

Analysis of Young Consumers' Consumption Behavior from the Perspective of Behavioral Economics

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Abstract. As the pace of economic development in China continues to accelerate and wage levels increase, more people are achieving financial prosperity, with young consumers displaying distinct consumption characteristics. Consequently, they have become a key focus of research for Chinese economists. National consumption, as an important component of Gross Domestic Product (GDP), is a crucial factor in promoting steady economic growth. Under the guidance of existing behavioral economics theories, consumer behavior, influenced by various psychological and environmental factors such as personal intentions and market conditions, can be categorized into two main patterns: rational consumption behavior and irrational consumption behavior. Therefore, analyzing young consumers' consumption behavior from an economic perspective is beneficial for the research and formulation of relevant economic policies in China. It also helps correct abnormal consumption behaviors, thereby promoting rational and scientific consumption.

Keywords: Economic Perspective, Young Consumers, Consumption Behavior.

1. Introduction

The level of economic development in a country can be directly reflected by the level of national consumption, and stable economic development contributes to the stability of the national economy. In the process of economic development, consumption is a key factor in driving economic growth and development; only by boosting national consumption levels can domestic demand be further stimulated. The young consumer group is also an important factor in driving consumption. However, irrational consumption behaviors are prevalent among young consumers, leading to poor saving habits. Therefore, timely research and correction of the irrational consumption behaviors of young consumers, along with an analysis of the characteristics of their consumption behaviors, are of great significance. Analyzing young consumers' consumption behavior from an economic perspective and providing reasonable suggestions is of great importance for the country's economic development^[1-2].

2. Current Consumption Behavior of Young Consumers

2.1. Cautious Consumption Behavior

From a broad perspective, contemporary young consumers generally exhibit cautious behavior, primarily due to the budget decision-making process that occurs before formal consumption. Typically, during the consumption process, consumers must consider not only their past income levels but also their expected future income and expenditure levels. With the further intensification of aging in China, the consumption trends of contemporary young people have also changed, leaning towards consumption through high-stability investments. The reasons for this are relatively diverse, as illustrated in Figure 1. Previously, China implemented a "one-child policy," and the post-80s and post-90s generations^[3], who have now reached adulthood and middle age, face significant pressures. Consequently, they tend to moderate their consumption to save funds for unforeseen circumstances.



Figure 1. Reasons for Cautious Behavior Among Contemporary Young Consumers

2.2. Coexistence of Rational and Irrational Behavior

The conflict between people's growing needs and the relatively weak growth in income levels is the primary social contradiction at this stage. The root cause of China's comprehensive economic development is the stimulating development of the entire industry and the continuously increasing level of openness to the outside world. The combined effect of these factors has significantly improved the material living standards of Chinese citizens, with the variety and quantity of products available for consumption significantly increasing. However, as China is constantly changing, there remains an imbalance in development between regions; the southeastern regions are the most developed, while the central and western regions are less developed. The quality of life for the general public needs further improvement, and the overall level of consumption remains relatively low. From the recent status of economic consumption, the overall consumption level of the people is steadily increasing. As young people's income levels rise, both rational and irrational consumption behaviors coexist and emerge, adversely affecting social and economic development and impacting people's quality of life and sense of well-being.

3. Theoretical Foundations of Behavioral Economics

3.1. Mental Accounting

In behavioral economics, "mental accounting" is a series of concepts that include outcome perception, consumption experience, consumption evaluation, and cost-benefit analysis. These related branches together form the consumer's mental accounting^[4-5]. When consumers make decisions regarding the use of various resources, they allocate them from their respective "mental accounts" based on the intended use. In behavioral economics theory, an initial assumption can be made: the use of "mental accounts" is not bound by time or frequency, representing a comprehensive budgeting mechanism for consumer behavior. "Mental accounting" itself illustrates a classic scenario where consumers can receive an additional source of income in their daily budgets, but this portion of income does not belong to a "mental account," and the likelihood of it being spent quickly is relatively high because it lacks the associated psychological costs. This phenomenon leads many

young consumers to prefer stable investments when spending, as much as possible reducing the risks generated by investments, while also minimizing their own consumption needs, resulting in a relatively low level of autonomous consumption.

3.2. Anchoring Psychology

"Anchoring psychology" is a cognitive mechanism where, when making predictions, individuals often experience fear and anxiety about the uncertainty of things. Therefore, imagining a specific number can significantly reduce this anxiety and strengthen their confidence. This cognitive mechanism is referred to as "anchoring." When individuals need to make quantitative estimates about an event, they tend to use certain specific values as starting points, which, like anchors, restrict the estimated values. When making decisions, they unconsciously place excessive emphasis on the initial information they receive. Young consumers, when judging consumer behavior based on "anchoring psychology," are most likely influenced by the deep-rooted Chinese virtue of frugality. While this social psychology has many benefits, from the perspective of stimulating consumption, it is highly limiting. This mentality has been passed down in China, directly resulting in a low consumption rate among the younger population and negatively impacting efforts to stimulate consumption.

4. Analysis of Consumption Behavior from the Perspective of Behavioral Economics

4.1. The Impact of Mental Accounting on Consumption Behavior

The concept of mental accounting is deeply rooted in the complex psychological cognition of consumers and profoundly influences the behavior patterns of young consumer groups, as illustrated in Table 1. In the rapidly changing modern social context, young consumers face diverse life needs and an increasingly complex economic environment. To cope with these challenges, they naturally construct multiple "accounts" at the psychological level to categorize and manage their financial resources^[6]. These mental accounts, such as daily expenses, emergency reserves, and future investments, reflect their different attitudes and values towards money and also demonstrate their decision-making logic in different consumption scenarios. On one hand, the establishment of mental accounts helps young consumers achieve refined financial management, ensuring a balance between quality of life and investment planning. On the other hand, it may also induce some irrational consumption behaviors, such as excessive saving or impulsive spending in certain accounts, thereby affecting the overall health of their financial situation. Understanding and guiding young consumers on how to scientifically and rationally use mental accounts is of great significance for promoting personal financial health and stimulating market consumption vitality.

4.2. The Role of Anchoring Psychology

Anchoring psychology, a core concept in cognitive psychology, has a profound impact on the decision-making process of young consumers in the context of today's consumer society. In the age of information overload, young consumers are surrounded by a vast amount of product information and promotional strategies every day. These external stimuli act like invisible anchors, quietly setting an initial cognitive framework for the value of products in their minds. This initial judgment, or "anchor," once formed, becomes an important reference point for subsequent consumption decisions, influencing young consumers' willingness to purchase and willingness to pay. However, the existence of the anchoring effect also presents a series of challenges. Businesses may exploit this psychological phenomenon by creating high-price anchors through carefully designed marketing strategies, inducing consumers to pay prices beyond the actual value of the products, thereby leading to excessive consumption^[7-8]. Additionally, when young consumers face the complex and diverse market information, if they lack sufficient rational analysis and judgment, they may also be misled

by the anchoring effect, ignoring the true value of the products and their actual needs, leading to irrational consumption choices.

Table 1. The Impact of Mental Accounting on Consumption Behavior

Influence	Specific manifestation
Financial fine management	Young consumers establish psychological accounts (such as daily expenses, emergency reserves, and future investments) to categorize and manage financial resources, which helps them better balance quality of life with investment planning.
Consumption decision logic	Psychological accounts reflect young consumers' different attitudes and values towards money, influencing their decision-making logic in various consumption scenarios.
Positive impact	The establishment of psychological accounts enhances the transparency and controllability of personal finances, enabling consumers to create more reasonable spending plans based on their financial situation, thereby avoiding overspending or unnecessary waste.
Negative effects	Over-reliance on psychological accounts may lead to irrational consumption behavior. For example, excessive frugality in some accounts may lead to a decline in quality of life, while impulsive spending in other accounts could jeopardize overall financial stability.

4.3. Self-Concept and Consumption Behavior

With the rapid development of social economy and the increasingly convenient information exchange, the younger generation pays more attention to personal identity recognition and expression, desiring to shape and reinforce their self-image through consumption. This trend reflects the consumers' pursuit of quality of life and, at a deeper level, the influence of social and cultural changes on individual psychology. In such an environment, goods and services are no longer just items that meet basic life needs; they have become mediums through which young consumers express themselves and seek a sense of belonging. The value of brands often carries specific social meanings and cultural connotations. By choosing and purchasing these products, young consumers showcase their social status, aesthetic preferences, and values. As environmental awareness and the concept of healthy living become more widespread, young consumers also increasingly focus on the environmental attributes and health value of products when making choices, thereby demonstrating their pursuit of a sustainable lifestyle and positive life attitude. This self-concept-based consumption behavior drives market segmentation and diversified development, providing businesses with more opportunities for innovation and marketing space.

5. Recommendations for Addressing Young Consumers

5.1. Guiding Ideological Transformation

With the enhancement of the country's comprehensive strength and the improvement of residents' income levels, the young consumer group, as an important driving force for social and economic development, has a significant influence on the overall economic pattern through their consumption behavior and concepts. Therefore, government departments should fully leverage their macro-level guiding role, actively promoting a comprehensive shift in social thought, and encouraging young consumers to break free from the constraints of traditional blind frugality, establishing scientific and rational consumption and financial management concepts. This is not only necessary for improving personal quality of life and happiness but also crucial for stimulating market vitality and driving economic transformation and upgrading. Through various means such as education and publicity,

young consumers should be guided to balance current consumption with future planning, achieving a win-win situation for personal financial health and economic and social development.

5.2. Improving Social Security

In the context of rapid social changes, with the intensification of population aging and changes in family structure, the young consumer group faces significant pressure. They not only bear the responsibility of personal career development but also the dual responsibilities of supporting the elderly and raising children, which directly affects their consumption concepts and behavior patterns. Many young people tend to save rather than spend immediately due to concerns about future uncertainties, leading to insufficient market consumption vitality^[9]. To further stimulate the consumption behavior of young consumers in China, it is essential to improve the existing social security system, freeing up the excessive portion of young consumers' "mental accounts" allocated to elderly support and child-rearing. From a policy perspective, enhancing young consumers' anticipated consumption capacity (as illustrated in Figure 2) by resolving ordinary consumers' concerns through government decisions can shift the focus of young people from future burdens to current quality of life, thereby reducing worries and uncertainties about the future among the younger generation and promoting consumption.

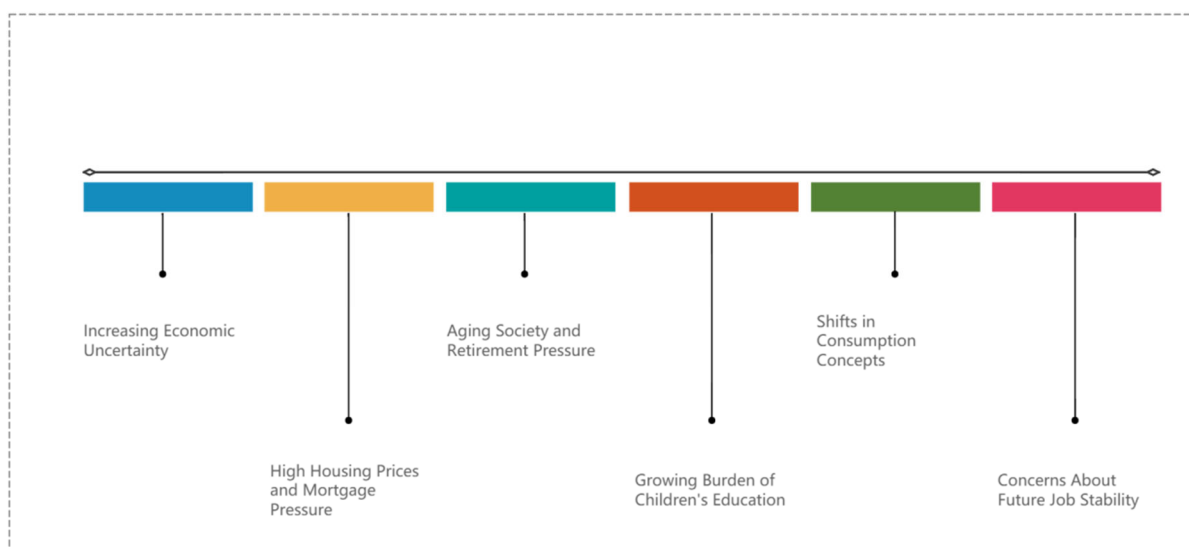


Figure 2. Measures to Improve the Social Security System

5.3. Preventing Consumption Addiction

In the process of consumption, contemporary young people should first clarify their needs and make a consumption plan to avoid excessive consumption. At the same time, they should actively face and proactively avoid consumption addiction, such as by recognizing and taking steps to prevent it. Government institutions and universities should also assume their corresponding responsibilities, providing consumption consulting services and relevant lectures to spread consumer knowledge, including information collection, evaluation, and maintenance knowledge about consumer goods. This would guide young people to collect reasonable information before making a purchase decision and avoid impulsive consumption by thoroughly considering their choices^[10]. Parents should also set a good example by establishing sound consumption concepts and scientific consumption behaviors, promoting reasonable consumption among their children, improving consumption quality, optimizing consumption structures, and controlling excessive consumption.

5.4. Strengthening Self-Control

In behavioral economics, self-control refers to the ability of individuals to control their current behavior when making intertemporal decisions in anticipation of the utility their actions might yield in the future, with the aim of obtaining better returns. Given the limited willpower of young consumers, they can enhance their self-control based on specific circumstances. Before making a purchase, they should think about how much satisfaction the purchased item will bring or put the desired item in the shopping cart and decide whether to buy it after a few days. Thinking thoroughly can help reduce excessive or unnecessary consumption behavior. At the same time, they should remind themselves to consider if using the money elsewhere might bring better returns. Social media can also strengthen the promotion of virtues such as thrift, civilized consumption, and ecological consumption, helping young consumers develop good consumption habits.

5.5. Increasing Purchasing Power Stimulus

In the current critical period of global economic recovery and transformation, stimulating domestic purchasing power has become an important engine for driving economic growth. Due to the deepening development of global economic integration, consumer purchasing power has become a key indicator of a country's economic vitality and potential. To effectively respond to changes in the domestic and international economic environment, the government must take more proactive policy measures from multiple dimensions to stimulate market vitality. Stimulating purchasing power is the most effective policy tool, requiring the government to reform from two perspectives: taxation and social wage distribution. The role of taxation in national consumption is self-evident^[1]. By segmenting tax rates and reasonably reducing or exempting taxes, the government can effectively address the low-quality consumption situation among high-income groups. Reasonable tax rates can help high-income earners allocate long-term assets to current consumption plans, thereby promoting the growth of rational consumption.

6. Conclusion

In conclusion, in today's social environment, consumption behavior has both rational and irrational aspects. Young consumers have strong consumption expectations and power. "Mental accounting" and "anchoring psychology" are two common psychological phenomena among young consumers. Their behavior should not be confined to the traditional social trend of blind frugality but should fundamentally change their consumption concepts, categorizing consumption and financial management at an overall level to increase consumption capacity, drive consumption level growth, and enable people to obtain what they desire from consumption, thereby achieving a virtuous cycle mechanism for domestic economic development.

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