Retraction: From “Thinking” to “Feeling”: An Analysis of the Transformation of the Feeling Economy Driven by Artificial Intelligence
Retraction published: August 22, 2025.

Dear Sir or Madam,

I am writing to formally request the retraction of my recently submitted paper, and to sincerely apologize for any concern it may have caused.

I now understand that several key points in the paper overlap with your previous work on the feeling economy, yet were not properly cited or acknowledged. This was a serious mistake on my part, and I take full responsibility.

To clarify, the paper was originally written as part of a high school economics competition. The topic, “Feeling Economy,” was assigned by the organizers. I had no intention of claiming ownership of the concept or misrepresenting your work in any way. However, due to my lack of experience with academic writing norms—particularly proper referencing—I failed to cite the foundational literature appropriately.

I want to emphasize that this was not an act of plagiarism, but rather a result of inexperience. Still, I completely understand the seriousness of the issue, and I deeply regret the oversight.

I will revise the paper thoroughly, with proper references, before considering any future submission. Again, I am truly sorry for the trouble this has caused.

Sincerely

Weir Deng

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From "Thinking" to "Feeling": An Analysis of the Transformation of the Feeling Economy Driven by Artificial Intelligence

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Abstract

The rapid development of artificial intelligence has catalyzed the transition from a thinking economy to feeling economy, where emotional and interper-sonal skills dominate over traditional cognitive tasks. This shift, driven by AI's ability to perform thinking-based jobs, redefines consumer behavior and pro-duction strategies. Consumers increasingly prioritize emotional added value, seeking products that enhance psychological well being and social identity, as explained by evolved utility theory and Maslow's hierarchy of needs. Traditional industries, such as Starbucks and BMW, adapt by embedding emotional reso-nance into products, leveraging AI to personalize experience and boost con-sumer loyalty. The labor market also evolves, emphasizing emotional intelli-gence over technical skills, with elastic labor supply moderating wage pressure. Emerging industries, like AI-driven products. This essay explores the implica-tions of this economic transformation, highlighting opportunities for innovation and challenges like potential unemployment, while forecasting a future where emotional value drives market competitiveness. This electronic document is a "live" template. The various components of your paper [title, text, heads, etc.] are already defined on the style sheet, as illustrated by the portions given in this document.

Keywords

Feeling Economy; Consumer Behavior; Artificial Intelligence; Utility Theory; Per-Sonalization; Demand-Pull Innovation; Labor Market Shift

1. Introduction

"If human want jobs, they better get good at feeling,"said Ronald Rust(Ingham 2019), a marketing professor at the University of Maryland's Robert H. Smith of Business. The rapid development of AI has sparked humanity with a new era: the "feeling economy". Since the emergence of market, humanity has always developed based on labor-intensive economies, where human takes more place in primary and secondary sectors. Starting from 1775, when James Watt designed the steam engine, the Indus-

trial Revolution brought machines to increase productivity and replace physical laborers (Deane,1979). The automation of physical production has enabled labor to shift to more thinking-based occupations, causing an aggregate change in the economy toward what's called a "Thinking Economy".

Rapid technological advancements have enabled people to dream about the future, yet the future yet that future is gradually taking shape. The release of OpenAI's GPT-3 in 2020 marked a significant milestone in AI's natural language processing(NLP) capabilities, with its scale and generality allowed it to perform a wide array of language tasks efficiently (Brown et al.,2020). Previously, such language processing abilities were exclusive to humans and pose many thinking-based jobs replaceable by Artificial Intelligence. According to OpenAI about its GPT-4o model: “It can respond to audio inputs in as little as 232 milliseconds, with an average of 320 milliseconds, which is similar to human response time (OpenAI, 2024) in a conversation." Therefore, AI models can outplay humans in many areas by adding to the instant data analysis ability.

With AI being able to replace many thinking-based jobs,its development has sparked discussion about the potential economic shift toward the "Feeling Economy”. As Rust and Huang (2021) stated, "The Feeling Economy is an economy in which the majority of people's work and wages are jobs or tasks that utilise their personal feelings, and machines are responsible for thinking activities"(pp.439,440). With a note of the transitioning economy, this essay delves into the impacts of this shift by first introducing the application of the developed utility model in the consumer markets. Subsequently, the emergence of novel industries and the potential unemployment problem following the trend toward the Feeling Economy are also discussed, applying the price mechanism.

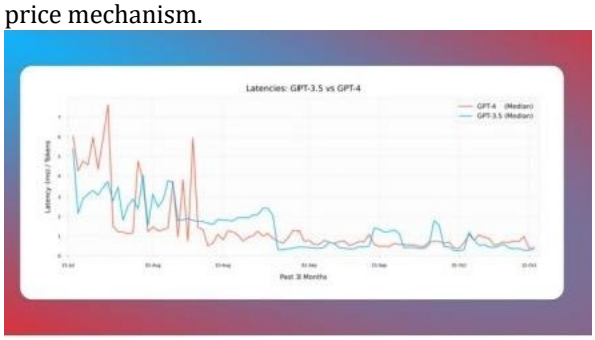

Figure 1. Latency trends for GPT-3.5 and GPT-4(Vyas,2023)

2. Evolution of Utility Theory Behind Emotional-Driven Purchasing Decision

2.1. Shift from Material to Emotional Utility

In daily life, consumer behaviors can be explained by a model involving utility, which is theoretically considered as satisfaction and happiness gained from one product (Easterlin, 2001). In economics, consumers are assumed to be rational and

hence they will maximize their utility in their decision-making process. In the past physical economy and the present thinking economy, material value of the products are key factors to influence consumer satisfaction and happiness. However, conventional utility theory has been evolved due the emergence of the feeling economy. In this case, we transform the concept of the utility from functions to emotional concepts, such as emotional experiences, psychological well-being, and social relationships, which are more abstract and difficult to measure. Unlike traditional utility theories which focuses on maximizing physical satisfaction from products, the decision-making process of consumers has become more emotionally motivated, consumer behavior depends more on multiple factors, as mentioned above.

2.2. Emotional Added Value and Social Identity

The innovation in the utility theory has created a new concept——emotional added value (EAV). It is defined as consumers derive utility not only from functional feature but also emotional engagement,identity reinforcement and psychological well-being from the products (Holbrook,1999). This shift in preferences can be well explained by Maslow's hierarchy of needs, which is a psychological theory that illustrates the level of hierarchical needs, people's needs are ranged from the basic needs which are crucial to survive, to high-level needs such as the desire for love, esteem, and self-actualization needs (Zalenski. & Raspa, 2006). This hierarchy is illustrated by a pyramid below.

In this case, the shift in consumer preferences has shown a trend where people's needs are moving towards the top of the pyramid, meaning that people are paying more attention to self-identity since needs at the top of the pyramid is more likely to be achieved by individual themselves rather than others. Macroeconomic consumption tendency shifted from the yellow part (physiological needs)to red part (safety needs)in the past physical economy and is shifting to green part (love and belonging)and purple part (esteem) in present economy.

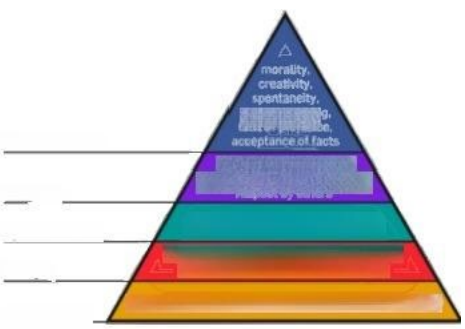

Figure 2. Maslow's Hierarchy of Needs visualized as a pyramid (Harrigan & Commons, 2015)

To be more specific, in physical economy, consumers consume products for the security of their bodies, employment, and their properties rather than only

for survival, while consumers consume products to enhance their relationships with their friends and family members and to give themselves self-esteem and confidence rather than just for safety of their belongings. Therefore, the principle of choosing products now is more based on "how it makes I feel" and "how it makes me like".

With this change in consumption preference, more and more consumer behaviors can be explained by social identity theory as well, which is a theory demonstrates individuals define themselves based on the group they belong to, and their behaviors are influenced by the desire to improve their social identity (Hogg, 2016). This theory also explains why a product with high social identity value will have a lower PED, which is a concept illustrates price elasticity of

demand, calculated through (Change in Quantity Demanded % divided by change in Quantity Demanded%). In other words, the value of the 'feeling' that a product can bring to consumers will become clearer and more valued. Luxury goods, which can provide consumers with sense of belonging to higher social class, are traditional feeling products. Newly feeling economy products are more diversified. For example, smart wearable devices, VR/AR (virtual reality/augmented reality) products and customized skincare products are very popular among consumers. Once consumer possess these products, according to prospect theory (McDermott et al., 2008), consumers receive

emotional gains and losses asymmetrically, leading to the reluctance to switch and hence band loyalty occurs. From an overall trend perspective, under the combined effect of increased emotional value and user loyalty, consumers will

become less sensitive to price changes. Therefore, the value of PED is becoming relatively lower.

3. Consumers' Old Preferences and Emerging Models

During the past process of transforming from physical economy to thinking economy, people's criteria for prioritizing products had changed from practical functions of products to innovation, intellectual property, and services that involve creativity, specialized knowledge, and information. Similarly, the transformation from thinking economy to feeling economy has also altered consumers' consumption pattern. During this transformation, the weight of experience economy, which is tangible economic value has evolved from goods and services to a emotional and sensory level (Pine & Gilmore, 2013), is steadily growing, leading experience itself becomes the product consumers demand for. There are typical examples of "experience products" including, such as, psychological healing app.

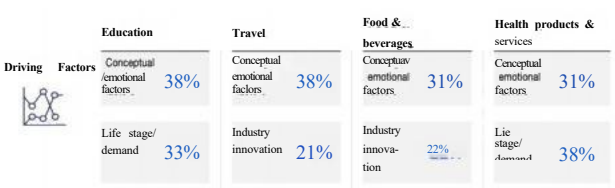

Figure 3. Key reasons for increased consumption (McKinsey &Company,2024)

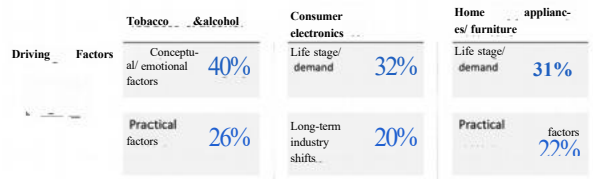

Figure 4. Key reasons for decreased consumption (McKinsey &Company,2024)

According to figure 3, the motivation factors of consumers now tend to emphasize emotional factors rather than practical factors. For merit goods such as education, 38% of consumers claimed that their motivation factors are mainly perceptual and emotional factors rather than their life stage demand. Married consumers currently account for 82% of total education spending and is expected to contribute 87% of the total increase in education consumption (McKinsey & Company, 2024). Similarly, for demerit good tobacco and alcohol, the reason for the decrease in their consumption for a lot of consumers depend more on conceptual/emotional factors rather than practical factors. With emotional factors driving reduced consumption, alternative products such as non-alcoholic beverages and nicotine-free products can tap into this trend by highlighting health conscious. The emergence of feeling economy and experience economy also indicates that personalization and customization of products can be appealing to consumers because they provide unique experiences with the product that reflect individuality, which fits consumers' emotional demand in the feeling economy.

4. Adapting the Feeling Economy in Traditional Industries

4.1. Shift in Consumer Demand and Production Strategies

Transitioning from the "thinking economy" to the "feeling economy", the market faces a radical change in consumer demand: from functionality toward emotional experience. Correspondingly, producers in traditional manufacturing
adopt demand-pull innovation (Schmookler, 1966) and integrate emotional components into production to enhance competitiveness. This transition reflects a market where demand no longer solely depends on real output but requires embedding emotional value to raise consumer perception. Consequently, producers reorient and restructure their approaches and go beyond efficiency to include emotional resonance into consumption experiences by means of labor involvement, ensuring the competitiveness. For example, Starbucks' producers use order histories and real-time feedback — combined with AI that analyzes customer preferences and social media sentiment — to build personalized sales strategies. This resulted in a 10% rise in mobile order revenue in 2022 (IBM, 2022), showing how emotional
Commitment Enhances Consumer Loyalty.

One instance of emotionality transforming competitiveness is found through BMW, whose producers extract insights from driver and emotional data and construct in-car experiences that dynamically adjust—like changing the tint of showroom lighting or speeding music tempo—based on the current state of the driver, resulting in an 8% increase in smart cockpit satisfaction scores (J.D. Power, 2022 U.S. Automotive Technology Experience Index). These cases illustrate that producers who embed emotional insights into products and services not only respond to emerging consumer needs but redefine the nature of cooperate competitiveness.

4.2. Labor Transformation and Emotional Skills

While producers have tried to find new ways of including emotional engagement in their products and services, their labor decisions are also changing massively to accommodate this new "feeling economy," pointing out a systematic and structural shift in production decisions. We are concentrating on emotional intelligence, empathy, creative problem-solving, and working with AI instead of traditional technical competencies, which are becoming a thing of the past. These changes in labor requirements are altering how producers evaluate and reward labor with an emphasis on the emotional and interpersonal capabilities that are integral to production.

Despite the high demand for these emotional skills, producers face little, short-run pressure to raise wages. This follows from the capital-labor substitution theory, which suggest that labor supply is relatively elastic when a skill is easier to train, moderating the upward trend of wages. Compared to specialized tech abilities, allowing a larger pool of workers to meet the demand, emotional and interpersonal skills are much easier to gain through basic training, workshops, or even self-directed learning, without long-term highly specialized schooling or certification requirements. Therefore, it becomes relatively easy for producers to discover employees who can meet these new requirements, without raising earnings significantly.

5. Innovating in the Feeling Economy in Emerging Industries

5.1. Creative Destruction and Emotional Demand

According to a report by McKinsey, Annual employment growth of around 4% in the experience economy sector has been observed in many geographic areas, such as the North America, Europe, and Asia, especially since the pandemic. This growth is driven by sectors catering to people's desire for emotional and experiential opportunities, which has led to a rapid increase in demand for roles in customer engagement, event planning, and entertainment hosting. The mental and emotional well-being space has been growing at about 6.5% annually, projected to reach a market size of over $1.5 trillion in 2026. The report cites growing demand for mental health practitioners, wellness coaches, and mindfulness teachers, in part to treat

stress exacerbated by AI. and for human emotional contact. In contrast to industry traditionalists, whose jobs entail operational work, these workers fill new roles requiring more creativity, intuitive discernment, and emotional communication skills, pointing to the “feeling economy” and its nuanced job expectations. The shift toward emotional well-being and human-centered roles is particularly evident in the healthcare sector, where emotional skills play a crucial role in patient care process. From 2020 to 2024, the healthcare market experiences substantial growth, contributing significantly to incremental growth worldwide.

Figure 5. Healthcare service market size 2025 and growth rate.(The Business Research)

For success, producers would have to integrate emotional data into their product logic followed by moving services from service interactions to emotional experiences. Integration of emotional data into their product logic followed by a change from service interactions to social or emotional experiences. These examples show the role of producers to root innovations in emotional demand to push market expansion.

5.2. Labor Market Transformation and Emotional Roles

Accelerated growth in emerging sectors within the "feeling economy" injects new health into the labor market, allowing producers to create emotionally centered jobs to counteract unemployment pressures from traditional industries, as new markets democratize knowledge and reshape skills expectations for the workforce. Formed around emotionally impactful experiences, these industries create demand for jobs that demand creativity and human interaction, offsetting some of the job losses that will occur from

Technological Substitution.

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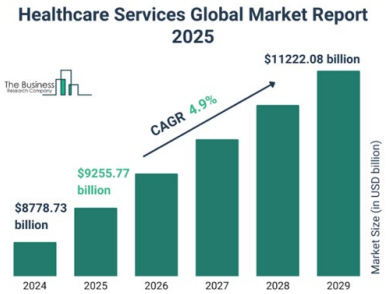

Figure 6. Healthcare service market size 2025 and growth rate (The Business Research Company, 2025)

5.3. Emotional Synergy Across industries

Driven by the "feeling economy," traditional industries integrate technology with emotional demands, shifting production from a focus on functionality to emotional resonance, such as tailoring sales strategies to align with consumer preferences. In contrast, emerging industries reshape market logic with emotion at the core, directly creating human-centered competitive spaces. This convergence highlights a critical trend: whether refining existing structures or pioneering new markets, producers rely on the synergy of emotional insight and technology, achieving a paradigm shift from efficiency-first to emotion-first priorities. This transformation not only aligns with market needs but also signifies a fundamental redefinition of production, with emotional value emerging as the cornerstone of competitiveness.

6. Future Prediction and Evaluation

Considering the previously mentioned theories and models, the transition to a “Feeling Economy” could start with a change in consumer preferences and production means. Traditional producers, such as Starbucks, will pay more

attention to emotional utility to consumers, who can enjoy more tailored and seamless service. In addition, emerging industries, such as AI-powered mental consultants, by increasing the services available to consumers, can improve the living conditions of consumers. Thereby, consumers can enjoy improved and new developed goods and services.

Indeed, labor replacement can increase the economy's volatility by increasing unem-

ployment, yet the “Feeling Economy” can generate more jobs with little effort. As emotional intelligence is gained through human social life, it is easy to re-train the unemployed in the newly developed industries that favor emotional value, such as salesmen. The Social and Emotional Learning Market was valued at USD 1.25 Billion in 2021, and the market is projected to grow to USD 3.80 Billion in 2030, at a CAGR of 22.77% (Spherical Insights, 2022). With the expansion of scale, the employment situation may be alleviated. Meanwhile, because empathy, emotion, feelings, and interpersonal skills (traditionally women’s strengths) are assuming unprecedented importance, an era of women seems likely to emerge. We already see that the societies that embrace this shift the most, and give more power to women, are economically more successful and more likely to have women leaders (Rust & Huang, 2021).

In the "feeling economy," the emerging industries faces much more struggles. Those industries will continuously compete with established players who already have customers with a better-defined emotional connection with them. Meanwhile, emotional requirements may be different between consumers, which creates a significant challenge to deeply understanding and analyse vary consumers behaviors physically and psychologically; innovative technology

and data-led strategies are also needed to offer more precise and effective personalized services. On the other hand, the feeling economy may still present opportunities for traditional industries, particularly within the context of more advanced and pervasive AI technologies. They can still find out strategies to enhance the loyalty and satisfaction of customers by learning emotional skills, enclosing emotional intelligence, and offering emotional resonance in their services. In doing so, they can eventually follow the market trends and gain competitive advantages.

The models applied to these analyses are practical, but it has limitations. They often generalize thoughts and actions of human beings and may not consider the complexities of heart, mind, and body influenced by various aspects of the

environments. Looking at this from a wider perspective, economic theories such as demand-pull innovation and creative destruction also somewhat fail to explain the importance of a deep emotional connection which cannot be quantified or mapped out in any meaningful way. Additionally, the statistical data used to evaluate these trends is also subject to limitations. It is also hard for macroeconomic data to capture the emotional shifts that impulse consumers behavior. Therefore, while data offers valuable insights, it cannot fully incorporate the unpredictable a deeply personal nature of emotional experience in the real market.

7. Conclusion

The "Feeling Economy" represents a significant change in which artificial intelligence and human emotions come together to reshape how we understand economic value. Nowadays, consumers prioritize emotional satisfaction over mere utility. Producers are using AI to create offerings that are personalized and rich in emotional appeal.

Meanwhile, workers are adapting to an environment that increasingly values empathy and creativity. While there are challenges, such as job loss and unequal opportunities, there is enormous potential for growth in industries focused on well-being, like mental health and immersive experiences.

Acknowledgements

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