Middle Tennessee Consumer Outlook Index

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**The Office of Consumer Research**

**Jones College of Business**

at Middle Tennessee State University

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**Consumer Outlook Rebounds Heading Into The Summer**

Local consumers’ outlook on the economy has rebounded from its dip earlier this year. The Overall Outlook Index rose to 355, from 322 in February of this year. This is the highest we have seen the Overall Outlook Index since June, 2004 when it was at 360. This is a good sign for the local economy as the outlook scores appear to be back on a solid trend of growing consumer optimism toward the economy.

**The Middle Tennessee Consumer Outlook Index and Components**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Feb ‘13 | Apr ‘13 | Sept  ‘13 | Dec ‘13 | Feb ‘14 | May ‘14 | Sep ‘14 | Dec  ‘14 | Feb ‘15 | **Apr**  **‘15** |
| **Overall Outlook Index** | 144 | 193 | 199 | 122 | 179 | 203 | 226 | 329 | 322 | **355[[1]](#footnote-1)** |
| **Current Situation Index** | -16 | 1 | 18 | 3 | 23 | 38 | 48 | 77 | 91 | **110** |
| **Future Expectations Index** | 78 | 97 | 86 | 49 | 85 | 86 | 80 | 130 | 122 | **135** |
| **Purchasing Index** | 82 | 95 | 95 | 70 | 71 | 79 | 98 | 122 | 109 | **110** |

Local consumers continue to feel good about the current economy. The Current Situation Index rose to 110 from 91 in February. Local consumers were especially positive about the local Middle Tennessee economy. The percent who said that business conditions in Middle Tennessee were “good” improved to 65 from 56 in February. Perceptions about the current overall U.S. economy, however, remained relatively unchanged.

Local consumers have also become increasingly optimistic about the future of the economy. The Future Expectations Index gained to 135 from 122 in February. A major contributor to this increase was growing optimism regarding the local job market. The percent who said that there will be “more job openings” in the next six months rose to 45 from 39. Because jobs are such a fundamental component to any growing economy, a positive outlook on the potential for job openings in the future bodes well for even more increases in the outlook index in the future. [[2]](#footnote-2)

The Purchasing Index, however, remained relatively flat. Even though consumers increasingly perceive that now is a good time to purchase a house, the percent who said that now is a “good time” to purchase large items for the home actually dropped to 29 from 42. Further, when asked whether or not they expect their level of consumer spending for 2015 to be more or less than it was for 2014, the percent of consumers who expect to increase their spending dropped to 37 from 40, while the percent who expect to decrease their spending rose to 22 from 19.

Such results suggest that we might not see an immediate effect of this increased optimism on consumers’ spending. Factors such as fears about increasing gasoline prices can cause consumers to keep a tight grip on their wallets when making spending and budgeting decisions. However, an improving outlook on the economy can help to ease consumers’ fears and lead to increased spending.

The current telephone poll of 241 randomly selected adult residents of Davidson County, Rutherford County and Williamson County was conducted between the evenings of Tuesday, April 28 and Thursday, April 30. The sample includes both landline and cell phones.

**Perceptions of the Economy: Comparison to the Nation**

While local consumers have some similar views of the economy as compared to consumers across the rest of the country, local consumers continue to hold noticeably more optimistic views about the future of the U.S. economy, the future of the job market, and the future of their personal finances.

|  |  |  |
| --- | --- | --- |
| Comparing Middle Tennessee Consumers to  Consumers Across the Country as a Whole | Nation  (%) | Mid.  Tenn.  (%) |
| Business conditions in the U.S. are good. | **27[[3]](#footnote-3)** | **27** |
| Six months from now, business conditions in the U.S. will be better. | **16** | **26** |
| Jobs are easy to find (plentiful). | **19** | **24** |
| Six months from now, there will be more job openings. | **14** | **45** |
| In 12 months my personal financial situation (income) will be better. | **18** | **47** |

**Changes in Consumers’ Perceptions of the Economy**

The table below shows how consumers’ responses to selected survey questions have changed since February, 2015.

|  |  |  |
| --- | --- | --- |
|  | April  2015  (%) | Change from  February 2015 |
| Business conditions in the U.S. are Good. | **27** | **1%** |
| Six months from now, business conditions in the U.S. will be Better. | **26** | **1%** |
| Business conditions in Middle Tennessee are Good. | **65** | **9%** |
| Six months from now, business conditions in Middle Tennessee will be Better. | **44** | **No Change** |
| Jobs in Middle Tennessee are Easy To Find. | **24** | **1%** |
| Six months from now there will be More Job Openings in Middle Tennessee | **45** | **6%** |
| I am Better Off Financially than I was one year ago. | **35** | **2%** |
| 12 months from now I will be Better Off Financially than I am today. | **47** | **2%** |
| Now is a Good Time To Make Large Purchases. | **29** | **13%** |
| Now is a Good Time To Buy A Home. | **64** | **7%** |
| Now is a Good Time To Buy A Car. | **47** | **2%** |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consumer Outlook |  | Apr | Sept | Dec | Feb | May | Sept | Dec | Feb | Apr |
|  |  | ‘13 | ‘13 | ‘13 | ‘14 | ‘14 | ‘14 | ‘14 | ‘15 | **‘15** |
|  |  | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | **(%)** |
| Are business conditions | Good | 13 | 14 | 12 | 15 | 17 | 21 | 27 | 26 | **27** |
| in the U.S. | In Between | 62 | 66 | 61 | 62 | 66 | 62 | 58 | 64 | **62** |
|  | Bad | 24 | 20 | 26 | 22 | 17 | 15 | 14 | 9 | **10** |
|  |  |  |  |  |  |  |  |  |  |  |
| Six months from now, | Better | 33 | 30 | 25 | 29 | 31 | 22 | 33 | 27 | **26** |
| will business conditions | About same | 46 | 48 | 47 | 47 | 49 | 57 | 53 | 56 | **57** |
| in the U.S. be: | Worse | 19 | 20 | 25 | 22 | 18 | 17 | 11 | 14 | **14** |
|  |  |  |  |  |  |  |  |  |  |  |
| Are business conditions | Good | 44 | 49 | 42 | 50 | 48 | 51 | 60 | 56 | **65** |
| in Middle TN: | In Between | 45 | 46 | 47 | 38 | 43 | 40 | 35 | 37 | **31** |
|  | Bad | 9 | 5 | 9 | 11 | 7 | 6 | 5 | 5 | **3** |
|  |  |  |  |  |  |  |  |  |  |  |
| Six months from now, | Better | 39 | 37 | 27 | 35 | 33 | 33 | 45 | 44 | **44** |
| will business conditions | About same | 49 | 51 | 59 | 55 | 57 | 53 | 49 | 46 | **50** |
| in Middle TN be: | Worse | 10 | 10 | 11 | 7 | 8 | 10 | 6 | 7 | **3** |
|  |  |  |  |  |  |  |  |  |  |  |
| Are jobs in Middle TN: | Easy to find | 8 | 8 | 12 | 13 | 16 | 14 | 16 | 23 | **24** |
|  | Found  w/effort | 54 | 57 | 57 | 53 | 57 | 53 | 60 | 50 | **57** |
|  | Hard to find | 31 | 29 | 26 | 28 | 24 | 25 | 18 | 21 | **17** |
|  |  |  |  |  |  |  |  |  |  |  |
| In Middle TN six months | More | 39 | 40 | 28 | 35 | 33 | 38 | 43 | 39 | **45** |
| from now there will be | About same | 47 | 45 | 50 | 47 | 54 | 48 | 45 | 48 | **47** |
| (# of jobs): | Fewer | 11 | 12 | 16 | 15 | 10 | 9 | 9 | 10 | **6** |
|  |  |  |  |  |  |  |  |  |  |  |
| Compared to a year ago, | Better | 24 | 24 | 25 | 27 | 29 | 25 | 30 | 37 | **35** |
| is your personal financial | About same | 52 | 53 | 48 | 53 | 47 | 58 | 51 | 47 | **54** |
| situation: | Worse | 24 | 23 | 27 | 21 | 24 | 17 | 19 | 16 | **11** |
|  |  |  |  |  |  |  |  |  |  |  |
| In 12 months will your | Better | 37 | 35 | 34 | 39 | 33 | 32 | 41 | 49 | **47** |
| personal financial | About same | 52 | 51 | 53 | 52 | 59 | 59 | 52 | 44 | **48** |
| situation be: | Worse | 11 | 14 | 13 | 9 | 8 | 9 | 6 | 6 | **4** |
|  |  |  |  |  |  |  |  |  |  |  |
| Is now a good time to | Good time | 30 | 29 | 35 | 33 | 32 | 32 | 49 | 42 | **29** |
| buy large items for | In between | 48 | 47 | 34 | 42 | 44 | 49 | 37 | 39 | **58** |
| the home? | Bad time | 18 | 18 | 22 | 20 | 17 | 13 | 9 | 13 | **8** |
|  |  |  |  |  |  |  |  |  |  |  |
| Is now a good time to | Good time | 65 | 65 | 52 | 53 | 56 | 55 | 57 | 57 | **64** |
| buy a house? | In between | 22 | 19 | 29 | 24 | 28 | 26 | 23 | 24 | **22** |
|  | Bad time | 9 | 12 | 13 | 18 | 11 | 12 | 14 | 14 | **11** |
|  |  |  |  |  |  |  |  |  |  |  |
| Is now a good time to | Good time | 42 | 45 | 38 | 41 | 37 | 48 | 50 | 49 | **47** |
| buy a car? | In between | 37 | 38 | 38 | 36 | 42 | 35 | 34 | 35 | **39** |
|  | Bad time | 15 | 14 | 20 | 18 | 18 | 12 | 11 | 12 | **11** |

**About the Survey**

The results reported here are based on telephone interviews (including landline and cell phones) with 241 randomly selected adult residents, 18 years and older, from Davidson County, Rutherford County and Williamson County. Phone interviews were conducted between the evenings of Tuesday, April 28 and Thursday, April 30. With a sample of 241 people, we can say with 95% confidence that the amount of survey error due to taking a random sample instead of surveying all members of the population is ± 6.3%. Other factors such as problems with question wording and question interpretation can also introduce additional bias or error into the results. Results from the Middle Tennessee Consumer Outlook Surveys can be compared to national consumer surveys published monthly by the Conference Board ([www.conference-board.org](http://www.conference-board.org)). This report is also available on the MTSU Office of Consumer Research web page ([www.mtsu.edu/consumer](http://www.mtsu.edu/consumer)).

The Consumer Outlook Index is based on all 11 survey questions outlined below. The score is computed by adding the percentage of positive responses to each question, and subtracting the percentage of negative responses. The Current Situation Index is based on questions 1, 3, 5, and 7. The Future Expectations Index is based on questions 2, 4, 6, and 8. The Purchasing Index is based on questions 9, 10, and 11.

**About the Office of Consumer Research at MTSU**

In 2000, the Management and Marketing Department at Middle Tennessee State University received funding from an MTSU Technology Access Fee grant to create a telephone survey research lab and the Office of Consumer Research to be housed in the department. The Office of Consumer Research uses the telephone survey lab to conduct surveys of consumers in Middle Tennessee. The surveys measure consumers’ perceptions of economic conditions in the country as a whole as well as in Middle Tennessee. Similar surveys conducted by the Conference Board and the Survey Research Center at the University of Michigan have been shown to be very predictive of key economic indicators such as inflation, interest rates and consumer spending.

Students in Professor Timothy R. Graeff’s marketing research courses conduct the telephone surveys. For further information contact Timothy R. Graeff, Professor of Marketing and Director, Office of Consumer Research (898-5124; Tim.Graeff@mtsu.edu).

**The Middle Tennessee Consumer Outlook Survey:**

**[C]** = included in the Current Situation Index

**[F]** = included in the Future Expectations Index;

**[P]** = included in the Purchasing Situation Index

1. **[C]** Turning first to business conditions in the country as a whole, would you say that business conditions in the country as a whole are good, bad, or somewhere in between?
2. **[F]** And how about 6 months from now, do you expect that in the country as a whole business conditions will be better than they are today, worse than they are today, or just about the same?
3. **[C]** Now turning to business conditions in Middle Tennessee, would you say that business conditions in Middle Tennessee are good, bad, or somewhere in between?
4. **[F]** And how about 6 months from now, do you expect that in Middle Tennessee business conditions will be better than they are today, worse than they are today, or just about the same?
5. **[C]** Now turning to the availability of jobs in Middle Tennessee, would you say that jobs are easy to find, can be found with effort, or hard to find?
6. **[F]** How about in the next 6 months, do you expect that in Middle Tennessee there will be more job openings than there are now, fewer job openings than there are now, or about the same number of job openings?
7. **[C]** We are interested in how people are getting along financially these days. Would you say that you, and any family members living with you, are better off financially than you were a year ago, worse off financially than you were a year ago, or about the same?
8. **[F]** Now looking ahead, do you think that 12 months from now you, and any family members living with you, will be better off financially, worse off financially, or about the same?
9. **[P]** About the big things people buy for their homes -- such as furniture, a refrigerator, stove, television, and things like that, generally speaking, do you think now is a good time for people to buy major household items, a bad time, or somewhere in between?
10. **[P]** How about buying a house? Is now a good time to buy a house, a bad time to buy a house, or somewhere in between?

11. **[P]** How about buying a car? Is now a good time to buy a car, a bad time to buy a car, or somewhere in between?

**Middle Tennessee Consumer Outlook Index**

1. The score is computed by adding the percentage of favorable responses to each question and subtracting the percentage of negative responses to each question. [↑](#footnote-ref-1)
2. The consumer outlook index scores are based on consumers’ responses to eleven questions measuring their perceptions of the current economy, the future economy, jobs, personal finances, and whether or not now is a good time to make large purchases. Four questions make up the current situation index, four questions make up the future expectations index, and three questions make up the purchasing index. The overall outlook index is based on all eleven questions combined (the complete questions are shown at the end of this report).

   The scores for each index are computed by adding the percentage of favorable responses to each question and subtracting the percentage of negative responses to each question. A net score of zero would indicate that the percentage of consumers who hold negative views of the economy is equal to the percentage of consumers who hold positive views of the economy. A net positive score would indicate that consumers who hold positive views of the economy outnumber those who hold negative views of the economy. [↑](#footnote-ref-2)
3. Source: April 28, 2015, “The Conference Board Consumer Confidence Index® Retreats in April.” ([www.conference-board.org](http://www.conference-board.org)). [↑](#footnote-ref-3)