



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

23

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

The Optimism Index (UK)

Report: October 2020 | Fieldwork: 7th – 15th October 2020

UK Optimism
October 2020

46

Down 2 points on September 2020

Down 5 points on October 2019

Rolling Average
October 2020

47

Down 2 points on September 2020

Down 2 points on October 2019

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

Net spending
expectations

-26%

Despite a loss in sentiment, consumers anticipate a similar level of spending

Net household
confidence

-13%

Household confidence has been damaged this month

Net Trust

-20%

Overall trust has fallen this month

Headlines

Comment

As the clocks go back, the nights draw in and the cold weather arrives, consumer sentiment completes the wintry symbolism by falling to 46 – it’s lowest position for the last 12 months and cementing a 4-point fall since July.

The decline in optimism this month mirrors the fall seen at the start of the pandemic, when sentiment collapsed from 55 in March (before lockdown measures) to 50 in April. Then, it seemed like that neutral springtime score would be a brief staging post on the road to further negativity – but that didn’t happen. Consumers adapted, resilience – even optimism – kicked in, and consumers remained pretty stoic until the autumn.

This latest decline sees us arrive at a similar crossroads. We may again adapt and hold this position throughout the winter. We may rally and see sentiment recover. Or, we may continue to see sentiment fall as the toll of repeated restrictions and fraying national unity grows without the novelty and better weather that characterised the resilience of early in 2020. My bet is that sentiment gets worse before it gets better.

Tom Johnson, Managing Director, Trajectory



The Optimism Index: Headlines

- This month's edition of **The Optimism Index** sees consumer sentiment fall by two points from 48 to 46.
- Optimism continues to collapse as we move further into the second wave of the Covid-19 pandemic in the UK, with the stoicism and resilience that characterised the spring and summer crumbling away as days turn colder and nights turn longer.
- With this month's data having been collected during a time in which severe restrictions were being put in place across multiple regions of the UK, it appears that optimism is again suffering as a result of a significant alteration to the rules, in a similar vein to what was seen at the start of lockdown.
- As we enter the Winter, the UK likely faces two paths: a similar levelling off after a sharp decline (seen between March and July) or a continued decline that will see consumer sentiment plumb new depths.

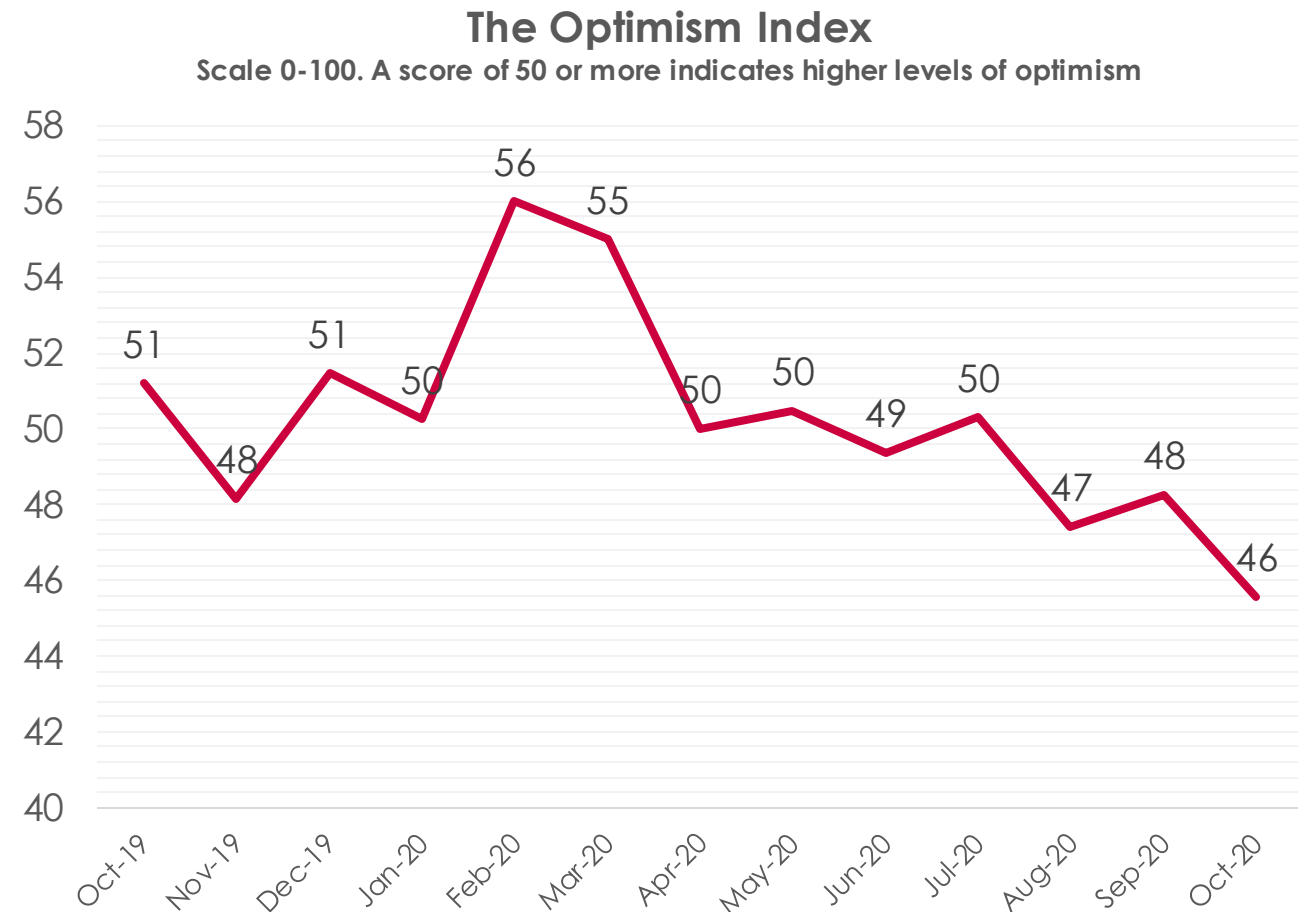


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

The Optimism Index: Rolling Average

- The three month rolling average of **The Optimism Index** fell by two points this month from 49 to 47.
- Whilst sentiment fell in a similar vein during the Autumn last year, the extent of the decline seen so far this year clearly indicates the harmful impacts of the pandemic on longer term optimism that stretch beyond simply seasonal impacts, with a score of 47 not only the lowest rolling average seen this year, but also the lowest at any point since we began measuring consumer sentiment back in January 2018.
- Of note once again, however, is the closing of the gap between trends in the rolling average so far this year and the same period last year, with this being the second consecutive month in which long term sentiment is only two points below what was seen at this point last year, compared to the difference of at least three points seen throughout the summer.
- Such a finding potentially suggests that in the longer term, consumers are beginning to adjust to the new ways of life forced upon us throughout 2020, with long term sentiment appearing to begin to level out with what one might have expected were we not living in a global pandemic, based on trends seen at this point last year.

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

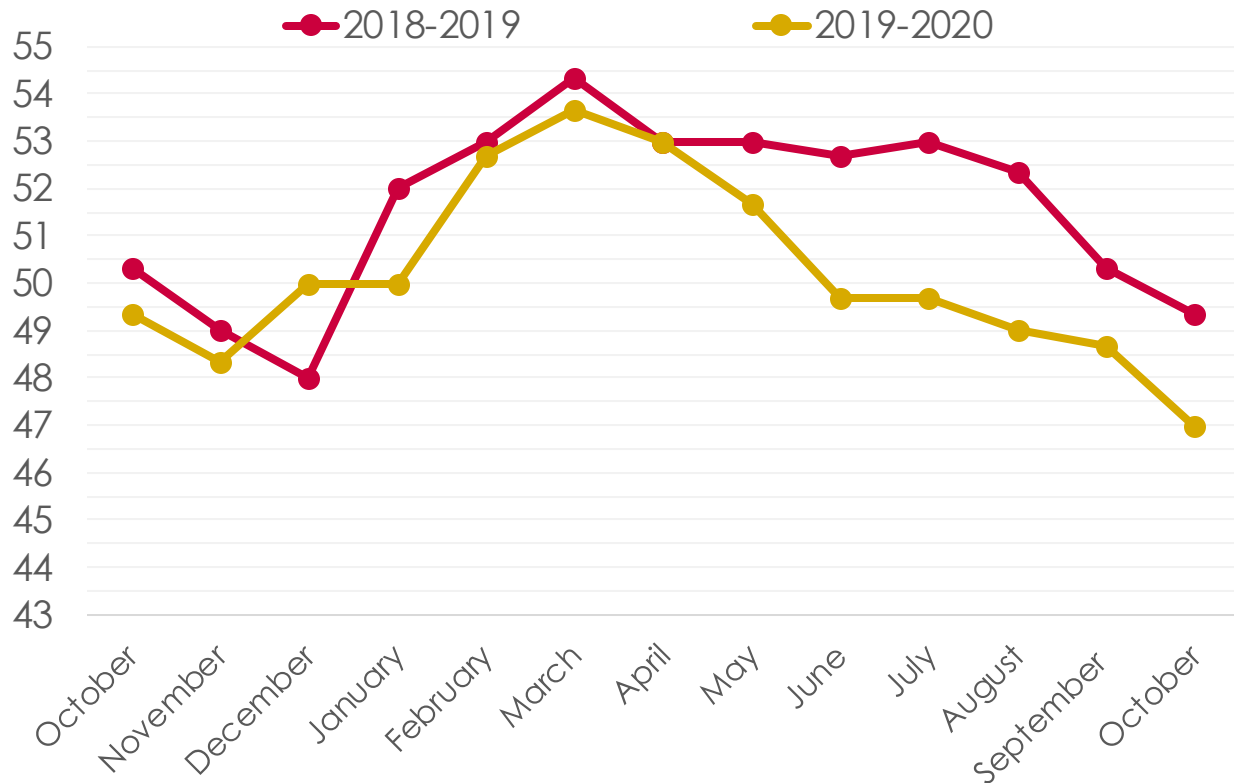
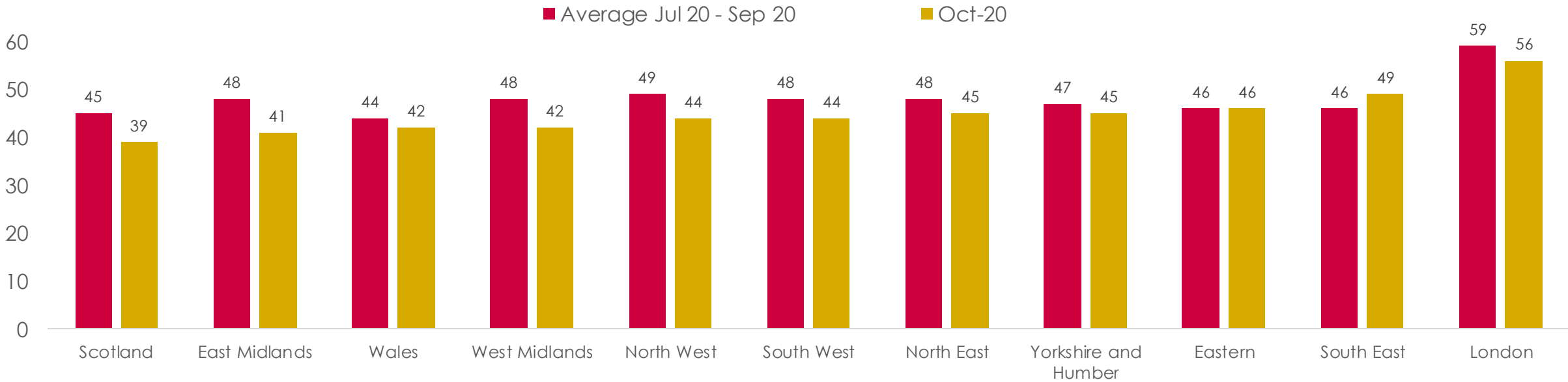


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London leaving the rest of the UK behind

The Optimism Index by Region

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



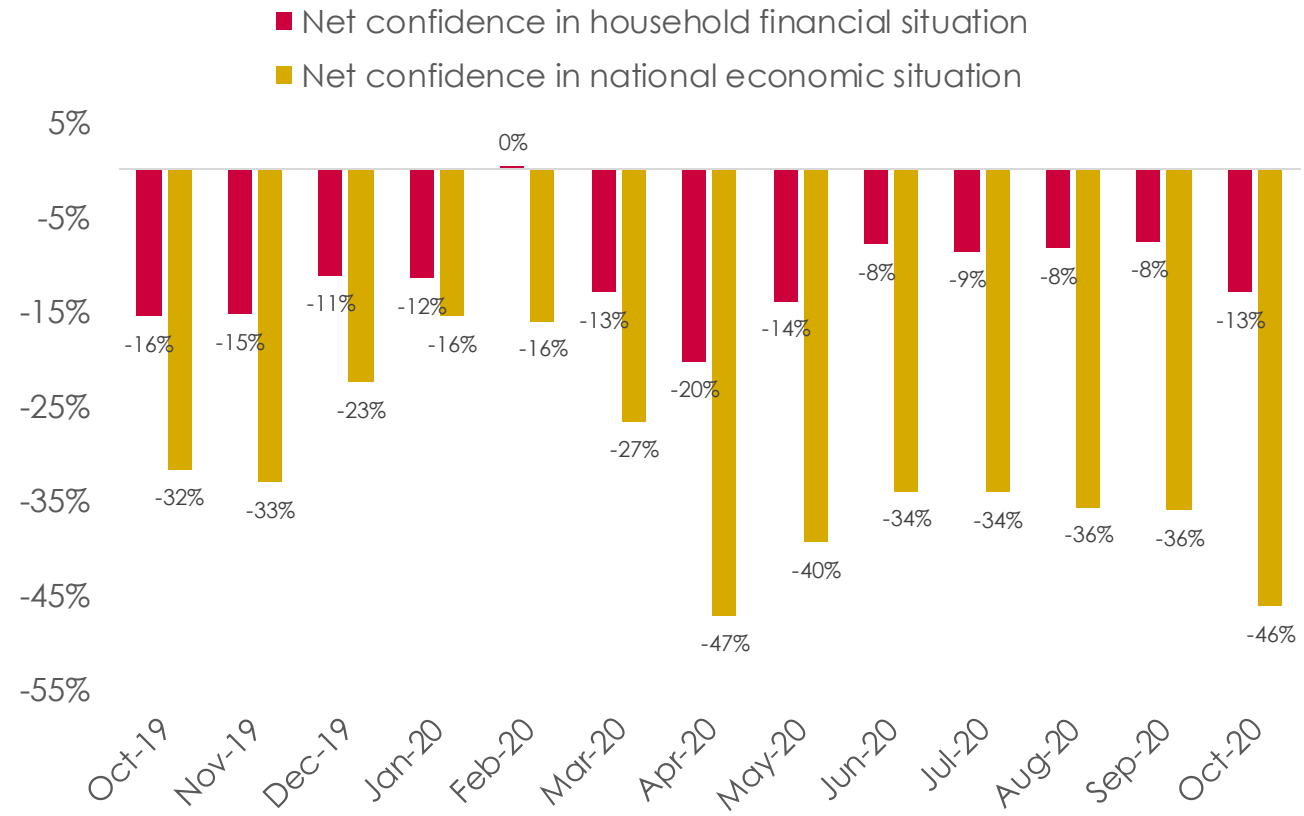
- Compared to the three months prior, the vast majority of UK regions have seen a sharp decline in optimism this month, with only the South East and Eastern England not having experienced a fall to some degree, and with only London seeing a score above 50; with Londoners now at least seven points ahead of every other region in terms of sentiment.
- The North of England and the Midlands are among the first to have been placed under tighter restrictions due to the second wave of Covid 19 and levels of sentiment in these regions have been particularly badly damaged compared to preceding months, with at least a three point drop in optimism being felt for those in the West Midlands, North West and North East, and with those in the East Midlands experiencing a seven point decline in October down to a score of just 41, a staggering 15 point difference when compared to those in London.



Financial & Economic Drivers

- In the face of declining levels of optimism over recent months, consumer confidence levels have remained remarkably consistent, with almost no change seen between June and September.
- This month brings that trend to a halt, however, with net confidence in the economy having fallen from -36% to -46% and confidence in household finances having dropped from -8% to -13%, with both measures falling dangerously close to levels seen at the start of the lockdown period.
- Consumers were likely boosted in recent months by measures put in place attempting to limit the impacts of the pandemic on the economy and particularly their own finances, such as the furlough scheme.
- With this scheme set to conclude at the end of this month however, the outlook for consumers finances does not appear promising, with this month not only seeing a sharp decline in confidence, but also a rise in the proportion feeling their job is more insecure than it was before the lockdown (24% to 26%).

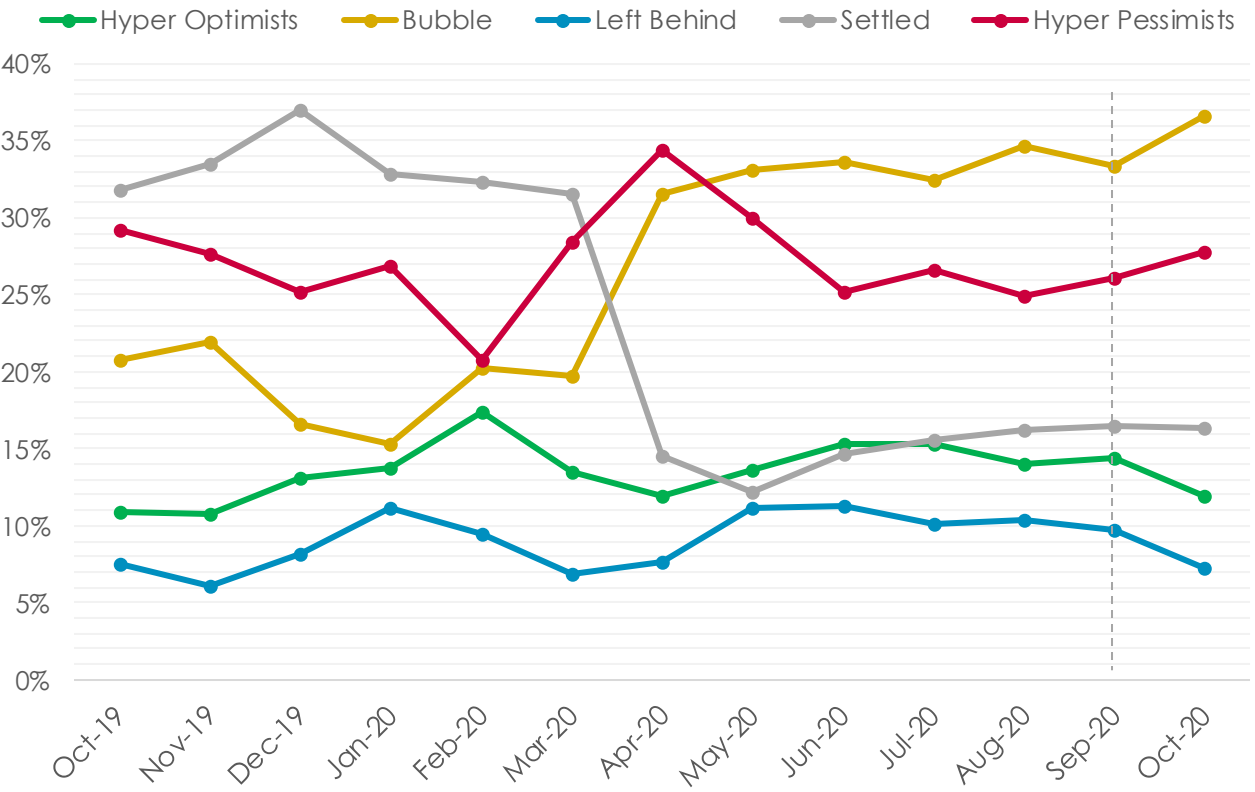
Financial & Economic Drivers;
(Net: % thinking will improve minus % thinking will get worse)



- With net confidence in both the economy as a whole and consumers own finances having fallen sharply this month, it is no surprise to see a second consecutive rise in the proportion of hyper pessimists (up from 26% to 28%), and a fall in the proportion of hyper optimists, down from 14% to 12%.
- What is perhaps slightly more surprising given the topline findings relating to confidence is a substantial rise in 'the bubble', up from 33% to 37% this month, with the proportion of individuals falling into this category having more than doubled since the turn of the year (15%), and having steadily increased throughout the lockdown period following an initial spike in April.
- This growth continues to highlight the increasing disparity between levels of confidence in the economy as a whole and consumer's household finances, with a 33% gap more than twice what was seen in March (14%), and a staggering eight times larger than what was seen at the turn of the year (4%). With the furlough scheme ending at the conclusion of this month, perhaps the collapsed confidence in the economy may finally trickle down to a household level in the coming months.

Consumer Confidence Groups

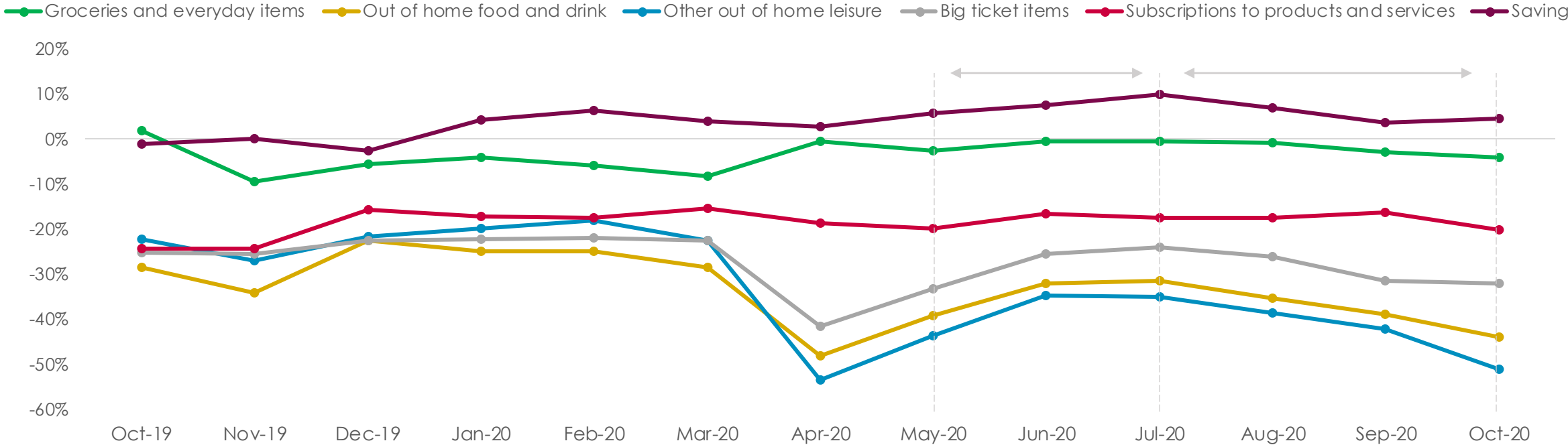
Do you think the economic situation in the UK/the financial situation in your household will improve, stay the same or get worse in the next 12 months?



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

Spending Expectations

Over the next few months, how will you change spending on the following? [% Net Increase minus Decrease Spending]



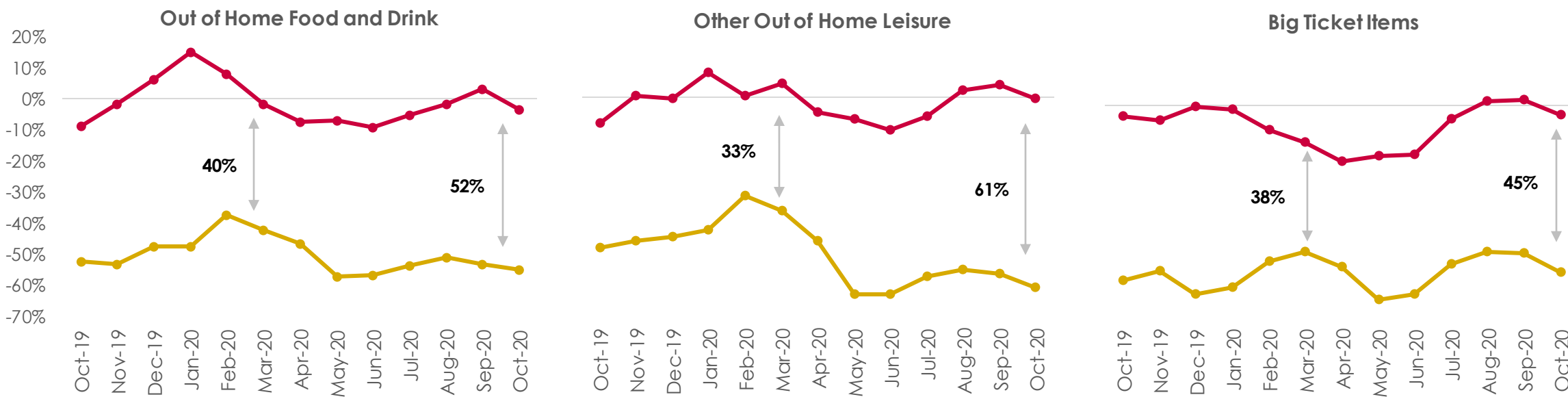
- As we head towards the festive period spending expectations data provides several clues as to how financially concerned consumers plan on spending.
- Firstly, grocery spending is finally starting to be hit by the impact of the pandemic, with spending expectations negative for the last two months. A smaller, cheaper Christmas is likely to be mandated this year and consumers are already factoring this in.
- Secondly, the post-summer decline in anticipated leisure spending has further worsened. Spending expectations in this area continue to react to falls in wider optimism and confidence.
- Finally, saving expectations continue to be positive. This is a reaction to uncertainty and negativity and represents consumers being fearful for the future. But if there is unexpected good economic news then extra savings can be rapidly diverted to other areas



Pandemic sees optimism play greater role in defining leisure spending

Over the next few months, how will you change spending on the following?
 [% Net Increase minus Decrease Spending – 3 Month Rolling Average]

— Optimism Index - Most Optimistic — Optimism Index - Least Optimistic



- Throughout the past 12 months, those with the highest levels of optimism have consistently been much more likely to anticipate an increase in leisure spending in the coming months than those feeling the least optimistic. However in the months prior to the pandemic, the difference in spending expectations between the two groups appeared to be shrinking.
- As lockdown measures were implemented in March, net leisure spending expectations amongst the least optimistic group collapsed in the months to follow, whereas the most optimistic individuals remained far more bullish regarding their spending plans, with little change seen between March and May. Such contrasting initial reactions to lockdown have yet to revert back to pre-pandemic levels, with the gap having widened even further as Summer turns to Autumn and the second wave begins to take hold.

- This month sees the gap in optimism between men and women narrow to just 3 points. Women remain at the same score of 44 whilst men see a concerning five point decrease from 52 to 47.
- These findings provide a stark contrast to the trends seen previously throughout the pandemic, with men having consistently been far more optimistic, seeing a score at least five points higher than women on each occasion since the beginning of lockdown, and with the gap having reached a peak of eight points this time last month (52 to 44).
- It appears however that for men, the penny may finally have dropped, with the convergence of views between men and women driven primarily by a sudden realisation of the damaging impacts of the pandemic amongst men as opposed to a sudden boost for women.
- Such a sharp loss in optimism for men has translated into a 13% fall in net confidence in both the economy as a whole (-23% to -36%) and their own finances (2% to -11%), alongside an alarming 5% decline in net grocery spending expectations – compared with just a 1% decline overall.

Gender

The Optimism Index by Gender

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

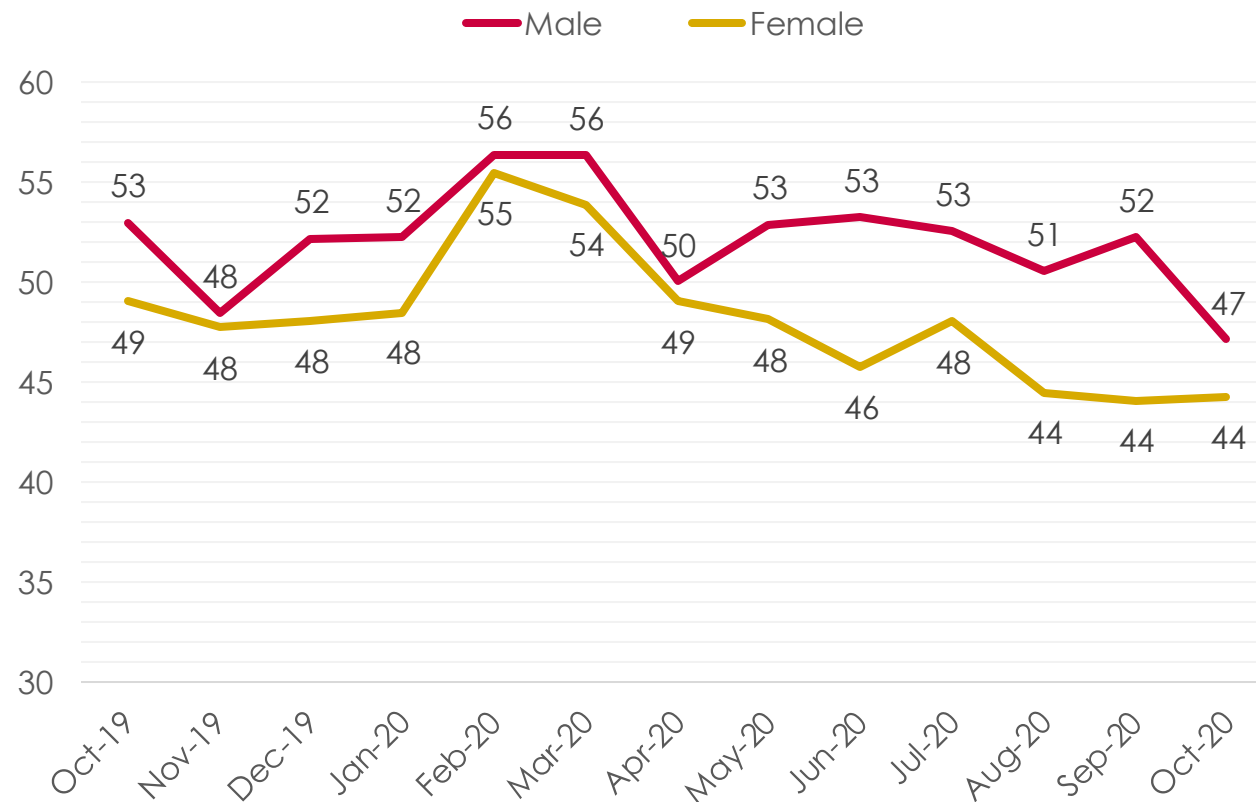


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- This month sees optimism continue to be polarised across Generation older and younger generations, with Gen Y still at least six points higher than any age group older than themselves, despite seeing a six point fall this month (57 to 51).
- With little change for Gen Z, remaining at a score of 55 for the second consecutive month, it appears that this generation have recovered from the short term loss of optimism seen in the summer; once again leading the way, and being substantially more optimistic than Gen X (46 to 45), Baby Boomers (43 to 40) and the Silent Generation (44 to 42).
- The sheer extent of the damage to the optimism of older age groups during the pandemic is difficult to underestimate, with all three generations over the age of 40 not only experiencing their lowest index scores over the past 12 months, but also the lowest since we began measuring optimism in January 2018.
- For businesses with an older target demographic, these findings paint a grim picture for future spending, with both Baby Boomers and Gen X more likely than average to reduce spending on out of home leisure, groceries and big ticket items over the coming months.

Generation

The Optimism Index by Generation

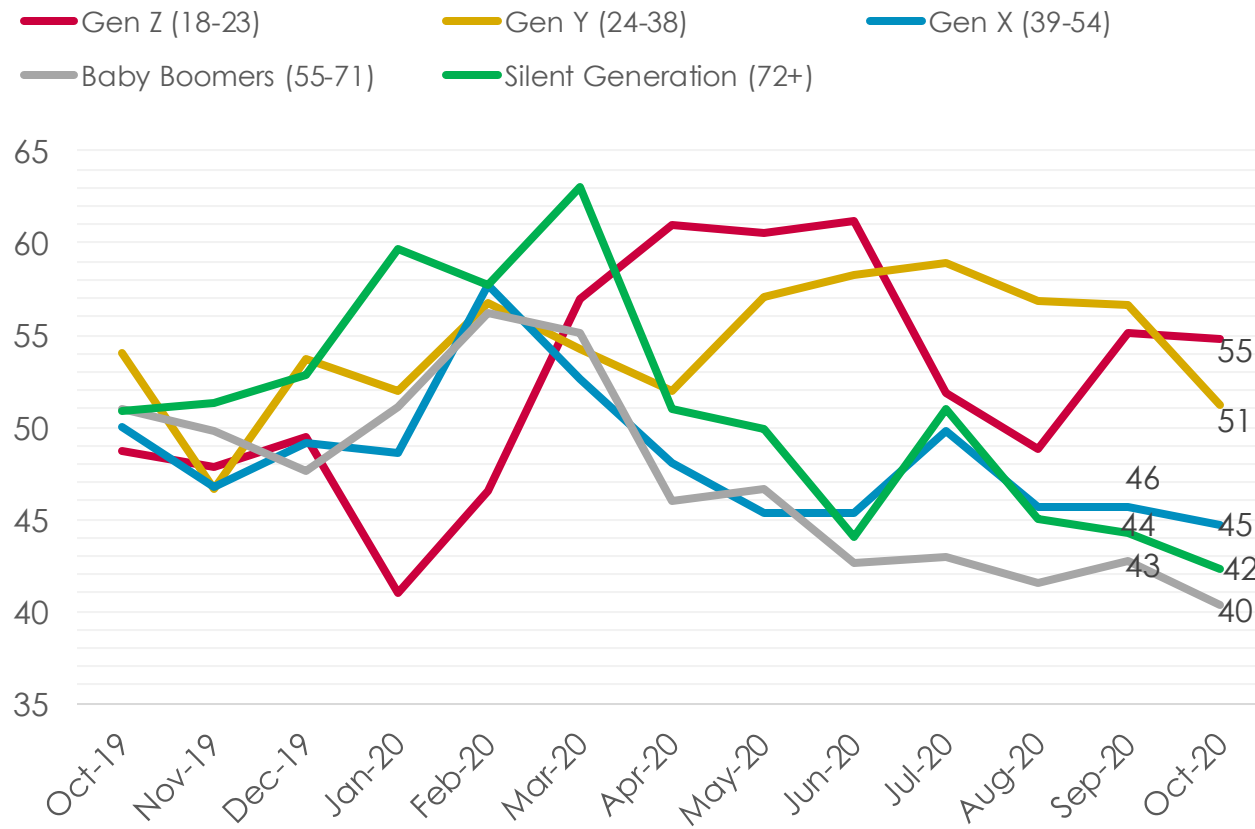


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Income

- This month once again sees a clear relationship between household income and optimism, with those earning more than £62k at least five points higher than any other income band, and currently 12 points ahead of those earning less than £21k a year, the lowest income group.
- Worth noting however is the slight tightening of the spread of optimism amongst the four income groups this month, with the top earners having suffered a 3.5 point fall on average this month compared to the 2.5 point average fall amongst the two lowest income groups, bringing optimism amongst the lower earners slightly closer to those earning an above average household income.
- In a similar vein to the experiences of men this month, it appears as though high income households have finally taken notice of the impacts of the pandemic, with concerning implications for economic confidence, as those earning more than £62k experienced a 24% fall in net confidence in both the economy as a whole (-3% to -27%) and their own finances (24% to 0%), contrasting with less than 10% declines in both measures for those earning less than £21k and those earning £21k-£41k a year.

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

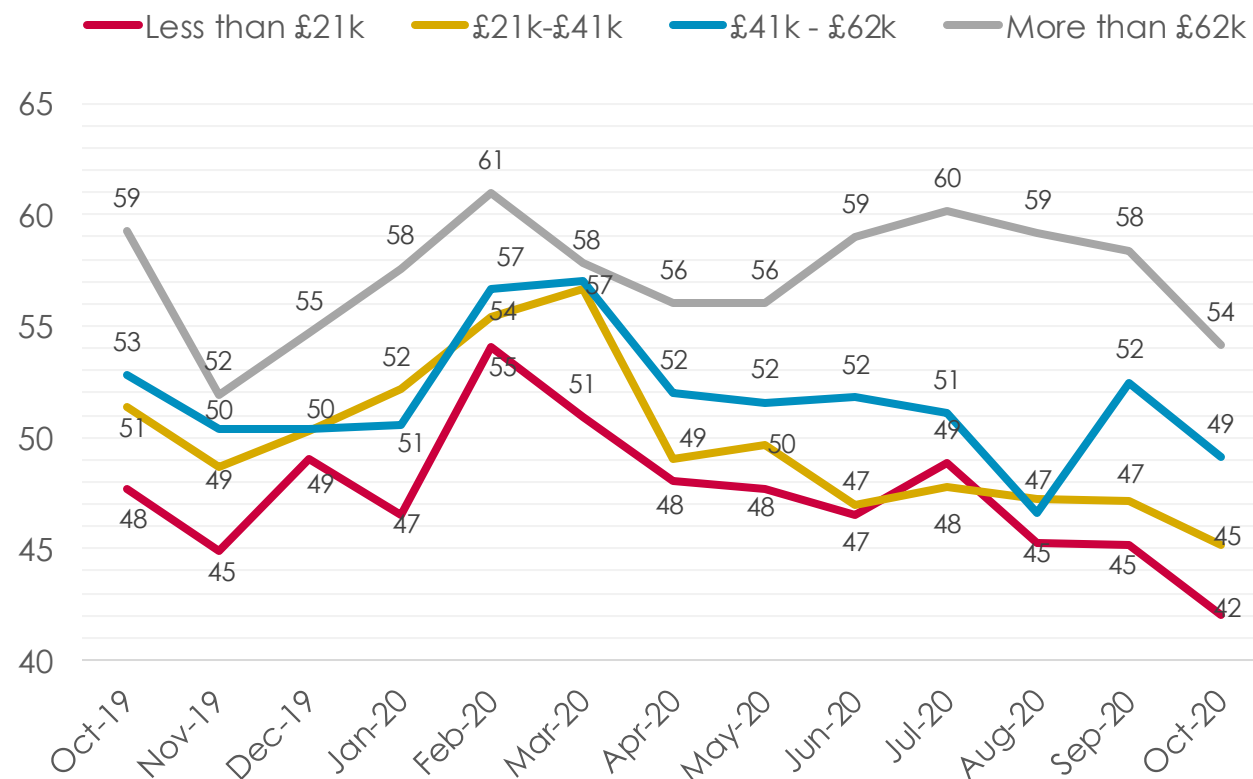
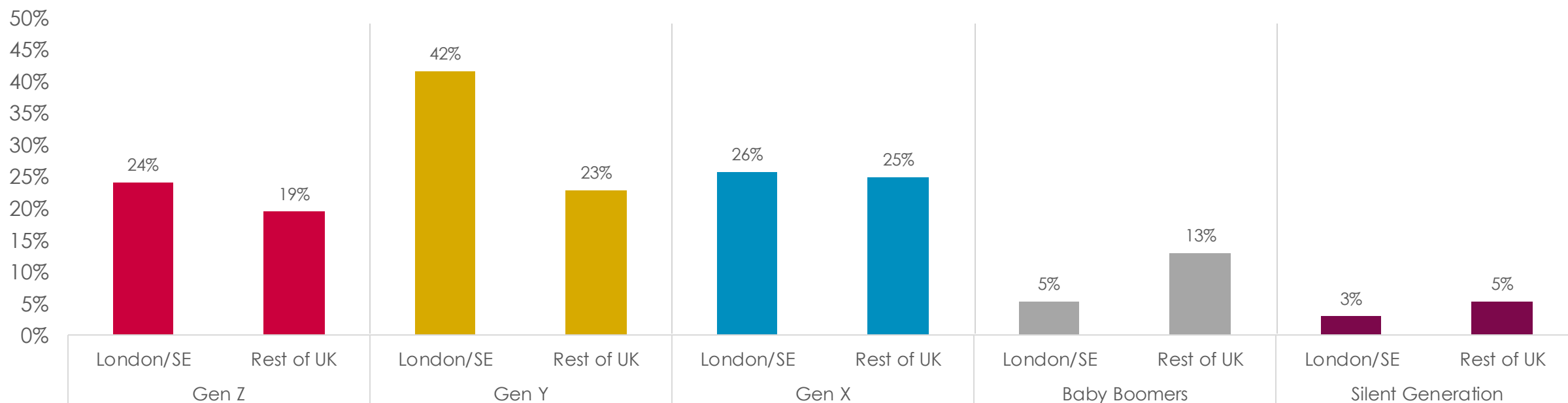


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Generational views on pandemic polarised across regions

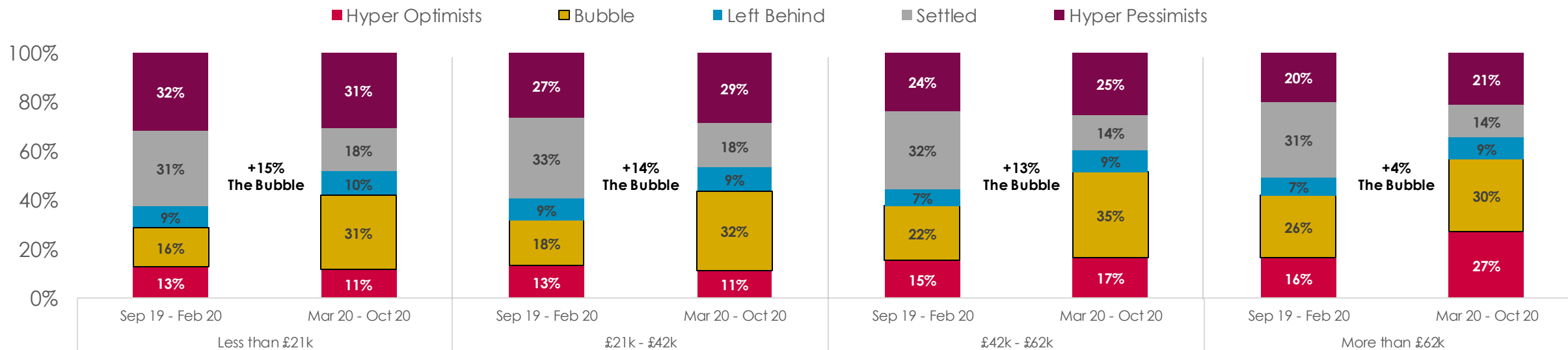
Do you agree or disagree with the following statement – *The Coronavirus pandemic has been overhyped*
 [% Total Agreement - October 2020]



- Despite younger age groups at a topline level being more likely to feel the coronavirus pandemic has been overhyped, there is a distinct lack of consensus within younger generations at a regional level, with those outside London and the South East (23%) much less likely to feel the pandemic has been overhyped than those in the capital (42%).
- Higher levels of optimism and the above average proportion of high income ABC1 households in London might explain such a finding. However, the experiences in London itself are anything but unanimous, with Baby Boomers within London and the South East far less likely (5%) to feel the pandemic has been overhyped than those elsewhere in the UK (13%), further enhancing the theory that pandemic experiences have been anything but consistent within demographics.

Pandemic induced rise in 'the bubble' less prominent amongst top earners

Consumer Confidence Bands, by Income Group, Pre and Post-Lockdown



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Settled = Economy stay the same, own finances stay the same
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- Prior to lockdown, the 'settled' consumer confidence group accounted for roughly a third of consumers in the UK, with this figure being consistent amongst both low and high income households alike. In the face of pandemic-inflicted uncertainties however, this proportion has dropped off significantly, having fallen by at least 10% across every income band.
- At a topline level, and amongst lower income households in particular, consumers have gravitated towards 'the bubble' as the proportion feeling settled has declined, with the mood having dampened regarding the economy as a whole whilst at the same time having had little impact on how consumers view their own finances at this stage. For the top earners however, the move away from the 'settled' group has instead seen a sharp rise in 'hyper optimists', those feeling both the economy and their own finances will improve, with this confidence group now accounting for more than one in four (27%) top earners in the UK.

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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