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Spend Smart, Feel Smart? Understanding Mental Accounting in College Students' Post-Purchase Satisfaction

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Abstract

This study investigates how mental accounting influences post-purchase satisfaction in online shopping among college students. Drawing on behavioural economics theory, the relationship between mental budgeting practices, impulse buying tendencies, emotional triggers, payment preferences, and post-purchase regret were examined. Data was collected through structured questionnaires from 110 students at government arts colleges in Thiruvananthapuram, Kerala. Contrary to our hypothesis, strict mental budgeting did not significantly reduce post-purchase regret. Higher impulse buying tendency is associated with lower post-purchase satisfaction. The findings contribute to understanding how cognitive biases in financial decision-making affect consumer satisfaction and highlight the importance of financial self-regulation and emotional awareness in shaping students' e- commerce experiences. This research offers implications for financial literacy programs and e-commerce platforms seeking to enhance consumer decision-making and well-being.

Keywords: Mental accounting, post-purchase satisfaction, online shopping, financial regret, college students

1. Introduction

1.1 Online Shopping and College Students

The growth of e-commerce platforms and rapid technological advancements have transformed consumer behaviour across demographics, especially among college students. As digital natives, students are among the most active online shoppers, influenced not only by ease and cost-effectiveness but also by the growing integration of social media and mobile technologies into their everyday lives (Jadhav & Khanna, 2016; Suman, Srivastava & Vadera, 2019). Given the limited budget faced by students, along with their openness to digital environments, understanding their post-purchase behaviour offers valuable insights into the broader dynamics of e-commerce and consumer psychology in younger populations.

1.2 Mental Accounting and Consumer Decision-Making

Mental accounting, a concept introduced by Nobel laureate Richard Thaler, provides a foundation to understand individual decision-making processes regarding financial behaviour. According to Thaler (1985; 1999), individuals categorize and treat money differently depending on its source or intended use. They assign mental labels to money, in violation of the economic principle of fungibility. This cognitive bias leads consumers to make decisions based on perceived transaction utility, the subjective value of the deal, rather than objective outcomes.

The "house money effect" (Thaler & Johnson, 1990) illustrates how individuals are more willing to take risks with perceived gains than with their own capital. Similarly, compartmentalizing resources into discrete mental accounts (e.g., gift money vs. earned income) influences spending behaviour and self-control. Cheema and Soman (2008) demonstrated that dividing money into separate categories increases the psychological cost of spending, thereby encouraging more deliberate decision-making and reducing impulsive consumption.

Mental accounting also connects with the "pain of paying" theory, which refers to the emotional discomfort associated with financial outflows (Zellermayer, 1996). This phenomenon, rooted in loss aversion (Kahneman & Tversky, 1979), functions as a regulatory mechanism that reduces spending. Research by Prelec and Loewenstein (1998) emphasized how this emotional response varies across individuals, affecting their financial choices. Tightwads experience intense discomfort from spending and are drawn to payment mechanisms that mitigate this pain, while spendthrifts exhibit lower sensitivity to such signs (Rick, 2018).

1.3 Post-Purchase Satisfaction and Regret

Post-purchase satisfaction is a crucial determinant of consumer loyalty, repeat purchase intentions, and word-of-mouth referrals. It encompasses the cognitive and emotional evaluations a consumer makes after completing a purchase, assessing whether the product or service met expectations (Oliver, Rust & Varki, 1997). On the other hand, post-purchase regret, a negative affective state, can arise when consumers question their decisions, particularly if alternatives are perceived as more favourable (Inman & Zeelenberg, 2002).

1.4 Scope of the Study

This study explores the influence of mental accounting on post-purchase satisfaction, financial regret, and subsequent spending behaviour among college students in the context of online shopping. Focusing on students enrolled in government arts colleges in Thiruvananthapuram district, Kerala, the research examines key psychological and behavioural variables such as mental budgeting, impulse buying tendencies, emotional triggers, payment methods, and coping strategies following overspending. The scope is limited to the online consumer behaviour of students aged 18–25, using structured questionnaires collected via google forms circulated through students' WhatsApp groups. The study employs both descriptive and inferential statistical techniques, including regression analysis, to assess how these factors contribute to post-purchase outcomes. By narrowing the population to digitally active youth, the study offers targeted insights intofinancial decision-making patterns in e-commerce environments, while acknowledging that findings may not be generalizable to older populations or offline retail contexts.

1.5 Research Objectives

1. Analyse how students' budgeting strategies affect their post-purchase satisfaction of online transactions.
2. Assess the impact of impulse buying and emotional spending on online shopping satisfaction.
3. Examine the role of payment methods in mental accounting and shopping regret.
4. Explore how students adjust their financial decisions after overspending online.

1.6 Significance of the Study

This research deepens the understanding of mental accounting by exploring its application in digital consumer environments, especially among Gen Z college students, an understudied demographic in this context. This study offers a multi-disciplinary approach to decision making and satisfaction by combining behavioural economics, consumer psychology, and digital marketing.

Insights into post-purchase satisfaction can help businesses design their policies that minimize regret and maximize satisfaction. By understanding students' mental accounting tendencies, marketers can segment audiences more effectively. Businesses can optimize payment mechanisms to align with consumer mental accounting preferences, thus reducing the "pain of paying."

Findings of this study could contribute to the development of digital tools or apps that help students track expenditures based on mental budgets or spending categories.

Students can gain insight into their own shopping habits and psychological triggers, potentially leading to improved financial behaviours and reduced buyer's remorse. Understanding mental accounting practices may help them make more satisfying and value- driven purchases.

2. Literature Review

Previous studies in this area help to understand how mental accounting influences purchase intentions, particularly when moderated by factors such as perceived risk, search costs, product rarity, and scarcity mindset.

2.1 Mental Accounting Theory and Purchase Decisions

Mental accounting theory explains how consumers mentally encode, categorize, and evaluate financial transactions. Multiple studies highlight that consumers create mental accounts for different types of purchases, which in turn influences their perception of value and spending behaviour (Xie, 2019). This categorization affects how consumers evaluate transactions, particularly under risk and uncertainty that are common in online shopping environments (Gupta & Kim, 2010.).

Studies show that perceived value strongly influences purchase intention (Gupta & Kim, 2010; Liaw & Le, 2017). This relationship between perceived value and purchase intention forms the foundation for other factors in the mental accounting framework.

2.2 Factors Influencing Perceived Value in Online Shopping

2.2.1 Monetary Factors

Perceived price has been identified as a significant predictor of perceived value in online shopping. Gupta and Kim's study suggests that perceived price negatively affects perceived value, explaining a significant portion of its variance. This matches with mental accounting principles, as consumers evaluate prices against reference points to determine if a purchase represents a good value.

2.2.2 Non-Monetary Factors

There have been studies which highlights the importance of non-monetary factors in shaping perceived value. Convenience and pleasure significantly influence perceived value in online shopping (Gupta & Kim, 2010). These hedonic and utilitarian benefits contribute to the overall value perception and subsequent purchase intention showing that mental accounting includes both monetary and experiential considerations.

2.3 Moderating Effects on Purchase Intention

2.3.1 Rarity and Scarcity

Several studies suggest how rarity and scarcity influence the relationship between perceived risk, search costs, and purchase intention. Liaw and Le's research demonstrates that under rarity conditions like limited time promotions online, search costs and perceived risk can have a positive effect on purchase intention. This contradicts the conventional understanding that these factors have a negative influence on purchase.

2.3.2 Mental Accounting Strategies

The literature identifies several mental accounting strategies that moderate purchase intentions. Liaw and Le found that both "pay less" (discounts) and "get more" (free gifts, free shipping) approaches enhance purchase intention despite search costs and perceived risks.

2.4 Source of Funds and Purchase Behaviour

The fungibility hypothesis suggests that consumers categorize income sources differently, affecting their spending patterns (Liao & Chu, 2013).

2.5 Risk Perception and Rational Decision-Making

Bulut et al.'s (2015) research on young consumers in Turkey reveals that loss aversion significantly influences online purchase decisions, with consumers often deviating from economic rationality.

The timing of perceived losses also matters. Losses occurring during the shopping process had a stronger impact on irrational behaviour than losses occurring outside the process (Bulut et al., 2015). This suggests that the temporal framing of risks within mental accounts influences decision-making.

2.6 Individual Differences in Mental Accounting

Bulut et al. (2015) found gender differences in rational behaviour, with women more likely to deviate from rationality than men in loss scenarios. Similarly, income level influenced rationality, with higher-income consumers more likely to remain rational compared to lower- income consumers.

2.7 Research Gap

Despite the substantial body of literature on mental accounting and consumer satisfaction, limited research has explored the connection between these concepts in the specific context of online shopping among college students. This study aims to bridge that gap by examining how mental accounting influences post-purchase satisfaction in online shopping. As students continue to represent a key demographic in the e-commerce sector, understanding the cognitive processes behind their financial decision-making is critical for developing targeted marketing strategies and improving post-purchase experiences. Moreover, investigating these dynamics offers broader implications for behavioural economics, consumer psychology, and digital marketing practices.

3. Research Methodology

3.1 Research Design

This study employed a quantitative, cross-sectional survey design to investigate how mental accounting influences post-purchase satisfaction, financial regret, and future spending behaviour among college students engaged in online shopping. The approach was chosen to allow the quantification of relationships among variables through statistical analysis and to generalize findings within the defined population (Creswell, 2014).

3.2 Population and Sampling

The target population for this study consisted of college students aged 18–25 who are actively aware of and engaged in various online shopping platforms.

A total of 110 students from government arts colleges in Thiruvananthapuram district, Kerala, were selected using a convenience sampling technique, due to accessibility and the exploratory nature of the study. Students from multiple academic disciplines were included to enhance diversity and reduce domain-specific bias in online shopping behaviours.

3.3 Data Collection Procedure

Data was collected using a self-administered structured questionnaire developed on Google Forms. The link was distributed through WhatsApp groups of students, ensuring wide reach while maintaining respondent anonymity and voluntary participation.

The data collection was conducted over one week period, and participation was unpaid.

3.4 Research Instrument

The questionnaire was designed based on validated constructs from existing literature in behavioural economics and consumer psychology. It included both demographic items and scaled items to measure the study variables. A 5-point Likert scale was used for most items. Constructs Measured:

- Mental Budgeting ("I set a fixed amount before shopping online")
- Impulse Buying Behaviour ("I often buy things online without planning")
- Emotional Triggers ("I shop online when I feel stressed or bored")
- Payment Method Preferences ("I mostly use digital wallets for online purchases")
- Post-Purchase Satisfaction ("I feel satisfied after completing my online purchases")
- Financial Regret ("I often regret my online purchases later")
- Future Spending Adjustment ("I change my spending pattern after regretting a purchase")

All constructs were adapted from previous research (Thaler, 1999; Rick, 2018; Gupta & Kim, 2010) and subjected to face validity testing with domain experts prior to final distribution.

3.5 Variables and Hypotheses Independent Variables

1. Mental Budgeting -Fixed, Flexible, No Budget (Cheema & Soman, 2008)
2. Impulse Buying Behavior- emotional, situational, cognitive/psychological, marketing strategies (Liaw & Le, 2017; Gupta & Kim, 2010; Bulut et al., 2015) (Subtypes: emotional, situational, cognitive/psychological, marketing strategies)
3. Emotional Triggers-Shopping due to stress, excitement, boredom, peer influence (Gupta & Kim, 2010)
4. Payment Method Used- Credit card, debit card, mobile wallets, COD (Thaler, 1985; Prelec & Loewenstein, 1998; Zellermayer,1996)

Dependent Variables

1. Post-Purchase Satisfaction (Gupta & Kim, 2010; Liaw & Le, 2017
2. Financial Regret (Bulut et al., 2015)
3. Adjustment in Future Spending Behaviour (Rifani et al., 2024; Liao & Chu, 2013)

Hypotheses

H_1: Students who follow strict mental budgets experience lower post-purchase regret. H_2: Impulse buyers are more likely to justify unnecessary purchases and feel post- purchase regret.

4. Results & Findings

4.1 Demographic Profile of Respondents

Table 1. Age, Gender, Level of study, Sources of fund and Online spending

Characteristics		Percentage
Age	Under 18	1.8
	18-21	18.2
	21-25	80
Gender	Male	27.3
	Female	72.7
Level of study	Undergraduate	70.9
	Postgraduate	29.1
Source of fund	From Guardian	83.6
	Scholarship	12.2
	Parttime job	14.5
Monthly online spending	Less than Rs.100	21.8
	Rs.100-Rs.500	38.2
	Rs.500-Rs.1000	25.5
	Rs.1000-Rs.5000	14.5
	More than Rs. 5000	0

The majority of respondents (80%) are in the 21-25 age group, while only a small percentage (1.8%) are under 18. The sample consists of significantly more females (72.7%) compared to males (27.3%). Most participants (70.9%) are undergraduates, while a smaller portion (29.1%) are pursuing postgraduate studies. The majority of students (83.6%) rely on financial support from their guardians, whereas a smaller percentage receive scholarships (12.2%) or work part-time (14.5%). The most common spending range is Rs.100 - Rs.500 (38.2%), while no respondents reported spending more than Rs.5000.

4.2 Descriptive Statistics of Shopping Behaviour

Table 2 - Frequency of online shopping, budgeting habits, Post purchase regret

Characteristics		Percentage
Frequency of shopping	More than once a week	0
	Once a week	5.5
	A few times a month	40
	Rarely	54.5
Online shopping item	Clothing & Fashion	69.1
	Electronics & Gadgets	21.8
	Food Delivery & Groceries	50.9

	Educational Materials (Books, Software, Courses)	10.9
	Beauty & Personal Care	45.5

	Digital Subscriptions (Netflix, Spotify, Jiohotstar etc)	9.1
Payment method	Debit Card	16.4
	Credit Card	1.8
	Mobile Wallet	58.2
	Cash on Delivery	70.9
Budget for online shopping	Yes	23.6
	No	65.5
	Spends more than budget	10.9
Presence of mental accounting	Separate budget for essentials and non-essentials	20
	One general budget	60
	Gift is treated as free money to spend online	16.4
	Discounts and cashback are considered as extra money	23.6
Adjustment mechanism after overspending	Cut back on other expenses (e.g., food, outings).	16.4
	Delay or avoid future online purchases	58.2
	Use savings or emergency funds.	20
	I don't adjust; I just spend as usual	5.4
Tracking online spending	Keep a detailed record	18.2
	Check bank balance occasionally	49.1
	Sometimes	32.7
Post purchase Regret	Always	0
	Often	7.3
	Sometimes	40
	Rarely	45.4
	Never	7.3
Reason for post purchase regret	The item was not as expected (quality, size, appearance).	70.9
	I spent too much money	20
	I bought it impulsively	12.7
	I found a better deal later.	34.5

	No regret	3.6

Clothing and fashion items are the most frequently purchased items online by students (69.1%). This indicates a strong inclination towards using online platforms for apparel purchases. Food delivery and groceries also represent a significant portion of online purchases (50.9%), highlighting the convenience of online platforms for everyday needs.

Cash on delivery is the most preferred payment method (70.9%) among students, indicating a preference for tangible transactions and perhaps a lack of trust in online payment systems. Mobile wallets are also a popular choice (58.2%), reflecting the increasing adoption of digital payment solutions

The majority of students (65.5%) do not have a specific budget for online shopping, while only 23.6% maintain a budget. This suggests that online spending is often unplanned. Regarding mental accounting, 60% of students use one general budget, while only 20% maintain separate budgets for essentials and non-essentials. This implies that students may not be actively categorizing their online spending. Interestingly, 23.6% consider discounts and cashback as extra money, and 16.4% treat gifted money as "free money" to spend online. This aligns with the concept of mental accounting, where individuals treat money differently based on its source and intended use.

The most common adjustment mechanism after overspending is delaying or avoiding future online purchases (58.2%). This suggests a reactive approach to managing finances. Cutting back on other expenses (e.g., food, outings) is also used by some (16.4%), indicating a willingness to make sacrifices to compensate for overspending.

Nearly half of the students (49.1%) check their bank balance occasionally to track spending, while 32.7% track spending sometimes.

A significant portion of students experience post-purchase regret, with 40% reporting that they sometimes regret their purchases and 7.3% reporting that they often regret them.

The popularity of clothing and fashion purchases, coupled with the preference for cash on delivery and mobile wallets, suggests a blend of convenience-seeking and cautious spending habits. The lack of budgeting and the tendency to treat certain funds as "free money" indicate that mental accounting biases can influence spending behaviour. Post-purchase regret, driven primarily by discrepancies between expectations and reality, underscores the importance of accurate product representation and informed decision-making in online shopping.

Table 3 - Influence of Price and Emotional Impulse

Characteristics (measured on 5 point scale)		**Percentage**
Influence of price on post purchase satisfaction	1= Not at all	5.5
	2	12.7
	3	54.6
	4	14.5

	5= A lot	12.7

Influence of emotional impulse on online purchase	1= Not at all	38.9
	2	11.1
	3	25.9
	4	20.4
	5= A lot	3.7

The data indicates that price plays a significant role in post-purchase satisfaction. A large proportion of students (54.5%) reported a moderate influence of price (rating of 3 on a 5- point scale) on their satisfaction.

Emotional impulse appears to have a varying degree of influence on students' online purchasing decisions. A substantial 38.9% of students reported that emotional impulse had little to no influence (rating of 1) on their purchases.

The significant influence of price on post-purchase satisfaction aligns with the finding that a considerable percentage of students experience post-purchase regret due to spending too much money and finding better deals later. The data on emotional impulse suggests that while some students are driven by impulsive buying, a larger proportion can control impulsiveness.

Table 4 - Post purchase mental accounts, Review of past online purchases

Characteristics		**Percentage**
Post purchase mental accounts	Part of planned budget	41.8
	Unplanned but justified expense	52.7
	Impulsive buy	5.5
Review past online purchases	Regularly	9.1
	Occasionally	40
	Rarely	38.2
	Never	12.7

More than half of the students (52.7%) categorize their online purchases as "unplanned but justified expenses". This suggests that while purchases may not be part of a pre-set budget, students find ways to rationalize them after shopping.

The majority of students review their past online purchases, but the frequency varies. 40% do so "occasionally," and 38.2% "rarely" review them.

The finding that most students categorize unplanned purchases as "justified" connects with the observation that many students do not have a specific budget for online shopping and that some spend more than their budget. It suggests a degree of cognitive dissonance reduction, where students rationalize their spending to maintain a sense of financial control or well-being. The low incidence of "impulsive buy" categorization indicates that students

may underestimate the role of impulsivity in their post-purchase evaluations. The infrequent review of past online purchases by a large proportion of students may contribute to difficulties in tracking spending and budgeting effectively

In summary, the data suggests that students often rationalize unplanned online spending, potentially influenced by mental accounting biases.

4.3 Hypothesis Testing & Statistical Analysis

H_1: Students who follow strict mental budgets experience lower post-purchase regret.

This hypothesis was tested using Kruskal Wallis Test with the help of SPSS software

Ranks

	Budget	N	Mean Rank
Regret	1.0	26	50.19
	2.0	72	56.86
	3.0	12	58.83
	Total	110	

Test Statistics[a,b]

	Regret
Chi-Square	1.167
df	2
Asymp. Sig.	.558

a. Kruskal Wallis Test

b. Grouping Variable: Budget

The Kruskal-Wallis test is used to determine if there are statistically significant differences between the medians of two or more independent groups. Here, the p-value is 0.558. The null hypothesis (H_0) of the Kruskal-Wallis test is that there is no significant difference in post-purchase regret among the three budget groups. Since the p-value (.558) is greater than 0.05, we fail to reject the null hypothesis.

Based on the Kruskal-Wallis test results, there is not enough evidence to conclude that there is a statistically significant difference in post-purchase regret among students with different budgeting habits. Therefore, we reject the alternative hypothesis (H_1) that students who follow strict mental budgets experience lower post-purchase regret.

H_2: Impulse buyers are more likely to justify unnecessary purchases and feel post- purchase dissatisfaction.

This hypothesis is measured using Carl Peasons' correlation.

Correlations

		Regret	emotion infl	Justification
Regret	Pearson Correlation	1	-.232*	-.033
	Sig. (2-tailed)		.016	.734
	N	110	110	110
emotion infl	Pearson Correlation	-.232*	1	.070
	Sig. (2-tailed)	.016		.471
	N	110	110	110
Justification	Pearson Correlation	-.033	.070	1
	Sig. (2-tailed)	.734	.471	
	N	110	110	110

*. Correlation is significant at the 0.05 level (2-tailed).

- Regret : Post-purchase satisfaction (dependent variable)
- emotion infl: Impulse buying tendency (independent variable)
- Justification: Purchase justification (mediating variable)

1. **Impulse buying and Post-purchase dissatisfaction:**

The correlation between "emotion infl" (impulse buying tendency) and "Regret " (post- purchase satisfaction) is -0.232, with a p-value of 0.016. This indicates a statistically significant negative correlation. However, since "Regret " is coded such that higher values indicate *less* regret/greater satisfaction, a negative correlation means that higher impulse buying tendency is associated with *lower* post-purchase satisfaction (i.e., *more* regret). This part of the finding supports that impulse buyers feel post-purchase dissatisfaction

2. **Impulse buying and Purchase justification:**

The correlation between "emotion infl" and "Justification" is 0.070, with a p-value of 0.471. This correlation is not statistically significant ($p > 0.05$), meaning there's no strong evidence that impulse buying tendency is related to purchase justification. This does not support the hypothesis that impulse buyer is more likely to justify unnecessary purchases.

3. **Purchase justification and post-purchase dissatisfaction:**

The correlation between "Justification" and "Regret " is -0.033, with a p-value of 0.734. This correlation is also not statistically significant, suggesting that purchase justification is not strongly related to post-purchase satisfaction.

Based on the correlation analysis: There's evidence to suggest that higher impulse buying tendency is associated with increased post-purchase dissatisfaction (more regret). However, there's no statistically significant evidence to support the idea that impulse buying is strongly related to purchase justification, or that purchase justification is strongly related to post- purchase satisfaction.

Regression

Descriptive Statistics

	Mean	Std. Deviation	N
Regret 1	3.519	.7423	108
Mental Budgeting	1.852	1.0836	108
emotion infl	2.389	1.2886	108
Coping strategy	2.463	.8364	108

Correlations

		Regret 1	Mental Budgeting	emotion infl	Coping strategy
Pearson Correlation	Regret 1	1.000	-.252	-.232	-.119
	Mental Budgeting	-.252	1.000	-.119	.138
	emotion infl	-.232	-.119	1.000	-.047
	Coping strategy	-.119	.138	-.047	1.000
Sig. (1-tailed)	Regret 1	.	.004	.008	.109
	Mental Budgeting	.004	.	.110	.077
	emotion infl	.008	.110	.	.314
	Coping strategy	.109	.077	.314	.
N	Regret 1	108	108	108	108
	Mental Budgeting	108	108	108	108
	emotion infl	108	108	108	108
	Coping strategy	108	108	108	108

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.377[a]	.142	.117	.6974	.142	5.744	3	104	.001

a. Predictors: (Constant), Coping strategy, emotion infl, Mental Budgeting

b. Dependent Variable: Regret 1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	4.439	.270		16.436	.000			
	Mental Budgeting	-.186	.063	-.271	-2.937	.004	-.252	-.277	-.267
	emotion infl	-.155	.053	-.269	-2.940	.004	-.232	-.277	-.267
	Coping strategy	-.084	.081	-.095	-1.030	.305	-.119	-.101	-.094

- Dependent Variable: Regret 1 (Post-purchase regret)
- Independent Variables:
  - Mental Budgeting
  - Emotion infl (Impulse buying tendency)
  - Coping strategy (how students adjust after overspending)

R value 0.377 shows moderate correlation between predictors and post purchase regret. Only 14.2% of the variance in regret is explained by the model. As significance value is 0.001 the model is statistically significant overall.

Mental Accounting and Emotional influence are Significant negative predictors of regret, since p value in both cases are 0.004. Students with better budgeting habits experience less regret. Students with higher impulse/emotional buying tendencies experience more regret. Coping strategies after shopping are not significantly related to regret in this model as p value is 0.305

Significant predictors included:

- Mental budgeting ($\beta = -0.271$, $p = .004$): Students with stricter budgeting report less regret.
- Impulse/emotional influence ($\beta = -0.269$, $p = .004$): Students who buy more impulsively experience more regret.

Coping strategies ($\beta = -0.095$, $p = .305$) were not significantly associated with regret. These results underscore the importance of financial self-regulation and emotional awareness in shaping students' post-purchase experiences.

5. Discussion and Conclusion

5.1 Discussion

The results of this study show that mental accounting concepts have a major impact on students' post-purchase regret. It has been noted that instead of using an unbiased financial analysis, people frequently classify their expenses according to the perceived transaction value (Thaler, 1999). This will lead to cognitive biases, where higher satisfaction is associated with purchases perceived as good deals, without considering their intrinsic value. The notion of fungibility, as proposed by Thaler (1990), has been further reinforced, as students mentally segregate their money into specific categories. Previous studies have shown that consumers are biased while evaluating the trade-offs between immediate gratification and long-term financial well-being (Prelec & Loewenstein, 1998). Such biases were evident in this study, as students who engaged in impulse purchases are found to have higher levels of cognitive dissonance and buyer's remorse. These findings also align with the literature on consumer behaviour, which says that individuals get more satisfaction from transactions framed as gains rather than equivalent transactions framed as losses (Kahneman & Tversky, 1984). It is evident that the psychological framing of purchases plays a crucial role in post-purchase satisfaction levels.

5.2 Conclusion

The study contributes to the literature on mental accounting by emphasizing its impact on post-purchase satisfaction in online shopping among students. It has proven that the perception of financial transactions significantly alters individuals' levels of satisfaction with their purchases. These findings imply that behavioural economics should be included in financial literacy programs to assist people in making more sensible financial decisions. Future research should aim to explore how remedial strategies, like financial education or decision aids, could reduce the undesirable effects of mental accounting biases. Conducting longitudinal research would be helpful in determining whether behavioural changes occur with greater financial experience and how these biases change over time. It is evident that a deeper understanding of mental accounting can improve consumer decision-making and enhance financial well-being.

6. Limitations of the Study

The respondents of this study are students. Its findings may not be applicable to other demographic groups. Data are collected using google form. Respondents may have provided ideal responses than honest. This study collected data on particular point of time. Behavioural changes over time are not tracked.

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