

A Study Based on the Factors Influencing Irrational Consumption

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Abstract. It is becoming increasingly common to conduct research on irrational consumption as one of the predominant topics of research nowadays. There is growing awareness of the development of smart consumption among scholars, but there are no comprehensive theories to explain how to influence people to make irrational purchases decisions, although researchers have identified this phenomenon. This study is therefore intended to synthesize previous findings and offer targeted recommendations by utilizing the findings of previous studies. That is why as part of this investigation, we collected and evaluated relevant past research that was conducted so as to determine which factors result in unhealthy consumption decisions. According to the research, a few external factors would have an impact on a consumer's frequency of consumption in addition to their own personal experiences when it came to the frequency of consumption. The use of ethical marketing will increasingly become the norm, with customers rationalizing their excess consumption in the context of reinterpreting the meaning of the marketing messages as a result of ethical marketing.

Keywords: Irrational consumption, overconsumption, influencing factors.

1. Introduction

In the post-pandemic era, individuals seek relief through consumption due to heightened awareness of social and economic uncertainty. Overspending has emerged as a coping mechanism for short-term gratification. Digital social media plays a pivotal role in potentially triggering excessive consumption by showcasing luxury items and specific lifestyles. Influences such as Buy Now, Pay Later (BNPL), social media, and ethical marketing contribute to irrational consumption behaviors. Although BNPL has been partially understood, its universal application requires further investigation. Factors such as group consumption environments and ethical marketing may compromise consumer self-control. Psychological elements such as emulation, conformity, and positive environments significantly impact consumers. While existing studies offer insights, there is still a research gap for drawing conclusions across diverse populations. These studies provide valuable insights for companies seeking to understand consumer motivations and optimize marketing strategies. They also empower consumers to exercise control and engage in targeted consumption, mitigating the risk of irrational behaviours that are prevalent in the post-epidemic period. However, a comprehensive understanding of why irrational consumption occurs requires further exploration. This study aims to consolidate insights into factors that influence irrational consumption from various perspectives. The study is based on works by Natswa and Ah Fook et al.

Irrational consumption: Consumption behavior that is impulsive, blind, and follows the trend to some extent is called irrational consumption.

Ethical marketing: Ethical marketing is the application of marketing ethics to the marketing process. Marketing ethics is about philosophically examining certain marketing issues from a moral viewpoint.

2. The Impact of Social Networking on Irrational Consumption

In e-commerce, the tendency for impulse buying can be influenced by external factors, and extroverted consumers are particularly susceptible to the influence of buying groups, which can lead to irrational consumption behaviour due to collective positive buying factors. Negative emotions can

also contribute to this behaviour when self-control is weakened [1]. The authors conducted in-depth interviews and analysed US and Chinese tourists to discover that tourism abroad is not solely a consumption behaviour, but also a means of expressing social symbols and identity. Positive environmental stimulation has a favourable impact on emotions, which in turn motivates impulsive buying [2]. However, to make rational online purchases, consumers must minimise external influences. Retailers can use this information to create effective promotions, avoid creating unwarranted expectations, and ultimately enhance consumer satisfaction [3].

The literature conducted by Loxton et al. (2020) concludes by reviewing the previous literature on the 'rush to buy' behavior and studying herd mentality, herd mentality, the tragedy of the Commons, Marloss's hierarchy of needs model and the role of media in consumer behavior [4]. The focus of this paper is on how media impacts consumer behavior and how it can lead to irrational consumption

The media's early labeling of COVID-19 as a 'killer virus' contributed to the creation of the crisis. This led to a shift in the media's focus towards the social impact of the disease. Consequently, residents began to panic-buying daily necessities, resulting in frequent reports of stores being out of stock on the internet. Between February and March 2020, media consumption increased by 30% and 54% in the United States and Australia respectively. Due to the uncertainty of the social situation, residents in Australia, the United Kingdom, and other places quickly grew dependent on social media during the COVID-19 pandemic.

This paper aims to examine how the media influences the framing of the crisis and its impact on consumer sentiment and behavior. The initial media coverage was focused on speculation and sensationalism, but as domestic cases came to light, the media's consensus on threats became undeniable and swiftly shifted to social implications, such as hoarding and stockpiling. Media exposure can trigger anxious confirmation bias when it comes to the impact of media framing shifts on consumer sentiment and behavior, which can become self-feeding. Media exposure has been linked to an increase in mood and anxiety, as evidenced by studies. It can be inferred that the media had a notable influence on consumer behaviour throughout the COVID-19 pandemic.

The literature aims to show how the media affects consumer behavior, specifically when it comes to panic buying and herd mentality, during the coronavirus pandemic. The goal of the literature is to establish the media's role in influencing consumer behavior, specifically in relation to panic purchasing and groupthink during the coronavirus pandemic. It's crucial to keep an objective attitude and steer clear of subjective assessments, while also ensuring clear and concise language with a logical flow of information. The text must follow the usual academic structure and formatting, with a formal tone and a specific word choice. It's important to refrain from adding new content beyond the scope of the original text while avoiding bias and maintaining grammatical correctness.

The study by Frick et al. (2021) involved 269 participants, excluding those with instructed responses and short reaction times [5]. The survey covered topics related to clothing, digital devices, and leisurely air travel. It was composed of 51% females and 48% males, with average age ranges of 46.0, 46.6, and 46.1 years. The model was evaluated by online surveys in categories including apparel, electronics, and leisure travel.

McDonald and Ho's two-step approach was used for data analysis, with CFA examining correlations between latent variables. Missing data was handled using SEM with robust maximum likelihood, and consistent assumptions were cross-validated. The initial models allowed for straightforward factor patterns and independent error terms. Error correlations within the category of 'online content promoting consumption' were attributed to measurement variations. In leisure air travel, error term correlations were allowed, and for factors such as time spent online, error variance was preset at 10%. In the digital device model, individual norm variables were equally loaded.

The latent construct reliability, assessed by Composite reliability and average variance extracted, showed generally acceptable levels. Metrics for digital device inhalation, consumption, and air travel consumption were acceptable. All CFA models exhibited fitting indicators. The correlation of 0.80 between digital device consumption and aspiration levels supported discriminant validity. Structural validity was confirmed by distinguishing actual and desired consumption levels. Independence was

observed among social norms, consumption, individual norms, and aspiration levels. However, high correlations in perceived digital content indicate engagement and attention.

This study highlights the impact of social networks on consumer behaviour, leading to a focus on products and potentially resulting in irrational consumption. While the study's scope enhances generalizability, the varied decision-making processes between product and service domains suggest differing structures. The use of cross-sectional survey data limits the ability to draw causal conclusions, and the proposed regression analysis provides only an initial exploration. Cross-sectional survey data limits causal conclusions, and the proposed regression analysis provides an initial but insufficient exploration. The dynamic influence of the online environment and user interactions on behavior requires further investigation. Establishing causal relationships in evolving digital landscapes remains challenging, and sample representativeness and reliance on self-reported consumption levels pose limitations. Future research should consider real-time purchase data and adapt to evolving online phenomena.

3. The Impact of Buy-now-pay-later Payment Methods on Irrational Consumption

According to a study, 20% of college students incur late fees, with 50% doing so once or twice a year, 30% doing so four or six times a year, and 20% doing so ten or twelve times a year. The study suggests that low interest rates attract users, but excessive usage can strain resources for repaying, which can negatively impact the mental and academic well-being of students [6].

The study by Natswa, S. L. A. (2021) explores the characteristics of customers using Buy-Now-Pay-Later (BNPL) services, revealing emotional and cognitive impairment, impulsive behavior, and a strong product connection among this demographic [7]. Surveys on young Indonesian consumers indicate that Generation Z dominates the market, with a preference for high-quality yet affordable products and brand consciousness. The data suggests a prevalence of impulsive purchases and excessive spending, particularly within this demographic. Online shoppers, especially those who use BNPL, prioritize efficiency and make quick decisions. The research highlights Generation Z's preference for instant gratification, valuing brand, quality, and affordability. Additionally, they are impacted by newly popular buying trends like BNPL. These results highlight the important influence of BNPL services on consumer choices and the distinct shopping behaviors of Generation Z.

To address the research questions effectively, the study employs the library research method. This involves gathering and analyzing materials related to keywords such as "Generation Z", "Impulsive Buying", "Overconsumption", and "The BNPL (Buy-Now-Pay-Later)". Online resources such as scientific journals and books are used for this purpose.

Regarding data analysis, the suggested solution to tackle BNPL issues among Generation Z is to improve their financial literacy. It is imperative to motivate them to put debt reduction ahead of debt accumulation and to withstand the lure of instant fulfillment. Studies show that training Generation Z to save money gradually and postpone purchases is a wiser course of action than building up future debt with interest. The study's findings suggest that, irrespective of the financial consequences of an item, customers are likely to show emotions, lack self-control, behave impulsively, and sense a connection to it. This phenomena has the ability to greatly influence attitudes toward purchasing, which could result in overconsumption or impulsive purchases.

The influence of BNPL payment mechanisms on customer behavior is investigated in this research review. It implies that illogical spending behavior might result from low financial quality and high personal needs, even if BNPL may not put immediate payment pressure on a person. The research discusses its limitations and contrasts its results. The study emphasizes how important it is for Generation Z to increase their risk management and financial literacy as BNPL services become popularity. Given that customers' income is frequently unpredictable, it is imperative that BNPL services be navigated responsibly to prevent any potential financial consequences.

The study conducted by Ah Fook and McNeill (2020) primarily investigates the characteristics of female consumers aged 18 to 25 engaging in online shopping, targeting those with a tendency toward accumulating debt, particularly as the intended audience for Buy-Now-Pay-Later (BNPL) services [8]. This age group's young adults could go through a transitional financial phase and are more prone to indulge in non-essential spending. The study was divided into three sections: evaluating online impulsive purchasing propensity (IBT), gauging sensitivity to sales conversion tactics employed by websites, and asking broad questions on credit and money management in online purchases.

The sample's OITB measure score on the sample was 3.77 with an average of 0.96, according to the data analysis. Emotion and cognition had average OITB scores of 4.33 (sd = 0.99) and 3.36 (sd = 1.10), respectively. 18–25 year olds made up the age group for the participants, with a mean age of 21.44 (sd = 1.58). NZD 100 to NZD 299 was the average weekly income (standard deviation = 0.98).

The results suggest that fundamental behavioral and attitudinal factors associated with impulsive purchases are not exclusive to brick-and-mortar stores. Both online and physical environments are associated with similar inherent inclinations, indicating that impulsive purchasing tendencies are not heavily influenced by circumstances. By building upon previous research in the field of impulsive purchasing, this provides a strong basis for an online impulsiveness measurement scale.

The study acknowledges that impulsivity is influenced by gender and age, and is limited to females aged 18 to 25. Future research should explore the evolving perspectives of BNPL consumers across various demographics. To enhance accuracy, it is recommended to increase the sample size and validate and adjust the online impulsive purchasing tendency (OIBT) scale. Further research should investigate the overlap between online and offline habits during multichannel purchasing experiences.

4. The Impact of Ethical Marketing on Irrational Consumption

Wang Yedi, Yang Qiang, Zhu Jiayi, and Liu Renhuai (2023) conducted a study on the impact of marketing direction on individual overspending through quasi-experiments [9]. In summary: (1) Positive marketing encourages excessive consumption for both high and low excessive tendencies, while directionless marketing has no significant effect; (2) Reverse marketing inhibits overconsumption in individuals with a high tendency but not in those with a low tendency. Following overconsumption, attribution theory explains the interaction between marketing direction and regret: (1) Marketing direction influences regret through responsibility attribution mediation; (2) Self-control moderates this relationship, with higher internal attribution regret under high self-control and no significant difference under low self-control.

In the study conducted by Shi Zhuomin and Zhang Caiyun (2023) titled "Why Consumers Fall into the Green Consumption Trap: A Study on the Impact of Green Consumption on Overconsumption," the research focused on two groups of participants [10].

In Features (2a), a survey was conducted on 200 college students (37% male, aged 19–29). The experiment included self, other, and green versus conventional consumption groups. The results showed that green customers had a more favourable moral image evaluation and placed greater emphasis on social and environmental responsibility.

Features (2b) predominantly involved college students (42.3% men, aged 19–29). The study examined factors that influence the acceptability of purchasing promotional items, such as justifications and attitudes toward extravagant expenditure.

The measurement tools and standards employed a single-factor two-level between-group design and a 2*2 between-group design.

Experiment III involved 104 students and explored the influence of green product demand on consumer overconsumption and ethical image perceptions. A two-level design was employed to manipulate green product intent and measure excessive inclination and moral image perception. The findings suggested that while self-centered demands may reduce the propensity for eventual overconsumption, previous green consumption behavior may increase the chance of such behavior.

This study looks at the ways in which the idea of "green consumption" might control customers' excessive and illogical spending. The lack of clarity about the methods via which green consumption influences other behaviors is noted in the article. The article also highlights the need for greater research and investigation into the phenomena by posing the question of whether there is a "green consumer trap." An ironic paradox is revealed in the book 'The Green Consumption Trap': making earlier green decisions may inadvertently increase the propensity to overconsume while preserving a morally ascendant image. People balance their own interests and society expectations by navigating a delicate interaction between excessive and ecologically sustainable consumption. This showcases the nuanced dynamics of consumer behaviour.

Using Anthony Giddens' structured theory, Ardley and May's essay "Ethical Marketer and Sustainability: Facing the Challenges of Overconsumption and the Market" (2020) explores the creation of new business models [11]. The paper highlights the need of ethical individual marketers as vital intermediaries between consumers, markets, and organizational procedures in order to advance sustainable marketing. However, the data analysis primarily focuses on proposing a new three-factor marketing policy framework, rather than focusing on specific quantitative indicators.

The proposed paradigm highlights the critical role that moral marketers play in the effective implementation of novel corporate strategies. The article emphasizes the necessity of ethical marketers in connecting consumers, markets, and organizational behaviors in order to achieve sustainable marketing. However, it doesn't go into detail on how these marketers really address sustainability and overconsumption issues with customers.

Additionally, the absence of specific case studies or empirical evidence limits the substantiation of the effectiveness of these newly proposed business models. Although the article emphasises the significance of individual marketers and sustainable practices, it lacks practical insights and empirical validation for these theories. This literature study concludes that contemporary businesses require marketers who possess a set of ethics and skills and operate within the context of sustainable business models. Such marketers will be able to encourage and promote a higher level of considerate consumer behaviour that targets not only consumers but also other stakeholders.

5. Conclusion

This study reveals that irrational consumption is influenced by multiple factors, particularly driven by today's pervasive social media. Ethical marketing strategies have emerged as a response to consumers' impulsive behavior, allowing guilt-free spending. Furthermore, the rise of BNPL has accelerated purchase frequencies by reducing decision hesitance. To summarize, consumers' personalities and purchase choices impact buying frequency. Companies adapt marketing approaches to address environmental concerns, emphasizing green consumption and rationalizing excess through second-hand platforms. BNPL contributes to future purchase intentions and immediate buying. These findings aid businesses in understanding consumer motivations, optimizing marketing, and guiding consumers toward more targeted and rational consumption. However, the study acknowledges gaps in explaining irrational consumption and suggests future research explore the impact of collective ownership and decreasing prices on buy now, pay later behavior and its influence on consumption patterns.

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