Social Media, Lifestyle, and Product Branding to Buying Decision on Millenial Generation: A Study on Smartphone Purchases by a group of College Student

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Abstract: The progress of communication technology has offered a media-based platform for ideas sharing and discussion. Cellular, internet, and social media technology has become a social phenomenon especially among young people between aged 18 to 29 years old, or also known as the Millennium generation. To connect to social media, a certain gadget such as a laptop or smartphone is needed. Smartphones have become the main devices of students today espescially in Indonesia, they use it to access many kind of information, whether it's social media, the web, or other popular applications to find information related to studies and other activities related to their social life. This study test the effect of Social Media, Lifestyle, and Product Branding to Buying Decisions on Smartphone Purchases by a group of students using Structural Equation Modelling (SEM). This study aim to shed some light on the associate between social media, lifestyle and product branding on purchase decision.

Keywords: Buying Decisions, Lifestyle, Product Branding, Social Media.

I. INTRODUCTION

Technology has changed the world, through the advent of smartphones and social media, the accessibility of information is higher than ever before [1]. At present there are many types of social media that have been created such as Facebook, Twitter, Instagram, Youtube, Linkedin, etc. And one of the most widely used by the people of Indonesia is Facebook. According to a report from We Are Social, there are a total of 79 millions of Facebook active user in 2015, while 58% are male user, and the rest is female user. And according to a report from Indonesian Internet Service Provider Association, at the end of 2016, there are total of 132 millions of active internet user in Indonesia, that number is about 51,8% from a total of Indonesian citizen in a whole. This statistic is a fairly large number, next to China amounted to 731.4 million, and India amounted to 462.1 million [2].

To access social media, a certain tool such as a laptop or smartphone is needed. A smartphone is a mobile phone that has a high level of features or capabilities, often in use like a computer. Smartphones have become a major need at this time from various circles, and one example is students to access various media, whether social media, the world wide web, or other software to find information related to their lecture activities or outside of lectures. Seeing the many users of social media in Indonesia, whether Facebook or other social media, shows that the use of social media is one form of Indonesian people's lifestyle that has been used in everyday life.

There have been many prior studies that using social media as the topic of discussion [3][4][5]. Judging by so many social media platform user Indonesia, such as Facebook or other social media, shows that the use of social media is one form of Indonesian people's lifestyle that has been used in everyday life. Lifestyle is a person's life pattern that expressed in his

activities, interests and opinions [6]. Lifestyle can be measured by activities, interests and opinions of a person or goods. These things can be taken into consideration in choosing smartphone goods or products. Activities, interests and opinions of a person must be different, especially in making decisions for the purchase or selection of brands and types of smartphones that are tailored to the needs and capital they have. In addition to lifestyles that provide opinions in the process of purchasing a product, a brand or brand of a product is also considered by consumers before buying [7][8].

Previous study states that product branding becomes an important thing for consumers in completing a purchasing decision [9], and that buying decision is the choice of two or more alternative decisions, meaning that someone can make a decision, there must be some of the best alternative choices available [10]. Merchandising methods are currently changing, the most valuable business interactions and information today about consumer decision making are related to the trust generated by members of social media, while experts, authorities, mass media have lost their power. The choice of a smartphone model is also one of the purchasing decisions. Currently there are many brands of smartphones that have high-end, mid-end and low-end types. Each of these types has different specifications and prices, the more expensive the specifications given by the smartphone will be higher [11].

Based on the background that technological developments that create social media and smartphones have strong positions in everyday life. Many people, especially students, buy smartphones by digging information through social media and according to their needs. So the problem in this study is social media, lifestyle, brand and how it affects the smartphone purchasing decisions.

A. Objective of The Study

This study have multiple objective as follows, wether Social Media have any effect on Life Style, Product Branding, and Buying Decision. And will Life Style also have any effect on Product Branding and mediating Buying Decision. And will Product Branding have any mediating effect on Buying Decision.

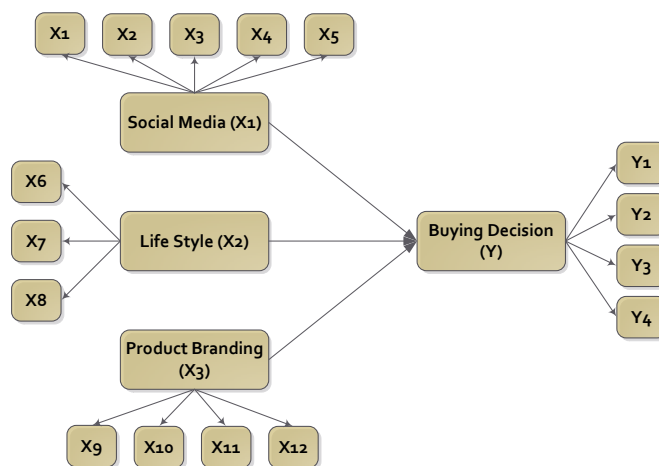## B. Research Method

1. Research Framework

Fig. 1. Overall SEM Research Framework

2. Population, Sample Selection, and Dataset

The population in this study were all University Trilogy students. By using the SEM method, the total number of samples to be taken is the total of all variables multiplied by five or ten, namely 20 x 10 = 200 samples. To get data as a discussion, conducted by collecting, processing, and analyzing it. The techniques used in data collection is through questionnaire.

3. Variables

This study are using three independent variables such as Social Media (X_1), Lifestyle (X_2), and Product Branding (X_3). And using one dependent variable such as Buying Decision (Y).

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4. Data Validity, Analysis, and Hypothesis Testing

This study is using SEM model for data analysis. SEM is a method that is widely used to overcome the weaknesses of the regression method. The analysis is conducted in three stages, namely Measurement Model Fit, Structural Model Fit, Overall Model Fit.

II. RESULTS AND FINDINGS

A. Overall Model Analysis

1. Goodness of Fit Measurement

Fit Statistic	Value Model Description
Chi²	1042,30
RMSEA	0.125
AIC	17026
BIC	17272
CFI	0,719
TLI	0,685

Fig. 2. Goodness of Fit Result

Figure 2 above contains the results for the measurement of goodness of fit (GOF) where the measurements are based on Chi^2, RMSEA, AIC, BIC, CFI, TLI, and SRMR values. To state that the model used meets GOF criteria, the value of each element obtained must meet the minimum value requirements of GOF. The table below will explain the GOF measurements of the models that have been used.

TABLE : 1

Statistics	Value	Criteria	Remarks
CHI^2	1042,3	Smaller, the better	Not Good
RMSEA	0,125	$0.05 < RMSEA < 0.08$	Not Good
AIC	17.027	Smaller, the better	Not Good
BIC	17.273	Smaller, the better	Not Good
CFI	0,719	> 0.90	Not Good
TLI	0,685	> 0.90	Not Good

Based on table I above, it can be seen that the measurement results of the models used for GOF requirements still do not meet the minimum requirements, only CFI is close to the minimum requirements with values obtained 0.719. This proves that the data used is not suitable or not in accordance with the model used. However, the model can still be used for further analysis to determine the effect of exogenous variables on endogenous variables.

2. Model Modification

Model modification is necessary to get better GOF results and better analysis results. Modification of the model can be seen as figure 3 below.

TABLE : 2

Statistics	Value	Criteria	Remarks
CHI^2	263.123	Smaller, the better	Not Good
RMSEA	0.081	$0.05 < RMSEA < 0.08$	Not Good
AIC	12081	Smaller, the better	Not Good
BIC	12273	Smaller, the better	Not Good
CFI	0.907	> 0.90	Good Fit
TLI	0.886	> 0.90	Marginal Fit

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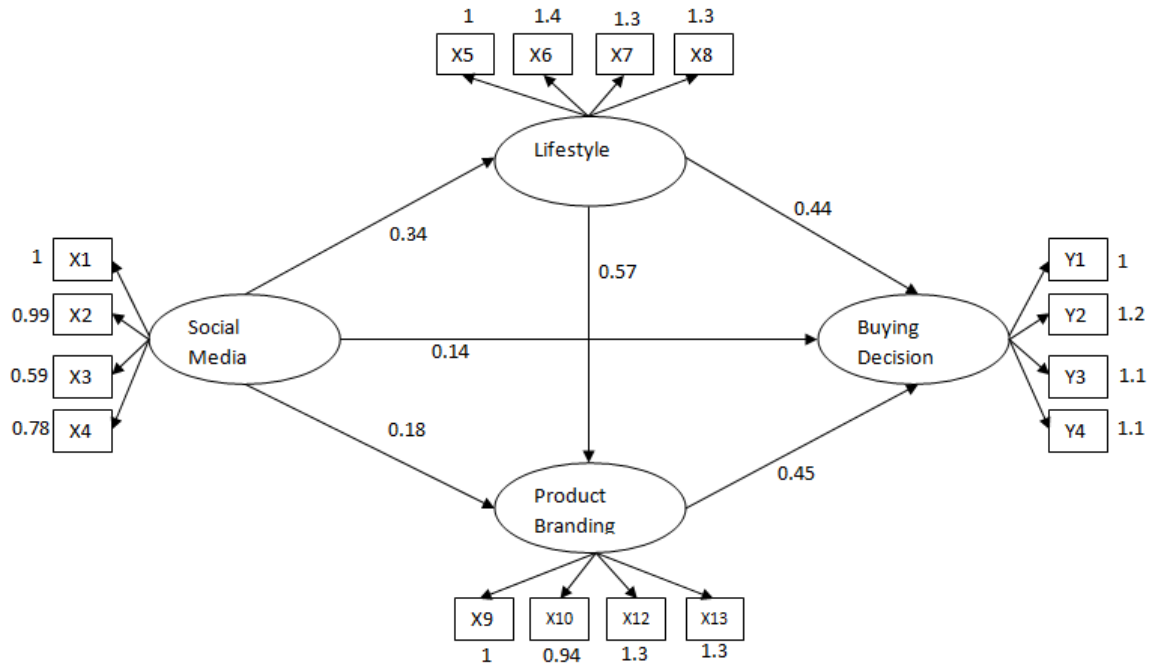
Fig. 3. Overall SEM Research Framework After Modification

There are some changes in the research framework, Social Media (X_1) currently is the only independent variable. And the other variables; Lifestyle (X_2) and Product Branding (X_3) are become mediating and dependent variables, including Buying Decision (Y). This research framework increases the analyzes of this study. In this new framework contains how the Social Media (X_1) affect Lifestyle (X_2), Product Branding (X_3), and Buying Decision (Y).The model also show how the Lifestyle (X_2) affect the Product Branding (X_3). This change's goal is to get the better result of GOF and the others analysis.

Fit statistic	Value	Description
Likelihood ratio		
chi2_ms(98)	263.123	model vs. saturated
p > chi2	0.000	
chi2_bs(120)	1899.539	baseline vs. saturated
p > chi2	0.000	
Population error		
RMSEA	0.081	Root mean squared error of approximation
90% CI, lower bound	0.069	
upper bound	0.092	
pclose	0.000	Probability RMSEA <= 0.05
Information criteria		
AIC	12081.134	Akaike's information criterion
BIC	12273.411	Bayesian information criterion
Baseline comparison		
CFI	0.907	Comparative fit index
TLI	0.886	Tucker-Lewis index
Size of residuals		
SRMR	0.055	Standardized root mean squared residual
CD	0.865	Coefficient of determination

Fig. 4. Goodness of Fit Result after Model Modification

Figure 3 above shows changes in GOF values after the structural model is modified. Changing the value leads to better and meet the requirements. Thus it was decided in this study to use a modified structural model. The following table explains the changes in the values contained in the modified model.

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TABLE : 3

Statistics	Before	After	Criteria	Remarks
CHI^2	1042,3	263,123	Smaller, the better	Poor Fit
RMSEA	0,125	0,081	$0.05 < RMSEA < 0.08$	Poor Fit
AIC	17.027	12.081	Smaller, the better	Poor Fit
BIC	17.273	12.273	Smaller, the better	Poor Fit
CFI	0,719	0,907	> 0.90	Good Fit
TLI	0,685	0,886	> 0.90	Marginal Fit

Table 3 above shows the comparison between results of the GOF measurement before and after model modification. Table 3 suggest that the result after model modification can be used for further analysis on this study.

B. Hypothesis Testing

1. Social Media to Lifestyle

Based on figure 3 above, it shows that Social Media indicates Lifestyle has a positive value of 0.34, and statistically significant to 0.48 (standarized beta). This indicates that overall social media variables contribute 23% to lifestyle's change. It can be concluded that social media has a positive and significant effect on lifestyle.

The lifestyle of millennials in Indonesia is influenced by their social media platform. The results suggest that the majority of millennials in Indonesia choose Instagram as their platform. Most of them spend on average more than 3 hours a day using social media. Trends that occur on social media mostly related to lifestyle, make its users often influenced and follow what is happening on social media. Users search for entertaining information and the latest news to spend their time on social media. With the presence of social media, it makes it easier for millennials in Indonesia to find information about the smartphones model they want. Because the content contained in social media is so vast that it does not make it difficult for millennials to find information about smartphones. Plus the ease of access to social media cause the millennials make social media the main tool in searching for information, they have no trouble accessing social media wherever and whenever.

2. Lifestyle as mediating factor to Buying Decision

Figure 3 provide, it can be determined that loading factor from lifestyle to purchase decision has a positive value of 0.44, and statistically significant to 0.41 (standarized beta). Because the path coefficient can be defined as a correlation number, then the value is re-measured to a coefficient of determination, it will be $(0.41)^2$, or equal to 0.1681. This indicates that overall lifestyle variables contribute 16.8% in purchase decision's change. It can be concluded that lifestyle has a positive and significant effect on buying decision.

What they want to buy must be reflected to their lifestyle. They have an assessment of the case of a purchase decision that must be matched beforehand by their respective lifestyles. Lifestyle is sometimes influenced by the surrounding environment, family, and culture, but in this case personal lifestyle is the main reference in deciding on a purchase of goods, especially on the purchase of a smartphone. Someone who has a hobby to do photographs, whether it's a picture of the surrounding atmosphere, nature, or selfie, tend to choose an Oppo smartphone, because it has an advantage at the system and the quality of the camera to perform double exposure photo that produces image quality perfect so that it attracts people who have photo hobbies, especially women. For smartphone companies, knowing the lifestyle of prospective consumers is very important, especially for market segments in Indonesia that have various kinds of cultures. Smartphone producer should know what their customers need in Indonesia, especially the number of millennials in Indonesia who rely almost everything on technology.

3. Lifestyle as mediating factor to Product Branding

It is also contained on figure 3 shows the contribution of lifestyle to product branding. The path coefficient can be defined as a correlation number, then the value is re-measured to a coefficient of determination, it will be $(0.57)^2$, or equal to 0.3249. This indicates that overall lifestyle variables contribute in product branding's change around 32.5%. It can be concluded that lifestyle has a positive and significant effect on product branding.

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Millennials in Indonesia tend to adjust their lifestyle when it comes to product branding. Their opinions and views with a brand become the main reference for millennials in Indonesia in choosing a smartphone model. For smartphone companies, it is mandatory for them to build brand equity and brand image that can be adjusted to their target consumers. The quality of smartphones made must have more specific advantages between one product and another. An advantage possessed by the product will be a reference for consumers to consider the compatibility between their lifestyle and the products of the brand they will choose. For example, Samsung has provides a wide selection of products ranging from low prices with sufficient quality to high prices with excellent quality. By making different type of products, consumers can freely choose Samsung smartphone products that suit their individual needs and lifestyles. Not only lifestyle, Indonesian millennials are also very sensitive to prices, when compared to the Apple (Iphone) brand which always perceived as high-end products, very high prices with excellent quality. This resulted in not all Indonesian millennials being able to reach Iphone products because of very high prices.

4. Social Media to Product Branding

The indication of social media to pruduct branding has a positive value of 0.18, and statistically significant to 0.26 (standarized beta). Overall conclusion of social media variables contribute in product branding's change by 6.8%. It can be concluded that social media has a positive and significant effect on product branding.

The higher a person is influenced by social media, the higher the level of someone's accessibility in reaching information about a smartphone brand. At the moment, social media is the main tool used by various companies as a means to market their products, expand, and end up in profit. One of the reasons besides the development of technology that cannot be stopped, the number of Indonesian citizen that have been connected to the internet as much as around 143 million, and the role of advertising promotion from social media make everything easy, more efficient and more effective for companies to reach prospective customers to create brand image and brand equity.

5. Social Media to Buying Decision

Based on figure 3 above, indication of social media to product branding has a positive value of 0.14, and statistically significant to 0.18 (standarized beta). Because the path coefficient can be defined as a correlation number, then the value is re-measured to a coefficient of determination, it will be $(0.18)^2$, or equal to 0.0324. This indicates that overall social media variables contribute to buying decision by 3.24%. It can be concluded that social media has a positive and significant effect on buying decision.

This is the prove that Millenials in Indonesia have a high level of social media use exceeding 3 hours a day. The longer millennials use the internet, the more information they can get about the smartphone they wanted, so they solidify their intention to make a buying decision for a smartphone by using the information they got.

6. Product Branding as mediating factor to Buying Decision

Product branding as mediating factor has a positive value of 0.45 to buying decision, and statistically significant to 0.42 (standarized beta). This indicates that overall product branding variables contribute in buying decision's change by 17.6%. It can be concluded that product branding has a positive and significant effect on buying decision.

Millennials in Indonesia has chosen product brand to become one of the cornerstones as a means to round off a smartphone purchasing decision. This is evidenced by the selection of smartphone brands that are quite high on Apple and Samsung. More than 50% of the 260 respondents choose both brands. Apple and Samsung have a high brand image, brand loyalty and high brand equity, making it the first choice as a smartphone brand to be chosen by millennials in Indonesia.

III. CONCLUDING REMARKS

The results and findings that discussed on previous session, the conclusions are as follow. Social Media (MS) has a positive and significant effect on Lifestyle (GH), Lifestyle (GH) has a positive and significant effect on Buying Decision (KP), Lifestyle (GH) has a positive and significant effect on Product Branding (BR), Social Media (MS) has a positive and significant effect on Product Branding (BR), Social Media (MS) has a positive and significant effect on Buying Decision (KP), Product Branding (BR) has a positive and significant effect on Buying Decision (KP).

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