From Mindless Consumer to Mindful Citizen: A Behavioral Lens Approach

DIMA SAYESS, FATIMA KOAIK[1], ROBIN SCHNIDER[1], SIMRAN SARAF

Ideation Center, Strategy& Middle East

Consumerism, or mindless consumption, is a key driver of socio-economic and environmental issues plaguing societies around the globe. In this chapter, we explore consumerist societies through a behavioral lens. We do so by applying insights from behavioral economics to explain what behavioral biases are underlying consumerist tendencies, such as overconsumption or hedonism, and illustrate these biases in a behavioral map along the typical consumer journey. After gaining a better understanding of consumerism and its driving forces, we showcase how the identified cognitive biases can be used to inspire behavioral interventions to counter consumerist tendencies. While these suggestions mainly speak to policymakers, our insights can inform consumers and entities more broadly on how to shift behavior from mindless consumption to mindful consumption.

Understanding Consumerism

A consumerist society is one in which goods play a significant role in individuals' psychological and social lives, with material things holding strong emotional and symbolic significance. This makes ownership of consumer products a central element in discussions about status, identity, social cohesion, and the pursuit of personal and cultural meaning, turning material products into true icons.

Although we are speaking mostly of "material" products in this paper, it is important to acknowledge that consumerism and materialism also extend into the realm of non-material products. Digital products and entertainment in the form of gaming and streaming services, for instance, are already taking a substantial share of consumers' time and spending. With the advent of digital innovations such as virtual reality, crypto currencies, and virtual products such as non-fungible tokens (NFTs), the influence of non-material goods on consumer spending is poised to grow even further.

So, what does this mean? If individuals' identities are deeply intertwined with the ownership of goods, this can lead to a broad spectrum of implications. While many implications may not be overtly negative, several problematic aspects can be identified across four main categories: economic and financial, wellbeing and hedonic, social, and environmental.

For example, excessive consumer spending can destabilize personal finances and broader economic health. Furthermore, in terms of wellbeing, mindless consumerism can trap individuals in a 'hedonic treadmill' (Mochon et al., 2008), creating a cycle of temporary satisfaction and endless acquisition, worsened by too many choices. Socially, it fosters divisions and disparities, whilst environmentally, overconsumption leads to pollution, resource depletion, and a large carbon footprint, thereby exceeding sustainable limits (Kaza et al., 2018; Ellen MacArthur Foundation, 2017).

This chapter explores the psychological roots of mindless consumption and thus suggests ways for governments and other influencers to promote mindful consumption through behavioral interventions.

Consumerism through the Lens of Behavioral Economics

Behavioral economics, i.e., merging insights from psychology and cognitive science with economic principles, sheds light on the non-rational aspects of human decision-making that exacerbate consumerism's societal and economic impacts. Moving

1 Corresponding authors: fatima.koaik@strategyand.pwc.com, robin.schnider@strategyand.pwc.com

beyond the classical economics model of the perfectly rational “homo economicus,” behavioral economics introduces the concept of “homo consumericus,” a model aiming to reflect real human behavior better (see Figure 1).

The shift to “homo consumericus” reveals that consumption is driven by not only practical utility, but also feelings and signals. The utility implications of such psychological (vs. physical) consumption have been described via several different concepts that can exacerbate material tendencies. Conspicuous consumption (Veblen, 1899), for example, describes the practice of purchasing goods or services with the primary purpose of displaying wealth or social status. Thus, some people drive luxury cars for the status they convey, not just their better physical experience. Such status-oriented consumption leads to ‘positional externalities’ (Frank, 1985), prompting others to also buy luxury cars to maintain or improve their relative social standing. More generally, psychological consumption is influenced by surroundings and social expectations (Ariely & Norton, 2009), and as such expectations can be driven or influenced by markets and ads, consumer desires are created by the very processes that satisfy them. This cycle was coined the ‘dependence effect’ in the late 1950s (Galbraith, 1958) but still fuels consumerism today.

Behavioral Diagnostic of Mindless Consumerism

Understanding the behavioral factors that play into mindless consumerism is essential when seeking to craft effective interventions for a potential remedy. In this section, we offer a closer look at the patterns of mindless consumerism through a behavioral map, revealing the behavioral and structural drivers or barriers at play (see Figure 2).

Structural Barriers vs. Behavioral Barriers

Structural factors describe features of the broader environment, such as economic factors, legal frameworks, and other more systemic features of society, within which consumers operate and that enable consumerism in the first place. Key factors are lack of financial literacy, generous pensions or social safety nets, easy credit access, product abundance, and limited upcycling or reselling options. While some of these structural barriers could be targeted also by governmental initiatives, they commonly require systematic changes. Thus, the focus of this chapter lies more on targeting behavioral biases.

Unlike structural barriers, which are imposed externally, behavioral barriers are more internally driven. These encompass psychological, social, cognitive, and emotional aspects influencing consumer decisions and responses to their environment. In the following sections, we identify behavioral barriers underpinning mindless consumption. In so doing, we distinguish between socially conditioned behavioral barriers and more general cognitive biases that influence consumer behavior.

Socially Conditioned Behavioral Barriers

First, we investigate socially conditioned behavioral tendencies, which reflect the human need for social connection and feeling belongingness.

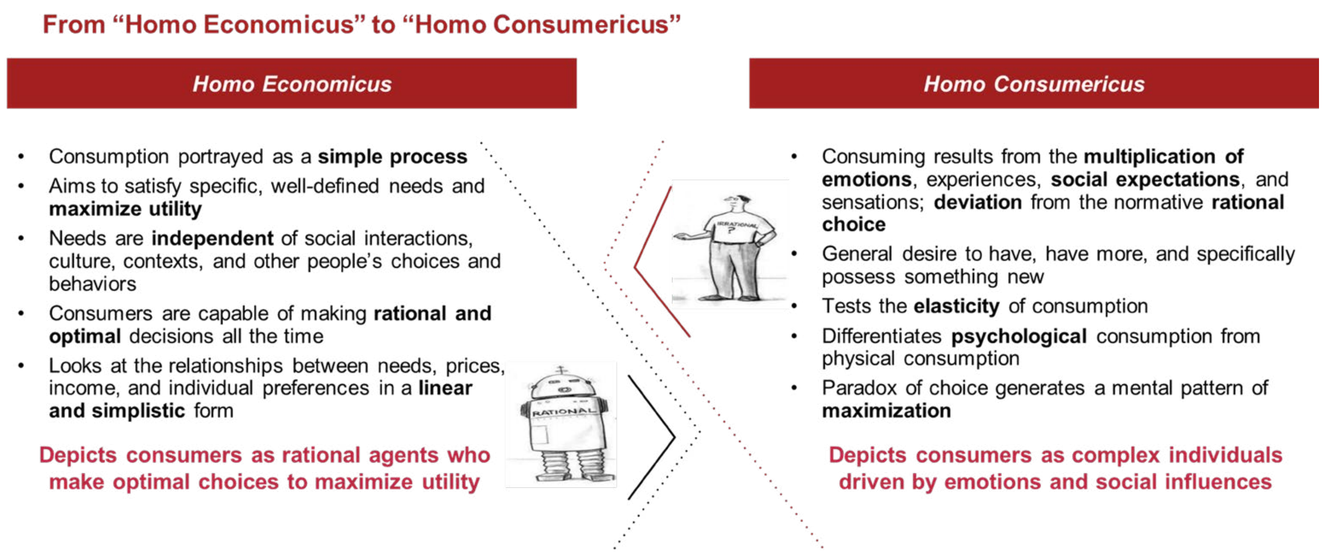

Figure 1: Characteristics of homo economicus vs. homo consumericus.

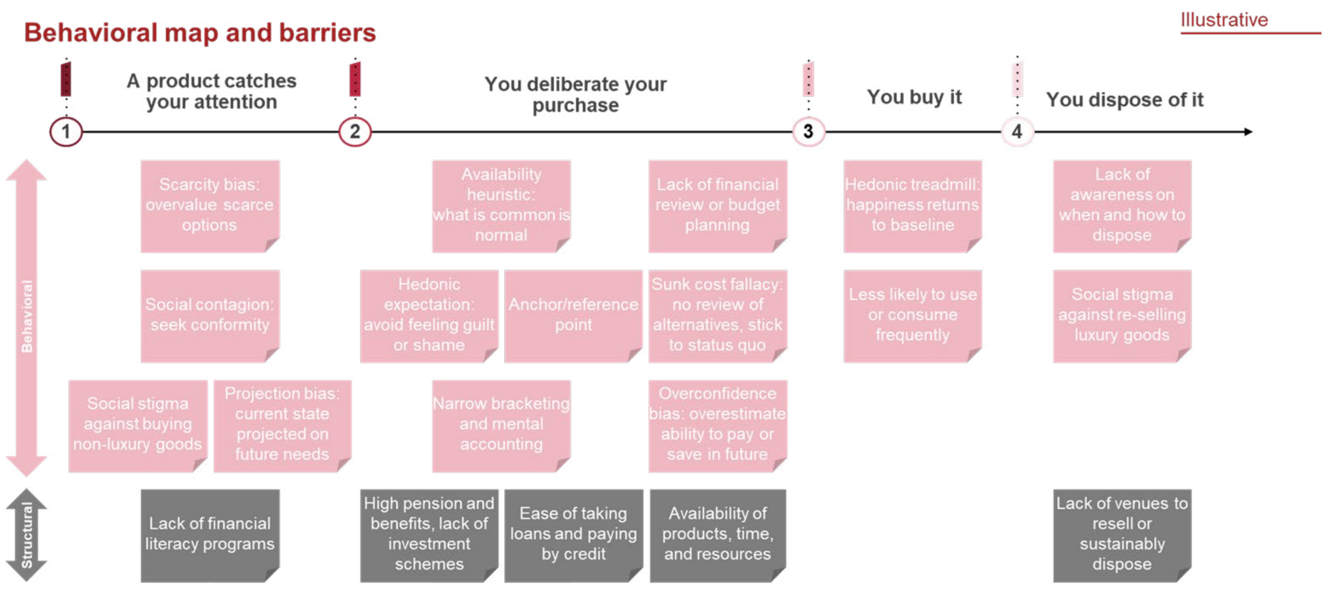

Figure 2: Behavioral map of mindless consumption.

However, the pursuit of these social connections in the marketplace can lead to consumption behaviors that are counterproductive to wellbeing. Like other human instincts, these behaviors evolved under different conditions but can be co-opted for profit in modern contexts (Avsar, 2019).

Hedonic Treadmill

"Just one more watch, and I am happy!" We often think that buying, owning, getting a specific item, or achieving a milestone will increase our happiness and life satisfaction in the long term or indefinitely. However, this contradicts the concept of the hedonic treadmill (Mochon et al., 2008), describing how people always converge to their baseline level of happiness, regardless of what happens. We tend to estimate that buying a new luxury car will increase our happiness, but we find ourselves returning to our initial level of happiness after some time (Ianole & Cornescu, 2013).

Social Norms

"Everyone is doing it." Consumers can develop a preference to conform with the behaviors of their peer groups. Social norms are powerful influencers of consumption and can lead people to spend more than they would personally prefer to spend without those social elements involved. The discomfort associated with raising concerns around spending or financial circumstances compounds this problem—if everyone is doing it, no one wants to be the one to throw cold water on a hot trend. Social expectations also fuel many of our decisions and behaviors, in that we may use information around not only what others do, but also what others expect us to do. For instance, a young couple might feel societal pressure to host an extravagant wedding, leading them to prioritize meeting these expectations and resulting in excessive spending. Social norms also influence how people value goods based on their psychological consumption value. Therefore, social norms, or social programming and socialization in general, are strong drivers of consumption.

Priming

"That speaks to me." Strategic marketing incorporates the principle of priming, which engages our tendency to be influenced unknowingly by one stimulus in terms of how we respond to a subsequent one. Advertisements and marketing messages are omnipresent, often processed subconsciously by consumers, like background noise. Priming's effectiveness relies on anchoring bias, whereby initial information heavily influences perception, overriding subsequent insights. Thus, first impressions hold more sway than later learnings and affect our "reference points." Consider a teenager whose first encounter with a particular clothing brand occurs via a marketing campaign that features his favorite musician in a documentary about adventure travels. The documentary is sponsored by the clothing company, and the musician and his bandmates are outfitted exclusively by the brand.

Even though the brand is never mentioned in the show itself, it is prominent and the sponsorship is listed in the credits. Even more than a year later, when it comes to making a purchase decision, the teen associates the brand with his favorite musician and what he considers an adventurous lifestyle.

Free-Rider Problem

"Why should I sacrifice if others don't?" A free-rider problem describes a situation in which some people, i.e., "free riders" in this case, can benefit from a public good without contributing to it. Free riders create a disincentive for people to contribute to the public good, as they benefit from the contribution without paying their fair share. As people hold fairness preferences and do not want to be taken advantage of due to inequity aversion, this leads to the under-provision of public goods. In the context of consumerism, this means that people are hesitant to sacrifice their unsustainable consumption habits for the benefit of society. For example, why pay more for a sustainable product trying to save the environment if others save money buying the less sustainable option? As a result, people tend to act selfishly as consumers.

Cognitive Biases as Behavioral Barriers

Apart from socially conditioned behavioral tendencies, numerous, more general cognitive biases impact consumption choices. Such biases refer to individuals' inherent psychological tendencies and heuristics that lead to systematic deviations from rational decision-making. Some of the most well-known biases affecting mindless consumption tendencies are discussed below.

Mental Accounting

"This is my 'fun' money." True accounting rests on having a consistent numerical reference point and the principle of fungibility, whereby the financial unit of value remains constant. However, we often struggle to apply the principle of fungibility to all our money. Instead, we do mental accounting, wherein we think differently about money depending upon how we earned or gained it, how we plan to use it, and how it makes us feel. Consider a professional who receives an unexpected salary bonus at the end of the year. Despite having very specific financial goals that this unexpected bonus might help him and his wife achieve ahead of schedule (e.g., paying off a mortgage), neither of them thinks of this money in the same way as they think of regular income. This is *bonus* money in their mental accounting, and so different rules apply. They use it instead for a pricey vacation. Notably, this is not an inherently "bad" decision as a one-off splurge, but mental accounting, when it becomes habitual, has the potential to erode our ability to achieve financial stability and long-term goals.

Present Bias

"Spend now, worry tomorrow." Many mechanisms enable this behavior, such as credit cards or other pay-over-time models, allowing for immediate purchases with or without full accounting in mind. Present bias, driven by the desire for immediate gratification, often leads to less measured decisions, thereby relying on the belief that future prudence will compensate for current indulgence. This bias is compounded by factors like "hyperbolic discounting" and "money discounting," when consumers overestimate future savings or accept smaller financial gains to satisfy immediate desires. From a behavioral standpoint, present bias is a very significant factor, as it can play a powerful role in influencing other cognitive biases, such as the mental accounting discussed above. Consider an older woman shopping for shoes from her favorite fashion brand. Despite knowing they will be discounted by 20% in two weeks' time, during the regular holiday promotion, she is swayed by a soon-to-expire 10% coupon. Present bias drives her to buy them now despite the likelihood of better savings later. She convinces herself she will make up for it next time, thus compounding her decision.

Overconfidence and Optimism

"I am sure it will be fine!" Overconfidence and optimism often lead individuals to overestimate their abilities and expect positive outcomes, disregarding potential risks. When financial decisions are influenced by overconfidence and optimism that come with high risk tolerance, these decisions can be reckless and problematic. Rapid accumulation of debt through "buy now, pay later" commitments is common, accompanied by neglect of long-term savings and the potential for exponential growth from compounding interest. For instance, the young professional earning a modest salary but with a high credit limit is susceptible to these cognitive biases. With enough income to cover expenses and access to easy credit, she may impulsively acquire items beyond her means. Rationalizing the decision, she might think she has time to save later, being young and just starting out.

Scarcity Bias

"It's now or never!" While genuine scarcity is absolutely a factor in the basic supply and demand equation that underpins classical economics, scarcity can be a matter of perception—which can be manipulated by creative marketing and strategic product deployment. When a known brand announces a limited-edition product drop, people are likely to respond simply because of the perceived scarcity of the product. This is particularly true in the context of luxury goods, where conspicuous consumption is a major factor. Thus, when a high-end accessory manufacturer reaches out to existing customers with a "by invitation only" new handbag, the scarcity bias is immediately activated. Whether or not there is sufficient inventory to supply everyone invited does not really factor into the thinking of the excited customers. The default presumption is that there is not, and so a sense of urgency is instilled. Word spreads, "fear of missing out" kicks in, and orders come pouring in, regardless of the inflated price point. When the supposedly scarce handbags appear everywhere, some may be skeptical, but this will not diminish their feeling of having participated in an exclusive offer.

Endowment Effect

"What's mine is mine." There is a tendency for people to place a higher value on things simply because they own them, known as the endowment effect. This bias can make it difficult for people to part with things they own, or to share them, and it can also affect their decisions when buying or selling goods. The endowment effect becomes apparent with items that have an emotional or a symbolic significance to the individual. The emotional attachment to things once we own them seems to be related to upbringing and more ingrained in some cultures than others. As a result, sharing economies have a hard time being adopted in some cultures or contexts.

Loss Aversion and Status Quo Bias

"Losing hurts." Loss aversion describes the fact that people tend to feel the pain of losing more strongly than the pleasure of gaining the same thing. This can lead to risk aversion and status quo bias, or a tendency for consumers to stick with familiar choices, rather than exploring alternatives. For example, people tend to stick to their barber and do not try cheaper alternatives, as the potential gain from a less expensive haircut weighs less than the anticipated disutility from a horrible cut. "I'll have the usual, please." Status quo bias is a cognitive bias that refers to the tendency of people to prefer things to remain unchanged or to stick with familiar situations, even when better alternatives are available. For example, this could explain why people tend to stick with service subscriptions like insurances for years, without considering looking for better deals.

Reference Point

"I've had better." People tend to evaluate outcomes relative to a reference point and then classify them as gains or losses. Reference dependence, together with the idea that "losses loom larger than gains," is one of the central ideas of prospect theory (Kahneman & Tversky, 1979). The reference point could be related to people's previous consumption (of themselves or others) and their expectations for future consumption. This concept can be seen as one of the driving factors explaining the hedonic treadmill or consumers' desire to strive for consumption of more and better products. It also explains why people often live beyond their means, have a hard time adjusting to lower standards of living, and are unhappy when consuming below their "standards" or even when receiving gifts. For example, if parents buy an exceptionally expensive birthday gift for their kid, they raise the expectation or bar for next year's birthday.

Towards Mindful Consumption—Behavioral Interventions

Herein, we propose different categories and examples of behavioral interventions that help people develop healthier, more balanced consumption patterns. In line with the concept of "nudging" (Thaler & Sunstein, 2008), these interventions leverage behavioral barriers underlying consumerist tendencies to influence people's behavior without restricting their freedom of choice. The intervention categories are described below and illustrated in Figure 3, using the example of increasing savings.

The Power of Now

Interventions that leverage the Power of Now take advantage of opportune times to maximize impact. These might include incentives and commitment schemes that will increase the propensity of savings plans. Moreover, actions could be based on identifying timely moments when consumers are most receptive to changing their habits and consumption patterns. For instance, banking mobile apps could prompt users with investment opportunities as soon as they receive their salary deposits. Finally, Power of Now actions could seek to incentivize sustainable choices by front-loading benefits (e.g., tax credits that provide immediate savings). For example, the Save More Tomorrow program, developed by behavioral economists Richard Thaler and Shlomo Benartzi, makes use of hyperbolic discounting to increase savings by allowing people to commit to save a portion of their future income increases but without feeling the pain of saving immediately (Thaler & Benartzi, 2004).

The Power of Norms

Most people want to fit in with the various conventions followed by their peer groups, generation, fellow citizens, or role models. Thus, there exists the opportunity to use this desire or the Power of Norms to create interventions that can yield financial sustainability and other benefits. By raising awareness and more open communication, the cultural narrative around expectations for excess and high consumption could be changed. For example, the use of dynamic norms highlighting culture shifts to more mindful consumption, or social media influencers promoting such values, could establish new trends in sustainable, conscious consumer behavior. Finally, efforts to normalize savings and investment programs could embed these patterns into popular culture and everyday conversation. For example, social norms and peer pressure have been successfully used to encourage college students to save money by informing them about their peers' savings (Cheung et al., 2021).

The Power of Emotions

Interventions using the Power of Emotions can foster desired behavior through increasing positive feelings around savings and mindful consumption, as well as making negative emotions associated with mindless overconsumption more salient. To increase the positive feelings of desired behavior, efforts to leverage pride in sustainable consumption through campaigns can replace feelings of inadequacy from not engaging in excessive consumption. Also, investment, pension, and savings options can be simplified to increase their appeal by removing intimidating factors. To strengthen negative emotions with mindless spending, the financial impact of spending in general can be made more salient. For example, a Swiss smartphone app used an emotion-based approach to highlight credit card transactions, making users more mindful of cashless spending (Huebner et al., 2020).

The Power of Collective Action

People's actions as consumers often lean toward selfishness due to the free-rider problem. To counter this issue, and to encourage socially-oriented purchasing, mechanisms for conditional cooperation and collective action can help (e.g., Fischbacher et al., 2001). For instance, allowing decisions based on others' choices is effective in charitable programs, where actual transactions of pledged donations depend on reaching a funding threshold. This approach could similarly be applied to sustainable consumption, for example in the context of offsetting CO_2 emissions. That is, instead of only offering individuals the opportunity to pay to offset their individual emissions directly, one could offer them the chance to pledge to offset their emissions if enough other people do so as well, thereby reducing the free-rider problem.

The Power of Framing

Framing, or how a message is presented, is known to cause large differences in people's reactions to a message. Using this knowledge to reframe certain messages or change how people think about specific choices can lead to vastly different outcomes. For example, reframing "savings" as "investments" was found to increase suggested pension savings by 33%

among young people (BIT, 2020). Thus, reframing can be used to change people's perspectives and affect their choices as a result.

The Power of Priming

Priming, or exposing people to a stimulus ("prime") to temporarily activate specific mental concepts, can be an effective way to influence people's behavior in a passive or even hidden manner. For example, a clean, citrus smell, or placing a picture of male eyes over a hand gel dispenser, was found to improve visitors' compliance with hand hygiene compliance in a hospital in Miami, Florida (King et al., 2016). Similar priming interventions could be used to change people's consumption behaviors. For example, Wang et al. (2023) demonstrated over a series of experiments how exposure to art leads to less interest in status-oriented luxury consumption through priming or inducing a mental state of self-transcendence, thereby suppressing mundane concerns such as status-seeking.

Conclusion

There is no doubt that we live in a consumer society. Despite all the advancements that the market economy has brought to our global society, it has also introduced problems and potential liabilities. Thus, a consumer society is a double-edged sword.

Balancing this requires understanding the factors shaping our behavior. This chapter has offered a unique perspective that unpacks the complexities of consumerism through a behavioral lens. Using a behavioral diagnostic, we highlighted the behavioral barriers and biases influencing consumer decision-making.

Finally, we suggested potential ideas for behavioral interventions that leverage the Power of Now, the Power of Conformity, the Power of Emotions, the Power of Collective Action, the Power of Framing, and the Power of Priming to help mitigate these behavioral barriers. Further research is needed to test some of these suggested solutions in specific contexts through evidence-based behavioral experiments. These insights will provide policymakers with the knowledge and tools necessary to reduce mindless consumption and, ultimately, foster more mindful citizens.

THE AUTHORS

Dima Sayess is a Partner with Strategy& and lead of the firm's Ideation Center in the Middle East. She has more than 15 years of experience in consulting in the region, focusing on innovation in policy making. Dima joined the firm in 2020 to lead the Ideation Center in its mission to advance the interests of the Middle East region through research, foresight, innovation, behavioral economics, and impact evaluation. She was formerly an advisor to the Minister of Finance and Education in Lebanon, and the Executive Council of Dubai.

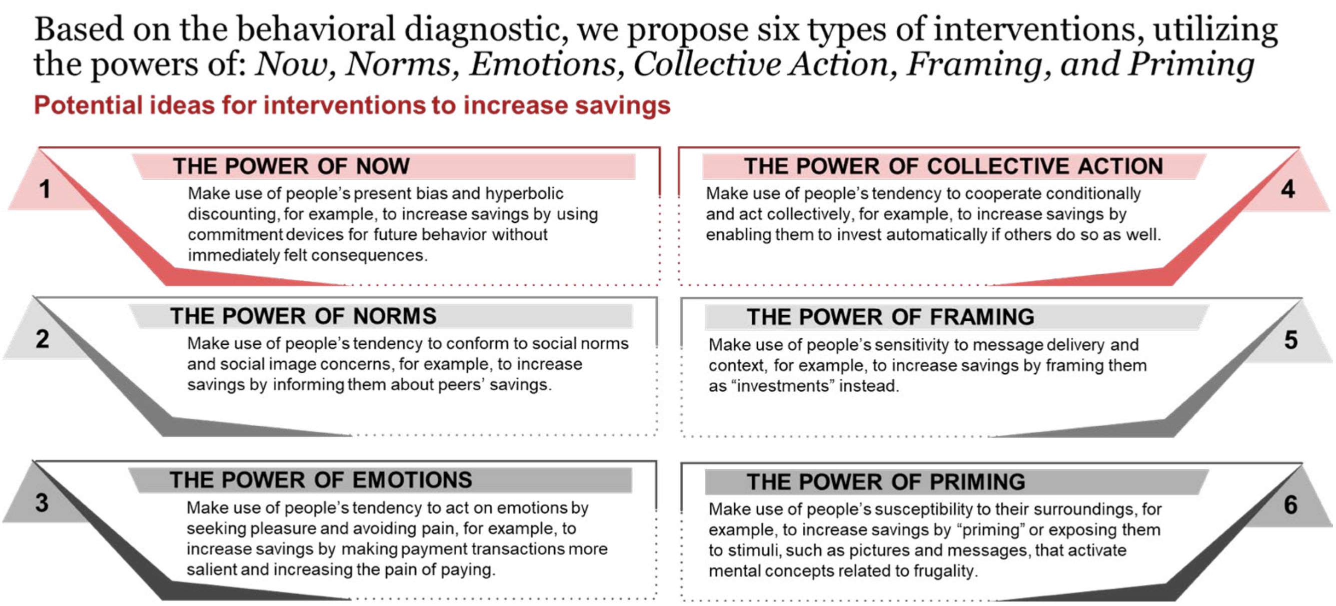

Figure 3: Behavioral interventions to increase savings.

Dr. Fatima Koaik is the Behavioral Science Lead at the Ideation Center in Strategy& Middle East. She works at the intersection of applied research and consulting projects in the region. She completed her PhD at the Psychology and Behavioural Science Department at LSE in 2024, holds a master's in behavioral science from LSE in 2015, and has led the establishment of several behavioral units and conducted more than 50 experiments. Her previous experience includes working as a Behavioral Scientist at the World Bank eMBeD and at UNDP.

Dr. Robin Schnider is a senior behavioral economist at the Ideation Center of Strategy& Middle East. As part of the behavioral science team, Robin applies behavioral insights to conduct experiments and evidence-based research advising clients and policymakers on strategic challenges. He previously worked as a postdoctoral researcher at the University of Zurich, where he earned his PhD in management and economics in 2019, applying methods of experimental economics to various topics such as corporate social responsibility (CSR), legitimacy, and pro-social behavior.

Simran Saraf is a behavioral scientist at the Ideation Center at Strategy& Middle East. She specializes in applying behavioral insights to maximize social impact, focusing on the design and evaluation of high-impact, scalable behavioral interventions. At the Ideation Center, Simran leverages behavioral science to advise clients on strategic challenges in various sectors. Prior to joining the Ideation Center, she worked at the Centre for Social and Behaviour Change, where she optimized social and health outcomes for low-income and marginalized groups through behavioral science. Simran holds a bachelor's degree in psychology and a master's degree in behavioural and economic science from the University of Warwick in the United Kingdom.

ACKNOWLEDGMENTS

The author team wishes to thank Paul Cumbo of PJC Editorial for his assistance in drafting this paper.

REFERENCES

Ariely, D., & Norton, M. I. (2009). Conceptual consumption. *Annual Review of Psychology, 60*, 475-499. https://doi.org/10.1146/annurev.psych.60.110707.163536.

Avşar, R. (2019). *The evolutionary origins of markets: How evolution, psychology and biology have shaped the economy*. Routledge.

BIT. (2020, September 23). The small nudges that could make young people £142,000 better off in retirement. *The Behavioural Insights Team.* https://www.bi.team/press-releases/the-small-nudges-that-could-make-young-people-142000-better-off-in-retirement/.

Cheung, W. Y., Wu, A. M. S., & Liu, S. S. (2021). Effectiveness of a social norms intervention for increasing saving behavior among college students: A randomized controlled trial. *Journal of Behavioral and Experimental Economics, 91*, 101644.

Ellen MacArthur Foundation (2017). *A new textiles economy: Redesigning fashion's future.* https://www.ellenmacarthurfoundation.org/a-new-textiles-economy.

Frank, R. H. (1985). *Choosing the right pond: Human behavior and the quest for status.* Oxford University Press.

Galbraith, J. K. (1958). *The affluent society.* Houghton Mifflin.

Huebner, J., Fleisch, E., & Ilic, A. (2020). Assisting mental accounting using smartphones: Increasing the salience of credit card transactions helps consumer reduce their spending. *Computers in Human Behavior, 113*, 106504. https://doi.org/10.1016/j.chb.2020.106504.

Ianole, R., & Cornescu, V. (2013). Overconsumption society through the looking-glass of behavioral economics. *Procedia Economics and Finance,* 6, 66-72. https://doi.org/10.1016/S2212-5671(13)00115-9.

Kaza, S., Yao, L., Bhada-Tata, P., & Van Woerden, F. (2018). *What a waste 2.0: A global snapshot of solid waste management to 2050*. World Bank Publications.

King, D., Vlaev, I., Everett-Thomas, R., Fitzpatrick, M., Darzi, A., & Birnbach, D. J. (2016). "Priming" hand hygiene compliance in clinical environments. *Health Psychology, 35*(1), 96-101. https://doi.org/10.1037/hea0000239.

Fischbacher, U., Gächter, S., & Fehr, E. (2001). Are people conditionally cooperative? Evidence from a public goods experiment. *Economics Letters*, *71*(3), 397-404. https://doi.org/10.1016/S0165-1765(01)00394-9

Mochon, D., Norton, M. I., & Ariely, D. (2008). Getting off the hedonic treadmill, one step at a time: The impact of regular religious practice and exercise on well-being. *Journal of Economic Psychology*, *29*(5), 632-642. https://doi.org/10.1016/j.joep.2007.10.004.

Thaler, R. H., & Benartzi, S. (2004). Save More TomorrowTM: Using Behavioral Economics to Increase Employee Saving. *Journal of Political Economy*, *112*(S1), S164-S187. https://doi.org/10.1086/380085.

Thaler, R. H., & Sunstein, C. R. (2008). *Nudge: Improving decisions about health, wealth, and happiness.* Yale University Press.

Wang, Y., Xu, A. J., & Zhang, Y. (2023). L'Art pour l'Art: Experiencing art reduces the desire for luxury goods. *Journal of Consumer Research*, *49*(5), 786-810. https://doi.org/10.1093/jcr/ucac016.

Veblen, T. (1899). *The theory of the leisure class*. Macmillan.