



# Tennessee Consumer Outlook Index

Office of Consumer Research  
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March 14, 2022

## Consumer Outlook Declines to an All-Time Low Amid Increasing Fears of Inflation and Military Conflicts, and Dissatisfaction with Joe Biden

Outlook among Tennessee consumers declined considerably since last December. The Overall Outlook Index fell to an all-time low of -198 from -93.<sup>1</sup> This was due to deteriorating views of the current economy, more pessimistic expectations for the future of the economy, and waning beliefs that now is a good time to make large purchases. Not only did all three sub-indices decline, but all indices are now negative. The current online survey of 646 Tennessee consumers was conducted between March 1 and March 8, 2022.

Worries and frustrations continue as consumers remain concerned about higher inflation and increasing gas prices. Recent declines in the stock market have led to growing worries about the future value of savings and investments. Current events in Ukraine have caused consumers to become more concerned about potential military conflicts with other nations. Adding to the negative outlook is Tennessee consumers' general disapproval for the way Joe Biden and the U.S. Congress are handling the economy. However, there is relatively more approval for how Governor Bill Lee and the Tennessee State Legislature are handling the Tennessee economy.

### Tennessee Consumer Outlook Index and Components

Increase/Decrease from December 2021

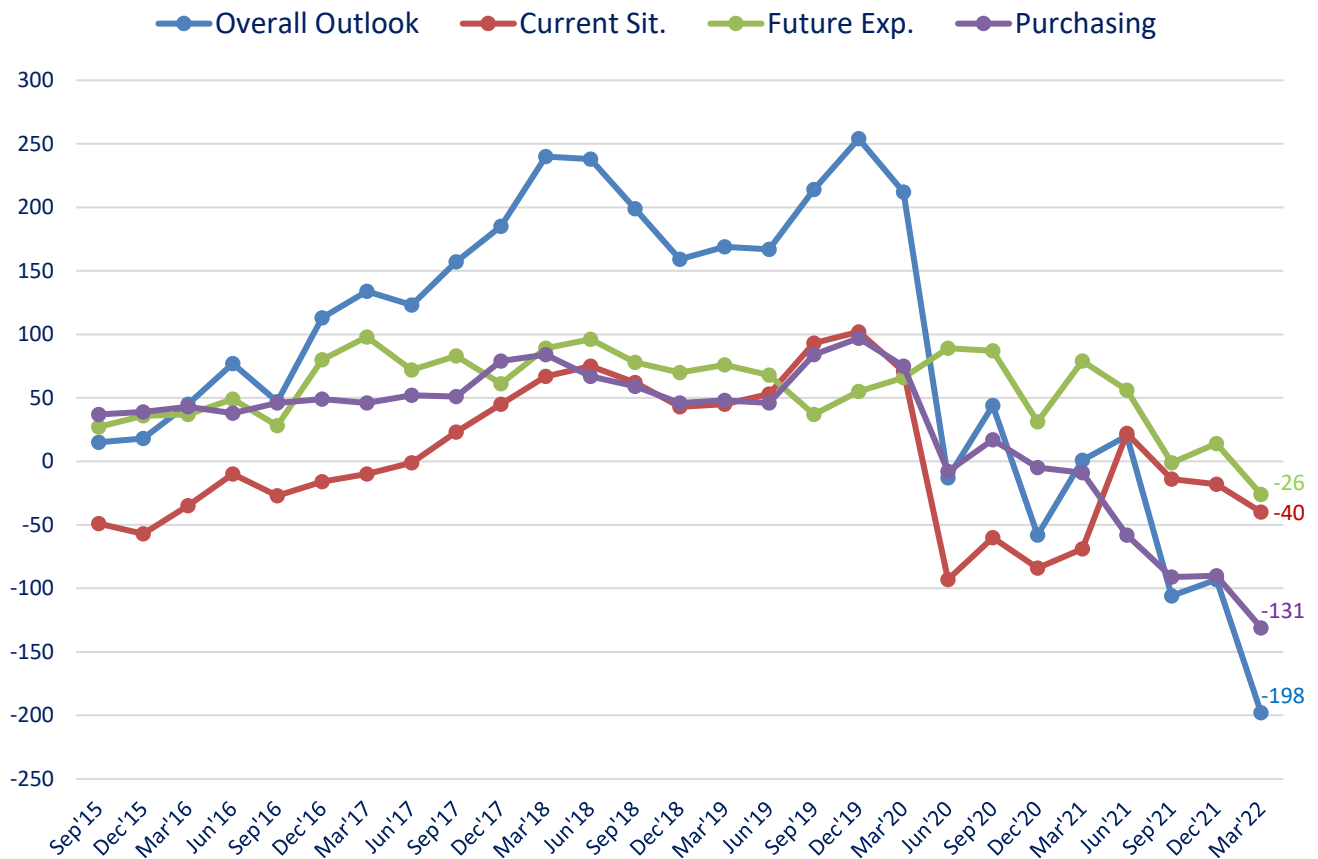
	TN March 2022	Change from Dec.	West TN March 2022	Change from Dec.	Mid TN March 2022	Change from Dec.	East TN March 2022	Change from Dec.
Overall Outlook Index	-198	-104	-203	-126	-171	-63	-219	-25
Current Situation Index	-40	-23	-42	-18	-29	-13	-50	-1
Future Expectations Index	-26	-40	-26	-55	-6	-17	-46	-2
Purchasing Index	-131	-41	-135	-54	-136	-33	-123	-22

<sup>1</sup> The Consumer Outlook Index scores are based on consumers' responses to 11 questions measuring their perceptions of the current economy, the future economy, jobs, personal finances, and whether 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 11 questions combined (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 indicates 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 indicates consumers who hold positive views of the economy outnumber those who hold negative views of the economy (vice versa for a net negative score).

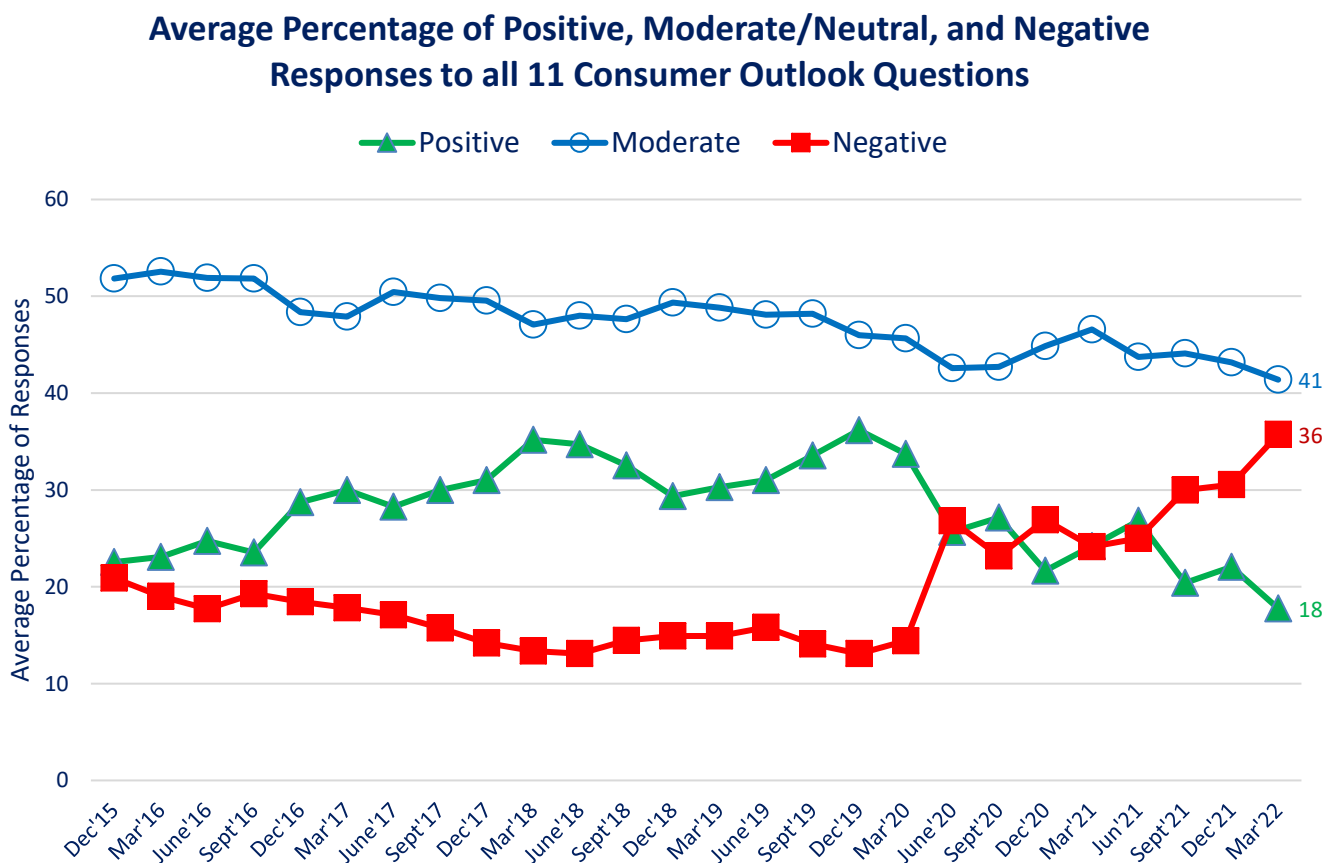
The chart below shows how the Tennessee Consumer Outlook Index has changed since December 2015. Given that two-thirds of our national economy is from consumer spending, changes in consumers' perceptions of the current economy, the future economy, and whether or not now is a good time to make large purchases can significantly affect future economic growth.

## Tennessee Consumer Outlook Index



## Average Attitude

The chart below shows the average percentage of positive, moderate/neutral, and negative responses to all 11 questions that comprise the Tennessee Consumer Outlook Index. Overall, most consumers (41%) are somewhat non-committal, believing the economy is somewhere “in-between” good and bad and will likely stay “about the same” in the future. However, 36 percent of consumers think economic conditions are “bad” and think future economic conditions will be “worse.” Conversely, only 18 percent believe economic conditions are “good” and think future economic conditions will be “better.”



**The Overall Economic Situation.** Perceptions of the overall U.S. economy have become more pessimistic. More than five times as many consumers said business conditions in the U.S. are “bad” (45%) versus “good” (8%). Three times as many expect future economic conditions to be “worse” (45%) versus “better” (15%). Perceptions of the Tennessee economy also weakened. More consumers said business conditions in Tennessee are “bad” (26%) versus “good” (15%). Similarly, more consumers expect conditions in Tennessee to be “worse” (29%) versus “better” (16%).

**Jobs.** Perceptions of the job market weakened but remained relatively positive. Nearly half (46%) said jobs are “easy to find,” whereas only 11 percent said jobs are “hard to find.” Most consumers expect there to be “more” jobs in the next six months (26%) or “about the same” number of jobs (53%). Only 15 percent expect there to be “fewer” jobs.

**Personal Finances.** Perceptions of consumers’ current financial situation remained relatively unchanged. However, expectations for their future personal financial situation declined. Only 28 percent expect their financial situation to be “better” one year from now, compared to 22 percent who expect it to be “worse.”

**Purchasing.** Overall, there was a net decrease in the percentage of consumers who said now is a good time to make large purchases. More than four times as many said now is a “bad” time to buy major household items (43%) versus a “good” time (9%). The majority (61%) said now is a “bad time” to purchase a house, compared to only 11 percent who said it is a “good time.” Further, more than half (57%) said now is a “bad” time to purchase a car, versus only nine percent who said it is a “good” time.

**Spending.** Even with weakening views that now is a good time to make large purchases, there was no significant net change in expectations for spending this year. A slightly larger percent said they expect to increase their spending from last year (36%) versus decreasing their spending (30%). An almost equal number expect to spend “about the same” as they did last year. Even if consumers reduce their spending on new items, overall spending can remain the same, or even increase, with higher prices from inflation.

**Stock Market and Investments.** Recent volatility and declines in the stock market have taken their toll on consumers’ views of their investments. Only 15 percent expect the stock market's value to be “higher” in the next 12 months, compared to 41 percent who expect the value to be “lower.” Further, more consumers expect the value of their savings and investments to be “lower” in the next 12 months (33%) versus “higher” (22%). Growing concerns about the future of savings and investments can lead to delayed spending.

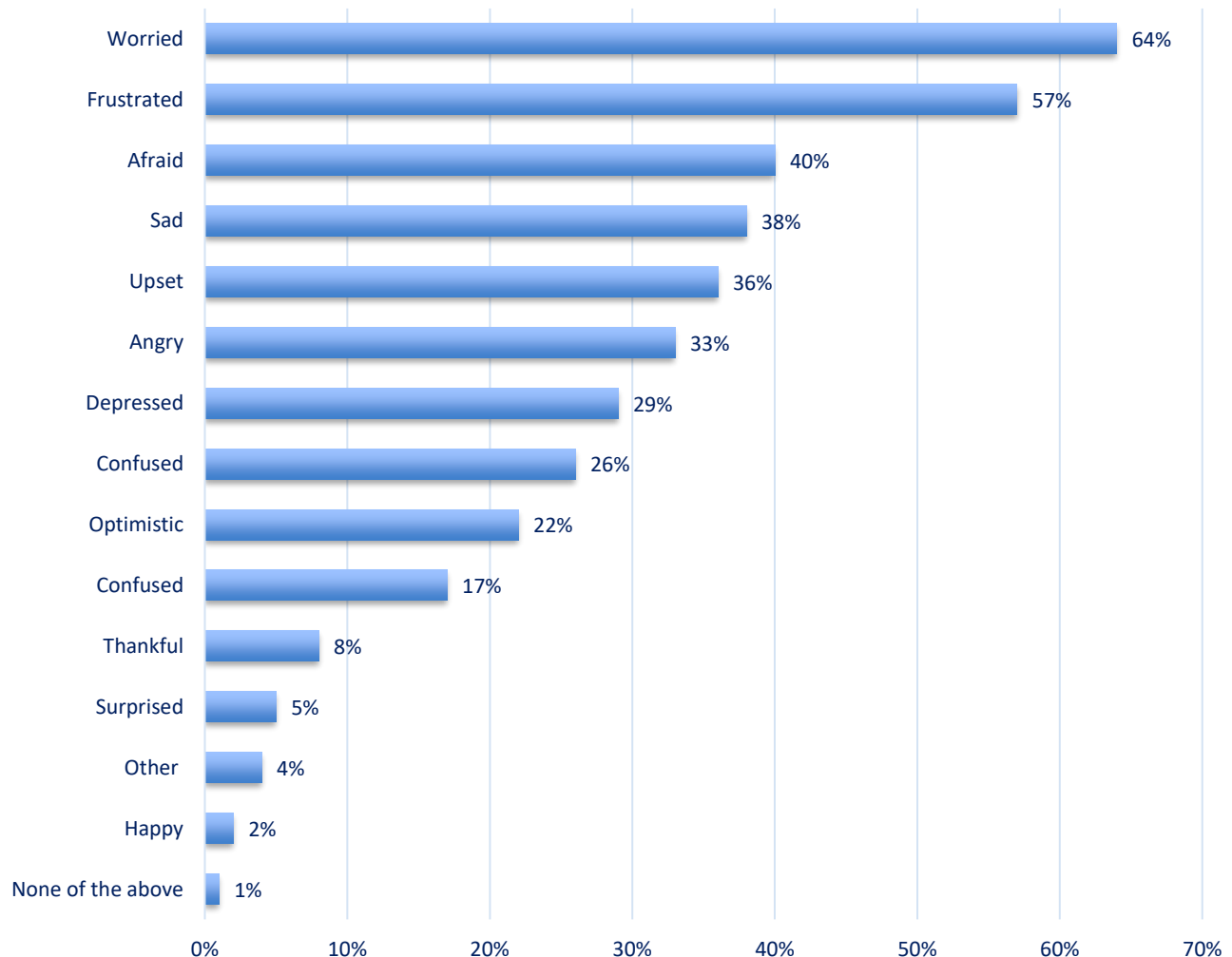
## The Final Word

Overall, these results are not good news for local businesses and retailers. Perceptions of the economy have become more pessimistic. Consumers are increasingly concerned about higher prices and potential military conflicts with other nations. Such wariness can lead to decreased spending as consumers see stock prices decline and the value of their savings and investments diminish. Further, low confidence in political leaders to solve the current economic problems has also led to growing pessimism for the future. Given that two-thirds of the U.S. economy is from consumer spending, even slight decreases in consumers’ outlook for the future can inhibit future economic activity and growth.

## Emotions and Concerns for the Future

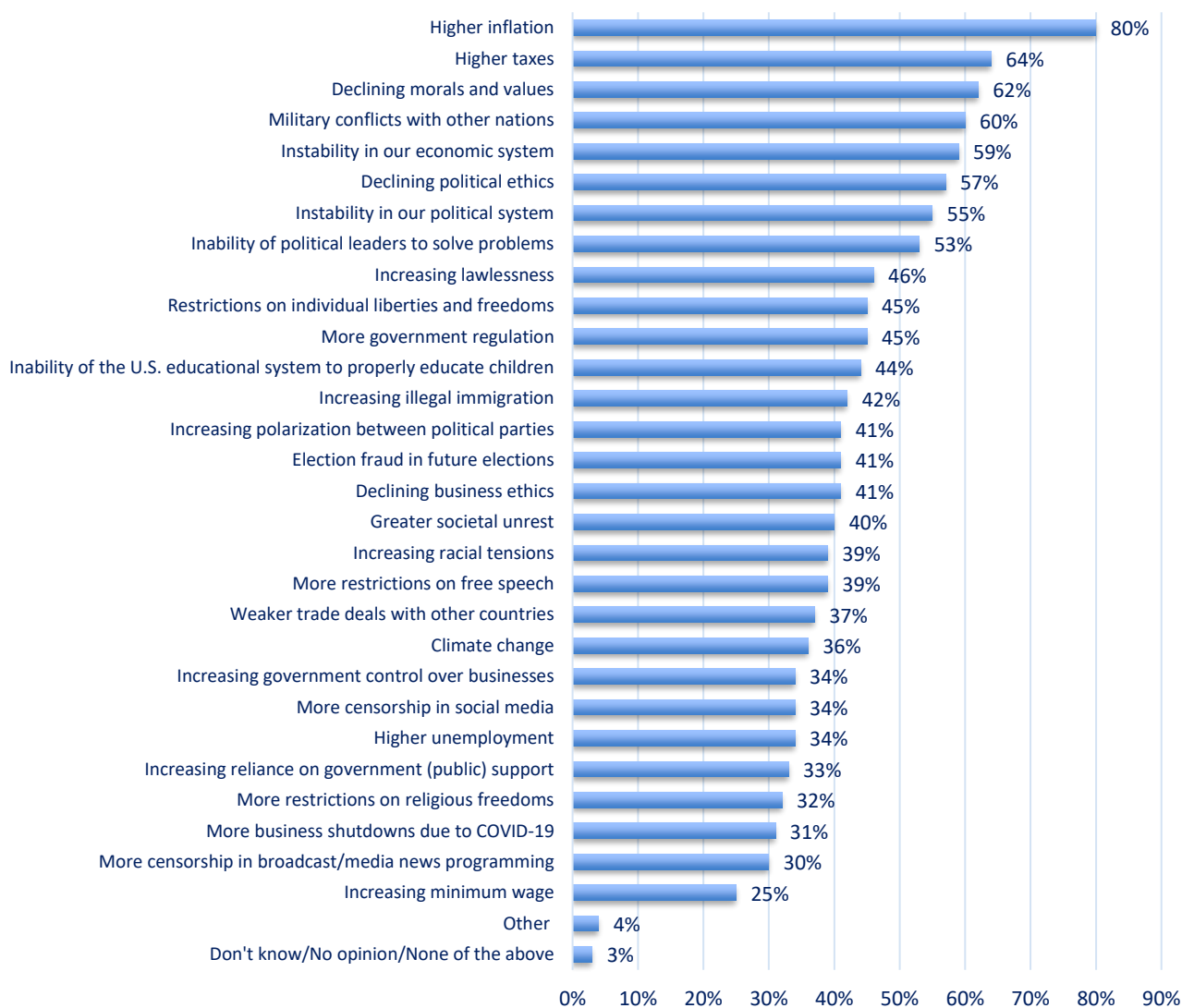
**Emotions.** Consumers were asked to indicate the word(s) that best describe how they feel when they think about the future of our nation or economy. The chart below shows the percentage of consumers citing each emotion. More than half reported feeling worried (64%) or frustrated (57%). Many consumers said they were afraid (40%), sad (38%), upset (36%), or angry (33%). Only 22 percent reported feeling optimistic, and hardly any said they were thankful (8%) or happy (2%).

**Which of the following words describes how you feel  
when you think about the future of our nation or our  
economy?  
(Check all that apply)**



**Concerns for the Future.** When asked about their concerns for the future, higher inflation remains a major, and growing, concern. The percent citing higher inflation increased to 80 from 75 in December. Clearly, concerns about higher prices, including rising gasoline prices, are weighing heavily on consumers' minds. Recent events in Ukraine have led to the percent citing concerns about military conflicts with other nations to rise to 60 from 37 in December.

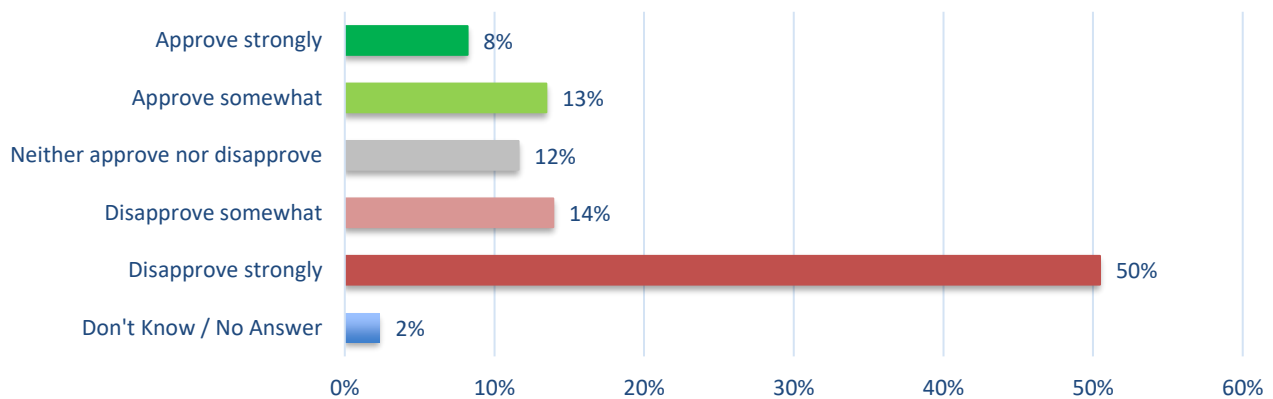
**Please select all those statements that represent concerns or worries you have for the future of our nation or our economy.**  
**(Check all that apply)**



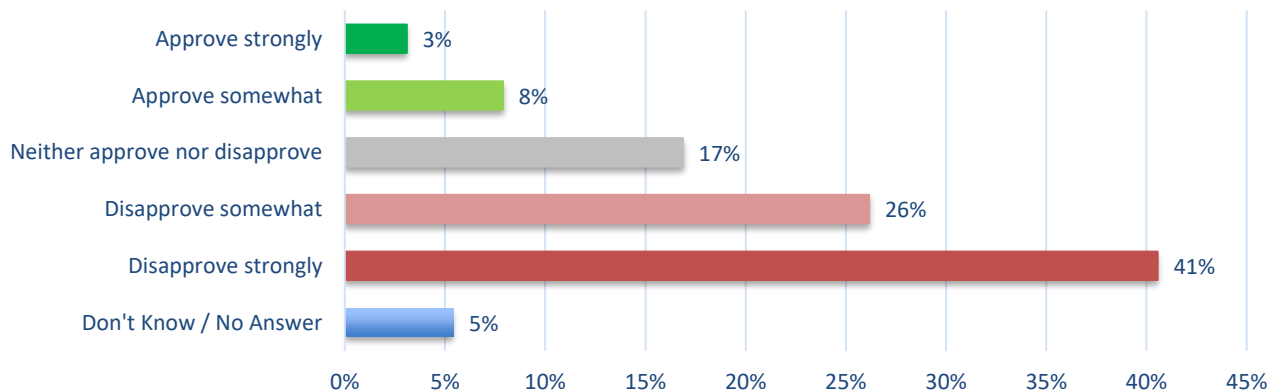
## Approval Ratings

Consumers were also asked to indicate the extent to which they approve or disapprove of how political leaders are handling the economy. Overall, there is strong disapproval for Joe Biden and the U.S. Congress. Nearly two-thirds (64%) disapprove of how Joe Biden is handling the economy, and 50 percent strongly disapprove. Only 21 percent approve of his handling of the economy. Similarly, 67 percent disapprove of how the U.S. Congress is handling the economy, with only 11 percent approving. Conversely, there is relatively more approval for how Governor Bill Lee and the Tennessee State Legislature are handling the Tennessee economy.

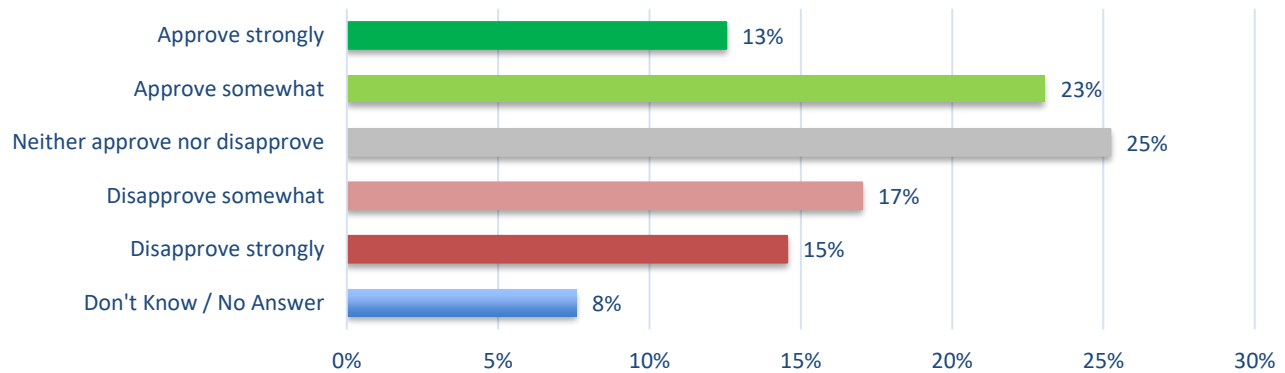
### To what extent to you approve or disapprove of the way Joe Biden is handling the overall U.S. economy?



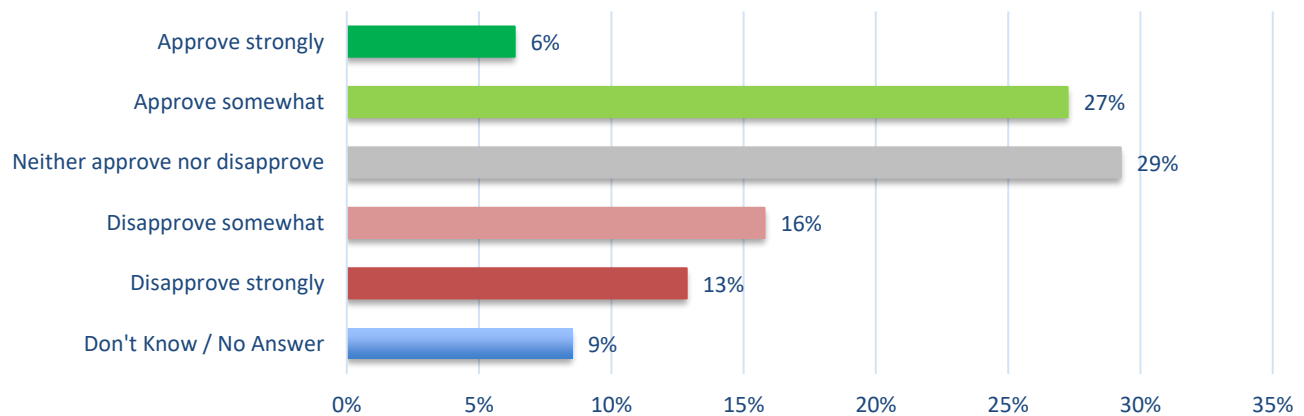
### To what extent to you approve or disapprove of the way the U.S. Congress is handling the overall U.S. economy?



### To what extent to you approve or disapprove of the way Governor Bill Lee is handling the Tennessee economy?



### To what extent to you approve or disapprove of the way the Tennessee State Legislature is handling the Tennessee economy?





## Approval Ratings: By Political Affiliation

As expected, approval ratings vary greatly by consumers' political affiliation.

To what extent do you approve or disapprove of the way Joe Biden is handling the overall U.S. economy?	Total	Republican	Democrat	Independent
Approve strongly	8%	0%	29%	6%
Approve somewhat	13%	2%	39%	15%
Neither approve nor disapprove	12%	3%	15%	17%
Disapprove somewhat	14%	11%	14%	15%
Disapprove strongly	50%	84%	4%	47%
Don't Know / No Answer	2%	0%	0%	0%

To what extent do you approve or disapprove of the way the U.S. Congress is handling the overall U.S. economy?	Total	Republican	Democrat	Independent
Approve strongly	3%	0%	9%	2%
Approve somewhat	8%	2%	23%	8%
Neither approve nor disapprove	17%	8%	26%	18%
Disapprove somewhat	26%	28%	32%	25%
Disapprove strongly	41%	58%	9%	42%
Don't Know / No Answer	5%	3%	1%	5%

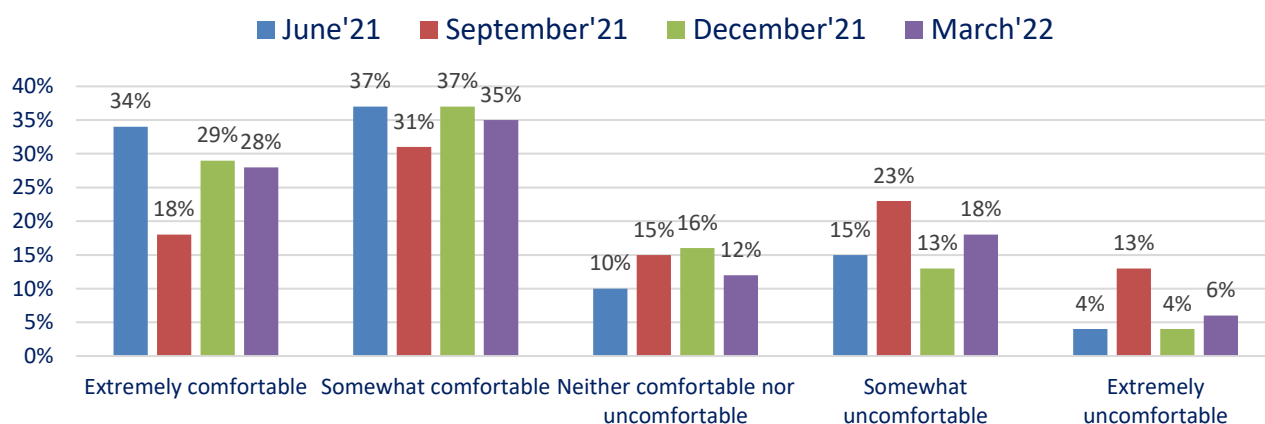
To what extent do you approve or disapprove of the way Governor Bill Lee is handling the Tennessee economy?	Total	Republican	Democrat	Independent
Approve strongly	13%	22%	4%	11%
Approve somewhat	23%	35%	14%	20%
Neither approve nor disapprove	25%	24%	17%	26%
Disapprove somewhat	17%	10%	24%	26%
Disapprove strongly	15%	3%	37%	14%
Don't Know / No Answer	8%	6%	4%	3%

To what extent do you approve or disapprove of the way the Tennessee State Legislature is handling the Tennessee economy?	Total	Republican	Democrat	Independent
Approve strongly	6%	10%	3%	7%
Approve somewhat	27%	42%	19%	21%
Neither approve nor disapprove	29%	26%	23%	34%
Disapprove somewhat	16%	10%	24%	19%
Disapprove strongly	13%	5%	27%	12%
Don't Know / No Answer	9%	6%	4%	7%

## Comfort Shopping and Wearing Masks

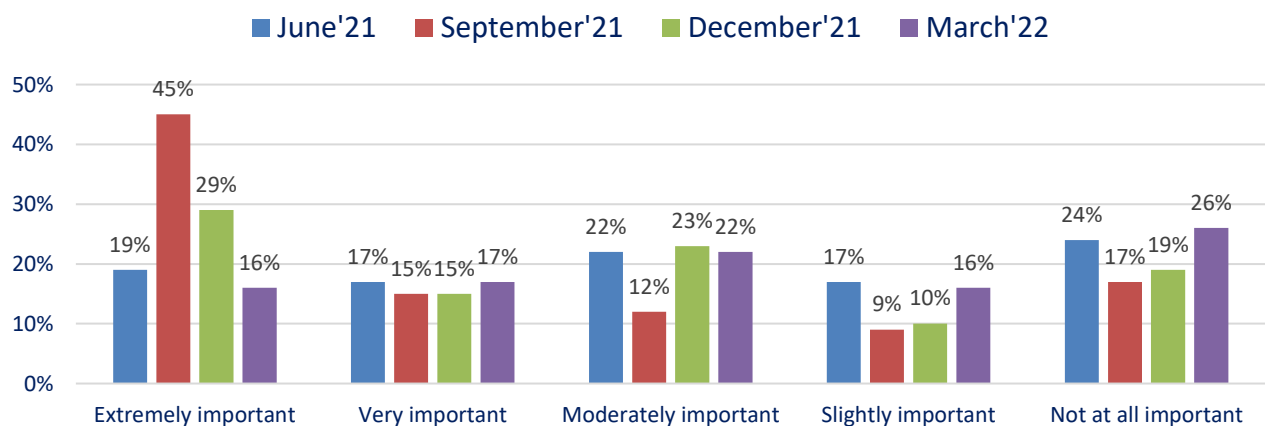
Compared to last December, consumers have become somewhat less comfortable resuming their normal consumer-related activities. The majority (63%) said they are comfortable resuming their consumer-related activities, down slightly from 66 percent in December. The percent who said they were uncomfortable rose to 24 from 17. This decreased comfort can also inhibit consumer spending, shopping, and dining in physical retail locations.

### As of today, how comfortable are you resuming your normal, shopping, dining, and other consumer-related activities?



**Masks.** Consumers' feelings about wearing masks have also changed. Compared to December, fewer consumers now feel it is either very or extremely important for people to wear masks when out in public around other people. More than one-fourth (26%) said it is not at all important.

### As of today, how important is it that people wear masks when they are out in public around other people?



## Perceptions of the Economy - Comparison to the Nation

Compared to consumers across the rest of the country, Tennessee consumers have more negative views of the current and future U.S. economy. The table below shows responses from Tennessee residents to a few key questions compared to those of a recent national sample conducted by the Conference Board ([www.conference-board.org](http://www.conference-board.org)).<sup>2</sup>

Comparing Tennessee Consumers to Consumers Across the Country as a Whole	Nation (%)	Tennessee March '22 (%)
Business conditions in the U.S. are good.	19	8
Business conditions in the U.S. are bad.	25	45
Six months from now, business conditions in the U.S. will be better.	23	15
Six months from now, business conditions in the U.S. will be worse.	18	45
Jobs are easy to find (plentiful).	54	46
Jobs are hard to find.	12	11
Six months from now, there will be more job openings.	21	26
Six months from now, there will be fewer job openings.	18	15
In 12 months, my personal financial situation (income) will be better (increase).	16	28
In 12 months, my personal financial situation (income) will be worse (decrease).	12	22

<sup>2</sup> Source: February 22, 2022, *Consumer Confidence Declined Slightly in February*, ([www.conference-board.org](http://www.conference-board.org)).

## Consumer Outlook Index with Net Change\* (Increase or Decrease) from December, 2021

		Tenn. Mar '22 (%)	Net Change*	West TN Mar '22 (%)	Net Change	Mid TN Mar '22 (%)	Net Change	East TN Mar '22 (%)	Net Change
Business conditions in the U.S. are:	Good	8	-7	9	-5	7	-7	7	-10
	In between	45		46		48		42	
	Bad	45		42		42		50	
Six months from now, business conditions in the U.S. will be:	Better	15	-14	15	-16	18	-11	11	-15
	About same	33		36		32		32	
	Worse	45		41		44		49	
Business conditions in Tennessee are:	Good	15	-7	12	-11	19	-3	15	-7
	In between	56		53		58		56	
	Bad	26		31		21		25	
Six months from now, business conditions in Tennessee will be:	Better	16	-13	13	-18	18	-4	18	-19
	About same	48		50		53		43	
	Worse	29		29		25		34	
Jobs in your area of Tennessee are (can be):	Easy to find	46	-6	40	-7	48	0	49	-10
	Found w/effort	39		44		38		37	
	Hard to find	11		12		10		11	
In six months, there will be ____ jobs in your area of Tennessee.	More	26	-6	24	-14	29	-1	25	-3
	About same	53		53		53		52	
	Fewer	15		17		12		16	
Financially, how are you compared to a year ago?	Better	12	-2	18	+6	9	-3	9	-10
	About same	47		44		50		46	
	Worse	40		37		39		43	
Financially, how will you be one year from now?	Better	28	-7	31	-6	29	-1	22	-13
	About same	44		40		47		45	
	Worse	22		22		19		24	
Now is a ____ time to buy major household items.	Good time	9	-4	9	-7	7	-3	11	-4
	In between	41		44		40		38	
	Bad time	43		39		46		44	
Now is a ____ time to buy a house.	Good time	11	-21	10	-29	13	-13	12	-21
	In between	21		20		23		21	
	Bad time	61		63		59		61	
Now is a ____ time to buy a car.	Good time	9	-16	8	-18	8	-18	11	-12
	In between	28		27		26		30	
	Bad time	57		60		60		52	

## Consumer Spending, Saving, and Investments

		Tenn. Mar '22 (%)	Net Change	West TN Mar '22 (%)	Net Change	Mid TN Mar '22 (%)	Net Change	East TN Mar '22 (%)	Net Change
Compared to last year, I will spend:	More	36	-2	38	-6	36	-1	33	+2
	About same	32		33		33		32	
	Less	30		27		29		32	
Compared to last year, I am saving:	More	17	-2	21	0	18	-4	13	-2
	About same	33		30		33		35	
	Less	45		44		46		45	
In the next 12 months, I will ____ my level of saving.	Increase	32	-6	36	-2	33	-9	27	-7
	Keep same	36		37		35		37	
	Decrease	23		19		24		25	
In the next 12 months, the value of the stock market will be:	Higher	15	-18	19	-13	16	-17	10	-23
	About same	23		24		20		24	
	Lower	41		36		44		44	
In 12 months, the value of my savings and investments will be:	Higher	22	-8	26	-7	21	-10	19	-8
	About same	30		31		29		32	
	Lower	33		29		36		35	
If I lost my job, I would survive financially.	Definitely yes	10	-1	9	-7	9	+3	12	+9
	Probably yes	14		15		14		13	
	Maybe	14		17		16		10	
	Probably no	21		21		19		24	
	Definitely no	34		30		35		36	
In 12 months the total amount of my credit card debt will be:	Higher	12	-2	12	-6	12	-2	12	+3
	About same	39		37		39		42	
	Lower	33		34		33		33	

\* The Net Change score for each question is calculated based on the change in percent of both positive (e.g., “good,” “better”) and negative (e.g., “bad,” “worse”) responses to a question. The Net Change score increases when there are more positive responses as well as when there are fewer negative responses. For example, if there are 10 percent more positive responses and four percent more negative responses, the net change score is +6. Alternatively, if there are 10 percent more positive responses and four percent fewer negative responses, then the net change score is +14. The Net Change score for the question about surviving financially after a job loss is based on the change in percent of “definitely yes” and “definitely no” responses.

## Why Measure Consumers' Outlook? — The Psychology of Consumers

The psychology of consumers can have dramatic effects on the economy's future. Consumer spending makes up two-thirds of the American economy. Decreases in consumer outlook that translate into reduced purchasing patterns can significantly negatively affect the economy. Conversely, an increased consumer outlook that translates into accelerated consumer spending can significantly positively impact the economy. When consumers begin to feel comfortable about the future of the economy and their financial situation, they will increase their spending. Such spending will then help grow the economy as manufacturers and service providers begin to produce more and retailers fill jobs to meet increased consumer demand. This type of self-fulfilling prophecy is illustrated below.

### Self-Fulfilling Prophecy of the Consumer Outlook Cycle

Optimistic Consumer Outlook	Pessimistic Consumer Outlook
Optimistic consumer outlook, <i>which leads to ...</i>	Pessimistic consumer outlook, <i>which leads to ...</i>
Increased consumer spending, <i>which leads to ...</i>	Decreased consumer spending, <i>which leads to ...</i>
Retailers hire more employees and purchase more inventory from suppliers, <i>which leads to ...</i>	Retailers hire fewer employees and purchase less inventory from suppliers, <i>which leads to ...</i>
Suppliers (manufacturers) must make more products, <i>which leads to ...</i>	Suppliers (manufacturers) must make fewer products, <i>which leads to ...</i>
Suppliers (manufacturers) hire more employees, <i>which leads to ...</i>	Suppliers (manufacturers) hire fewer employees, <i>which leads to ...</i>
More retail, service, and manufacturing employees, <i>which leads to ...</i>	Fewer retail, service, and manufacturing employees, <i>which leads to ...</i>
More consumers with paychecks who are able to spend, <i>which leads to ...</i>	Fewer consumers with paychecks who are able to spend, <i>which leads to ...</i>
Growing economy, <i>which leads to ...</i>	Slowing economy, <i>which leads to ...</i>
More optimistic consumer outlook, <i>which leads to ...</i>	More pessimistic consumer outlook, <i>which leads to ...</i>

## About the Survey

The results reported here are based on online surveys of 646 randomly selected adult residents of Tennessee. Online surveys were conducted between March 1 and March 8, 2022. Using the panel-sampling services of Qualtrics.com, a stratified sampling procedure was used to obtain an equal representation of consumers from each region of the state. With a sample of 646 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  $\pm 4\%$ . Other factors such as problems with question-wording and question interpretation can also introduce additional bias or error into the results. Results from the 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.

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## The Tennessee Consumer Outlook Index

**[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 (economic) 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 (economic) conditions will be better than they are today, worse than they are today, or just about the same?
3. **[C]** Now thinking about Tennessee, would you say that business (economic) conditions in the state of Tennessee are good, bad, or somewhere in between?
4. **[F]** And how about 6 months from now? Do you think that business (economic) conditions in the state of Tennessee 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 in the area of Tennessee where you live are easy to find, can be found with effort, or are hard to find?
6. **[F]** How about in the next 6 months? Do you think that in the area of Tennessee where you live 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 that 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?