



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

20

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

The Optimism Index (UK)

Report: March 2021 | Fieldwork: 10th – 16th March

**UK Optimism
March 2021**

50

Down 4 points on February 2021

Down 5 points on March 2020

**Rolling Average
March 2021**

51

No change on February 2021

Down 3 points on March 2020

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

**Net spending
expectations**

-7%

Net spending expectations have risen sharply this month in anticipation of the hospitality sector reopening

**Net household
confidence**

0%

Consumers are equally as likely to feel their own finances will improve as they are to feel they will worsen

Net Trust

-14%

Levels of trust have fallen slightly this month

Headlines

Comment

The reopening of restaurants, cafes, shops and pubs is on the horizon and social distancing restrictions are gradually easing. Sure, foreign holidays are likely to be off the cards this year – but after a winter like that even a great British summer might prove enough.

So why is optimism already faltering?

There are two main reasons. Firstly, despite hugely encouraging data on vaccine take up and vaccine efficacy the public remain deeply cautious about getting back to normal. More than half of consumers are worried about returning to the kinds of public spaces that are reopening over the next few months, and fewer than one in four expect like to be ‘normal’ again anytime soon.

This caution – largely health related – will likely recede if we continue to get good news on the main virus and vaccine metrics.

But the second reason might be harder to overcome. As the health news improves the economic realities are settling in. The majority of consumers over the past year have been united in pessimism about the state of the economy, but that cohesion is now fragmenting.

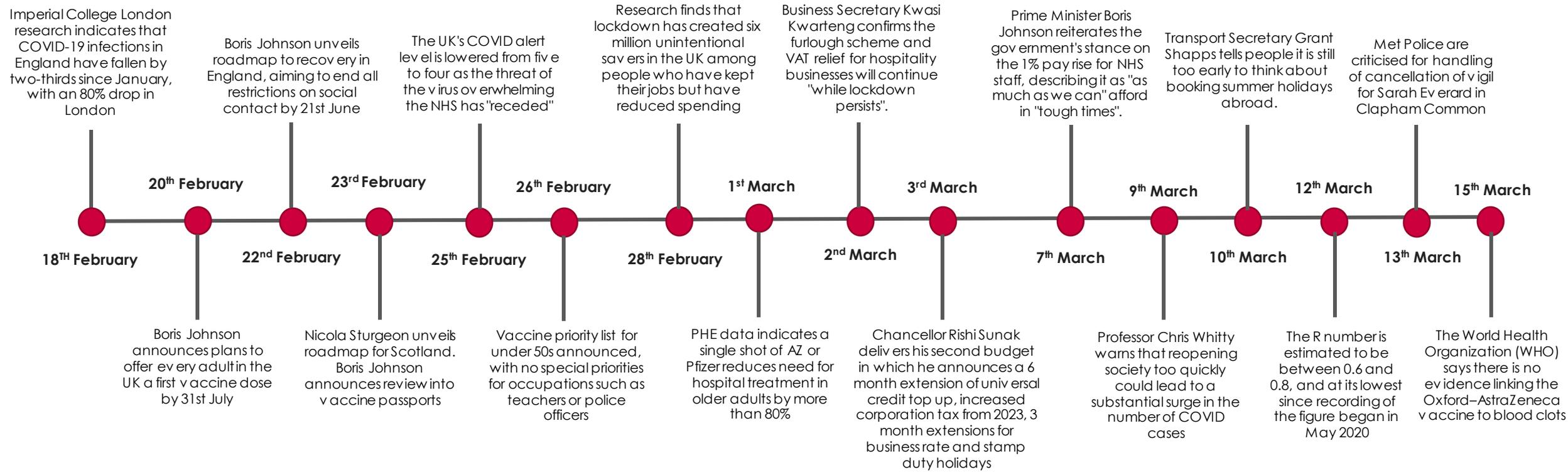
Although still a minority, the most consistently growing group are those expecting the economy to grow but for themselves to be left behind. There are also growing divergences in outlook by income and our analysis of savings behaviours shows enormous disparities.

These are the trends that will define the next stage of the pandemic.

Tom Johnson, Managing Director, Trajectory



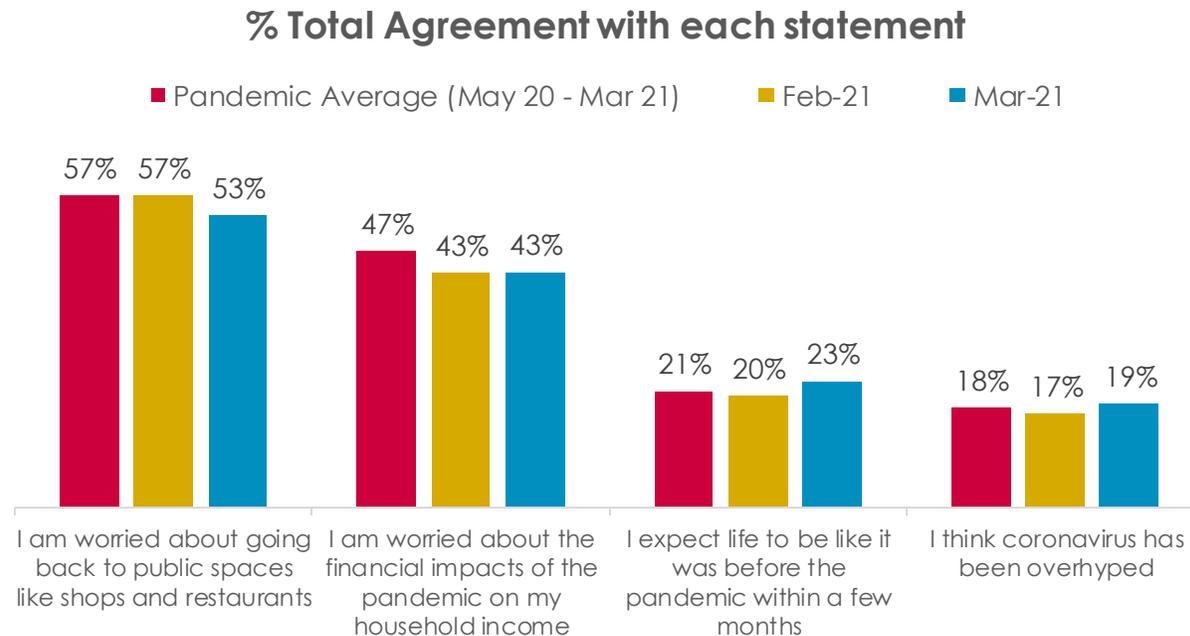
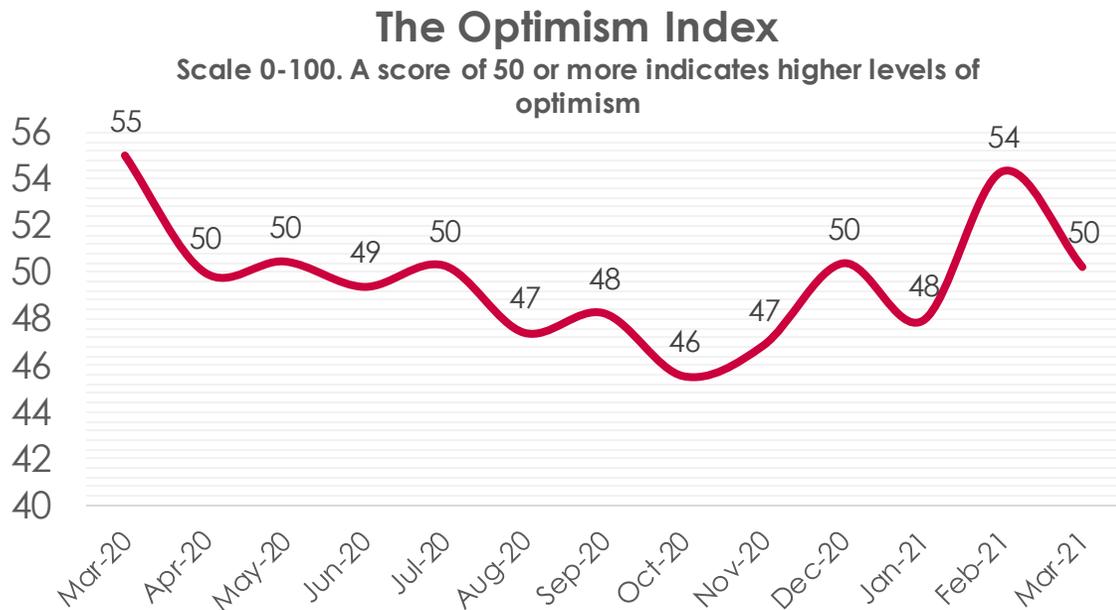
Last Month's Key Events



Fieldwork: 10th – 16th March



The Optimism Index: Headlines



- This month's edition of **The Optimism Index** sees consumer sentiment fall by four points from 54 to 50.
- Despite edging closer towards a reopening of the hospitality sector and the easing of social distancing measures, consumers have adopted a more cautious outlook this month.
- This caution is of no surprise given our findings in relation to the social implications of lockdown, with more than half (53%) still feeling worried about returning to public spaces, and more than four in ten concerned about the impacts of the pandemic on their household income.

The Optimism Index: Rolling Average

- The three month rolling average of **The Optimism Index** remained at the same level this month with a score of 51.
- These findings put this month's four point decline in the overall index into perspective. A score of 50 remains well above what has been seen for much of the pandemic, with optimism still being supported by the success of the vaccine rollout and the imminent reopening of the hospitality sector, albeit to a lesser extent than last month when such revelations were fresher in the minds of consumers.
- In a similar vein, a rolling average of 51 represents the second consecutive month where we see an average above 50. This is particularly significant given that a score below 50 was seen in each of the previous six months, with higher average scores not seen since the early days of lockdown – driven primarily by pre-pandemic optimism.
- With higher scores now being driven by optimism within the pandemic itself, even prior to the easing of any restrictions, businesses can take confidence that sentiment will grow further once life begins to slowly return to normality.

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

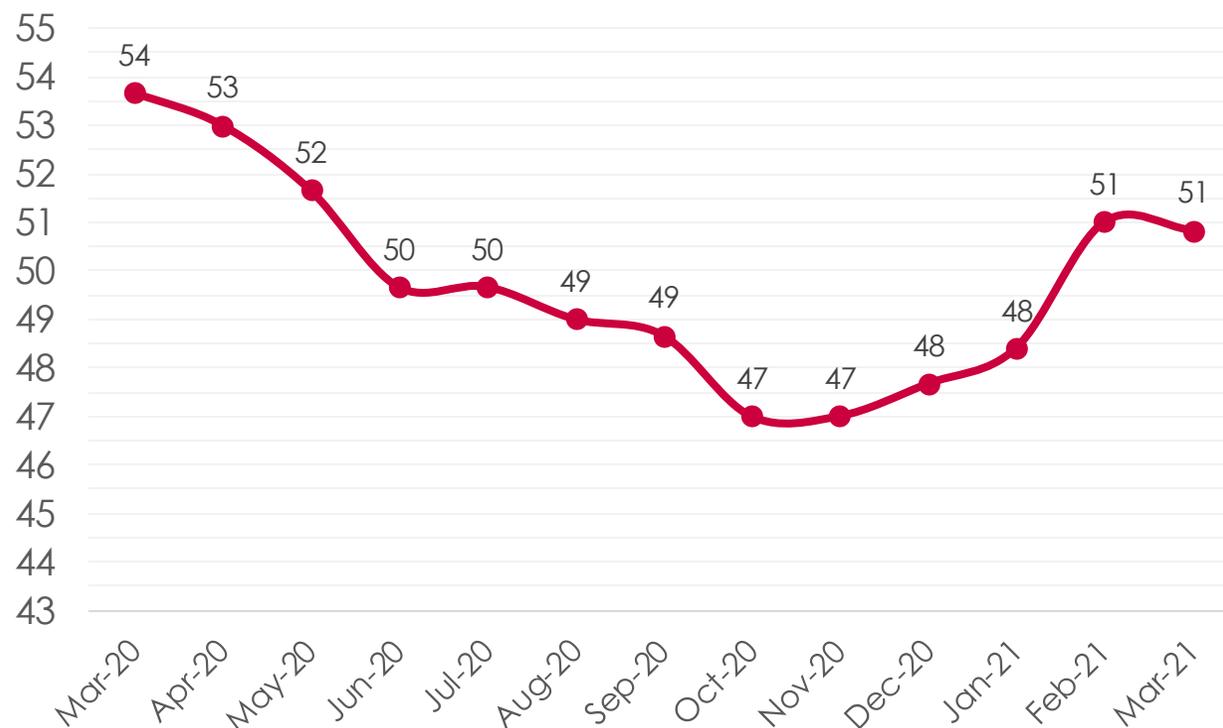
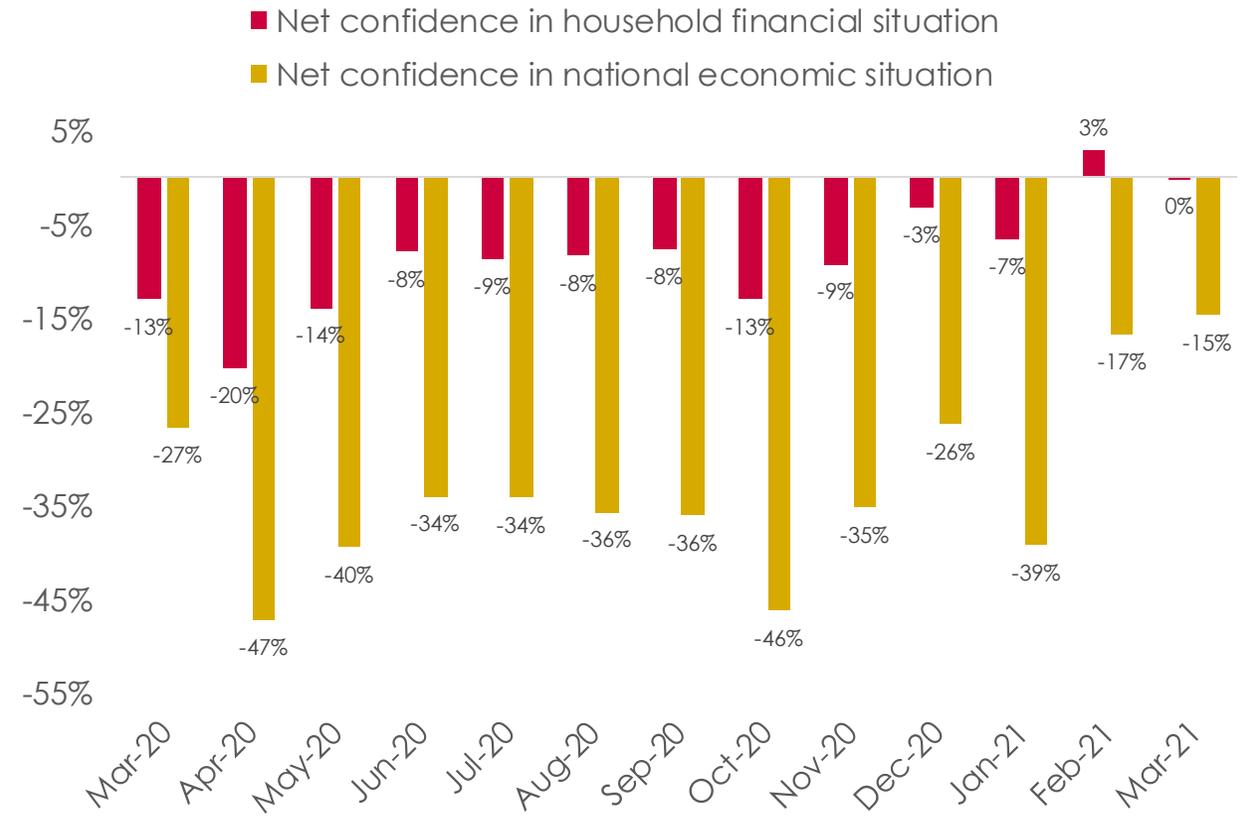


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

Financial & Economic Drivers

- This month sees net confidence in the economy as a whole rise by 4% from -17% to -13%, whilst net household financial confidence fell from 3% to 0%.
- Despite optimism declining at a topline level this month, economic confidence remains improved on pandemic-level lows, with consumers clearly feeling that the proposed reopening will be more sustainable than previous attempts. Net confidence in the economy as a whole is now three times higher than at the start of the year (-39% to -15%), and well above what has been seen throughout the majority of the pandemic.
- At a household level, confidence is finely balanced, with as many people expecting their situation to improve as to decline over the next year. Worth noting, however, is that this is anything but consistent across demographics. Household confidence is substantially higher amongst households with the highest incomes, younger generations, and those living in London or the South East.

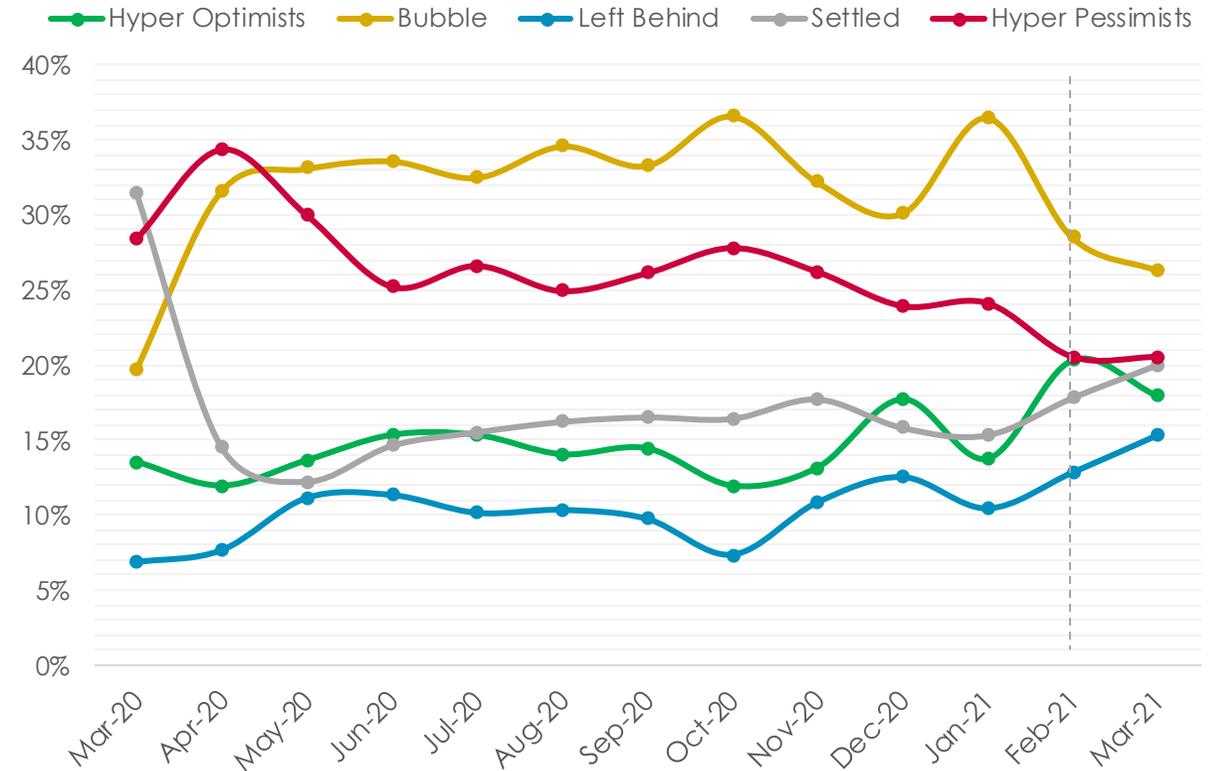
Financial & Economic Drivers;
 (Net: % thinking will improve minus % thinking will get worse over next 12 months)



Consumer Confidence Groups

- Although topline consumer confidence is fairly stable our segments are anything but. The proportion in 'The Bubble' has fallen again, from 29% to 26%, whilst we see an increase in both 'Settled' (18% to 20%) and 'Left Behind' (13% to 15%).
- These trends highlight how confidence has grown more fragmented over recent months. Last October, the difference between the largest and smallest confidence group was 30%. This month, the difference is just 11%, with each group now accounting for at least 15% of the sample. For much of the last year, two groups have accounted for the majority of consumer sentiment – the Pessimists and the Bubble – united by their grim economic outlook. In the recovery, sentiment is fragmenting, with five large-ish groups all co-existing.
- Most notable is the recent increase in those feeling 'Left Behind', with the proportion in this group more than doubling since October (7% to 15%). Such a finding has coincided with a recent rise in the proportion feeling the economy as a whole will improve.

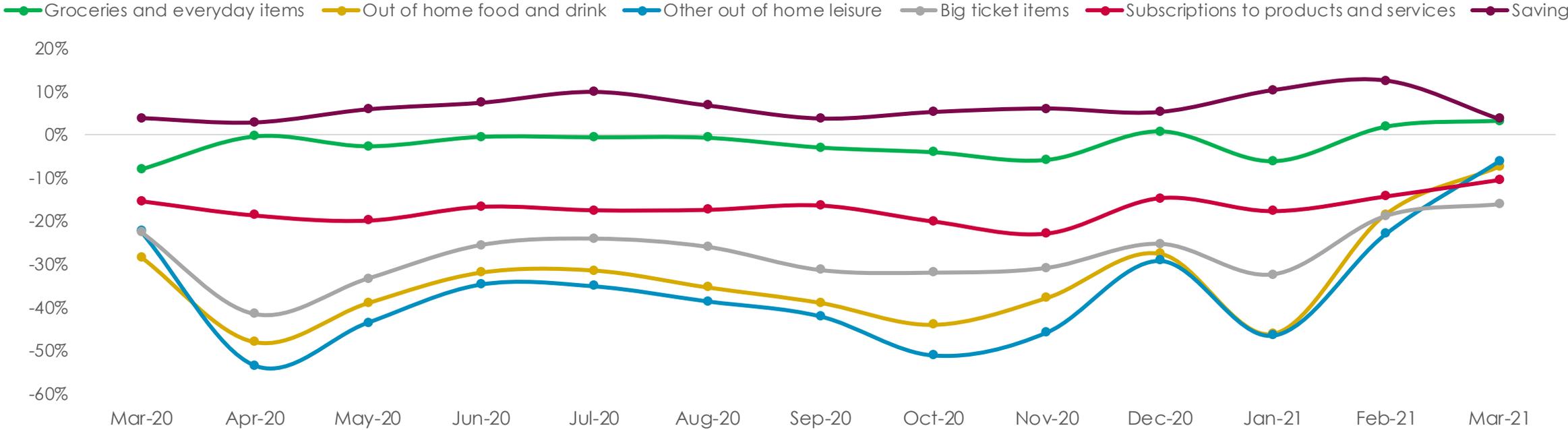
Do you think the economic situation in the UK/the financial situation in your household will improve, stay the same or get worse in the next 12 months?



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

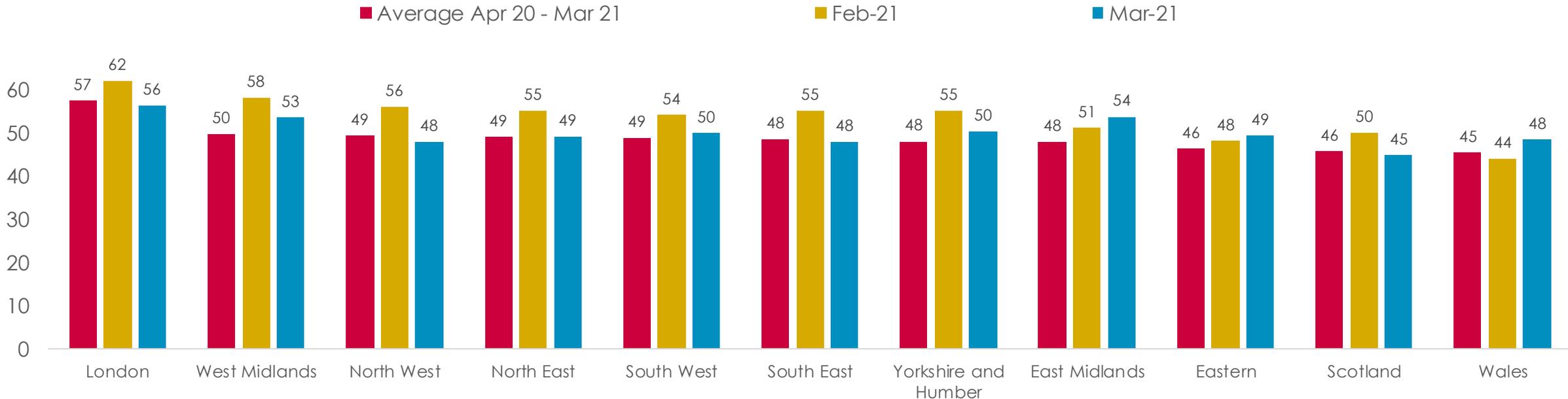
Over the next few months, how will you change spending on the following? [% Net Increase minus Decrease Spending]



- With the planned reopening of the hospitality sector now less than a month away, net spending expectations for both out of home food and drink (-19% to -8%) and other out of home leisure (-23% to -6%) have risen sharply this month, whilst net saving expectations have fallen by 8% from 12% to 4%.
- Net expectations for out of home leisure spending are now higher than for both big ticket items and product subscriptions for the first time during the pandemic. With both categories typically associated with consumption in the home, this month's findings indicate a shift in mindset amongst consumers away from in-home and looking towards out of home leisure.
- Worth noting is that trends in out of home spending expectations have been driven by older generations this month, with both Baby Boomers and the Silent Generation seeing an above average increase in net expectations for out of home food and drink spending. Such a finding is hardly a surprise given that a high proportion of both cohorts will have now received their first dose of vaccine.

The Optimism Index by Region

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



- This month’s findings highlight the differing impacts of the pandemic at a regional level. Whilst the majority of regions experienced a decline in sentiment aligning with topline findings, a few exceptions stand out.
- Most notable are respondents in Wales, who experienced a four point increase from 44 to 48 this month. With Welsh consumers facing a different roadmap out of lockdown than those in England, respondents in this region now appear to be experiencing the boom in sentiment that those elsewhere in the UK felt last month.
- Despite seeing a six point fall from 62 to 56, respondents in London continue to hold the most positive outlook, both in terms of overall optimism, and regarding household confidence, with almost a third (32%) expecting their finances to improve in the next year.



Gender

- This month sees the gap in optimism between men and women decline by two points, as men see a fall of five points from 57 to 52 whilst women see just a three point fall from 52 to 49.
- Worth noting is that a three point gap is the joint smallest that we have witnessed since the beginning of the pandemic.
- Despite trends this month, men continue to remain more optimistic in their outlook. Discrepancies in optimism are paralleled by views on the UK economy, with more than one in three men (37%) expecting the economy to improve over the next year, compared to less than a quarter of women (22%).

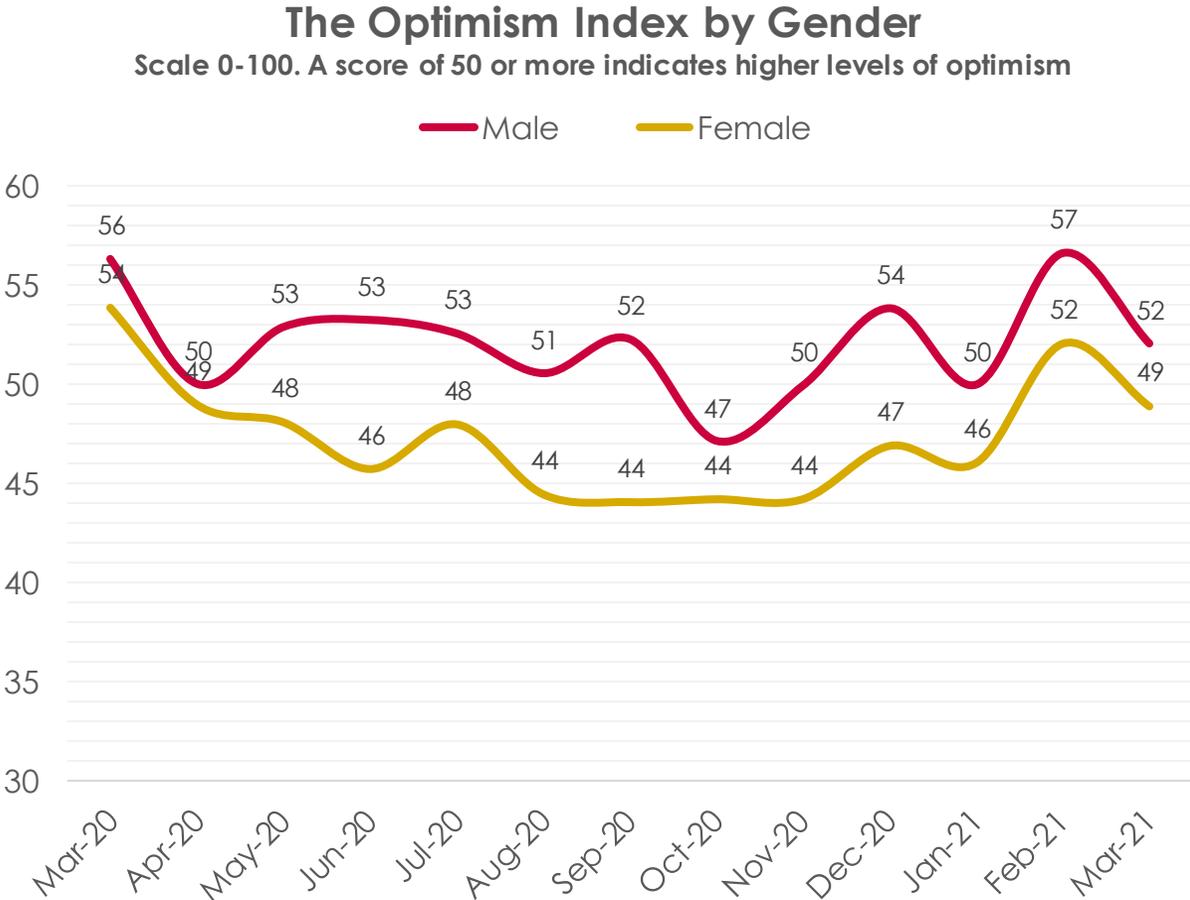


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

Generation

- This month sees optimism fall across every generation, but to differing extents. Gen X saw the sharpest decline, down seven points from 52 to 45, with Gen Z also seeing an above average fall of six points. Baby Boomers however saw just a two point decline from 49 to 47.
- The lack of consistency in trends in sentiment across generations is a likely result of the staggered nature of the vaccine rollout. The successes in vaccinating the over 50s in the past month has seen optimism amongst Baby Boomers decline to a lesser extent than any other generation (2 points). Gen X on the other hand are now the oldest generation who are (largely) yet to be offered a vaccine purely because of age, and sentiment has nosedived this month as a result.
- With [numerous reports](#) highlighting the damaging impacts of lockdown on young people's mental health, it is no surprise that another four weeks of restrictions have seen levels of optimism decline sharply amongst Gen Z.

The Optimism Index by Generation

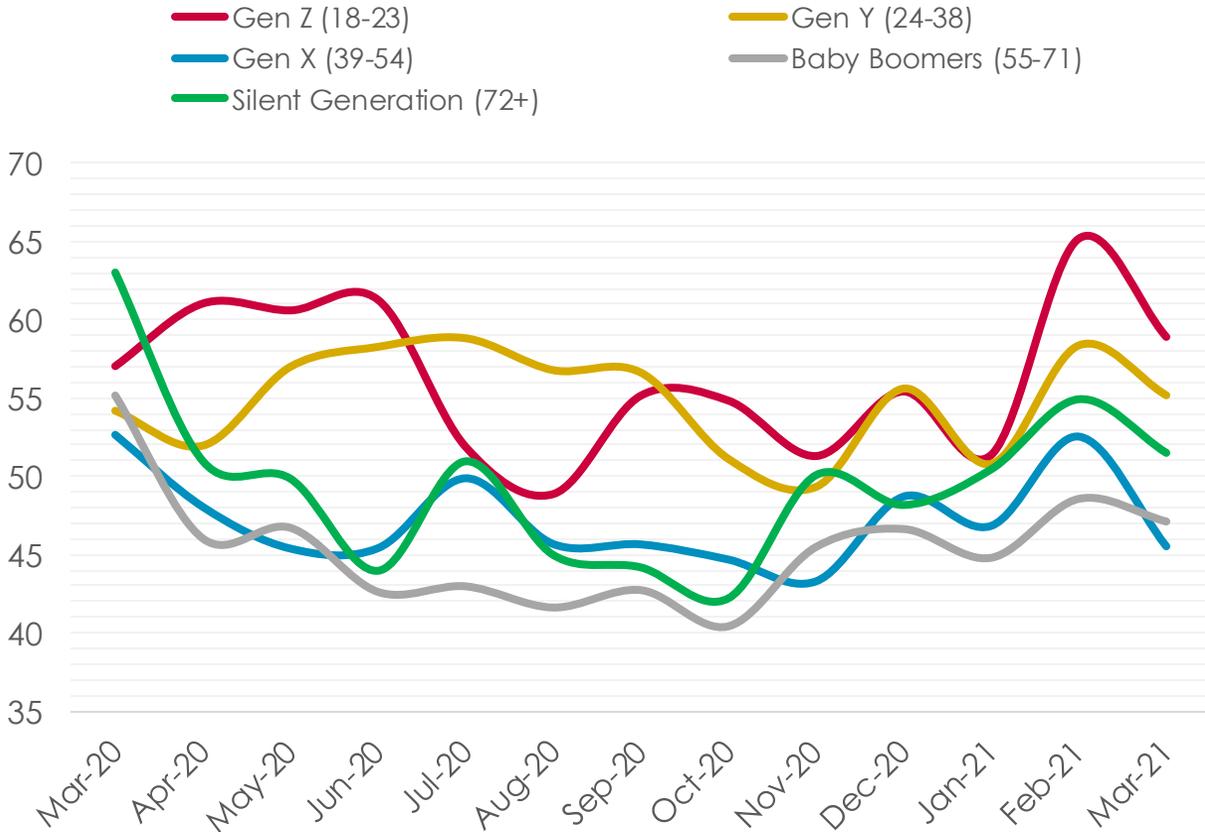


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- This month sees optimism decline across every income group. Those earning less than £21k per year saw a six point fall from 52 to 46, whilst those in households earning more than £62k per year saw just a three point decline.
- These findings continue to highlight the more damaging impacts of lockdown measures on lower income households. With the exception of last month, those earning less than £21k have recorded a score below 50 ever since the pandemic began, and this month's finding sees any hopes of more positive trends in sentiment amongst lower earners grind to a halt.
- This is in complete contrast to the experience of households earning more than £62k per year, with this group having yet to record a score below 50 in a single month since last March. This group are not only by far the most optimistic, but are also twice as likely as low earners to expect their own finances to improve in the next year (36% to 18%)
- With the reopening of the leisure industry on the horizon, it appears likely that sentiment amongst top earners may grow further in the coming months, particularly given the impacts that previous reopenings have had on this group.

Income

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

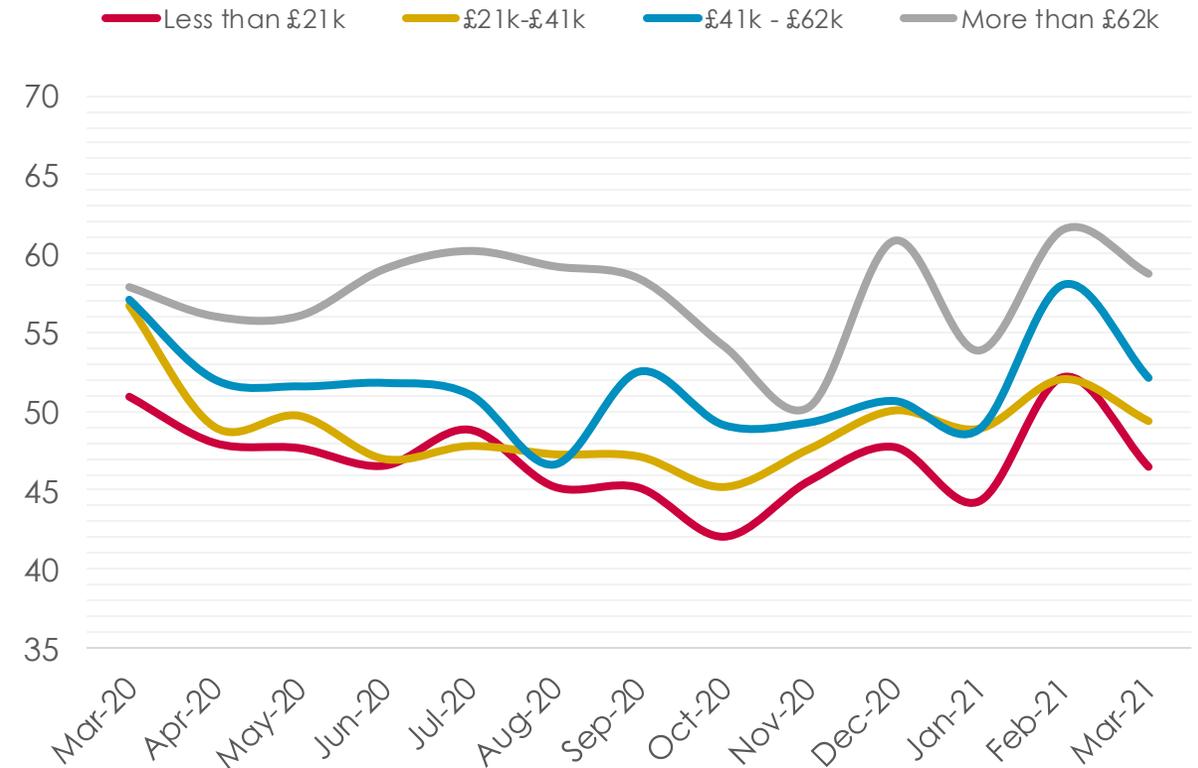
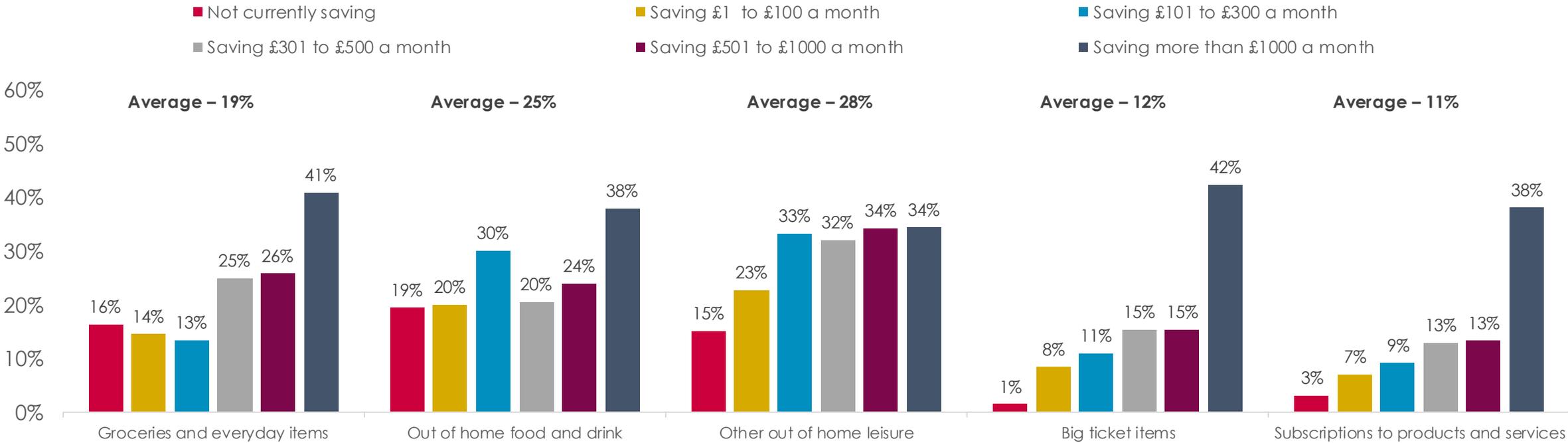


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Top savers expected to spearhead spending recovery

Proportion expecting to increase spending in each category in the next few months



- This month's findings align with [recent theories](#) citing accidental savers as a key source of economic recovery in the post-lockdown landscape. Across every category, those saving over £1000 each month are in some cases more than three times as likely to anticipate an increase in spending than lower savers in the coming months
- Whilst this might have been expected in regards to bigger ticket items, it is worth highlighting that higher savers are also far more likely to anticipate increased spending on more everyday purchases, such as groceries, as well as on out of home leisure activities – raising hopes for a spending spree amongst this group once restrictions are lifted in the hospitality industry.



Budget strengthens outlook for furloughed and unemployed

- Whilst those currently in employment have seen levels of sentiment fall in line with the topline decrease, optimism has actually risen amongst those out of work this month.
- With announcements of an extension of the furlough scheme until September and the continuation of £20 Universal Credit top ups for another six months, the recent budget announcement has provided further hope for people who are either on furlough (48 to 51) or unemployed (44 to 45).
- In fact, this month's scores for both groups are now higher than at any other point during the pandemic. With the budget only furthering the support that has been provided throughout the past year, one can assume that this month's increase has also been aided by movements towards a reopening of the economy in tandem with this continued support.
- The reopening will not only strengthen the employment prospects of those currently out of work, but will also provide ample opportunities to socialise with friends and family – something that those currently in employment might feel they will be missing out on once restrictions are lifted.

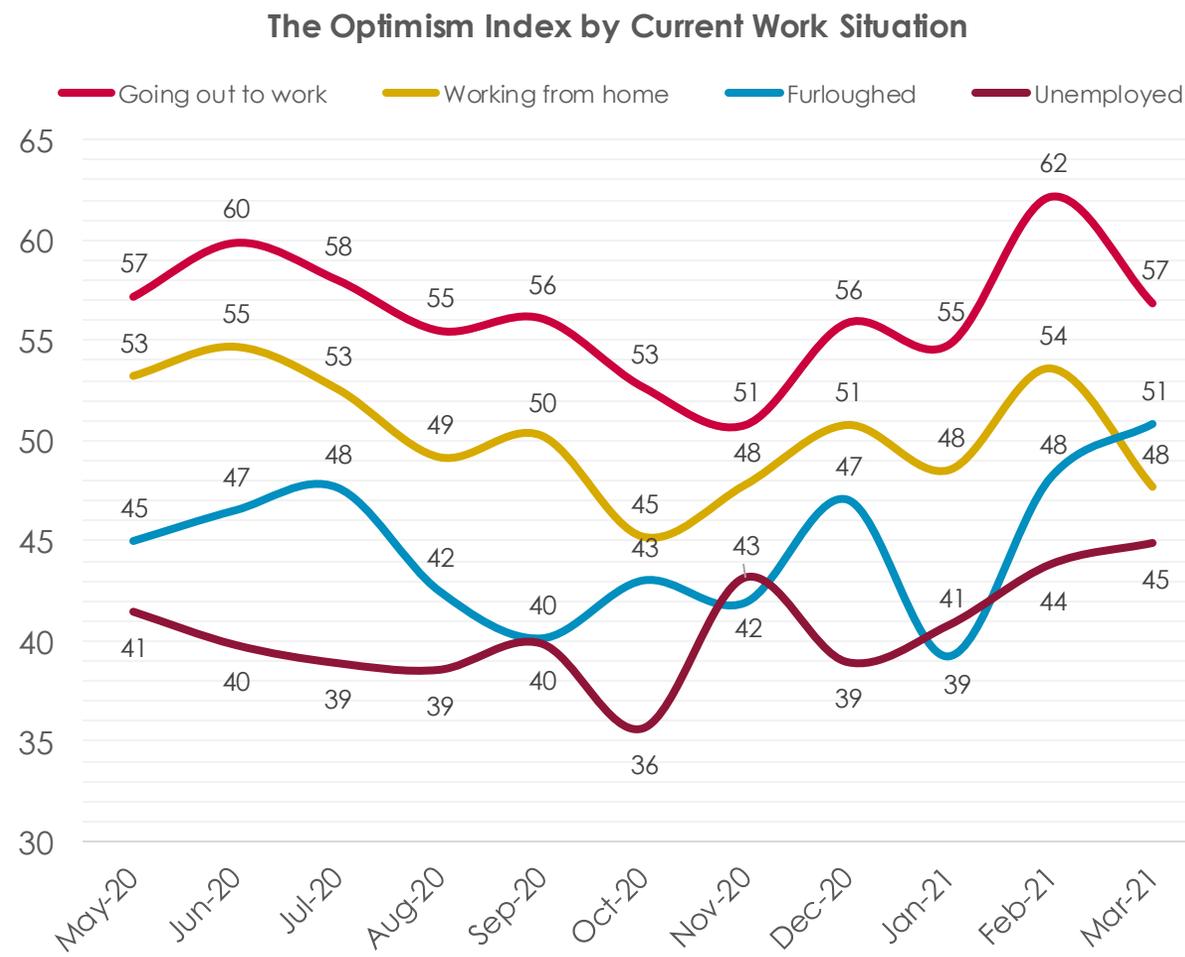


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TRAJECTORY

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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