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Aim of this article

Apart from Healthcare, COVID-19 has affected very few areas of life as much as mobility and our freedom to move from A to B.

The mobility ecosystem is currently focused on responding to this crisis, with a priority on staying safe and protecting lives while managing business continuity. We believe that resilient leaders need to focus on three time horizons during a crisis: ‘Respond’, ‘Recover’, ‘Thrive’.

The objective of this article is to offer insights and recommendations on how mobility in Belgium can ‘Recover’ and ‘Thrive’ after COVID-19. To do this, we examine five key trends that are emerging today because of this pandemic, and provide a perspective on how these trends could influence mobility in Belgium in the mid-to-long term.
Five key ways that COVID-19 will change mobility in the mid-to-long term

<table>
<thead>
<tr>
<th>Category</th>
<th>What changes do we see today because of COVID-19?</th>
<th>What could this mean for mobility in Belgium in the mid-to-long term?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy</td>
<td>Automotive sales are forecasted to drop 14% in 2020, driven by lockdown and economic downturn.</td>
<td>Up to half a million fewer new cars sold over the next five years in Belgium, with significant economic impact and a rise in importance of (contactless) servicing.</td>
</tr>
<tr>
<td>Safety</td>
<td>Consumers make more transport choices based on safety in order to manage perceived risk of infection.</td>
<td>A modal shift away from public transport, towards increased cycling and usage of cars.</td>
</tr>
<tr>
<td>Homeworking</td>
<td>An unprecedented experiment in remote working, with 1 out of 2 of us working from home.</td>
<td>Homeworking to become the norm for more Belgians, potentially taking even more than 24 million km off the road each year.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>An immediate 15% drop in CO2 emissions due to the drop in vehicular mobility, although plummeting oil prices make petrol/diesel more attractive.</td>
<td>An overall decrease in the amount we all move around, although open questions on the speed at which the move towards electric driving will continue.</td>
</tr>
<tr>
<td>Innovation</td>
<td>Mobility tech start-ups are hit harder than any other sector in terms of customer acquisition, but superior liquidity should position them to survive the crisis.</td>
<td>A short-term pause during the lockdown to be followed by increased mobility innovation, likely including the accelerated growth of Mobility-as-a-Service.</td>
</tr>
</tbody>
</table>
### Key recommendations for actors in the mobility ecosystem to recover and thrive

#### Automotive companies
- Work across the value-chain to manage ongoing liquidity issues (for example OEMs and dealers to closely monitor cash flow, take short-term action to release cash flow pressure, and transfer costs from dealers to OEMs).
- Enforce close collaboration between sales and production departments to reset sales volumes and balance production capacity.
- Manage the risk of profit decline by identifying cost reduction opportunities.
- Digitalise offerings towards customers, including virtual dealerships, and increase focus on after-sales service in order to offset declining new business.

#### Public Transport Operators
- Consider implementing design changes and retro-fitting facilities, including introducing changes to seating arrangements and enhanced cleaning protocols, such as at transport hubs; ensure that any service reductions are not disproportionately affecting the most vulnerable.
- Review timetables and offerings to try to ensure a better spread of occupancy (e.g. dynamic pricing, demand-driven transport), rather than having concentrations of demand at peak hours.
- Develop reboot plan with initial focus on operations and costs, before activating your talent, commercial, and digital reboot plans.
- Explore indication of changing rider behaviour with respect to modal shift and commuting patterns and engage with citizens to understand their expectations of the transport ecosystem (e.g. homeworking impact).

#### Mobility start-ups / scale-ups
- Use agile principles to navigate the range of uncertainties—beyond just epidemiological factors—that the organization must traverse in the journey from its current state to the destination.
- Take advantage of agility in order to tailor value propositions to address key customer concerns, such as safety.
- Leverage on position in marketplace (especially MaaS providers) to provide a unique view on transport supply and demand and support mobility ecosystem to recover and thrive.

#### Mobility enablers (e.g. insurance, repair...)
- Envision what being (wildly) successful looks like at the end of recovery, and determine what immediate steps can be taken to move quickly and decisively toward it.
- Identify which customer behaviour choices are likely to be permanent. Develop scenarios for how mobility in Belgium could change, and review how this could impact your role in the ecosystem.
- Reinvent where to play and how to win based on the new normal (e.g. by launching new products and services or entering new markets).
- Adjust cost structure and investment, curate the asset portfolio (including M&A transactions), strengthen the balance sheet, and align the capital structure.

#### Policymakers
- Review how to continue support for individuals and businesses, including bail-outs and enhanced support for particular sectors (airlines, start-ups, etc).
- Redesign the mobility taxation to stimulate alternatives for car: a higher demand for both green and electric vehicle technologies, as well as public transport with attractive first and last mile solutions.
- Identify what fleet renewal schemes could be introduced to help sustain demand for green and electric vehicle technologies.
- Encourage public-private partnerships to revive the hardest hit sectors and further enable MaaS.
- Re-allocate street space from cars to cycling and walking in order to realize modal shift and climate ambitions.

#### Employers
- Review how the social contract with workers has changed due to COVID-19, and align the work, the workforce, and the workplace.
- Seek to accelerate digital transformation by first building on the remote working practices developed during this crisis, before assessing the digital capabilities needed to enable virtual workplaces to thrive.
- Consider different mechanisms to maintain increased levels of remote/flexible working where possible, in order to maintain a strong employee value proposition and reduce congestion at peak times, while balancing economic feasibility and growth.

#### Citizens
- Reflect and review any positive effects in day-to-day lives from the lockdown (such as reduced stress from not being stuck in traffic).
- Consider which long-term mobility behaviors to change on an ongoing basis, including for example increased remote working.

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2. Deloitte, “The essence of resilient leadership: Business recovery from COVID-19” (22 April 2020)
4. Deloitte, “How the Future of Work is transforming our work, workforce, and workplace” (20 March 2020)
Keeping track of COVID-19 impact on mobility supply and demand

To help our international clients and partners better and dynamically cope with the situation, the Deloitte Future of Mobility Solution Centre has built the COVID-19 Mobility Insights Platform (Beta) powered by Deloitte’s M. SENSE platform.

The tool combines Deloitte’s Proprietary NLP algorithms with deep industry expertise to scan through real-time news feeds and provide digested information on global mobility companies’ movements toward COVID-19. We are making this tool available for free usage until 15 May 2020, simply register your interest here.

1. SUPPLY IMPACT
   Events related to business continuity

2. DEMAND IMPACT
   Impact on sales, after-sales and stock

3. COUNTERMEASURES
   The actions taken to address the situation
COUNTERMEASURES

The actions taken to address the situation
Deep-dive on the five key mid-to-long term trends

1. ECONOMY – SIGNIFICANT DECLINE EXPECTED FOR AUTOMOTIVE SECTOR

Transport is typically one of the household expenditure items that is most affected by a crisis. In Europe, automotive sales are forecasted to plummet by 14% in 2020 compared to last year5. This is truly unprecedented; by comparison, sales dropped only 8% over the course of two years following the 2008 financial crisis. In Belgium, D’Ieteren estimates a dramatic impact, with the new car market falling from around 550k vehicles in 2019, to approximately 430k this year and perhaps 450k on an ongoing basis for the next 5 years6.

With consumers keeping their hands in the pockets, this could lead to up to half a million fewer new cars hitting our roads over the course of the next 5 years. This will mean a dramatic subsequent loss of revenues for automotive dealers and suppliers, and as a secondary impact will mean the average age of vehicles in Belgium increases. There are fears of an impending car-price collapse for the used car market, which could have far-reaching consequences for manufacturers, lenders and rental companies7. After-sales and service capabilities will become more important. Automotive OEMs and dealers will need to maintain close proximity to their customers in order to try to recover lost revenues, including through new digital channels.

In parallel to this, the way we buy cars is changing. Globally, more than 800,000 cars were already sold online in 20198, a number that is projected to rise to as much as six million by 2025. This is a significant change from the traditional model of buying a car physically in your local dealership, and COVID-19 has already further accelerated this. Deloitte interviews with Senior Executives of OEMs in China have shown the positive impact of developing platforms to support e-booking and contactless delivery of cars following the end of the lockdown9.

Of course, the economic impact is not limited to the automotive sector. SNCB/NMBS has reported that passenger journeys are at only 10% of normal volumes, representing €70m lost revenues per month. The aviation sector is losing millions every minute, with Brussels Airport seeing passenger numbers down 95% in the final week of March, and a 14.6% drop in cargo over the month10. All transport operators will need to develop reboot plans for after the lockdown ends.

1IHS Markit, “Global Sales and Production Forecast” (30 March 2020)
2New Mobility News, “D’Ieteren CEO: ‘A Belgian car market of 430 000 units this year’” (14 April 2020)
3Bloomberg, “Fears of an Impending Car-Price Collapse Grips Auto Industry” (13 April 2020)
4Frost and Sullivan, “10 brands are now selling cars online” (05 February 2020)
5Deloitte, “Webinar – Combating COVID-19 with resilience: Lessons Learned from China’s OEM experiences” (16 April 2020)
6Brussels Airport Company, “60% fewer passengers and 14.6% less cargo in March” (15 April 2020)
2. SAFETY – CONSUMERS TO MAKE A MODAL SHIFT TOWARDS THEIR CARS AND BIKES

In 2019, a Deloitte survey of Belgian consumers ranked travel time as the most important aspect of mobility, with comfort and safety being distant second and third factors\(^1\). It is clear that COVID-19 could drive fundamental changes in these preferences. Consumers are already showing an increased cautiousness about health\(^2\), meaning that safety is likely to be a more important factor for consumers when deciding if, how and when to move from A to B. Looking at lessons learned from China (see Figure 1), there has already been a shift away from bus/metro to private car as the preferred mobility choice\(^3\), with consumers perceiving private transportation as a way to reduce the risk of infection.

In Belgium, Public Transport Operators will need to continue to disinfect trains, stations and busses in order to maintain customer confidence as an alternative to the car, and to protect vulnerable consumers without access to private transport modes. Similarly, shared mobility providers will need to demonstrate that they can deliver on growing customer expectations regarding safety, which has already been a hot topic for micro-mobility (scooters, steps, eBikes...) in recent years. Cycling has already seen strong growth in recent years, and there is the potential for this crisis to accelerate the trend. Brussels has followed the example of other European cities (e.g. Paris\(^4\) and Milan\(^5\)) in its efforts to make the city safer, allowing bikers and pedestrians to comply with social distancing requirements. Other Belgian cities have made similar announcements.

![Figure 1](image.png)

*Figure 1 – how the attractiveness of transport choices has changed in China*

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\(^1\) Deloitte, *“Global Automotive Consumer Survey”* (2020)
\(^2\) Nielsen, *“Six consumer behaviour thresholds of COVID-19 concern”* (11 March 2020)
\(^3\) IPSOS, *“Impact of Coronavirus, survey of 1,620 consumers in China”* (March 2020)
\(^4\) HLN, *“Parijse regio investeert versneld 300 miljoen euro voor 650 kilometer aan bredere ‘coronafietspaden’*(23 April 2020))
\(^5\) Guardian, *“Milan announces ambitious scheme to reduce car use after lockdown”* (21 April 2020)
3. HOMEWORKING – REMOTE WORKING TO BECOME PART OF THE NEW NORMAL

Lasting habits take an average of 66 days to form, and these habits are likely to stay, even if the initial driver for the change is removed\(^\text{16}\). COVID-19 has driven an unprecedented experiment in creating home working habits, as offices across Belgium have shut their doors since the Belgian government advised working from home since 10 March, and enforced it for non-key workers since 17 March.

22.7% of Belgian employees ‘sometimes’ or ‘usually’ work from home, which is lower than neighbouring countries such as Luxembourg (30.8%) and the Netherlands (highest in Europe at 35.7%)\(^\text{11}\). This has risen to at least 50% of Belgians working from home during this crisis\(^\text{17}\). Looking at Figure 2, the consequent dramatic reduction in congestion levels during the lockdown compared to an average week is clear. This enforced experience of home-working is likely to accelerate trends towards more flexible working patterns and increased remote working even after the lockdown is lifted, as both employees and employers re-evaluate their policies and adjust to the new normal.

Last year 24 million fewer kilometres were travelled on our roads due to remote working, with two-thirds of these during the 6-9h rush, thereby having a disproportionately positive impact on peak hour congestion\(^\text{18}\). The potential for home working rates to double existed already even before the COVID-19 crisis. If policymakers, employers, social partners and employees can collaborate to create the new normal for home working in Belgium, there is significant potential for accelerating the transition to more sustainable mobility. The Walloon Minister of Mobility is already setting up a dedicated taskforce to encourage teleworking after COVID-19 measures are lifted, saying that “if we reduce number of cars on the road by 25%, there would be no more congestion”\(^\text{20}\).

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\(^\text{12}\) Statista, “Share of employed people aged between 15 to 64 that sometimes or usually work from home in selected European countries” (2018)
\(^\text{13}\) Vias Institute and SPF Mobilité, www.teletrevailler.be (2019)
\(^\text{14}\) Brussels Times, “Keep teleworking after the crisis, says Walloon mobility minister” (08 April 2020)
4. SUSTAINABILITY – SHORT-TERM BENEFITS BUT LONG-TERM QUESTIONS

One of the ‘silver linings’ of the COVID-19 crisis is the positive impact on our environment. There was a 15% drop in CO2 emissions due to the drop in vehicular mobility in the weeks before and after the introduction of the lockdown in Belgium. While this may bring cleaner air today, note that after the 2008 financial crash, carbon emissions subsequently rose 5% because of major stimulus spending that boosted fossil fuel use. Following COVID-19, policymakers should consider tying government investments, rescue packages, and infrastructure spending to drive sustainability improvements as well as economic recovery. This could include initiating broader tax changes to encourage positive shifts in mobility behavior. For example, last year, Deloitte launched a New Deal for Mobility including a proposed shift from taxing ownership to taxing usage, thereby encouraging ‘responsible mileage’.

In 2019, registrations of new Electric Vehicles doubled in Belgium, while hybrids rose more than 40%. The continued growth in EV supply (production is expected to multiply six-fold in Europe between 2019 and 2025) and demand (Deloitte analysis shows that 48% of Belgian consumers plan to move away from petrol or Diesel for their next vehicle) suggests a positive outlook for the switch to a more sustainable mobility. It is not likely that COVID-19 will materially affect this trend in the long-term; automotive companies have already invested significantly in the R&D and set up production facilities, while consumer sentiment is seeing an increased importance on the broader environment.

However, as already noted, the fragile economic situation may mean that many consumers are unable to purchase any type of new vehicles, and there are calls for the introduction of fleet renewal schemes to help re-launch demand for the latest vehicle technologies, such as electric. Furthermore, there is an expectation that low oil prices will persist, following record drops in recent days. This would mean that the comparative cost of electric also becomes less attractive. Intervention is required in order to maintain the shift towards sustainable mobility and deliver on the ambitions set out in Europe’s Green Deal.

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21 Sentiance and For Good, “The silver lining of social distancing in Belgium” (27 March 2020)
22 Reuters, “Coronavirus Could Trigger Biggest Fall in Carbon Emissions Since World War Two” (03 April 2020)
23 Deloitte Belgium, “A New Deal for Mobility in Belgium” (2 May 2019)
24 Statbel (2020)
26 Deloitte, Global Automotive Consumer Survey; n=1250 in Belgium (2020)
27 ACEA, “Corona crisis guidelines for re-launch of EU Auto Industry” (16 April 2020)
28 Deloitte, “Chief Economist Update” (21 April 2020)
5. INNOVATION – A SHORT-TERM PAUSE FOLLOWED BY LONG-TERM ACCELERATION

In recent years, the Belgian mobility ecosystem has been characterised by innovation. There has been increased collaboration and convergence across sectors, for example the creation of the Co.Mobility ecosystem earlier in 2020 by six founding partners (AG, BNP Paribas Fortis, Brussels Airport Company, SNCB, STIB and Touring). In addition, there has been the sudden and very visible emergence of shared scooters and bikes into our cities, such as Uber, Jump, Lime, and Dott. Both incumbents and new market entrants have launched new connected, autonomous, shared and electric mobility solutions, such as the Mobility-as-a-Service offerings of MaaS Global and SKIPR. This crisis has re-enforced the key benefits of MaaS: the potential to provide greater agility for consumers, offering a range of transport options on a pay-per-use basis, rather than the higher fixed costs of personal car ownership for example.

The World Economic Forum has specifically advised that supporting small businesses is one of the three key actions that can support society through this COVID-19 crisis. In previous pandemics, innovation did not come from new market entrants, but instead came from start-ups and scale-ups that were already around and gained popularity due to the crisis. As the country starts to move into the ‘Recover’ phase, there is a risk that many of the new mobility solutions that have started to create a viable alternative to the car, are lost due to bankruptcy, taking Belgium a few steps backwards in its transition to the future of mobility. The Belgium start-up ecosystem has joined forces to call on federal and regional ministers to support start-ups and scale-ups with a state guarantee, enabling them to tackle liquidity issues quickly.

New Deloitte Belgium analysis shows that scale-ups in the mobility ecosystem have been harder hit by COVID-19 than any others in the tech sector, with every single one of those surveyed concerned about lower/delayed new business and customer acquisition. However, only 17% of mobility scale-ups are greatly concerned by liquidity, compared to 33% in other sectors. This suggests that mobility scale-ups are well positioned to survive the crisis; indeed 83% say that they are confident that their business will come out stronger and be able to continue or even accelerate its growth trajectory.

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30 Entrepreneur Europe, “COVID-19 Will Fuel the Next Wave of Innovation” (16 March 2020)
31 Supportourstartups.be, with 960 signatories as at 15 April 2020
32 Deloitte Belgium, COVID-19 Survey of 70+ Scale-Ups (April 2020)
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