The Virgin Media O_2 Business Movers Index

How people are moving around the UK
and what that means for business

Business

2023 Q2 Edition

Contents

Foreword

What is data and why is it such a popular term to throw around?

Data can mean anything from facts and statistics to quantities. Whether you're making a business decision on where to invest money or justifying where to book for your next holiday, the most logical way to determine your course of action is by finding facts to substantiate your choice.

It makes your answer more credible. And the mention of a statistic seems to help cancel out any inherent bias.

With data taking on such an important role in decision making, it needs to be reliable.

My team of data engineers and data scientists spend each day looking at anonymised and aggregated data on population movement captured by O2 mobile and O2 WiFi events. Working alongside our business customers, the team builds products and solutions that generate rich insights to enable our customers to make better informed and effective decisions about their business and strategy – with scale and accuracy.

And the same data can reveal patterns that reflect movement trends across the UK.

To reveal and confirm trends, it's always best to rely on multiple data sources, ensuring you can spot any outliers in your findings and be confident in your insights.

That's why when we publish our Movers Index each quarter we don't simply share O2 Motion data. We incorporate polling findings from 2,000 businesses and 1,000 consumers to provide the latest movement statistics and the reason behind the trends our data shows.

In Q2, the public and businesses continued to navigate the cost-of-living crisis with mixed anticipation of what the summer months will bring.

This report covers commuting, retail, transport, and additional summer insights from this quarter, creating a full picture of emerging trends for the first half of this year.

We've purposefully crafted our Virgin Media O2 Business Movers Index to be a free and accessible resource, so anyone can get immersed in this data and follow the latest trends.

Some of these trends might confirm your assumptions and some may surprise you. Read on to find out what they are.

Monica Mercado Paez, Head of Data and AI, Virgin Media O_2 Business

Commuting

Across sectors, major corporations from Netflix to KPMG have publicly mandated an increased return to the office for employees.

Despite companies pulling back on workplace flexibility and citing the benefits of in-person collaboration, our data reveals that many employees value workplace flexibility above all else. Only 27% of respondents in our first Movers Index had recently changed their commute. In this quarter, 41% of businesses have noticed changes to staff commuting patterns during the past three months.

This is broadly in line with what commuters themselves say, with 45% reporting a change in how they commute in the past three months.

The highest quarterly commute growth by city:

- Edinburgh (4.6%)
- London (2.8%)
- Newcastle (1.6%)

These were the only three cities to experience growth of those we analysed, whereas the following experienced the largest contraction in commute trips:

- Cambridge (-3.2%)
- Glasgow (-2.3%) .

This indicates a significant seasonal rebalancing towards working from home across the UK.
Q1 saw 58% of 18-24 year olds change how much they commuted. 27% commuted less frequently vs only 22% commuting more frequently.

58% of 18-24 year olds changed how much they commuted in Q1

27% Commuted **less** frequently

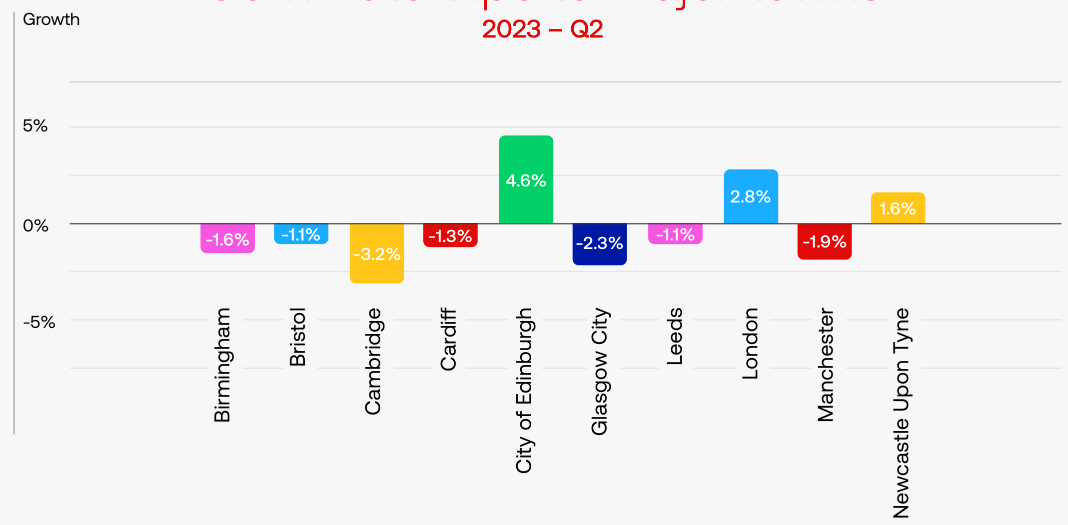
22% Commuted **more** frequently

40% of businesses saw an increase in remote working

37% employees factored environmental concerns into their travel choices more than before

Commute trips to major towns

2023 – Q2



But why are we seeing this substantial downward shift in commuting?

May 2023 had an unusually high number of bank holidays, which could explain the drop in commute trips observed across all age groups.

And some UK workers are actively avoiding sweaty commutes, with 33% of respondents working from home because of the heatwave, revealing a new trend of heatwave homeworking.

37% of commuters say environmental concerns are more important than they were three months ago. The Welsh topped the charts as the 'most climate-conscious commuters' as 62% pick how they travel based on environmental impact.

Cost continues to be an increasingly important factor in journey planning.

In our last Index, commuters were willing to sacrifice convenience (21% said it was less important) for a cheaper journey and 55% of surveyed individuals admitted that commuting was leading to further cost-of-living anxiety.

Three months on, this figure has risen to 62% of commuters who say cost has become a more important issue for them, including 66% of Londoners.

Businesses looking to retain talent and offer flexibility are continuing to see benefits.

40% of businesses (vs 35% in Q1) surveyed that recently changed their remote work policies noted an increase in employees working remotely. 55% of businesses that changed their remote working policies doing so to keep up with competitors. And 58% of businesses adopted new tech and tools to facilitate remote/hybrid working in the past month.

Meanwhile, only 7% of businesses reported that remote working had decreased employee productivity, compared with 12% in the first edition.

Workers agreed, with only 8% reporting that remote working decreased their productivity. This demonstrates the influence that employees have, since companies forcing a return to the office may risk losing talent to competitors with more flexible ways of working.

Public commuting noticed:	Q1	Q2
Have changed how they commute	27%	45%
Of those who changed commute, commuting more regularly	40%	24%
Reported remote working decreased productivity	12%	7%
Cost a more important issue when commuting	55%	62%
Most popular day to commute	Weds	Weds

Retail

People are feeling the pinch with data suggesting that consumers and businesses alike are seeing a significant drop in shopping.

78% of businesses noticed changes to customers' shopping patterns compared to three months ago, with 54% reporting customers are spending less vs 19% who noticed increased spending.

Consumers themselves are reporting that they're being more budget conscious (44%) too, while 45% of those who have changed their shopping habits compared to three months ago said they did so to seek better available prices.

The public is shopping notably less for 'non-essential items' compared with the first quarter of the year.

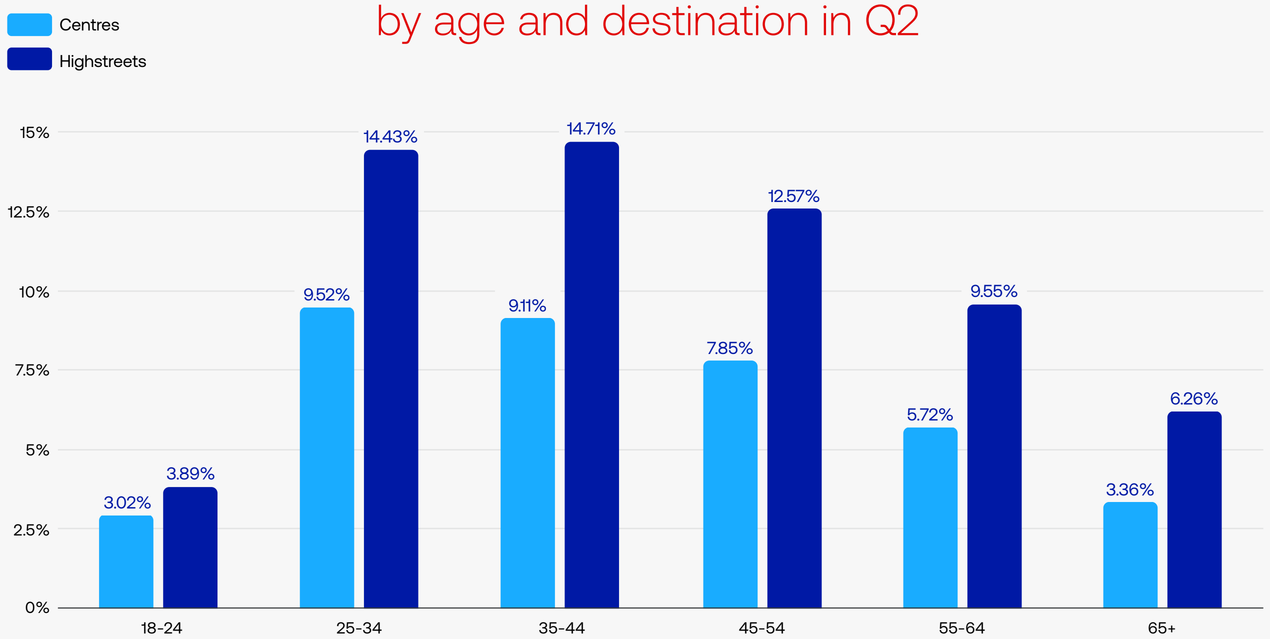
39% of the public report shopping less for clothing vs only 19% shopping more.

But this trend is age dependent. Looking at monthly growth figures we see that while older groups lead retail growth at the start of the year, this trend was reversed in Spring with a surge in 18-24 year old shopping trips.

- 35% of 18–24-year-olds have shopped more vs 28% shopping less.
- 36% of 25–35-year-olds have shopped more vs 29% shopping less
- 1% of those 65+ have shopped more vs 41% shopping less.

This demonstrates the massive age disparity in spending. The high growth in retail trips by 18-24 year-olds in May – 11.8% growth compared to -0.0% in 65+ – suggests this younger age group responded to the May bank holidays with increased retail and leisure activity more than other age groups. They may also have been shopping in preparation for summer holidays or festivals.
According to our findings, food is the only item the public is buying more of.

Proportion of weekend retail trips by age and destination in Q2



Only 13% are buying less food than they were three months ago vs 30% of people buying less food than they were last quarter.

45% of those who changed their shopping habits compared to three months ago said they did so to seek better available prices. And many cash-strapped shoppers are turning to second-hand to save money.

44% of the public shopped second-hand once or more last month, with Gen Z leading the way as the UK's most sustainable shoppers: 52% of 18-34 year olds are shopping second-hand.

Of those businesses who noticed changing of habits, 76% implemented new marketing and sales strategies as a result of changing shopping habits. And the need to be online is evident, with 50% of businesses saying customers are using online shopping more than they were three months ago.

78% of businesses noticed changes to customer's shopping patterns

44% of shoppers took a more budget-conscious approach

76% of businesses implemented new marketing and sales strategies as a result of changing shopping habits

Retail index findings:	Q1	Q2
More budget conscious when shopping	49%	44%
Buying food **less** than 3 months ago	30%	13%
Buying clothing **less** than 3 months ago	52%	39%
Buying clothing **more** than 3 months ago	12%	19%
Buying electronics **less** than 3 months ago	53%	45%
Buying electronics **more** than 3 months ago	11%	12%
Shopped second hand last month	N/A	44%

Transport

Despite the continued impact of strike action in the UK and heatwaves, the ever-resilient British public continues to move.

22% of respondents revealed they've increased their use of public transport for non-work travel in the past three months vs 17% who decreased their use of it, with the top reasons being:

- Cost considerations (48%)
- Environmental considerations (35%)
- Avoiding traffic (39%)

38% of 18-24 year-olds increased their use of public transport, the most of any age group, with Manchester receiving the highest share of young visitors for the first half of the year at over a third (36.40%) of all visitors to the city.

Edinburgh (27.83%), closely followed by Newcastle (27.39%), had the largest share of older visitors (aged 55+), making up just over a quarter of all visitors to each town.

This quarter, younger cohorts increased their trips the most. The highest trip growth to towns including Manchester, Birmingham, Cardiff, Cambridge, London, and Reading came from the 18-24 age group.

Meanwhile, Nottingham bucked the trend and is the only town to have higher growth in trips to the town from the 65+ (7%) age group than from the 18-24 (4.73%) age group. 34% of those who decreased their use of public transport in the past three months cited reliability concerns and the impact of strikes as the reasons behind their decision.

This is no surprise when the public cites that time efficiency (53%) and convenience (55%) are important factors when considering travel for non-work purposes.

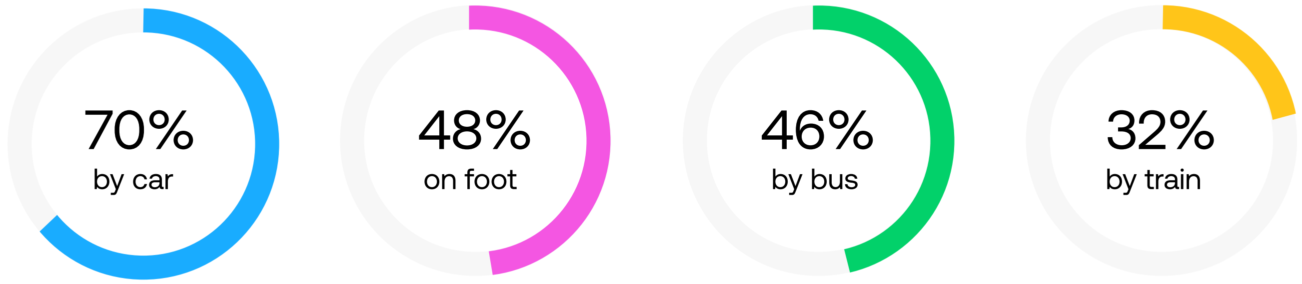
Over a third of businesses (35%) have noticed changes to customer travel patterns, significantly down from what businesses reported in the first edition (73%).

Of businesses that noticed changes, 63% anticipate that these changes will positively benefit their business in the next three months and 69% have made changes to their business operations as a result:

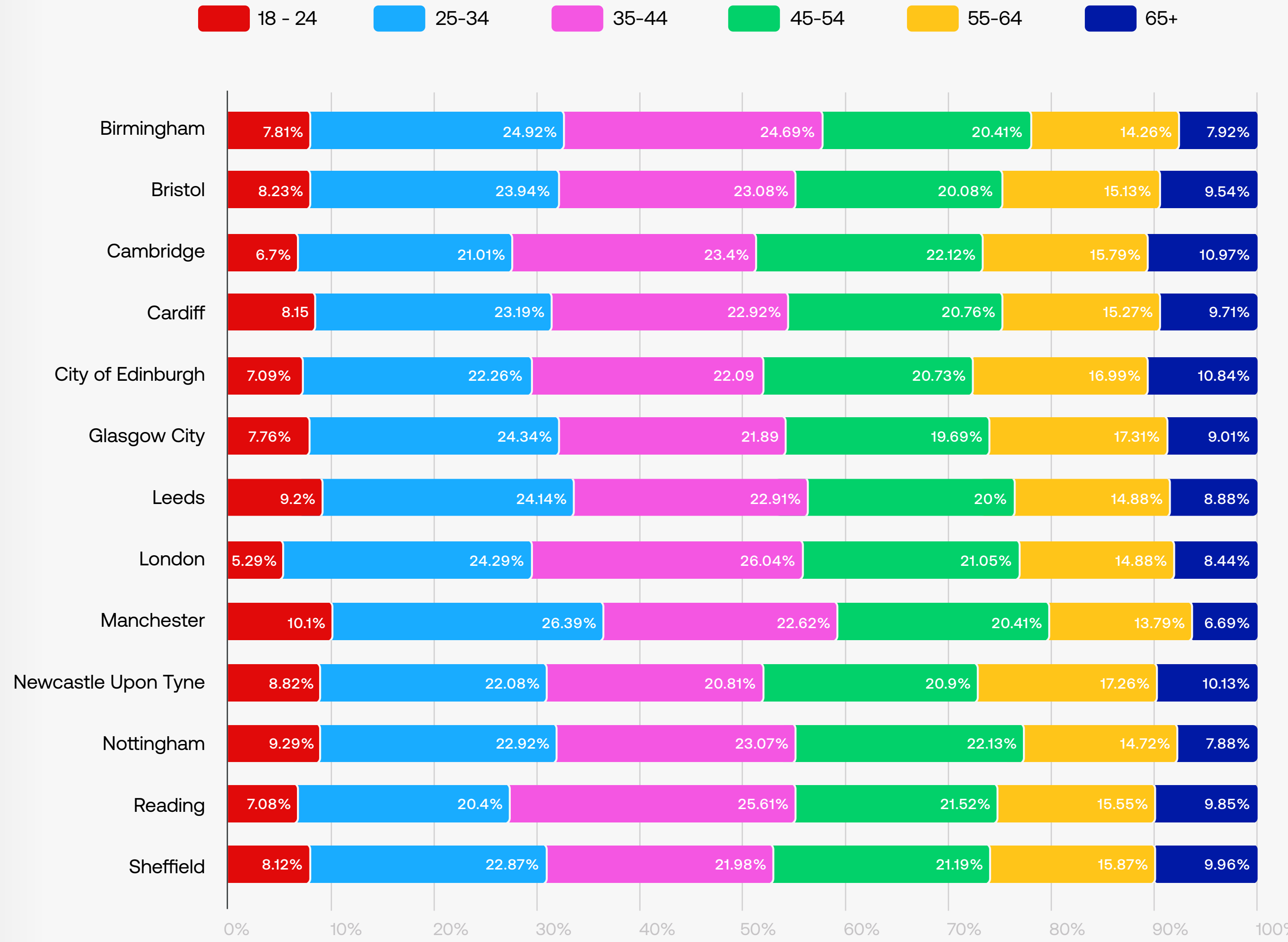
- 49% have changed their operating hours
- 47% have considered introducing new products and/or services
- 36% have hired new staff in response to changing customer travelling patterns

Transport index findings:	Q1	Q2
Noticed a change to customer travel patterns (businesses)	73%	35%
Anticipate customer travel changes having positive impact (businesses)	62%	63%
Made changes to operations in response to customer travel pattern changes (businesses)	62%	69%
Mode of public transport most typically used for non-work travel (public)	Bus - 66%	Bus - 49%
Increased public transport use in past 3 months (public)	23%	22%

The typical mode of travel to work:



Major towns trip share by age



Summer festivals

It's officially summertime. And that means festivals are back.

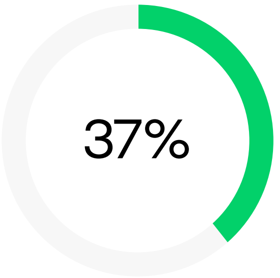
66% of 18-24 year-olds went to a festival in the past three months, as Glastonbury and other big events draw attendants and staycationers.

37% of the public have opted for a UK staycation in the past three months, compared with only 16% going abroad.

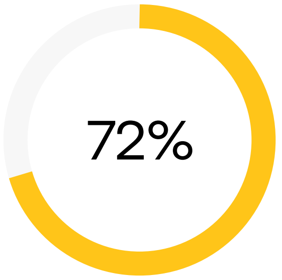
The impact is already being felt by businesses, with 72% of those surveyed reporting that they've seen some impact of this on their organisation. This includes 38% of businesses impacted by festival goers saying that their sales and revenues increased.

Over 40% of festival-goers turned to public transport to reach their destinations.

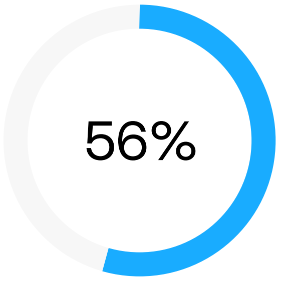
Travelling by car was the preferred mode of transport for 56% of the public, followed by 22% by train and 21% by bus. Although, 18-24 year-olds and Londoners (both 41%) were the least likely to have travelled by car.



of the UK public chose a staycation, with only 16% going abroad



of business were impacted by changes in consumer travel patterns



of the public preferred to travel by car

Methodology

O2 Motion provides aggregated, anonymised data on origin-destination insights into population movement around the UK by trip mode, purpose, time of day, age and gender by week. The data captured by O2 represents 35% of the UK's population. Through the use of advanced methodologies, O2 is able to expand that figure to represent the whole of the UK's population movement. This analysis has layered the journey start time, mode and journey purpose onto geographic boundaries and land use data to generate transport, commuting, and retail focused insights. O2 Motion data does not capture international visitors in the UK or children.

Strand Partners' specialist research team conducted an online survey of 1,000 nationally representative members of the public (by age, gender and NUT1 region) online between 01.07.23 and 07.07.23. All data was then weighted against the latest ONS census. For businesses, 2,000 UK business leaders were surveyed who confirmed that they were currently in senior leadership roles (e.g. CEO, C-suite) of UK businesses.
All data gathered is of a publishable quality and is produced within Market Research Society guidelines.
For full data tables and more detail of the methodology, please e-mail: polling@strandpartners.com.

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