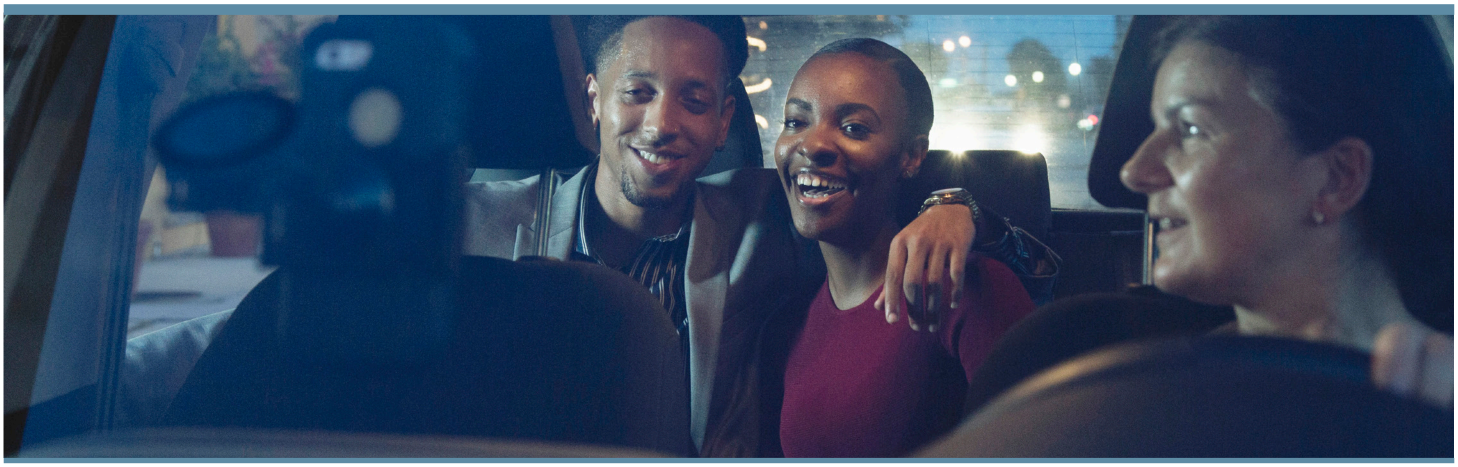


Executive Insights

Volume XXI, Issue 40

New Mobility: Is the Sharing Economy Replacing Ownership With Access?

The future of travel is fast becoming more about asset sharing than ownership. While shared mobility itself is not a new concept — public transportation, carpooling and even hitchhiking have existed for some time — the ubiquity of mobile devices, ease of online payment and general advances in digital technology have enabled the creation of new, transaction-based marketplaces that provide access to travel assets.

Known as Mobility as a Service (MaaS), these shared mobility services are the core enablers of the modern mobility marketplace.

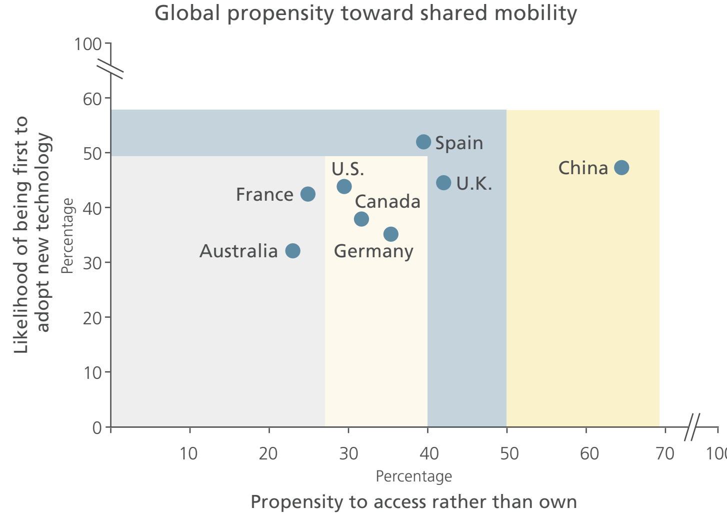
A recent study undertaken by L.E.K. Consulting, Vision Mobility and CuriosityCX explored global attitudes toward shared travel and how consumers expect their behaviors to change over the coming year. More than 4,000 respondents across the U.S., Canada, the U.K., France, Spain, Germany, China and Australia were surveyed.[1]

Ownership — not quite a thing of the past yet

Shared travel businesses that are underpinned by digital platforms have been transforming the way people move for almost a decade. Many have established, but slowing, growth positions in their launch business models, with newer players still moving toward expansion. According to our survey, global attitudes toward MaaS models are still relatively nascent. With the exception of China, the average propensity to access rather than own was 30% among countries surveyed. China indicated a stronger propensity, with more than 60% of respondents preferring to pay on an access basis rather than own mobility assets outright (see Figure 1). The progression toward sharing behaviors does not appear to be closely linked with a country's likelihood to adopt new technology, suggesting that a broader set of factors strongly influence ownership choice.

Figure 1

Global propensity toward shared mobility



Source: The Third Annual New Mobility Study by L.E.K. Consulting, Vision Mobility and CuriosityCX (December 2018)

[1]Respondents were aged 18 to 65 years and domiciled in urban areas. All survey results are weighted by age and gender to country census (and income for select markets). Global averages are weighted for relative urban country population.

New Mobility: Is the Sharing Economy Replacing Ownership With Access? was written by **Ashish Khanna**, **Simon Barrett**, and **Yong Teng**, Partners and **Emma Edgar**, Manager. Ashish and Emma are based in London, Simon is based in Sydney and Yong is based in Shanghai.

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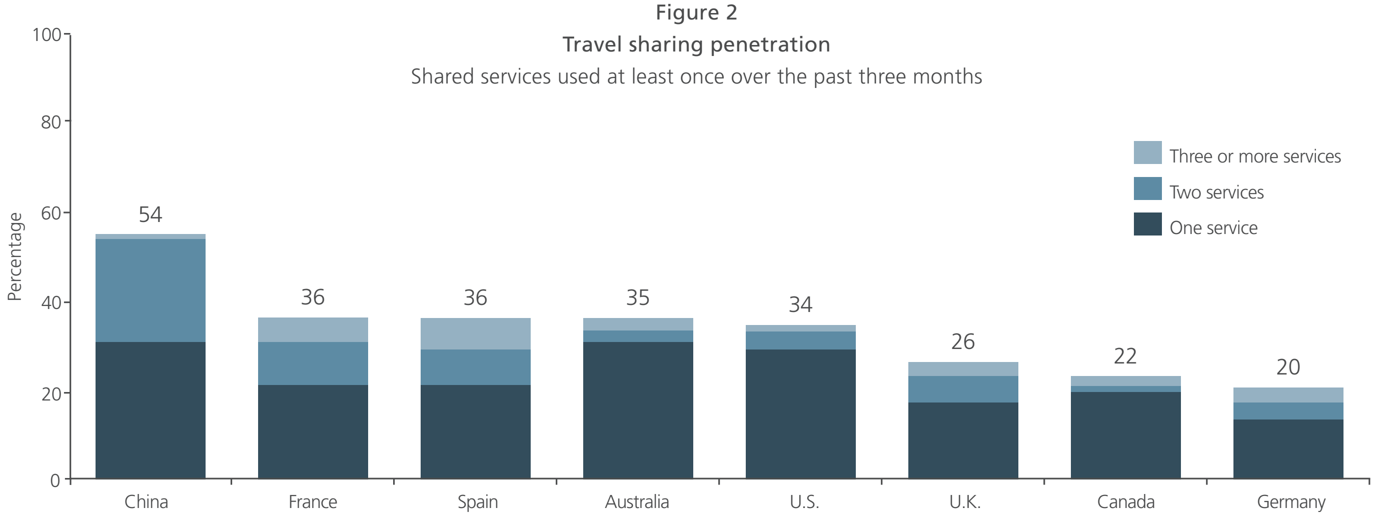
Figure 2

Travel sharing penetration

Shared services used at least once over the past three months



Source: The Third Annual New Mobility Study by L.E.K. Consulting, Vision Mobility and CuriosityCX (December 2018)

Across the eight surveyed countries, on average one-third of respondents have used shared forms of travel in the past three months. China is again significantly above the country group average of 28%, with 54% of respondents using shared travel recently. China, France and Spain also have higher penetration of multiple shared travel services (i.e., use of two or three services), suggesting a greater engagement in shared forms of travel and a willingness to experiment with new forms of shared mobility services (see Figure 2).

The survey also suggests some plurality in attitudes toward sharing and ownership. France, Australia and the U.S. all score higher than average on propensity to share (see Figure 2), but they also place a high emphasis on ownership over access (see Figure 1). This is despite all three countries having prominent and transformative ride hailing services since the early 2010s. China is an outlier, revealing the highest levels of shared travel penetration for more than one service and strong attitudes favoring access, in part reflecting that ownership was at a lower starting point there than in more-developed markets.

The tailwinds in shared mobility

Our global mobility survey suggests shared forms of mobility will continue to be a key part of travel globally. A significant proportion of respondents still express a desire to grow their ride hailing/sharing usage, with an average of 22% of global respondents indicating they would increase ride hailing/sharing use over the next year. Among the countries surveyed, highest growth is expected in France, Spain, China and the U.S.

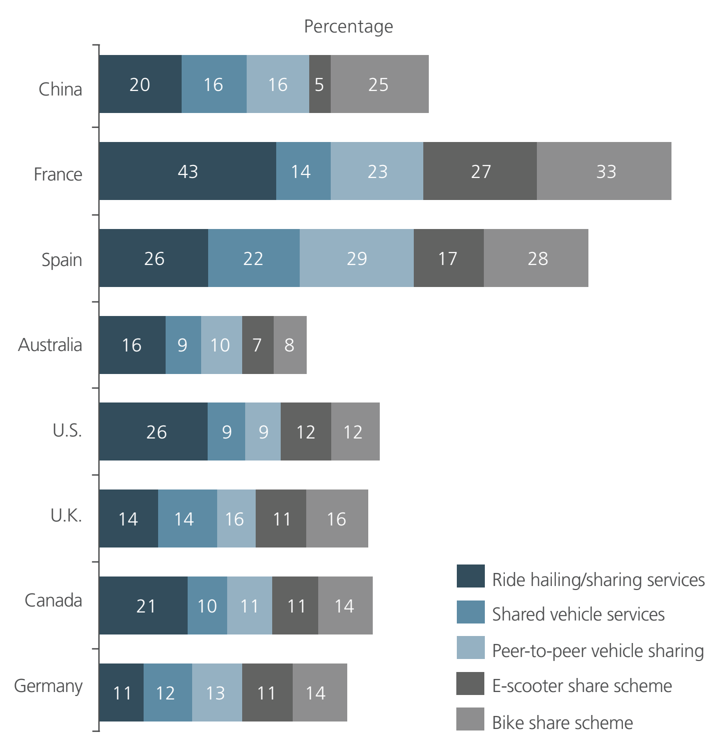
Micro-mobility in e-scooter and bike sharing is also a fast-growing trend, with 30% of respondents suggesting their use of micro-mobility will increase over the next year. Again, France, Spain and the U.S. are expected to be strong proponents of growth in e-scooter and bike sharing schemes, while bike sharing is also expected to grow in China over 2019 (see Figure 3).

Most notably, our survey suggests that mobility use is becoming much more nuanced. Rational travel choice based on time- and cost-related trade-offs has become an outdated and oversimplified method of evaluating one's options. Consumers are more sophisticated in their decision-making, with a broader set of

Figure 3

Shared mobility growth

Percentage of individuals expected to increase their shared mobility use over the next year



Source: The Third Annual New Mobility Study by L.E.K. Consulting, Vision Mobility and CuriosityCX (December 2018) lifestyle factors influencing mode choice (e.g., how safe do I feel riding in a shared vehicle at night) and the need for a broader range of mobility products and services that fit different use cases.

The growth of plurality — the coexistence of access and ownership in the short term

As major ride hailing platforms have initial public offerings in the first half of 2019, and as those disrupted by increasing plurality in mobility use (e.g., traditional automotive OEMs) contemplate their business models, investors and shareholders are seeking further clarity on where the growth opportunities exist in the mobility value chain. Understanding consumer attitudes toward sharing is key to unlocking growth opportunities.

The focus for disruptors driving the shared travel business model has shifted to new markets for growth and product expansion opportunities. Our survey suggests that a significant proportion of respondents will continue to expand their use of sharing services, with France, Spain, China and the U.S. as key markets primed for growth. Expansion into micro-mobility (e.g., e-scooters and bikes) is expected to drive most of the growth. Disruptors are well positioned to leverage their existing operational platform capabilities and acquired customer base, building out the customer experience and extending their loyalty to new modes and shared travel experiences (i.e., ancillary products or further ways to monetize travel time).

The OEM business model will continue to face unprecedented inroads by shared mobility over the coming year. While the core business model remains relevant, new revenue streams beyond traditional car sales should be considered, particularly those that build on existing customers and their mobility experience (e.g., in-vehicle retailing). Value-based growth will continue to transition from hardware to software, and vertical expansion into MaaS business models will offer significant opportunity through acquisition, investment and/or partnerships.

Vehicle ownership is not dead, but its time as the principal form of mobility access is fast coming to a close. For OEMs, disruptors and investors, these are exciting and challenging times, with a significant prize for those who grasp and act on the new strategic imperatives.

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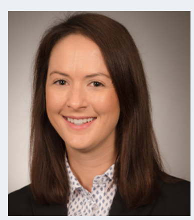

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