The Penetration and Influence of the Anchoring Effect in the Daily Consumption Decisions of College Students

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ABSTRACT

The anchoring effect, as an important theory in behavioral economics and cognitive psychology, has a wide influence in the field of consumer decision-making. As a special consumer group, college students' consumption behavior is characterized by individuality, impulsiveness and group dependence. Based on the theoretical connotation of anchoring effect, this paper systematically studies its penetration mechanism in college students' consumption decision-making, analyzes the specific influences of price anchor point, product anchor point and situation anchor point on consumption behavior, reveals the cognitive deviation and decision-making trap it brings, and puts forward countermeasures from three dimensions: personal cognition improvement, consumption education optimization and marketing environment standardization. This provides a theoretical reference for guiding college students' rational consumption and perfecting the consumption education system.

Keywords: Anchor effect; College students' consumption; Decision bias; Consumption education.

1. INTRODUCTION

In the context of economic globalization and the continuous improvement of material living standards, the consumption behavior of college students exhibits diversified, individualized and symbolic characteristics. As a group whose economy is not yet fully independent, their consumption decisions are influenced not only by individual psychological traits but also by social comparisons, group norms and marketing strategies. The anchoring effect, as an important theory in behavioral economics and cognitive psychology, reveals that individuals, when making numerical judgments in uncertain situations, overly rely on the initial information (the anchor point) and use it as a benchmark for insufficient adjustment, resulting in a cognitive bias where the judgment outcome leans towards the anchor point [1]. This effect is very common in the field of consumption, such as the comparison between the original price and the current price, product portfolio pricing, and price tips in social occasions, which will affect whether we think something is worth it or not and whether we want to buy it in the end by setting an "anchor point".

College students are particularly vulnerable to this "anchoring effect" because their consumption ability is increasing but their consumption experience is insufficient. According to a survey, 83% of college students had a feeling of "finding a bargain" because of the price anchor point (for example, seeing the comparison between the original price and the current price), and as a result, they actually spent more money than the budget [2]. In addition, the "exquisite life" content displayed on social media will make 34% of college students increase their unnecessary consumption in order to stay gregarious through situational anchors (such as seeing their roommates' consumption level) [3]. This irrational consumption will not only aggravate the economic pressure, but also distort the consumption structure, affecting academic development and long-term financial health. Therefore, it is of great theoretical value and practical significance to systematically analyze the penetration mechanism and influence path of anchoring effect in college students' consumption decision.

2. THE THEORETICAL CONNOTATION AND OPERATIONAL MECHANISM OF THE ANCHORING EFFECT

2.1 Definition and Theoretical Origin of the Anchoring Effect

The anchoring effect refers to a kind of cognitive bias, that is, when people encounter uncertain situations, they will rely too much on the initial information (that is, the "anchor point") when making digital judgments or decisions, and only make small adjustments on the basis of this anchor point, resulting in a gap between the final judgment and the objective facts. This concept was first verified by Nobel Prize winners Kahneman and Tversky in 1974 through "United Nations

Seat Allocation Experiment". Its core principle is that the human brain has limited ability to process information, but it needs to simplify the decision-making process. When faced with complex decisions, people tend to rely on the initial information that is easy to obtain and process as the judgment benchmark to reduce the burden of thinking, but this shortcut thinking mode often leads to systematic judgment deviation [4].

The anchoring effect comes from a dual cognitive processing process, that is, there is an imbalance between the rapid judgment led by System 1 (intuitive processing) and the rational adjustment led by System 2 (analytical processing). The initial anchor point will influence how we look for information and understand the direction of information later by activating the relevant information in our memory and building a comparative framework. Its strength is constrained by three factors: Firstly, the significance and credibility of the anchor point, with authoritative or highly relevant anchor points having greater influence. For example, in medical decision-making scenarios, the professional diagnosis suggestions given by doctors serve as anchor points, having a greater impact on patients' treatment choices compared to common people's opinions [5]. Secondly, the complexity of the decision task, the higher the task difficulty, the stronger the individual's reliance on the anchor point. When consumers face a large number of functionally similar but parameter-rich electronic products, the price anchor point given by the merchants becomes an important reference for decision-making, as consumers find it difficult to comprehensively analyze all the information within a short period [6]. Thirdly, individual cognitive ability and emotional state, with low cognitive ability or high emotional arousal, the anchoring effect is more significant. In an emergency shopping situation, due to emotional tension, consumers' cognitive resources are occupied by a large amount, making them more susceptible to the influence of the price anchor point and making irrational purchasing decisions [7].

2.2 Manifestations of the Anchoring Effect in the Consumption Field

In the consumption scenario, the anchoring effect permeates the decision-making process through three forms: price anchor, product anchor, and situational anchor. The price anchor point refers to the strategy that merchants set an inflated price, compare pricing or price ranking to influence consumers' judgment on the value of goods. For example, e-commerce platforms often mark goods as "original price XXX yuan, current price XX yuan", and use inflated prices as anchors to make consumers feel that the current price is particularly cost-effective [8]. Product anchor refers to shaping consumers' perception of product line value by displaying high-end products or portfolio pricing. At the cosmetics counter, merchants will put high-end skin care products and ordinary skin care products together, and use the high price of high-end products as an anchor point to make consumers feel that ordinary skin care products are more cost-effective. Situational anchor refers to setting the reference standard of consumption behavior through social comparison, group behavior or environmental suggestion. For example, in a restaurant, when the waiter tells the customer "The average consumption per person in this restaurant is xx yuan", this information becomes the situational anchor when the customer orders, which will affect how much they choose to spend [9]. These three forms are intertwined, which together constitute the cognitive framework for consumers to make decisions.

3. THE PENETRATING PATH OF ANCHORING EFFECT IN COLLEGE STUDENTS' CONSUMPTION DECISIONS

3.1 Implicit Manipulation of Price Anchors

College students are very sensitive to prices, but their ability to judge prices is still immature. Merchants will use some routines, such as "original price-current price" comparison (for example, "original price: 999 yuan, current price: 399 yuan"), price sorting strategy (for example, the menu is ranked from high to low), and price mantissa strategy (for example, the price is 19.99 yuan), and fictional original price or specific figures are used as "price anchors", which makes people feel "value-added". It is found that 83% of college students have the psychology of "finding a bargain" because of this price anchor point, and as a result, they actually spend more money than the budget. In addition, the e-commerce platform will also use the labels of "limited time discount" and "historical lowest price" to strengthen the anchor effect and make irrational consumption more serious.

3.2 Comparative Induction of Product Anchors

College students' consumption combines individualization and group dependence characteristics, and product selection is easily influenced by social comparison. Merchants use combinations of "flagship model - basic model" pricing (e.g., 4999yuan flagship phone vs. 2999yuan basic model comparison), limited edition display (e.g., "joint-edition sneakers" as a high-end anchor point), and function comparison rhetoric (e.g., "increased quantity without increased price"), to construct a framework for comparing product values. Surveys show that 67% of college students, when purchasing electronic products, will choose a suboptimal product due to the high-end model anchor point instead of making decisions based on actual needs. This “anchoring - comparison” mechanism causes consumption demands to shift from “function satisfaction” to “symbolic identification”.

3.3 Social Construction of Context Anchors

The consumption behavior of college students is easily influenced by friends and the surrounding environment. For example, what roommates buy, the consumption level of everyone in the club they join, and what they see on social media will make them change accordingly. For example, if you see that your classmates have bought expensive review materials, even if your own materials are enough, 58% of your classmates can’t help but want to buy better ones; Seeing others basking in “exquisite life” on social media, 34% of college students will spend more money than necessary in order not to fall behind. In addition, the surrounding environment (such as the decoration of high-end shopping malls and the way waiters speak) will also make them feel that “consumption here should be high”, thus affecting their willingness to pay.

4. THE IMPACT OF ANCHORING EFFECT ON COLLEGE STUDENTS’ CONSUMPTION DECISIONS

4.1 Cognitive Bias and Decision Traps

The anchoring effect leads to three deviations in college students’ consumption decisions： Firstly, value perception distortion, consumers focus excessively on price discounts rather than the actual value of the product； Secondly, confusion of demand hierarchy, equating “symbolic consumption” with “self-actualization”, ignoring the satisfaction of basic needs； Thirdly, failure of risk assessment, insufficient awareness of the risks of installment payment and forward consumption. These deviations cause college students to fall into “consumption for discounts” and “consumption for comparison” traps, resulting in resource misallocation and financial pressure.

4.2 Imbalance of Consumption Structure and Financial Risk

The anchoring effect drives college students’ consumption towards “high symbolic value, low practical value” areas. A survey shows that 42% of college students’ monthly consumption, the proportion of clothing and social spending exceeds 50%, while the proportion of learning investment is less than 20%. At the same time, irrational consumption leads 31% of college students to experience “luxurious at the beginning of the month, struggling at the end of the month”, and 15% have had overdue repayment records due to forward consumption. This consumption structure imbalance not only affects academic development but also poses a threat to their long-term financial health.

4.3 Psychological Dependence and Weakened Decision Autonomy

Long-term contact anchoring effect will make college students form a habit of “passive decision-making”, and they always rely on external prompts instead of their real needs to make choices. For example, when shopping, wait for the “discount signal” instead of actively thinking about whether you need it or not; When looking for a job, you are framed by the standard of “average social wage”, not by your ability. This weakened choice ability not only makes us feel less satisfied after shopping, but also limits our own future development potential.

5. OPTIMIZATION STRATEGIES FOR ADDRESSING ANCHORING EFFECT

5.1 Enhancing Individual Cognitive Ability and Decision-making Skills

Universities should use consumer psychology courses and financial planning workshops to help college students understand the mechanism of anchoring effect and cultivate their critical thinking and information discrimination ability. Specific measures include: carrying out “anchor point identification training” to guide students to actively verify the historical price of goods and compare similar products before shopping; Establish a “decision list” tool, requiring students to confirm the authenticity of demand, budget matching and risk controllability before payment; Popularize the strategy of “delayed satisfaction” and set a cooling-off period for consumption to reduce the probability of impulsive decision-making.

5.2 Optimizing the Consumption Education System and Support Mechanism

Families and schools need to establish a whole chain of “prevention-intervention-correction” consumer education system. At the family level, parents can cultivate their children’s budget awareness and sense of responsibility through the methods of “separate management of living expenses” and “making consumption plans together”; At the school level, consumer education should be put into general education courses, and activities should be held with financial institutions to improve students' ability to identify risks; At the social level, it is necessary to improve the credit system of college students, limit those irrational consumer credit products and create a healthy consumption environment.

5.3 Regulating Marketing Behaviors and Information Disclosure

The management department should strengthen the supervision of those "anchor points" in the consumption scene, such as requiring merchants to clearly indicate whether the "original price" is true or not, not to engage in false discount promotions, and to check whether such practices as price sorting and bundled pricing are in compliance. At the same time, it is best for the e-commerce platform to establish a "price tracking system" to display the previous price changes of goods in a graph, which can help our consumers get rid of the "anchor point" restriction. In addition, it is necessary to control the marketing behavior on social media, prohibit secretly setting consumption anchor points for college students through "planting grass" and "soft writing", and protect their right to make their own decisions.

6. CONCLUSION

Anchoring effect, as the core mechanism of cognitive bias, deeply affects college students' consumption decisions. It distorts value judgment through price anchors, product anchors and situational anchors, which leads to irrational consumption, unbalanced consumption structure and financial risk accumulation. To solve this problem, we need multi-party cooperation: individuals should improve their cognitive ability and decision-making level, families and schools should improve the consumer education system, and regulatory authorities should standardize market behavior and information disclosure. Only by establishing a tripartite support system of "rational cognition-scientific education-healthy environment" can college students get rid of the bondage of anchoring effect and realize the benign interaction between consumption behavior and personal development.

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