Willingness to Pay for Uncertainty among Consumers

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Abstract. In this paper, we report on the result of interviews conducted among consumers of blind boxes. First, the definition of blind boxes, are the products which contain uncertain single good inside along a series, which means uncertainty plays an important role in the product, and consumers might get the ones they didn't really desire in a series. We perform qualitative analysis of their responses that 60% of interviewers experienced or liked buying blind boxes as well as providing reasons like anticipation, interested in uncertainty, and introduced their different personalities. We find that consumers have a willingness to pay for uncertainty, and also find that personality types and gender are very important in determining people's preferences about blind boxes and provide suggestions to marketers about effective marketing practices.

Keywords: Uncertainty, Consumer interest, Behavioral.

1. Introduction

These years, a brand-new market good type jumps up to people's eyes—blind boxes. This kind of boxes are carried with different types of toys inside and people cannot know which one out of 10 or 20 kinds is in each box. When consumers arrive at the store, they can see pictures with all the types of each series, they pick up a random box in their interested series and then they can unpack the box to see which one they extracted. Many Blind Box fans believe that Blind Box dolls are not only collections, but also have social functions. Some Blind Box fans often visit some forums, which are full of voices of sharing, showing off, discussing, and exchanging, which prompts players not to. Stop collecting, resulting in repurchase behavior. According to the Economic Information Daily survey, the existing blind box works are cute images that are easily accepted by the public. In the market in 2021, the price of blind boxes will range from 39 to 59 yuan, which is affordable for most people; a set of blind boxes will be affordable.

There are as few as a few or as many as dozens of box series dolls. To increase the interest of blind box lovers, the brand will also make some hidden and rare models with lower probability of drawing. The probability of hidden models appearing is extremely low, and their settings capture the psychology of consumers. Therefore, blind box enthusiasts, scalpers, middlemen, etc. seized the curious mind of blind box players, saw business opportunities, and joined the ranks of frying blind boxes. The Beijing News believes that the addiction to buying blind boxes is caused by the psychology of gamblers. Generally speaking, the marginal utility of a commodity is diminishing, and as the quantity of a product purchased by people increases, the utility obtained by purchasing a single product of the same kind will gradually decrease. The blind box is not the case. Players often have the feeling that "the market of blind boxes is as deep as the sea". This is because the producers of the blind box have set up a large number of figures with the same theme but different character shapes in each set of blind boxes; a single figure alone seems to be unremarkable, but it is a complete set. Then it will bring great pleasure to the players. Players first randomly draw a certain figure, and then under the influence of the Diderot effect [1], they will especially want to draw the other figure in pairs. As mentioned in the Bubble Mart prospectus, about 70% of trendy toy consumers will buy blind boxes three or more times because of their desire for a particular figure. These are all businesses taking advantage of consumers' mentality of "getting worse". Many people believe that the uncertainty of commodities will lead to a decrease in the desire to buy. For example, in the clothing market, consumers are reluctant to buy uncertain clothes; in most markets, the uncertainty of
Commodities will lose consumers’ loyalty and tendency, resulting in a certain market failure. However, in the blind box market, uncertainty has become a selling point, and according to the existing data, this selling point has attracted the interest of many customers. Especially young girls. According to statistics, about 68% of consumers in the blind box market are women under the age of 35. For this special type of good, consumers hold different aspect on that they either consider the uncertainty of buying toys is bad or attractive. During my previous research, I found that most of the people think certain number of uncertainties can trigger consumers’ interest. To make this statement more reliable, I found several articles wrote by different economists. Several of them hold the same thought that uncertainty engenders curiosity and thereby builds a potential for a positive experience to attract consumers purchasing goods [2].

2. Methods

Firstly, I conducted a survey of 10 students in my school. The students I surveyed are in different area in China. They have average age 17, their family backgrounds and their usual pocket money are different. Some people's pocket money is as high as tens of thousands a month, and some people's pocket money is only a few hundred yuan a month. I wanted to first use these questions to determine whether different family backgrounds would affect respondents’ likelihood of buying blind boxes. I asked the following questions:

- 1. Have you ever heard the blind-box?
- 2. Have you ever bought one?
- 3. If so, where did you buy and what did you buy? /If not, why?
- 4. Do you remember the feeling when you buy it and open it at the first time?
- 5. How many blind boxes do you buy?
- 6. Where do you prefer to buy it? (Online or at store)
- 7. Do you have a desire to buy more or gather a whole series of boxes?
- 8. Do you buy two boxes which contains the same one? What is your thought at that time?
- 9. Will you follow all the new series of the store? Or you just buy what you want?
- 10. How much do you spend on blind-box in total?

From my interviews, I learned about theblind box market, she bought some interesting series without hesitation, and opened it on the spot after paying the money. She said that compared to the blind box series, she focuses more on the thrill of a lottery. Her interview reflects not only she, but also the specific type of consumers who are interested in uncertainty. They have the common sense of not really focus on the content of the series (e.g., the Marvel series), but want to know which one they can pick up and if they are lucky enough to pick the hidden type.

3. Results and Analysis

After I did the survey, here's what I did to analyze the survey results. In my interviews, there were five boys and five girls, each accounting for 50%. This is to identify differences in product preferences that gender may bring. Since I found that women are more likely to buy blind boxes when I searched, I want to determine whether there is really a gap in the interest of the two genders in the blind box market by controlling the number of boys and girls. From my interviews, 80% of men have never bought any blind boxes, while 100% of women have.

Table 1. The raw data from the interview.

<table>
<thead>
<tr>
<th>Student</th>
<th>Gender</th>
<th>Age</th>
<th>Pocket Money</th>
<th>Family Background</th>
<th>Interest in Blind Boxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student 1</td>
<td>Male</td>
<td>17</td>
<td>Low</td>
<td>Poor</td>
<td>No</td>
</tr>
<tr>
<td>Student 2</td>
<td>Male</td>
<td>17</td>
<td>High</td>
<td>Rich</td>
<td>Yes</td>
</tr>
<tr>
<td>Student 3</td>
<td>Female</td>
<td>17</td>
<td>Low</td>
<td>Poor</td>
<td>Yes</td>
</tr>
<tr>
<td>Student 4</td>
<td>Female</td>
<td>17</td>
<td>High</td>
<td>Rich</td>
<td>No</td>
</tr>
<tr>
<td>Student 5</td>
<td>Male</td>
<td>17</td>
<td>Medium</td>
<td>Middle</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Subsequently, due to the strong bias, I conducted further and deeper interviews with Student 1, Student 6, and Student 7.

3.1 Interest about uncertainty

Student 1 was the one with a clear interest in uncertainty among all respondents, so I was interested in her. From our conversation, we can know that she likes to try many challenging activities in life, such as skiing, Sudoku, etc. As a child, the thing she looked forward to most was a card that came with her weekly magazine purchases, and she loved collecting these different cards, especially the tension and excitement of opening the box. She said, “I heard surprising boxes before, and I really want to try that because I am so curious about what I can get from them. Several of my siblings bought them first, and they showed me the series they’ve got and introduced the ‘hidden type’ which is the type in a series that appears under the lowest possibility. I want to buy some and open them together to see if I can get the hidden one.”

So, when she learned about the blind box market, she bought some interesting series without hesitation, and opened it on the spot after paying the money. She said that compared to the blind box series, she focuses more on the thrill of a lottery. Her interview reflects not only she, but also the specific type of consumers who are interested in uncertainty. They have the common sense of not really focus on the content of the series (e.g., the Marvel series), but want to know which one they can pick up and if they are lucky enough to pick the hidden type.

3.2 Transformation of the interest from other hobbies to surprising boxes

In an interview with student 6, I learned that she likes to watch anime, has many favorite cartoon characters, and before the appearance of blind boxes, she often bought figurines. The price of the figure is generally high, about 1000RMB each. She saw POP MART’s shop while shopping and found a series of blind boxes of the anime she had always liked.

In her description during the interview, she said, “I am into the Hello Kitty episode, which I loved for 6 years, and I bought nearly all the side products of it and when I heard...”
the new thing called blind boxes, I was attracted by the poster immediately. I decided to own all of them, so I bought two whole boxes added up to 12 boxes and opened them at the same time. I'm interested in the boxes, but I don't think I will buy other series than Hello Kitty."

She bought 12 at once, and when she took them home and opened them up, she found that these small ornaments were exquisitely crafted and beautiful. So, she has been paying attention to POP MART's official website. Every time a character she likes appears; she will find time to go to the store to buy it.

Part 2 is about starting with one hobby, then changing to be interested in blind boxes. This is called "cross selling." Cross selling is defined as a sales tactic used to get a customer to spend more by purchasing a product that's related to what's being bought already. Student 6 is an example of successful cross selling. Previous research about cross selling indicates that cross selling is most successful when the new price is much lower. This was an example of successful cross selling. Previous research related to what's being bought already. Student 6 is an example of successful cross selling. Previous research about cross selling indicates that cross selling is most successful when the new price is much lower. This was true for Student 6 that she has high loyalty on Hello Kitty, which has lots of related products like figurines, makeups, etc.

3.3 Dislike uncertainty--- "Meaningless and Unnecessary"

Student 7 was the only one of all respondents who mentioned not liking uncertainty. In the interview, I learned that he likes science in his life, especially mathematics and physics, and that he arranges his life in an orderly manner and is a very self-disciplined person. Therefore, he said that he does not like uncertain things. "I hate all the uncertain things; those always drives me crazy. If I want a toy, which wouldn't I just directly buy one." Commodities like blind boxes not only cannot bring benefits to his life, but also cause unnecessary waste. And he believes that consumption should be rational, and such uncertain consumption will cause excess expenses and cannot generate many benefits.

3.4 Gender difference on uncertainty

As shown above, I come out with an interesting outcome that male and female have obvious different choice toward uncertainty, which males are less interested in uncertainty, but female are more interested in it. Through the research that a professor did before, this outcome has already shown. "Gender moderated most of the relationships in the research model. The analysis results showed that the factors influencing men's and women's uncertainty are different. In addition, uncertainty has stronger influence on men's intention to purchase products from online auction websites [3]."

In my research and interview, every female described an interest in uncertainty, and 80% of males described that they didn't like uncertainty. This distinct difference between men and women's interest toward uncertainty provides producers a brighter goal toward their potential targets---women.

3.5 Emotions

In market, most of the research about consumers' psychologies are happiness, excitement, desire, and curiosity, but in blind boxes market we found that some of our subjects were sad. This is rare that most products lead people to feel only happy. It's because of violated expectations, and the research about violated expectations says In fact, a recent study which explicitly questioned the general applicability of positive discounting concluded that 'the case for positive time preference is absolutely compelling'(George Loewenstein'), but we found that, in the blind boxes market, people are attracted by the potential sadness which gained by the subsidies they picked instead of what they really want.

There is a rare marketing strategy that appearing in the blind box market---anticipation. Anticipation is the feeling of people spending time thinking about what they would get in the future and feeling excited about it. This is rare that only a few things like kisses are this exciting to people; in the opposite, people would gradually be losing interest by time passes, for example most of the online shopping and, in the extreme case, people will raise their nervousness by having anticipation (e.g., knowing a physical injury could be happened in two weeks.)

3.6 At store vs. online, time consistency in preferences

With the development of the Internet, more and more consumers choose to shop online. Due to its diversity and convenience, online shopping has gradually become the most preferred way of shopping for today's consumers. From furniture to toilet paper, consumers can buy everything they want from the Internet, while having a very convenient product comparison service. However, blind boxes, as products that can also be purchased from the official website, are more inclined to go to offline physical stores to buy. Among my interviewees, five of the six consumers who have purchased blind boxes chose to purchase offline, with a ratio as high as 83%.

Because of this interesting discovery, I did an in-depth interview with these five people on how they choose to buy offline. I found that most of them choose offline shopping because they want to quickly see what role they have drawn. Among them, Student 4 and Student 6 told me, "I think one of the reasons I buy a blind box is my curiosity. When I get interested in one of the series of blind boxes, I have to get it right away. So the line Going shopping satisfies this requirement because I can open the blind box after checking out. It's like a magic reveal. If I don't rush to see it while the interest is high, I'm not that interested in it."

Through interviews, it can be found that the reason why blind box products are different from other products is "effectiveness" and "consistency". Because express delivery takes several days, consumers gradually lose interest during this time. (Also known as marginal cost), it will become the reason that affects whether consumers continue to shop.
3.7 Consumers’ personalities

Many psychologists believe that there are 5 important characteristics or traits that describe someone's personality [4].

- openness to experience (inventive/curious vs. consistent/cautious)
- conscientiousness (efficient/organized vs. extravagant/careless)
- extraversion (outgoing/energetic vs. solitary/reserved)
- agreeableness (friendly/compassionate vs. critical/rational)
- neuroticism (sensitive/nervous vs. resilient/confident)

As I shared in previous parts, student 7, who provided the most explicit opinion toward the hatred of uncertainty. He describes himself as a rational and cautious person that he refused all the potential uncertainties in daily life. In his own words, he said 'To be honest, I think spending time on buying something I don't necessarily need, but only satisfying my ‘curiosity' is worthless. I don't think these kinds of staff attract me.'

Differently, most of the students who bought or keep buying blind boxes from my interview, describe themselves in a same phrase—novelty value. They are, oppositely, attracted by the uncertain values. From the investigation, we can basically confirm if one could be the potential target in the market by their personalities.

4. Conclusion

It is obvious to see from my experiment that people mostly have the opposite opinions toward uncertainty—like or dislike, to be more specific, the rate is 60% to 40%. And from my interview, I found out that their preferences always relate to their personalities and gender. And a special kind of emotion appears in the blind box market—sadness, which is rare to see in other markets. Because of the uncertainty, consumers raise expectations about what they can get from the product, if they didn't get the desired one at the first time, the emotion of sadness or pity would show up, which trigger them to purchase a new one and satisfy their desire. This research is a valuable contribution to the marketing because the producers and the managers can easily divide their potential consumer groups by their personalities and create more types or fit the requirement of more consumers.

I suggest the other researchers focus on distinguish how to raise the potential markets by add up propaganda or add more information like 'buy 3 get 1 free' or 'make a wish before shopping to the sales, to add up probability'. If you are a marketing professional, I suggest being more inclusive to all the consumers and trigger higher potential marketing power. Most importantly, marketers could utilize consumers' interest of uncertainty, design more attractive products in the blind box market, which can not only contains toys and figurines, but also clothes, ornaments, or everything that could be possible to apply in blind box mode.

Reference