

2019

# PUBLIC TRANSPORT **TRENDS**



ADVANCING  
PUBLIC  
TRANSPORT

## EXECUTIVE SUMMARY



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The UITP Public Transport Trends Report highlights some of the driving trends and challenges that are shaping public and urban transport. This edition illustrates how the sector is responding to urban mobility innovations and, in many cases, shows leadership in implementing them.

With each innovation, each new challenge we address, we are pushing the boundaries of the very definition of our sector. While mass public transport will remain the backbone around which sustainable mobility solutions will thrive, the multiplicity of complementary solutions is making the passenger transport market more complex. We once limited the definition of public transport to mass public transport, combining public access and collective use, but it is only one element of that definition, which now encompasses every collective or shared mobility solution. In other words, public transport should include all collective and shared modes.

Trends on technological and business evolution paradoxically reinforce the importance of the human dimension in public transport: the people who public transport connects and supports. It is with a people-driven mindset that we will succeed in redefining public transport, for the benefit of all.

With this in mind, the Trends Report begins by highlighting the challenges in addressing our customers' needs, and shows how our organisations need to further work on attracting talents and developing skills to make the most of technological innovations to better serve our customers. With an increasingly complex mobility offer, which shows great potential if steered towards sustainable urban transport solutions, this Report addresses the challenge for governance models to preserve the urban mobility mission—to serve the public good, and more directly, the people—while maintaining a business approach. The role of authorities and their progressive assertion in some parts of the world is very important in this respect. In parallel to these efforts, the public transport sector is striving to adapt to a changing cost structure and to manage financial constraints by exploring new revenue sources.

### ACHIEVING CUSTOMER SERVICE BY BUILDING AN EXPERIENCE THAT BRINGS VALUE TO BOTH EMPLOYEES AND CUSTOMERS

To deliver customer service excellence, the sector has to adapt to a rapidly changing environment determined by evolving customer expectations and technological changes.

This requires putting the customer at the centre of the system, and delivering people-centric transport systems. This means adopting a human-centred approach in solution design, management and decision making, and changing the structure and business culture of organisations to reflect the customer-centricity.

Leading public transport operators are demonstrating that when customer service excellence is identified as a priority investment, it delivers tangible and rewarding results.

Customer expectations are changing, and transport is now expected to create a memorable experience for customers. It involves providing a global, fluid and integrated mobility customer experience; ease of use and comfort are key for user satisfaction and market differentiation.

Public transport is also expected to build personalised mobility services through data-driven transit design and the application of artificial intelligence. This creates the possibility of moving towards an integrated and intelligent mobility, powered by smart use of data and digital marketing solutions.

The sector must work to serve a diverse range of customers, including all personalities, from elderlies to millennials, whose lifestyle choices have an impact on mobility. There is also an increasing acknowledgment that gender influences modal choice and travel habits as much as, if not more than, age, professional status, and other socio-economic factors. Involving customers in the design of the services is increasingly important for this reason, and opens opportunities to co-create tomorrow's mobility.

The quality and coherence of the customer experience relies on the quality of the physical environment. For this reason, operators and authorities, by focusing more and more on the integration of public transport in the urban environment, are also becoming public space planners, and not only pure transportation providers.

This allows us to improve accessibility to all categories of customers, an essential part of the customer service.

## ATTRACTING TALENTS AND DEVELOPING SKILLS

As organisations are becoming increasingly customer-centric and adapting to technological change, while continuously aiming at improving their operational and financial performance, they are making it a priority to attract talents and develop the skills of their employees to enable them to adapt and grow in their companies.

This starts with the adoption of a customer-centric culture, which must be driven by the existing staff and the leaders of the organisation to support the transition.

Several examples around the world illustrate how public transport is fostering a culture of continuous learning to support people development. Metro Santiago, for instance, is measuring workers' positive impact on people who use their services. Achieving excellence in service delivery and customer satisfaction can only be realised by dedicated and motivated staff capable of delivering high quality services to keep customers coming back.

At the same time, a digital revolution, and the growth of the sector, are making the acquisition of new talents a top priority for many in a globalised economy in which it is vital to build a digitally native workforce.

We observe that public transport organisations are responding to the challenge by increasingly collaborating with local universities and by developing their own training academies and programmes.

Our workforce suffers from a serious lack of diversity, in particular a strong deficit of women employment. Creating a more inclusive work force and progressively correcting this gender gap by attracting more women as employees is an important element in the path forward for recruiting and attracting talents.

To support these evolutions, the mission of human resources departments are evolving from resource management to talent empowerment. This contributes to reshaping the culture of companies and the employee's environment, with the aim of reinventing the employee experience to establish oneself as employers of choice in the city.

With this new corporate culture, public transport is progressively better fit to anticipate the next major evolution in the sector, and work together with its employees to make the most out of the potential of automation and further digital disruptions.

## REVISITING GOVERNANCE

As public transport becomes increasingly a data-driven sector, and while new actors offer a broader range of mobility services with uncertain business models, which interfere with current transport systems and urban infrastructure, governance models have to be adapted.

From the growth of ride hailing, the deployment of on-demand services and the emergence of micro-mobility, the challenge is to develop governance frameworks that take advantage of innovation, while steering developments to-

wards truly sustainable urban transport solutions benefiting the communities.

Regulation should ensure that fair rules are set, for instance, on the use and sharing of data, and that data produced by public transport is well valued.

With the emergence of new business models, we are increasingly observing incumbent public transport

*“We give all employees – regardless of their job description – the opportunity to experience new and different ways of working, for example in the setting of flexible work routines using design thinking methods. In my view, the key to success is enabling all employees to grow and develop, to try and learn.” H. Falk*

companies now able to “disrupt” themselves and offer new mobility solutions, such as MaaS or on-demand ride-sharing services. This indicates that with the right governance framework, a convergence of actors towards the most promising services to complement mass public transport solutions can rise.

With such an active environment, transport authorities play an ever important role, which extends beyond the usual realm of public transport governance to the regulation and management of the whole urban transport system.

In Africa, for instance, a growing number of transport authorities are being established to organise urban transport, and contribute to governance models more likely to answer the specific challenges of developing mass public transport infrastructure and services, addressing informal transport and capitalising on innovative solutions.

## COST STRUCTURES AND NEW REVENUES

After considering its impact on the relationship with customers, on employees and on governance models, the Report highlights how technology, and in particular digitalisation, creates significant opportunities for containing costs and improving operational efficiency. This will eventually have an impact on the cost structure of public transport companies.

Digitalisation enables, in particular, condition-based and predictive maintenance, which provide significant cost reductions. They not only reduce maintenance costs but also increase fleet availability and operational readiness.

The electrification of public transport is a confirmed trend with the progressive implementation of ambitious programmes for the deployment of electric bus fleets, in Europe, but also in North America and India. These regions follow China where the number of electric buses is far bigger than anywhere else in the world, with over 350,000 electric bus in operation.

The electrification of bus fleets has important impact on cost structures. Indeed, the cost of acquisition of vehicles, of energy of course, but also of the infrastructure, of maintenance and of operations, have to be adapted to the type of propulsion, and differ significantly from what has been done with diesel buses.

While the cost structure is changing, public transport companies are also looking for a more stable funding model. They are constantly exploring alternative revenue

sources, including better exploiting existing assets. It is a growing understanding that while public transport benefits a much broader range of actors than it serves directly, authorities are expecting to support

schemes making all beneficiaries of public transport pay. In this respect, Land Value Capture is still expected to be a virtuous scheme for the city, businesses and public transport actors. We are also observing a trend towards the implementation of demand management schemes, from parking to congestion charging, with the goal, among others, to raise funding for public transport. This is not exclusive of the permanent efforts of authorities to optimise fare revenues.

With the growth of public transport and its diversification, come new opportunities to raise additional revenues. Riyadh development agency, for instance, has been able to raise \$278m (€245m) with naming rights when launching its new metro network. Upstream, providing a MaaS platform in Vienna, is attempting to make the most out of the data it collects.

The UITP Trends Report provides an analysis of these trends to support the public transport sector to grow and lead the transition towards a more sustainable urban transport system for more liveable and competitive cities.

“We should embrace innovation and see how it can be integrated into the landscape of mobility services.” J. Yap