

The Influence of Fashion Involvement and Materialism on Generation Z's Intent to Use Buy Now, Pay Later Payment Services When Purchasing Luxury Accessories

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Introduction. In recent years, the proliferation of digital technology systems has contributed to significant shifts in consumer behavior by enabling the accelerated development of e-commerce and electronic-based payment services (Lia & Natswa, 2021). As an alternative to traditional payment methods, Buy Now, Pay Later (BNPL) functions as a type of point-of-sale (POS) short-term loan that allows eligible consumers to acquire products and services without paying in full at the time of purchase by entering into a repayment schedule on a set timeframe (Cook et al., 2023; Consumer Financial Protection Bureau, 2022). Presenting benefits to consumers and retailers alike, the BNPL market size is projected to reach \$3.98 trillion by 2030 (*BNPL market size*, 2021). BNPL payment services have demonstrated catalytic effects on [accelerating] the buyer journey by integrating technological innovation with the alleviation of key consumer pain points, namely price sensitivity, flexibility, financial accessibility, and convenience. The financial accessibility enabled by BNPL payment services allows consumers to achieve aspirational goals related to the acquisition of luxury fashion products. Given the recency of Gen Z's emergence into adulthood (i.e., born between 1997 and 2012), there is limited knowledge of the motivations of BNPL adoption among this generational cohort, and specifically, on the effects of personal consumption values that inform consumer adoption of BNPL payment services as it relates to luxury apparel-related purchases. Thus, the purpose of this study is to examine and understand how consumer personal value orientations influence consumer perceptions of BNPL, and, thus, their intentions to utilize BNPL payment methods in the context of luxury fashion products. Moreover, this study will examine the influence of unplanned purchase behaviors and willingness to pay (WTP) tendencies on Gen Z's perceptions of BNPL when shopping for luxury fashion products.

Literature Review and Hypotheses Development. Fashion purchases are central to BNPL adoption, and younger consumers may be particularly susceptible to the communicated benefits of BNPL's payment model (i.e., affordability, flexibility, instant approval decision, no fees, interest-free payments, no effect on credit score, etc.). Consumer personal value orientations for *materialism* and *fashion clothing involvement* are two prevalent constructs that have been extensively studied for their interactive impact on purchase decision involvement and overconsumption tendencies. Richins & Dawson's (1992) Material Value Scale (MVS) posits that *materialism* is "appropriately defined as a [personal] consumer value" and can be determined by participants' [degree of] "acquisition centrality, acquisition as the pursuit of happiness, and possession-defined success" (p. 307). Consequently, O'Cass (2000, 2004) found that consumers' *fashion involvement* was significantly impacted by their degree of materialism. Further, recent studies have linked personal characteristics to unplanned purchase behavior, which has been found to influence higher willingness to pay (WTP) among consumers (Sohn &

Ko, 2021). Based on the extant literature, the following hypotheses are proposed:

H1: Materialism will positively influence Gen Z consumers' perceptions toward BNPL usage when shopping for luxury fashion products.

H2: Fashion clothing involvement will positively influence Gen Z consumers' perceptions toward BNPL usage when shopping for luxury fashion products.

H3: Gen Z consumers' unplanned purchase behavior will positively influence their perceptions of BNPL when shopping for luxury fashion products.

H4: Gen Z consumers' WTP thresholds will positively influence their perceptions of BNPL when shopping for luxury fashion products.

Methods and Data Analysis. This study is a quantitative design collected through primary data in the form of a survey administered through Qualtrics. The survey consists of 7 sections: current fashion purchasing habits, BNPL familiarity, emotional stimuli (i.e., two visuals and one short written scenario), stimuli response questions to assess perceptions of BNPL financing and payment preferences, a short form of the MVS scale, a short form of the FCI scale, and demographic questions (Richins, 2004; Richins & Dawson, 1992; O'Cass, 2004). A seven-point Likert scale was employed for all sections, with the exception of the current payment preferences and demographics sections (which were categorical in nature). A luxury-oriented shopping situation was presented within the questionnaire, whereby subjects were exposed to visual recall cues (i.e., logos of prominent luxury brands, and examples of lower-priced luxury fashion accessories, such as sunglasses, wallets, phone cases, etc.), followed by an infographic that illustrated BNPL's key perceived user benefits, a brief description of its functionality, and an example of a payment split in four installments. Additional scale items were developed to assess participants' perceptions of BNPL, payment preferences, attitudes about luxury products, willingness to pay, and unplanned purchase behavior, given the situational context of the purchasing scenario.

Results. A total of 92 usable responses were submitted for final data analysis out of 101 responses collected (i.e., nine responses were non-valid). H1 and H2 were tested via the use of multiple regression. Results of the multiple regression analysis suggested that overall materialism and three types of involvement affected Gen Z consumers' perception of BNPL usage when shopping for luxury fashion products, F -value = 2.75, $p < .05$. In addition, the adjusted R^2 was 0.137, which revealed that 13.7% of the variance in Gen Z consumers' perception of BNPL usage when shopping for luxury fashion products was explained by overall materialism and three types of involvement. Results further revealed that overall materialism positively affected Gen Z consumers' perception of BNPL usage when shopping for luxury fashion products ($\beta = 0.23$, t -value = 2.01, $p < .05$), supporting H1. In addition, results also showed that while product involvement positively affected Gen Z consumers' perception of BNPL usage when shopping for luxury fashion products ($\beta = 0.30$, t -value = 2.00, $p < .05$), purchase involvement negatively affected Gen Z consumers' perception of BNPL usage when shopping for luxury fashion products ($\beta = -0.38$, t -value = -2.30, $p < .05$). In addition, advertising involvement also positively affected Gen Z consumers' perception of BNPL usage when shopping for luxury fashion products at the marginal level ($\beta = 0.22$, t -value = 1.89, $p = .062$). Nevertheless, consumption involvement did not affect Gen Z consumers' perception of BNPL

usage when shopping for luxury fashion products ($\beta = 0.01$, t -value = .03, $p > .05$). Thus, H2 was partially supported. H3 and H4 were tested via the use of a simple linear regression. Results of the simple linear regression analysis suggested that unplanned purchase intention affected BNPL perceptions as a dependent variable, F -value = 38.33, $p < .001$. In addition, the adjusted R^2 was 0.553, indicating that 55.3 percent of the variance in BNPL perceptions was explained by unplanned purchase intentions. Results further indicated that unplanned purchase intentions affected their perceptions of BNPL payment services ($\beta = 0.75$, t -value = 10.78, $p < .001$). Thus, H3 is supported. H4 predicted that Gen Z consumers' WTP thresholds would positively influence their perceptions of BNPL. Results of the simple linear regression analysis indicated that BNPL perceptions were influenced by consumer WTP, F -value = 38.33, $p < .001$. In addition, the adjusted R^2 was 0.294, indicating that only 29.4 percent of the variance in BNPL perceptions was explained by WTP thresholds. Results further indicated that WTP thresholds affected their perceptions of BNPL payment services ($\beta = 0.54$, t -value = 6.19, $p < .001$). Thus, H4 is supported.

Conclusion and Implications. To the best of our knowledge, this study is the first to capture situational consumption behaviors among a sample of Gen Z cohorts with fashion-oriented vocational interests. Further, the inclusion of a hypothetical shopping scenario extends the knowledge of the multidimensional nature of consumers' perceptions towards BNPL, and thus, delineates key purchase intention behaviors, relative to personal values and existing consumption behaviors. This study hoped to facilitate further research on the potential factors that influence BNPL adoption, as well as encourage greater attention to examining the role of BNPL adoption on financial well-being, or lack thereof. From a marketing perspective, Gen Z's consumption behaviors are not entirely understood, presenting an incredible opportunity for retailers and merchants to build brand awareness, equity, and consumer engagement by incorporating and promoting responsible financial behaviors into their marketing communications with this cohort.

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