

# LONG-HAUL TRAVEL DEMAND IN EUROPE IS UNLIKELY TO STABILIZE UNTIL 2025



The pandemic and its consequences for the travel sector have hit companies hard. In the coming years, however, a recovery is expected, which will begin in China and the USA in 2022. For Europe, the demand for long-haul travel is expected to stabilize by 2025/2026; for business trips, however, not before 2030.

These are the results of the Roland Berger study: **“All Change: How Covid-19 has disrupted the future of long-distance mobility”**, which examined the effects of COVID-19 on this type of travel by plane, train and cars.

As a part of the study, the experts conducted a large-scale survey of 7,000 consumers as well as interviews with industry representatives.

## **Demand to Be Different**

According to experts, the demand will return to pre-crisis levels in the coming years, but it will be somewhat different.

Train travel will be more popular with consumers, who also pay more attention to the environment when traveling, and business travelers will be on the road less often, but for longer periods of time.

According to the survey, once all COVID-related restrictions have been lifted, two significant changes are to be expected in the future. On the one hand, respondents assume that in the future they will undertake around 20 % fewer trips overall - both privately and for business.

On the other hand, the demand for business travel will be well below the pre-Covid-19 levels (-24 % in Europe and the USA and -21% in China).

## **Business Tourism Particularly Affected**

The switch to virtual meetings led to a decline in willingness to travel among business travelers. This was particularly evident in Europe (44 %) and the USA (40 %). In China, the regulations and laws (45%) remain the most important driver of business travel, closely followed by cost considerations (43%).

Experts also note that companies were forced to revise their long-haul travel guidelines and switch to virtual communication technologies due to the pandemic. The trend towards more awareness and efficiency when traveling will continue and will be particularly felt in the business sector.

## **Sustainability on the Agenda**

Growing sustainability awareness among consumers has already led industry and governments alike to drive CO2 emissions reductions. The megatrends of green mobility and sustainability will have an impact on both private and business travel.

Another major trend will be the development of new forms of mobility, which, however, will have no

short-term consequences for the travel industry. Technological innovations such as autonomous vehicles or air taxis will hardly come onto the market on a large scale before 2030.

### **European “New Normal” in 2025?**

Experts generally assume that the “new normal” with the lifting of all pandemic-related restrictions will come in 2024. Driven by strong market growth, China is expected to recover the fastest by early or mid-2022. The USA will follow in the course of 2022. In Europe, the demand for long-haul travel will probably not stabilize again until 2025/26.

Finally, **it was emphasized that industry stakeholders will have to look at new customer segments**, rethink their business models and make sustainability an integral part of their corporate strategy.

Different customer segments will recover at different speeds. The development of segment-specific products can therefore be a deal-breaker for companies, both financially and in terms of competitiveness.

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