



# TRAJECTORY

22

14 00 UNE PEINTURE PARLÉE  
15 00 BEAUBOURG-LA-REINE: LES KELLERS  
19 00 BEAUBOURG-LA-REINE: JULIE NICOLE ET SIR ALICE  
20 00 TEATRINO PALERMO: INAUGURATION  
20 30 GRANDE SALLE: ELMGREEN & DRAGET

23

14 00 UNE PEINTURE PARLÉE  
16 00 BEAUBOURG-LA-REINE: LAURENT FRIQUET  
ET MARIE-JERRE BRÉBANT

OUVERTURE

## The Optimism Index (GB)

Report: August 2019 | Fieldwork: 9<sup>th</sup>-11<sup>th</sup> August



UK Optimism  
August 2019

51

Rolling Average  
August 2019

52

Down 4 Points on July 2019

Down 1 Point on July 2019

Down 4 Points on August 2018

Down 0 Points on August 2018

Scale 0-100. A score of 50 or more indicates higher levels of optimism

Net spending  
expectations

-17%

No change in net expectations for  
spending

Net household  
confidence

-21%

Significant drop in household  
confidence this month

Net Trust

-13%

Slight increase in overall net trust

# Headlines

## Comment

Crunch time?

At this point last year, consumers returned from a their summer breaks in an optimistic mood that evaporated as we hit the autumn and political deadlines loomed large again. We can expect a similar pattern this autumn, but with two crucial differences.

Firstly, consumers are notably less optimistic this August than last year. Optimism is *already* falling – it will not take much to push it into negative territory. Secondly, financial fears are that much more acute as we exit summer this time around: over half of consumers expect the economy to weaken and a third expect their own finances to deteriorate.

This makes for a gloomy outlook, but as ever there are opportunities in our fragmented consumer landscape. The Baby Boomer generation – those in their late 50s to early 70s – are defying the doomsayers and planning to increase both everyday and leisure spending over the next few months.

While younger generations are hiding behind the sofa, the grey pound is the one to target.

Tom Johnson, Managing Director, Trajectory



# The Optimism Index: Headlines

- This month's edition of **The Optimism Index** reports a 4 point decline in optimism, with consumer optimism returning to its June levels following a tumultuous month in politics, economics, and the weather.
- Boris Johnson's combative start to life at Number 10 – adamant that we'll leave the EU in October with or without a deal – has had a significant impact on currency markets, with Sterling sliding just as millions of Brits head to the bureau de change ahead of their summer holidays. From mid-May to the beginning of August, the Pound lost around 7% of its value on the Euro.
- Meanwhile, for those who've chosen to holiday at home to avoid the costs of travelling abroad, the weather has swung from extreme to extreme. July 25<sup>th</sup> saw the UK experience its hottest day on record, with July the entire planet's hottest month on record, intensifying concerns about climate breakdown. Early August, by contrast, was dogged by wet weather, with bookies suspending betting on it being the wettest August on record by the middle of the month.

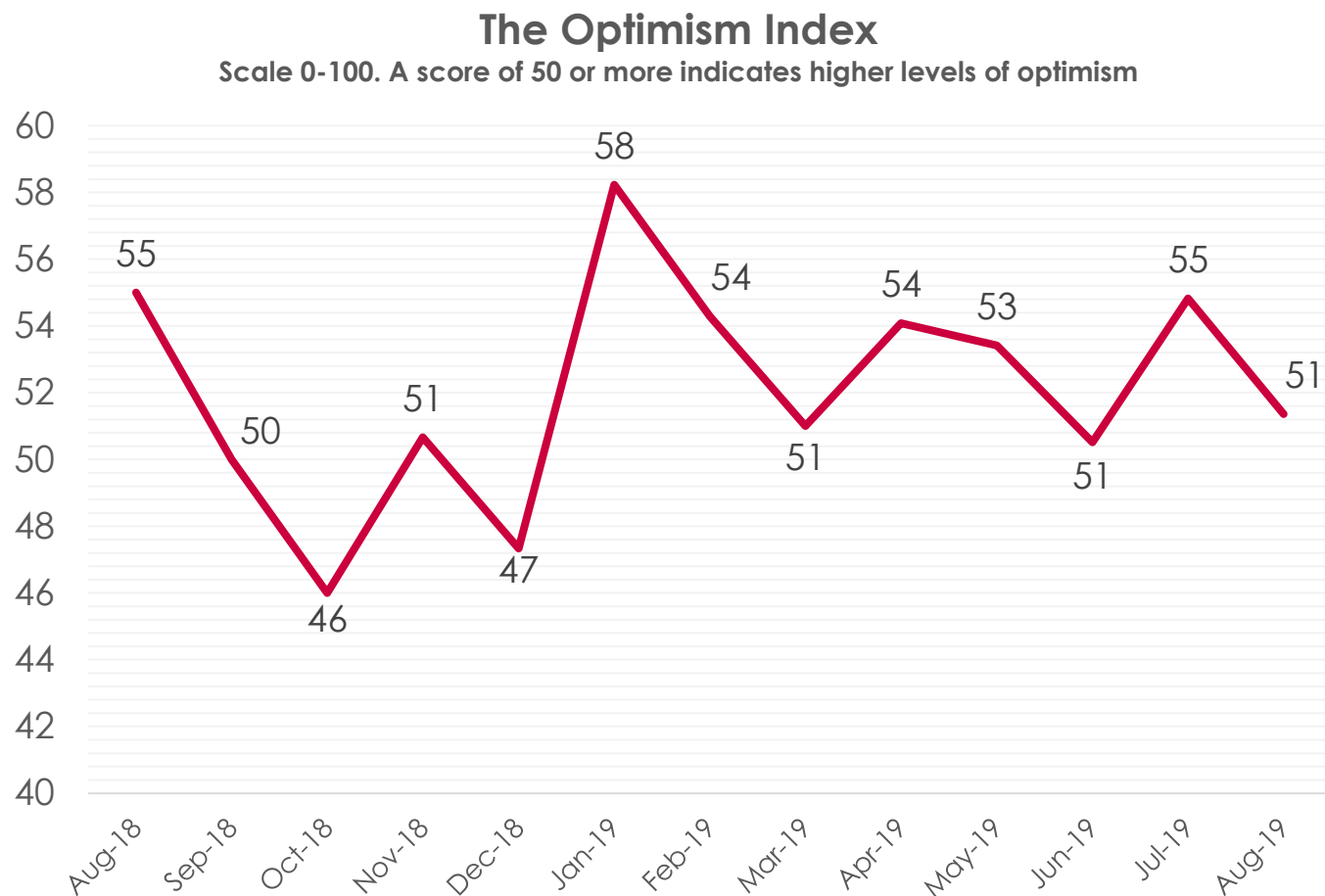


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

# The Optimism Index: Rolling Average

- Long-term optimism remains significantly higher than it did in December 2018, however, since March there has been a gradual decline, with the three month rolling average falling from 54 to 52 over the last six months.
- While the rolling average for August is unchanged year-on-year, the way it has arrived at this figure is very different. This time last year **The Optimism Index** reached a score of 55 points following a 7 point increase from June to August. This August **The Optimism Index** is 4 points lower, with optimism fluctuating significantly as consumer attitudes have lurched in line with the political and economic uncertainties that have plagued 2019. Long-term optimism is the same as it was last year, but lacks last year's positive momentum.
- August represents the last of the summer months, and if 2018 is anything to go by, as the days get shorter, the temperature drops, and belts tighten in the run up to Christmas, optimism could fall significantly in the months to come. Throw the UK's scheduled departure from the EU in October in to the mix and the rest of 2019 could be rocky for consumer optimism.

**The Optimism Index, 3 Month Rolling Average**  
Scale 0-100. A score of 50 or more indicates higher levels of optimism

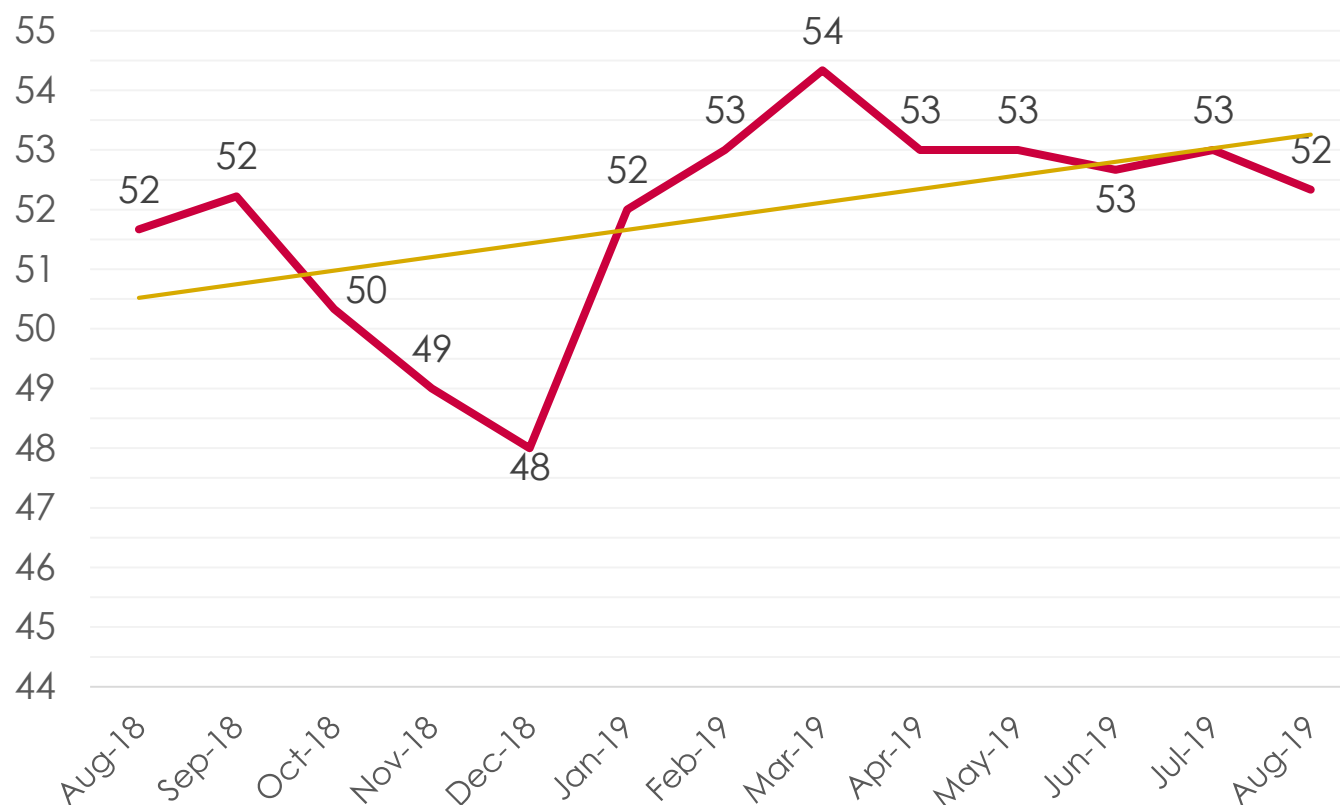
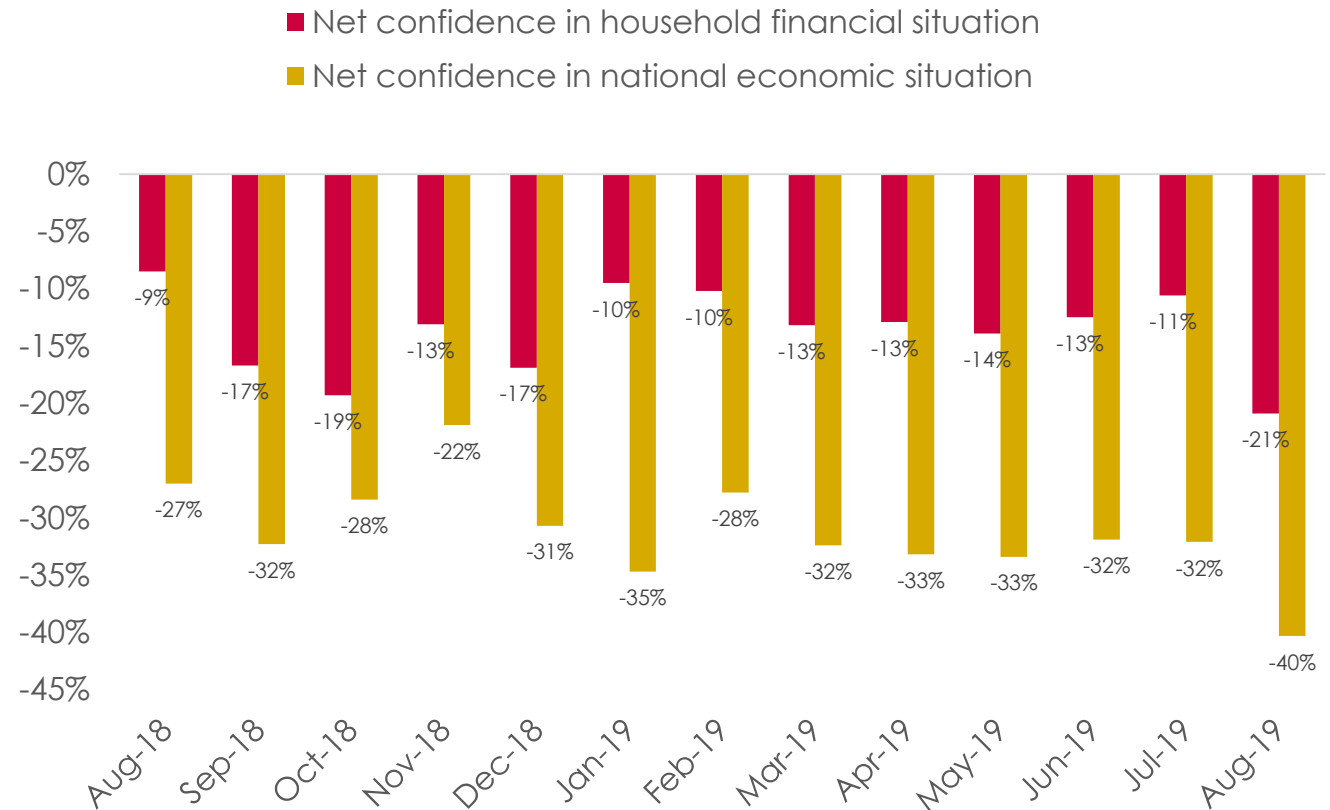


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

# Financial & Economic Drivers

- A series of political and economic events in late July and early August have seen net confidence in the national economy, and in household finances, drop drastically this month. Net confidence in household finances has fallen by 10% to -21%, with net confidence in the national economy falling by 8% to -40%.
- Inflation remained at the Bank of England target in July, a fact which should have boosted consumer confidence. However, the increased risk of a 'No Deal' departure from the EU has seen the Pound struggle, a slump in business activity precipitating the shrinking of the UK economy by 0.2% in the second quarter of 2019, the first contraction in the economy since 2012.
- The result is the worst month for household and economic confidence since **The Optimism Index** started in February 2018, and there is evidence that the consumer confidence bubble – the difference between household and economic confidence – could be about to pop, with the gap having closed by 2% month-on-month. Net confidence in household situations has almost doubled, from -11% in July to -21% in August.

**Financial & Economic Drivers;**  
(Net: % thinking will improve minus % thinking will get worse)



# The Extent of the Damage

- Things have retained a level of relative stability since the EU Referendum, with worst of the doom and gloom outlined as part of 'Project Fear' yet to be realised. This month, however, has seen a significant decline in economic confidence.
- However, it seems that August 2019 could be the month we look back on for evidence that the dam – the context propping up our optimism, and our consumer confidence – could be about to burst, with the proportion of consumers anticipating their household finances and the national economic situation to get worse each growing by 7%. Of course, money isn't everything, and while a majority feel that the national economy is set to weaken, many will feel that this is a price worth paying for greater sovereignty.
- While household confidence has been close to this point before this is new territory for attitudes toward the national economy, with over half of people thinking that things are set to get worse. This is 6% higher than the next highest month; in September 2018, 48% felt things would get worse.

Household Financial and National Economic Confidence

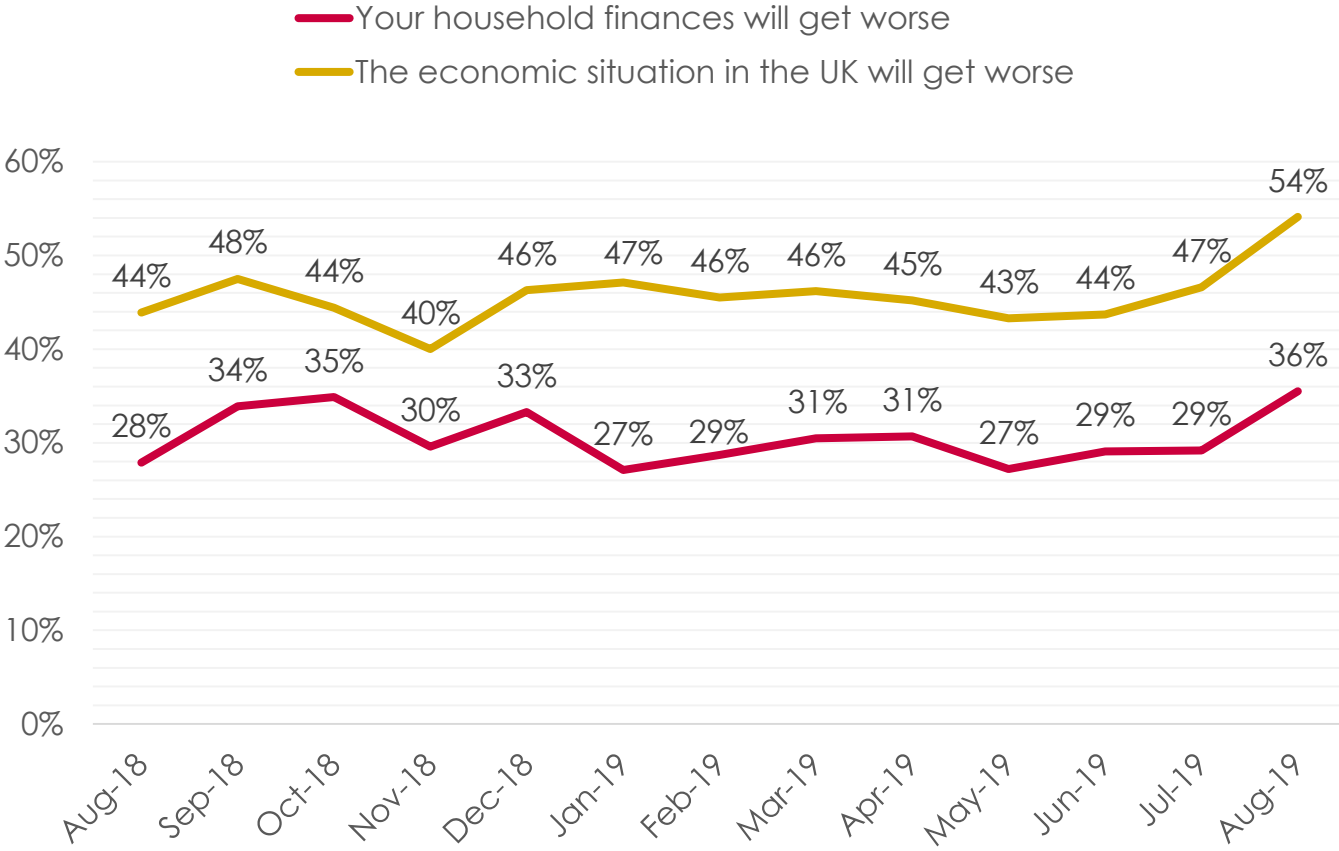


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

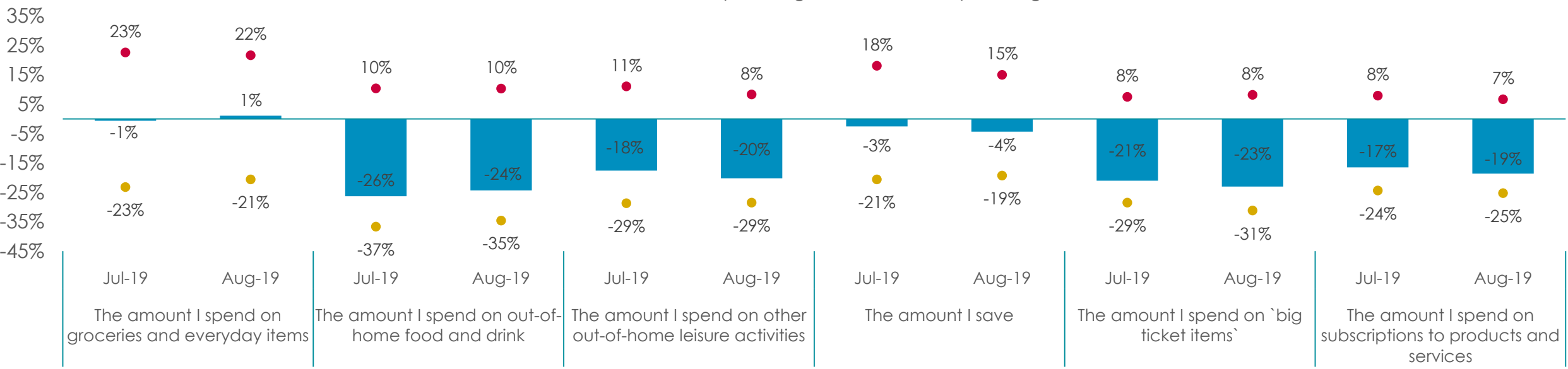


# Implications for Spending

## Anticipated Change in Spend

“Over the next few months, how will you change the following?”  
(Net, Total Increase and Total Decrease)

■ Net ● Increase spending ● Decrease spending



- UK consumers are somewhat conflicted when it comes to their spending, with such negative financial sentiments coming at a time when consumers would rather be making the most of the summer, whether at home or abroad, and to some extent they are, with a 2% increase in anticipated spending on out-of-home food and drink from July to August.
- However, other areas of spending have suffered as financial confidence has plunged, with a 2% decrease in anticipated spending on out-of-home leisure, 'big ticket items' and subscriptions. Consumers are reducing their spending, but as they did following the 2008 recession, they are ring-fencing eating and drinking out for the time being.

# Gender

- For just the second time since February 2018, levels of optimism are higher among women than among men. Optimism among women fell by 2 points, from 54 to 52, with the decline in mens' optimism more pronounced, falling by 5 points from 55 to 50.
- The roots of this development can be found in both the long and short-term attitudes that each gender group has had toward the national economy in recent times. Men have been consistently more bullish on the state of the economy in recent months – net confidence in the economy in July was at -21% among men compared to -43% among women – but this bullishness has collapsed in August as speculation over a No Deal departure has intensified. Net confidence in the economy has fallen by -17% among men to -38%, while women’s economic confidence increased by 1% to -42%.
- Household confidence fell among both men and women, but again, men’s confidence has undergone something of a collapse, falling by 13% to -17%, as women’s household confidence fell by 7% to -25%.

**The Optimism Index by Gender**  
 Scale 0-100. A score of 50 or more indicates higher levels of optimism

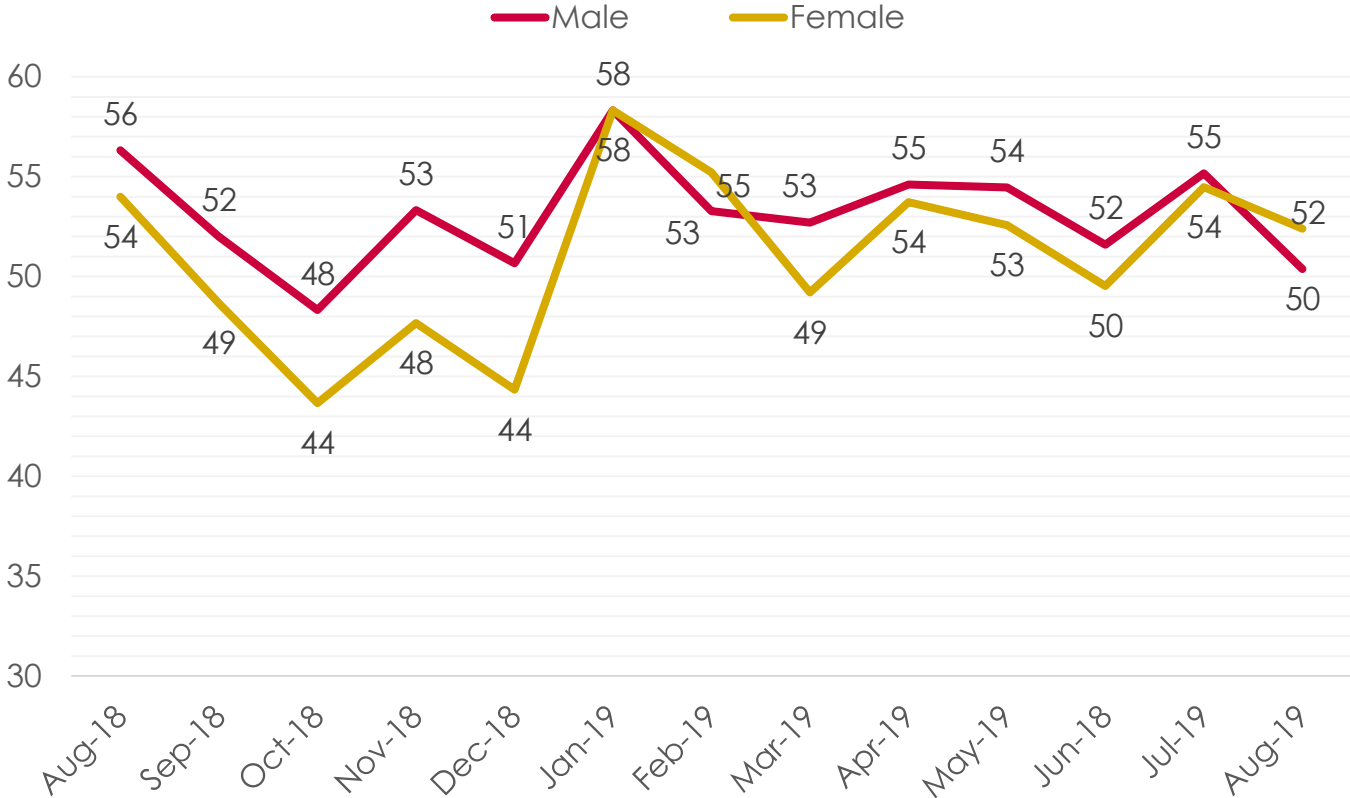


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place



# Generation

- Optimism has fallen in every age group by between 4 and 6 points; Gen Y remain the most optimistic group on 55 points, followed by Baby Boomers on 51 and Gen X on 46 points.
- While household financial satisfaction has fallen among all groups – by 2% to -11% among Gen Y, 14% to -30% among Gen X and 9% to -26% among Boomers – a significant divide emerges between the Baby Boomers and the rest when it comes to other indicators of optimism. Identification as world citizens has fallen by 2% and 6% among Gen Y and Gen X respectively, while increasing by 1% among the Boomers.
- Further, when it comes to the national economy, satisfaction is down significantly in Gen Y and Gen X but up by 5% among the Baby Boomers. A similar pattern has emerged when it comes to the extent to which life is better for people like them than it was 50 years ago. In Gen Y there has been a 2% decline in the proportion of respondents who feel their lives are better, with a 5% decline among Gen X.

### The Optimism Index by Generation

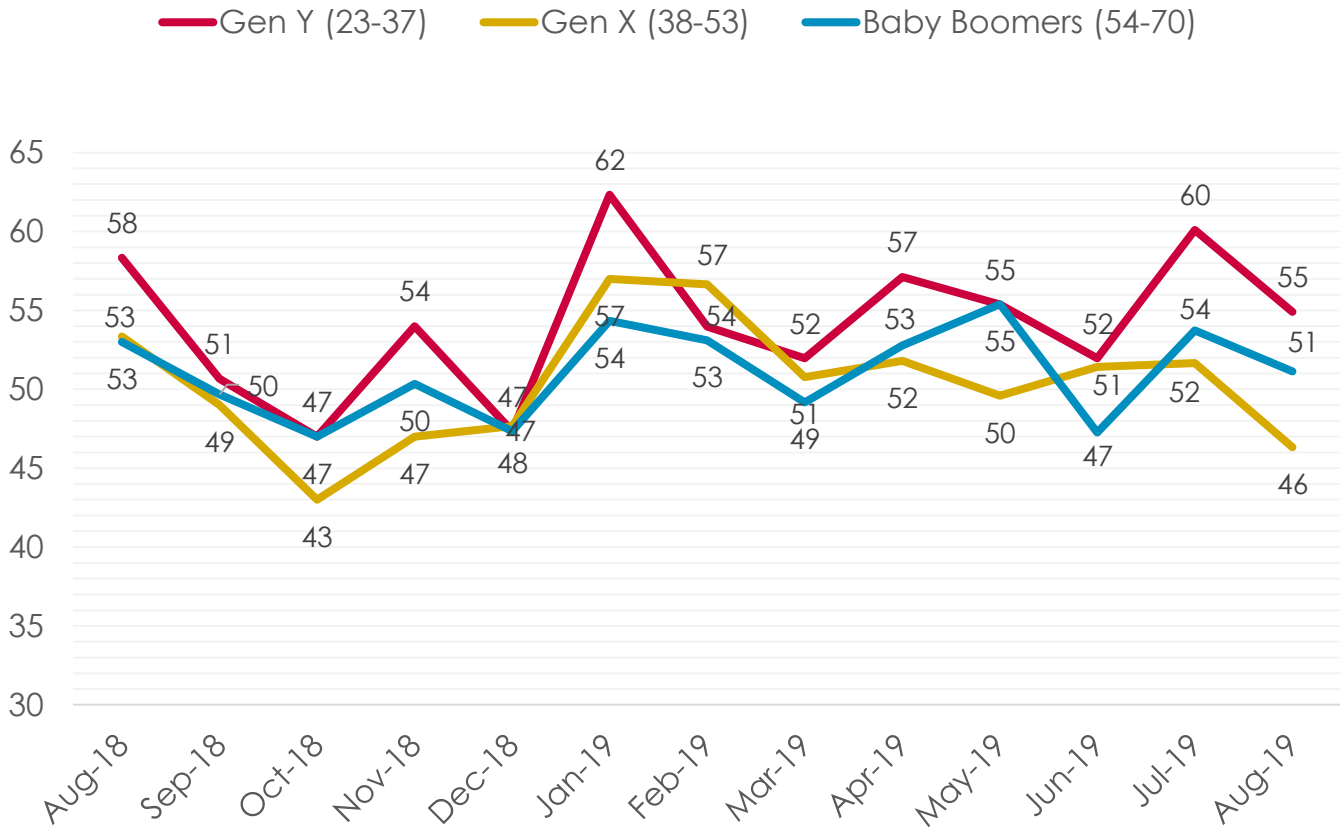


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place



# Region

- Optimism continues to track closely across GB regions, with the gap in optimism between London and the South East and the Rest of GB closing by 1 point this month. In London and the South East, optimism fell by 4 points to 52, with optimism falling by 3 points to 51 in the Rest of GB.
- As No Deal rhetoric has escalated, the divides between the different areas of the country when it comes to identification as a world citizen have widened substantially. Last month, net identification as world citizens – the proportion who identify as world citizens minus the proportion who do not – was at 12% in both London and the South East and the Rest of GB. This month, however, net identification has fallen by 7% in the Rest of GB, while rising by 3% in London and the South East. What was a narrow gap between regions has grown by 10% in just one month.
- Neither region is immune from the impact of financial uncertainty, with household and economic confidence falling in both regions with negative implications for spending on out-of-home leisure in particular.

**The Optimism Index by Region**  
 Scale 0-100. A score of 50 or more indicates higher levels of optimism

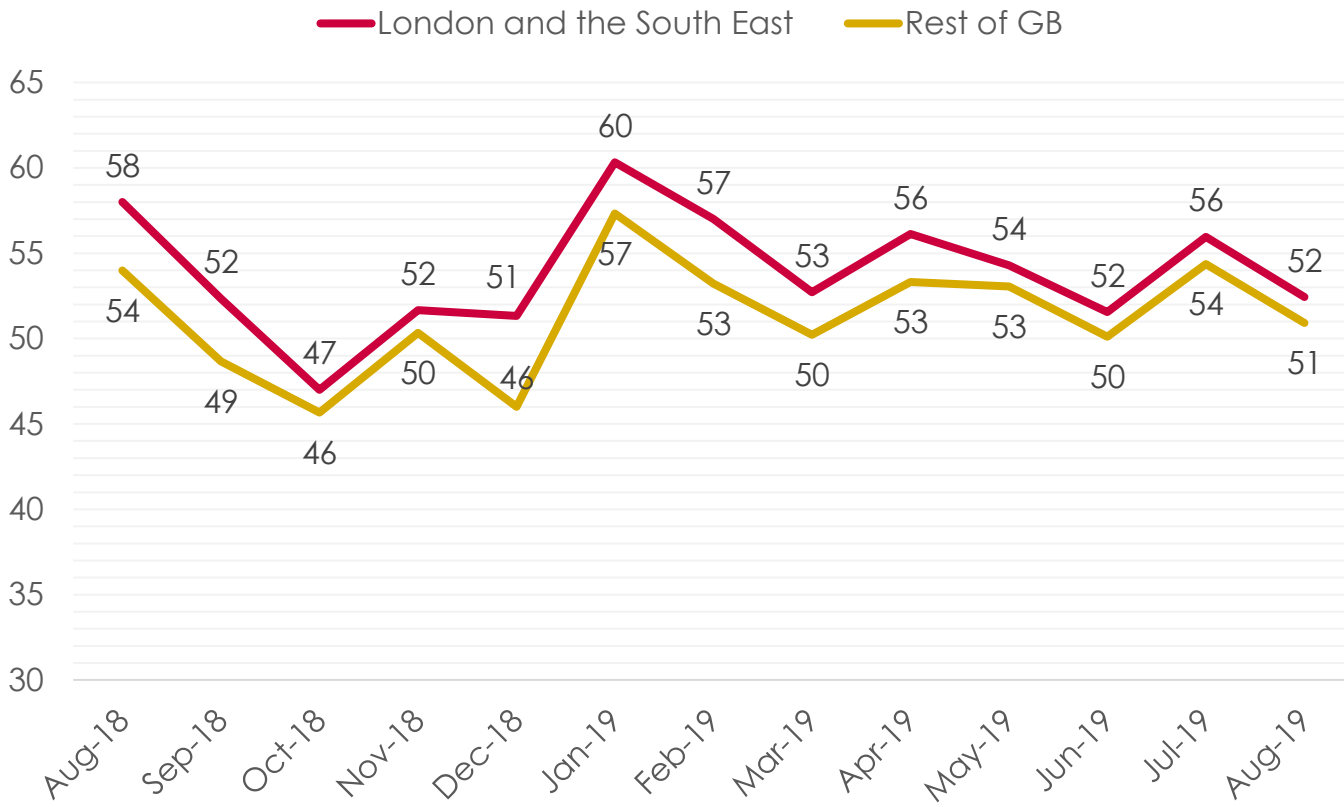


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place



# Income

- Optimism has fallen among all income groups, however, among high earners (those earning more than £41k) optimism remains high at 56 points. Those earning less than £21k are the only income group with levels of optimism below 50 points with those earning between £21k-£41k feeling marginally more positive at 50 points.
- High levels of choice and control are significantly more prevalent among high earners – at 43% among those earning £41-£62k and 41% among those earning more than £62k – with high levels of autonomy far less prevalent among lower earners. 32% of those earning less than £21k and 30% of those earning £21-£41k had high perceived levels of control in their lives.
- Net household financial confidence has suffered in every group this month, with the most significant fall coming for the highest earners; confidence among those earning more than £62k fell by 26% reaching -8%. However, the insulating power of high incomes continues, and despite this decline in confidence, the highest earners remain the most confident group in their household finances.

**The Optimism Index by Income**  
(annual, pre tax household income)

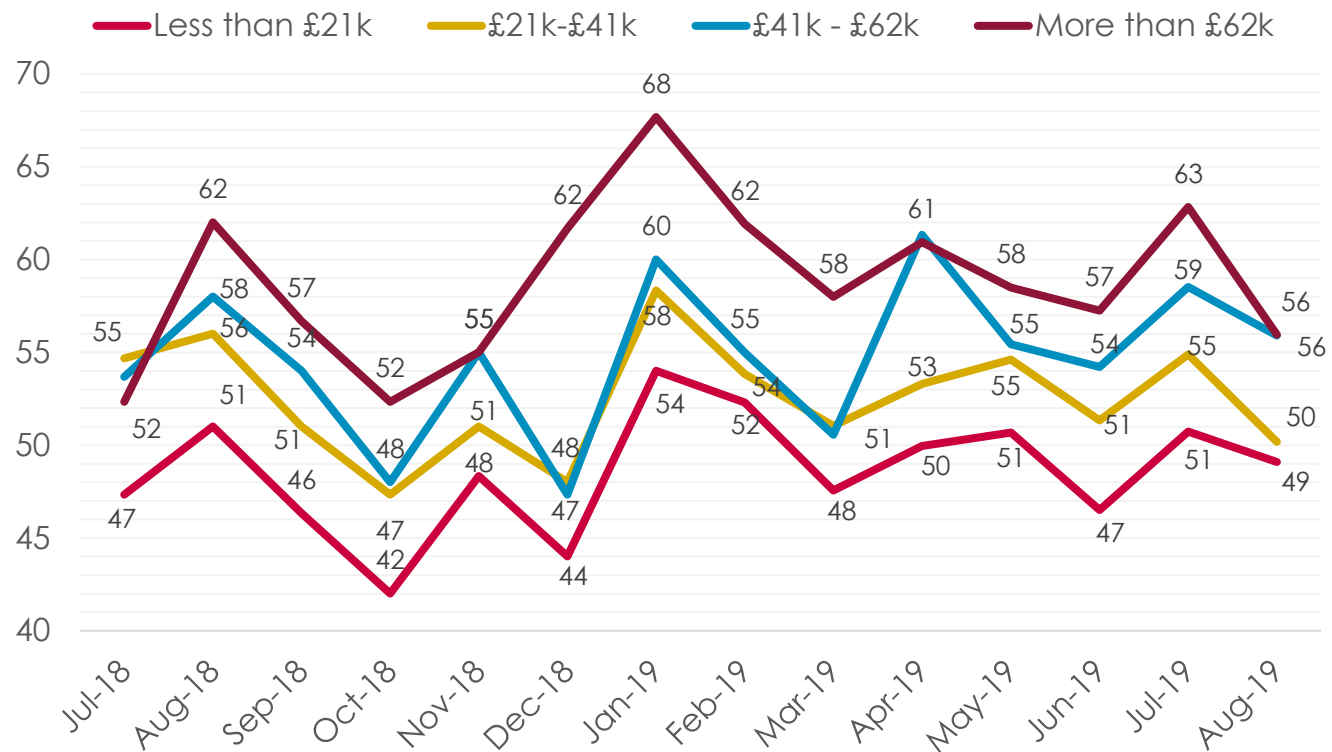
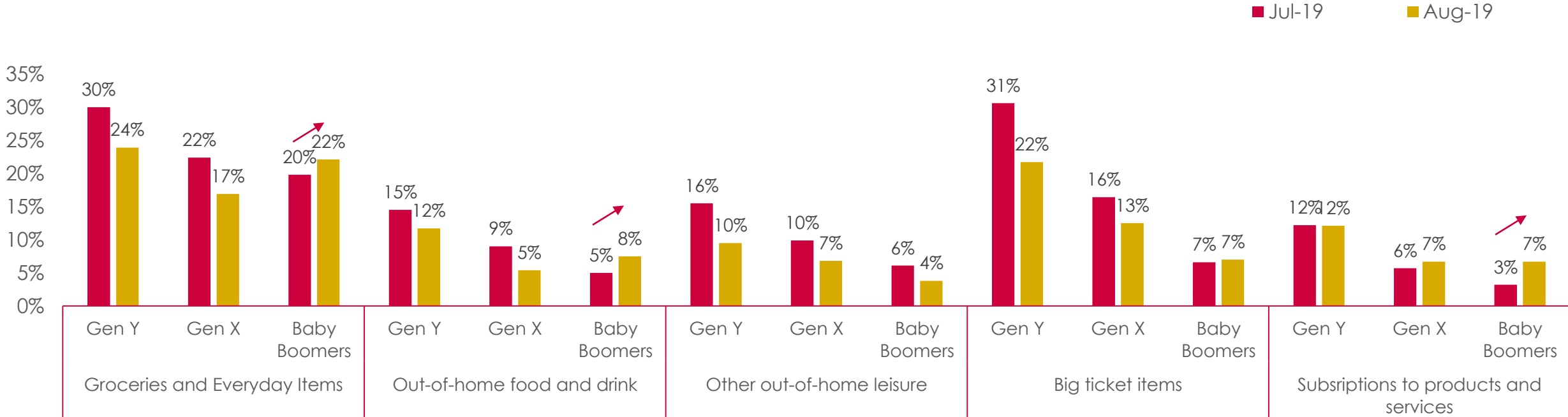


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place



# Bullish Boomers & In-Home Leisure

% Saying will increase spending in each area



- When it comes to spending on groceries and everyday items, out-of-home food and drink, out-of-home leisure and big ticket items, there has been a marked reduction in the proportion of individuals planning to increase their spending in the months ahead in both Gen Y and Gen X. Among Boomers, however, we see increases in all spending categories with the exception of out-of-home leisure. When targeting consumers in the context of economic uncertainty the Boomers offer a way forward.
- One important development highlighted in this chart is with in-home leisure and the increase in anticipated spending on subscriptions among Gen X and the Boomers, while Gen Y spending remains stable; as concern with household finances grows, are consumers preparing to turn to nights in, rather than nights out, as we saw 10 years ago.



# TRAJECTORY

Each month Trajectory survey up to 2000 adults in the UK on a range of issues including consumer confidence, personal choice and control, social trust, opportunities in technology, optimism and their place in the world.

This data is analysed and produces The Optimism Index. The data presented here is a snapshot of the full data, which can be used for bespoke analyses on request – including time-series analysis (from 2011 onwards) and global comparisons.

**Enquiries:** [signal@trajectorypartnership.com](mailto:signal@trajectorypartnership.com)

Trajectory  
22 Upper Ground, London, SE1 9PD  
(0)20 8004 4861  
[www.trajectorypartnership.com](http://www.trajectorypartnership.com)  
[@TrajectoryTweet](https://twitter.com/TrajectoryTweet)

