



# 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

OUVERTURE

20

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

## The Optimism Index (UK)

Report: July 2020 | Fieldwork: 8<sup>th</sup> – 13<sup>th</sup> July 2020

# Headlines

**UK Optimism  
July 2020**

**50**

Up 1 Point on June 2020

Down 5 Points on July 2019

**Rolling Average  
July 2020**

**50**

Down 0 Points on June 2020

Down 3 Points on July 2019

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

**Net spending  
expectations**

**-22%**

*Spending expectations remain  
concerningly low*

**Net household  
confidence**

**-9%**

*Consumers remain close to neutral  
when it comes to household  
finances*

**Net Trust**

**-13%**

*Levels of trust in businesses and media  
have declined slightly this month*

### Comment

The pubs are open, the shops are back and the nation has adopted a continental approach to dining out while the sun shines. The government is desperately trying to get consumers back out there spending as a means of restarting a struggling economy.

Consumers themselves are in a very different place to the government; they have remained in exactly the same place as last month (and the month before that). For many, the lockdown goes on, with only half indulging in previously unavailable leisure activities in the first week of the great reopening.

For the government, this is a big challenge. Consumers do not feel Covid-confident enough to return to anything like normality. Most worryingly, younger generations are starting to express concern too: July's data comes with a sharp fall in autonomy and optimism among Gen Z.

The positive signs are that confidence is starting to recover among older generations. If this continues, and the virus remains suppressed we can hope for a recovery in both optimism and the economy in the next few months.

**Tom Johnson, Managing Director, Trajectory**



# The Optimism Index: Headlines

- This month's edition of **The Optimism Index** sees consumer sentiment rise by one point from 49 to 50.
- A score of 50 for the third time in the past four months exposes the settled nature of optimism at this time, with consumers able to maintain a neutral outlook during the pandemic. In the last few months, a score of 50 could be seen in a positive light, given the complete closure of all but essential shops and businesses.
- The story is a little different this month however. With fieldwork having taken place during a weekend in which the majority of pubs, restaurants and shops were open to the public, a continuation of such a mediocre degree of sentiment suggests that consumers are not responding to the changes being made to the economy.
- While the economy and society reopens, consumers' mindset has not changed.

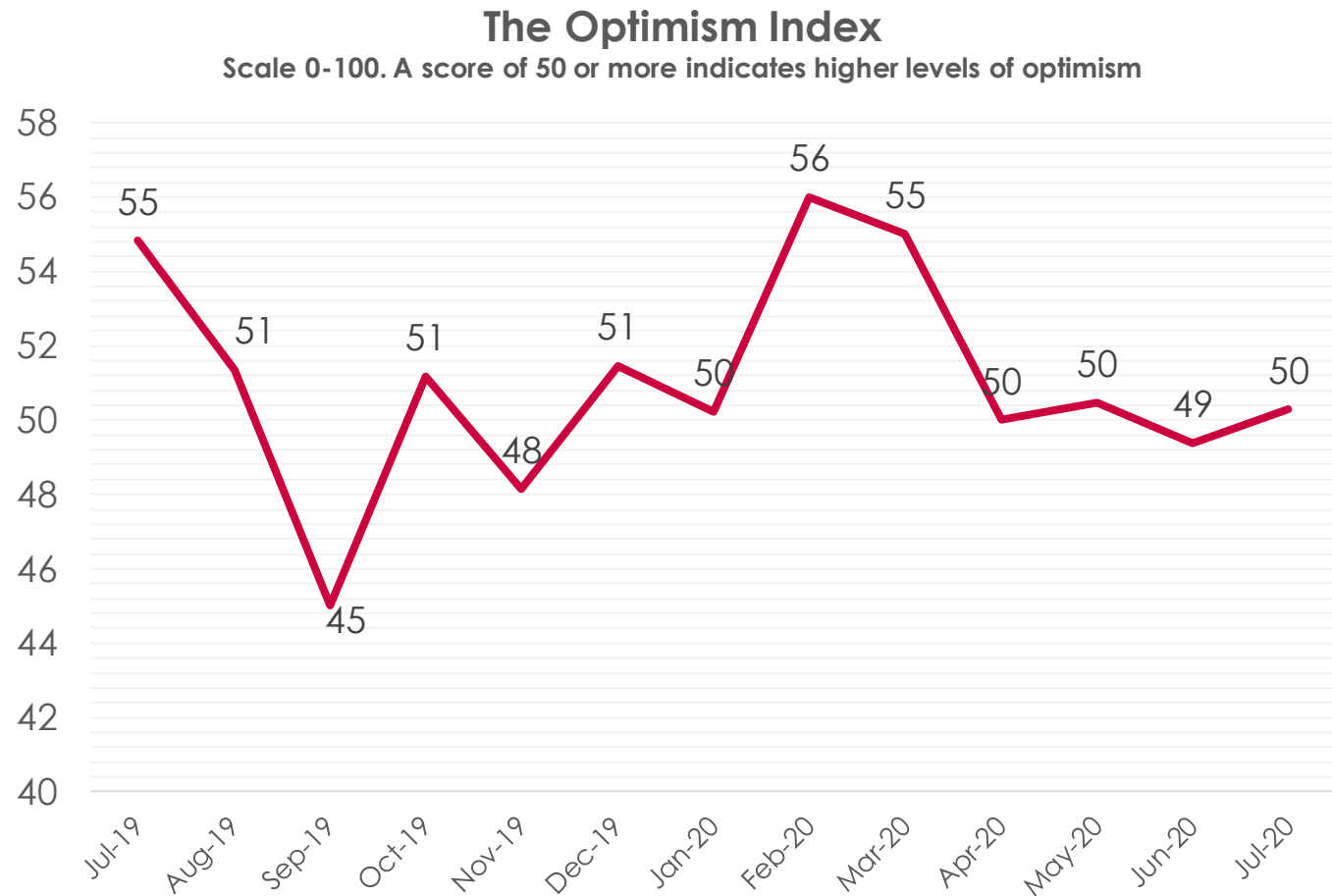


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

# The Optimism Index: Rolling Average

- The three month rolling average of **The Optimism Index** stayed at the same level this month with a score of 50 for the second consecutive month.
- This finding very much indicates a decline in pessimism as opposed to a rise in optimism. This time last year, the three month rolling average was peaking at a score of 53, with such a high score having been consistent for several months prior.
- A comparison to last year fully highlights the idea of a 'lost summer of optimism' with consumers having understandably suffered significantly during these unusual times, at the expense of what can be the most optimistic time of the year.
- Optimism typically declines at the end of the summer and through the autumn: if it starts at this low a base, we could see remarkable negativity before the end of the year.

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

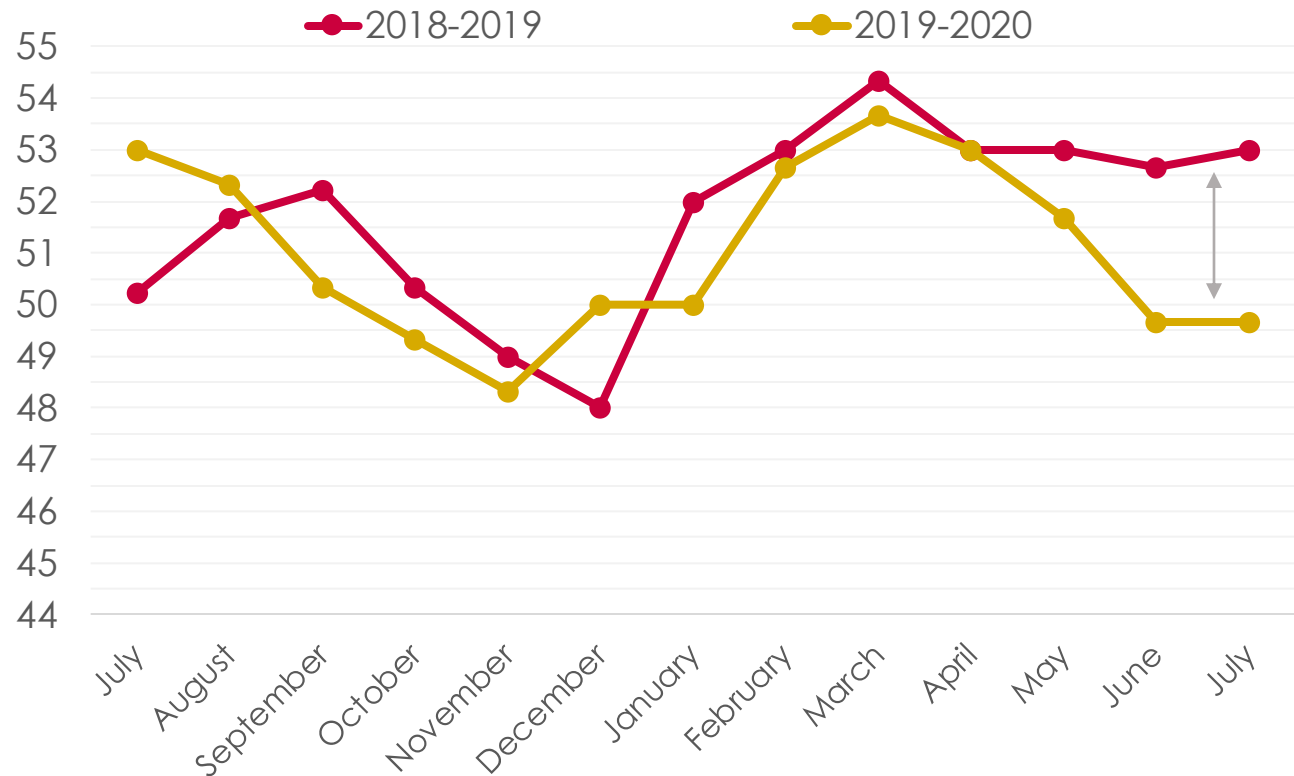
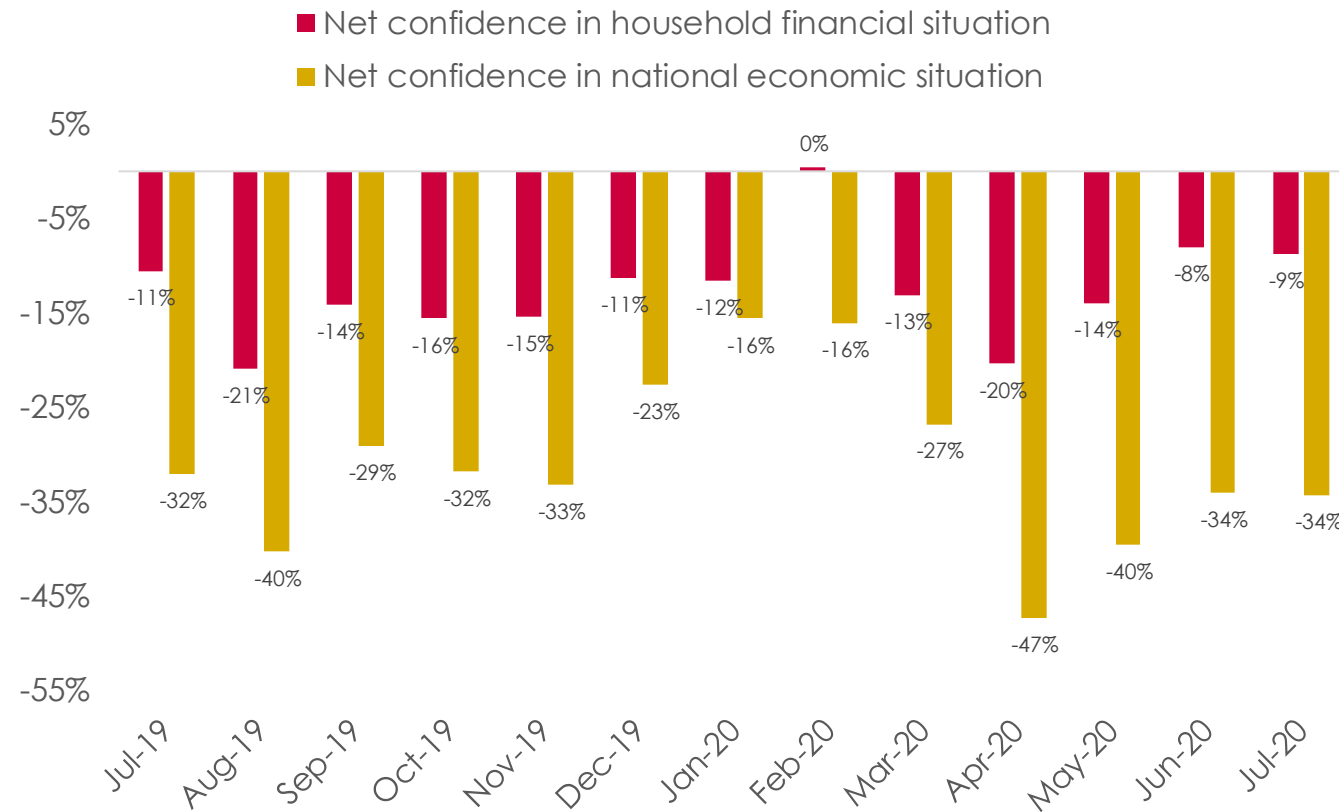


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# Financial & Economic Drivers

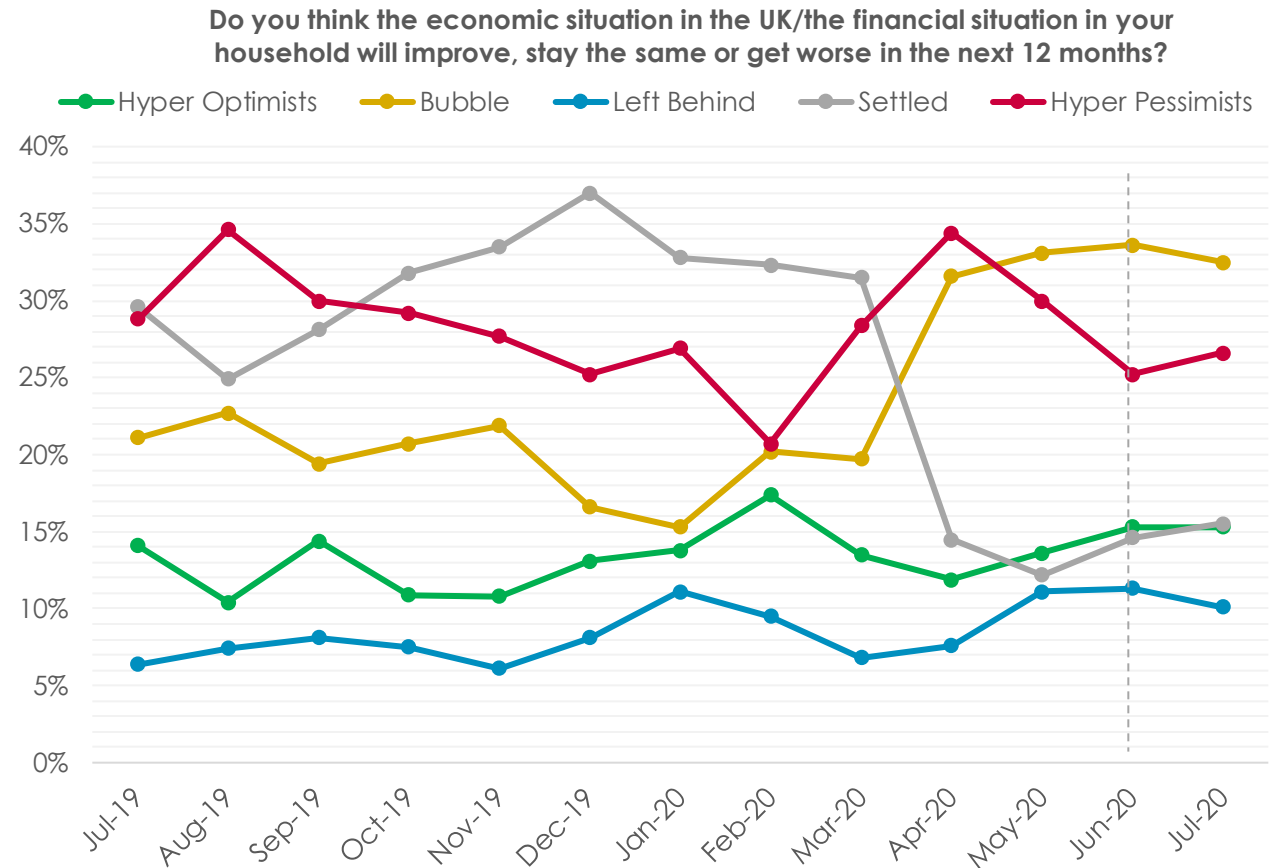
- There is a similar degree of stagnation in levels of consumer confidence, with net confidence in household finances having fallen by 1% and net confidence in the economy having remained at the same level.
- Taken alongside the lack of change in headline optimism, this consistency emphasises the key concern for businesses and government: although the economy is reopen and leisure and hospitality venues are up and running, consumers remain in the same cautious, lockdown mindset.
- If there is good news from this data, it is that consumers are no more pessimistic now than they were for much of 2019 when faced with Brexit uncertainty. The bad news is that starting from a low base could see a catastrophic collapse in confidence when the real indicators of recession hit – likely later this year.

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



- With little change in headline consumer confidence, this month sees relatively minor shifts in amongst our five consumer confidence groups.
- The most notable change is among hyper pessimists, with a 2% rise in the proportion of consumers feeling both the economy and their own finances will worsen over the coming months, further damaging any prospect of a quick recovery from the pandemic-related pessimism.
- The largest group remains those in the bubble, true to the 25% gap between household and economic confidence. These consumers – who expect the economy to decline but their own finances to be unaffected – are, alongside the small group of hyper optimists likely crucial to economic growth over the next few months as they are most amenable to spending in the short term.

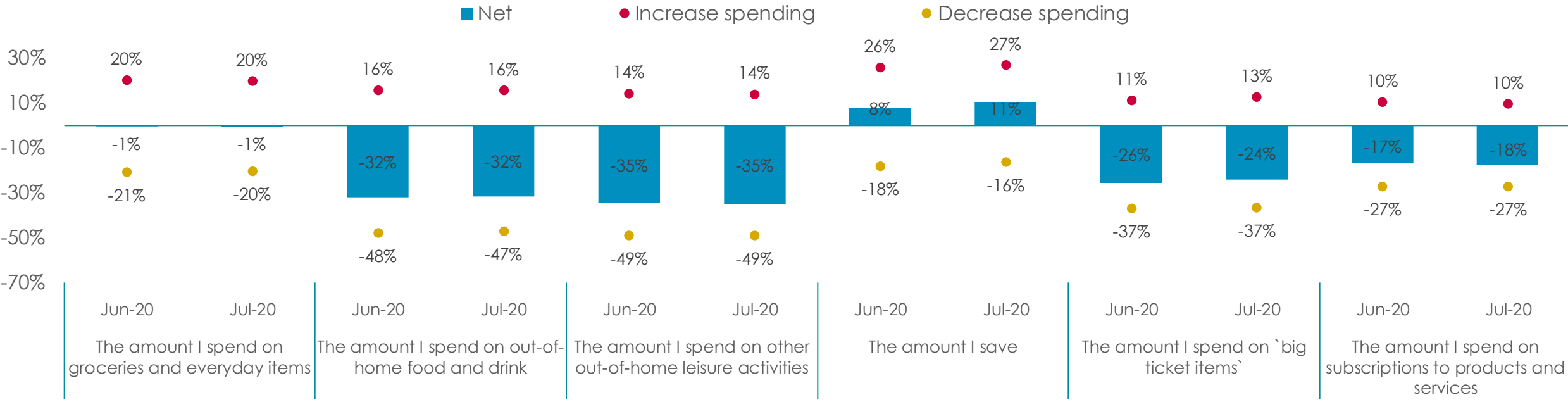
# Consumer Confidence Groups



**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

# Implications for Spending

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



- With both optimism and consumer confidence having stalled this month, it is no surprise to see little change in relation to consumer's spending expectations, with the greatest change having been seen in relation to saving, up from 8% to 11%.
- Whilst the topline story appears to be one of stagnation, evidence of greater shifts in expectations can be found amongst certain groups when digging deeper into the data. Gen Y for example, who based on our data appear to already be planning their holidays, have seen a 3% rise in expectations related to out of home food and drink and a 6% rise in other out of home leisure.
- Such enthusiasm towards leisure spending has not yet been matched by Gen Z who despite still having higher expectations than Gen X and Baby Boomers, have seen spending expectations for out of home food and drink fall by 3% this month.



- This month sees the gap in optimism between men and women close by two points, with optimism among women having risen from 46 to 48 whilst men remained at the same level with a score of 53.
- With the school summer holidays upon us, home-schooling will no longer have to be provided to children across the UK. During the lockdown, mothers were more likely to do more home-schooling (while also juggling their own jobs) so this may come as welcome respite.
- These opposing trends in optimism amongst men and women this month have had a paralleled impact on economic confidence. Whilst men have seen a 5% fall in net confidence in the economy, women have experienced a 4% increase, up from -48% to -44%.

# Gender

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

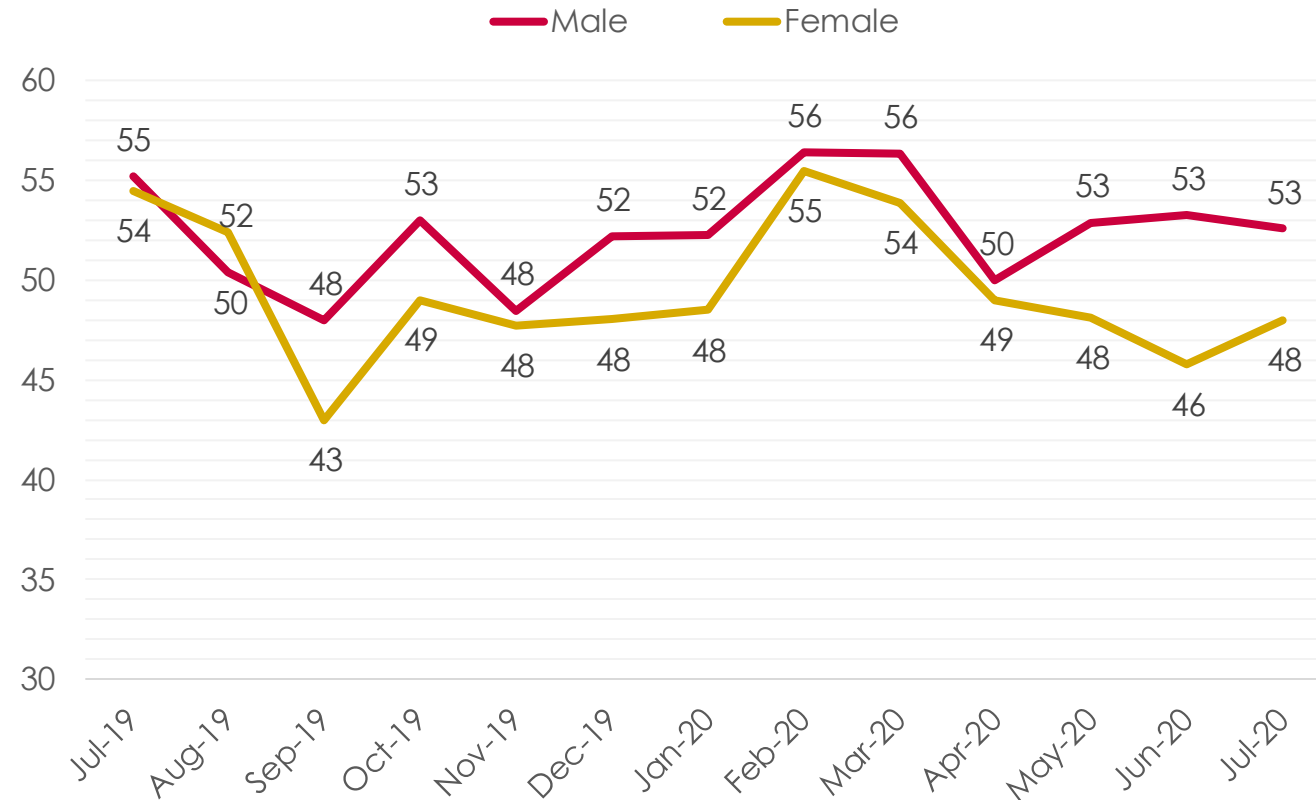


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# Generation

- This month sees a dramatic shift in the levels of optimism felt across different generations. Whilst Baby Boomers and Gen Y remain at around the same level, both the Silent Generation and Gen X have seen a sharp improvement, whereas Gen Z have seen a nine point decrease, down from 61 to 52.
- July represents the end of the academic year and the catapulting of students into either the graduate or summer jobs market. Many Gen Zs may therefore only now be confronting the impact of the pandemic on the jobs market: after having several months of 'pressure off' the pressure is now on – and optimism has adjusted accordingly.
- For Gen X and the Silent Generation, the opposite trend emerges. Both may be welcoming the return to a more normal life in different ways. The Silent Gen are most at risk from the virus and likely to have been shielding during the lockdown – the end of this has brought positivity. Gen X – the children of the Silent Gen – are the most demographically squeezed, and will welcome the end of home-schooling and the opportunity for more childcare support.

### The Optimism Index by Generation

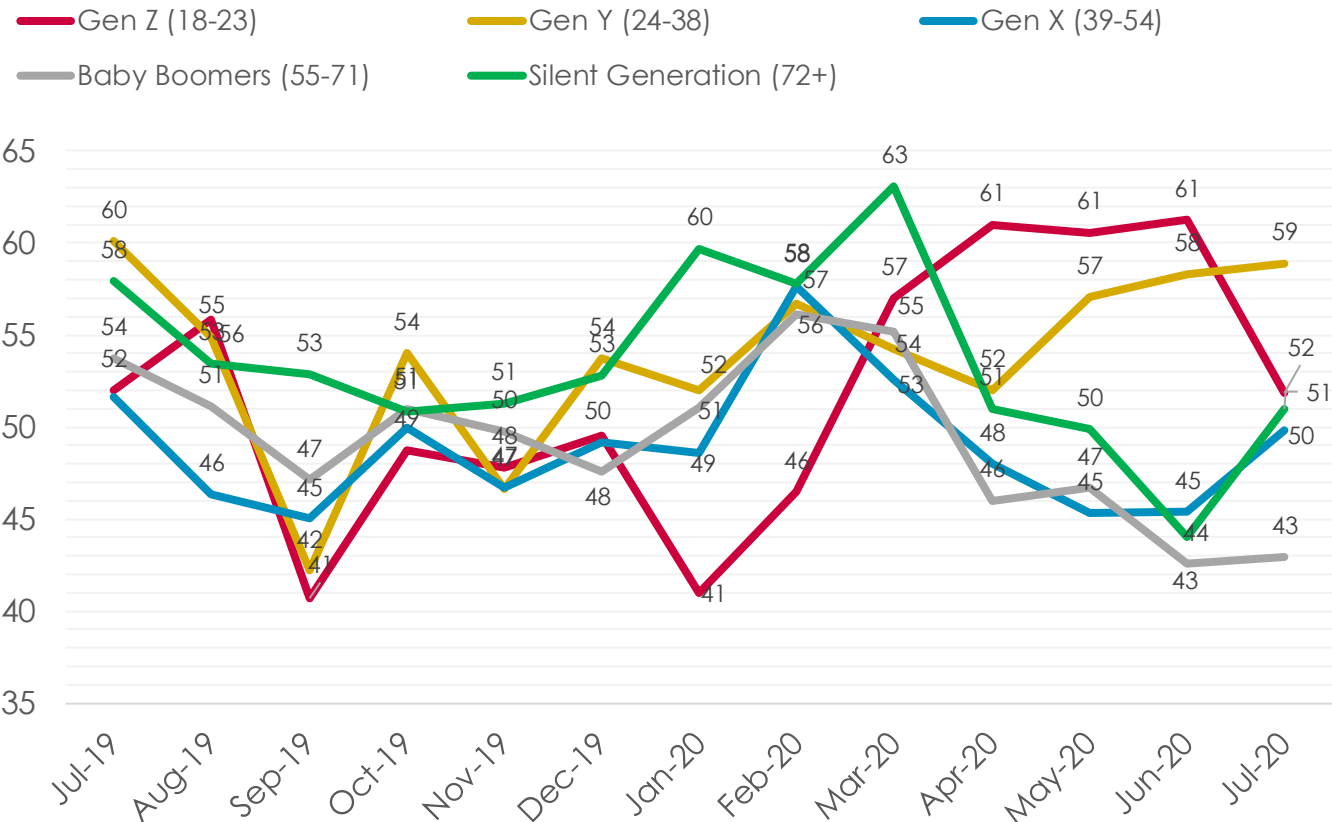


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- This month again sees a significant difference in optimism between consumers in London and the South East when compared to the rest of Great Britain, with one point rises for both groups meaning a five point gap remains.
- Despite this increase for both groups, this is the third consecutive month in which there is a gap of at least five points, with the difference never having been both as large and as consistent as it has been during the period of lockdown.
- Consumers in London are likely feeling the benefits of economic activity having picked up quicker in this region than elsewhere, as well as not having suffered the same spikes in infection rates which have been seen across some more northern regions of England.
- Respondents in the East Midlands have not been as fortunate, with the Leicester region having recently been placed in temporary regional lockdown due to the extent of the spike in cases and infections having been reported there. Contrasting to the rises in optimism at a more topline level for Great Britain as a whole, those in the East Midlands suffered a two point decrease this month down from 49 to 47.

## Region

### The Optimism Index by Region

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

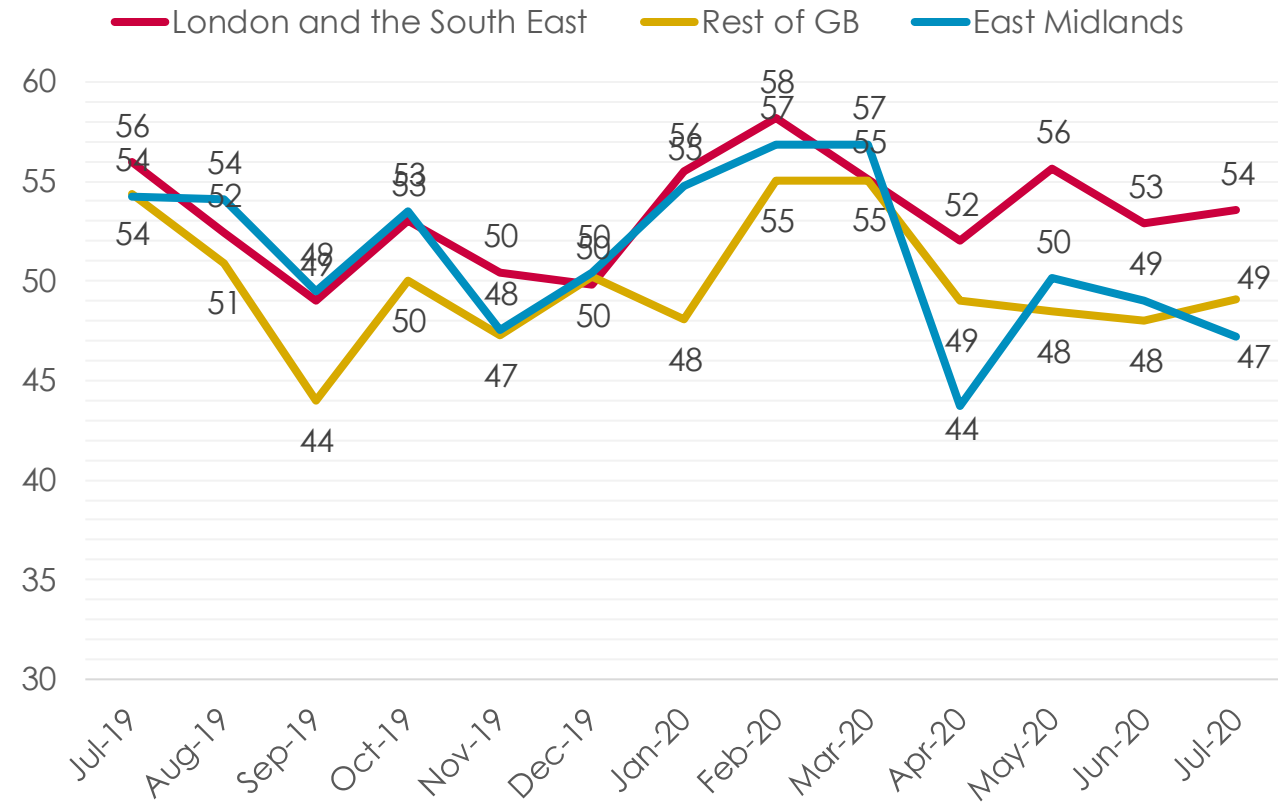


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- This month sees lowest earners experience the sharpest rise in optimism, up two points from 47 to 49. For all other income groups, there is a one point change either positively or negatively.
- For those in the highest income bands, the continued movements towards an economic recovery will have provided welcome positivity, with such consumers unlikely to be suffering financially as a result of the pandemic, with the majority remaining in stable employment with consistent sources of income. The sustained growth in optimism amongst this group is therefore unsurprising.
- For those earning less than £21k per year the two point rise is slightly more puzzling at first glance. With lower earners typically within far less stable forms of employment, one would expect for the financial situations of such respondents, and potentially their optimism, to be suffering during the pandemic.
- Digging deeper into the data, we see vastly differing trends in optimism within the lowest income earners dependent on their age. For Gen Z respondents earning less than £21k per year, a five point fall from 59 to 54 occurred this month. This contrasts substantially with the Silent Generation earning this amount, who saw a three point rise from 47 to 50. This further strengthens the finding that during the pandemic, age has been a stronger determinant of optimism than income.

## Income

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

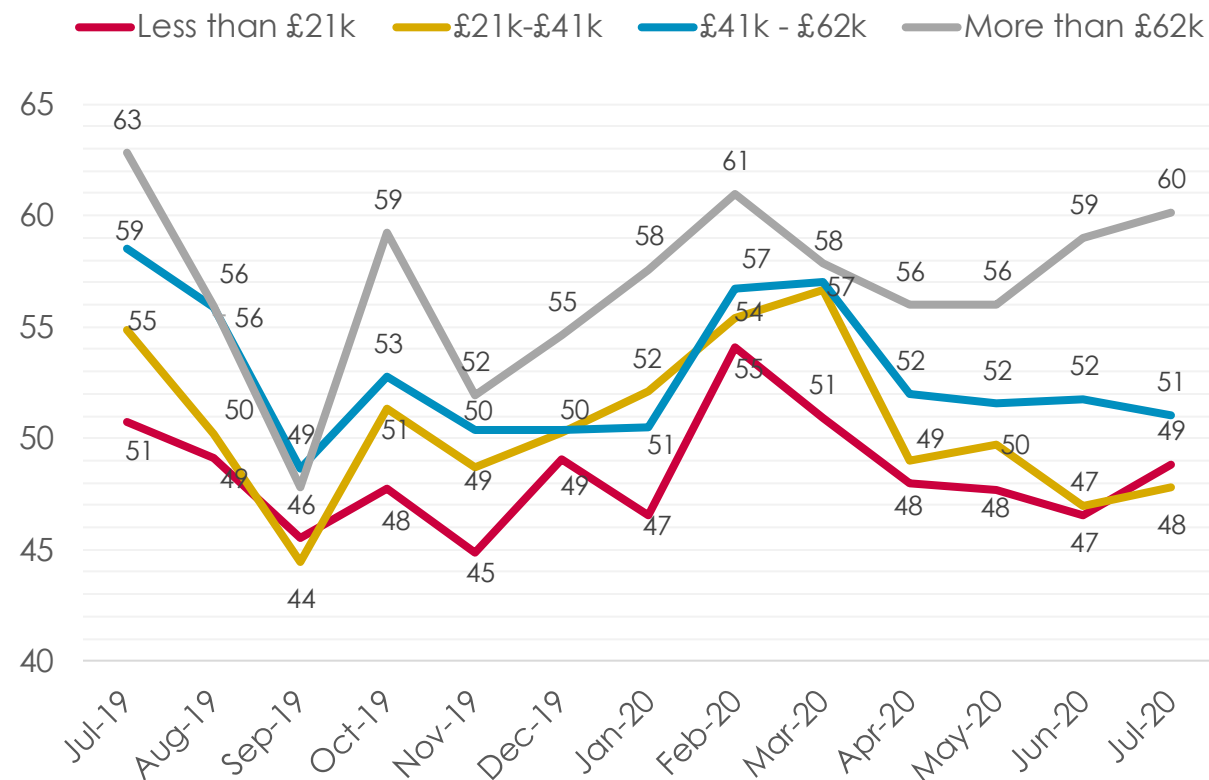
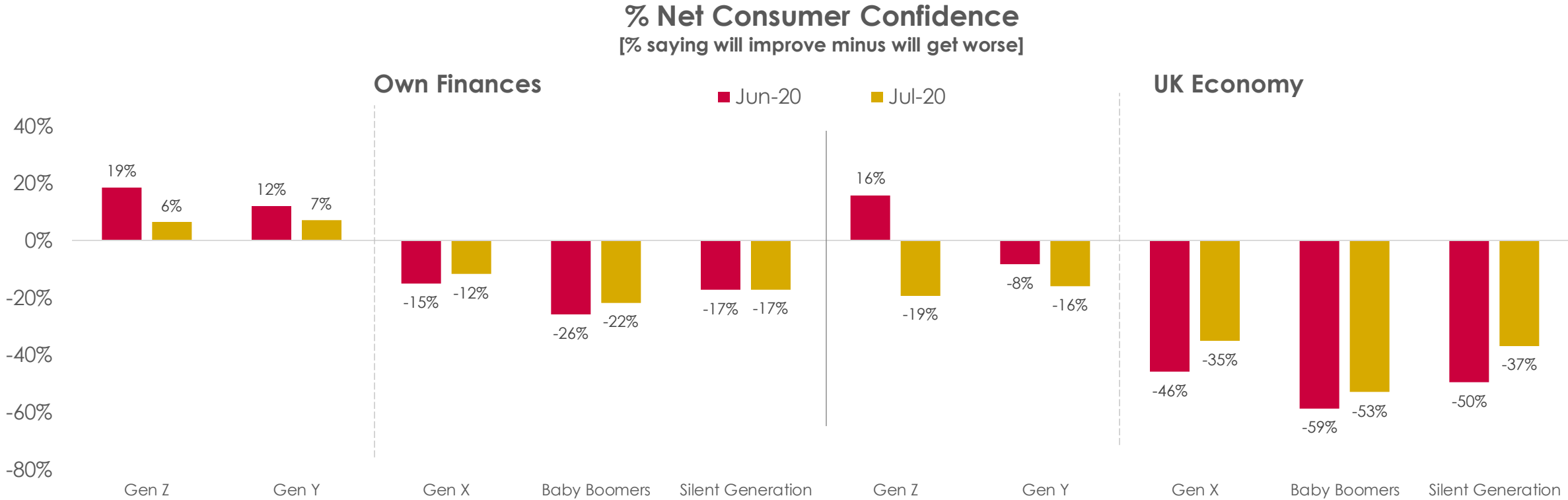


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# Trends in consumer sentiment polarised across generations

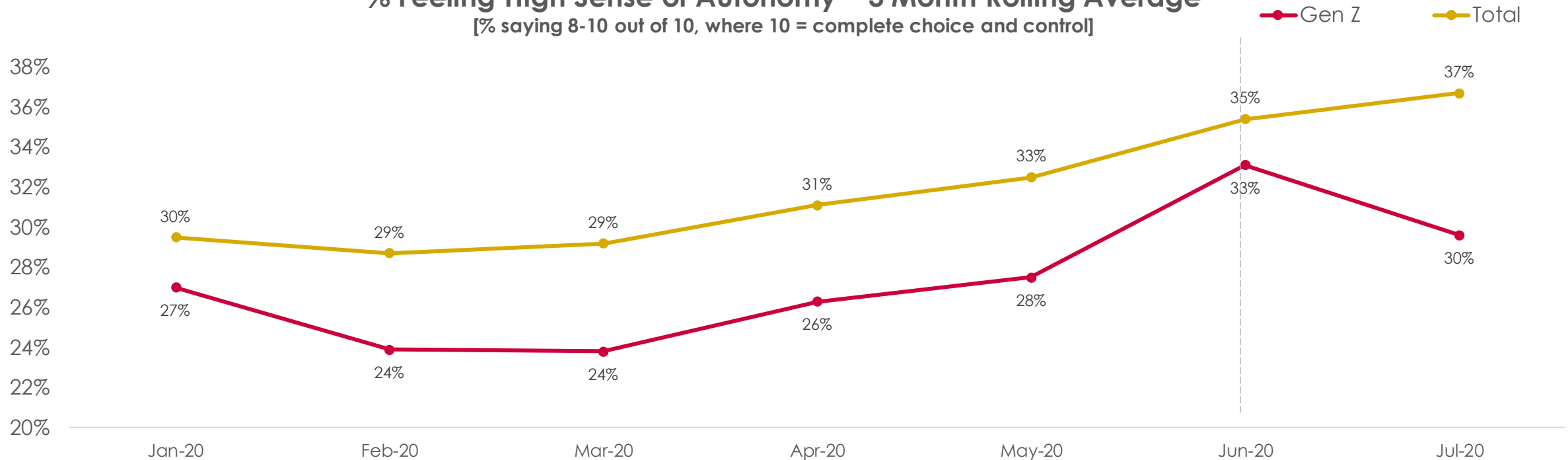


- Whilst at a topline level, consumer sentiment has remained relatively stable this month, within different generations, polarising trends are evident. Despite Gen Z and Gen Y remaining far more financially confident as a whole, both groups have seen a decline in confidence between June and July, with Gen Z in particular having suffered a dramatic shift, falling from 16% net confidence in the economy in June down to -19% in July; a 35% net decrease.
- For Gen X, Baby Boomers and the Silent Generation, there is the opposite trend, with net confidence remaining consistently negative but seeing promising improvements this month, particularly in regards to the economy as a whole.



# Gen Z suffer a significant decline in choice and control

% Feeling High Sense of Autonomy – 3 Month Rolling Average  
[% saying 8-10 out of 10, where 10 = complete choice and control]

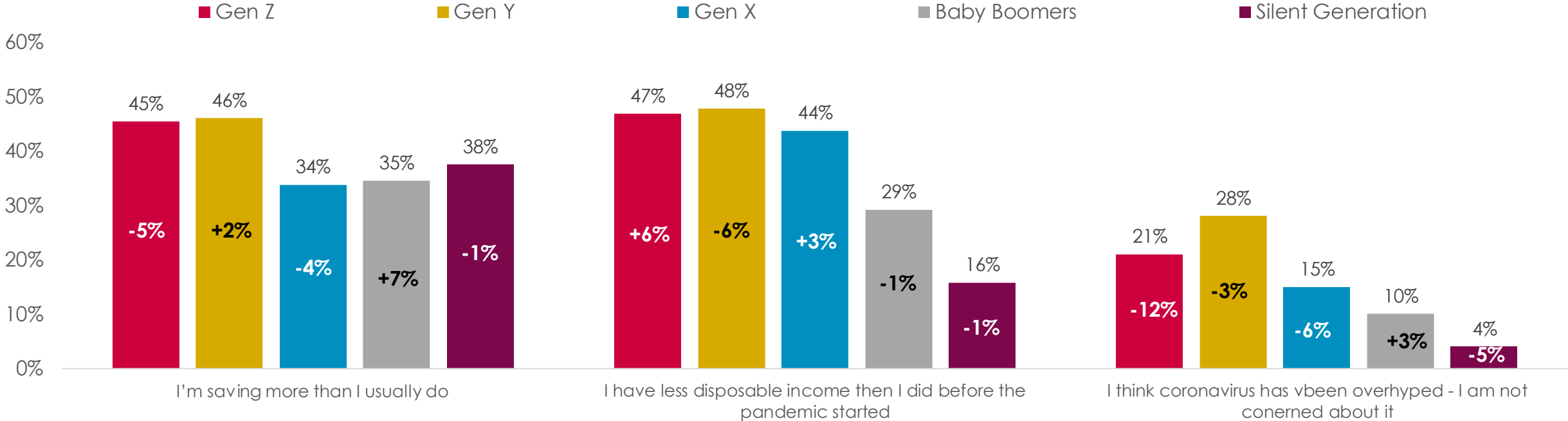


- Not only have Gen Z suffered a sharp decline in both economic confidence and optimism this month, but this more pessimistic outlook has extended to autonomy, with a 3% fall in the rolling average for those feeling a high sense of choice and control, whilst autonomy for the UK as a whole continues to rise.
- For young people, the summer time often provides a chance to let your hair down, with many going on holidays with friends and family or going out to pubs and restaurants. Whilst these are currently still possible to a certain degree, the experience offered will differ vastly to more typical circumstances. When such leisure spending was not even an option during the peak of lockdown, it appears that Gen Z focused on the greater freedom from the daily grind offered by the situation. Now the option for leisure has become available again, this generation have been offered a stark reminder of what they are really missing out on.

# Gen Z beginning to suffer pandemic-related financial difficulties

% Total Agreement with each statement – July 2020

[% Change from June within bar]



- The loss of optimism and confidence amongst Gen Z may have been driven by an increase in financial difficulties in relation to the pandemic. This month, 5% fewer say they are saving more than usual than compared to last month and 6% more felt they had less disposable income than they would normally have.
- It seems as though the penny has finally dropped for Gen Z, with the astounding degree of optimism and confidence in the face of the pandemic having finally worn thin. With 12% fewer Gen Z respondents having felt the pandemic had been overhyped this month compared to last, perhaps this group are finally recognising the seriousness of the situation.



# TRAJECTORY

Each month Trajectory survey 1 500 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  
[www.trajectorypartnership.com](http://www.trajectorypartnership.com)  
[@TrajectoryTweet](https://twitter.com/TrajectoryTweet)

