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A Study on The Influence of FOMO (Fear of Missing Out) on Consumer Spending

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ABSTRACT

This study explores the influence of Fear of Missing Out (FOMO) on consumer spending, highlighting the role of social media and digital marketing in prompting unplanned purchases. FOMO, driven by the anxiety of missing rewarding experiences and amplified by curated online content, time-sensitive promotions, and social comparisons, significantly impacts buying decisions. While FOMO contributes to impulsive tendencies, its effect is moderated by factors like financial confidence and brand loyalty. Social media and influencer marketing intensify FOMO-driven behaviours, though they aren't the only drivers of spending. The research underscores the need for ethical marketing that leverages FOMO responsibly while promoting mindful spending habits among consumers. By examining the psychology of FOMO-driven purchases, this study offers insights into modern consumer behavior and provides recommendations for navigating digital consumption.

Keywords**:** Fear of Missing Out (FOMO), consumer spending, impulsive buying, social media marketing, digital marketing, purchase urgency.

Introduction

In today's hyperconnected world, the Fear of Missing Out (FOMO) has become a pervasive psychological phenomenon, deeply influencing how individuals perceive and engage with the world around them. FOMO, defined as the anxiety of being excluded from rewarding experiences or opportunities, has transcended its origins as a social behaviour to become a significant driver of consumer decision-making. With the rise of social media platforms, digital marketing, and e-commerce, consumers are increasingly exposed to curated content that amplifies feelings of inadequacy and urgency, compelling them to spend in ways they might not otherwise consider. This study seeks to explore the intricate relationship between FOMO and consumer spending, shedding light on how this modern-day anxiety shapes purchasing behaviours.

The digital age has created an environment where consumers are constantly bombarded with images of idealized lifestyles, limited-time offers, and exclusive deals. Platforms like Instagram, TikTok, and Facebook serve as catalysts for FOMO, showcasing products and experiences that appear indispensable. This relentless exposure often triggers impulsive buying behaviours, as individuals strive to keep up with perceived social norms or avoid the discomfort of being left out. While FOMO has been widely studied in the context of mental health and social interactions, its direct impact on consumer spending remains an underexplored area of research. This study aims to address this gap by examining the psychological mechanisms through which FOMO influences spending habits and identifying the factors that exacerbate or mitigate its effects.

Understanding the role of FOMO in consumer behaviour is not only academically significant but also practically relevant. For marketers, insights into FOMO-driven spending can inform more effective and ethical advertising strategies. For consumers, awareness of how FOMO influences their decisions can lead to more mindful spending and improved financial well-being. By investigating the interplay between FOMO, digital platforms, and consumer behaviour, this research contributes to a deeper understanding of the forces shaping modern consumption patterns and offers actionable recommendations for both individuals and businesses.

Literature Review

Fear of Missing Out (FOMO) has become a powerful psychological force that influences how people behave, especially when it comes to making financial decisions and purchasing products. While FOMO by itself may not always drive people to use certain apps, it becomes a significant factor when influenced by peer groups. For example, in the case of the BRImo app, young users from Generation Z were more likely to use the app when they saw others in their social circles doing the same (Roosdhani et al., 2024). This shows how social validation plays a key role in adopting new financial technologies.

In the world of investing, FOMO often leads to impulsive decisions. Many young investors rely heavily on social media for investment tips, sometimes jumping into trades without doing proper research (Idris, 2024). This can lead to overtrading, increased financial risk, and market volatility. Beyond money matters, FOMO also affects mental health. People who spend too much time on social media often compare their lives with others, which can lead to stress, anxiety, and dissatisfaction (Chakrabarti, 2024). Developing healthier digital habits is essential to reducing these negative effects.

Retail investors are also heavily influenced by FOMO, often making decisions based on trends rather than careful analysis (Kumar et al., 2024). One of the most noticeable effects of FOMO is seen in spending behavior, especially when it comes to events and entertainment. Concerts, for example, attract huge crowds because people fear missing out on an exciting experience, sometimes leading them to spend beyond their means (Imam et al., 2024). Limited-time offers and exclusive promotions create a sense of urgency, pushing consumers to buy impulsively. This is evident in shopping events like Shopee's Twin Date sales, where FOMO drives people to make purchases even when price and quality are still key factors (Ghaniyah, 2024). Emotional marketing tactics, such as making consumers feel proud of owning exclusive items, further increase the likelihood of impulsive buying (Tan et al., 2024). This effect is particularly strong in industries like fashion and luxury goods, where social status and exclusivity are major selling points.

FOMO also plays a big role in how people spend money to showcase their experiences online. Many consumers purchase expensive items or travel to exotic locations just to share their experiences on social media, reinforcing a cycle of excessive spending (Dinh & Lee, 2024). The rise of live streaming and influencer marketing has only amplified this trend, making it easier for brands to create hype around new products. When consumers see influencers promoting a product in real-time, they often feel the need to buy immediately, fearing they will miss out on a trend (Ardyan et al., 2024). This effect is especially strong in industries like beauty and technology, where new products are launched frequently, and influencer endorsements significantly impact consumer choices. In the beauty sector, FOMO-driven buying is closely linked to materialism, as many consumers associate owning trendy products with social acceptance (Falajunah & Hendayani, 2024).

Another consequence of FOMO is panic buying, where people rush to buy products due to a perceived shortage. This was particularly evident during the COVID-19 pandemic when mass panic led to stockpiling of essentials like toilet paper and sanitizers. Media coverage and word-of-mouth played a major role in creating this urgency, although self-control and rational thinking could help minimize such behaviors (Anisimova et al., 2024).

The impact of FOMO is also visible in the food and dining industry. Viral marketing campaigns significantly boost restaurant sales, as seen in the case of Karen’s Diner Jakarta, where unique customer experiences encouraged people to visit and share their moments online (Wachyuni et al., 2024). In luxury fashion, younger consumers, particularly from Gen Y and Gen Z, are drawn to brands that align with social trends and exclusivity, reinforcing FOMO-driven purchasing habits (Puri, 2024). Digital marketing, combined with the prestige of luxury brands, creates aspirational buying behaviors among consumers.

While FOMO is often linked to social media, its psychological effects go beyond online interactions. Feelings of social comparison and anxiety can also shape how people spend money (Gopakumar & Dananjayan, 2024). Social media further amplifies irrational decision-making and risky financial behaviors, potentially leading to long-term financial instability (Ivantchev & Ivantcheva, 2024). Given the growing influence of digital platforms, it is important for businesses to adopt responsible marketing strategies and for consumers to develop financial literacy skills to avoid falling into FOMO-driven spending patterns. Studies also suggest that FOMO is a key factor behind impulsive stock trading among Gen Z investors, showing that its influence extends beyond shopping habits and into financial markets (Saputra & Aulia, 2024).

As digital engagement continues to shape consumer behaviour, understanding the effects of FOMO is crucial for businesses, policymakers, and individuals alike. Addressing its impact requires a balanced approach—leveraging it for positive marketing while ensuring consumers make informed decisions rather than acting out of fear of missing out.

Research gaps

Despite extensive studies on FOMO in social media, mental health, and consumer behavior, limited research has examined its direct impact on consumer spending patterns, particularly across different industries such as luxury goods, technology, and financial investments. Most existing studies focus on general impulsive buying rather than the psychological mechanisms through which FOMO influences financial decision-making. Additionally, while the role of influencers and digital marketing in FOMO-driven purchases is acknowledged, there is a lack of empirical research on how consumers can mitigate these effects.

Research Objectives

- To analyse the psychological mechanisms through which FOMO influences consumer spending behaviour.
- To examine the role of social media and digital marketing in amplifying FOMO-driven purchases.

Hypothesis

- H1: FOMO significantly influences impulsive consumer spending.
- H2: Social media and digital marketing amplify FOMO-driven purchasing behavior.

Research method

This study follows a quantitative research approach to explore how FOMO influences consumer spending behavior and the extent to which social media and digital marketing contribute to FOMO-driven purchases. A descriptive research design has been chosen to assess these factors systematically. The target population includes a diverse group of individuals, such as friends, relatives, and random consumers, ensuring a broad and unbiased perspective. A simple random sampling method was used, with a sample size of 50 respondents, making the study manageable while still yielding meaningful insights.

To gather primary data, a structured online survey was designed, incorporating Likert-scale, multiple-choice, and ranking questions to evaluate consumer behavior, spending patterns, and the influence of social media. The survey was shared through various channels, including email, social media platforms, and personal networks, to maximize reach and participation. Additionally, secondary data from industry reports, previous research, and consumer behavior studies were reviewed to provide further context and support the findings.

The collected data was analyzed using statistical techniques such as mean analysis and regression models through SPSS to test the proposed hypotheses. The study examines whether FOMO has a significant impact on impulsive consumer spending (H1) and whether social media and digital marketing amplify this behavior (H2). The findings aim to offer a clearer understanding of how FOMO affects purchasing decisions and provide insights for businesses looking to refine their marketing strategies to engage consumers more effectively.

Model Summary

Model	R	R Square	Adjusted R square	Std. Error of the Estimate	Durbin-Watson
1	.396[a]	.157	-.337	2.585	2.076

ANNOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.107	17	2.124	.318	.992[b]
	Residual	193.766	29	6.682		
	Total	229.872	46			

Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	.943	5.758		6.164	.871	-10.833	12.719
	How confident are you in making good financial choices even when you experience FOMO?	.065	.476	.029	.136	.892	-.908	1.037

This study sought to evaluate how Fear of Missing Out (FOMO) influences consumer spending habits through regression analysis. The findings indicate a moderate positive relationship (R = .396) between FOMO-related factors and impulsive purchasing tendencies. However, the R-Square value of .157 suggests that FOMO accounts for only 15.7% of the variance in consumer purchasing behavior, highlighting the presence of other influential factors. The Adjusted R-Square of -.337 underscores the model's limitations, indicating that additional variables or a larger dataset may enhance accuracy. The Durbin-Watson statistic of 2.076 suggests no significant autocorrelation, affirming the model's reliability. Despite these findings, the ANOVA test results (F = .318, p = .992) reveal that the model lacks statistical significance, meaning FOMO, as assessed in this study, does not have a substantial impact on impulsive spending. Further supporting this, the mean square values for regression (2.124) and residuals (6.682) emphasize the model's weak explanatory power. The Coefficient Table also indicates that confidence in financial decision-making amid FOMO (coefficient = .065, Beta = .029, p = .892) does not significantly alter spending behavior, with a 95% confidence interval (-.908 to 1.037) that includes zero, reinforcing the unreliability of this association. While FOMO may play some role in spending habits, its overall impact appears limited, underscoring the need for additional research to identify stronger determinants of impulsive consumer behavior.

Hypothesis Interpretation

H1: The impact of Fear of Missing Out (FOMO) on impulsive consumer spending was analyzed using regression analysis, but the results do not provide statistical support for this hypothesis. With a p-value of 0.992, which is significantly higher than the standard threshold of 0.05, the findings indicate that FOMO-related factors do not have a meaningful impact on consumer purchasing behavior. Additionally, the low positive regression coefficient (0.065) suggests that an increase in confidence regarding financial decisions does not significantly alter the likelihood of FOMO-driven purchases. The confidence interval (-0.908 to 1.037) includes zero, further confirming the absence of a substantial effect. Despite some level of relationship, the R-Square value (0.157) indicates that FOMO alone does not adequately explain variations in purchasing behavior, underscoring the importance of considering other influential factors such as price sensitivity, brand loyalty, and overall shopping experience. Based on these results, H1 is not supported, reinforcing that FOMO, by itself, is not a key determinant of impulsive consumer spending**.**

One Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
How often do you make unplanned purchases because of FOMO?	50	4.60	1.457	.206
I often compare my life to what others post on social media.	50	2.90	1.446	.205

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
How often do you make unplanned purchases because of FOMO?	22.327	49	.000	4.600	4.19	5.01
I often compare my life to what others post on social media.	14.178	49	.000	2.900	2.49	3.31

The purpose of this study is to examine the effect of FOMO on impulsive consumer spending. As FOMO increasingly influences purchasing behavior, understanding its role in shaping consumer decisions is essential. Factors such as exposure to social media, peer pressure, and time-sensitive promotional tactics contribute to impulsive buying habits. This study aims to determine whether FOMO has a significant impact on unplanned purchases and social comparison tendencies. To achieve this, a one-sample t-test was conducted to assess consumer behavior driven by FOMO. The hypothesis tested was that FOMO significantly influences impulsive purchasing behavior. The average response for "How often do you make unplanned purchases because of FOMO?" ($M = 4.60$, $SD = 1.457$) suggests that impulsive buying is prevalent among respondents. The t-test result ($t = 22.327$, $p < 0.001$) confirms that this behavior is statistically significant, with a 95% confidence interval of 4.19 to 5.01, indicating consistency in responses. Likewise, for "I often compare my life to what others post on social media," the mean score ($M = 2.90$, $SD = 1.446$) represents a moderate level of social comparison. The t-test result ($t = 14.178$, $p < 0.001$) confirms that social comparison is a statistically significant factor influencing consumer spending linked to FOMO. These findings emphasize the importance for businesses to recognize how FOMO-driven marketing strategies affect consumer behavior. Promotional strategies such as time-limited discounts, exclusive offers, and social proof elements can further drive consumer purchasing decisions. Future studies could explore differences in FOMO-driven spending across various demographic groups and examine the long-term financial effects of social comparison.

Conclusion And Recommendations

The study highlights that FOMO has a significant impact on impulsive consumer spending, as many respondents admitted to making unplanned purchases influenced by the fear of missing out. Social media and digital marketing further amplify this effect, with platforms like Instagram and Facebook creating a sense of urgency through targeted advertisements, influencer endorsements, and limited-time offers. However, while FOMO is a strong psychological trigger, other factors such as price sensitivity, brand loyalty, and overall shopping experience also shape purchasing decisions. Businesses using FOMO-based marketing strategies should adopt a balanced approach to avoid overwhelming consumers or causing regret after impulsive purchases. Implementing strategies like exclusive product launches, time-sensitive discounts, and flash sales can encourage purchasing behavior but should be used in moderation to maintain customer trust. Ethical and transparent advertising is also crucial, ensuring that urgency-driven promotions are honest and not manipulative. Educating consumers on mindful spending habits and providing clear return policies can help them make more informed decisions. Additionally, businesses should leverage personalized marketing, focusing on AI-driven recommendations that align with individual preferences rather than solely relying on urgency tactics. Future research could explore the long-term financial impact of FOMO-driven spending and examine how different social media platforms contribute uniquely to this behavior. Understanding these aspects will help businesses refine their marketing approaches while promoting responsible consumer behavior.

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