



**AN ANALYSIS OF INTERNAL AND EXTERNAL INFLUENCES ON THE
PURCHASE OF LUXURY FASHION GOODS IN INDONESIA**

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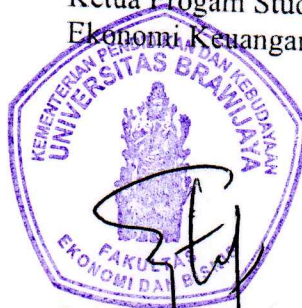


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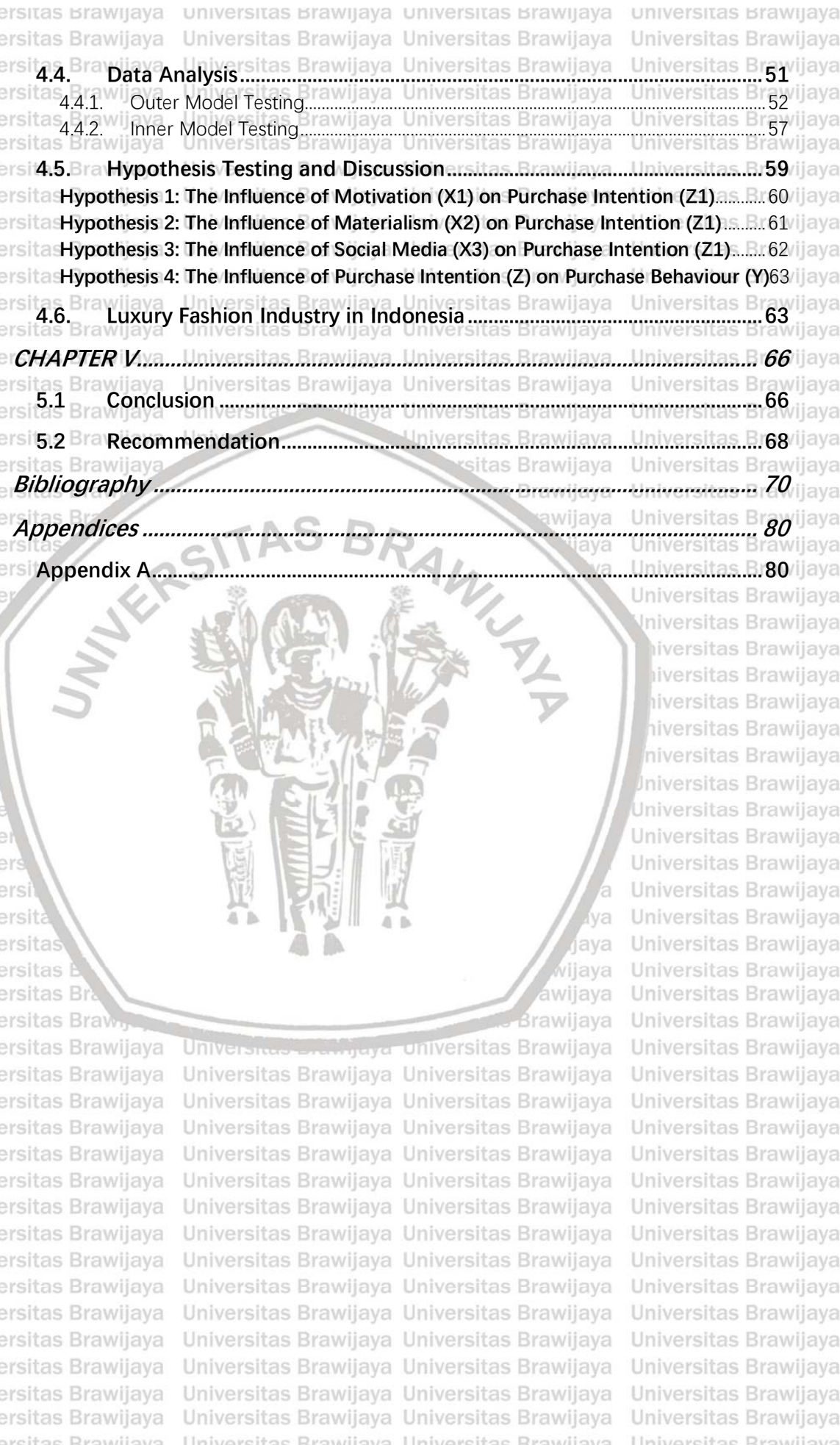
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ANALISIS PENGARUH INTERNAL DAN EKSTERNAL TERHADAP PEMBELIAN BARANG MEWAH FASHION DI INDONESIA

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh internal dan eksternal terhadap niat beli konsumen dan perilaku barang fashion mewah. Variabel tersebut terdiri dari motivasi dan materialisme sebagai pengaruh internal, dan media sosial sebagai pengaruh eksternal. Responden adalah masyarakat Indonesia dalam kelompok usia milenial (20-40 tahun) yang setidaknya pernah membeli barang fashion mewah dua kali dalam dua tahun terakhir. Sampel penelitian adalah 112 responden yang mengisi kuesioner online. Metode pengambilan sampel yang digunakan dalam penelitian ini adalah nonprobability sampling dengan teknik bola salju. Data tersebut berjalan pada versi SmartPLS 2.0 dan mencoba membuktikan keempat hipotesis yang dibuat oleh penulis. Analisis data dilakukan baik dalam pengujian model luar dan dalam. Melalui SmartPLS, penulis dapat mengetahui validitas, reliabilitas, dan hubungan antar variabel dalam penelitian ini. Tanggapan juga dianalisis menggunakan uji-t dua sampel. Hasil penelitian menunjukkan bahwa motivasi, materialisme, dan media sosial berpengaruh signifikan terhadap niat beli konsumen barang fashion mewah di Indonesia. Selain itu, niat beli juga merupakan prediktor signifikan dari perilaku pembelian. Hasil ini menyarankan perusahaan untuk melakukan penelitian yang lebih baik dan memahami karakteristik internal pelanggannya sehingga niat dan perilaku pembelian menjadi lebih baik. Perusahaan fashion juga perlu lebih menjaga dan meningkatkan citra merek dan kualitas promosi produknya, khususnya di media sosial, karena hasil penelitian menunjukkan bahwa variabel media sosial memiliki pengaruh yang signifikan terhadap niat beli. Atas dasar itulah, konsep barang fashion mewah juga dapat menjadi pertimbangan ketika mempelajari perilaku pembelian impulsif konsumen.

Kata Kunci: Motivasi, Materialisme, Media Sosial, Niat Pembelian, Tingkah Laku Pembelian, Millennial, Barang Mewah, Mode

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ABSTRACT

This research aimed to analyze the internal and external influences on consumer purchase intentions and behavior of luxury fashion goods. The variables consists of motivation and materialism as internal influences, and social media as external influence. The respondents are Indonesian people in the millennial age (20-40 years) who have bought luxury fashion goods at least twice in the past two years. The research sample was 112 respondents who filled the online questionnaire. The sampling method used in this research is nonprobability sampling with snowball techniques. The data run on the SmartPLS 2.0 version and tried to prove the four hypotheses made by the author. Data analysis was carried out in both outer and inner model testing. Through SmartPLS, the author found the validity, reliability, and relationship between variables in this research. Responses were also analyzed using a two-sample t-test. The results showed that motivation, materialism, and social media have a significant influence on consumer purchase intentions of luxury fashion goods in Indonesia. In addition, purchase intention is also a significant predictor of purchasing behavior. These results suggest companies to do better research and understand the internal characteristics of their customers so that purchase intention and behavior will be better. Fashion companies also need to further maintain and improve their brand image and product promotion quality, especially on social media, since the results showed that social media variable has a significant influence on purchase intentions. On this basis, the concept of luxury fashion goods also can be taken into account when studying consumers' impulsive buying behavior.

Keywords: Motivation, Materialism, Social Media, Purchase Intention, Purchase Behaviour, Millennial, Luxury Goods, Fashion

CHAPTER I INTRODUCTION

1.1. Background of the Study

In today's society, people are judge by their daily clothes and appearance.

That is why the majority of people are taking fashion seriously. We meet a lot of people on a daily basis, whether it is at school, at work, on the street, on television, or even on social media. It may be intentional or unintentional, we usually form opinions and judge people based on their fashion and appearance. People also use fashion as a way to be seen or not judged. Some people wear high-end modern clothing to show that they take care of themselves and want to stand out in a positive way. Meanwhile, some other people wear clothes that allow them to hide, such as wearing jeans and plain tops that allow them to blend in and not stand out too much in a crowd. Thus, clothing always has a place in society. At first, people are dressing simply to cover naked parts of human bodies or to protect one from bitter frost or extreme heat. But now, it becomes an indicator of one's well-being and social position, a way to express themselves, and even a sign of royalty and the rich or poverty (Bartleby, 2020).

Some people may not care about fashion, but this does not always beneficial for the person. They may not judge how poorly one dresses, however, problem may arise when it is related to job promotion and future success. If someone does not dress well they might be insecure, it might illustrate that someone does not care about other things around them because they don't carry themselves well (Bartleby 2020). That is why it obvious that fashion plays an important role in today's society.

Some people may wear a high-end brand fashion frequently because the brand makes the person feel connected to the fashion they love. It does not matter that they could buy about ten shirts of a more affordable brand for the price of one high-end piece; the high-end shirt gives them confidence and pride in their appearance.

BAGAIMANA KONTRIBUSI PDB EKONOMI KREATIF 2016 MENURUT SUBSEKTOR

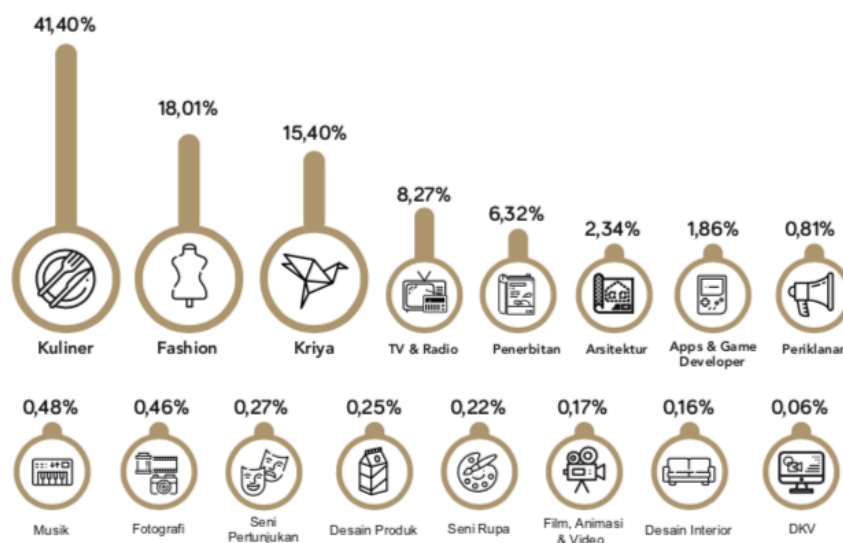


Figure 1. Statistics and Results of the 2016 Creative Economy Survey (Abuzah, 2016)

Data from Badan Ekonomi Kreatif (BEKRAF) in collaboration with Badan Pusat Statistik (2019) show that the fashion industry in Indonesia contributed around 18.01% of Indonesia's Creative Economy GDP in 2016. The Creative Economy GDP has a total of Rp 922.59 Trillions in 2016, which means that the fashion industry contributed around Rp 166 trillion. Fashion sector was on the second position that contributed to GDP after the culinary industry in Indonesia.

From here, it can be concluded that fashion industry significantly influences Indonesian economy and it has great potential to continue to grow in the future.

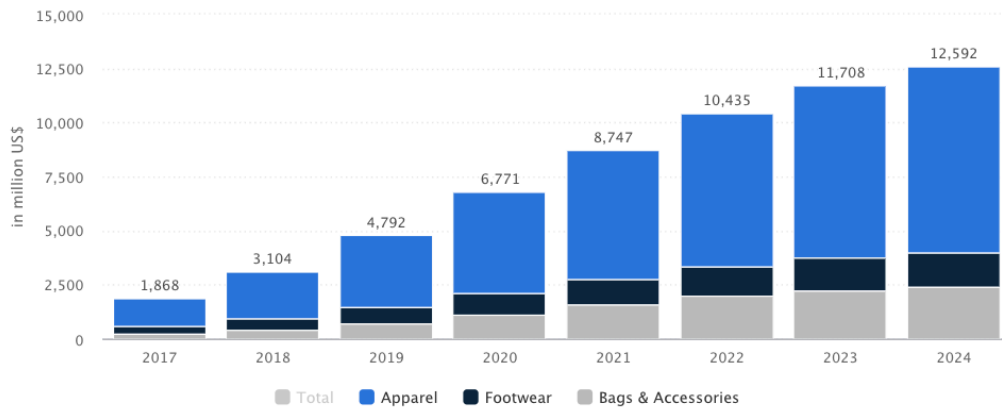


Figure 2. Expected Market Volume of Fashion Segment in Indonesia 2020-2024 (Statista 2020)

Fashion trends in Indonesia are inseparable from the names of fashion designers. In addition, fashion trends also function as a reflection of social and economic status, which explain popularity (Mega 2017). Fashion has become a highly profitable industry on international scale as a result of the emergence of world-famous luxury fashion brands and fashion magazines. Thus, people are willing to spend more money to get a high-priced fashion trend items from all over the world.

Not only expensive, but luxury brands also tend to be exclusive and sophisticated. Attractive and high quality are the reasons for some people buy luxury handbags (Juliezhuu 2015). Some people consider luxury brands to represent a sense of success and social status. They feel happy and proud of the buying experience because they will feel luxurious, exclusive, and have got status

symbols. Indeed, experience and perception are far more important than utility in the luxury industry (Adams 2013).

Some people only like luxury labels, and they buy luxury goods only for the brands. They buy expensive items only for the luxury logo. According to an article in Forbes (cited in Juliezhuu 2015), luxury brands and a feeling of raising competition, feelings like competing with friends, colleagues, and even strangers are universal. For example, someone who has a new sport car can increase the luxury expenses of people around him. As such, this feeling of competition plays an important role in advertising and marketing techniques today, such as celebrity-supported products.

Humans live with various needs. We can classify these needs according to their intensity or importance, which are primary, secondary and tertiary. Luxury fashion goods are included in tertiary needs, the needs related to efforts to create or increase self-esteem or prestige. This need can be met after primary and secondary needs are met. For example, holidays abroad, jewelry, and branded goods.

Economic theories regarding the law of demand luxury goods are different from other goods. Luxury goods are more elastic because they are included in tertiary needs which do not have to be met in the short term. On the demand curve for luxury goods, when price increase, more people want to buy them. Because it makes luxury goods more premium, thereby increasing their desires to consume, which can drive demand instead of limit. As we can see in Figure 3 below, an increase in income in luxury good leads to a larger percentage increase in demand.

It means that the income elasticity of demand is greater than one.

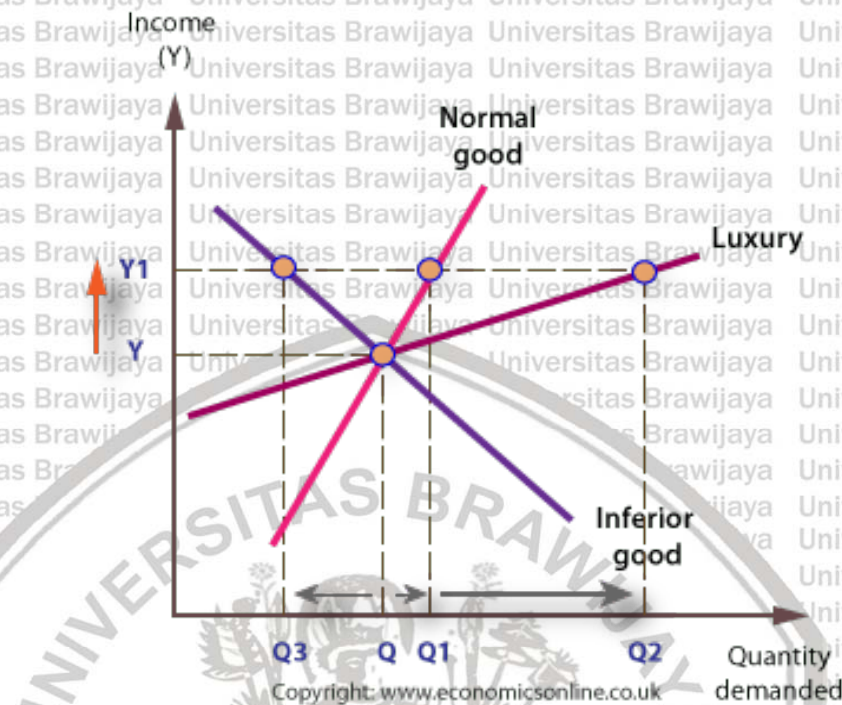


Figure 3. Demand Curve (Juliezhuu 2015)

Consumer will react in connection with the purchase of goods when their income changes, even though the price of the goods and his tastes and preferences remain unchanged. The income effect shows a reaction to changes in consumer purchases of goods as a result of changes in their income. In this case, if the quantity purchased by a commodity increases more than proportionally to the increase in income, it is called a luxury. In Figure 4 below, the slope of the ICC1 income consumption curve increases which implies that the quantity purchased of commodity X increases less than proportional to the increase in consumer income. Therefore, in this case ICC1, good X is a necessity and good Y is a luxury.

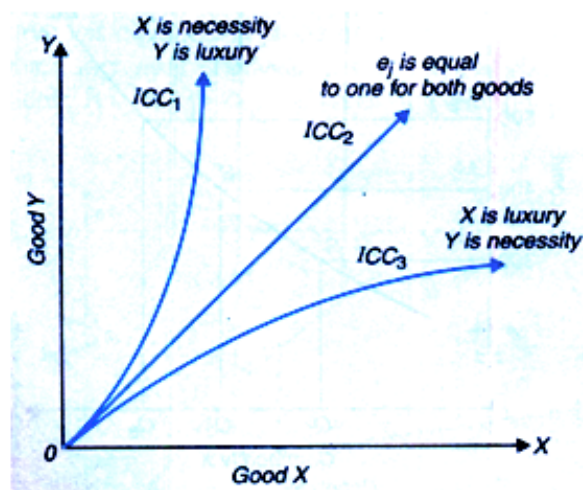


Figure 4. Income Consumption Curve (J.Singh)

Still in Figure 4 above, the income consumption curve ICC3 decreases which shows that the quantity purchased by good X increases more than proportionally to the increase in income. Therefore, in this case good X is a luxury and good Y is a necessity. Meanwhile, the income consumption curve ICC2 is a linear curve that passes through the point of origin showing that the increase in the quantity purchased of these two goods increases in proportion to the increase in income. Therefore, no item is a luxury or a necessity.

The pattern of trading in luxury goods is also different from the pattern of trading in ordinary goods. Exports of luxury goods are geographically more diverse, less sensitive to distance, and more sensitive to income distribution (Martin & Mayneris, cited in Ray & Vatan 2013). Unlike necessity, individuals buy luxury not only for their intrinsic quality but also to confirm the social status (Veblen, cited in Ray & Vatan 2013). As a result, the structure of demand for luxury goods is different from the structure of demand for ordinary goods. Consumption-related behavior is a socioeconomic phenomenon that goes beyond nonhomothetic

preferences. To understand the pattern of trade in luxury goods, we must also consider internal and external factors that influence society buying luxury goods.

In order to meet consumer demand and turn everyday objects into status symbols, luxury goods manufacturers focus on the brands, which are followed by quality materials, aesthetics, superior workmanship, and also price (O'Connell 2020). According to Kim et al. (2014), the growth of emerging market drastically increases by 32% until 2030 and it will benefit only from luxurious fashion brands.

The forecast shows it is doubled from 2011, which only reached 17%. It showed that fashion business, especially in luxury product category, has a great opportunity in the future and therefore enticing to study.

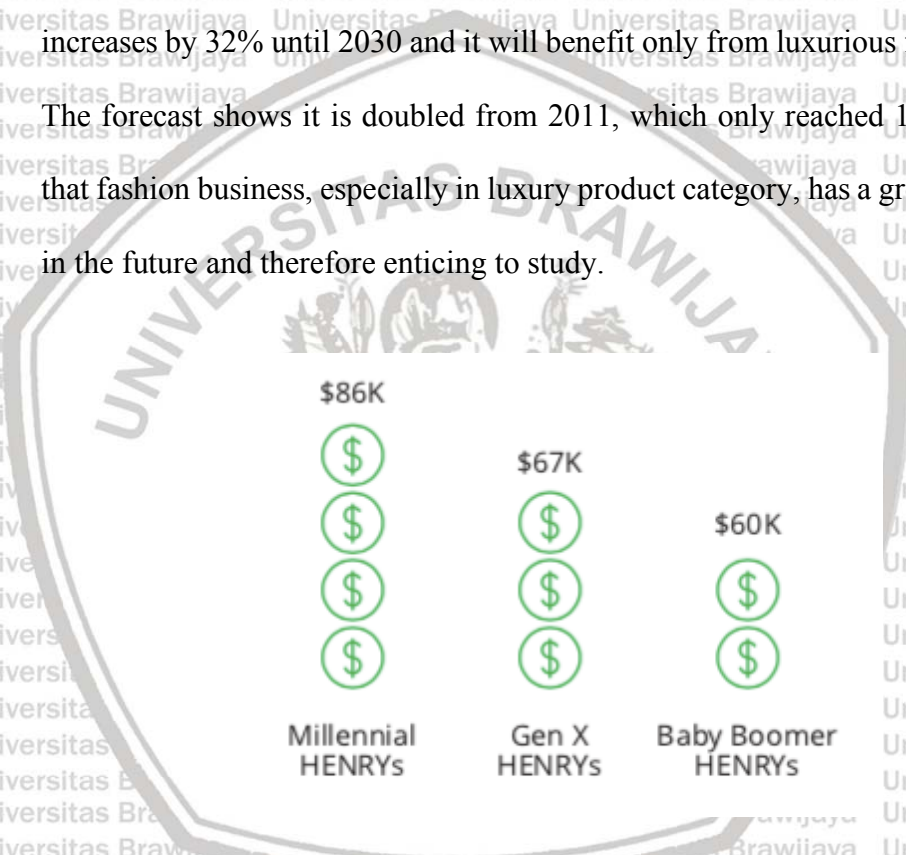


Figure 5. Average Annual Spending per HENRY Household (Deloitte, 2019)

Nowadays, luxury consumers are considered anyone who falls into the younger generation. Deloitte (2019) categorizes luxury goods, customers, as HENRYs (High-Earners-Not-Rich-Yet). HENRYs are people who have significant discretionary income and are likely to be rich in the future. They are categorized as digital-savvy people, like online shopping, and as seen in Figure 5, is a large

shopper, especially Millennial HENRY (Deloitte 2019). Millennials (aged 20-40 years) are now entering their careers and start to reach their peak spending age (Buckle 2019). Millennial have grown up in the digital era and also act as a generation that sets the trend at fashion forefront. Therefore, brands need to start paying attention to this generation by continuing to innovate by following trends and era.

Things that influence Millennial customers to buy luxury fashion goods are still in question. Babin & Harris (2018) state that many internal and external influences can affect actual buying behavior. However, this research focuses on the factors that are most likely to influence the behavior of Indonesian millennial towards the purchase of luxury fashion goods. What motivates people to buy expensive things when they have cheaper alternatives? The author believes there are various reasons behind it.

One of them is the motivation that comes as an internal influences towards purchasing goods. According to Maslow's hierarchy of needs (cited in Babin & Harris 2018, p. 95), customer motivation is divided according to their needs, which are psychological needs, safety and security, belongingness and love, esteem, and self-actualization. Three of them, which are belongingness and love, esteem, and self-actualization, are motivations that are possible to be owned by luxury fashion goods customers who tend to seek for hedonic rather than utilitarian values.

Besides initial motivation, one of the traits that can positively influence someone to make impulsive purchases is materialism (Winatha & Sukaatmadja 2014). The nature of materialism can be found in people throughout the world,

including in Indonesia. In Indonesia, the nature of materialism can be seen from the situation where luxury goods have almost shifted the rank of society, for example is a luxury car ownership. People who can afford luxury goods are considered to have a higher status in society so that many people are looking for ways to own luxury goods to increase their social status.

Previous studies in emerging economies such as China and Vietnam have empirically found materialism as a significant predictor of luxury purchases (Nguyen & Tambyah, cited in Mai & Linh 2017, p. 212). However, past research have provided unclear and inconsistent findings regarding the impact of materialism. In a recent study by Kaufmann et al. (quoted in Mai & Linh 2017, p. 212), materialism was found to have a simple but significant influence on the purchase intention of both original and counterfeit luxury goods. However, recent research by Sun et al. (2017) (cited in Mai & Linh 2017, p. 218) about the relationship between materialism and luxury purchase intentions among Chinese consumers only shows the indirect impact of materialism. The inconsistent results from some of the literature related to the mechanism of how materialism influences the purchase intention of this luxury item is making further investigation much more needed.

Furthermore, luxury brands increasingly use social media platforms to stimulate interest among millennial living in the digital age while trying to keep their brand value intact. Luxury brands believe that their future success depends on how well they communicate and how they market their goods to the younger generation of buyers who understand technology (Deloitte 2019). The rapid

digitalization and the ease of use of this digital platform have made consumers, especially Millennials, express their brand preferences more on social media (Deloitte 2019). Therefore, to engage with millennial consumers who understand the technology that seeks greater value for money, integrated digital access, and more personalization, luxury brands have begun to develop accurate social media strategies (Deloitte 2019). These days, almost every brand such as Chanel, Gucci, Louis Vuitton, Prada, and many more, have their social media strategies. This strategy is carefully designed, keeping in mind the preferences and choices of their customers, one of which is to uncover collections on social media platforms. This research tries to find out whether social media influences the purchase intention of luxury goods for millennial in Indonesia or not.

Understanding consumer behavior in luxury goods will benefit the domestic fashion industry, which at the end also affect the Indonesian economy. They need tangible evidence of the influence of motivation, the nature of materialism, and the phenomenon of the internet or social media addiction can be an opportunity for them to cause impulsive buying behavior of luxury goods by Indonesian consumers. This research was done with the aim to explain both internal and external influences that cause buying behavior of luxury goods in Indonesia.

1.2. Problem of the Study

Based on the background of the study explained above, the problem of the study formulated by the researcher is how do internal and external influences influence the purchase behaviour of Fashion Luxury Goods in Indonesia?

1.3. Objective of the Study

According to the problem of the study, the objective of the study is to find out the influence of internal influences and external influences on purchase behaviour of Fashion Luxury Goods in Indonesia.

1.4. Significance of the Study

There are some benefits that are expected from doing this research. Those benefits are:

1. As a research reference for the next research in the future.
2. Provide knowledge to domestic fashion companies about impulsive purchase luxury fashion goods in the consumer's perspective.
3. Provides benefits for domestic fashion companies to be able to do a better marketing stimulus related to things that affect the impulsive purchase of luxury fashion goods when marketing their products.

CHAPTER II

REVIEW OF RELATED LITERATURE AND HYPOTHESIS

2.1. Review of Theory

2.1.1. Consumer Value Framework (CVF)

The Consumer Value Framework (CVF) represents the theory of consumer behavior, describing the factors that shape consumer behavior and also determine the value associated with consumption (Babin & Harris 2018, p. 25). Figure 6 below shows how each aspect of the CVF relates to other components and is connected through arrows that indicate their connection.

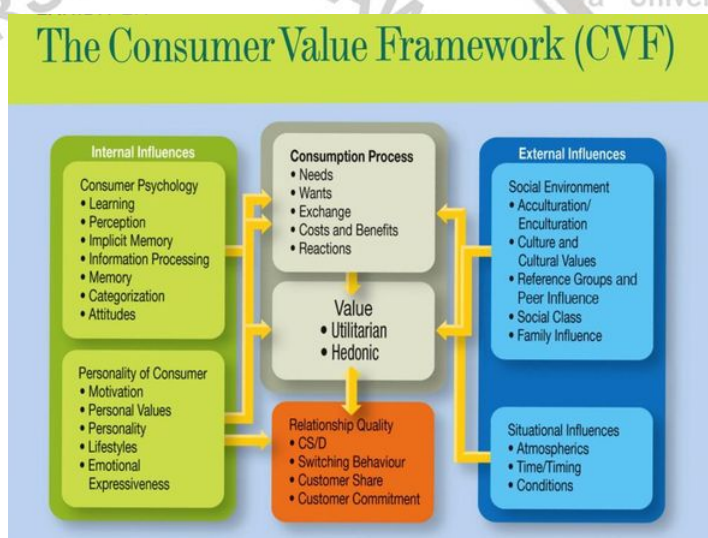


Figure 6 . The Consumer Value Framework (Nelson Education, 2014)

It can be seen from Figure 6 that various factors can influence the consumption process, starting from the intention to the actual purchase, and also the formation of value itself. These influences can come from inside or outside and is usually called internal and external influences. Factors such as psychology, personality, and customer situation is directly related to how the consumption process occurs. Whereas the social environment is directly

related to the value involved, so does the psychology and personality of the customer. More about these influences is explained below.

2.1.2. Internal Influences

Internal influences are formed from customer psychology and personality. Customer psychology includes cognitive and affective processes (Babin & Harris 2018, p. 27). Cognitive refers to mental or thinking processes which are ultimately stored as knowledge, while affective refers to the feeling of experience associated with an object (Babin & Harris 2018, p. 27).

Meanwhile, customer personality refers to individual differences or the characteristics and characteristics of individuals that are different from the others. Demographics, personalities, and lifestyle can determine customer behavior (Babin & Harris 2018, p. 28).

Motivations

Motivation is a change of energy in a person characterized by the emergence of feelings and preceded by responses to the existence of goals (Sardiman 2016, p. 73). Maslow's hierarchy of needs by Abraham Maslow is perhaps the most popular theory about human motivation in consumer behavior (Babin & Harris 2018, p. 94). This theory explains the customer based on a set of priority needs. Basically, Maslow explains that our motivation is influenced by certain needs.

Figure 7 shows that the set of needs is sorted from the bottom as the most basic to the most elaborate one. Motivation can also determine the type of value customers are looking for. Usually, the most basic requirement is

to look for utilitarian values, and the more elaborate the needs are, the more hedonic value needed to satisfy the state of need.

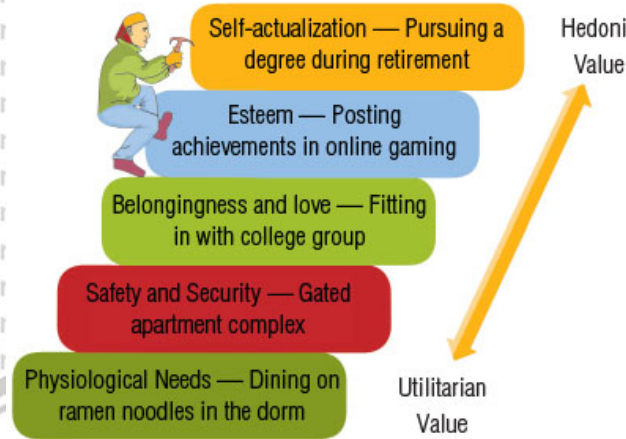


Figure 7. Consumer Motivations According to Maslow's Hierarchy (Babin & Harris 2018, p. 95)

At the bottom, there are physiological needs or basic survival needs such as food and drink. Above that, there is safety and security. This is the need for security and protection, such as buying insurance. Next is belongingness and love, for example, the need to feel as we belong to certain social groups.

Next is the esteem. According to Maslow, the need for esteem includes two components, which are feeling self-confidence and feeling valued by others (Hopper 2020). At the very top, there is self-actualization.

People who most of their essential needs have been met, they might be looking for the most value in things that are not for esteem, love, or safety, but self-fulfilment. This refers to feeling fulfilled or feeling that we live according to our potential.

Materialism

There are many human traits in this world, one of which is materialism. Materialism refers to the extent to which material goods are important in the lives of customers (Babin & Harris 2018, p. 117). This trait is renowned to be studied by customer researchers and many studies have examined the impact of materialism on various consumer behaviors.

According to Babin & Harris (2018, p. 117), materialism consists of three different dimensions:

1. Possessiveness

The tendency to maintain control and ownership of possessions

2. Nongenerosity

The unwillingness to share with others

3. Envy

Hatred arising from an object and the desire to obtain similar property

High materialism customers tend to be more possessive, not generous, and jealous of other possessions. This customer sees property as a source of happiness and wants to keep it as long as possible.

2.1.2. External Influences

Although customers keep all information internally within themselves, in some cases, external influences also provide the information needed for customers to make decisions and trigger purchase intentions (Babin & Harris 2018, p. 28).

The Consumer Value framework (CVF) divides external influences into two categories. The first is the social environment, it is the people around who can shape the customer's daily experience. Including people who are known personally such as family and friends, or who are impersonal such as celebrities and other influences that come from social networks.

The second is situational experiences, a temporary factor in time or place that can change the value seen in a consumption. It shows that things such as timing and physical environment influence consumer behaviour.

Social Media

Social media and social networking currently play a large role in customer behavior. Social media is the media where communication takes place (Babin & Harris 2018). Whereas social networking can be interpreted as a consumer network formed based on associations, interests, or shared goals (Babin & Harris 2018, p. 166).

Social media is one of the three formats within digital marketing model (Chitty et al. 2017, p. 313) and there are many platforms within the social media format such as Whatsapp, Facebook, Instagram, Twitter etc.

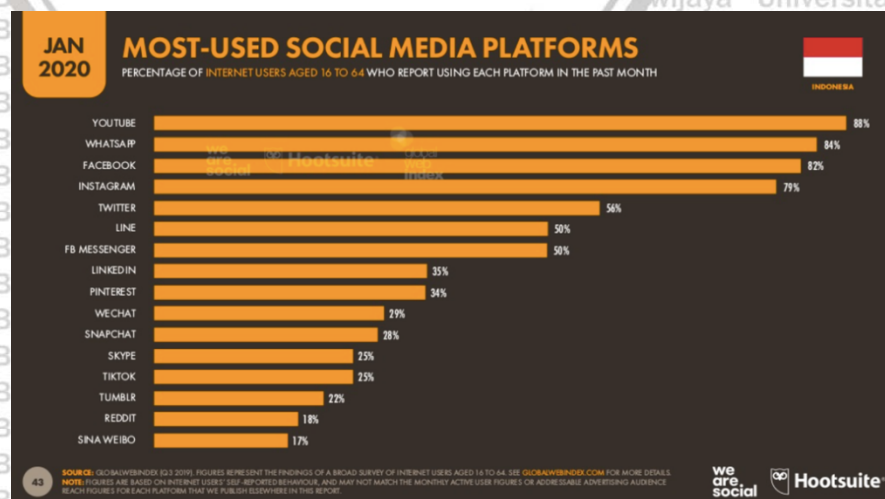


Figure 8. Most-used Social Media Platforms in Indonesia (We Are Social, 2020)

Figure 8 shows that YouTube, Whatsapp, Facebook, and Instagram are the most used social network platforms in Indonesia (We Are Social, 2020). Motivation to join social networking groups is not just for simple communication needs. For many consumers, it's all about connections where social networking helps meet the need to have (Babin & Harris 2018, p. 167).

2.1.3. Purchase Intention

According to Bhasin (2018), the Business dictionary defines purchase intention as a plan to purchase certain goods or services in the future. Purchase intention is also interpreted as the influence and inclination of individuals towards a product or brand (Bagozzi et al. 1989; Ostrom 1969). While the intention itself is interpreted by Eagly and Chaiken (1993) as people's motivation in the sense or plan consciously to exert efforts to conduct behavior.

Purchase intention explains and determines the consumer's response to buying an offer. It includes several important meanings, such as consumers' willingness to consider purchases, future buying interest, and repurchase decisions (Dodds et al. 1991; Blacewell et al. 2005). Consumer purchase intentions can be determined through their responses, feedback, and involvement. Highly involved consumers show a high level of purchases (Schiffman & Kanuk 2000).

According to Busler (2002), purchase intention can be measured in three dimensions:

- Likely refers to the customer's plan to buy a product.
- Probable refers to the probability of buying a product.
- Definitely refers to the certainty in purchasing.

In short, purchase intentions consist of feelings, thoughts, experiences and consumer external factors that they consider before making a purchase. Consumer purchase intentions describe and express their behavior and the way they make decisions about their buying process (Fishbein & Ajzen 1977).

2.1.4. Purchase Behaviour

According to Babin & Harris (2018), purchase behavior is a consumer action that leads to the purchase of their actual product.



Figure 9. The Basic Consumption Process (Babin & Harris 2018, p. 5)

Figure 9 above shows the consumption of the basic process. When customers realize their needs, the realization of these needs will motivate

them to find ways to meet them. This process involves a variety of psychological events such as thinking, feeling, and behaving, which will create different values (Babib & Harris 2018, p. 4). If successful, this process will create enough value to address the needs that start the process.

2.1.5. Millennial

Theories about generational differences were popularized by Neil Howe and William Strauss in 1991 (Badan Pusat Statistik 2018). Howe and Strauss divide generations based on the similarity of birth spans and the similarity of historical events. Furthermore, generation is also described as a group of individuals who identify themselves based on similarity in age, birth years, location, and events in their lives who have a significant influence in their growth phase (Kupperschmidt 2000).

To find out who the millennial generation is, it is necessary to study literature from various sources which are the opinions of several researchers based on the range of birth years. The term millennial was first coined by William Strauss and Neil in his book titled *Millennials Rising: The Next Great Generation* (2000). They coined this term in 1987 when children born in 1982 entered pre-school. At that time, media began to refer to as a group connected to new millennium graduating from high school in 2000. Another opinion, according to Elwood Carlson in his book entitled *The Lucky Few: Between the Greatest Generation and the Baby Boom* (2008), millennial are those who born in the period 1983 to 2001. If based on Generation Theory which was coined by Karl Mannheim in 1923, millennial generation is a generation born in the ratio 1980 to 2000. Millennial generation is also

referred to as generation Y. This term began to be known and used in the editorial of a major US newspaper in August 1993.

2.1.6. Luxury Market in Indonesia

The Cambridge Dictionary (2020) defines the luxury market as a market for expensive items that are not necessary but are bought for pleasure.

The luxury fashion goods referred to in this study are the authentic fashion items from world luxury brands, such as Hermès, Chanel, Gucci, Louis

Vuitton, etc. According to the 2016 Asia Luxury Index, sales of luxury goods in Indonesia have grown by 84 percent. This makes Indonesia the

most extensive online luxury goods sales market in Asia for growth.

According to Singaporean online luxury, one of the main reasons behind this increase in sales is social media, digital marketing, and collaboration with influencers and young designers (Fitzgerald 2016).

In addition, demand and growth in the number of high-value individuals in Indonesia are also one of the reasons for the development of

international brands in the country. According to Forbes magazine,

Indonesia has 32 billionaires, that number is higher than Japan. Swiss

banking group Julius Baer also estimates that Indonesia will produce around

100,000 more millionaires in the next few years (Oxford Business Group

2020). As a result of the commodity increase, foreign direct investment and

government spending, Indonesians have become wealthier.



Figure 10. Louis Vuitton Flagship Store, Jakarta (CPP Lucury 2012)

In Jakarta, most of the well-known luxury brands such as Hermès, Chanel, Louis Vuitton, Fendi, Mont Blanc, Gucci and Max Mara present and operate directly within the country rather than through franchising. The recent entrance of global companies into the local market is not only based on the expectations of the super-rich, it is also a matter of the rise of Indonesia's middle and upper-middle class which is increasing rapidly (Oxford Business Group 2020). The internet and social media booming across the country also make them follow the latest trends globally, so their tastes and sophistication are increasing rapidly.

Reebonz's senior marketing manager, Bernard Widjaja Ng, explains that consumers of luxury goods also became younger with a 21-year-old child starting to buy luxury goods (Rahmiasri 2016). To The Jakarta Post (2016), Bernard adds that there is a shift in economy class buyers because people from the B level economy have started buying luxury goods.

2.1.7. Consumer Behavior in Microeconomics' Perspective

According to the London School of Business and Finance (2020), consumer behavior is the study of how people decide to buy a product, service, or organization. Whereas microeconomics is the study of social science about the implications of human action, specifically about how decisions affect the utilization and distribution of scarce resources (Chappelow 2019).

Understanding the consumer itself is a decisive basic economic unit which commodities are bought and in what quantities. What guides individual consumer decisions? Why do consumers purchase some commodities and not others? How do they decide how much each must purchase a commodity? What is the rational goal of consumers in spending income? Here are some from the important questions that we look for in customer behavior.

Behavioral theory and consumer choice are the first steps in the derivation of the market demand curve. The study of consumer economic behavior is related to taste and satisfaction. Consumer tastes can be related to utility concepts or indifference curves. Then there is also a budget line, which provides constraints or limitations faced by consumers in buying goods and services. Because the desire of the consumer is unlimited or, in any case, exceeds the ability to satisfy all of them, it is important that consumers spend income to maximize satisfaction.

This study discusses consumer behavior from a microeconomics perspective. Real-world examples of luxury fashion goods presented in this

study show the relevance and usefulness of consumer behavior theory and consumer choice. The existence of the luxury goods market in Indonesia is caused by demand and growth in the number of high-value individuals.

Analysis of individual decisions is assumed to know trends in society.

2.2. Conceptual Framework and Hypothesis

The conceptual framework was formed from previous research and theory journals. From a journal written by Mai and Linh (2017), they used the Theory of Planned Behavior (TPB) proposed by Icek Ajzen in 1991. This theory is an extension of the Theory of Reasoned Action (TRA), a model that has been proven successful in predicting and explaining behavior in various domains, including explaining individual unethical behavior. According to the Theory of Planned Behavior (Ajzen 1991), consumer purchasing behavior is determined directly by the purchase intention, which refers to the subjective probability of individuals to engage in such behavior.

The author uses a simple model in drawing a conceptual framework. Babin and Harris (2018) divide the causes that lead to purchase intentions into two parts, which are internal and external influences. The author uses motivation, materialism, and social media, which encompass both internal and external influences. These three factors are also considered as relevant factors that create purchase intentions for luxury goods (Babin & Harris 2018).

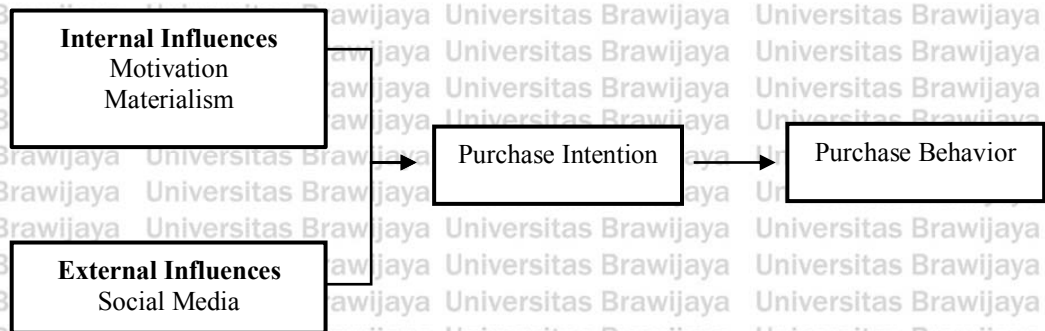


Figure 1.1. Conceptual Framework

Hypothesis of Internal Influences and Purchase Intention

Motivation

The motivation for buying luxury goods can be complex and varies between cultures. Motives or impulses will influence purchase intentions and attitudes of individuals to behave (Ajzen & Fishbein 1980). Hedonic shopping motivation is all things related to shopping activities, such as adventure shopping, social shopping, gratification shopping, idea shopping, role shopping, value shopping that have a positive influence on consumer behavior in shopping decisions (Arnold & Reynold 2003).

Motivation is considered as a driving factor for consumers so that the intention to buy appears. The greater or less the urge to buy luxury goods will affect the intention to buy it. Therefore, the following hypothesis is proposed:

H1a: Motivation has a positive influence on purchase intention toward the purchase of luxury goods.

H1o: Motivation has a negative influence on purchase intention toward the purchase of luxury goods.

Materialism

According to Richins and Dawson (1990), materialism is considered a status that shows the real use of the property as a symbol of personal success and social position. Materialism is an important concept that has been widely studied in the domain of consumer behavior. Materialism pursues worldly ownership as the main goal in life and sets aside other aspects of life (Roberts, cited in Trisnawati 2019).

They see wealth as a means of achieving happiness and prefer to consume products with well-known brands (Phau et al. 2009). Branded stuff such as clothes, bags, watches and other accessories are categories that project their lifestyle and self-image (Fitzmaurice & Comegys 2006).

According to Mai & Tambyah (cited in Mai & Linh 2017), previous studies in developing countries such as Vietnam and China found materialism as a significant predictor of luxury purchases. In a recent study by Kaufmann et al. (2016) for both authentic and counterfeit products, materialism was also found to have a simple but significant impact on its purchase intentions. Based on the literature review above, the following hypothesis is proposed:

H2a: Materialism has a positive influence on purchase intention toward the purchase of luxury goods.

H2o: Materialism has a negative influence with purchase intention toward the purchase of luxury goods.

Hypothesis of External Influences and Purchase Intention

Social Media

To the Jakarta Post, Anggono Wijaya as executive manager of Reebonz Indonesia said that some of the main reasons behind the increase sales are social

media, digital marketing, and collaboration with young designers and influencers (Rahmiasri 2016). The culture of each individual also has a large impact on the presence of customers on social media platforms and also influences customer purchase intentions (Pookulangaran et al. 2011).

Online businesses have recently given more priority to social media because it can facilitate businesses get their message across to their future customers and take advantage of this. Social media can connect them directly to end-users in a short time, in a low budget, and this has a massive impact on consumer purchase intentions (Kaplan & Haenlein 2010; Williams & Cothrell 2000). Therefore social media is a necessary advertising tool for most companies in this era and the following hypothesis is proposed:

H3a: Social Media has a positive influence on purchase intention toward the purchase of luxury goods.

H3o: Social Media has a negative influence on purchase intention toward the purchase of luxury goods.

Hypothesis of Purchase Intention and Purchase Behaviour

According to the Theory of Planned Behavior, a customer's actual buying behavior is directly determined by their purchase intention, which refers to the subjective probability of individuals to engage in such behavior (Ajzen 1991). If the consumer gets the desired perceived value and desired purchase intention, it can be concluded that a specific product or brand will be purchased considering the relationship between these two constructs.

To better predict the actual behavior, purchase intentions can be used to determine behavior (Ajzen 1991). The higher purchase intention leads to an

increase in purchase probability (Mohamadkhani & Esfahani 2016). Therefore, purchase intention is considered as the most important predictive factor for buying behavior and the following hypothesis is proposed:

H4a: Purchase intention has a positive influence on consumers' actual purchase behaviour of luxury goods.

H4o: Purchase intention has a negative influence on consumers' actual purchase behaviour of luxury goods.

In the context of buying luxury goods, it is expected that motivation, materialism, social media, and purchase intentions play a significant determinant role of purchase behavior.

2.3. Previous Research

There are eight research articles used as references to conduct this research.

There are few international journals that discuss fashion or luxury goods industry in Indonesia. The writer also used research articles related to the discussion or have similar variables with this research.

The author used an article written by Shadid and Farooqi (2019) entitled "Consumer Behavior Towards Personal Luxury Goods: The Mediating Role of Brand Attachment". Furthermore, a research article written by Mai and Linh (2017) was used under the title "Antecedents of The Intention And Behavior Toward Purchase of Counterfeit Luxury Goods In An Emerging Economy: A Study of Young Vietnamese Consumers". The reason for using this journal as the references is because it has the same discussion about the luxury goods market, where it

discusses the relationship between purchase intention and consumer behavior in the luxury goods market.

There are three other research articles that discuss marketing variables similar to the variables in this research. The first is a marketing article entitled “Studying the Effective Factors on Repurchasing Intention of Luxury Goods in Consumers Who are Looking for Unique Products” written by Mohamadkhani and Esfahani (2016). The second is marketing article entitled “Antecedents of The Intention and Behavior Toward Purchase of Counterfeit Luxury Goods In An Emerging Economy: A Study of Young Vietnamese Consumers” written by Mai and Linh (2017). The third article entitled “Consumer Motives for Purchasing Counterfeit Luxury Products: Behind The Status Signaling Behavior using Brand Prominence” written by Purwanto, Margiati, Kuswandi, and Prasetyo (2019). These three articles are used to assist the author in formulating research hypotheses. The other four articles support the author's opinion and material during the writing of this research.

Table 1. Previous Studies

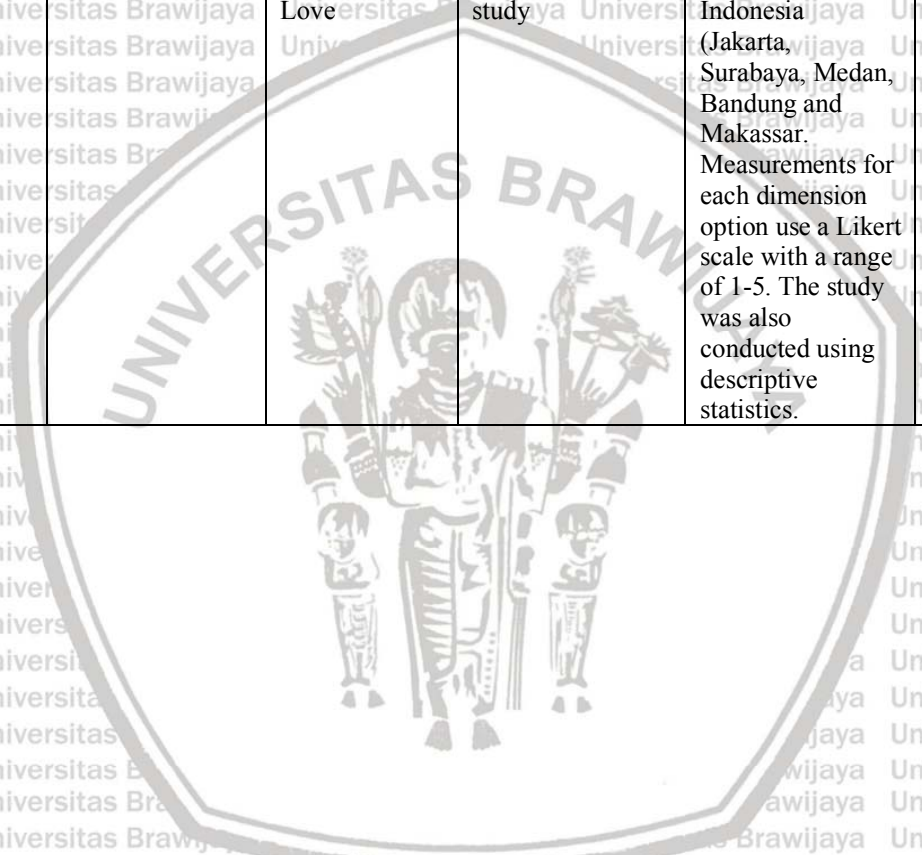
No.	Researchers' Name and Year	Title of Journal Article	Variables	Analysis Tool	Result of the Journal
1	Shadid and Farooqi (2019)	Consumer Behavior Towards Personal Luxury Goods: The Mediating Role of Brand Attachment	This study focused on consumer brand attitudes, perceptions of luxury values, consumer behavior and the role of consumers' attachment to brands. The perception of luxury value was divided into three, which were personal, social,	The sample for this survey were luxury product consumers in the capital cities of India, Delhi and the National Capital Region (NCR). The non-probabilistic sampling method and the snowball sampling method were used. The structured questionnaire was	The results of the study show a positive and significant impact of brand attitudes on the three luxury values perceived by consumers (social, personal and functional). These perceptual values were also found to have a positive influence on consumer purchase intentions. In addition, a significant

			and functional values. Whereas the intended consumer behaviors were purchase intention and the actual purchase behavior.	designed with a focus on consumer brand attitudes, perceived values, purchase intentions and brand attachments that result in the purchase of luxury goods by consumers. The author used Structural Equation Modeling (SEM) to validate conceptual models and hypotheses.	relationship between consumer purchase intentions and their actual buying behavior was also found in this study. The research recommends luxury marketers must concentrate on providing a luxury experience to consumers that will help them to cling to the brand.
2	Mohamadkhani and Esfahani (2016)	Studying the Effective Factors on Repurchasing Intention of Luxury Goods in Consumers Who are Looking for Unique Products	The dependent variable in this study was repurchasing intention of luxury goods. The independent variables are uniqueness, materialism, social comparativeness and fashion innovativeness. The mediator variables are affective responses and consumption status.	The research method is a descriptive survey to illustrate the relationship between the independent and dependent variable. Since data were collected through questionnaires, library resources, articles, and also a global network of information that does not exist in the laboratory, it can be considered as a survey. And regarding the relationship between variables, it can be considered correlational. Meanwhile, the analytical method used in this research is descriptive and inferential methods.	These results show considerable meaningful factors important to study consumption status behavior. Creating uniqueness necessity that includes three different behavioral dimensions, which are failing to follow the band by the creative selection, failure to follow the group by unusual choice, and avoid similarity according to these findings.
3	Mai and Linh (2017)	Antecedents of The Intention And Behavior Toward Purchase of Counterfeit	This journal uses variables in the TPB (Theory of Planned Behavior), where attitudes, subject	This study distributed 350 questionnaires to students from several universities in	In addition to well-studied predictors such as attitudes, subjective norms, and perceived behavioral control over the

		Luxury Goods In An Emerging Economy: A Study of Young Vietnamese Consumers	norms, and perceived behavioral control, together form purchase intentions and buying behavior. The author also adds materialism (centrality) as an additional variable which considered to influence attitude and purchase intention.	Hanoi, and 303 of them were valid and included for analysis. While the scales used in this study used a scale system (1, strongly disagree; 7, strongly agree). Structural equation modeling (SEM) is used to test models and hypotheses.	purchase of counterfeit luxury goods, materialism, the neglected component in the counterfeiting literature was also found to have a significant indirect effect on purchase intentions and behavior.
4	Shukla, Singh, and Banerjee (2015)	They Are Not All Same: Variations In Asian Consumers' Value Perceptions Of Luxury Brands	This study uses luxury value perceptions as dependent variables, which are influenced by several independent variables such as functional, experimental, and symbolic values. Where the symbolic value is divided into two, namely self-directed symbolism and other-directed symbolism.	Questionnaires were distributed in Shanghai and Beijing in China, Mumbai and Bangalore in India, and Jakarta in Indonesia because each of these cities is the main center of luxury shops in each country. Trials were conducted (n = 20 for each market) to identify invalid responses. In total, 626 valid questionnaires were used.	The research finds that in India, other directional symbolism constructs were found to be significantly related to the perception of luxury value. While the perception of luxury value from Indonesian consumers is influenced by the independent symbolism of luxury brands. Insignificant results for self-directed symbolism among Chinese and Indian consumers can be attributed to the hierarchical nature of their society. The perception of functional value was also found to have a significant impact on the perception of luxury value in all three countries. These results indicate that consumers evaluate the functional value of luxury brands in terms of the status they carry and are, therefore, willing to pay a premium price.
5	Purwanto, Margiati, Kuswandi, and Prasetyo (2019)	Consumer Motives for Purchasing Counterfeit Luxury	The study uses consumer motives variables that have a relationship with	The study distributed 600 questionnaires to respondents, of which 400 were	The results of this study conclude that nobility, parvenus, and poses differ in terms of expertise and

		Products: Behind The Status Signaling Behavior using Brand Prominence	counterfeit products and brand prominence, both of which have a relationship with purchasing behavior.	considered eligible. The questionnaire was distributed using a Likert-type scale with seven points (1, strongly disagree; 7, strongly agree) for all items. Average scale distribution, standard deviation, construct reliability, mean extracted variance (AVE) and the bivariate correlation between each latent factor were used in this study.	the need for status, which motivates (dark or good) how they intend to use luxury goods (original or cons) for status signaling.
6	Goyal (2014)	A Study on Purchase Intentions of Consumers towards Selected Luxury Fashion Products with special reference to Pune Region.	The study examines the importance respondents attached, gender, and income towards the purchase of luxury fashion brand products.	A total of 400 questionnaires were distributed face-to-face collected from consumers of luxury brand products. This study uses statistical data analysis in the form of IBM SPSS 20 Software that applies descriptive statistics, multiple response analysis tests, chi-square contingency test, friedman chi-square test and exploration factor analysis.	The results show that high quality, best design, and value for money are the three main reasons for purchasing luxury products and showing off. While envy, wanting to have the same effect as other people, and representation from celebrities related to luxury brand products are the three lowest reasons for buying luxury products. Buyers of luxury products can also be classified as conscious, brand conscious and quality conscious.
7	Sari and Kusuma (2014)	Does Luxury Brand Perception Matter In Purchase Intention? A Comparison Between A Japanese Brand And A German Brand	This study discusses how demographic factors and country of origin in luxury cars from Japan (Lexus) and Germany (BMW) affect luxury brand perception and purchase intentions.	This study used a total of 25 questions measured on a 5-point Likert scale. The online questionnaire produced 200 data (100 respondents for each brand) which could be used for two different luxury	The results of the study show that luxury brands perception has a statistically significant and positive impact on customer purchase intentions for Lexus and BMW owners. Whereas country of origin and demographic factors

				car brands. Construction validity was measured using SPSS 16 statistical software by calculating the correlation coefficient.	have a small effect on the perception of luxury brands.
8	Djohan and Brahmana (2017)	Willingness to Pay Premium for Luxurious Fashion Brands in Indonesia: Is It Love	The author uses brand congruity, brand love, and willingness to pay a premium as variables in the study	A total of 200 valid data were obtained from distributing questionnaires in five major cities in Indonesia (Jakarta, Surabaya, Medan, Bandung and Makassar. Measurements for each dimension option use a Likert scale with a range of 1-5. The study was also conducted using descriptive statistics.	Both hypotheses show a greater value than the t-stat value. Therefore, it can be concluded that the brand congruity is the confirmation in the creation of love of luxury brands in fashion brands in Indonesia. Likewise, with the love of brands that are decisive in the creation of a willingness to pay premiums in luxury fashion brands in Indonesia.



CHAPTER III RESEARCH METHOD

3.1. Type of Research

This research employed descriptive-survey research method to describe the relationship between independent and dependent variables without any changes.

This research had a research category based on descriptive methods and types of surveys. Descriptive research is commonly used to reveal the nature of shopping or other consumer behavior (Zikmund et al. 2017, p. 24).

	Exploratory research (ambiguous problem)	Descriptive research (partially defined problem)	Causal research (problem clearly defined)
Possible situation	'Our sales are declining and we don't know why.'	'What kind of people are buying our product? Who buys our competitor's products?'	'Will buyers purchase more of our product in a new package?'
	'Would people be interested in our new product idea?'	'What features do buyers prefer in our product?'	'Which of two advertising campaigns is more effective?'

Note: The degree of uncertainty of the research problem determines the research methodology.

Figure 1 2 . Relationship of Uncertainty to Types of Marketing Research (Zikmund et al. 2017)

Figure 12 shows the determination of marketing research methodology based on the degree of uncertainty of the research problem. Based on Figure 12 above, it appears that the research that we conducted was more suitable with the descriptive research methodology. In addition, to have the major purpose of describing population characteristics, descriptive research is also intended to find answers to the questions of what, who, when, where, and how (Zikmund et al. 2017, p. 24). The author tried to find out about how internal and external influences affect the actual purchasing behavior of luxury goods in Indonesia.

Meanwhile, a survey is a commonly used method in descriptive research.

Survey is a research technique where the information collected from a sample of

people uses a questionnaire (Zikmund et al. 2017, p. 24). Since the data were collected through questionnaires, therefore, this research is considered as a survey.

3.2. Research Variables

According to Sugiyono (2009), variables are everything that is determined by researchers to be studied, so that information is obtained about it, and then conclusions can be drawn. Meanwhile, Kerlinger (2006) says that variables are constructs or traits to be studied that have varying values. Variables are symbols that we place in any arbitrary value or number.

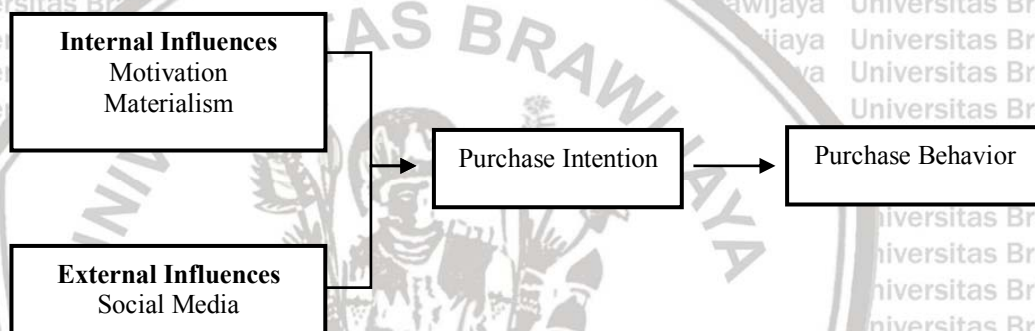


Figure 1 3. Conceptual Framework

a. Independent Variable

According to Widiyanto (2013), independent variable is a variable that affects other variables. The same thing is stated by Sugiono (2011), where independent variable is the variable that influences or is the cause of the change or the appearance of the dependent variable. In research, independent variables are variables that can be manipulated or made up by the author.

Based on the conceptual framework in Chapter 2 (Figure 13), the independent variables in this research are motivation, materialism, and

social media. These three variables are variables that have influence or cause changes toward the other variables.

b. Intervening Variable

According to Sugiono (2007), intervening or mediating variables are types of variables that make an indirect relationship between the independent variable and the dependent variable. Intervening variable is a variable that is located between the independent and dependent variables, so the dependent variable is not directly affected by the independent variable. In other words, intervening variables are variables that can strengthen or weaken the relationship between variables, but cannot be measured and observed.

In this research, purchase intention is considered as the intervening variable. Purchase intention has an influence between the independent and the dependent variable. This variable determines how a given effect occurs between the independent variable and the dependent variable.

c. Dependent Variable

The dependent variable is the variable affected by the independent variables (Sugiono 2011). Meanwhile, according to Widiyanto (2013), the dependent variable is a variable which existence is influenced by other variables.

The dependent variable in this research is purchase behavior. This variable can change along with the changes that occur in the independent and intervening variables used in this research.

3.3. Operational Variables

Operational variables are definitions given to a variable by providing or specializing the activities needed to measure variables (Nazie 1983). The operational variables in this research namely, motivation, materialism, social media, purchase intentions, and buying behavior. Each instructional variable has indicators that are used for questions in the questionnaire.

Table 2: Operational Variables

VARIABLE	VARIABLE DEFINITION	INDICATORS	SCALE
Motivation (X1)	Motivation is a change in energy in a person or person characterized by the emergence of feelings and reactions to achieve goals (Hamalik 1992, p. 173).	(Abraham Maslow 1943) <ul style="list-style-type: none"> • Physiological needs • Safety and security • Belongingness and love • Esteem • Self-actualization 	5 Point Likert
Materialism (X2)	Materialism refers to the extent to which material goods are important in the lives of customers (Babin & Harris 2018, p. 117).	(Babin & Harris 2018, p. 117) <ul style="list-style-type: none"> • Possessiveness • Nongenerosity • Envy 	5 Point Likert
Social Media (X3)	Social media is a label for digital technology that allows people to connect, interact, produce and share message content (Lewis 2010).	(Babin & Harris 2018, p. 166) <ul style="list-style-type: none"> • Connection • Communication • Network • Usage 	5 Point Likert
Purchase Intention (Z1)	Purchase intention is also interpreted as the influence and inclination of individuals towards a product or brand (Bagozzi et al. 1989; Ostrom 1969).	(Babin & Harris 2018, p. 5; Summers et al. 2006) <ul style="list-style-type: none"> • Like • Interested • Want • Intend • Willingness • Probability 	5 Point Likert
Purchase Behaviour (Y1)	According to Babin & Harris (2018), purchase behavior is a consumer action that leads to the	(Babin & Harris 2018, p. 5) <ul style="list-style-type: none"> • Exchange • Purchase • Cost and benefit • Reaction 	5 Point Likert

	purchase of their actual product.	• Value	
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3.4. Research Data and Source

This research used primary data obtained from online surveys by distributing questionnaires. The questionnaire was distributed online to respondents who are Indonesian citizens in the Millennial group and had purchased at least two luxury brand fashion items in the past two years when the questionnaire was distributed.

Questions were measured using a Likert-type scale with five points (1, strongly disagree; 5, strongly agree) for each item. The questionnaire designed for this research was originally compiled in English, it was then translated into Indonesian (the respondent's native language) to facilitate the respondent in understanding the questions given in the questionnaire.

3.5. Population, Sampling, and Data Collection Method

The sampling process is a way to determine a small number of samples by observing their characteristics and distribution in order to represent the actual total population (Zikmund et al. 2017, p. 343). The target population used in this research was luxury goods customers in Indonesia. Those included in the study sample were women customers in the Millennial group, who had purchased at least two luxury brand fashion items in the past one year when the questionnaire was distributed. Of all the total target population, only people who have access to the internet can be

included in the study sample framework because the distribution of the questionnaire was done via e-mail and social media.

The main alternative sampling plans that can be grouped into two categories are probability and nonprobability sampling (Zikmund et al. 2017, p. 350).

Probability sampling is used when each element in the population has a known or non-zero selection probability. Meanwhile, nonprobability sampling occurs when the probability of each particular population member selected is unknown. Because of the overall target population, there are several other criteria that can be taken as samples. This research is suitable for the non-probability sampling. Figure 14 below shows a comparison of sampling techniques from nonprobability sampling:

Nonprobability samples		
Description	Cost and degree of use	Advantages
1 Convenience: The researcher uses the most convenient sample or economical sample units.	Very low cost, extensively used	No need for list of population Ideal for testing questions and questionnaires
2 Judgement: An expert or experienced researcher selects the sample to fulfil a purpose, such as ensuring that all members have a certain characteristic.	Moderate cost, average use	No need for list of population Useful for certain types of forecasting; sample guaranteed to meet a specific objective
3 Quota: The researcher classifies the population by pertinent properties, determines the desired proportion to sample from each class, and fixes quotas for each interviewer.	Moderate cost, very extensively used	No need for list of population Introduces some stratification of population; requires no list of population
4 Snowball: Initial respondents are found; additional respondents are obtained by referral from initial respondents.	Low cost, used in when target population is rare in larger population	No need for list of population Useful in locating members of rare populations
5 Time-location: Expert interviews help determine locations and times when prospects meet, face-to-face interviews are attempted.	Moderate cost, used when populations are 'hidden' or rare	No need for list of population Useful in locating members of rare populations
6 Respondent-driven.	Higher cost, used when populations are 'hidden' or rare	Maintains privacy among potential respondents who may not want to be interviewed

Figure 14. Comparison of Nonprobability Sampling Techniques (Zikmund et al. 2017, p. 360)

In this survey research, the sampling technique used was snowball sampling.

Snowball sampling has a procedure in which the initial respondent was chosen by the author, and additional respondents were obtained from the information

presented by the initial respondent (Zikmund et al. 2017, p. 358). Because generally, people who have an interest in luxury goods are in the ecosystem and know other people with similar interests. In the snowball sampling technique, reducing sample size and cost is a benefit for researchers.

3.6. Variable Measurement Method

The scale used to measure each variable in this research was adapted from previous studies, namely the Likert scale. All scale items are scored in the 5-point Likert type format. This scale has been widely used in the literature. Likert scale is a measurement method used to measure the attitudes, opinions, and perceptions of a person or group of people about social phenomena (Sugiono 2012). The level of approval referred to in this Likert scale consists of five choice scales that have gradations from Strongly Agree (SA) to Strongly Disagree (SD). The five choices are explained in the following table:

Answer	Score
Strongly disagree	1
Disagree	2
Uncertain (neutral)	3
Agree	4
Strongly agree	5

The survey instrument was developed based on the observed variables that measure the construct in the model. In addition, it included demographic questions such as gender, age, and income. To ensure general understanding among respondents, the author provided brief definition of luxury items which was also given at the beginning of the questionnaire.

3.7. Data Analysis

3.7.1. Structural Equation Modelling (SEM)

The data in this research was processed using data analysis techniques Structural Equation Modelling (SEM) through Smart-PLS 2.0.

The variables that measured were Motivation, Materialism, Social Media, Purchase Intention, and Purchase Behaviour. The PLS-SEM model is a pathway model in which some variables might affect from others while still being a cause for later variables in the causal sequence that is hypothesized (Garson 2016). The PLS-SEM model is suitable for predictive analysis with a weak theoretical basis, and if the data do not meet the covariant-based SEM assumptions (Richie 2020). Therefore, PLS-SEM is an alternative for modelling covariance-based structural equations (traditional SEM).

3.7.2. Outer Model Testing

Reliability

According to Soengeng A.Y. (2006), reliability is the level of consistency in measuring anything. The more varied the measurement results with a measuring instrument, the more unreliable the measuring instrument. The author used two tests to test reliability in this research, which are Composite Reliability and Cronbach's alpha.

Cronbach's alpha answers the question of whether indicators for latent variables display convergent validity and reliability (Garson, 2016).

Cronbach's alpha must be greater or equal to 0.80 for a good scale, 0.70

for an acceptable scale, and 0.60 for a scale for exploration purposes (Garson 2016).

Composite Reliability is an alternative choice for Cronbach's alpha as a test of convergent validity in the reflective model. Composite reliability is preferred among researchers in PLS-based studies as a measure of reliability because Cronbach's alpha might overestimate or underestimate scale reliability, usually the latter (Garson 2016). It varies from 0 to 1, with 1 being the perfect reliability estimate. Similar to Cronbach's alpha, composite reliability must be greater or equal to 0.80 for a good scale, 0.70 for an acceptable scale, and 0.60 for a scale for exploration purposes (Daskalakis & Mantas 2008, p. 288).

Validity

According to Saifuddin Azwar (2014), validity is the extent of the accuracy of a test or scale in carrying out its measurement function. In SmartPLS, convergent and divergent validity tests can use Average Variance Extracted (AVE). AVE reflects the community mean for each latent factor in the reflective model. In an adequate model, AVE must be greater than 0.5 (Garson 2016). AVE under 0.5 means that the error variance exceeds the variance described.

3.7.3. Inner Model Testing

R-squared

R-square (R^2), also called the coefficient of determination, is a measure of the size of the overall effect for structural models (Garson

2016). No R-square is shown for SES or incentives because this is an exogenous latent factor. According to Hidayat (2018):

- R² value of 0.67 is categorized as substantial
- R² value of 0.33 is categorized as moderate
- R² value of 0.19 is categorized as weak
- R² value > 0.7 is categorized as strong

Structural Path Coefficients

The structural path coefficient is the weight of the path connecting factors to one another. Because data is standardized, path loading varies from 0 to 1 (Garson 2016). The bigger, the stronger the path in the deep structural model. An insignificant path might require reverence of a model without that path, or for reasons of interest and theoretical discussion, researchers might want to keep the path in the model. However, in unusual cases, dropping an insignificant path can affect the significance of other paths in the model.

CHAPTER IV

RESULT AND DISCUSSION

4.1. Consumer Behavior Analysis

Fashion has become a profitable industry internationally as a result of the emergence of world-renowned luxury fashion brands and fashion magazines. Thus, people are willing to spend more to get high-priced fashion trend items from around the world. Not only expensive, luxury brands also tend to be exclusive and sophisticated. Some people consider luxury brands as representation of a sense of success and social status. They feel happy and proud of their shopping experience because of the feeling of being luxurious, exclusive, and a status symbol. In the luxury industry, experience and perception are indeed much more important than utility (Adams 2013). In this research, an analysis of nature and individual decisions is assumed to determine the things that influence the impulse buying of luxury fashion products. The data below provides an analysis of users' perspectives on the internal and external influences that create purchase intentions and behavior.

4.2. Research Data

a. Research Location and Time

The research location of this research was in Indonesia. The author distributed the link of the questionnaire through messengers of students' groups.

The respondents were randomly spread around cities in Indonesia. The research was conducted for about a month, from 29th June to 7th August 2020.

b. **Characteristics of Respondents**

The characteristic of the respondent is a description of the respondent's identity according to the research sample that has been determined by the author.

The aim is to provide an overview of the sample of this research. In this research, the author classified respondents into several characteristics.

The total of respondents in this research was 112 people. Snowball probability sampling is used in this research. In this research, the author tried to target people in Indonesia. The respondents were people who used any e-wallet in Indonesia. The questionnaires also included some questions about demographic data of the respondents such as gender, age, and latest education.

Characteristics of Respondents based on Gender

The first characteristic is based on the gender of the respondent, which is divided into male and female. Based on the processed data, the gender of the respondents in this research can be seen in Table 2 below:

Table 3: Number of Respondents Based on Gender

Category	Frequency	Percentage
Male	33	29.5%
Female	79	70.5%
Total	112	100%

Source: Primary Data Processed (2020)

From the data shown in Table 3, it shows that male respondents from this research had a percentage of 29.46% with a total of 33 people. While female is dominating with a percentage of 79% with a number of respondents is 79 people.

Characteristics of Respondents based on Age

The next characteristic is the respondent by age; a description of the respondents' age can be seen in Table 3:

Table 4: Number of Respondents Based on Age

Category	Frequency	Percentage
<20 years old	0	0%
20-40 years old	112	100%
>40 years old	0	0%
Total	112	100%

Source: Primary Data Processed (2020)

The data in Table 3 shows that male respondents from this research had a percentage of 29.46% with a total of 33 people. While female is dominating with a percentage of 79% with a number of respondents is 79 people.

From Table 4, it can be seen that all respondents in this research were between 20-40 years old. It is in accordance with the characteristics determined by the author, where this research examined people who are in the millennial age (20-40 years).

Characteristics of Respondents based on Latest Education

The next characteristic is the respondent based on the latest education; an overview of the respondents' education can be seen in Table 5:

Table 5: Number of Respondents Based on Latest Education

Category	Frequency	Percentage
SMA/SMK	29	25.9%
S1	82	73.2%
S2	1	0.9%
Total	112	100%

Source: Primary Data Processed (2020)

From Table 5, it can be seen that the number of respondents in this research was dominated by those who had S1 education, with a total of 82 respondents (73.21%). Respondents with the latest SMA/SMK education were 29 respondents (25.89%), while S2 education was 1 respondent (0.89%).

Characteristics of Respondents based on Household Income

The next characteristic is the respondent based on the household income; an overview of the respondents' household income can be seen in Table 6:

Table 6: Number of Respondents Based on Household Income

Category	Frequency	Percentage
< Rp. 10.000.000	4	3.6%
Rp. 10.000.000 – Rp. 14.999.000	9	8%
Rp. 15.000.000 – Rp. 29.999.000	18	16.1%
≥ Rp. 30.000.000	81	72.3%
Total	112	100%

Source: Primary Data Processed (2020)

From Table 6, it can be seen that the number of respondents in this research was dominated by those who had Rp. 30.000.000 or more household income, with a total of 81 respondents (72.3%). Respondents with household income Rp. 15.000.000 to Rp. 29.999.000 were 18 respondents (16.1%), Rp. 10.000.000 to Rp. 14.999.000 were 9 respondents (8%), while household income below Rp. 10.000.000 were 4 respondent (3.6%).

4.3. Overview of Research Variables

Descriptive analysis was used to determine the distribution of respondents' answers from the results of distributing questionnaires. The characteristics of the respondent's answer to each variable can be viewed from the results of the

frequency distribution and its average value. Measurement of each item of each variable used a Likert scale with a score of 1 - 5. Descriptive data analysis was carried out on 112 respondents for further processing and drawing conclusions. This calculation created an outline of the sample so that it was closer to the actual population.

Based on the questionnaire given to 112 respondents, a Sturges formula can be made to find out the majority of respondents' answers to each item as follows:

$$\text{Interval } (c) = (X_n - X_1) : k$$

Where c = interval

k = number of classes

X_n = highest score

X_1 = lowest score

$$c = (5-1) : 5$$

$$c = 4 : 5 = 0.8$$

Average Interval	Statement
1.00 – 1.79	Extremely Bad
1.80 – 2.59	Bad
2.60 – 3.39	Average
3.40 – 4.19	Good
4.20 – 5.00	Extremely Good

4.3.1. Frequency Distribution of Motivation (X1)

In the Motivation variable (X1), there are four question items given to each respondent. Overall, the answers of the respondents studied were varied.

The following is the result of the Motivation frequency distribution:

Table 7: Frequency Distribution of Motivation Variable (X1)

Item	5		4		3		2		1		Total		Average
	f	%	f	%	f	%	f	%	f	%	Total	%	
X1.1	24	21.43	42	37.50	38	33.93	8	7.14	0	0.00	112	100	3.73
X1.2	54	48.21	43	38.39	12	10.71	2	1.79	1	0.89	112	100	4.31
X1.3	21	18.75	57	50.89	23	20.54	10	8.93	1	0.89	112	100	3.78
X1.4	31	27.68	52	46.43	23	20.54	5	4.46	1	0.89	112	100	3.96
Grand Mean												3.94	

Source: Primary Data Processed (2020)

Based on Table 7 above, it can be seen that the average score on the Motivation variable is 3.94. The average Motivation variable is between 3.40 to 4.19, indicates that the Motivation variable is in good category. It shows that the implementation of Motivation can be done well.

The author includes three of the five categories in Maslow's Hierarchy of Needs, namely social needs, self-esteem, and self-actualization as a tool to measure motivation towards purchasing luxury fashion products. From the results seen in Table 5, X1.2 which is a question about self-esteem has the highest value with an average of 4.31. The author can conclude that in purchasing luxury fashion products, respondents tend to have the motivation to meet needs by achieving good self-esteem and the recognition of others.

4.3.2. Frequency Distribution of Materialism (X2)

In the Materialism variable (X2), there are five question items given to each respondent. Overall, the answers of the respondents studied were varied. The following is the result of the Materialism frequency distribution:

Table 8: Frequency Distribution of Materialism Variable (X2)

Item	5		4		3		2		1		Total		Average
	f	%	f	%	f	%	f	%	f	%	Total	%	
X2.1	50	44.64	50	44.64	10	8.93	2	1.79	0	0.00	112	100	4.32
X2.2	59	52.68	48	42.86	3	2.68	1	0.89	1	0.89	112	100	4.46
X2.3	40	35.71	64	57.14	7	6.25	1	0.89	0	0.00	112	100	4.28

X2.4	24	21.43	50	44.64	33	29.46	4	3.57	1	0.89	112	100	3.82
X2.5	34	30.36	61	54.46	10	8.93	7	6.25	0	0.00	112	100	4.09
Grand Mean													4.19

Source: Primary Data Processed (2020)

Based on Table 8 above, it can be seen that the average score on the Materialism variable is 4.19. The average Materialism variable is in the good category (between 3.40 to 4.19). It shows that the implementation of Materialism can also be done well.

4.3.3. Frequency Distribution of Social Media (X3)

In the Social Media variable (X3), there are five question items given to each respondent. Overall, the answers of the respondents studied were varied. The following is the result of the Social Media frequency distribution:

Table 9: Frequency Distribution of Social Media Variable (X3)

Item	5		4		3		2		1		Total		Average
	f	%	f	%	f	%	f	%	f	%	Total	%	
X3.1	88	78.57	19	16.96	4	3.57	1	0.89	0	0.00	112	100	4.73
X3.2	81	72.32	28	25.00	1	0.89	2	1.79	0	0.00	112	100	4.68
X3.3	72	64.29	38	33.93	0	0.00	2	1.79	0	0.00	112	100	4.61
X3.4	70	62.50	36	32.14	3	2.68	2	1.79	1	0.89	112	100	4.54
X3.5	51	45.54	55	49.11	4	3.57	1	0.89	1	0.89	112	100	4.38
Grand Mean													4.59

Source: Primary Data Processed (2020)

It can be seen on Table 9 that the average score on the Social Media variable is 4.59, which is the highest between all variables. The average Social Media variable is between 4.20 to 5.00, which indicates that the Social Media variable is in the extremely good category. It shows that the implementation of Social Media can be done well. The author can conclude that the respondents have strong ties with Social Media.

Question 3 from the social media section (X3.3) has an average score of 4.61; this score is higher than the two questions after (X3.4 and X3.5).

Where question 3 is a statement regarding respondents' awareness of luxury fashion products from public figures and influencers on social media, while questions 4 and 5 are statements that respondents' awareness of luxury fashion items comes from people around them and luxury brand accounts in social media. The author can conclude that although all three average scores are in the extremely good category, public figures and influencers have more significant influence on respondents' awareness of luxury fashion products through social media.

4.3.4. Frequency Distribution of Purchase Intention (Z)

In the Purchase Intention variable (Z), there are five question items given to each respondent. Overall, the answers of the respondents studied were varied. The following is the result of the Purchase Intention frequency distribution:

Table 10: Frequency Distribution of Purchase Intention Variable (Z)

Item	5		4		3		2		1		Total		Average
	f	%	f	%	f	%	f	%	f	%	Total	%	
Z1	55	49.11	44	39.29	11	9.82	2	1.79	0	0.00	112	100	4.36
Z2	46	41.07	46	41.07	15	13.39	5	4.46	0	0.00	112	100	4.19
Z3	26	23.21	65	58.04	18	16.07	2	1.79	1	0.89	112	100	4.01
Z4	93	83.04	14	12.50	3	2.68	2	1.79	0	0.00	112	100	4.77
Z5	54	48.21	43	38.39	12	10.71	2	1.79	1	0.89	112	100	4.31
Grand Mean												4.33	

Source: Primary Data Processed (2020)

Based on Table 10 above, it can be seen that the average score on the Purchase Intention variable is 4.33. The average Purchase Intention variable is between 4.20 to 5.00, which indicates that the motivation variable is in the extremely good category. It shows that the implementation of Purchase Intention also can be done very well.

4.3.5. Frequency Distribution of Purchase Behaviour (Y)

In the Purchase Behaviour variable (Y), there are six question items given to each respondent. Overall, the answers of the respondents studied were varied. The following is the result of the Purchase Behaviour frequency distribution:

Table 11: Frequency Distribution of Purchase Behaviour Variable (Y)

Item	5		4		3		2		1		Total		Average
	f	%	f	%	f	%	f	%	f	%	Total	%	
Y1	23	20.54	69	61.61	16	14.29	2	1.79	2	1.79	112	100	3.97
Y2	19	16.96	68	60.71	20	17.86	4	3.57	1	0.89	112	100	3.89
Y3	28	25.00	68	60.71	8	7.14	5	4.46	3	2.68	112	100	4.01
Y4	40	35.71	51	45.54	16	14.29	4	3.57	1	0.89	112	100	4.12
Y5	42	37.50	45	40.18	21	18.75	2	1.79	2	1.79	112	100	4.10
Y6	56	50.00	46	41.07	7	6.25	1	0.89	2	1.79	112	100	4.37
Grand Mean													4.08

Source: Primary Data Processed (2020)

Based on Table 11 above, it can be seen that the average score on the Purchase Behaviour variable is 4.08. The average Purchase Behaviour variable is in the good category (between 3.40 to 4.19). Just like the other previous variables, it shows that the implementation of Purchase Behaviour can also be done well. From the collected answers, the author can find the purchase behaviour of the respondents to the fashion luxury brands.

4.4. Data Analysis

This research used data processing techniques with the SEM method based on Partial Least Square (PLS). The PLS software this research used is the software developed at the University of Hamburg, Germany which was named SMARTPLS version 2.0 M3. In PLS, there are two stages; the first stage is evaluation of the outer model or measurement model. The second stage is an evaluation of the inner

model or structural model. The measurement model consists of observable indicators. The structural model consists of latent constructs which cannot be observed. In this test, an estimate of the path coefficients identifies the strength of the relationship between the independent variable and the dependent variable. The measurement model consists of the relationship between the variable items that can be observed and the latent constructs measured by these items.

4.4.1. Outer Model Testing

Outer Model Testing is used to find the reliability and validity in statistical data. Figure 15 below shows the outer model structure that created through the SmartPLS 2.0 application.

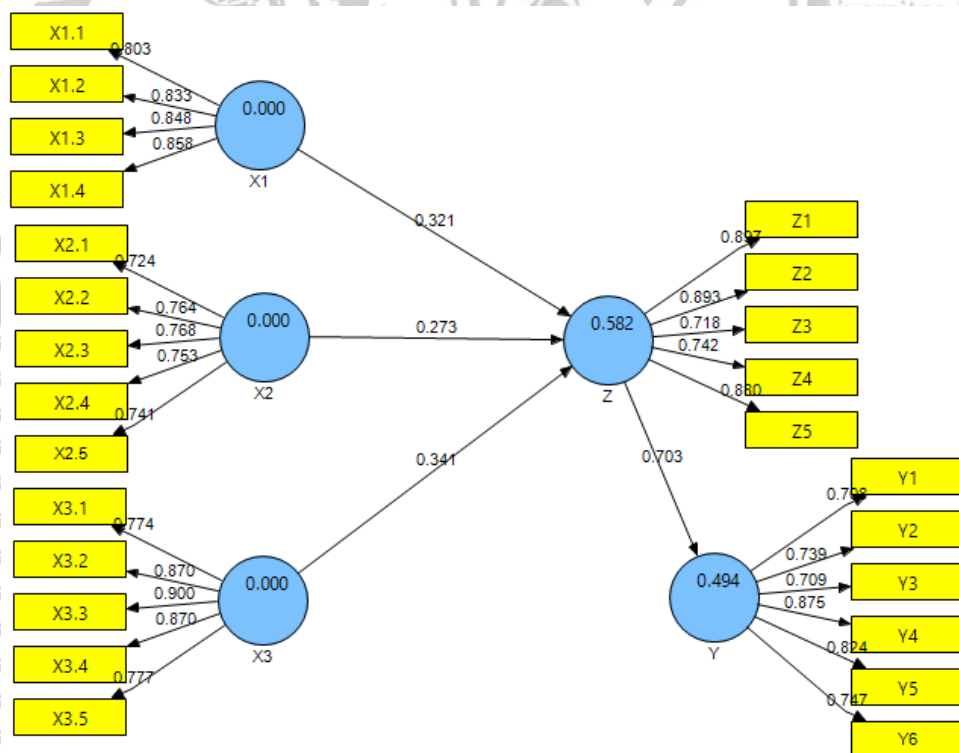


Figure 15. Outer Model Structure (Primary Data Processed, 2020)

There are three criteria to analyse data using SmartPLS to assess the outer model namely Convergent Validity, Discriminant Validity, and Composite Reliability. Convergent Validity of the measurement model with reflexive indicators is assessed based on the correlation between the item score/component which estimated by Software PLS. An individual reflexive measure is said to be high if it correlates more than 0.70 with the measured construct. However, according to Chin in 1998 (cited in Ghazali 2006), for the initial stage of research developing a loading value measurement scale of 0.5 to 0.6 is considered sufficient. In this research, the loading factor limit of 0.7 was used.

Convergent Validity

Convergent validity aims to determine the validity of each relationship between the indicator and its latent variable. The convergent validity of the measurement model with a reflexive indicator is assessed based on the correlation between the item score (component score) and the latent variable score (construct score) calculated by PLS.

A loading factor value above 0.7 is said to be ideal and valid. However, a loading factor value above 0.5 is also acceptable as long as the value is not below 0.5. The following shows the results of outer loading for each indicator - each exogenous and endogenous latent variable in two research models obtained from data processing using SmartPLS:

Table 12: Outer Loadings

	Original Sample (O)	T Statistics (O/STERR)	p-value
X1.1 <- X1	0.803	18.063	0.000
X1.2 <- X1	0.833	17.774	0.000
X1.3 <- X1	0.848	26.041	0.000

X1.4 <- X1	0.858	24.530	0.000
X2.1 <- X2	0.724	11.530	0.000
X2.2 <- X2	0.764	6.202	0.000
X2.3 <- X2	0.768	7.546	0.000
X2.4 <- X2	0.753	9.357	0.000
X2.5 <- X2	0.741	11.264	0.000
X3.1 <- X3	0.774	11.071	0.000
X3.2 <- X3	0.870	16.208	0.000
X3.3 <- X3	0.900	28.091	0.000
X3.4 <- X3	0.870	20.478	0.000
X3.5 <- X3	0.777	8.153	0.000
Y1 <- Y	0.708	9.011	0.000
Y2 <- Y	0.739	8.849	0.000
Y3 <- Y	0.709	8.716	0.000
Y4 <- Y	0.875	39.428	0.000
Y5 <- Y	0.824	22.915	0.000
Y6 <- Y	0.747	8.625	0.000
Z1 <- Z	0.897	40.819	0.000
Z2 <- Z	0.893	43.465	0.000
Z3 <- Z	0.718	8.962	0.000
Z4 <- Z	0.742	8.109	0.000
Z5 <- Z	0.880	29.232	0.000

Source: Primary Data Processed with SmartPLS (2020)

Table 12 above illustrates the value of the loading factor (convergent validity) of each indicator. The loading factor value > 0.7 can be said to be valid.

From this table, it is known that all loading factor values of Motivation (X1), Materialism (X2), Social Media (X3), Purchase Intention (Y1), and Purchase Behavior (Y2) are greater than 0.70. It shows that all indicators are valid.

Discriminant Validity

Discriminant Validity aims to prove that latent constructs predict sizes on their blocks better than sizes on other blocks. Ghazali (2008) states that the Discriminant Validity of the measurement model with reflexive indicators is assessed based on the cross-loading measurement with the construct.

After convergent validity, the next evaluation is to see discriminant validity with cross-loading, the square root of average variance extracted (AVE) value, and composite reliability. Discriminant validity of the

measurement model is assessed based on the measurement of cross-loading with the construct. If the construct correlation with the measurement subject (each indicator) is greater than the other construct measures, then the latent construct predicts the indicator better than other constructs. The model has good discriminant validity if each loading value of each indicator of a latent variable has the greatest loading value with other loading values against other latent variables. The results of discriminant validity testing were obtained as follows:

Table 13: Cross Loading

	X1	X2	X3	Y	Z
X1.1	0.803	0.275	0.262	0.468	0.371
X1.2	0.833	0.417	0.541	0.497	0.538
X1.3	0.848	0.468	0.427	0.539	0.609
X1.4	0.858	0.426	0.396	0.396	0.520
X2.1	0.452	0.724	0.310	0.369	0.500
X2.2	0.316	0.764	0.532	0.120	0.435
X2.3	0.259	0.768	0.294	0.075	0.308
X2.4	0.307	0.753	0.284	0.121	0.397
X2.5	0.425	0.741	0.416	0.377	0.532
X3.1	0.461	0.496	0.774	0.300	0.570
X3.2	0.412	0.422	0.870	0.322	0.519
X3.3	0.436	0.398	0.900	0.373	0.556
X3.4	0.402	0.370	0.870	0.440	0.575
X3.5	0.380	0.411	0.777	0.362	0.439
Y1	0.454	0.342	0.313	0.708	0.553
Y2	0.366	0.158	0.227	0.739	0.459
Y3	0.312	0.189	0.281	0.709	0.428
Y4	0.525	0.270	0.388	0.875	0.628
Y5	0.542	0.273	0.458	0.824	0.614
Y6	0.383	0.185	0.268	0.747	0.521
Z1	0.568	0.487	0.505	0.629	0.897
Z2	0.638	0.460	0.543	0.629	0.893
Z3	0.407	0.615	0.531	0.414	0.718
Z4	0.337	0.451	0.573	0.536	0.742
Z5	0.601	0.501	0.513	0.678	0.880

Source: Primary Data Processed with SmartPLS (2020)

Based on the cross-loading value in the Table 13 above, it can be seen that all the indicators that make up each variable in this research (the values in

bold) meet discriminant validity because they have the largest outer loading value for the variables it forms and not the other variables. Thus, all indicators in each variable in this research have met discriminant validity.

Model Evaluation

Evaluation of the measurement model with the square root of average variance extracted is to compare the AVE root value with the correlation between constructs. If the root AVE value is higher than the correlation value between constructs, then good discriminant validity is achieved. Also, an AVE value greater than 0.5 is highly recommended.

The next test to analyze the outer model is to look at the latent variable construct reliability as measured by two criteria, namely composite reliability and Cronbach's alpha. The construct is reliable if the composite reliability value and the Cronbach's alpha value are above 0.70. The following are the results of the composite reliability and Cronbach's alpha output:

Table 14: Goodness of Fit

	AVE	Composite Reliability	Cronbach's Alpha
X1	0.699	0.903	0.858
X2	0.563	0.865	0.809
X3	0.706	0.923	0.895
Z	0.688	0.916	0.884
Y	0.592	0.897	0.861

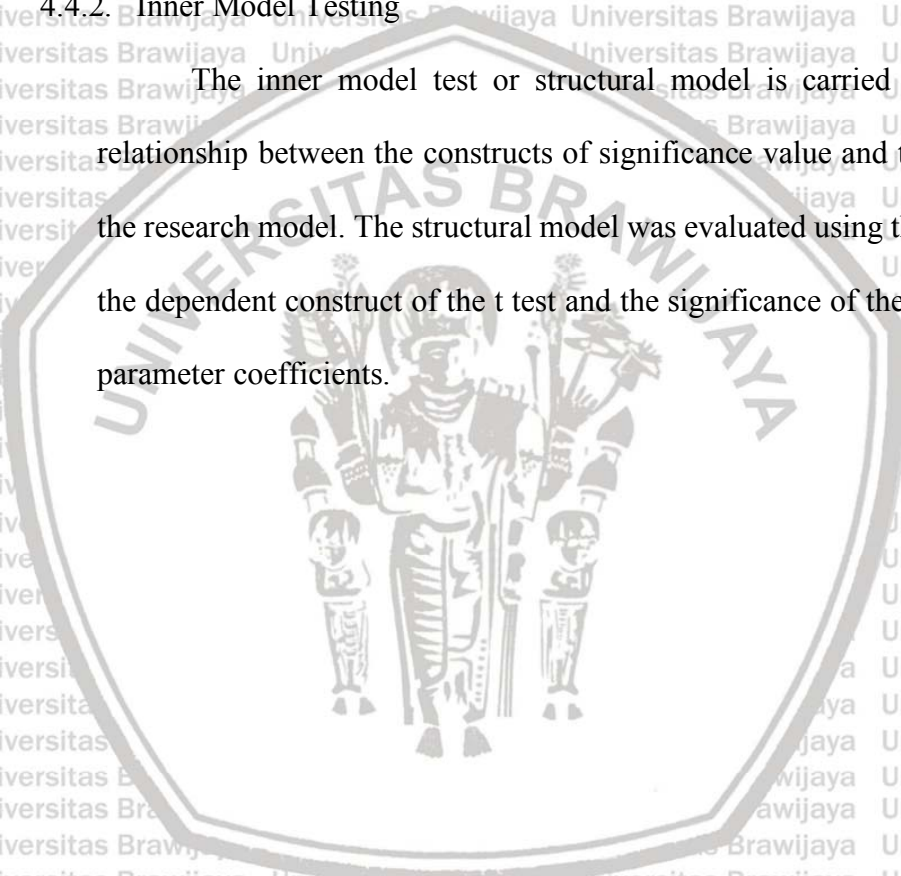
Source: Primary Data Processed with SmartPLS (2020)

From Table 14 above, the AVE value for all of these constructs is greater than 0.5. Thus, it can be concluded that the evaluation measurement model has good discriminant validity. In addition to the construct validity test, the construct reliability test was also carried out as measured by the criteria test,

namely composite reliability and Cronbach's alpha from the indicator block measuring the construct. The construct is reliable if the composite reliability and Cronbach's alpha values are above 0.70. All constructs have composite reliability and Cronbach's alpha values above 0.70, meaning that it can be concluded that the constructs also have good reliability.

4.4.2. Inner Model Testing

The inner model test or structural model is carried out to see the relationship between the constructs of significance value and the R-square of the research model. The structural model was evaluated using the R-square for the dependent construct of the t test and the significance of the structural path parameter coefficients.



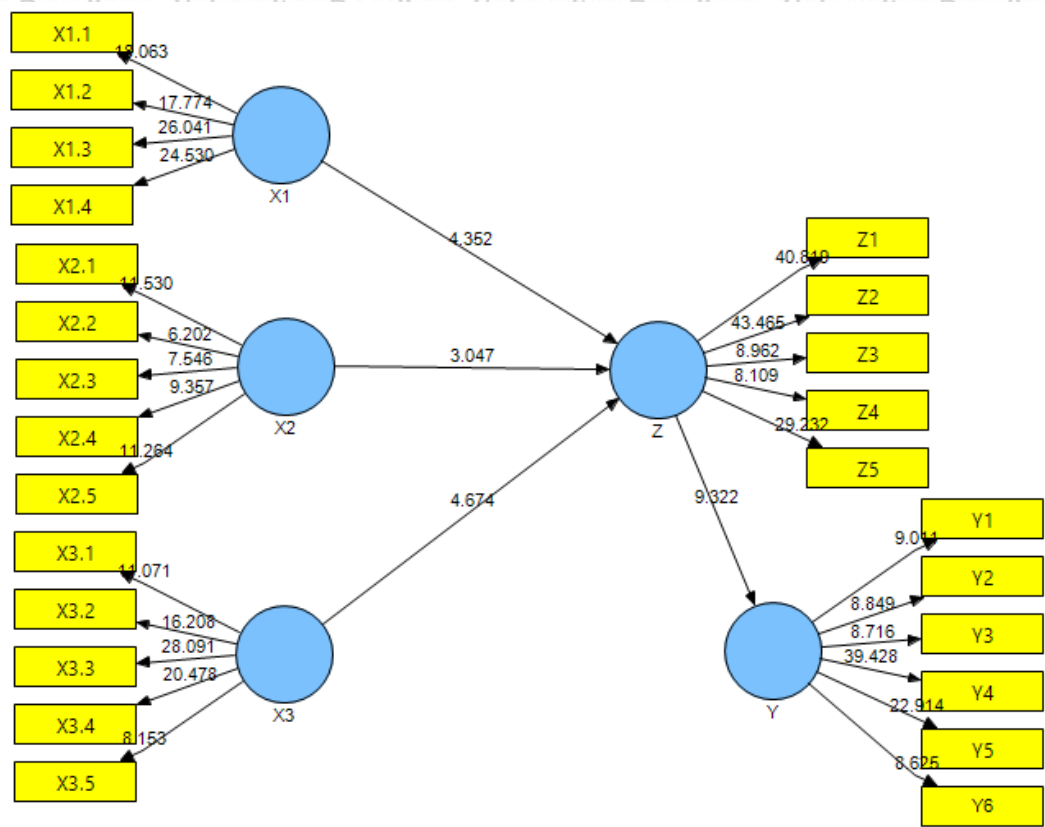


Figure 1 6. Inner Model Structure (Primary Data Processed, 2020)

Testing of the structural model is carried out by looking at the R-square value, which is the goodness-fit test of the model. In principle, this research uses one variable that is influenced by other variables, namely the variable Purchase intention (Y1), which is influenced by the Motivation (X1), Materialism (X2), and Social Media (X3) variables.

Table 15: R-Square

Variable	R Square
Z – Purchase Intention	0.5824
Y – Purchase Behaviour	0.4939

Source: Primary Data Processed with SmartPLS (2020)

Table 15 shows the R-square value of Purchase intention of 0.5824. This value shows that the Purchase intention (Y) variable is influenced by Motivation (X1), Materialism (X2), and Social Media (X3) of 58.24% while

the remaining 41.76 % is influenced by other variables outside the one under this research.

Table 15 also shows the R-square Purchase Behavior value of 49.39%.

This value shows that the Purchase Behavior (Z) variable is influenced by Purchase intention (Y) of 49.39%. Meanwhile, the remaining 50.61% is influenced by other variables outside the one under this research.

4.5. Hypothesis Testing and Discussion

The significance of the parameters estimated provides useful information about the relationship between the research variables. In PLS, statistical testing of each hypothesized relationship is carried out using a simulation. In this case, the bootstrap method is carried out on the sample. Bootstrapping testing is also intended to minimize the problem of abnormal research data. The test results with bootstrapping from the PLS analysis are as follows:

Table 16: Path Coefficient (Mean, STDEV, T-Values)

	Original Sample (O)	T Statistics (O/STERR)	p-value	H ₁
X1 -> Z	0.321	4.352	0.000	Accepted
X2 -> Z	0.273	3.047	0.003	Accepted
X3 -> Z	0.341	4.674	0.000	Accepted
Z -> Y	0.703	9.323	0.000	Accepted

Source: Primary Data Processed with SmartPLS (2020)

The basis used in testing the hypothesis is the value contained in the output result for inner weight. Hypothesis testing can be done by comparing t-statistics with t-tables. T-table can be obtained from 112 respondents, which in the end obtained a t-table of 1.96. Table 16 provides the estimated output for structural model testing.

The structural equation obtained is:

$$Z = 0.321 X_1 + 0.273 X_2 + 0.341 X_3$$

$$Y = 0.703 Z$$

Hypothesis 1: The Influence of Motivation (X1) on Purchase Intention (Z1)

The value of the Motivation variable towards Purchase intention is with a path coefficient of 0.321 and a t-statistic of 4.352; this value is greater than t-table (1.96) or $p \leq 0.05$. The results show that H0 is rejected, and H1 is accepted. It means that the first hypothesis is accepted. So that Motivation has a direct and significant positive influence on Purchase Intention.

The result above shows that motivation influences the intention of purchasing luxury fashion products. It means that if the motivation of consumers in luxury fashion products is increased, the purchase intention will also increase.

Someone's motivation to do something is based on the motivation to fulfill their needs and wants. As explained in Abraham Maslow's theory of needs, people will try to satisfy their most important needs first. If a person is successful in satisfying the most important need, then he will try to satisfy the next most important need.

Maslow's theory can help marketers understand how various products adapt to the plans, goals, and lives of consumers.

This statement is also supported by the results of research by Setiawan (2012). Where the research results show the positive influence of consumer motivation on consumer purchase intentions. Perhaps for young consumers, the influence of important people may be modest because they are more individualistic and more independent in their buying behavior. In a sense, buying luxury goods can be perceived as a sensitive act that may be driven more by inner motivation than social pressure.

Hypothesis 2: The Influence of Materialism (X2) on Purchase Intention (Z1)

From the results of data processing using SmartPLS, the path coefficient value, and the t-statistic value are obtained to show its significance. The results of testing the second hypothesis indicate that the relationship between the Materialism variable and Purchase Intention shows a path coefficient value of 0.273 with a t-statistic value of 3.047. This value is greater than t-table (1.96) and significant or $p \leq 0.05$. The results above indicate that H0 is rejected, and H1 is accepted. It means that the second hypothesis is accepted. Thus, Materialism has a direct and significant positive influence on Purchase Intention.

The result above shows that purchase intention can be influenced positively and significantly by materialism. The purchase decision will increase significantly along with the increase in materialism. In terms of frequency distribution, many respondents scored high on questions about the nature of materialism. It shows that the majority of customers have materialistic characteristics. Consumers with a high value of materialism believe that income and material things are important for their lives, which in turn becomes an indicator of success. Consumers want to feel inner satisfaction because of their materialistic attitude by owning luxury fashion items.

This statement is supported by research by Mohamadkhani and Esfahani (2016), which shows that materialism has a significant and positive influence on consumer consumption in buying back luxury goods. Research by Furnham and Valgerisson (2007) also shows the same results, but different from the findings of the study by Phau et al. (2009) and Mai and Linh (2017). The difference in these results indicates that the influence of materialism on purchase intention might differ

according to the population studied. In the literature with inconsistent results regarding the mechanisms of materialism that influence the purchase intention of luxury goods, these results may need further investigation in future research.

Hypothesis 3: The Influence of Social Media (X3) on Purchase Intention (Z1)

Social Media has a positive effect on Purchase Intention with a path coefficient of 0.341 and a t-statistic of 4.674 greater than the t-table (1.96) and a significance of $p < 0.05$. These results indicate that H_0 is rejected, and the third hypothesis is accepted. It means that Social Media has a direct and significant positive effect on Purchase Intention.

The results show that Social Media has a positive effect on Purchase Intention. Based on the dissemination of the questionnaire, the results showed that most of the respondents gave a positive response to the questions that the author asked related to the use of Social Media. It indicates that social media is well evaluated by respondents. The easiness of social media causes the increase of respondents' buying interest to luxury fashion products. The questionnaire results also show that public figures and influencers have the most significant effect on respondents' awareness of luxury fashion products through social media.

The attractive appearance and desire to have a product immediately resulted in respondents' buying interest in a product seen in social media increased, making it a great opportunity for manufacturers to sell their products through social media. This statement is also supported by the results of research by Setiawati (2013). The results of her research show the positive influence of Social Media on Consumer Purchase Intention.

Hypothesis 4: The Influence of Purchase Intention (Z) on Purchase Behaviour (Y)

Purchase Intention has a positive influence on Purchase Behavior with a path coefficient of 0.703 and a t-statistic of 9.323 greater than t-table (1.96) and a significance of $p < 0.05$. The results above show that H_0 is rejected, and the third hypothesis is accepted. It means that Purchase Intention has a direct and significant positive influence on Purchase Behavior.

The results above show that Purchase Intention has a positive influence on Purchase Behavior. In order to benefit marketers, Purchase Intention must lead to the actual Purchase Behavior of luxury goods. It is also supported by the results of previous research by Mai & Linh (2017) and Shahid & Farooqi (2019). They assume that when consumer intentions are created, there is a high probability that luxury goods buying behavior will occur.

Many researchers have conducted research on the behavior of luxury consumers in the past. This research also extends the current literature by examining consumer purchasing behavior along with the internal and external effects of their actual luxury goods purchases. In addition, it is possible that young consumers in Indonesia will not find luxury attractive if the product is available and sold at a price that can be easily accessed and can be purchased by many people because it will diminish the exclusivity of the products.

4.6. Luxury Fashion Industry in Indonesia

Over time, the demand and consumption of luxury goods will increase. Although the luxury fashion industry in Indonesia is not yet fully able to compete with the foreign fashion industry, the author can see that there is potential for the

luxury fashion industry in Indonesia to continue growing and meeting market demand. Many designers from Indonesia have successfully penetrated the global market. One of them is Tex Saverio, who won the Mercedes-Benz Asia Fashion Award in September, 2005. His work, La Glacon, was used by Lady Gaga in one of the photos in Harper's Bazaar magazine in 2013. Another Tex Saverio design dress has also been worn by Jennifer Lawrence in *The Hunger Games: Catching Fire*.



Figure 1 7 . Lady Gaga and Jennifer Lawrence wore Tex Saverio's designs

There is also bridal accessories designer Rinaldy Yunardi. His works are often used in the luxurious weddings of Indonesian artists. Starting from the wedding of Chelsea Olivia to Sandra Dewi, the accessories and jewellery designed by Rinaldy Yunardi were never separated. Not only attractive to the domestic community, top Hollywood artists such as Nicki Minaj, Gal Gadot, Beyonce, Mariah Carey, Ariana Grande, Madonna, to Kylie Jenner are also seen using accessories designed by this Indonesian designer.



Figure 1 8. Kylie Jenner, Mariah Carey, Nicki Minaj, Madonna, Beyonce, and Gal Gadot wore Rinaldy Yunardi's designs

Next, there is Nancy Go, Bagteria bag designer. This unique handbag studded with Swarovski has long penetrated the world market. Nancy's bags are favored by top Hollywood artists such as Paris Hilton, Emma Thompson, and Blake Lively. Not only top artists, even Queen Elizabeth II's granddaughter, Princess Zara Philips also likes Nancy Go's handbags.



Figure 1 9. Blake Lively and Paris Hilton wore Nancy Go's designs

Apart from the three designers above, there are many other talented Indonesian designers whose work are recognized or used by the global market. Like Fahrani, Peggy Hartono, Ivan Gunawan, Dian Pelangi, Didit Prasetyo, Niluh Djelantik and others. It shows that many designers from Indonesia have the potential to continue to grow and meet market demand both in Indonesia and abroad.

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

This research was conducted to get a better understanding of Indonesian purchase behaviour towards luxury fashion goods in Millennials' age. The objective of this research was to find out the impact of internal and external influences on purchase behaviour of Fashion Luxury Goods in Indonesia. Based on the problems formulated, the results of the analysis, and hypothesis testing that had been carried out in the previous chapter, the following conclusions are drawn from the research conducted:

1. Internal influences have a positive correlation towards the intention of purchasing luxury fashion goods in Indonesia. It is shown by the result of Hypothesis 1 and 2 between internal influences (motivation and materialism) and purchase intention that are accepted, which can be seen from the F-result and the p-value. The findings of this study indicate that consumers' motivation has a significant influence on purchase intentions of luxury fashion goods in Indonesia. Achieving good self-esteem and the recognition to others tends to be the motivation that most respondents have to encourage the intention of purchasing luxury fashion goods. In addition, the findings also suggest that young people (millennials) in Indonesia with high level of materialism are more likely to have intentions toward purchasing luxury fashion goods.

2. External influences have a positive correlation towards the intention of purchasing luxury fashion goods in Indonesia. It is shown by the result of

Hypothesis 3 between external influences (social media) and purchase intention that is accepted, which can be seen from the F-result and the p-value. The easiness of social media causes the increase of respondents' buying interest to luxury fashion products. The findings of this study shows that public figures and influencers have the most significant effect on consumers' awareness of luxury fashion products through social media, compared to people around them and brands' official account in social media. The attractive appearance and desire to have a product immediately resulted in respondents' buying interest in a product seen in social media increased, making it a great opportunity for manufacturers to sell their products through social media.

3. The results also show that the Purchase intention variable has a positive and significant influence on Purchase Behavior. It is evidenced by the value of t count > 1.96 , which means there is a significant effect. When consumer intentions are created, there is a high probability that luxury goods buying behavior will occur.

5.2 Recommendation

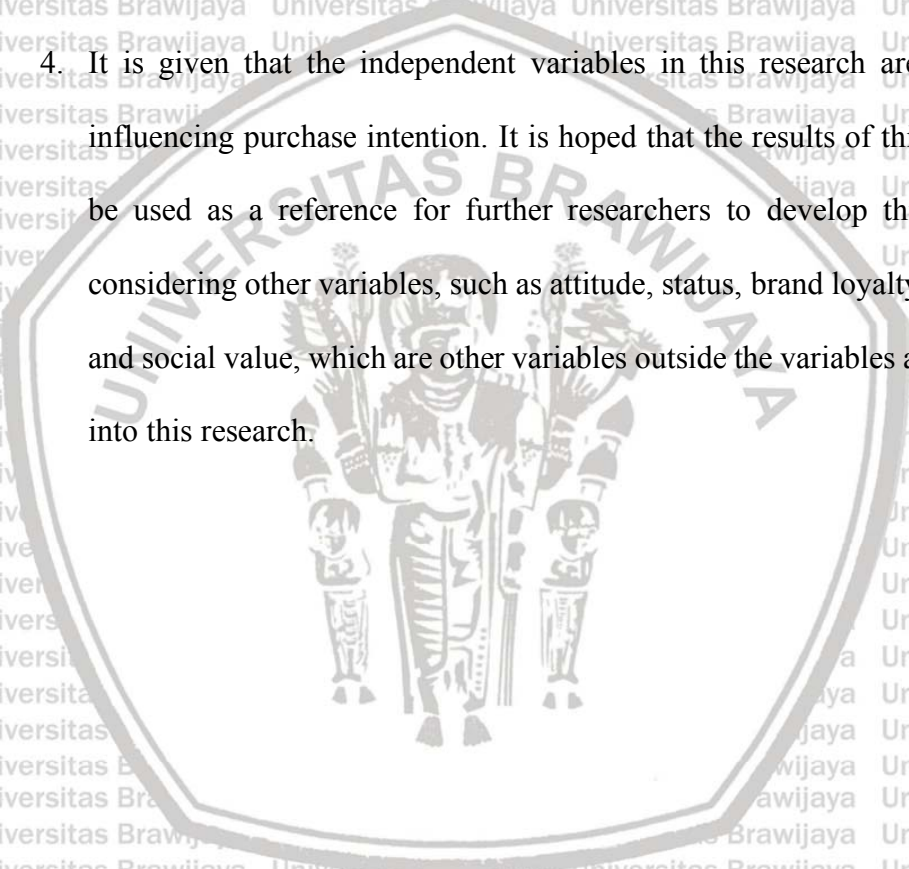
Based on the above conclusions, several suggestions can be put forward, which are expected to benefit the company and other parties. The recommendations given include:

1. Fashion companies can better take advantage of the materialism and self-motivation of consumers in impulsive purchases of luxury fashion items in Indonesia. Since the internal influence of consumers has a significant influence on Purchase Intention, companies are expected to do better research and understand the internal characteristics of their customers so that Purchase Intention and Behavior will be better.
2. Fashion companies can further maintain and improve their brand image and product promotion quality, especially on social media, because the social media variable has a significant influence on purchase intentions. Most consumers, especially those at the Millennial age, are active Social Media users and get a lot of product exposure from the platforms. In addition, the rise of influencers and even celebrities who create content about luxury brands on social media has also expanded the brand's reach among consumer groups who have never been exposed to a brand presence before. Companies must think strategically in leveraging Social Media so it is not only a platform for managing and optimizing brand perception, but also expanding value creation and brand experience.
3. Since exclusivity is one of the reasons that lead to impulsive buying, fashion companies can try to use different and unique designs or create limited edition products to create exclusivity and attract more consumers. In addition,

customization can also be the right way for brands to be more responsive to specific problems that each customer has and make a product more personal.

Customization is considered capable of offering product advantages that are in accordance with the wishes and automatically creates an emotional attachment between the customer and the product. It suggests that customization can also be a significant marketing opportunity for brands or companies that are ready to be flexible to customer demands.

4. It is given that the independent variables in this research are important in influencing purchase intention. It is hoped that the results of this research can be used as a reference for further researchers to develop this research by considering other variables, such as attitude, status, brand loyalty, and personal and social value, which are other variables outside the variables already entered into this research.



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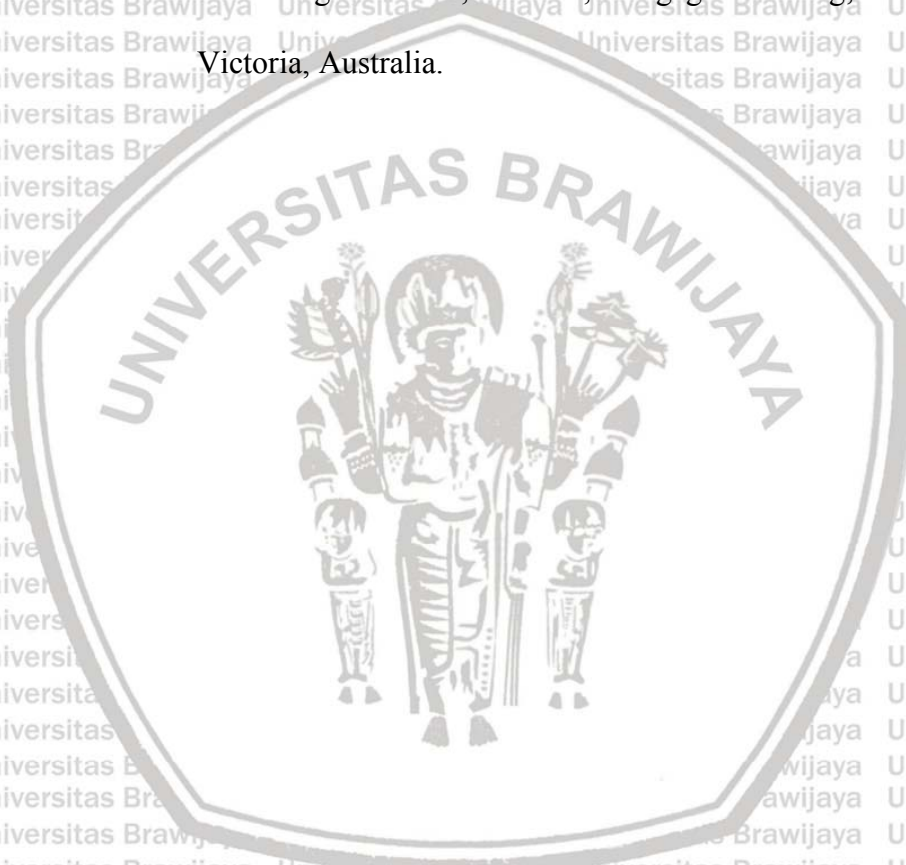
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Appendices

Appendix A

Questionnaire Questions

General Information

1. Nama:
2. Jenis Kelamin?
 - Perempuan
 - Laki-laki
3. Apakah anda memiliki umur 20-40 tahun (umur millennial)?
 - Ya
 - Tidak (Anda tidak perlu melanjutkan kuesioner ini)
4. Pendidikan terakhir

<ul style="list-style-type: none"> • SD • SMP • SMA/SMK • D1/D2/D3 	<ul style="list-style-type: none"> • S1 • S2 • S3
--	--
5. Jenis pekerjaan

<ul style="list-style-type: none"> • Wiraswasta • PNS/BUMN • Pegawai swasta • Industri • TNI/Polri 	<ul style="list-style-type: none"> • Pelajar/Mahasiswa • Other
---	--

6. Pendapatan rumah tangga

- < Rp. 10.000.000
- Rp. 10.000.000 – Rp. 14.999.999
- Rp. 15.000.000 – Rp. 29.999.999
- ≥ Rp. 30.000.000

7. Saya mengenal dan familiar dengan merek-merek mewah seperti Hermes,

Louis Vuitton, Chanel, Gucci, Prada, Balenciaga, dan lain lain

- Ya
- Tidak (Anda tidak perlu melanjutkan kuesioner ini)

8. Selama dua tahun terakhir ini saya pernah membeli produk fashion dari

merek mewah setidaknya 2 kali

- Ya
- Tidak (Anda tidak perlu melanjutkan kuesioner ini)

Jika Anda pernah membeli produk fashion dari merek mewah setidaknya 2 kali dalam dua tahun terakhir, silahkan melanjutkan kuesioner.

Jawablah sesuai dengan pengetahuan anda mengenai pernyataan tersebut. Skala respondent adalah sebagai berikut:

- 1 = Sangat Tidak Setuju
- 2 = Tidak Setuju
- 3 = Netral
- 4 = Setuju
- 5 = Sangat Setuju

No.	Pertanyaan	Skala				
		1	2	3	4	5
Motivation Fit Measures						
1.	Saya merasa barang mewah fashion dapat memenuhi rasa cinta dan dapat diterima oleh orang-orang disekitar saya					
2.	Saya merasa membeli barang mewah fashion dapat meningkatkan kepercayaan diri saya					
3.	Saya membeli barang mewah fashion untuk dapat dihargai oleh orang orang di sekitar saya					
4.	Saya membeli barang mewah fashion sebagai pembuktian kepada orang lain dan diri saya sendiri					
Materialism Fit Measures						
1.	Saya biasanya membeli barang-barang yang saya butuhkan dan juga barang-barang yang tidak saya butuhkan					
2.	Saya memilih untuk memiliki kontrol yang lebih besar dari suatu barang dengan memilikinya daripada menyewa, menyewakan, atau meminjamnya					

3.	Saya cenderung untuk mengabadikan pengalaman melalui foto, suvenir, dan kenang-kenangan yang dapat disimpan dan dapat secara nyata dimiliki				
4.	Saya merasa enggan untuk meminjamkan atau menyumbangkan barang milik pribadi kepada atau berbagi harta dengan orang lain				
5.	Saya sering merasa ingin memiliki beberapa harta atau benda milik orang lain				

Social Media Fit Measures

1.	Saya merupakan pengguna aktif sosial media seperti Instagram, YouTube, Facebook, Twitter, dll.				
2.	Saya mengetahui hal hal mengenai barang fashion mewah melalui interaksi di sosial media seperti Instagram, YouTube, Facebook, Twitter, dll.				
3.	Saya mengetahui hal hal mengenai barang fashion mewah melalui para publik figur dan influencer di sosial media				
4.	Saya mengetahui hal hal mengenai barang fashion mewah melalui orang sekitar saya di sosial media				

5.	Saya mengetahui hal hal mengenai barang fashion mewah karena mengikuti akun fashion merek mewah di sosial media				
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Purchase Intention Fit Measures

1.	Saya memiliki niat tinggi untuk membeli lebih banyak produk fashion mewah				
2.	Kesediaan saya untuk membeli produk-produk fashion mewah tinggi				
3.	Saya tidak mau membeli produk fashion mewah bekas/second walaupun memiliki harga yang lebih murah				
4.	Saya tidak mau membeli produk fashion mewah palsu/imitasi walaupun memiliki harga yang lebih terjangkau				
5.	Saya ingin terus membeli barang-barang mewah				

Purchase Behaviour Fit Measures

1.	Saya akan membeli merek-merek mewah terlepas dari harganya				
2.	Saya sering melakukan pembelian produk-produk fashion mewah				
3.	Saya kebanyakan membeli barang mewah untuk diri saya sendiri				

4.	Saya tidak hanya membeli produk mewah saja				
5.	Saya tidak pernah membeli produk mewah bekas/second				
6.	Saya tidak pernah membeli produk mewah palsu/imitasi/kw				

