

Exploring the Formation, Characteristics, and Impact of Consumer Psychological Expectations on Consumer Behavior in the Chinese Environment

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Abstract:

Consumer decision-making is a complex process influenced by numerous factors, among which psychological expectations, as a potential force, play a key role in various consumer activities and have a profound impact on consumer purchasing behavior. This study aims to deeply analyze the formation mechanism, typical characteristics, and specific manifestations of consumer psychological expectations in the Chinese consumer market environment, and explore how these psychological expectations affect purchasing decisions. By revealing the inherent laws of consumer psychological expectations, this article aims to provide strategic guidance for enterprises, helping them improve sales performance and customer satisfaction by effectively managing consumer psychological expectations. The results of this study not only help enterprises to more accurately grasp consumer demand, optimize products and services in fierce market competition, but also provide empirical support for the development of consumer behavior theory, thereby enriching and deepening academic research in related fields.

Keywords: Psychological expectations; Chinese environment; Consumer; Consumer behavior.

1. Introduction

1.1 Research Background and Significance

In complex and ever-changing market environment, consumer decisions are not only influenced by objective factors such as product attributes, prices, and brands, but their psychological expectations also play a crucial role. Psychological expectations affect consumers' purchasing intentions and actual purchasing behavior. This article aims to explore the formation characteristics of consumer psychological expectations in the Chinese environment, and how these characteristics affect consumers' purchasing decision-making process.

1.2 Research Questions and Objectives

Through in-depth analysis of the formation characteristics of consumer psychological expectations and their impact on consumer behavior, this article aims to provide targeted marketing strategy recommendations for enterprises, helping them better understand consumer needs in fierce market competition, optimize product design and service provision, and achieve sustainable development of enterprises. Meanwhile, this study also provides empirical support for consumer behavior theory and enriches the rele-

vant research on consumer psychological expectations.

1.3 Structural Arrangement of Research

Firstly, this article will analyze the main mechanisms underlying the formation of consumer psychological expectations. Consumer psychological expectations are usually formed by the combined effects of various factors such as an individual's past experiences, knowledge, beliefs, and socio-cultural environment. For example, a consumer may form expectations for phone performance, price, appearance, and other aspects based on their understanding of phone performance, recommendations from friends, and popular brands in the market when purchasing a phone. These expectations will directly affect consumers' purchasing decisions.

Secondly, this article will explore the characteristics and manifestations of psychological expectations. Psychological expectations have characteristics such as individual differences, dynamic changes, and diversity. Individual differences may manifest in significant variations in consumers' expectations of the same product; Dynamic variability is manifested in the psychological expectations of consumers changing over time, environmental changes, or personal experiences; Diversity is reflected in consumers'

comprehensive consideration of various factors such as product functionality, price, and service when forming psychological expectations.

Finally, this article will propose how companies can manage consumers' psychological expectations through effective marketing strategies to achieve the goal of improving sales performance and customer satisfaction. Enterprises can understand consumers' psychological expectations through market research, consumer behavior analysis, and adjust product design and marketing strategies accordingly. For example, companies can upgrade or optimize their products based on consumers' expectations of product performance; Develop reasonable pricing strategies based on consumers' sensitivity to prices; Based on consumers' expectations for services, improve service quality, etc. By effectively managing consumers' psychological expectations, companies can gain an advantage in competition [1-5].

2. Journals Reviewed

2.1 Definition and Classification of Psychological Expectations

The expectancy theory was first proposed by the Western post Keynesian expectancy economics school in the 1950s. Chinese scholars have a relatively clear definition of consumer psychological expectations. Jiang Lin (2004) believes that psychological expectations refer to the psychological behavior phenomenon in which people predict, estimate, and judge the gains and losses of their own material interests based on the information they have about the economic situation and economic variables under a certain economic environment, and take corresponding consumption strategies and economic activities, including investment and financial management, based on this. In addition, changes in the economic environment such as economic recession can lead to overall negative or optimistic expectations among consumers.

Consumer psychological expectations can be divided into price expectations, income expectations, expenditure expectations, and expectations of the government's role based on the expected objects. They can also be divided into long-term expectations and short-term expectations based on the time dimension. However, there are differences in the dimensions of their composition, so it is necessary to discuss the situation.

2.2 Theoretical Model for the Formation of Psychological Expectations

Loss aversion theory: Psychological research shows that people's aversion to losses exceeds their preference for equal returns. In consumer behavior, this is manifested

as people's strong desire to avoid losses often outweighing their pursuit of profits. For example, when shopping, the temptation of free shipping makes consumers tend to believe that they have received additional benefits, even though these costs are already included in the product price.

Anchor effect: This theory describes how consumers are influenced by the information they initially encounter when making purchasing decisions. Promotional activities such as limited time discounts and coupons often use this to attract customers, making them feel like they have caught a rare bargain, even if these discounts may not truly meet their needs.

Birdcage effect: This effect describes how consumers, after purchasing a certain product, may further purchase more related products due to their psychological needs that match it. For example, after purchasing a new nightgown, consumers may feel that the furniture is not in harmony with it, leading to a series of home replacements, which may result in higher consumption.

Conformity psychology: Conformity psychology refers to the phenomenon in which individuals, under the influence of a group, make corresponding behaviors in order to maintain consistency with the majority. Hot topics on social media, such as 'the first cup of milk tea in autumn', can trigger consumers to follow the trend of purchasing, even if their purchase is not for real needs, but for the purpose of showcasing in their social circle.

2.3 The Current Status of Consumer Behavior Research

Consumer psychological expectations may cause their behavior to go against common sense. If consumers are more inclined to purchase goods that have gone up in price compared to goods that have gone down in price, this psychological expectation of price increases and decreases comes from consumers' limited income and their judgment of the trend of product price changes. The psychological expectation of price decreases and increases will be influenced by purchasing interest, attention, and expected direction. The psychology of consumer price fluctuations can affect both individual consumers and the entire market. At the same time, there may be significant differences in the psychological expectations of different consumer groups. For example, the majority of Chinese consumers have irrational expectations, excessive sensitivity to price changes, large-scale conformity, and a strong rebellious mentality. On the other hand, the consumption psychological expectations of college students are polarized due to family values, comparison psychology, and other factors, and they tend to prefer leisure and entertainment.

Due to the dominant role of consumer psychological expectations in consumer demand, consumer psychological expectations have an impact on consumer psychological behavior, satisfaction, marginal propensity to consume, and support for reform. Therefore, changes in consumer psychological expectations are consistent with economic downturns and can be used to predict changes in the business cycle.

So far, although there have been some studies on the impact of consumer psychological expectations on economic operation, these studies have not yet established a central theory apart from proposing some models. In addition, there are certain differences in the expression and understanding of the concept of psychological expectations among different disciplines and researchers, so there is currently no consensus on the specific content of consumer expectations, which poses great difficulties for the study of consumer psychological expectations [6-10].

2.4 Review of Research on the Impact of Psychological Expectations on Consumer Behavior

Psychological expectations affect consumer satisfaction

In the consumer decision-making process, alternative options are compared with psychological expectations and the option with the highest degree of agreement with expectations is chosen. Therefore, consumers' psychological expectations directly affect their satisfaction.

Psychological expectations affect consumer confidence

Consumer confidence is formed under the influence of expected psychological mechanisms. Consumer psychological expectations, pessimism or optimism, will directly affect consumer confidence and have a significant impact on the market and socio-economic development.

Psychological expectations affect consumers' marginal propensity to consume

Consumers' psychological expectations can be divided into income expectations and expenditure expectations. When income expectations are high and expenditure expectations are low, consumers' marginal propensity to consume increases; otherwise, it decreases.

So far, the progress in research on consumer psychological expectations has been related to the application of new technologies and tool improvements. Therefore, the breakthrough in studying this topic lies in the development of new measurement tools to address the measurability of consumer psychological expectations.

3. Case Introduction and Analysis

3.1 Case Introduction

Case 1: The 2013 Chinese middle-aged women's gold

grabbing incident was a historically significant market phenomenon. The incident originated in April 2013, when international gold prices fell sharply and Wall Street financial giants attempted to short the gold market. However, Chinese middle-aged women flooded into gold shops at this time, rushing to buy gold and causing a rapid rebound in gold prices in a short period of time. These "bandit like" Chinese aunts have influenced the global gold market with their purchasing power, and have even been described by the Wall Street Journal as a "force that influences the global gold market" with the English word "dama".

In this incident, the purchasing power of Chinese middle-aged women demonstrated astonishing strength. According to reports, in April 2013 alone, Chinese middle-aged women purchased gold worth about 100 billion yuan, equivalent to a quarter of the global annual gold production at that time. This purchasing power not only caught Wall Street's financial giants off guard, but also attracted widespread attention worldwide.

Case 2: During the outbreak, there were frequent incidents of material frenzy. Among them, masks have become the first target of panic buying. With the outbreak of the epidemic, medical surgical masks and N95 series masks were quickly sold out by the public in a frenzy of flash sales, resulting in masks being sold out quickly in major pharmacies, stores, e-commerce platforms, etc. in China, and the supply and demand balance could not be restored for a long time. In addition, Shuanghuanglian oral liquid was also snapped up because it was said to inhibit novel coronavirus. In addition to medical supplies, some daily necessities have also become the target of rush buying, such as carbonated drinks like cola, oil, salt, sauce, vinegar, diapers, scallions, ginger, canned peaches, etc.

3.2 Case Analysis

Firstly, it reflects the irrationalization of Chinese consumers' expectations, as the Chinese aunts who rushed to buy gold and the consumers who rushed to buy during the beginning of the epidemic only saw immediate benefits or crises. In case one, the Chinese aunts did not see potential risks, which led to their behavior being contrary to expectations and ultimately achieving significant benefits. However, if other special circumstances arise, the Chinese aunts will bear great consequences. The consumers in the case were excessively panicked, causing uneven distribution of resources and excessive hoarding, which had a serious impact on social life and normal economic order. Secondly, it reflects the excessive sensitivity of Chinese consumers' psychological expectations to price changes. Once there is a significant change in price, they quickly react and spread widely, forming a local or even national

panic buying trend. At the same time, almost no consideration is given to other factors that affect expectations, which leads to a lack of accuracy and rationality in expected results.

In addition, it also reflects the phenomenon of large-scale conformity among Chinese consumers' psychological expectations. Conformity is a social psychological phenomenon in which individuals voluntarily or involuntarily follow the will of the majority under the influence of group norms or pressure. And a large part of Chinese middle-aged women and consumers who rush to buy supplies are due to the rush of others to buy, which makes them voluntarily or involuntarily follow the rush to buy, so as not to lose their own benefits or harm their own interests, causing serious impact on the normal operation of the market.

Firstly, the text reveals the irrational nature of Chinese consumers in the process of expectation formation. We can observe this irrational expectation among Chinese middle-aged women who are rushing to buy gold and consumers who are rushing to buy goods during the early stages of the epidemic. These consumers often only focus on immediate benefits or crises, while ignoring potential risks. For example, Chinese middle-aged women who rush to buy gold may have gained profits in the short term, but this investment behavior has not been carefully considered. If the market environment changes, they may face huge losses. Similarly, consumers who rushed to buy goods during the epidemic also showed an excessive panic mentality, which not only led to uneven resource allocation and excessive hoarding, but also had an impact on social life and economic order.

Secondly, the psychological expectations of Chinese consumers are overly sensitive to price changes, which is particularly evident in rush buying behavior. Once there is a significant fluctuation in price, consumers will quickly react and trigger a large-scale buying frenzy. However, driven by this herd mentality, consumers often neglect to deeply consider other factors that affect their expectations, resulting in inaccurate and unreasonable expected outcomes.

In addition, the text also reveals the characteristic of large-scale conformity phenomenon in the psychological expectations of Chinese consumers. Under the influence of group norms or pressure, individuals often voluntarily or involuntarily follow the will of the majority. In the act of panic buying, many consumers have to follow this behavior precisely because they see others rushing to buy, in order to avoid damaging their own interests. This herd mentality not only affects the rationality of individual decision-making, but also has a serious impact on the normal operation of the market.

4. Conclusions and Recommendations

At present, Chinese consumers often find it difficult to make accurate judgments when facing market and environmental changes due to immature expectations, which may lead to a series of negative consequences. To address this challenge, we need to make efforts from multiple levels.

Firstly, in view of the characteristics of China's socialist market economy system, namely the coexistence of multiple economic components and distribution forms, we should strengthen the research on expectancy theory. This study should delve into the formation mechanism, influencing factors, and potential consequences of consumer psychological expectations in the current economic system. Through in-depth research, we can better understand consumers' psychology and behavior, providing scientific basis for formulating effective policies.

Secondly, the government should strengthen supervision and guidance, and closely monitor consumer behavior. When consumers deviate from their psychological expectations, such as irrational behavior like large-scale buying, the government should promptly introduce relevant policies and announcements to stabilize market sentiment and guide consumers to return to rationality. In addition, the government should also crack down on false advertising and misleading advertisements through legislation and regulation to protect the legitimate rights and interests of consumers.

Finally, in order to enhance consumers' judgment ability and the accuracy of their psychological expectations, we need to strengthen the popularization of relevant knowledge. This includes organizing various forms of promotional activities, such as lectures, exhibitions, seminars, etc., to popularize relevant knowledge of economics, psychology, etc. to consumers, help them better understand market laws, and improve their risk identification and response capabilities. At the same time, the media should also play an active role in guiding the public to form correct expectations through objective and fair reporting.

In addition, as a company, it should also fully understand consumers' psychological expectations, conduct in-depth research and understanding of consumers' purchasing motivations, and their expectations for products or services. Through market research, data analysis, and user feedback, companies can make their products closer to consumers' psychological expectations, thereby improving the brand's reputation among consumers. To pursue maximum profit.

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