

# Analysis of Young People's Overconsumption from the Perspective of Behavioral Economics

Boting Jiang<sup>1\*</sup>, Preethi Ananthachari<sup>2</sup>

<sup>1</sup>Tongling University Law School, Tongling 244000, Anhui Province, China

<sup>2</sup>AI & Big Data Dept, Endicott College of International Studies, Woosong University, Daejeon Wide Area 300718, South Korea

\*Corresponding author: Boting Jiang, 583877754@qq.com

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**Abstract:** With the development of China's economy, there have been new changes in various industries, resulting in a continuous increase in consumption levels, which also negatively impacted development of China's economy. Whether it is the consumption of primary, secondary, or tertiary industries, or essential goods or luxury goods. The consumption intensity has skyrocketed especially after the end of the pandemic, and many people have a great desire for consumption, gradually leading to the phenomenon of consumption addiction. The consumers' attitude affects their behavior, and some young people still have the problem of excessive or blind consumption. This article provides a detailed analysis of excessive consumption among some young people from the perspective of behavioral economy, with the goal of solving consumption issues and providing some consumption suggestions to relevant personnel.

**Keywords:** Consumption addiction; Insufficient willpower; Group psychology; Impulsive purchasing; Self-control

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## 1. Introduction

With the development of society and the economy, the consumption level of young people continues to increase. However, there is also the problem of excessive consumption. Excessive consumption not only puts an economic burden on young people but may also lead to mental health problems. Therefore, it is important to guide young people to consume rationally. Rational consumption can not only help young people better control their consumption behavior, but also improve their quality of life and happiness. However, the consumption behavior of young people is often influenced by many irrational factors, such as social media and peer pressure. Therefore, guiding young people to consume rationally has become an important issue <sup>[1]</sup>.

## 2. Behavioral economics

Behavioral economics is a discipline that studies human behavior and decision-making that involves economics, psychology, and neuroscience. Behavioral economics believes that human decision-making and behavior are not only affected by rational thinking and self-interest, but also by irrational factors such as emotion, cognitive bias, and social influence. Therefore, behavioral economics focuses on exploring the irrational factors of human behavior and decision-making, and how to use these factors to improve economic and social policies.

The consumption behavior of young people is also an important research field in behavioral economics.

The consumption decisions of young people are often influenced by many irrational factors, such as social media, brand image, peer pressure, etc. In addition, the consumption preferences of young people are constantly changing, with a greater emphasis on personalization, quality, and environmental protection <sup>[2]</sup>.

### **3. The generation of consumer behavior**

Consumer behavior is a conceptual behavior that integrates the constantly escalating needs of oneself in real life, resulting in behavioral consumption, divided into tangible consumption and intangible consumption. Tangible consumption like the consumption of daily necessities are visible, while intangible consumption refers to skill-enhancing consumption, which is subtly influenced, such as learning type courses. Consumer behavior often emphasizes brand awareness and self-demand awareness, so it is a behavior that tends to strengthen self-concept and has personal significance. For example, a person can purchase a product to showcase their status, especially luxury goods or cars and houses, or even electronic products like Apple phones.

Through data research, most people feel a sense of pride when using an Apple phone, achieving pleasure through phone consumption, as well as a sense of trust and recognition towards the brand. In terms of social status, Apple phones also represent a consumer type, reflecting the status of this person. Therefore, some young people will continue to purchase new products in pursuit of this sense of joy and may even experience negative consumption, putting too much pressure on their families. This is a herd mentality, as well as a comparison mentality, and a negative consumption view.

### **4. Explanation of overconsumption in behavioral economics**

#### **4.1. Consumer addiction**

Consumer addiction is an extremely irrational consumption behavior that has been identified as addictive. From a conceptual perspective, addictive substances can generate short-term excitement, resulting in pleasure. This addictive substance can continuously stimulate people's desires, but it can affect human life in the long term and easily lead to extreme hedonism, leading to excessive consumption <sup>[3]</sup>. For example, girls are usually passionate about cosmetics and luxury goods, such as branded bags. On the other hand, boys are usually interested in cigarettes and electronic products, and they are easily addicted to gaming. These addictions are all highly dependent on consumption and can easily affect the overall quality of life.

#### **4.2. The mentality of conformity or comparison**

Conformity or comparison mentality refers to the influence of people around them when making decisions, especially those who are considered authoritative or influential. This mentality can lead people to consider the opinions and evaluations of others when purchasing goods, rather than their actual needs and economic situation. For example, when a person sees their friend or colleague purchasing an expensive new phone or car, they may feel pressured and believe that they also need to purchase the same items to maintain social status or gain recognition. Even if this person does not actually need or cannot afford such expenses, they may overspend because they are influenced by a herd mentality. This behavior may lead to a deterioration of the person's financial condition and even lead to debts <sup>[4]</sup>.

#### **4.3. Poor willpower**

Through the analysis of behavioral economics, it is found that people are not completely rational when consuming, and most people are even perceptual. There are many factors affecting consumption behavior, including objective factors and subjective psychological factors <sup>[5]</sup>. Although these types of items are not in short supply, we still cannot control our consumption. This reflects the limited willpower of human beings, who have already developed a desire and dependence on consumption from the time they make

decisions, and poor willpower can also lead to impulsive shopping behavior. When a certain product is too attractive to young people, it is easy to make a deal.

#### **4.4. Impulsive buying**

Impulsive buying is mostly a one-time consumption behavior, which is an unplanned consumption behavior that mostly depends on the mood, state, etc. at the time, and is also known as unplanned shopping. With the advent of the information age and the development of internet technology, online shopping platforms have become increasingly attractive to consumers. Customers can receive information on the latest promotional activities easily, leading to an increasing proportion of impulsive purchasing behavior.

There are currently five types of impulsive buying behavior: the first is pure impulsive buying, which is the consumer behavior most influenced by merchants and chooses to consume based on special offers or promotional activities. The second type is a suggested purchase, where a person chooses a product based on recommendations from friends or a salesperson, and the items purchased are usually non-essentials. It is a consumer behavior that is triggered by a slight desire to purchase and then ignited. The third is fashion impulse buying. This consumption behavior is generated by consumers' continuous pursuit of brands based on their understanding and trust in the brand. The fourth is a reminder purchase, also known as suggestive buying, it reminds consumers to pay attention by combining certain products or displaying them on the counter, resulting in consumption. The last type is planned impulsive purchases, which is a pre-planned purchase, but the final purchase is more than expected. These unplanned purchasing behaviors are particularly evident among young people during online shopping <sup>[6]</sup>.

#### **4.5. Overconfidence**

Overconfidence is a very common psychological issue, especially in the era of the Internet. Overconfidence refers to people overestimating their chances of success by believing too much in their own judgment. This phenomenon is particularly prominent in the field of consumption. Some young people may find certain promotional activities very cost-effective, and they believe in their luck or that they are different from others <sup>[7]</sup>. Therefore, they do not consider long-term consumption tolerance and judgment of their own industry and profession, and lack rationalism, leading to excessive consumption behavior, making it difficult for them to save money.

There are various reasons for overconfidence, such as the influence of social media, peer pressure, and feeling good about oneself. These factors can lead young people to develop a false confidence that they can easily cope with various challenges, including consumption challenges. However, this false confidence often leads young people to overlook risks and consequences, leading to irrational consumption.

### **5. Suggestions for guiding young people to consume rationally**

#### **5.1. Preventing consumption addiction**

Young people need to improve their self-control and avoid impulsive consumption. For example, they can formulate a reasonable consumption budget to avoid overspending and excessive consumption <sup>[8]</sup>. They should think further before shopping and avoid impulsive consumption. More should be done to raise awareness of consumption traps and false advertising to prevent people from being deceived. The government and universities can raise the consumption rationality and risk awareness of young people through curriculum design, publicity and education, and other means. A consumer protection mechanism should be established to strengthen the protection of consumer rights. Besides, a consumer complaint handling mechanism should be established to reduce consumers' uncertainty and risks. The supervision of merchants should be strengthened, false propaganda and consumption traps should be cracked down, and the legitimate rights and interests of consumers should be protected. In addition, parents can help young

people develop reasonable consumption budgets to avoid overspending and excessive consumption.

## **5.2. Strengthening self-control, learning to think, and consuming in moderation**

It is impossible to completely erase the desire for consumption, but it is possible to cultivate good consumption behavior and gradually cultivate correct consumption concepts by strengthening self-control [9]. For example, a consumption plan can be created, where the items currently owned and urgently needed are clearly displayed. Besides, it is better to think twice when there is an urge to purchase something. It is best to establish a long-term consumption concept, constantly remember the importance of saving money, and pursue practicality, so that one can consider the rate of usage when purchasing luxury items.

## **5.3. List consumption plans**

Making a consumption plan leads to spending more rationally, prevents impulsive buying and overspending, and thus improves consumption efficiency and satisfaction. Firstly, a reasonable consumption budget should be established based on one's income and expenditure. Secondly, one should analyze his/her own needs and determine the focus and priority of consumption. Then, different consumption choices should be compared, and products or services with higher cost-effectiveness should be purchased. Moreover, consumers should think carefully before shopping to avoid impulsive consumption. In addition, young people should regularly check and adjust their consumption plans according to their financial situation.

## **5.4. Cultivating correct values**

Cultivating the right values can help people make decisions more rationally, prevent people from following trends blindly, and impulsive consumption, thus improving the quality of life and happiness. A person needs to have a correct outlook on life in order to cultivate the right values. For example, a person can set life goals and determine the direction of his/her life, so that he/she will not follow trends and consume blindly. At the same time, long-term life plans can also be formulated, including career planning, financial planning, family planning, etc., in order to make more rational decisions. Secondly, rational thinking should be cultivated where a person should be able to analyze and evaluate different choices, and not blindly following the flow and buying impulsively. A person should also enhance his/her risk awareness and know his/her own risk tolerance and establish a correct consumption concept to avoid excessive consumption.

## **5.5. Learn to look for discounts**

Looking for discounts can reduce consumption costs, improve consumption efficiency, and gain more value. Young people can choose the suitable discount method by keeping up with various promotional activities and using promotional codes. Besides, consumers can also choose products or services with higher cost-effectiveness to avoid waste and unnecessary consumption. Buying second-hand goods is also a good idea to save money while reducing waste and environmental pollution.

## **6. Conclusion**

In this paper, we analyzed the problem of young people's excessive consumption from the perspective of behavioral economics and put forward some suggestions to guide rational consumption among young people. Through the discussion of the generation of consumer behavior and the behavioral economics explanation of excessive consumption, we can better understand the causes and mechanisms of young people's excessive consumption. At the same time, by preventing consumption addiction, strengthening self-control, formulating consumption plans, cultivating correct values, learning to analyze the value of goods rationally, looking out for discounts, and other methods, we can help young people better control their consumption behavior, achieve rational consumption, and improve their quality of life and happiness.

## Disclosure statement

The authors declare no conflict of interest.

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