Public Transport: Inc Impact of COVID-19 - UK - July 2020

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This report looks at the following areas:

What you need to know

66% of public transport users say that, after the COVID-19 restrictions are lifted, they are likely to be put off using public transport in future. Over half of this group (56%) are likely to travel by car more and 17% are more likely to cycle, but 35% say they will just reduce their overall travel.

Public transport will see the biggest drop in passenger numbers ever recorded during the year April 2020-March 2021. There will be a gradual rise in usage as lockdown restrictions are relaxed, but social distancing requirements and consumer caution will keep numbers well below 'normal' levels. Once people feel safe to travel, demand for public transport will return, however, a permanent rise in more flexible working patterns will lead to a decrease in commuting.

The industry faces a crisis in funding due to loss of revenue, which could be a major threat to its ability to bounce back, and further government support is likely to be necessary. Bus travel has been in long-term decline while train travel has continually expanded for over a decade. Both are in need of investment – the former to rebuild lost services outside of the cities, the latter to accommodate expanding passenger volumes and ease overcrowding – likely to be a bigger issue than ever in the wake of COVID-19.

In the long term, trains and buses should benefit from the legally binding government commitment to the decarbonisation of transport, and rising spend on infrastructure.

Key issues covered in this Report

- **The impact of COVID-19 on usage of public transport.**
- **The longer-term prospects for public transport.**

"Public transport is one of the sectors most affected by COVID-19 and will be one of the last to fully recover. Demand will return once people feel safe, but there is likely to be a permanent decline in commuting as flexible working patterns become part of the new normal. Luring travellers back from the safe cocoon of their cars will be a challenge."
– John Worthington, Senior Analyst, 2 July 2020

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- **Consumers' usage of public transport in pre-COVID-19 times.**
- **Improvements that consumers would like to see made to public transport.**
- **Consumers' attitudes towards the value and quality of public transport.**

Covered in this Report

This Report examines the market for domestic public transport use within the UK. For the purposes of sizing, forecasting and market share, this includes four segments: national rail, buses, underground rail (tube) and light rail/trams. For wider context, the Report also discusses other domestic transport modes, including car travel, 'active travel' (cycling and walking), 'micro-mobility' (eg e-bikes and e-scooters), coach travel, taxis and air travel. All purposes of travel are included, but travel overseas is excluded.

COVID-19: Market context

This update was prepared on 2 July.

The first COVID-19 cases were confirmed in the UK at the end of January, with a small number of cases in February. The country initially continued to operate much as normal. A national lockdown requiring people to stay at home except for essential shopping, exercise and work 'if absolutely necessary' was implemented on 23 March.

In mid-May restrictions on driving to another location (for non-overnight stays) were lifted in England (but maintained by the devolved governments in Scotland and Wales).

From 15 June the government allowed non-essential shops to open in England.

On 23 June the government announced that pubs, restaurants, hotels & other holiday accommodation and hairdressers would be allowed to reopen in England from 4 July. The guidelines on social distancing were modified from two metres to 'one metre-plus' – from 4 July people in England will be advised to keep two metres apart where possible, but where not possible to keep one metre apart while taking 'mitigating measures'.

In Scotland pubs, restaurants and hotels etc will reopen from 15 July, and the two-metre rule will be reduced to 'one metre-plus' for public transport, hospitality and retail. In Wales pubs and restaurants will be allowed to open outdoors-only from 13 July, while the two-metre rule currently remains in place but is under review.

As at 30 June 2020, according to Public Health England 43,730 people had died directly as a result of COVID-19 in the UK.

Transport context

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
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All non-essential travel was stopped as the UK entered lockdown. Public transport operators continued to operate for key workers and other essential journeys. In the earlier stages of lockdown transport operators reduced available service levels below 50% of their normal capacity. By the end of June 2020, as restrictions on travel began to ease, services had been increased to above 70% of normal capacity for trains and above 80% for buses.

The wearing of face masks on public transport became mandatory in England from 15 June and mandatory in Scotland from 22 June, but is currently still recommended rather than mandatory in Wales.

Despite the easing of lockdown restrictions UK government advice remains to avoid public transport where possible: 'If you need to travel to work or make an essential journey, you should cycle or walk if you can, but you can use public transport if this is not possible. Before you travel on public transport, consider if your journey is necessary and if you can, stay local. Try to reduce your travel.' Those who do use public transport are advised to travel at off-peak times.

A significant number of public transport workers have died due to COVID-19, including 43 in London as at 2 June 2020 (29 of whom were bus drivers).

Economic and other assumptions

Our economic assumptions are based on the illustrative scenario included in the Bank of England's Monetary Policy Report, released on 7th May 2020 (https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/may/monetary-policy-report-may-2020.pdf). The scenario suggests that UK GDP could fall by 14% in 2020, recovering by 15% in 2021, and that unemployment will reach 8% by the end of the year, easing slightly to 7% by the end of 2021. The current uncertainty means that there is wide variation on the range of forecasts, however. The OECD's June forecast, for example, suggested that unemployment would rise to 9.7% by the end of 2020, even in its more optimistic scenario where the UK avoids a second wave of infections.

For the purposes of this Report Mintel has also made a number of other assumptions including the below:

- **COVID-19 will remain a significant threat to public health throughout the April 2020-March 2021 period. There is a strong likelihood of sporadic clusters of rising infection, which could trigger localised lockdowns (such as the outbreak in Leicester in late June 2020). However, Mintel's assumption is that there will be no large-scale 'second wave' which would necessitate a return to full national lockdowns across Great Britain.**
- **Although there will be a gradual increase in commuting, leisure and personal journeys, most consumers will continue to limit public transport use, avoiding non-essential journeys and peak times and working from home to a significant degree, in line with government advice. Bus usage is**

expected to remain higher than rail usage, largely because rail travellers are more likely, on average, to work in occupations where working from home is an option.
- Social distancing will remain a requirement on public transport throughout 2020/21. The easing of the two-metre rule to 'one metre-plus' from 4 July 2020 should help to increase available capacity to some extent. However, many consumers are expected to remain highly cautious in the coming months. Car usage is likely to increase, but walking and cycling levels are also expected to remain high, particularly for shorter journeys and in cities.
- COVID-19 will have receded as a major public threat by mid-2021, with the likely availability of a vaccine and/or anti-viral treatments by that date.

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MARKET BACKGROUND

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COMPANIES AND BRANDS – WHAT YOU NEED TO KNOW

- **Go-Ahead, Keolis, FirstGroup & Abellio have the largest share of rail passengers**
- **Stagecoach, FirstGroup, Go-Ahead, Arriva & ComfortDelGro are the leading bus operators**
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- **Buses were still the most frequently used public transport mode despite decline**
- **Under-35s were the biggest public transport users**
- **Lower fares and less crowding are most preferred improvements**
- **Consumers are reluctant to return to public transport until they feel safe**
- **Public transport needs to compete better with cars on convenience and relaxation**
- **Anti-social behaviour is a deterrent for many travellers**

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