

Social Media and Consumer Debt Accumulation Among the Lower Middle Class in Nairobi: A Focus on Instagram

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Abstract: The rise in popularity of social media sites like Instagram has revolutionized communication and consumer behavior by promoting aspirational lifestyles, influencer marketing, and easy-credit advertisement on the internet. Although social media has improved connections and commerce, it can encourage overconsumption, especially for financially challenged people. This study sought to determine the effect of Instagram usage on consumer borrowing among the lower middle-class population in Nairobi County, Kenya. Following the theories of Consumer Socialization Theory and Social Cognitive Theory, the study used mixed method research design comprising 399 participants out of a target population of 543,450 lower middle-class people. Regression analysis was employed to analyze quantitative data whereas qualitative data was analyzed through thematic analysis. The results reveal that Instagram content, influencer communication and time spent on the platform affects borrowing behavior through increased consumption aspirations, advertisement of easy credit products, and social comparison. The study concluded that social media communication significantly affects consumer debt accumulation and recommends improving financial literacy programs and responsible digital lending and advertisement practices on social media.

Keywords: Instagram, social media communication, consumer debt accumulation, financial behavior, lower middle class, Nairobi County, Kenya.

1. Study Background

Social media has transformed the way people communicate, get informed, and decide what to consume. Instagram, for example, has ceased to be considered a platform which is used to generate social interaction and has become an influential marketing and commercial channel used by organizations, banks, influencers, and content creators to influence consumer behavior. By using visually appealing pictures, ads, influencer endorsement, and recommendations generated by the algorithm, Instagram constantly bombards consumers with messages influencing their lifestyle and consumer behavior. This phenomenon has created new avenues of communication and commerce; however, it raised some questions about the effects of social media on financial decision-making of financially constrained individuals.

Consumers' debts have increasingly become a

socioeconomic problem worldwide. This is because of increased access to digital lending services and mobile lending through concepts such as Buy Now, Pay Later (BNPL). Also, social media has exposed people to various advertising materials that promote consumption now. From previous research findings, it is clear that increased exposure to idealized lifestyles, peer competition and social media influencer marketing has led to materialistic values among people, which causes impulsive purchases and borrowing as a form of financing for the purchase. Therefore, the issue of the influence of social media on the behavior of individuals and leading to consumer debts has been a growing problem.

In Kenya, internet connectivity and usage of smartphones have contributed to increased use of social media among youth and active people economically. Instagram is the most popular visual communication platform in Kenya due to the presence of lifestyle, entertainment, business, and influencer marketing. Similarly, Kenya has experienced significant growth in digital lending services and allows consumers access to loans instantly using mobile apps. While these technological innovations have made financial inclusion easier, they have also increased the chances of borrowing money for discretionary spending, especially amongst the lower middle class who struggle to afford what they desire from the lifestyle images they see in social media.

The lower middle class provides a key demographic to study the correlation between social media communication and consumer debt. This economic demographic usually has enough buying power to engage with the virtual marketplaces but not enough financial stability in case of any emergencies or overborrowing. Consistent exposure to luxurious lifestyles and products on Instagram may motivate people to overspend and become more dependent on credit and borrowing through digital channels.

While there are previous works that have investigated the effects of social media use on consumer behavior, marketing efficiency, and purchasing intentions, few studies have looked into the connection between social media use and consumer debt creation, especially in relation to the Kenyan context. The

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existing literature has mostly covered either advanced economies or the two topics separately, providing minimal empirical work about the influence of Instagram communication on consumer debt accumulation in the lower middle-class population of Kenya. This gap prevents the development of evidence-based interventions by policy makers, financial education organizations, and digital platform providers aimed at addressing the financial challenges of using social media.

This paper attempted to establish the influence of Instagram use on consumer debt accumulation in the lower middle-class population of Nairobi County, Kenya. It sought to examine the influence of Instagram content, content creators, and time spent on the social media site on borrowing behavior and consumer debt accumulation. The study was informed by the Consumer Socialization Theory and Social Cognitive Theory. Therefore, it offers empirical evidence on the influence of social media communication on financial behavior in the developing country setting.

A. Statement of the Problem

The wide use of Instagram by many people has brought about major changes in product discovery, brand interactions, and purchase processes of consumers. Influencer marketing campaigns, advertisements, and lifestyle content has made this platform an effective communication platform that can shape consumer perceptions and behavior towards consuming products. Although these changes have created increased consumer involvement, they have also raised concerns about their potential impacts on overspending and borrowing, especially for vulnerable groups of people. Unlike higher-income earners, the lower-middle class is more vulnerable to debt with a higher risk of falling back into poverty. According to a 2020 survey conducted by the United States International University Africa (USIU-Africa) and the US embassy, Instagram is one of the most widely used sites among Kenyan middle-class citizens. Therefore, they are exposed to many advertisements and influencers' stories, which can trigger their desires to purchase and spend money on credit.

In Kenya, fast growing smartphone adoption, Internet connectivity, and digital lending services have made both social media and consumer credit more available than before. Consumers from lower middle classes are often subjected to aspirational content, which shows a lifestyle, products, and experiences that can be above their financial abilities. In addition, the availability of digital credit makes it easy for consumers to borrow and consume. Despite these developments, there is a lack of studies about the role played by Instagram communication in contributing to debt building of consumers in Kenya.

Prior research had investigated the effect of social media on consumer purchasing behavior and financial literacy or digital credit and over-indebtedness as two separate entities. As such, there was a lack of information on how Instagram content and usage as well as its users' engagements impact borrowing behavior and consumer debt among low-to-middle income consumers in Nairobi County. This information gap affected

efforts towards formulation of interventions geared towards promoting good social media behavior, financial literacy and consumer protection. This paper investigated the effects of Instagram use on consumer debt among the lower middle class consumers in Nairobi County, Kenya. Through the investigation of how Instagram content and usage affect consumers, the study presents empirical evidence that enhances the understanding of how social media communication affects financial behavior in an ever-changing digital space.

B. Study Objectives

General Objective:

The main objective of this study was to investigate the role of social media, specifically Instagram, in consumer debt accumulation among the lower-middle-class in Kenya.

Specific Objectives:

- To analyze the influence of Instagram content on the borrowing behaviors and consumer debt levels among the lower middle-class population in Nairobi Kenya.
- To assess the role of Instagram content creators on the borrowing patterns and consumer debt accumulation among the lower middle-class in Nairobi Kenya.
- To examine the relationship between the time spent on Instagram, and consumer debt levels among the lower middle-class population in Nairobi Kenya.

C. Theoretical Framework

This research study was guided by the Consumer Socialization Theory and the Social Cognitive Theory. Both theories offer an excellent theoretical platform on how social media communication affects the consumer attitudes, buying behavior, and financial decision-making process. They collectively describe how consumers acquire their consumption-related knowledge from social interaction and observations which may affect their borrowing behavior and consumer debt creation.

The Consumer Socialization Theory is a theory by Ward (1974). The theory suggests that an individual acquires their consumption-related knowledge from social interactions with different socializing agents such as the family members, peers, mass media, and social media in the recent past. Social media platforms like Instagram have played an additional role to the traditional media in being one of the socialization agents by offering the users various forms of marketing communication, influencers' communication, social interactions, and advertisement affecting their preferences and purchases. From repeated exposure to such communications, the consumer develops favorable attitudes towards certain products, lifestyles, and even borrowing as a financing mechanism.

Social Cognitive Theory, formulated by Bandura (1986), states that individuals learn behaviors through the observation of others and the effects of their behaviors. In social media platforms such as Instagram, the users are regularly exposed to influencer, celebrities and peers showing behaviors that are considered beneficial and socially desirable. This can result in imitation of such behavior especially when there is social reinforcement through likes, comments, and sharing. In

addition to that, according to Social Cognitive Theory, the concept of self-efficacy and outcome expectations plays a very important role in behavioral decision-making process.

In combination, Consumer Socialization Theory and Social Cognitive Theory offer a comprehensive framework for understanding the ways through which Instagram communication affects consumer debt creation. As explained above, Consumer Socialization Theory provides insights into the way social media is a vehicle for learning and financial socialization while Social Cognitive Theory explains the role of observational learning and social reinforcement in purchasing and borrowing behavior of individuals. Therefore, it will be appropriate to use the theories to explore the impact of Instagram communication, content creators and time investment on consumer debt accumulation of lower-middle class in Nairobi County, Kenya.

2. Literature Review

A. Social Media Content and Consumer Debt Accumulation

Social media has revolutionized modern marketing communications by embedding marketing messages into people's daily online activities. In contrast to traditional advertising, platforms like Instagram feature a combination of sponsored posts, influencer campaigns, targeted advertisements, and recommendation algorithms that influence the formation of consumer attitudes and behavior in a continuous manner (Taylor & Strutton, 2018; Pellegrino *et al.*, 2022). As a result, people get exposed to persuasive content aimed at promotion of consumption in an environment where it is not always clear whether the content is entertaining, communicational or advertising.

An important kind of content on social media is digital credit advertising. Social media platforms have become very popular marketing tools for promoting mobile lending applications and Buy Now, Pay Later services that promise quick and convenient credits without many conditions (Bhalla & Kirui, 2023). Although the development of mobile credit services has improved people's access to credit opportunities, numerous studies find that frequent exposure to messages about easy credit may lead to normalization of borrowing and impulsive financial decisions especially for people who lack financial literacy (Ahlström, 2020; Johnen *et al.*, 2023). The same applies to Buy Now, Pay Later products that can be promoted through various social media platforms.

In addition to financial advertisements, social media posts also promote consumerism via luxurious lifestyle imagery, travel experiences, and images of possession of material goods. Frequent exposure to such content leads to social comparison and imitation of lifestyles of peers and influencers, which often results in overspending by people whose finances do not permit it (Taylor & Strutton, 2018). As noted by Credit Karma (2018), peer-produced content and product recommendations may have substantial power to influence people's purchases by making consumption socially desirable and financially possible. In their turn, Pellegrino *et al.* (2022) state that aggressive and well-targeted social media marketing is what causes unhealthy

consumption patterns which can lead to adverse economic effects on individual level and on societal level in general.

Moreover, persuasive character of social media is enhanced by its design. Recommendation algorithms, personalised advertising, one-click purchases, and limited-time offers reduce the time people have to make conscious financial decisions and increase the exposure to products and services relevant to their preferences (Liu, 2023; Fallon, 2023). Such design features stimulate spontaneous purchases which can cause indebtedness in people who frequently use consumption-related content on social media (Mondato, 2021; Muhammed, 2024).

B. Social Media Content Creators and Consumer Debt Accumulation

In the current state of affairs, it can be asserted that social media content creators are regarded as influential stakeholders within the sphere of digital marketing. In general, the influence consists in the ability to affect consumers' attitudes, preferences, and behavior through direct engagement. Contrary to classical celebrities, content creators engage in dialogue with their followers through sharing their personal stories and experiences that make them more convincing (Lou & Yuan, 2019; De Veirman *et al.*, 2017). Thus, today influencer marketing becomes an inevitable part of brand communication strategy because of its promotion of the product, service, and lifestyle.

A great number of researchers claim that recommendations of influencers, who are viewed as credible, competent, and authentic, can be perceived more positively than traditional advertising (Freberg *et al.*, 2011; Lou & Yuan, 2019). To put it briefly, the credibility of influencers increases the effectiveness of influencer marketing because it enables imitating the buying behavior and lifestyle as well as developing positive attitudes towards promoted products (Djafarova & Rushworth, 2017). Therefore, frequent contact with influencer content can increase the likelihood of buying costly goods as the symbols of success or status.

The lifestyle influencers have been seen to display idealistic portrayals of fashion, travel, beautification, technology, and lavish consumption as role models that can be followed by their admirers. According to the theory of Social Comparison by Festinger, people tend to make comparisons based on other people whom they wish to emulate or admire. Such a tendency might create inadequacies and FOMO, compelling them to indulge in purchasing unnecessary items or borrow money to keep up with their socially acceptable image (Przybylski *et al.*, 2013; Taylor & Strutton, 2018). The issue is quite pertinent in visual social media like Instagram that displays idealized images of life.

C. Time Spent on Instagram and Consumer Debt Accumulation

The amount of time people spend on social media has been identified as one of the key factors which can reflect the level of exposure to digital communications and marketing messages. As people spend more time on social media such as Instagram, they will get more and more exposed to

advertisements, product promotions by influencers and peers, and even recommendations of posts, which can change their attitudes and preferences and affect financial decisions (Taylor & Strutton, 2018; Liu, 2023).

Based on the results of earlier researches, there is a positive correlation between intensive social media usage and impulsive buying, materialism, and decreased financial self-regulation. Intensive interaction with consumer content normalizes frequent shopping while making people believe that material goods are signs of success and social acceptance (Przybylski et al., 2013; Pellegrino et al., 2022). In addition to that, recommendation algorithms personalize people's feed, providing the user with more and more products which are relevant to their previous behaviour. Personalized communication context increases spending activities and decreases chances for thoughtful financial decisions.

3. Research Design

This study employed a mixed-methods research design, where the sequential explanatory approach was used to investigate the effects of Instagram usage on consumer debt acquisition in the lower-middle class of Nairobi County in Kenya. With a mixed-methods research design, it was possible to combine the qualitative and quantitative aspects of data collection to have an enhanced understanding of the research problem than what each method would yield on its own (Wasti et al., 2019). First, quantitative data was gathered using structured questionnaires. It was then followed by qualitative data from interviews to gain additional information regarding the experiences of the participants.

This study took place in Nairobi County in Kenya. Being the capital city of the nation, and the most populated city in the country, Nairobi is characterized by very high internet connectivity and usage of social media platforms, such as Instagram, thus, serving as an ideal location for exploring the link between Instagram usage and consumer debt acquisition. Besides, Nairobi County features an extensive number of people from the lower-middle class, who are active consumers of digital financial services, like borrowing money online. Purposeful selection of Nairobi County as the study location was determined by the existence of proper conditions for exploring the influence of Instagram content, its producers, and time spent on this platform on consumer debt accumulation.

The target population was made up of lower middle class inhabitants of Nairobi County, Kenya, which had an estimated number of 543,450 people. The sample size was estimated using the formula by Yamane (1967), producing a sample size of 399 participants. Multistage sampling was used in selecting participants for the quantitative part of the research. Data were collected from 342 participants, among which only 316 questionnaires were complete and eligible for analysis. For the qualitative part, 18 participants were purposively selected through in-depth interviews.

4. Data Analysis and Presentation

The study aimed to achieve a response rate of 85% by

targeting 399 respondents. The initial response rate was 85.7% (342/399). However, after screening, the final dataset was 316.

The respondents were predominantly young people, with 60.76% (n=192) of the respondents aged between 18 and 30 years, 25% (n=79) of the respondents aged between 31 and 40 years. Sixty percent of the respondents (n=191) were female, while 36.08% (n=114) were male. Additionally, 53.16% (n=168) of the respondents were single, while 85.44% (n=270) were Christian. Forty-three point nine percent (n=139) of the respondents were college-educated, while 36.71% (n=116) were employed.

Almost half (47.78%) of the respondents (n=151) reported using Instagram for more than two hours a day to follow influencers. Regarding credit advertisements and aspirations, 69.94% of the respondents agreed that it was easy to come across credit-related advertisements on Instagram. Additionally, 69.9% of the respondents (n=221) agreed that Instagram made them aspire to purchase the products they promoted.

5. Summary and Conclusions

The study found that Instagram promotes credit-taking among lower-middle class consumers by indirectly influencing their decision-making process. Even though the social media network does not overtly encourage people to take a loan, it exerts pressure on potential borrowers to get a loan from lenders that offer competitive rates and flexible repayment terms. In addition, the study resolved to find out how users perceive the financial credibility of influencers on Instagram. While many users are skeptical of the financial credibility of influencers, the content that influencers generate exerts considerable pressure on social media users to consider taking loan products.

The conclusion that emerged from the study is that Instagram has transformed from a social media platform to a commercial space where financial habits and behaviors are dictated by the actions of influencers. The study concluded that content creators and marketers exploit the aspirations and social comparison mechanisms to influence borrowing decisions. Therefore, social comparison and the sense of belongingness that influencers generate have more impact on Instagram users' borrowing behavior than their perception of an influencer's financial credibility.

6. Study Recommendations

Based on the research conclusions, this study makes several recommendations. The study recommends that policymakers and regulatory bodies develop and enforce responsible advertising policies for digital lenders on social media. These policies should require the influencers to disclose any financial affiliations and provide comprehensive details about the loan products that they promote. The recommendations also include promoting financial literacy among social media users, encouraging influencers and brands to operate responsibly by disclosing financial partnerships, and advising digital banks to implement responsible lending policies.

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