

Spending Pattern among Gen X versus Gen Y in Bandung City

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Abstract: *With the aging of the Baby Boomers the generation X and Y population is getting significant importance among the researchers. Baby boomers are those who were born during 1946-1964 are approaching to their retirement age and their population is getting smaller, the children of baby boomers i.e. Gen-X and Gen-Y is the biggest group and is the main focus for the marketers and policy makers. Yet, these generations have various characteristics as compared to policy makers and their parents. Marketers are changing their strategies to accommodate these generation. This study will be helpful for the businesspeople in relation to the Gen-X and Gen-Y which will be profitable and lucrative segment for the Indonesian marketers, and they have significantly greater income to satisfy their desires and wants. The analysis done in the study has significant importance for the policy makers such as business and government in providing suitable services and products in accordance with their spending and consumption habits.*

Keywords: *Spending pattern, Generation X; Generation Y; Digital divide.*

I. INTRODUCTION

Generation X and Y has gained the attention of people from different research groups having various disciplines. The population of this group is the major attraction for the researchers and this group of the people has higher spending due to high spending power. A growing amount of literature is associated with the consumption habit of generation X and Y consumers, and most of such studies focus on the marketing of services and product specifically capture the demand of this generation group. Most of the prior studies focus on the developed countries such as Canada, USA, Australia among others and whether the spending and saving habit of this group is like the Indonesian. Thus, there is need to do further study in this area which include the data of developing countries like Indonesia.

In countries like Indonesia, there is limited research available on the spending behaviour of Gen X and Y which affect the saving and investment habit of these people. Due the economic condition, environment conscious and education system of Indonesia, this market is important for the researchers. Furthermore, most of the prior studies focuses on the Gen X and Gen Y decision making style for the workplace. But this study mainly focuses to get to understand more about the spending habit of the Gen X and Y for Indonesia.

II. LITERATURE REVIEW

Who is Generation X and Generation Y?

People who are born during 1960s and 1970s are said to Generation X. Both generations are characterized by a disaffected attitude and general disdain for everything that came before. Boomers hatrest is seen every where from music to the politics; they transform rock & roll from angry screaming to cutesy swimming and brough metal, punk and grunge into the world.

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As an individual Gen X is known as cynical and nihilistic, and this is considered that this generation came to experience a fall of Berlin Wall, Cold War, a number of economic crisis and the AIDS epidemic.

Nomads may be raised as youths, but as they fall into middle age they got number of responsibilities for fixing the mistakes which are made by the previous generation of the society. Gen X leaders are cunning, pragmatic, and difficult to be fooled.

Generation Y on the other hand those people who were born during 1980s and 90s. In comparison to X practically they have charming life. Their parents already got birth control access, thus they are generally nurtured, wanted children. Society has given them more protection as compared to their predecessors and their families are more stable. Soccer moms and Helicopter parents are pervasive sight for this generation.

Gen Y which is also called a Peter Pan Generation because their childhood was so charming and their childhood is delayed. In their approach they are more orthodox than Nomads and policymakers are downright conventional to them, they are ideally united and has desire to protect the world. Millennial while looking to the past faced global recession and climate change, but they don't blame the post and look forward to the future.

One can think a vast history in a little space when consider the Gen X as the people who will tear/are tearing down the entrenched institutions of the Boomers, while the Millennial will be the ones to rebuild from the rubble and return order to the resulting chaos.

2.1 Characteristics for Generation X and Generation Y

The distinction between both generations are presented in table 1 below.

Table 1: Characteristics Across Generations

Generation X (1961-1980)	Professional Characteristics	References
	They work to live.	Gursoy, Maier, & Chi, 2008
	Independent, easy-going and have creative mind. They are impatient and suspicious.	Zemke, Raines & Filipczak 2013
	They try to have a balance between work and life. They have ahunger for learning; they can do many things at the same time.	Kupperschmidt, 1998 : Bova & Kroth, 2001
	They have leadership traits.	Jorgensen, 2003
	Professional Characteristics	References
	They have understanding and care for the meaning of occupation. At the same time, they usually do jobs of different fields.	Eisner, 2005 ; Bennett, Pitt, & Price, 2012.
	Even if they are not happy with the job they are hesitant to leave it.	Lowe, Levitt, & Wilson, 2008.

Generation Y (1981-2000)	Furthermore, they work in a company which is creative, innovative, environmentally friendly and energetic.	
	They are more concerned about family and want to keep balance between life and work. Yet, they willingly work hard during their early life of career.	Gursoy, Maier, & Chi, 2008; Maxwell, Ogden & Broadbridge, 2010.

2.2 Why people spend in their daily life

One feel de-stressed when he spends money and going out on shopping will help to forget the problem and you become lively from inner self. Spending moneys provide good feeling and it is important to give special treatment to oneself and when one feel good then he do more buying. Making investment in a good project provide more wealth and one become happier after the accomplishment of the project. One of the important element is to make investment wisely which will make one realize one's priorities and know how to administer money. If one do not know how to spend wisely then the spending would be harmful and eventually change the habits to shopaholic.

The relationship between happiness and money has been studied by number of researchers from decades and most of them have clear findings; Money has power to buy happiness, but it cannot buy what many people think (Frey & Stutzer, 2000; Diener & Biswas-Diener, 2002; Dunn, Aknin, & Norton, 2008). There is modest and positive correlation among income and happiness and this relationship can puzzle us more than what it supposes to be. After all, money has power to make the people please or they can buy all the things what make them please.

Why doesn't more money do not provide more happiness? One answer to this question is that money cannot bring happiness as the things which provide happiness are not for sale. This explanation is popular, lovely and certainly wrong. With money one can live healthier and longer, to provide buffer against harm and worry. Spending time with family and friends and controlling the daily activities – all of these elements are sources of happiness (Smith, Langa, Kabeto, & Ubel, 2005). Wealth people not only have good toys but also have good medical care and nutrition but still these people are not that much happy who do not have these things. Most of the people do not know the basic elements of happiness – and they just think what they buy from market is happiness. Money is an opportunity for buying happiness, but it is not an opportunity which is squander routinely by people because mostly what people think makes them happy often do not. When predictions are made by the people about the hedonic consequences of future events and they make forecasts effectively and a limited literature shows that these forecasts often do not provide right information (Wilson & Gilbert, 2003; Gilbert & Wilson, 2007; 2009). There are two basis sources which forecast the errors effectively. First, mental stimulation of the people regarding the future events is mostly imperfect. For instance, people are unable to predict the ease by which they will adapt negative or positive events, they do not have capability to understand the factors which speed or slow down the adaption, and these are sensitive to the fact that important information is lacked in mental stimulation. Second, context put strong impact on an effective forecasting and leads to the effective experiences, but people most fail to realize that the two-context explained are not similar. These two error sources

cause people to mis-predict that what elements will make them happy, how happy will it make them, and for how long they will stay happy. This research from the effective forecasting method will use insights gleaned to elaborate why people most of the time spend money by ways which fails in maximizing their happiness, and eight elements are proposed which are actually a remedy for it.

2.3 Budgeting

It is noted that the living cost varies from country to country, with the fluctuations in currency, and according to the lifestyle of a person, therefore it is important to develop a budget individually. Some major expenses which are important to be analysed include housing. Some helpful tips to develop budget include the following.

- Daily expenses are analysed by using the host currency.
- Develop daily and weekly budget and stick with them. Once arrived in other country then make the adjustment according to starting experience.
- The value of local money is learned quickly in relation to the Indonesian Rupiah.
- By using ISIC and ID card the student's discounts are made.
- Whenever possible advantages from the less expensive alternatives are used.
- When traveling, stay in hostels or in modest bed-and breakfast accommodations as opposed to hotels that cater to tourists and business travellers.

2.4 Distraction

Anxiety is a process by which group or individual's attention is diverted from the main focus by which it can reduce or prevent the reception of desired information. There are number of situations where involvement can be made by paying attention. The sources of disorder is both from internal sources as well as external sources (Alboher, 2008) which could have good impact on sailors and could be a reason to put unwanted effects such as poor performance, mental stress and excessive fatigue (Trafton and Monk, 2007).

Generally inadequate number of staff's is the major reason of worker's poor performance, or do not provide care according to the standards, and do not give response to the environment and community needs (Dieleman and Harnmeijer, 2006). System and ships which are well-designed where unknowing or tired crews know the difference of culture can make contribution to the ship's safety for operation. Thus, at the end, the effects could be worse which could also give injury to humans and could also leads to the accident and deaths among you.

There are number of factors which could cause disruption of seafarers, mostly through poor health, fatigue, stress and poor attention. There are different factors by which on-board interference is generated and is dependent on life and work conditions, individual's environmental and physical factors, interactions among human in the board environment as well as the nutrition and food supplied to them.

Prior studies only focus on the deck seafarers as a sample study. Yet, the current study make advancement into consideration of both the engine and deck sailors, to understand the most important factor which cause an onboard abstraction and should be noted to make improvement. To find the disturbance factors, there is list of parameters which needs to be evaluated on the bases of parameters defined by the Othman et al. (2016, 2015). In this context the objective of this research is to analyze and evaluate main disturbance factors on the basis of their contribution in affecting seafarers condition at work (Shipyards). This study

mainly focuses on the seafarers as these are precious assets for the country which play important role in increasing or maintaining the profit in the shipping business. Thus, for future growth their well being can be taken into account.

2.5 Economic Cost

There are different tools and methods which are used to perform economic assessments. Commonly used methods for assessing the merits of the proposal is to analyze and compare set of options are; cost effectiveness analysis, cost-benefit analysis and problem-solving analysis. This approach is developed on the basis of monetary assessment of choice and its impact.

Multi-criteria analysis (MCA) is used when it do not have capability to monetize or measure all effects of choice. MCAs allow to include multiple criteria's simultaneously (e.g. environmental and social considerations), all of these are measured by using financial values and relevant units. This could mean that with the combination of more criteria can be occur with regular monetary analysis.

A tool of economic modeling focuses to assess the impact of economic intervention or proposals (as compared to all benefits to community) which include analysis of input-output, macro-economic models and general equilibrium modeling (CGE). This used is mainly used discretely or with the combination of cost-benefit analysis. The CGE model could be used for assessing the net benefits for the community if the measures of economic welfare are included (Economic welfare include all the benefits which consumers gained and producers beyond the financial benefits).

III. METHODOLOGY

This part of the study focuses on the discussion of methodology adopted in this study. It involves understanding and studying the areas which identify the objective and scope of this research. In the methodology section it is important to provide description of subcategories. This study used survey method by using a questionnaires. Areas which are include in this section are sample size, population, data collection and data analysis. The aim of doing questionnaire is to get an opinion from people regarding the topic of discussion which is a spending habits of Generation X and Y in the Bandung City.

3.1 Population and Sample size

In this study data is collected through survey questionnaire which is distributed among the people of Bandung City. The questionnaire mainly focuses on the spending habits of the people whether by distraction budgeting or economic cost. Besides, the perceptions, this study also include the information of the people's demographic profile. Population is the number of people in entire group, things or events of interest which a researcher wants to investigate. The population in this study are the people who lives in Bandung, Indonesia and these are of different age group.

Population include a set of cases, individuals or objects with some similar observable characteristics. The selection of sample size from the population is important to get accurate information and measure. Sample is a population's subset which consist of some member selected from it. Sample is a subset or subgroup of the population and by studying the sample, researchers can draw conclusion which can be generalized to the complete population. Sample size is a selection of respondents from the population in a such a way that it should consist of at least 250 respondents who provide enough information of the population. The results are drawn on the basis of probability that the results of sample size provide true representation of the population and provide reliable information of the sample. In a probability sampling, we use a stratified random sampling method for collecting data. There are two different age group in this research which are 39 to 53 and they are called Generation

X and the other is Generation Y (age from 24 to 38). For this study 135 respondents of Gen Y have given answers to our questionnaire and remaining 115 from Gen X.

3.3 Measurement and Instrumentation

Based on each and every variable the questionnaire is divided into three different sections which are (Economic cost, Distraction and Budgeting). Section A has 7 questions which are mainly demographic questions and include the respondent's background. The demographic section provides data like gender, age group, most spending and others. The most suitable answer is tick by the respondent in the provided box. It uses nominal scale. On the other hand, section B include 4 elements which are distraction, spending budgeting and economic cost with total of 6 question and each of them use scaling method, ranging 1 (Strongly Disagree), 2 (Disagree), 3 (Neutral), 4 (Agree) and lastly 5 (Strongly Agree). Questionnaire is used to obtain the data which is distributed among the students and then the data is tabulated through statistical package SPSS 22 (Statistical Package for the Social Science). This software helps in data analysis which help in developing descriptive statistics for this research.

IV. RESULTS

4.1 Cronbach's Alpha test of Reliability

Cronbach's Alpha is one of the popular estimate for the Reliability measurement for internal consistency. In ideal situations the Cronbach alpha coefficient must be equal to or greater than 0.75. Results are presented below which indicate the reliability of measures.

Table 2: Independent Variable Cronbach Alpha

Reliability Statistics	
Cronbach's Alpha	N of Items
.896	5

Table 3: Dependent Variable Cronbach Alpha for Distraction

Reliability Statistics	
Cronbach's Alpha	N of Items
.917	6

Table 4: Dependent Variable Cronbach Alpha for Economic Cost

Reliability Statistics	
Cronbach's Alpha	N of Items

.803	5
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Table 5: Dependent Variable Cronbach Alpha for Budgeting

Reliability Statistics	
Cronbach's Alpha	N of Items
.855	6

4.2 Correlation

Table 6: Correlation Matrix

Correlations

Correlations					
		Spending	Distraction	Economy	Budgeting
Spending	Pearson Correlation	1	.667**	.075	-.391**
	Sig. (2-tailed)		.000	.237	.000
	N	250	250	250	250
Distraction	Pearson Correlation	.667**	1	.030	-.371**
	Sig. (2-tailed)	.000		.636	.000
	N	250	250	250	250
Economy	Pearson Correlation	.075	.030	1	.100
	Sig. (2-tailed)	.237	.636		.114
	N	250	250	250	250
Budgeting	Pearson Correlation	-.391**	-.371**	.100	1
	Sig. (2-tailed)	.000	.000	.114	
	N	250	250	250	250

** . Correlation is significant at the 0.01 level (2-tailed).

Table 6 shows lack of multi-collinearity and thus no issue in the linear regression.

4.3 Regression Results

Table 7: Model Summary

Model Summary					
Model	R	R Square			Change Statistics

			Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.689 ^a	.474	.468	2.81273	.474	73.990	3	246	.000
a. Predictors: (Constant), Budgeting, Economy, Distraction									

Table 8: Anova Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1756.092	3	585.364	73.990	.000 ^b
	Residual	1946.212	246	7.911		
	Total	3702.304	249			
a. Dependent Variable: Spending						
b. Predictors: (Constant), Budgeting, Economy, Distraction						

The ANOVA test results show's that Sig value is 0.05 which is more than the calculated value of Sig. 0.000. It show's the level of significance at 5% level of null hypothesis. It shows that there is significant relationship between dependent and independent variables. The value of adjusted R-square is 0.0474 which indicate that the independent variables has 47.4% contribution in the change of dependent variable.

Table 9: Coefficient of Estimations

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.705	2.394		3.637	.000
	Distraction	.518	.043	.600	12.010	.000
	Economy	.127	.079	.075	1.601	.111
	Budgeting	-.197	.056	-.176	-3.505	.001
a. Dependent Variable: Spending						

Regression between Spending habits and Distraction between Generation X and Generation Y. The result show's that $p < 0.05$ which is show's significant relationship between spending habits and distraction.

Regression between Spending habits and Economic cost among Generation X and Y in Bandung. Based on the data above, the result of $p < 0.05$, the test is not significant (there is not significant relationship between spending habits and economic cost among Generation X and Y). Therefore, the test shown value $p=0.111$.

Regression between Spending habits and Budgeting among Generation X and Y. The result shown of $p < 0.05$, the test is significant (there is a significant relationship between spending habits and budgeting among Generation X and Y). Therefore, in this analysis the value of $p = 0.01$.

Overall, we can say that all the two independent variables; distraction and budgeting are significant to spending habits among Generation X and Y but their economic cost are not significant to spending habits among Generation X and Y.

V. CONCLUSIONS

From this research we can conclude that highest people in Bandung spend more because of distraction and because of out of their budgeting. We conduct this research based on the population of different Gen who are spending which is Gen X and Y. As for our knowledge we can see clearly that age is not a first part to spending and there is other factors that make people spend more. When people earn more, they will spend more on luxury products. For the people who are still study and just start experience in working place they won't spend more on luxury product because they need to spend money in other factors such as buying house and others. Based on the research we can also see that budgeting is one of the factors of people in Bandung which differentiate between Generation X and Y.

From the above result which are obtained by using SPSS 22 (Statistical Package for the Social Science) we can see that the relationship is significant between spending and distraction. There is also significant relationship between spending and budgeting. Based on the data above, the result of $p < 0.05$, the test is not significant (there is not significant relationship between spending habits and economic cost among Generation X and Y). Therefore, the test shown value $p = 0.111$. (there is a significant relationship between spending habits and budgeting among Generation X and Y). Therefore, in this analysis the value of $p = 0.01$. (there is a significant relationship between spending habits and distraction). Therefore $p = 0.000$.

Based on depend variable which is spending more people Generation X and Y like to go for vacation once in a month. From this we can see that people entertain themselves by going out of their working place and house because it is a only way where we can relieve our stress.

From the independent which is distraction factor Generation x and y more spend in online purchasing. Online purchasing distract people attention by appear in social media. This make people which is Generation x and Y desired to buy the things even in any price. Nowadays as we known many people not specific by Generation X and Y but all would to involve in social media which that make try new things that appear in social media such as Facebook, Twitter and others.

The next independent factor which is economic cost also one of the factors that make generation X and Y spend more. One of the main questions that agree most of the people is GST. Mainly there is GST make people buy less things with high cost of value. There also other tax which is service tax and also GST make people pay a lot.

Moreover, there also another most favourable factor among people which is Generation X and Y is budgeting. When people spend out of their budget it make them to difficult to pay other expenses. As our research we can see that there are two types of Generation X and Y which generation x is most of the people are working and most of generation y are continue their study. From here we can see that different age people have different lifestyle. Generation X have more income and mostly they have additional money for spend extra but for generation y which is student would have enough money to spend in a month. So different age group have different spending style.

5.1 Recommendations

Based these researches, there are some suggestion that can be applied to manage spending among generation X and Y where by these two generation are dominant generation. Both generations must do budgeting for the whole month to ensure they are known overspending and manage their income. If you start each month with great planning and spend according to that, but

finally find that you made mindless purchases to justify that ever dangerous “ a little won’t hurt” attitude, by the end of month one will face no amount in bank account and also severe buyers remorse.

People must not distract by product that appear in social media there must know which important product to buy. In addition to that when we do online shopping we need to pay by credit/debit card where it is not secure because the seller can easily detect our personal details.

There are also lot of benefits when we are saving. Saving is done because one will be financially independent sooner, there is no need to worry when there is are unforeseen expenses, one would have financial back up in place if one lose his job, one will be prepared if the circumstances changes, one can get retirement comfortably. Even putting a small amount aside every month can make a real difference over the long term. Lots of saving accounts can be opened. Again, some funds allow you to start with just a small amount a month if you can’t afford more.

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