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Financial Literacy, Product Knowledge and Psychological Factors on Impulsive Buying in Y Generation

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Abstrak

Impulse buying is a phenomenon that can occur in all generations but more done by the generation that undergoes a change that is the age of adolescents who step on the early adulthood of the Y generation who actually do not have the financial ability to meet their needs. This study aims toanalyze the influence of financial literacy, product knowledge and psychological factors on impulsive buying behavior of online products in Y generation. This research is a descriptive research type, with quantitative approach. The population of 733 students. Sampling technique used in this research is non probability sampling by using purposive sampling type with sample of 142 students. The subject of this research is the students of university. Data collection technique using questionnaire. Data were analyzed using multiple regression analysis. The result of data analysis shows that financial literacy has negative effect, but significant on impulsive buying behavior of online product in Y generation. Beside it product knowledge and psychological factors has positive significant effect on impulsive buying behavior of online product in Y generation.

Keywords: Financial Literacy, Product Knowledge, Psychological Factors, Impulsive Buying.

1. Introduction

The development of internet technology has given birth to a generation that has different behaviors compared to previous generations. Y generation who were born in the internet era is considered complete the previous generation of the baby boomers and X generation. The availability of various information media in the lives of Y generation provides a significant impact on the behavior of search information in making purchasing decision (Suryani, 2013). Y generation gets a lot of ease in making purchasing decisions. Generation is a strong determinant of online buying behavior. It has been proven in research that has found that Y generation contributed to the highest percentage of online purchases, followed by X Generation and Baby Boomers. Y generation takes seriously spending and spends a lot of time online including researching, fantasizing, recalling promotional sales, checking out what celebrities are wearing and then imagining how they will look with the same outfit (Lachman & Brett,2013).

Y generatio has developed different shopping styles compared to previous generations (Bakewell & Mitchell, 2003). Generation Y is socialized in a materialistic society (Bakewell et al., 2006) and has a wide social network (Parment, 2009). Y generation in many purchasing decisions consider situational factors such as financial problems but in order to meet the current lifestyle activity for them is not expensive (Harti, Umi & Dadang, 2017). This will have an impact on consumer behavior in the Y generation that is students born in the years 1980 to 1999 (Gurau, 2012) in which the student tendency in consumptive is very high.

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Various factors are internal and external factors that give rise to this consumptive nature. Given the consumptive nature Y generation makes purchases more frequent and more impulsive than X generation customers (Ofrit & Lissitsa, 2016). This impulsive purchase is an unplanned purchase which happens all of a sudden. Impulsive purchase is a psycho-economical phenomenon that many people's lives.

Based on the phenomenon and daily observations that researchers do many found teenagers including students, relatively often buy fashion products and accessories (www.kominfo.go.id, 2015). By following the trendy style will bring the desire of students to buy an item that is not planned before. Impulsive purchases will not occur if the Y generation understands the income it has. Given that the generation of Y most still earn income from parents, it should be planned in advance in making a purchase that is not necessarily a need. This is related to the financial literacy that should be known and understood by each individual Y generation.

This is based on the research of (Robin & Lynda, 2010) that participants in her research who have poor financial management practices are more likely to be impulsive buyers. Financial literature that should be owned in the process before deciding the purchase of how to manage good finances, how to create a budget in a need and how financial planning that suits the needs.

In the impulsive purchase of a product is inseparable from the consumer's knowledge of the product offered. When making a purchase, a consumer often relies on memory or experience to make a decision. Consumers have different levels of product knowledge, which can be used to translate new information and make purchasing choices (Peter & Olson, 2000). This is supported by research from (Liang, 2012) found that the higher involvement of consumer products and more product knowledge High impulsive buying behavior will occur. So the knowledge of this product is very important for the consumer where the knowledge of this product is based on the online products that will lead to purchases that are not planned before. On the knowledge of online products to be purchased then consumers know through several aspects of the product attributes, about the benefits and about the perceived satisfaction when making purchases online.

The buying behavior of each consumer is not the same because consumer behavior is not static, but changes according to the factors that influence it. Impulsive purchase of a product is also influenced by psychological factors that exist in each student. This factor resides in the individual's internal. In this study Psychological factors that arise in the behavior of impulsive purchases of online products include motivation, perception and learning. This is supported by research from (Louis, 2016) states that motivation that triggers an online buying impulse. Reveals that it is largely related to the design of online stores, and all motivational factors are a form of effective sales promotion stimulus facilitating the purchase of online impulses and the utilitarian or hedonic benefits present to the consumer.

Objects studied are the students because researchers see that this phenomenon often occurs in students in the final adolescence category is between the ages of 19 to 21 years and the student has made an impulsive purchase on fashion products online.

Thus, the objectives of this study were: (a) To analyze the influence of financial literacy, product knowledge and psychological factors on partial generation of impulse purchases partially (b) to analyze the influence of financial literacy, product knowledge and psychological factors on simultaneous generation impulse purchasing.

2. Literature Review

2.1 Financial Literacy

Financial knowledge is an integral dimension of financial literacy, but can not yet describe financial literacy (Huston, 2010). Financial literacy is an integral part of one's life because financial literacy is a useful tool for making informed financial decisions, but from experience in various countries still shows relatively less (Orton, 2007). (Byrne, 2007) also found that low financial knowledge will lead to false financial plans, and cause biases in the achievement of wellbeing in the unproductive age ". Based on some opinions according to the expert that financial literacy is the knowledge, abilities and kepapakan owned by someone in managing finances which can be used to make effective financial choices. The financial knowledge that must be owned by students is Basic Knowledge of Personal Finance, Knowledge of Money Management, Budgeting, Saving. Which in each aspect can create knowledge of each student in decision making. With the financial literacy capacity that is owned by a person will be the creation of material welfare.

2.2 Product Knowledge

Product knowledge according to (Sumarwan, 2003) is "a collection of various information about the product. This knowledge includes product categories, brands, product terminology, product attributes or features, product prices and product beliefs ". Product knowledge is an understanding of a good or service that MIGHT include having acquired information about uits application, function, features, use and support requirements. A business sales representative is an example of an individual that is typically expeted to acquire a considerable product knowledge about the goods and services that they are responsible for selling to consumer (Kolysnikova, 2010). Based on the opinion of some experts above, the product knowledge is an understanding of product information for consumers to consider about what is there related to the product before the purchase. The products included in the product knowledge as the attribute, the product as a benefit and the product as a satisfactory value.

2.3 Psychological factors

Psychological factors are the most fundamental factors in the individual that will affect the choice of a person in buying. Components that include the motivation, perception, and learning.

1. Motivation

Motivation is the impetus that exists in a person to do or not to do something. Everyone will do something based on these drives, including in fulfilling their needs (Suharno & Sutarso, 2010). Motivation is the needs and desires of individuals who are directed to the goal to obtain satisfaction (Dharmmesta & Handoko, 2011). Motivation can be described as a driving force in individuals that force them to act. Motivation arises because of the need that must be met (Schiffman & Kanuk, 2008).

2. Perception

Perception is the process by which we select, organize, and interpret information inputs to create a meaningful picture of the world. It depends not only on physical stimuli, but also on the stimuli's relationship to the surrounding environment and on conditions within each of us. One person might perceive a fast-talking salesperson as aggressive and insincere; another, as intelligent and helpful. Each will respond to the salesperson differently (Kotler & Keller, 2012).

Perception is defined as the process by which individuals choose, organize, and interpret stimuli into meaningful and plausible images of the world (Schiffman & Kanuk, 2008).Consumers will provide perceptions of the stimulus provided by marketers both regarding the product, price, promotion and distribution. Marketers need to manage consumer perceptions in order to be sure the perception is positive to the product on offer.

3. Learning

When we act, we learn. Learning induces changes in our behavior arising from experience. Most human behavior is learned, although much learning is incidental. Learning theorists believe learning is produced through the interplay of drives, stimuli, cues, responses, and reinforcement. Two popular approaches to learning are classical conditioning and operant (instrumental) conditioning (Kotler & Keller, 2012). Learning takes place through the interaction of encouragement, stimulus, signs, response and reinforcement (Suharno & Sutarso, 2010). Marketers understand the learning process of consumers, and can create demand for the products offered, through the creation of encouraging one's learning. According to (Schiffman & Kanuk, 2008) from a marketing perspective, "Consumer learning can be regarded as a process for individuals to acquire the knowledge and experience of purchasing and using which they apply to future behavior.

2.4 Impulsive Buying

Impulsive buying are when a consumer of a sudden dose of pus is unavoidable (Solomon, 2009). (Verplanken & Herabadi, 2001) define impulsive buying as irrational purchases and associated with quick and unplanned purchases, followed by emotional conflicts and emotional impulses. (Engel, et all, 2006) suggested five important characteristics that distinguish impulsive and non-impulsive consumer behavior. These characteristics are Spontaneity, Strength, Compulsion and intensity, Enthusiasm and stimulation, Indifference to effect.

3. Metodhology

The approach of this research is quantitative approach by describing multiple linear regression, so there are independent variable and dependent variable. The independent variables in this study are financial literacy, product knowledge and psychological factors while the dependent variable is impulsive purchasing. The three variables will be analyzed the influence of Partial independent variables on the dependent variable. The analysis then analyzed the three independent variables and then continued by analyzing the three independent variables Simultaneously. The population in this study are students aged 19-21 years including Y generation. Sampling technique is done by purposive sampling that is based on the criteria of students who have made impulsive buying of online fashion products. So the sample is 142 students.

Data collection methods used in this study is interviews conducted by asking the students before the questionnaire was given with questions or statements about impulsive purchases made. In addition the questionnaire is used to collect primary data on the variables of financial literacy, product knowledge, psychological factors and impulsive purchases made. Multiple linear regression analysis using classical assumption test (Ghozali, 2013) among which used in this research is normality test, multicolinier test, heteroscedasticity test, linearity test. There are two statistical tests used in this research that is t test and F test. T test is used to know whether or not the influence of financial literacy, product knowledge and psychological factors partially on impulsive purchasing. F test is used to determine whether or not the influence of financial literacy, product knowledge and psychological factors simultaneously on impulsive purchases.

4. Empirical Results

Based on result of normality test by using kolmogorov smirnov known that for residual data got p-value equal to 0,218, where p-value value or Asymp. Sig (2-tailed) is (0.218)> 0.05 so it can be concluded that the tested data is normally distributed, so the assumption of normality is met. It is recognized that each variable has a Tolerance value greater than 0.10 and a VIF value of less than 10, thus indicating that there is no multicolinearity in the regression model, so that the regression model does not have multicollonearity problems or correlation relationships between independent variables. While the results of hetrokedastisitas test by Rank Spearman correlation test, obtained the value of Sig. (2-tailed) is connected to abscence as the value of Y in the variable financial literacy (X_1) of 0.988, product knowledge (X_2) of 0.536 and psychological factors (X_3) of 0.639 greater than 0.05. Then it can be concluded that there is no heterokedastisitas on regression model. For linearity test that the value of significance on Linearity for variable X_1 is 0,082 which means more than significance value 0,05 and for variable X_2 and X_3 equal to 0,000 which means less than value of significance 0,05. This means that the variables X_2 and X_3 with variable Y has a linear relationship whereas between variables X_1 with variable Y has no linear relationship.

Based on the significance test that has been done then the model of regression equation can be written in the form of multiple linear regression equation as follows: $Y= 1{,}728 - 0{,}326\, X_1 + 0{,}354\, X_2 + 0{,}209\, X_3 + ei$. The value of regression coefficient of financial literacy variable (X1) that is equal to -0.321 with a negative sign indicates there is a negative and significant influence of financial literacy on impulsive buying behavior. If the financial literacy is experienced The higher the student's financial literacy, the lower the impulse buying behavior is done. The results of this study according to Research by (Robin & Lynda, 2010) states that Individuals who are materialistic and have poor financial management practices are more likely to be impulsive buyers. This is due to lack of understanding in doing budgeting in its own finances. Also in line with research from (Shahnaz & Moeinadin, 2015). From the results of the study argued that regarding financial literacy that people with low financial literacy are more vulnerable to impulse buying.

The value of regression coefficient variable psychological factor that is equal to 0,209 with a positive sign indicates a direct influence between psychological factors (X_2) with impulsive buying behavior (Y). If psychological factors increase by one unit of direction, it will result in an increase in impulsive buying behavior of online fashion products by 0,209 and assumed for other variables 0 or omitted. This means that impulse buying behavior will increase when consumers are encouraged and influenced by the factors that exist within the consumer itself.

Based on the second hypothesis test, the value of regression coefficient of product knowledge (X_2) that is equal to 0,354 with positive sign indicate the existence of direct influence between product knowledge (X_2) with behavior of impulsive buying behavior (Y). If product knowledge increases by one unit of direction, it will result in an impulsive buying behavior of the on-line fashion product 0.354 and assumed for other variables 0 or omitted.

This means that impulse buying behavior will increase when consumers know and understand about the online fashion products they buy. The results are in line with research from (Liang, 2012) which states that the higher involvement of consumer products and higher product knowledge will occur impulse buying behavior. In addition, research from (Kolyesnikova, 2008) showed subjective results that product knowledge was positively related to the use of virtual purchases.

Research on these psychological factors is also in line with the research of (Lim pey & Rashard, 2015) psychological factors such as personality traits, affective states, interests, product Engagement, perception, normative evaluation and other cognitive factors play an important and direct role in influencing purchasing behavior impulsive. In addition (Novita, Joice & Agus , 2015) Motivation, Perception and Learning significantly influence the Purchase Unplanned (Impulsive Buying). The t-test results that have been presented above can be seen in the table below as follows:

Tabel 1. t- test Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.728	0.325	-	5.319	0.000
	Financial Literacy	-0.326	0.150	-0,182	-2.179	0.031
	Product Knowledge	0.354	0.096	0.368	3.699	0.000
	Psychological Factors	0.209	0.069	0.323	3.014	0.003
a. Dependent Variable: Impulsive Buying						

Source: Data processed, (2017)

Tabel 2. F-test Results

F_{hitung}	**F_{tabel}**	**Significant**
21,704	8,55	0,000

Source: Data processed, (2017)

Obtained f-test results that the value of f arithmetic of 21.704 while f table 8.55. Then at a significance value of 0.000. The result shows that the value of f arithmetic> f table and significance value less than 0.050. It can be concluded that financial literacy (X_1), product knowledge (X_2) and psychological factors (X_3) simultaneously or together influence on the purchase of impulsive (Y) online products in Y generation.

5. Conclusion

Based on the results of the study, it can be concluded that the financial literacy partially negatively and significantly influence on the purchase of impulsive products online in Y generation. Partial product knowledge positively and significantly influence the behavior of purchasing impulsive products online in Y generation. Psychological factors have a positive and significant impact on purchases Impulsive products online in Y generation. Based on the research conclusions, it is suggested that an impulsive purchase does not occur or minimize the impulse buying habits done by the student should the students better understand about managing their own money can be done by detailing any needs and budget before deciding to buy the product. Students have a drive can be from the environment or peers, but also from the look and completeness of an online product information which perceived that the online product is very qualified.

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