons, the Citi Bike marketing director, had a job that "just continues to do itself: I wonder what she does all day?"

If Citi Bike has played out like an urban sustainability advocate's trippiest fantasy, with businessmen, couples, and hipsters alike all pedaling greenly from solar-powered docking station to solar-powered docking station, it has also been a bank marketer's jackpot. "We're very happy with the results, and there was no guarantee it would work," says Ed Skyler, Citigroup's executive vice president for global public affairs. A former deputy mayor in the Bloomberg administration, he gets the credit for bringing the bike-sharing sponsorship to the bank. "It cuts through all the noise. When you're in New York City, you're inundated by ads everywhere you go. Billboards, cabs, everywhere," he says. "The whole transportation system is covered in ads. This is unique. It distinguishes itself."

Like a presidential candidate, Citigroup runs an internal tracking poll to measure

From left: Steel, former Alta Bicycle Share President Alison Cohen, Sadik-Khan, the mayor, MasterCard CEO Ajay Banga, and Pandit in 2012



the bank's popularity. From May to July, its "favorable impression of Citi" number jumped 17 points, the company says, though it won't specify the base line. On whether Citigroup "is an innovative company": plus 12 points. "Is a socially responsible company": plus 12 points. "Is for people like me": plus 14 points. YouGov, an independent company that runs daily polls on brand sentiment, shows Citi climbing from negative to positive territory in the New York market within a month of Citi Bike's launch.

"It's not like you just throw around money like this," Skyler says of the \$41 million sponsorship deal. "You want to make sure you get a return off of it. The reputational reward looks clear now, but when you're actually making the decision, you're taking a certain amount of risk. And frankly, it paid off a lot faster than we expected."

In the fall of 2011, after the Bloomberg administration had decided that any bike-sharing program would need to line up a corporate sugar daddy, Skyler's phone rang. It was his old colleague, Janette Sadik-Khan, the city's transportation commissioner. "She said, 'Hey, we're moving forward on bike share,'" Skyler says. "I said, 'Great!' She said, 'We thought Citi Bike would have a nice ring to it!' I said, 'It does have a nice ring to it. But what would it cost?'"

The initial figure was too high—neither party will say by how much. The city and Citi negotiated over the next several months, with the mayor and his deputy for economic development, Robert Steel, phoning Skyler to discuss a price. Eventually they settled on \$41 million over six years and agreed to split any profits from membership fees. (As of late October, the system is losing money.) MasterCard was brought in to sponsor the payment system for \$6.5 million.

The project had to be sold to each of Citigroup's fiefs. "It's a new idea," Sadik-Khan says. "You have to go through the retail-bank approval process, and the corporate buy-in. It takes a while to massage and socialize the idea with the various parties that have something to say about it. They are spending their marketing dollars. It takes some time to work through." Yet "the total elapsed time was eight months," Sadik-Khan says, "which is the bureaucratic equivalent of light speed."

The city had also approached Apple ("Big Apple Bikes"), but in the months after Steve Jobs's death it was too difficult to get the company's attention, Sadik-Khan says. "I would have been open to anyone coming in with \$41 million," she says. "We cast a wide net and invited everybody in. Citi was the most serious suitor, and they were a natural partner—not only does the name fit in seamlessly, but it was very supportive of their business line." Many docking stations are next to Citigroup branches or ATMs.

"I think Citi deserves a lot of credit," says Howard Wolfson, a deputy mayor and long-



Leonardo DiCaprio, Karolina Kurkova, Quvenzhané Wallis

time bike-policy advocate. "It was not 100 percent obvious that this would be a huge success." He recalls an afternoon in the mayor's bullpen office in May 2013 when he referred to the new rides as "Mike Bikes." In London, public bicycles are often called Boris Bikes, after Boris Johnson, the mayor who installed them, instead of the official Barclays Cycle Hire. "The mayor," Wolfson says, "was like, 'Don't do that. Citi is paying a lot of money for this.'"

One thing City Hall did not care about was the stigma attached to big banking. "That's not a concern of the mayor's," Wolfson says. For riders, using Citi Bike can involve a bit more cognitive dissonance. Many of bike sharing's most visible proponents—young, crunchy sustainability partisans—would fit in seamlessly at an Occupy Wall Street protest, urging that banks such as Citigroup be broken up and its executives prosecuted. Casey Neistat, a filmmaker whose videos about biking in New York often go viral, notices this mental tug of war between bike and bank. "We love this, but we hate who's behind it," he says. "I try to refer to it as 'bike share,' rather than Citi Bike. It's out of an absolute disdain for Citibank. Most of the big banks could be categorized as doing questionable practices for the everyday working man like myself, but Citibank in particular is a pretty big villain."

An avid biker, Neistat says he uses bike sharing for as much as 30 percent of his rides and is thrilled by how it's turned his friends into cyclists. He compares the program to an impossible-to-resist vice. "I still drink Cokes because they taste amazing, and I'll go on all day long about why soda is terrible, making our children fat and our society obese," he says. "But because they're so f---ing delicious, there's nothing we can do about it."

Citi Bike has made inroads into the unlikelyst of places. "They call me a traitor," says data scientist Cathy O'Neil. When she is not Citi Biking around town, she is a leader of the Alternative Banking

subgroup of Occupy Wall Street. "I have massive problems with Citigroup. They shouldn't exist," O'Neil says at a bar near Columbia University after an Occupy meeting in September. "But I love Citi Bike. ... I used to be too afraid to bike in the city. Now there are so many people biking because of Citi Bike, it feels safe."

Obviously, Neistat and O'Neil aren't about to recant their antibank beliefs just because Citigroup is underwriting their quick jaunts across town. But the bank scores their grudging, compartmentalized affection as a win. Public opinion is a squishy assessment that fluctuates over time—YouGov says Citi's "buzz" score is back to neutral—and is difficult to pin to actual results, such as an increase in credit card applications, but corporations put enormous value on their brands.

"It really speaks well to Citigroup," Sadik-Khan says. "They could have invested in a \$41 million ad campaign to get people to open a checking account." Or done the usual bank thing and slapped their logo on a stadium. In 2006, Citi agreed to pay \$400 million over 20 years for the naming rights to the New York Mets' new home, a deal that seemed like ghastly largesse by 2008, when the bank laid off 75,000 employees.

The difference, beyond the price tag, is that Citi Field took something away from New Yorkers—the iconic Shea Stadium—and Citi Bike gave them access to something they didn't have before. "It's an entirely new way to do public-private partnerships," Sadik-Khan says.

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

Neistat smiled recently, when he hopped on a Citi Bike whose logo had been defaced with a decal to read "Shiti Bike." But he was dismayed to see a docking station smashed to pieces by a vandal. "That made me mad," he says. "I definitely don't support that. I want Citi Bike to succeed, because it makes the city such an amazing place." **B**