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HOW FINANCIAL LITERACY AND LIFESTYLE SHAPE IMPULSIVE BUYING HABITS IN E-COMMERCE

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Abstract

This study examines the influence of financial literacy and lifestyle on impulsive buying behavior among e-commerce users in Tulungagung, Indonesia. Using an explanatory quantitative approach and survey data from 120 respondents, the analysis was conducted with the Partial Least Squares (PLS) method via SmartPLS software. The findings reveal that while lifestyle significantly and positively impacts impulsive buying behavior, financial literacy does not have a significant independent effect. Together, these variables explain 54.7% of the variance in impulsive buying, suggesting a moderate influence and highlighting the role of other potential factors. The results emphasize that a modest lifestyle observed among the Tulungagung community mitigates impulsive buying tendencies despite active online shopping habits, whereas financial literacy alone may be insufficient to prevent impulsive behavior, particularly among younger consumers. These insights underscore the need for integrated strategies combining financial education and behavioral interventions to promote responsible consumption, offering practical implications for policymakers, educators, and e-commerce platforms.

Keywords: *Financial Literacy, Lifestyle, Impulsive Buying, E-Commerce, Tulungagung*

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1. Introduction

The proliferation of e-commerce has revolutionized consumer behavior, particularly in emerging markets like Indonesia. E-commerce platforms have experienced exponential growth due to their ability to meet consumer needs with unparalleled convenience and accessibility. In 2019, Indonesia witnessed a

78% increase in e-commerce growth, the highest globally (Kemkominfo, 2019). This growth reflects a shift in shopping behaviors, driven by the integration of digital technology into daily life (Smith, 2020; Statista, 2022). While e-commerce provides numerous benefits, it has also intensified impulsive buying tendencies among consumers, raising questions about its psychological, social, and financial implications.

Impulsive buying behavior is defined as an unplanned purchase made with little deliberation, often triggered by external stimuli (Rook, 1987). The Stimulus-Organism-Response (S-O-R) model posits that environmental cues, such as discounts and advertisements, act as stimuli that influence consumer responses, including impulsive buying (Mehrabian & Russell, 1974). This theoretical perspective underscores the role of e-commerce platforms in shaping impulsive buying behavior through targeted marketing and promotional strategies (Huang & Korfiatis, 2015). The ease of access and instant gratification offered by these platforms further amplify the frequency of such behavior (Chen & Lee, 2018).

Empirical studies support the S-O-R model by linking environmental stimuli to impulsive buying tendencies. For example, promotional offers and limited-time discounts significantly increase the likelihood of impulsive purchases (Amos et al., 2014). A study by (Kurohman & Riva'i, 2022) found that hedonistic motivations and shopping lifestyles positively and significantly influence impulsive buying behavior among Shopee users in Indonesia. These findings suggest that impulsive buying is not merely a result of individual predispositions but is also shaped by external marketing strategies and socio-cultural factors.

Financial literacy has emerged as a critical moderating factor in impulsive buying behavior. According to the Theory of Planned Behavior (Ajzen, 1991), individuals with greater financial knowledge are better equipped to resist impulsive purchases by exercising self-control and informed decision-making. (Lusardi & Mitchell, 2014) argue that financial literacy enhances an individual's ability to manage resources effectively, reducing susceptibility to marketing tactics. Empirical evidence corroborates this theory; (Aulia et al., 2023) demonstrated that financial literacy has a negative correlation with impulsive buying among Pontianak residents, highlighting its protective role in consumer behavior.

However, financial literacy alone may not be sufficient to counteract the influence of lifestyle on impulsive buying. Lifestyle, encompassing values, habits, and social norms, plays a pivotal role in consumer behavior (Kotler & Keller, 2016). (Verplanken & Herabadi, 2001) emphasize that individuals with materialistic and hedonistic lifestyles are more prone to impulsive buying due to their desire for immediate gratification. Studies by (Dittmar et al., 2007) reveal that lifestyle factors often override financial knowledge, leading consumers to prioritize short-term satisfaction over long-term financial well-being.

In the Indonesian context, the integration of digital payment methods such as e-wallets has further exacerbated impulsive buying tendencies. E-wallets simplify transactions, removing traditional barriers like cash availability, and thus encourage unplanned purchases (Huang & Benyoucef, 2013). (Aulia et al., 2023) found that the adoption of e-wallets significantly contributes to impulsive buying, especially among younger demographics. This aligns with global studies indicating that digital payment systems enhance the psychological distance from money, making spending feel less tangible and more impulsive (Prelec & Simester, 2001).

Despite the growing body of research on impulsive buying, there is a notable gap in understanding how these dynamics manifest in specific regions and among diverse consumer groups. Most studies have focused on urban populations or specific platforms, leaving out the broader consumer base in semi-urban and rural areas. Tulungagung, a region in Indonesia with a diverse socio-economic population, offers a unique setting for examining the interplay between financial literacy, lifestyle, and impulsive buying. Unlike previous studies, this research encompasses users across multiple e-commerce platforms, providing a holistic view of consumer behavior in the region (Kurohman & Riva'i, 2022).

This study draws on both theoretical and empirical frameworks to address the research gap. The integration of the S-O-R model and the Theory of Planned Behavior provides a robust foundation for exploring the drivers of impulsive buying. Empirical evidence from previous studies informs the analysis, offering insights into how financial literacy and lifestyle influence consumer behavior in e-commerce contexts (Amos et al., 2014; Dittmar et al., 2007). By situating this research within the specific socio-economic context of

Tulungagung, the study aims to uncover patterns and predictors of impulsive buying that are both regionally relevant and globally applicable.

The findings of this study have significant implications for policymakers, educators, and e-commerce platforms. Enhancing financial literacy through targeted education programs can empower consumers to make more informed decisions, reducing the risks associated with impulsive buying. E-commerce platforms, on the other hand, must adopt responsible marketing practices that balance profit motives with consumer well-being (Kotler & Armstrong, 2020). Understanding the role of lifestyle in impulsive buying behavior can also guide interventions aimed at promoting sustainable and responsible consumption patterns (Sheth et al., 2011).

In conclusion, this study seeks to analyze the influence of financial literacy and lifestyle on impulsive buying behavior among e-commerce users in Tulungagung, Indonesia. By bridging theoretical insights with empirical evidence, the research aims to contribute to the broader discourse on consumer behavior in the digital age. The results will offer valuable guidance for fostering responsible consumption and improving financial well-being in Indonesia and beyond.

2. Research Method

The methodology of this study employs an explanatory quantitative research design to investigate the relationships among the variables of interest. The study adopts a survey method utilizing structured questionnaires as the primary data collection tool. This approach is appropriate for explanatory research, as it facilitates the identification and examination of causal relationships (Creswell & Creswell, 2018). Due to the unknown size of the population, a non-probability sampling technique is used, specifically purposive sampling. This method allows for the intentional selection of respondents who meet specific criteria relevant to the research objectives, ensuring that the sample reflects the study's focus (Etikan, Musa, & Alkassim, 2016). A sample size of 120 respondents was determined to provide sufficient data for analysis, aligning with recommendations for structural equation modeling (SEM) techniques that require adequate sample sizes for robust statistical results (Hair et al., 2019).

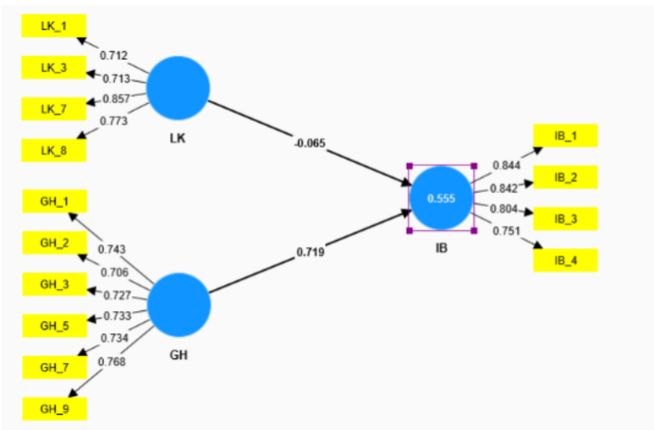
Data analysis is conducted using the Partial Least Squares (PLS) method, implemented through SmartPLS version 4.1 software. PLS is a variance-based

SEM technique particularly suited for exploratory and predictive research with complex models and small-to-medium sample sizes (Hair et al., 2017). Unlike covariance-based SEM methods, PLS focuses on maximizing explained variance in the dependent variables, making it a practical choice for studies with formative and reflective constructs (Henseler, Ringle, & Sarstedt, 2015). The PLS method offers advantages, such as fewer assumptions about data distribution and multicollinearity, providing robust and reliable results in various research contexts (Chin, 1998). The use of SmartPLS software facilitates comprehensive data analysis, including model evaluation and hypothesis testing, which are critical for assessing the structural and measurement models of the study (Ringle, Wende, & Becker, 2015). This methodological framework ensures a rigorous approach to exploring the interplay between financial literacy, lifestyle, and impulsive buying behavior among e-commerce users.

3. Result and Discussion

Result

Figure 1. SEM with SmartPLS Results



Source: Primary Data, 2024

Partial Test of the Influence of Independent Variables

Table 1. Path Coefficient

	Original sample (O)	***T statistics* (|O/STDEV|)**	***P values***
LITERASI KEUANGAN -> *IMPULSIVE BUYING*	-0.065	1,050	0,294
GAYA HIDUP -> *IMPULSIVE BUYING*	0.719	13,511	0,000

Source: Secondary Data, 2024

Hypothesis Test 1

Based on the results of the hypothesis test table above, it was found that Financial Literacy has no positive or negative effect on Impulsive Buying with a T-statistic of 1.050 (<1.96) and is not significant at 5% because the p value is (0.294). So hypothesis 1 is rejected because financial literacy does not have a significant effect on impulsive buying behavior.

Hypothesis 2: There is an influence of Lifestyle on Impulsive Buying.

Based on the results of the hypothesis test table above, it was found that Lifestyle has a positive effect on Impulsive Buying with a T-statistic of 13.511 (>1.96) and is significant at 5% because the p value is (0.000). So hypothesis 2 is accepted because lifestyle has a significant effect on impulsive buying behavior.

Table 2. R Square result

Variabel	*R-square adjusted*
IMPULSIVE BUYING (Y)	0.547

Source: Secondary Data, 2024

Hypothesis 3: Financial Literacy and Lifestyle simultaneously influence Impulsive Buying

With the results of the R-Square test table above, it can be concluded that the Influence of Financial Literacy and Lifestyle is able to explain the influence of 0.547 (54.75%) on Impulsive Buying. Which means that the variables of Financial Literacy and Lifestyle simultaneously influence Impulsive Buying by 54.7% which can be categorized on a moderate scale because it is more than 0.33 (33%) and less than 0.67 (67%) (Chin, 1998).

Discussion

Financial Literacy Influences Impulsive Buying Behavior

The first hypothesis of this study, which proposed that financial literacy significantly influences impulsive buying behavior, was not supported by the findings. This result challenges previous research, such as that of Hogarth, Hilgert, and Schuchardt (2002), which emphasized that individuals with strong financial literacy are more likely to engage in positive financial management practices, thereby reducing impulsive buying tendencies. According to their framework, financial literacy provides the tools necessary for consumers to make informed decisions, allocate resources wisely, and resist impulsive urges triggered by external stimuli. However, the current study suggests that financial knowledge alone may not suffice to deter impulsive buying behavior, indicating that other factors might overshadow the protective role of financial literacy in such situations.

A deeper examination of the respondent data reveals that the majority of participants in this study were relatively young, a demographic group often characterized by a higher propensity for impulsive behaviors. Age is a significant determinant in decision-making processes, as highlighted by Sapitri and Suprapti (2014), who found that older individuals tend to be more cautious and deliberate in their purchasing decisions. Younger consumers, in contrast, are more likely to succumb to external influences such as advertisements, promotions, and peer pressure, which may amplify impulsive buying tendencies. This behavioral trend may explain why, despite having a reasonable level of financial literacy, the younger participants in this study were still prone to impulsive buying behaviors. The findings suggest that financial literacy, while important, might need to be supplemented with other skills, such as emotional regulation and self-control, to effectively mitigate impulsive buying.

These findings highlight the complexity of consumer behavior and the interplay between financial knowledge and demographic factors. The lack of a significant relationship between financial literacy and impulsive buying in this study aligns with recent empirical discussions suggesting that financial literacy must be contextualized within broader behavioral frameworks. Theoretical models such as the Theory of Planned Behavior (Ajzen, 1991) suggest that intention, self-control, and environmental factors collectively shape consumer actions. Thus, even with good financial knowledge, young consumers may lack the behavioral self-regulation required to counteract the immediate gratification often associated with impulsive buying. This indicates a need for comprehensive financial education programs that incorporate behavioral insights and strategies to address the multifaceted nature of impulsive buying behavior.

Lifestyle Influences Impulsive Buying Behavior

The findings from the second hypothesis test revealed that lifestyle has a positive and significant influence on impulsive buying behavior, corroborating previous studies by (Kurohman & Riva'I, 2022) and (Haq et al., 2023). These studies emphasized that individuals with more affluent or consumption-oriented lifestyles are more likely to engage in impulsive buying. This relationship can be understood through the lens of the Stimulus-Organism-Response (S-O-R) model (Mehrabian & Russell, 1974), which posits that external stimuli, such as lifestyle factors, influence internal states that lead to specific behavioral responses. In this case, a higher standard of living, marked by increased exposure to consumer goods and services, amplifies the likelihood of impulsive purchases as individuals seek to align their buying habits with their perceived lifestyle standards. Conversely, a simpler lifestyle diminishes this tendency, as consumers with fewer materialistic inclinations are less driven to make unplanned purchases.

The data analysis further revealed that the lifestyle of the Tulungagung community is relatively modest, which has a mitigating effect on impulsive buying behavior. Despite being active and enthusiastic online shoppers, residents of Tulungagung appear to maintain a balanced approach to consumption, avoiding excessive spending. This finding aligns with theories of consumer restraint and self-regulation, which suggest that individuals with modest lifestyles are better equipped to resist the temptations of promotional strategies and advertising that often trigger impulsive purchases (Dittmar et al., 2007). The relatively simple lifestyle of the Tulungagung population reflects values of financial prudence and measured consumption, which act as protective factors against impulsive buying, even in a digital shopping environment.

From a broader perspective, these findings underscore the nuanced role of lifestyle in shaping consumer behavior. While engagement in online shopping may increase opportunities for impulsive buying, lifestyle serves as a moderating variable that either amplifies or dampens these tendencies. The results suggest that interventions aimed at promoting responsible consumption should take lifestyle factors into account. For instance, fostering values of simplicity and financial discipline within communities may help counteract the rising tide of impulsive buying associated with the growth of e-commerce. These insights are valuable for policymakers, educators, and marketers alike, as they highlight the importance of understanding the socio-cultural context when addressing consumer behavior trends.

Financial Literacy and Lifestyle Simultaneusly Influences Impulsive Buying Behavior

The combined analysis of the two independent variables, financial literacy and lifestyle, revealed a moderate influence on impulsive buying behavior, accounting for 54.7% of the variance. This result indicates that while these factors significantly contribute to impulsive buying tendencies, a substantial portion of the behavior—45.3%—remains unexplained, suggesting the presence of other influential variables. This aligns with the broader understanding of consumer behavior as a multifaceted phenomenon shaped by a complex interplay of psychological, social, and environmental factors (Kotler & Keller, 2016). Variables such as emotional triggers, peer influence, marketing tactics, and situational factors like time pressure or shopping context may also play critical roles in driving impulsive buying. The variance explained underscores the relevance of financial literacy and lifestyle in shaping consumer decisions, while also highlighting the need for further exploration into additional determinants.

When examining the variables individually, the findings reveal a contrasting impact. Financial literacy did not show a significant effect on impulsive buying behavior, suggesting that mere knowledge about managing finances may not be sufficient to deter impulsive tendencies. This could be attributed to the fact that impulsive buying often stems from emotional or psychological triggers rather than rational decision-making processes, as posited by the Stimulus-Organism-Response (S-O-R) model (Mehrabian & Russell, 1974). On the other hand, lifestyle demonstrated a positive and significant influence, supporting theories that link consumer behavior to lifestyle orientations (Verplanken & Herabadi, 2001). A more consumption-oriented lifestyle tends to increase susceptibility to impulsive buying, as it fosters attitudes and behaviors that prioritize instant gratification and material acquisition. This distinction between the variables emphasizes the importance of integrating both cognitive and behavioral factors when addressing impulsive buying, as well as the need for targeted interventions that go beyond financial education to encompass broader lifestyle and behavioral modifications.

4. Conclusion

This study examined the influence of financial literacy and lifestyle on impulsive buying behavior among e-commerce users in Tulungagung, Indonesia. The findings revealed that lifestyle plays a significant and positive role in shaping impulsive buying behavior, while financial literacy, when considered independently, showed no significant effect. Simultaneously, the combined impact of both variables explained 54.7% of the variance in impulsive buying behavior, indicating a moderate effect and underscoring the existence of other contributing factors. These results highlight the nuanced role of lifestyle as a driver of impulsive buying, reflecting how consumer habits and preferences are shaped by broader socio-cultural and psychological influences.

Although financial literacy is often regarded as a protective factor against impulsive buying, this study suggests that knowledge alone may not be sufficient. Young respondents, who constituted the majority in this study, might lack the self-regulation required to translate financial literacy into prudent purchasing behavior. In contrast, lifestyle emerged as a more potent predictor, with materialistic and consumption-driven habits increasing the likelihood of impulsive buying. However, the modest lifestyle observed among Tulungagung residents contributed to mitigating impulsive tendencies, illustrating the importance of cultural and demographic factors in shaping consumer behavior.

Future research could explore additional variables, such as emotional regulation, peer influence, and marketing strategies, to provide a more comprehensive understanding of impulsive buying behavior. Additionally, interventions should aim to integrate financial literacy with behavioral training, focusing on self-regulation and lifestyle moderation, to effectively address the multifaceted drivers of impulsive consumption. Such efforts would benefit policymakers, educators, and e-commerce platforms in promoting responsible consumer behavior and financial well-being.

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