



Driving Luxury Purchases: The Impact of Materialism and Money Attitudes on Conspicuous Consumption in Indonesia's Culture

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Abstract

Background: Conspicuous consumption, particularly luxury goods, is becoming increasingly prevalent in Indonesia, driven by materialism and specific money attitudes. Beyond individual desires for power, pleasure, and pride, social pressures to conform and display social status significantly influence consumer behaviour. Understanding the psychological drivers of such behaviour is crucial for shifting societal norms from saving-oriented to spending-oriented behaviour.

Objectives: This study investigates the mediating role of materialism in the relationship between money attitudes, specifically power-prestige, and anxiety, and conspicuous consumption. It aims to examine how materialism shapes luxury consumption behaviours and the psychological and societal factors influencing young Indonesian consumers.

Methodology: Data were collected from 249 participants (ages 18–25, $M = 20.40$, $SD = 2.12$) in Surabaya, Indonesia, using a convenience sampling method. Hayes' Process Model 4 was used to assess materialism's mediating role between money attitudes and conspicuous consumption.

Results: The results indicate that materialism significantly mediates the relationship between money attitudes, particularly power, prestige and anxiety, and conspicuous consumption. Materialistic individuals are more inclined to purchase luxury items to signal wealth and status, driven by personal desires and societal expectations. Parental financial support emerged as a critical factor, with fashion and accessories being the most common luxury purchases.

Conclusion: Materialism is central in explaining how specific money attitudes lead to conspicuous consumption. The desire for social status and personal power, coupled with parental financial assistance, shapes luxury consumption patterns in Indonesia.

Unique Contribution: These findings provide valuable insights into consumer behaviour in emerging markets, highlighting cultural, psychological, and societal influences on purchasing decisions.

Key Recommendation: Promoting financial literacy, fostering prosocial values, and reducing social media exposure can help mitigate conspicuous consumption. Future studies

should investigate the long-term effects of materialism and cultural influences on consumption behaviour.

Keywords: conspicuous consumption, consumer behaviour, materialism, money attitudes, social status

Introduction

Consumer behaviour in Indonesia has experienced notable shifts amidst global economic disruptions, providing valuable insights into economic psychology. While global retail giants like Zara have closed over 1,200 stores worldwide, PT Mitra Adi Perkasa has ensured Zara's sustained success in Indonesia, showcasing unique stability in the local market despite broader global challenges (Tashandara, 2020). This divergence underscores the complexity of consumer behavior in emerging markets like Indonesia.

A significant driver of these changes is the rise of online shopping, now the primary purchasing method for many Indonesians. Recent studies highlight a growing preference for branded fashion, particularly among young Indonesian women, making it an integral aspect of their lifestyle (Nugraha & Sarinastiti, 2023). The interplay between global disruptions and local consumer practices offers valuable insights into the psychological drivers of consumption in Indonesia, an emerging market with distinctive cultural and socio-economic characteristics.

Conspicuous consumption, especially acquiring branded luxury goods, is a critical framework for understanding consumer psychology. Introduced by Veblen's (1899) the concept of conspicuous consumption, rooted in the pursuit of social recognition and status, remains highly relevant in contemporary research. According to Deloitte (2019), 15% of Indonesian consumers actively seek luxury goods, while 55% prefer premium-quality items. Luxury consumption is closely linked to social aspirations and prestige (Wei, 2022).

The relationship between conspicuous consumption and identity formation is central to modern consumer behaviour. Balabanis and Stathopoulou (2021) found that consumers acquire luxury goods not merely for their intrinsic value but also to enhance their social standing and self-image. Luxury items often symbolise power, pleasure, and pride (Berger, 2021).

The concept of "money attitudes" provides a valuable framework for understanding consumer behaviour. Money is a medium of exchange and a reflection of personal identity and values (Yang et al., 2023). According to the Money Attitude Scale (MAS) developed by Yamauchi and Templer (1982) money attitudes, including power-prestige, retention time, anxiety, and distrust, play a pivotal role in shaping consumption patterns (Elgeka & Querry, 2021; Pong, 2022).

This study hypothesises that materialism mediates the relationship between money attitudes and conspicuous consumption. Materialistic values, shaped by cultural and social influences, drive individuals to seek social recognition and self-expression through luxury purchases. This mediation emphasises the psychological processes linking financial attitudes to consumer choices.

Objectives of the Study

The study aims to:

1. Investigate the role of money attitudes in shaping consumer behaviour in Indonesia.

2. Examine the relationship between money attitudes and conspicuous consumption.
3. Explore the mediating role of materialism in the relationship between money attitudes and conspicuous consumption.
4. Provide insights into the psychological factors driving consumption behaviour in emerging markets, focusing on Indonesia.

Materials and Methods

Design

This study employed a quantitative, survey-based design to explore the relationships among three variables: money attitude (independent variable), materialism (mediating variable), and conspicuous consumption (dependent variable). Data analysis utilized Hayes' PROCESS Model 4 (Hayes, 2013) with a 95% confidence interval and bootstrapped estimates (5,000 samples) to evaluate indirect effects and ensure the robustness of the results.

Participants

The sample included 249 participants from Surabaya, Indonesia, comprising 183 females and 66 males ($M = 20.40$, $SD = 2.12$). Participants aged 18 to 25 reported an average monthly allowance and expenditure ranging from Rp 1,000,000 to Rp 1,999,999 (1 USD = Rp 15,940). Convenience sampling was applied to recruit students who met the inclusion criteria and provided informed consent.

Measures

Conspicuous consumption

Conspicuous consumption was measured using an adapted version of Stillman et al. (2012) experimental case. Participants were asked to imagine having Rp 70,000,000 and to indicate their willingness to spend on five luxury items: a watch, dinner with friends, a mobile phone, an European vacation, and a car. Responses were rated on an 11-point scale, with the measure demonstrating acceptable reliability (Cronbach's $\alpha = 0.70$) in a pilot test.

Money Attitude

Money attitude was assessed using the Money Attitude Scale (MAS) developed by Yamauchi and Templer (1982). The scale comprises 29 items across four dimensions: power-prestige, retention time, distrust, and anxiety. Responses were recorded on a 7-point Likert scale (1 = never, 7 = always), and the scale exhibited strong internal consistency (Cronbach's $\alpha = 0.85$).

Materialism

Materialism was measured using the Material Values Scale (MVS), a framework developed by Richins and Dawson (1992). This scale evaluates three dimensions—success, centrality, and happiness—using 18 items on a 5-point Likert scale. The scale was translated into Indonesian and demonstrated acceptable reliability (Cronbach's $\alpha = 0.73$).

Analytical techniques

Data were analysed using Hayes' PROCESS Model 4, which employs bootstrapping to assess indirect effects. The mediation effect's significance was determined by verifying whether the 95% confidence interval excluded zero. This method comprehensively estimates the indirect

relationship between money attitudes, materialism, and conspicuous consumption. Figure 1 shows a graphical representation of the mediation model.

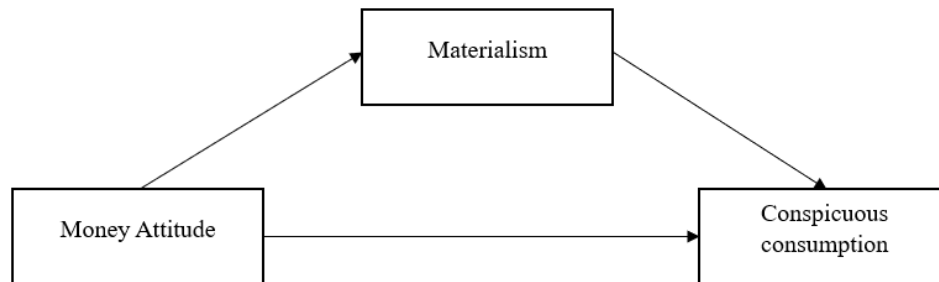


Figure 1. Conceptual Model of the Relationship between Money Attitude, Materialism, and Conspicuous Consumption

Results

Demographic profile

The study included 249 participants from Surabaya, Indonesia, comprising 183 females and 66 males ($M = 20.40$, $SD = 2.12$). Most participants were female (73.5%); the most common age group was 20 (36.2%). Monthly allowances and expenditures ranged between Rp 1,000,000 and Rp 1,999,999 for 40.5% of the participants. Interestingly, 78.3% reported having purchased luxury items, with clothing (20.8%), shoes (19.8%), and mobile phones (15.6%) identified as the most frequently purchased categories.

Most respondents (57.8%) felt happy purchasing luxury goods, although 63.1% regarded them as non-essential. The frequency of luxury purchases varied, with 23.7% of participants buying luxury items monthly and 18.5% making such purchases every three months (see Table 1).

Table 1.Demographic Characteristics of Study Participants (N=249)

Characteristics		N	%
Gender	Male	66	26.5
	Female	183	73.5
Total		249	100
Age	18	5	2.0
	19	71	28.5
	20	90	36.2
	21	32	12.9
	22	24	9.6
	23	17	6.8
	24	5	2.0
	25	5	2.0
Total		249	100
Monthly allowance (a month)	< 1.000.000	71	28.5
	1.000.000 – 1.999.999	102	41.0
	2.000.000 – 2.999.999	37	14.9

	3.000.000 – 3.999.999	15	6.0
	4.000.000 – 4.999.999	15	6.0
	5.000.000 – 5.999.999	4	1.6
	> 6.000.000	5	2.0
	Total	249	100
Monthly expenditure (a month)	< 1.000.000	98	39.4
	1.000.000 – 1.999.999	102	41.0
	2.000.000 – 2.999.999	30	12.0
	3.000.000 – 3.999.999	11	4.4
	4.000.000 – 4.999.999	6	2.4
	5.000.000 – 5.999.999	0	0
	> 6.000.000	2	0.8
	Total	249	100
Experience to buy a luxury product	Yes	195	78.3
	No	54	21.7
	Total	247	100
Luxury goods purchased (can choose more than 1)	Computer/notebook	74	9.5
	Handphone	122	15.6
	Watch	45	5.8
	Bags	122	15.6
	Clothes	163	20.8
	Shoes	155	19.8
	Others	101	12.9
	Total	782	100
Payment method	Cash	144	57.8
	Credit card	46	18.5
	Debit card	48	19.3
	E-money	11	4.4
	Total	249	100
Financial source	Own savings	92	36.9
	Parents	100	40.2
	Time deposit	50	20.1
	Work	7	2.8
	Total	249	100
Feelings when buying luxury goods	Proud	28	11.3
	Happy	144	57.8

	Joyful	41	16.5
	Regret	7	2.8
	Sad	2	0.8
	Not bad	23	9.2
	Grateful	1	0.4
	Anxious	2	0.8
	Restless	1	0.4
	Total	249	100
Level of urgency in buying luxury goods	Important	92	36.9
	Not important	157	63.1
	Total	249	100
Period of buying luxury goods	Almost every day	14	5.6
	Once a week	13	5.2
	Once a month	59	23.7
	Once every 2 months	31	12.5
	Once every 3 months	46	18.5
	Once a year	9	3.6
	No time limit	13	5.2
	When the product runs out of stock	8	3.2
	If you have savings	5	2.0
	Never	51	20.5
	Total	249	100
Things to do when you want to buy luxury goods	Throw away the thought	27	10.8
	Find out when the item is on sale	62	24.9
	Calculate your savings and prepare to save to buy item	99	39.8
	Immediately schedule a trip to the store to buy the item	10	4.0
	Ask your parents to buy the item	34	13.7
	Making a target work harder	1	0.4
	Doing nothing	3	1.2
	Compared with other similar items	10	4.0
	Imagining if you had the item	3	1.2
	Total	249	100

Correlation analysis

The correlation analysis demonstrated that the power-prestige dimension of money attitude was positively correlated with conspicuous consumption ($r = 0.14$, $p = 0.032$), suggesting that

individuals who associate money with social status are likelier to engage in conspicuous consumption (Table 2). Materialism exhibited a significant positive correlation with conspicuous consumption ($r = 0.24$, $p < 0.05$), indicating that stronger materialistic values lead to higher levels of conspicuous consumption.

Additionally, the power-prestige ($r = 0.58$, $p < 0.05$), distrust ($r = 0.29$, $p < 0.05$), and anxiety ($r = 0.49$, $p < 0.05$) dimensions of money attitude were positively correlated with materialism. This finding suggests that materialistic individuals view money as a means to achieve social success and security. In contrast, the retention time dimension did not significantly correlate with conspicuous consumption or materialism.

Table 2. Correlation Matrix of Money Attitude, Materialism, and Conspicuous Consumption

Variable	Conspicuous Consumption	
	<i>r</i>	<i>P</i>
Money attitude		
Power-prestige	0.14	0.032
Retention time	-0.11	0.078
Distrust	-0.12	0.066
Anxiety	0.12	0.066
Materialism	0.24	0.000

** $p < 0.01$; * $p < 0.05$

Path Analysis

Path analysis using Hayes' PROCESS Model 4 confirmed that materialism significantly mediates the relationship between money attitudes and conspicuous consumption (see Table 3). The indirect effects of power-prestige ($\beta = 0.13$, $SE = 0.05$, 95% CI = [0.02, 0.23]), distrust ($\beta = 0.10$, $SE = 0.03$, 95% CI = [0.04, 0.16]), and anxiety ($\beta = 0.17$, $SE = 0.06$, 95% CI = [0.06, 0.28]) on materialism towards conspicuous consumption were significant. In contrast, retention time did not exhibit a significant indirect effect ($\beta = 0.01$, $SE = 0.02$, 95% CI = [-0.03, 0.04]).

Furthermore, power-prestige ($\beta = 0.38$, $p < 0.001$), distrust ($\beta = 0.24$, $p < 0.001$), and anxiety ($\beta = 0.51$, $p < 0.001$) were positively associated with materialism, whereas retention time did not show a significant correlation ($\beta = 0.02$, $p = 0.655$). Materialism had a positive association with conspicuous consumption ($\beta = 0.42$, $p < 0.001$), while power prestige, retention time, and anxiety did not show direct significant associations.

These findings indicate that materialism mediates the relationship between money attitudes (specifically power-prestige, and anxiety) and conspicuous consumption. They suggest that materialistic values, shaped by specific money attitudes, are critical in influencing consumers' engagement in conspicuous consumption.

Table 3. Path Analysis Results: The Mediating Role of Materialism in the Relationship Between Money Attitude and Conspicuous Consumption

X	M	Total effect		Direct effect		Indirect effect	
		β	95% CI	B	95% CI	β	95% CI
PP	M	0.13	0.01;0.26	-6.84e-5	-0.17;0.18	0.13	0.02;0.23
RT		-0.12	-0.27;0.03	-0.13	-0.28;0.02	0.01	-0.03;0.04

D	-0.14	-0.29;0.01	-0.24	-0.40;-0.09	0.10	0.04;0.16
A	0.18	-0.01;0.37	0.01	-0.20;0.22	0.17	0.06;0.28

* $p < 0.05$. PP=Power-prestige, RT=Retention time, D=Distrust, A=Anxiety, M=Materialism, CC=Conspicuous consumption

Discussion

This study identifies materialism as a partial mediator between money attitudes and conspicuous consumption, aligning with prior research that materialistic individuals are more likely to engage in luxury consumption to signal wealth and status (Maria, 2023; Moustabshirah et al., 2022). Social pressures to maintain status also play a significant role, as consumers seek to conform to societal norms and display power, pleasure, and pride through their purchasing decisions (Pong, 2022; Yang et al., 2023)

The findings reflect a societal transition from saving-oriented to spending-oriented behaviors, driven by the increasing significance of materialism. Luxury goods are increasingly valued not for their functional utility but as tools for enhancing self-image and identity (Elgeka & Querry, 2021; Ong et al., 2021). As a dimension of money attitudes, power-prestige enhances self-esteem and signals social success, with individuals perceiving money as a symbol of power and status (Oh, 2021).

This study also sheds light on the role of anxiety in driving conspicuous consumption, particularly when money is viewed as a means of alleviating financial insecurities. Individuals with anxiety-related attitudes towards money often engage in luxury consumption, broadening the understanding of how various money attitudes—such as power-prestige, and anxiety, shape luxury purchasing behaviors (Elgeka & Querry, 2021; Sesini & Lozza, 2023).

The mediating role of materialism between money attitudes and conspicuous consumption is consistent with prior research, which highlights that materialism motivates consumers to purchase status-symbol goods (Lim et al., 2020; Moustabshirah et al., 2022; Sirgy et al., 2021). In Indonesia, where 15% of consumers prioritize luxury goods, materialism is pivotal in influencing consumption patterns.

Demographic analysis reveals that women are more likely to engage in conspicuous consumption, particularly in the categories of fashion and luxury goods. This finding aligns with studies suggesting that women use luxury items to signify socio-economic status (Nugraha & Sarinastiti, 2023). Moreover, 40.5% of participants relied on parental financial support for luxury purchases, supporting previous findings that parenting styles significantly influence consumer behaviour, particularly regarding luxury spending (Dantas and Abreu, 2020).

Interestingly, 40.1% of participants reported saving and planning their luxury purchases, indicating some awareness of the financial implications of conspicuous consumption. This behaviour resonates with research linking materialism to subjective well-being, where consumers aim to elevate social status through planned or impulsive consumption (Seinauskiene et al., 2016).

Lastly, the study suggests that promoting financial literacy, fostering prosocial values, and encouraging mindful consumption could help mitigate the pressures of conspicuous consumption. Reducing exposure to social media, where luxury lifestyles are often idealised, may help decrease materialistic tendencies and encourage more sustainable consumption habits (Dantas & Abreu, 2020; Yang et al., 2023). Raising awareness about conspicuous consumption's social, environmental, and financial costs could further inspire individuals to adopt more responsible and reflective purchasing behaviours.

Conclusion

This study provides valuable insights into the consumer behaviour of Indonesian youth (ages 18–25), particularly in the context of conspicuous consumption. It identifies key drivers such as the pursuit of social status, personal power, pleasure, pride, and societal conformity. While materialism is a significant factor in luxury consumption, the relationship between money attitudes and consumption behaviour is relatively weak. Additionally, parental financial support is highlighted as a crucial influence on consumption habits, especially for luxury goods. These findings deepen our understanding of how individual and socio-cultural factors shape purchasing decisions among young Indonesians.

Practical Implications

The results suggest the need for initiatives promoting financial literacy and responsible spending habits among young consumers. Educational programs could help individuals understand the long-term consequences of materialism and impulsive luxury consumption. Furthermore, parental guidance could focus on fostering values of moderation and thoughtful decision-making, while policymakers and marketers might consider emphasising sustainable and prosocial consumption behaviours in their strategies.

Limitations

This study has several limitations. The sample, comprising only students from Surabaya, may not fully represent the broader Indonesian population, thereby limiting the generalizability of the findings. Additionally, the reliance on self-reported data may have introduced social desirability bias, potentially distorting the accuracy of responses, particularly regarding participants' saving behaviours. Furthermore, the study primarily focused on materialism and money attitudes, neglecting other potential influencing factors such as personality traits, peer pressure, or the impact of social media on consumer behaviour.

Further research

Future studies should broaden the sample to include participants from various regions and socio-economic backgrounds to provide a more comprehensive understanding of consumer behaviour in Indonesia. Exploring cultural dimensions, such as collectivism versus individualism, could offer valuable insights into conspicuous consumption's motivations. Longitudinal research examining the long-term effects of materialism and luxury consumption on individuals' well-being and financial habits would also be highly beneficial. Additionally, qualitative methods such as in-depth interviews or focus groups could uncover the underlying psychological and social factors influencing luxury consumption.

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