

FEAR OF MISSING OUT (FOMO) AS AN EFFECT INFLUENCING CONSUMER PURCHASE DECISIONS¹

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Abstract

The feeling that one is either unaware of, or will miss out on information, opportunities, experiences, or events that could improve one's life is known as fear of missing out (FOMO). Our era is not new to the notion that we might be missing out on something enjoyable, but since social media became popular, FOMO has been more widely recognized and researched. The impacts of FOMO may be more severe in adolescents and young adults. Friends and other people's social media posts might cause people to compare themselves to others and develop a strong dread of losing out on what their peers are up to. This phenomenon has the potential to exacerbate peer pressure on youth, who would otherwise not engage in harmful behavior. Young people might act in this way without thinking about the long-term effects. FOMO marketing leverages psychology to appeal to consumers' emotional triggers and reactions, driving them to take immediate action in order to grab a chance. This kind of marketing is based on psychological concepts such as emotional triggers and social comparison. The fear of falling behind or being left out is exploited by this type of marketing. Increased customer engagement, improved brand advocacy and loyalty, and better sales and conversion stand out as the biggest business benefits that inducing these feelings in consumers can provide. The employment of such practices on customers, however, raises ethical and dishonesty concerns, because the companies themselves may be seen as violent and unreliable, which might be a major reputational risk.

Key words: Fear of Missing Out (FOMO), FOMO Marketing, Consumers.

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Introduction

FOMO, or fear of missing out, is the tendency to worry about what your peers are doing or possessing better than you. It can lead to emotional anxiety, a persistent fear that others may be enjoying fulfilling experiences from which you are absent, and a persistent desire to stay involved in friends' activities (Przybylski et al., 2013). It is also recognized that FOMO can set off reward motives related to social status and pleasure fulfilment (intrinsic and extrinsic, respectively) (Kim et al., 2020). This phenomenon may result from psychological dissatisfaction that affects a person's self-concept, which is separated into personal and public realms (Zhang et al., 2021).

Customers are psychologically influenced by FOMO, which is a novel incentive, a socio-cultural phenomenon, and a personality factor (Jantz, 2023). People's lives are becoming increasingly occupied by FOMO as the use of digital media and its applications grows in popularity. The person therefore demonstrates the behaviours of continuously observing and following others with the aid of social networks (Hato, 2013). Over time, being able to access social media continuously and always witnessing what was missed can lead to feelings of inadequacy and worthlessness in people (Miller, 2012). Adolescents and young adults who use social media heavily and frequently are more likely to experience FOMO because it affects their sense of belonging (Roberts & David, 2020).

FOMO is a state of anxiousness and bad feelings. Using this phenomenon, institutions can urge their target audience to engage in unexpected purchasing behaviour by informing them that the products are limited and will not be available for an extended period of time, and that they will miss out on purchasing opportunities (Byun & Sternquist, 2011). An increasing number of studies are attempting to identify the needs and preferences that customers have on a subconscious level in order to assist marketers in customizing their strategies and more accurately appealing to their target audience's hidden affinities. In volatile market conditions, businesses are attempting to stay on top of trends and discover more efficient ways to communicate with those they want to reach (Baltezarević & Baltezarević, 2019). Lack of control over one's surroundings, emotions of instability and insecurity, and shortages in the supply chain are often factors that influence perceived scarcity. Furthermore, actions and judgments made for survival can be primarily influenced by perceived shortage (Dodgson, 2021).

Depending on a person's perception of risk and willingness to modify their behaviour or the situation, fear is said to either motivate or inhibit behavioural adjustments (National Cancer Institute, 2004). While this information is not new, this use of audio-visual messages delivered through electronic word-of-mouth (eWOM) communication is intended to frighten people before providing sufficient instructions on how to escape that

uncomfortable state (Baltezarević, 2022a). Approximately 70% of millennials overpay in order to prevent FOMO and stay up with their peers, and 60% of consumers make purchases as a result of it, usually within 24 hours (Holistic SEO, 2023). High levels of brand excitement and engagement have been demonstrated to be positively impacted by social media content that incorporates FOMO, according to marketing literature (Kang et al, 2019).

Literature review

British psychologist Przybylsk was the first to identify fear of missing out (FOMO) as a psychological phenomenon based on observations made while using social networking sites (Przybylski et al., 2013). FOMO is a concept that emerges when people fail to meet three essential psychological needs and have low life satisfaction, which makes them want to compare their lives with those of others, according to the Self-Determination Theory (SDT). The ability to act in the world (competence), the drive to take personal initiative (autonomy), and the need to connect with others (relatedness) are these three fundamental psychological needs (Dogan, 2019).

FOMO can lead to actions intended to prevent regrets from inaction. Remorse about missing out on a concert or cruise, for instance, is usually more powerful than regretting spending money on such events (Richard et al., 1996). Customers who experience FOMO have a greater inclination and willingness to conform to the group or mimic the actions of others in the group, demonstrating a desire to blend in and not stand out from the crowd (Kang et al., 2019). Social behaviour has always included adjusting an individual's behaviour to fit social norms. This has happened from ancient times. The animal kingdom has also been noted to exhibit this tendency (Baltezarević, 2022b).

Social media sites frequently present users as they are at their happiest, with a never-ending stream of content featuring happy people sharing their experiences and committing to new initiatives. This can cause people to form false impressions of the goals and lifestyles of others, which would make them compare themselves to them (Segmentify, 2023). Indeed, there is a risk that our privacy could be violated by utilizing technology and staying constantly linked. Since we use our smartphones so frequently, this is already the case (Safieddine & Baltezarević, 2016). The term "impulse buying" refers to self-reaction combined with impulsive and reckless conduct. It indicates that consumers react to unexpected stimuli that cause them to feel happy and pleasurable on an inner level, leading them to engage in impulsive and reckless purchase activity (Chen et al., 2020). Impulsive buying may result from FOMO, which may heighten remorse after the purchase (Celik et al., 2019). It is associated with a frenetic buying wave of culturally associated brands and is tied to purchasing outcomes (Kang et al., 2019). Researchers found that the bandwagon effect and impression of scarcity

dominated by FOMO contributed to impulsive buying behaviour in a study on medical protection items (Zhang et al., 2021).

Enhancing customer experiences and interactions can be achieved by integrating FOMO techniques into product design, marketing, and customer service. Businesses who understand and make use of this phenomenon to create more engaging and fulfilling customer interactions will be able to enhance customer experiences and increase business outcomes (Panov, 2024). As seen by the current phenomenon, many items list potential disadvantages that prospective buyers might have if they decide not to utilize them. For example, an ad for face wash can open with a model with a lifeless face and acne to encourage viewers to buy the promoted items and avoid problems in advance. Ultimately, fear serves as a defence mechanism to keep people safe from dangerous circumstances (Hodkinson, 2019).

Statistics show that 60% of sales are driven by FOMO marketing. People report feeling sad most of the time when they experience this phenomenon. Of these, 21% expressed grief or disappointment, and 30% displayed jealousy. According to studies on FOMO marketing, more than half of consumers, or roughly 56%, are concerned about missing significant events, news, and social updates if they are not on social media. A Credit Karma analysis indicates that forty percent of people, particularly members of Generation Z, overspend in certain circumstances and accumulate debt in an effort to keep up with their friends. Social media is to blame for 67% of millennials' FOMO experiences, and 35% of them claim to post only to avoid missing anything (Wisernotify, 2024).

Understanding FOMO in marketing enables companies to develop strategies that take advantage of exclusivity and urgency, influencing consumer perceptions and decision-making to drive more instantaneous engagement and sales. Phrases like "Only a few lefts in stock!" or "Sale ends tonight!" are examples of marketing campaigns that can instil a sense of urgency in consumers, encouraging them to act fast to avoid missing out. Furthermore, by giving customers concrete incentives for acting quickly and giving them the impression that they have an advantage over others, exclusive offers or early access can further encourage FOMO (Panov, 2024). To create a sense of urgency and exclusivity that can increase sales, Everlane, an American clothing retailer, offers some of its products using a "Choose What You Pay" strategy. In a similar vein, FOMO strategies like social media contests and limited-edition product releases have worked well for skincare company Herbivore Botanicals. By demonstrating how other people are already benefited by using product or service, companies may use social proof as another powerful tool. Customer endorsements, social media mentions, and website reviews can all help influence consumer behavior (Lange, 2023).

Among the benefits associated with this phenomenon, the following stand out: a) Increased customer engagement: FOMO can create a buzz and excitement about a promotion or product, which raises customer involvement. b) A rise in sales and conversions: Fear of missing out on a purchase can be a strong incentive for customers to act fast. c) Enhanced brand advocacy and loyalty: Through FOMO-driven marketing, merchants may fortify client loyalty by delivering unique and exclusive experiences. Customers are more likely to become brand ambassadors, promoting the retailer to others and building enduring loyalty, when they experience a sense of exclusivity and value in their purchase (Ki-value, ND). However, FOMO has to deal with the following issues, as well: a) Ethical concerns: Although this makes it easier for marketers to sell their goods, there is a rising concern that particular consumer groups are being targeted and taken advantage of for monetary benefit. b) Skewed data: Another problem is that if company concentrate on making its target market feel like they have FOMO, they'll draw in a crowd that isn't very likely to make a buy. This thus makes data analysis and market research more challenging, as some of the data they have acquired about their “target audience” isn't necessarily right. c) Coming across as dishonest: Businesses that take use of the fear of missing out on something may find themselves perceived as pushy, unreliable, or dishonest (Gale, 2022).

Conclusion

Humans are naturally inclined to choose the most effective way to get over the anxiety and fear that they experience. Their goal is aided by marketing messages that provide an escape from such an uncomfortable circumstance. Thus, by influencing consumer behaviour, the marketing expert's main notion was realized indirectly. FOMO has a significant impact on consumer behaviour and buying decisions, which is important in the retail environment. Retailers can create a sense of urgency and excitement that increases sales and consumer loyalty by comprehending and effectively using FOMO marketing.

Remaining competitive in the constantly changing world requires businesses to stay up to date on emerging trends, put best practices into effect, and future-proof their strategy. FOMO marketing is a potent instrument that can increase sales and engagement. If it's not managed appropriately, though, it might backfire and cause consumer mistrust and a bad impression of the company. The business should always be open and truthful in its messaging, give clear details about the terms and circumstances of any deals or promotions, and supply substitutes in the event that stock runs out in order to prevent these possible hazards.

FOMO pushes social media users to continuously check their notifications, which results in excessive use of social media and the loss of important relationships and activities in real life. The use of social media can worsen feelings of social isolation by replacing in-person social interactions with virtual ones or by exposing users to inaccurate or skewed depictions of the lives of their connections.

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