



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

OUVERTURE

The Optimism Index (UK)

Report: July 2021 | Fieldwork: 7th – 14th July

UK Optimism
July 2021

54

No change on June 2021

Up 4 points on July 2020

Rolling Average
July 2021

54

Up 1 point on June 2021

Up 4 points on July 2020

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

Net spending
expectations

-9%

Spending expectations have improved as freedom day nears

Net household
confidence

8%

Consumer confidence has risen slightly at a household level

Net Trust

-15%

Levels of trust have risen as restrictions lift further

Headlines

Comment

A summer of fun or a summer of chaos?

Headline optimism and consumer confidence remain high – at easily their best levels since the pandemic began (and, in truth, for a while before as well) – as the sun shines and England drops the last of its remaining social distancing restrictions (with Scotland, Wales and Northern Ireland following on slightly different timetables).

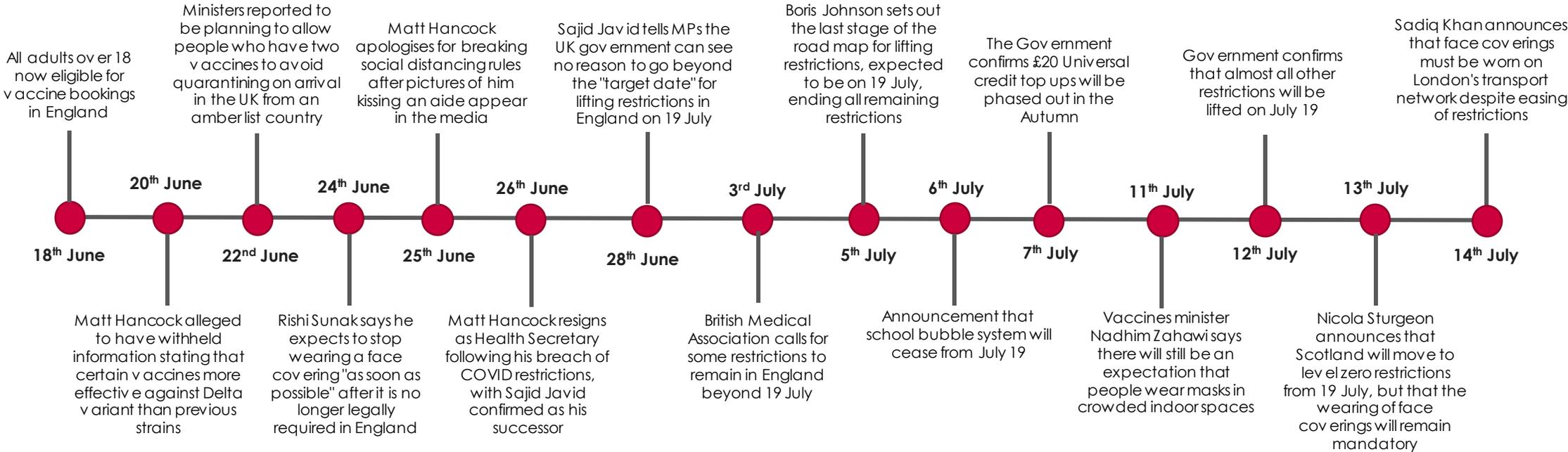
This is welcome news after an awful year. But behind these headlines there are very different consumer mindsets at play. On one hand, there are a set of bullish consumers, free of Covid-anxiety and ready to spend their lockdown savings and make up for lost leisure time while the sun is shining.

On the other, are consumers anxious about the rapid spread of Delta cases and/or dismayed that carefully made plans will be disrupted by isolation after a positive test or ping. The proportion who say they are worried about returning to public places – a key indicator of this mindset – had been declining slowly. This month it rose, to 47%.

This doesn't just threaten to turn our much anticipated summer of fun into a summer of chaos and concern but also poses a deeper problem for the Autumn. The government are hoping that huge pent up demand leads to a consumer spending driven recovery that propels the UK into growth in 2021 and beyond. That can't happen while half of the population are worried about going to the shops.



Last Month's Key Events

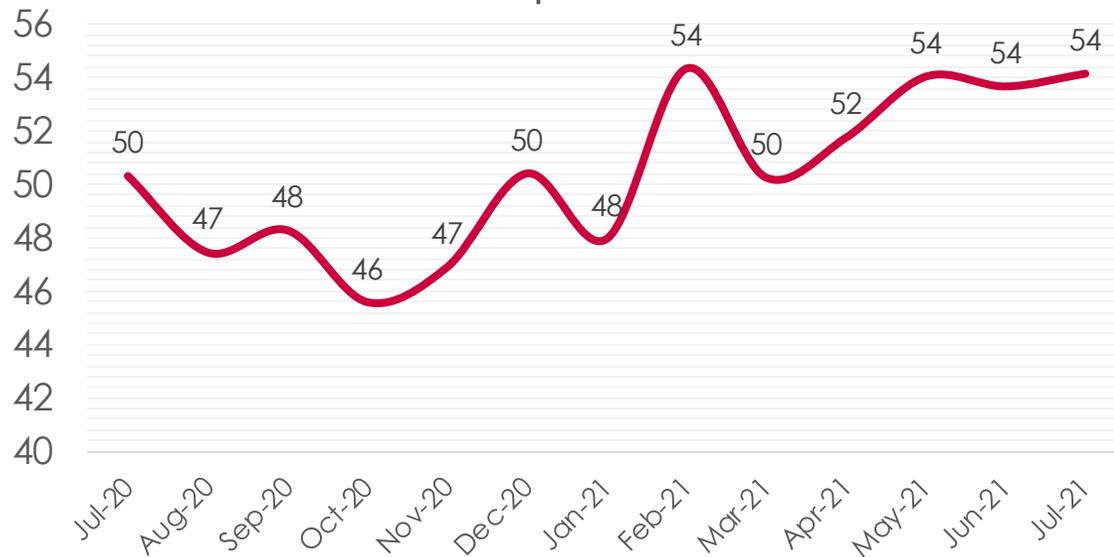


Fieldwork: 7th – 14th July

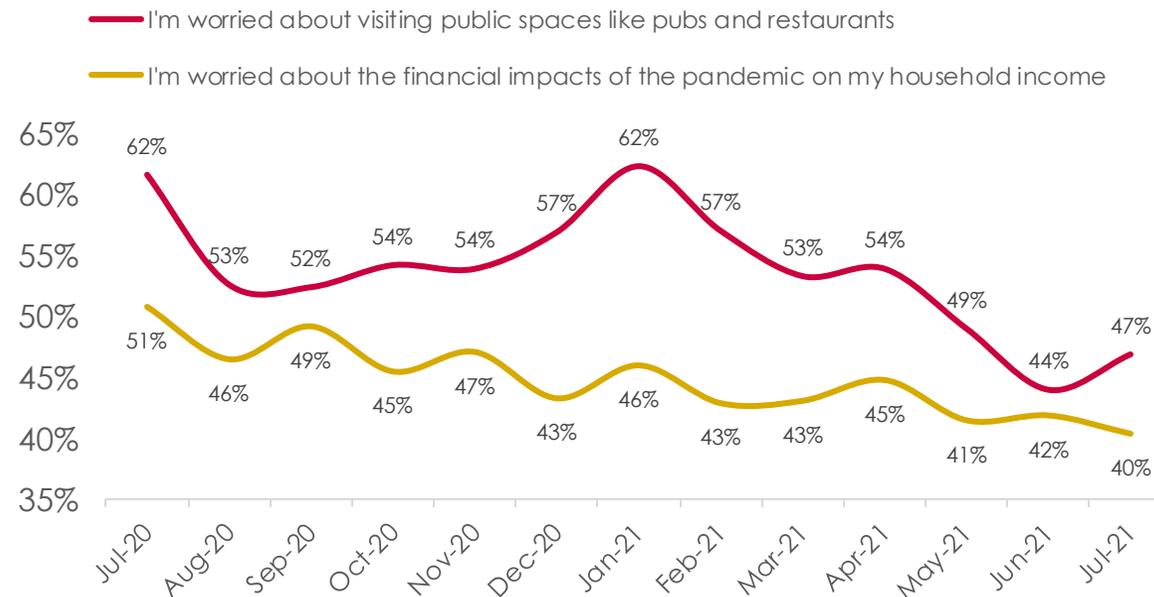
The Optimism Index: Headlines

The Optimism Index

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



% Total Agreement with each statement



- This month's edition of **The Optimism Index** sees consumer sentiment remain at the same level for a third month, with a score of 54.
- The lifting of all remaining restrictions appears to have had little impact on the overall outlook across the UK. Many continue to adopt a significant degree of caution in relation to the impacts of the pandemic, with 40% still concerned about the implications for their personal finances and almost half (47%) worried about visiting public spaces.
- For the time being, however, consumers remain remarkably optimistic – with the last three months producing the highest levels of sentiment since the pandemic began. The spread of the Delta variant appears only to be stalling further progress rather than severely dampening sentiment, with many still relishing the movements towards a return to normality, a rapidly growing economy and a summer of fun.

The Optimism Index: Rolling Average

- The three month rolling average of **The Optimism Index** rose by one point this month, up from 53 to 54.
- This month's increase now brings the rolling average in line with the pre-pandemic peak seen last March, as well as sitting four points higher than at this time last year, when out of home leisure first reopened following the initial lockdown.
- Previous attempts to reopen the economy have failed to drive anywhere near this degree of sustained longer term optimism, with consumers clearly feeling that the latest phase is far more sustainable, thanks to the vaccine.
- However, with all remaining restrictions ending, one might expect sentiment to begin to decline in the coming months. With no more economic benefits to be gained, focus may start to turn towards the rapidly growing numbers of cases and deaths, as well as the ending of the furlough scheme and top ups to universal credit in the Autumn.

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

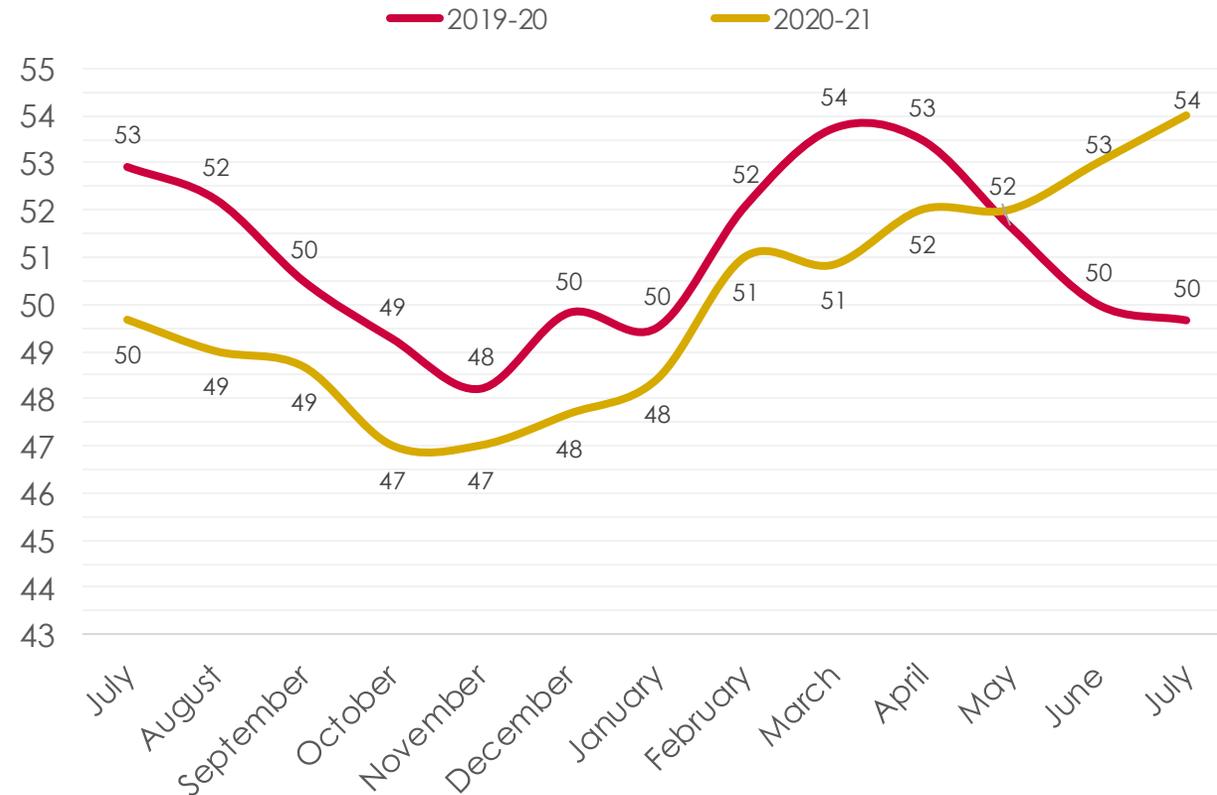
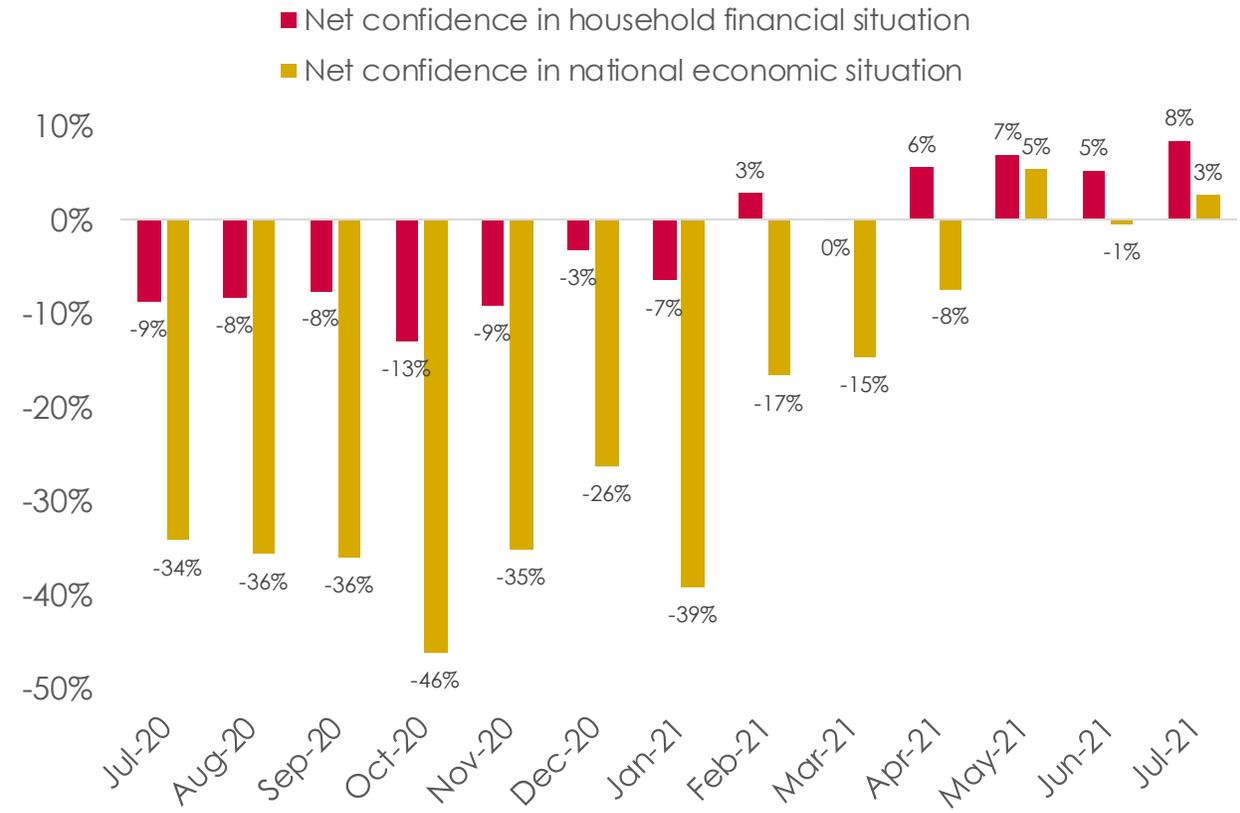


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

Economic and Household Confidence

- This month sees net confidence rise slightly, both regarding the economy as a whole (-1% to 3%) and for consumer's own finances (5% to 8%).
- With all remaining restrictions set to be lifted, the continued degree of financial confidence shown by consumers this month is unsurprising. However, with no further benefits to be gained at an economic level, the settled level of positivity that has developed over recent months may not be sustainable going forwards.
- While a strong recovery could keep sentiment high it is likely that the economic headwinds force outlooks down in the Autumn, after the initial boost of reopening fades.
- Perhaps most concerning of all, however, is that concerns about the risks of going out in public remain prominent amongst consumers.

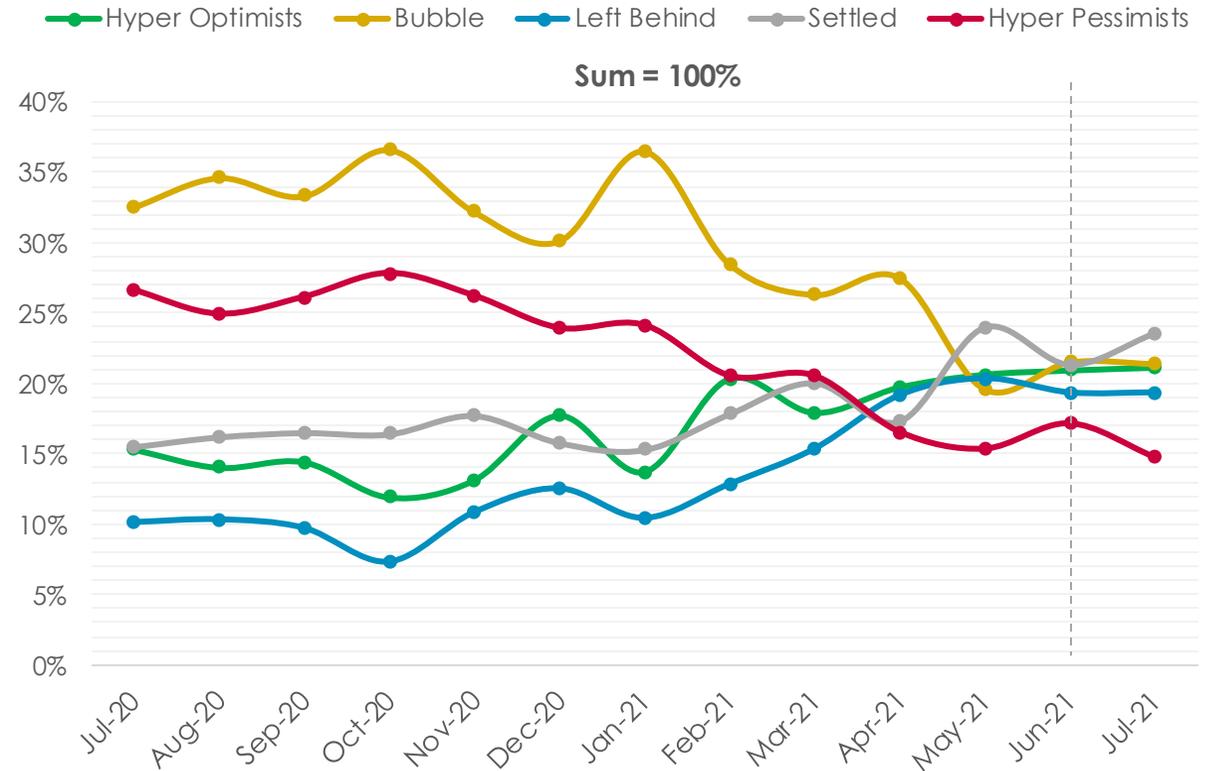
Economic and Household Confidence
 (Net: % thinking will improve minus % thinking will get worse over next 12 months)



Consumer Confidence Groups

- Amidst the rise in confidence at a topline level, this month sees a further decline in the proportion of 'Hyper Pessimists', now accounting for just 15% of respondents, down from more than a quarter at this point last year (27%).
- Also worth noting is that 'Settled' has now accounted for the greatest proportion of consumers for two of the past three months. Given that 'Settled' was consistently the most prominent group pre-pandemic (accounting for roughly a third of respondents), recent trends indicate that consumers are gradually returning to a pre-pandemic mindset in regards to economic confidence.
- Perhaps the most notable finding over recent months, however, is the lack of discernible trends amongst these different groups. In a similar vein to what we've seen in topline confidence, these groups have remained relatively consistent since the first major reopening in April.

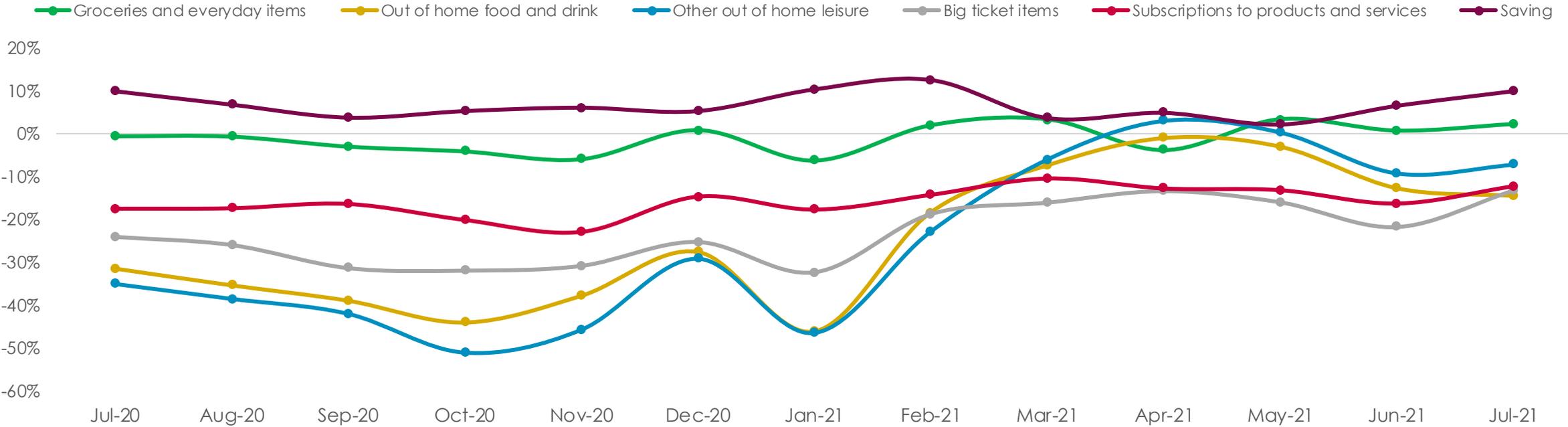
Do you think the economic situation in the UK/the financial situation in your household will improve, stay the same or get worse in the next 12 months?



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

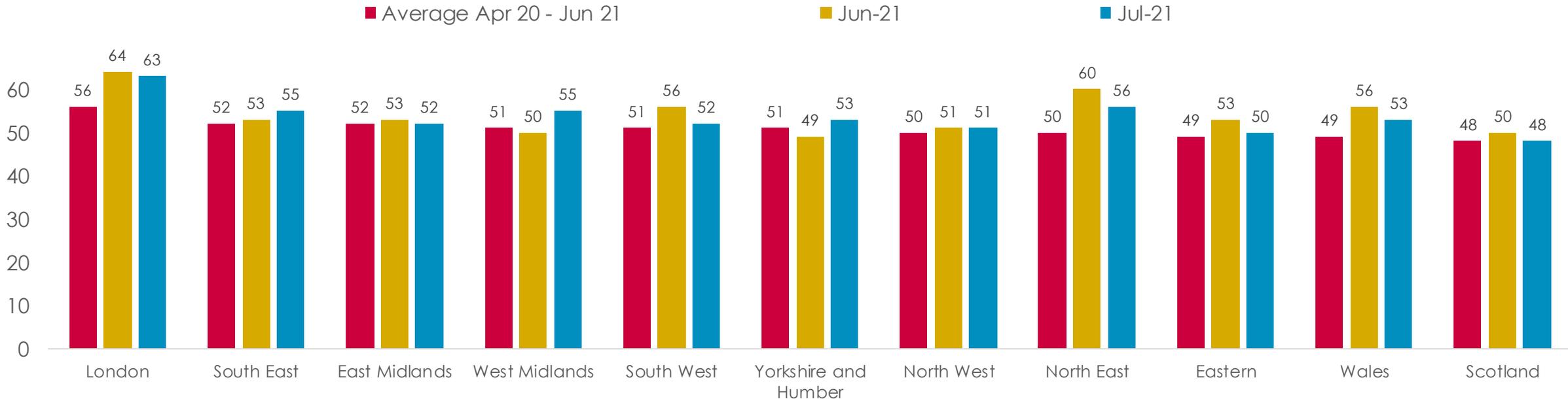
Over the next few months, how will you change spending on the following? [% Net Increase minus Decrease Spending]



- Trends in expected spending on out of home leisure will continue to concern those hoping for another surge as all remaining restrictions are lifted. With net expectations both for out of home food and drink (-1% to -15%) and other out of home leisure (3% to -7%) far lower than at the peak seen in April, it would appear that appetite for leisure spending is quickly running out of steam as pent-up demand dampens.
- Perhaps one cause of this decline in appetite for leisure spending is the continued concern in relation to the spread of the Delta variant across the UK. With almost half (47%) still feeling worried about public spaces, it is little surprise that net expectations for spending in this area are struggling to grow even amidst the latest reopenings.
- Also worth highlighting is that net expectations for saving have risen sharply over the past two months (2% to 10%). With the economy now fully reopened as we move into August, it would appear that many consumers are already preparing for the imminent ending of financial support measures in the Autumn.

The Optimism Index by Region

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



- The consistent trends in sentiment at a topline level in recent months have been anything but paralleled by trends across different regions of the UK during the same period. In fact, just one of the eleven regions examined here saw the same score this month as in June (North West – 51), with some seeing increases of up to five points whilst others experienced declines of up to four points.
- As a result, London remains by far the most optimistic region with a score of 63 - emphasising the fact that Londoners adopt the highest level of household confidence as well as the most bullish expectations for leisure spending.
- For those elsewhere, outlook remains significantly worse. Some respondents in Scotland (the only region below 50 this month) may have been dampened by announcements that the country would remain under level one restrictions for some time, whilst those in the North East suffered the greatest decline this month, perhaps owing to the growing number of Covid hotpots appearing in the region.

Gender

- This month sees the gap in optimism between men and women grow for a third consecutive month, with men seeing sentiment increase by one point from 56 to 57 whilst women see a one point decline from 52 to 51.
- These findings once again highlight the fact that sentiment amongst women appears to be damaged to a far greater extent when the health risks associated with the pandemic begin to worsen. Only when cases and deaths were at their lowest in March and April did the gap begin to close nearer to pre-pandemic levels.
- With the gap widening by two points this month, it is also worth highlighting the more damaging impacts for women of the rapid growth of self-isolations in schools. Given that women have consistently bore the brunt of childcare responsibilities throughout the pandemic, the latest spike in absences and school bubble isolations has likely been to their detriment.

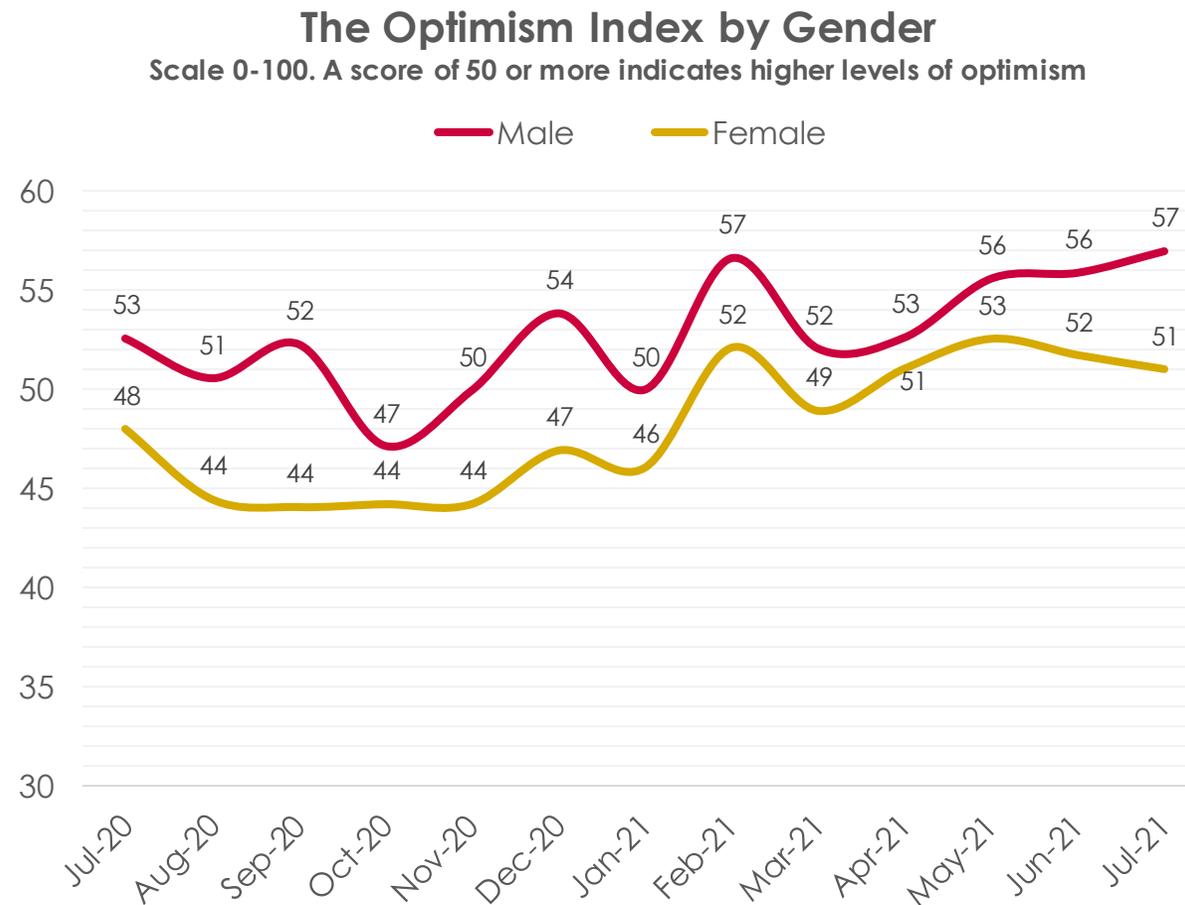


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

- This month sees sentiment diverge further across generations, with Baby Boomers seeing the most significant decline for a second consecutive month, falling from 50 to 47, whilst both Gen Z and Gen Y remain far more optimistic - seeing scores of 61 and 60 respectively.
- More optimistic outlooks are not reserved only for younger generations however, with the Silent Generation rising up to a score of 58 this month. This finding again hints at a gradual return to a pre-pandemic mindset amongst consumers, with the Silent Generation having the highest score for four of the six months between October '19 and March '20.
- Given the rising sentiment amongst the Silent Generation, the recent decline amongst Baby Boomers is all the more curious. This month's findings, however, indicate that double vaccinations have provided the Silent Generation with a greater degree of confidence regarding leisure spending.
- Over 70s were not only less likely to agree they are worried about visiting public places than Baby Boomers this month (47% to 50%), but were also more likely to expect to increase spending on out of home food and drink (20% to 16%).

Generation

The Optimism Index by Generation

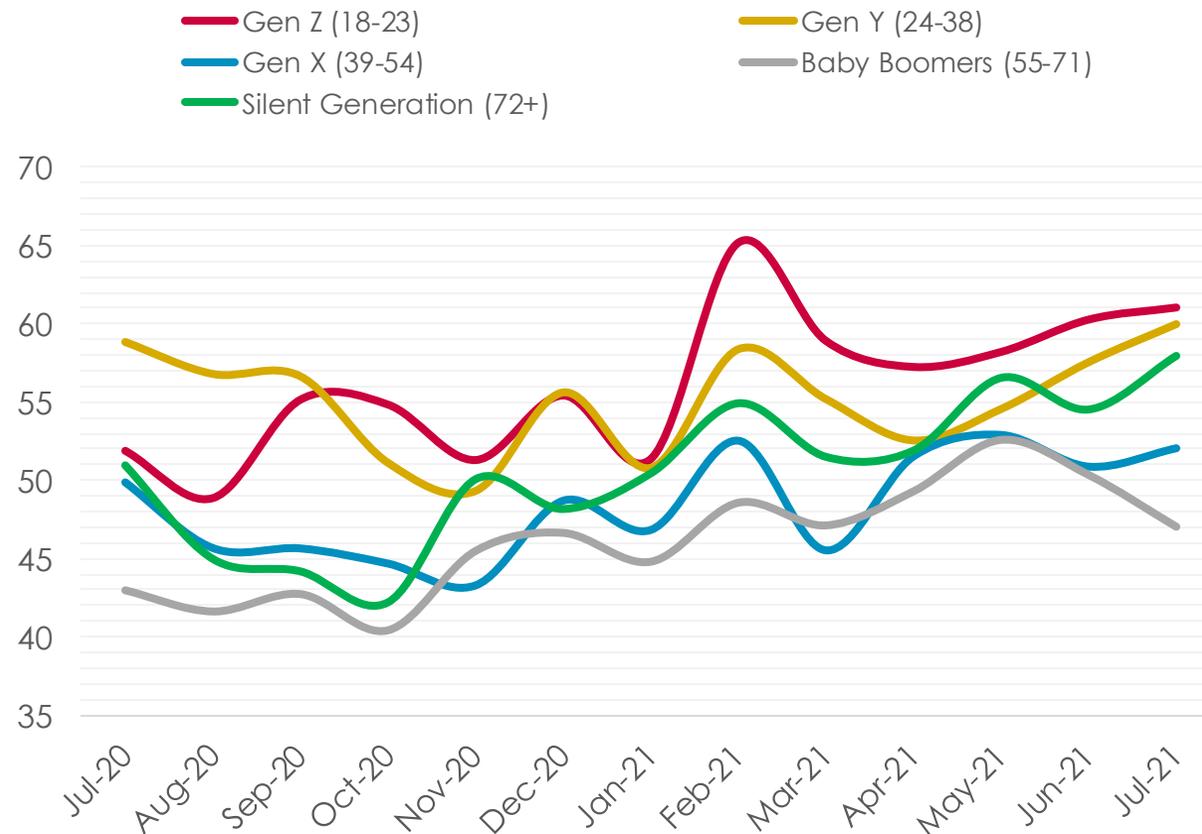


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Income

- This month sees sentiment amongst the highest earning economically active respondents increase further, now up to 65 – higher than any other point in the previous 12 months. Lowest earners also saw a slight increase, but still remain less optimistic than any other income group.
- Despite the surge in demand for roles in retail and hospitality, typically more prominent for lower earners, those earning less than £21k were by far the most likely to say they are currently unemployed (24%) and to expect to be unemployed next month (22%). Whilst outlook is more optimistic for lowest earners in the workplace, this degree of unemployment continues to worsen overall sentiment within this group.
- In stark contrast, our findings also indicate that highest earners are the most likely to have benefitted financially from the pandemic. Not only are almost none of this group currently unemployed (22% fewer than lowest earners), but they also account for the highest proportion who are currently working from home (42%) as well as being most likely to be saving more than usual.

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

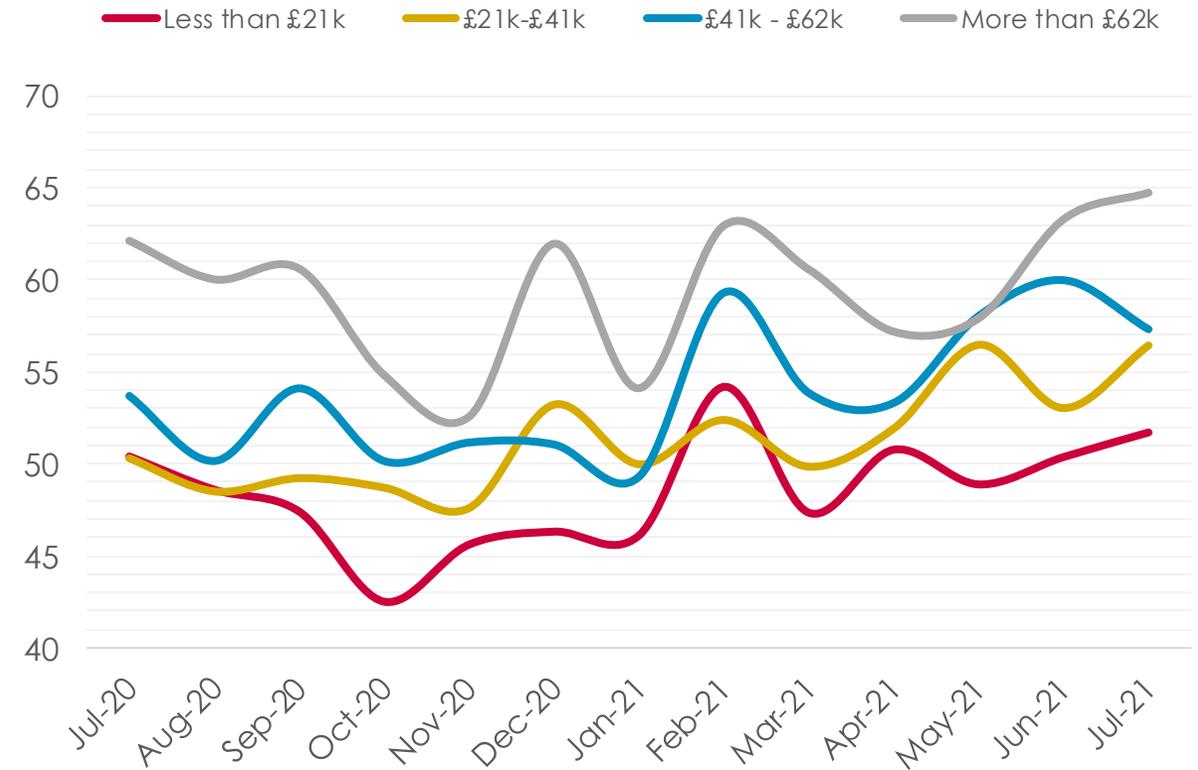
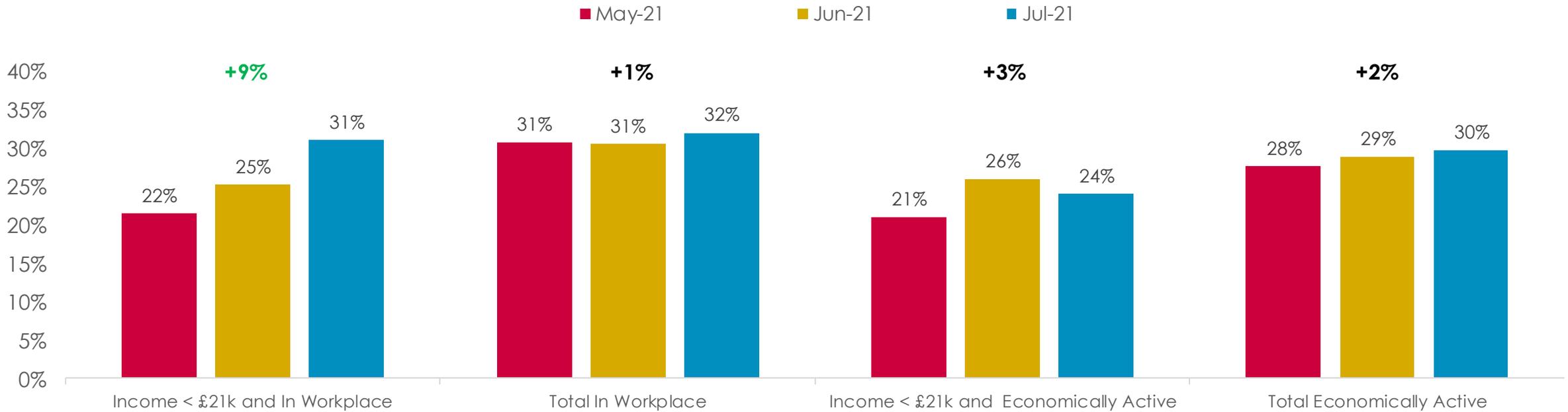


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Reopenings drive rise in confidence for lowest earners in workplace

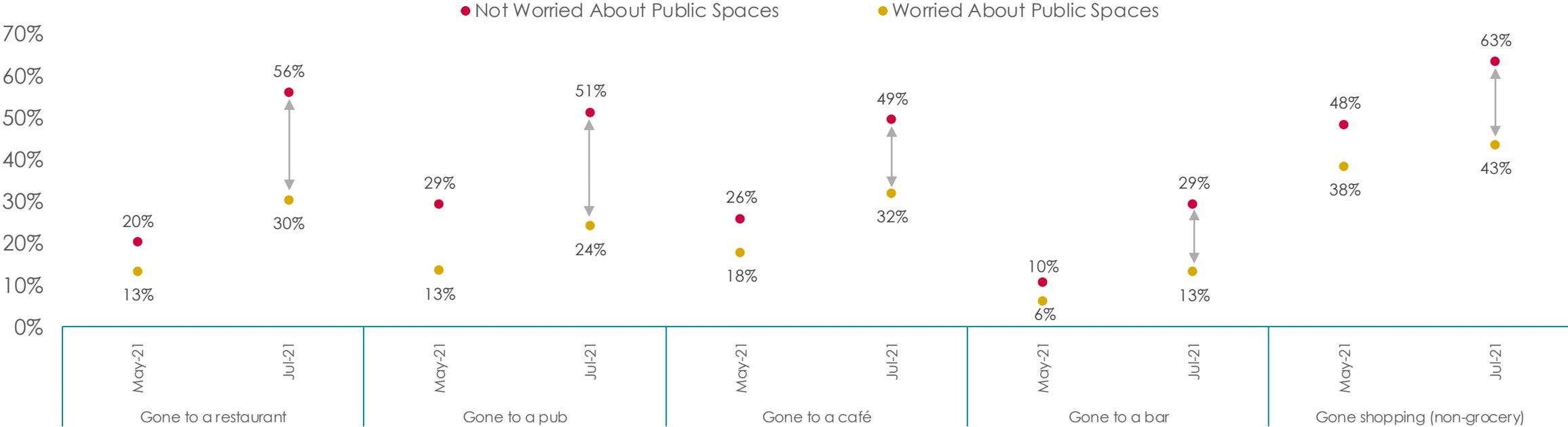
Proportion expecting their household financial situation to improve in the next few months



- Amidst the reopening of the retail and hospitality industry, demand for employment in pubs, restaurants and shops has risen sharply in recent months. Our findings indicate that this trend has driven a significant rise in household financial confidence amongst lower earners in the workplace, given that these respondents are roughly twice as likely as average to occupy roles in retail, for example.
- Compared to May of this year, the proportion of lowest earners (less than £21k) currently going out to work who feel their own finances will improve has risen by 9%, compared to just a 1% increase amongst all respondents currently in the workplace.
- This increased household confidence has been paralleled by a decline both in feelings of job insecurity, as well as concerns about having lower levels of disposable income. With the continued rise in long term sentiment suggesting consumers feel the latest reopening is more sustainable, those occupying roles at the forefront of the recovery are benefitting from the prospect of more reliable employment.

Retail and hospitality recovery remains dampened by concerns about public spaces

Proportion having done each of the following activities since restrictions were lifted



- Our findings throughout the pandemic have continually indicated that those who remain concerned about visiting public spaces hold less of an appetite for out of home leisure spending than those with fewer concerns.
- This month however sees the gap between worriers and non-worriers widen significantly compared to two months ago. Whilst worriers are more likely to have partaken in various out of home leisure activities, such as restaurants (13% to 30%) and pubs (13% to 24%), this growth pales in comparison to those without such concerns.
- With masks soon no longer being mandatory requirements for public places, it is unlikely that those who remain concerned will see a sharp upturn in demand for leisure anytime soon. The gap between worriers and non-worries may soon widen further.



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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