

Passenger Rail CEOs – Post COVID outlook



COVID-19 lockdowns are creating fundamental changes in how people shop, work and socialise. The transport industry can expect material, lasting impacts on demand once the world recovers from COVID-19.

CEOs are currently focused on emergency measures. However, as they begin to turn to business planning and longer term strategy, operators must be on the front-foot to anticipate future changes, and turn challenge into opportunity as they prepare for the future.

71%
Average reduction in global public transport ridership due to COVID-19

Indicative crisis and recovery trajectory



Post-crisis recovery – five ways demand will change, for good

Shift in commuting patterns	Spread of demand across peak periods	Increased shift towards flexible working	Structural changes in the leisure market	Change in business travel requirements
<p>Passengers may continue to work from home during post-crisis recovery</p> <p>Longer term, this will exacerbate the ongoing rise of remote working as employees further adapt to working from home</p> <p>This will reduce commuting demand on public transport, severely impacting season ticket revenue</p>	<p>Commuters returning may choose to travel outside of peak periods in an attempt to continue social distancing</p> <p>This 'peak spreading' effect will be enhanced by the workforce moving towards flexible working</p> <p>There is a long-term opportunity to encourage peak spread and mitigate peak capacity constraints</p>	<p>On the back of economic shock, flexible working will become more prevalent</p> <p>Long-term growth in the 'gig economy' will be accelerated, driven by job losses in 'traditional' sectors</p> <p>This new workforce will have radically different and more flexible travel patterns, with less predictability</p>	<p>Near term leisure travel will diminish due to suppressed disposable income</p> <p>With the crisis encouraging more online socialising and shopping, rail trips for VFR and shopping will reduce</p> <p>However, there is a medium-term opportunity for increased domestic leisure travel to replace international travel</p>	<p>Business travel will be suppressed during recovery due to remote working and financial pressure</p> <p>Future business travel will not recover to pre-crisis levels with better technology and comfort with remote meetings</p> <p>Where travel continues, we expect greater emphasis on enabling people to be productive on the road</p>
<p>Workforce (%) working from home</p>	<p>Typical peak loading</p>	<p>Journey distribution across the day</p>	<p>Leisure journeys by type</p>	<p>Global business travel revenue</p>

Your response – three key strategies for post-crisis readiness

<p>Redefine fares and ticketing</p> <p>There is a strong business need to redefine flexible and simple fares that address 'the new normal', such as three-day work weeks, wider peak periods, and multi-point travel</p>	<p>Shape future travel patterns</p> <p>Work in an integrated manner with governments and others to develop more flexible schedules for workplaces, schools and other institutions, allowing for more flexible travel and optimization of capacity</p>	<p>Service / product transformation</p> <p>Review the impact of the current crisis on demand and customer segmentation, while developing a responsive plan to transform service and product strategy accordingly</p>
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Teneo can help

- **Recognised industry experts**, with deep understanding of the strategic, commercial, and operational principles of the global transport sector, honed from over 150 projects with major global operators in rail, bus, highways and aviation
- **Uniquely placed to provide a complete view of future implications of the crisis** – we offer strategic, technical and communications advisory as a one-stop-shop. Our team has deep transport expertise and established relationships with global business leaders at the most senior level
- **A proven strategic approach** – unparalleled expertise in transport policy, demand forecasting, and service recovery, having shaped organisational and government strategies across the sector for over 10 years



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