

# ***The Influence of Millennial Generation Lifestyle on Purchase Decisions Online in Shopee by Seeing Risk Perception as Moderating Variables***

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**Abstract-**The purpose of this study is to examine the effect of millennial lifestyle on purchasing decisions that are moderated by risk perception. The sample in this study amounted to 96 respondents taken using the Lemeshow technique with the determination of purposive sampling. The analysis technique used in this study is Simple Regression Analysis with MRA (Multiple Regression Analysis). The results showed that lifestyle has a positive and significant influence on purchasing decisions. While the partial influence of the millennial lifestyle that is moderated by risk perception of purchasing decisions has a negative and insignificant effect on purchasing decisions, which means that risk perception cannot be used as a pure moderation variable. While the results of the coefficient of determination show that the perception of risk as a moderator strengthens the relationship between lifestyle and purchasing decisions.

**Keywords:** *Lifestyle, Millennial Generations, Risk Perception, Purchasing Decisions*

## I. INTRODUCTION

The development of internet users in Indonesia itself has experienced a huge increase every year. The Indonesian Internet Service Providers Association (APJII) revealed the number of internet users in Indonesia reached 143.26 million at the end of 2017 out of the total population of Indonesia which reached 262 million people.

The development of information and communication technology in the internet field, has also influenced the lifestyle of the community where this change is more visible in communication patterns between groups or individuals and also in the world of business transactions. This change is also inseparable from the consumptive behavior among adolescents among adolescents and adults in shopping who pay less attention to the effects and consequences that are likely to arise when they make the decision to use the product both goods and services offered. Lifestyle itself plays a role in this case because lifestyle is not just an indication of social status owned or personality, but also is a picture of how an individual expresses what they are interested in, activities

carried out or just sharing opinions with the surrounding environment.

Based on data provided by APJII in the results of a survey conducted in 2017 concerning the composition of internet users by age, as many as 49.52% of users were in the age range of 19-34 years. This is certainly evidence that the generation of young people or who are more familiarly called the millennial generation is easier to adapt to the changes that are also quick to understand and familiar with new technology.

The APJII survey found that every year internet usage in Indonesia has experienced a very stable increase and even tends to increase and there are no signs of going down. This is influenced by several factors, one of which is the presence of gadgets and smartphones that make it easy for people to access the internet and lifestyle demands to be always online and up-to-date on information.

Millennial generation itself is a term that is widely discussed by many circles. According to [1], millennial generation as generation Y were born in the early 1980s and mid-1990s to early 2000s as the end of birth. Millennials live and grow up with technological change, even this generation is more knowledgeable about technology and is more adaptable to any changes that occur because millennials are not interested in conventional or traditional things and they are required to move quickly in following the changing times.

Millennials prefer a relaxed work, high income, and promotion of a fast career path. Nevertheless, some companies tend to favor millennial generation because they are able to increase company profits and work effectively and efficiently through creative ideas. This also affects the lifestyle of millennialists who do not like saving, they tend to buy experience rather than buying a home, chasing pride for a particular brand, vacationing to new and unique tourist attractions become a hobby of its own and a tendency to always "hang out" with friends in cafes and eating places to

just sit and relax while talking is an exciting thing for this generation.

This high lifestyle requires millennial generation to always be updated and have every new product released and cause consumptive behavior of a product that has no use value in its use. But unfortunately, not all areas of individual residence provide the desired product, therefore e-commerce comes with all attractive offers to meet the needs of millennial generation.

E-Commerce itself according to [2] is a dynamic set of technology, applications, and business processes that connect companies, consumers, and certain communities through electronic transactions and trade in goods, services, and information conducted electronically. In other words, e-commerce is an activity that uses the internet, websites and other electronic media to transact business including distribution, buying, selling, and marketing activities of goods and services through a systematically arranged electronic system. In line with e-commerce, consumer behavior in Indonesia in making purchases has shifted (changes), if some time ago people still make purchases through physical stores, so now doing online buying activities is a favorite because of the perceived benefits of saving the time and ease that is gained.

Purchasing decisions are part of the consumer purchasing process where consumers decide to conduct transaction activities or not. The purchasing decision is also a problem solving process, in this study the authors are interested in using the purchase decision variable given the development of information technology that facilitates online transaction activities the decision to use the internet as a place to transact is certainly very interesting. In the process of determining online shopping, the main factor that most consumers consider is the perception of risk.

According to [3], risk is a precursor factor that earns trust. Risk according to [4] is defined as the uncertainty faced by consumers if they cannot predict the consequences of their purchasing decisions.

Perception of risk or perceived risk can be interpreted as a risk that is generally accepted by individuals when using the system or when going to do an activity. According to [5] states that risk perception is also a subjectivity to loss. Reference [6] defines risk perception as a number which is the certainty of an individual's subjective feelings of the consequences of loss.

One e-commerce platform that attracts consumers' attention is Shopee. This platform is the number 1 e-commerce in the Southeast Asia region founded by Chris Feng under the auspices of the Sea Group which focuses on the mobile platform and carries the vision of C2C (customer to customer). Shopee was officially introduced in Indonesia in December 2015 under the auspices of PT. Shopee International Indonesia. Since its launch, Shopee Indonesia has experienced very rapid development until March 2019 where this application has been downloaded by more than 50 million internet users. With the ease and benefits derived from the use of e-commerce in this case the use of the Shopee

application is felt by some people. However, it is not uncommon to find cases in online transaction activities through e-commerce where the goods that arrive are not in accordance with what is expected by consumers. This can be caused by an incorrect information system from both the information giver and the recipient, as well as cases where the product ordered takes more than it needs to get to its destination and the most common is the product that is damaged in the shipping process.

This is certainly a frightening specter for consumers to order again, this is precisely what is one of the biggest risks of e-commerce activities where the risk is considered higher than physical trading due to the limited physical contact of consumers with the product, so consumers cannot control product performance before making a purchase.

## II. LITERATURE REVIEW

The term e-commerce began to emerge in the 1990s through initiatives to change the paradigm of buying and selling transactions and payments from conventional methods into digital forms based on computer-based digital electronics and internet networks.

E-commerce (electronic commerce) as electronic trading where trading transactions both buying and selling are carried out through electronics on the internet network. The existence of e-commerce itself on the internet can be identified through the existence of advertising, sales, and the best service support for all customers by using a web-shaped online store that operates 24 hours a day.

Generation is a social construction in which there is a group of people who have the same age and the same historical experience. Generation is a group of individuals who identify their groups based on similarity in birth years, age, location, and events in the lives of these groups of individuals who have a significant influence in their growth phase.

Table 1

*Generational Behavioural Characteristics of Different Age-Groups*

<b>Fact ors</b>	<b>Baby bloom</b>	<b>X generati on</b>	<b>Y generati on</b>	<b>Z generati on</b>
<i>View</i>	<i>Communal, unified thinking</i>	<i>Self- centered and medium- term</i>	<i>Egoistic all, short- term</i>	<i>No sense of commitment, be happy with what you have and live for the present</i>

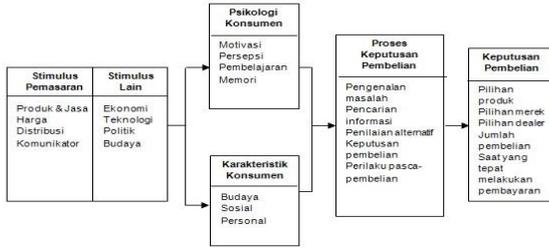
<i>Relations hip</i>	<i>First and foremost personal</i>	<i>Personal and virtual networks</i>	<i>Principally virtual, network</i>	<i>Virtual and superficial</i>
<i>Aim</i>	<i>Solid existence</i>	<i>Multi-environment, secure position</i>	<i>Rivalry for leader position</i>	<i>Live for the present</i>
<i>Self-realization</i>	<i>Conscious carrier building</i>	<i>Rapid promotion</i>	<i>Immediate</i>	<i>Questions the need for it all</i>
<i>IT</i>	<i>It is based on self-instruction and incomplete</i>	<i>Uses with confidence</i>	<i>Part of its every day life</i>	<i>Intuitive</i>
<i>Values</i>	<i>Patience, soft skills, respect for traditions, EQ, hardwork</i>	<i>Hard work, openness, respect for diversity, curiosity, practicaly</i>	<i>Flexibility, mobility, broad but superficial knowledge, success orientation, creativity, freedom of information takes priority</i>	<i>Live for the present, rapid reaction to everything, initiator, brave, rapid information access and content search</i>

<i>Other Possible Characteristic</i>	<i>Respect for hierarchy, exaggerated modesty or arrogant inflexibility, passivity, cynicism, dissatisfaction</i>	<i>Rule abiding, materialistic, fair play, less respect for hierarchy, has a sense of relativity, need to prove themselves</i>	<i>Desire for independence, no respect for tradition, quest for new forms of knowledge, inverse socialization, arrogant, home office and part-time work, interim management, undervalues soft skills and EQ</i>	<i>Differing view of points, lack of thinking, happiness, pleasure, divided attention, lack of consequential thinking, no desire to make sense of things, the boundaries of work and entertainment overlap, feel at home anywhere</i>
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Generation Y or better known as millennial generation was born in the era of the internet boom. The characteristics of generation Y are: the characteristics of each individual are different, depending on where he was raised, economic strata, and social family, communication patterns are very open compared to previous generations, users of social media are fanatical and their lives are very much influenced by technological developments, more open to political and economic views, so they appear to be very reactive to the environmental changes that occur around them, have more attention to wealth.

Consumer decisions according to [4] describe the way individuals make decisions to utilize their available resources (time, money, effort) to buy goods related to consumption.

Picture 2.1 Model of Buying Behaviour



Source : [7]

Based on the consumer behavior model in Figure 1.1, it can be explained that there are many factors that influence consumers' decisions to buy products in the form of goods or services. Researchers are interested in conducting research related to purchasing decisions in terms of consumer characteristics where when viewed from personal characteristics there are lifestyle aspects that influence consumer purchasing decisions and researchers add risk perception as a moderating variable in this study. The following are theories that are used by researchers as a basis for conducting research.

A. Lifestyle

Lifestyle is a depiction of the activities, interests and opinions of a person. A person's lifestyle is usually not permanent and changes quickly. One might quickly change his model and clothing brand because it adapts to the changes in his life. This theory is further strengthened in [7] which refers to the meaning that lifestyle is a person's lifestyle in the world expressed in his activities, interests and opinions. Lifestyle describes the whole person in interacting with their environment. Lifestyle describes the whole pattern of a person in action and interact in the world. According to [8] lifestyle is basically a behavior that reflects the problem of what actually exists in the minds of customers who tend to mingle with various things related to emotional and psychological problems of consumers.

B. Purchasing Decisions

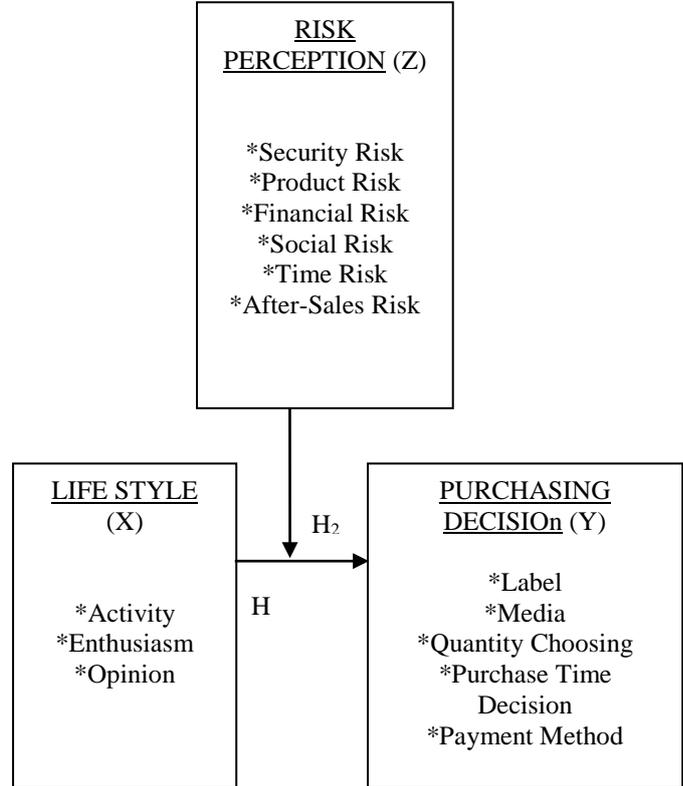
Purchasing decisions are an integration process that combines knowledge to evaluate two or more alternative behaviors and choose one of them. Purchasing decision according to [7] is the stage where consumers form a tendency to choose between several brands and also can form the intention to buy the most preferred brand.

C. Risk Perceptions

Perception is a process that involves the entry of messages or information into the human brain, through human perception continuously making contact with their environment. This relationship is done through the senses, namely the sense of sight, listener, touch, taste and smell. While the risk according is a danger, the consequences or consequences that can occur due to an ongoing process or events that will come. Risk perception is the uncertainty faced by consumers if they cannot predict the consequences of their purchasing decisions

[4]. The high risk perceived by consumers is thought to cause a crisis of consumer confidence in e-commerce so as to reduce consumer purchasing decisions online. Risk perception is also interpreted as an individual subjective assessment of the likelihood of the impact that will be received if making a decision and how worried the individual is with the consequences that will be received in the future.

D. Framework



III. RESEARCH RESULTS AND DISCUSSION

This type of research is a quantitative descriptive study with an approach using a survey method that is the research method used to obtain data that occurred in the past or at present, about beliefs, opinion characteristics, behavior, relationship variables and to test several hypotheses about variables from the sample taken from certain populations, with in-depth observations and results that tend to be generalized.

This research was conducted in February-May 2019, located in the city of Kupang, especially the Shopee application users.

The type of data in this study is quantitative data, or data that is numerical or uses numbers to describe the object or social situation under study. In this case the qualitative data in question is data obtained from questionnaires. The data source used in this study is primary data that is data obtained directly by researchers from the distribution and filling of questionnaires. Secondary data in this study are data obtained indirectly or data that is not processed by the researchers

themselves, for example, data obtained through journals, books, publications from relevant agencies.

The population in this study is unknown in numbers so to obtain a sample the Lemeshow formula is used:

$$n = \frac{Z\alpha^2 \times P \times Q}{L^2}$$

Information =

- N : The minimum number of samples needed
- Zα<sup>2</sup> : The standard value of the distribution matches the value α = 5% = 1,96
- P : The prevalence of outcomes, because data has not been obtained, is used 50%
- Q : 1-P
- L : Level of accuracy 10%

$$n = \frac{(1.96)^2 \times 0.5 \times 0.5}{(0.1)^2} = 96.04$$

That way researchers are confident with a 95% confidence level that a random sample size of 96.04 = 96 will provide an estimated difference of less than 0.05. So the sample taken was 96 people.

*A. Simple Linear Regression Analysis Results*

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error			
(Constant)	5.304	1.435		3.696	.000
1) gaya hidup	.759	.048	.851	15.709	.000

Source : Output SPSS, 2019

$$Y = a + bX$$

$$Y = 5,304 + 0,759X$$

A constant value of 5.304 implies that the consistent value of the purchasing decision variable is 5.304. This means that the purchase decision variable is 5.304 if the lifestyle variable is equal to zero.

The regression coefficient X of 0.759 states that for each addition of 1 unit of the lifestyle variable value, the value of the purchase decision variable will increase by 0.759. The regression coefficient is positive, so it can be said that the direction of influence of the variable X on Y is positive.

*B. MRA Analysis Results*

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error			
(Constant)	5,238	1,420		3,688	,000
1) Gaya Hidup	,818	,059	,918	13,898	,000
Gaya Hidup.Persi Risiko	-,001	,001	-,114	-1,728	,087

a. Dependent Variable: Keputusan Pembelian

$$Y = a + b1X1 + b2X1X2$$

$$Y = 5,238 + 0,818X1 - 0,001X1X2$$

A constant value of 5.238 implies that the consistent value of the purchase decision variable is 5.238 if the lifestyle variable and the risk perception of its use are equal to zero.

The moderating variable regression coefficient (lifestyle \* risk perception) of -0.001 is negative with a significant value of 0.087 > 0.05. This means that any increase in lifestyle \* risk perception will reduce purchasing decisions by 0.001 and vice versa.

*C. Coefficient of Determination (R<sup>2</sup>)*

The coefficient of determination is between 0 and 1. If the coefficient of determination approaches 0, the smaller the effect of the independent variable on the dependent variable. If the coefficient of determination approaches 1, the greater the effect of the independent variable on the dependent variable. Here are the results of the test of the coefficient of determination before the MRA test.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.851 <sup>a</sup>	.724	.721	1.475

Source : Output SPSS, 2019

The resulting adjusted R<sup>2</sup> is 0.721 or 72.1%. The results of this test indicate that 72.1% of purchase decision variables can be explained by lifestyle variables. While the remaining 27.9% can be explained by other variables not included in this research model. Thus, it can be explained that based on existing criteria that lifestyle variables have a high influence on the purchase decision variable because it produces a determinant coefficient of 72.1%.

The following are the results of the coefficient determination test after the MRA test:

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.856 <sup>a</sup>	.733	.724	1.467

Sumber : Ouput SPSS, 2019

The results of adjusted R2 after the moderation variable (risk perception) in the second regression equation increased to 0.724 or 72.4%. The results of this test indicate that 72.4%. Thus, it can be explained that the presence of a risk perception variable (as a moderating variable) will be able to strengthen or increase the influence of lifestyle variables on the purchase decision variable by 72.4%.

The results show that the risk perception moderation variable strengthens the influence of lifestyle on purchasing decisions.

*D. Influence of Millennial Generation Lifestyle on Purchasing Decisions*

Lifestyle is an individual way of life that is identified by how people spend their time, what they consider important in their lives and what they think about the world around them. Based on this understanding, millennial generation is very identical to what they do in their daily lives, including the fact that the millennial generation is very familiar with existing technology and cannot be separated from the internet and social media in their daily lives. All things are done by millennials in order to obtain information so as not to be out of date or just not to be called a social worker by their social environment.

This shows that lifestyle influences the purchase decision of Shopee application users in the city of Kupang. Lifestyle becomes one of the factors that influence consumer purchasing decisions in conducting online shopping activities, this is because lifestyle itself is part of consumer behavior that affects consumers in making purchases [9] and consumers have the desire to tend to buy products that are cheap, useful and have good quality. Some consumers also tend to be motivated to do online shopping because of several elements and incentives that arise due to lifestyle needs [10]. Thus the results of this study support Pavlou's theory as well as the results of research from previous research.

*E. Influence of Millennial Generation Lifestyle on Purchase Decisions Moderated by Risk Perception*

Risk will always follow in every decision making. The risk perspective is the risk that is perceived by the consumer itself where this affects consumer behavior in making purchasing decisions. Furthermore, the level of seller quality and website appearance also affects the level of consumer confidence in this case Shopee e-commerce. Storytelling is more believable than rational arguments, statistical data and facts where storytelling is sometimes used to connect identity or company philosophy in making products and describing production activities. This shows that although the perceived risk of consumers' minds about online shopping applications is quite high (in this case Shopee), the effect of storytelling obtained from the store comments column in Shopee and also from family and friends, the greater the purchasing decisions made by consumers in doing online shopping through Shopee. Due to the high risk that is in the minds of consumers, making consumers tend to make transactions through Shopee based on the reasons for trying where this will be a determination of consumer attitudes towards Shopee. If the results obtained by consumers when trying to meet expectations, consumers tend to make repeat purchases, not even reluctant to help introduce Shopee to family and closest friends. Vice versa, if the results are not in line with expectations, consumers will be reluctant to make transactions in the future.

Reference [11] add that consumer commitment in shopping online generally relates to shared values namely ethics, security and privacy. In addition, the attractiveness of website design will give rise to a sense of security that the vendor is a polite seller and also raises a sense of trust that the seller will fulfill what is promised [12].

**IV. CONCLUSIONS AND SUGGESTIONS**

*A. Conclusions*

1. The results of this study indicate that the lifestyle variable influences the purchase decision variable by 72.4%. While 27.6% can be explained by other variables not included in this study. With millennial generation lifestyle variables that have a positive and significant influence on purchasing decisions of Shopee application users in Kupang city which means that the higher millennial lifestyle in Kupang

city, the higher purchasing decisions on Shopee applications.

2. MRA (Multiple Regression Analysis) test results show an R<sup>2</sup> of 73.3%. Thus, it can be explained that the risk perception moderation variable can strengthen the relationship between lifestyle with purchasing decisions of Shopee application users in the city of Kupang.

### B. Suggestions

1. For Shopee Application Users.

Users and prospective users who will buy products through Shopee and other e-commerce media are expected to be more careful in conducting online shopping activities. Due to the possible risks that will be obtained, the search for information about the seller and the product being sold must be obtained as much as possible through existing reviews so that, the possibility of loss and disappointment felt will be reduced.

2. For Sellers

For sellers who sell their products online in this case using Shopee and other e-commerce media in order to provide information about products that are sold completely and clearly, also provide information about the transaction process to delivery clearly and accurately and transparently about the prices listed. This can increase the feeling of security of consumers towards the seller which indirectly increases the intensity of purchases with the seller if the consumer feels the seller can be trusted so as to facilitate online shopping activities.

3. For Future Researches

For further researchers to be more creative and up-to-date on research variables especially those concerned with information technology and its implementation in the marketing world as well as consumer behavior in dealing with the online world. Objects that are used to be more varied such as using other e-commerce sites such as Tokopedia, Zalora, or who only use social media accounts such as Facebook and Instagram or official shopping sites of a brand such as Zara, H&M and Uniqlo in order to get a different view of behavior online shopping and its relationship with consumptive lifestyles with different levels of trust and risk perception.

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