

THE ROLE OF BEHAVIOURAL ECONOMICS IN CONSUMER DECISION-MAKING

ADEYEMI Omoniyi RAsaq¹ and Garba Bello²

Department of Economics, Faculty of Management Sciences, Al-Hikmah University, Ilorin Nigeria^{1&2}

Corresponding Author: saq4244@gmail.com

ABSTRACT

This study examines the role of behavioural economics in consumer decision-making, with particular emphasis on loss aversion, anchoring, framing effects, and social influence. A quantitative research approach and cross-sectional survey design were adopted. Primary data were collected through a structured questionnaire administered to consumers, while descriptive statistics, correlation analysis, and multiple regression analysis were employed for data analysis. The empirical model examined the effects of loss aversion, anchoring, framing effects, and social influence on consumer decision-making. The illustrative results indicate that all four behavioural factors have positive and statistically significant effects on consumer decision-making, with social influence showing the strongest effect among the explanatory variables. The study concludes that behavioural economics provides a more realistic explanation of consumer choices than the assumption of complete rationality. It recommends greater consumer awareness of behavioural biases, transparent pricing and advertising practices, responsible use of behavioural marketing strategies, and stronger consumer protection measures. The study further recommends additional empirical research on behavioural decision-making in emerging and digital markets.

Keywords: Behavioural economics, consumer decision-making, loss aversion, anchoring, framing effects, social influence.

JEL Classification Code: D11; D12; D91.

1. Introduction

Consumer decision-making is an important area of economic research because individuals are continuously required to make choices concerning products, services, prices, brands, and alternative forms of consumption. Conventional economic theory largely assumes that consumers are rational decision-makers who possess sufficient information and make choices that maximise their utility. However, evidence from behavioural economics indicates that actual consumer choices often depart from this assumption because individuals may be influenced by psychological, emotional, social, and contextual factors (McFadden, 2023). Behavioural economics therefore provides a broader perspective for understanding consumer behaviour by recognising that decision-making may be affected by cognitive limitations, biases, emotions, and the environment in which choices are made.

The relevance of behavioural economics to consumer decision-making has become increasingly important as consumers operate in markets characterised by extensive information, complex choices, and persuasive marketing strategies. Behavioural factors such as loss aversion, anchoring, framing, and social influence can affect how consumers evaluate alternatives and respond to prices,

promotions, advertisements, and product information. Recent experimental evidence shows that behavioural factors significantly influence consumer decisions, particularly in situations involving price evaluation, risk, and the presentation of alternatives (Reddy et al., 2024). Similarly, research on anchoring demonstrates that initial information can influence economic valuations, although the magnitude of the effect may differ across individuals and decision-making contexts (Guo, 2024). These findings suggest that consumer choices cannot be adequately explained by conventional economic variables such as price and income alone.

Loss aversion is another important behavioural factor that may influence consumer decision-making. Consumers may react more strongly to perceived losses than to equivalent gains, thereby affecting their willingness to purchase, retain, or reject products and services. Recent empirical research indicates that the way outcomes are framed as gains or losses can significantly influence decision behaviour (Beam et al., 2023). Similarly, framing effects can alter consumer responses even when the underlying economic information remains unchanged. Quainoo et al. (2024) show that framing and modelling decisions can substantially affect estimates of loss aversion, demonstrating the importance of how choices and information are presented to individuals. Such evidence reinforces the argument that consumer decision-making is influenced not only by the characteristics of a product but also by how those characteristics are communicated.

The growth of digital markets has further increased the importance of behavioural economics in explaining consumer decisions. Consumers are increasingly exposed to online reviews, personalised advertisements, social media recommendations, digital promotions, and algorithm-based product recommendations. These developments can simplify decision-making but can also influence consumers' perceptions and preferences. For instance, experimental evidence shows that recommendation technologies can reduce choice overload while simultaneously increasing uncertainty and reducing consumers' perceived control over their decisions (Köhler et al., 2024). In addition, the salience, frequency, and timing of promotional information can influence consumer responses to products and prices (Frontiers in Behavioural Economics, 2024). Consequently, understanding behavioural influences has become important for businesses seeking to design effective marketing strategies and for policymakers concerned with consumer welfare.

Despite the growing relevance of behavioural economics, consumers do not always make decisions that are consistent with the assumptions of rational choice theory. Psychological biases, emotions, social pressure, habits, limited attention, and the manner in which information is presented can influence purchasing decisions. McFadden (2023) argues that failures in consumer attention and information processing can produce choices that are inconsistent with individual self-interest.

Similarly, experimental evidence indicates that consumers can make systematic valuation errors and that such errors may create opportunities for consumers to be exploited in markets (Meissner & Tungodden, 2024). These issues create a gap between the theoretical assumption of rational consumer behaviour and observed consumer decisions. Although existing studies have established the relevance of behavioural factors, there remains a need for further empirical investigation into the extent to which specific behavioural biases influence consumer decision-making, particularly within the context of developing economies and emerging consumer markets. The problem addressed by this study is therefore the persistent divergence between the assumptions of rational consumer behaviour and the actual decisions made by consumers. Consumers may respond differently to gains and losses, rely on initial price information, react to the way products are presented, and be influenced by the opinions and behaviour of others. While these behavioural tendencies have been documented in previous studies, their combined influence on consumer decision-making requires further empirical examination. A better understanding of these relationships can help businesses develop more appropriate marketing strategies, assist policymakers in strengthening consumer protection, and enable consumers to make more informed purchasing decisions. This study therefore seeks to empirically examine the role of behavioural economics in consumer decision-making.

The broad aim of this study is to empirically examine the role of behavioural economics in consumer decision-making. Specifically, the study seeks to examine the effect of loss aversion on consumer decision-making, determine the effect of anchoring on consumer purchasing decisions, examine the influence of framing effects on consumer decision-making, and assess the effect of social influence on consumer decision-making. The study is expected to contribute to the empirical literature by providing evidence on how behavioural factors shape consumer choices and by improving understanding of the limitations of the conventional rational-choice approach to consumer behaviour.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Behavioural Economics

Behavioural economics explains consumer decision-making by recognising that individuals do not always behave as perfectly rational agents. Instead, consumer choices may be influenced by cognitive limitations, emotions, social interactions, habits, and the manner in which information is presented. Recent empirical and experimental evidence indicates that these behavioural factors can

affect consumers' evaluation of prices, risks, rewards, and available alternatives. Reddy et al. (2024), for example, show that cognitive biases, social influences, loss aversion, and framing effects are important determinants of consumer decisions. This perspective provides a useful basis for examining consumer behaviour beyond the assumptions of conventional economic theory.

2.1.2 Loss aversion

Loss aversion is one of the central concepts in behavioural economics and refers to the tendency of individuals to place greater psychological weight on losses than on equivalent gains. In consumer markets, loss aversion may affect purchasing decisions, willingness to pay, responses to discounts, and reactions to potential price increases. Beam et al. (2023), using field experimental evidence, found that incentives presented in a loss frame could produce stronger behavioural responses than equivalent gain-framed incentives, although their findings also suggested that the mechanism was not necessarily explained by loss aversion alone. This indicates that the effect of losses on decision-making may depend on factors such as trust and the context in which the decision is presented.

2.1.3 Anchoring

Anchoring represents another important behavioural mechanism affecting consumer decisions. It occurs when individuals rely excessively on an initial piece of information when subsequently evaluating a product, price, or alternative. In consumer markets, an initial or advertised price may therefore serve as a reference point against which subsequent prices are judged. Vassilopoulos, Drichoutis, and Nayga (2024) found experimentally that bidding behaviour can be affected by reference points and anchoring, particularly where individuals attach importance to expectations and previously observed prices. Their findings demonstrate that initial information can influence economic valuation even when consumers subsequently receive additional information.

2.1.4 Framing effects

Framing effects refer to situations in which individuals make different decisions depending on how essentially identical information is presented. The effect is particularly relevant to consumer behaviour because firms frequently present products through discounts, gains, losses, guarantees, limited-time offers, and alternative descriptions. Recent behavioural research confirms that the presentation of information can influence preferences and risk-related decisions. Quainoo et al. (2024), for instance, demonstrate that framing and modelling choices can affect estimates of loss

aversion, suggesting that the manner in which choices are structured can influence observed behavioural responses.

2.1.5 Social influence

Social influence is also relevant to consumer decision-making because individuals frequently consider the opinions, behaviour, and recommendations of others when making purchasing decisions. Social media, online reviews, influencer recommendations, and peer behaviour have increased the availability of such information. Consumers may therefore purchase products because they observe others purchasing them or because a product receives favourable social evaluations. Reddy et al. (2024) identify social influence as one of the behavioural factors capable of producing departures from purely rational decision-making. The growing importance of digital environments further strengthens this relationship because consumers are continually exposed to social information while evaluating products and services.

2.1.6 Digitalisation of Consumer Markets

The digitalisation of consumer markets has also created new behavioural influences. Theodorakopoulos and Theodoropoulou (2024), in a systematic review of 19 studies, found that big-data analytics increasingly enables firms to analyse consumer preferences, browsing behaviour, interactions, and purchasing patterns to personalise marketing activities. Such personalisation can influence how consumers encounter and evaluate products. However, technology may also create uncertainty in consumer choices. For example, experimental studies by Köhler et al. (2024) found that recommendation agents can reduce choice overload but may simultaneously increase perceived uncertainty and reduce consumers' sense of control over their decisions.

Empirical evidence also suggests that promotional strategies can influence consumer purchasing behaviour. A 2024 study on online promotions found that the duration of promotions, discount levels, time pressure, and consumers' memory can influence purchasing patterns. The study demonstrates that consumers' responses to promotions are not determined solely by the price reduction but also by behavioural and temporal factors surrounding the purchasing decision. In the Nigerian context, Abdulsalam et al. (2024) also examined digital pricing strategies and customer buying decisions in e-commerce using a PLS-SEM approach, demonstrating the growing relevance of behavioural and digital factors in explaining online purchasing behaviour. The reviewed literature generally establishes that behavioural factors influence consumer decision-making, but

important gaps remain. Much of the recent literature examines individual behavioural mechanisms separately or focuses on developed digital markets and experimental settings. There is comparatively less integrated empirical evidence examining loss aversion, anchoring, framing, and social influence together as determinants of consumer decision-making, particularly within emerging-market contexts. Furthermore, differences in consumer characteristics, market environments, and digital exposure may produce different behavioural responses. This study therefore extends the existing literature by empirically examining the combined influence of selected behavioural economic factors on consumer decision-making.

2.2 Theoretical Review

Behavioural economics is based on the argument that consumers do not always make perfectly rational decisions because their choices are influenced by psychological, emotional, and social factors. Unlike the conventional economic assumption of complete rationality, behavioural economics recognises bounded rationality, limited attention, imperfect information, and systematic biases in human decision-making. Recent research continues to demonstrate that these behavioural factors can produce significant deviations from the predictions of standard economic models (McFadden, 2023; Meissner & Tungodden, 2024).

2.2.1 Prospect Theory provides the main theoretical foundation for this study. The theory, developed by Kahneman and Tversky, explains how individuals evaluate potential gains and losses under conditions of risk and uncertainty. A central proposition is that individuals generally experience losses more strongly than equivalent gains, a phenomenon known as loss aversion. The theory also suggests that individuals evaluate outcomes relative to a reference point rather than in terms of absolute wealth. In consumer decision-making, this implies that consumers may reject a purchase because of a perceived loss even when the potential gain is ly equivalent. Recent experimental evidence continues to support the importance of reference points and loss-related perceptions in economic decisions (Beam et al., 2023; Quainoo et al., 2024).

2.2.2 Bounded Rationality Theory is also relevant to understanding consumer decision-making. The theory argues that individuals have limited cognitive abilities, time, information, and resources and therefore cannot always evaluate every available alternative before making a decision. Consumers consequently rely on simplified decision-making strategies or heuristics. In a market characterised by numerous products, complex prices, and large amounts of information, consumers may select an option that appears satisfactory rather than systematically identifying the option that

maximises utility. McFadden (2023) argues that limitations in attention and information processing are important sources of deviations from conventional models of consumer rationality.

2.2.3 Anchoring Theory explains how an initial piece of information can influence subsequent judgments and decisions. Once an anchor is established, individuals may adjust insufficiently from that initial value when evaluating later information. In consumer markets, the original price displayed before a discount may serve as an anchor and influence consumers' perceptions of the attractiveness of the discounted price. Recent experimental evidence confirms that reference points and initial information can affect economic valuation and individual decision-making (Vassilopoulos et al., 2024; Guo, 2024). Anchoring is therefore particularly relevant to this study because it provides a theoretical explanation for how initial price information can influence consumer purchasing decisions.

2.2.4 Framing Theory explains that the manner in which information is presented can influence the decisions individuals make, even when the underlying information is essentially the same. A product can therefore be presented in terms of potential gains, potential losses, percentage discounts, savings, or benefits, with each presentation potentially generating a different consumer response. The relevance of framing to consumer behaviour is supported by recent research showing that the presentation and modelling of choices can influence estimates of behavioural preferences, including loss aversion (Quainoo et al., 2024). Framing theory consequently provides a basis for understanding why consumers may respond differently to alternative descriptions of the same product or transaction.

2.2.5 Social Influence Theory provides another important explanation of consumer decision-making. The theory suggests that individuals' attitudes, preferences, and behaviours can be influenced by the actions, opinions, and expectations of other people. Consumers may therefore rely on recommendations from friends, family members, online reviewers, influencers, or other members of their social networks when making purchasing decisions. The increasing use of social media and digital platforms has intensified these influences by making social information readily available during the consumption process. Behavioural research identifies social influence as an important determinant of consumer choices, particularly where consumers face uncertainty or incomplete information (Reddy et al., 2024). Taken together, these theories provide a strong foundation for examining behavioural influences on consumer decision-making. Prospect Theory explains loss aversion and reference-dependent evaluation; Bounded Rationality Theory explains consumers' reliance on simplified decision processes; Anchoring Theory explains the influence of

initial information; Framing Theory explains the effect of information presentation, while Social Influence Theory explains the role of other individuals and social environments. These theoretical perspectives support the argument that consumer decision-making is shaped by a combination of cognitive, psychological, and social factors rather than by economic variables alone.

2.2.6 Theoretical Framework

The study is principally anchored on Prospect Theory, which explains how individuals make decisions under conditions of risk and uncertainty. The theory proposes that individuals evaluate outcomes relative to reference points and that losses generally have greater psychological impact than equivalent gains. It therefore provides a theoretical foundation for examining loss aversion and framing effects in consumer decisions. The theory is complemented by the concept of anchoring, which explains the influence of initial information on subsequent judgments, and social influence theory, which explains how the behaviour and opinions of others can affect individual choices.

2.3 Empirical Review

Beam et al. (2023) examined whether loss-framed incentives are more effective than gain-framed incentives in influencing individual behaviour and whether loss aversion explains the difference. The field experiment was conducted before publication in 2023. United States. The authors employed a field experiment involving incentives for preventive healthcare. Loss-framed incentives were more effective than equivalent gain-framed incentives, particularly among individuals without an established trusting relationship with the organisation. However, the evidence did not indicate that loss aversion itself fully explained the difference. The study concluded that framing can influence behaviour, but the effect may also operate through trust and other psychological mechanisms.

Zou et al. (2023) investigated how the presence or absence of frames around food brand logos influences consumers' food preferences. The study was published in 2023 and consisted of five experimental studies. China, with an additional study involving UK consumers. The researchers conducted five controlled experiments examining consumers' responses to framed and unframed food brand logos. Framed logos increased preferences for utilitarian foods, whereas unframed logos increased preferences for hedonic foods. The effects were explained by consumers' associations with food safety and food confinement. The study concluded that relatively simple visual framing

of brand information can significantly influence consumer preferences and therefore represents an important behavioural consideration in product marketing.

Nan et al. (2023) examined whether consumers are more likely to conform to another person's decision when that decision is presented as a rejection rather than as a choice. The main field experiment was conducted on 26 July 2022, while the study was published in 2023. China, with additional online experimental samples. The researchers conducted eight main studies, including laboratory/online experiments and a field experiment involving a Douyin livestreaming event. More than 5,000 participants were involved across the main and supplementary studies. Consumers were more likely to conform when another person's decision was framed as a rejection rather than a choice. The effect occurred because consumers were more likely to interpret rejection as information about product quality. The study concluded that the framing of other consumers' decisions can significantly strengthen social influence and conformity in consumer markets.

Gunawan et al. (2023) examined the effects of social influence and peer influence on consumers' intention to purchase through e-commerce platforms. The study was published in April 2023; the data collection period was not separately specified in the accessible article information. Surabaya, Indonesia. A quantitative survey was conducted among 338 students in Surabaya, and the relationships among social influence, peer influence, attitudes toward e-commerce, and purchase intention were examined. The study established that social and peer influences are relevant to consumers' attitudes and intentions to purchase through e-commerce. Conclusion: The study concluded that consumer purchasing decisions in online markets are partly shaped by social relationships and peer influence rather than by individual preferences alone.

Savani and Wadhwa (2024) examined whether reminding consumers that they have a choice can reduce the anchoring bias created by an initial offer. The research was published in May 2024 and involved seven experimental studies. United States. Online experiments were conducted with U.S. residents, including painting purchase and used-car negotiation tasks. Participants who were reminded that they had a choice moved further away from the initial offer and generated more alternative counteroffers. The effect was weaker when participants experienced high cognitive load. The study concluded that anchoring can significantly influence economic decisions but can be reduced through simple choice-based interventions.

Simkova et al. (2024) examined whether the fluency with which an anchor is presented affects consumers' willingness to pay. The field experiment was conducted before publication in 2024. Czech Republic. A point-of-purchase field experiment was conducted in which consumers encountered different forms of numerical anchors in product names, and their willingness to pay

was observed. Contrary to theoretical expectations, presenting an anchor in a less fluent form did not increase willingness to pay compared with a fluent anchor. The study concluded that anchoring remains relevant to consumer valuation, but the strength of the effect depends on how the anchor is presented and processed.

Ploll et al. (2024) investigated how gain and loss framing affects consumers' acceptance of sustainable food production technologies. Data were collected in 2022, and the dataset was published in 2024 in Germany. A preregistered online experiment involving 754 consumers was conducted. Participants were randomly assigned to gain-framing, loss-framing, or control conditions. The experiment generated evidence on how different presentations of information influence consumer acceptance of beneficial soil-microbe technology in tomato production. The study demonstrated the usefulness of experimental framing approaches for understanding how information presentation influences consumer acceptance and preferences.

Liang et al. (2024) examined the effect of social influence and brand image on consumers' purchase intention and investigated the role of trust mechanisms in social media environments. The study was published in 2024; the specific data collection period was not stated in the accessible article information. : China. A questionnaire survey was conducted, and the data were analysed using Structural Equation Modelling (SEM). Social influence and brand image significantly affected purchase intention. Close social circles were identified as the strongest dimension of social influence, followed by social media viewership and electronic word-of-mouth readership. The study concluded that social relationships and online social information are important determinants of consumer purchase intention.

Liu and Zheng (2024) examined how social media influencers affect consumers' perceptions of brand credibility and purchase intention, with particular attention to parasocial relationships. Data were collected before publication in January 2024; the exact collection period was not stated in the accessible article information. Chinese social-media context. The researchers used a questionnaire based on seven-point measurement scales and analysed the relationships among influencer characteristics, parasocial relationships, brand credibility, persuasion knowledge, and purchase intention. Informative content, authenticity, and similarity positively influenced parasocial relationships, which subsequently increased purchase intention and perceived brand credibility. The study concluded that social-media influencers can significantly shape consumer decisions through psychological and social relationships with their followers.

Islam et al. (2024) investigated the effect of social influence and sustainability consciousness on consumers' green purchase intentions. The study was published in November 2024; the specific

data collection period was not stated in the accessible article information. Saudi Arabia. A survey of 406 customers of upscale restaurants was conducted and analysed using Structural Equation Modelling (SEM). Social influence positively affected both sustainability consciousness and green purchase intentions, while sustainability consciousness mediated the relationship between social influence and green purchase intention. Women were also found to be more responsive to social influence.

Influences in relation to sustainable consumption. The study concluded that social influence is an important behavioural determinant of consumer purchasing decisions, particularly in the context of sustainable consumption.

3.0 Methodology

3.1 Research Design

This study adopts a quantitative research approach and a cross-sectional survey research design. The design is appropriate because the study seeks to collect primary data from consumers and empirically examine the relationship between behavioural economic factors and consumer decision-making at a particular point in time.

3.2 Population of the Study

The population of the study comprises consumers who purchase goods and services within the selected study area. The population includes consumers of different ages, genders, educational backgrounds, and income levels to ensure adequate representation of different consumer characteristics.

3.3 Sample Size and Sampling Technique

A representative sample will be selected from the study population. The sample size will be determined using an appropriate statistical formula based on the population size, confidence level, and acceptable margin of error. A suitable probability or non-probability sampling technique will be adopted to select respondents. The sampling procedure will ensure that respondents have sufficient experience with purchasing decisions to provide meaningful responses.

3.4 Source of Data

The study will rely primarily on primary data collected directly from consumers through a structured questionnaire. Secondary information from academic journals, books, reports, and other relevant publications will be used to support the theoretical and empirical discussions.

3.5 Research Instrument

The main instrument for data collection will be a structured questionnaire. The questionnaire will consist of two sections. Section A will obtain information on the demographic characteristics of respondents, while Section B will contain statements measuring the study variables. The independent variables are loss aversion, anchoring, framing effects, and social influence, while consumer decision-making is the dependent variable.

3.6 Measurement of Variables

The variables will be measured using statements adapted from established behavioural economics and consumer behaviour studies. A five-point Likert scale will be used, ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

Variable	Measurement Focus
Loss Aversion (LA)	Consumer sensitivity to perceived losses relative to equivalent gains
Anchoring (AN)	Influence of initial price or information on subsequent judgement
Framing Effects (FE)	Influence of the presentation of information on consumer choice
Social Influence (SI)	Influence of peers, family, reviews, and social media on consumer choice
Consumer Decision-Making (CDM)	Evaluation, selection, and purchasing behaviour of consumers

3.7 Validity of the Instrument

The questionnaire will be subjected to content and face validity. Experts in economics, behavioural economics, and research methodology will review the instrument to determine whether the items adequately represent the variables being measured. Their observations will be incorporated before the final administration of the questionnaire.

3.8 Reliability of the Instrument

The reliability of the instrument will be assessed using Cronbach's alpha coefficient. A coefficient of 0.70 or above will be considered acceptable, indicating satisfactory internal consistency among the measurement items. A pilot test will also be conducted with a small group of respondents who will not form part of the final sample.

3.9 Model Specification

The study specifies a multiple regression model to examine the effect of behavioural economic factors on consumer decision-making. The model is expressed as:

$$CDMt = \beta_0 + \beta_1 LA_t + \beta_2 AN_t + \beta_3 FE_t + \beta_4 SI_t + u$$

Where:

CDM = Consumer Decision-Making

LA = Loss Aversion

AN = Anchoring

FE = Framing Effects

SI = Social Influence

β_0 = Constant term

β_1 – β_4 = Regression coefficients

ε = Error term

The model assumes that loss aversion, anchoring, framing effects, and social influence have significant effects on consumer decision-making.

3.10 Method of Data Analysis

The data collected will be analysed using descriptive and inferential statistics. Descriptive statistics such as frequency, percentage, mean, and standard deviation will be used to summarise the characteristics of respondents and their responses. Correlation analysis will be used to examine the association between the variables, while multiple regression analysis will be employed to determine the individual and combined effects of the independent variables on consumer decision-making.

3.11 Hypotheses Testing

The hypotheses will be tested at a 5% level of significance. The decision rule will be based on the probability value (p-value). A hypothesis will be rejected when the p-value is less than 0.05 and accepted when the p-value is greater than 0.05.

The hypotheses are stated in null form as follows:

H₀₁: Loss aversion has no significant effect on consumer decision-making.

H₀₂: Anchoring has no significant effect on consumer decision-making.

H₀₃: Framing effects have no significant effect on consumer decision-making.

H₀₄: Social influence has no significant effect on consumer decision-making.

3.12 Ethical Considerations

Participation in the study will be voluntary. Respondents will be informed of the purpose of the study, and their responses will be treated confidentially and used strictly for academic purposes. No respondent will be required to provide information that personally identifies them, and respondents will have the freedom to withdraw from the study where necessary.

4.0 Presentation of Results and Data Analysis

This chapter presents the empirical results of the study on the role of behavioural economics in consumer decision-making. The analysis is based on an illustrative sample of 200 respondents. The results are presented using descriptive statistics, reliability analysis, correlation analysis, multiple regression analysis, and hypothesis testing. The figures presented are for methodological illustration and should be replaced with the actual results obtained from the field survey.

4.1 Questionnaire Response Rate

A total of 220 questionnaires were distributed to consumers, out of which 205 were returned. After screening, 200 questionnaires were found valid and suitable for analysis, representing a valid response rate of 90.9%.

Questionnaire Status	Frequency	Percentage (%)
Distributed	220	100.0
Returned	205	93.2
Invalid	5	2.3
Valid	200	90.9

Source: Authors' Computation, 2026

The response rate of 90.9% is considered adequate for the analysis because a substantial proportion of the administered questionnaires was successfully retrieved and found usable.

4.2 Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	108	54.0
	Female	92	46.0
Age	18–25 years	62	31.0
	26–35 years	78	39.0
	36–45 years	38	19.0
	46 years and above	22	11.0
Education	Secondary	18	9.0
	Tertiary	126	63.0
	Postgraduate	56	28.0
Employment	Employed	86	43.0
	Self-employed	72	36.0
	Unemployed	42	21.0

Source: Authors' Computation, 2026

The demographic results indicate that 54% of the respondents were male, while 46% were female. Respondents aged 26–35 years constituted the largest age group at 39%. Most respondents possessed tertiary education, representing 63% of the sample, while 43% were employed.

4.3 Descriptive Statistics

Variable	N	Mean	Std. Deviation
Loss Aversion (LA)	200	3.74	0.71
Anchoring (AN)	200	3.61	0.76
Framing Effects (FE)	200	3.68	0.73
Social Influence (SI)	200	3.57	0.81
Consumer Decision-Making (CDM)	200	3.76	0.69

Source: Authors' Computation, 2026

The results suggest relatively high levels of agreement with the behavioural factors examined. Loss aversion recorded a mean of 3.74, while anchoring, framing effects, and social influence recorded means of 3.61, 3.68, and 3.57, respectively. Consumer decision-making recorded the highest mean of 3.76. The results suggest that behavioural considerations may play an important role in consumers' purchasing decisions.

4.4 Reliability Test

Variable	Items	Cronbach's Alpha	Decision
Loss Aversion	5	0.82	Reliable
Anchoring	5	0.79	Reliable
Framing Effects	5	0.84	Reliable
Social Influence	5	0.81	Reliable
Consumer Decision-Making	5	0.86	Reliable

Source: Authors' Computation, 2026

All the Cronbach's alpha coefficients exceed the recommended threshold of 0.70. The results therefore indicate satisfactory internal consistency and reliability of the measurement scales.

4.5 Correlation Analysis

Variables	CDM	LA	AN	FE	SI
CDM	1.000				
LA	0.52***	1.000			
AN	0.47***	0.36***	1.000		
FE	0.49***	0.31***	0.34***	1.000	
SI	0.55***	0.29***	0.27***	0.39***	1.000

Source: Authors' Computation, 2026

Note: *** indicates significance at the 1% level.

The correlation results indicate positive relationships between all four behavioural factors and consumer decision-making. Social influence has the strongest correlation with consumer decision-making (($r=0.55$)), followed by loss aversion (($r=0.52$)), framing effects (($r=0.49$)), and anchoring (($r=0.47$)). The results suggest that increases in behavioural influences are associated with changes in consumer decision-making.

4.6 Multiple Regression Analysis

The specified regression model is:

$$CDMt = \beta_0 + \beta_1 Lat + \beta_2 Ant + \beta_3 Fet + \beta_4 Sit + u$$

The regression results are presented below.

Variable	B	Std. Error	t-value	p-value
Constant	0.842	0.214	3.935	0.000
Loss Aversion	0.218	0.061	3.574	0.000
Anchoring	0.164	0.058	2.828	0.005
Framing Effects	0.191	0.063	3.032	0.003
Social Influence	0.267	0.057	4.684	0.000

Source: Authors' Computation, 2026

R = 0.721; R² = 0.520; Adjusted R² = 0.510; F-statistic = 52.92; F-statistic p-value = 0.000
N = 200

The R² of 0.520 indicates that approximately 52.0% of the variation in consumer decision-making is jointly explained by loss aversion, anchoring, framing effects, and social influence. The remaining 48.0% is attributable to other factors not included in the model. The coefficients of all four explanatory variables are positive and statistically significant at the 5% level. Social influence has the largest coefficient ($\beta_0 = 0.267$), suggesting that it has the strongest estimated effect on consumer decision-making among the variables considered. This is followed by loss aversion ($(\beta_1=0.218)$), framing effects ($(\beta_2=0.191)$), and anchoring ($(\beta_3=0.164)$). The F-statistic of 52.92 with a p-value of 0.000 indicates that the model is statistically significant overall. Thus, the behavioural economic variables jointly provide a significant explanation of variations in consumer decision-making.

4.8 Summary of Hypothesis Testing

Hypothesis	β	p-value	Decision	Conclusion
H ₀₁ : Loss Aversion	0.218	0.000	Reject	Significant
H ₀₂ : Anchoring	0.164	0.005	Reject	Significant
H ₀₃ : Framing Effects	0.191	0.003	Reject	Significant
H ₀₄ : Social Influence	0.267	0.000	Reject	Significant

Source: Authors' Computation, 2026

4.9 Discussion of Findings

The findings indicate that behavioural economic factors significantly influence consumer decision-making. The positive effect of loss aversion is consistent with the propositions of Prospect Theory, which suggests that consumers tend to attach greater psychological importance to losses than to equivalent gains. The significant effect of anchoring indicates that initial information, particularly price-related information, may influence subsequent consumer evaluations. The significant effect of framing effects suggests that the manner in which product information is presented can influence

consumer choices. This finding is consistent with the behavioural economics argument that consumers may respond differently to information depending on whether it is presented in terms of gains, losses, discounts, or benefits. Finally, the significant effect of social influence indicates that consumers' decisions may be shaped by the opinions and behaviour of other people. This may include recommendations from friends and family, online reviews, social media influencers, and other forms of social information. Overall, the results support the argument that consumer decision-making is influenced by psychological and social factors in addition to conventional economic considerations.

5.0 Conclusion and Recommendations

This study examined the role of behavioural economics in consumer decision-making, with particular emphasis on loss aversion, anchoring, framing effects, and social influence. The study adopted a quantitative approach and employed a cross-sectional survey design to examine how these behavioural factors influence consumers' purchasing decisions. The empirical analysis, based on the illustrative results presented in Chapter Four, indicates that behavioural considerations play an important role in shaping consumer decisions. The findings indicate that loss aversion has a positive and significant effect on consumer decision-making. This suggests that consumers may attach greater importance to avoiding perceived losses than obtaining equivalent gains. The finding supports the behavioural economics perspective that consumer decisions cannot be fully explained by the conventional assumption of rational utility maximisation.

The study also found that anchoring has a positive and significant effect on consumer decision-making. This implies that consumers may rely on initial information, particularly prices or reference values, when evaluating subsequent alternatives. Consequently, the initial price presented to consumers may influence their perception of whether a product represents good or poor value. Similarly, framing effects were found to have a positive and significant effect on consumer decision-making. This indicates that the way information is presented can influence consumer responses even when the underlying economic information remains unchanged. Consumers may therefore respond differently to information presented as a gain, loss, discount, saving, or benefit. The findings further indicate that social influence has a positive and significant effect on consumer decision-making. Among the behavioural factors examined, social influence recorded the largest regression coefficient in the illustrative analysis. This suggests that recommendations, opinions, reviews, social media interactions, and the behaviour of peers can substantially affect consumer purchasing decisions. In line with the findings of this study, it is recommended that Businesses

should apply behavioural insights ethically. Firms should recognise the behavioural tendencies of consumers when designing pricing, advertising, and promotional strategies. However, behavioural techniques should be used transparently and should not deliberately exploit consumers' cognitive biases.

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