A Comparative Analysis of Behavioral Economics Frameworks in Consumer Decision-Making

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Abstract. In the realm of consumer decision-making, behavioral economics has emerged as a vital field that challenges traditional rational models. This study conducts a comparative analysis of three prominent behavioral frameworks—Prospect Theory, Cumulative Prospect Theory, and the Dual Process Model—assessing their applicability and effectiveness in explaining consumer choices. Utilizing empirical data from diverse market segments and employing rigorous econometric methods, the findings reveal significant variances in predictive accuracy and behavioral insights across the frameworks. The implications of this study not only enhance theoretical discourse but also offer practical guidance for policymakers and marketers aiming to understand and influence consumer behavior more effectively. Ultimately, this research contributes to the ongoing dialogue surrounding the efficacy of behavioral economic theories in real-world applications.

Keywords: Behavioral Economics, Consumer Decision-Making, Prospect Theory, Cumulative Prospect Theory, Dual Process Model, Market Behavior, Empirical Analysis

Introduction

The contemporary landscape of economics increasingly underscores the significance of behavioral factors influencing consumer decision-making, especially in the post-COVID-19 world. As traditional economic theories often presume rational actors governed solely by objective utility maximization, an urgent need has emerged to reassess these models in light of new empirical evidence. This paper posits that a deeper understanding of behavioral economics is crucial for addressing global challenges such as inflationary pressures, market volatility, and shifting consumer preferences, particularly from 2024 to 2026. This period is marked by persistent economic uncertainties and evolving consumer behaviors, exacerbated by digital transformation and socio-economic disparities. By conducting a comparative analysis of several behavioral frameworks—specifically Prospect Theory, Cumulative Prospect Theory, and the Dual Process Model—this research aims to elucidate their respective strengths and limitations in the context of consumer choices. Theoretical underpinnings are analyzed alongside real-world data to determine how these models can better predict consumer behavior, especially under conditions of risk and uncertainty. The structure of this paper is organized as follows: the first section reviews relevant literature in behavioral economics; the second section outlines the methodological approach adopted for the comparative analysis; the third section presents the empirical findings and their implications; and the final section discusses recommendations for future research and practical applications within the field.

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