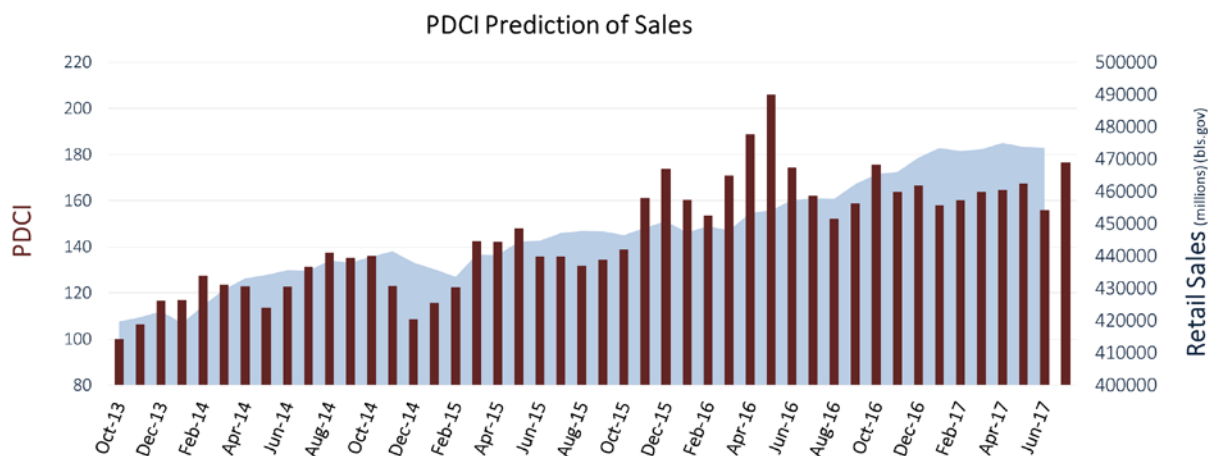


Problem-Driven Consumption Index

July 2017

PDCI Predicts Increase in Spending for July

The Problem-Driven Consumption Index (PDCI), a leading indicator of consumer spending, increased in July, measuring 176.4, up from 155.7 in June. This data suggests there will be an increase in spending for July relative to June. The increased PDCI score stems from an increase in how much they were planning to spend to solve the problems they are experiencing; the number of problems has slightly decreased. The increase in the PDCI suggests consumers are not fazed by the ongoing political complications of the current administration and planned Federal Reserve rate hikes.



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 up 9% relative to July 2016. This year-over-year increase is driven by an increase in the amount consumers plan to spend solving problems, even though number of problems consumers plan to spend has decreased.

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

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