

# Panic Buying

Subjects: Sociology

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This entry reviews some of the social psychological factors that influence the spread of panic buying. They include social influence and social trust. For a more comprehensive review of the causes of panic buying, refer to creator's publication below [1].

Keywords: panic buying ; social psychology

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## 1. Social Influence [1]

Individuals are members of a society. Therefore, their decisions can be influenced by the attitudes, opinions, and beliefs of the larger group [2]. Social influence refers to the way in which individuals adjust their behaviour to meet the demands of a social environment. There are several types of social influence that could explain panic buying.

The first type of social influence is self-fulfilling prophecy [3]. In this digital era, information is readily available and can be quickly disseminated to masses in multiple channels (e.g., social media, online news, radio, and chat applications). While these channels can facilitate the government or other health organisations to provide updates or advice to the public to cope with a health crisis, these channels are also susceptible to abuse. Misinformation and the spread of rumours such as stockout situations can influence individuals, either by fear of missing out or confusion into panic buying [4]. This reaction ultimately fulfils the once-false prophecy.

Another type of social influence is normative influence [5]. It refers to the influence of others that leads to the conformance of a behaviour in order to be accepted by them. Normative influence can be exerted through peer pressure through word-of-mouth [5]. For instance, the constant advice from significant referents to stockpile can lead to conformance, driven by the need to identify and gain peer acceptance.

The last type of social influence concerns observational learning [6], which is linked to the concept of information cascade that is rooted in behavioural economics and network theory [7]. It describes a phenomenon where people make the same decision in a sequential manner, resulting in a herd or crowd behaviour. As decisions (i.e., panic buy) are made sequentially, an individual has the opportunity to observe the choices made by those who acted earlier [4][8]. Since the individual can only observe but does not know the outside information (e.g., news and motivations) that others might possess, the individual will have to make inferences about the information that the others know. This lack of information may influence the individual to imitate the majority who are panic buying, overriding his or her own decision, believing that the majority has a better assessment of the situation and that panic buying is the optimum choice.

## 2. Social Trust [1]

In addition to physical and human capital, Joshi and Aoki [9] highlighted the importance of social capital, which is defined as "social networks, norms, and social trust that facilitate mutual coordination and cooperation" [10] for disaster recovery programmes.

There are two key aspects of social trust in times of crisis: trust in the community and government. Regarding trust in the community, it reflects the collectivistic nature of an individual, which is associated with attributes such as generosity, dependability, helpfulness, and attentiveness to others' needs [7]. On the contrary, the individualistic nature is associated with attributes such as independence or assertiveness. The portrayal of people engaging in panic buying by the media can potentially cause distrust and subsequently triggers panic buying [11].

Regarding trust in the government, the government plays a crucial role in providing relief and recovery, maintaining order and control, and disseminating information to the public during a disease outbreak [12][13]. Public trust towards the government is crucial because that would ensure compliance and a concerted and coordinated effort to manage and control the spread of a disease [14].

To summarise, a high level of social trust would indicate that individuals would be more cooperative and considerate by not hoarding and sharing limited supplies with others <sup>[15]</sup>. Conversely, a high level of social distrust could cause the public to act individualistically, fearing others to buy more than their share and leaving none for others <sup>[16]</sup>. This triggers panic buying.

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