Consumer Legal Protection Against Decoy Effects Through Digital Literacy

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ABSTRAK

The millennial and generation Z tend to experience the negative impact of the decoy effect, so a consumer protection law is required. The purpose of this study is to demonstrate the negative impact of the decoy effect and the importance of consumer protection through digital literacy. A quantitative descriptive approach was used with millennial and generation Z research subjects who were given a choice of products using bait items. According to the study's findings, respondents are susceptible to the decoy effect, so consumers have the right to know before making a decision. The findings of this study contribute to the public's understanding and provision of suggestions or criticism, as well as to the government's formulation of consumer protection policies, particularly for the millennial and generation Z generations. The implication is that existing consumer protection laws must be flexible, rational, and based on digital literacy. Legal certainty as a form of consumer legal protection to achieve equality in an engagement as a concept for those who make transaction.

Keywords: Decoy Effect; Digital Literacy; Consumer Protection;

INTRODUCTION

Scholars' research on the “decoy effect” has taken the form of papers published in indexed journals. From 2012 to 2022, there are 131 papers with titles that mention the decoy effect, including in Scopus-indexed articles. As illustrated in Figure 1, scholars have paid close attention to the decoy effect in the last ten years. According to some research findings, the decoy effect is used to increase sales by deceiving competitors’ eyes. (Trueblood & Pettibone, 2017) (Banerjee et al., 2022) (Keck & Tang, 2020) There are also those who use the decoy effect as a profitable marketing strategy. (Uribe et al., 2017) However, many of these studies have not addressed the decoy effect in relation to digital literacy.

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Understanding the decoy effect and digital literacy are critical given the rapid changes in online buying and selling transactions, even when artificial intelligence is used in online trading research. Digitalization can have a positive impact on well-being, but at the same time it can be disruptive. Digital literacy skills will reduce the negative impact of the decoy effect, especially on the millennial generation. By using the theoretical framework of legal protection for the millennial generation to avoid the negative impacts of decoy products, this article will discuss the concepts of legal protection, decoy products, and digital literacy. The research approach uses a qualitative descriptive study. Data were collected through literature studies, questionnaires, and interviews.

Currently, Indonesia has Law Number 8 of 1999 concerning Consumer Protection to strengthen the balance of justice, consumer safety and security as well as legal certainty. Indonesia also has legal protection for consumers' freedom of opinion, which is respected and guaranteed by the 1945 Constitution in Article 28 and Article 28E paragraph (3), freedom of expression in public in the Law of the Republic of Indonesia Number 9 of 1998, and the Indonesian Human Rights Law Number 39 of 1999. Many business actors who feel aggrieved by negative comments and consumer opinions on social media use the Electronic Information and Transaction Law as a basis for protecting their rights as business actors. On the other hand, business actors attempt to increase sales through marketing strategies while disregarding existing laws.
LITERATURE STUDY

The law protects consumers from the negative psychological influence of business actors. It also protects consumers from reporting business actors who feel polluted or harmed. However, as information technology advances, one marketing strategy that has caught the attention of legal experts is the use of decoys in the marketing of certain products. The Decoy Effect is a marketing strategy that uses bait products to influence consumer decisions (M. Cui, 2022). (F. Li et al., 2020) These bait products are usually offered in the form of three different options in terms of size, price, shape, and so on to attract consumers. (Whitman et al., 2019) (Jeong et al., 2021) (Meng et al., 2018)

Human choices are influenced by the context in which choices are presented. (Whitman et al., 2019) As an example, consider the following two options: A and B, which differ in price and size. Both of these options are presented to consumers, so the choice is A or B, but suddenly option C is presented with a slightly lower price and larger size as a bait product, even though choice C is what the business actors hope for. Consumers change their preferences to C to make business actors happy, but consumers are trapped in the decoy effect. (C. Wu & Cosguner, 2020) (L. Wu et al., 2020)

Some companies tend to make the target product more appealing by introducing a third alternative (which is usually referred to as the “bait”) by exploiting the consumer’s ignorance and doubts to create a dilemma so that the company makes the expected decision. This is known as the “bait effect,” and it is a common occurrence in the real world (Meng et al., 2018). The bait effect is relatively stronger when a consumer makes a consumption choice in a non-induced situation and then makes a choice in a situation with inductive information, whereas the creation of a situational direct feed has a relatively small impact on consumer purchase selection behavior. (Xu et al., 2021)

Before purchasing a product, consumers should use their knowledge to their advantage. Consumers with more knowledge will be able to make better choices from the company’s wide range of products. The internet is one source of knowledge that can be used in today’s digital era. Consumers can obtain the information they require about the products offered via the internet. Consumers must have digital literacy skills in order to obtain, process, and apply information from the internet.

Digital literacy as a technical skill and understanding of ideas, (Peng & Yu, 2022) is a basic information technology literacy to understand global awareness. (Mujtahid et al., 2021) Basic literacy is the ability to understand how information technology devices work and the benefits of information technology, not only for recreation and non-educational purposes. (Dashtestani & Hojatpanah, 2020) Digital literacy is not just the ability to use digital devices or know how to use various software (Baber et al., 2022), but the basic literacy they have about the benefits or uses
of digital devices. Digital literacy is an important component of everyone’s personal and professional life in order to survive and thrive in the digital world. (Reddy et al., 2022)

Digital literacy functions as a competency to obtain useful information from various sources via the Internet, (Peng & Yu, 2022) as information and technology skills (Mujtahid et al., 2021) and competence to adapt to new media. (Reddy et al., 2022) Therefore, “digital literacy is the competence to acquire, process, and understand information through internet technology to survive and develop in the digital world”.

Digital literacy plays an important role in promoting self-control. (Baber et al., 2022) (Peng & Yu, 2022) People with low digital literacy tend to have low levels of self-control and have the potential to either become suspects or victims online or offline. (Peng & Yu, 2022) Conversely, people with high digital literacy tend to be able to complete work confidently. (Baber et al., 2022) (Dashtestani & Hojatpanah, 2020)

Digital literacy is disruptive if it is not accompanied by, among other things, 1) basic literacy, 2) scientific skills, 3) economic skills, 4) information skills, 5) technological skills, 6) visual skills, 7) cultural diversity skills, and 8) global awareness. (Mujtahid et al., 2021) Parents’ economic factors influence their children’s digital literacy. (Peng & Yu, 2022) Financial ability has a significant effect on digital literacy skills. (Ullah et al., 2022) People with greater economic or financial abilities also tend to have greater digital literacy skills than people with lesser economic or financial abilities. (Gong et al., 2021)

Digital literacy serves as a potential safeguard for young people against the harmful consequences of negative online experiences. (Vissenberg et al., 2022) Variables such as age, educational background, gender, educational institutions, and preferences can have a large influence on digital literacy levels. (Yu, 2022) Likewise, a keen interest in digital technology tends to increase digital literacy. (Brata et al., 2022) Therefore, digital literacy functions to protect the younger generation by increasing education, preferences and interest in understanding digital technology.

In line with the advancement of digital technology, consumer protection laws, particularly in financial markets where transactions are related to cash flow, must adapt quickly to these changes, especially the use of social media data (Mäihäniemi, 2022). For this reason, it is important to identify potential threats to consumers related to the use of digital transactions and artificial intelligence in financial services. For example, in the case of financial services, one can point out the risks to consumers resulting from the use of digital transactions and artificial intelligence. (Bygrave, 2022; Vieira, 2022) (D. Zhang et al., 2022) Protection of their privacy on the internet, exposure to cyberattacks, and liability issues for crimes committed with the use of artificial software (Bygrave, 2022; Mäihäniemi, 2022; Nizioł, 2021). Consumers have recognized their rights, which will result in a better appreciation of competition policies by consumers without forcing them to abandon what they already know in terms of competition and consumer protection.
Consumer protection is important as a legal foundation because consumers have no bargaining power with traders and can become targets of market exploitation and abuse (Cseres & Reyna, 2021). Consumers must be provided with useful information for users, especially when considering goals such as safety, fairness, and equity.

**METHODOLOGY**

This study uses a quantitative descriptive approach with research subjects from the millennial generation and generation Z who are given a choice of products using bait items. The main focus of this research is a review of consumer protection regarding the effect of decoy products on the millennial generation. There were 101 respondents who were selected randomly. Data collection was carried out using a questionnaire technique that was randomly sent to the millennial generation (students). The results of data processing are presented in the form of frequency tables and graphic images to obtain variants of all respondents' answers. By using Excel and Nvivo 12 Plus to obtain variants of the respondents' answers, the research results were analyzed by comparing them with data from predetermined literature studies. Conclusions after in-depth data analysis are linked to the theoretical framework of the literature review.

**RESULT AND DISCUSSION**

A. **RESULT**

When making decisions to purchase the products offered by the seller, respondents frequently become trapped in the psychological decoy effect. As shown in Figure 2, the seller initially offers two types of food and beverage product options for purchase: product A for Rp. 15,000 and product B for Rp. 23,000. Respondents chose product A up to 51.50% of the time and product B up to 48.50% of the time. After offering product C for Rp. 25,000, 49.5% of the respondents chose product C. Respondents who chose product A were 23.80%; respondents who chose product B were 37.60%. This phenomenon indicates that there has been a significant change in the choices of respondents, not only for those who previously chose product B but also for those who chose product A to change their choices to product C. The bait is product B. The seller expects the product purchased by the consumer to be product C, so the seller succeeds in influencing 49.50% of the respondents.
Furthermore, sellers offer electronic products, with a choice between products D and E. Respondents tend to choose product D in excess of 30.70% and product E in excess of 69.30%. Sellers offer product F by slightly increasing the price, so respondents choose product F by as much as 49.50%, while product D decreases to 23.80% and product E decreases to 26.70%. Respondents are affected by the decoy effect, that is, they tend to switch their choices to product F.

According to the data in Figures 2 and 3, the respondents are trapped in the decoy effect. Price, size, quality, and need are the primary motivators for respondents to purchase a product. Respondents decided to buy electronic products because of the quality (49.50%), the needs (32.70%), the price (11.90%), and the size (5.90%) (as shown in table 1). Meanwhile, 54.40% of respondents chose dominant food and beverages, 22.80% chose price, 20.80% chose size, and 2% chose quality. The following information pertains to the respondents’ reasons for selecting the products offered;
Table 1. Respondents’ reasons for choosing the product

<table>
<thead>
<tr>
<th></th>
<th>Electronic</th>
<th>Food and Drink</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>11.90%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Size</td>
<td>5.90%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Quality</td>
<td>49.50%</td>
<td>2%</td>
</tr>
<tr>
<td>Needs</td>
<td>32.70%</td>
<td>54.4%</td>
</tr>
</tbody>
</table>

Table 1 shows that more than 101 respondents chose staple foods (22.8%) over electronics (11.9%) for price reasons, while in terms of size, respondents tended to choose food (food and drink) (20.8%) compared to electronics (5.9%). Meanwhile, for reasons of quality, respondents tended to prefer electronics (49.5%) over staple foods (2%) and, for reasons of necessity, respondents tended to prefer snacks (70.3%) over electronics (32.7%). This shows that when respondents are offered three products, they tend to be stuck with decoy products when it concerns their daily needs.

Table 2. Information displayed

<table>
<thead>
<tr>
<th>No.</th>
<th>Very Clear</th>
<th>Clear</th>
<th>Standard</th>
<th>Unclear</th>
<th>Very Unclear</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Complete</td>
<td>24.8%</td>
<td>39.6%</td>
<td>27.7%</td>
<td>7.9%</td>
<td>0</td>
</tr>
<tr>
<td>2. Promotion</td>
<td>13.9%</td>
<td>38.6%</td>
<td>40.6%</td>
<td>5.9%</td>
<td>1%</td>
</tr>
<tr>
<td>3. Understood</td>
<td>17.8%</td>
<td>41.6%</td>
<td>30.7%</td>
<td>9.9%</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Questionnaire Processed Results
There is a possibility that the respondents chose because of a lack of information. Based on the data in Table 2, the completeness of the information included when the product was offered to respondents was: 24.8% answered very clearly, 39.6% answered it was clear, 27.7% answered standard, and 7.9% answered it was not clear. Then, when asked about the promotional tools used, 40.6% of respondents said they were standard, 38.6% said they were clear, 13.9% said they were very clear, and 5.9% said they were unclear; even 1% said they were very unclear. Finally, when asked about the level of understanding related to the products offered, 41.6% of respondents stated that it was clear, 30.7% stated standards, 17.8% stated that it was very clear, and 9.9% stated that it was not clear.

If it is concluded from the three indicators asked related to the completeness of the information, the clarity of the promotional tools, and the level of understanding of the respondents, they are in the very clear, clear, and unclear categories. Likewise, when they were asked about feelings, if they were happy with the product offered, then they answered "happy" and "very happy." as depicted in Figure 4.

"I decided to buy a product because I felt that it was worth the money." "I also feel that the product suits my needs." The results of the interviews show that the issues of price and feelings are very decisive in deciding the choice of a product.

B. Discussion

Based on the data in Figures 2 and 3 and Table 1, respondents tend to be trapped by the decoy effect. They are trapped because of the third product offering (M. Cui, 2022; Meng, 2018). (L. Wu et al., 2020) (L. Wu et al., 2021) The third product can be a bait product, it can also be an expected product. (Jeong et al., 2021) (Whitman et al., 2019) The third product emerged because of changes in size, price, and shape. (Tanaiutchawoot et al., 2019) The reasons respondents changed their choices were because of price, size, quality, and need factors. Respondents do not realize that they have been trapped in the decoy effect. (Cao & Alon, 2021) (Dumbalska et al., 2020) (L. Wu et al., 2021)

Customers are not always rational when making decisions (Chen & Mišić, 2022) sometimes influenced by information technology factors, (Qamar & Aswari, 2018) (Y. Zhang & Liu, 2021) full
of uncertainty. A rational decision is a decision to choose an alternative based on certain considerations because it is satisfactory. (Asiama & Zhong, 2022) Rational decisions are decisions that can be measured from uncertainty (Awati & Nikolova, 2022). Avoid emotional factors. (Zilincik, 2022) On the other hand, irrational decisions are decisions that are intervened by emotional factors. (Amin, 2018) (Mahmoud et al., 2020) (Shan, 2022) However, bounded rationality always appears in every decision making, namely a decision that has two cultures, namely 'idealistic' and 'pragmatic'. (Katsikopoulos, 2014) even supported by the development of digital technology. (Monteiro, 2016) (Febiana & Surbakti, 2019) In figure 3 data about the feeling of the product, the respondents feel happy with their choice, even though they are stuck in the decoy effect. Thus, the importance of digital literacy in self-control. (Baber et al., 2022) (Peng & Yu, 2022)

Digital literacy must be accompanied by legal protection to strengthen the balance of justice, consumer safety and security as well as legal certainty. (Arif & Djapaputera, 2022) The decoy effect can be reduced by providing consumer protection for legal certainty. (Perkasa & Saly, 2022) The data in Figure 2 shows that it is so easy for respondents to get caught up in the decoy product (M. Cui, 2022). Even though it was acknowledged that the respondents were aware of the effect of the decoy product, as Figure 4 explains, they were very happy and quite happy.

Legal protection is important for consumers, especially from something that can harm consumers. (El-Chaarani et al., 2022) (Juanda & Untari, 2022) Strategies for protecting consumers by controlling yourself, the community and the government. (Juanda & Untari, 2022) The seller completes the explanation related to the decoy product offered to consumers (M. Cui, 2022), especially about price changes and size changes (Y. (Gina) Cui, 2021). (L. Wu et al., 2020) Consumers have the right to know before making a decision, (Apfelstaedt & Mechtenberg, 2021) so consumers can control themselves.

The community knows and provides suggestions or criticism (He et al., 2021) related to the goods offered. (Cronin & Kerr, 2022) Suggestions and criticism through the availability of a suggestion box or consumer satisfaction survey of the products offered. (Ren et al., 2022) (He et al., 2021) (Ye & Li, 2022) Sellers socialize survey results and suggestions that have been given by the community in an open and transparent manner. It is more practical and effective to use social media or digitize through the company's official website.

Likewise, the government formulates policies related to consumer protection. The government is obliged to protect the public (Asante & Helbrecht, 2022) from negative influences arising from buying and selling or business transactions. (Schilling & Seuring, 2022) The government draws up consumer protection laws, (Szafir & Marks, 2022) (Ojeda Rodríguez & Lorenzo, 2022) while ensuring investment stability for producers or companies. Existing consumer-related laws must follow market signals, be flexible and rational, so that producers and
CONCLUSION

Based on the data in Figures 2 and 3 and Table 1, respondents have a tendency to be stuck in the decoy effect. The emergence of a third product offering is one of the factors changing choices. The third product was created to bait consumers into changing their choices to increase sales. The third product can be a bait product, but it can also be an expected product. As a bait product, a third product emerges because of changes in size, price, and shape. The reasons respondents changed their choices were because of price, size, quality, and need factors. Respondents do not realize that they have been trapped in the decoy effect. Existing consumer protection laws must follow market signals and be flexible and rational so that producers and consumers carry out transactions according to their respective needs in a way that is controlled by themselves according to the needs of the government. Consumers have the right to know before making decisions; the public knows and provides suggestions or criticism; and the government formulates policies related to consumer protection. In particular, consumer protection laws specifically protect the public from the negative influence of the decoy effect. The most appropriate way is for consumers to have digital literacy. The seller does not intend to sell the goods offered but with the intention of selling other goods. In order to minimize the influence of the negative decoy effect, namely by increasing knowledge of the products offered so as not to get stuck with the bait items offered. to understand the information related to the products offered. The importance of consumer protection laws related to product attractants for the millennial generation and generation Z Consumer protection laws will protect against the negative impact of product attractions on making choices due to feelings. Laws can be made based on feelings and refer to certain personalities and behaviors as factors that motivate legal action. The way to regulate and protect Indonesian consumers from the influence of decoy products and the decoy effect is for law enforcers such as judges, prosecutors, and lawyers to use these two laws strictly. At the same time, they seek amendments or pass new laws related to bait products and bait effects.

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