



TRAJECTORY

22

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

21

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

OUVERTURE

The Optimism Index (UK)

Report: August 2020 | Fieldwork: 11th – 18th August 2020

**UK Optimism
August 2020**

47

Down 3 points on July 2020

Down 4 points on August 2019

**Rolling Average
August 2020**

49

Down 1 point on July 2020

Down 4 points on August 2019

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

**Net spending
expectations**

-24%

Spending expectations have lowered following the short-term spike

**Net household
confidence**

-8%

Household confidence levels have increased slightly this month

Net Trust

-14%

Overall trust has fallen this month

Headlines

Comment

The Optimism Index has finally dipped into negative territory – meaning that after just 6 months of the pandemic consumers are now just marginally more pessimistic than they were before December’s General Election.

In itself, this shouldn’t be a huge surprise. Although many consumers enjoyed the lockdown and the extra free time and autonomy it provided, it also ensured challenging economic times were on the horizon. This month, with the confirmation that the UK is now officially in recession, we reached that horizon.

But that doesn’t explain the drop in consumer sentiment this month. Consumers don’t feel any differently about the economy this month than they did in July – or, for that matter, June. Never has the announcement of recession felt less jarring.

Instead, the malaise is prompted by the growing sense among consumers that as summer ends we edge closer to a second wave of Covid and a return to the kind of restrictions of the Spring – but this time in Winter, and without any of the novelty.

Consumers are crystal clear on their priorities for the government over the next few months: protect the NHS, safeguard the vulnerable and get kids back into school.

Against these fundamental concerns trifling matters like Brexit, the economy and the culture wars can wait.

Tom Johnson, Managing Director, Trajectory



The Optimism Index: Headlines

- This month's edition of **The Optimism Index** sees consumer sentiment fall by three points from 50 to 47.
- This decrease represents the first decline of more than one point since the beginning of lockdown, with only the fall of five points between March and April of being a greater drop this year.
- In previous months, it appeared that in the face of the pandemic, consumers were maintaining a resilient attitude, with optimism remaining relatively stable despite low levels of economic confidence and significant changes being implemented to our day to day lives – perhaps driven by the hope of August summer holidays abroad and the prospect of a return to normality in the near future.
- August represents a shift in this mindset, with the consumers pessimistic about increased Covid cases over the next few months, coinciding with a recession appearing to have finally hit home for UK consumers. Whilst this realisation may not have trickled down to a dramatic loss in confidence as yet, it appears that we have reached the stage in the pandemic life cycle where the novelty has fully worn off.

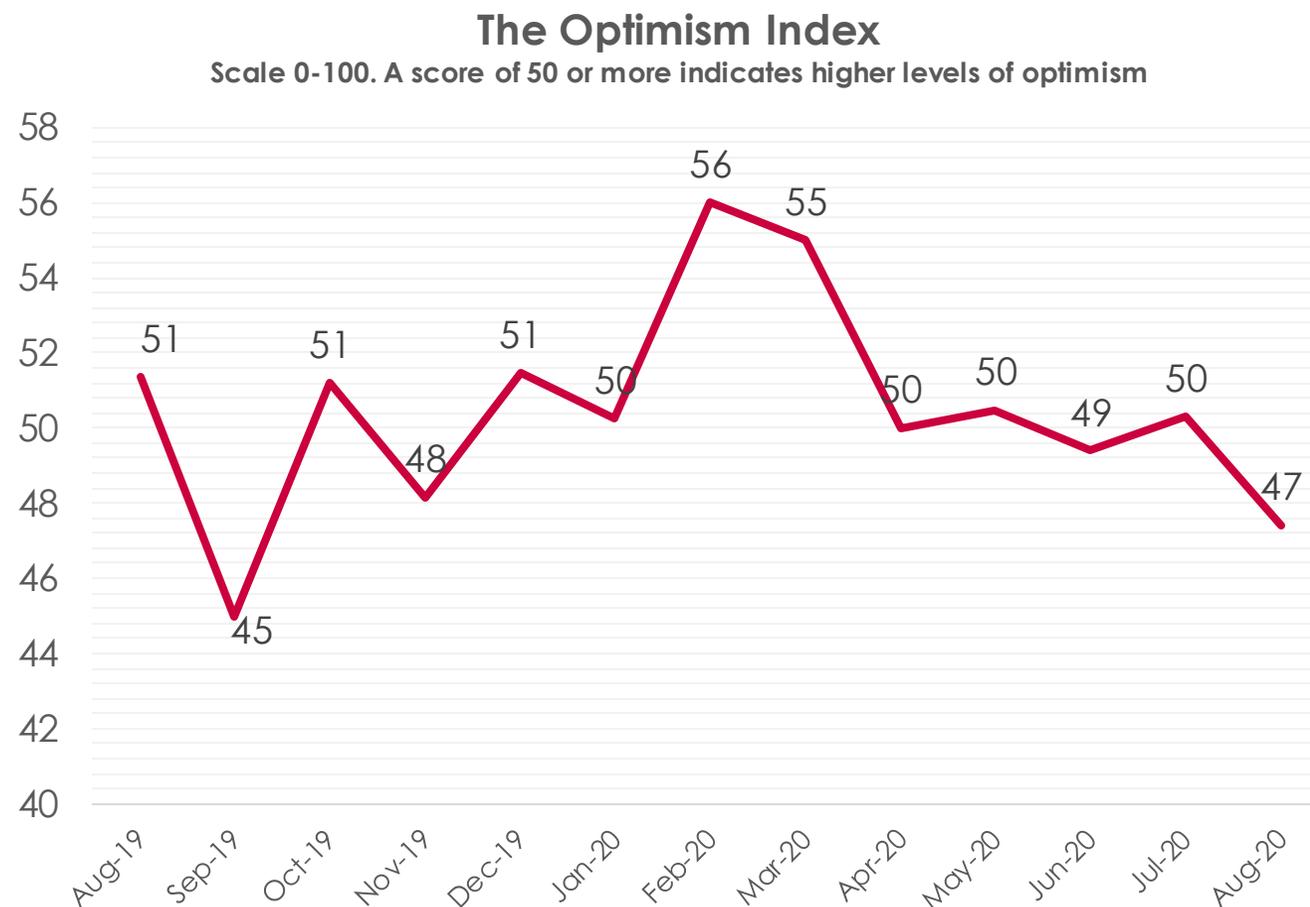


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

The Optimism Index: Rolling Average

- The three month rolling average of **The Optimism Index** fell by one point this month down from 50 to 49.
- This finding re-establishes the trend seen throughout the lockdown which appeared to have stalled last month, with long term optimism declining significantly, now down five points (54 to 49) from the peak in March.
- Such a decline makes for particularly alarming reading given the manner in which optimism has fallen throughout the Autumn in both 2018 and 2019. This, coupled with the fact that the index score currently lies four points lower than at this point in 2019, raises the risk of optimism reaching unprecedented new lows later in the year.
- August may have been the last hope for many to enjoy a sense of a 'normal summer', with holidays abroad with family and friends usually frequent at this time. With two week quarantines now required for the majority returning from travels abroad, it is becoming clear that our sense of what is 'normal' may be changing for the long term.

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

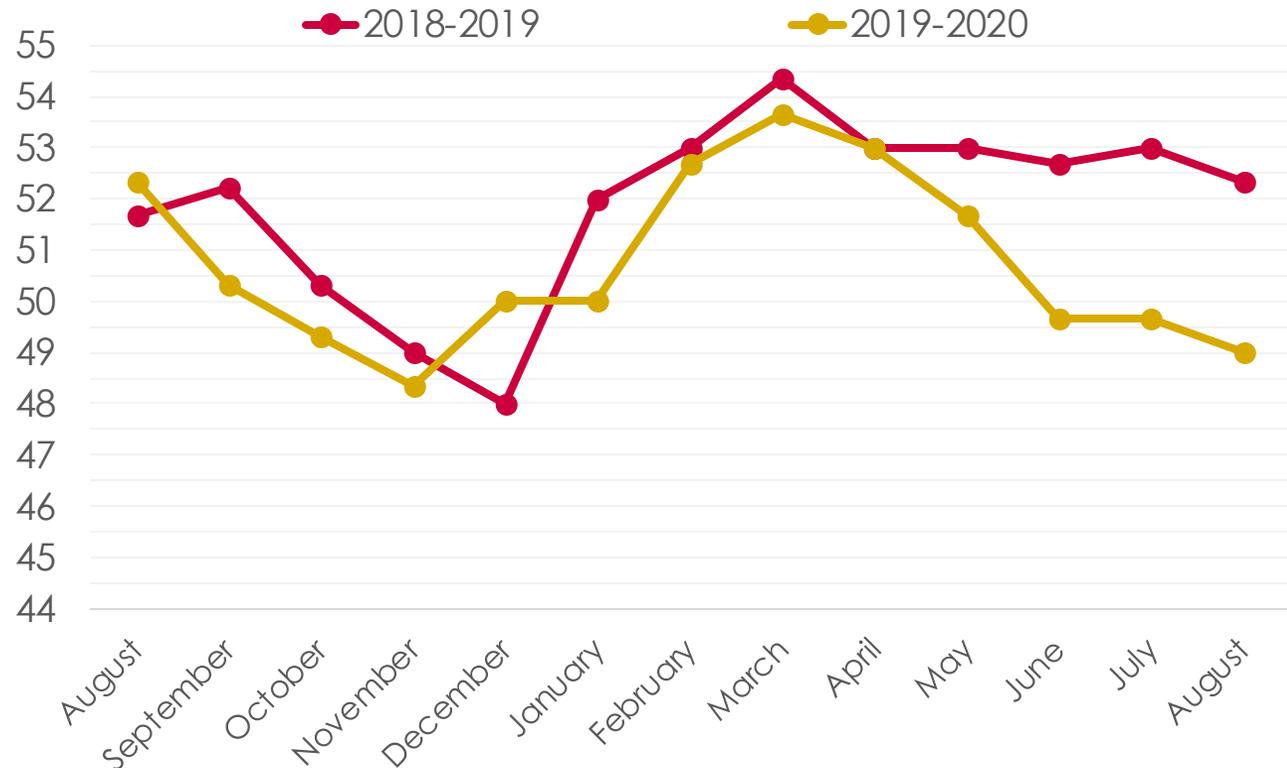
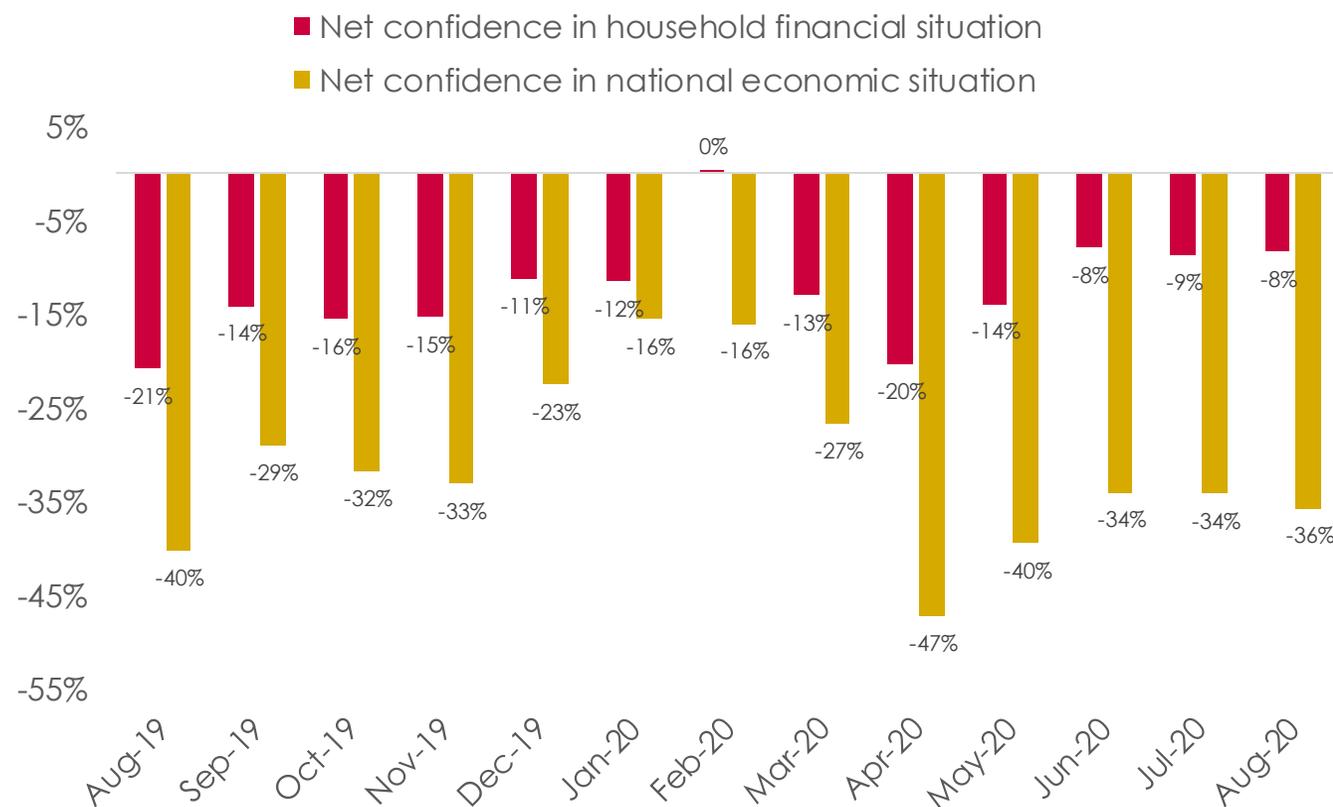


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Financial & Economic Drivers

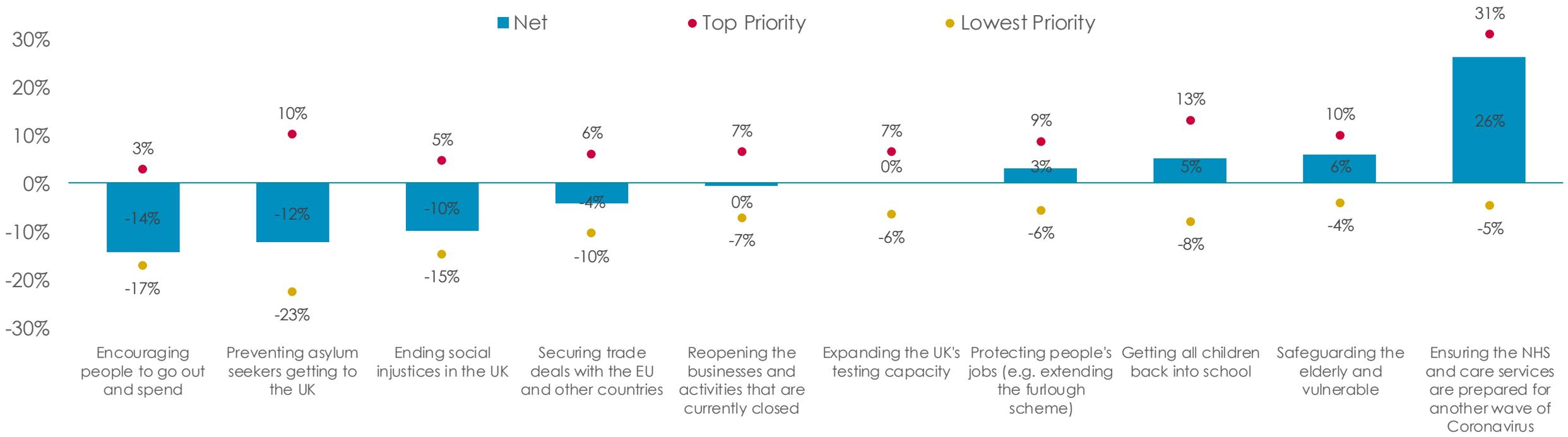
- Despite the significant decline in optimism seen this month, consumer sentiment has remained relatively stable in comparison, with net economic confidence having fallen by 2% to -36% whilst household financial confidence actually rose by 1% up to -8%.
- Such a stagnation of sentiment amongst UK consumers has likely been driven by the front-heavy nature of the pandemic's financial impacts. The majority who have been negatively impacted financially by the virus have had several months to adapt to the initial shock, and for most, the situation has remained largely unchanged in recent months.
- It seems clear that at this stage consumers are focusing on other priority areas such as health and education over spending and the economy, with a growing number appearing to take the view that the economic situation, whilst far from positive, remains somewhat stable at this stage. As the furlough scheme gets phased out of use and we edge deeper into the recession, such resilience in sentiment may soon be a thing of the past.

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



Government – Highest and Lowest Priorities

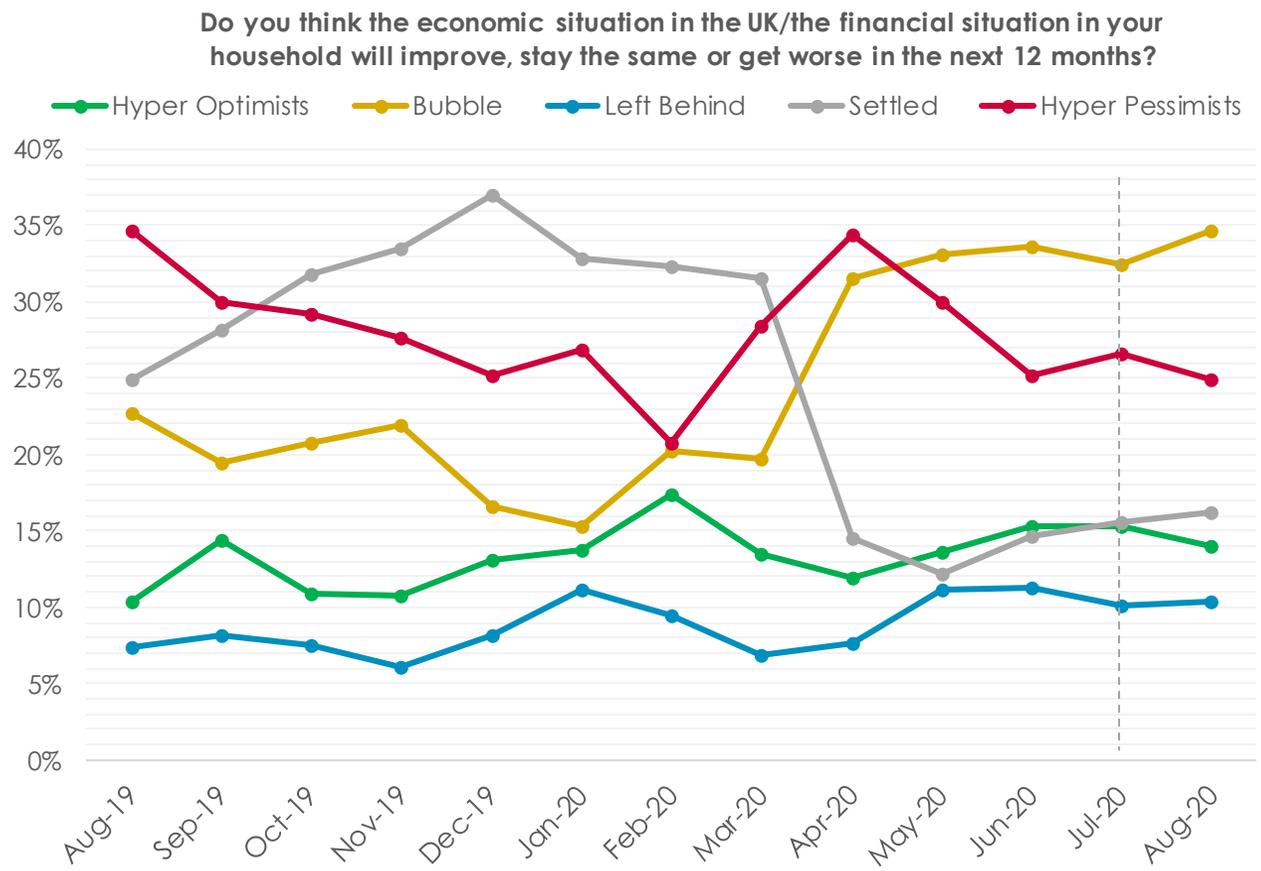
If you had to choose, which of the following is your top priority and which is your lowest priority?



- The most powerful reasons why consumer confidence is stable is because consumers are still in a Covid Mindset rather than a recessionary one. Since the peak of the pandemic in April government attention and media focus has started to drift onto other, usually highly salient issues: immigration, social injustices, Brexit and the economy.
- These issues, however, are dwarfed by the importance ascribed to protecting the elderly and vulnerable and ensuring the NHS is well prepared for a second wave. Tiny matters of the economy and the recession pale in comparison to fundamental issues like, health and safety.

- With consumer sentiment remaining largely unchanged this month, there have been only minor shifts in our consumer confidence groups.
- Perhaps most worthy of note is the third consecutive rise in the proportion of those feeling 'settled' (now up to 16%) which follows the lack of significant changes in relation to sentiment at a topline level.
- This group is not close to the levels seen pre-lockdown, however, where between October and February it was common for more than a third of consumers to feel a sense of stability regarding the economy and their own finances.
- Elsewhere, the most substantial shift lies in 'The Bubble' with a 2% rise seeing 35% now falling into this group – now having more than doubled the proportion in this group at the start of the year (15%).

Consumer Confidence Groups

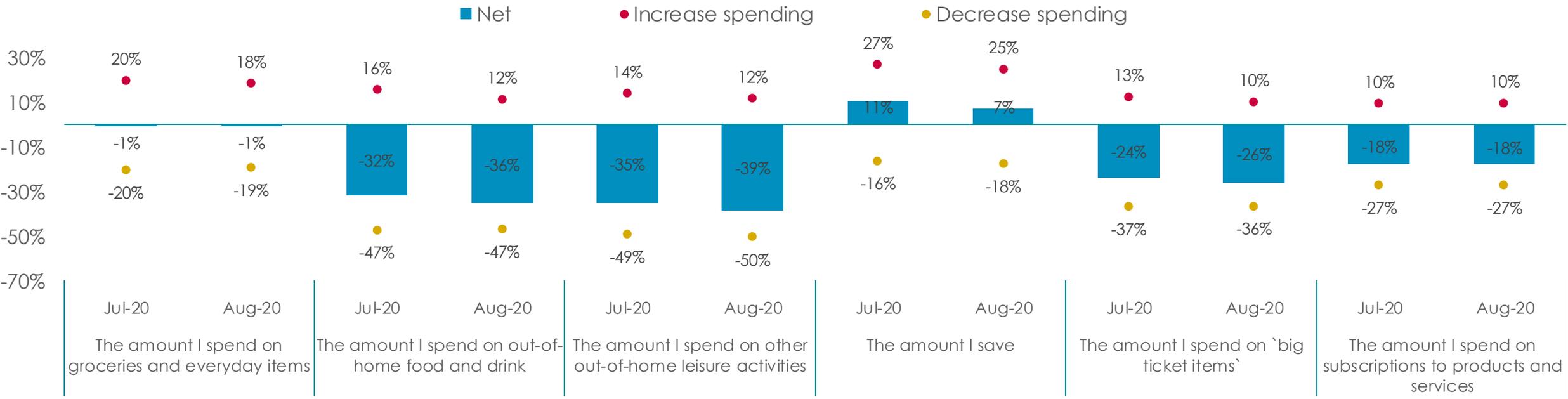


Hyper Optimists = Economy and own finances will improve
The Bubble = Economy will get worse, own finances improve or stay same
Left Behind = Economy will improve, own finances get worse or stay same
Settled = Economy stay the same, own finances stay the same
Hyper Pessimists = Economy will get worse or stay same, own finances get worse



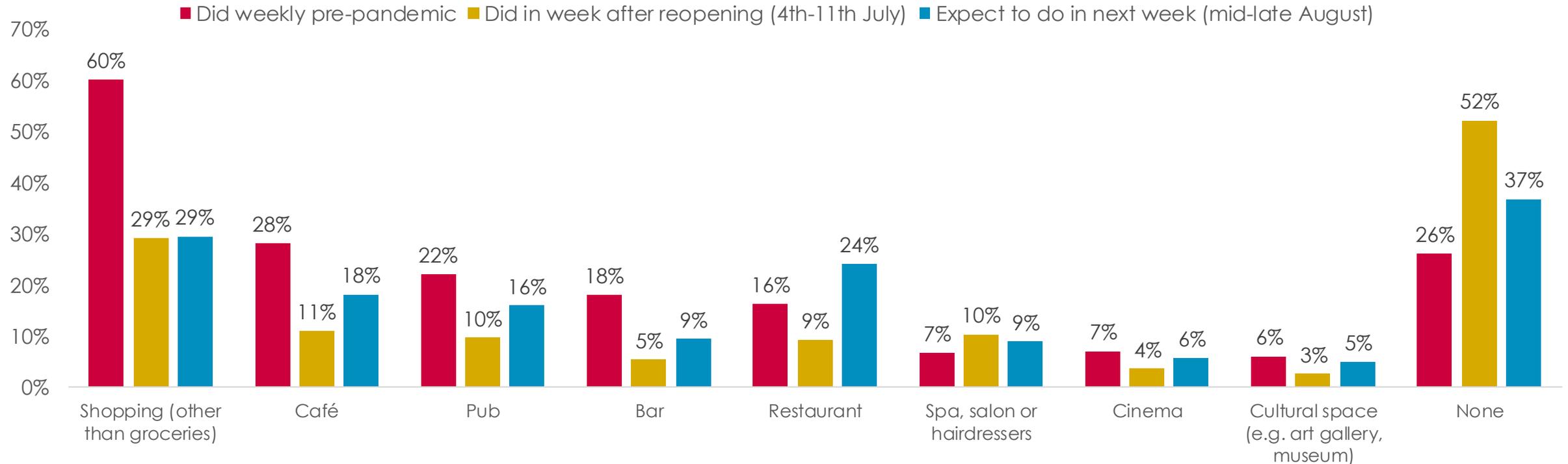
Implications for Spending

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



- Spending expectations have shifted significantly, particularly in relation to out of home leisure spending, with a 4% fall in net expectations for both out of home food and drink (-32% to -36%) and other out of home leisure activities (-35% to -39%).
- Whilst spending on out of home food and drink may have seen a spike in the week in which fieldwork took place, given the warm weather and the introduction of the eat out to help out scheme, it seems clear that consumers are adopting a more recessionary mindset in relation to their longer term spending plans.
- With the three point fall in optimism this month appearing not to be driven by a rise in financial concerns, it seems that consumers may instead have grown more pessimistic due to the anticipated reduction in leisure spending.

Consumer leisure activities: pre and post lockdown



- Whilst expectations for future spending remain cautious amongst UK consumers, in the short term, the picture appears a lot rosier.
- Likely buoyed by the Eat Out to Help Out scheme, this month saw a sharp rise in those expecting to spend on out of home food and drink in the same week they were surveyed, most notably in the case of restaurants, where almost one in four (24%) said they planned to go out to a restaurant in the next week compared to just 9% who did so in the week in which restaurants reopened.
- However, this extra demand has not filtered into every other aspect of the leisure economy: cafes, pubs and bars have all seen growth on July but demand remains much lower than pre pandemic. Non grocery shopping has seen no change at all, remaining at c.50% of normal levels.

- This month sees the gap in optimism between men and women increase by two points despite both groups suffering a decline in optimism this month. For women, a four point fall sees optimism decrease from 48 to 44, whilst men fell from 53 to 51.
- August represents the fourth consecutive month in which a gap of at least five points in optimism between men and women is seen, with a difference this size having not occurred at all in the six months prior.
- With women likely having taken on the majority of childcare responsibilities throughout the past four months that schools have been closed, it is no surprise to see the much sharper decline in optimism felt amongst this group than has been seen for men, with optimism actually one point higher for men than at this point in March, compared to the five point decline we see in the same period for women.
- Such diverging trends in optimism have translated into vastly differing outlooks on the economy, with women's net economic and household financial confidence substantially lower in August than for men.

Gender

The Optimism Index by Gender

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

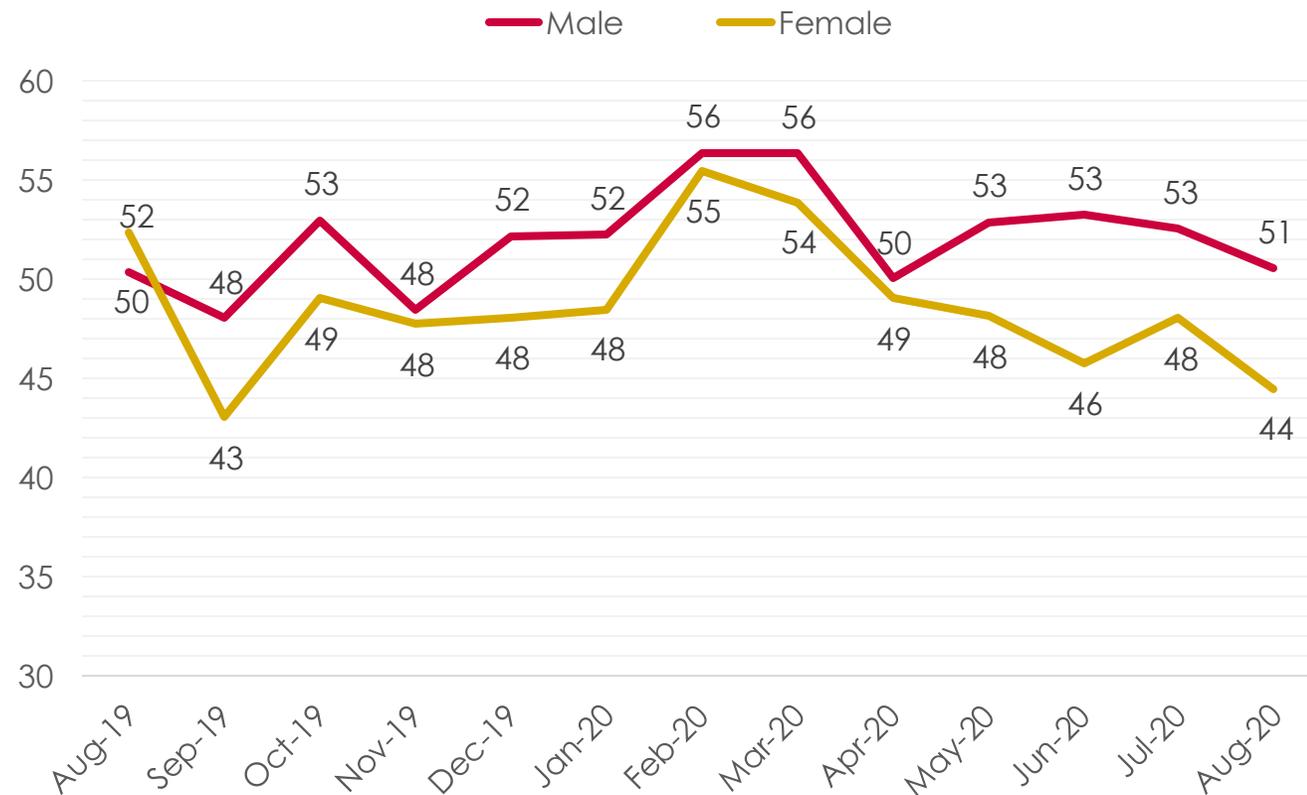


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- With last month seeing polarised trends in optimism across generations, August brings a collective sense of decline, with every age group experiencing a fall in optimism.
- Whilst a decline of some degree is seen across the board, its magnitude varies significantly for different cohorts, with the Silent Generation seeing a six point fall from 51 to 45 compared to just a one point decrease for Baby Boomers down from 43 to 42.
- It is once again Gen Z however who steal the limelight, with a three point fall from 52 to 49 concluding an astounding 12 point decline in just two months. Whilst the majority of the UK were suffering during lockdown, our research clearly shows that Gen Z were benefitting from this period, with the sharp decrease in optimism coinciding with the ending of the more strict lockdown measures imposed in the UK.
- With this generation being the least likely to have suffered from the financial impacts of the pandemic, April to June offered almost universal benefit to Gen Z, with those still studying having likely experienced improvements to their mental health with no school or university stresses on their minds during this period.

Generation

The Optimism Index by Generation

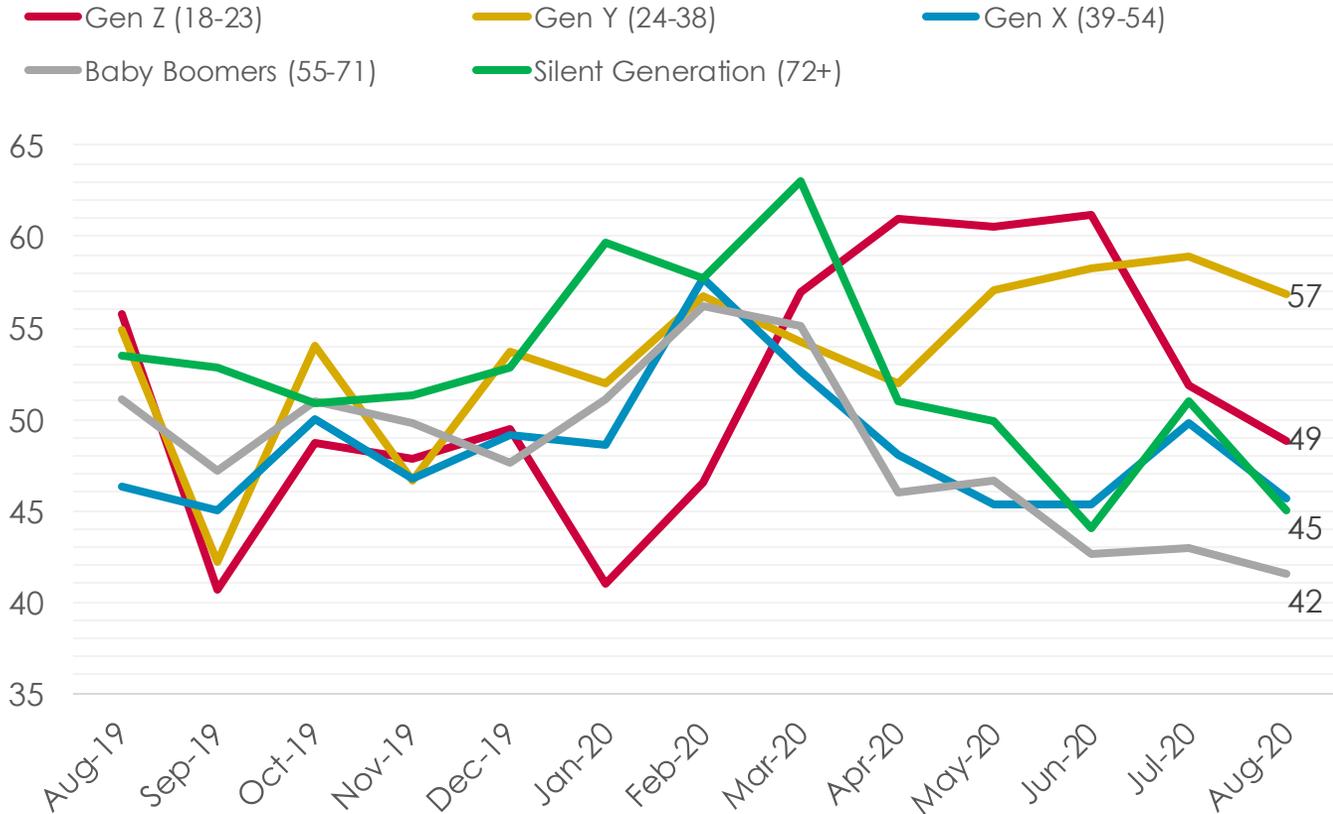


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Region

- This month sees a closing of the gap between London and the South East and the South East and the rest of the UK, with optimism having fallen by five points down from 54 to 49 in London/SE compared to just a two point fall from 49 to 47 for the rest of the country.
- Such a finding may come as a surprise, given the recent forecasts of increased regional inequality stimulated by the financial impacts of the pandemic. With employment opportunities at a premium during a period of recession, those in London would appear to be at a significant advantage over those living elsewhere in the UK, where more secure forms of employment were already more challenging to find than in the South.
- Digging into the data, it appears that the sharper decline in optimism for Londoners may be steeped in a loss in economic confidence, with a 4% fall in net confidence in the economy felt by those living in London/SE compared to the rest of the UK where net economic confidence remained at the same level this month.

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

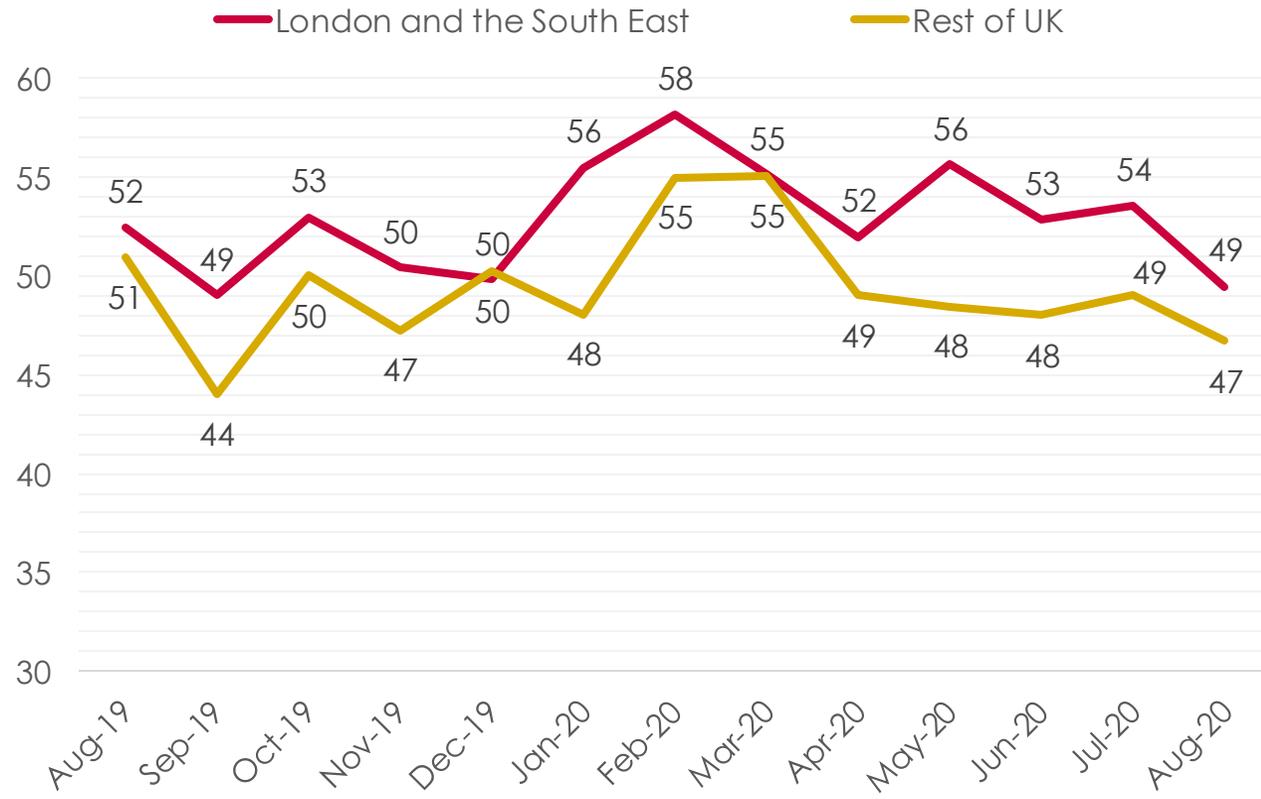


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Income

- This month sees the gap between the top earners and the rest grow even further, with a 12 point gap now the difference between those earning more than £62k and any other group, despite having seen a one point decline from 60 to 59.
- The primary cause for this ever increasing disparity in optimism lies with the remarkable decline amongst those earning £41k-£62k per year, with this group seeing a four point fall this month down from 51 to 47; now representing the lowest level of optimism felt by this group at any point over the past 12 months.
- Topline trends in optimism for this group do not entirely tell the story however, with vastly different trends seen for those earning £41k-£62k in London and the South East, where optimism remained at 52 this month, and for those in the rest of the UK, where we see a seven point decrease down from 51 to 44. Once again it appears that household income has grown less important as a determinant of optimism.
- The sharp decline in optimism for this group has been paralleled by a significant fall in economic confidence this month, with a 6% fall in net confidence in their own finances and a 10% fall for the economy as a whole.

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

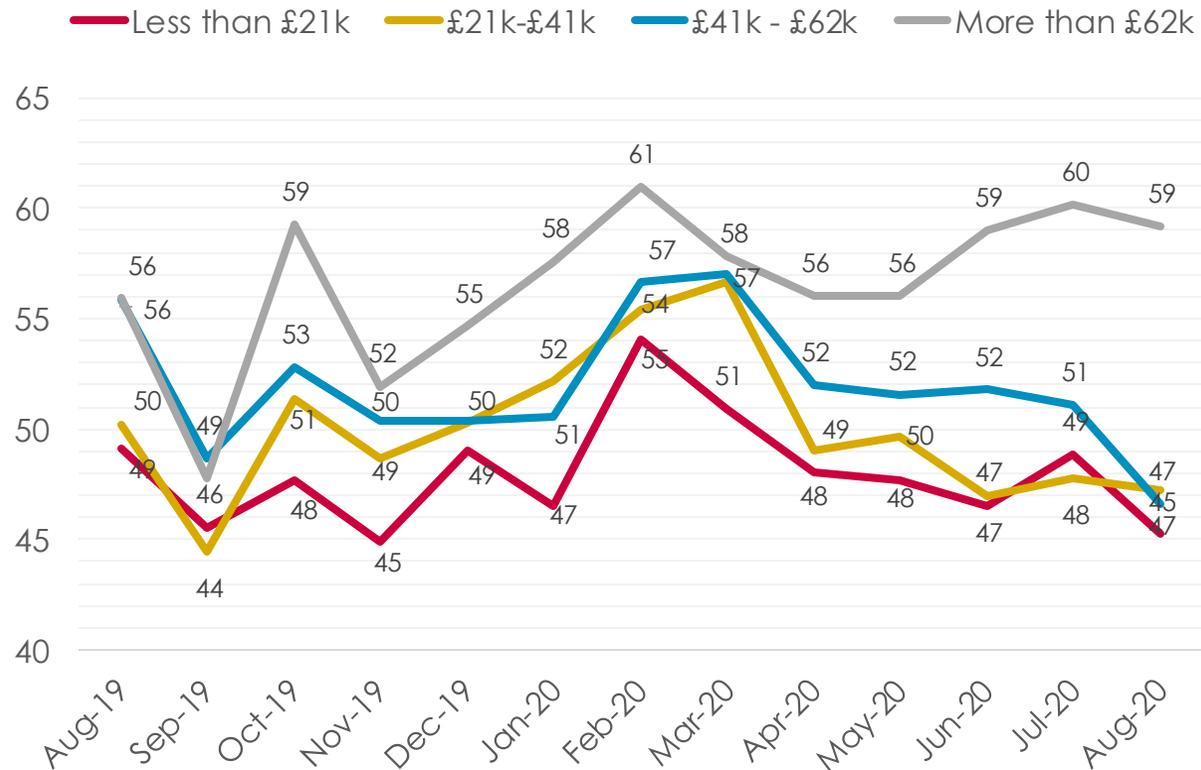
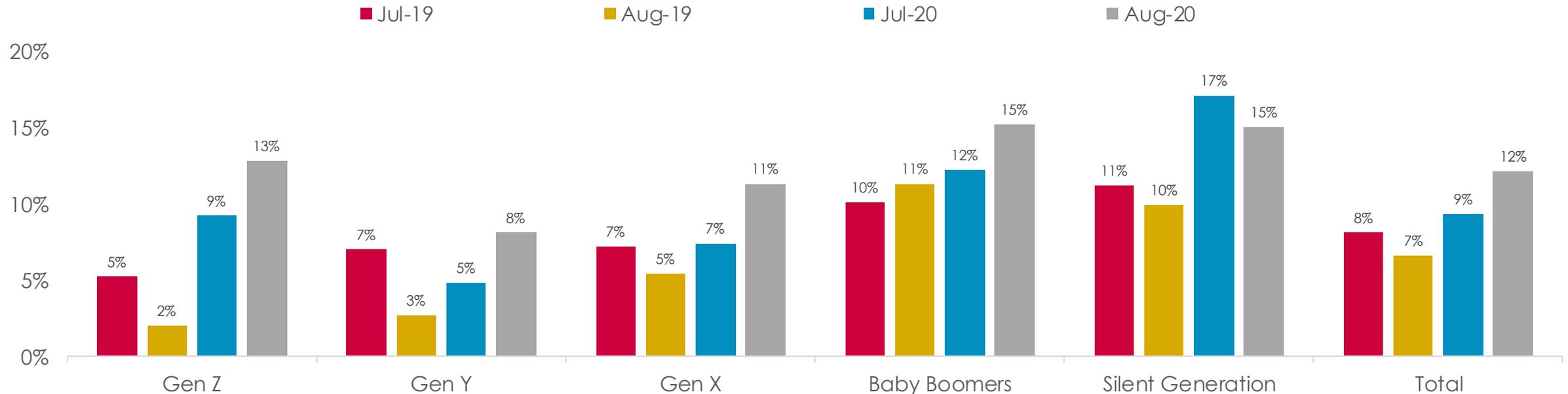


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Sharp rise in those not currently spending on out of home food and drink

Proportion saying they do not currently spend on out of home food and drink



- Despite the success of the Eat Out to Help Out scheme, the proportion saying they do not spend at all on out of home food and drink has risen sharply this month, as well as having almost doubled from 7% to 12% in the past 12 months; with every generation now more likely to say they do not spend in this area than a year ago.
- For some, the health concerns associated with eating out may still outweigh the possibility of eating a reduced price meal, whilst others may simply no longer be buying lunch or breakfast on the go whilst commuting to work.
- Whilst spikes in demand driven by the promise of cheap meals may be enough to fend off the collapse of many bars and restaurants in the short term, the trends appear to suggest these measures will not withstand the longer term decline.

TRAJECTORY

Each month Trajectory survey 1500 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.

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