

# TRAJECTORY

Lockdown Shifts

April 2020



## Introduction: Resilience and Adaptation

On the surface, consumers are displaying remarkable resilience. [Our latest monthly data](#) finds that overall optimism is down 5 points to a neutral position of 50. To put it one way, sentiment is clearly down and heading into negative territory as lockdown heads towards the two-month mark and businesses and livelihoods are threatened. On the other hand, consumers are displaying greater fortitude in the face of a deadly global pandemic than they did when facing the prospect of a Brexit General Election at the end of last year.

It will take time for the full impact of Covid-19 to be felt throughout the economy and for lasting change in consumer habits and values to manifest themselves. **However, even at this early stage, some distinct shifts are evident.** This report explores 6 major shifts already apparent in consumer attitudes and behaviours.

Shift		Post Pandemic consumer framework	
1	<b>Confidence collapses as the bubble swells</b>	Rebounding Confidence	Arrested
2	<b>Tech as a lifeline</b>	Positive Tech	Accelerated
3	<b>Consumers start to look out for themselves</b>	New Morality / Mercuriality	Dominant
4	<b>Trust rebounds – for some</b>	Decline of Deference	Slowed
5	<b>Leisure loses ground in consumer mindset</b>	Play Society	Slowed
6	<b>New expectations from Brands</b>	Political Brands	Arrested

It draws on the framework we published last month in our [Post Pandemic Consumer report](#) and marks the first instalment of our tracking of the development of those key trends. We'll return in the months ahead with further updates on these trends and others, and the core elements of consumer sentiment will continue to be available in our monthly [Optimism Index](#) reports.

### Shift #1: Confidence collapses as the bubble swells

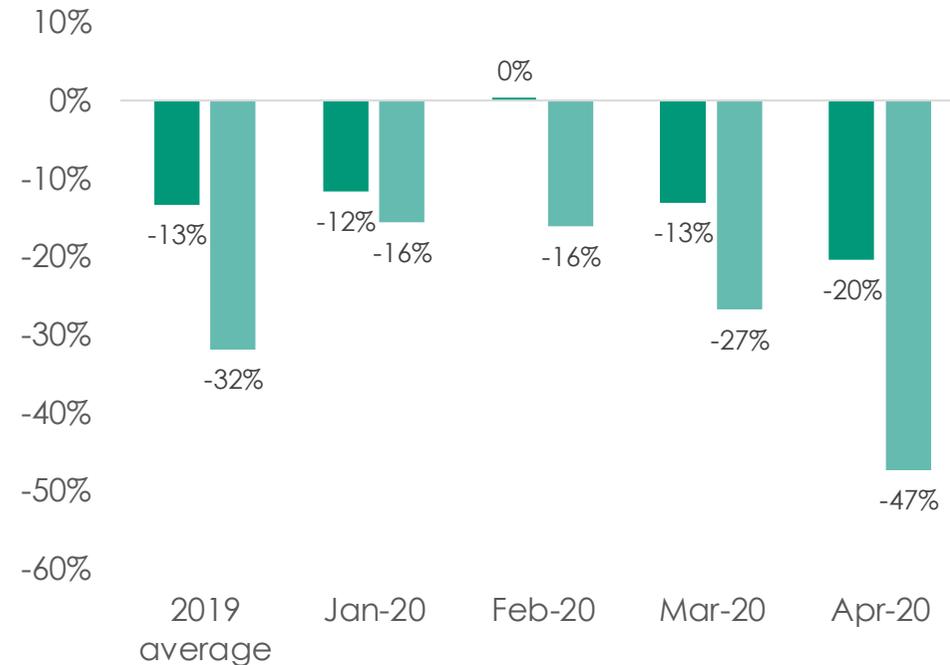
The most obvious and immediate shift has been in consumer confidence. In April, net confidence in the economy (the proportion expecting the economy to improve in the next year minus those expecting it to get worse) was -47%, with the equivalent for household finances at -20%.

These are solidly negative figures, representing a recessionary mindset, significant falls on March (-27% and -13% respectively) and a complete collapse from February, when economic expectations were -16% but household expectations neutral at 0%. However, they are not significantly down on the levels of consumer confidence we saw before the start of this year: the 2019 average (-32% for economic confidence and -13% for household financial confidence) are less negative than April but still a long way from positive. The truth is that – February 2020 aside – UK consumers have been in a recessionary mood for several years. In this sense, the pandemic intensifies existing fears, rather than causing entirely new ones.

The longer term context of this negativity is important. Consumers haven't swung from neutral or positive to negative as the impact of Covid-19 on their and the nation's finances has become apparent but instead have gone from slightly pessimistic about the economy to deeply pessimistic.

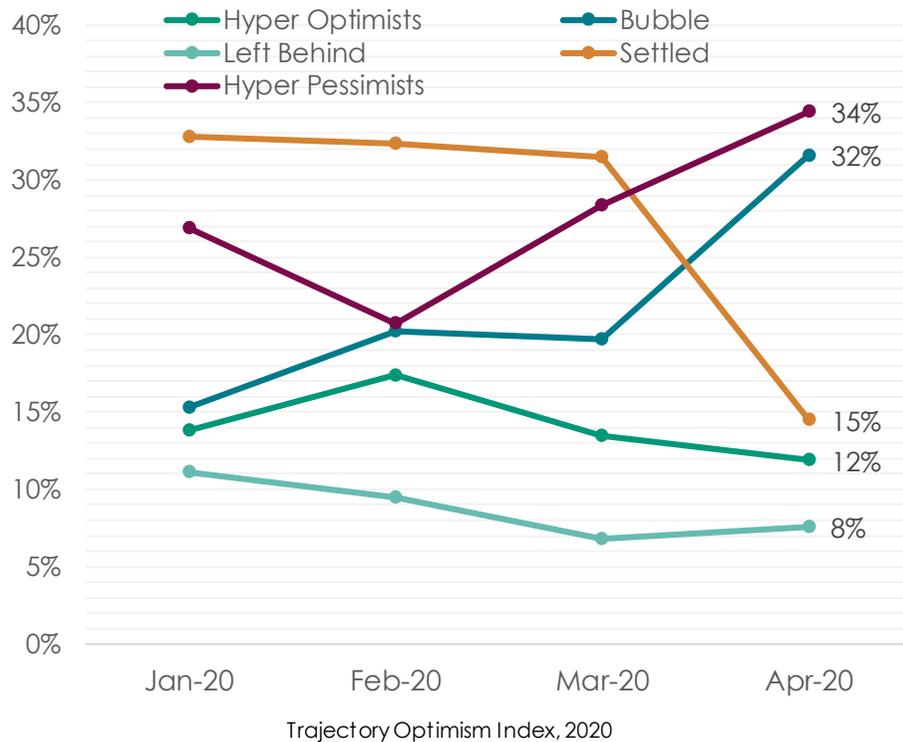
### Consumer Confidence (Net: % thinking will improve minus % thinking will get worse)

- Net confidence in household finances
- Net confidence in national economy



Trajectory Optimism Index, 2019-2020

Do you think the economic situation in the UK/the financial situation in your household will improve, stay the same or get worse in the next 12 months?



**Hyper Optimists** = Economy and own finances will improve

**The Bubble** = Economy will get worse, own finances improve or stay same

**Left Behind** = Economy will improve, own finances get worse or stay same

**Settled** = Economy stay the same, own finances stay the same

**Hyper Pessimists** = Economy will get worse or stay same, own finances get worse

This matters: it will influence the national mood and consumer sentiment more widely (perhaps contributing to overall optimism remaining neutral) and critically, will cushion more drastic changes in spending and behaviour. Consumers have been expecting economic doom and gloom for years: if it is finally arriving, it shouldn't take them by surprise.

Perhaps the more worrying aspect of the data is that consumer confidence is still a long way from rock-bottom. There is plenty of room for it to fall further, especially when it comes to confidence in household finances. Sentiment here is likely shored up by the government's package of measures designed to support employees, the self employed and small businesses through the peak of the crisis and the fact that there are some people who have good job security and no outlet for discretionary spending with the leisure economy shut down.

But the package of measures is due to expire in the summer and confidence may do so then too as the reality of the economic hit becomes clear. Currently the gap between household and economic outlook is a sizeable 27% - and the proportion of consumers in the 'bubble' (expecting the economy to get worse but for their finances to be unaffected) has gone from a fifth (20%) to a third (32%) in a month. Tracking the size of this segment – which will swell before giving way to greater pessimism – will be key to tracking broader consumer confidence.

## Shift #2: Tech as a lifeline

Almost everyone will be using technology more than they were before the crisis. [According to data released by YouGov at the end of March](#) (just as the UK lockdown was announced, and so still very early in the crisis) the following Covid-19 inspired firsts had taken place:

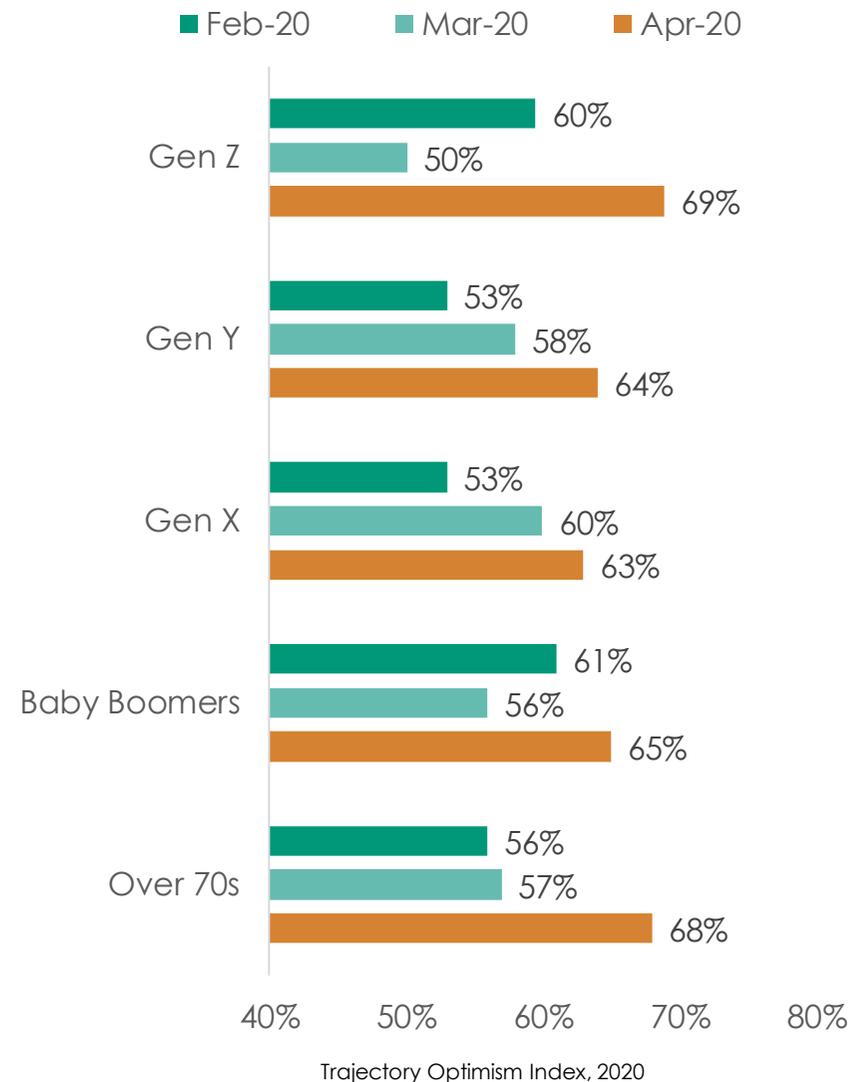
- 28% had taken part in a videocall (14.3m new videocalling consumers)
- 19% had done exercise at home (9.7m new home exercisers)
- 9% had ordered groceries online (4.6m new online grocery shoppers)

Added to this list could be the legions using technology to socialise with friends and family, using internet banking or interacting with public services online or, in the case of parents, accessing learning and educational resources. In many cases, this isn't just a new use of technology but a lifeline to normality.

They will also be using the kind of technology that often gets a bad press. In more typical times, the majority of people think that technology has a positive impact on society (59% in 2019) but a sizeable minority have significant doubts. Our new reliance is helping to drive increased positivity towards technology. Across the country, the proportion with a positive view has risen 6%, to 65% in April 2020.

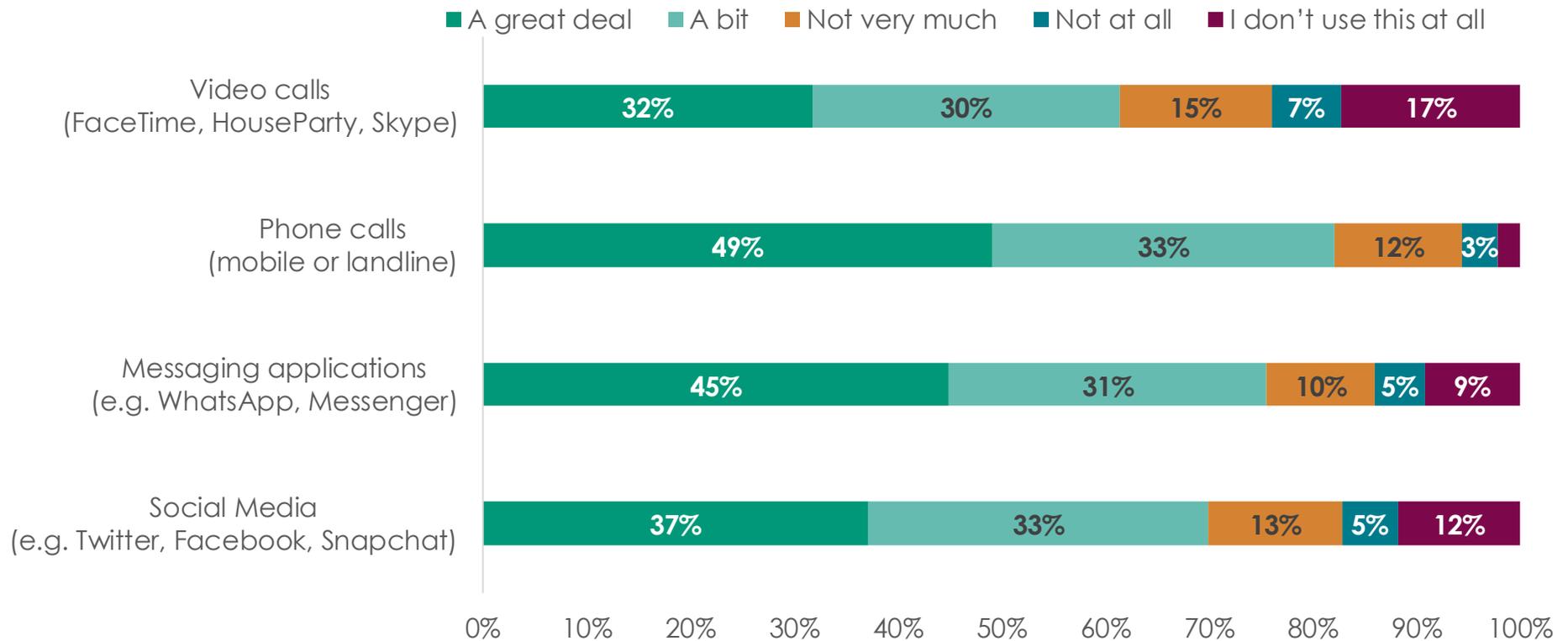
Every age group is moving in the same direction, although interestingly they are doing so at very different speeds. Between February and March – before the lockdown took hold and the first impacts were being felt by businesses that started working remotely and rearranging face to face events – the biggest rises were felt by Millennials (+5% month on month) and Gen X (+7% month on month). That these are the core working age groups is no surprise, but in the same month views of tech amongst Gen Z and Baby Boomers declined (by 10% and 5% respectively).

**% Total Agreement – New technology has a positive impact on society**



A month – and a lockdown – makes a big difference. In April, every generation saw a significant increase, most strongly among Gen Z (+19% as all learning and socialising moves online) and Baby Boomers (+9%). Most interestingly, however, is the 11% rise amongst over 70s. This is a group least likely to use the internet in normal times but now the group most likely to be vulnerable to coronavirus – and therefore the group with arguably the most to gain from greater openness to digital tech. Empowering an older generation to make the most out of technology – whether that involves catching up with family or checking their bank details – will be key to ensuring long term positive outcomes from this crisis. We could emerge from this pandemic a more digitally open and savvy nation.

**To what extent do you feel that the following things help you to maintain close relationships with friends and family?**



### Shift #3: Consumers start to look out for themselves

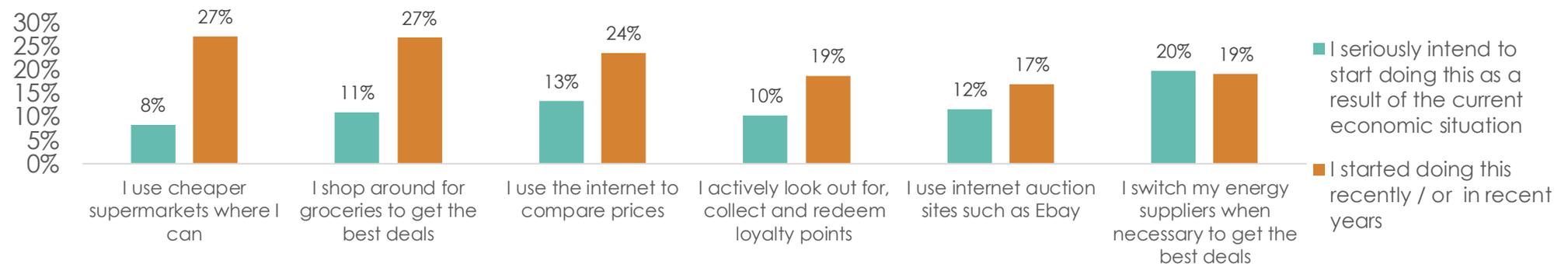
The virus doesn't discriminate, anyone can catch it and anyone can spread it. These are some of the key messages the government and health authorities have been pressing into the public since mid-March when the scale of the pandemic became clear. The public recognising that we're all in this together and that we need to work together to overcome it is key to adherence to unprecedented social distancing measures.

By and large, this seems to be working: the social distancing measures are generally observed, instances of stockpiling have abated, the government and its policies command high levels of support and the nation has rallied round events like the Thursday night Clap for our Carers or the fundraising exploits of Captain Tom Moore.

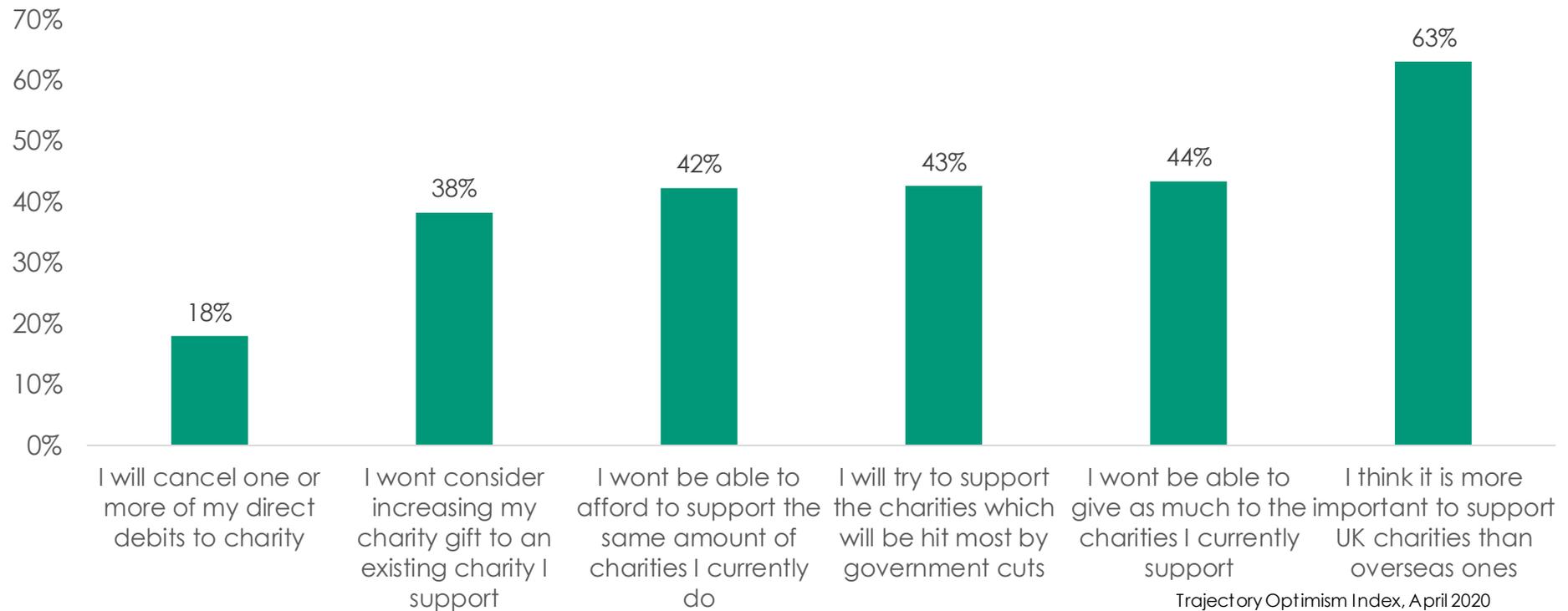
However, beneath this, there are some signs that consumer attitudes are starting to change in the way we would expect them to in a crisis that threatens jobs, lifestyles and wellbeing.

Key aspects of this include:

- Recent adoption of cost cutting and price-sensitive behaviours – including price comparison, choice dictated by loyalty points, active switching of suppliers
- Only 57% of those that currently donate to charity say they don't expect any change to that
- Of those that do expect to change, nearly half expect to give less overall and a fifth will cancel a direct debit



To what extent do you agree or disagree with the following statements? [% Total Agreement]



Consumers' brand expectations are changing, their ethical concerns are narrowing and they are displaying lower levels of loyalty.

This is an echo of the changes in consumer mindset witnessed during the downturn that began in 2008-9. For years afterwards, consumers' concerns remained narrowed: many could literally ill-afford wider concerns (for example, about more distant seeming issues such as environmental change or global poverty) when confronted with urgent need on their doorstep.

These shifts are happening – or consumers anticipate them happening – at a time when only a minority have felt the financial implications of the pandemic. As the consumer confidence bubble bursts, these attitudes could become mainstream. In the months ahead, as the public health crisis is joined by an economic one, these shifts will continue and become dominant.

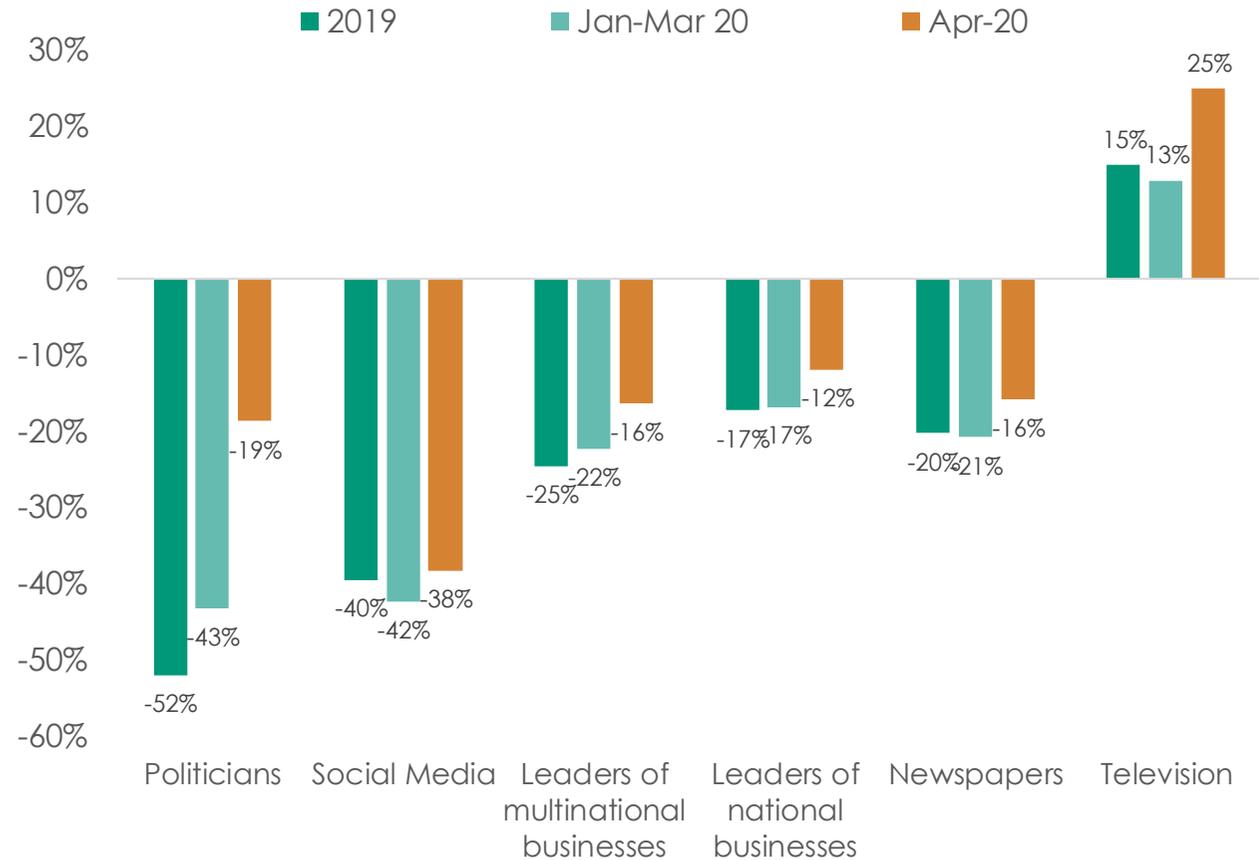
### Shift #4: Trust rebounds – for some

In times of crisis we put our faith in authorities to guide us out of the dark and into the light. Sure enough, the last month has seen a remarkable upturn in trust for some – especially politicians and television – as we put our cynicism to one side and the long-term decline in deference slows.

The most significant trend is trust in politicians, which stands at only -19%. This is still a solidly negative score – more people distrust politicians than trust them – but is a remarkable rise on the -43% in Jan-March and -52% last year. During the Brexit negotiations trust in politicians – low for decades – plumbed new depths. That is temporarily on pause.

In other walks of life the trends in trust are more mixed, with some winners and losers. The media for example, features a big winner in terms of TV - which has the highest levels of trust measured in our data – and some losers in the form of newspapers and social media. These latter two media sources have seen only modest increases in levels of trust; +5% to -16% for newspapers and +4% to -38% for social media.

Please state to what extent you trust each of the following groups? [% Net Trust minus Distrust]



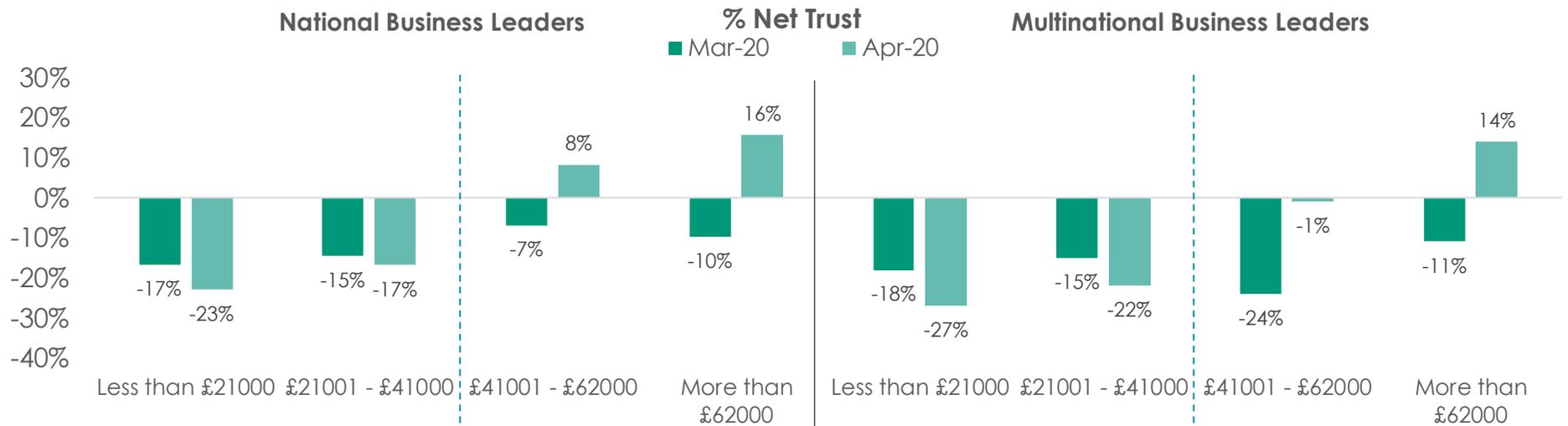
Trajectory Optimism Index, 2019-2020

Newspaper revenues have struggled as both filling a paper and buying it are harder to do when the country is in lockdown; the flipside of this is that more people are getting more news from other sources, including TV. Social media is suffering because of our current deference to expertise once more: people trust the scientists, statisticians, health professionals and politicians over word-of-mouth information currently.

Business leaders have seen similarly modest levels of increased trust. Leaders of national businesses are up 5% to -12% and multinational leaders up 6% to -16%. Here, the nationwide figures mask a sharp polarisation in deference and trust, visible most clearly when examining the data by income.

Put simply, those on more than £41k per year are looking to business leaders to get them out of the crisis – and will want the advice of big employers and businesses to influencing government decision making. They will have sympathy for the arguments of business leaders like Richard Branson when they appeal for state support.

Those on less than this amount – the majority of the country – have seen their levels of trust decrease in the last month. They have no sympathy for business leaders and less and less confidence in them. This polarisation will be a key facet of the post-pandemic landscape as government choices on when and how to apply support are made.



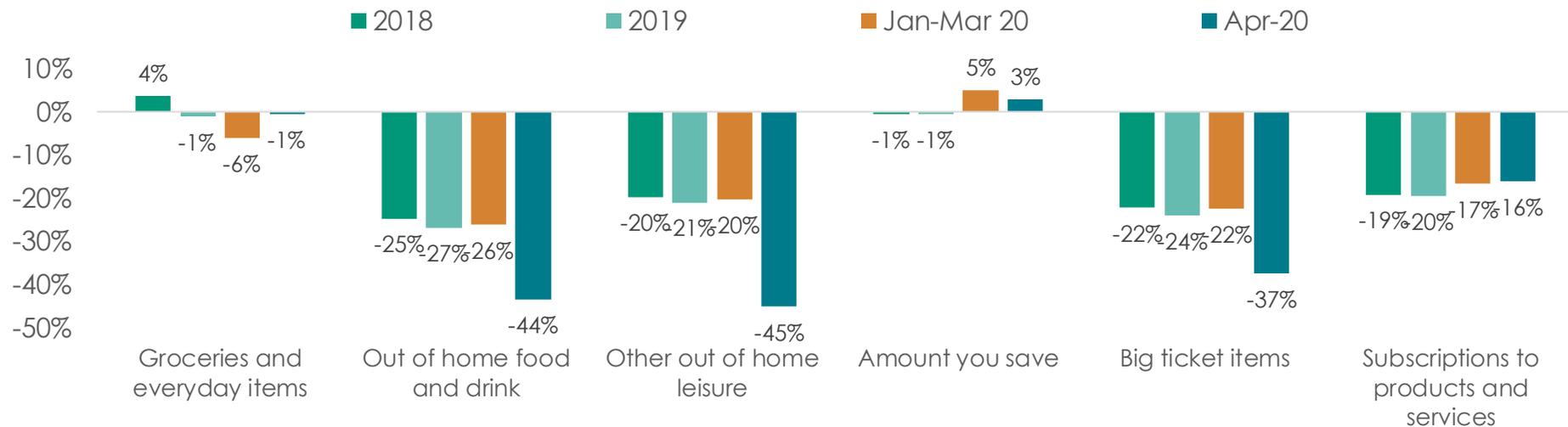
## Shift #5: Leisure loses ground in consumer mindset

The UK is a Play Society. During the last economic downturn certain aspects of leisure spending – such as eating out – recovered years before overall spending. The activities we enjoy the most are almost all out of home leisure activities like live events or socialising and since the 1960s the proportion of time we spend in the ‘third space’ has more than doubled, from 8% to 19%.

It takes a lot, therefore, for the Play Society to be disrupted and for leisure to lose ground in the consumer mindset. But there are multiple indications that exactly this shift is happening. This is most clearly evident in terms of the dismal spending expectations consumers have.

There has been an entirely unsurprising collapse in out of home leisure spending, but a more interesting decline in other areas of spending – including groceries and everyday spending, big ticket items and subscription products. This suggests that out-of-home leisure spending is not being reallocated into in-home spending over the next few months.

Over the next few months, how will you chance the following regarding your spending?  
[% Net Saying Increase minus Decrease Spending]

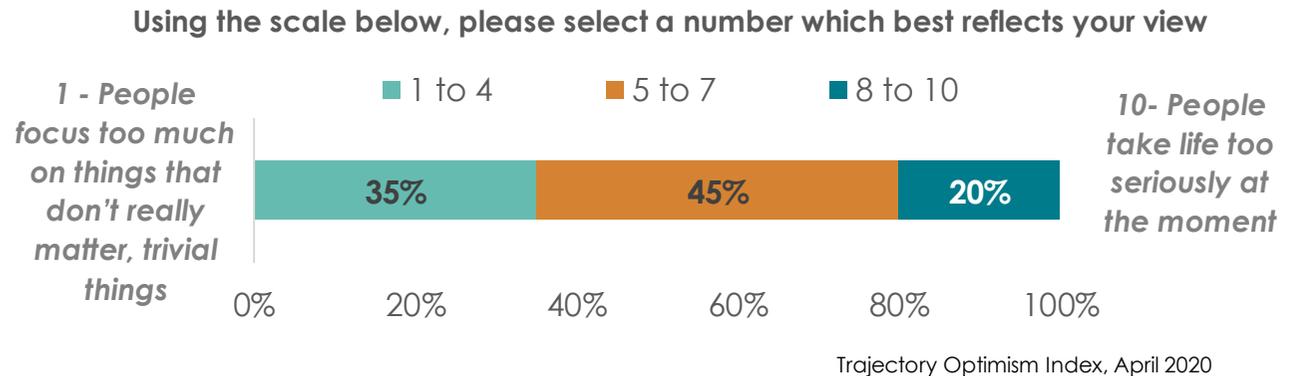
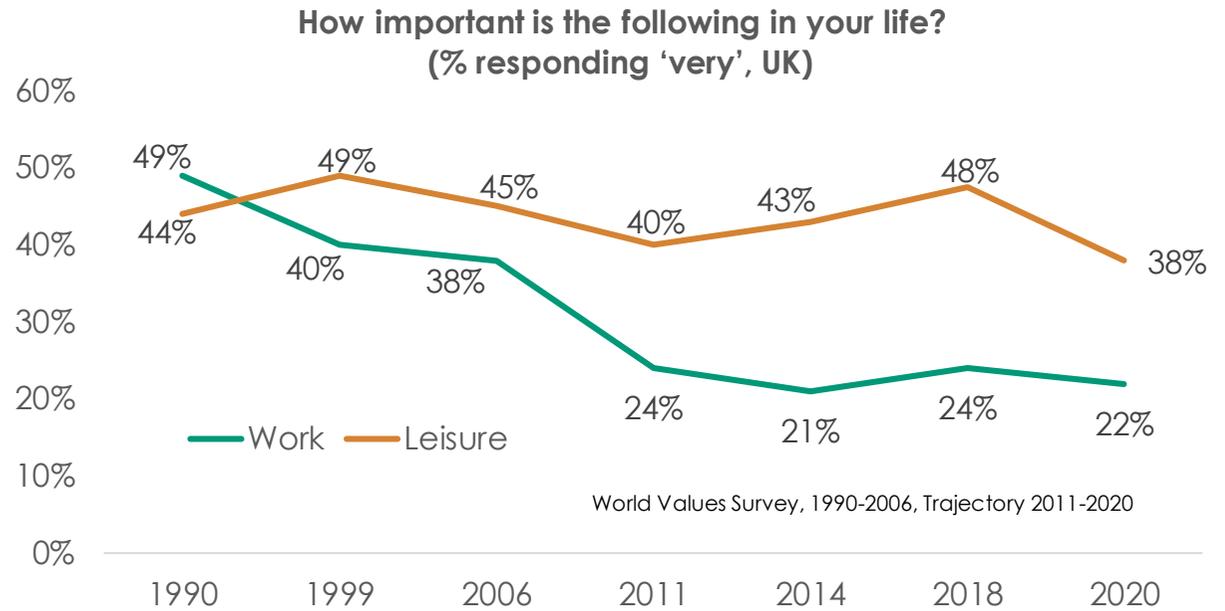


Trajectory Optimism Index, 2018-2020

The reason for this is likely to lie in wider changes in consumer mindset. Consumer confidence is low, which will inhibit spending, but also, leisure has dropped in importance to people as a sense of seriousness dominates. Our long running values question has consistently seen between 40% and 50% of UK adults state that leisure is 'very' important to them. This month, that drops to 38% - down from 48% in 2018.

This means that leisure's decline is less about capacity and finances and more about headspace and mentality. For some consumers, it simply doesn't feel right to care too much about leisure time when threats to life and livelihoods are looming large. This is reflected in the sizeable minority of people (35%) who feel that 'people focus too much on things that don't really matter, trivial things'.

Leisure spending – and our demand for it – is highly likely to resume as restrictions are gradually eased. But a lingering element of this New Seriousness will remain, likely suppressing demand for months or years to come.

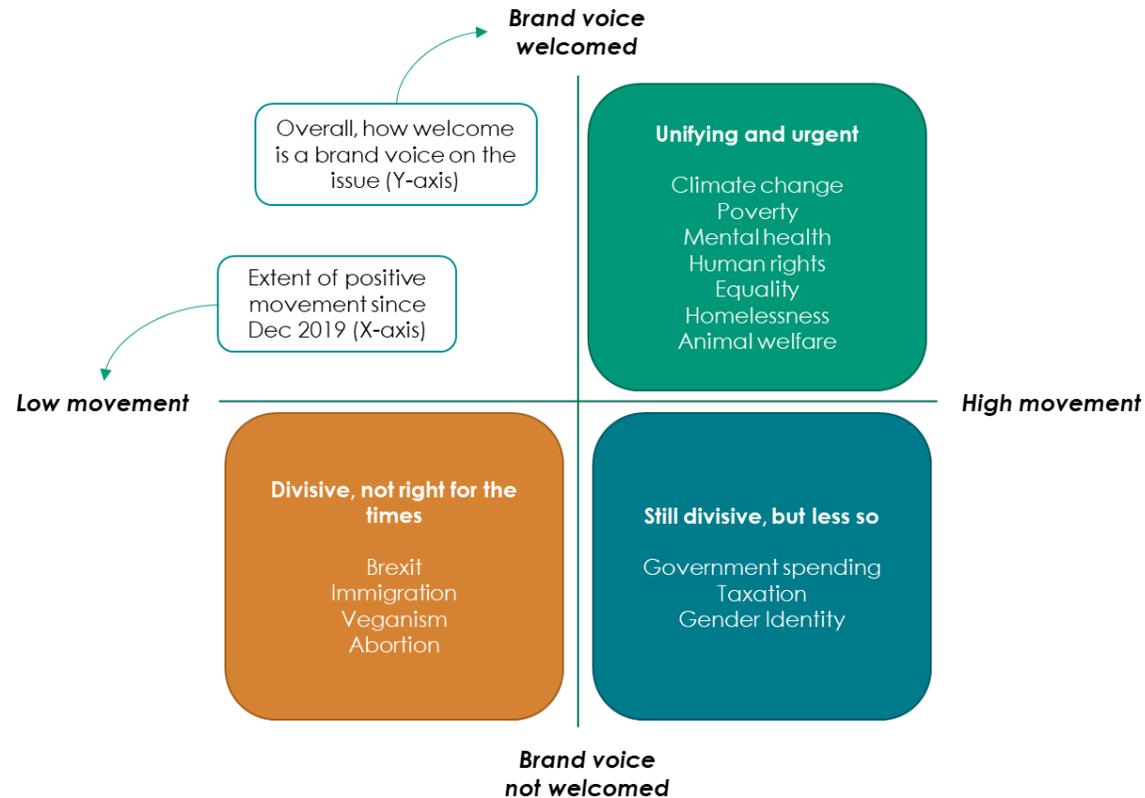


## Shift #6: New expectations from Brands

In recent years, savvy brands have leant into polarising political debates – on Brexit, Trump, gender identity and equality – to capture the attention of consumers, foster social purpose and meaning, and engender loyalty. In a divisive climate defined by Brexit, that strategy is a risky one, but one that can work.

Years of political division have been put on hold. The government commands a high level of support in general and several policies have been almost universally welcomed. As a sense of collective national spirit dominates, brands must realise that the issues they were talking about in 2018 and 2019 are no longer relevant. However, consumers still welcome a brand voice on certain issues, with Covid-19 adjacent concerns, such as homelessness, mental health and poverty all rising in salience.

However, another group of issues is rising rapidly in importance and represent less obvious – and therefore more distinctive – ground for brands to consider. These include taxation and government spending – issues brought into the fore by the new support measures introduced by the government – and suggest that growing segments of the public are keen for a new conversation on these topics. It should be of no surprise that Brexit is of reduced salience at the moment.



Trajectory Optimism Index, Dec 2019 and April 2020

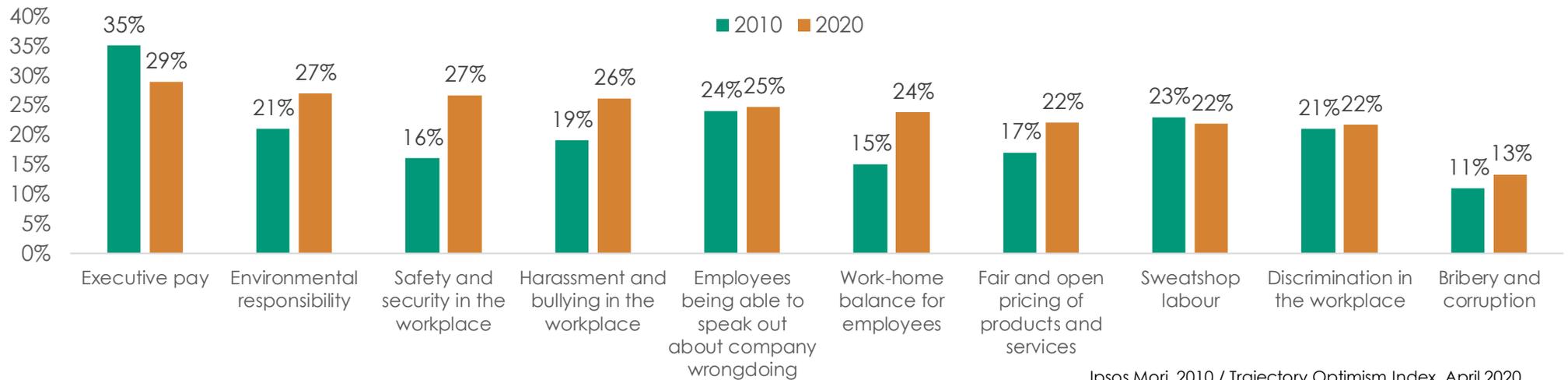
This data tallies with a shift in the aspects of company behaviour that the public are most concerned about. These can be highly volatile and react to the times we live in: in 2010, immediately after the economic downturn and in the midst of a slew of institutional scandals, the two dominant concerns were executive pay and whistleblowing.

Those issues remain important, but data collected this month shows how:

- Over the last decade the field has widened: environmental responsibility is high on the priority list after falling in salience during the downturn
- The pandemic is bringing new concerns into light, including safety and security in the workplace and work-home balance

In contrast, the salience of executive pay as an issue has declined since 2010. Brands must therefore be considering their strategy on multiple fronts. On one hand, many will be contending with the practical and logistical issues of the restart, all the time cognisant that employee wellbeing and safety are rising to the top of consumers' CSR agendas, without necessarily displacing other concerns. Secondly, they must recognise that while the divisive political issues (like Brexit, or Trump) have not gone away there is little appetite for communications designed to talk to identities enraged or empowered by those issues.

**In your view of company behaviour, which two or three of these issues most need addressing? (top 10)**





SIGNAL is our subscription portal, housing all of our trends analysis, presentations, reports and articles, including our monthly barometer of UK consumer sentiment, the Optimism index.

For more information, please contact us at the following places:

Online: [www.trajectorypartnership.com](http://www.trajectorypartnership.com)

[info@trajectorypartnership.com](mailto:info@trajectorypartnership.com)

Twitter: @TrajectoryTweet

Trajectory  
12<sup>th</sup> Floor, 10 York Road  
London  
SE1 7ND