TESTING THE EFFECT OF SUBJECTIVE NORM MODERATION ON LUXURY PRODUCTS

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ABSTRACT

The aim of this research is to examine the moderating role of subjective norm values. This study uses primary data with the target population being consumers who wish to purchase luxury products in the next year in Jakarta. The data collection process was carried out by distributing questionnaires online through the media google form. The sample collection method uses non-probability sampling with purposive sampling with 200 respondents. The data analysis technique used is Structural Equation Modeling (SEM) with SmartPLS software version 3.2.9. The results of this study found that attitudes, subjective norms and perceptions of behavioral control influence purchase intention and attitudes toward purchase intentions with moderation of subjective norms but perceptions of behavioral control on buying interest with moderation of subjective norms have no effect.

Keywords: Attitude, Subjective Norm, Perceived Behavioral Control, Purchase Intention

1. PREFACE

Introduction

Generation Y or the millennial generation is a generation born in 1977 and 1994, generation Y has made a major contribution to the growth of the luxury goods market, this can be said because generation Y is a young generation driven by the need to differentiate themselves from others (Jain, 2015) [1]. Generation Y is a generation that is easily influenced but less loyal to one brand (Ren et al., 2017) [2], based on a report from the Capgemini Asia Pacific Wealth Report in 2022, Indonesia is ranked number seven in Asia in terms of consuming luxury goods. In 2022, based on a survey conducted by the National Socio-Economy, the number of Indonesians who are still productive is 190.827 million people, around 69.16% for men and 69.08% for women. The large number of productive people makes Indonesia known as the home of generations Millennials with an average population of 30 years are the third largest in Asia.

Luxury goods can be said to be luxury if they have a concept that can be associated with premium quality, aesthetics, and premium prices. Premium prices can be said to be premium if consumers have a high desire to pay for an item based on brand (Tunjungsari et al., 2020) [3]. Some examples of luxury brands that have the above concept are based on categories, namely Hermes, Gucci, Dior, Prada, Chanel, LV, Tiffany & Co, Longines, Iphone, Samsung and others, it can be said that the Indonesian market is very attractive so that luxury brand companies can focus on this market segment (Stein & Sanburn, 2013) [4]. The millennial generation tends to make purchasing decisions based on the opinions of other people, unlike the previous generation, they are very aware of brands (Loroz & Helgeson, 2013) [5], many millennials living in developing countries make their contribution to the luxury goods market in Indonesia worthy mentioned.

In the "theory of reason action" consumer behavior can be estimated through individual orientation through their actions, goals, and context of behavior, so that the measurement of purchase intention will be more effective than behavioral measurement to predict whether consumers will make purchases. Purchase intention is part of the component of consumer behavior through consumer plans to make purchases of luxury goods. Where buying interest can be classified as one of the cognitive parts of individual behavior about what is the right way for someone to want to buy a particular product.

There are many components that can influence buying interest. Components that influence buying interest include attitude. (Jain, 2019) [6] says that attitude is behavior that is determined by a prominent belief for individuals that behavior leads to certain results and evaluations of individual results, thus, attitudes influence purchase intention. Attitudes serve as a bridge between the background characteristics of consumers and consumption that satisfy their needs by describing one's relatively consistent evaluations, feelings, and tendencies towards an object (Wu, 2015) [7].

In addition to attitudes, buying interest can also be influenced by subjective norms (Jain, 2020) [8]. Subjective norms can be defined as perceptions of beliefs about one's normative expectations regarding approval or disapproval of behavior by others, subjective norms also refer to beliefs that behavior results in liking or disliking towards behavior, normative beliefs produce perceived social pressure or subjective norms thus, a person's behavior can be influenced by family, relatives, or family (Jain, 2017) [9].

Then perceived behavioral control also refers to the ease of viewing behavior and reflecting past experiences that are assumed to be available automatically when the performance of a behavior is being considered. In the theory of perceived behavioral control there are two types, the first is internal which indicates that individuals feel that they have control over their personal (internal) namely resources such as the necessary skills, confidence, ability, and adequate planning, to carry out a behavior. and the second is external refers to the individual's perception of external personal conditions and situations, such as the time and money required to perform the behavior (Jin & Hye Kang, 2011) [10].

Therefore, this study is used to help academics and practitioners to understand the key factors that influence purchase intention of luxury products and to measure the moderating effect of subjective norms on the relationship between attitude and purchase intention and on the relationship between perceived behavioral control and purchase intention.

2. RESEARCH METHOD

Effect of Attitude → Purchase Intention

There are two factors that can intervene in buying interest, the first is the attitude of other people which is divided into two, namely the intensity of negative attitudes towards our choices and our motivation to comply with other people's wishes, the closer the person is, the stronger their negativism is to adjust buying interest, and secondly, namely unexpected situational factors that may arise to change purchase intentions Kotler & Keller (2016: 199) [11]. Jain, (2020) [8] says when consumers become more familiar with luxury brands, they can develop a positive attitude towards luxury brands, which leads to an increase in buying interest and positive or negative attitudes are specifically influenced by the intensity of behavior and beliefs regarding the possible outcomes. Arora & Kishor, (2019) [12]

mentioned that in order to identify the possibility of luxury goods users having a better understanding of the luxury goods market, attitudes were found to be important constructs, furthermore the relationship between attitudes and purchase intentions is also important for predicting individual final behavior. Jin & Hye Kang, (2011) [10] also concluded that attitude is the most important predictor of consumer purchase intention, therefore we hypothesize:
H1: Attitude has a positive effect on Purchase Intention.

Effect of Subjective Norms → Purchase Intention

Subjective norms have a positive relationship with purchase intention for fashion goods, (Kim & Karpova, 2010) [13] found subjective norms as the main predictor of the intention to buy luxury goods among consumers so that subjective norms can show that the behavior that has been carried out provides acceptance in society for individuals, it can be said that the main role is played by social pressure in consumer purchasing decisions (Arora & Kishor, 2019) [12] one's buying interest can be influenced by one's beliefs about subjective norms related to purchases (Kim, Hyejeong & Elena Karpova, 2010) [13], because we hypothesize:
H2: Subjective Norm has a positive effect on Purchase Intention.

Effect of Perceived Behavioral Control → Purchase Intention

Perceived behavioral control has a positive relationship with purchase intention, (Ling, 2009) [14] says that perceived behavioral control is a key factor in determining consumer buying interest in luxury goods. Arora & Kishor, (2019) [12] said that in the study perceived behavior control is considered important when there is an interest in buying to be achieved and studied. Regarding the TPB theory, the more favorable the attitudes and subjective norms towards behavior, and the greater the perceived behavioral control, the stronger one's intention should be to perform the behavior under consideration and several studies have confirmed that there is a direct relationship between perceived behavioral control and luxury goods purchasing behavior. (Jain et al. 2015 [1]; Jain, 2020 [8]). Therefore, we hypothesize:
H3: Perceived Behavioral Control has a positive effect on Purchase Intention.

Effect of Attitude → Purchase Intention with Subjective Norm Moderation

Attitudes can better predict purchase intention when subjective norms are favorable, individuals who are influenced by the opinions of others are more likely to change their attitude towards certain behaviors according to their subjective norms (Jain, 2020) [8] Perceived social value is found to have an impact on attitudes and purchase intentions luxury among generation Y consumers in Korea (Lee et al., 2018) [15]. Al-Swidi et al., (2014) [16] also said that subjective norms play a moderating role between attitudes and purchase intentions, therefore we hypothesize:
H4a: Attitude has a positive effect on Purchase Intention with Subjective Norm moderation.

Effect of Perceived Behavioral Control → Purchase Intention with Subjective Norm Moderation

Subjective norms can affect the relationship between perceived behavioral control and purchase intention (Jain, 2020) [8]. Perceived behavioral control is a better predictor of purchase intention when the social environment (subjective norms) is more supportive for this behavior (Al-Swidi et al., 2014) [16], but on the contrary (Povey et al., 2000) [17] found

that with high social support, perceived behavioral control has no impact on purchase intention, therefore we hypothesize:

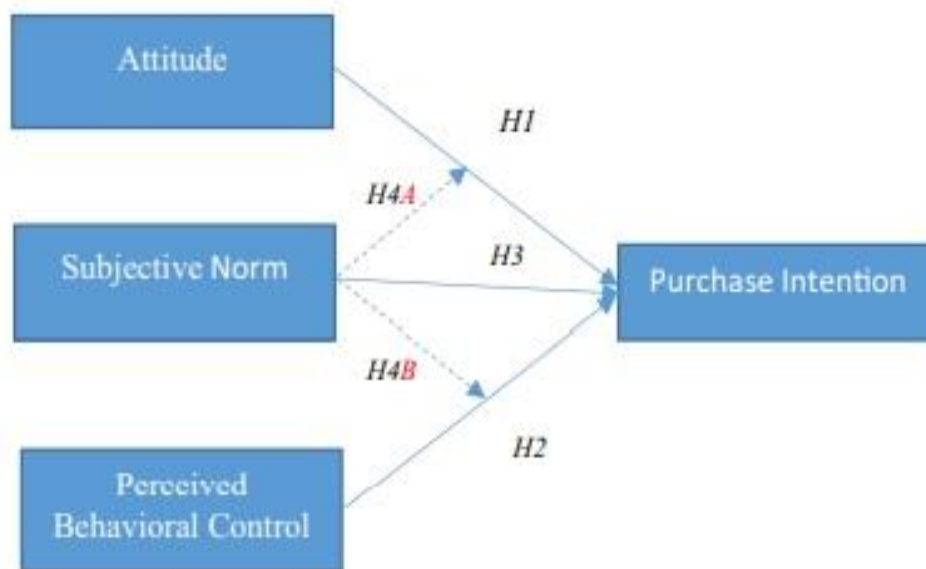H4b: Behavioral Control has a positive effect on Purchase Intention with Subjective Norm moderation

Figure 1. Research Framework
Image Source: Researcher (2023)

3. RESULT AND DISCUSSION

This study used a descriptive research design with a cross-sectional approach. The population of this study are consumers who wish to purchase luxury products in the next year in Jakarta with a sample of 200 respondents. The sampling technique used was non-probability sampling with a purposive sampling type. In this study, the primary data collected was obtained by distributing questionnaires online using the Google Form.

The data analysis technique used is Structural Equation Modeling (SEM) with Partial Least Square (PLS) type using SmartPLS 3.2.9 software. The tests that must be fulfilled in this study include the analysis of the outer model which consists of validity and reliability tests. After the research meets the validity and reliability requirements, then the next step is the inner model analysis test which consists of testing the coefficient of determination (R-square), prediction relevance (Q-square), effect size (F-square), and path coefficients then tested the hypothesis.

Variable indicators attitude, subjective norms, perceived behavioral control and purchase intention are measured using a Likert scale with a range of points 1-6, namely Strongly Disagree, Disagree, Moderately Disagree, Moderately Agree, Agree, and Strongly Agree.

Characteristics of Respondents

The characteristics of the 200 consumer respondents who wish to purchase luxury products in the next year in Jakarta can be seen in Tables 1 to 5. Based on gender, the majority of

respondents were women, with 137 respondents (69%). From the age group, the majority of respondents came from the 26–30 year age group with 148 (73%). Based on the occupation, the majority of respondents were private employees, as many as 163 respondents (81%). judging from the educational background of the majority of S1 respondents, there were 182 respondents (91%). Based on expenditure per month, the most respondents spend Rp. 5,000,000 to 10,000,000 as many as 147 respondents (73%).

Table 1. Gender Characteristics

		Frequency	Percentage
Valid	Men	63	31.0
	Women	137	69.0
	Total	200	100.0

Source: Researcher (2023)

There were 63 respondents (31%) for men and 137 respondents (69%) for women.

Table 2. Age Characteristics

		Frequency	Percentage
Valid	26 - 30 y.o.	148	73.0
	31 - 35 y.o.	52	27.0
	Total	200	100.0

Source: Researcher (2023)

For ages 26-30 there were 148 respondents (73%) and for respondents aged 31-35 years there were 52 respondents (27%).

Table 3. Job Characteristics

		Frequency	Percentage
Valid	Private Employee	163	81.0
	Government Employee	11	6.0
	Entrepreneur	26	13.0
	Total	200	100.0

Source: Researcher (2023)

For private employee, there were 163 respondents (81%), civil servants 11 respondents (6%), and entrepreneurs 26 respondents (13%).

Table 4. Characteristics of Educational Background

		Frequency	Percent
Valid	Senior High School / Vocational School / Equivalent	7	3.0
	S1	182	91.0
	S2	11	6.0
	Total	200	100.0

Source: Researcher (2023)

For Senior High School / Vocational School / Equivalent education, there were 7 respondents (3%), S1 was 182 respondents (91%), and Masters was 11 respondents (6%).

Table 5. Expenditure Characteristics Per Month

		Frequency	Percentage
Valid	Rp 5.000.000 – 10.000.000	147	73.0
	Rp 10.000.000 – 15.000.000	35	18.0
	> Rp 15.000.000	18	9.0
	Total	200	100.0

Source: Researcher (2023)

For expenses of IDR 5,000,000–10,000,000 there were 147 respondents (73%), IDR 10,000,000 –15,000,000 as many as 35 respondents (18%) and > IDR 15,000,000 as many as 18 respondents (9%).

Outer Model Analysis

The outer model analysis in this study consisted of convergent validity tests, discriminant validity tests, and reliability tests. The convergent validity test can be seen from the outer loadings value and the Average Variance Extracted (AVE) value.

Table 6. Convergent Validity

Variable	Indicator	Loading Factor	Conclusion
Attituder (AT)	AT 1	0.762	Valid
	AT 2	0.860	Valid
	AT 3	0.834	Valid
Subjective Norm (SN)	SN 1	0.836	Valid
	SN 2	0.755	Valid
	SN 3	0.745	Valid
	SN 4	0.744	Valid
Perceived Behavioral Control (PBC)	PBC 1	0.796	Valid
	PBC 2	0.800	Valid
	PBC 3	0.842	Valid
	PBC 4	0.847	Valid

Purchase Intention (PI)	P I1	0.836	Valid
	P I2	0.845	Valid
	P I3	0.855	Valid

Source: Data Processed by Using SmartPLS 3.00

Based on the outer loadings values in Table 6 above, all indicators are declared valid because they have outer loadings values greater than 0.7.

Table 7. Average Variance Extracted (AVE)

Variable	AVE
AT	0.672
SN	0.594
PBC	0.675
PI	0.715

Source: Data Processed by Using SmartPLS 3.00

Based on Table 7, the AVE value of all variables is greater than 0.5, so it can be concluded that they meet the convergent validity test criteria.

Discriminant validity can be assessed based on the cross loading, the Fornell-Larcker criterion and the HTMT test.

Table 8. Cross Loading

	Attitude	Perceived Behavioral Control	Purchase Intention	Subjective Norm
AT1	0.762	0.38	0.398	0.411
AT2	0.860	0.509	0.495	0.607
AT3	0.834	0.526	0.567	0.507
PBC1	0.539	0.796	0.584	0.446
PBC2	0.418	0.800	0.504	0.416
PBC3	0.506	0.842	0.596	0.652
PBC4	0.446	0.847	0.572	0.507
PI1	0.57	0.567	0.836	0.478
PI2	0.466	0.575	0.845	0.532
PI3	0.496	0.604	0.855	0.619
SN1	0.489	0.514	0.568	0.836
SN2	0.483	0.539	0.542	0.755
SN3	0.435	0.382	0.38	0.745
SN4	0.518	0.448	0.46	0.744

Source: Data Processed by Using SmartPLS 3.00

Table 8 shows that the loading value of each indicator is greater than the loading indicator value, which is more than 0.7.

Table 9. Fornell-Larcker Criterion

	AT	PBC	PI	SN
AT	0.820			
PBC	0.584	0.821		
PI	0.603	0.689	0.846	
SN	0.625	0.620	0.644	0.771

Source: Data Processed by Using SmartPLS 3.00

Table 9 shows the results of the Fornell-Larcker value with the criterion that is called adequate if the square root of the AVE value is greater than the correlation of the other construct variables.

Table 10. HTMT

	AT	PBC	PI	SN
AT				
PBC	0.717			
PI	0.761	0.836		
SN	0.806	0.751	0.799	

Source: Data Processed by Using SmartPLS 3.00

The required HTMT value must be less than 0.9 so that it can be said to meet the validity assessment. Table 10 shows the HTMT value is less than 0.9 so it can be concluded that the discriminant validity test has been fulfilled.

The reliability test in Partial Least Square (PLS) was carried out using two methods, namely Cronbach's alpha and composite reliability.

Table 11. Cronbach's Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability	Result
AT	0.758	0.860	Reliable
SN	0.774	0.854	Reliable
PBC	0.839	0.892	Reliable
PI	0.801	0.883	Reliable

Source: Data Processed by Using SmartPLS 3.00

The rule of thumb for Cronbach's Alpha and Composite Reliability is greater than 0.7. So, it can be concluded from Table 7 that all variables can be said to be reliable and meet the reliability test.

Inner Model Analysis

Following are the criteria for testing the structural model that must be met in this study, namely the value of the Coefficient of Determination (R^2), Q square and the results of the multicollinearity analysis.

R-Square (R^2)

The effect of Attitude, Subjective Norm and Perceived Behavioral Control on Purchase Intention has an R Square value of 0.586 so it can be concluded that Purchase Intention is influenced by the independent variables in this study of 58.6% and the remaining 41.4% is influenced by other variables not examined in this research.

Q-Square (Q^2)

The Q-square value of 0.402 (> 0). So, it can be concluded that the model has good predictive relevance.

Table 12. Multicollinearity

Variable	Value	Result
AT	VIF = 1.881	No multicollinearity
SN	VIF = 2.109	No multicollinearity
PBC	VIF = 2.817	No multicollinearity

Source: Data Processed by Using SmartPLS 3.00

The results below can be concluded that there is no multicollinearity between the independent variables.

4. CONCLUSIONS AND RECOMMENDATIONS

Hypothesis testing aims to determine whether all hypotheses are supported or not supported in this study. Hypotheses H1 to H4$_b$ can be said to be supported if the path coefficients have values ranging from -1 to +1 and the p-value is less than 0.05 (or < 0.05).

Table 13. Path Coefficients

Variable	Path Coefficients	t-Statistics	p-Values	Results
AT → PI	0.172	2.546	0.011	There is a positive and significant influence, the hypothesis is accepted
SN → PI	0.276	3.610	0.000	There is a positive and significant influence, the hypothesis is accepted
PBC → PI	0.415	5.772	0.000	There is a positive and significant influence, the hypothesis is accepted

AT → PI with SN Moderation	-0.151	2.217	0.027	There is a negative and significant effect, the hypothesis is accepted
PBC → PI with SN Moderation	0.065	1.138	0.255	There is a positive but not significant effect, the hypothesis is rejected

Source: Data Processed by Using SmartPLS 3.00

Conclusion

1. H1 states that attitude has a positive effect on purchase intention. Based on the results of the p-value test, attitudes have a significant effect on purchase intention because the p-value is less than 0.05, so H1 is accepted.
2. H2 states that subjective norms have a positive effect on purchase intention. Based on the results of the p-value test, subjective norms have a significant effect on purchase intention because the p-value is less than 0.05, so H2 is accepted.
3. H3 states that perceived behavioral control has a positive effect on purchase intention. Based on the results of the p-value test, perceived behavioral control has a significant effect on purchase intention because the p-value is less than 0.05, so H3 is accepted.
4. H4a states that attitude has a positive effect on purchase intention by moderating subjective norms. Based on the results of the p-value test, attitudes have a significant effect on purchase intention with subjective norm moderation because the p-value is less than 0.05, so H4a is accepted.
5. H4b states that perceived behavioral control has a positive effect on purchase intention with moderation of subjective norms. Based on the results of the p-value test, perceived behavioral control has no significant effect on purchase intention with moderation of subjective norms because the p-value is more than 0.05, so H4b is rejected.

Recommendation

In the process of searching for data, the information provided by respondents through questionnaires sometimes does not show the actual opinions of respondents, this happens because sometimes the thoughts, assumptions and understandings are different for each respondent and due to time, cost and manpower limitations, this research has a limited scope. Furthermore, for future researchers who are interested in examining the factors that influence purchase intention, it is best to relate it to other variables that may have an influence, namely celebrity endorsements which have not been studied in this study.

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