COVID-19: OUR CHANCE TO REIMAGINE TRANSPORT

Redefining transport’s future in a post-COVID world

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CONTENTS

COVID-19 HAS RESET GLOBAL TRANSPORT 4
TRANSPORT WILL NEVER BE THE SAME AGAIN 8
IT’S TIME TO DEFINE A NEW NORMAL 11
RESPONDING IN THE SHORT TERM 14
REIMAGINING THE FUTURE 22
IT’S TIME TO MAKE TRANSPORT TRULY FIT FOR THE FUTURE 40
CONTACT US 42
COVID-19 HAS RESET GLOBAL TRANSPORT

Transport has been fundamental to underpinning the global economy for generations. What’s more, sustained success in passenger and freight transport has meant leaders in these areas haven’t had to rethink the purpose of these modes or how they operate for some time. Now, amid an unprecedented global pandemic, leaders must respond to an entirely new reality where many of us are homebound, isolated and with many transport modes out of service.

The industry has experienced significant change and uncertainty as we respond to COVID-19. The EU has restricted all non-essential travel into the region for at least 30 days. And all transport modes in the UK have witnessed a 75 per cent decline in usage, with vehicle use falling by 70 per cent in less than a fortnight.¹
Latest transport usage figures

Transport use is down by more than 60 per cent for all transport types since February. Rail and Tube are down by more than 95 per cent. Motor vehicle usage has a different weekday to weekend/bank holiday usage pattern.

Source: UK Department for Transport. Bus (excl. London), Transport for London (TfL) Tube and bus data has been adjusted to compare against typical usage for the Easter break, whereas motor vehicles and National Rail have not. Data on TfL buses is not available from Sunday 19 April due to the change in boarding policy.
Flights have been partially or completely suspended in 80 countries worldwide.
The situation is particularly challenging for the global aviation industry as nation states, airlines and airports take radical but necessary steps to manage the spread of the coronavirus.

Flights have been partially or completely suspended in 80 countries worldwide. And the number of flights globally has fallen from just under 110,000 a day in early March to less than a quarter of that amount.

The financial impact will be extreme. The World Travel and Tourism Council is anticipating a global loss of 75 million jobs and $2.1 trillion in revenue.

The aviation sector alone is braced for an estimated $252 billion loss. Regional and local airlines are even more concerned as they struggle to bolster narrower margins knowing they’re less likely to be eligible for government bailouts.

As passenger numbers continue to decline across all transport modes, many operators face not being able to operate at all – and a battle to survive the coming months. Even when travel resumes, the sector must be braced for reduced appetite to travel and fewer operators in existence.

The World Travel and Tourism Council is anticipating a global loss of 75 million jobs and $2.1 trillion in revenue.
The good news is that transport has always shown resilience in the face of crises. From the response to the swine flu pandemic – which brought restrictions similar to those we face now – to how the aviation industry rallied in response to the 9/11 terror attacks, and in learning the lessons from tragedies such as the Thalys terror attack on board an Amsterdam-to-Paris train, transport operators have, time and again, demonstrated their ability to bounce back when times get tough.

However, yesterday’s crises were isolated to smaller geographic areas and specific modes of transport for shorter periods of time. The scenario we find ourselves in today is unprecedented, in terms of global impact, the level of response required from governments and industry bodies, and in the short- and long-term impact to passenger habits and behaviours.

**Transport will never be the same again**
The transport industry has certainly proven itself resilient enough to ride out disasters and crises in the past, returning relatively quickly to the status quo. However, today’s series of unknowns make that an increasingly unlikely option.

In short, the situation we find ourselves in today is unprecedented and will therefore require an entirely reimagined response. As a result, transport will never be the same again, because we will have to think differently to produce new and ingenious solutions to a new set of challenges.
It’s time to define a new normal

A reset button has been hit. And, in the space created by this crisis, transport leaders have an unprecedented opportunity to look beyond responding to the here and now, and to reimagine the future of transport.

We know, as transport leaders, the next few months will be tough. We’ll all feel the shock waves. Through this, we must focus resolutely on what will emerge from the chaos. As well as pulling the obvious levers to respond in the short term, transport leaders need to use this moment as an opportunity to reimagine entirely the long-term possibilities – and prepare for a new frontier.

It is an undeniable chance to define a new era that allows aviation, roads, rail and others to thrive, to redress persistent, long-standing imbalances, and provide cleaner, more efficient and passenger-centric transportation globally.

It’s no secret that some believe that transport ‘needs to modernise and is stuck in the past’.⁶ Transport has, in recent years, been seen to prioritise short-term gains over customer satisfaction, and been slow to act on sustainability. There are commentators who observe that transport organisations operate with traditional business models, top-down leadership and siloed operations, waiting for a second wave of agility and digitalisation to happen to them, rather than lead the charge.
Transport leaders now have space to rethink their organisations, coalesce around a renewed purpose and harness today’s disruption to shape a new and better future for the industry.
Our view is that now is the moment to accelerate progress in these crucial areas. It calls for a dual lens, sustaining short-term impact and operational delivery while imagining the long-term future of transport to serve, shape and define our new world. We are, however, unequivocal that transport leaders now have space to rethink their organisations, coalesce around a renewed purpose and harness today’s disruption to shape a new and better future for the industry.
The arrival of the coronavirus has stirred up the nemesis of traditional business models – uncertainty.

However, the current disruption also offers an opportunity for organisations to harness ingenuity in their response. They’ll do this in how they adapt to the evolving environment around them, in how they empower their people to deliver new and innovative solutions to meet new challenges and in how they can collaborate to serve a greater purpose – with potentially life-saving consequences.

Look at how manufacturers have repurposed, with YSL and Balenciaga making masks for French hospitals, or how perfumeries and distilleries have shifted to producing hand sanitiser for hospitals. Or look, instead, at how collectives of cross-sector organisations have come together to respond to the government’s ventilator challenge. Closer to home, passenger airlines are now running emergency cargo flights to bring in much needed medical supplies and to help disrupted supply chains operate at their best.

These examples, and others like them, can inform and inspire the short-term response of transport leaders.
Operational ingenuity is the order of the day – finding ways to keep transport running and relevant during these next few months.

This means focusing on collaboration, continuity and commercial common sense to ride out the wave of disruption. Fortunately, this is what many operators are doing already – but they can go further, faster to ensure we all have an industry to return to once this crisis is over.

There are three areas of opportunity:

1. Use gaps in demand to improve performance of assets and infrastructure.
2. Prepare for enhanced regulations on bio-screening and passenger throughput.
3. Collaborate behind a greater purpose.
1. Use gaps in demand to improve performance of assets and infrastructure

During the hiatus in demand, transport leaders have an opportunity to look beyond daily maintenance and accelerate innovation programmes across their wider infrastructure, accessing and assessing assets and infrastructure away from the demands of operating at or near to their capacity.

In the short term, despite the negative commercial implications, this presents an unparalleled opportunity for infrastructure and asset managers to get out on the track, train, road, airfield or other asset and perform, at the very least, the essential maintenance that proves challenging to complete under normal operating conditions.

Many are seizing this as we speak, primarily because we will need a safe operational transport network for when we return to ‘normal’, so this essential work could be fundamental to the global recovery.

Beyond these initial steps, leaders have an opportunity to explore ways to collaborate and innovate to improve the performance of assets and infrastructure. For example, the potential for larger-scale application of predictive maintenance technologies through connected infrastructure could be transformational.

Transport leaders can achieve maximum efficiency and optimal outcomes by joining forces at pace to complete major works that will deliver an economic boost - both in infrastructure terms and as an economic stimulus across wider society - at this critical moment. We’ve already seen signs of this with the government giving the green light for construction work on HS2 to continue.
The opportunities to deliver the digitalised, intelligent infrastructure the UK needs during this fallow period are unparalleled.
2. Prepare for enhanced regulations on bio-screening and passenger throughput

Transport was an enabler of the spread of the coronavirus, moving infected people around an increasingly connected world. So, immediately, we expect to see demand for increased biosecurity across all modes of transport, especially at major intersections and hubs. This is already becoming the norm in Wuhan, where leaders are setting the precedent for the rest of the world as they cautiously emerge from isolation.\(^9\)

By quickly adapting to the understandable anxieties of passengers, leaders can create opportunities for reassurance and differentiate themselves from the competition. With the World Health Organization stating there’s little doubt “major epidemics and pandemics will strike again”, taking steps to demonstrate biosecurity measures would be a positive way to put passengers and employees at ease, for the long haul.\(^10\)

Take bio-screening. Even once restrictions are lifted, transport operators will have to operate with new and different measures to keep people safe and prevent further infections. This is where technology can make a major

**Speedy bio-screening could well become a key competitive advantage.**
impact. Leaders should explore options such as thermal screening, passenger health data sharing and app-based passenger tracking to enhance their bio-screening measures and better reassure passengers.

The impact of these steps may well be significant, reducing passenger throughput and putting greater strain on key departure points. This will increase journey times and create further concern for an already panicked passenger base. The material cost of this will also be significant as new equipment and training for staff must be factored in, as well as the impact to passenger experience.

However, doing this well not only benefits us from a health perspective. Speedy bio-screening could well become a key competitive advantage as it is with security screening in airports today, ensuring an optimal passenger experience under new conditions.
Now, at a moment of global crisis, it’s time to unite behind a universal purpose.
3. Collaborate behind a greater purpose

Now, at a moment of global crisis, it’s time to unite behind a universal purpose to ensure the industry retains its position as the backbone of economic development.

We’ve seen this type of collaboration and innovation before, when transport leaders were galvanised to act and work together – such as when airlines shared planes and airport slots to get passengers home in the aftermath of 9/11. Transport leaders can learn here from the collaborative mindset demonstrated through the funding and innovation projects in the pharmaceutical and biotech industries, which have come together to search for a coronavirus solution. While transport cannot have such an active, obvious role in finding a solution, it has a key role to play in supporting the ongoing response and in our post-COVID future.

For example, the rail sector is now collaborating on dynamic timetabling, allowing for data to drive scheduling decisions from cross-industry teams overnight, rather than the standard four weeks. This proves that industry can collaborate and work to innovate existing processes; it need not be a crisis that pushes us to work in new ways.

Harnessing opportunities to work together to become more efficient and more focused on the outcome will certainly ensure that transport remains relevant at a time when it’s removed from most of our day-to-day lives. More than that though, it will enable the sector to emerge from this emergency better equipped to deliver safer, slicker transport as soon as demand returns.
REIMAGINING THE FUTURE

By looking further into the future to imagine how our new normal may look, transport leaders can start to work on more fundamental shifts in transport strategy, consumption and commercial models.

Transport could leapfrog into the future, delivering cleaner, more agile and passenger-centric services.

To do this, there are four key areas for leaders to turn their attention to:

1. Allow ingenious thinkers the freedom to focus on the future purpose.
2. Rethink transport to achieve sustainability goals.
3. Reinvent business models around resilience and agility.
4. Put passenger behaviours, habits and desired outcomes first.

Transport could leapfrog into the future, delivering cleaner, more agile and passenger-centric services.
1. Allow ingenious thinkers the freedom to focus on the future purpose

While our first section focused on the short-term actions needed to protect operations, the longer term calls for an entirely different mindset.

The long-term reset that transport needs calls for a bold vision, ambitious goals and the willingness to think about the art of the possible rather than the permissible. But all too often, day-to-day operations and firefighting take priority. Strategic management meetings shouldn’t be allowed to drift into operational firefighting, and those focused on innovation should be freed from the burden of operational responsibilities.

Transport has tended to focus on keeping things moving rather than reorganising for the future, with new purpose and parameters for doing so. The current crisis necessitates that long-term view and makes a future-focused strategy essential for survival. The real upside is that, in affording strategic thinkers and visionaries the opportunity and air cover to develop their ideas, transport modes can spearhead real change in their sectors.

Transport modes can spearhead real change in their sectors.
To do this, transport organisations will need to protect, nurture and task their most strategic thinkers and ingenious teams to focus on what happens next, away from the work of those focused on protecting today. These teams can focus on longer-term goals relating to sustainability, resiliency and agility – along the way finding entirely new ways of working.

It may seem counterintuitive to deploy strategy teams at a time like this, but it’ll be this future-focused mindset, empowering teams to be alert, proactive and thinking positively about the opportunities across the industry, that’ll ensure transport is ready for tomorrow.
2. Rethink transport to achieve sustainability goals

Prior to COVID-19, flight shaming, electric vehicles, bikes and alternative fuels were already becoming the norm. Policy was shifting to deliver greater sustainability in transportation, with clean air commitments and the 17 defined Sustainable Development Goals (SDGs) set by the United Nations.\(^\text{12}\)

As transport leaders look to the long term, there’s an opportunity to respond to clear and pervasive evidence demonstrating the negative impact of existing transport approaches on the environment. Over the last few weeks and months the world has now been able to see, tangibly, the impact that reducing commuter traffic and other frequent, short fossil-fuelled journeys has had on the environment.

Pollution is significantly down globally. Emissions in China fell 25 per cent as the lockdown commenced, with coal use at China’s six largest power plants falling by 40 per cent compared to the last quarter of 2019.\(^\text{13}\)

In Europe, satellite imagery has shown nitrogen dioxide emissions falling over northern Italy, and several major UK cities report falling particulate matter levels since the lockdown began.\(^\text{14}\)
Decline in global pollution levels

March 2019

Italy

March 2020

Artistic impression of data from European Space Agency.
Even in aviation, as airlines are forced to reimagine their fleets, it’s likely they’ll move towards smaller fleets containing newer, more environmentally friendly aircraft, and retiring older planes faster.

Tapping into sustainability can also create enormous market opportunities. According to the Business and Sustainable Development Commission (BSDC), achieving the SDGs by 2030 opens up market opportunities that could generate trillions of US dollars in global wealth and millions of jobs. Half of these opportunities will be realised in lower- and middle-income economy countries.
At a critical moment for our planet, the coronavirus has somehow produced a minor miracle of almost instantly creating healthier cities and drastically reducing carbon emissions.

Given our global responsibility to do better on this issue, it’s entirely possible that permanent, voluntary reduction of our travel could become the norm because citizens will take greater care over what journeys they need to make and how. In short, the environmental outcome can only be a positive one.

Over the coming weeks and months leaders have an opportunity to imagine, explore and create a different future. For example, we’ve already seen unmanned aviation systems being used to deliver medical or nutritional supplies to remote areas and reduce congestion and related emissions.

Leaders have an opportunity to create a different future.
3. Reinvent business models around resilience and agility

Most transport business models are built around short-term revenue protection. But these low-margin, monolithic ways of operating have proven too brittle to succeed through times of change.

Imagine, instead, what could be achieved if industry doubled down on transforming today to become more agile and resilient at its core. Now, more than ever, flexibility and agility must become business as usual to ensure transport joins the cohort of digitally enabled, nimble and responsive sectors primed to thrive in the future.

With £600 billion infrastructure investment pledged by the UK government, the adoption of an equally collaborative mindset across transport modes could deliver systems that are truly fit for an increasingly uncertain future.  

For example, government could bring together public transport authorities, rail operators, tech companies and software developers to establish the possibilities for Mobility as a Service, which has blossomed in cities such as Helsinki and Los Angeles, but is yet to take off in England beyond smaller trials in regional cities.

Now, more than ever, flexibility and agility must become business as usual.
To move from a short-term focus to a model that prioritises resiliency and agility, governments will need to step in to provide financial and, in some cases, operational support. In the UK, the government has already shown it will take action to become operator of last resort, if the circumstances require, to preserve those who provide essential services to the nation.¹⁷

The longer-term implications of government backing, however, place a new lens on how transport will be managed in future. It seems entirely possible we’ll see a longer-term reset of ownership, with governments taking more of a stake in transport assets. This will bring a shift in expectations and decision-making across industry and, as we saw in the banking crisis, it is likely to see a move towards far greater resilience in ongoing commercial models.

Organisations that adopt agile working are far likelier to benefit from enhanced resilience and increased ability to respond to the fast-changing demands of an uncertain external environment. Already, we’re seeing and are working with organisations reassessing their supply chains, ensuring they’re working with a wider range of suppliers for technical expertise, investment, parts and more in order to reduce single supplier dependency.
Recent polling suggests that only nine per cent of UK citizens even want us to ‘return to normal’.
4. Put passenger behaviours, habits and desired outcomes first

As we start to feel the benefit from cleaner skies, as employers embrace homeworking, and as retailers move to new business models and become less reliant on bricks-and-mortar operations, the future of transport may entirely change.

With research demonstrating it can take an average of 66 days to change human behaviour, the global lockdown (with some national exceptions) is likely to result in long-term implications on passenger demands.\(^\text{18}\)

Recent polling suggests that only nine per cent of UK citizens even want us to ‘return to normal’, proving that consumer expectations have already changed across key measures, such as stronger sense of community, connecting with friends and family more, and cleaner air.\(^\text{19}\)

Based on this thinking, it’s logical to question if many employees will accept a return to travelling in the same way they used to, particularly if pandemics become a recurrence. Equally, many employers will be considering the ongoing balance of their physical and virtual infrastructures, having invested heavily in supporting remote working over recent weeks – with the knock-on impact on commuting and business travel.
While we may see a burst of demand in the weeks after isolation is lifted – as people rush to see family and friends, or simply venture beyond their immediate vicinity – the mid-term impact is likely to see a considerable reduction in passenger demand. For many, the economic impact of job losses and furloughs from the coronavirus will see many avoiding costly trips. Prices may potentially become prohibitively inflated as transport operators try to recoup lost revenue.

What we consider today as ‘essential travel’ could, for a large majority of passengers, become unnecessary. Should that be the case then local transport providers, buses, light rail, metros and trams will need to consider alternatives to remain profitable and operational. Freight may emerge as an unexpected beneficiary of the downturn in passenger demand and improved capacity. Logistics providers are building greater capacity and resource to sustain the current peak in home deliveries; however, this may not be a temporary feature if consumer behaviour permanently shifts during this protracted isolation period.
This shift in passenger expectations could mean a resurgence of the luxury and exclusive travel markets previously seen in the 1960s and earlier at the turn of the century, all with a green agenda at the core.

Rather than focus on returning to mass-scale, low-cost travel – primarily at a regional level – passengers will become more discerning, not only in terms of the mod cons and distances they choose to travel, but the health implications too. Overcrowding and close proximity to other travellers is likely to become undesirable in a post-coronavirus world.

We’re rapidly facing a scenario where people may become accustomed to travelling only for pleasure and where a digital, connected world, away from other people, is what they become used to. Transport operators would be remiss to ignore this and other potential shifts in passenger expectations.

Delivering pleasurable, seamless, valuable and clean journeys could well become essential because, given current circumstances, there’s no longer any option other than to put the passenger first.
There’s no longer any option other than to put the passenger first.
The impact of the coronavirus has reminded us that passengers are the lifeblood of all transport systems. But whereas, previously, the demands of delivery and short-term profits have acted as distractions from an issue that was all too easy to leave for tomorrow, the pandemic has acted as a catalyst and forced our hand. We have no choice but to act. This could ultimately be the trigger that sets transport on a new path to future success.

Whatever their expectations may be after the pandemic subsides, passengers have been reinstated to their central role in the transport ecosystem. From now on, commercial models, future strategies, route and capacity planning, security and every other aspect of transportation must begin with passengers.

Amid this crisis, transport leaders have been afforded the space to create a better world for everyone’s future. In taking the right steps to listen, respond and deliver to passenger expectations, we’ll all benefit from an improved transport sector that thrives on meeting the needs of its passengers in the not-too-distant future.
To harness these opportunities, transport leaders need to have a focus on both the short-term response and the longer-term opportunity to reimagine the future. This dual view of short-term survival combined with a look to the long term will ensure – as we emerge from the pandemic – that transport has seized the opportunity to make changes that have long been called for.

It’s clear that transport will never be the same again. By taking the actions outlined here, we can ensure it’ll be even better.
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