



HIGHTOWER  
Westchester



## **“De-Influencing”**

---

How to Avoid Overspending in a Digital World

As consumers in the digital world, the content that we see on our phones is like a digitally curated universe. Websites, apps, and search engines use our demographics, interests, and behaviors to form a marketing strategy that delivers a personalized algorithm that is most relevant to us to get us to engage. Some people even joke about thinking of a product and then seeing it appear on their screen.

Over the past decade, influencer marketing has surged on social media platforms. Gen Z is particularly susceptible to this influence. In 2024, 45% of Gen Z consumers reported being influenced by TikTok, Instagram, and YouTube, with 44% swayed by influencer recommendations.<sup>1</sup> Peer-to-peer marketing often targets younger customers by creating an environment where not having the product causes FOMO, or “Fear of Missing Out,” and brands are aware of this.

Key influences for retail purchases							
Share of consumers indicating whether they made any retail purchases in the last 30 days at least partially due to selected influences, by generation							
	Complete sample	Generation Z	Zillennials	Millennials	Bridge millennials	Generation X	Baby boomers and seniors
A social media influencer or celebrity	13.1%	28.4%	22.1%	21.9%	19.8%	6.4%	2.1%
Recommendations tailored to my needs or preferences that I received digitally	15.6%	24.6%	24.7%	20.7%	17.7%	12.0%	9.1%
An ad on a website	19.6%	24.0%	22.4%	26.8%	25.9%	15.5%	13.3%
Something I read, such as an article about a product	20.1%	21.8%	22.4%	22.9%	25.2%	19.0%	17.4%
An ad on social media	20.9%	38.8%	34.6%	31.7%	26.7%	15.9%	5.8%
Recommendations from family or friends	30.3%	42.1%	38.6%	36.5%	34.6%	30.6%	18.6%
None of the above	41.1%	18.4%	24.1%	26.0%	29.4%	46.9%	62.2%

Source: PYMNTS Intelligence  
Generation Zillennial: How They Shop, July 2024  
N = 3,629: Complete responses, fielded May 9, 2024 – May 29, 2024

Survey on how consumers across generations are influenced to buy.

In September 2023, TikTok announced its built-in e-commerce section called TikTok Shop. With TikTok Shop, TikTok users do not even have to leave the app to purchase products that their favorite influencers recommend. In late November 2024, TikTok Shop announced that it had made \$100 million in sales on Black Friday alone, highlighting the popularity of this type of purchasing. However, falling into the trap of FOMO about not having a certain product or lifestyle can be costly, and young adults who are beginning to come into wealth need to be aware of how this type of behavior can cause strain to their monthly budgets.

In this guide, we offer tips on how wealth builders can still enjoy luxuries like shopping sprees, travel, and concerts while also being cognizant of overspending from influence.

## 01 | Take More Time to Make Purchases

---

Often, when we purchase products immediately after seeing an advertisement, we are acting on impulse. To prevent overspending, consider implementing a strategy where you wait 24 hours before deciding to buy an item. This additional time allows you to evaluate whether the purchase is a want or a need. If you determine that it's a want and not a necessity, you can remove it from your online cart or bookmark it for potential future purchase.

This approach can also be applied when shopping at brick-and-mortar stores. One reason people tend to overspend online is due to the convenience and speed of the purchasing process. By visiting a physical store, you slow down the purchase process, which can help reduce the risk of impulse buying. Additionally, you might find that the item you desired online doesn't meet your expectations in person.

## 02 | Set a Budget and Track your Spending

---

One of the best ways to prevent overspending is by setting a clear budget. Start by understanding your current spending habits. Review your debit and credit card statements to analyze your spending patterns and compare them to your income. Next, categorize your expenses. Common categories include:

- |  |                       |
|--|-----------------------|
| ■ Rent/mortgage                                    | ■ Clothing            |
| ■ Utilities  | ■ Food                |
| ■ Insurance  | ■ Entertainment       |
| ■ Transportation                                   | ■ Travel              |
| ■ Debt (credit cards, student loans, car payments) | ■ Health-related fees |

Once your expenses are categorized, you can begin building a budget. There are various budgeting methods to choose from. For beginners, the 50/30/20 rule is a good starting point. This plan allocates 50% of your income to needs, 30% to wants, and 20% to savings. Online budgeting tools can help you calculate the exact dollar amounts for each category, helping make sure you don't exceed your limits. This approach helps you balance your spending between needs, wants, and savings goals.





### 03 | Create a Sinking Fund

---

If you consider yourself a fashion connoisseur, a live music lover, or a travel enthusiast, you should consider creating a sinking fund. A sinking fund is an account that you can put your savings in to help reach your specific goal. This type of fund can help separate your emergency savings from your “little luxuries” savings. Unlike an emergency fund, these savings are intended to be spent sporadically for fun things. To keep these savings separate from your rainy day fund, consider opening a high-yield savings account that offers a higher return than a traditional savings account.

### 04 | Get Your Dopamine Boost Elsewhere

---

Online shopping can be addictive due to the surge of dopamine, serotonin, and endorphins we experience when an item is delivered. This chemical boost can improve our mood and confidence. However, there are ways to generate these hormones without spending significant amounts of money. Activities like exercise, meditation, listening to music, and cooking can promote mindfulness and reduce the urge for retail therapy. The next time you feel stressed or down and seek a mood boost through shopping, reflect on your feelings and spending habits to realign yourself and find joy elsewhere.

## *conclusion*

---

Social media has the ability to place a world of products in front of our eyes that we may not have purchased otherwise. As a result, it is easy to overconsume in order to “keep up with the Joneses.” You can implement these four steps into your day-to-day lives to help “de-influence” yourself and be more mindful in spending. If you are interested in learning more about how retail therapy and overspending can affect you, listen to episode 10 of the Money Baggage podcast, [“Retail Therapy: Positive and Negative Effects on Mental Health.”](#)





# HIGHTOWER

## Westchester

440 MAMARONECK AVENUE, SUITE 506  
HARRISON, NY 10528  
(914) 825-8630  
HIGHTOWERWESTCHESTER.COM

<sup>1</sup> Tymkiv, M. (2024, August 13). Strategies for capitalizing on Gen Z's growing influence. Forbes. <https://www.forbes.com/councils/forbesbusinesscouncil/2024/03/06/strategies-for-capitalizing-on-gen-zs-growing-influence/>

<sup>2</sup> McLymore, A., & Dang, S. (2024, December 8). US spending on TikTok Shop gains as TikTok faces threat of ban. Reuters. <https://www.reuters.com/technology/us-spending-tiktok-shop-gains-tiktok-faces-threat-ban-data-shows-2024-12-07/>

Hightower Advisors, LLC is an SEC registered investment advisor. Securities are offered through Hightower Securities, LLC, Member FINRA/SIPC. All information referenced herein is from sources believed to be reliable. Hightower Advisors, LLC has not independently verified the accuracy or completeness of the information contained in this document. Hightower Advisors, LLC or any of its affiliates make no representations or warranties, express or implied, as to the accuracy or completeness of the information or for statements or errors or omissions, or results obtained from the use of this information. Hightower Advisors, LLC or any of its affiliates assume no liability for any action made or taken in reliance on or relating in any way to the information. This document and the materials contained herein were created for informational purposes only; the opinions expressed are solely those of the author(s), and do not represent those of Hightower Advisors, LLC or any of its affiliates. Hightower Advisors, LLC or any of its affiliates do not provide tax or legal advice. This material was not intended or written to be used or presented to any entity as tax or legal advice. Clients are urged to consult their tax and/or legal advisor for related questions.