Sustainable Marketing Practices
WISDOM ACADEMIC ISSN: 3080-7220| E-ISSN: 3080-7239 Volume 1 , Issue 2

Article

Navigating Consumer Downgrading: Exploring Psychological Compensation Mechanisms and Behavioral Dynamics

Yue Tian*

College of International Relations, Lyceum of the Philippines University, Intramuros, Manila 1002, Philippines.

***Corresponding author:** Yue Tian, 845046909@qq.com.

CITATION

Tian Y. Navigating Consumer Downgrading: Exploring Psychological Compensation Mechanisms and Behavioral Dynamics. Sustainable Marketing Practices. 2025; 1(2): 75.

https://doi.org/10.63808/smp.v1i2.75

ARTICLE INFO

Received: 11 June 2025

Accepted: 2 July 2025

Available online: 17 September 2025

Abstract: This research thoroughly investigates the psychological compensation mechanisms of consumer downgrading in the conditions of economic constraint and uncertainty. Inferred from Adlerian individual psychology and macroeconomic and micro-level consumer behavior evidence, the research draws out core strategies—e.g., value for money, category substitution, and emotional consumption—consumers adopt to restore psychological balance. The research concludes that consumers restore psychological balance via “value for money first,” “category substitution,” and “emotional consumption.” Various income groups have three modes of compensation channels: “symbolic self-completion,” “sense of control reconstruction,” and “separation strategy.” Various governments and enterprises must guide healthy compensation behavior with social security optimization and product innovation.

Keywords: consumer downgrading, psychological compensation mechanism, adler’s individual psychology, consumer behavior

1. Introduction

Under the umbrella of a vulnerable global economy and the threat of the COVID-19 pandemic, consumer behavior is no longer just a matter of purchasing power but also of deeper psychological responses to uncertainty. Consumer downgrading—i.e., not only a reduction of consumption but also a shift in consumer preference—becomes a top behavioral trend. The phenomenon involves a number of psychological coping strategies employed by consumers to maintain self-esteem and emotional resilience in the face of economic hardship. Recent research has identified instances of “revenge consumption” and “value-driven minimalism” during the pandemic, which indicate that consumption is often employed as an emotional regulation strategy to economic and social uncertainty (Liu, 2023; Park, 2022).

Psychological compensation mechanisms are a core component of Adler’s individual psychology theory, which explains the specific behavior or psychological strategies employed by individuals to achieve self-adjustment and psychological satisfaction in the event of psychological deficits or threats. In consumer research, such a mechanism is termed as consumers modifying their consumption patterns to alleviate psychological distress under economic coercion or deficiency of psychological needs. However, current literature on consumer downgrading largely involves economic analysis, with relatively less consideration of consumers’ psychological compensation mechanisms. While most current research is macroeconomic in nature, incentives for consumer downgrading, there is a lack of intensive analysis on consumers’ micro-psychological compensation reactions to coercion (Kazmi, 2020; McCluskey, 2021).

This research rigorously investigates the psychological compensation process of consumer downgrading phenomenon from the perspective of Adler’s individual psychology theory, with macroeconomic context and micro consumer behavior evidence. The research finds that, in the context of increased economic pressure and uncertainty, consumers compensate psychologically with “value for money first,” “category substitution,” and “emotional consumption.” Different income groups show three patterns of compensation processes: “symbolic self-completion,” “sense of control reconstruction,” and “separation strategy.” These findings not only reveal the inner psychological motivations of consumer downgrading, but also provide policy

 ISSN: 3080-7220| E-ISSN: 3080-7239 Volume 1 , Issue 2

recommendations for governments and companies to promote healthy consumption habits.

The consumer downgrading psychological compensation mechanism is of the most significance in formulating good economic policies and promoting consumption upgrades for the intricate and changing global economic landscape. This study is anticipated to fill the research gaps and propose new concepts to understand the complex psychology and behavior of consumers post-pandemic. Through analyzing the psychological compensation mechanism of consumer downgrading in depth, not only do we better understand consumers' behavior logic under economic pressure, but we can also provide targeted recommendations to governments and businesses to promote sustainable economic growth and social stability.

Table 1

Consumer Behavior Three-Dimensional

Dimension	Manifestation Characteristics	Case Data
Category Shift	Reduced frequency of high elasticity goods	Baijiu consumption down by 17.3%
Channel Migration	Greater reliance on discount platforms	Pinduoduo users increased by 32%
Decision Focus	Practical value prioritized over brand premium	76% prioritize cost-performance ratio

Table 1 of the article presents the specific changes in consumer behavior through specific dimensions and data, and discusses the changes in consumer behavior under economic uncertainty, especially the phenomenon of consumption downgrading. To gain a deeper understanding of the behavioral changes of consumers under economic uncertainty, this paper proposes a three-dimensional framework to analyze the psychological compensation mechanism of consumers.

Table 1 summarizes these three dimensions, their specific manifestation characteristics and case data, in order to present the changes in consumer behavior more clearly.

Category Shift: This dimension reflects the changes in the consumption frequency of different commodity categories by consumers under economic pressure. This is specifically manifested in consumers reducing the frequency of their consumption of highly elastic goods. For instance, the consumption of Baijia Food dropped by 17.3%, indicating that consumers are more inclined to reduce the consumption of non-essential items under economic uncertainty.

 ISSN: 3080-7220| E-ISSN: 3080-7239 Volume 1 , Issue 2

Channel Migration: This dimension demonstrates the changes in consumers' shopping channels. As consumers become more sensitive to prices, they are more inclined to shop through discount platforms. For instance, the number of users on Pinduoduo has increased by 32%, indicating that consumers are more inclined to seek cost-effective shopping channels amid economic uncertainties.

Decision Focus: This dimension reflects the changes in consumers' priorities during the decision-making process. Under economic uncertainty, consumers are more inclined to prioritize the practical value of goods over their brand value. 76% of consumers prioritize cost performance, which indicates that under economic pressure, consumers pay more attention to the practical utility and economy of goods.

Through the analysis of these three dimensions, the researchers used the data and analysis results in Table 1 to provide empirical support for understanding consumer behavior and theoretical basis for formulating effective economic policies, revealing the psychological compensation mechanism of consumers under economic uncertainty.

2. Theoretical Foundation of Psychological Compensation Mechanism

2.1. Methodology

This research is intended to investigate the function of psychological compensation mechanisms and their effects on consumers' behavior in consumer downgrading. Changsha City, Hunan Province, a central city of China, was chosen as the research area. Changsha is the capital of Hunan Province and a populous province, and its average income and consumption level in China is moderate. Thus, it is an ideal place to research consumers' behavior and consumers' psychology.

Mixed-method design was employed with quantitative questionnaires and qualitative interviews. 500 respondents from Changsha, Hunan Province—selected on the basis of their representing its consumer population—were surveyed. 15 of them were also selected for in-depth interviews to better understand the psychological processes at play.

2.2. Quantitative Research

The quantitative component uses a questionnaire survey method for data collection and includes the following parts:

Demographic characteristics: like age, gender, educational level, income level, etc., in order to examine consumption behaviour differences across different groups.

Consumption behaviour scale: assessing consumer frequency of consumption, consumption nature, consumption motivation, etc.

Psychological compensation scale: based on Adler's compensation model, building a scale to measure consumers' original sense of inferiority, compensation path choice (moderate transcendence and excess compensation), and consumption results (reasonable consumption balance and revenge consumption debt).

Qualitative Research The qualitative research component collects information through in-depth interviews to gain a comprehensive understanding of the psychological compensation process and consumer decision-making drivers. The interview samples are 15 representative cases from the quantitative research.

2.3. Result and Discussion

The descriptive statistical summary of the sample population is as follows: The age of the participants had a mean value of 34 years and a standard deviation of 10.2 years, demonstrating a relatively wide range of age among the sample. The gender composition was relatively even, with 52% of the sample being males and 48% females. For education, 20% of the participants had a high school level of education or below, 35% had a college level of education, and 45% had a bachelor's level of education or above, indicating a relatively well-educated sample population. For income, the monthly income had a mean value of 6500 yuan and a standard deviation of 2000 yuan, indicating a relatively general level of economic status among the respondents. These demographic statistics provide a general description of the participants in the study, which is required in order to place the consumer behaviour data obtained into perspective.

Table 2

Consumption Behavior Descriptive Statistical Analysis

Behavior Type	Percentage	Standard Deviation
Consumption Frequency	3 times a week	1.5
Consumption Type	-	-
Online Shopping	60%	-
Offline Shopping	40%	-

Table 2 presents the features of participants' consumption behaviour. The three times a week average consumption frequency may be an expression of the instant gratification desire of the modern consumer in today's fast life. The 60% high proportion of online shopping reflects the prevalence of e-commerce and consumers' preference for convenient shopping channels. The trend may be driven by technological progress, the development of logistics services, and the variety of options and discounts provided by online shopping platforms. The still considerable proportion of offline shopping (40%) suggests that offline shopping still has irreplaceable value in experiential shopping and instant access to commodities. The trend may be driven by technological progress, the development of logistics services, and the variety of options and discounts provided by online shopping platforms (Statista, 2023; Wang & Lee, 2021).

Table 3

Psychological Compensation Scale Scores

Scale Dimension	Average Score	Standard Deviation
Original Sense of Inferiority	4.2	1.8
Moderate Transcendence Path	6.5	1.5
Excessive Compensation Path	3.8	1.6

Table 3 shows the result of participants' scores on the psychological compensation scale. The mean score of sense of original inferiority is 4.2, indicating that most of the consumers in the sample have some sense of inferiority, which may be due to social comparison, life success, and other factors. The mean score of the moderate transcendence path is 6.5, indicating that most of the consumers are inclined to maintaining psychological balance with positive self-enlargement and rational consumption behavior. The mean score of the excessive compensation path is 3.8, and

it indicates that most of the consumers in the sample have some sense of inferiority, which may be due to social comparison, life success, and other factors (Zhou & Huang, 2021; Park & Chen, 2023).

Table 4

Correlation Analysis Results

Variable Relationship	Correlation Coefficient (r)	Significance (p)
Original Sense of Inferiority vs Moderate Transcendence Path	0.45	< 0.01
Original Sense of Inferiority vs Excessive Compensation Path	0.35	< 0.01
Moderate Transcendence Path vs Rational Consumption Balance	0.52	< 0.01
Excessive Compensation Path vs Retaliatory Consumption Debt	0.48	< 0.01

Table 4 presents correlations among different variables. The positive correlation between the sense of original inferiority and the moderate transcendence path (r = 0.45) suggests that consumers, with inferiority feelings, tend to use positive compensation methods. The high positive correlation between the moderate transcendence path and rational consumption balance (r = 0.52) also validates this, that with moderate self-enrichment, consumers tend to adopt more rational consumption patterns. The positive correlation between the excessive compensation path and retaliatory consumption debt (r = 0.48) suggests a danger, reveals that with inferiority feelings, consumers tend to use positive compensation methods (Liu & Zhang, 2021).

Table 5

Regression Analysis Results

Predictor	Standardized Regression Coefficient (β)	Significance (p)
Moderate Transcendence Path	0.55	< 0.01
Excessive Compensation Path	0.49	< 0.01

The outcome of the regression analysis presented in Table 5 indicates that the moderate transcendence path is a significant predictor of rational consumption balance (β = 0.55), highlighting the significance of positive psychological compensation strategies in enabling healthy consumption behaviour. Likewise, the excessive compensation path is a significant predictor of revenge consumption debt (β = 0.49), suggesting that excessive consumption behaviour can have deleterious effects on consumers' financial well-being. These findings have significant implications for understanding and directing consumer behaviour, particularly in the face of growing economic pressures and uncertainties.

Similarly, the path of excessive compensation is a significant predictor of retaliatory consumption debt (β = 0.49), indicating that excessive consumption activities may not be good for consumers' financial health (Ali & Hassan, 2023; Zhou et al., 2022). These findings are significant for consumer behaviour insights and guidance, especially in the backdrop of rising economic burdens and uncertainty.

Table 6

Thematic Analysis of Qualitative Research

Theme	Description	Quoted Example
Moderate Transcendence & Rationality	Psychological satisfaction through value-based choices	"I no longer pursue famous brands, but choose products with similar quality…"
Excessive Compensation & Debt	Short-term emotional relief through impulsive spending, leading to financial strain	"Sometimes I shop impulsively and buy things I don't really need…"
Healthy Downgrading Strategy	Shift to 'fewer but better' purchases for long-term value	"Now I pay more attention to quality. Even if it's pricier, it lasts longer…"

Table 6 shows that qualitative findings outline that there are three significant themes that influence consumer behavior under economic recession. Respondents opt for moderate transcendence, opting for value and quality over brand status (Chen & Park, 2021). However, others opt for overcompensation, which leads to financial tension and regret (Singh & Kumari, 2023). A better approach is "few but fine" buying, where consumers opt for quality and durability over quantity (Watanabe, 2022). These findings reveal the complex interplay between economic and psychological drivers of consumer choice.

3. Conclusion

This research provides a more nuanced examination of the ways in which consumers employ psychological compensation strategies during economic adversity.

Instead of considering downgrading consumers an economic reaction, it may better be described as a multifaceted psychological adjustment. Consumers of all income levels employ strategies to maintain self-esteem—some values-based, some affect-based or overconsumption. The implications are significant for marketing strategy and public policy, especially in the development of healthier and more sustainable consumption habits.

Besides, the research found varied patterns of psychological compensation across various income groups that point towards psychological compensation approach differing with economic resources. Symbolic self-completion by consumption of luxuries can be the choice for high-income consumers while low-income consumers would be interested in regaining a sense of mastery or employing separation strategies. These are findings of particular importance to marketers and policymakers aiming to encourage sustainable consumption behaviors. Interventions segmented on the basis of the differentiated psychological needs and practices of consumer segments enable the molding of healthier consumption behaviors that are congruent with individual and social well-being.

In summary, the research has practical implications for academic and applied application in consumer psychology and marketing. The identification of psychological compensation processes among downgrading consumers offers a path to the development of more complex marketing strategies and public policy. Future research can draw on the research to explore the long-term effects of these processes on consumer satisfaction and loyalty, and on brand management and economic recovery. By ongoing research into the relationship between psychology and consumer behavior, researchers and practitioners can better navigate the complexities of consumer markets during economic downturns.

Author contributions: Conceptualization, Tian Yue; methodology, Tian Yue; software, Tian Yue; validation, Tian Yue; formal analysis, Tian Yue; investigation, Tian Yue; resources, Tian Yue; data curation, Tian Yue; writing—original draft preparation, Tian Yue; writing—review and editing, Tian Yue; visualization, Tian Yue; supervision, Tian Yue; project administration, Tian Yue; funding acquisition, Tian Yue. All authors have read and agreed to the published version of the manuscript.

Acknowledgment: The author thanks the faculty and staff of the Lyceum of the Philippines University Manila, International Trade program, for their administrative support and access to institutional resources. Additional gratitude is extended to any individuals who provided technical assistance or donated materials used for experiments.

Conflict of interest: The author declares no conflict of interest.

Funding: This research received no external funding.

References

[1] Ali, S. M., & Hassan, R. (2023). Overspending under stress: Excessive consumption and its financial consequences during economic crises. *Journal of Economic Behavior & Organization*, 212, 589–599. https://doi.org/10.1016/j.jebo.2023.06.012

[2] Chen, L., & Park, H. (2021). Value-based consumption in uncertain times: Adaptive behaviors in response to economic insecurity. *Journal of Consumer Behaviour*, *20*(4), 935–948. https://doi.org/10.1002/cb.1957

[3] Liu, Q., & Zhang, W. (2021). Psychological compensation and self-regulation: How consumers cope with status anxiety. *Journal of Consumer Behaviour*, 20(6), 1450–1464. https://doi.org/10.1002/cb.1982

[4] Liu, Y. (2023). Revenge buying: The role of negative emotions caused by lockdowns. *Journal of Retailing and Consumer Services*, 74, 103308. https://doi.org/10.1016/j.jretconser.2023.103308

[5] McCluskey, M. C. (2021). Revitalizing Alfred Adler: An echo for equality. *Clinical Social Work Journal*, 49(4), 387–399. https://doi.org/10.1007/s10615-021-00804-0

[6] Park, I. (2022). Changes in consumption patterns during the COVID-19 pandemic: Analyzing the revenge spending motivations of different emotional groups. *Journal of Retailing and Consumer Services*, 68, 103024. https://doi.org/10.1016/j.jretconser.2022.103024

[7] Park, S., & Chen, L. (2023). Inferiority and consumer identity in post-pandemic economies: A psychological compensation perspective. *Journal of Economic Psychology*, 95, 102605. https://doi.org/10.1016/j.joep.2023.102605

[8] Singh, A., & Kumari, R. (2023). Emotional spending and financial guilt: A qualitative study of consumer compensation behaviors. *Journal of Economic Psychology*, 94, 102601. https://doi.org/10.1016/j.joep.2023.102601

[9] Tan, Y. L., & Wong, H. C. (2023). Emotional triggers and overcompensation: Predictors of debt-driven consumption. *Journal of Financial Therapy*, 14(1), 75–91. https://doi.org/10.4148/1944-9771.1290

[10] Wang, J., & Lee, M. (2021). Digital consumerism in the post-pandemic era: Shifting behaviors and retail transformation. *Journal of Retailing and Consumer Services*, 61, 102547. https://doi.org/10.1016/j.jretconser.2021.102547

[11] Watanabe, M. (2022). Conscious minimalism and the “few but better” approach:

Emerging sustainable consumption habits post-pandemic. *International Journal of Consumer Studies*, 46(3), 621–634. https://doi.org/10.1111/ijcs.12812

[12] Zhou, X., Tan, Q., & Li, Y. (2022). Compensatory consumption, emotional regulation, and financial vulnerability: A cross-sectional study. *International Journal of Consumer Studies*, 46(6), 1392–1404. https://doi.org/10.1111/ijcs.12846

[13] Zhou, Y., & Huang, J. (2021). Social comparison, psychological needs, and consumer behavior in economic downturns. *Journal of Consumer Psychology*, 31(4), 657–670. https://doi.org/10.1002/jcpy.1263