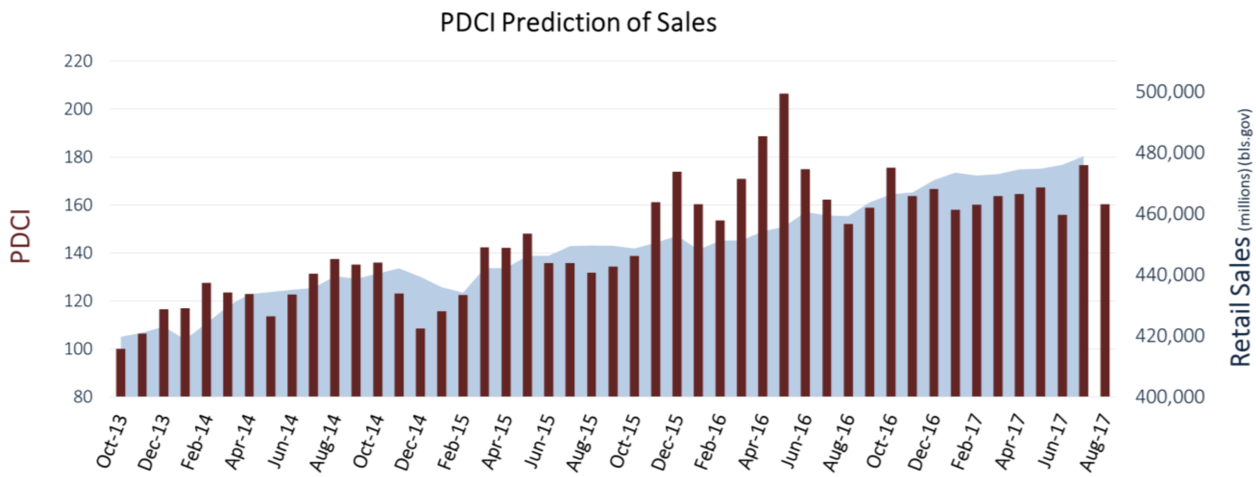
GEORGETOWN UNIVERSITY McDonough SCHOOL of BUSINESS

Problem-Driven Consumption Index

August 2017

PDCI Predicts Decrease in Spending for August

The Problem-Driven Consumption Index (PDCI), a leading indicator of consumer spending, decreased in August, measuring 160.1, down from 176.4 in July. This data suggests there will be a decrease in spending for August relative to July. The decreased PDCI score stems from a decrease in how much consumers were planning to spend to solve the problems they are experiencing and a decrease in the number of problems they plan 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 up 5% relative to August 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 solve 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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