



# Tennessee Consumer Outlook Index

Office of Consumer Research  
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September 30, 2021

## Consumer Outlook Plummets Amid Worries, Frustrations, and Fears

Outlook among Tennessee consumers has plummeted to an all-time low.<sup>1</sup> The Overall Outlook Index fell to -106 from 20 in June.<sup>2</sup> All three sub-component indices also declined from June. Perceptions of the current state of the economy worsened. The Current Situation Index dropped to -14 from 22. Optimism for a brighter future also dimmed. The Future Expectations Index fell to -1 from 56. Further, outlook for increased consumer spending took a significant hit, as the Purchasing Situation Index continued its decline to -91 from -58.

This precipitous decline in outlook was accompanied by growing concerns about inflation and consumers feeling worried, frustrated, afraid, sad, upset, and angry about the current state of affairs with our nation and the economy. These negative feelings and accompanying declines in outlook for the economy were felt in all three regions of the state. This general decline in outlook was driven primarily by worsening views of the overall economy, with less significant declines in perceptions of the job market or consumers' personal financial situation. The current online survey of 555 Tennessee consumers was conducted between September 9 and September 29.

### Tennessee Consumer Outlook Index and Components

Increase/Decrease from June 2021

	TN Sept 2021	Change from June	West TN Sept 2021	Change from June	Mid TN Sept 2021	Change from June	East TN Sept 2021	Change from June
Overall Outlook Index	-106	-126	-64	-106	-71	-127	-169	-205
Current Situation Index	-14	-36	-2	-19	-5	-37	-29	-133
Future Expectations Index	-1	-57	9	-62	26	-41	-38	-37
Purchasing Index	-91	-33	-72	-26	-92	-49	-102	-35

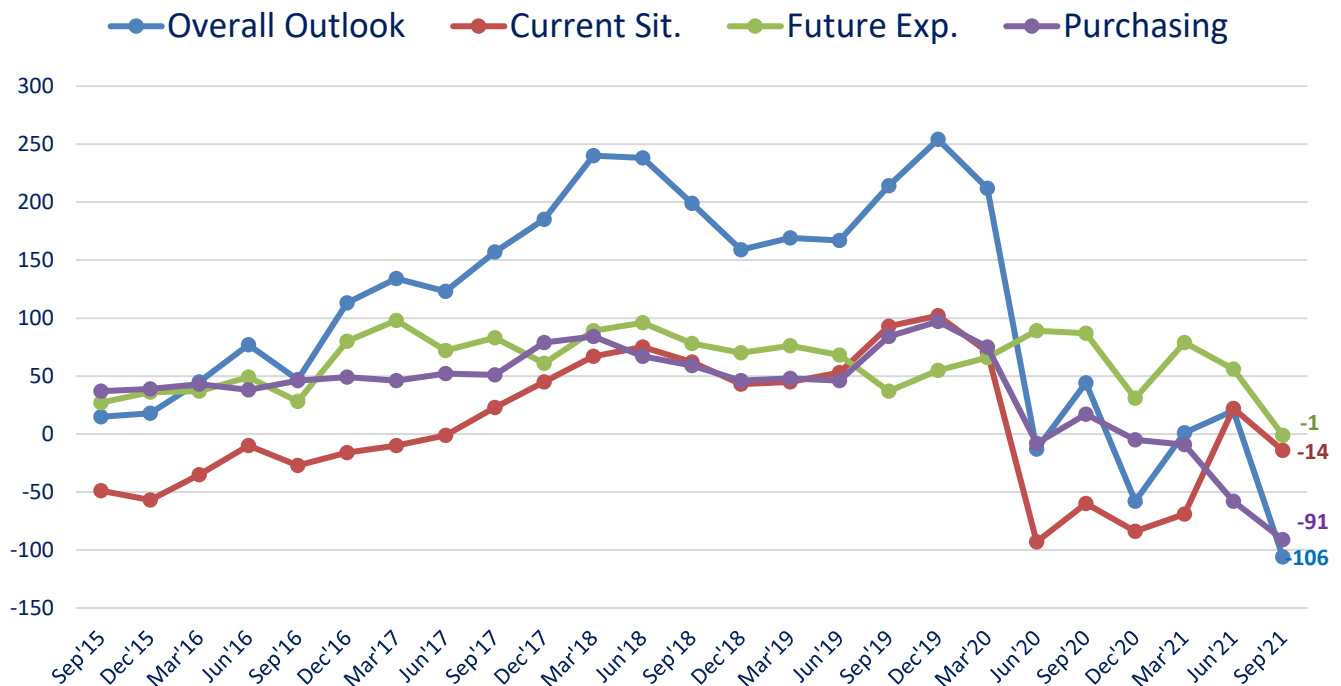
<sup>1</sup> The current online survey of 555 Tennessee residents was conducted between September 9 and September 29.

<sup>2</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. The Overall Outlook Index is now at its lowest level ever. Similarly, the Purchasing Situation Index and the Future Expectations Index are each at their lowest level ever. Given that two-thirds of our national economy is from consumer spending, such declines in attitudes regarding the future of the economy and spending can significantly inhibit future economic growth.

## Tennessee Consumer Outlook Index



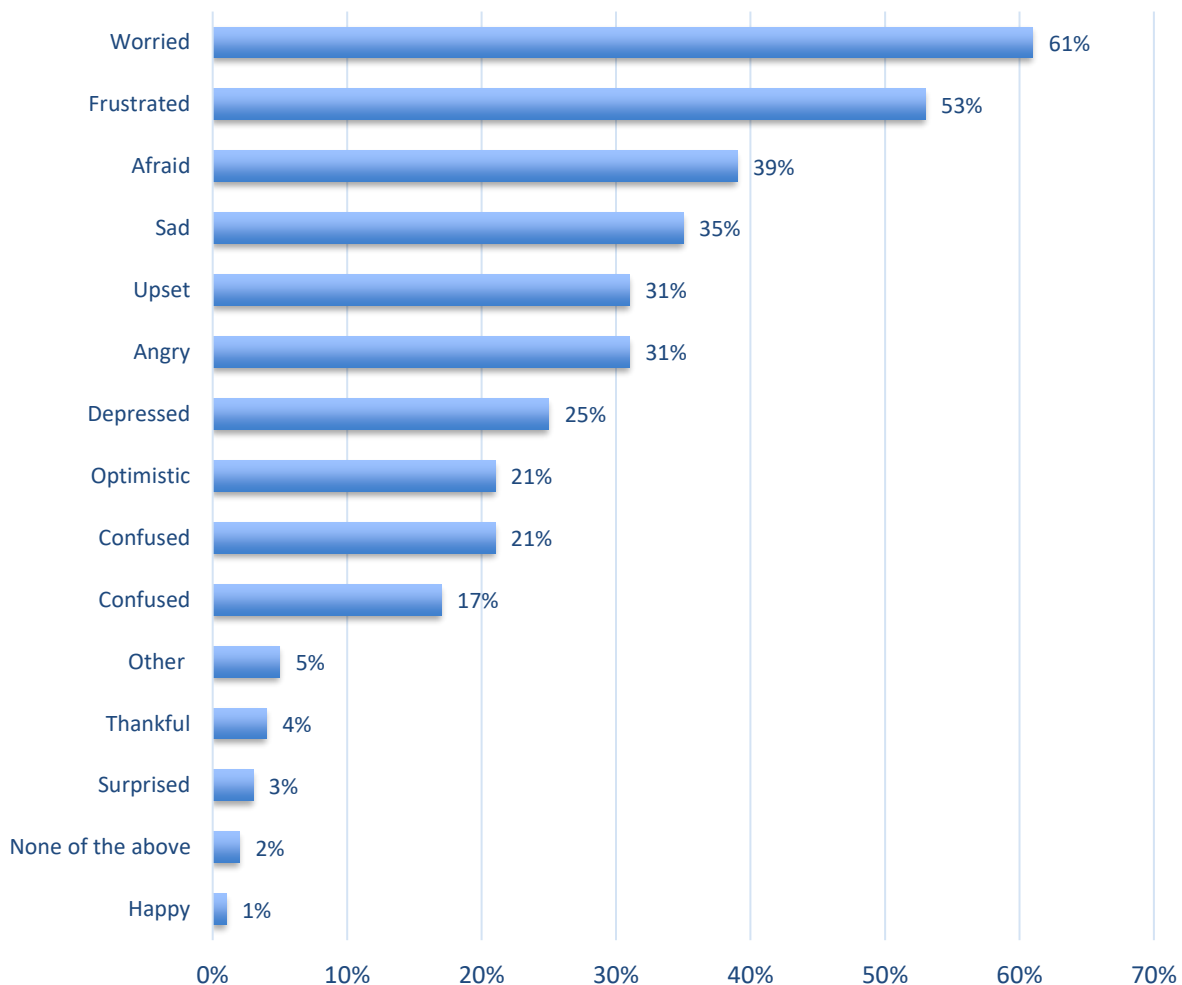
**The Overall Economic Situation.** The largest net declines in outlook were seen with regard to perceptions of the overall U.S. economy and the Tennessee economy. Only nine percent of consumers said economic conditions in the U.S. are “good,” compared to 40 percent who said conditions are “bad.” Perceptions of the Tennessee economy were not as extremely negative. While 15 percent said economic conditions in Tennessee are “good,” 24 percent said conditions are “bad.”

**Job and Personal Finances.** Perceptions of the job market and personal financial situation also weakened. However, these declines were not as severe as the deteriorating views of the overall economy. The majority of consumers remain positive about the current job market. More than half (54%) said jobs in the area of Tennessee where they live are “easy to find.” Only 12 percent said jobs are “hard to find.” However, perceptions of personal finances worsened. More consumers said that compared to a year ago, their personal financial situation is “worse” (31%) versus “better” (15%). Slightly more (24%) expect their financial situation to improve in the next 12 months, compared to 17 percent who expect it to become “worse.”

**Stock Market and Investments.** There were also large net decreases in attitudes regarding the future of the stock market and the value of consumers' savings and investments. More consumers said the value of the stock market would be "lower" in the next 12 months (34%) versus "higher" (18%). Similarly, more consumers said the value of their savings and investments would be "lower" in the next 12 months (29%) versus "higher" (22%). Such concerns about declining values of investments and savings can significantly inhibit consumers' desire to open up their wallets and increase spending.

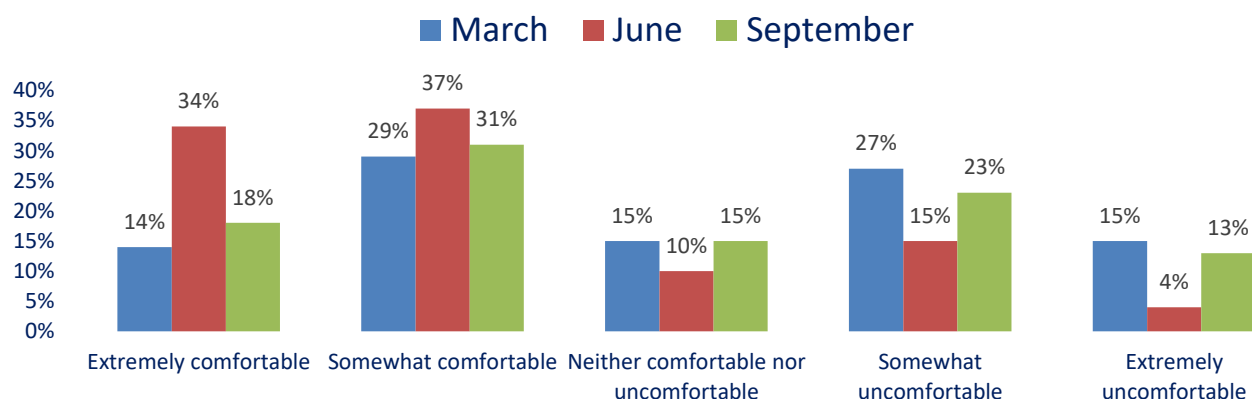
**Why the Decline?** Consumers were asked to indicate the word(s) that best describe how they feel when they think about the future of our nation and/or economy. The chart below shows the percent of consumers citing each emotion. Clearly, consumers are feeling worried, frustrated, afraid, sad, upset, and angry. While 21 percent reported feeling optimistic, fewer than five percent reported feeling either thankful or happy. Further, recent events affecting our nation and economy are not unexpected. Only three percent reported feeling surprised.

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



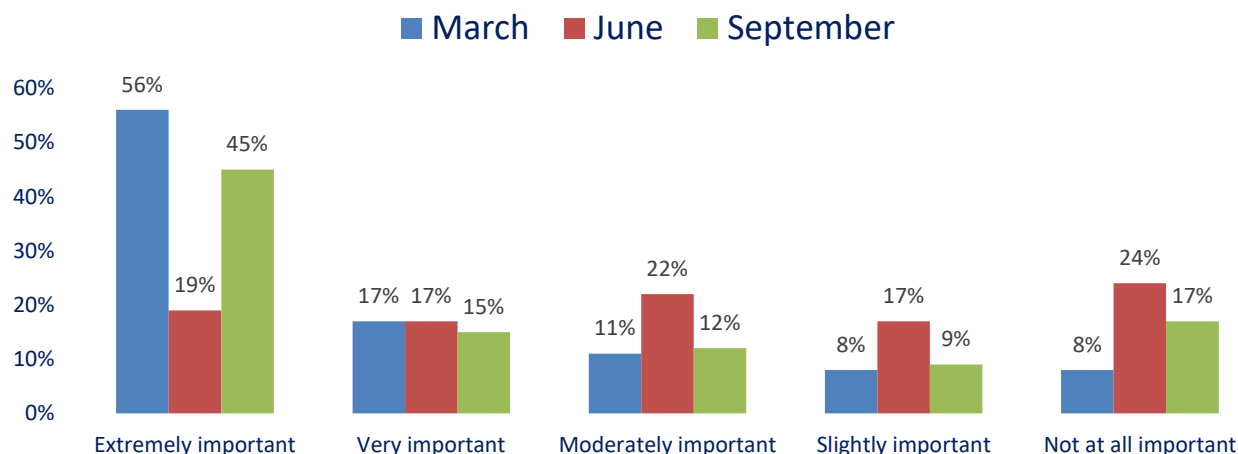
**Jobs, Vaccinations, and Confidence.** Consumers in Tennessee had become increasingly comfortable resuming their normal consumer-related activities when asked in June. However, that increased comfort that was observed in June has now diminished. The percent who reported feeling extremely or somewhat comfortable resuming their normal consumer-related activities declined to 49 percent from 71 percent. Such diminishing comfort levels can also lead to delayed shopping and spending.

**As of today, how comfortable are you resuming your normal shopping, dining, and other consumer-related activities? This includes shopping in retail stores, dining out at restaurants, attending events, etc.**



**Masks.** Consumers' concerns about needing to wear masks in public also increased since June. The percent who said it is either extremely important or very important for people to wear masks when out in public increased to 60 percent from 36 percent in June.

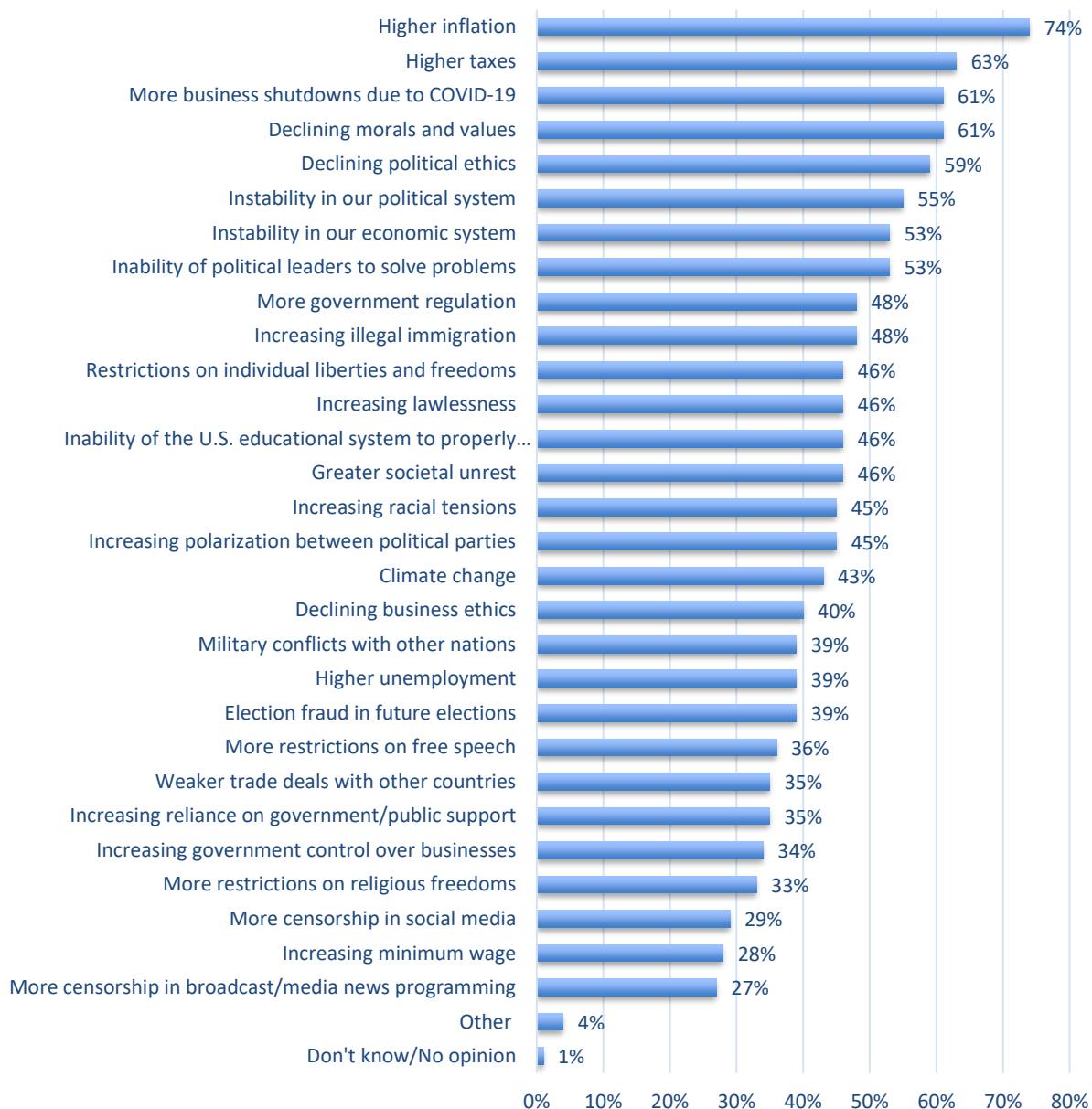
**As of today, how important is it that people wear masks when they are out in public around other people?**



## Concerns for the Future

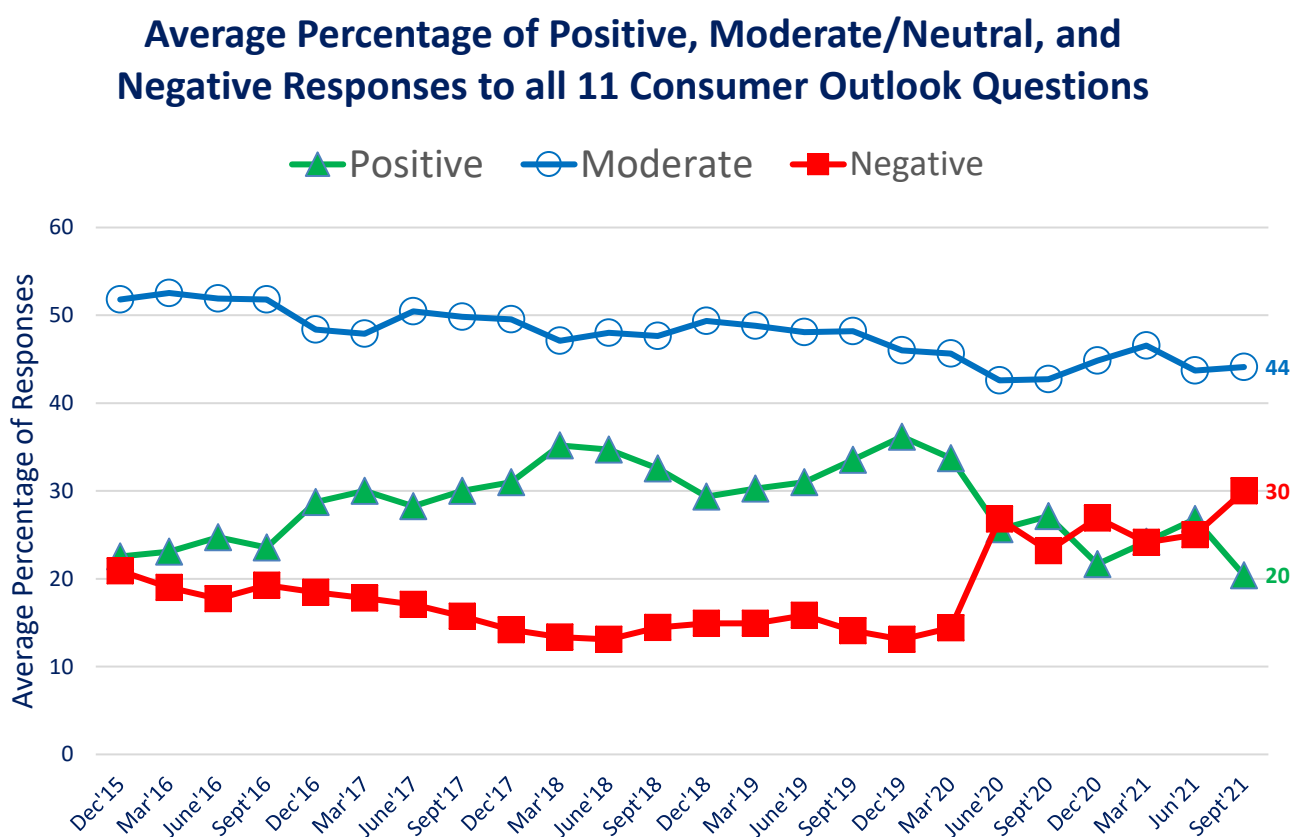
When asked about their concerns for the future, higher inflation and higher taxes were the most often cited. The percent citing higher inflation rose to 74 percent from 65 percent in June. These worries, coupled with concerns about more business shutdowns due to COVID-19, declining morals and values, and declining political ethics, all lead to a declining outlook for the nation and the economy.

### Which of the following concerns or worries do you have for the future of our nation and/or economy? (Check all that apply)



## Average Attitude

The chart below shows the average percentage of positive, moderate/neutral, and negative responses to all 11 questions that make up the Tennessee Consumer Outlook Index. The large positive gap between the average percentage of positive versus negative responses to the survey questions that grew steadily until 2020 has now reversed. Almost one-third (30%) of consumers think economic conditions are “bad” and think future economic conditions will be “worse.” Only one-fifth (20%) think economic conditions are “good” and think future economic conditions will be “better.” The largest percent of consumers (44%) are somewhat non-committal, believing the economy is somewhere “in-between” good and bad and will likely stay “about the same” in the future.



**The Final Word.** Overall, these results are sobering news for local businesses and retailers. As consumers’ perceptions of the current economy decline and expectations for the future of the economy diminish, consumers’ willingness, ability, and desire to increase spending might also decline. Given that two-thirds of the U.S. economy is from consumer spending, declines in consumers’ outlook for the future can cause significant delays in economic growth.

## Perceptions of the Economy - Comparison to the Nation

When compared to consumers across the rest of the country, Tennessee consumers have more negative views of the current U.S. economy. They are also more likely to say business conditions in the U.S. will be worse six months from now. 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>3</sup>

Comparing Tennessee Consumers to Consumers Across the Country as a Whole	Nation (%)	TN Sept'21 (%)
Business conditions in the U.S. are good.	19	9
Business conditions in the U.S. are bad.	25	40
Six months from now, business conditions in the U.S. will be better.	22	18
Six months from now, business conditions in the U.S. will be worse.	18	34
Jobs are easy to find (plentiful).	56	54
Jobs are hard to find.	13	12
Six months from now, there will be more job openings.	22	26
Six months from now, there will be fewer job openings.	20	15
In 12 months, my personal financial situation (income) will be better (increase).	17	24
In 12 months, my personal financial situation (income) will be worse (decrease).	12	17

<sup>3</sup> Source: September 28, 2021, *Consumer Confidence Fell Further in September*, ([www.conference-board.org](http://www.conference-board.org)).

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

		Tenn. Sept'21 (%)	Net Change*	West TN Sept'21 (%)	Net Change	Mid TN Sept'21 (%)	Net Change	East TN Sept'21 (%)	Net Change
Business conditions in the U.S. are:	Good	9	-11	13	-4	6	-16	9	-12
	In between	50		52		53		45	
	Bad	40		34		39		46	
Six months from now, business conditions in the U.S. will be:	Better	18	-22	20	-23	22	-14	14	-29
	About same	42		44		46		38	
	Worse	34		32		27		43	
Business conditions in Tennessee are:	Good	15	-17	15	-13	17	-12	14	-23
	In between	58		60		61		53	
	Bad	24		24		19		29	
Six months from now, business conditions in Tennessee will be:	Better	19	-24	19	-23	22	-17	17	-32
	About same	52		57		55		46	
	Worse	23		18		19		30	
Jobs in your area of Tennessee are (can be):	Easy to find	54	-3	53	+5	52	-2	58	-6
	Found w/effort	30		33		33		24	
	Hard to find	12		13		10		14	
In six months, there will be ____ jobs in your area of Tennessee.	More	26	-4	24	-14	28	-6	24	3
	About same	49		50		50		49	
	Fewer	15		18		11		16	
Financially, how are you compared to a year ago?	Better	15	-5	17	-6	18	-6	11	1
	About same	53		54		51		54	
	Worse	31		29		30		32	
Financially, how will you be one year from now?	Better	24	-8	25	-2	28	-5	18	-15
	About same	54		57		51		55	
	Worse	17		10		17		21	
Now is a ____ time to buy major household items.	Good time	13	-8	13	-7	13	-13	13	-6
	In between	43		45		41		42	
	Bad time	36		36		35		38	
Now is a ____ time to buy a house.	Good time	17	-4	24	+5	16	-11	14	-2
	In between	23		28		21		22	
	Bad time	51		39		54		56	
Now is a ____ time to buy a car.	Good time	13	-21	11	-24	14	-25	13	-15
	In between	31		33		30		31	
	Bad time	47		45		46		50	



## Consumer Spending, Saving, and Investments

		Tenn. Sept'21 (%)	Net Change	West TN Sept'21 (%)	Net Change	Mid TN Sept'21 (%)	Net Change	East TN Sept'21 (%)	Net Change
Compared to last year, I will spend:	More	33	+3	37	+11	35	+3	28	-2
	About same	38		39		37		38	
	Less	26		23		25		29	
Compared to last year, I am saving:	More	22	-3	19	-2	26	-3	19	-3
	About same	43		50		37		44	
	Less	32		27		34		32	
In the next 12 months, I will ___ my level of saving.	Increase	28	-9	30	-4	28	-11	28	-7
	Keep same	47		47		48		46	
	Decrease	17		16		15		19	
In the next 12 months, the value of the stock market will be:	Higher	18	-12	18	-11	19	-11	17	-12
	About same	25		25		23		27	
	Lower	34		33		32		35	
In 12 months, the value of my savings and investments will be:	Higher	22	-13	24	-10	23	-13	19	-16
	About same	39		39		43		37	
	Lower	29		27		25		34	
If I lost my job, I would survive financially.	Definitely yes	17	+1	17	-7	15	+4	19	+1
	Probably yes	17		13		18		18	
	Maybe	18		19		20		15	
	Probably no	14		15		16		11	
	Definitely no	27		31		22		30	
In 12 months the total amount of my credit card debt will be:	Higher	8	+8	5	+4	7	+11	10	+7
	About same	55		58		55		53	
	Lower	28		30		27		27	

\* 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 future of the economy. Consumer spending makes up two-thirds of the American economy. Decreases in consumer outlook that translate into reduced purchasing patterns can have significant negative effects on the economy. Conversely, increases in consumer outlook that translate into accelerated consumer spending can have significant positive effects on the economy. When consumers begin to feel comfortable about the future of the economy and their own personal financial situation, they will increase their spending. Such spending will then help to grow the economy as manufacturers and service providers begin to produce more and retailers begin to 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 555 randomly selected adult residents of Tennessee. Online surveys were conducted between September 9 and September 29, 2021. 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 555 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.

For further information about the Office of Consumer Research at Jones College of Business, contact Timothy R. Graeff, Professor of Marketing and Director, Office of Consumer Research (615-898-5124; [Tim.Graeff@mtsu.edu](mailto:Tim.Graeff@mtsu.edu)).

## 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?