



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

23

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

The Optimism Index (UK)

Report: August 2021 | Fieldwork: 11th – 18th August

Headlines

**UK Optimism
August 2021**

53

Down 1 point on July 2021

Up 6 points on August 2020

**Rolling Average
August 2021**

54

No change on July 2021

Up 5 points on August 2020

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

**Net spending
expectations**

-12%

Spending expectations have been dampened slightly

**Net household
confidence**

5%

Consumers remain more confident about their own finances

Net Trust

-15%

Levels of trust in businesses and institutions remains poor

Comment

This month's Optimism Index sees the summer of positivity continue – albeit with a minor decline on the May, June and July's hat-trick of 54-point scores.

The decline this month is only very slight – to 53. The optimists among you will recognise that such a score is indicative of buoyant sentiment that reflects the growing consumer mood that the worst is behind us. Those who see their glasses as half empty may wonder if it is the start of a trend that could continue through the autumn.

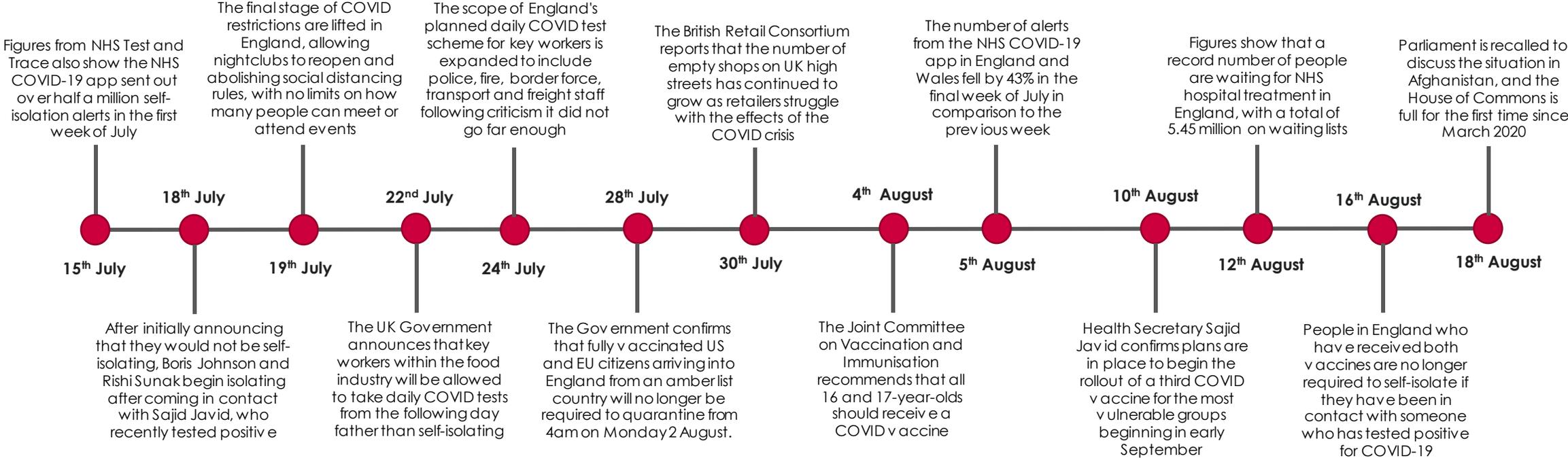
The trouble is, both views are equally correct. The data provides both pleasing indications that the public are increasingly confident about returning to public spaces while *at the same time* consumers say they plan to spend less in the months ahead as financial outlooks darken.

Perhaps the most important indicators lie beyond the headline data. Here, for the fourth month running, our consumer confidence groups are equally sized, with each of the five groups accounting for between 17% and 22% of the population. Previous economic shocks have created diverse impacts: that will be true of the next stage of Covid.

Tom Johnson, Managing Director, Trajectory



Last Month's Key Events



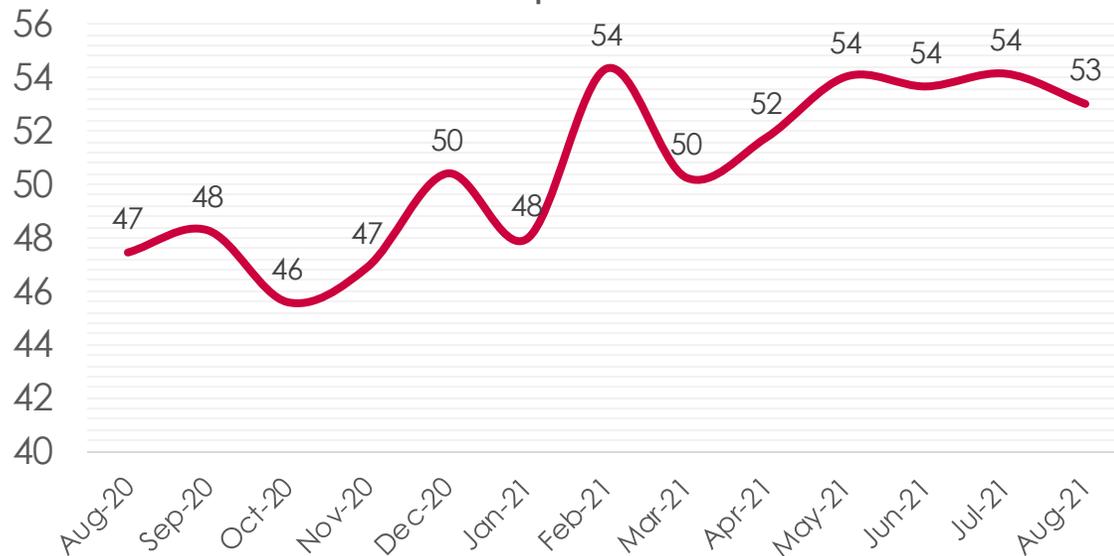
Fieldwork: 11th – 18th August



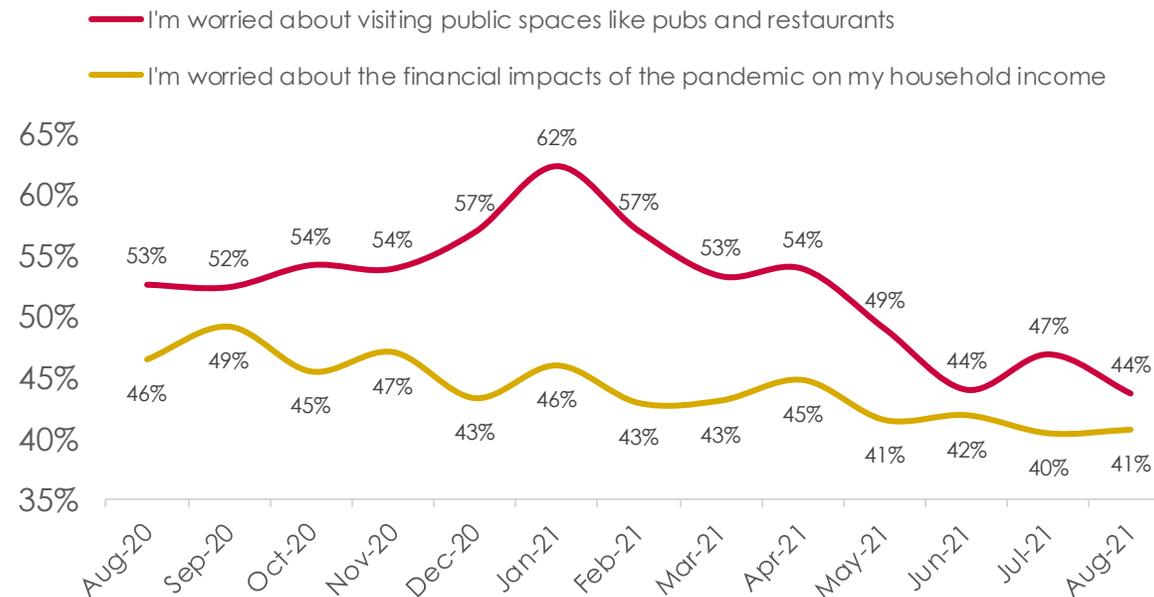
The Optimism Index: Headlines

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 fall by one point from a score of 54 to 53.
- Despite seeing a decline for the first time since March, a score of 53 still represents a positive outlook. Whilst rising Covid case numbers are preventing concerns about public spaces from diminishing completely, the apparent effectiveness of the vaccine at preventing serious illness is allowing plenty of consumers to enjoy the remaining weeks of the summer of fun.
- However, this slight decline may be hinting at a trend that comes to define the next few months. With restrictions fully lifted across the UK, we may have experienced the 'back to normality' bounce. Optimism may therefore edge further away from the peak seen in the last few months as attention turns to the longer term damage caused by the pandemic and consumers no longer have further reopenings to help drive a greater sense of optimism.

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 54.
- Despite a topline decline of one point, a second consecutive rolling average of 54 now means the gap between the current average and the average at this point last year sits at five points (54 to 49).
- With longer term sentiment further declining as we moved into the Autumn at this point last year, falling as low as 47 in October and November, we can also expect the gap to grow even further in the coming months.
- This would, however, be based upon the assumption that the rolling average does not fall further throughout 2021. But with September bringing an abundance of potential stumbling blocks for the post-pandemic recovery, including the return to education, end of furlough and universal credit uplifts, and simply the end of the summer, this assumption may yet be a little premature.

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

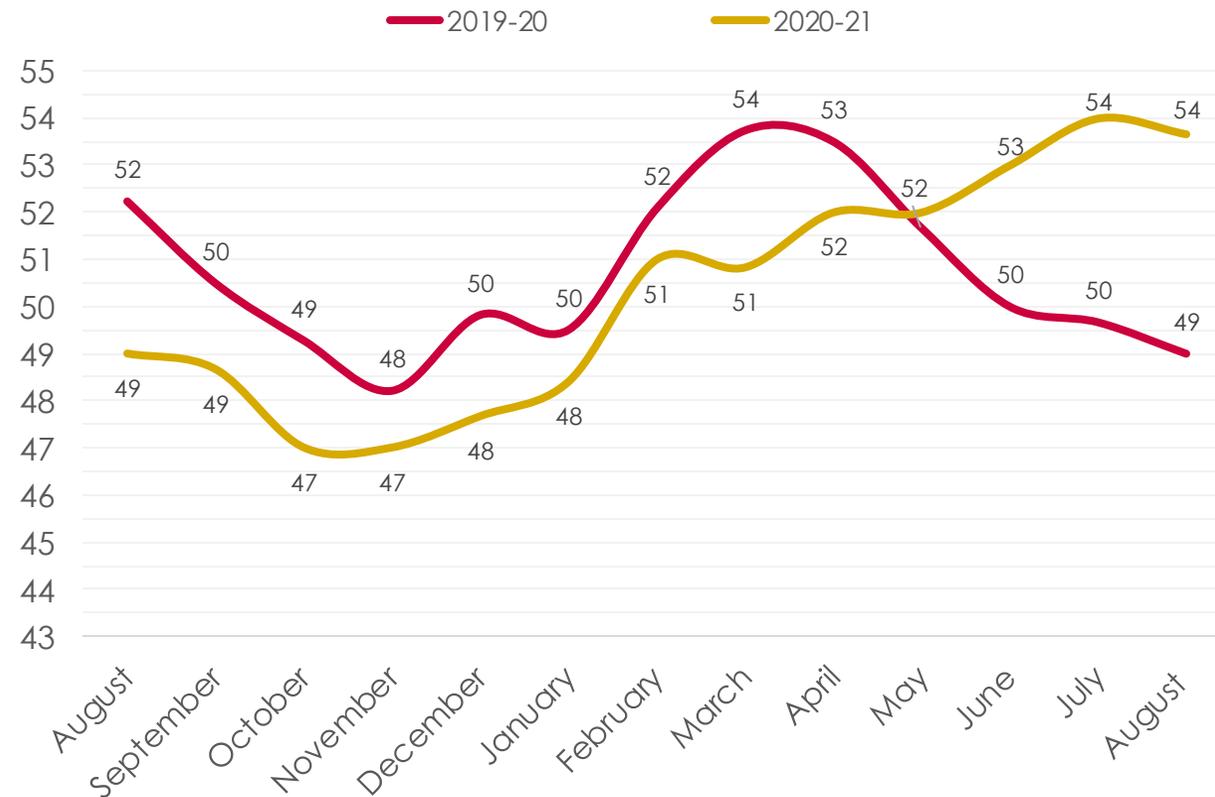


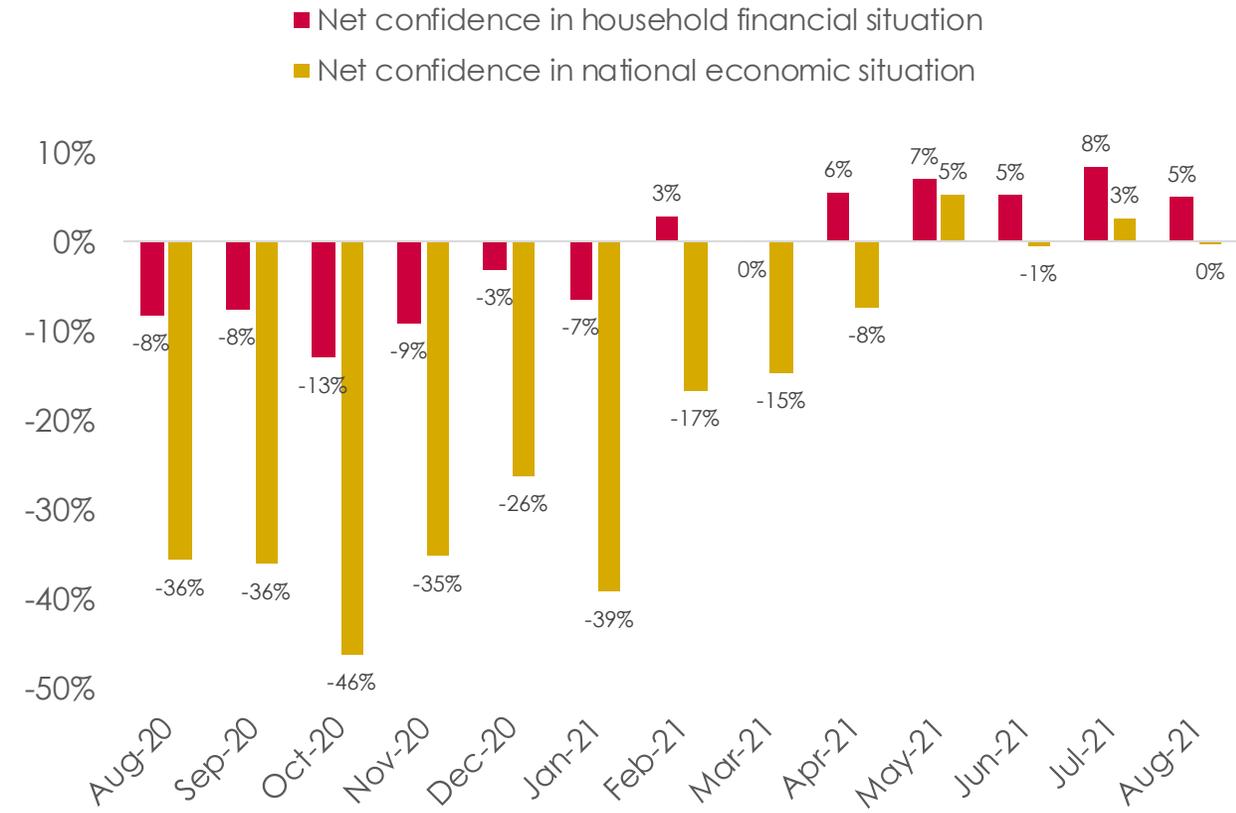
Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

Economic and Household Confidence

- This month sees a slight decline in confidence, both at a household level (8% to 3%) and regarding the UK economy as a whole (3% to 0%).
- Despite this decline, however, both measures appear to have settled at a far higher level than was seen both throughout the majority of the pandemic and during the months prior. It is worth remembering that in the years prior to Covid, consumer confidence was generally in deeply negative territory, so even a neutral score represents an uplift in the long term consumer mood.
- Positivity in financial outlook may be tested in the months ahead. Overall economic growth is likely to slow now that society is (almost) fully open, and rising inflation, the end of the furlough scheme and a return to pre-pandemic benefit levels could all threaten consumer confidence.

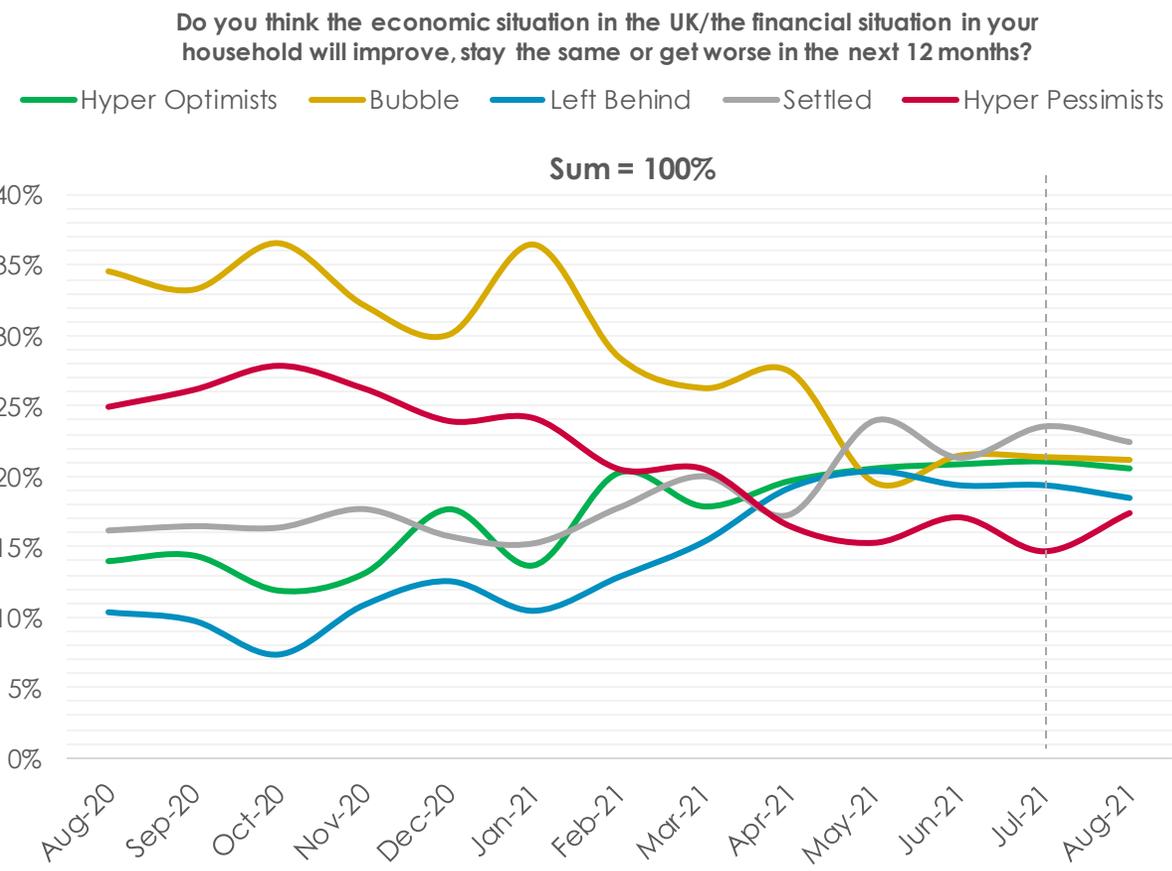
Economic and Household Confidence

(Net: % thinking will improve minus % thinking will get worse over next 12 months)



- Amidst a slight decline in overall confidence in the economy and consumer's own finances, we see subtle movements in our consumer confidence groups this month.
- Of greatest concern should be the rise in the proportion of Hyper Pessimists, up from 15% to 17%, although it is worth highlighting that this is still a far lower proportion of Hyper Pessimists than at this point last year (25%).
- For the fourth consecutive month, the Settled group accounts for the greatest proportion of consumers (22%), again pointing to a gradual movement back towards a pre-pandemic outlook given that Settled were by far the most prominent group throughout 2019.
- Our findings also indicate that those who adopt a more pessimistic outlook regarding the economy may also be more cautious about the health risks of the pandemic. Hyper Pessimists were this month more likely than any other segment to agree they are worried about visiting public spaces (48%).

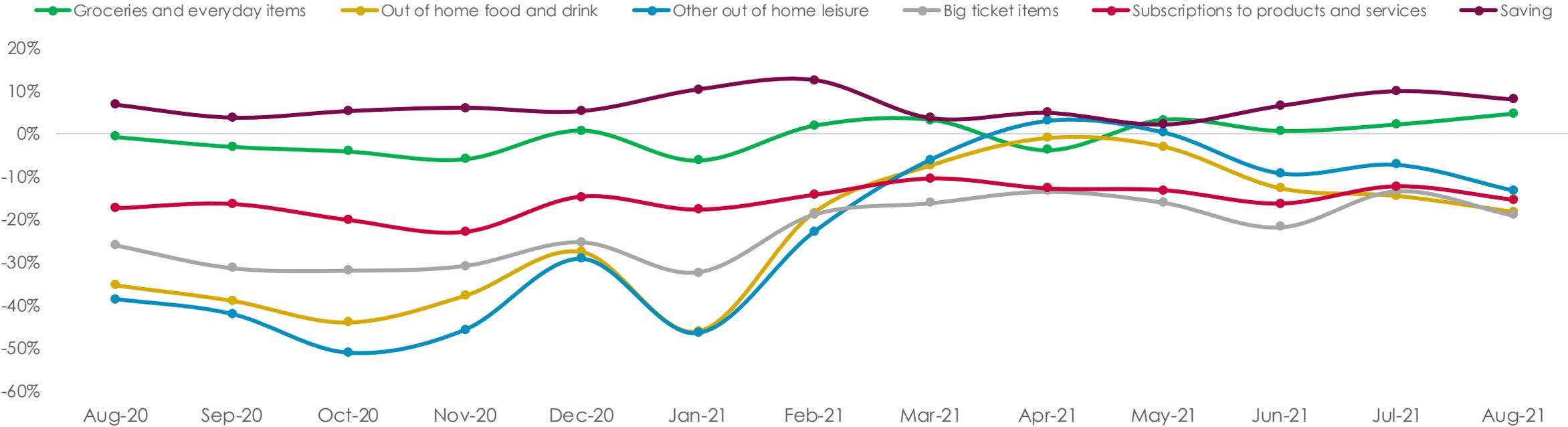
Consumer Confidence Groups



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

Spending Expectations

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

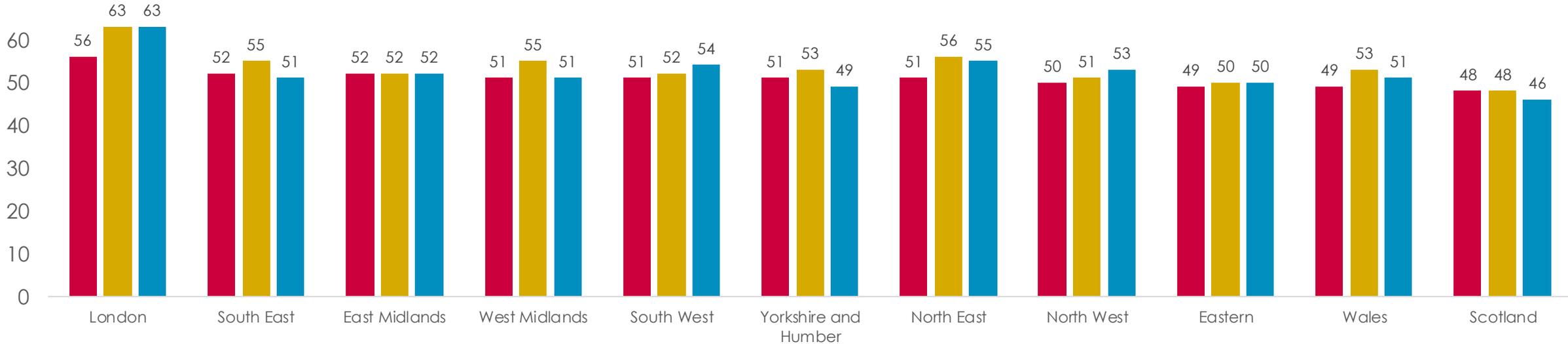


- Net spending expectations for out of home leisure declined further this month, both regarding out of home food and drink (-15% to -18%) and other out of home leisure activities (-7% to -13%). This, coupled with the fact that savings expectations remain far higher than they were during the first phase of reopening in April, continues to suggest that consumers have already displaced the reopening-driven bullishness of early summer with a greater degree of caution regarding their spending expectations.
- It is likely that this degree of caution is arising as we move nearer to the ending of the furlough scheme and Universal Credit top ups. With more than a million still on furlough, it is widely anticipated that unemployment rates will rise as we move into the Autumn.
- Despite the recent decline in leisure expectations likely having some degree of seasonal influence, as was seen when net expectations for out of home leisure fell in both August 2018 and August 2019, these findings will still raise eyebrows amongst businesses hoping for a longer term boom in spending given that the economy has now fully reopened.



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

■ Average Apr 20 - Aug 21 ■ Jul-21 ■ Aug-21



- Whilst topline stagnation of **The Optimism Index** may have implied a story of convergence in recent months, our findings regarding optimism at a regional level continue to suggest that the post-pandemic recovery is driving anything but consistent experiences.
- Those in London continue to have very high levels of optimism, with a score of 63 for the second consecutive month, but elsewhere across the UK, the picture appears far less positive. Those in Scotland, for example, saw sentiment fall further this month, with a score of 46 at least three points lower than for any other region.
- Our findings suggest that the polarisation in sentiment may be linked with varying degrees of concern regarding public health. Those in Scotland were the most likely to strongly agree they are worried about visiting public spaces this month, whilst overall agreement was below average amongst those living in London.



Gender

- This month sees a closing of the gap in optimism between men and women, with a three point decline amongst men from 57 to 54 halving the gap from six to three points. It is worth noting, however, that this month's trend is simply a result of a decline amongst men rather than an improvement in sentiment for women.
- In fact, levels of optimism amongst women since the first reopening in April have been remarkably stable in comparison to the more volatile nature of sentiment amongst men during the same period – similarly to what was seen at the same point last year.
- The decline in sentiment amongst men this month would appear to be linked with a declining sense of economic confidence. Compared to July, the proportion of men expecting their own finances and the economy as a whole to improve declined by 2% and 3% respectively.

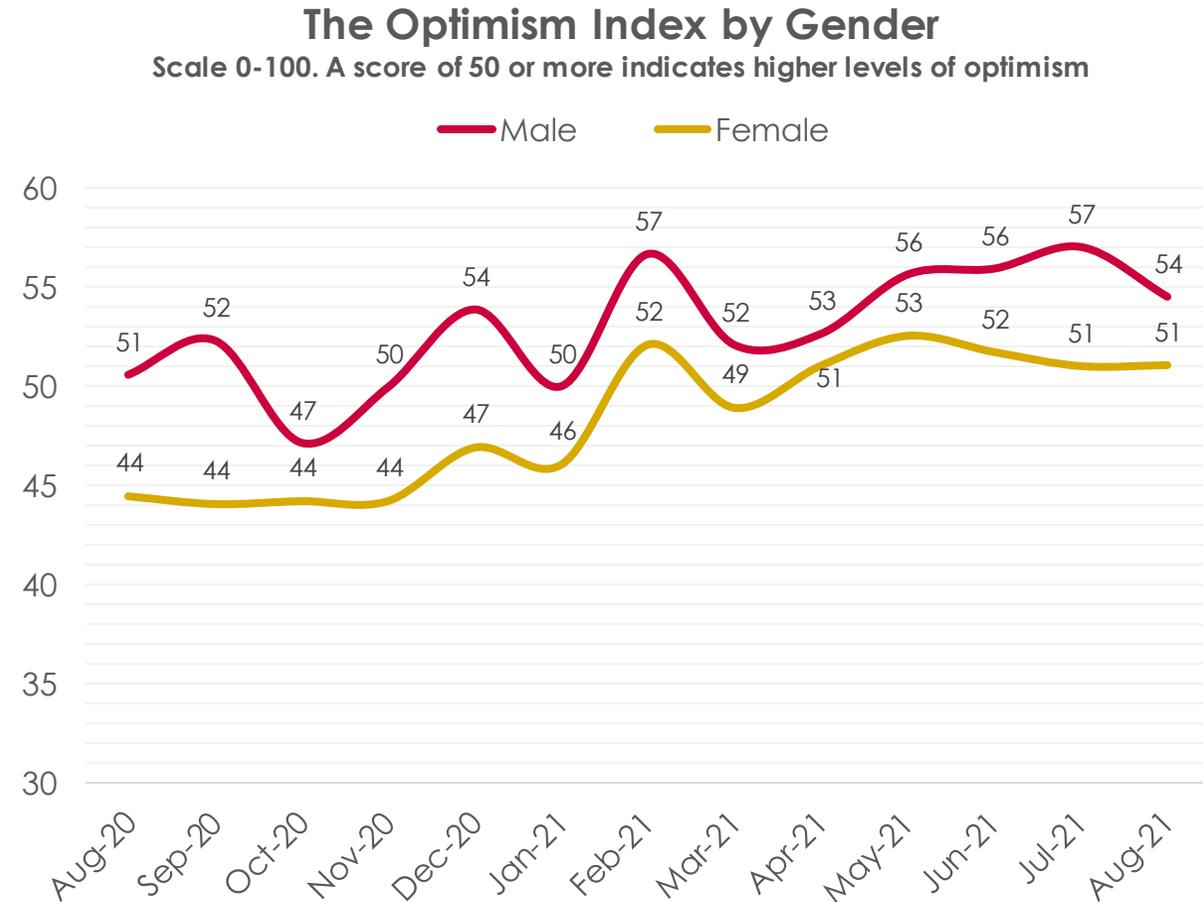


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

- This month brings a sharp decline in sentiment amongst certain generations, whilst others see little change. Most notably, Gen Z see a seven point decline from 61 to 54, whilst both Gen Y and the Silent Generation see four and five point falls respectively.
- Despite both Gen Z and the Silent Generation experiencing a similar fall in sentiment this month, it is likely that the declines are occurring based on different aspects of the pandemic.
- For Gen Z, the decline is a likely result of ongoing concerns in relation to the economic impacts. This cohort are still the most likely to feel worried about the impacts of the pandemic on their finances, and this month the proportion of Gen Z expecting both the economy as well as their own finances to improve fell sharply.
- For the Silent Generation, the recent upward trend has been halted by issues relating to the public health impacts of the pandemic. These consumers remain the most concerned about visiting public spaces, and amidst rising case and death numbers, such concerns are unlikely to be dampened any time soon.

Generation

The Optimism Index by Generation

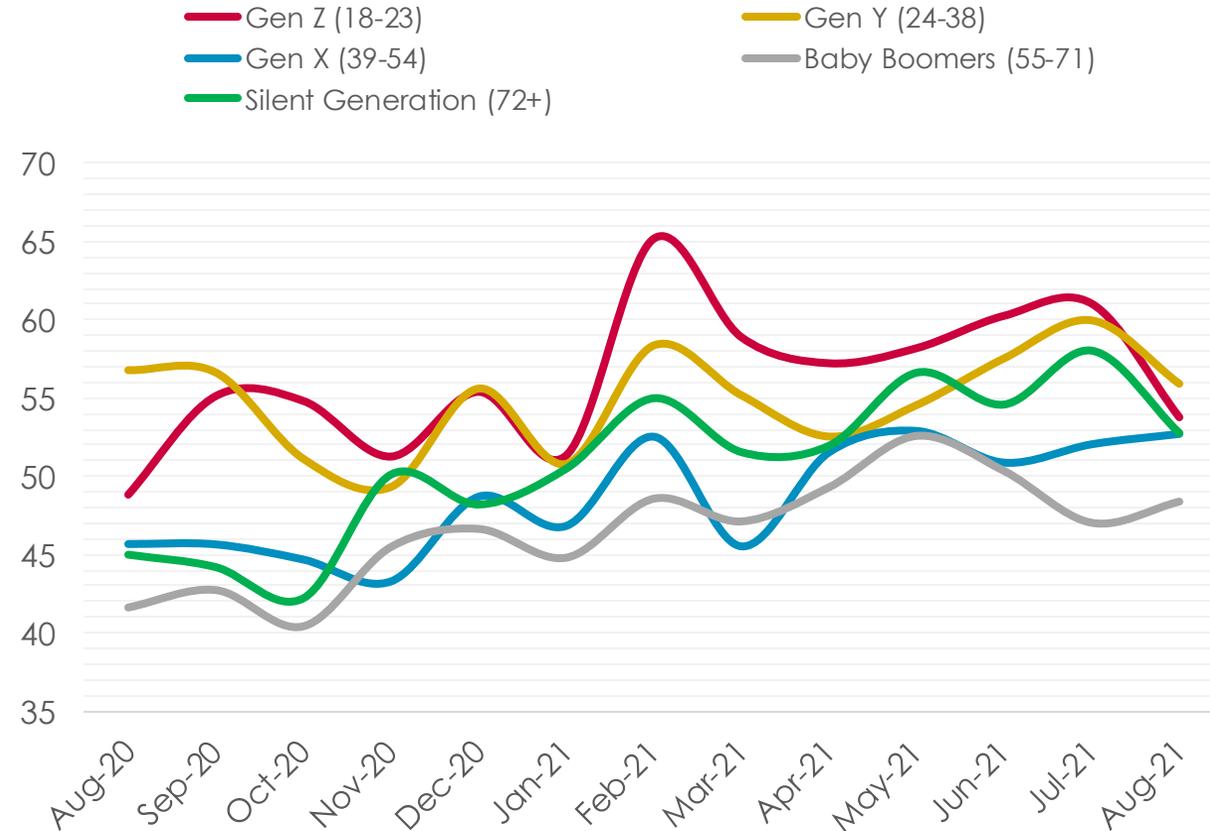


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Income

- This month further polarises higher and lower earners with regards to sentiment. Despite a slight fall amongst top earners, a decline of four points amongst those earning £21k to £41k brings the average of the two lowest earners to just 51 this month – ten points lower than the average of the two highest earning groups (61).
- Such disparity in optimism across different income groups is a likely result of the disproportionately damaging impacts of the pandemic on poorer households. Our findings suggest that economically active respondents in low income households are significantly more likely to be unemployed, and with more than a million still on furlough, this could yet rise further in the months ahead.
- This degree of polarisation in overall outlook has further ramifications for consumer confidence. This month, the top earners were more than twice as likely as the lowest earners to feel that their own finances will improve (45% to 20%) as well as adopting a far more confident outlook regarding the economy as a whole (52% and 33% expecting it to improve).

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

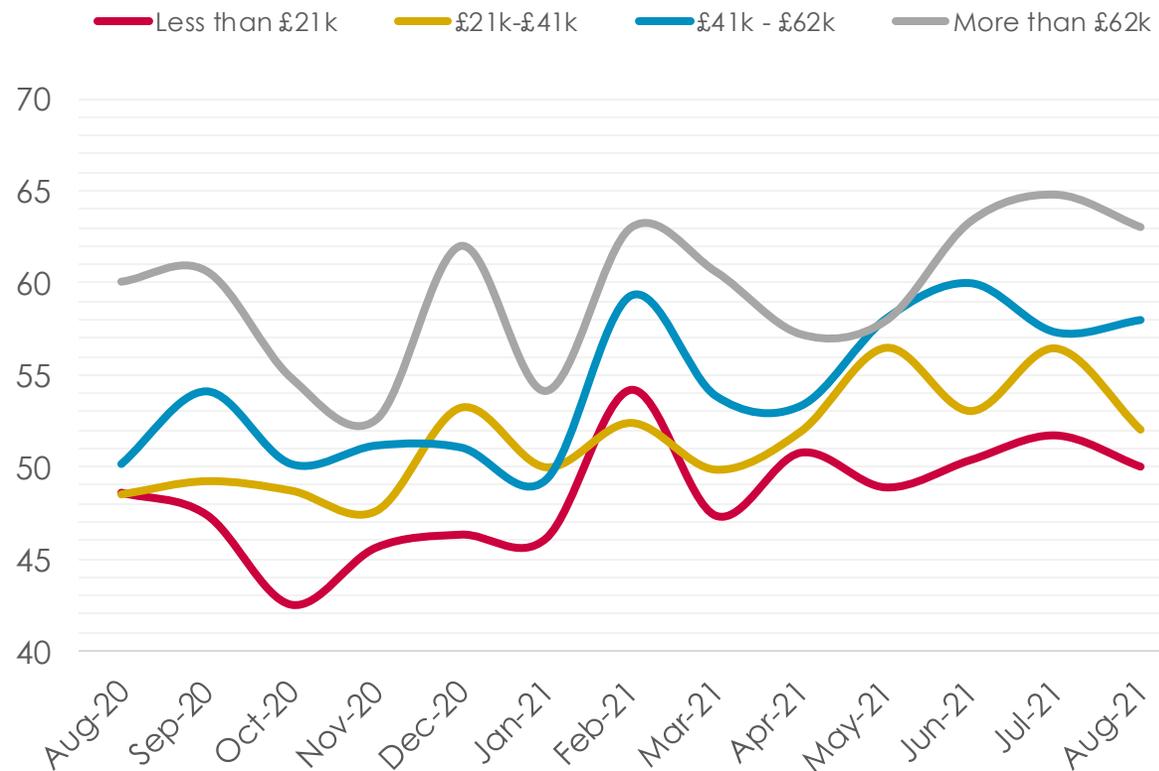
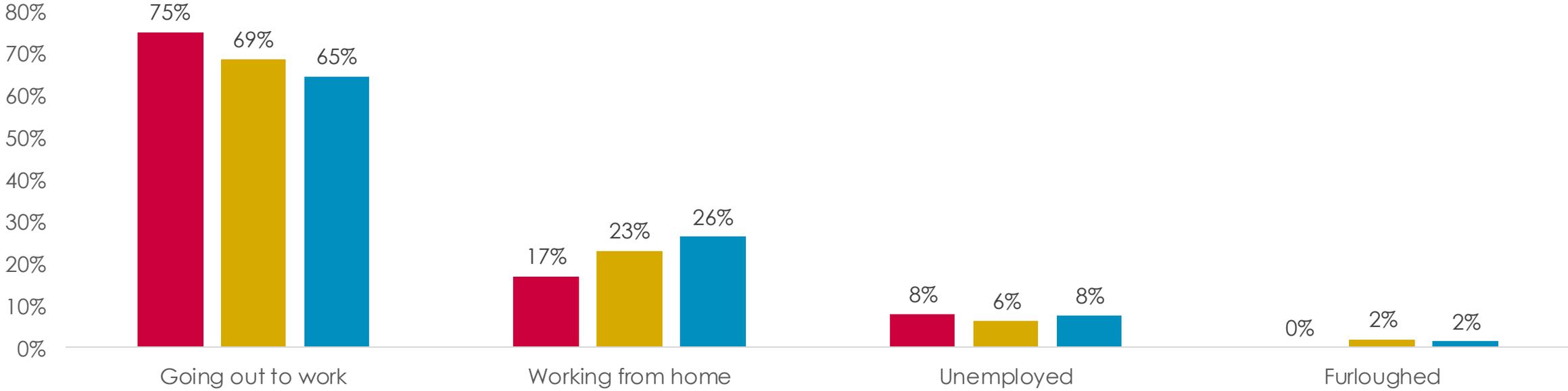


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Consumers expectations lean further towards remote working

Where do you think you will most often be working in September and October 2021?
[Average for September and October – amongst economically active]

■ Pre-Lockdown Numbers ■ Asked in September/October 2020 ■ Asked in July/August 2021

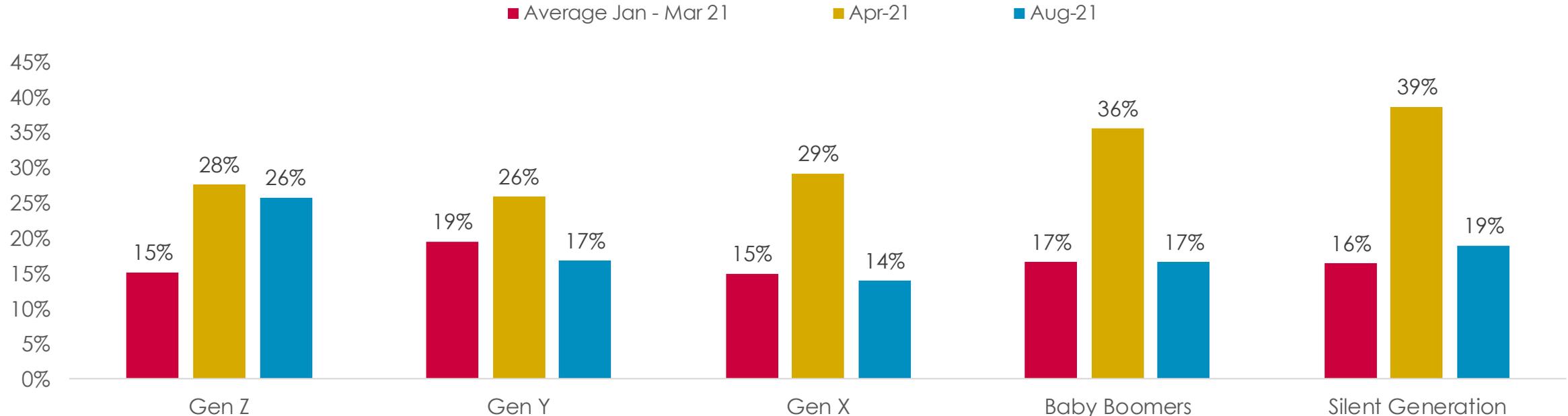


- Prior to the first lockdown in March of last year, roughly three quarters of those who were economically active were going out to the workplace most of the time, and just 17% were mostly working from home.
- Last year, in September and October, we asked economically active respondents where they would expect to be working in a years' time, and estimates were already lower than pre-pandemic levels. 69% expected to be in the workplace and 23% expecting to work remotely.
- When asked to consider their expected work environment for the same period when asked in July and August of this year, the decline is even more apparent. Just 65% now expect to be in the workplace and 26% expect to be working from home. Despite the rhetoric of a 'return to normality' as restrictions are lifted, these findings suggest that a return to pre-pandemic levels might never occur at all.



Rise in demand for out of home leisure maintained amongst Gen Z

Proportion expecting to *increase spending* on out of home food and drink, 2021



- In the first three months of this year, spending expectations for out of home food and drink remained fairly cautious, with consumers still hampered by lockdown restrictions. Amidst the first reopening of retail and hospitality in April however, the mood changed dramatically, with a sharp rise in the proportion expecting to increase spending on out of home food and drink seen across every generation.
- For the majority of cohorts, this degree of confidence in leisure spending has quickly declined, with the proportion expecting to increase their spending falling back to levels seen in the early months of the year. Even when accounting for the seasonal decline in out of home leisure spending as we approach the end of summer, these findings will still provide concern for businesses in these sectors.
- One notable exception to these findings however, is Gen Z, amongst whom the proportion expecting to increase their spending this month remains remarkably similar to the proportion seen in April. This is perhaps unsurprising given that Gen Z would typically have the most time available for leisure and therefore may have felt as though they missed out on more than older cohorts during periods of lockdown.

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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