MILLENNIAL GENERATION CONSUMPTION BEHAVIOR IN THE USE OF E-COMMERCE IN THE DIGITAL ERA (CASE STUDY: UNIVERSITY STUDENT IN MALANG)

Galuh Eka Pramithasari
Brawijaya University
(galuhpramithasari@gmail.com)

ABSTRACT

Technology’s development in this modern era experiencing rapid growth. In Indonesia, the development of internet itself has been growing rapidly. As a result, there are many positive impact in human’s life from the development of technology, with no exception by millennial generation. Millennial generation using internet almost in every aspect of their life including buying and selling activity via E-Commerce. Main purpose of this research is to analyze variable that affecting millennial generation consumption behavior, which represent by university student in Malang. The result showed that price (X1), lifestyle(X2), Convenience(X3), and trust(X50 has positive impact in university’s student consumption behavior(Y) while media information(X4) is the only one that has negative impact. Based on this result it can be concluded that consumption behavior of University student in Malang is very affected by price of goods, lifestyle of the student, Convenience of using E-Commerce and trust while advertisement of E-Commerce via media information has no impact on consumption behavior.

Keyword: millennial generation, consumption behavior, e-commerce

1. BACKGROUND

The development of technology in this modern era is experiencing rapid growth. The development of this technology itself cannot be separated from the invention of computers and followed by the invention of the internet. In Indonesia, internet growth is also experiencing rapid growth. This is evident from Chart 1.1 below. Since entering in 1998 to 2017, internet users increased by 287 fold to reach the number 143.26 million people. With this data, it can be ascertained in the future that the growth of the internet will continue to grow.
The rapid development of the internet is also followed by the growth of various online-based technologies. This gives a lot of positive impact in helping everyday life. The positive impact is also felt by various parties are no exception by the millennial generation. According to The EgoTech Report (2016), the millennial generation is a group of people born between 1981 and 1998. Another opinion, according to Elwood Carlson, author of The Lucky Few: Bild of the Greatest Generation and the Baby Boom (2008) is a group of people born from 1983 to 2001.

The difference between millennials and other generations is that millennials use the internet in various aspects of their lives, one of them in the buying and selling of E-Commerce. According to Schneider and Perry (2000), the definition of E-commerce is the process of purchasing and selling products or services using electronic data transmission via the Internet and www. Many advantages of the emergence of this E-commerce. Since E-commerce is an online-based store, buyers can buy various items with just one click through their gadgets.

Among the students themselves, E-commerce business is not a strange thing. This is because students are at a time when the need for new information is very high. Many factors can influence the consumption behavior of students in using e-commerce. According to Howard (2007), the simplest reason for online purchases is to save money. Prices in E-Commerce are generally lower than the manufacturer’s price or the price of the goods at the outlet purchase. Therefore price factor greatly influences consumer behavior in shopping in E-Commerce.

In addition, in the university environment students are required to follow trends in various fields. One of them in terms of dress. This is shown in Table 1.1 below. This table shows the classification of goods purchased through e-commerce. We can see that 37.6% of products purchased are fashion products and accessories, followed by mobile phones, gadgets, and accessories. This shows that the lifestyle of the students greatly affects their
consumption. This was stated by Kotler and Keller (2009), one's consumption behavior is influenced one of them by individual factors, where lifestyle is one of the causes.

**Table 1.1 Classification of Products Purchased By Consumers In E-commerce**

<table>
<thead>
<tr>
<th>Classification Of Products Purchased</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fashion and Accessories</td>
<td>37.6%</td>
</tr>
<tr>
<td>Handphone, Gadget and Accessories</td>
<td>12.2%</td>
</tr>
<tr>
<td>Electronic</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

Source: Directorate General of Informatics Applications, 2017

Other factors that influence consumer behavior in using E-Commerce is a promotion in information media, one of them through social media. According to Saragih and Ramdhany (2012), social media is an online medium where users can easily interact with each other in the same containers as blogs, wikis, social networks, forums and virtual worlds. The advantage of social media is the high intensity of interactive communication within a website. Because of these advantages, social media is often used by entrepreneurs both small and multinational companies to communicate the marketing of products and services to a wide audience.

In addition, according to Palmer and Griffith (1998) other factors that influence consumption behavior is a factor of Convenience. Convenience refers to the extent to which a customer feels that the website is simple, intuitive, and easy to use. Easy access to information and the simplicity of the transaction process is a determining factor of the number or number of transactions being made. The quality of a website is very important because, for retailers using e-commerce, this represents the appearance of the store.

Another factor that contributes to consumption behavior in the use of E-Commerce is trust. Trust can affect consumers because in-store products cannot be seen, stores are not physically found, so trust is the key that consumers decide to buy or not. Similar to previous research conducted by Nature (2008), the relationship between trust and online shopping is significant. It shows in any country, trust in online shopping is very important. Therefore, companies / online stores need to develop strategies continuously to build consumer trust.

From this data, E-Commerce in Indonesia has experienced growth among the community, especially the millennial generation. This is greatly supported by technology that continues to grow from year to year. The development of technology itself is increasingly spread to various fields, including in the world of commerce. With the number of E-Commerce services, this can affect student consumption. For this reason, this research is made in such a way as to know the various factors that can influence the
consumption behavior of students as the millennial generation in the use of E-Commerce in their daily life.

2. LITERATURE REVIEW

Theory of Consumption

Consumption theory according to James Dusenberry in his book entitled "Income, Saving and The Theory of Consumer Behavior" in 1949 suggests that the defense of certain people or communities by people who ever reached. If income is reduced, then consumers will not do much spending on consumption. To maintain a high level of consumption, savings reduce savings. If the income increases then their consumption will also increase, but the increase is not too large. Medium savings will grow with the rapidly. In theory, Dusenberry uses two assumptions:

1. Interdependent, that is the content that can be used by others. The use of households by the environment undertaken by the environment and those around them. If the individual wants to have a simple level, then living in a high-level general environment, then things that can affect the lifestyle and the level of individuals who initially have levels that can turn into high levels.

2. Irreversible ie the level of expenditure that the individual generated in accordance with the amount of income it has. In other words, at the same time, it will be different with different patterns at the same time or downhill. If an individual has a high income, the consumption rate will also be high. Whereas, in each person who experienced a decrease in income, the level of consumption expenditure will also be low and decreased.

Theory of Consumer Preferences

The Theory of Consumer Preference can be defined as a corresponding theory of the consumer's view in expressing what he wants from several options available. According to Case and Fair (2007: p.64), consumer preferences can manifest itself in market behavior. Change the price of one item can change or limit the choice of each individual and will change the whole number of its income.

Digital Economy

Digital economy or what is also called the digital economy is a form of technological development in the economic field (Fuentes & Svingstedt, 2017). A real example of the growing digital economy today is the growing variety of Fin-tech is increasingly varied. Many e-commerce companies are beginning to bring up Fin-tech
products that have their respective advantages in order to compete with other e-commerce companies.

**E-Commerce**

Online shopping is a way that is currently being used in public transactions (Nusarika and Purnami, 2015). No exception to the diagonal of the millennial model. This way of shopping online is getting more and more done by millennial models. This is due to lately being booming about so-called electronic commerce called E-Commerce. E-Commerce is a form of trading that can be done anytime and anywhere, and without knowing any boundaries as long as our gadgets are connected to the internet (Zhou, 2007). So, buyers do not have to struggle to come to the store to see and buy goods or services that buyers want.

**Framework**

The conceptual framework is made, as shown in the figure below, to analyze the factors that influence millennial generation consumption behavior which is represented by students in Malang City using E-Commerce:

![Conceptual Framework](image)

Hypothesis:
H1: Variable Price (X1) has a significant effect on Consumption behavior variable (Y).
H2: Variable Lifestyle (X2) has a significant effect on Consumption behavior variable (Y).
H3: Variable Convenience (X3) has a significant effect on Consumption behavior variable (Y).
H4: Variable Information Media (X4) has a significant effect on Consumption behavior variable (Y).
H5: Variable Trust (X5) has a significant effect on Consumption behavior variable (Y).

3. **RESEARCH METHODOLOGY**

In this study, researchers used a type of research that can be customized for processing data in the form of numbers. Data which is primary data is data collected in various research and research (Sekaran, 2006). So the primary data is data obtained directly from the source, through interviews and questionnaires. Selection of primary data because this research conducted in Malang city. This quantitative research will process
the numbers that will be analyzed by Partial Least Square - Regression (PLS-R) using SmartPLS application version 3.2.7. with the following model:

\[ Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 \]

4. RESULT AND DISCUSSION

Partial Least Square Regression (PLS-R)

Partial Least Regression is one of the methods used in the multivariate process. The advantages of Partial Least Square (PLS) method is to analyze the model using Likert scale data. In addition, Partial Least Square (PLS) has the advantage that the data we make with not distributed normally. Regression is done to know the positive or negative variable from the independent variable to the dependent variable. After the regression using SmartPLS 3.2.7 then the regression results can be seen in Table 4.1

Partial Least Square Regression follows:

Table 4.1. Partial Least Square Regression

<table>
<thead>
<tr>
<th>Variable</th>
<th>Regression Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price → Consumption Behavior</td>
<td>0.189</td>
</tr>
<tr>
<td>Lifestyle → Consumption Behavior</td>
<td>0.222</td>
</tr>
<tr>
<td>Convenience → Consumption Behavior</td>
<td>0.223</td>
</tr>
<tr>
<td>Information Media → Consumption Behavior</td>
<td>-0.052</td>
</tr>
<tr>
<td>Trust → Consumption Behavior</td>
<td>0.189</td>
</tr>
</tbody>
</table>

The regression model based on the results of the analysis is:

\[ Y = 0.189X1 + 0.222X2 + 0.223X3 - 0.052X4 + 0.189X5 \]

Based on these data can be known if the coefficient value of the variable price of Consumption Behavior of 0.189, Lifestyle variable to Consumption Behavior of 0.222, Practical Variables to Consumption Behavior of 0.223, Media Information variable to Consumption Behavior of -0.052, and variable Trust Behavior Consumption of 0.310. So it can be concluded that only variable of Information Media which have a negative effect on Consumption Behavior variable, while Price variable, Lifestyle, Convenience, and Trust have a positive influence on a variable of Consumption Behavior.

Outer Model

The outer model analysis is an analysis conducted to determine the specification of the relationship between latent variables with the indicators. The outer model can also be said as a model of Partial Least Square that is able to define how indicators can relate to its latent variables (Solimun and Fernandes, 2017). There are two tests used in the outer model of the Instrument Validity Test and Instrument Reliability Test.

Instrument Validity Test

The validity test is a test used to find out which questionnaire or instrument is used in a study that is able to measure what is being measured (Solimun and Fernandes, 2017). The questionnaire can be said to be valid if questions from the questionnaire can be used to explain something that will be measured by the questionnaire. By using
SmartPLS 3.2.7 then the requirements specified to pass the validity test are the value of Average Variance Extracted (AVE) must be more than 0.50.

**Table 4.2. Instrument Validity Test**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption Behavior (Y)</td>
<td>0.632</td>
</tr>
<tr>
<td>Price (X1)</td>
<td>0.652</td>
</tr>
<tr>
<td>Lifestyle (X2)</td>
<td>0.611</td>
</tr>
<tr>
<td>Convenience (X3)</td>
<td>0.648</td>
</tr>
<tr>
<td>Information Media (X4)</td>
<td>0.639</td>
</tr>
<tr>
<td>Trust (X5)</td>
<td>0.674</td>
</tr>
</tbody>
</table>

Based on the data, it can be seen if the Average Variance Extracted (AVE) variable of Consumption Behavior is 0.632, the Price variable is 0.652, the Lifestyle variable is 0.611, the Practice variable is 0.648, the Media Information variable is 0.639, the Trust variable is 0.674. So it can be concluded if all the variables used in this study pass the validity test because all variables have an AVE value that exceeds the number 0.5 and can be said that the instrument used in this study is valid in measuring something being measured.

**Reliability Instrument Test**

The reliability instrument test is a test used to find out the size indicating the extent to which a questionnaire or instrument used in research to obtain information, be reliable and capable of measuring variables consistently (Solimun and Fernandes, 2017). Test reliability instrument is used to determine whether an instrument in this study can measure the consistency of respondents in answering each item question of the research instrument in the form of questionnaires in this study. Variables can be said to pass the instrument reliability test provided that Cronbach's Alpha value must be more than 0.7.

**Table 4.3. Reliability Instrument Test**

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption Behavior (Y)</td>
<td>0.709</td>
</tr>
<tr>
<td>Price (X1)</td>
<td>0.736</td>
</tr>
<tr>
<td>Lifestyle (X2)</td>
<td>0.787</td>
</tr>
<tr>
<td>Convenience (X3)</td>
<td>0.820</td>
</tr>
<tr>
<td>Information Media (X4)</td>
<td>0.717</td>
</tr>
<tr>
<td>Trust (X5)</td>
<td>0.758</td>
</tr>
</tbody>
</table>

From the data, it can be seen that all the variables used in this study exceed the value of 0.7 on the Cronbach’s Alpha table. Cronbach’s Alpha value of the variable Consumption Behavior of 0.709, Price variable of 0.736, Lifestyle variable of 0.787, Practice variables of 0.820, Media Information variable of 0.717, and Trust variable of 0.758, so it can be concluded that all the variables in this study can measure the consistency of the respondents in answering each question item.

**Inner Model**

The inner model analysis is performed to find out the specification of the relationship between latent variables or commonly called structural model (Solimun and Fernandes, 2017). Some criteria of the inner model are T-Statistics, Probability Values, and R2.
**T-Statistics**

T-statistics is one part of the inner model that is used to know the significance of the independent variable to the dependent variable. The independent variable can be said significantly to the dependent variable if the value of t-statistics is greater than t-table stated as 1.96.

<table>
<thead>
<tr>
<th>Variable</th>
<th>T-Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price → Consumption Behavior</td>
<td>4.349</td>
</tr>
<tr>
<td>Lifestyle → Consumption Behavior</td>
<td>4.457</td>
</tr>
<tr>
<td>Convenience → Consumption Behavior</td>
<td>4.301</td>
</tr>
<tr>
<td>Information Media → Consumption Behavior</td>
<td>1.063</td>
</tr>
<tr>
<td>Trust → Consumption Behavior</td>
<td>6.192</td>
</tr>
</tbody>
</table>

Of all independent variables, only the variable Media Information is not significant to the variable Consumption Behavior, while other variables in the form of Price, Lifestyle, Convenience, and Trust have significant results.

**Probability Value**

Probability Values is one part of the inner model that is useful to know the significance of independent variables to the dependent variable. The independent variable can be said significantly to the dependent variable if Probability Values is less than $\alpha = 0.05$.

<table>
<thead>
<tr>
<th>Variable</th>
<th>P. Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price → Consumption Behavior</td>
<td>0.000</td>
</tr>
<tr>
<td>Lifestyle → Consumption Behavior</td>
<td>0.000</td>
</tr>
<tr>
<td>Convenience → Consumption Behavior</td>
<td>0.000</td>
</tr>
<tr>
<td>Information Media → Consumption Behavior</td>
<td>0.288</td>
</tr>
<tr>
<td>Trust → Consumption Behavior</td>
<td>0.000</td>
</tr>
</tbody>
</table>

From the results above, it can be concluded that only variable Media Information is not significant to the variable Consumption Behavior, while the variable Price, Lifestyle, Convenience, and Trust significant to the variable Behavior Consumption.

**R-Square**

R Square is one part of the inner model that is useful to find out how much the dependent variable can be predicted by independent variables. According to Miller (1992), R Square categorized into four categories. The fourth category is that if R Square is more than 0.67 is high if R Square more than 0.33 is enough or moderate, if R Square more than 0.19 is low or weak, whereas if R Square is less than it is not recognized or not received.

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption Behavior</td>
<td>0.483</td>
</tr>
</tbody>
</table>

Based on the table above it can be seen if the value of R Square on Consumption Behavior variable as a dependent variable can be predicted by Price, Lifestyle, Practice, Media Information, and Trust is 0.483. So it can be concluded that R Square in this study is classified or moderate.
5. CONCLUSION AND SUGGESTION

Based on the results of research and discussion that have been described in the previous chapter on the influence of price, lifestyle, convenience, media information, and trust in consumption behavior, it can be concluded as follows:

1. The price that suits the quality will increase the consumer's desire toward his consumption behavior by using e-commerce service. So when consumers consider the higher the compatibility of prices offered by the e-commerce with the quality, consumer desire in making purchases using e-commerce services will be higher too.

2. The lifestyle of university students as consumers of E-commerce can also affect the level of consumption owned by the student. The higher the lifestyle of the university students, the higher their consumption behavior in using E-commerce.

3. The convenience of the services provided by the e-commerce also makes consumers feel easier in making purchases. So the higher the convenience of technology from e-commerce services will be the higher consumption behavior of students by using the services of e-commerce.

4. Various information media cannot influence student consumption behavior in using e-commerce. Although the information about e-commerce is increasingly coming from various media, it does not affect the consumption behavior of students in making purchases using e-commerce services.

5. High level of trust from university student on e-commerce can also affect the student's consumption behavior in making purchases using e-commerce services. So the higher the level of security provided by the e-commerce, the higher the consumption of students in making purchases using e-commerce services.

Based on the conclusions that have been obtained, the researchers gave some suggestions, among others:

1. Judging from the price offered by e-commerce, it will be better if e-commerce’s side to evaluate the reviewer, especially about the compatibility of prices with product quality. This needs to be done so that the e-commerce can be more proper in determining the price of its products.

2. As we can see from university student’s lifestyle that more consumptive, it would be better is student more selective in choosing goods that suitable for their financial condition. Because it would be more useful if important basic need that can be fulfilled first.

3. Judging from the students as a consumer, it is better if the students are using fintech or e-money products that currently growing in the world of e-commerce. This is intended to make it easier for students to transact through e-commerce. In addition, using e-money will be more discounts and discounts provided by the e-commerce.

4. Judging from the promising advantages of the e-commerce industry, more and more new e-commerce is emerging. This can further tighten the competition between e-commerce business. Therefore, the researcher suggested to the e-commerce to continue to develop the attractiveness of promotions and features provided by e-commerce itself in order to continue to exist in the modern shopping industry.

5. Viewed from the side of the student as a consumer, then it's good if the e-commerce’s side to evaluate the testimonials that have been given by consumers, especially about the security and convenience in using e-commerce services. This needs to be done to
find out what features need to be improved and maintained on the e-commerce service itself.

6. BIBLIOGRAPHY


