

The Role of Materialism as Mediator Variable Between Promotion and Compulsive Buying

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Abstract. To researchers and policy makers. This study aims to analyze the impact of promotion on compulsive buying and materialism as mediating variables in Purwokerto. A total of 450 samples were collected from various regions in the city of Purwokerto Indonesia using the snowball sampling technique. This study uses PLS. The results showed that promotion was statistically significant at 5% and had a positive relationship with materialism in Purwokerto, Indonesia. Similarly, materialism was also found to be positive and statistically significant in 95% of compulsive buying. Similarly, materialism intervenes in the relationship between promotion and compulsive buying. The study recommends that it is important to focus on these factors.

Keywords: Materialism, Compulsive Buying, Promotion

1 Introduction

Just like most businesses in any other field, companies use promotion to stimulate customers to buy products and win the hearts of the customer. Promotion is also used as a strategy to increase the competitiveness of online retailer [1]. Due to the tight competition between the company that produces the same product, competition in order to raise market share has appeared [2]. As the strategy of the company to win the competition, the use of vouchers as promotion tools used by some shoe's retailers resort event [3] and any other strategies such as introducing membership cards with many benefits.

Marketers use promotion not just to increase sales but also to stimulate emotion as a way to achieve the satisfaction of consumers. In order to gain an advantage over the competition, boost sales, or entice customers, promotion is an essential part of any marketing strategy. In addition to monetary savings, the desire for quality, convenience, value expression, exploration, and entertainment may motivate consumers to participate in sales promotions [4]. A growing number of e-commerce buyers dedicate marketers to investing in Online advertising. The positive emotion of customers leads customers to reduce complex decisions and spend more money [5]. The role of emotion can be used as a strategy for individuals that have a high score of materialism. Marketers view materialistic consumers as easier to influence, so they view materialism as a helpful moderator in shaping consumer behavior [6].

People who experience materialism seeking social visible and enhance their social image reflect to their selected fashion clothing [7], the same thing also happened to the individual that experiencing compulsive buying disorder, where research by [8] shown that compulsive buying has positively related to perceived social status in relation to buying and positively associated to materialism.

[9] stated that lower and wealth income is not really affected to a compulsive disorder; thus, an individual who experiences compulsive buying have their own preference to buy based on their own budget, the research also provides finding that clothes, shoes and jewellery is the highest buying preferences in subject with compulsive buying disorders. Then, the study also mentioned that on celebration days such as Christmas and other holidays, the problem of compulsive buying could be affected more.

This research focused on investigating the role of materialism between promotion and compulsive buying. The previous research focuses on how materialism affects and affects as independent or dependent variables, and only less is put as a mediation variable between promotion and compulsive buying.

2 Literature Review

Empirical Review and Hypothesis Development

Relation Promotion to Materialism and compulsive buying

Sales promotion is a short-term motivating strategy used to increase brand sales or purchases [10]. According to [11], there are two types of promotion, monetary and non-monetary. Non-monetary promotions (such as contests, gifts, and customer loyalty programs) have delayed benefits. They are more relationship-based than monetary promotions (e.g., shelf-price reductions, coupons, rebates, and price bundles). Promotion is a company communication function that is in charge of informing, persuading, or inviting buyers [12].

[13] One of the most heavily criticized marketing strategies is promoting certain products as status symbols. In light of consumer psychology research indicating that "people are more likely to respond to stimuli that relate to a current need," it may be especially significant that such marketing can affect fuel aspirations.

According to research, people are more interested in expressing their status through their possessions than their work, education, or income. These results indicate a strong relationship between the consumption of status products and materialism. However, there is evidence that the link's strength may depend partly on consumer characteristics, which are frequently determined by the varying social and economic conditions in each country.

Literature reveals that high impulsive buyers are more likely than low impulsive buyers to be susceptible to external stimuli such as advertisements, visual elements, and promotional gifts [14]. According to [15] compulsive buyers are more susceptible to sales promotions. In addition, the propensity of compulsive buyers for sales promotions increased the likelihood of being exposed to online sales promotions.

H₁: Promotion Affecting Compulsive Buying

H₂: Promotion Affecting Materialism

Relation Materialism to compulsive buying

The conceptualization of materialism has generally been associated with possession as the highest symbol of success. In its most basic form, materialism can be seen of as a value orientation that affects people's wants, choices, psychological well-being, and social conduct [16]

Belk also stated that materialism has three dimensions: possessiveness, nongenerosity, and envy. The higher individual experiencing those three dimensions finds the indicator of satisfaction and dissatisfaction about possessions. Another three-dimension by [17] stated that success, centrality, and happiness are the three main factors to comprise materialism. Materialism is a prevalent value orientation within industrialized capitalist societies [18]. People tend to develop extrinsic aspirations involving financial goals, materialistic assets and acquisitions, and social recognition when a culture strongly emphasizes individual economic accomplishments [19]. Using sales promotions as external stimuli, marketers may elicit savvy shopper emotions by highlighting how great it is to save so much money. This will likely increase consumer response to such offers [20]. Materialism and Compulsive are closely similar; those who look to material goods for self-definition and happiness are more likely to engage in compulsive buying [21]

H₃: Materialism Affecting Compulsive Buying

H₄: Materialism Mediating Promotion and Compulsive Buying

3 Research Method

Research Design and Subject

The sample of this study consists of 447 female students of Harpan Bangsa University, Purwokerto; the range of age is 18-25, the age that most teenagers are aware of doing shopping online or offline, and most students have the experience of shopping offline and offline. Data were collected using offline and online questionnaires. The samples were gathered through the use of the snowball sampling method. There were two applications of the snowball sampling method in this study. First, it was used as an informal way to collect data from the target population [22], Second, it is frequently used for qualitative research, mainly questionnaire where it might be connected as a progressively formal approach for concluding a populace of people who have been hard to list using plummeting techniques, for example, family reviews [23]

Operational Definition and Variable Measurement

Compulsive buying could be defined as a subset of compulsive consumption behaviour, but it has a broader scope because it is also one of the primary causes that could prompt someone to respond to negative events or emotions [24].

In this study, the clinical screener for compulsive buying developed by [25] was modified for use. This scale was chosen because it has been utilized extensively in numerous consumer behaviour studies.

Early research by [26] has defined materialism as worldly possession as matter rather than personality. Materialism can define as the individual who pursues happiness where ownership is the symbol of success [27].

In this study researcher used a three-dimension measurement by [17], stating that success, centrality, and happiness are the three main factors to comprise materialism.

Sales promotion is a critical marketing factor in directly communicating plans to consumers [28]. Promotions are important for informing consumers about the availability of a product, raising public awareness of a retailer's marketing activities, encouraging visits to the retailer, and increasing customer loyalty [29].

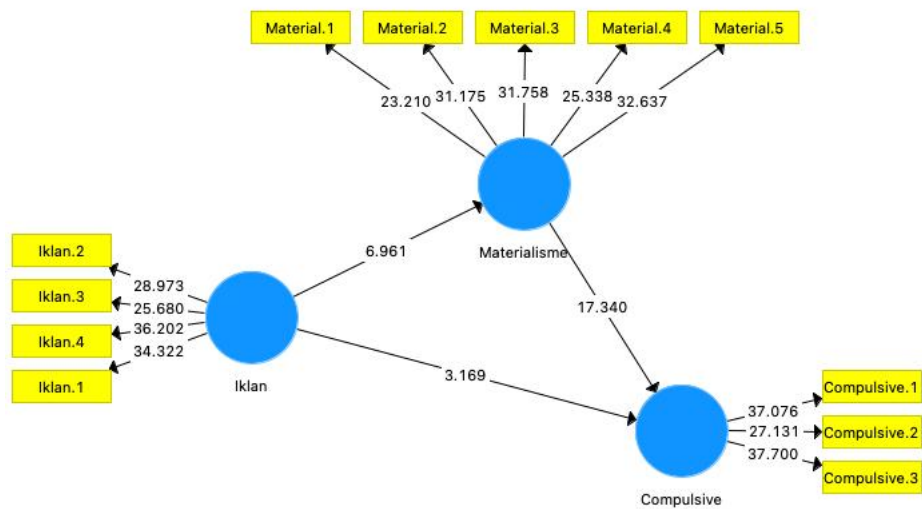


Figure 2.4. Research model on SmartPLS

4 Result and Discussion

Outer Model Test Results

Outer Loading atau Loading

Outer loading is a value that has a relationship (correlation) between an indicator and its latent variable. The higher the outer loading, the closer the relationship between an indicator and its latent variable. Outer loading value > 0.7 is acceptable. While the value of outer loading < 0.4 is always eliminated from the analysis process. The value of outer loading > 0.7 , means that 0.72 50% of the variability of an indicator can be explained or absorbed by the latent variable. In general, an outer loading value of 0.4-0.7 can be considered for elimination, when when it is eliminated it increases the value of composite reliability or average variance extract.

| | Promotion | Compulsive | Materialisme |
|--------------|-----------|------------|--------------|
| Promotion.2 | 0,830 | | |
| Promotion.3 | 0,813 | | |
| Promotion.4 | 0,840 | | |
| Compulsive.1 | | 0,802 | |
| Compulsive.2 | | 0,804 | |
| Compulsive.3 | | 0,803 | |
| Material.1 | | | 0,731 |
| Material.2 | | | 0,744 |
| Material.3 | | | 0,800 |

| | | | |
|--------------------|--------------|--|--------------|
| Material.4 | | | 0,744 |
| Material.5 | | | 0,762 |
| Promotion.1 | 0,846 | | |

Figure 2.5. presents the results of SmartPLS for the value of outer loading.

Based on the results of the outer loading in Figure 2.5, it is known that all outer loading values are > 0.7 , which means that all indicators are maintained in the next analysis process.

Average Variance Extracted (AVE)

Average variance extracted (AVE), is a value (on average) that explains how much a latent variable or construct can explain the variance of the indicators. The higher the AVE, the better a latent variable or construct in explaining the variance of the indicators. $AVE > 0.5$ means that a latent variable or construct has absorbed information from its indicators more than 50%. The minimum limit of AVE is 0.5, i.e. AVE value > 0.5 is acceptable.

| | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|---------------------|-------------------------|--------------|------------------------------|---|
| Promotion | 0,852 | 0,860 | 0,900 | 0,692 |
| Compulsive | 0,727 | 0,732 | 0,845 | 0,644 |
| Materialisme | 0,813 | 0,816 | 0,870 | 0,572 |

Figure 2.6. Presents the SmartPLS results for the Average Variance Extracted value

Based on the results of the AVE in Figure 2.6, it is known that all AVE values are > 0.5 , which means that the latent variables of satisfaction and service have absorbed the variance of each indicator $> 50\%$.

Composite Reliability

In the context of PLS-SEM, Composite reliability is a more appropriate measure of reliability, compared to Cronbach's alpha. Besides Cronbach's Alpha, there is another measure that can be used to test unidimensionality (single dimension), namely Dillon Goldstein's rho (also called composite reliability).

Dillon-Goldstein's rho is considered better than Cronbach's Alpha because the Dillon-Goldstein's measure takes into account the extent to which the latent variable explains the indicator block. The accepted composite reliability value is > 0.7 , or in other words the value of

Dillon-Goldstein's rho > 0.7 is considered an indicator block as unidimensional. The composite reliability value of 0.6 - 0.7 is still acceptable for exploratory research.

| | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|---------------------|-------------------------|--------------|------------------------------|---|
| Promotion | 0,852 | 0,860 | 0,900 | 0,692 |
| Compulsive | 0,727 | 0,732 | 0,845 | 0,644 |
| Materialisme | 0,813 | 0,816 | 0,870 | 0,572 |

Figure 2.6. Presents the SmartPLS results for the Composite Reliability value.

Fornel-Larcker Discriminant Validity

In Discriminant Validity, the author compares the square root value of the average variance extracted (AVE) of a latent variable to the correlation value between the latent variable and other latent variables. This approach is the Fornell-Larcker approach. In this approach, the value of the square root of a latent variable must be greater than the correlation value between the latent variable and other latent variables.

| | Promotion | Compulsive | Materialisme |
|--------------|-----------|------------|--------------|
| Promotion | 0,832 | | |
| Compulsive | 0,305 | 0,803 | |
| Materialisme | 0,302 | 0,632 | 0,756 |

Figure 2.8. SmartPLS Results: Fornell-Larcker Discriminant Validity

Based on the results of the discriminant validity test (Fornell-Larcker) in Figure 2.8, it is known:

- The value of the square root of the AVE on the Advertising variable $0.692 = 0.832$,
 - o which is greater than the correlation value between Ads and Compulsive 0.305,
 - o and greater than the correlation value between Advertising and Materialism 0.302.
- The value of the square root of AVE on the Compulsive variable $0.644 = 0.803$,
 - o which is greater than the correlation value between Compulsive and Materialism 0.632
 - o and greater than the correlation value between Compulsive and Advertisement 0.305.
- The value of the square root of AVE on the Materialism variable $0.572 = 0.756$,
 - o which is greater than the correlation value between Materialism and Compulsive 0.632
 - o and greater than the correlation value between Materialism and Advertising 0.302.

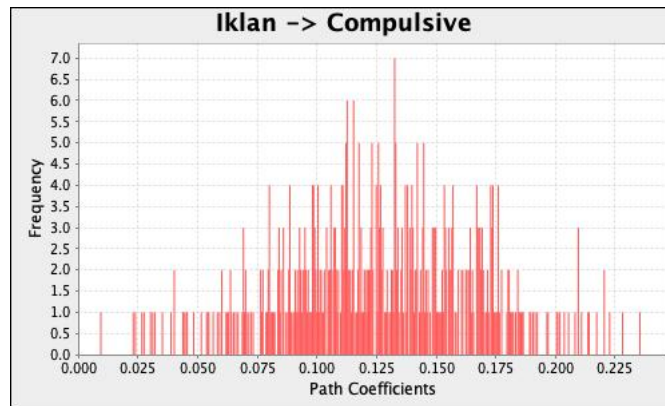
Because the square root value of AVE for each latent variable is greater than the correlation value between the latent variable and other latent variables, the instrument/questionnaire that has been designed has good discriminant validity based on the Fornell-Larcker approach.

Structural Model Testing (Structural Model / Inner Model): Significance Test of Direct & Indirect Effects (Mediation)

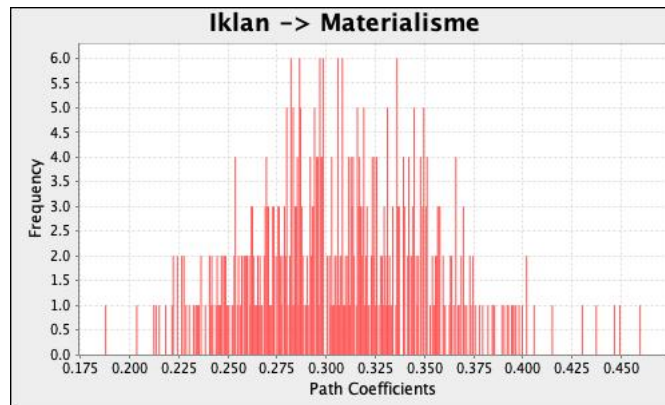
Effect Significance Test

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics ((O/STDEV)) | P Values |
|----------------------------|---------------------|-----------------|----------------------------|--------------------------|----------|
| Promotion -> Compulsive | 0,126 | 0,124 | 0,040 | 3,154 | 0,002 |
| Promotion -> Materialisme | 0,302 | 0,305 | 0,045 | 6,694 | 0,000 |
| Materialisme -> Compulsive | 0,594 | 0,597 | 0,035 | 17,069 | 0,000 |

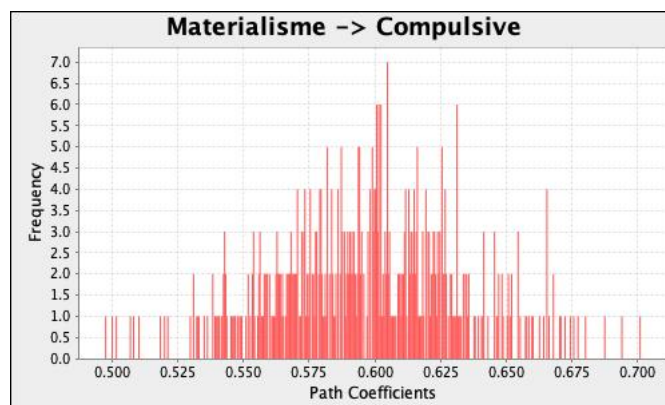
Figure 2.9. Significance Test of Effect



Based on Figure 2.9, it is known that the path coefficient value (original sample) of promotion on compulsive is 0.126, which is positive, which means that advertising has a positive effect on compulsive. It is known that the P-Values = 0.002 < 0.05, it is concluded that satisfaction has a significant effect on Compulsive. **Based on these results, the results obtained by promotion have a positive and significant effect on Compulsive (the hypothesis is accepted).**



It is known that the value of the path coefficient (original sample) of promotion to Materialism is 0.302, which is positive, which means that promotion has a positive effect on Materialism. It is known that the P-Values = 0.000 < 0.05, it is concluded that promotion has a significant effect on Materialism. **Based on these results, the results obtained that advertising has a positive and significant effect on Materialism (the hypothesis is accepted).**



It is known that the path coefficient value (original sample) of Materialism to Compulsive is 0.594, which is positive, which means that Advertising has a positive effect on Compulsive. It is known that the P-Values = 0.000 < 0.05, it is concluded that materialism has a significant effect on compulsive. **Based on these results, it is obtained that Materialism has a positive and significant effect on Compulsive (the hypothesis is accepted).**

| | R Square | R Square Adjusted |
|---------------------|--------------|-------------------|
| Compulsive | 0,414 | 0,411 |
| Materialisme | 0,091 | 0,089 |

Figure 2.10. R-Square

Figure 2.10 presents the value of r-square (coefficient of determination). The r-square value is a value that states how much the independent variable is able to explain the variance of the dependent variable. It is known that the value of r-square on the Compulsive latent variable is 0.414, which means that the Advertising variable is able to explain the variance of the Compulsive dependent variable of 41.4%.

Meanwhile, it is known that the r-square value on the latent variable Materialism is 0.091, which means that the Advertising and Compulsive variables are able to explain the variance of the dependent variable Materialism by 1%.

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|--|---------------------|-----------------|----------------------------|------------------------|--------------|
| Promotion -> Materialisme -> Compulsive | 0,180 | 0,182 | 0,028 | 6,432 | 0,000 |

Figure 2.11. Mediation Test

Based on the results of the mediation test in Figure 2.11, it is known that the indirect effect of service on loyalty, through satisfaction is 0.180 (Original Sample column). It is known that the P-Values = 0.000 < 0.05, it is concluded that Materialism mediates the relationship between Advertising and Compulsive. In other words, Advertising indirectly significantly affects Compulsive, through Materialism.

5 Conclusion

The purpose of this study is a contribution to the existing theories and literature that have informed regarding materialism, promotion and compulsive buying. The results have shown that Promotion affects Materialism. Thus, people tend to be materialistic after stimulating by promotion. This logic is typical of many studies and reports that talk about a promotion that promotes the high status of users [13]. The research also finds that promotion affects compulsive buying; the result is similar to previous research by [15] where consumers who are susceptible to promotion tend to be materialistic. Another finding of this research also reveals that materialism affects compulsive buying; the finding supports the previous research where compulsive buying and materialism are quite similar [21]. The last hypothesis reveals that materialism mediates both promotion and compulsive buying; the logic is built based on the fact those people that have high scores in materialism are susceptible to the promotion and also have a tendency to be compulsive.

This study have limitations such as sampling limitations where respondent come only from one university that generalizability of finding, the finding might have a different result if the researcher put another sample more from the other university. Another limitation is a demographic limitation, the study used respondent from Purwokerto. Meanwhile, the city is not crowded compared to Semarang, Yogyakarta and also Jakarta, so the situation of a big city might be more generalizing the results of the research.

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