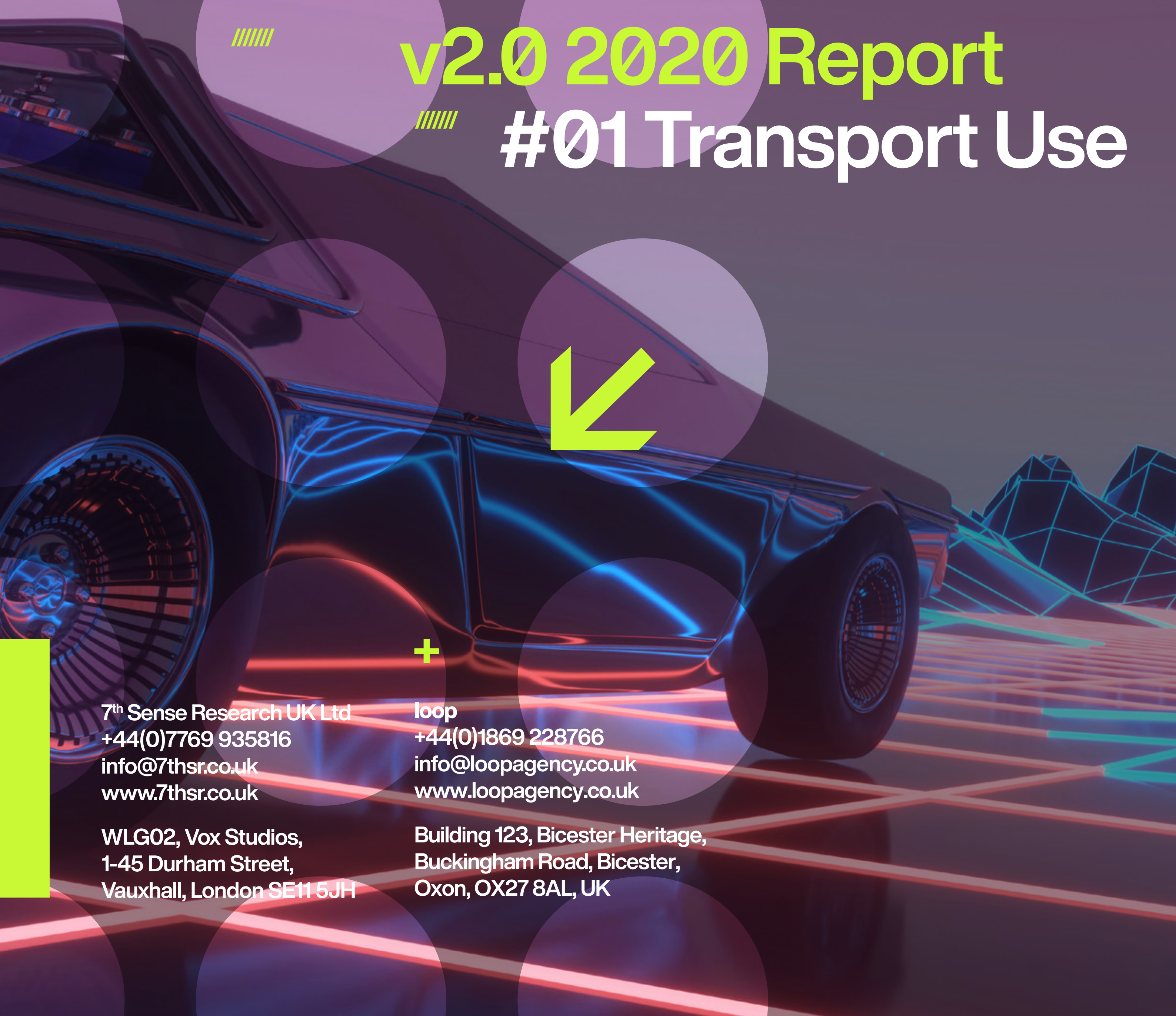
A DATA STUDY BY 7TH SENSE RESEARCH

7 + loop

Driving the Future 02

v2.0 2020 Report

#01 Transport Use



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v2.0 2020 Report

#01 Transport Use

_ Introduction

Welcome to the first in a trilogy of reports that will discuss how recent events have accelerated change in the mobility of society.

Driving *the* Future 02

Like the rest of the world the transport sector has shifted massively during lockdown but how much of this is here to stay and what will the long terms effects be?

Last year we researched Driving the Future and for this follow-up we again surveyed 3,000 UK transport users to ask: what's happening now, how have things changed and what they'll be doing in the future?

Major change should come as no surprise – even before lockdown – however, we found some surprising things, which are detailed in this year's Driving the Future, with much deeper long-term causes and effects than COVID-19.

This is not a study about the pandemic, but it is of course impacted greatly by it, as the recession eases and economies bounce back, will we see a return to previous traffic levels and to previous use and demand for transport?

Our study suggests not. We believe that while this pandemic has been truly tragic for many tens of thousands of people, and it will continue to devastate lives and communities round the world, it has accelerated change in the lives of many others. For better or worse, we are in the midst of a transport revolution and our study can help OEMs, transport providers, governments and planners see how public perception will drive demand for the foreseeable future.

Working with specialist automotive agency **loop** we want to discuss these issues so the industry can quickly adapt. This first report covers the upcoming change in transport use, while the second addresses the new world of work and the third the evolving attitude to autonomy: each offering invaluable insight into the future of transport.

The following reports will be published in the coming weeks so please visit :
https://info.loopagency.co.uk/automotive-industry-report-2020

Fergus McVey
CEO, 7th Sense Research UK

7th Sense Research UK is a Consumer and Markets Insights agency based in London UK, which has quickly built a formidable reputation for helping clients understand market landscapes and consumer behaviours - especially where the situation is niche, complex or ground-breaking.

loop

loop is a specialist agency designed from the ground up to meet the evolving PR needs of the automotive industry. Its talented and award-winning team works with every size of business, from start-ups through to market leaders.

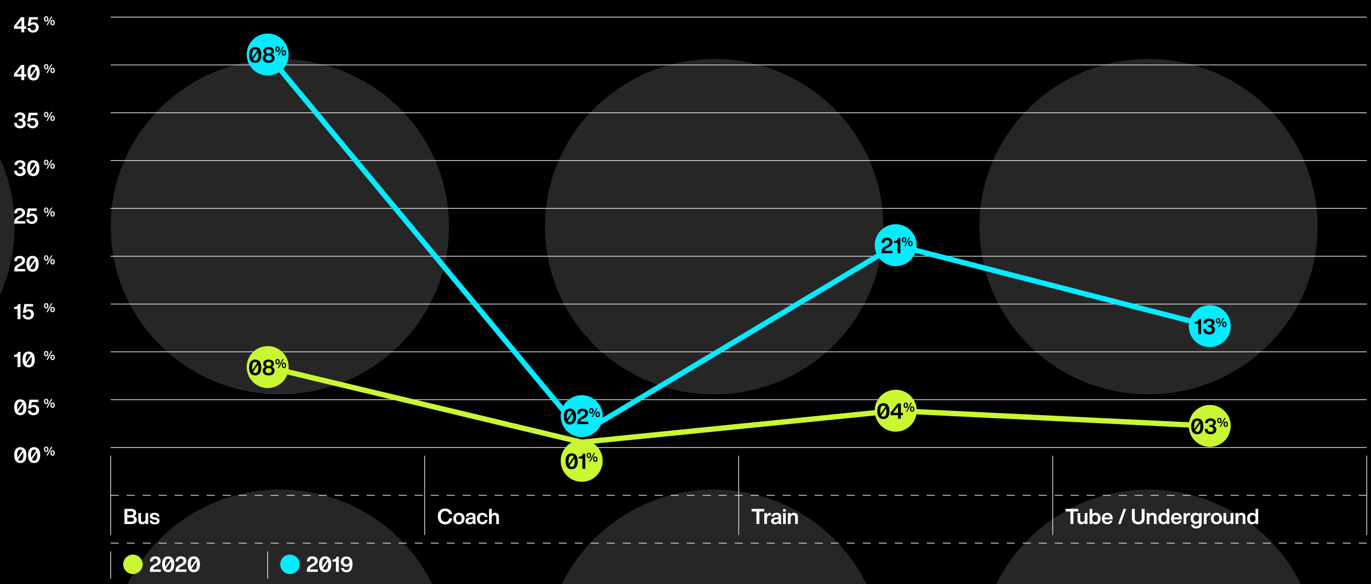
v2.0 2020 Report
#01 Transport Use

A

Current transport use

All transport use has, of course, dropped dramatically since last year, and the use of public transport has suffered the most. This is not only due to the public being advised to stay at home and people being worried about travelling on public transport – masks notwithstanding – but particularly for trains, this is due to reduction in services and capacity on those services. People just can't get the train.

Public transport use 2019 – 2020



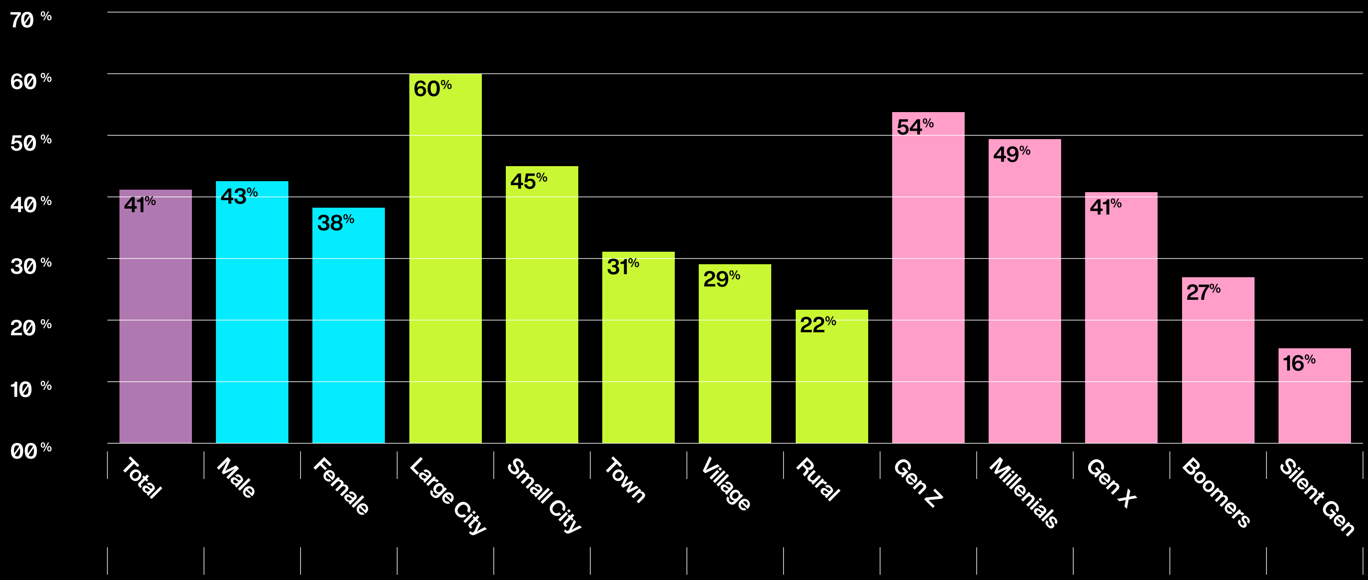
B

Long term transport use

60% of large city commuters will rethink their transport (70% are more cautious about public transport). This is being led by Gen Z and to a lesser extent Millennials: they have yet to make sticky habits.

If they move on from how they were commuting, why would they come back?

Workers rethinking their commute



Half of all respondents will change how they use their car, but some will use it more, and some less. However, on balance 25% expect to use their car 'less' or 'a lot less' post-lockdown. This chimes with government data that currently shows a 25% drop in overall passenger car traffic from 100 Department for Transport urban monitoring sites (cit: *Guardian* Fri 10 July) (n.b. this is urban only, not yet post-pandemic, and overall passenger car volume, not % of drivers).

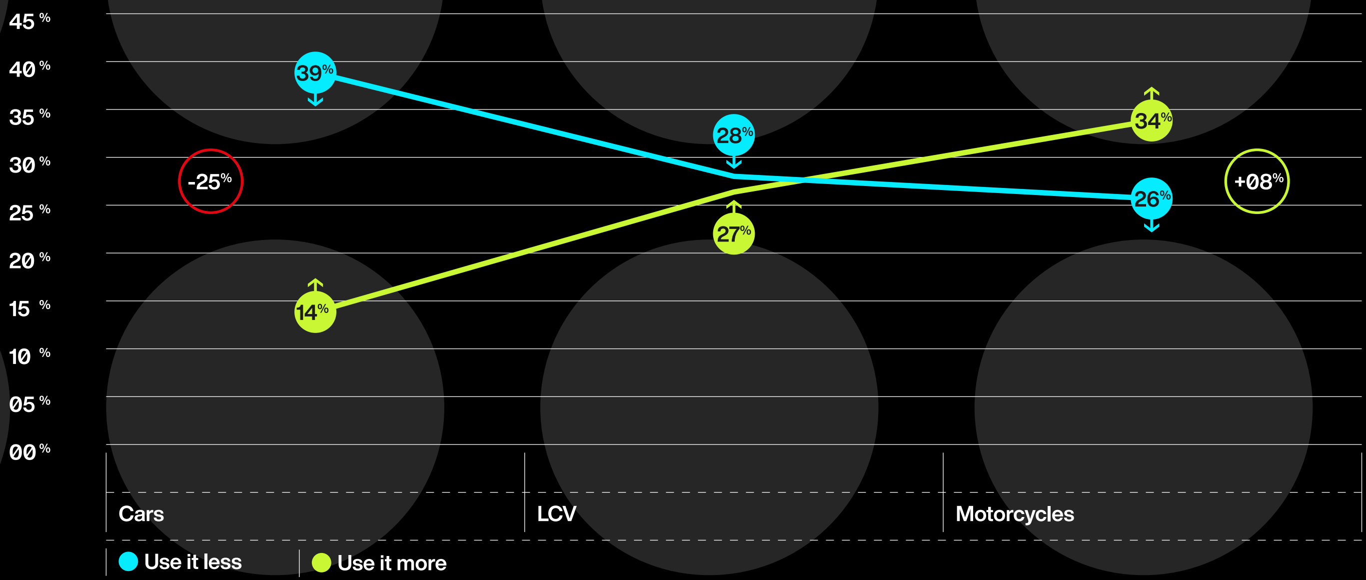
While we cannot expect that to remain the case indefinitely, people have found cheaper, easier, faster and more pleasant ways to do things: they are working from home (see below) and shopping online. They are not simply going to restart doing something that was so irritating to them in the first place. Van use seems to balance out with some increases in deliveries for owner drivers (excludes fleets) ameliorated by a drop off in expected work for trades and other uses. Two-wheeled transport on the other hand is a different kettle of fish.

Where we're going, do we need roads?

C

Personal Transportation

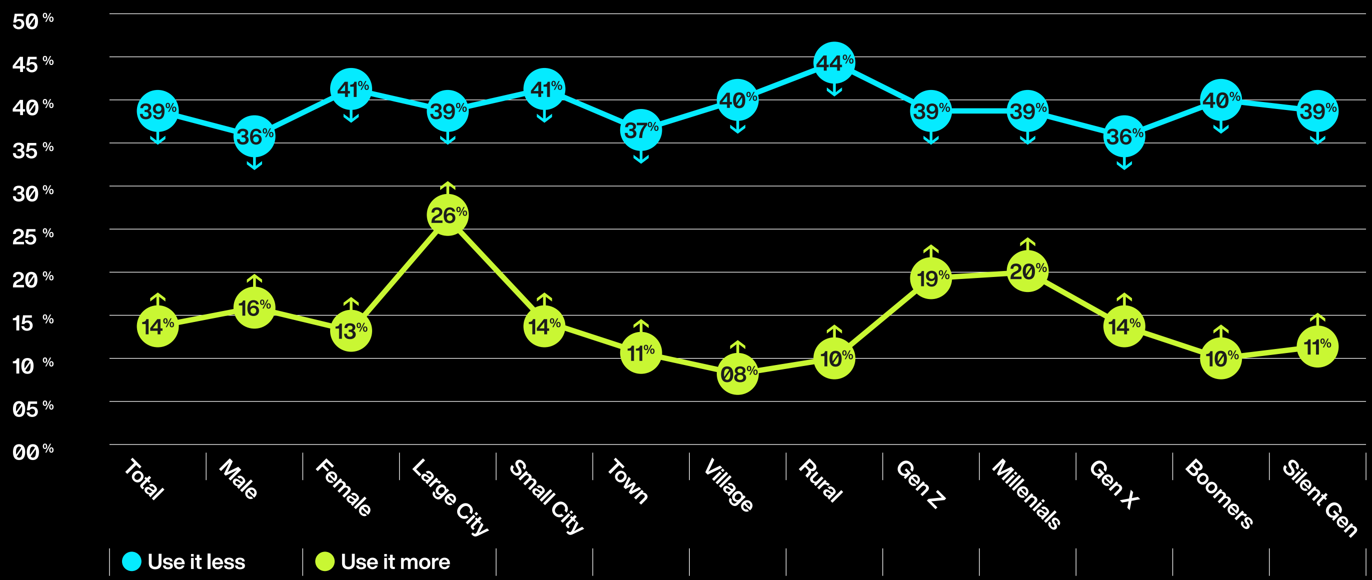
Vehicle use post lockdown



40% of motorbike owners in large cities will use them more. Bike, electric bike and scooter demand are all up, and overall, we see potential for a huge move to two wheels. This will impact both requirement for overall capacity and facilitation of modality: we won't need ever more space but the space we have will need to work for all kinds of users.

One in four of city dwellers will use their car more, but less than one in ten will in rural and village areas.

Car use post lockdown



In large cities where public transport was the default mode, many people feel forced to go back to the car, if they can't, or won't, get on a bus or the Tube. However, this is still offset by an overall drop in use such that we still see a 13% drop in people using their cars.

Elsewhere we see large, across-the-board drop offs in car use. Small cities will clearly change but the biggest change is in rural areas where, one might think, the choice is limited so people must use their cars as much as they need to. However, as with other areas, rural and villages also contain commuters who will just not drive to work (or the station) as much, while many people, having been forced into supermarket deliveries, are not planning to go back to driving miles to the shops.

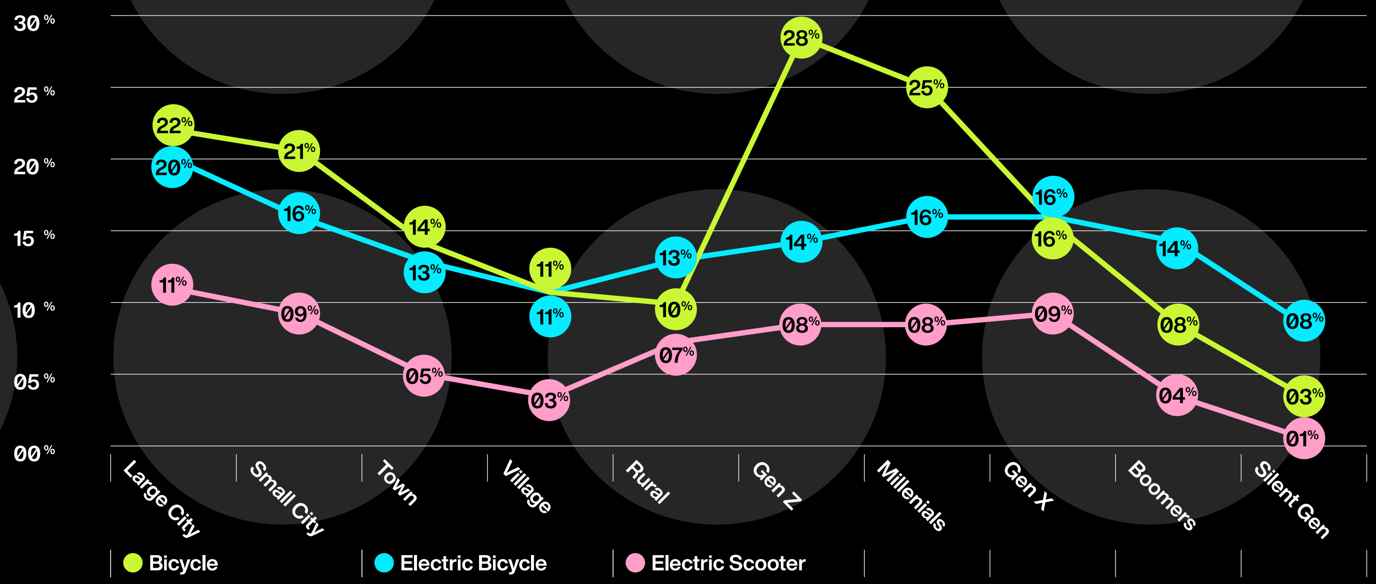
The impact is not just felt on the roads but on maintenance and replacement budgets. As the roads will inevitably wear out less quickly, will councils get them into better shape or divert funds to other much needed services? When the government is faced with huge losses from season ticket revenue – see below – will they divert funds from building roads into train operation to maintain service levels?

D

Two-wheeled revolution

So, what do people want and what does this mean for makers of other products?

Bicycle demand post lockdown



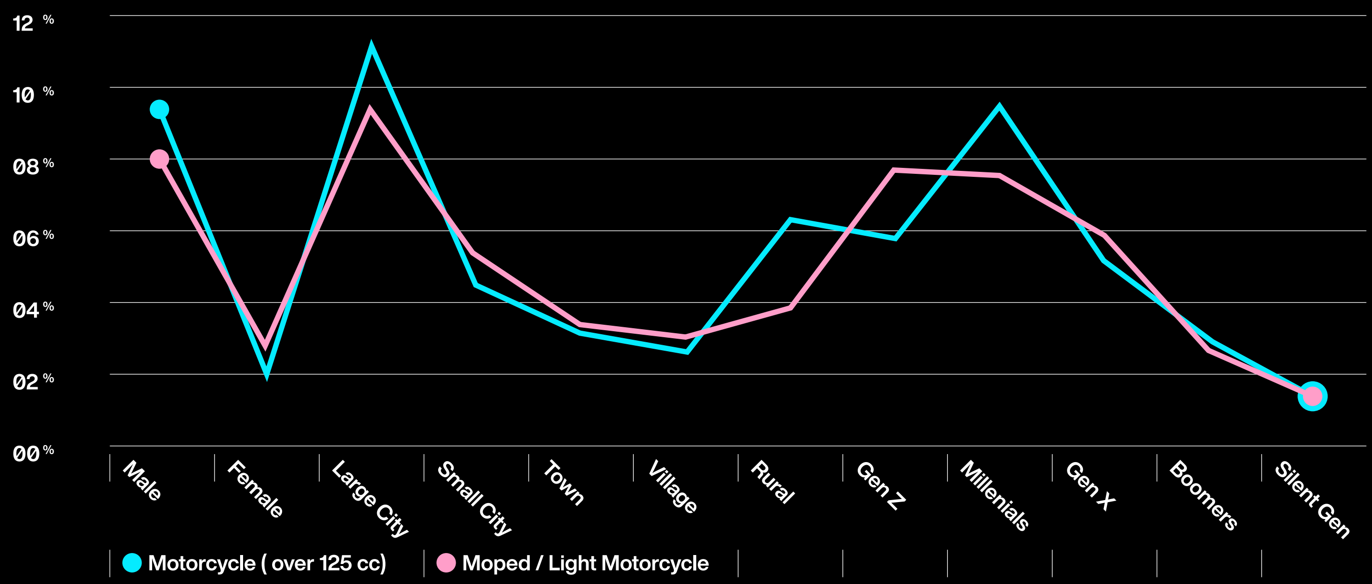
Despite stories of lack of supply as people scramble to buy bikes, it seems there is still a great deal of pent-up demand. Again, Gen Z and millennials are leading the charge in the two-wheeled revolution, surpassing the 'silent generation' who have either not had enough time to acquire the bike they want or maybe are not all that interested...

A look at city dwellers shows this is again about the types of use they would put a bike to. Around 1/5 of all city dwellers want to buy a bike post lockdown (rising to 1/4 of employed urbanites): they certainly don't seem to be planning to return to their old travel habits very soon.

Of course, this could be driven by an understandable yearning to get out and about to see some stuff. Nevertheless, it does highlight a substantial potential for bike manufacturers. It also serves as notice to city planners to ensure that the infrastructure that was put in place to help temporarily can handle an increase in demand as lockdown finishes, rather than a decrease if city dwellers return to their cars. Currently, it seems as if they don't think they will.

The electric scooter debate is being rushed along to aid the current situation but again, as our survey shows, there are a huge number of people in cities who are interested in an e-scooter post lockdown. We should not expect them to be a flash in the pan and again, the modality and capacity of city streets will have to be augmented to cope.

Motorbike demand post lockdown



But bigger, more powerful options are also popular. Motorbikes are also a very interesting prospect for people in cities – we saw already that current users plan to use their bikes a whole lot more, but we are also likely to see a bit of a sales surge for them as both mopeds and larger bikes show strong appeal for post-COVID lifestyle changes.

Gen Z understandably tend to go for mopeds, but overall almost 12% of all city dwellers are interested in a larger motorbike. If it were converted to sales this would represent almost a doubling of current ownership. Manufacturers – and instructors – could be in for busy times ahead.

E

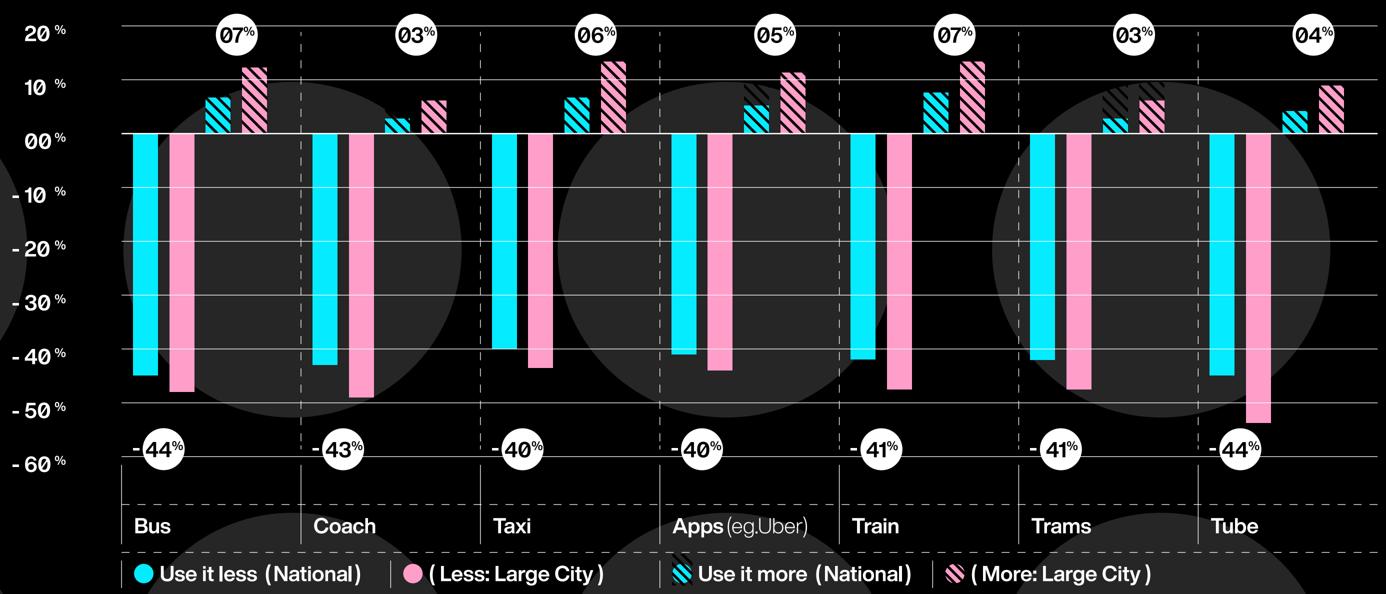
Public Transport

The key question for the rail industry is what does the market look like when they get back to a full timetable?

Will passengers be rushing back to the speed and comfort of rail, or the convenience and ubiquity of the Tube?

Well, not as much as before it seems:

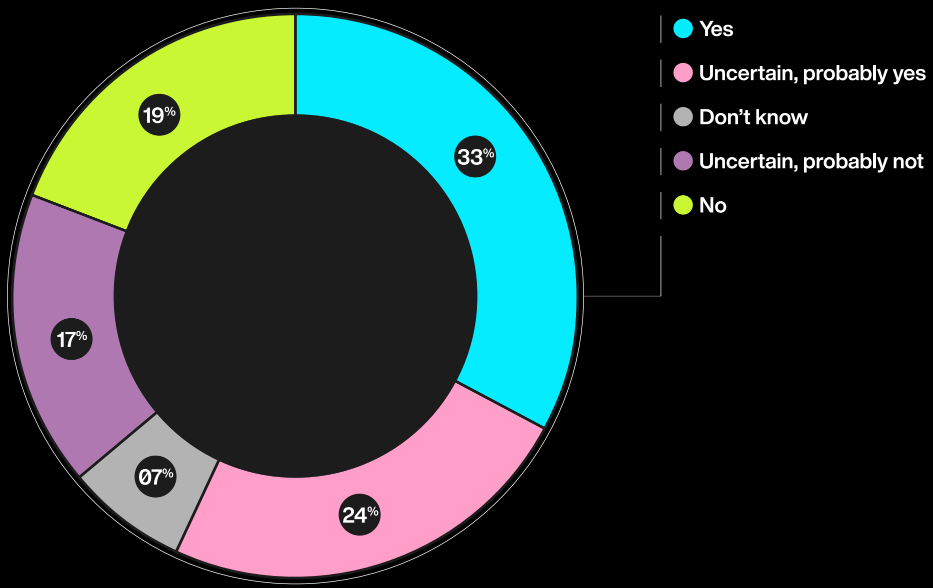
Post-lockdown public transport use



While some do think they will use public transport more, a massive majority think they will use it less, with an average of well over 1/3 less usage.

Clearly this could create more space on these services, but it would cause a significant downturn in revenue. Almost half of season ticket holders told us they weren't sure they would renew their season ticket or travelcard. We believe 43% of season tickets are 'in play' and at risk. Even taking away those who 'don't know', we are still left with people who say 'no', or 'probably not' when asked if they will keep their season ticket after lockdown.

Season ticket renewals after lockdown?



The implications are significant to say the least, with a reported £1.72bn in season ticket revenue.

Transport for London stands to lose £600m if it loses 36% of that revenue. Likewise, the rail industry could be hit by a shortfall of £750m. In order to maintain services extra revenue will have to be found, which of course means increased subsidy, but where will that come from? Roads and highways, which will have a reduced number of users and therefore will require less capacity and less maintenance, would appear to be an obvious target.

However, fare rises are not out of the question. Most respondents (58%) think fares will increase 'in the near future' with the expected rise on a £2 bus ticket being £0.62 and £2.75 on a £20 train ticket.

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Conclusion

While this study does signal a significant and fundamental shift in transportation demand it could still represent a significant opportunity for planners and engineers to develop, or redevelop, roads for a new modality.

We may still be some way off hoverboards for all but solving the e-scooter problem of shared space, increasing the provision for both large motorbikes and bicycles, and recognising that we are not at a dead-end for cars, but merely a longer parking session, should be seen as positive challenges for an industry that has had to focus on more car capacity for too long. The problem is really that demand is about to change abruptly, and can the plans change that fast?

Rail and other forms of public transport face a different challenge that may end up forcing a radical rethink of both funding and services. As we will see in the next report it does not take a huge shift in individual travel behaviours – a few more days a month working from home, a few more meetings via video conference, going to work a bit later, coming home a bit earlier – to create a very big hole in the current funding model.

With even a fraction of the drop in demand that our respondents claim, what does that do to the business model at TFL? It certainly does not suggest a return to the old franchise model for train operators, but what does this mean for the number of services?

In the next report we will look in depth at the financial impacts of the new world of work on the transport sector but also examine what it means for arguments and planning for autonomy and ask, when people are doing less travelling that they have to do, what kind of travelling will they want to do?

Established in 2002, 7th Sense is a premier market research company that specialises in unearthing insights and bringing them to life. Offering some of the most experienced research specialists in the business, 7th Sense blends both innovative and foundational approaches to qualitative, ethnographic, quantitative, and mixed-method research.

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