

Gen Z in Indonesia and Luxury Fashion: Who Drives Their Consumption?

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ABSTRACT

Luxury fashion consumption among Generation Z in Indonesia is influenced by various social factors, one of which is through social media interactions. This study aims to identify the main parties that drive Gen Z's luxury fashion consumption behavior, focusing on social media activities. Data were collected through an online questionnaire distributed to Gen Z respondents who are employed, earn above the Regional Minimum Wage, and have purchased luxury fashion items. Data collection took place over three months, namely May–July 2024, resulting in 99 valid responses, which were analyzed using Partial Least Squares - Structural Equation Modeling (PLS-SEM 4.0). The study findings revealed that friends and peers have the strongest influence on Gen Z's luxury fashion consumption, followed by advertisers and opinion leaders. Celebrities were not found to have any influence on their purchasing behavior. These insights contribute to a deeper understanding of social influence in luxury fashion marketing and provide strategic implications for brands targeting Gen Z consumers in Indonesia.

INTRODUCTION

The value of the luxury goods market, both globally and nationally, continues to increase every year. In Indonesia, the luxury goods market has experienced annual sales growth, with the fashion sector being the dominant contributor. Major cities in Asia, including Jakarta, have seen a shift in luxury buyers towards a younger demographic with limited financial resources (Ananda et al., 2024). Luxury goods have seven basic attributes, namely clear time frame, expensive, excellent workmanship, deep heritage, enduring connotation, rarity, and embellishment (Jiang & Lertatthakornkit, 2024).

Luxury is a term associated with expensive and high-quality services and products and is used to show off elegance (Kanj, 2022). Luxury goods or luxury brands have their place in the Indonesian market (Goi et al., 2024). Based on Retail Asia data in 2022, luxury goods sales in Indonesia increased by 15 percent compared to the previous year. The growth of luxury goods sales in Indonesia in 2023 continued with an increase of 10 percent. Several products, such as luxury clothing, bags, jewelry, watches, and beauty products, are still being hunted by luxury goods lovers (Salbiah, 2024). The key factors that drive consumers to buy luxury products are classic style, unique design, high quality, durability, and indicating social status (Aycock et al., 2023).

In recent years, the global luxury fashion industry has witnessed significant changes in consumer behavior, especially with the rise of digital influence (Haque et al., 2023). Previous research conducted by Moore in 2010 explained that luxury fashion can be clothing, accessories, and other lifestyle products that are exclusively designed and/or produced, branded with a recognizable emblem, design handwriting, or other identifying device, and are considered to be of superior design, quality, and craftsmanship, thus commanding a significantly higher price than similar products in the market, and sold in prestigious retail environments (Huifeng Bai, 2023).

In Indonesia, where digital adoption and social media penetration are among the highest in Southeast Asia (Rimadias et al., 2021), Gen Z has emerged as an important market segment for luxury fashion brands (Haque & Rimadias, 2024). Over the past decade, social media has become increasingly popular in digital marketing (Rimadias et al., 2022), such as engaging consumers, promoting brands, and influencing purchase intentions among individual consumers (Sun et al., 2022).

Gen Z (born between 1997 and 2012) represents a unique consumer group characterized by digital nativity (Dewi et al., 2024), social awareness, and brand savvy (Dewi et al., 2024). In Indonesia, Gen Z accounts for a significant portion of the population, with increasing disposable income and a growing appetite for luxury fashion (Pertamina, 2024). Unlike previous generations, they seek personalized experiences, exclusivity, and brand authenticity, all of which are largely influenced by social media narratives (Sun et al., 2022). Other studies have suggested that Gen Z, who are largely dependent on their families for financial matters, will take on the role of active consumers in the future in relevant markets (Jiang & Lertatthakornkit, 2024). Therefore, measuring the consumption motivations and pre-existing attitudes of this generation is crucial in terms of

marketing strategies to be developed. Although Generation Y is a significant part of luxury market consumers, a relevant study reports that Generation Z could account for 40% of luxury product consumers in the next ten years and exhibit attitudes that will separate them from other generations (AKSU, 2020).

Luxury products have begun to attract consumers who do not have good financial status as a result of the democratization of luxury and the mass production of luxury products (Regi et al., 2023). These consumers prefer affordable luxury products and value themselves by consuming mass luxury products (AKSU, 2020). Understanding consumer intentions to buy luxury goods is one of the biggest challenges faced by luxury brands (Sharma et al., 2021). As luxury fashion brands expand in Indonesia, understanding how luxury fashion consumption behavior among Gen Z becomes important.

This study adopts the conceptual model framework developed by previous researchers (Sun et al., 2022). The results of the study explain that celebrities, opinion leaders, friends and peers have a significant influence on Gen Z luxury fashion consumption in China, while the influence of advertisers is not significant. In discussing future research, caution should be taken when applying these findings to a general context. Although the role of social media in shaping consumer preferences is increasing, there is still a lack of academic research that specifically examines the influence of digital on luxury fashion consumption among Gen Z. Given that Gen Z is characterized by digital birth and brand awareness, their decision-making process is very different from previous generations. By understanding how Gen Z's purchasing decisions are influenced by various parties on social media, this study aims to bridge the theoretical gap, support business strategies, and provide valuable insights into the future of luxury fashion marketing in the digital era for Gen Z in Indonesia.

LITERATURE REVIEW

Gen Z and Luxury Fashion

Luxury fashion branding and marketing have attracted the interest of researchers worldwide. There is a keen interest in identifying the various dimensions of luxury brands that appeal to individuals, especially young people, and lay the foundation for their luxury consumption. Gen Z consumers in India have begun to emerge as a growing segment of luxury consumers (Ghosh & Bhattacharya, 2022). Meanwhile, in China, a significant online push for luxury fashion began with French fashion house Saint Laurent, which officially launched its presence on TikTok (Douyin) by uploading a few short videos on the platform. Similarly, Balenciaga launched its website on Tmall, a B2B online retail platform connecting businesses with consumers in Greater China, operated by Alibaba Group. China's Gen Z has diverse personalities, global vision, and self-confidence. Therefore, to meet the emotional needs of the new generation of consumers, luxury brands need to integrate products, experiences, and ideas (Xiaoshuang & Vijayan, 2023).

Manufacturers need to understand how Gen Z views luxury goods. Generation Z consumers will be the main consumer segment in the future. Born directly into technology and the internet, members of Generation Z have characteristics and consumption habits that are very different from other

generations. Because this generation is more informed about products due to their internet access and more opportunities to compare products before buying, their consumption habits are completely different from other generations (Tunçer, 2022). Gen Z consumers and others are willing to pay more or a higher price for ethically and responsibly produced fashion apparel (Bowen & Bowen, 2024).

In addition, Gen Z's consumption patterns are also influenced by sources of information and recommendations that they trust, especially in the context of social media. The findings of the study reveal that in Gen Z, influencers on social media are more effective than brand-specific ads, as influencers are more persuasive compared to celebrities (Lee et al., 2024). Furthermore, other research findings also explain that the social presence of friends and peers influences the purchase intent of Gen Z consumers, which is partly mediated by trust and loyalty (Rajput & Gandhi, 2024).

The Influence of Advertisers on Purchase Intention.

Marketers realize that when social media became popular, it was mostly used to socialize and interact with people around the world, but as its user base grows, it has business potential (Sriram et al., 2021). Advertising on social media plays a vital role in driving purchase intention in consumers by directing their attention to a product or service (Karunarathne & Thilini, 2022). Promotions carried out by advertisers on social media increase purchase intention (Bues et al., 2017).

Many advertisers have turned to social media platforms to promote their products or services through digital advertising, which can be recognized as social media advertising (Pamekas et al., 2019). Simply put, the digital form of any paid advertisement shared on a social media platform targeting a potential audience can be recognized as social media advertising (Karunarathne & Thilini, 2022). For advertisers to be effective, they need to find unique ways to break through the clutter of their ads, engage their audience, and motivate them to engage in processing their advertising messages at a higher level (Nabil et al., 2022). This explains that advertisers, through social media activities influence the purchase intention of luxury fashion.

H1: Advertisers in social media activities positively influence the purchase intention of luxury fashion.

The Influence of Opinion Leaders on Purchase Intention.

Opinion leaders are individuals who have expertise or deep insight in a particular field, such as academics, experts, journalists, and are trusted by the public (He & Jin, 2024). Opinion leaders are considered experts or social connectors who influence other people's attitudes towards products and brands. Furthermore, opinion leaders are people who are asked for advice and information by others and have a great influence on the consumer decision-making process (Tille, 2020). Opinion leaders, such as influencers or bloggers, also have a positive impact on purchase intentions, because followers identify themselves more with influencers or bloggers due to sharing their daily lives and the resulting greater trust. This power allows them to influence consumer

purchase intentions (Karunaratne & Thilini, 2022). This explains that opinion leaders, through social media activities influence the purchase intention of luxury fashion.

H2: Opinion Leaders in social media activities positively influence the purchase intention of luxury fashion.

The Influence of Friends and Peers on Purchase Intention

A person's behavior or decision is influenced by interactions with friends and peers or their social environment. A decision is a person's action to buy, use, or respond to a product or service based on information, encouragement, and experience gained from interactions with friends and peers or their social environment (Gunawan et al., 2023).

Furthermore, in today's social environment, consumers have access to a variety of information shared by friends and peers in social communities on social media (Salinero et al., 2022). Due to these social interactions using social media channels, consumers find it easy to complete their purchasing decisions. These interactions with the creation of product information create social support in the online social environment (Riaz et al., 2021). Previous studies have found that if consumers trust their friends and peers on social media, they will communicate and be influenced by each other, thus creating consumer engagement. Furthermore, consumer engagement leads to purchase intention (Harrigan et al., 2021).

Consumption driven by the need for social approval predicts sensitivity to prestige, leading to the purchase of luxury products. Consumers purchase luxury products to enhance their image among friends and peers and are highly susceptible to external influences. Such behavior is particularly prevalent among young consumers as they are highly influenced by friends and peers (Sharma et al., 2021). This explains that friends and peers through social media activities influence the purchase intention of luxury fashion.

H3: Friends and peers through social media activities positively influence purchase intention of luxury fashion.

The Influence of Celebrities on Purchase Intention

Purchase intention indicates how likely a consumer is to purchase a product or service, which is shaped by preferences, attitudes, and various external factors. It is an important metric in digital marketing, providing insight into the consumer decision-making process (Goi et al., 2024). Understanding purchase intention can help businesses develop targeted marketing strategies to drive consumer action and increase sales (Haque & Rimadiaz, 2024).

The growth of social media and its adoption as a marketing tool offers a whole new direction for researchers to further investigate. Previous research findings suggest that celebrities influence consumer purchase intentions (Sriram et al., 2021). Celebrities are famous individuals in entertainment, sports, or social media who are widely known by the public. Celebrities motivate their fans on social media to buy products endorsed by celebrities. Celebrities motivate their fans on social media to buy products endorsed by celebrities (Meng et al., 2021). Celebrity endorsement is a type of modern marketing campaign involving

celebrities from movie stars, artists, and athletes who have the capacity to increase audience attention, credibility, appeal, and add luxury to the endorsed product (Nabil et al., 2022). This explains that celebrities through social media activities influence the purchase intention of luxury fashion.

H4: Celebrities through social media activities positively influence purchase intention of luxury fashion.

This study uses the conceptual model framework established by (Sun et al., 2022). The findings of the study indicate that celebrities, opinion leaders, and friends and peers have a significant influence on Gen Z luxury fashion consumption in China, while advertisers have a negligible influence. When considering future studies, it is important to be cautious when generalizing these results. Despite the increasing role of social media in shaping consumer preferences, there is still a lack of academic studies that specifically analyze the digital influence on Gen Z luxury fashion consumption in Indonesia. As a generation born in the digital era with high brand awareness, Gen Z's decision-making process is very different from previous generations.

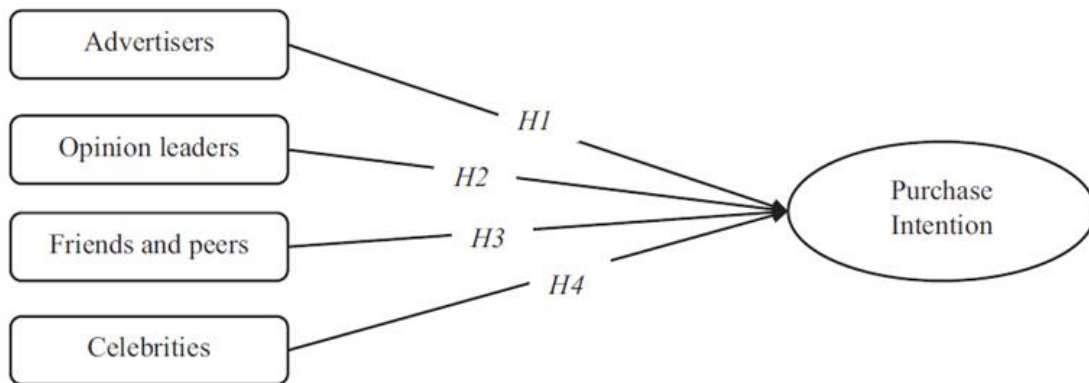


Figure 1. Research Model

METHODOLOGY

Data Collection and Samples

Data collection is collected from Gen Z age characteristics, have worked and have income, income above the Regional Minimum Wage, and perceive themselves to have purchased luxury fashion, and this is also used as a screening question. Data were collected using an online questionnaire (Google form). Only those who met these criteria could complete the survey. Data collection took place over three months (May - July 2024). A total of 99 valid respondents were obtained in this study. A Likert scale ranging from 1 to 6 was used in the questionnaire in line with the formulated hypothesis. The research questionnaire adopted variables in previous studies (Sun et al., 2022), including advertisers, opinion leaders, friends and peers, celebrities, and purchase intention. All indicators in each variable adopted previous research (Sun et al., 2022).

All respondents are Generation Z with an age range of 17 to 26 years in 2024, of which 75.8% are between 22–26 years old, and 24.2% are between 17–21 years old. The sample consists of 65.7% female and 34.3% male. Among all respondents, 57.6% have a Bachelor's degree, 28.3% have completed a Diploma, and 14.1% have completed a High School education. Most respondents live in Big Cities, such as Jakarta, which is 66.7%, and the remaining 33.3% are spread

across other cities, such as Bali, Banten, Bekasi, Bogor, Depok, Malang, Manado, Solo, Surabaya, Tangerang, Yogyakarta, Bandung, Klaten, Malang, and Sumedang. All respondents have worked and have a monthly income above the Regional Minimum Wage, which shows that most respondents have the financial capacity to buy luxury fashion. So, it can be concluded that, analysis of age, gender, education, domicile, and income status of respondents explains that they are the right sample for this study.

Data analysis

Data analysis was conducted in two phases: (1) Measurement model and (2) Structural model. Partial Least Squares (PLS-SEM) was used to assess the measurement model and structural model. PLS-SEM, as explained by Hair (2022), was applied due to its low sensitivity to data normality issues; appropriate indices for goodness-of-fit testing, strong predictive capacity, and exploratory model, complementing the steps to test the robustness of the results (Salinero et al., 2022).

The measurement model describes the relationship between latent constructs (latent variables) and manifest indicators (Hair et al., 2019). The convergent validity of an indicator can be assessed through its outer loading. The outer loading of an indicator can be used to evaluate its convergent validity; ideally, it should be above 0.70 to indicate how strongly the indicators of a construct in the research model correlate with each other and accurately represent the latent variables being measured. While 0.50 is considered adequate for early-stage research (pre-test), Ghazali (2014) suggests that external loading values of up to 0.60 are still acceptable (Haenlein & Kaplan, 2004).

By comparing the correlations between model constructs with the square root of the average variance extracted (AVE) of each construct, discriminant validity is assessed. Good discriminant validity is indicated by an AVE greater than the correlations with other constructs. The discriminant validity of the measurement model is tested by looking at the cross-loadings. Consequently, it is recommended to have an AVE value higher than 0.50 (Haenlein & Kaplan, 2004). According to the Heterotrait-Monotrait (HTMT) criteria, the discriminant validity of the measurement is considered good if no value exceeds the 0.85 level (Henseler et al., 2016).

A general rule is used to evaluate Construct Reliability (CR), with a composite reliability score of more than 0.70 considered acceptable. The internal consistency of the construct indicators and the level of the common latent variable are indicated by CR. The cutoff point set for the CR level is 0.70, although this is not a definite rule (Haenlein & Kaplan, 2004).

The structural model is evaluated after the external model is assessed. At this stage, several tests are performed, including the R-Square (coefficient of determination), which measures the extent to which the exogenous variables explain the variance in the endogenous variables. R-Square values range from 0 to 1, with values of 0.75, 0.50, and 0.25 typically representing strong, moderate, and weak explanatory power, respectively (Dante M. Pirouz, 2006). Another important analysis in the (inner) structural model is the t-test, which is used to

assess the research hypothesis. This model includes variables that have a causal relationship between the endogenous and exogenous constructs. The significance of this causal relationship is determined using the p-value; a p-value below 0.05 indicates statistical significance and supports the hypothesis, while a value above 0.05 indicates the hypothesis is not supported. In addition, the original sample value (O) indicates the direction, positive or negative, of the causal relationship between the variables (Haenlein & Kaplan, 2004).

RESEARCH RESULT

Measurement model

The convergent validity of an indicator can be assessed through outer loadings, ideally above 0.70, for shows the extent to which the indicators of a construct in a research model have a high correlation with each other, so that they truly reflect the latent variables being measured. The test results explain that all indicators in each variable have met the required outer loading value (Table 1), which is 0.70. Indicators with outer loading values below 0.70 are eliminated. Furthermore, convergent validity is evaluated by comparing the square root of the Average Variance Extracted (AVE) of each construct with the correlation between constructs in the model. The AVE value must be ≥ 0.50 to show good convergent validity. This means that the construct explains more than 50% of the variance of its indicators. In the test results, all variables showed AVE values greater than 0.50 (Table 1).

Construct reliability refers to the internal consistency of a construct, that is, how reliably the indicators measure the construct. Construct reliability is usually assessed using a rule of thumb, with composite reliability values above 0.70 considered acceptable. From the test results, all composite reliability values for all variables were above 0.70 (Table 1). Cronbach's Alpha (α), which is a traditional measure of internal consistency, has an ideal value > 0.70 . From the test results, it is known that all Cronbach's Alpha (α) values for the variables are > 0.70 (Table 1). Furthermore, the ideal Rho-A value is ≥ 0.70 , which indicates that the construct reliability is considered adequate. From the test results, all values of Rho-A are at the ideal value (Table 1).

Tabel 1. Reliability and Convergent Validity of Reflective Constructs

Constructs	Items	Outer Loadings	Cronbach's Alpha (α)	Rho-A	Composite Reliability	AVE
Purchase Intention	I will choose luxury fashion recommended by social media algorithms based on my preferences (PI1)	0.776	0.830	0.837	0.886	0.662
	I will be influenced by luxury fashion advertisements on social media (PI2)	0.834				
	I am often influenced by chatter on social media in my luxury fashion purchasing decisions (PI3)	0.859				

Constructs	Items	Outer Loadings	Cronbach's Alpha (α)	Rho-A	Composite Reliability	AVE
Advertisers	I often make decisions to purchase luxury fashion based on social media preferences (PI4)	0.780				
	I am often influenced by social media ads (AD2)	0.895	0.743	0.744	0.886	0.796
Opinion Leaders	I often visit luxury fashion ads on social media (AD3)	0.889				
	I often follow posts and videos from people who are known for their expertise and insight in a particular field on social media (OL1).	0.801	0.877	0.911	0.924	0.803
	I am often influenced by people who are known for their expertise and insight in selecting luxury fashion (OL2).	0.950				
Friends and Peers	I often use people who are known for their expertise and insight as my role models in selecting luxury fashion (OL3).	0.930				
	My friend often recommends some luxury fashion (FP1).	0.837	0.873	0.889	0.913	0.724
	I often follow luxury fashion posts and videos from my friend (FP2).	0.885				
	My luxury fashion choices are often influenced by friends' recommendations (FP3).	0.787				
Celebrities	My friend played an important role in my decision to purchase luxury fashion (FP4).	0.891				
	I often follow social media posts and videos from celebrities regarding luxury fashion (CL1).	0.877	0.915	0.918	0.936	0.746
	I often buy luxury fashion recommended by celebrities on social media (CL2).	0.876				

Constructs	Items	Outer Loadings	Cronbach's Alpha (α)	Rho-A	Composite Reliability	AVE
	My luxury fashion choices are often influenced by celebrity recommendations (CL3).	0.881				
	I like luxury fashion as used by celebrities I like (CL4).	0.833				
	Celebrities play an important role in my decision to purchase luxury fashion (CL5).	0.851				

Source: Data processed (2024)

Discriminant validity is the extent to which a construct is empirically different from other constructs in the model. That is, indicators for one construct should not have a high correlation with other different constructs. In the analysis Fornell-Larcker Criterion, AVE (Average Variance Extracted) of one construct must be greater than the correlation between that construct and other constructs.

Tabel 2. Fornell-Larcker Criterion

	Advertisers	Celebrities	Friends and Peers	Opinion Leaders	Purchase Intention
Advertisers	0,789				
Celebrities	0,505	0,864			
Friends and Peers	0,531	0,726	0,851		
Opinion Leaders	0,525	0,735	0,564	0,896	
Purchase Intention	0,660	0,695	0,709	0,666	0,813

Source: Data processed (2024)

More on Cross Loadings analysis, items must have the highest loading on the construct being measured, and lower on other constructs.

Tabel 3. Cross Loadings

	Advertisers	Celebrities	Friends and Peers	Opinion Leaders	Purchase Intention
AD1	0,598	0,221	0,197	0,250	0,305
AD2	0,841	0,368	0,411	0,487	0,602
AD3	0,895	0,552	0,575	0,457	0,589
CL1	0,521	0,877	0,683	0,695	0,613
CL2	0,470	0,876	0,724	0,583	0,614
CL3	0,465	0,881	0,645	0,668	0,653
CL4	0,341	0,833	0,466	0,621	0,534
CL5	0,366	0,851	0,598	0,604	0,576
FP1	0,415	0,574	0,837	0,361	0,509
FP2	0,534	0,681	0,885	0,560	0,645
FP3	0,316	0,482	0,787	0,434	0,531
FP4	0,514	0,704	0,891	0,535	0,699

	Advertisers	Celebrities	Friends and Peers	Opinion Leaders	Purchase Intention
OL1	0,439	0,595	0,408	0,801	0,461
OL2	0,554	0,641	0,543	0,950	0,668
OL3	0,416	0,739	0,550	0,930	0,634
PI1	0,435	0,728	0,803	0,587	0,775
PI2	0,580	0,506	0,558	0,512	0,835
PI3	0,643	0,538	0,499	0,566	0,860
PI4	0,490	0,438	0,378	0,480	0,781

Source: Data processed (2024)

Finally, in the HTMT (Heterotrait-Monotrait Ratio) analysis, the correlation ratio between constructs; the HTMT value should be < 0.90 (or < 0.85 for a more stringent model). If discriminant validity is good, then the constructs in the model are truly conceptually distinct.

Table 4. HTMT (Heterotrait-Monotrait Ratio)

	Heterotrait-monotrait ratio (HTMT)
Celebrities <-> Advertisers	0,599
Friends and Peers <-> Advertisers	0,630
Friends and Peers <-> Celebrities	0,798
Opinion Leaders <-> Advertisers	0,650
Opinion Leaders <-> Celebrities	0,820
Opinion Leaders <-> Friends and Peers	0,628
Purchase Intention <-> Advertisers	0,832
Purchase Intention <-> Celebrities	0,777
Purchase Intention <-> Friends and Peers	0,796
Purchase Intention <-> Opinion Leaders	0,762

Source: Data processed (2024)

Structural model

The R-Square value for each endogenous latent variable was analyzed because the predictive ability of the structural model is the first step in assessing the structural model with PLS.

Tabel 5. R-Square Value

Variable	R-square adjusted
Purchase Intention	0.660

Source: Data processed (2024)

Table 5. explains that 66.00% of the purchase intention variance is explained by advertisers, opinion leaders, friends and peers and celebrities while the remaining 34.00% is explained by other variables. Further research is needed to uncover other variables that have not been explained in this study.

Hypothesis Testing

Hypothesis testing is done using path analysis. Path analysis in PLS-SEM (Partial Least Squares Structural Equation Modeling) is a method for testing causal relationships between latent constructs in a structural model. This is the core of the structural model analysis (inner model) in PLS. In path analysis using PLS-SEM, several main components that are the basis for evaluating the relationship between latent constructs. To find out whether the relationship is statistically significant, p-values obtained through the bootstrapping process are used. Generally, a relationship is considered significant if the p-value is less than 0.05. Furthermore, the Original Sample is an initial estimate of the path coefficient calculated directly from the original data. This value shows how much influence one construct has on another construct based on the available sample data.

Tabel 6. Path Analysis

	Original sample (β)	P values	Remarks
Advertisers -> Purchase Intention	0,302	0,003	Supported
Opinion Leaders -> Purchase Intention	0,217	0,032	Supported
Friends and Peers -> Purchase Intention	0,306	0,001	Supported
Celebrities -> Purchase Intention	0,158	0,199	Rejected

Source: Data processed (2024)

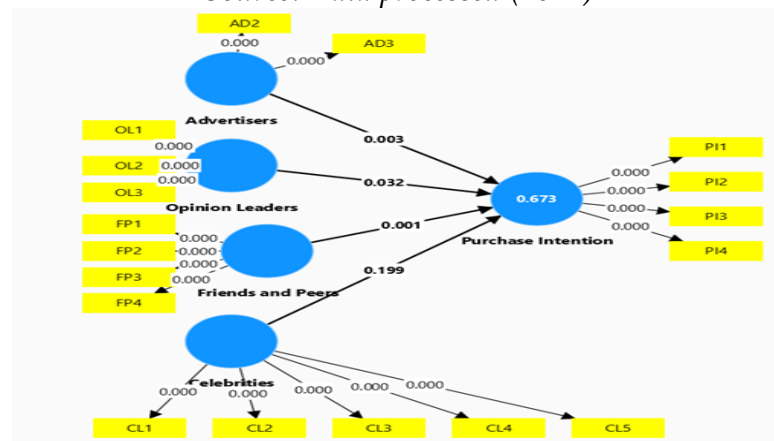


Figure 2. SmartPLS Algorithm Results

DISCUSSION

H1: Advertisers -> Purchase Intention

Advertisers have a positive effect on purchase intention among Gen Z in Indonesia, as indicated by the p-value of $0.003 < 0.05$. The original sample value shows a causal relationship between endogenous and exogenous variables in a positive direction, which is 0.302. This finding is in line with the results of previous studies, which explain that advertising on social media plays an important role in driving purchase intention in consumers by directing their attention to a product or service (Karunarathne & Thilini, 2022). Promotions carried out by advertisers on social media increase purchase intention in Gen Z (Bues et al., 2017).

Gen Z grew up with digital technology, using platforms like Instagram, TikTok, and YouTube as their primary source of information and trends. When luxury fashion ads consistently appear in their feeds, it creates high exposure to

the luxury brand, which ultimately fosters curiosity and aspiration towards the product. Furthermore, Gen Z is heavily influenced by what is trending and what their community is consuming. When ads are backed up by likes or positive comments, they serve as a form of social proof. This reinforces the perception that buying luxury products is legitimate, valid, and even socially desirable.

H2: Opinion Leaders -> Purchase Intention

Opinion leaders have a positive effect on purchase intention among Gen Z in Indonesia, as indicated by the p-value of $0.032 < 0.05$. The original sample value shows a causal relationship between endogenous and exogenous variables in a positive direction, which is 0.217. This finding is in line with the results of previous studies which explain that opinion leaders are considered experts or social connectors who influence others' attitudes toward products and brands (Tille, 2020).

Gen Z often follows and is influenced by people who are known for their expertise and insights on social media. This is because opinion leaders have professional credibility in fashion (stylists, editors, fashion content creators). Because Gen Z values authenticity and competence, they trust opinion leaders' opinions more than direct promotions from brands. Opinion leaders often appear on Gen Z's timelines because social media algorithms prioritize popular and relevant content. This means that when Gen Z sees opinion leaders' posts reviewing luxury fashion, they are more likely to be exposed to them consistently, which influences purchase intentions.

H3: Friends and Peers -> Purchase Intention

Friends and Peers have a positive effect on purchase intention among Gen Z in Indonesia, as indicated by the p-value of $0.001 < 0.05$. The original sample value shows a causal relationship between endogenous and exogenous variables in a positive direction, which is 0.306. This finding is in line with the results of previous studies, which explain that if Gen Z consumers trust their friends and peers, they will communicate and be influenced by each other, thus creating consumer engagement. Furthermore, consumer engagement leads to purchase intention (Harrigan et al., 2021).

Gen Z cares deeply about how they are perceived by their friends and their environment. Recommendations from friends are considered more honest and trustworthy than brand advertisements (Ghosh & Bhattacharya, 2022). This emotional connection and personal trust make advice from friends have a strong influence in shaping purchase intentions. Friends and Peers are the most dominant variables influencing purchase intentions in this study. When the decision to buy luxury fashion is made, Gen Z tends to seek confirmation or support from friends first, because they value peer opinion as a social reflection of their decisions.

H4: Celebrities -> Purchase Intention

Celebrities have been proven to have no effect on purchase intention among Gen Z in Indonesia, as indicated by the p-value of $0.199 > 0.05$. This finding is inconsistent with several previous research results, which explain that

celebrities influence other people's attitudes towards products and brands. Celebrities have no influence on Gen Z's luxury fashion purchase intention in Indonesia in 2024, as Gen Z's media consumption and belief patterns have shifted significantly. Although celebrities still have influence in purchasing decisions, especially for luxury fashion, they are less relevant compared to opinion leaders, peers, and social media algorithms.

Managerial Implications

The results of the study revealed that with the most dominant influence ($p = 0.001$, $\beta = 0.306$), marketing strategies need to facilitate Gen Z's social interactions with friends and peers in the context of luxury fashion. Marketer can use a referral program approach that involves friends in the purchasing process, or User-generated content (UGC) to encourage Gen Z to share their experiences using luxury fashion. Because Gen Z highly considers social opinions, validation from friends and peers is a key element in driving their purchasing intentions.

Furthermore, with a significant positive effect ($p = 0.003$, $\beta = 0.302$), advertisers need to maximize digital advertising exposure on platforms that are most frequently used by Gen Z, such as TikTok, Instagram, and YouTube. Advertisers can use attractive visual strategies, trending music, and storytelling approaches that are in line with Gen Z aspirations. Advertisers can also apply a personalized advertising approach through the use of algorithms that adjust ads to the interests of Gen Z individuals. They can also utilize social proof components such as likes, comments, and testimonials in ads to increase social perception of the brand.

The results of the study explain that with a significant positive influence ($p = 0.032$, $\beta = 0.217$), brands need to allocate marketing budgets to collaborate with fashion content creators, stylists, or micro-influencers who have a high reputation in the luxury fashion sector. Marketers can choose opinion leaders who have an authentic and professional image, not just the number of followers, because Gen Z trusts credibility and originality more. Content from opinion leaders should be designed not to look too commercial, but more in the form of reviews, tutorials, or clothing style inspiration that reflects real life.

Finally, the research findings that celebrities have no significant influence ($p = 0.199$) indicate the need to evaluate conventional endorsement strategies. Marketers need to avoid using celebrities only for mass appeal, without relevant connections to the Gen Z world.

CONCLUSIONS AND RECOMMENDATIONS

This study aims to analyze the factors that influence the purchase intention of luxury fashion among Generation Z in Indonesia, with a focus on the role of advertisers, opinion leaders, friends and peers, and celebrities.

Friends and peers are the most dominant factors influencing Gen Z's purchase intention. Emotional relationships, personal trust, and the need for social validation from the immediate environment make recommendations from friends a very strong reference in the purchasing decision-making process. Gen Z tends to use peer opinions as a social reflection of their consumer decisions. Advertisers have a significant and positive influence on Gen Z's purchase

intention. The results of this study indicate that advertising on social media is able to attract Gen Z's attention and encourage their interest in luxury fashion products. Advertisements that appear consistently, are visual and interactive, and are in accordance with user preferences have proven to be effective in forming positive perceptions and triggering purchase intentions.

Opinion leaders also have a significant and positive influence on Gen Z's purchase intention. Gen Z shows a tendency to follow and trust the opinions of individuals who are considered to have expertise in the fashion field. This trust is based on the perception of the credibility, experience, and relevance of the content conveyed by opinion leaders, especially those who appear authentically on social media. Furthermore, celebrities do not have a significant influence on Gen Z's luxury fashion purchase intention. Changes in media consumption patterns and values embraced by Gen Z have caused celebrities to be considered less relevant as a source of purchase inspiration. Gen Z prefers authentic, interactive, and relatable content over commercial endorsements from public figures.

First, although all respondents are part of Generation Z, the age distribution is uneven, with the majority (75.8%) being in the 22–26 age range. This may cause bias because the preferences and behaviors of young consumers (17–21 years old) may not be fully represented proportionally. Second, the proportion of female respondents (65.7%) is more dominant than male respondents, so the potential for gender bias in perceptions of luxury fashion also needs to be considered. Most respondents live in big cities, especially Jakarta (66.7%). This limits the generalizability of the findings to Gen Z living in suburban or rural areas, who may have different access, exposure, and preferences to luxury fashion and social media. Third, all respondents in this study have worked and have incomes above the Regional Minimum Wage. Although this indicates the financial ability to purchase luxury products, these findings do not reflect the behavior of Gen Z, who are still students or have different economic conditions, so the results cannot be generalized to the entire Gen Z population in Indonesia. Fourth, this study focuses on interactions through social media and does not consider the influence of offline marketing channels, which can also play an important role in luxury fashion purchases.

ADVANCED RESEARCH

To increase generalization, it's important to include Gen Z from suburban and rural areas. This can reveal how access to luxury fashion and social media in areas with different infrastructure and urbanization levels influences purchasing decisions. In addition, future studies can also categorize the influence of individual social media platforms, such as Instagram, TikTok, YouTube, and X, as each platform has different audience characteristics, content formats, and distribution algorithms. These differences are likely to influence the way Gen Z interprets information and shapes perceptions of luxury fashion brands. In addition to social media, future studies may also explore the influence of offline marketing channels such as fashion events, physical stores, word-of-mouth promotions, or celebrity endorsements in shaping Gen Z's perception and

purchasing decisions of luxury fashion. This approach will provide a more comprehensive understanding of the factors that shape Gen Z's consumption preferences and behavior in the context of fashion.

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