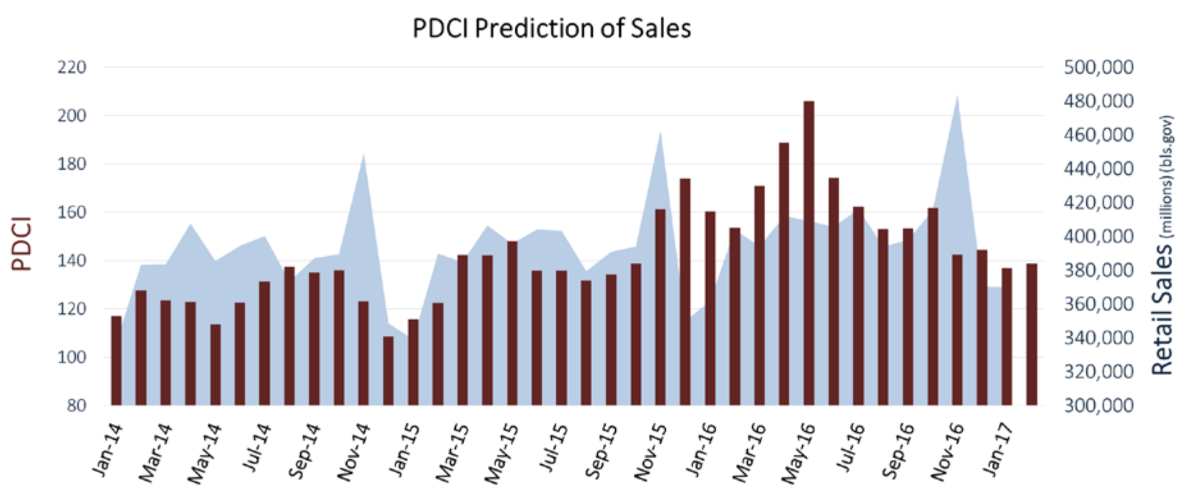
GEORGETOWN UNIVERSITY McDonough SCHOOL of BUSINESS

Problem-Driven Consumption Index

April 2017

PDCI Predicts Continuation of Current Spending Levels for April

The Problem-Driven Consumption Index (PDCI), a leading indicator of consumer spending, slightly increased in April, measuring 142.3, up from 141.3 in March. This data suggests there will be a small increase in non-seasonally adjusted spending for April relative to March. The increased PDCI score stems from an increase in the number of problems consumers were planning to solve.



The chart displays the predictive power of the PDCI. Sales are depicted in blue, the PDCI is depicted by the red bars.

The PDCI is down 25% relative to April 2016, the decrease is relative to the all-time highs observed in the PDCI for this time last year. This year-over-year decrease is driven by a decrease in the amount consumers plan to spend solving problems, and a decrease in the number of problems consumers are planning to solve.

The PDCI is derived from responses to the Consumer Problem Survey (CPS). The PDCI is based on two primary components: the quantity of problems consumers are seeking to solve, and the amount consumers plan to spend solving them. The CPS is a monthly survey of a nationally representative sample that measures consumers' problems that require market solutions, thereby allowing the researchers to track the quantity of, severity of, and the types of problems that consumers experience. Data is population weighted to eliminate survey completion bias. The PDCI calculated based on the results is scaled by the CPI-U. Because problem recognition usually precedes purchases, the data from the CPS provides an unprecedented view of future consumption and spending. To learn more about the CPS, read our reports HERE.

ABOUT THE RESEARCHERS

Chris Hydock, assistant professor of research and Kurt Carlson, professor of marketing produce the CPS and PDCI. To speak to the authors, contact Molly Fleenor (Molly.Fleenor@georgetown.edu) (202-687-5254).