

A Study of Online Consumerism Trap among Youngers in the Context of Behavioral Economics

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Abstract: The consumerism trap is a phenomenon where individuals fall into a state of unlimited pursuit of materialism with over-consumption. Merchants often use invisible marketing tactics in selling goods to encourage consumers to consume impulsively and to buy some unwanted products. By reading books and academic journals and conducting online and on-site surveys, this paper investigated the main reasons that lead teens to fall into the trap of consumerism. With documentary analysis, quantitative research and statistical analysis, this paper explores the causes and solutions of the consumerism trap among youngsters in Xicheng District and Haidian District of Beijing, and also provides readers with an understanding and application of herding effect, mere exposure effect and psychological account related to behavioral economics. This paper hopes that this research can help guide teenagers to be alert to the pitfalls of consumerism and consume rationally.

Keywords: consumerism, herding effect, mere exposure effect, psychological accounts, behavioral economics

1. Introduction

With the boom of e-commerce, online shopping has become one of the most popular purchasing methods for young people. Online stores often offer coupons that encourage people to buy products they don't really need, leading people into the trap of consumerism. Some bloggers on we-media platforms such as TikTok use videos to increase people's desire to buy their products.

As digital natives, teenagers are the target customers of online merchants. Teenage customers are susceptible to external influences and impulsive consumption when shopping online. Research shows that teenagers' impulse spending accounts for more than 80% of their purchasing behavior [1]. This paper studied the primary reasons that lead youths to fall into the trap of consumerism by reading books and academic journals and performing online and on-site surveys. These reasons are related to three behavioral economics concepts, namely the simple exposure effect, the herd effect, and mental accounts.

2. Literature Review

According to the relevant research, contemporary youngsters are more likely to fall into the consumerism trap with the growing prosperity of self-media and online shopping. The consumerism trap is a phenomenon under the culture of consumerism, which is reflected as the individuals or

society falling into the unlimited pursuit of material things and enjoyment [2]. In this circumstance, consumers are easily influenced by factors such as advertisements, public opinions, and social values to pursue more goods and wealth, thus neglecting the loss of their long-term interests and the negative impact on society. Behavioral economics is now widely used by scholars to explain and study how young people fall into the trap of consumerism. This paper selects the herding effect, mere exposure effect and psychological account in behavioral economics for an in-depth analysis.

2.1. Herding Effect

The herding effect happens when individuals give up their own opinions and adopt behaviors that are in line with the majority under peer or media pressure. Sometimes, individuals have their own opinions that are different from others, but with peer pressure, they choose to give up their original ideas and change their ideas [3]. With the popularity of online shopping, youths are often influenced by the herd effect and fall into the consumerism trap set by businessmen. At the same time, young people often communicate with each other in life and study, so they tend to have the herd mentality of "everyone else has it, so I want it too". The internet aids young people to seek the approval of others, which leads to peacockery and herd mentality. In addition, the herd mentality of young people is also influenced by social environment (individualism, hedonism and money-worship usually erode the values of college students nowadays), family environment (families wrongly believe that only strong material security can make their children live independently and happily), educational environment (many colleges and universities have few courses on rational consumption, which makes students simply follow the herd in consumption), and the individual college students' mental factor (college students are not mature yet, so they may have high consumption, show off consumption, blind consumption, and Competitive Consumption, etc.). [4]. The interaction between self-consistency and peer group feedback was found to interfere with the change of adolescent consumers' attitudes and purchase intentions through experimental methods, focus group interviews, and questionnaires [5].

Previous studies have concluded that "among the many manifestations of herd mentality, herd consumption is particularly prominent".[6]. Tian Yu believes that the following four measures could help guide the youth to be aware of the consumerism trap: 1. Youth should cultivate the ability to think independently about consumption, should not blindly follow the herd, and establish the correct concept of consumption; 2. Establish the correct concept of consumption, reduce climbing and vanity consumption; 3. Be guided by objective needs; 4. Strengthen financial planning education and prevent excessive over-consumption [2].

2.2. Mere Exposure Effect

The mere exposure effect is a psychological phenomenon in which people's liking for an item gradually increases when they are repeatedly exposed to a stimulus. Edward b. Titchener believed that people feel good when they see something familiar. Researchers conducted an experiment to demonstrate the existence of the mere exposure effect. They selected random subjects at universities. The experiment included three versions of advertisements. Various banner ads were randomly placed, and these ads were presented to students at different speeds via MP4 video. The results of the experiment showed that the mere exposure effect had a strong impact on social media advertising. Even if consumers have never owned certain brand products before, their desire to purchase is greatly enhanced after experiencing the mere exposure effect [7]. At the same time, there is some controversy about the mere exposure effect. Some scholars believe that too much exposure may be boring; repeated exposure to stimuli may reinforce negative emotions in people who initially have a negative attitude toward something, thus deviating from the original purpose of the mere exposure effect [8].

The best solution to these limitations is to reduce exposure.

2.3. Psychological Accounts

Psychological accounts are those in which people mentally classify the possessions they own, with each account spending independently of the other. The existence of psychological accounts can have an impact on the consumer's psychology and lead to irrational spending. A central idea of mental accounts is that the way people treat money depends on factors such as the source and intended use of the money, rather than from an economic perspective [9]. SanjayRizal's study points out that most of the respondents tend to plan their consumption before collecting information about products, whether they are habitual or non-habitual purchasers. This shows that the application of psychological accounts occupies a more important position in consumption. In this study, the author will focus on the influence of psychological accounts on Chinese adolescents' consumption behavior. The study "The Implicit Structure of Chinese People's Psychological Accounts" by Li Aimei, Ling Wen Spokes, Fang Li Luo, and Xiao Sheng points out that Chinese people's psychological accounts are mainly composed of income accounts, expenditure accounts, and storage accounts through questionnaire surveys and data analysis [10]. The income account includes "work-related regular income", "unconventional extra income" and "business income"; the expense account includes "essential living expenses", "family building and personal development expenses", "emotional support expenses" and "leisure and recreation expenses". [11]

The detailed classification of psychological accounts by the researchers has laid a solid theoretical foundation for the author's study, which is of great reference significance. For example, if parents of junior high school students use their children's outings as a basic form of education, they get more opportunities and money for outings. However, if travel is used as a form of leisure spending, the opportunities and funds for travel will be significantly reduced. [12, 13].

3. Methodology

Based on the standardization and structuring of the questionnaire to facilitate quantitative research, the author designed a questionnaire on adolescent online consumption based on reviewing and summarizing information from the literature to investigate the impact of the herding effect, psychological account, and mere exposure effect in behavioral economics on adolescent online consumption and how to improve its current situation in the new media era, with a survey sample of mainly high school students in Xicheng District of Beijing and The survey was conducted in two forms: online questionnaire and field research. Finally, the author collected 249 valid questionnaires, among which 126 were from girls and 123 from boys, and the following is the grade distribution of the respondents.

From the data in question 10 (shown below), it can be seen that the items purchased on impulse are the most useful (55.82%) and the least useful (14.46%) to the respondents. This shows that most of the respondents think that their impulse purchases are not very useful.

The survey data for question 11 showed that only 26.58% of respondents were unaware of the consumerism trap. Questions 12 and 13 are an extension of question 11, and the findings of these three questions reflect the need to study excessive online consumption among teenagers. The data from questions 12 and 13 show that more than half of the respondents (59.12%) believe they have fallen into the consumerism trap, and 60.64% of the respondents completely agree and relatively agree that they would consume impulsively, also more than half of the total number of respondents. The data of question 14 shows that 50% of the respondents think they will not be more cautious in their next consumption, i.e. half of the young people, after realizing that they have fallen into the consumerism trap, still will not be more cautious next time. The results of the data analysis of the

above four questions show that exploring the deeper reasons why young people are prone to fall into the consumerism trap is a necessary prerequisite for improving the current situation.

4. Data Analysis

4.1. Herding Effect

The herding effect refers to people behaving similarly because of the behavior of people around them. This is also evident in consumption, for example, if a close friend buys a good face cream, under the influence of the friend, the consumer will have the idea to buy the product. Therefore, this study hypothesizes that the herding effect has a significant impact on adolescents' online shopping decisions.

According to the statistics, 18.07% (42/249) of the participants chose "people around me are buying" and 23.29% (58/249) chose "high positive feedback rate". A high rating means that many people are satisfied with the product after purchase, which will influence the decision of potential customers. Both show that the herding effect has a strong influence on teenagers' consumption behavior. Compared with boys, girls are more likely to be influenced by high positive reviews and the influence of people around them to consume. Therefore, from a gender perspective, females are more likely to be influenced by the herding effect.

Analyzing from the perspective of age, the chart clearly shows that as people get older, less people are influenced by the herding effect, and the influence of "good reviews" and "people around me are buying" is decreasing. The percentage of high school students and college students who are influenced by "more positive reviews" is similar. However, as people become more mature, such as graduate students and doctoral students, the percentage of people influenced by the "more positive reviews" rule decreases significantly. As for "everyone around me is buying", there is a similar trend. That is, high school and college students are more likely to be influenced by those around them than graduate and doctoral students.

In addition, the 15th question in the questionnaire is also related to the herding effect. "When you see a popular model you like while shopping online, will you? "For this question, there are four options: "Buy it immediately", "Listen to the opinions of people around me before buying it", "I like it but don't want to follow the trend " and "I like it but don't want to spend a lot of money". Because consumers are influenced by the "buy it now" trend, they choose to buy products immediately. Consumers' choice to "listen to the opinions of people around them and think before buying" is usually related to the herding effect.

The data shows that nearly half of the respondents would be influenced by the herd effect. Specifically, more than one-third of respondents would listen to the opinions of those around them before making a purchase, and about one-fifth of students would be influenced by fashion trends and make an immediate purchase. Only 36.29% said they would never be trendy. In short, most teenagers and young adults are easily influenced by fashion trends, which is an example of the herding effect. In addition, both boys and girls value the opinions of those around them (33.61% and 35.71%, respectively) more than fashion trends. Meanwhile, boys are more likely to spend on impulse (14.75% for immediate purchase) compared to girls. Meaning that males are more likely to be influenced by fashion trends.

4.2. Mere Exposure Effect

The mere exposure effect is a psychological phenomenon that refers to the gradual increase in the liking of a stimulus when people are repeatedly exposed to that stimulus. This study hypothesized that the exposure effect would have a significant impact on most teenagers' online shopping. To test this hypothesis, multiple choice question 6, "For what reasons would you shop online? " reflects the effect of exposure on consumers.

The data shows that 33.47% (83/249) of the respondents purchased online because they saw an advertisement. Advertising is a typical strategy for businesses to use the mere exposure effect to increase sales. When online ads appear repeatedly in the view of consumers, the level of consumer demand for a product is eventually enhanced through constant exposure stimulation. The percentage of respondents who use celebrity and blogger recommendation as the main reason for online shopping is 16.53% (41/249). Celebrity seeding on social media such as Xiaohongshu and Jitterbug reflects the use of mere exposure effect by merchants. When teenage consumers browse social media platforms, they are highly susceptible to the influence of celebrities and bloggers who recommend a product many times, so that the image of the product is constantly stimulated and reinforced in consumers' minds, which will eventually enhance their love for the product until they place a purchase order. Therefore, in the new media era, the mere exposure effect plays a significant role in promoting the impulse consumption of online shopping among teenagers.

The data shows that underage consumers are highly susceptible to advertising, while adult students are more likely to shop online for their own needs and are more rational than underage consumers, and therefore less likely to be influenced by advertising. However, college students are most likely to shop online based on the recommendations of celebrities and bloggers. The data shows that college and high school students invest more energy in social media and are more likely to be influenced by the mere exposure effect than the rational graduate and doctoral consumer groups. The bar chart shows that female students are more likely to be influenced by relevant advertisements (46.83%) or celebrity blogger recommendations (24.6%) than male students. Thus, the exposure effect is generally higher for female consumers than for male consumers.

4.3. Psychological Accounts

Mental accounts refer to people's subconscious division of wealth into different accounts for management, and different mental accounts have different bookkeeping and operating rules. The existence of psychological accounts affects consumers' decisions in consumption behavior. This study hypothesizes that psychological accounts will have a significant impact on the consumption of most adolescents.

To test this hypothesis, question 7 was set as a single-choice question - "Do you classify your expenses into different categories? (e.g., leisure and entertainment, basic living, etc.)", this question intends to explore how many adolescents are aware that they use mental accounts.

Our inspection process is as follows:

State:

H₀: $p = 0.5$

H_a: $p > 0.5$

Where p is the true proportion of High School students and University students in Beijing who will categorize their expenses. This paper will use a significance level of $\alpha = 0.05$.

Plan (Check Conditions):

Random: This paper use a random sample.

10% Condition: $249(10) = 2490$. It is reasonable to believe that there are at least 2490 High School Students and University students in Beijing.

Large Counts: $np = 98 > 10$, $n(1-p) = 151 > 10$

Do:

Using technology with command 1-Proportion Z test, with ($p_0: 0.5$, Successes $x: 98$, $n: 249$, Alternate Hyp: $H_a: \text{prop} > p_0$),

Then get $z = -3.302$, P-Value = 0.99952.

Conclude:

Because the P-Value, 0.99952, is greater than $\alpha = 0.05$, this paper fails to reject H_0 , there is no convincing evidence that the true proportion of High School Students and University students who will categorize their expenses is greater than 0.5.

The survey shows that nearly 60% of teenagers do not have a clear plan for their spending, and all of their spending falls into the same category, making it easier for them to unknowingly add some unnecessary spending to their spending.

Approximately 40% of respondents indicated that they have a clear breakdown and plan for their expenditures. In question 8, the author further asked how expenses are categorized. The specific data are as follows.

Also, the author asked these participants in the next single-choice question whether they would spend money from one category to another, with the following data.

Nearly 65% of respondents indicated that when budgeted funds under one account are not sufficient to support spending, they are likely to divert budget from other categories to satisfy immediate spending desires. This trend is also reflected in the responses to Question 16: Combining the "depends" and "disagree" data, approximately 75% of teens are unable to plan their spending accurately, indicating that many respondents are likely to spend without a plan and end up in a This indicates that many respondents are likely to spend without a plan and end up in a spiral of irrational spending.

Nearly 80% of the respondents believe that the two types of money are not the same. This is an application of the concept of psychological accounts. Such a psychological account makes consumers more appreciative of hard-earned money and more likely to waste windfall money. This can be exploited by companies to create consumerism traps for consumers, such as coupon distribution. The validity of the data is verified by hypothesis testing below.

Our inspection process is as follows:

State:

$H_0: p' = 0.5$

$H_a: p' > 0.5$

Where p' is the true proportion of High School students and University students in Beijing who agree with the statement that "Windfall money is not the same as hard-earned money". This paper will use a significance level of .

Plan (Check Conditions):

Random: We use a random sample.

10%: $249(10) = 2490$. It is reasonable to believe that there are at least 2490 High School students and University students in Beijing.

Large Counts: $np = 196 > 10$, $n(1-p) = 53 > 10$

Do:

Using technology with command 1-Proportion Z test, with ($p_0: 0.5$, Successes $x: 196$, $n: 249$, Alternate Hyp: $H_a: \text{prop} > p_0$),

We get $z = 9.01701$, P-Value = $9.8077E-20$

Conclude:

Because the P-Value, $9.8077E-20$ ---which is nearly 0, is less than , this paper rejects H_0 . There is convincing evidence that the true proportion of High School students and University students in Beijing who agree with the statement that "Windfall money is not the same as hard-earned money" is greater than 0.5.

Based on the analysis of the above data, the vast majority of teens believe that windfalls have nothing to do with hard-earned money. According to psychological research, people are more likely to consume windfalls, and businesses often take advantage of this (e.g., by issuing promotions such as full-price coupons) to lure consumers - especially teens - into falling into the consumerism trap

and spending impulsively.

5. Discussion

After research and analysis, the herding effect, mere exposure effect and psychological account all have significant effects on teenagers falling into the consumerism trap, so the author believes that the following three aspects can be used to help contemporary teenagers jump out of the online consumerism trap and reduce impulsive consumption.

5.1. Herd Effect

As young consumers are not yet set in their ways, they need to improve their ability to spend rationally by taking financial literacy courses and reading books on personal finance and other related topics. When influenced by people around them, they should use their independent thinking skills to think about whether they really need a product before placing an order, and rationally evaluate the usefulness and cost effectiveness of the product. In this process, this paper will gradually enhance the youth's independent thinking and rational consumption awareness, and reduce the chances of blindly following the herd to buy useless products.

5.2. Mere Exposure Effect

Based on the previous analysis of the mere exposure effect, younger respondents and female adolescents are more likely to be influenced by the mere exposure effect and fall into the consumerism trap. The author believes that the influence of the mere exposure effect can be weakened in two ways. On the one hand, teenagers need to be more deliberate when they see their favorite celebrity ads. Allow enough time for thinking about the purchase decision, consider the marginal utility and marginal cost of the product, consider the practicality of the item, and avoid impulsive consumption. On the other hand, consumers can also reduce the impact of mere exposure effects at the physical level. Because exposure is strongly correlated with the impact of exposure, blocking the impact at the source can be an effective way to reduce the impact of exposure. As a result, teenage consumers can reduce the amount of effort and time they spend on social media and thus reduce impulse spending due to external stimuli such as advertising or celebrities.

5.3. Psychological Accounts

Based on the aforementioned analysis related to psychological accounts, this paper provides the following three dimensions of solutions to promote rational consumption among adolescents.

1) Develop good bookkeeping habits

Since mental accounts are related to people's internal account classifications, one of the most effective solutions is to develop the habit of careful bookkeeping in a timely manner-adolescents are advised to record every expenditure promptly after it is made, even if it is a small expense. Each time a payment is made, teens will subconsciously assess whether this spending is excessive, reasonable, etc. Maintaining the habit will help teens consciously remind themselves to spend wisely. At the same time, timely accounting can also help them reflect on whether their spending is rational or not, and improve on their online spending in the future.

2) Make a shopping list before spending

Impulse spending is often unplanned spending. If teens can make a shopping list before each purchase, it will effectively reduce unplanned spending. Teens tend to overspend on other psychological accounts to satisfy impulse spending. Having a clear list of what they really need to buy before spending will help reduce the chances of overdrawing other psychological accounts to

make purchases.

3) Restrictions on the purchase of special-priced items

Psychological studies show that teenagers are more likely to spend "windfall" money, such as discount coupons and coupons. Online shopping platforms and merchants' promotions often lead consumers to believe they are getting a bargain, increasing their consumer surplus and leading to impulsive spending. The result is often a lot of useless items purchased online by teenagers. Therefore, teenage consumers should pay attention to controlling their desire to consume and reducing impulsive consumption when they see discounted goods or full-sale activities.

By studying three factors closely related to the trap of consumerism among adolescents - the herding effect, the exposure effect and the psychological account - this paper explores the specific reasons for adolescents' impulsive consumption of online shopping and proposes corresponding improvement measures to help adolescent consumers gradually reduce impulsive consumption and develop rational consumption habits.

6. Conclusion

In summary, most adolescents lack a specific budget account classification for their spending and do not have a clear spending plan. According to the data in question 7, the percentage of adolescents using mental accounts to categorize their spending was not significant, but in combination with question 17, nearly 80% considered windfalls to be different from income from hard work. The data from these two questions reflect conflicting results, and the author deduces that this is due to the fact that many adolescents are not aware of the concept of psychological accounts, although they are categorizing according to them in their lives. Therefore, in general, the influence of psychological accounts on adolescents' online shopping consumption remains significant.

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