# How Europeans Expect to Travel—and How Transportation Providers Can Respond

AUGUST 2021

# Do consumers expect to change their travel habits?

**Do they expect to travel less?**
Will being able to work remotely and use digital tools affect how much consumers travel?

**Do they expect to use a different means of transportation?**
Will sustainability concerns and the rise of car-sharing services affect consumer behavior?

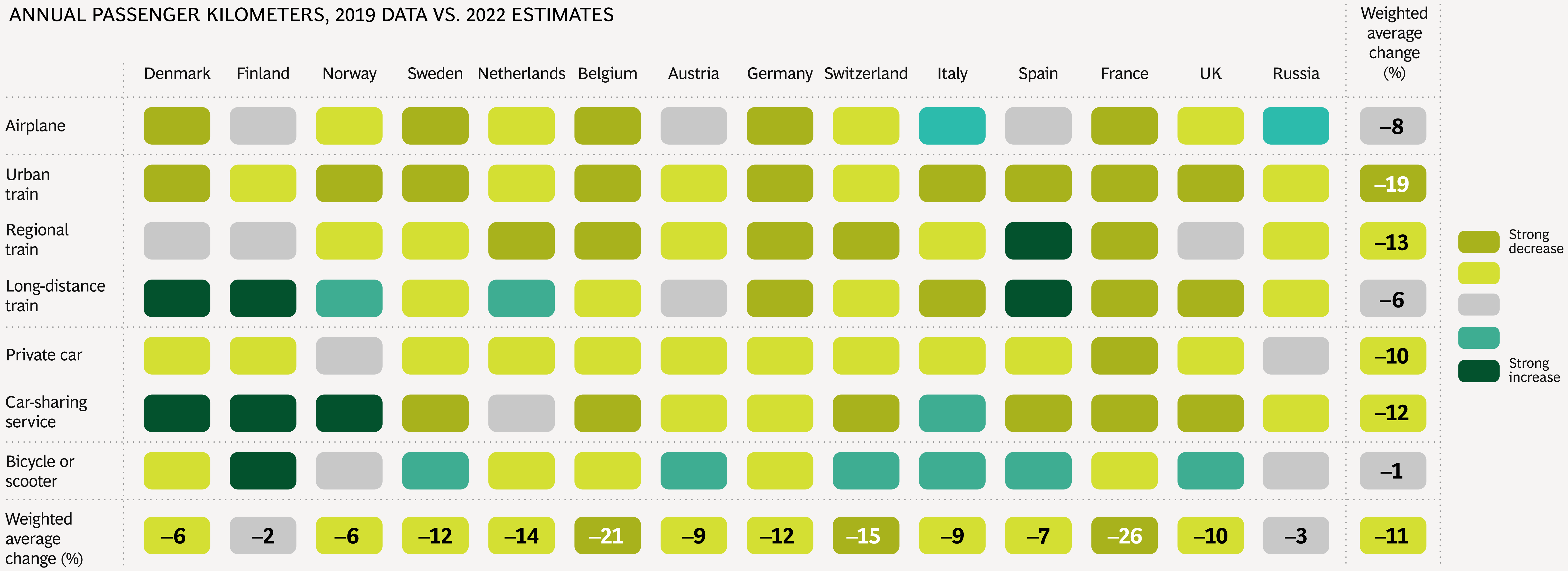
**What will be the impact on transportation through 2025?**
Four scenarios are likely, considering various combinations of consumers' habits and travel patterns

The predominant scenario will depend on the country

*All analyses and forecasts are based on consumer responses*

Source: BCG's consumer mobility survey, May 2021.

# Across Europe, consumers anticipate traveling less, which will likely affect urban rail providers the most




Source: BCG's consumer mobility survey, May 2021.
Note: Because of rounding, averages are approximate. The averages are weighted for passenger kilometers traveled for each means of transportation.

# Consumers' expect some habits to change, which will likely trigger declines in the amounts they travel

| | REASON FOR TRAVEL | ANNUAL PASSENGER KILOMETERS, 2019 DATA VS. 2022 ESTIMATES (%) | |
|---|---|---|---|
| LEISURE | **Vacation and long-distance travel to visit friends and relatives** | –5 | These leisure-based reasons for travel will likely remain popular going forward; a majority of consumers do not expect to change their behaviors |
| | **Daily and weekly leisure travel** | –10 | Routine leisure travel (going to stores, for example) will likely be reduced to some extent because of increased online shopping |
| BUSINESS | **Daily commute** | –10 | A majority of consumers expect to work from home at least one day per week, reducing the number of daily business commuters |
| | **Long-distance business travel** | –15 | Most consumers expect to take fewer business trips because they will likely be replaced, in part, by meetings on Zoom and other digital platforms |

○ Total passenger kilometers traveled, 2019

Source: BCG's consumer mobility survey, May 2021.

# Airlines' dependence on leisure travel will make the industry more resilient to a coming drop in demand

ANNUAL PASSENGER KILOMETERS, 2019 DATA VS. 2022 ESTIMATES (%)

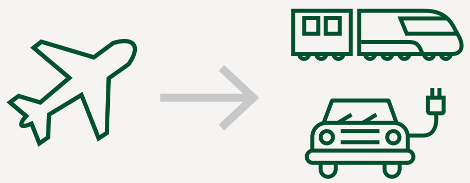
| | | Airplane | Urban train | Regional train | Long-distance train | Private car | Car-sharing service | Bicycle or scooter |
|---|---|---|---|---|---|---|---|---|
| LEISURE | **Vacation and long-distance travel to visit friends and relatives** | –4 | NA | NA | –1 | –5 | –16 | NA |
| | **Daily and weekly leisure travel** | NA | –20 | –13 | –6 | –11 | –13 | –1 |
| BUSINESS | **Daily commute** | NA | –18 | –14 | –6 | –9 | –11 | –2 |
| | **Long-distance business travel** | –19 | NA | –15 | –14 | –15 | –25 | NA |
| | Weighted average (%) | –8 | –19 | –13 | –6 | –10 | –12 | –1 |

Total passenger kilometers traveled, 2019 Strong decrease Strong increase

Source: BCG's consumer mobility survey, May 2021.
Note: NA = not applicable. The averages are weighted for passenger kilometers traveled for each means of transportation.

# Evolving consumer expectations may result in two critical shifts

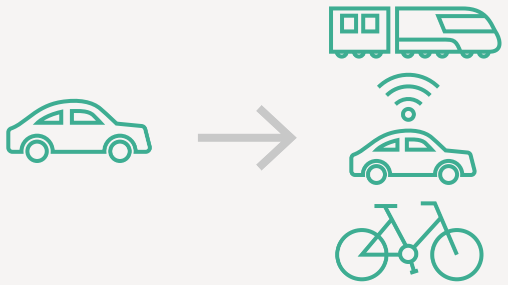
## A demand for sustainable alternatives



When choosing a means of transportation, consumers are likely to select a sustainable option if they don't have to make major concessions (sacrificing comfort or time, for example)

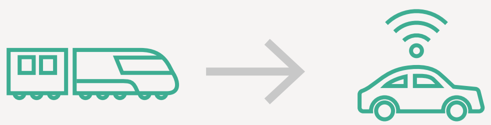
- 63% of consumers would switch from airplane to rail for trips that take less than five hours, but air travel accounts for only 3% of annual passenger kilometers

## A demand for mobility-as-a-service solutions



In the wake of regulatory pressure and environmental concerns, consumers have a positive view of rail-based public transportation, car-sharing services, and bicycles, especially for urban environments

- 13% of consumers are considering giving up their cars in favor of these means of transportation

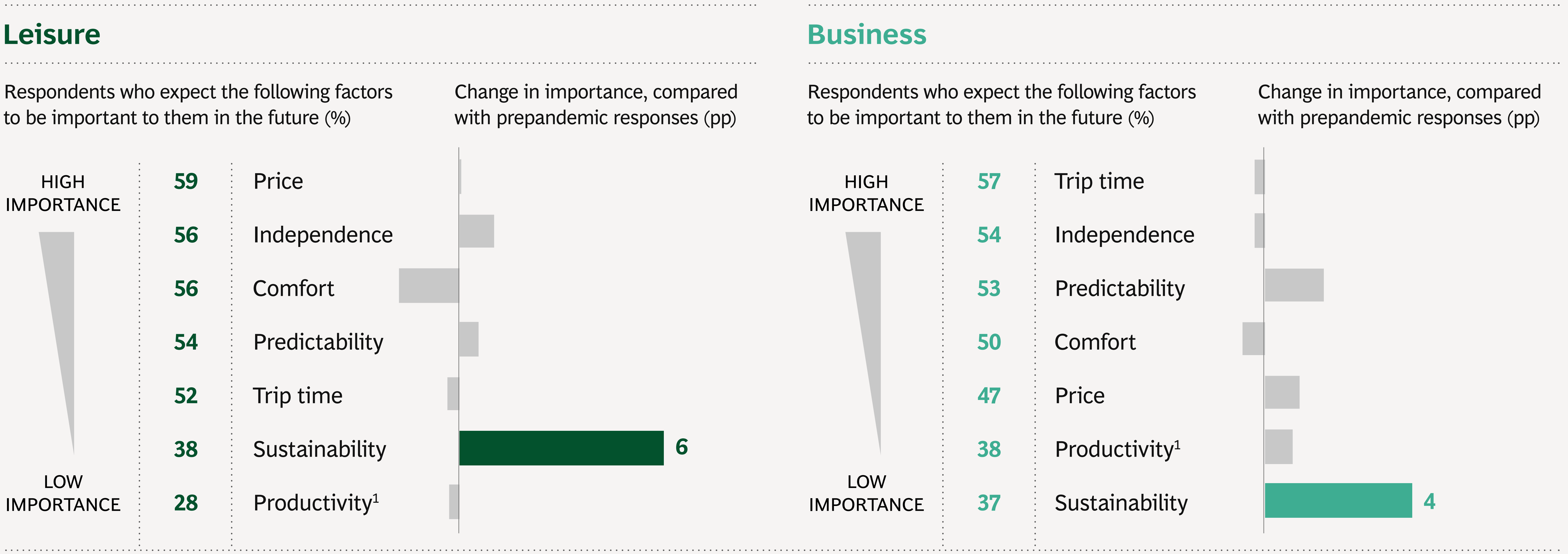


Improvements to car-sharing services are putting pressure on public transportation

- 40% of consumers are considering using car-sharing services more often; sometimes they consider using these services in place of conventional public transportation

Source: BCG's consumer mobility survey, May 2021.

# Consumers' interest in sustainability is growing, but other priorities are still more important




Sustainability's gain is mostly attributable to consumers' lower ranking of comfort

Source: BCG's consumer mobility survey, May 2021.
Note: pp = percentage point.
[1]Refers to consumers' ability to read or work while traveling.

# A majority of consumers are willing to switch from plane to rail for trips that take less than five hours, but options are limited

RESPONDENTS WHO ARE WILLING TO SWITCH FROM AIRPLANE TO LONG-DISTANCE RAIL (%)

| | | Denmark | Finland | Norway | Sweden | Netherlands | Belgium | Austria | Germany | Switzerland | Italy | Spain | France | UK | Russia | European average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LEISURE | >5 hours of travel time | **18** | **34** | **25** | **20** | **15** | **18** | **25** | **17** | **18** | **16** | **14** | **12** | **13** | **61** | **22** |
| | <5 hours of travel time | **59** | **56** | **51** | **65** | **68** | **61** | **64** | **67** | **64** | **70** | **74** | **69** | **70** | **30** | **62** |
| | <3 hours of travel time | **77** | **90** | **77** | **85** | **83** | **79** | **90** | **84** | **82** | **86** | **88** | **81** | **84** | **91** | **84** |
| | Would never switch | 23 | 10 | 23 | 15 | 17 | 21 | 10 | 16 | 18 | 14 | 12 | 19 | 16 | 9 | 16 |
| BUSINESS | >5 hours of travel time | **11** | **22** | **16** | **14** | **11** | **9** | **18** | **11** | **11** | **9** | **11** | **7** | **8** | **45** | **15** |
| | <5 hours of travel time | **56** | **59** | **50** | **64** | **65** | **63** | **63** | **66** | **63** | **70** | **69** | **67** | **64** | **40** | **61** |
| | <3 hours of travel time | **67** | **80** | **66** | **78** | **76** | **72** | **81** | **77** | **75** | **79** | **79** | **74** | **72** | **86** | **76** |
| | Would never switch | 33 | 20 | 34 | 22 | 24 | 28 | 19 | 23 | 25 | 21 | 21 | 26 | 28 | 14 | 24 |

**Rail alternatives to air travel are limited**

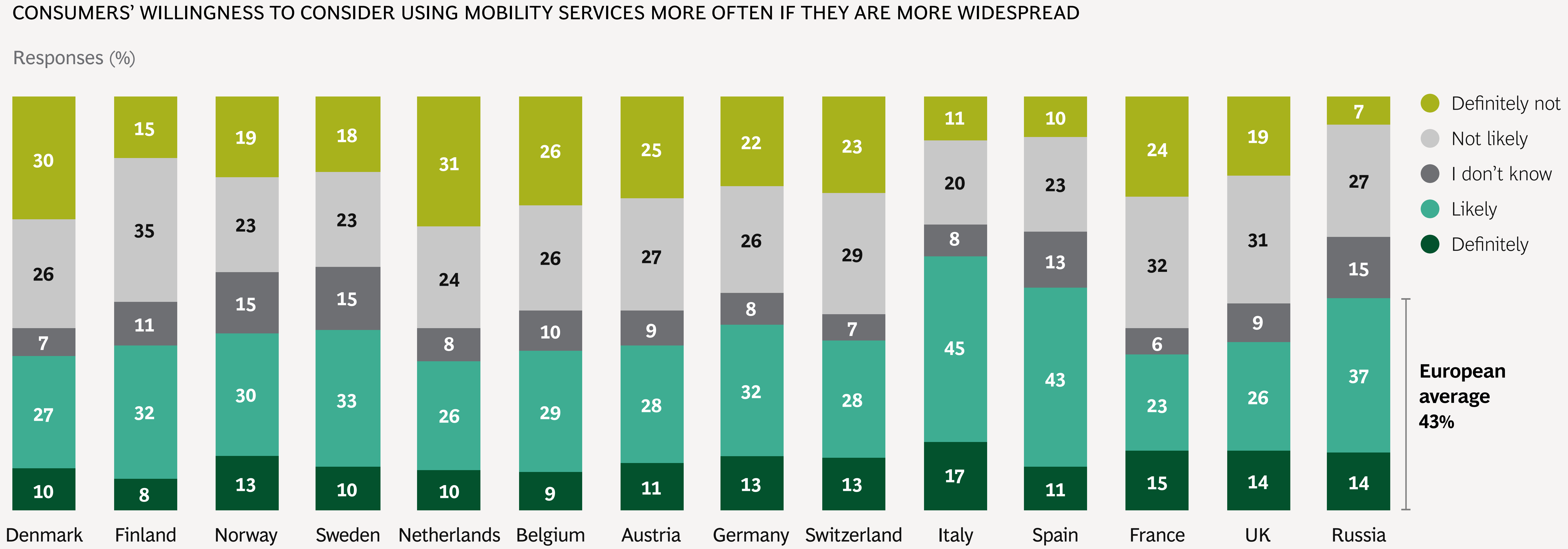
3% Flights of less than 1,000 km with rail alternatives

11% Flights of less than 1,000 km with no rail alternative

86% Flights that are 1,000 km or more with no rail alternative

Sources: BCG's consumer mobility survey, May 2021; OAG's 2019 data.
Note: km = kilometer. Because of rounding, the averages are approximate.

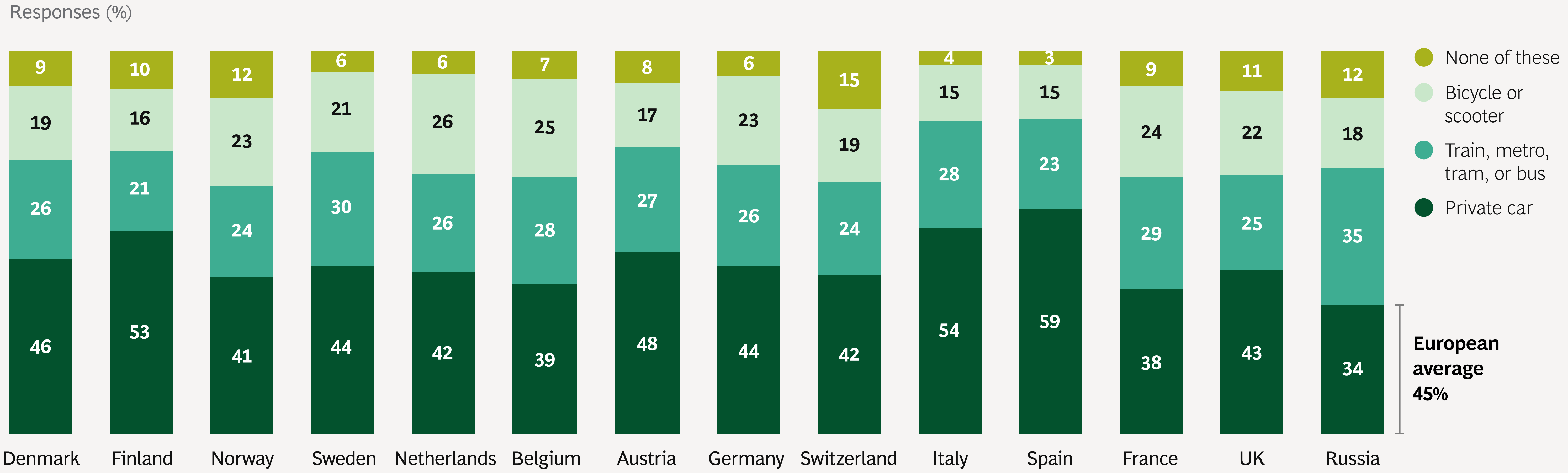
# Some consumers want to use mobility services more frequently




Source: BCG's consumer mobility survey, May 2021.
Note: Because of rounding, not all percentages add up to 100.

# Many consumers prefer to use disruptive mobility services instead of their cars

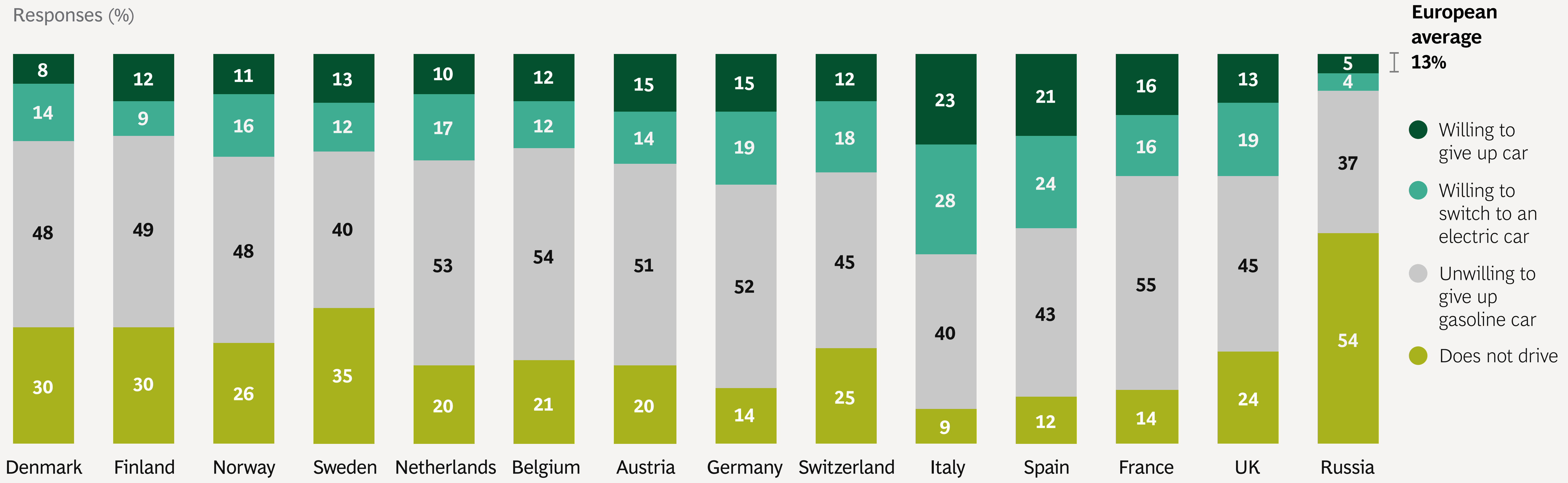
THE MEANS OF TRANSPORTATION THAT CONSUMERS ARE MOST LIKELY TO GIVE UP IN FAVOR OF MOBILITY SERVICES




Source: BCG's consumer mobility survey, May 2021.
Note: Because of rounding, not all percentages add up to 100.

# A substantial proportion of consumers—13%—are considering giving up their cars entirely

CONSUMERS' WILLINGNESS TO GIVE UP THEIR PRIVATE CAR SHOULD CAR-SHARING SERVICES AND PUBLIC TRANSPORTATION IMPROVE




Source: BCG's consumer mobility survey, May 2021.
Note: Because of rounding, not all percentages add up to 100.

# Transportation providers should prepare for four postpandemic scenarios

SPEED OF CONSUMER SHIFTS: FAST

## The pandemic accelerates trends

- Governments institute new policies to lower emissions, encouraging consumers to take new forms of transportation in certain situations
- Governments offer shared mobility solutions and incentivize public transportation usage
- Working remotely remains popular
- A decline in demand of 10% to 20% is expected by 2025

## Policymakers reimagine the future

- Governments institute new policies to lower emissions, encouraging consumers to take new forms of transportation in certain situations
- Governments offer shared mobility solutions and incentivize public transportation usage
- The decline in demand is overestimated, as prepandemic ways of working are reestablished
- A decline in demand of 0% to 10% is expected by 2025

## The pandemic causes demand to decline

- Working remotely remains popular
- A decline in demand of 10% to 20% is expected by 2025
- Consumers' interest in sustainability grows but remains less important than other priorities
- Car-sharing services show marginal improvement and limited growth

## Consumers return to prepandemic habits

- The decline in demand is overestimated
- A decline in demand of 0% to 10% is expected by 2025
- Consumers' interest in sustainability grows but remains less important than other priorities
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SPEED OF CONSUMER SHIFTS: SLOW

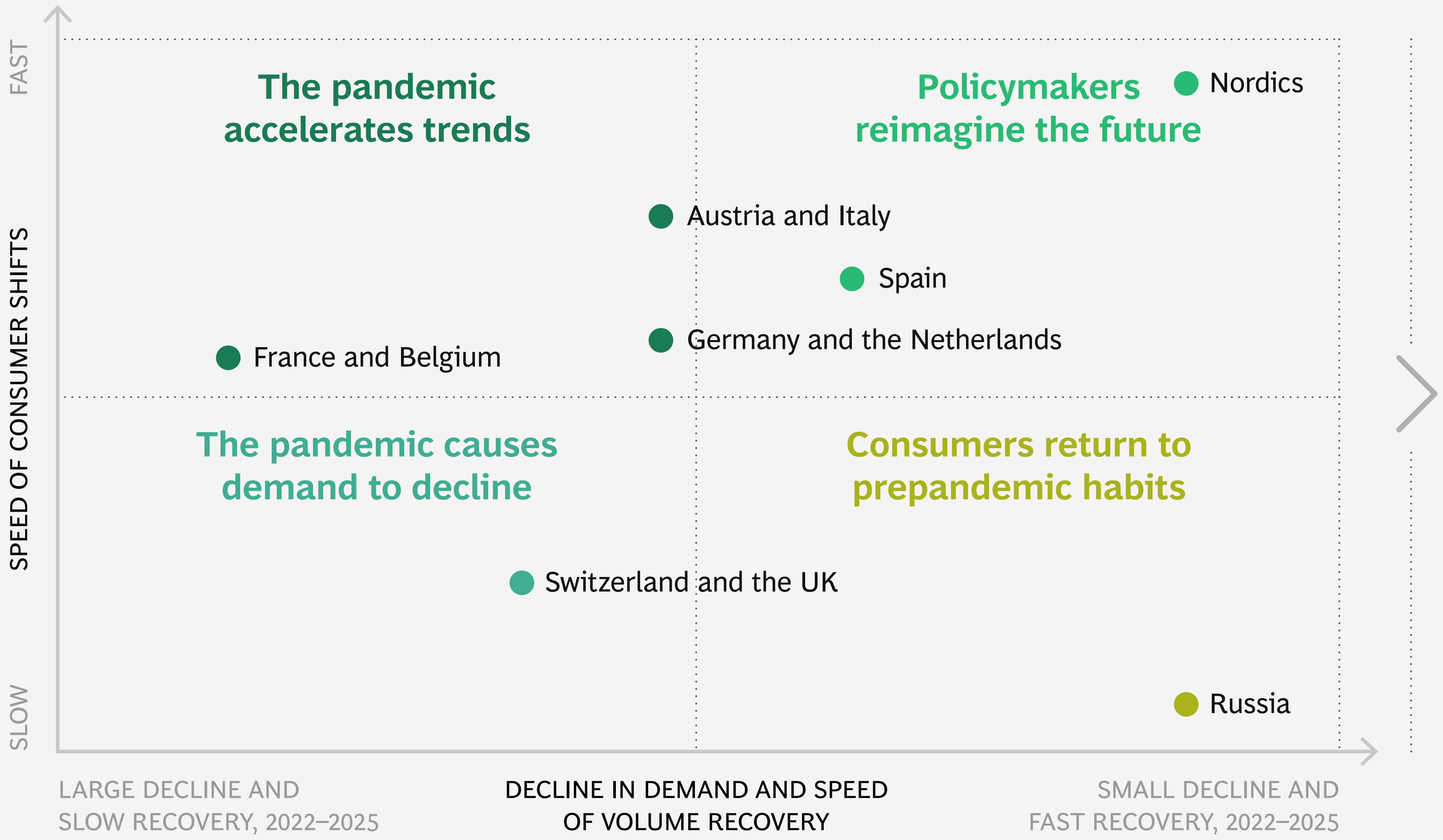
LARGE DECLINE AND SLOW RECOVERY, 2022–2025

DECLINE IN DEMAND AND SPEED OF VOLUME RECOVERY

SMALL DECLINE AND FAST RECOVERY, 2022–2025

Sources: BCG's consumer mobility survey, May 2021; BCG analysis.
Note: The demand and volume were measured in passenger kilometers. The period from 2022 through 2025 was used in estimating the speed of the recovery.

# The postpandemic scenario that emerges may depend on the country




Consumers in countries that implemented stringent restrictions at the onset of the pandemic, such as France and the UK, expect a larger decline in demand than do consumers in countries where restrictions were more lenient, such as Sweden

Consumers in countries that are more dependent on traditional means of transportation, such as Russia, expect to make slower shifts, compared with consumers in countries that are more open to new forms of transportation (resulting from environmental concerns, for example), such as Denmark, Finland, Norway, and Sweden

Sources: BCG's consumer mobility survey, May 2021; BCG analysis.
Note: The demand and volume were measured in passenger kilometers. The period from 2022 through 2025 was used in estimating the speed of the recovery.

# The impact of each scenario will be felt differently across each means of transportation

ESTIMATED VOLUME RECOVERY, 2025 VS. 2019 (%)

<table>
<tr><th></th><th>Policymakers reimagine the future</th><th>The pandemic accelerates trends</th><th>The pandemic causes demand to decline</th><th>Consumers return to prepandemic habits</th><th></th></tr>
<tr><td>Short-haul flight</td><td><–5</td><td colspan="2">–5 to –2</td><td>–2 to 2</td><td rowspan="3">Short- and long-haul flights will suffer the most from the growing consumer interest in sustainability</td></tr>
<tr><td>Medium-haul flight</td><td>–2 to 2</td><td colspan="2">2 to 5</td><td>>5</td></tr>
<tr><td>Long-haul flight</td><td>–5 to –2</td><td colspan="2">–2 to 2</td><td>2 to 5</td></tr>
<tr><td>Urban train</td><td>–5 to –2</td><td>2 to 5</td><td><–5</td><td>–2 to 2</td><td rowspan="3">Rail providers will likely benefit from shifts in consumers' transportation choices but suffer from decreased business travel; long-distance trains will likely benefit from a shift from plane to train</td></tr>
<tr><td>Regional train</td><td>–5 to –2</td><td>2 to 5</td><td><–5</td><td>–2 to 2</td></tr>
<tr><td>Long-distance train</td><td colspan="2">>5</td><td>2 to 5</td><td>>5</td></tr>
<tr><td>Car-sharing service</td><td colspan="2">>5</td><td>2 to 5</td><td>>5</td><td rowspan="2">Less commuting and consumers' shifts to other means of transportation are expected to affect the auto industry</td></tr>
<tr><td>Private car</td><td><–5</td><td>–2 to 2</td><td>–5 to –2</td><td>2 to 5</td></tr>
<tr><td>Bicycle or scooter</td><td colspan="4">>5</td><td>Providers are unlikely to be affected by fluctuations in demand, and they will likely benefit from shifts in consumers' choices</td></tr>
</table>

Strong decrease

Strong increase

***All analyses and forecasts are based on consumer responses***

Sources: BCG's consumer mobility survey, May 2021; BCG analysis.

Note: km = kilometers. Volume was measured in passenger km. A short-haul flight is less than 1,000 km, a medium-haul flight is 1,000 km to 3,000 km, and a long-haul flight is more than 3,000 km. Estimates are based on a combination of survey results and BCG analysis.

# Transportation providers should take steps to be ready for all four scenarios

## Airlines

- Adjust business models to serve the leisure segment
- Reimagine end-to-end revenue management processes; update the hub network and product mix, rethinking leisure destinations and loyalty-tier programs
- Proactively tackle sustainability concerns when making day-to-day decisions about the cost index, for instance; act boldly, by building new fleets that are environmentally friendly, for example
- Partner with other transportation providers to offer passengers alternatives to air travel

## Rail operators

- Develop business models to support intermodal mobility platforms that make traveling more convenient, compared with private-car use
- Create the most enjoyable customer experience possible (by providing Wi-Fi, letting passengers reserve seats, and offering refreshments, for example)
- Launch holistic B2B solutions that help businesses offer sustainable travel alternatives to their employees, such as transportation passes that employees can use across various means of transportation

## Car OEMs

- Identify future growth areas and profit pools—such as on-demand mobility, battery-charging solutions, and cutting-edge software solutions—in anticipation of limited growth in traditional car sales in Europe
- Build capabilities in order to compete in these new growth areas; consider potential acquisitions to boost these capabilities
- Tailor existing products and solutions as well as products for car-sharing services and new mobility platforms in anticipation of their growth

## Policymakers

- Reduce congestion and promote the use of sustainable means of transportation by orchestrating urban mobility platforms that connect public transportation options with car-sharing and mobility services
- Balance quick wins for reducing emissions (banning flights under 750 km, for example) with measures that focus on mitigating the effects of medium- and long-haul flights

Source: BCG analysis.
Note: OEM = original equipment manufacturer; km = kilometer.

# Summary of consumers' travel expectations

### Do they expect to travel less?

- Consumers anticipate some habits will change for some types of travel, causing a decline in demand, especially for long-distance business travel
- The declines will vary by means of transportation: urban and regional trains that cater to daily commuters will likely feel the greatest impact and steepest volume declines
- Consumers' travel expectations vary by country

### Do they expect to use a different means of transportation?

- Consumers are increasingly interested in sustainable transportation, but it is not yet a critical priority for many
- Consumers' demand for sustainability will affect means of transportation that don't require major concessions; many consumers would switch from airplanes to trains for shorter trips, for example
- If shared mobility services and public transportation options improve, some consumers will be willing to give up their cars

### What will be the impact on transportation through 2025?

- The popularity of remote work and the speed of consumer shifts to other means of transportation will determine the impact
- Long-distance trains and bicycles and scooters are likely to lead the volume recovery; medium-haul airplane demand will likely recover by 2025, but short- and long-haul airplane demand will likely take longer to recover
- Consumer demand for sustainability is the key risk for airlines in the years ahead
- Private cars will likely become less important to consumers

*All analyses and forecasts are based on consumer responses*

Source: BCG's consumer mobility survey, May 2021.
Note: Volume is measured in passenger kilometers.