The Anchoring Effect in Blind Box Economy and Merchandise Promotion: A Case Study

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Abstract. In recent years, the anchoring effect in the blind box economy and commodity promotions has profoundly affected consumer decision-making. This paper takes TOPTOY limited blind box in Hangzhou Hubin commercial district as an example through case study method to reveal how merchants utilize scarcity and uncertainty to stimulate irrational consumption through limited sale, hidden model design and initial price anchor point. At the same time, discounts in e-commerce promotions such as full-price strategies use the original price as the anchor point, bringing consumers the illusion of purchase. It is found that enterprises can utilize consumers' irrational consumption to enhance their sales and profits. This paper analyzes the mechanism of anchoring effect from the perspective of behavioral economics and puts forward optimization suggestions. However, this strategy is not effective in the long run. Businesses should improve their core competitiveness and avoid false propaganda, and consumers should reduce impulse spending through multi-dimensional comparison and delayed decision-making.

Keywords: Anchoring effect, Blind box economy, Discount.

1. Introduction

The anchoring effect in the blind box economy and commodity promotions has become a striking phenomenon in the consumer field. Taking blind boxes as an example, the “second empty” situation of the Boo dolls and Oh Boy series of blind boxes on sale in limited quantities in Hangzhou's Hubin shopping district and the 50-fold premium in the second-hand market reveal the profound impact of the anchoring effect on consumer decision-making.

Enterprises use limited production, hidden model mechanism and low initial value as marketing strategies, setting “scarcity", "uncertainty" and "price contrast" as anchors to stimulate consumers' fear of missing out on opportunities and their desire to buy. The marketing strategy of "scarcity", "uncertainty" and "price contrast” sets "scarcity", "uncertainty" and "price contrast" as anchor points to stimulate consumers' fear of missing opportunities and profit-seeking mentality, and to guide consumers to complete irrational consumption on impulse. Similarly, in e-commerce promotions, the false discounts of "up first and then down" and the ladder design of full-reduced discounts all use the original price or reference price as the anchor point, so that consumers can have the illusion of "taking advantage of the bargain" in the comparison. Although these strategies can boost sales in the short term, they also expose the risk of market manipulation and consumer alienation.

In this paper, we analyze the anchoring logic in the blind box economy and product promotions, explore the behavioral economics mechanism behind them, and try to provide a rational response path for merchants and consumers.

2. The Anchoring Effect in Blind Box Economy

2.1. Case Description

The endless number of blind boxes triggered multiple rounds of rush such as the opening of TOPTOY Chiu Chow Dream Factory store located in Hangzhou's Hubin business district, which launched a limited edition Boo hand puppet, triggering hundreds of people to queue up all night long. Oh pup, for example, on sale in June this year is the first generation of Oh pup vinyl blind box, there are 6 regular and 1 hidden models, using ladder pricing strategy (single box of 129 yuan, the whole end of the 6 boxes of 774 yuan), the total number of sets of control in the 4,000 sets. Once on sale, then “seconds empty”. In a second-hand platform, before the sale of a Oh cub lost treasure blind box was marked nearly 10,000 yuan; and the spring garden party series of hidden models’ blind box, the price of 6500 yuan, compared with the original price of 129 yuan, a premium of up to 50 times. In November 2023, the fourth generation of blind boxes of Oh Pup products online. The on-sale notice at the time showed that there were two ways to gain entry, one was through the community internal lottery, and the other was through the lottery at the end of the tweet. The probability of winning each event was about 3.9%, meaning that less than 4 out of 100 people were able to purchase the newly released series of blind boxes and some of the peripheral products. The already limited number of boxes, coupled with the almost harsh conditions for purchase, triggered a mad rush [1].

2.2. Theoretical Analysis

2.2.1. Limited Quantities and Scarcity

The limited quantity and scarcity of a limited sale becomes an anchor point for consumers to make decisions. In a limited sale, the limited quantity of the product is emphasized, prompting consumers to focus on the rarity of the quantity, which in turn stimulates the desire to buy. Consumers speed up the decision-making process because they are concerned about missing out on a purchase due to the limited quantity, and even confuse them into expecting higher quality or considering the product more collectible to the point of purchasing a product that is out of their budget or unneeded. When supply is deliberately kept below the level of demand, it triggers the psychological mechanism of FOMO in consumers, who are very prone to make impulsive decisions as they believe that they will miss out on a good opportunity if they do not buy. Companies can capitalize on this to tempt consumers to buy and thus increase the company's sales and profits. Companies often emphasize on limited quantity and scarcity as an anchor point for pricing. they believe that consumers have a psychological budget for scarce blind boxes that exceeds their expectations, so companies will set a higher price for blind boxes to gain more profit [2].

2.2.2. Hidden Models

The existence of the Hidden Money makes consumers aim to get the Hidden Money when purchasing, and the rarity and high value of the Hidden Money becomes the “anchor point” of the consumers' psychology. In addition to the randomized version of the basic blind box, the hidden model has added a unique prize that is highly similar to the lottery - a prize with an uncertain return, which further amplifies the uncertainty of the blind box's return. Consumers will be curious about the style of the hidden model, and will be willing to pay a high price to explore the mystery of uncertainty, thus forming a greater stimulus and temptation for consumers. Seduction. Consumers treat the blind box as another meaningful gamble. The unpredictability will make people feel new and exciting; people will want to realize their curiosity. In order to obtain the hidden money, set full series, people may unreasonably repeatedly purchase or even change their original consumption preferences and habits [3].

2.2.3. Difference Between Initial Value and Market Value

While the initial selling price of a blind box is low, the hidden model can cost thousands of dollars or even tens of thousands of dollars on the secondary market. This difference in price leads consumers to use the initial price as an anchor point in their decision-making, and when they find that the used market price is much higher than the price of the hidden model, they consider the high value of the hidden model to be a "windfall" relative to the initial price. In this contrast, consumers' acceptance of the hidden model's price increases, which means that they are more willing to buy the blind box and have a higher demand for the hidden model, thus increasing the attractiveness of the purchase.

2.3. Behavior Optimization

Enterprises should build a system of value anchors to shift consumers' psychological expectations from short-term price comparison to long-term brand value recognition. In the market environment of the anchor effect, enterprises must establish their own brand, enhance the core competitiveness of the enterprise and thus enhance consumer recognition of the enterprise [4]. Sellers of goods should do business honestly and enhance their intellectual property protection. In order to get more profits and false propaganda, spread misinformation to disrupt the market trading pattern. At the same time, to strengthen the supervision and promote the healthy development of the consumer market from the perspective of the regulator, should actively take measures to promote the healthy development of the economy, so as to effectively regulate the consumption of products [5].

On the other hand, consumers can avoid systematic behavioral bias and achieve rational consumption and utility maximization through some methods. Consumers can make multi-dimensional comparisons, and when purchasing goods or services, they should not limit themselves to a single piece of information but make a comprehensive comparison of products from different brands and channels, including price, quality, and function, in order to obtain more accurate information. Or delay making decisions. When encountering promotions or temptations, don't rush to make purchases and set a cooling-off period for yourself to avoid making wrong decisions on impulse. Reflecting on spending behavior from time to time can also promote rational spending. Record your personal consumption, develop the habit of recording your consumption, review your consumption behavior on a regular basis, analyze what is necessary consumption and what is impulsive consumption, and summarize the lessons learned in order to make more rational decisions in the future. And assess the utility of consumption, assess the actual utility of goods or services after purchase, analyze whether the expected effect has been achieved, provide reference for subsequent consumption, continuously adjust consumption behavior, and improve the satisfaction and utility of consumption [4].

3. The Anchoring Effect In Merchandise Promotion

3.1. Case Description

3.1.1. Daily Promotion

SY Tmall flagship store mainly utilizes the store marketing tool “single product treasure”, and sets price discounts for different price products for many years. in fact, it is the use of the means of going up first and then going down, so that consumers feel that they have bought discounted goods, which will give them a kind of psychology of taking advantage of a bargain, and thus it is easier to produce psychological satisfaction. Then there is the use of the store's marketing tool "coupon", SY store set the coupon is mainly store coupons, generally: full of 100 minus 5 yuan, full of 200 minus 20 yuan, full of 500 minus 60 yuan, full of 1,000 minus 120 yuan, when the consumer meets a certain amount of consumption will automatically be full of the reduction [6].

3.1.2. Activity Promotion

Event promotion mainly refers to the big promotion activities of Tmall platform. Tmall platform will set up different activities to invite merchants to participate in different holidays. For example, the very hot double eleven double twelve promotion, 618 shopping carnival, and some large offline festivals, stores will participate in the platform's activities promotions such as double eleven, 618 platform will be launched full of 300 minus 50, full of 300 minus 40 and other discounts are relatively large promotions [7].

3.2. Theoretical analysis

3.2.1. Embodiment Of Anchoring Effect

Discounts are the most commonly used promotional strategy in online shopping festivals. Discounts are displayed online by showing the previous price and sale price of an item, or by explicitly indicating a percentage compared to the previous price. This type of reference price advertising was studied by scholars through an experimental design to demonstrate the effect of anchoring offline. The previous price of these items is high anchored in the mind of the consumer which occurs unconsciously [8].

3.2.2. Consumer Psychology and Behavior

Consumers estimate the true value of the goods they want to buy by adjusting the previous price. If the selling price is much lower than the adjusted estimate, they may feel that they are benefiting from buying the item at a lower price then they may be prone to impulse buying. After understanding the effects of anchoring on consumers through discounts, online stores can utilize the anchoring effect to achieve higher sales by setting higher anchors. Merchants will also set some reference prices, such as "suggested retail price", "average market price" and so on. these prices will also become the anchor point in the minds of consumers. When the promotional price is lower than these reference prices, consumers will be easily misled by the reference price and think that the product has a higher cost-effective price, and then be more inclined to buy [9].

3.2.3. Impact of Anchoring Effect

For consumers, the purchase decision is altered by focusing on the offer rather than the value of the product itself. Merchants usually set up an anchor point to compare with the promotional price so that consumers think they are getting a discount and readily accept the post-promotional price. Even though the value of the item has not changed, consumers are more focused on the offer, largely attracting more consumers to the item.

For merchants, the anchoring effect greatly enhances business value [10] . In brand building, skillful use of anchoring effect can increase brand influence. Merchants can emphasize the unique value of the product in the publicity. Consumers will anchor the brand at a high level. consumers will unconsciously enhance the attention and recognition of the brand to increase the purchase of goods. Merchants can use this way to significantly increase sales. In terms of improving user stickiness, continue to provide high-quality products and services, the use of membership or exclusive offers and other anchor benefits to allow consumers to have long-term trust in the product, so that they habitually choose the brand to further improve user stickiness, solid market position.

3.3. Behavior Optimization

When the online store uses discounts, they should set the discount range reasonably, and the anchoring effect may weaken when the level of high anchors is too large. The store's current promotional methods are slightly monotonous, and the reduction rules should be optimized. When executing promotions, the store shows a lack of innovation ability, failing to properly grasp the linkage between single products and store-wide products, and also lacking the ability to flexibly mix and match various types of promotions and operate them efficiently [11]. Whenever large-scale promotions come to an end, the usual phenomenon is the emergence of shipping delays and the increase in the number of incorrect orders, which has a negative impact on the overall operation of the store. In addition, although large-scale promotions can quickly drive sales growth in the short term and create a false boom in sales, this effect is only at the surface level and has not been effectively transformed into a lasting brand influence. Stores fail to make full use of the rich and diverse promotional tools to deepen the overall brand image of online stores, but are limited to the use of promotional activities to temporarily increase sales, the accumulation of initial positive feedback and other primary goals [12].

In today's era of consumerism, it is crucial for consumers to be educated in behavioral economics. Through the education of behavioral economics, consumers can deeply understand their own consumption psychology, and no longer easily be swayed by impulse and blindness. In the face of various promotional tactics, such as discounts and gifts, they are able to analyze rationally, not be confused by superficial offers, and make accurate judgments on the actual value of goods. At the same time, in planning consumption, consumers can be based on the principles of behavioral economics, comprehensive consideration of their own needs, budgets and the long-term value of goods, so as to make smarter consumption decisions, so that each expenditure can be maximize the utility of the realization of the transformation from blind consumption to rational consumption. In addition, consumers should plan their spending wisely. They should have an initial overview of their personal shopping list, identify what they really need to buy, and plan how to use their money more wisely. And planning how to use their money more rationally consumption rather than impulsive buying in the wind leads to consumption ratio dislocation costs over the budget and so on.

4. Conclusion

The use of anchoring effect in the blind box economy and product promotion not only demonstrates the ingenuity of business strategy but also reflects the irrational dilemma of the consumer market. Blind boxes anchor consumers' psychological expectations to “opportunity costs” and "speculative gains" through limited sales, hidden scarcity, and high premiums in the second-hand market, driving them to buy repeatedly or even over-consume; while e-commerce promotions, with the help of original price anchors and discounts, blur the real value of goods, inducing consumers to buy at an illusory price, and then to buy at a lower price. The e-commerce promotions use the original price anchor and discount comparisons to blur the real value of the goods, inducing consumers to buy at an unreal price. However, this kind of business model relying on psychological bias can make short-term profits, but it may damage the long-term reputation of the brand and the health of the market.

For businesses, the only way to achieve sustainable development in the anchor effect is to enhance core competitiveness and strictly adhere to the bottom line of integrity; for consumers, it is necessary to reduce the psychological control of the anchor point through multi-dimensional information comparison, delayed decision-making and utility reflection.

Regulators need to strengthen the regulation of false propaganda and market speculation, and promote the transformation of the consumer market from "impulse-driven" to "value-driven". The joint efforts of all sectors can realize the balance between commercial interests and consumer rights, and build a better consumer environment. However, this paper only analyzes the main reason why anchoring effect affects consumer behavior in the context of blind box economy, which may ignore some other factors that may change the result. And the anchoring effect in merchandise promotion only mentions discount as a method. Future research could focus on some other marketing strategies that affect consumer behavior such as limited purchase, bundle purchase.

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