How Digital Technology Driven Millennial Consumer Behaviour in Indonesia

by Ahmad Firman

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How Digital Technology Driven Millennial Consumer Behaviour in Indonesia

Asmara INDAHINGWATI*, Ansir LAUNTU**, Hasmin TAMSAH***, Ahmad FIRMAN****,

Aditya Halim Perdana Kusuma PUTRA*****, Aan ASWARI*

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Abstract

Purpose - Investigate the association of internal and external factors of consumers and analysing the role of moderating comparative marketing aspects, especially the part of YouTuber and celebgram in influencing purchase decisions. Apart from that, it provides an overview of the pattern of purchase decision making in forming Millennials and Y generation consumer culture

Research design, data, and methodology - This study uses a quantitative research approach with descriptive, predictive, and prospective data analysis on 300 eligible Millennials and Y aged 20-35 years who are bachelor-educated. Data collection using online surveys with final statistical analysis using the Partial Least Square (PLS) approach

Results - All hypothesis are declared accepted, indirect testing the dominant internal consumer factors have a positive and significant effect on consumers' purchase decisions. Through testing Moderating, aspect marketing comparative is also authoritative abin to moderate internal consumer factors towards purchase decision making.

Conclusions - Digital technology is changing the paradigm and perceptions of the millennials and Y generations in terms of behaving as a generation of technology connoisseurs who also influence and shape the culture of that generation and the generations to come in the future.

Keywords: Purchase Decision, Consumer Behaviour, E-commerce.

JEL Classifications: M31, M21, M11.

1. Background

Access to digital technology is increasingly opening up the information pathway becoming increasingly complex, including in terms of making consumer purchasing decisions

- * First Author, Department of Management, SIESIA Surabaya, Indonesia, Email: asmaraindahingwati@stiesia.ac.id
- ** Department of Management, STIEM Bongaya, Indonesia, Email: anslau08@yahoo.com
- *** Department of Managegent, STIE AMKOP Makassar, Email: hasmintamsah@gmail.com
- **** Department of Management, STIE Nobel, Indonesia, Email: a_firman25@yahoo.com
- ***** Corresponding Author, Faculty of Economics and Business, Department of Management, Universitas Muslim Indonesia. Tel: +62-822-9222-2243, Email: adityatrojhan@gmail.com5
 - * Faculty of Law, Univergas Muslim Indonesia, Email: aanaswari@umi.ac.id

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through extracting digital information as a reliable reference source and can even be a source of inspiration. Youtuber and Selebgram is one example of a new profession that has emerged in the surface that makes digital content a product to be marketed which is then consumed by the public as an end-user in helping people to simplify the purchasing process. Therefore, various companies are now making Youtuber or Celebrgram as one of the models in the marketing of company products, given the range of Social Media as if it does not have a variety of coverage in terms of consumer segmentation. The presence of technology is changing the flow of consumer behaviour patterns, such as transportation and shopping modes that were once conventional (involving factor processes between producers and consumers) now coupled with access to digital services (ordering online) as a complement to transactions and interacting with markets. Consumer behaviour for millennials and generation Y in the era of economic sharing, which is more dominantly involving technological factors now has provided many significant changes in terms of shopping decision making. Typical of

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Millennial and Y generation purchases are those that prefer to buy after getting information from User Generated Content (UGC) or based on testimonials and user experience. The most hobby of shopping products from online shopping, brand loyalty, purchase decisions based on the level of trust of individual information or User Generated Content (UGC), i.e., Youtuber and Celebgram, and prioritizing experience and storytelling in selecting products. In-depth this study examines internal factors related to consumer behaviour, which include, i.e., affective, cognitive and normative evaluation. External factors include the "F-Factors, i.e., driving Family, Friends driving, Marketing comparative aspects in economic-sharing as YouTuber or Celebgram suggestion, ideas, trusteeship, e-commerce apps suggestions as moderating variable. Variable dependent is Purchase decisions.

The pattern of purchasing decisions by consumers involves several determinants that come from within the consumer itself, such as emotional perceptions of the product seen and mood conditions when viewing or wanting to shop. Of course, this psychological condition can also be a bridge for individuals to decide whether someone willbuy rationally or irrationally. On the other hand, the cognitive aspects of the internal factor sub-section refer to the extent of understanding, thought and acceptance of information for individuals who will then form a series of considerations that participate in contributing to the final attitude of individuals to decision making to have products of goods or services they want. Positive cognitive aspects will also provide positive feedback for consumers to buy a product, as well as negative feedback or bad experience that has been obtained by consumers before it is also a strong consideration to refuse to buy a product/service product. In its journey, humans, as complex social creatures, cannot be separated from elements such as ethics, morals and norms in behaving, including in terms of purchases. The concept of ethics, morals and standards that are by the surrounding environmental conditions at that time also considers someone. The environment can be "Judges" for individuals and can also be a "Trigger" to direct someone to behave like most people in their environment. It was included in consideration of internal factors named "Normative evaluation or subjective norms".

On the other hand, other supporting aspects come from consumers' external conditions, such as how friends influence in considering individuals to decide on someone's purchase. In various facts, many studies confirm that the presence of friends can provide a positive and significant influence in giving a round of decisions for someone to shop, i.e., (Lu, Wu, & Hsiao, 2019; Hinrichs, Pillichshammer, & Tezuka, 2018; Friedrich, Schlauderer, & Overhage 72019; Meiyani & Putra, 2019).Not much different from the concept of subjective norms, that human beings have the desire to be able to look the same as other people who are in the surrounding environment. Because the condition that human

desires who want do not look different from the environment is a fundamental concept in every human being which is also studied in the idea of psychological theory "Social Learning Theory."

2. Literature Review

2.1. Theoretical Background and Hypothesis Development

By definition, consumer behaviour is a process that is passed by individuals/groups or organizations in searching for, buying, using, evaluating products or services after consumers have fulfilled their needs. To better understand its customers so that they can meet the needs and desires of consumers, companies can classify their consumers that have certain similarities, namely grouping according to geography, demography, psychology, and behaviour. Consumer behaviour learns where, under what conditions, andhow a person buys certain products with a particular brand. All of this is very helpful for marketing managers in compiling the company's marketing policies. The process of purchasing an item or service will involve various parties, according to their respective roles. The reason why someone buys a particular product or the idea why buying a specific seller will be a critical factor for the company in determining product design, pricing, distribution channels, and effective promotional programs, as well as several other aspects of the company's marketing program (Indahingwati, 2017).

The approach in the theory of consumer behaviour is inseparable from some fundamental theories in human beings, sup as the Microeconomic Theory where this theory assumes that every consumer will try to obtain maximum satisfaction. They will attempt to continue their purchases of a product if they get pleasure from the product they have consumed, where comfort is comparable or greater with marginal utility derived from the same expenditure for several other products, Psychological Theory, The theory is based on individual psychological factors that are influenced by environmental forces. Affective aspects in psychological theory and marketing refer to the feelings of consumers about a stimulus or event, for example, whether consumers like a product or not. Aspects of cognition refer to consumer thinking, for instance, what is believed by consumers of a product. This component consists of consumer trust and knowledge of objects. Knowledge of objects can be obtained from experience and expertise embedded in memory. Aspects of cognition usually occur through the process of conscious thought or can occur unconsciously. Trust about the attributes of a product is generally evaluated naturally. The more positive the trust in a brand and the more positive each belief, then the integral component of cognition

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will be supported, which will ultimately help the overall attitude our feeling or emotion towards a particular object usually expressed in the form of liking or dislike. Generally, consumer confidence in a product is closely related to their feelings. Emotions inherent in consumer confidence are primarily determined by the internal situation and conditions of the individual. Feelings and emotional reactions to an object show an active component of attitude (Purwanto, Sutanto, & Indahingwati, 2018). The previous study from (Lu et al., 2019; Liu, Xu, & Zhao, 2019) States that cognitive and affective aspects moderate consumer perceptions and consumer satisfaction and influence of consumer attention and behaviour to be able to shop again (Luo & Chea, 2018) and does not violate the prevailing normative aspects (Laczniak & Murphy, 2018). Based on this, the hypothesis in this study is:

H1 : Internal Factors Variable have a positive effect on consumer purchasing decisions

This psychological field is very involved in analyzingconsumer behaviour, because mental processes cannot be directly observed by several developments of psychological theories such as Uses and Gratification Theory (UGT), Social Learning Theory (SLT) and Attribution Theory are examples of psychological theories that govern and form the basis in the process of consumer behaviour. Finally, it is anthropological theory where this theory also emphasizes buying the practice from a group of people whose scope is extensive, such as culture, social classes, and so on. Consumer behaviour is also influenced by social factors, such as small groups, families, and the role and social status of consumers. Family groups, friends also significantly affect the behaviour of buyers (Armstrong, Adam, Denize, & Kotler, 2014). The family is the most crucial consumer purchasing organization in the community, one of the most dominant examples of which is the involvement of husband and wife or friends around the community in the buying process (Shang, Pei, & Jin, 2017; Huang & Benyoucef, 2017).

H2: External factors variable has a positive effect on consumer purchasing decisions

Putri and Fithrah (2017) found that online marketing campaigns had a positive effect and moderated the various factors that shape consumer behaviour in decision making and consumer purchase intentions, in addition to other studies stated that there was a significant influence on attractiveness, trustworthiness, and expertise on purchasing decisions. In consideration of consumer purchases in the digital economy security aspects, usability and risk factors are determinants for consumers whether they want to use an application or not. Davis (1989)As the originator of Technology Acceptance Model (TAM) states that the

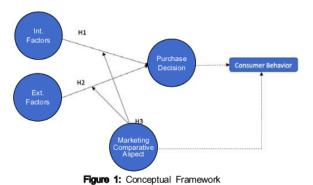
perception of risk has a significant relationship to the level of acceptance of the technology. Davis's opinion is also in line with what was reported by Hamid, Razak, Bakar, and Abdullah (2016) and Cho (2015). Perceived Ease of Use is fundamental in influencing customer participation in e-commerce (Kim & Song, 2010; Maia, Lunardi, Longaray, & Munhoz, 2018; Mohd Suki, Ramayah, Mohd Suki, Mohd Suki, Mohd Suki, Mohd Suki, & Mohd Suki, 2008). Emphasis on risk factors for consumers is very reasonable because if many things doubt and worry, it will have an impact on the emergence of someone's reluctance to try to use a new system. Trust is the perception of trust felt by users when using e-commerce in shopping (Rezaei, Amin, & Abolghasemi, 2014). Because trust in e-commerce systems is seen as a series relating to virtue, competence, integrity that is formed by hard work, speed, accuracy, the efficiency of the use of costs and the stability of the system inherent in e-commerce applications (Mu & Pereyra-Rojas, 2017). One of the factors that cause a person to consume or use a product is because there is an intention in someone after knowing and exploring a system. After the purpose is formed, the user awareness will appear, and interest will appear in his mind. Increasingly keen interest will create a strong desire to try. The results of the literature review related to this are referred to as Behavior Intention, namely the level of individual intention to use a system (Kudeshia, Sikdar, & Mittal, 2016; Ozkisi & Topaloglu, 2016). The use of e-commerce to shop will occur if there is an emphasis on one's thinking in the shopping process. Ending than the intention in shopping will lead to shopping behaviour, where shopping behaviour on e-commerce is formed through how often users use e-commerce to shop (Malik, Samad Hasan Basari, Ibrahim, Ramli, & Naim, 2016). Complexly, the literature review series - this review is united in the frame of the theory of UTAUT (Unified Theory Acceptance and Use Technology). Based on the literature reviewê this hypothesis can be drawn that the component theory of technology acceptance and use (TAM, TRA and UTAUT) (Dwivedi, Rana, Chen, & Williams, 2011)plays an essential role in shaping the behavioural component of Consumer Culture Theory (CCT) on e-commerce Based on these studies, the proposed hypothesis consists of:

H3: Comparative aspect marketing can moderate internal and external factors towards consumer purchasing decisions

2.2. Conceptual Framework

In figure 1 Illustrating the conceptual framework of this study which consists of direct relations and moderating based on hypotheses that have been built in the literature review section, while the measurement of variables and indicators from figure 1 includes described in table 1 in the methods section.

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3. Methods

The sampling technique in this study used random purposive sampling, with several available samples of 300 respondents who were only between 20-35 years old in several major cities in Indonesia with minimum education as a bachelor. Limitation of criteria of respondents in terms of age in a rational manner is due to the trend of the generation at that age is the most dominant digital access user (Haming, Murdifin, Syaiful, & Putra, 2019). The research approach uses quantitative analysis using PLS (Partial Least Square) as an analytical test tool. This study uses online surveys, filling out survey results using a Likert

Table 1: Measurement of	Variable
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scale 1-7 (Strongly disagree - Strongly Agree), such as measurements used in research. (Weijters, Cabooter, & Schillewaert, 2010). The measurement of the results of the study was carried out in several stages before entering data analysis and hypothesis testing. First Section; measure confirmatory factor analysis (CFA) to assess the feasibility of indicators on dimensions such as; validity and reliability (AVE, Cronbach-alpha and Composite Reliability). Second section; measure CFA between sizes to variables. The third phase; is testing independent variables on dependent variables through moderating effects or hypothesis testing stages as in figure 1. Measurement of indicators/dimensions and variables using the Smart PLS test tool includes Independent variables, i.e. Internal Factors such as practical, cognitive and normative aspects. External Factors such as Family driving and Friend influence. The moderating variable which consists of Marketing Comparative, i.e., Youtuber or Celebgram suggestions, ideas, trusteeship, e-commerce apps suggestions. The dependent variable consists of the Purchase gcision described as in table 1. Criteria for measuring 3 ariables and constructs are based on conditions such as AVE value> 0.6 (Fornell & Larcker, 1981; Hair, Henseler, Dijkstra, & Sarstedt, 2014). Value of Composite Reliability (CR>0.6) (Chin, 1998). Meas gement of Cronbach alpha value> 0.5, R-square, F-Square and measurement of loading-factors as the main formers of the variable (Chin, 1998).

Variable	Dimension	Item/Indicator	Major References
	Affective (AF)	 Emotional feelings to find information Emotional feeling to find a product Emotional feeling to increase lifestyle Emotional feeling to urge to buy 	(Lu et al., 2019), (Luo & Chea, 2018)
Internal Factors	Cognitive (CO)	 Feeling easy to buy Feeling efficient Feeling more effective than others Like or dislike Feeling needs 	(Lu et al., 2019), (Hinrichs et al., 2018), (Friedrich et al., 2019)
	Normative (NO)	Feeling the same with othersFeeling more comfortable	(S. H. Kim & Seock, 2019)
External	Family driving (FD)	 Family experience Family Information Family Suggest 	(Dittmar & Drury, 2000), (Shang et al., 2017), (Jamal, Aminudin, & Kausar, 2019)
Factors	Friends Influence (FI)	Friends experienceFriends InformationFriends Suggest	(Shang et al., 2017), (Lee, Cheng, & Shih, 2017), (J. Huang, Boh, & Goh, 2011), (Coulson, 2005)
	Youtuber or Celebgram Source Factors (YC)	 Y & C likeability Y & C reliability Y & C expertise Y & C reputation Y & C familiarity 	Authors, 2019
Marketing Comparative	Ideas (Id)	E-commerce apps content	(Rauschnabel & Herzfeldt, 2019)
Aspects	Trusteeship (Tr)	 E-commerce apps reputation E-commerce apps reliability 	(Hung et al., 2012) (Höflinger, Nagel, & Sandner, 2018)
	e-commerce apps Suggestion (eAS)	 Perceived ease of use Perceived risk Perceived of usefulness 	(Dwivedi et al., 2011), (Folarin, 2017), (Tokay & Argan, 2013), (Maia et al., 2018), (Yoon C. Cho, 2015), (Ghazal et al., 2016), (Chi, 2018), (Han & Kim, 2019), (Davis, 1989),

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Purchase Decision	Social Support (SS)	 Positive recommendation Recommendation by other experience Positive testimony Intention-based on value and trust decision-based on many are using it 	(Lee et al., 2017), (J. Huang et al., 2011), (Coulson, 2005), (Hsu & Lin, 2015), (Kumar, Lee, & Kim, 2009), (Lee et al., 2017)
	Impulsiveness Tendencies (IT)	 Interest Obsessive products Ignore the consequences Self-conflict 	(Rook, 1987), (Dittmar & Drury, 2000), (Applebaum, 1951), (Verplanken & Sato, 2011)
	The comprehensive marketing mix (CMx)	 Expertise consideration Research and Development Consideration Feeling educate Feeling experience Price rationality Brand image Prestige feelings After sell service risk Tangible and Intangible Quality 	(Festa et al., 2016), (Kotler, Kartajaya, & Setiawan, 2016), (Londhe, 2014), (Foroudi, Melewar, & Gupta, 2014), (Foroudi, 2019), Authors, 2019

4. Results

4.1. Data Analysis

The results of the goodness of fit model as illustrated in table 2 show the SRMR value = 0.094, d_ULS = 9,096, d_G= 6.483, chi-square = 2,556, NFI = 0.581. Aside from that, overall, the Cronbach alpha value is> 0.6, as well as the composite ratio (CR)> 0.6 and the AVE value is also> 0.60. So that it can be stated that the overall test, the matrix has fulfilled the prerequisite test. In the variable internal factors items AF1, CO4 and NO2 as the dominant items compile each item against the indicators and variables. The dominant external factors variable were compiled by items FD1 and FI2; the dominant variable comparative aspects were compiled by items YC4, Id, Tr2 and eAS2. The dominant variable purchase decision was compiled by items SS5, IT1 and CMX8. None of the items was removed from the PLS prerequisite testing.

Table 2	2:	The	goodness	of	Fit	Model
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Variable	Indicator	item	Matrix	Alpha	C.R	AVE
Internal Factors	Affective	AF1 AF2 AF3 AF4	0.758 0.777 0.710 0.738			
	Cognitive	CO1 CO2 CO3 CO4 CO5	0.822 0.822 0.836 0.913 0.898	0.948	0.955	0.661
	Normative	NO1 NO2	0.670 0.758			
External Factors	Family driving	FD1 FD2 FD3	0.825 0.805 0.809	0.905	0.010	0.656
	Friends Influence	FI1 FI2 FI3	0.731 0.847 0.837	0.895 0.919	0.656	

	Youtuber or Celebgram Sourœ Factors	YC1 YC2 YC3 YC4 YC5	0.814 0.872 0.833 0.867 0.730			0.785
Marketing Comparative	Ideas	ld	0.790	0.930	0.939	
Aspects	Trusteeship	Tr1 Tr2	0.739 0.747			
	e-commerce apps Suggestion	eAS1 eAS2 eAS3	0.635 0.684 0.659			
	Social Support (SS)	SS1 SS2 SS3 SS4 SS5	0.671 0.780 0.833 0.800 0.872			
Purchase Decision	Impulsiveness Tendencies (IT)	IT1 IT2 IT3 IT4	0.865 0.731 0.790	0.968	68 0.971	0.664
	Comprehensive marketing mix (CMx)	CMX1 CMX2 CMX3 CMX4 CMX5 CMX6 CMX7 CMX8 CMX9	0.811 0.851 0.731 0.769 0.778 0.866 0.892 0.906 0.864			

4.2. Hypothesis Result

Table 3 on hypothesis testing shows that overall, the test variable has a positive and significant effect on the dependent variable. External Factor variable is the most dominant variable influencing purchasing decisions (t = 5,540), for testing moderation, the most dominant value is indicated marketing moderation aspects (MCX) moderation for external factors variables on purchasing decisions (t = 2, 985). Overall testing has a significant effect on sig level

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<0.05. The conclusion of the hypothesis that has been submitted in the sub-section Hypothesis development, namely H1, H2 and H3, is accepted. Figure 2. Also illustrates the results of the test.

4.3. Discussion

Purchasing decisions are influenced by several important factors, including social support, the desire to shop impulsively involving emotional factors and through rational considerations in the marketing mix frame. The results of this study provide a real picture that psychological concerns which, include cognitive, affective and normative aspects psychologically play an essential role in influencing a person's behaviour in decision making. The support of the surrounding environment, both friends and family, provides its reference for consumers to strengthen further the decisions that have been made. Today the development of digital technology also adds to the array of decision-making tools; digital technology is included in the category as a place to provide referrals for prospective consumers in buying a product first. Of course, the reference group in a digital system must fulfill several essential aspects such as the issue of likeability, reliability credibility, reputation and expertise; that the factorsof consumer preference for precise figures have an impact on prospective consumers to believe or products that Youtuber or Celebgram are reviewing on their social media channels. Figure 3. Illustrate how digital technology can influence the consumer culture of a generation from the marketing and psychological aspects. Today's millennial generation is making YouTube applications or programs as a more comprehensive, practical and inexpensive information search engine before they decide to buy and use a product. The presence of Youtube and celebgram in reviewing items is considered to provide more detailed and tangible information than commercial advertisements made by the company's products.

Table 3: Hypothesis Result

Path	mean	Std. Dev	t-statistic	p-value	Info
External factors Purchase Decision	0.353	0.113	3.157	0.002	Support
Internal Factors Purchase Decision	0.473	0.084	5.540	0.000	Support
Marketing Comparative Aspects Purchase Decision	0.405	0.121	2.855	0.001	Support
Mod. Int. Factors Marketing Comparative Aspects Purchase Decision	0.289	0.086	2.985	0.014	Support
Mod. Ext. Factors Marketing Comparative Aspects Purchase Decision	-0.021	0.083	2.327	0.044	Support

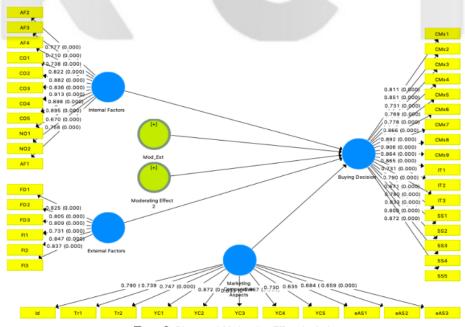


Figure 2: Direct and Moderating Effect Analysis

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We find changes in influencing decisions to choose a product by millennials, where the past multimedia situation in each place has not been presented. Now everyone gets inspiration to find additional info about a product other than a sales marketer who provides information about the product. Multimedia atmosphere in each place inspires someone to act to choose or ignore a product that he saw in a store, both prospective customers are in a conventional store or online store. multimedia atmosphere This is a condition that continuously provides information that is needed by humans, whether it is written information that can be read using the eyes, sound information that can be captured by hearing in every place, in addition to direct information from communicating opponents.

References for determining potential customers to choose or not to choose a product from information is not enough to just ask intensely to the sales marketer, because the information provided is often very limited because experience or mastery of a product intended by prospective customers is not very satisfying to prospective buyers, often found the direction of the goal in providing this information always leads to the assessment of a product that is quality, but cannot be described in a balanced manner (related to pluses and products). In addition, the question of prospective customers is also limited, sometimes there are things that can also be forgotten to be asked by prospective buyers. By him, information that comes from the assessment of youtuber/celebram as an independent jury can inspire someone to continue searching for information to make a full choice, in order to get support or rebuttal for the explanation of previous sales. Support from youtuber/celebgram which is believed to be an independent jury can change the behaviour of individuals or communities in seeking confidence in choosing a product when it has entered other sources of information, such as market place then proceed to the reviewers site of a product by watching videos that cover a variety of up to comparison product. By this, a product now also seems to have a reputation found in consumer testimonials whose quality is described when utilizing products that are also desired by prospective customers, and a quantitative reputation in the form of rating.

Determining a product choice thatis right for prospective customers no longer rests on limited resources (IT is an unlimited source of information), this habit begins to develop affecting the logic of prospective buyers in acting to determine the choice of a product. The standard of choice behavior begins to become more stringent so as not to choose the wrong product, so that the action seems to distrust one source to the top seller recruited by the producer. Prospective buyers continue to look for information that is more independent andhas a high reputation in providing information, where the requirements of a product reviewer are explored in depth to find out that there is a working relationship between the products reviewed with the product provider company, which is often found in online buying and selling forums

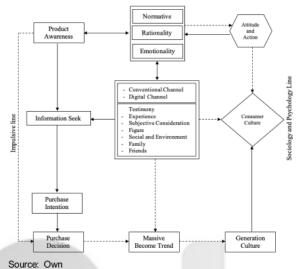


Figure 3: Purchase Decision-Making Process and Consumer Behaviour Model

Theoretical Implication: In terms of Social learning theory, the definition of social learning theory, which means that an individual will imitate the surrounding environment so that they can look the same or unique among the group. Normative norms in this study provide empirical evidence of how social learning theory takes its role in making consumer purchasing decisions. Apart from that, the application of technical methods such as UTAUT and TAM is also a significant driver for consumers to be more confident in dropping their choices on product purchases through e-commerce applications. Where the mandatory requirements for e-commerce applications in the middle of a digital environment are easy to use (ease of use), the app is considered useful and usable (perceived of usefulness) and can provide more trust value through reducing the level of risk that is not expected for consumers (perceived of risk). The Theory also applies to Youtuber and Celebgram in managing social account content their media as "digital public figure/inspirator" for their followers. In terms of the consumer culture theory (CCT), this study provides a clear understanding that aspects of forming a culture in consumers must be fulfilled by several elements, namely social issues, economic aspects and cultural aspects. Typically, when a decision does not violate some of the normative features that apply in an environment, the number of groups that use an application or take a massive action and decisions made are considered rational both in terms of psychological and economic perspectives will lead to the formation of culture for consumers. Digital technology that is

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multiplying today provides clear evidence of how the millennial generation are inclined to use YouTube / Instagram as a place to find more comprehensive and easy references and information.

Managerial Implication: This study provides an understanding for industry players, decision makers who target the millennial generation. Given that the millennial generation today is one of the productive and consumptive crops, industry players can take a variety of alternative strategies to market their products on digital channels such as using YouTuber or celebgram as an alternative part to promote their products massively.

5. Conclusion

The advancement of digital technology not only influences business activities today by making metating activities more effective and efficientbut also able to be considered by potential consumers as a reference in making purchasing decisions. The presence of Youtuber and Celebgram for the millennial generation and Y became a new reference group, besides, to suggest from friends and family. Of course, this can be an opportunity for the industry to make referral groups (YouTuber and celebgram) as part of the product marketing activities. The activities of the digital referral group are changing the paradigm and perception of the millennial in terms of proper peration of technology connoisseurs also influences and shapes the culture of the generations and future generations.

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