



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

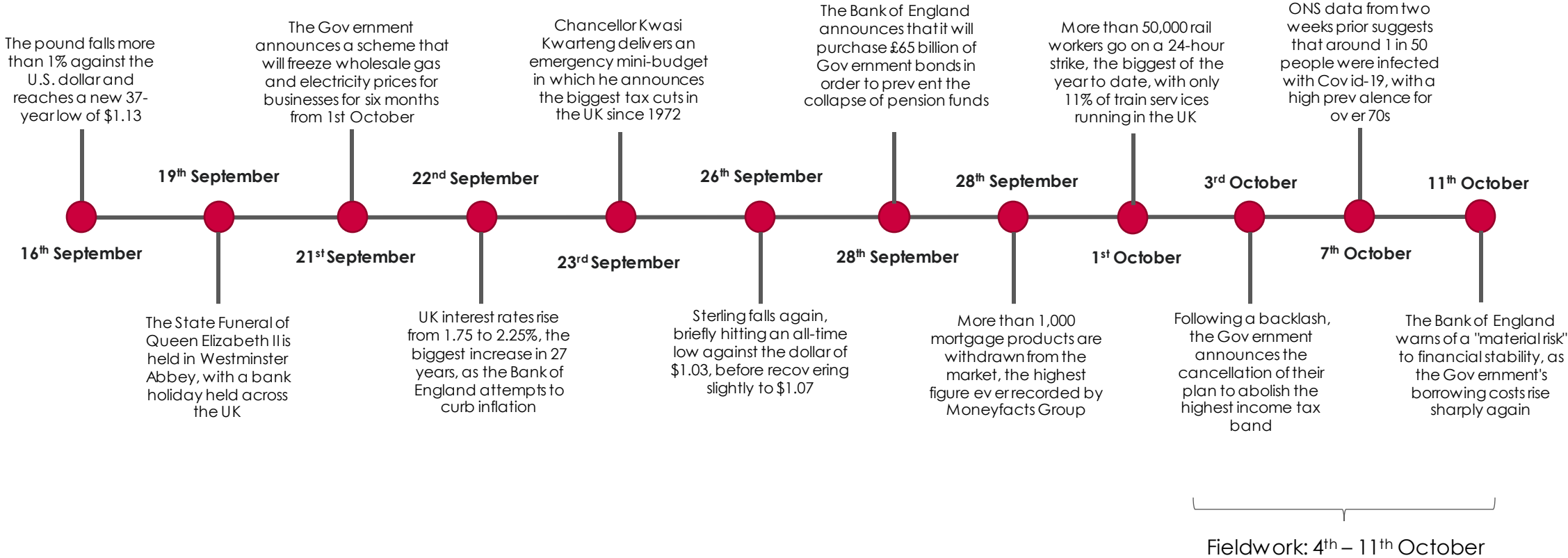
23

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

The Optimism Index (UK)

Report: October 2022 | Fieldwork: 4th – 11th October

Last Month's Key Events



Headlines

UK Optimism
October 2022

Rolling Average
October 2022

40

40

No change on September 22

Down two points on September 22

Down eleven points on October 21

Down twelve points on October 21

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

Net spending expectations

-40%

Expected spending remains extremely weak despite minor improvement

Net household confidence

-40%

Household confidence remains at a record-low level as mortgage rates rise sharply

Net Trust

-23%

Levels of trust remain at a concerning low level

Comment

Has it only been a month?

In the weeks leading up to October's fieldwork – and since our September report – we experienced a disastrous fiscal event, the collapse of the pound, Bank of England intervention in the bond markets, tax and spend U-turns, political party conferences and hundreds of pounds being added to people's mortgages as lenders anticipated substantial increases in interest rates.

Given this tumult – and especially given the new financial implications for people already struggling with the cost of living – the most interesting story from our new **Optimism Index** report is that so little has changed. Headline optimism is at the same level as last month (still a record low) and consumer confidence has also remained stable (albeit so subterranean it resides in the midnight zone).

Is this the floor? It is possible that people have reached their limit and that at this point nothing will compel us to be less optimistic about the future, or more pessimistic about the economy. Certainly the minor uptick in spending plans as we approach half term, Halloween and the festive season point in the right direction.

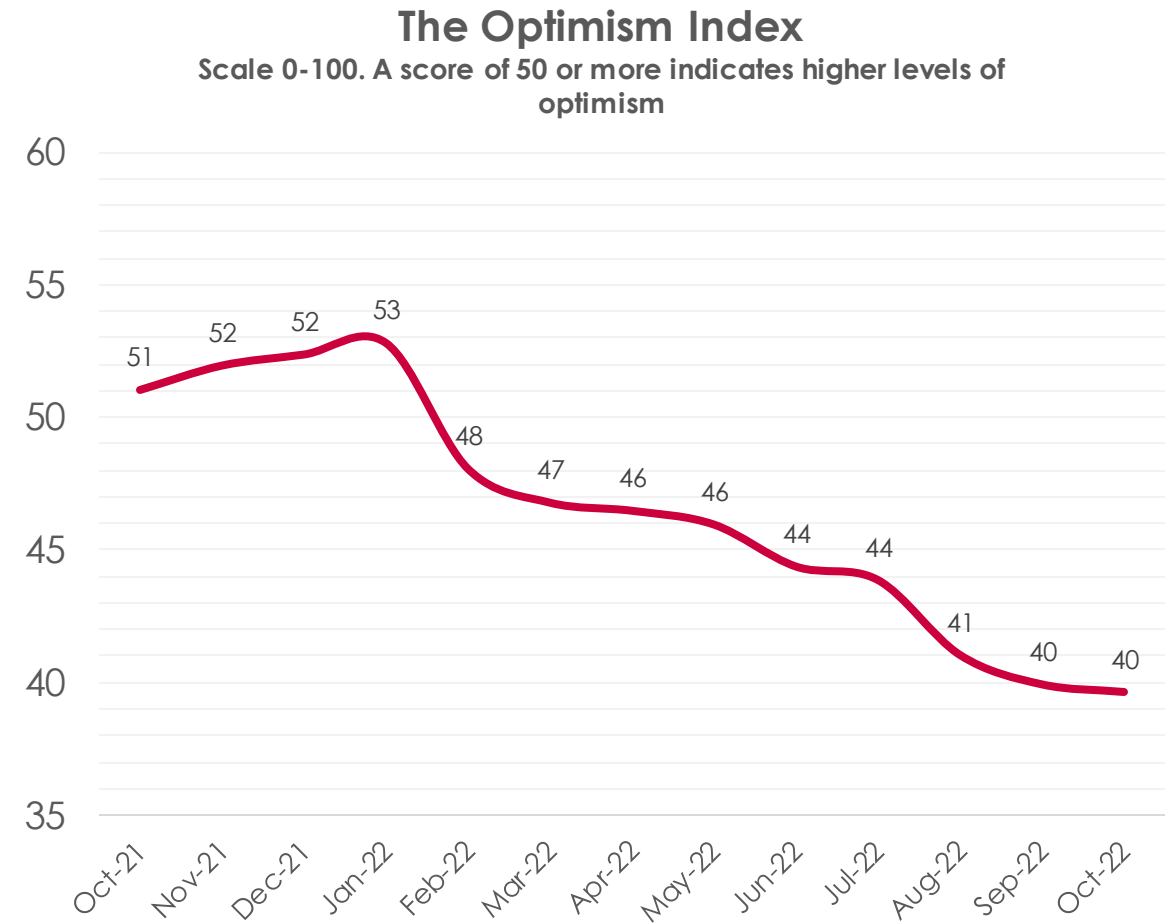
But events overtake. In the week since we completed fieldwork a new Chancellor has set fire to the Growth Plan in a bid to stabilise the economy, the Prime Minister has resigned and we've embarked on another leadership contest. In our next report we'll know if Prime Minister Sunak, Mordaunt or Johnson (no, no relation) is leading a recovery in sentiment or sending us further into the depths.

Tom Johnson, Managing Director, Trajectory



- This month's edition of **The Optimism Index** sees consumer sentiment remain at the same level, with a record-low score of 40 for the second consecutive month.
- Whilst a continuation of a record-low level of sentiment (now eleven points lower than this time last year) remains a significant cause for concern, it is perhaps a surprise that outlook has not worsened further given the events of the last month. Following the short-lived mini-budget, both the UK economy as a whole and consumer's own finances faced further uncertainty, yet the impact on outlook has been negligible.
- As has often been the case in recent months, however, a topline stagnation is still masking further downturn among specific consumer groups. Older generations, more exposed to the impacts of rising mortgage rates and the potential collapse of pension funds, have seen sentiment fall further, whilst over the longer term, almost half of regions outside of London are now seeing scores below 40.

The Optimism Index: Headlines



The Extent of Fragmentation

- This month sees the level of fragmentation in sentiment increase by the biggest margin of any point in the past year, up to nine points on average.
- The primary driver of this month's increase in fragmentation is a ten point rise across generations, with a sharp increase in sentiment for younger cohorts paralleled by further falls amongst over 40s. Elsewhere, we see little change across region and income, but it is also worth noting that we see a significant fall in fragmentation by gender, as the gap halves between men and women this month.
- The degree of fragmentation is now edging closer to the peak that was seen at the turn of the year. The key difference, however, is that overall sentiment is now substantially lower than it was in January. Those at the more positive side of the fragmentation we currently observe are now no longer seeing scores well above 50, and are rather simply less pessimistic than other demographic groups.

Overall Degree of Fragmentation
 [Average gap in long-term outlook across gender, generation, income and region
 0 = no fragmentation at all]



The Optimism Index: Rolling Average

- This month sees the rolling average of **The Optimism Index** fall by two points down from 42 to 40.
- As has often been the case in recent months, October marks a new record-low for long-term sentiment, falling two points lower than the previous record seen in September, and an alarming twelve points lower than at this time last year. This is also the fourth consecutive month in which the rolling average has fallen – emphasising the rapid collapse in overall outlook that has emerged as a result of the current crisis.
- Comparisons with previous years highlight the unprecedented nature of the trends in longer term optimism. Prior to 2022, even during the height of the pandemic, the rolling average never fell below 47, and quickly rallied when consumers anticipated the reopening of the economy and the end of lockdowns. In stark contrast, the last six months alone have been spent below this previous threshold.

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

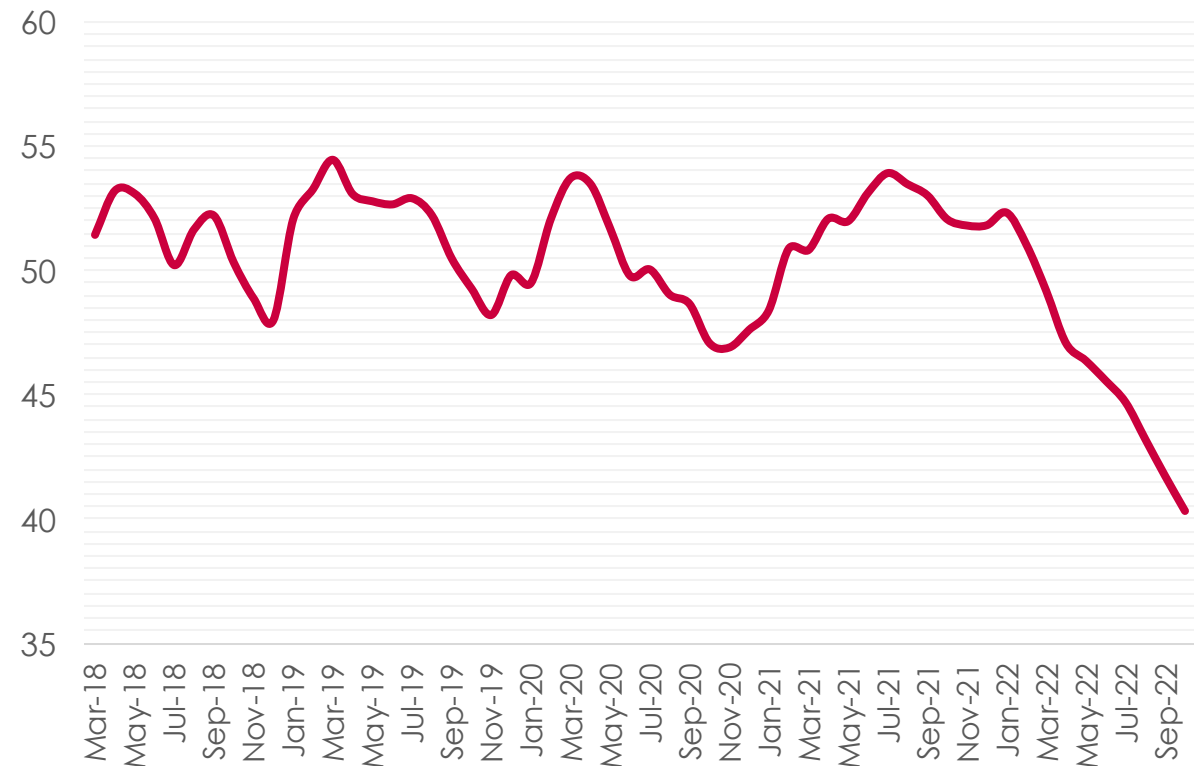
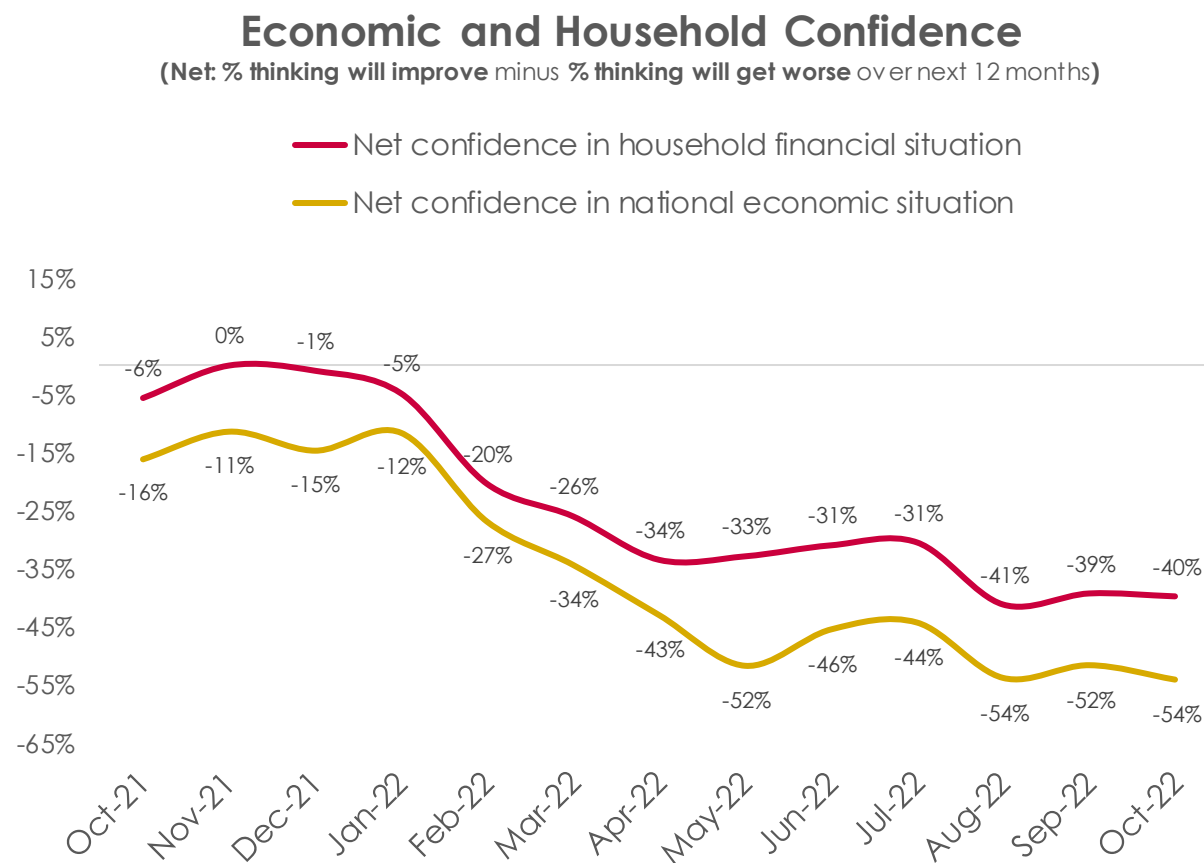


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

Economic and Household Confidence

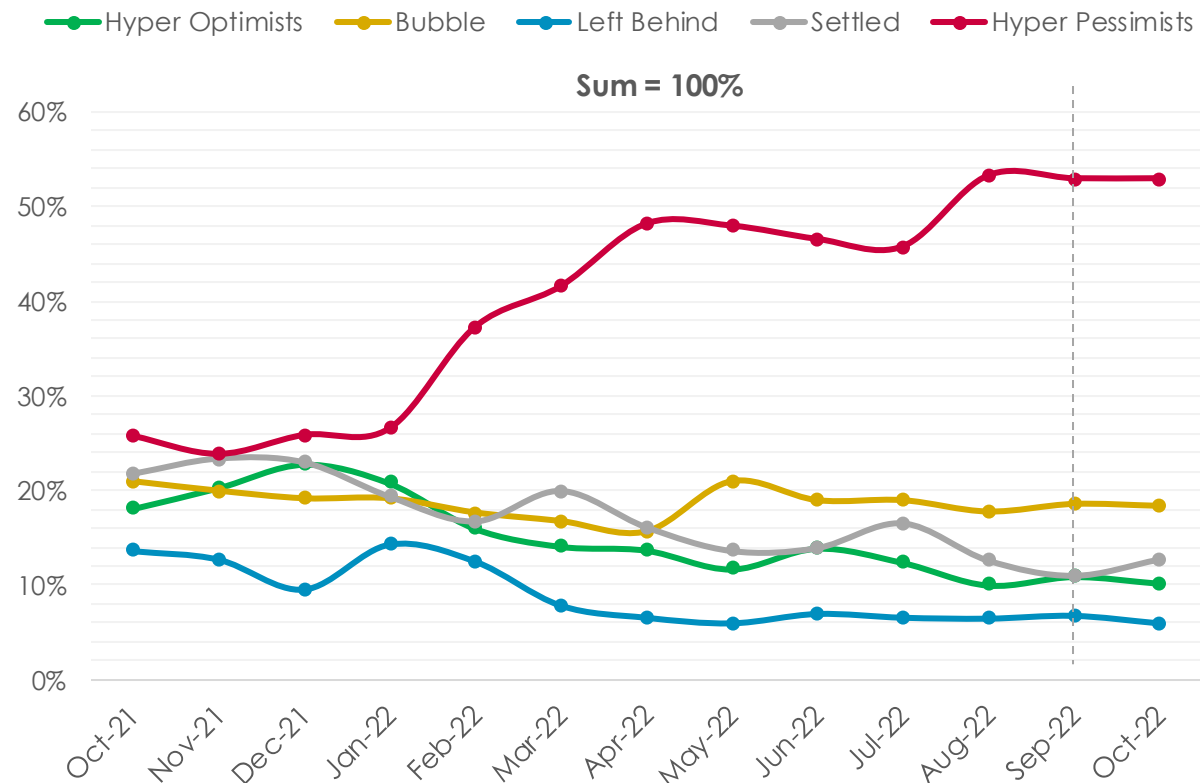
- This month sees a slight decline in both measures of consumer confidence, with a 2% decline in confidence in the UK economy as a whole and a 1% fall in household finances.
- No change in confidence, albeit at record-low levels, is perhaps surprising given recent events across the UK economy. With the past month seeing a weakening of the pound against the dollar, significant increases in mortgage rates and concerns over the stability of pension funds, the fact that both measures have remained relatively stable suggests that confidence may have hit its floor.
- It is also worth noting that October's fieldwork was conducted when the Energy Price Guarantee had offered consumers some stability and assurances regarding their energy bills for the next two years. Now only in place for six months, it remains to be seen whether the prospect of increased energy costs on top of the issues already being faced will drive confidence down further.



- This month again sees little change in our consumer confidence groups, with Hyper Pessimists still the most prominent by far – accounting for more than half of respondents for the third consecutive month (53%).
- Comparisons to this time last year continue to highlight the degree to which experiences have converged in regard to consumer confidence throughout the last year. Whilst Hyper Pessimists were still the most prominent group in October 2021, they accounted for just 12% more consumers than ‘Left Behind’, whereas the difference between the two groups this month is almost four times the magnitude (6% to 53%).
- Despite Hyper Pessimists accounting for more than half of respondents, the past three months have still seen around one in ten people in the Hyper Optimists group. This group skew towards younger generations (56% under 40s compared to 38%) and men (70% to 49%).

Consumer Confidence Groups

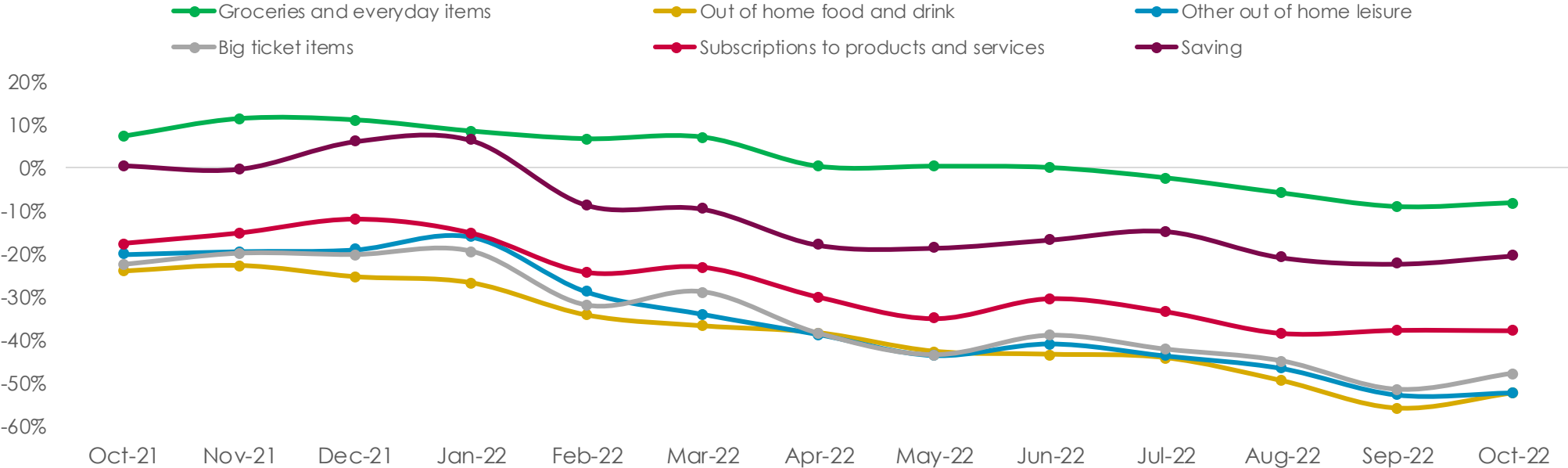
Do you think the economic situation in the UK/the financial situation in your household will improve, stay the same or get worse in the next 12 months?



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]



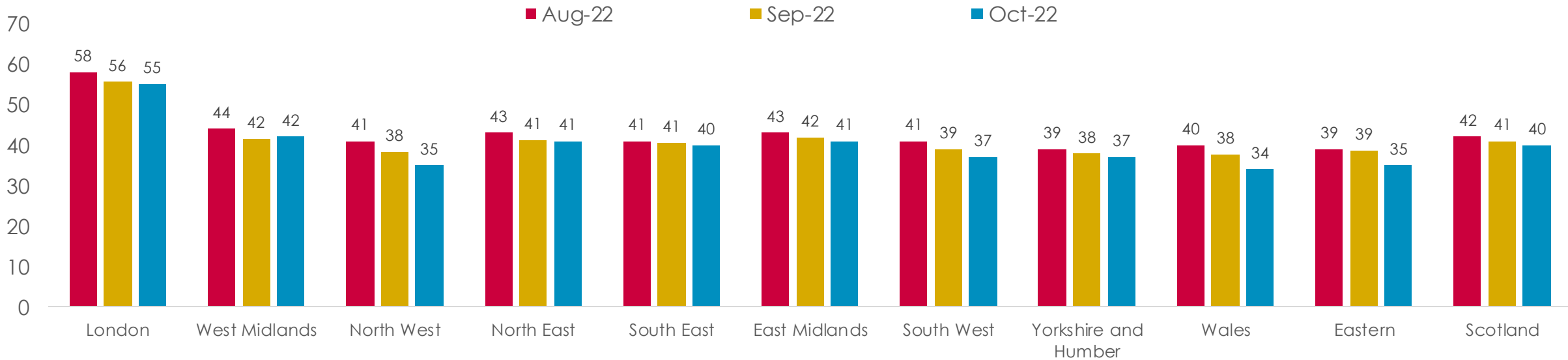
Monthly Changes

- Groceries and Everyday Items: **+1%**
- Savings: **+2%**
- Subscription Services: **0%**
- OOH Food and Drink: **+4%**
- Other OOH Leisure: **+1%**
- Big Ticket Items: **+4%**

- This month sees a minor improvement in net spending expectations, with all categories except for subscriptions increasing by at least 1%. The most notable increase is for out of home food and drink (up 4%), with some of this increase likely influenced by the greater opportunities for leisure spending provided by the upcoming half term holidays.
- More broadly, however, spending expectations remain substantially lower than they were at this time last year. Net expectations for every category are at least 15% lower than in October 2021 which, coupled with the 20% decline in expected savings, continues to highlight the extent of the damage that the cost of living crisis is having on consumers' ability to afford leisure.
- Our latest findings provide further evidence that a more optimistic consumer is more likely to have more positive spending expectations. More than twice the proportion of the most optimistic respondents this month expect to increase the amount that they will spend on out of home food and drink in the next few months than compared to the total sample (29% to 13%).



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



- This month sees sentiment remain heavily fragmented between London and the rest of the UK. Those in London are substantially more positive than the rest of the country, although it is worth noting that this is far from consistent across London as a whole, with Outer London seeing a score 15 points lower than that of those in Inner London this month (45 to 60).
- For the rest of the UK, experiences have converged to a point in which a pessimistic outlook has become entrenched. Outside of London, the West Midlands has the most positive score, albeit just 42, whilst we see five regions again score below 40. Of particular concern, these are the same five regions that were below 40 last month, with each region experiencing a decline compared to September.
- A similar disparity between Inner London and the rest of the UK is seen when comparing expectations for savings. Whilst just 18% of the total sample expect to increase savings in the next few months, this rises to 40% amongst those living in Inner London.

Gender

- This month sees the gap in optimism between men and women close by four points, down from eight to just four, as men see a two point fall from 44 to 42, whilst women experience an increase of the same margin – up to 38.
- A score of 42 is now the lowest that we have ever recorded for men, down a remarkable 12 points in comparison to this time last year, and marking a 15 point fall since the turn of the year (57 to 42). Other findings this month indicate that this latest decline is associated with a loss of trust. This month, net trust in politicians amongst men fell to -50%, the lowest level that we have seen since the beginning of 2020.
- Alongside the continued decline amongst men, the closing of the gap this month has also occurred as a result of a minor improvement in outlook for women. Further analysis indicates this upturn may be linked to a greater sense of household confidence. Despite falling by 12% in the past two months, October saw women experience a 3% increase in net confidence in their personal financial situation.

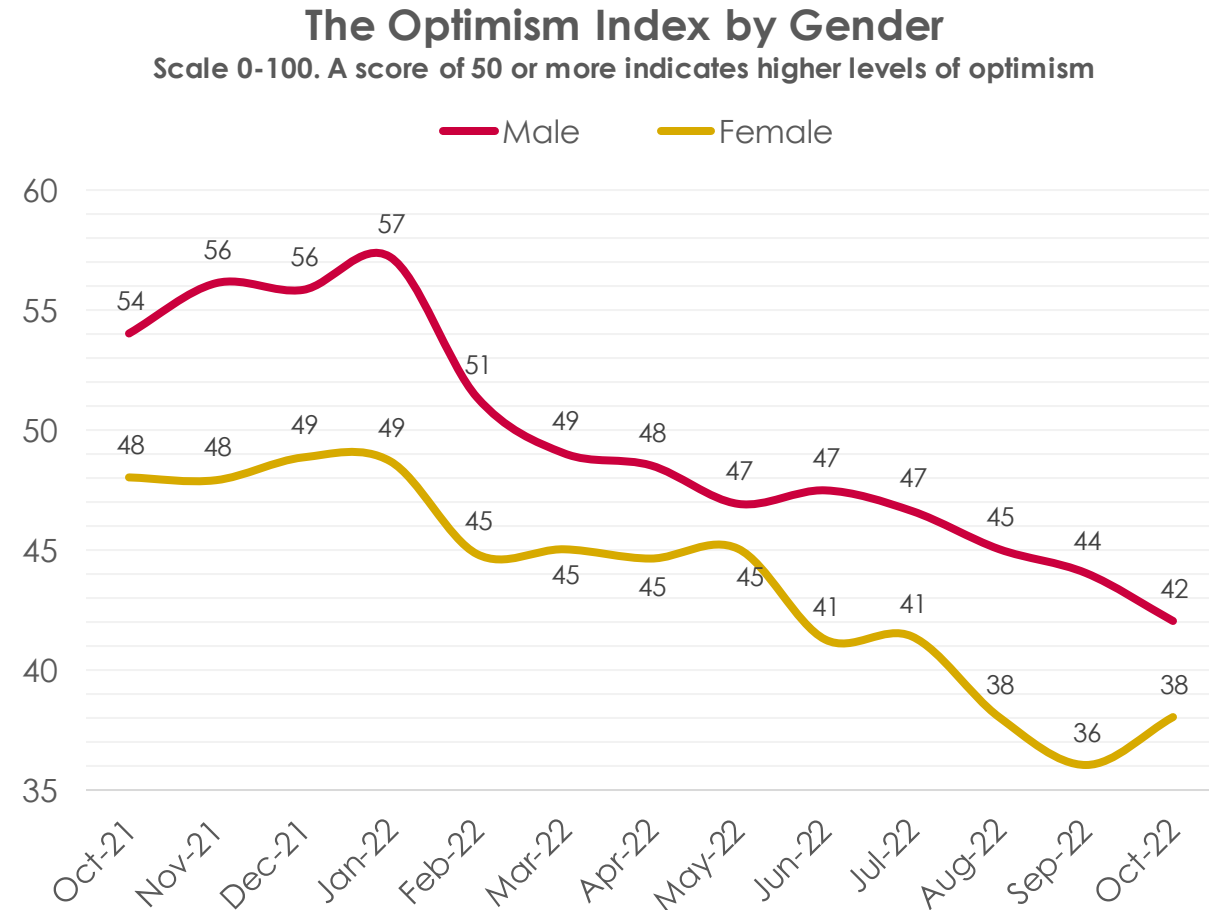


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

Generation

- This month sees sentiment grow considerably more fragmented across generations, with both Gen Z and Gen Y seeing an increased score, whilst older cohorts see a downturn in outlook.
- For older generations, the recent turmoil in UK markets has been particularly damaging. With mortgage rates rising sharply as a result of rapid inflation growth and the collapsing value of the pound posing risks to the stability of UK pension funds, homeowners and those nearing pension age were far more exposed to the uncertainty surrounding the UK economy in recent weeks.
- Whilst personal finances are the primary concern for over 40s, this month sees younger generations with fewer such concerns. Despite the proportion who are worried about paying for regular household expenses stagnating at a topline level, we see a 7% and 8% fall in such concerns for Gen Z and Gen Y respectively.

The Optimism Index by Generation

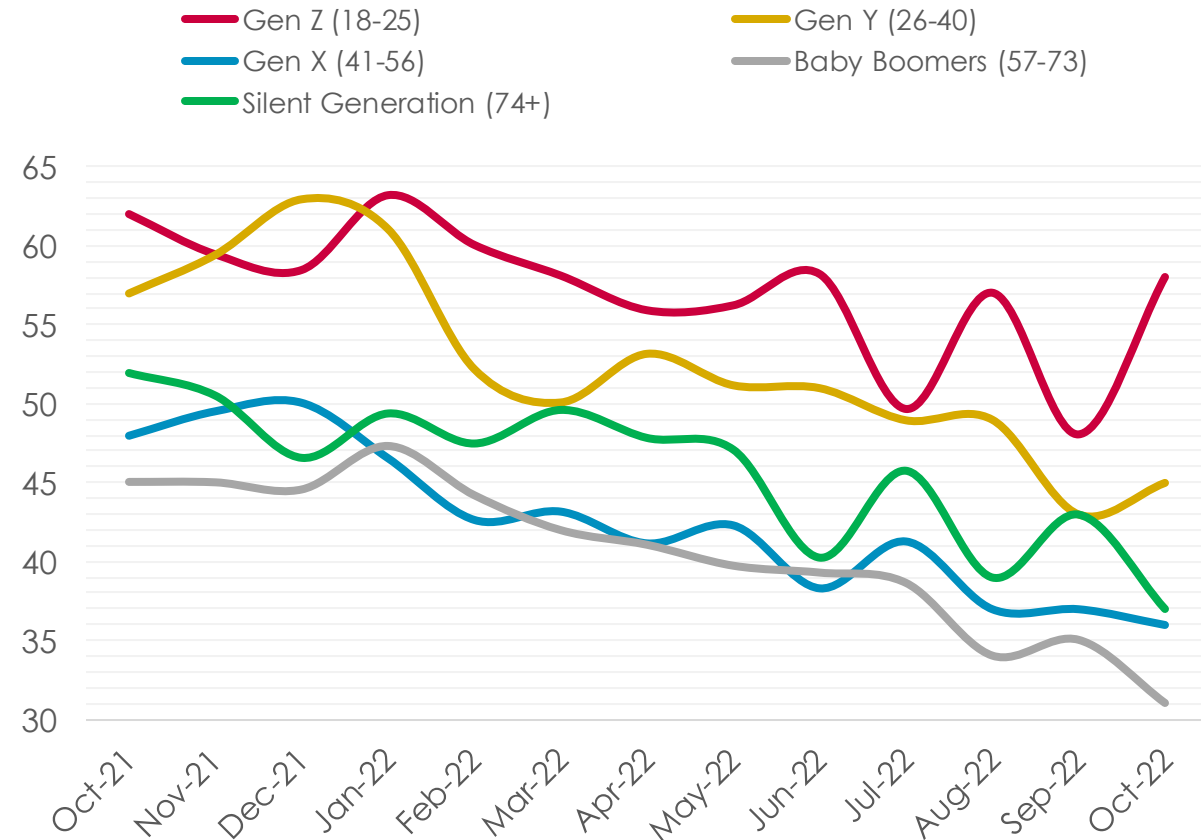


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

Income

- This month sees consumer sentiment grow slightly more fragmented across income bands, as those in households earning more than £83k per year rise by nine points from 48 to 57, whilst all other groups remain well below 50.
- These latest findings provide further evidence that the cost of living crisis is causing a loss of the middle class. There is essentially no difference in outlook between households on less than £21k per year and those on £41k-£62k.
- With even households earning £62k to £83k per year experiencing a further decline in optimism this month (down to just 45), the gap between this group and the lowest earners now sits at just four points. This time last year, the gap in outlook between these two groups was more than three times the magnitude (49 to 63).

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

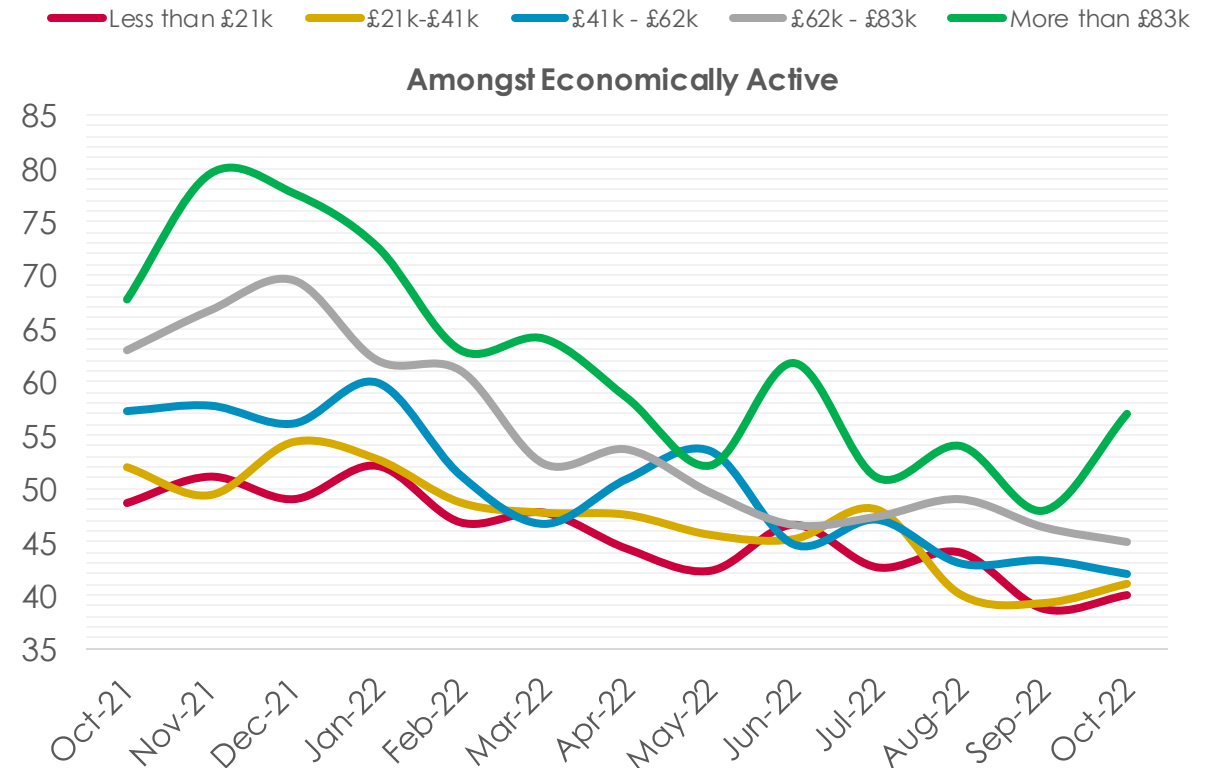
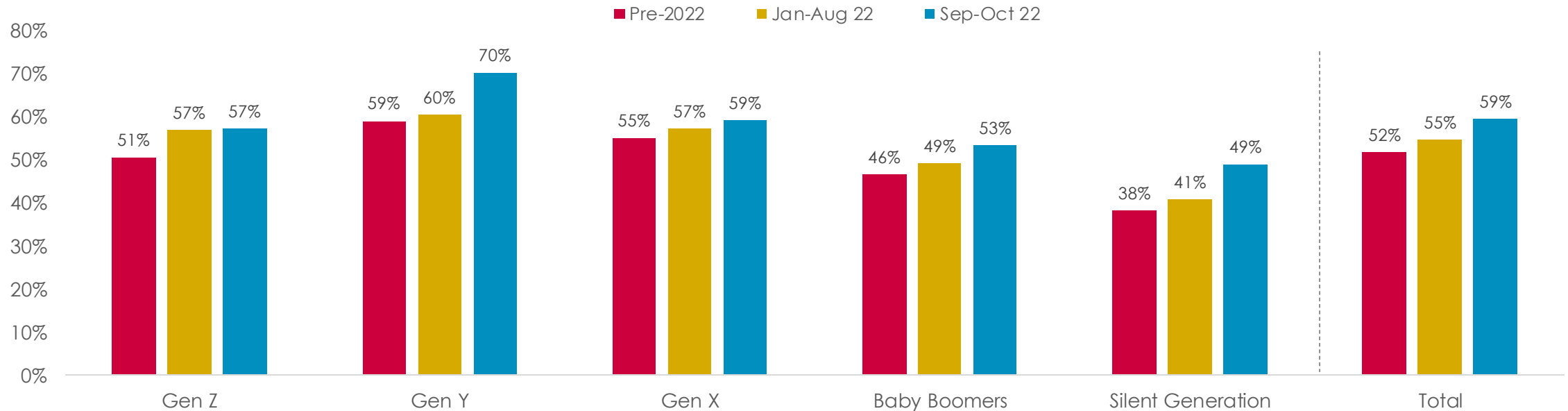


Chart labels are rounded to whole numbers, but *The Optimism Index* is rounded to one decimal place

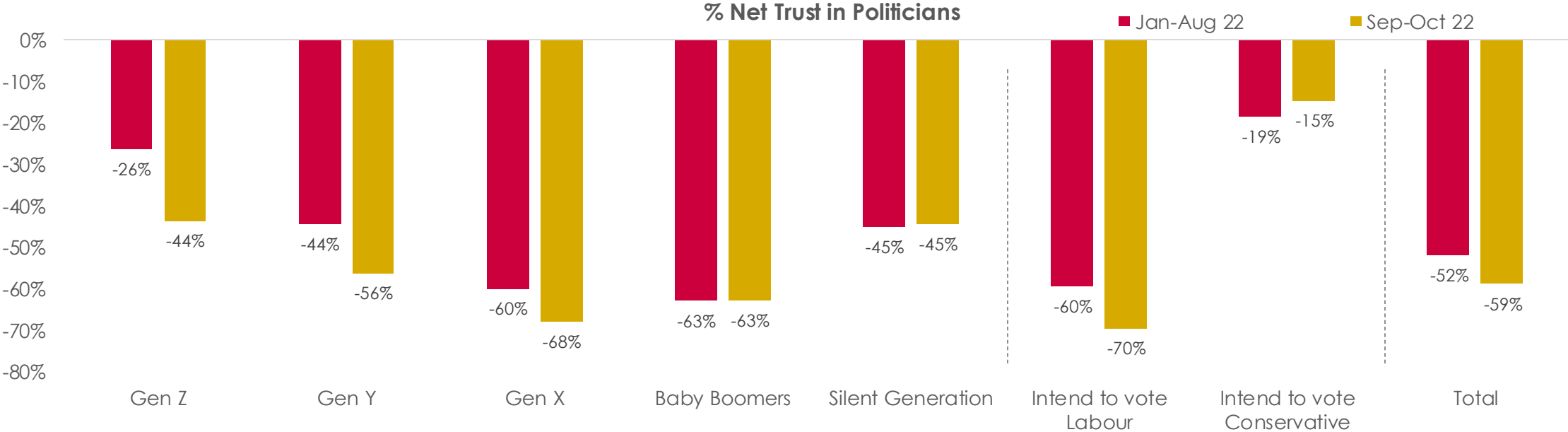
Price-conscious behaviours grow more prominent amidst crisis

% Saying Very Much Like Me/Like Me - Getting the Cheapest Price when Shopping is Important



- With consumer concerns relating to the cost of everyday spending continuing to rise, new spending habits have begun to emerge – with a greater emphasis on price-consciousness being particularly apparent. The proportion of consumers who consider getting the cheapest price when shopping to be important has increased considerably throughout this year so far.
- With just 52% feeling this way prior to 2022, this has risen to 59% across the past two months. However, this has not been consistent across demographics. Whilst this year has seen a 7% increase at a topline level, this rises to 11% for both Gen Y and the Silent Generation, whilst the same period has seen just a 4% increase for Gen X.
- It is not only a focus on the cheapest price that has grown more prominent as a result of the crisis. Compared to 2020, this year has also seen notable increases in the proportion who have recently started shopping around for groceries to find the best deals (24% to 32%) and who actively look out for and collect loyalty points (19% to 23%).

Recent Turmoil Drives Significant Fall in Political Deference



- Alongside the current crisis in regard to household finances, consumers are also being faced with unprecedented political turmoil – spearheaded by a number of recent U-turns on key economic policies. Such events have, perhaps unsurprisingly, had a damaging impact on the degree of political deference that consumers can afford.
- Compared to the rest of 2022, the last two months have seen net trust in politicians fall by 7% (-52 to -59%), although again it is worth highlighting that this trend has been notably fragmented across demographics. The fall amongst Gen Z, for example, has been almost three times the magnitude of the total sample, with net trust falling by 18% from -26% to -44% during this period.
- At the opposite end of the scale, older generations have seen no change at all, with net trust in politicians amongst both Baby Boomers and the Silent Generation remaining at the same level for the last two months when compared to the rest of 2022. Those intending to vote Conservative in the next election go one step further, with net trust actually rising by 4% for the past two months (-19% to -15%).

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.

Enquiries: info@trajectorypartnership.com

Trajectory
www.trajectorypartnership.com
[@TrajectoryTweet](https://twitter.com/TrajectoryTweet)

