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Autonomous Driving in Rural Areas Stimulated by Demographic Change

Munich, March 2018: The aging of the population will give fresh impetus to the drive for autonomous vehicles – especially in the countryside. A system of driverless buses on fixed routes in combination with other self-driving vehicles providing flexible "last-mile" services can help people, especially the elderly, remain active members of their community. This is one of the findings of the latest study published by Roland Berger, entitled *Reconnecting the rural – Autonomous driving as a solution for non-urban mobility* ([Download study here](#)), in which the experts present a number of scenarios for autonomous driving in rural areas.

"Current discussions about autonomous driving largely focus on its impact on highways and urban areas," says Wolfgang Bernhart, Partner at Roland Berger, noting at the same time, "Yet the rural setting, with its quieter roads and simpler traffic situation, is much better suited as a testing ground for driverless mobility services." This is especially true considering that the demand for public transportation is growing in the countryside, where the number of people who can't or don't want to drive but who still have a need for mobility is rising.

Demographic change is by far the biggest factor in this: More than 22 percent of people living in rural Germany are over the age of 65, while the corresponding figure for Japan is more than 30 percent. Many elderly people depend on public transportation to get to their doctor's appointments, make necessary visits to the local authorities, and do their shopping. This at a time when public transport provision is often thin on the ground or completely lacking where they live.

Profitable business models for local transport providers

The establishment of autonomous vehicles for mobility services would give local authorities a huge advantage: Contrary to the status quo, where public transit in rural areas is a permanently loss-making business, driverless transportation services can even run at a profit.

"The lack of mobility services in smaller communities is partly a result of the fact that public transit is very costly to run but fares only cover part of the costs," says Wolfgang Bernhart. "So public transportation is very often dependent on subsidies. In Germany, for instance, around 25 percent of operating costs are subsidized. And local authorities are always keen to make cuts here."

Labor costs for the drivers are the biggest factor – which means that self-driving vehicles would make local mobility services significantly cheaper to run.

The last mile – new and profitable services

Public transit in a rural setting has the prospect of becoming a really profitable business if, beside automating the existing routes, operators also offer a service transporting people over the last mile. Then, users will be able to book a driverless vehicle to collect them at a time and place of their choosing to take them, say, to the mainline bus stop, and back again afterwards. "Customers will be willing to pay higher prices for this service with the added convenience it brings," comments Hitoshi Kaise, Partner at Roland Berger pointing out that, "It will enable transport providers to operate a profitable business model that can add some 16 percent to the bottom line."

Moreover, rural areas are the perfect place to road-test self-driving vehicles for use in public transportation. "We see this as an ideal opportunity for automotive OEMs, public transit providers and policymakers to try out mobility models that hold a great deal of promise for the future. The invaluable experience that they gain in the countryside can later be transferred to the urban environment," says Kaise in summary.

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