



TRAJECTORY

OUVERTURE

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

The Optimism Index (UK)

Report: January 2021 | Fieldwork: 6th – 13th January 2021

UK Optimism
January 2021

48

Down 2 points on December 2020

Down 2 points on January 2020

Rolling Average
January 2021

48

No change on December 2020

Down 2 points on January 2020

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

Net spending
expectations

-30%

With non-essential shops, pubs and restaurants closed, spending expectations have substantially worsened

Net household
confidence

-7%

Household financial confidence takes a hit as the UK moves back into lockdown

Net Trust

-13%

Consumer trust remains low: no sign of a lockdown rise like last Spring

Headlines

Comment

Mid-December feels like a long time ago. In the month since our last report the pandemic – and the response to it – has changed course.

This month, the data was collected during a new lockdown unlike anything we've experienced since May. Schools are closed, businesses are shuttered, hospitals are full to breaking point and the weather is terrible. This lockdown comes without the novelty of the first, and consumers are reacting accordingly: revising down their spending expectations and expressing lower confidence in the economy, but without upping their trust in the media or politicians.

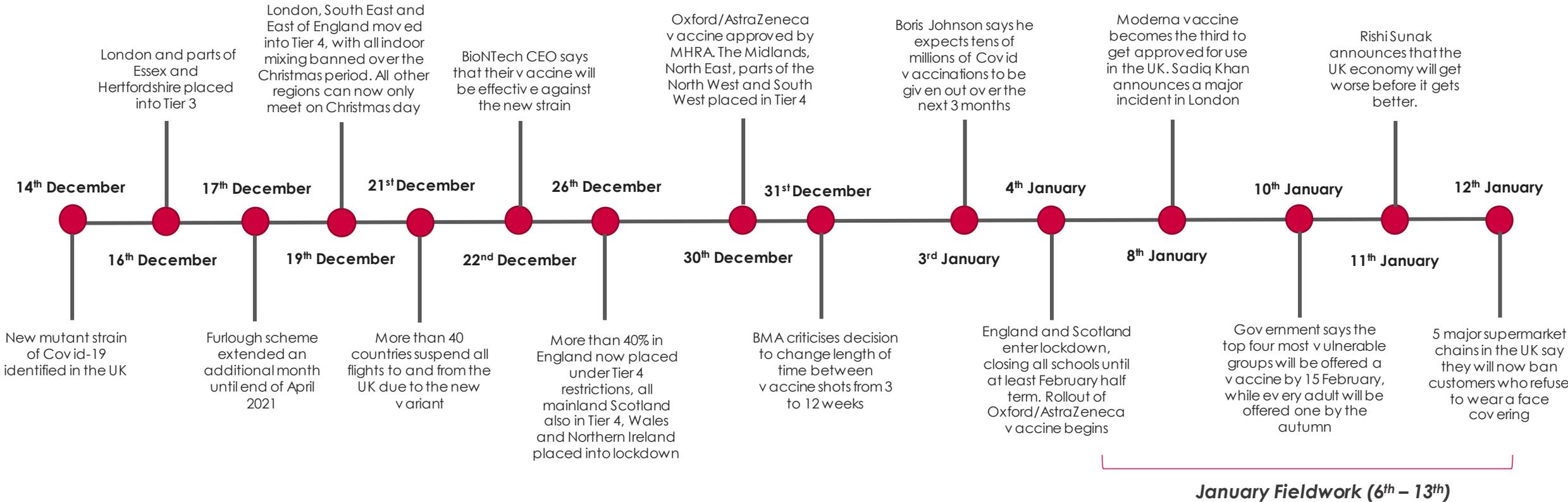
But shouldn't it be worse? January's score of 48 is only 2 points lower than those sepia-tinged days back in December. The fall this month sends the **Index** back into negative territory – but that doesn't mean consumers aren't finding things they like about life at the moment.

Miserable as lockdowns are there are discrete aspects of them that consumers would be happy to hang on to even after the pandemic is over – of those doing them, half want to carry on having more video calls with friends and family, 60% like getting more things delivered and 61% like the slower pace of life.

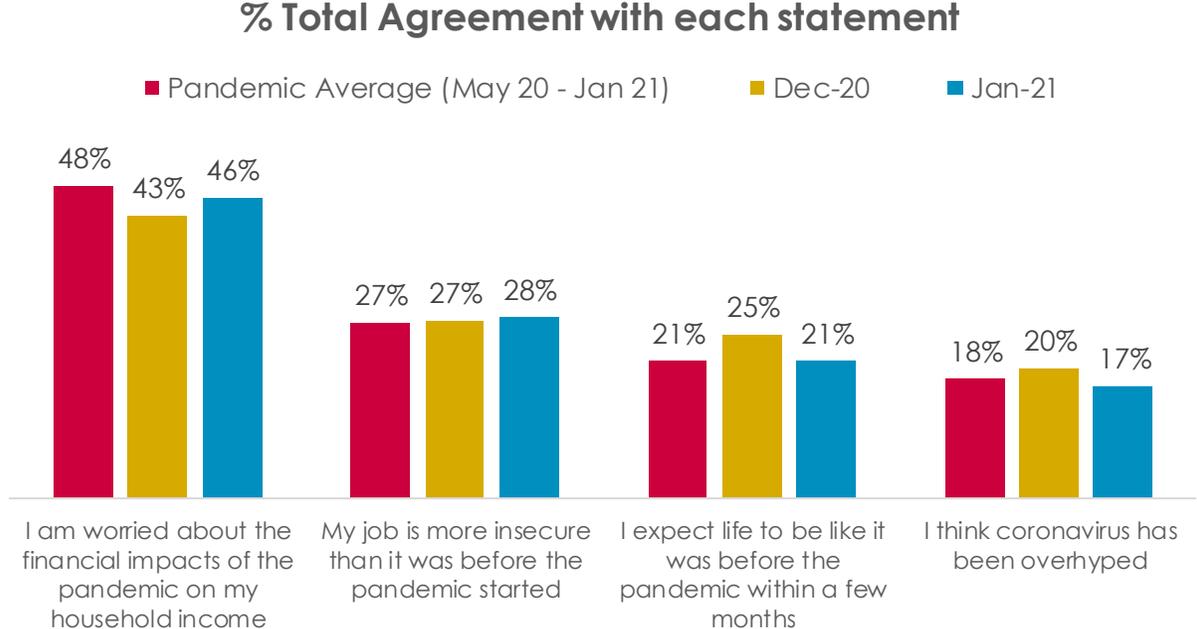
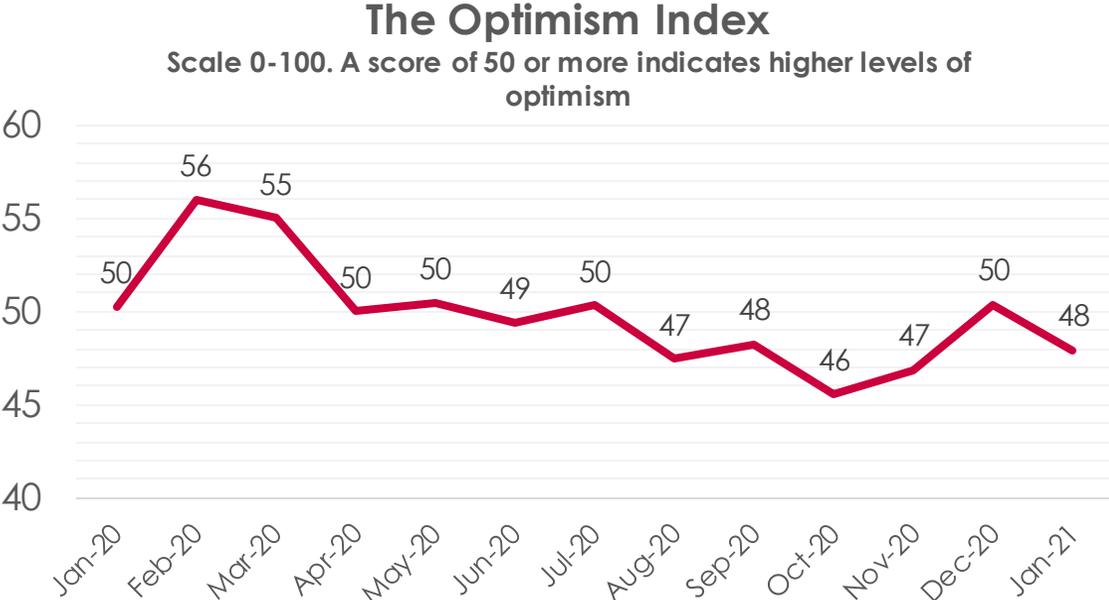
Although it feels distant now, this year will see us transition from the public health phase of this crisis to the next one. Understanding which aspects of Covid-life might stay with us is crucial to understanding what that looks like.



Last Month's Key Events



The Optimism Index: Headlines



- This month's edition of **The Optimism Index** sees consumer sentiment fall by two points from 50 to 48.
- This month's findings indicate a return to the 'lockdown mindset' rather than continue the recovery seen in the Autumn. With the whole of the UK now under lockdown measures for the third time since the start of the pandemic, it is perhaps a surprise that optimism has not fallen further. In spite of the latest restrictions, consumers are encouraged both by the continued rollout of the vaccine and the start of a new year. This is providing many with the hope of a fresh start – and light at the end of the tunnel.
- The return to the lockdown mindset is evident in consumers' views towards the pandemic this month, with a 3% rise in those feeling worried about the impacts on their household income, a 3% fall in the proportion feeling the pandemic has been overhyped and a 4% fall in those who feel life will return to pre-pandemic normality within months.

The Optimism Index: Rolling Average

- The three month rolling average of **The Optimism Index** rose very slightly this month, despite remaining at the same score of 48.
- This slight rise has occurred in spite of the overall index score falling by two points from 50 to 48 this month. This has been primarily driven by the unusually high level of optimism recorded in December, carried out during a time in which consumers were still anticipating a more normal Christmas period, and when the vaccine was first being rolled out.
- Worth noting is that, despite consecutive rises, the rolling average for optimism has now remained below 50 for each of the last six months, having previously only fallen below this level on two occasions in the 12 months prior to the pandemic.
- Despite a more promising couple of months, longer term trends in the rolling average continue to highlight the extent of the damage that the pandemic has had on consumer sentiment, and the degree of recovery that will be required for optimism to return to any sort of pre-pandemic normality.

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

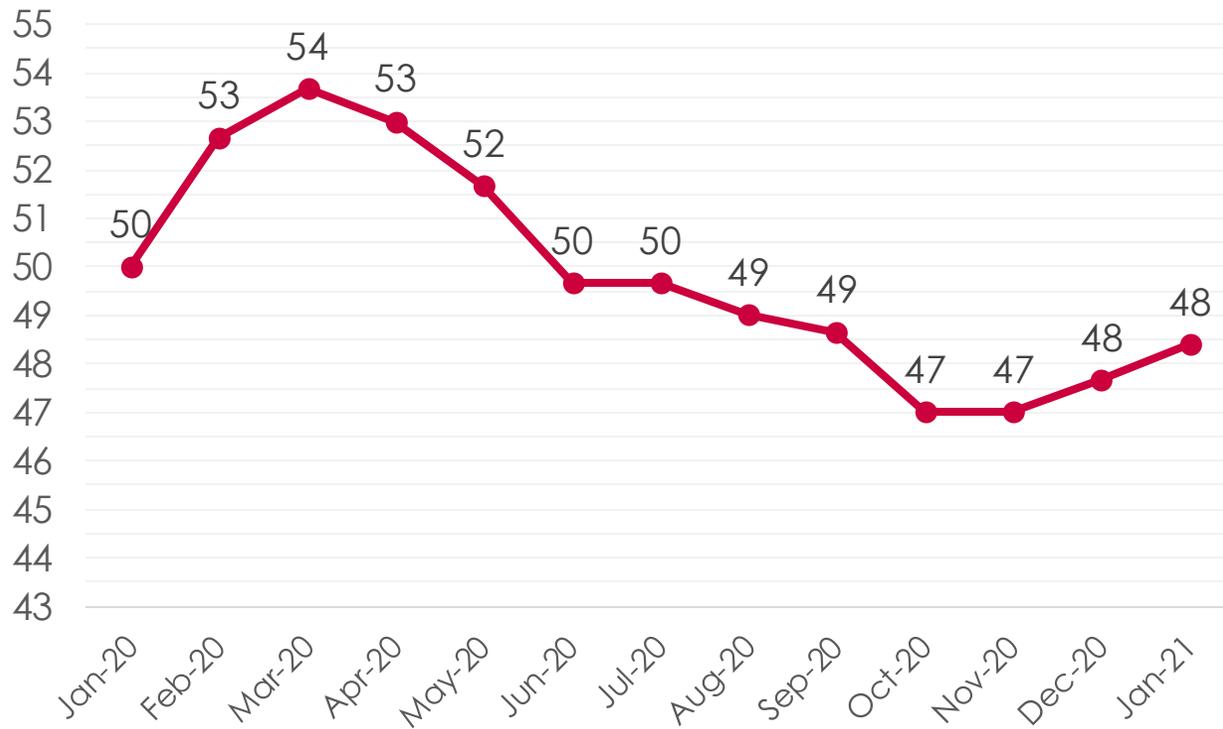
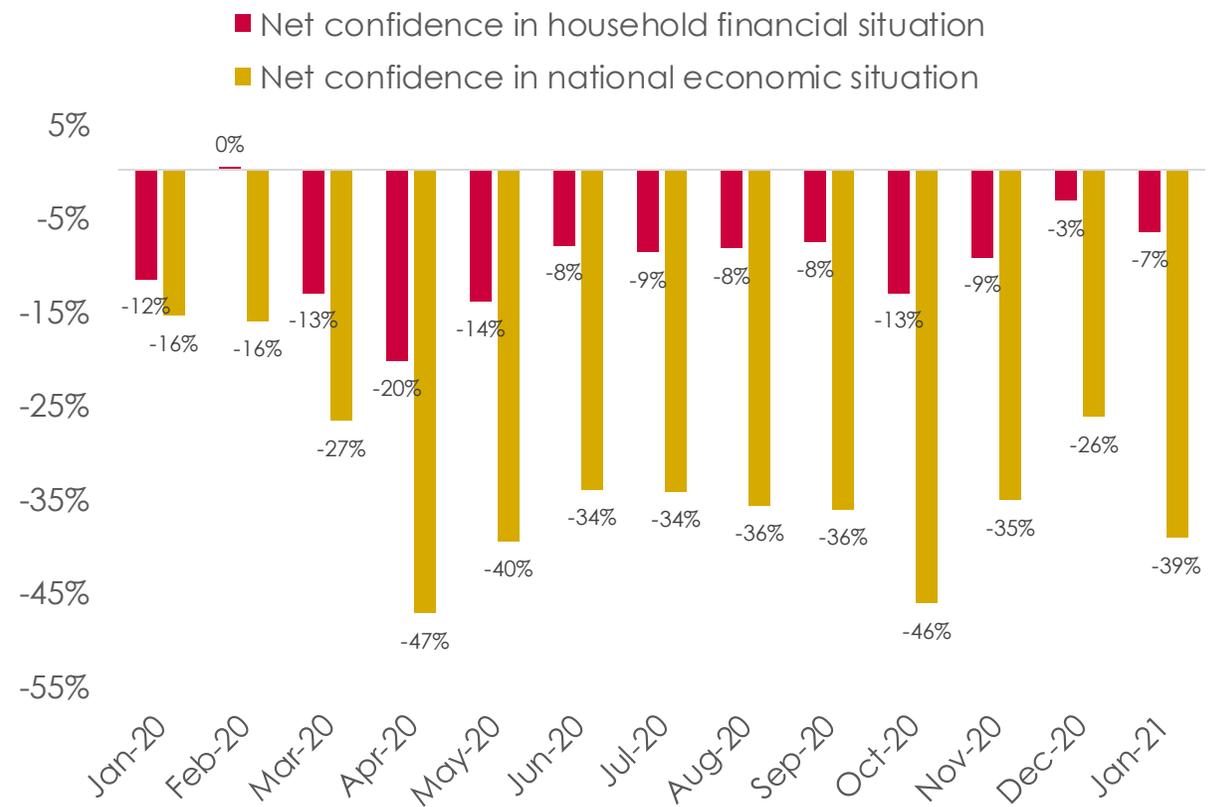


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

Financial & Economic Drivers

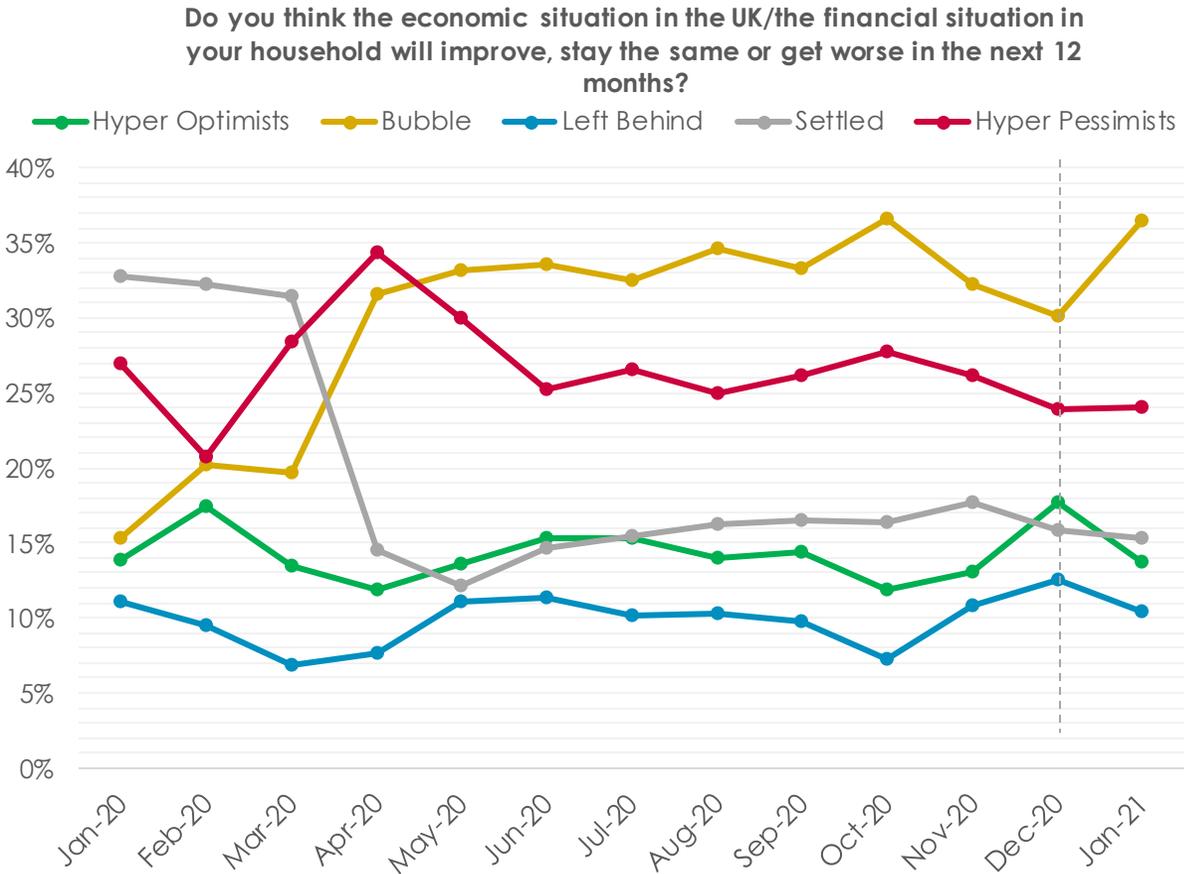
- This month sees levels of consumer confidence fall significantly, particularly regarding the economy as a whole. Net confidence fell by 13% (from -26% to -39%), whilst net household financial confidence fell by 4% (from -3% to -7%).
- These trends continue to highlight the return to a 'lockdown mindset'. Net confidence this month fell substantially in comparison to the sharp rise in December, but only back down to levels seen during previous lockdowns in May and November of last year, as opposed to falling to a further low. It appears that even during national lockdown, consumers have a limit to how much worse they feel the economy will become.
- A similar limit appears to be in place when consumers consider their own finances. However, this limit has consistently remained higher than national economic outlook. This gap between national and household outlook likely owes much to the impacts of the furlough scheme on protecting many jobs (despite rising unemployment in recent months).
- With this scheme now extended until at least the end of April this year, we can expect to see this gap continue over the coming months.

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



Consumer Confidence Groups

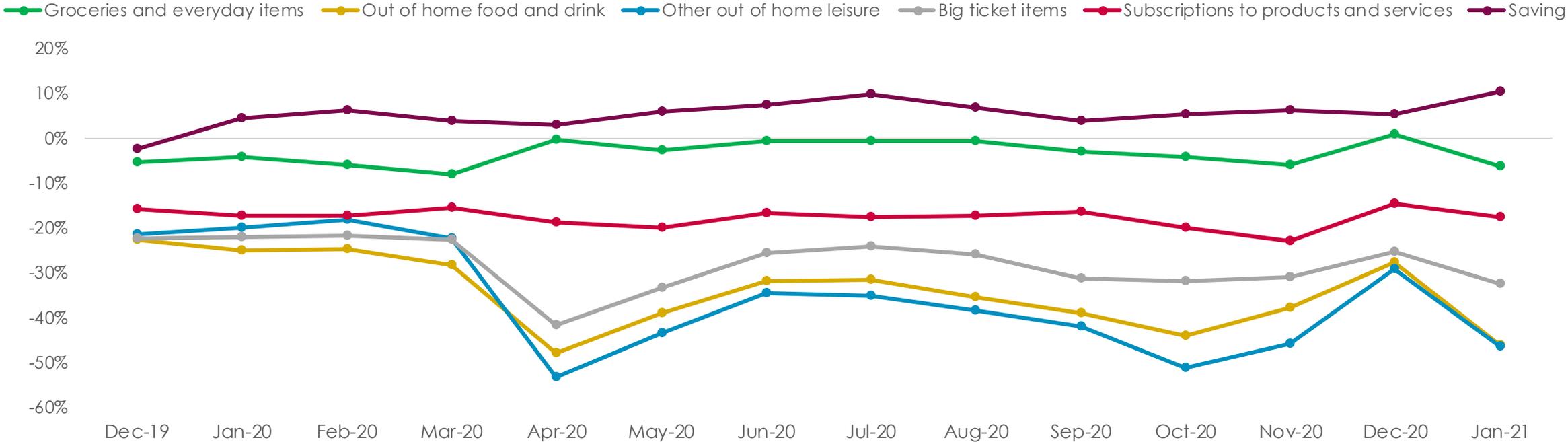
- As levels of net confidence fall more in line with the typical lockdown mindset, this month sees our consumer confidence cohorts follow similar trends. There is a 7% rise in the proportion in 'The Bubble' (30% to 37%), whilst the proportion of both 'Hyper Optimists' (18% to 14%) and 'Left Behind' (13% to 10%) both fell significantly.
- Last month, with 'The Bubble' falling further and with the proportion of 'Hyper Optimists' and 'Left Behind' continuing to rise, it appeared that consumers were beginning to think about a period of economic recovery. With the UK leaving the November lockdown and the first doses of vaccine being given out, shortly before our December fieldwork took place, such positivity was understandable.
- As the mutant Covid strain has spread across the country however, this feeling of recovery has been curtailed. Public health has never been higher on the agenda; when asked to choose their biggest concern 73% say the health risks of the pandemic (up from 69% in December) compared to 27% choosing the economic risks.



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]



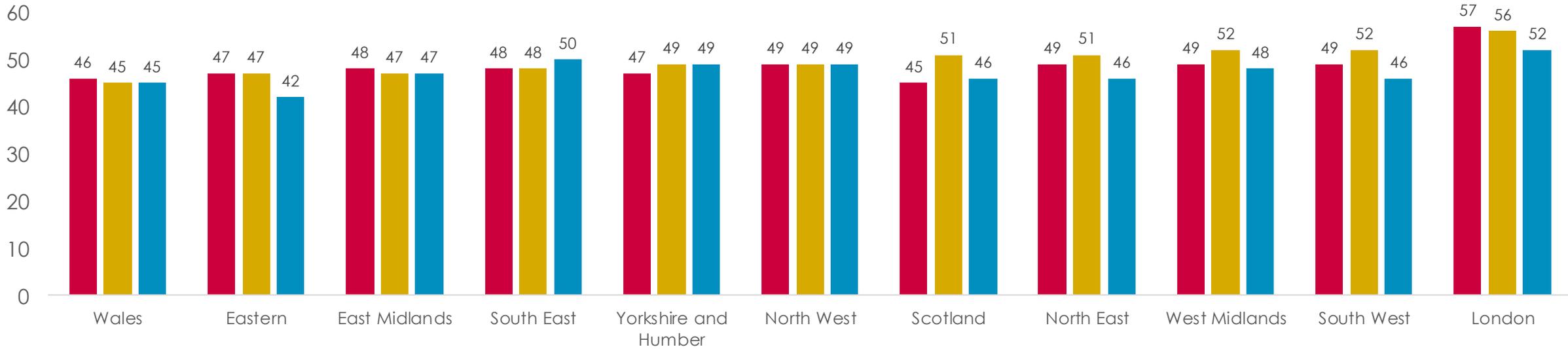
- With the latest national lockdown once again closing all pubs, bars and restaurants, consumer expectations related to out of home leisure spending have collapsed. Net expectations for both out of home food and drink (-28% to -46%) and other out of home leisure (-29% to -47%) have fallen back to levels seen during previous lockdowns in both April and November.
- Following a bumper December, grocery and everyday shopping has reverted back to November levels – continuing the steady decline our data shows since the summer.
- However, a notable rise in savings expectations suggests a return to the lockdown trends we saw after April last year, when consumer saving levels gradually increased under stay-at-home orders.



The Optimism Index by Region

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

■ Average Mar 20 - Jan 21 ■ Dec-20 ■ Jan-21



- Many regions of the UK have suffered a sharp decline in optimism this month. Regions initially placed under reasonably lenient restrictions after the November lockdown, such as London (56 in December to 52 this month) and the South West (52 to 46) suffering some of the greatest decreases, moving from tiers 1 or 2 up to full lockdown in under a month.
- Our findings suggest that these regions feel a far greater sense of seriousness towards the pandemic this month. The proportion feeling the pandemic has been overhyped fell from 35% last month to 29% now in London and from 20% down to just 7% in the South West, compared to just a 3% fall across the whole sample. For other regions that have suffered a sharp decline in sentiment, such as Scotland, the financial damage of the pandemic is a bigger driver of decline, with the proportion feeling worried about the impacts on their household income rising from 39% to 48%, compared to just a 3% rise overall.

- This month sees the gap in optimism between men and women close by three points, with women seeing a one point fall from 47 to 46 whilst men experience a fall of four points from 54 to 50.
- The latest national lockdown brings with it the prospect of home schooling for at least another four weeks. During the first national lockdown we found women saw bigger falls in optimism while [wider studies](#) found in two-adult households women were much more likely to take on the extra burden of home schooling and household chores, while also juggling their own work. The impact so far is muted – but we may see further falls in optimism in the weeks ahead.
- With schools reporting higher numbers of children in school during this lockdown, and with greater measures in place to provide children with face to face learning throughout the day, it appears that this time around, the addition of home schooling has had less of an impact on the workloads of those at home with children - with less damaging implications for sentiment amongst women in particular, so far.
- The closing of the gap in optimism between men and women has stimulated parallel trends in economic confidence, with men feeling both a 4% greater decline in net confidence in the economy as a whole and a 3% greater fall in net household financial confidence.

Gender

The Optimism Index by Gender

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

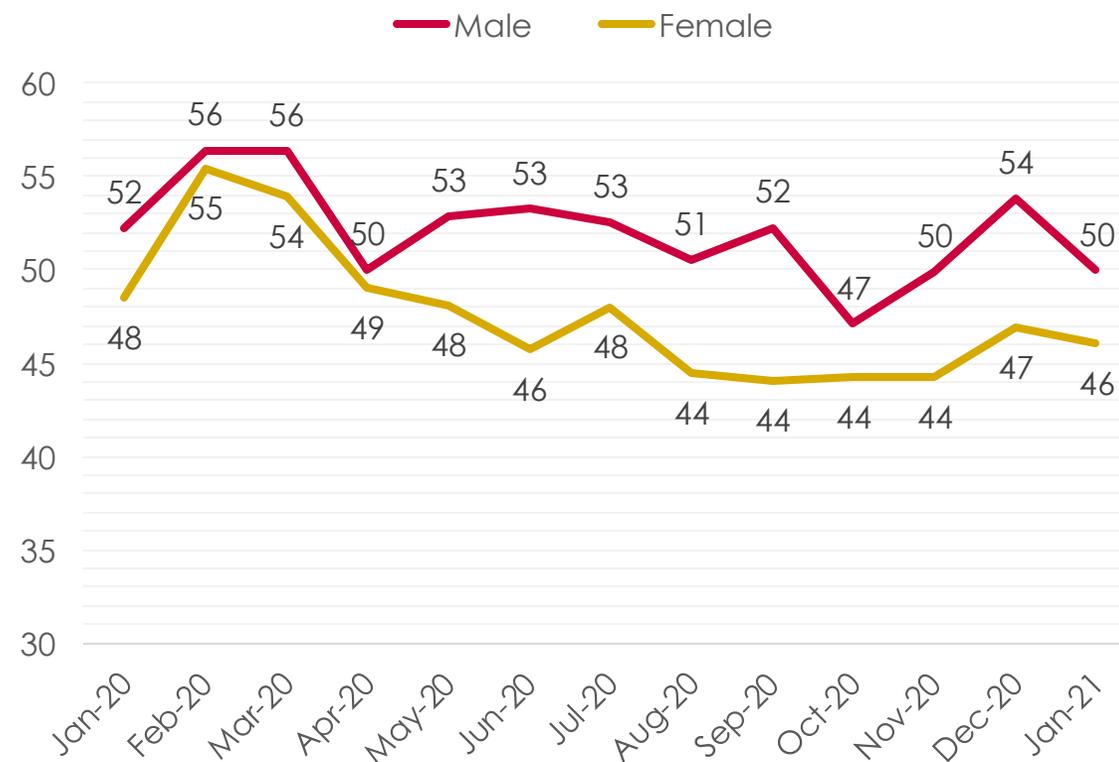


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- This month sees trends in optimism across generations reversed compared to last month, with a rise of two points amongst the Silent Generation (48 to 50), two point falls for both Baby Boomers (47 to 45) and Gen X (49 to 47), and at least a four point fall for both Gen Y (56 to 51) and Gen Z (55 to 51).
- These trends continue to highlight the conflicting social priorities held within each generation. As the UK left the November lockdown, younger generations, who have consistently been the most likely to prioritise the economy over public health, experienced a sharp upturn in outlook, whilst the Silent Generation, consistently most likely to prioritise health over the economy, were the only age group last month to experience a decline in optimism. The opposite trends are evident this month – with sharp declines for Gen Z and Gen Y, whilst the Silent Generation see an increase.
- The loss in optimism this month has concerning implications for younger generations, with net economic confidence falling to an alarming extent, both amongst Gen Z (6% to -16%) and Gen Y (-8% to -25%) compared to just a 1% fall for the Silent Generation, whilst net expected grocery spending fell by a greater extent for both Gen Z and Gen Y than for over 70s.

Generation

The Optimism Index by Generation

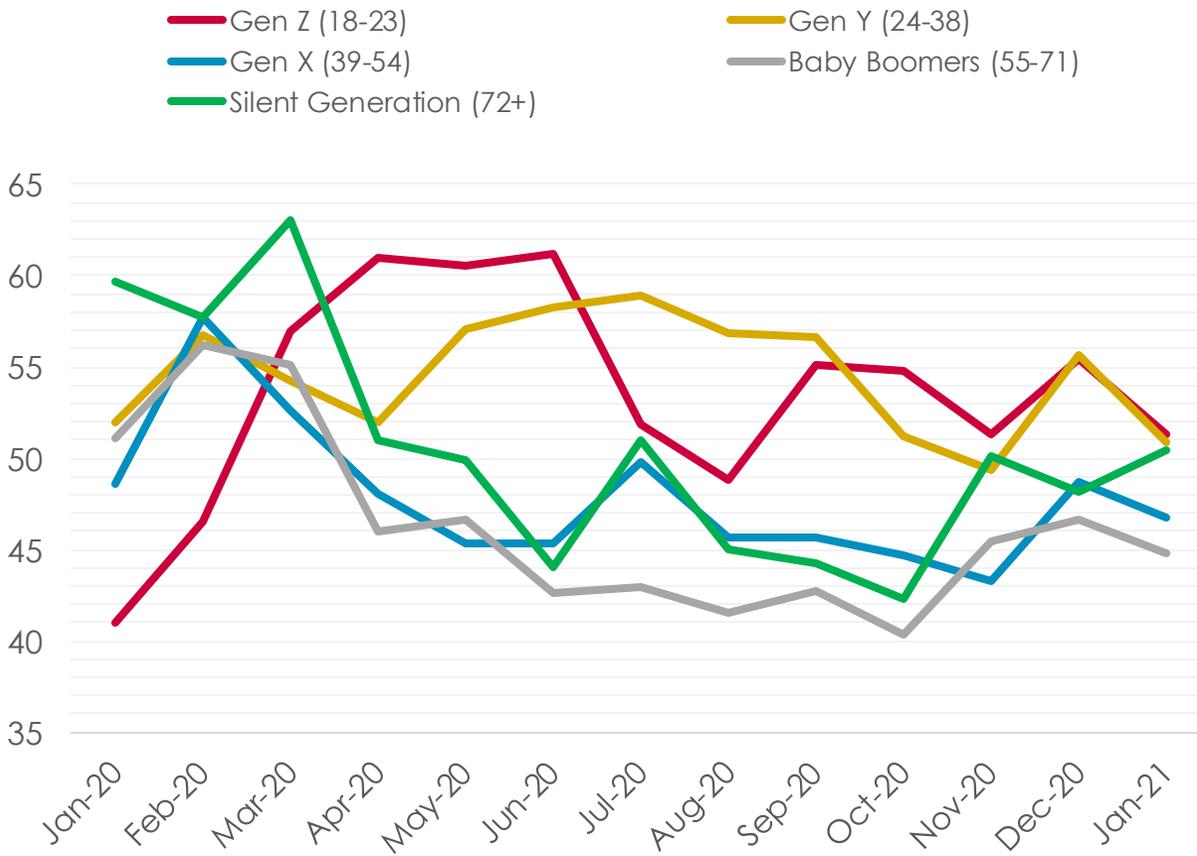


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Income

- This month, optimism across all four income groups declined. Those with household income over £62k were worst affected, suffering a seven point fall from 61 to 54, whilst all other income groups experienced a decrease of just one or two points.
- The latest lockdown measures have led to optimism amongst those earning more than £62k per year falling sharply this month. With a similar trend seen both in November's lockdown (54 to 50) and last April's (58 to 56), such measures are clearly damaging the outlook of the top earners. When coupled with the less reactive trends in optimism amongst lower earners during the pandemic, lockdown is causing a more shared experience, regardless of income.
- This contrasts with the trends seen when under more lenient restrictions. By the time the majority of the economy had reopened last July, top earners had already experienced a recovery from the initial decline in April, rising from a score of 56 to 60. During the same period, all other income groups either saw sentiment stagnate, or fall further.

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

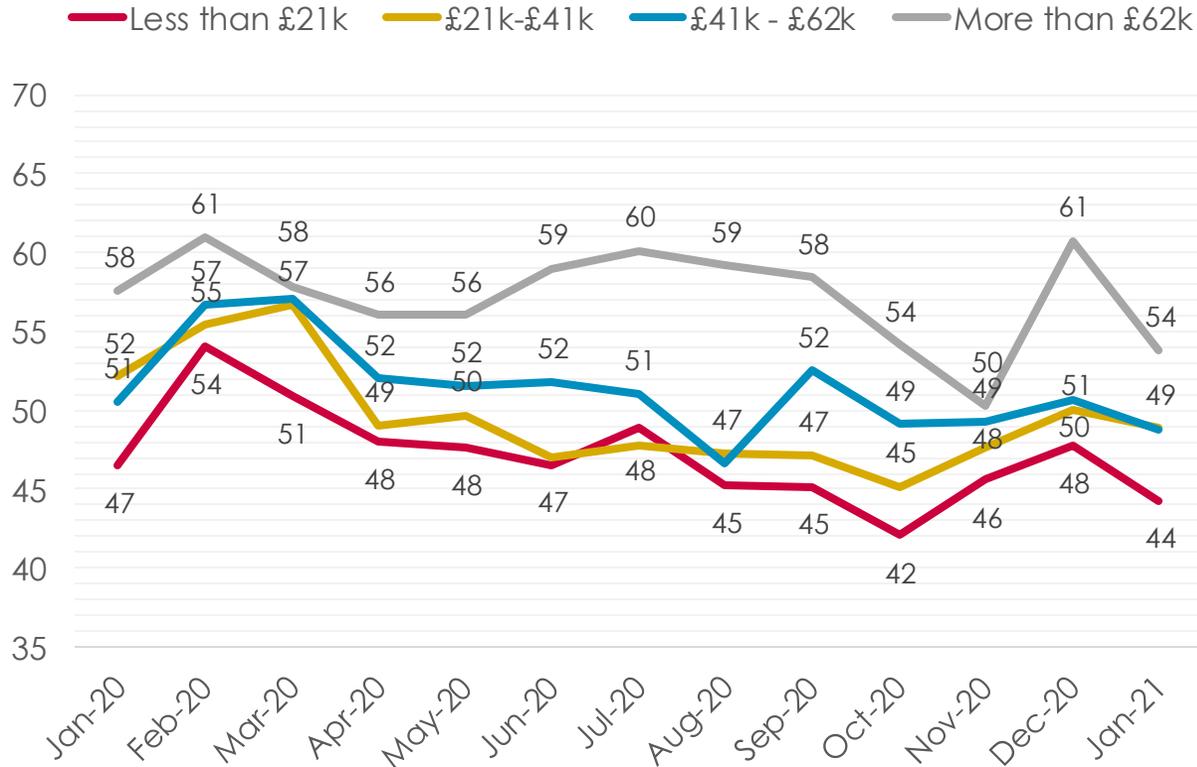
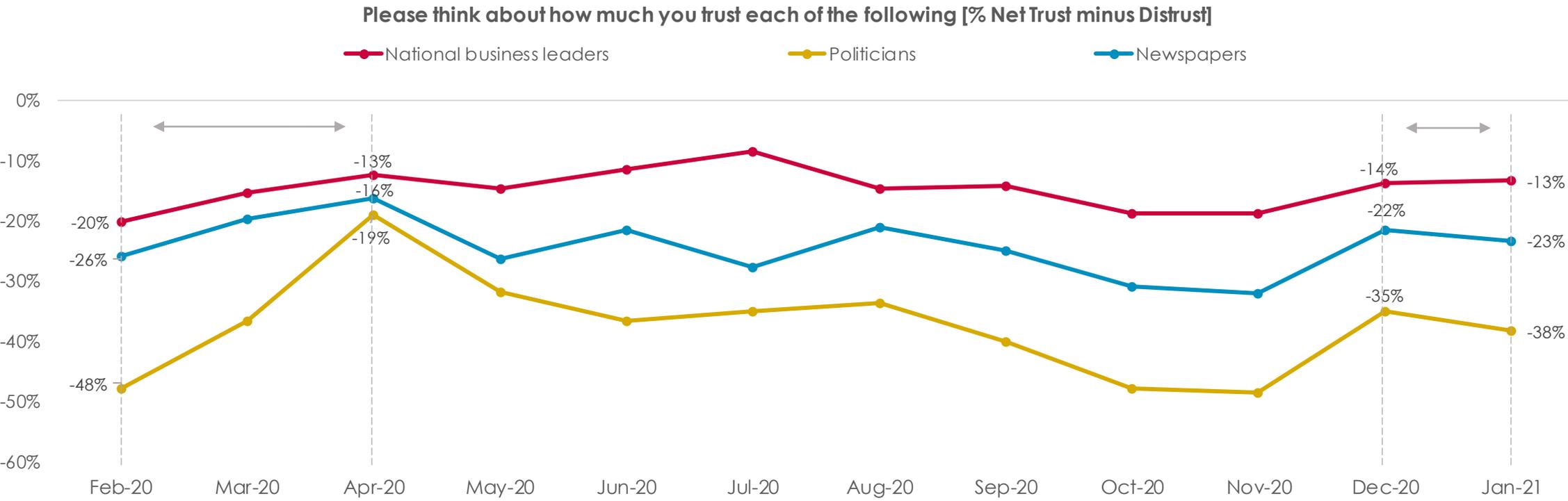


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Latest lockdown fails to inspire same boost in trust as seen in April



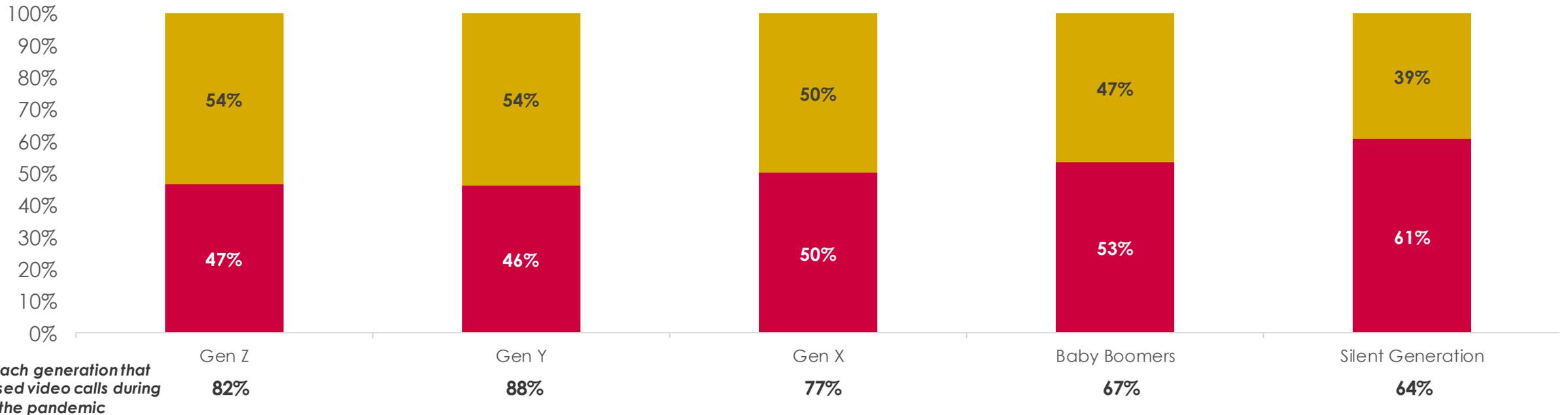
- When the UK first entered a national lockdown in March last year, consumers had little choice but to place an unprecedented level of trust in those in power, with net trust in business leaders, traditional media sources such as newspapers and most notably politicians rising sharply during our fieldwork in April 2020.
- As the whole of the UK was placed under its third national lockdown on January 4th, however, the rise in deference has worn thin. At the outset of this lockdown trust actually fell slightly for all three groups – a far cry from the vote of confidence provided in the early phases of lockdown last year. Levels of trust in politicians in particular have likely suffered as criticism of government responses has grown.



Video calling has positive impact on socialising amongst over 70s

Using video calls to keep in touch with family and friends, *amongst those for whom this is relevant*

■ Would like to keep this change ■ Would like to go back to how things were before the pandemic



- Throughout the pandemic, our findings have suggested that older generations have developed more positive views towards technology. The proportion of the Silent Generation that feel new technology has a positive impact on society has risen by 13% when comparing the six months prior to the pandemic and the ten month period since the first lockdown.
- This month's fieldwork suggests that this change in mindset amongst older consumers may be here to stay. 61% of the Silent Generation who have used video calls to contact friends and family since the first lockdown want to keep this change once life returns to normality – compared to less than half of both Gen Z and Gen Y.



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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