

## SPENDING PATTERNS ON MILLENNIAL GENERATION IN SURABAYA

Nathania Mirabel Halim<sup>1</sup>, Mariana Ing Malelak<sup>2</sup>

<sup>1,2</sup>Finance and Investment Program, Faculty of Business and Economics, Petra Christian University  
Jl. Siwalankerto 121-131, Surabaya  
E-mail: <sup>1</sup>m37416072@john.petra.ac.id; <sup>2</sup>mariana.ing@petra.ac.id

### ABSTRACT

This study aims to examine spending patterns in the millennial generation in Surabaya. Respondents of this study were the millennial generation who were divided into two age groups, namely 21-28 years old, who were referred to as junior millennials, and those aged 29-36 years who were referred to as senior millennials. The analysis technique used is a crosstab to examine the relationship between age and spending pattern of the millennial generation and an independent-sample t-test to test the difference between the spending pattern of the junior millennials and senior millennials. This study showed a significant relationship between age and spending pattern on the millennial generation, and there is a significant difference between the spending pattern of the junior millennials and senior millennials.

**Keywords:** Expenditure Patterns, Junior Millennials, Senior Millennials.

### INTRODUCTION

Every individual has different needs and desires, resulting in other expenses. Expenditures to fulfill their needs and wants must be managed properly. If this is not managed properly, it can lead to consumptive behavior. Consumptive behavior is using goods or services carried out with an excessive/wasteful lifestyle and prioritizes wants over needs (Tripambudi & Indrawati, 2018). Research conducted by Utomo (2019) shows that the millennial generation is consumptive in using their money. According to Utomo (2019), the millennial generation is a generation born in 1983-1998 or is a population aged 21-36 years in 2019. Most of the millennial expenditure is spent on routine needs such as family needs and monthly routine needs. Namely 51.1% and the remaining 48.9% is used for non-routine conditions such as savings (general savings and time deposits) of 10.7%, entertainment needs/entertainment by 8%, insurance by 6.8%, internet by 6.8%, telephone (post / prepaid) by 6%, social activities such as zakat/charity/donations by 5.3%, debt repayments (house, apartment, cars, motorbikes, electronic devices, and so on) by 3.3%, and investments (mutual funds, foreign exchange, gold, etc.) by 2%.

They were shopping for routine needs made by millennials in general by using cashless payments. Cashless payments are payments made in a non-cash manner consisting of APMK (Card-Based Payment Instruments), checks, giro, debit notes, and electronic money (Karismariyanti, 2014). Cashless Transaction can make it easier to make transactions for 24 hours in a comfortable and cost-efficient way for its users. They were supported by Bank Indonesia, which since 2014 launched the National Non-Cash Movement (GNNT) and currently continues to develop electrification of payment transactions and improve the infrastructure of its payment system. Bank Indonesia also stated that expected steps to create society cashless (Bank Indonesia, 2014).

The cashless lifestyle carried out by millennials is quite interesting. Millennials are known to be close to technology and the internet to feel comfortable while making cashless transactions and are quite consumptive in using their money. It is different from the previous generation, namely generation X, which is the generation that was born in 1960-1982. Generation X is a transitional generation because 1960-1982 was a transition period to more modern technology. Generation X is mostly still using traditional payment instruments/cash. The FGD (Focus Group Discussion) results conducted by Utomo (2019) also show that the millennial generation only uses currency for small needs, such as parking or just buying drinks. Millennials also admit that it is more wasteful to carry large amounts of cash (Widjaja & Pertiwi, 2021).

According to Utomo (2019), for millennials, "the internet is everything" because millennials can do many things by being connected to the internet. One of which is the tendency of millennial financial transactions to be more comfortable doing digital transactions or gadget payments (cashless payments), namely through payments online. In addition, the ease of technology and internet access makes it easier for millennials to reach goods or services. It is enough to open your smartphone and then search for the

product you want without having to come to various outlets. Millennial shopping behavior supported by payment online cashless mechanism. Millennials can buy any item they want even though it is unnecessary as long as it is facilitated by payment online. Therefore, millennials tend to not pay attention to spending on essential goods that cannot be purchased cashless, one of which is buying property as a place to live. Increasingly diverse needs, while higher property prices have implications for millennials' ability to buy houses. The data shows that the Indonesian millennial generation who already own a house per 2019 is only 35.1%. The millennial generation realized that the generation's ability to own a home is limited, so many millennials want to buy a house through a credit mechanism (50.2%) than using cash payment (49.8%).

The need to buy a house is a priority for the millennial generation, especially the millennial generation born in 1983-1990 who are already working and having families. This is different from the millennial generation born in 1991-1998, who are still a student or have just started a business or are still living with their parents. Millennials born in 1983-1990 or are residents aged 29-36 years in 2019 are referred to as senior millennials. Then, the millennial generation born in 1991-1998 or are residents aged 21-28 years in 2019 are referred to as junior millennials. The categorization is divided based on differences in activities and priorities between senior and junior millennials. Based on the activities, the activities carried out by senior millennials are doing work, focusing on families, especially those who are married. In contrast, the activities carried out by millennial juniors are doing campus activities, organizations, hanging out with friends, hobbies, and managing businesses. In terms of priorities, senior millennials prioritize being good parents, having a home, and making their parents happy. While what is the focus for junior millennials is having a home and making their parents happy (Utomo, Indonesia millennial report 2019: understanding the behavior of Indonesian millennials, 2019).

The difference in the focus of attention in terms of activities and priorities between senior millennials and junior millennials allows for different spending patterns. Research conducted by Utomo (2019) on the millennial generation regarding planning traveling shows that senior millennials are more prepared, starting from costs, family, and time. Unlike the junior millennials who like to leave suddenly, without preparation, incredibly when bored/bored. This allows there to be differences in spending patterns, where senior millennials put their needs first, then prepare for traveling, while junior millennials can meet satisfaction at any time traveling there. The Malaysian study conducted by Razak et al. (2014) also found a significant relationship between young people (aged 18-35 years) and the spending pattern, where spending pattern the resulting food and transportation. In this study, the spending pattern is categorized into 5 (five) types of expenditure: Entertainment, Food & Beverages, Education, Cell phones & Internet, and Personal Items.

The pre-survey was conducted by researchers on 26 people consisting of 13 senior millennials and 13 junior millennials. The pre-survey was conducted by spreading questions through online polls on the applicable social media Instagram, which was filled with 13 junior millennial people. The rest was done by means of short interviews. The results show that because the senior millennial generation tends to have their income, the focus of attention is personal items, food & beverages, cell phones & internet, entertainment, and most recently, education. Unlike junior millennials, because on average, they are still in college or just graduated from college. They tend paid for by their parents, and some are already working, so they have their income. The spending patterns that are formed are food & beverages, personal items, entertainment, cell phones. & the internet, and the last one is education. From the results pre-survey, it can be indicated that there are differences in spending patterns between senior millennials and junior millennial generations. Due to these differences, it attracts researchers to research the relationship between two groups of generations who are differentiated by age by spending patterns on the millennial generation.

## **LITERATURE REVIEW**

### **Millennial Generation**

Millennial Generation is a generation born in 1983-1998, which means that it is a population aged 21-36 years in 2019. Millennials were born and raised in times of economic, political, and social turmoil that hit Indonesia. The millennial generation tends to have different characteristics compared to the previous generation (generation X, baby boomers, and the generation of veterans). In fact, one of the charac-

teristics of the millennial generation from the increase in using and being very close to communication, media, and digital technology. In addition, because of the raised of the millennial generation with increasingly advanced technology, the millennial generation has creative, informative, characteristics passionate, and productive. The millennial generation can accept and are very familiar with technology compared to previous generations, thus making the millennial generation involve technology in all aspects of their lives and are highly influenced by technological developments. This is proven by seeing that almost all individuals in the millennial generation choose to use smartphones. Millennials can be more productive and efficient by using smartphones. For example, through a smartphone, the millennial generation can do anything, send short messages, access educational sites, transact business online, and even order transportation services online. Therefore, the millennial generation can open many and various kinds of opportunities along with increasingly sophisticated technological developments (Budiaty et al., 2018).

Utomo (2019) states that the millennial generation can be divided into two groups: senior millennials and junior millennials. Senior millennials are millennial generations born in 1983-1990 or are residents aged 29-36 years per 2019, while junior millennials are millennials born in 1991-1998 or are residents aged 21-28 years per 2019.

### **Spending Pattern**

Spending is an activity in spending or spending money (Mitchell, 1937). From this definition, it can be said that spending behavior is someone's behavior in spending or spending money. Tripambudi (2018) states that each individual certainly carries out activities spending daily and has different needs and desires, resulting in different expenses. The differences in the needs and desires of each individual can lead to different spending patterns (Potluri, Pool, & Tatinbekovna, 2009). For example, as stated by Potluri, Pool, & Tatinbekovna (2009) that young people who are married have different expenses from unmarried young people, for those who are married, the expenditure is made to focus on meeting the needs of their family and in families consisting of father, mother. And children have different requirements for goods and services, while those who are not married are usually new to doing things for the first time, such as just graduating from college, new to owning a car, new to having a credit card, etc.

The spending pattern is a pattern of spending and the behavior of a person issuing their income budget to understand the needs and choices for a product/service (Subhani, Hasan, & Osman, 2012). The intention of an individual to change the spending pattern if he has more money and/or more opportunities to decide on his decisions spending owner does not depend on how much money they or their parents have (Fischer, Böhme, & Geiger, 2017; Subandi & Basana, 2020).

Previous studies conducted by Potluri, Pool, & Tatinbekovna (2009) grouping spending pattern into 5 (five) categories of expenditure consist of expenditure into entertainment (entertainment), food & beverages (food and beverage), education (education), cell phones & internet (cellular telephone and internet), and personal items (personal needs). Entertainment (entertainment) is the expense made to buy or carry out activities to relieve fatigue (refreshing), such as watching cinemas, watching concerts, subscribing to platforms music and/or film, buying video games, comic books, sports equipment, and equipment. Then, in terms of food & beverages, it is an expense made to buy food and beverages, staple food, fast food, and soft food and drinks (snacks, bubble tea, soft drinks, etc.). In terms of education, what is meant is the expenses made to buy or pay for education, such as buying college materials for the millennial generation who are still studying, paying for their tuition fees, currently pursuing postgraduate education, and sending their children to the senior millennial generation who are already married). Furthermore, cell phones & the internet are expenditures made to buy cellular phones and internet needs, such as buying credit, internet quota, and subscribing to wifi. Then the last one, personal items, are expenses made for individual needs, such as buying clothes, skincare, make-up, online shopping, and others.

### **Relations Between Concepts**

#### ***Relationship between Age and Spending Patterns in Millennial Generation***

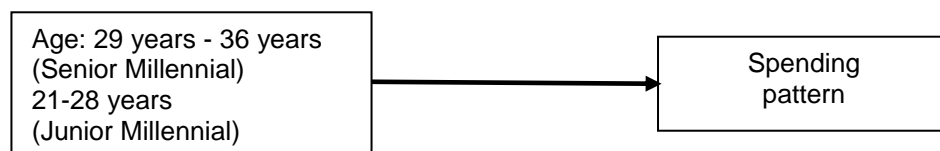
Age criteria determine individuals to enter into a certain generation (Mannheim, 1952). In this study, the age used was the population aged 21-36 years who belonged to the millennial generation. The

uniqueness of young people belonging to the millennial generation is their careless expenditure and selfish hedonism, coupled with the rapidly growing mass media and internet (Potluri, Pool, & Tatinbekovna, 2009). Several demographic characteristics are related to spending patterns, such as 1) Age and age increases. 2) Having more children will increase the portion spent on food and clothing at home. 3) Where a person's residence affects the allocation of expenditures for housing and transportation (Castner & Mabli, 2010). This statement is in line with Potluri, Pool, & Tatinbekovna (2009), which states that decisions on spending such as buying food, clothing, and recreation are usually related to a person's age.

### ***The difference between Senior Millennial Spending Pattern and Junior Millennial Spending Pattern***

Potluri, Pool, & Tatinbekovna (2009) found differences in spending patterns between the age group 10-14 years and 15-18 years age group. The 10–14-year age group forms a spending pattern consisting of food & beverages, entertainment, education, cell phones & internet, and personal items. It is different from the spending pattern of the 15–18-year age group, which forms a pattern of food & beverages, education, entertainment, personal items, and cell phones & the internet. Based on this research, it can be concluded that the older a person is, the expenditure priorities will tend to change from previous spending patterns. The occurrence of spending pattern such as this is because the two groups spend using pocket money given by their parents, children in making purchasing decisions are influenced by peers who tend to follow trends and parents' contribution in giving preference to their children.

### **Framework of thinking**



**Figure 1.** Framework of Research

### **Hypothesis**

- H1. There is a significant relationship between age and spending patterns in the millennial generation.  
 H2. There is a significant difference between the spending pattern of the senior millennial and the spending pattern of junior millennial.

## **METHODOLOGY**

### **Description of Population and Sample**

The population used in this study is the Surabaya millennial generation. Based on the population projections of the city of Surabaya conducted by the Central Statistics Agency (BPS), in 2019, there were around 1,053,217 Surabaya millennials or residents aged 21-36 years (Central Statistics Agency, 2018). The sampling technique in this research is accidental technique sampling. According to Sugiyono (2010), accidental sampling is a technique of determining the sample based on chance; that is, whoever is considered a person who accidentally / incidentally meets a researcher is suitable as a data source, then it can be used as a sample.

The calculation formula used to obtain the sample size is the Isaac and Michael formula (Sugiyono, Educational research methods (quantitative, qualitative, and R&D approaches), 2010). In this study, the population number is known to be around 1,053,217 people of Surabaya's millennial generation. According to Sugiyono (2010), the total population is  $> 1,000,000$  or which is represented by the symbol  $\infty$  with an error rate of 10%, then the number of samples that must obtain is 272 (minimum). Therefore, in this study, the sample to be obtained is as many as 272 millennial generations (at least).

## Operational Definition of Variables

The independent variable in this study is age, with a proxy: Grouping of generations based on age, consisting of junior millennials (birth years 1991-1998) aged 21-28 years and senior millennials (birth years 1983-1990) aged 29-36 year.

The dependent variable in this study is the spending pattern, with the proxies: Sorting expenditure priorities from 5 expenditure variables (Food & Beverages, Entertainment, Education, Mobile & Internet, Personal items).

## Data Analysis Technique

The data analysis technique used was Crosstab to test relationships and Independent Sample t-test to test differences using the IBM SPSS (Statistical Package for Social Sciences) program Statistics Version 23. Decision criteria, if the significance value  $\leq 0.05$ , then  $H_0$  is rejected, and if the significance value  $> 0.05$ , then  $H_0$  is accepted.

## ANALYSIS AND DISCUSSION

### Analysis

The objects studied in this study were the millennial generation, who are residents aged 21-36 years in 2019 and live in Surabaya. The millennial generation is divided into two groups of the millennial generation, namely junior millennials (ages 21-28 years in 2019) and senior millennials (ages 29-36 years in 2019). Based on the Central Statistics Agency (BPS) data projections in 2019, there are around 1,053,217 people from Surabaya's millennial generation or residents aged 21-36 years. In this study, the sampling technique used is the technique accidental sampling using the Isaac and Michael formula, and the number of samples that must obtain is 272 (minimum). The data obtained in this study were as many as 275 millennial generations who lived in Surabaya and were obtained based on distributing questionnaires online, namely through google forms.

**Table 1.** Results of Validity Test

No	Variable	<i>r count</i>	<i>r table</i>	Conclusion
1	Food & Beverages	.586	0.183	Valid
2	Entertainment	.697	0.1183	Valid
3	Education	.619	0.1183	Valid
4	Mobile & Internet	.634	0.1183	Valid
5	Items	Personal.652	0.1183	Valid

Based on table 1, the validity test results are obtained. Due to the value *calculated r*  $>$  *r table* from the value *r table* 0.1183.

**Table 2.** Results of Reliability Test

Variable	Cronbach's Alpha	Critical Value	Conclusion
Spending Pattern	0.606	0.60	Reliable

Based on table 2, the reliability test results obtained results *Cronbach's alpha* of 0.606 or ( $0.606 \geq 0.60$ ) to show that the data is reliable.

**Table 3.** Results of Relationship Test

Pearson Chi-Square	Critical Value	Conclusion
0.000	0.05	$H_0$ is rejected.

From table 3 it can be seen that the resulting chi-square shows a significance value of 0.000. Due to the significant value  $< 0.05$ , then  $H_0$  is rejected, meaning that there is a significant relationship between age and the spending pattern of the millennial generation.

**Table 4.** Results of the Differences Test

Equal Variances Assumed	Critical Value	Conclusion
0.042	0.05	H0 is rejected.

From table 4, it can be seen that the significance results show a value of 0.042. Due to the significant value  $<0.05$ , it can be concluded that H0 is rejected, which means that there is a significant difference between the spending pattern of the senior millennials and the spending pattern of junior millennial pattern. The generation aged 21-28 years or who are referred to as junior millennials, formed a spending pattern starting from food & beverages, education, personal items, cellphones & internet, and entertainment. It is different from the generation aged 29-36 years or who are referred to as senior millennials who form a spending pattern in food & beverages, education, entertainment, personal items, and finally cellphones & the internet.

## Discussion

The results showed that the data collected were 275 millennial generation respondents aged 21-36 years, which were obtained through questionnaires distributed online using Google Forms. Then the millennial generation is divided into two age groups, namely those aged 21-28 years who are also known as junior millennials, and ages 28-36 years, who are also known as senior millennials. From the results of the respondent's data, it was found that there were as many as 250 respondents (90.9%) aged 21-28 years / junior millennials who were students, the last education taken was  $\leq$  high school, earning monthly income  $\leq$  IDR 3,000,000, and the majority get income from parents. Furthermore, there are 25 respondents (9.1%) aged 29-36 years / senior millennials who are entrepreneurs, housewives, private and public workers, to professionals, who already have their income, the majority of the income they earn per month is amounting to  $>$  IDR 10,000,001, and the last education taken was S1.

Based on the results of research conducted on 275 millennial generation respondents aged 21-36 years, the results show a significant relationship between age and spending patterns in the millennial generation. The results of this relationship test are in line with previous research conducted by Castner & Mabli (2010), which states that age is related to a spending pattern person. Research Potluri, Pool, & Tatinbekovna (2009) also revealed a similar thing: decisions in spending such as tastes in buying food, clothing, and recreation are usually related to a person's age. This shows that the hypothesis is accepted, which means that H0 is rejected.

In addition, the different test results in this study indicate that there are significant differences between the spending pattern of the senior millennials and the spending pattern of junior millennial. The generation aged 21-28 years or who are referred to as junior millennials, formed a spending pattern starting from food & beverages, education, personal items, cellphones & internet, and entertainment. It is different from the generation aged 29-36 years or who are referred to as senior millennials who form a spending pattern in food & beverages, education, entertainment, personal items, and finally cellphones & the internet. This is according to research conducted by Potluri, Pool, & Tatinbekovna (2009), who found differences in spending patterns between the two age groups, namely the 10–14 year age group and the 15-18 year age group. The 10–14 year age group forms a spending pattern consisting of food & beverages, entertainment, education, cell phones & internet, and personal items. It is different from the spending pattern of the 15-18 year age group, which forms a pattern of food & beverages, education, entertainment, personal items, and cell phones & the internet. This shows that the hypothesis is accepted, which means that H0 is rejected.

The difference in spending patterns between junior millennials (21-28 years) and senior millennials (29-36 years) is that there are differences in characteristics between the two age groups, so spending is done to form a different pattern. The fact is also found from the respondents' answers through the questionnaire part 3 that most millennial generations make expenditures based on priority needs, not wants.

## CONCLUSIONS AND RECOMMENDATIONS

Based on the results obtained, it can be concluded that there is a significant relationship between age and spending pattern on the millennial generation, and there is a significant difference between the spending pattern of senior millennials and junior millennials. The weakness of this study is that the collection of the number of samples between the two age groups is not balanced, so it is hoped that the following researchers in determining the sample size can be carried out proportionally to reflect the population better. Further researchers can research spending patterns on other generations such as generation X, generation Z, and generation Alpha.

## REFERENCES

- Bank Indonesia. (2014, July 22). *Circular Regarding Electronic Money Administration*. Retrieved May 2, 2019, from Bank Indonesia: [https://www.bi.go.id/licensing/helps/SE\\_161114-Emoney.pdf](https://www.bi.go.id/licensing/helps/SE_161114-Emoney.pdf)
- Budiati, I., Susianto, Y., P, WP, Ayuni, S., Reagan, HA, Larasaty, P., et al. (2018). *Thematic Gender Statistics: Profiles of Indonesian Millennials*. Jakarta: Ministry of Women's Empowerment and Child Protection.
- Castner, L., & Mabli, J. (2010). *Low-Income Household Spending Patterns and Measures of Poverty*. Washington DC: Mathematica Policy Research, Inc.
- Central Bureau of Statistics. (2018, April 18). *Projections of Surabaya City Population by Gender and Age Group in 2019*. Retrieved October 10, 2019, from the Central Bureau of Statistics for the City of Surabaya: <https://surabayakota.bps.go.id/dynamictable/2018/04/18/23/proyeksi-population-city-surabaya-by-sex-and-age-group-year-2019.html>
- Fischer, D., Böhme, T., & Geiger, SM (2017). Measuring Young Consumers' Sustainable Consumption Behavior: Development and Validation of The YCSCB Scale. *Young consumers*, 312-326.
- Karismariyanti, M. (2014). Designing A Sales Accounting Information System With Electronic Payments (E-Payment). *Journal of Information Technology*, 238.
- Mannheim, K. (1952). The Problem of Generations. *Essay on the Sociology of Knowledge*, 276-322.
- Mitchell, WC (1937). *The Backward Art Of Spending Money*. New York: McGraw-Hill Book Co.
- Potluri, RM, Pool, GR, & Tatinbekovna, SM (2009). Young Kazakhstan Consumers: Catch Them If You Can. *Young consumers*, 47-56.
- Razak, MI, Abidin, NE, Yusof, MA, Sakarji, SR, & Nor, KM (2014). Spending Trends Among Youth in Malaysia. *Journal of Economics and Development Studies*, 277-288.
- Subandi, J.R. & Basana, S.R. (2021). The Effect of Salience and Disposition Effect on Stock Investment Decisions on Investors in Surabaya. *International Journal of Financial and Investment Studies (IJFIS)*, 1(2), 77-84. Retrieved from <https://ojs.petra.ac.id/ijfis/index.php/ijfis/article/view/56>
- Subhani, MI, Hasan, SA, & Osman, A. (2012). Spending Patterns in Youth. *American Journal of Scientific Research (AJSR)*, 26.
- Sugiyono. (2010). *Educational Research Methods (Quantitative, Qualitative, and R&D Approaches)*. Bandung: Alfabeta.
- Tripambudi, B., & Indrawati, ES (2018, April). The Relationship Between Self-Control and Consumer-Buying Behavior of Gadgets in Industrial Engineering Students at Dipenogoro University. *Journal of Empathy*, 7(2), 189.
- Utomo, WP (2019). *Indonesia Millennial Report 2019: Understanding The Behavior of Indonesian Millennials*. Retrieved March 19, 2019, from <https://cdn.idntimes.com/content-documents/indonesia-millennial-report-2019-by-idn-times.pdf>
- Widjaja, R. & Pertiwi, D. (2021). The Influence of Emotional Factors, Materialism, Risk Perception, and Financial Literacy on The Tendency of Debt of Millennial Generation in Surabaya. *International Journal of Financial and Investment Studies (IJFIS)*, 1(2), 85-93. Retrieved from <https://ojs.petra.ac.id/ijfis/index.php/ijfis/article/view/57>