

THE EFFECT OF FINANCIAL LITERACY AND EWOM TOWARDS PURCHASING DECISION COSMETIC PRODUCT ACROSS TWO GENERATION

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Abstract

The ease of information related to a cosmetic product through electronic word of mouth and financial literacy owned by millennial and Z generations can trigger purchasing decisions. The purpose of this study was to analyze the effect of financial literacy and electronic word of mouth on purchasing decisions in millennial and Z generations. The study used an explanatory research study design and voluntary sampling technique with a total of 122 millennial and Z generation respondents in Indonesia. Based on the research results, both generations have financial knowledge and financial attitudes in the low category, and the millennial generation's financial behavior are in the high category and generation Z is in the medium category. The electronic word of mouth variable is in the low category and generation Z's purchasing decisions are in the medium to high category and the millennial generation are in the medium category. Regression test shows that the education, financial literacy have a significant negative effect on purchasing decisions, while electronic word of mouth has a significant positive effect on purchasing decisions. The government and related stakeholders need to provide education related to financial literacy and sort out the right information about a product.

Keyword: electronic word of mouth, financial literacy, millennial generation, purchase decision, z generation

PENGARUH LITERASI KEUANGAN DAN *EWOM* TERHADAP KEPUTUSAN PEMBELIAN PRODUK KOSMETIK PADA DUA GENERASI

Abstrak

Kemudahan informasi terkait suatu produk kosmetik melalui *electronic word of mouth* dan literasi keuangan yang dimiliki generasi milenial dan Z dapat memicu terjadinya keputusan pembelian. Tujuan dari penelitian ini adalah untuk menganalisis pengaruh literasi keuangan dan *electronic word of mouth* terhadap keputusan pembelian pada generasi milenial dan Z. Penelitian menggunakan desain *explanatory research study* dan teknik penarikan contoh *voluntary sampling* dengan total 122 responden generasi milenial dan Z di Indonesia. Berdasarkan hasil penelitian generasi milenial dan Z kategori pengetahuan keuangan dan sikap keuangannya berada pada kategori rendah, dan perilaku keuangan generasi milenial berada pada kategori tinggi dan generasi Z termasuk kategori sedang. Variabel *electronic word of mouth* termasuk kategori rendah dan keputusan pembelian generasi Z termasuk kategori sedang hingga tinggi dan generasi milenial termasuk kategori sedang. Uji regresi menunjukkan bahwa pendidikan terakhir, literasi keuangan berpengaruh signifikan negatif terhadap keputusan pembelian, sedangkan *electronic word of mouth* berpengaruh signifikan positif terhadap keputusan pembelian. Pemerintah dan stakeholder terkait perlu memberikan edukasi terkait literasi keuangan dan memilah informasi yang tepat mengenai suatu produk.

Kata kunci: *electronic word of mouth*, keputusan pembelian, literasi keuangan, generasi milenial, generasi z

INTRODUCTION

The results of the 2020 Population Census, the total population of Indonesia is 270.20 million people and based on the composition of the population by generation, it is known that the millennial generation is 25,87 percent of the total population and generation Z is 27,94 percent of the total population of Indonesia (Badan Pusat Statistik, 2021). Based on Statista (2021), current internet usage is used to access social media at the age of 18-24 years (30,7%) and at the age of 25-34 years (34,1%).

Apart from the internet being used for social media, as many as 96 percent of internet users in Indonesia have used e-commerce with activities carried out by customers, namely searching for products or services to buy online (We Are Social, 2019). E-commerce (Electronic Commerce) based on the Organization for Economic Co-Operation and Development (OECD) 2009 is the sale or purchase of goods or services, which is carried out through a computer network with a method specifically designed for the purpose of receiving or placing orders. However, payment and delivery of the main goods and services do not have to be done online.

In 2017, the Ministry of Industry (Kemenparin) of the Republic of Indonesia noted that the national cosmetics industry grew by 6,35 percent and increased to 7,36 percent in the first quarter of 2018. Then, throughout 2019, the growth of the cosmetics industry has been recorded at seven percent. In line with technological developments, cosmetic sales also utilize online platforms in order to compete and keep up with changes in consumer preferences related to lifestyle. Based on research by Sholikhah et al. (2021), the millennial generation allocates their income to buy cosmetics with a monthly expenditure of IDR 100,000 - IDR250.000. In contrast to generation Z, according to Susanto and Handayani's research (2020) generation Z mostly has an average total expenditure per month to buy cosmetics of IDR200.000 - IDR400.000. In line with technological developments, cosmetic sales have also utilized online platforms in order to compete and keep up with changing consumer preferences regarding lifestyle. Cosmetic companies today are not only creating new product innovations, but also improving and updating their marketing channels. The market development followed by many companies related to product distribution is sales through e-commerce (Putri & Patrikha, 2021).

The benefits obtained by consumers from using e-commerce are getting better access by just clicking a button to search for product details, and easily accessing the information needed at any time (Jain & Arya, 2021). This can have an effect on increasing consumer confidence and interest in using the product, which can affect consumer purchase interest. Someone who shares information through online comments is called electronic word of mouth (Restanti et al., 2019). Electronic word of mouth is an informal communication that discusses products, services, and brands either negatively or positively to subsequent consumers or potential consumers as well as regular consumers about products or companies through internet sites (Ulrica & Lego, 2021). Someone who has been influenced by the previous consumer's electronic word of mouth, can make a purchase decision. Purchasing decisions have several processes, namely need recognition, information search, alternative evaluation, and purchase decisions (Sumarwan, 2011). In measuring electronic word of mouth, it consists of intensity, positive and negative valence (Goyette et al., 2010). Research by Maharani et al. (2016) found that electronic word of mouth through Instagram social media simultaneously influences the purchasing decision process for Arromanis Corner Store Bandung products.

One of the important factors in purchasing decisions is financial literacy, this is due to its role as a foundation of knowledge in making financial decisions (Aini & Susanti, 2021). Financial literacy is an individual's understanding of financial knowledge, how an individual's ability to analyze and apply it in everyday life and be able to make financial decisions and realize the risks that will be faced with the decisions taken (Humaidi et al., 2020). According to Adityandani and Haryono (2018) individuals who have a good understanding of finance will have the opportunity to have good financial management as well. In addition, individuals who have a good financial attitude tend to be better able to distinguish needs and wants. Financial literacy is an individual's understanding of financial knowledge, how an individual's ability to analyze and apply it in everyday life and be able to make financial decisions and realize the risks that will be faced with the decisions taken (Humaidi et al., 2020). Individual demographics can affect the level of financial literacy (Amari & Jarboui, 2015), one of which is age, which can affect the way individuals view an object (Carrasco-Gallego, 2017). Data owned by the Financial Services Authority (OJK) in 2019 shows that financial literacy in Indonesia has only reached 38,03 percent. In addition, based on the results of the 2019 national survey on financial literacy and inclusion, in the 18-25 age group the level of financial literacy is 13,53 percent, and in the 26-35 age group it is 24,26 percent. Both age groups belong to generation Z and the millennial generation, indicating that financial literacy is still low in these age groups. According to Pramudi's research (2015), the majority of consumers who make consumptive purchasing decisions for local cosmetics are aged 26 to 35 years, these ages include the age of the millennial generation.

Prospective new consumers can purchase an item that they already know because they are encouraged by the electronic word of mouth. Someone who owns a trending item can provide satisfaction as well as pleasure, even though the item is not a primary item (Maulana et al., 2020). In addition, according to We Are Social (2021), Indonesia ranks first in the highest e-commerce usage in the world at 88,1 percent. Research results from the Katadata Insight Center (KIC) and Kredivo show that generation Z and millennials are consumers who have contributed 85 percent of the total transactions in transaction activities in e-commerce. Based on the results of research by Wahyuni et al. (2019), financial literacy was found to have a significant effect on online shopping behavior. However, in another study by Harjayanti et al. (2020), there

is no significant influence between the level of financial literacy and purchasing decisions on online media. In addition, research by Herviani et al. (2020), states that there is a significant influence between electronic word of mouth on purchasing decisions for lipstick products. This illustrates that electronic word of mouth has a relationship to purchasing decisions, and the positive direction of the relationship has an influence on purchasing decisions. However, research by Luthfiyatillah et al. (2020) states that electronic word of mouth has no significant effect on consumer purchasing decisions.

Based on the description above, this study can find out how the influence of financial literacy, electronic word of mouth affects purchasing decisions in millennials and Z generations. The specific objectives of this study are as follows: (1) Identifying the characteristics of millennials and generation Z, financial literacy, electronic word of mouth and purchasing decisions; (2) Analyzing differences in financial literacy, electronic word of mouth, and purchasing decisions in millennials and generation Z; (3) Analyzing the relationship between respondent characteristics, financial literacy, electronic word of mouth, and purchasing decisions in millennials and generation Z; (4) Analyzing the effect of respondent characteristics, financial literacy and electronic word of mouth on purchasing decisions in millennials and generation Z.

METHODS

This research uses a descriptive quantitative approach with an explanatory research design. The research was conducted in 34 provinces in Indonesia using an online survey through social media. The research was conducted from October 2021 to May 2022 which included preparation, preparation of proposals and questionnaires, questionnaire trials, data collection, data processing, data analysis and writing and reporting research results. The population in this study is the millennial generation aged 26 to 41 years, and generation Z aged 18 to 25 years. The special criteria for respondents are already having their own income and have purchased cosmetic products through one of the e-commerce (Tokopedia, Shopee, Bukalapak, Lazada and Blibli) during the last three months. According to the Indonesian Minister of Health Regulation No. 1175/MENKES/PER/VIII/2010, cosmetics are materials or preparations used on the outside of the human body (epidermis, hair, nails, lips and external genital organs) or teeth and oral mucous membranes, especially for cleaning, perfuming, changing appearance and or improving body odor or protecting or maintaining the body in good condition. Samples of cosmetic products are makeup, skincare, body care, hair care and so on. The sampling technique was carried out by non-probability sampling with voluntary sampling technique, namely the selection of potential respondents who were willing and eligible to fill out the survey (Murairwa, 2015). Online questionnaires were distributed through social media such as Instagram, Twitter, and WhatsApp, the research time was carried out from April 14, 2022 to May 13, 2022. The research data needed for millennials and generation Z are 100 samples each. However, due to time constraints, the data obtained were 151 samples. After screening and cleaning the data, the remaining 122 samples were selected and fit the criteria with the number of millennial generation data as many as 48 samples and generation Z as many as 72 samples.

The types of data collected in this study are primary data and secondary data. Primary data includes demographic characteristics, namely gender, age, individual occupation, spouse's occupation (if married), individual income, family income, latest education, marital status, and number of dependents on financial literacy, electronic word of mouth (E-WOM), and purchasing decisions, the data is obtained from the results of an online survey or google form distributed through social media. Then, secondary data is obtained from the Central Statistics Agency (BPS), the Financial Services Authority (OJK), previous research results and literature related to the research topic. Primary data is data taken by researchers using measuring instruments tailored to the variables that will be used in this research. The measuring instrument used in the financial literacy variable for the financial knowledge dimension is to use an instrument that has been adapted and modified from the research of Lusardi and Mitchell (2014) and (Sabri, 2018). Statements on the financial knowledge dimension are measured on a Guttman scale by adding one answer choice, namely 1 = False, 2 = True, and 3 = Don't know. Then for the dimensions of financial behavior and financial attitudes using instrument measuring instruments adapted and modified from Potrich et al.'s research, (2021). The financial behavior dimension is measured using a Likert scale of 1-5 with a scale of 1 = Never, 2 = Almost Never, 3 = Sometimes, 4 = Almost Always, 5 = Always. Financial attitudes are measured using a Likert scale of 1-5 with a scale of 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree.

In the financial literacy variable with the financial knowledge dimension in the operational definition, namely a series of processes or activities to increase consumer knowledge, skills, confidence in managing finances properly, this measuring instrument has nine statements with one invalid statement because it has a sig value. <Then, financial behavior, namely actions taken by individuals in managing finances, has a reliability value with a Cronbach's alpha value of 0,828, there is one invalid statement regarding product information that can encourage purchasing decisions, out of twelve statements. In the financial attitude dimension, namely

individual confidence in managing finances. has a reliability value with a Cronbach's alpha value of 0,597 and of the three valid statements, there is one invalid statement regarding the statement of the availability of money for shopping. Electronic word of mouth (EWOM) is potential consumers who receive experience or information from previous consumers when they have used a product through online media. This variable measuring instrument uses an instrument adapted and modified from research (Goyette et al., 2010) which consists of the dimensions of intensity, positive valence, and negative valence with a reliability value with Cronbach's alpha of 0,720 and one of the seven invalid questions regarding buying cosmetic products because of other consumer recommendations. The operational definition of purchasing decisions is the action decided by consumers in purchasing cosmetic products with the stages of the purchasing decision process, namely need recognition, information search, alternative evaluation, and purchase decisions. The purchasing decision measuring instrument uses instruments from Kotler et al. (2018) and Harjayanti et al. (2020) which has four dimensions, namely need recognition (one statement), information search (two statements), alternative evaluation (one statement), and purchase decisions (three statements). Measurement uses a Likert scale, namely "strongly agree", with a score of one, to "strongly disagree", with a score of five. This variable has a Cronbach's alpha value of 0,805 and seven questions are valid. Data were analyzed using descriptive analysis, correlation test, t-test and multiple linear regression test. Data were processed and analyzed using Microsoft Excel and Statistical Package For Social Sciences (SPSS) version 25.0.

RESULTS

Characteristics of Millennials and Generation Z

The characteristics of respondents (millennials and Z generation) consist of age, gender, domicile, individual occupation, spouse's occupation (for those who are married), individual income (rupiah/month), family income (rupiah/month), latest education, marital status and number of dependents. Respondents in this research were 122 respondents. The results of the study based on the age of generation Z, namely ages 1-25 years as much as 60,7 percent and the millennial generation, namely ages 26-41 years as much as 39,3%. Gender is dominated by women as much as 79,5 percent and men as much as 20,5 percent. Based on the domicile of respondents, they are spread across 23 provinces in Indonesia with a percentage that does not differ much between respondents who are in the domicile of East Java (27,9%) and West Java (27,0%). The majority of individual occupations are private employees as much as 32,8 percent. Similar to the individual's job, the spouse's job (for respondents who already have a spouse) is also the majority of private employees at 10,7 percent. Four out of ten respondents (42,6%) had an individual income per month of IDR1.000.000-IDR3.000.000. Family income is dominated by respondents who have an income of IDR3.000.001-IDR6.000.000 with a percentage of 33,6 percent. The last education that dominates is high school /equivalent at 38,5 percent. The majority of respondents' marital status is unmarried at 70,5 percent. The number of dependents is dominated by having no dependents or 0 as much as 39,3 percent.

Analysis of Financial Literacy Variables

Table 1 presents the distribution of respondents by category in the financial literacy aspect, and the results show that as many as half of the respondents (50%) of generation Z and 68,8 percent of millennial generation respondents as well as the total respondents of 57,4 percent have low financial knowledge. In the aspect of financial behavior, 47,9 percent of millennial generation respondents belong to the high category, while generation Z is in the medium category (44,6%) and as many as 44,3 percent of the total respondents belong to the high category. Financial attitudes in the millennial generation (85,4%) and generation Z (94,6%) are in the low category, while 43,4 percent of the total respondents are in the medium category.

Table 1 Distribution of respondents based on financial literacy categories

Category	Financial Literacy								
	Financial Knowledge (%)			Financial Behavior (%)			Financial Attitude (%)		
	Gen Z	Gen Millennial	Total	Geni Z	Gen Millennial	Total	Gen Z	Gen Millennial	Total
Low (<60)	50,0	68,8	57,4	13,5	18,8	15,6	94,6	85,4	14,8
Medium (60-80)	43,2	27,1	36,9	44,6	33,3	40,2	4,1	14,6	43,4
High (>80)	6,8	4,2	5,7	41,9	47,9	44,3	1,4	0	41,8
Total	100	100	100	100	100	100	100	100	100
Min-Max	12,5-87,5	12,5-87,5	12,5-87,5	43,1-100	34,0-100	34,0-100	00,0-87,5	00,0-75,0	12,5-100,0
Mean±STD	54,8±19,7	49,4±18,4	52,7±19,3	75,3±14,4	74,7±17,7	75,0±15,7	22,2±19,1	27,3±21,3	75,7±20

Notes: Min-Max=Minimum-Maximum; STD=Standard Deviation

Analysis of Electronic Word of Mouth (EWOM) and Purchase Decision

The distribution of respondents based on electronic word of mouth (EWOM) (Table 2), all millennial generation respondents and half of generation Z respondents (55,4%) and more than half of the total respondents (60,7%) are in the low category. Then, the purchase decision of generation Z is in the medium to high category (44,6%, for each group) and the millennial generation is in the medium category and of the total respondents the purchase decision is in the medium category (45,9%).

Table 2 Distribution of respondents by ewom category and purchase decision

Category	EWOM (%)			Purchase Decision (%)		
	Gen Z	Gen millennial	Total	Geni Z	Gen millennial	Total
Low (<60)	55,4	100,0	60,7	10,8	37,5	13,1
Medium (60-80)	37,8	0	33,6	44,6	56,3	45,9
High (>80)	6,8	0	5,7	44,6	6,3	41,0
Total	100	100	100	100	100	100
Min-Max	17,8-82,1	11,1-58,3	17,8-82,1	25,00-100,0	6,2-84,3	10,7-100,0
Mean±STD	57,0±14,5	34,4±10,7	54,8±14,4	77,3±15,0	61,5±14,8	76,0±15,8

Notes: Min-Max=Minimum-Maximum; STD=Standard Deviation

Differences in Financial Literacy, Electronic Word Of Mouth, and Purchasing Decisions by Age

Table 3 presents the differences in financial literacy, electronic word of mouth, and purchasing decisions based on age with two generations, namely generation Z and millennial generation. The difference test was conducted using an independent t-test. In this t-test, it is known that there is no significant difference between generation Z (aged 18-25 years) and the millennial generation (aged 26-41 years) in financial knowledge, financial attitudes, electronic word of mouth, and purchasing decisions. It can be said that generation Z and millennials have relatively similar financial literacy, electronic word of mouth, and purchasing decisions. However, in financial behavior there is a significant difference between generation Z (aged 18-25 years) and millennial generation (aged 26-41 years) with a significant value of 0.091 ($p < 0.1$).

Table 3 Independent t-test results of financial literacy, electronic word of mouth, and purchasing decisions based on age

Variable	Age	Sig.	Sig. (2-Tailed)	Mean Differece	Std. Error Difference
Financial Literacy Knowledge Financial	Gen Z	0,352	0,088	69,4257	3,60812
	Gen Y			63,2813	
Financial Behavior	Gen Z	0,091*	0,645	83,8452	3,05592
	Gen Y			82,4337	
Financial Attitude	Gen Z	0,181	0,114	78,5569	3,69415
	Gen Y			72,6563	
Electronic Word Of Mouth (EWOM)	Gen Z	0,699	0,065	37,0871	3,23012
	Gen Y			43,1134	
	Gen Z			0,488	
	Gen Y			26,8229	

Note: *) significant at $p < 0,1$

Relationship between Respondent Characteristics and Financial Literacy, Electronic Word Of Mouth (EWOM) and Purchasing Decisions

The results of the correlation test between respondent characteristics, financial literacy, electronic word of mouth (EWOM) and purchasing decisions show several significant relationships as presented in Table 4. Gender has a negative significant relationship with electronic word of mouth ($r = -0,192$). This shows that males have better electronic word of mouth compared to females. Individual income ($r = -0,181$) and family income ($r = -0,228$) have a negative significant relationship with financial knowledge and have a positive significant relationship with electronic word of mouth ($r = 0,233$) and ($r = 0,239$). This shows that high individual income and family income have low financial knowledge and respond well to electronic word of mouth. Marital

status has a positive significant relationship with electronic word of mouth ($r=0,198$) and purchasing decisions ($r=0,189$). This means that respondents who are married have positive electronic word of mouth and purchasing decisions.

Financial knowledge has a positive significant relationship with financial behavior ($r=0,380$), financial attitudes ($r=0,291$) and has a negative significant relationship with electronic word of mouth ($r=-0,291$) and purchasing decisions ($r=-0,398$). This shows that respondents with high financial knowledge have good financial behavior and attitudes, and respond to electronic word of mouth and low purchasing decisions. Financial behavior has a positive significant relationship with financial attitudes ($r=0,555$) and has a negative significant relationship with electronic word of mouth ($r=-0,308$) and purchasing decisions ($r=-0,512$). This means that the higher the respondent's financial behavior, the better the financial attitude and the lower the electronic word of mouth and purchasing decisions. Financial attitudes have a significant negative relationship with purchasing decisions ($r=-0,423$). This means that respondents with high financial attitudes have low purchasing decisions. Electronic word of mouth has a significant positive relationship with purchasing decisions ($r=0,555$). This means that respondents who respond well to electronic word of mouth have high purchasing decisions.

Table 4 Correlation coefficient values between respondent characteristics, financial literacy, electronic word mouth and purchasing decisions

Variables	Financial Literacy				
	PK	PLK	SK	EWM	KP
Gender (0= male, 1= female)	0,119	0,050	0,005	-0,192*	-0,068
Generation (0=Gen Z, 1=Millennial)	-0,138	-0,018	-0,123	0,190*	0,107
Individual Occupation	0,106	0,023	0,057	0,091	0,035
Individual income (IDR/month)	-0,181*	0,020	-0,023	0,233**	0,172
Family income (IDR/month)	-0,228*	-0,055	0,048	0,239**	0,130
Years of education (years)	-0,108	0,074	-0,017	0,144	-0,037
Marital status (0= not married, 1= married)	-0,076	0,010	-0,095	0,198*	0,189*
Number of dependents (person)	-0,006	0,011	0,022	-0,039	0,037
Financial Literacy Knowledge	1	0,380*	0,291**	-0,291**	-0,398**
financial knowledge					
Financial behavior	0,380**	1	0,555**	-0,308**	-0,512**
Financial attitude	0,291**	0,555*	1	-0,147	-0,423**
EWOM	-0,291**	-	-0,147	1	0,555**
		0,308*			

Notes: **) significant at $p<0,01$, *) significant at $p<0,05$. PK=Financial Knowledge; PLK=Financial Behavior; SK=Financial Attitude; EWM=Electronic Word Of Mouth; KP=Purchase Decision

The Effect of Respondent Characteristics, Financial Literacy, Electronic Word of Mouth (EWOM) on Purchasing Decisions

Based on the regression test results in the study presented in Table 5, it shows that the Adjusted R Square value is 0,485. This shows that the characteristics of respondents, financial literacy, and electronic word of mouth influence purchasing decisions by 48,5 percent, the rest (51,5%) is influenced by other factors not examined. The results of the regression test in this study show that the characteristics of respondents, namely the length of education ($B =2,506$), have a significant negative effect on purchasing decisions for cosmetic products. This means that every high level of length of education will reduce the purchasing decision index score by 2,506 points. Financial knowledge ($B=0,121$) has a significant negative effect on purchasing decisions. This means that every one unit increase in the financial knowledge index will reduce the

purchasing decision index by 0,121 points. Financial behavior ($B=-0,230$) has a significant negative effect on purchasing decisions. This means that each increase of one unit of the financial behavior index will reduce the purchasing decision index by 0,230 points. In addition, financial attitudes ($B=-0,154$) have a significant negative effect on purchasing decisions. This means that every one unit increase in the financial attitude index will reduce the purchasing decision index by 0,154 points. Electronic word of mouth ($B=0,435$) has a significant positive effect on purchasing decisions. This means that every one unit increase in the electronic word of mouth index will increase purchasing decisions by 0,435 points.

Table 5 Regression coefficient values between respondent characteristics, financial literacy, electronic word of mouth on purchasing decisions

Variables	Purchase Decision		
	Unstandardized coefficient	Standardized coefficient	Sig.
(Constant)	48,723		,000
Gender (0=Male, 1=Female)	1,459	0,037	0,592
Generation (0=Gen Z 1=Millennial generation)	-1,867	-0,058	0,502
Individual Occupation	0,679	0,081	0,241
Individual income (Rp/month)	1,796	0,133	0,117
Family income (IDR/month)	0,104	0,010	0,902
Years of Education (years)	-2,506	-0,193	0,015**
Marital Status (0=not married, 1=married)	3,987	0,106	0,186
Number of dependents (people)	2,774	0,079	0,248
Financial knowledge	-0,121	-0,148	0,050**
Financial behavior	-0,230	-0,229	0,009**
Financial attitude	-0,154	-0,195	0,019**
EWOM	0,435	0,397	0,000***
R ²		0,536	
Adjusted R Square		0,485	
F		10,506	
Sig.		0,000 ^b	

Notes: *) significant $p<0,1$, **) significant $p<0,05$, ***) significant $p<0,0$.

DISCUSSION

The relationship between respondent characteristics and financial literacy (H1). The results of this study indicate that there is a negative significant relationship between individual income and family income with financial knowledge. This shows that respondents with high individual income and family income have low financial knowledge. This is in line with the research of Sohn et al. (2012) shows that someone who has a higher income has a low level of financial literacy. In addition, according to Nguyen et al. (2022), respondents in the study were employed and most of them had income levels that could afford credit and insurance, but their financial literacy levels were at an average level. This indicates a lack of personal financial management knowledge among Vietnamese adults. Based on research (Kholilah & Iramani, 2013), it was found that the majority of respondents in the study had insufficient financial knowledge. However, they have a fairly high income. Only 10.17 percent of Generation Z's income is allocated to saving. Generation Z who has knowledge of financial management such as saving, does not necessarily always have saving behavior (Laturette et al., 2021).

The effect of respondent characteristics on purchasing decisions (H2). The length of education or the latest education has a significant negative effect on purchasing decisions for cosmetic products. This means that respondents with high education have low purchasing decisions for cosmetic products. This is in line with the results of research by Meitasari et al. (2020), which states that if the level of education is high, it has a decreased opportunity to buy products on the online market. According to Suprayitno, Rochaeni, and Purnomowati (2015), consumers who have higher education will tend to behave more critically and carefully. Before making a purchase decision, consumers will usually look for information first. Based on the results of Aprilia's research (2021), education has an influence on consumer decisions in purchasing gold. It is known that the level of education has an effect on purchase intention, at the tertiary education level has a higher influence than the high school education level (Mahendra & Ardani, 2015).

The effect of financial literacy on purchasing decisions (H4). Respondents' financial literacy (knowledge, behavior and financial attitudes) has a significant negative effect on purchasing decisions. This shows that good financial knowledge, behavior and attitudes can reduce impulsive purchasing decisions for cosmetic products. This is in line with the research of Ayuningtyas and Irawan (2021) which states that financial literacy has a negative effect on purchasing behavior. If someone has a low level of financial literacy, they tend to behave impulsively in terms of purchasing. Respondents make a purchase decision really sure of their decision because they already have financial knowledge (Susanti, Hardini, & Bahtiar, 2020).

This study does not show a significant effect of generation variables on financial behavior. However, in terms of the t-test, there is a significant difference between generation Z (aged 18-25 years) and the millennial generation (aged 26-41 years) showing that the average score of generation Z is higher than that of the Millennial generation. This is in line with Baihaqqy's research (2022) that generational groups in the era of technological development have better financial literacy because they can easily access things related to financial literacy.

The effect of electronic word of mouth on purchasing decisions (H5). This study found that electronic word of mouth has a significant positive effect on purchasing decisions for cosmetic products. This is in line with the research of Ayunita and Muskita (2021) which states that electronic word of mouth has a positive and significant effect on purchasing decisions. This proves that the most powerful media in communicating a product is word of mouth, this ability can make marketing messages more effective, thus encouraging consumers to make purchasing decisions (Pebriyanti, Arweni, & Awal, 2020). Based on the results of research by Nisa, Viratama, and Hidayanti (2020) that generation Z before making online purchasing decisions makes public sources the main information search. This makes public reviews give generation Z confidence. In addition, Wiridjati and Roesman's research (2018) states that electronic word of mouth has a significant effect on purchasing decisions in the millennial generation. This happens because millennials spend almost a day using smartphones to capture information circulating on social media and the experiences experienced by millennials are often expressed in the form of reviews, and this becomes important and can be a reference before making purchasing decisions. These results suggest that consumers should be cautious of what is presented in online reviews and information. Not all online information is completely trustworthy and true to the original.

This study has limitations, including the large number of questions so that some respondents complained that it took quite a long time to fill out the questionnaire. Then, regarding questions that are not easy to understand such as simple mathematical questions. In addition, the number of respondents previously targeted was 100 respondents for each generation. However, due to limited time for data collection, only 122 respondents were obtained, 48 millennial generation respondents and 74 generation Z respondents.

CONCLUSIONS AND SUGGESTIONS

Based on the results of this study found that the categories of financial knowledge and financial attitudes of respondents were in the moderate category, while financial behavior was in the high category. Then the electronic word of mouth variable is in the medium category and purchasing decisions are in the medium to high category. The regression test results show that age has a significant negative effect on purchasing decisions. Individual income and marital status have a significant positive effect on purchasing decisions for cosmetic products. In addition, financial behavior and financial attitudes have a significant negative effect on purchasing decisions for cosmetic products. Electronic word of mouth has a significant positive effect on purchasing decisions for cosmetic products.

Millennials and generation Z in this study have financial literacy that is not optimal, both in the knowledge and financial attitude aspects. Therefore, the role of the government and related stakeholders is needed to develop a more intensive financial literacy improvement program, especially for millennials and generation Z by utilizing online media platforms that are more popular with people of that age. This is done so that a person can have adequate financial knowledge before making a purchase decision, and it is hoped that they can manage their finances better and according to their needs. The online media used is tailored to each generation, such as millennials who have an older age than generation Z using Facebook applications more often and generations using Instagram. In addition, the right and interesting way of delivering messages is also needed so that readers can be interested. Millennials and generation Z need to make reviews or reviews from previous consumers a consideration in making purchasing decisions. However, it is expected to be selective and wise again in filtering information obtained through comments and reviews contained in e-commerce or social media before making a purchase decision. The government and consumer activists are expected to be more intensive in conducting education related to sorting out information so that they are wiser in making purchasing decisions. In the aspect of purchasing decisions, millennials and generation Z

are expected to consider whether the goods or products they want to buy are according to their needs or desires. This research is expected to be the basis for further research. Future research can use other variables to determine purchasing decisions such as lifestyle, motivation, peer groups and others. In addition, it also examines subjects from other generations such as generation X.

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