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Conventional and innovative financing strategies for local public transport: insights from the italian context

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INTRODUCTION

The present study investigates the financial evolution of Local Public Transport (LPT) in Italy, addressing the growing need for sustainable funding models amidst economic austerity, increased environmental expectations, and declining public investment. The LPT sector has historically been characterised by a strong dependence on government subsidies, yet it has increasingly struggled to meet rising operational costs and passenger expectations. Recent global crises, including the 2008 financial crash and the COVID-19 pandemic, have led to increased budgetary pressures on national and local administrations. This has created an urgent need for alternative financing strategies that do not compromise service quality or accessibility. In this context, the research seeks to assess how conventional funding mechanisms are currently used, and more importantly, how innovative solutions — particularly those involving private actors — can play a complementary role in ensuring the financial resilience and modernisation of Italian public transport systems.

The primary objective of the present study is to explore, categorise, and critically evaluate emerging forms of public-private collaboration in the Italian LPT sector. These include the commercial exploitation of branding opportunities through naming rights and vehicle decoration, as well as strategic cooperation with private firms through Corporate Mobility Management (CMM). It is evident that CMM initiatives, in particular, represent a relatively unexplored but promising avenue. In this regard, companies co-finance transport services for their employees in exchange for customised mobility solutions, branding visibility, or other strategic returns. The objective of the present study is to analyse these mechanisms in order to offer a comprehensive understanding of how market-based instruments can enhance both operational efficiency and user engagement in public transport.

METHODOLOGY

In order to achieve this objective, the author employs a mixed methodology, integrating theoretical, empirical, and qualitative approaches. The initial phase entailed an exhaustive examination of international literature pertaining to sponsorship and mobility financing, with a focus on the potential adaptation of

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marketing and branding strategies employed in sports, entertainment, and cultural domains to the context of public transportation. Despite the paucity of academic studies on sponsorship in LPT, valuable insights were drawn from other sectors where naming rights and brand integration are widely applied and assessed using return-on-investment (ROI) and return-on-objectives (ROO) models. Theoretical frameworks identified in the academic literature provided the conceptual foundation for evaluating sponsorship outcomes in terms of visibility, brand loyalty, and symbolic association.

The second stage of the research involved a detailed analysis of financial reports and publicly available documents from the ten largest public transport authorities (PTAs) in Italy by annual turnover and market share. The objective of the study was to quantify sponsorship income, identify branding practices, and detect patterns or discrepancies between different regional contexts. Moreover, the author conducted a comprehensive examination of official PTA websites and secondary data sources, including media articles and policy reports. This approach enabled the integration of financial insights with narrative data, thereby enriching the study's scope and depth. A particular emphasis was placed on the territorial characteristics of the PTAs' areas of operation, population density, economic sectors, and urban versus regional settings, with the objective of comprehending the manner in which these factors influence the feasibility of sponsorship and the design thereof.

In conclusion, a semi-structured interview was conducted with the communications director of ASSTRA, the national association representing the majority of Italian public transport operators. This key stakeholder provided practical insights into current challenges, regulatory frameworks, and strategic opportunities for sponsorship in the Italian context. The triangulation of these three methods resulted in a robust and nuanced dataset that underpins the study's conclusions.

RESULTS

The findings demonstrate a predominantly underdeveloped sponsorship culture across Italian PTAs, with the majority of authorities relying predominantly on advertising revenues from physical and digital ad space on vehicles and stations. It is evident that only a limited number of cities, notably Milan and Genoa, have experimented with more ambitious strategies, such as renaming or fully branding stations in partnership with major corporations. A pertinent example of this phenomenon is the case of Milan's M5 metro line, in which the sale of station naming rights to companies such as Coca-Cola and Allianz was a key element of the project. However, following criticism regarding the erosion of cultural identity, the city modified its strategy to exclusive interior advertising, without altering station names.

In contrast, the "Your Metro" initiative was launched by Genoa's AMT, in which five out of eight stations were renamed in partnership with private sponsors. This initiative has yielded modest but steadily increasing revenue, thereby inspiring further endeavours, including the "Adopt a Bus" campaign. Despite these efforts, an analysis of AMT's financial statements reveals that sponsorship revenues remain underdeveloped, typically accounting for less than 1% of total value of production. This suggests significant room for expansion if properly regulated and strategically managed.

Perhaps the most innovative finding is the detailed case study of Bologna's TPER, which exemplifies a successful and scalable model of Corporate Mobility Management. In collaboration with Philip Morris Manufacturing & Technology Bologna, TPER developed two public bus lines — routes 676 and 677 — designed to connect the company's factory with urban transport hubs. It is important to note that these services are available not only to employees but also to the general public, reflecting a new form of shared value creation between public and private interests. Furthermore, TPER has established over 40 additional CMM agreements with local businesses and institutions, including Bologna Airport, providing customised and subsidised subscriptions to thousands of users. The partnerships have been shown to have a positive effect on ridership, congestion, and broader environmental goals.

From a corporate perspective, participation in CMM projects engenders numerous benefits, including enhanced employee satisfaction and retention, brand positioning as a socially responsible actor, and reduced

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logistical inefficiencies caused by car dependence. From a public perspective, these partnerships contribute to increasing the reach and reliability of public transport services, particularly in industrial zones and peri-urban areas that are traditionally underserved. Furthermore, the integration of various transportation modes, including buses, regional trains, car-sharing services, and shuttle systems, is facilitated to create a cohesive and user-oriented network.

The paper also explores the regulatory, cultural and operational barriers to broader implementation of sponsorship-based financing in public transport. The primary challenges confronting PTAs are as follows: public scepticism with regard to the commercialisation of civic spaces; legal ambiguities surrounding the sale of naming rights; and the limited in-house capacity of PTAs to negotiate and manage sponsorship deals. In a multitude of instances, the management of sponsorship is outsourced, resulting in diminished margins and diminished strategic control. Furthermore, cultural resistance remains particularly pronounced in smaller cities and rural areas, where alterations to station names or bus routes may provoke public disapproval. The extant literature on toponymic commodification and place identity suggests that such practices have the potential to disrupt collective memory and civic cohesion if not carefully implemented.

Nevertheless, the author argue that when carefully designed and transparently implemented, sponsorship and CMM can become valuable instruments in the financial toolkit of public transport authorities. The research identifies three major sponsorship models: renaming rights (e.g., metro or bus stations), branding of infrastructure and vehicles, and co-financing of services via mobility agreements with private firms. Each of these models proffers a distinct risk-reward profile, a divergent timeline, and a varying level of stakeholder involvement. Consequently, the PTA is able to adapt this matrix to local conditions and policy priorities.

CONCLUSION

The conclusion emphasises the urgent need to diversify revenue streams for LPT in Italy, particularly in the face of decarbonisation mandates and budgetary limitations. The study provides evidence that innovative financing, when embedded in strong institutional frameworks and accompanied by clear communication strategies, can enhance the quality, resilience, and public perception of the public transport system.

In sum, this paper contributes a comprehensive and practice-oriented analysis of how conventional and innovative financing strategies are reshaping the Italian public transport landscape. It highlights not only the financial potential of sponsorship and mobility partnerships but also their capacity to redefine how public infrastructure is funded, perceived, and used. The integration of commercial logic with public service goals, if pursued thoughtfully and inclusively, offers a promising path forward in the quest for sustainable and equitable urban mobility. The Bologna case, in particular, may serve as a reference point for future policy design at the intersection of urban planning, transportation economics, and corporate social responsibility. In the years ahead, as cities seek to balance economic recovery, environmental urgency, and growing urbanization, these hybrid models of governance and investment could become not just useful, but essential.