



# Tennessee Consumer Outlook Index

Office of Consumer Research  
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## Tennessee Consumers' Outlook Continues to Improve

Results from the most recent Tennessee Consumer Outlook Survey indicate consumers' outlook on the economy continues to improve.<sup>1</sup> The Tennessee Consumer Outlook Index rose to 254 from 214 in September.<sup>2</sup> This marks the highest level for the index since its inception in 2015.

All three components of the index rose. This suggests Tennessee consumers have increasingly more positive views of the current economy, are more optimistic about the future economy, and increasingly view now as a good time to make large purchases.

### Tennessee Consumer Outlook Index and Components

Increase/Decrease from September 2019

	TN Dec 2019 (n=630)	Change from Sept	West TN Dec 2019 (n=210)	Change from Sept	Mid TN Dec 2019 (n=210)	Change from Sept	East TN Dec 2019 (n=210)	Change from Sept
Overall Outlook Index	254	+40	184	+54	300	+5	272	+57
Current Situation Index	102	+9	62	+26	133	-9	109	+11
Future Expectations Index	55	+18	37	+17	74	+21	53	+13
Purchasing Index	97	+13	85	+11	93	-7	110	+33

Increasingly optimistic views of the U.S. economy, the Tennessee economy, and personal financial situation contributed to this improved overall outlook. Any potential fears related to possible negative effects of tariffs and a trade war with China, or of a future recession, or negative effects of continued impeachment proceedings do not appear to have a significant effect on consumers' outlook.

<sup>1</sup> The current online survey of 630 Tennessee residents was conducted between December 4 and December 9.

<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 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 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).

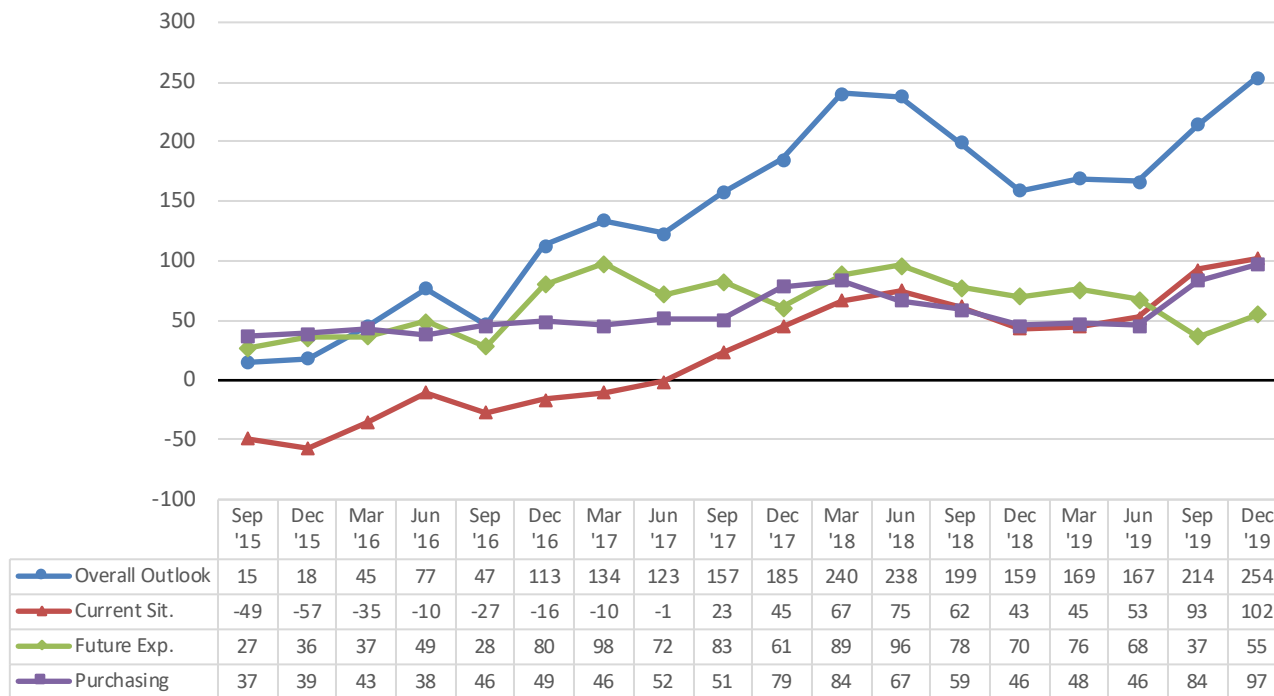
Overall, this is very good news for Tennessee businesses and retailers. Improving views of the economy and increasing optimism regarding personal finances and investments have contributed to a growing sense that now is a good time for consumer spending. This is important as we enter the ever-important Christmas and holiday spending season. The current online survey of 630 Tennessee consumers was conducted between December 4 and December 9.

### **Noteworthy findings include:**

- Nearly two-thirds of Tennessee consumers reported doing some Christmas and holiday shopping this past Thanksgiving weekend. And, most of these consumers did their shopping online or in big-box retailers, such as Walmart or Target (see page 5 of this report).
- Nearly half of Tennessee consumers enjoy doing their Christmas and holiday shopping online as well as in physical retail stores. However, of those who have a preference, online is the favored method of shopping for Christmas and holiday gifts (see page 6).
- Although most Tennessee consumers plan to spend the same or more than they spent last year on Christmas and holiday gifts, 26 percent expect to spend less (see page 6).
- With respect to how much consumers expect to spend on Christmas and holiday gifts, only 10 percent expect to spend less than \$100. Forty percent expect to spend between \$100 and \$499. Forty-two percent expect to spend \$500 or more. The biggest spenders (those spending \$1,000 or more) live in middle Tennessee (see page 7).
- Nearly all Tennessee consumers (94%) expect to do some Christmas and holiday shopping this year. Further, almost one in four began their shopping before November (see page 8).
- Consumers do not fear overextending themselves financially, even after Christmas and holiday spending. Only four percent expect the total amount of their credit card debt in the next 12 months to be higher than it is now.
- Although consumers may have seen many recent media reports about impeachment hearings against President Trump, impeachment does not appear to be on the minds of Tennessee consumers (see page 10). Further, three times as many consumers expect continued impeachment hearings to have a negative effect on the economy (45%) versus a positive effect (15%, see page 12).
- As the impeachment hearings highlight political differences, Republican consumers in Tennessee are significantly more optimistic about the future of the economy, compared to Democrat consumers who are more pessimistic (see page 11).

The chart below shows how the Tennessee Consumer Outlook Index has changed since December of 2015.

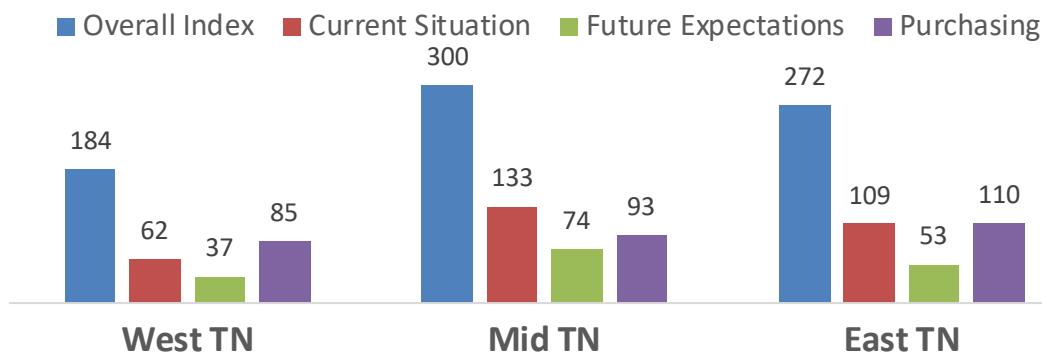
### Tennessee Consumer Outlook Index



### Tennessee Consumers and the Economy

Consumers in middle Tennessee hold the most positive views of the economy, followed by those in east Tennessee. Even though consumers in west Tennessee hold the least positive views of the economy, these consumers still have a relatively positive purchasing outlook. This bodes well for consumer spending across the entire state.

### Tennessee Consumer Outlook Index Results by Region



**U.S. and Tennessee Economy.** Perceptions of the current economy remain positive and unchanged. Four times as many consumers said economic conditions in the country as a whole are “good” (45%) versus “bad” (10%). This disparity is even more pronounced with respect to the state’s economy. Five times as many said economic conditions in Tennessee are “good” (51%) versus “bad” (10%).

Tennessee consumers have become increasingly more optimistic about the future of the economy. Nearly twice as many now expect business conditions in Tennessee will be “better” six months from now (25%) versus “worse” (13%).

**Jobs and Employment.** Perceptions of the job market are positive and remained relatively unchanged. More than twice as many consumers said jobs in the area of Tennessee where they live are “easy to find” (34%) versus “hard to find” (16%). Further, nearly twice as many expect there will be “more” jobs in the next six months (27%) versus “fewer” (14%).

**Personal Finances.** There was a noticeable net improvement in consumers’ perceptions of their personal financial situation. More than three times as many expect to be “better off” financially one year from now (34%) versus “worse off” (9%). Further, consumers are increasingly confident in their ability to deal with financial shocks and setbacks. The percent who said they would be able to survive financially if they lost their job rose to 43 from 40 in September. The percent who said they would not be able to survive financially if they lost their job declined to 35 from 40.

Consumers do not fear overextending themselves financially, even after Christmas and holiday spending. Almost all consumers expect the total amount of their credit card debt in the next 12 months to be “about the same” (46%) or “lower” (42%). Very few (4%) expect their credit card debt to be “higher.”

**Stock Market and Investments.** There were significant net gains in perceptions of the stock market. The percent who expect the value of the U.S. stock market to be “higher” 12 months from now rose to 28 from 23 in September. Conversely, the percent who expect it to be “lower” dropped to 22 from 28 in September.

This is associated with greater optimism regarding personal savings and investments. More than twice as many expect the value of their savings and investments to be “higher” 12 months from now (38%) versus “lower” (16%).

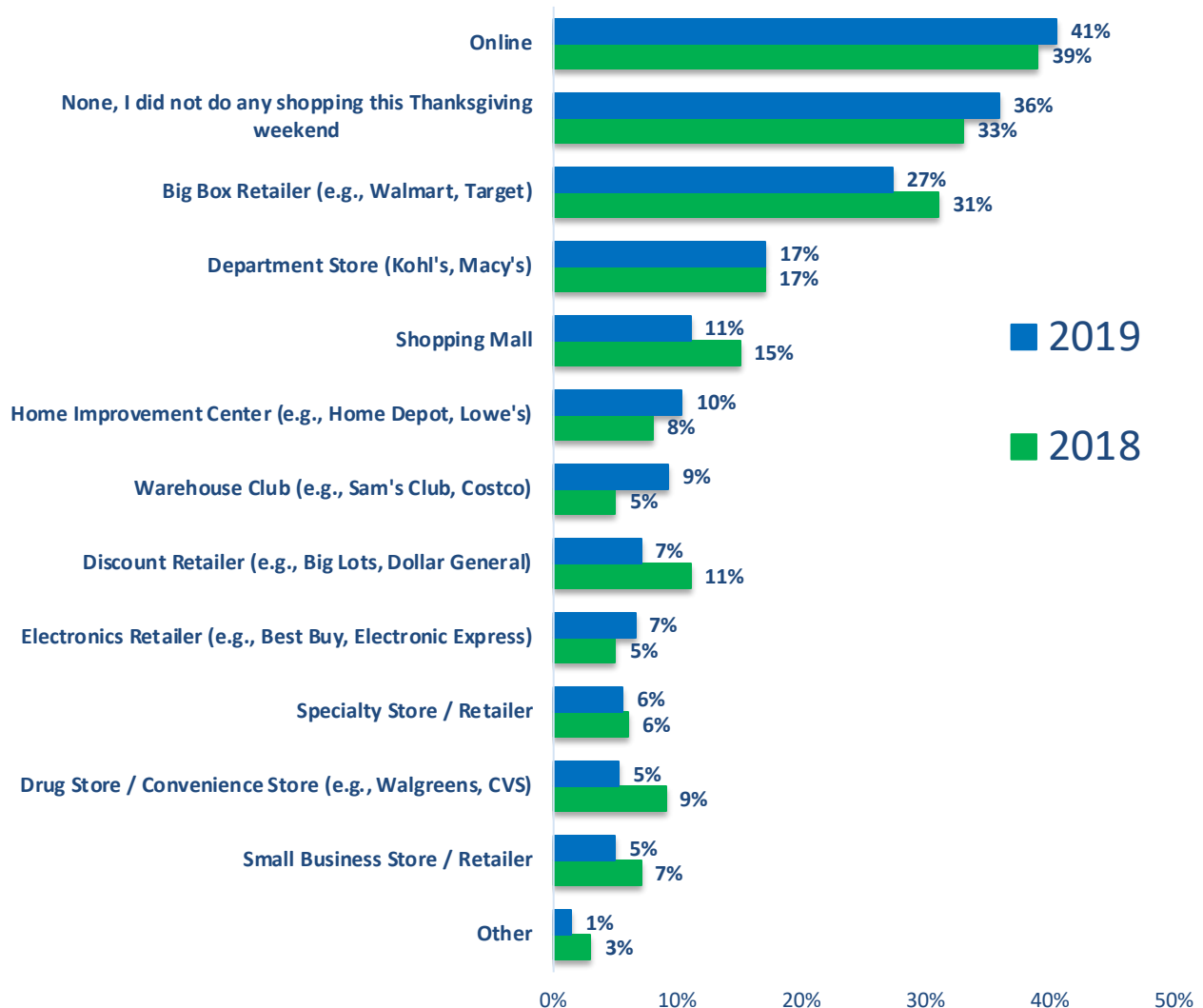
**Consumer Spending.** All of this leads to greater perceptions that now is a good time to spend money and make large purchases. Positive views of the job market and improving perceptions of personal finances can provide comfort when making spending decisions. More than four times as many Tennessee consumers said now is a “good time” to make large household purchases (41%) versus a “bad time” (9%). Additionally, 46 percent said now is a “good time” to purchase a car, compared to only nine percent who said it is a “bad time.” Outlook for the real estate market remains strong. Only 16 percent said now is a “bad time” to purchase a house, compared to 44 percent who said it is a “good time” to purchase a house.

**The Final Word.** These results are good news for Tennessee businesses and retailers. Many businesses and retailers rely heavily on the Christmas and holiday shopping season for a large percentage of annual sales. As consumers feel better about the future of the economy and their personal finances, they are more likely to open their wallets and increase spending.

## Christmas and Holiday Spending

Consumers were asked about their shopping and spending plans for this Christmas and holiday season. When asked if they did any shopping during the recent Thanksgiving weekend (including Black Friday, Small Business Saturday, and Cyber Monday), most consumers either made purchases online (41%) or went to big-box retailers such as Walmart or Target (27%). More than one-third (36%) did not do any shopping during the traditional Thanksgiving shopping weekend.

**If you did some shopping this Thanksgiving weekend  
(including Black Friday, Small Business Saturday, Cyber  
Monday), please tell us where you went shopping.  
(check all that apply)**



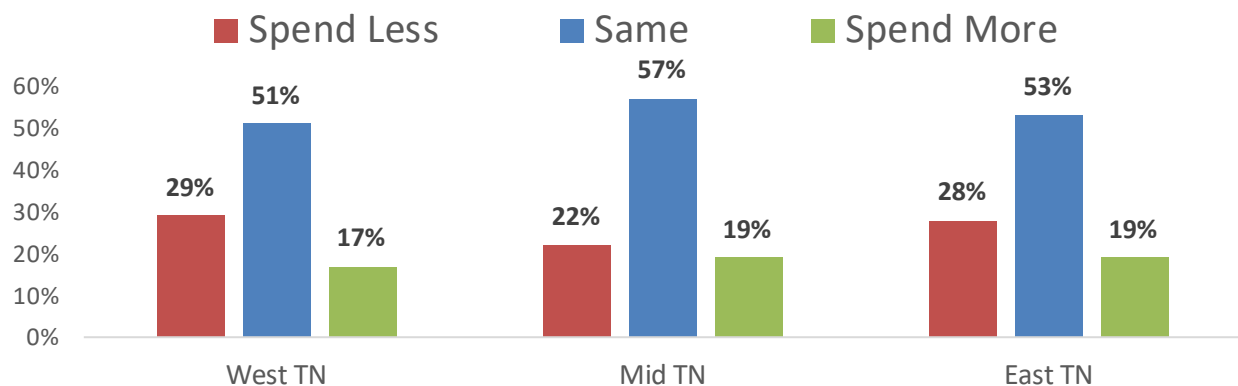
As the preference for shopping online continues to grow, many consumers still enjoy shopping in physical retail stores. When asked where they prefer to do their Christmas and holiday shopping, almost half enjoy shopping in physical stores as well as online. However, of those who have a preference, online is the favored method of shopping.

### Do you prefer to do your Christmas and holiday shopping by going to physical stores (retail locations), or by shopping online?



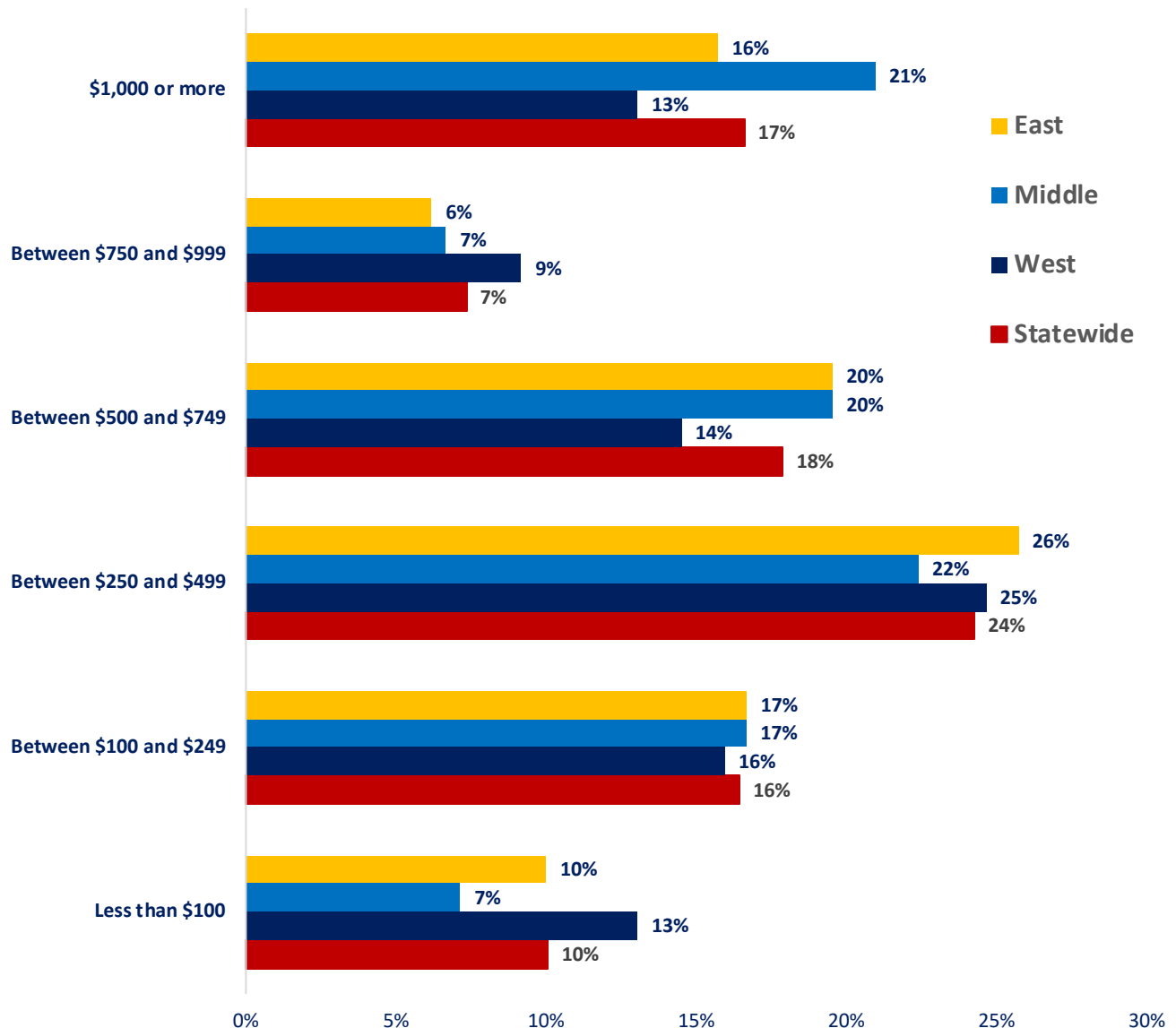
Consumers were also asked about the total amount of money they expect to spend on Christmas and holiday gifts this year and whether they expect to spend more or less than they spent last year. Statewide, just over half (53%) expect to spend “about the same as they spent last year.” Of those who will change their spending, more expect to spend “less than they spent last year” (26%) versus “more than they spent last year” (18 percent). The chart below shows these results by region of the state.

### Thinking about how much you will spend on Christmas and holiday gifts, do you think this year you will end up spending more than you spent last year, less than last year, or about the same as last year?



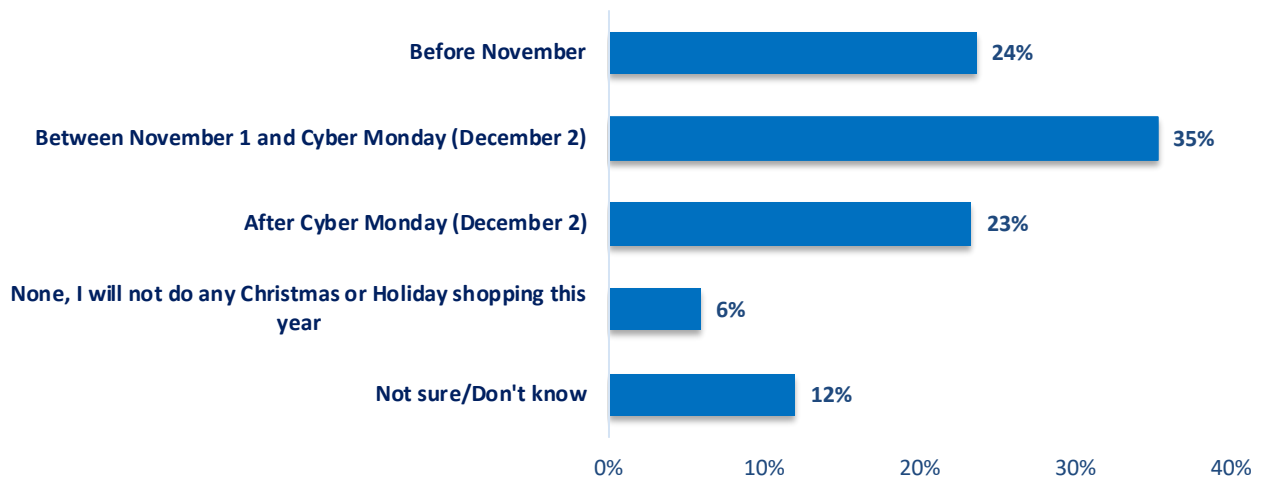
Most Tennessee consumers (58%) expect to spend between \$100 and \$749 this holiday gift giving season. Moreover, 17 percent expect to spend more than \$1,000. The chart below shows how these spending expectations vary by region of the state. The biggest spenders (\$1,000 or more) live in middle Tennessee.

### How much do you plan to spend on Christmas and holiday gifts this year?



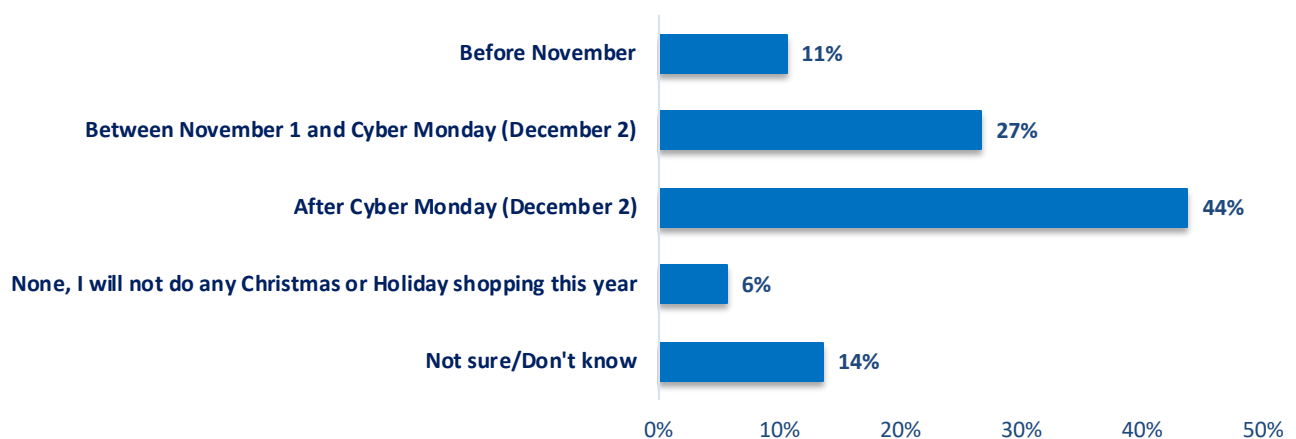
Almost all Tennessee consumers expect to do some Christmas and holiday shopping this year (94%). With respect to when consumers begin their shopping, almost one in four begin before November.

### When did you (will you) begin your Christmas and holiday shopping this year?



Apparently, Christmas and holiday shopping takes time. Even though many consumers begin their shopping before Cyber Monday (December 2), relatively few do most of their shopping prior to December.

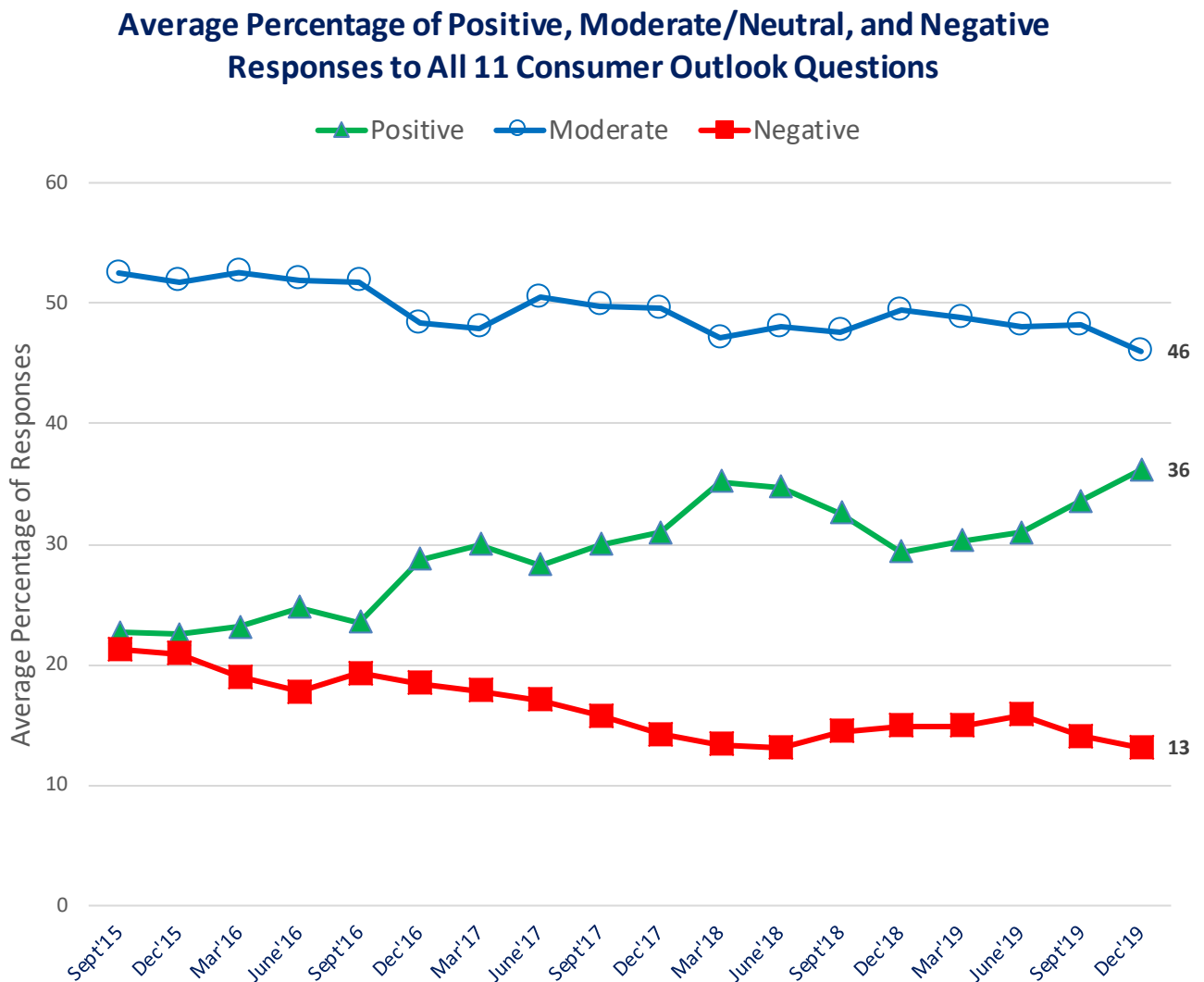
### When will you do the majority of your Christmas and holiday shopping this year?





## 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. When responding to our questions, the vast majority of consumers think economic conditions are “good” or “in between” and think future economic conditions will be “better” or “stay the same.” Relatively few (13 percent) think economic conditions are “bad” or think future economic conditions will be “worse.”



## Perceptions of the Economy—In One Word

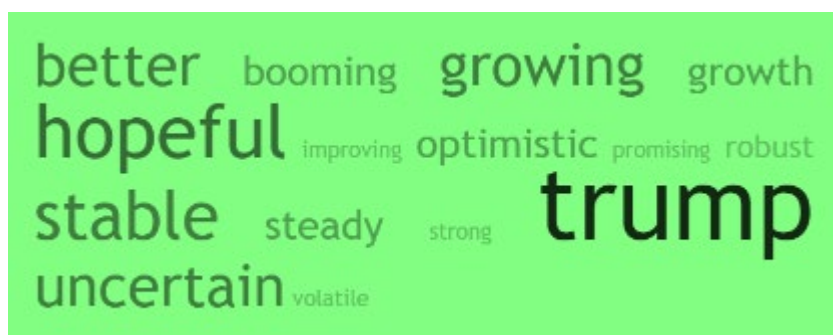
Consumers were asked to rate the future of the overall U.S. economy on a 0 to 10 scale, where 0 means there is likely to be a major recession, and 10 means the economy will grow and expand at a very fast pace. They were then asked to identify the one word that came to mind when thinking about the future of the overall U.S. economy.

The word clouds below show the most frequently mentioned words for those who are relatively pessimistic about the economy versus those who are more optimistic. The larger the word, the more frequently it was mentioned. This can provide clues about the thoughts on consumers' minds as they responded to the survey.

**Pessimistic Consumers.** The word cloud below shows the words mentioned by more pessimistic consumers responding 0-5 on the scale (n=244; 39% of the total sample). Apart from President Trump, no single topic or issue dominates consumers' thoughts. Rather, a general uncertainty seems to be driving these consumers' outlook. Only four consumers mentioned "recession" and only four mentioned "tariffs." Further, only two consumers in the entire sample mentioned "impeachment."



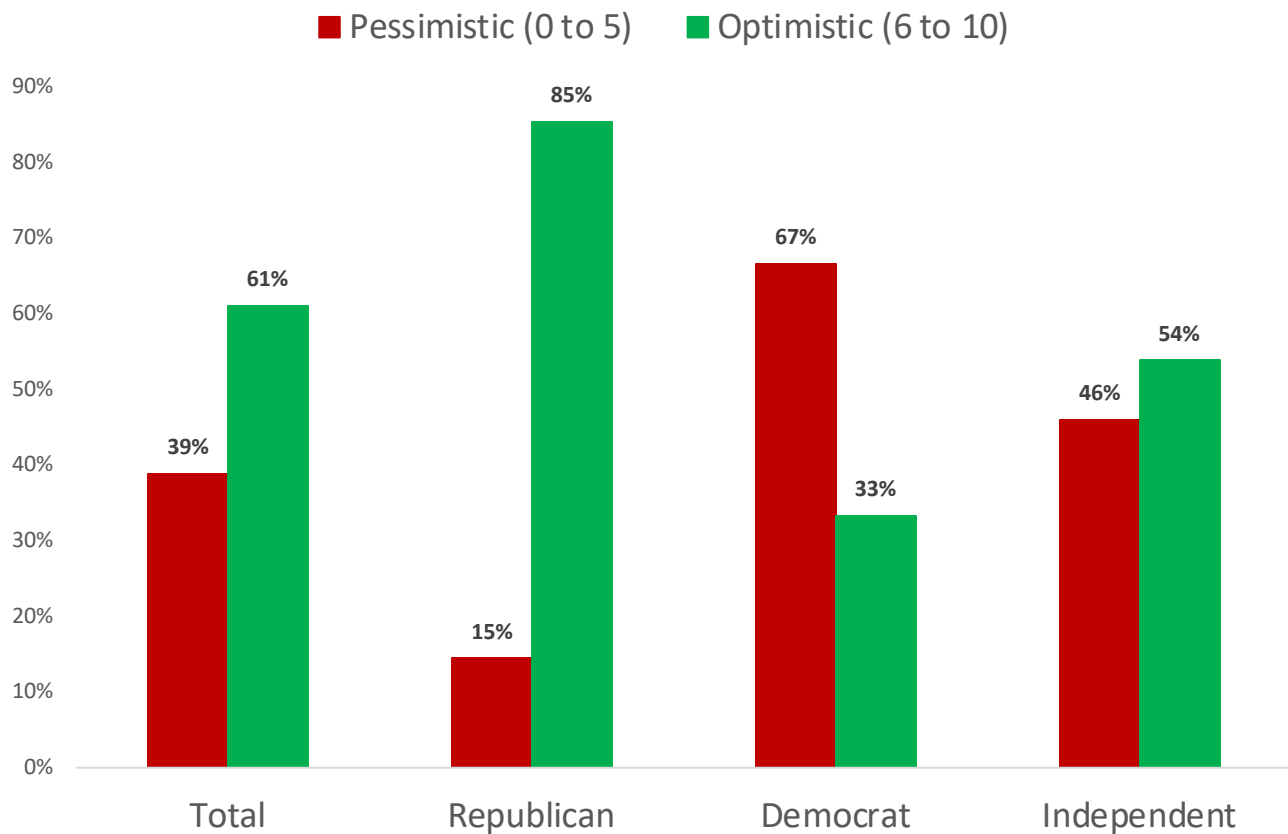
**Optimistic Consumers.** The word cloud below shows the words most frequently mentioned by more optimistic consumers responding 6-10 on the scale (n=386; 61% of the total sample). As with the pessimistic consumers, President Trump was most often mentioned. Apparently, President Trump is seen as the reason for pessimism for some consumers, and the reason for optimism for other consumers. Interestingly, even some optimistic consumers exhibit uncertainty amid expectations for a growing economy.



## Political Affiliation and Economic Optimism

The chart below shows the percentage of consumers who rated the future of the economy pessimistically (0 - 5 on the scale) versus optimistically (6 - 10 on the scale). Republican consumers were much more likely to be optimistic about the economy compared to Democrats who were more pessimistic. Independents were less opinionated, but tended to be more optimistic than pessimistic.

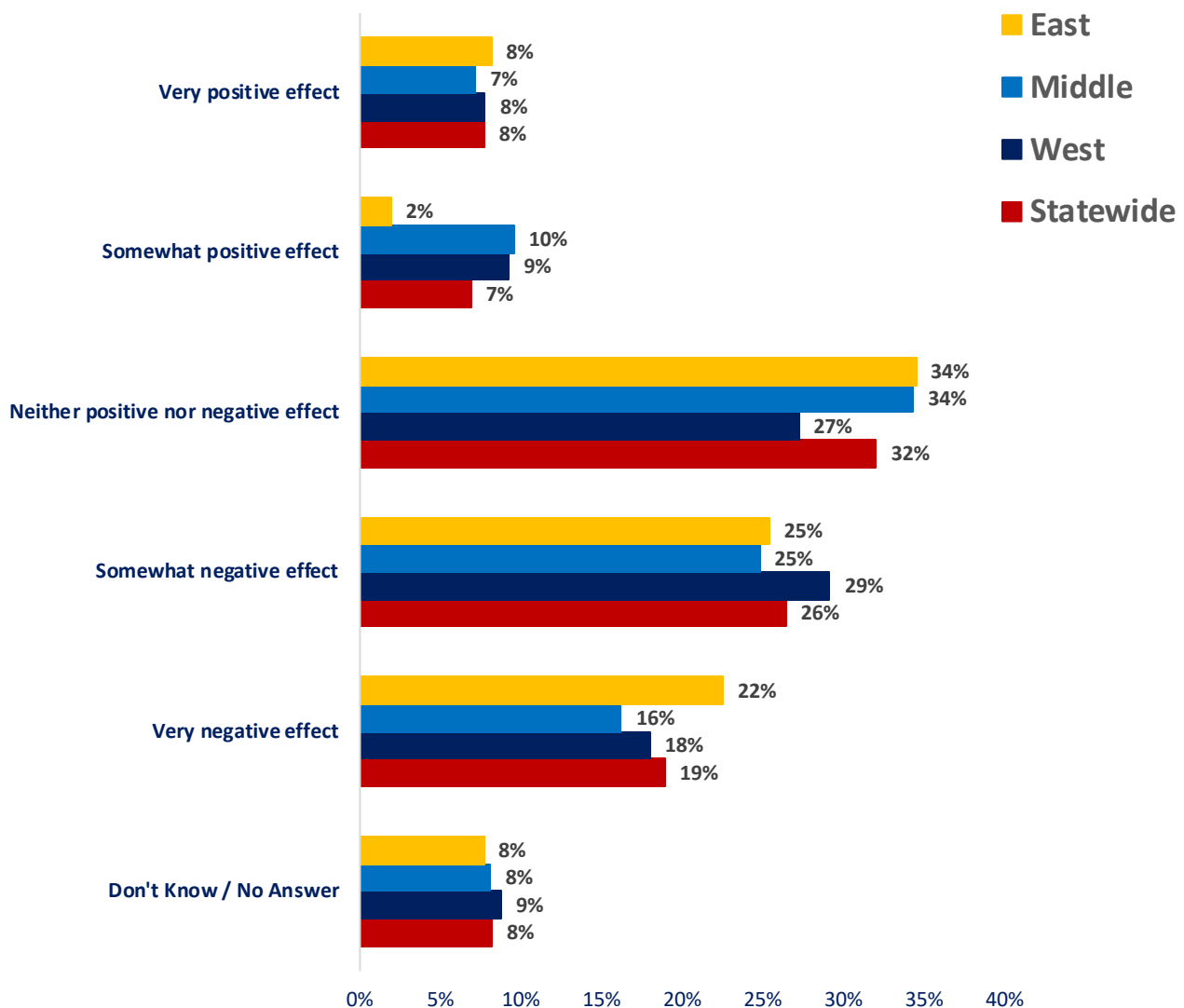
**How would you rate the future of the overall U.S. economy on a 0-10 scale, where 0 means there is likely to be a major recession, and 10 means the economy will grow and expand at a very fast pace?  
(by political affiliation)**



## Impeachment and The Economy

As Democrats in congress move forward with impeachment hearings against President Trump, it is clear the vast majority of Tennessee consumers expect these continued hearings to have either no effect or a negative effect on the overall U.S. economy. Statewide, only 15 percent expect impeachment hearings will have a positive effect on the economy. Conversely, 45 percent expect impeachment hearings will have a negative effect on the economy. Further, these sentiments are fairly similarly held across the three regions of the state.

### Democrats in Congress are moving forward with impeachment hearings against President Trump. What effect do you think these continued impeachment hearings will have on the overall U.S. economy?



## Perceptions of the Economy: Comparison to the Nation

When compared to consumers across the rest of the country, Tennessee consumers have more positive views of the overall U.S. economy, but they hold less positive views of the current job market. Conversely, Tennessee consumers are comparatively more optimistic about the future job market and their future personal financial situation. The table below shows the 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 Dec '19 (%)
Business conditions in the U.S. are good.	40	45
Business conditions in the U.S. are bad.	14	10
Six months from now, business conditions in the U.S. will be better.	17	24
Six months from now, business conditions in the U.S. will be worse.	12	19
Jobs are easy to find (plentiful).	45	34
Jobs are hard to find.	13	16
Six months from now, there will be more job openings.	16	27
Six months from now, there will be fewer job openings.	13	14
In 12 months my personal financial situation (income) will be better.	22	34
In 12 months my personal financial situation (income) will be worse.	6	9

<sup>3</sup> Source: November 26, 2019, "The Conference Board Consumer Confidence Index® Declined Slightly in November" ([www.conference-board.org](http://www.conference-board.org)).

## Consumer Outlook Index with Net Change\* (Increase or Decrease) from September 2019

		Tenn. Dec'19 (%)	Net Change*	West TN Dec'19 (%)	Net Change	Mid TN Dec'19 (%)	Net Change	East TN Dec'19 (%)	Net Change
Business conditions in the U.S. are:	Good	45	0	39	0	50	0	45	0
	In between	44		47		39		46	
	Bad	10		12		10		8	
Six months from now, business conditions in the U.S. will be:	Better	24	+7	24	+3	26	+9	22	+7
	About same	52		47		53		57	
	Worse	19		22		19		16	
Business conditions in Tennessee are:	Good	51	+6	43	+15	56	-5	53	+7
	In between	37		43		33		34	
	Bad	10		11		8		11	
Six months from now, business conditions in Tennessee will be:	Better	25	+5	22	+7	27	+4	27	+7
	About same	57		56		58		56	
	Worse	13		15		11		12	
Jobs in your area of Tennessee are (can be):	Easy to find	34	-2	19	+3	46	-2	37	-4
	Found w/effort	46		56		39		42	
	Hard to find	16		18		12		17	
In six months, there will be ___ jobs in your area of Tennessee.	More	27	+1	22	-3	36	+7	22	-1
	About same	54		52		47		61	
	Fewer	14		18		11		13	
Financially, how are you compared to a year ago?	Better	27	-1	24	+1	28	-2	30	-1
	About same	53		54		55		50	
	Worse	19		22		17		20	
Financially, how will you be one year from now?	Better	34	+5	34	+10	33	+1	34	0
	About same	53		52		56		51	
	Worse	9		10		7		11	
Now is a ___ time to buy major household items.	Good time	41	+7	35	+5	48	+6	41	+9
	In between	40		43		36		42	
	Bad time	9		11		8		9	
Now is a ___ time to buy a house.	Good time	44	+3	42	+3	41	-8	48	+12
	In between	32		38		30		28	
	Bad time	16		12		22		15	
Now is a ___ time to buy a car.	Good time	46	+3	41	+3	44	-5	52	+12
	In between	38		41		40		34	
	Bad time	9		10		10		7	

## Consumer Spending, Saving, and Investments

		Tenn. Dec'19 (%)	Net Change	West TN Dec'19 (%)	Net Change	Mid TN Dec'19 (%)	Net Change	East TN Dec'19 (%)	Net Change
Compared to last year, I will spend:	More	29	-1	29	-1	28	-6	31	+1
	About same	48		44		50		50	
	Less	22		26		21		20	
Compared to last year, I am saving:	More	24	-1	24	0	25	-1	24	-1
	About same	48		48		46		49	
	Less	26		27		26		25	
In the next 12 months, I will ___ my level of saving.	Increase	36	-3	37	+5	35	-8	36	-6
	Keep same	48		48		52		44	
	Decrease	11		11		9		14	
In the next 12 months, the value of the stock market will be:	Higher	28	+11	26	+8	31	+10	27	+14
	About same	32		31		33		31	
	Lower	22		23		22		21	
In 12 months the value of my savings and investments will be:	Higher	38	+10	38	+16	38	+6	37	+8
	About same	38		35		41		37	
	Lower	16		18		14		15	
If I lost my job, I would survive financially.	Definitely yes	25	+3	22	+6	27	-2	26	+5
	Probably yes	18		21		17		16	
	Maybe	17		19		17		15	
	Probably no	13		10		12		16	
	Definitely no	22		22		21		22	
In 12 months the total amount of my credit card debt will be:	Higher	4	-5	5	-2	3	-7	5	-3
	About same	46		48		43		46	
	Lower	42		40		45		41	

\* 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 630 randomly selected adult residents of Tennessee. Online surveys were conducted between December 4 and December 9, 2019. 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 630 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?