

Understanding the Impact of Fear of Missing Out (FOMO) and Social Validation in Millennial Consumer Buying Behaviour for Luxury Apparel in Pune: An Self-Determination Theory (SDT) Approach

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Abstract

Generation Y and generation Z are the key players in the luxury apparel market, driven by their digital proficiency, quest for unique experiences and mindful consumption habits. This research examines consumer behaviour in the luxury apparel market, with a particular focus on individuals aged 21–30 in Pune, India. The study aims to discover the factors that influence their purchase decisions, with particular emphasis on fear of FOMO and social validation as key motivations. The research is guided by Self-Determination Theory (SDT), which examines internal and external motivations that guide consumer choices. Primary data will be collected using qualitative techniques including interviews, focus groups and observations. The study aims to bridge the gap between theory and practice by providing practical insights for luxury brands based on marketing strategies, product development initiatives and brand positioning according to the preferences and values of Generation Y and Generation Z consumers.

Keywords: Consumer Behaviour, Luxury, Fear of Missing Out (FOMO), Social Validation.

Introduction

In today's dynamic marketplace, understanding consumer behavior is a critical factor for businesses aiming to thrive in competitive industries, particularly the luxury apparel sector. Among the various demographic groups shaping consumer trends, Generation Y (born between the early 1980s and mid-1990s) and Generation Z (born between the mid-1990s and early 2010s) stand out as significant forces. This research endeavors to unravel the complexities of Generation Y and Generation Z consumer behaviour in the luxury apparel market, specifically focusing on the age group of 21 to 30, in Pune, India.

Generation Y and Generation Z, often characterized by their digital savviness, desire for unique experiences, and conscious consumption habits, play pivotal roles in shaping the luxury apparel landscape. Understanding the factors that influence their buying decisions within these demographics is crucial for luxury brands looking to capture and retain market share. One of the key motivations driving Generation Y and Generation Z consumer behaviour is the Fear of Missing Out (FOMO), which refers to the anxiety or apprehension individuals feel when they believe others are experiencing rewarding events or opportunities without them. This fear can significantly influence their choices in luxury apparel, as they seek to align with social trends, peer approval, and the desire for unique experiences (Burnasheva et al., 2019).

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Additionally, social validation plays a significant role in their purchasing decisions. With the rise of social media platforms, Generation Y and Generation Z are constantly exposed to curated lifestyles, influencer endorsements, and peer opinions, all of which contribute to their perception of luxury brands and products.

This research adopts a multidimensional approach to gain insights into Generation Y and Generation Z consumer behaviour aged 21 to 30 in Pune's luxury apparel market. The study will incorporate qualitative literature review, qualitative analysis, and theoretical frameworks to provide a comprehensive understanding. The Self-Determination Theory (SDT) serves as a guiding framework, exploring intrinsic and extrinsic motivations that drive Generation Y and Generation Z consumers' choices. By examining factors such as autonomy, competence, relatedness, and psychological needs, the research aims to uncover the underlying motivations that influence luxury apparel purchases among these generations.

Methodologically, the study will conduct an in-depth review of existing literature on Generation Y and Generation Z consumer behaviour, luxury fashion trends, and relevant theories such as SDT and Social Comparison Theory. Primary data will be gathered through qualitative techniques, including interviews, focus groups, and observational studies, targeting individuals aged 21 to 30 in Pune. The findings of this research endeavour to provide actionable insights for luxury brands, informing marketing strategies, product development initiatives, and brand positioning efforts tailored specifically to the preferences and values of Generation Y and Generation Z consumers in Pune aged 21 to 30. By bridging the gap between theory and practice, this study aims to contribute valuable knowledge to the evolving landscape of luxury apparel consumption among these generations.

Review of Literature and Hypothesis Development

The Indian luxury market is growing rapidly as it has gained global attention, consumers are highly aware of luxury brands and market visibility has increased through retail, advertising and exposure to other Indian consumers. Variables such as fashion, style, open-minded nature, increased consumption benefit, social/emotional value, perceived utilitarian value and perceived economic value have a significant impact on consumers paying for luxury fashion brands. Furthermore, most research suggests that ethnicity influences consumer attitudes toward luxury, based on comparisons between ethnic groups and the rest of society. The findings also highlight that young consumers are more open-minded, brand-aware, mobile and tech-savvy than older consumers (Sharma & Chahal, 2018). The luxury fashion industry in India offers great opportunities for marketers of global brands. The market for luxury apparel is seeing an increase in the number of younger consumers, and this is raising expectations for sustainability (Kanj, 2022). Disposable income has increased annually which has naturally increased consumer confidence and raised the demand for upscale products. In line with other research (Hasbullah et al., 2022), substantial relationship between income and the propensity to acquire luxury products, fierce competition in the credit and lending markets has stimulated consumer expenditure (Nwankwo et al., 2014). Also, Consumers today are more mindful and informed and can differentiate between a support and a authentic proposal. Brands that utilization powerhouses without concentrating on the fitment between the powerhouse also, the brand story are bound to be considered inauthentic. A supportable technique would require advertisers zeroing in on distinguishing the right forces to be reckoned with and utilizing them to drive brand commitment by distinguishing the interest group for whom the correspondence would be significant. While most market research study demonstrates that "proposals from companions or family" is consistently the main believed wellspring of data, the manner in which purchasers view at forces to be reckoned with as an augmentation of their companion demonstrates that the inquiry isn't "the reason would it be advisable for me I use powerhouse showcasing" yet "how might I use powerhouse marketing (Chopra et al., 2021). Attitudes of young Indian consumers towards luxury brands can help luxury brand companies to target their advertisements to young Indian customers who want to buy luxury brands for their brand image, exclusivity and superior quality. This helps companies understand how consumers perceive luxury brands and what qualities they value most. It also helps them understand how high quality, unique and socially valuable luxury brands appeal to different age groups, professions,

income groups and genders (Srinivasan et al., 2014). Brand consciousness and materialism are positively correlated with luxury purchases. Brand Consciousness acts as a moderator in the connection between ostentation and luxury. Materialism and brand awareness are significant indicators of India's consumption of luxury goods (Kapoor & Monica, 2022). (Arta & Qastharin, 2022) says that online entertainment powerhouse, maintainability esteem, brand cooperation, libertine worth, and cost quality worth have positive furthermore, huge effect on Age Z mentalities towards buying extravagance style items. This outcome demonstrates that Age Z mentalities towards purchasing extravagance style items is driven by private perspectives, like self-joy, individual worry towards morals and climate, and inclination looking for through powerhouses or VIPs, and practical perspectives. The outcomes additionally uncover that mentality towards purchasing extravagance design items, emotional standards, and saw conduct control have positive and huge effect on Age Z buy expectation towards purchasing extravagance style items. The greatest impact towards buy expectation is driven by the abstract standards. Finally, the connection between Age Z buy expectation and buy conduct is demonstrating a positive relationship and huge impact. Not just that, buy goal likewise holds a halfway intervening job between the perspectives and buy conduct which upheld numerous past related examinations. There is a positive relationship between word of mouth and brand love (Albert and Merunka, 2013).

(Thakur & Kaur, 2015) says self-concept has a significant impact on longitudinal brand loyalty, which ultimately forms a strong foundation for consumer brand relationships and drives brand strategies. Leading global brand marketers must focus on the above insights to exploit opportunities that are currently largely unexplored the Indian luxury fashion market. Primary factors influencing decisions to purchase luxury products are exclusivity, quality, and distinctiveness. While consumers prefer to make logical purchases, women are often more impulsive than men when it comes to premium brands (Sharma & Chahal, 2018). This is particularly noticeable among male customers who are wealthier and better educated since they often display a greater purchase. Any attractive, expensive-looking, and good brand immediately attracts young consumers. Young Indian consumers also travel a lot. This is why a lot of luxury spending is done abroad (Pasricha et al., 2020). Customers, especially the younger generation, want unique experiences that deviate from their daily routines and allow them to discover and explore. This aspect of self-development seems particularly interesting for marketers at a time when criticism of luxury brands and their association with unnecessary consumption linked to "advertisement" and "indulgence" has not emerged (de Kerviler & Rodriguez, 2019). While customers may sometimes reject luxury brands for fear of being perceived as arrogant or too focused on their own pleasure, marketers can benefit from the positive feelings associated with a sense of self-improvement (Thakur & Kaur, 2015). Millennials' perceptions of luxury fashion labels are influenced by consumerism, the need for individuality, their receptivity to informational influence, and their use of social media (Burnasheva et al., 2019). The Social Comparison Theory, Social Impact Theory, and Theory of Reasoned Action demonstrate factors that have a substantial impact on attitudes about luxury brands, which in turn has a favourable effect on intentions to make online purchases (Nwankwo et al., 2014). The primary justification for purchasing luxury products is their exceptional quality. Being of high quality is among the crucial components of a luxury brand's utilitarian value. Functional value, a crucial aspect of luxury, is enhanced by the superior quality of the raw materials utilized and the skilled labour of the staff. Purchasing luxury products gives consumers a sense of fulfilment and contentment. One of the main factors influencing consumers' decisions to purchase premium brands is its attractiveness. By consuming these brands, they obtain happiness and hedonic value. They experience happiness, stress relief, and general well-being as a result (Sarma, 2019). (Kostritsa et al., 2020) claims that there is a positive correlation between brand love, brand loyalty and willingness to pay a premium. A stronger relationship is seen for brand loyalty, which is consistent with the views of the literature on the effect of brand love on loyalty (Batra et al., 2012). Brands should try to do they say others should do as far as supportability drives, brands can never again specifically exhibit their accepted procedures. In the computerized world, when everything is free at the snap of a button, marks that stay valid to their fundamental beliefs will have a promising future (Agrawal et al., 2021).

The current published literature on consumer behaviour for luxury products does not showcase any contemporary theory that can comprehensively explain the consumer behaviour for luxury apparels from an SDT perspective.

Moreover, no research considering these variable has been conducted for Pune area. Therefore, there is a research gap in understanding consumer behaviour in the luxury apparel market and factors that influence their purchase decisions, with particular emphasis on fear of FOMO and social validation as key motivations, with a particular focus on individuals aged 21–30 in Pune, India. Considering these gaps in the literature, this study proposes the following hypotheses.

H1: Consumer purchasing behaviour for luxury clothing is positively influenced by social acceptance.

H2: Keeping up with the Joneses has a beneficial impact on consumers' decisions to purchase upscale clothing.

H3: Consumer purchasing behaviour for luxury clothes is positively influenced by brand influence.

H4: Consumer purchasing behaviour for luxury clothing is positively influenced by Personal style preference.

H5: The emotional appeal of luxury clothing positively influences consumers' purchase decisions.

H6: Emotional reaction to ostentatious clothing is positively influenced by keeping up with the Joneses.

H7: Perceived quality of luxury clothing is positively influenced by brand influence.

H8: The emotional response to luxury clothing is positively influenced by hedonistic behaviour.

H9: Customer purchasing is positively influenced by perceived quality.

Conceptual Framework

The focus of this study is consumer buying behaviour for luxury products, which is influenced by several factors such as perceived quality, emotional responses, social acceptance, and others.

Perceived quality (RQ5, RQ7, RQ9): This refers to the perception of the consumer of the quality of luxury clothing, which is thought to be influenced by social acceptance and brand influence. Better perceived quality has also been hypothesized to increase purchasing behaviour.

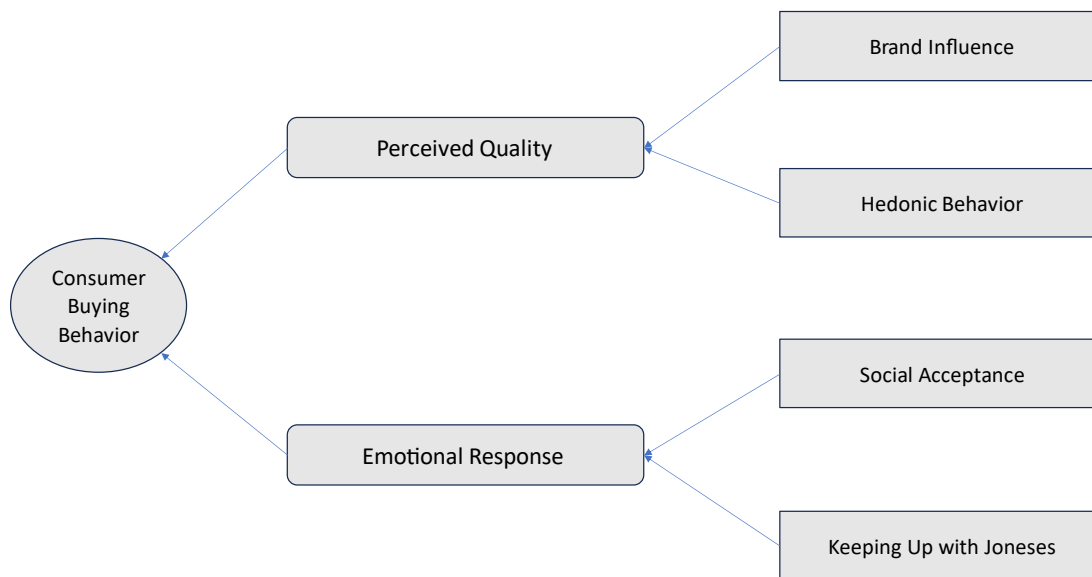
Emotional response (RQ6, RQ8, RQ9): This includes the emotions and feelings consumers experience about luxury clothing. This emotional response is hypothesized to be influenced by factors such as hedonistic behaviour and the desire to keep up with the Joneses, which in turn influence purchasing behaviour.

Social Acceptance (RQ1): This variable suggests that consumers are influenced by their social circle. when you buy luxury clothes.

Keeping up with Joneses (RQ2, RQ6): This sentence refers to a comparison of neighbours as a reference for social class or the accumulation of material goods. It is expected to influence both the emotional response to luxury clothing and the decision to purchase such products.

Brand influence (RQ3, RQ7): This factor shows that brand power can influence both the perceived quality of clothing and consumers' opinions. purchase decision.

Hedonistic behaviour (RQ4, RQ8): This refers to the pursuit of pleasure as a primary goal of consumers in purchasing luxury clothing. It is assumed to influence both emotional response and purchasing behaviour.



The framework visually connects these variables with arrows that show the hypothesized direction of influence. Each variable is usually presented in a box or circle, and the relationships between them are represented by lines or arrows. It helps clarify hypotheses and provides a structured approach to exploring research questions.

Research Methodology

Population size refers to the total number of individuals in a particular group or population that is being studied. For this research, we have collected data on the population size of Pune, India from the World Population Review (Review, n.d.). The estimated population of Pune in 2024 is 7,345,848, based on the latest revision of the UN World Urbanization Prospects. India has a young population with a median age of just 24 years. In Pune, 62% of the population is under 30 with a larger-than-average share of people in the 25-34 age group. So, the 62% of 7,345,848 calculated as 4553139. This estimate represents the urban agglomeration of Pune, which includes the city's population and adjacent suburban areas.

Adequate sample size is important to ensure the validity and reliability of research findings. Sample size is the number of observations or samples in a statistical sample. This is an important part of a research study where you need to make assumptions about the population based on the sample. In the study, we calculated a sample size of 385 people. This means that data must be collected from at least 385 individuals with a 95% confidence level that the true value is within $\pm 5\%$ of the measured/investigated value. In the study, we collected data from 414 people, which is more than the calculated sample size of 385. This is good practice for research because it can increase the reliability and generality of your findings. However, it is important to ensure that the sample is representative of the population being studied. This means that all members of the selected population have an equal chance of being included in the sample, and of course the selection of one participant should not affect the risk of selecting another participant.

Formula used for calculating sample size:

$$\text{Unlimited population: } n = \frac{z^2 \times \hat{p}(1-\hat{p})}{\epsilon^2}$$

$$\text{Finite population: } n' = \frac{n}{1 + \frac{z^2 \times \hat{p}(1-\hat{p})}{\epsilon^2 N}}$$

Where,

z is the z score

ϵ is the margin of error

N is the population size

\hat{p} is the population proportion

Characteristics of respondents:

- Demographics: - 69% of the respondents were male, 31% were female.
- Purchase Frequency: - 30% of respondents purchase luxury clothing items rarely, 55% purchase occasionally, 9% purchase frequently, and 6% purchase very frequently.

The mean purchase frequency of luxury clothing items is 1.91, indicating a moderate level of purchasing frequency.

Data Analysis

Factors influencing purchasing decisions vary, with key elements including social acceptance, brand influence, trendiness, personal style, perceived quality, and price. For many, personal style preference (61%) and perceived quality (48%) are significant factors, while brand influence (53%) also plays a major role. Keeping up with trends (37%) and social acceptance (17%) are important to a lesser extent. Social acceptance is deemed moderately important by most (63%), with only a small percentage considering it extremely important (3%). Regarding brand influence, opinions are diverse, with 10% strongly disagreeing, 7% disagreeing, 41% feeling neutral, 40% agreeing, and 2% strongly agreeing that luxury brands impact their purchasing behaviour. The mean rating for brand influence stands at 3.17. Perceived quality significantly impacts purchasing decisions for 64%, with 21% considering it extremely impactful. Only 15% do not find perceived quality influential. Peer influence is also a factor, with 8% frequently and 36% occasionally purchasing luxury clothing to keep up with others, though a majority (56%) never do so.

Discussions and Finding

Our research found that 53% of respondents said their decision to purchase luxury clothing was influenced by brand. This confirms the hypothesis that the brand positively influences the purchasing behavior of consumers in this sector. Contrary to the assumption that "keeping up with the Joneses" has a positive influence on consumers' luxury apparel purchasing decisions, our survey found that 56% of respondents said it had no influence on their purchase decisions. theory rejected. Our hypothesis suggesting that consumer purchasing behaviour for luxury clothing is positively influenced by social acceptance was contradicted by our survey findings, with only 17% of respondents affirming this influence, leading to the rejection of this hypothesis. Our study supports the hypothesis that personal style preference has a positive impact on consumers' luxury apparel purchasing behaviour, as 61% of

respondents agreed with this statement. Our research shows that the emotional appeal of luxury clothing does have a positive impact on consumers' purchasing decisions. 59% of respondents reported that it influenced their choices, confirming the hypothesis. Our research supports the hypothesis that the emotional response to luxury clothing is positively influenced by hedonistic behaviour, with 85% of respondents citing unique design and 78% expressing personal satisfaction as factors contributing to this emotional response, confirming the hypothesis. Our research indicates that the perceived quality of luxury clothing is positively influenced by brand influence, as evidenced by 53% of respondents who acknowledged being influenced by brands when assessing the quality of luxury clothing. Our research supports the hypothesis that perceived quality has a positive impact on customer purchases, with 49% of respondents agreeing with this statement. Our research supports the hypothesis that the emotional reaction to ostentatious clothing is positively influenced by "Keeping up with the Joneses," as 59% of respondents indicated that it somewhat influenced their emotional reactions to such clothing, confirming the hypothesis.

Practical Implications: The research paper's findings have several practical implications for luxury brands targeting Generation Y and Generation Z consumers in Pune aged 21 to 30. Key areas include informing marketing strategies to emphasize individuality and emotional appeal, guiding product development towards hedonistic preferences and unique design, and strategically managing brand image to enhance perceived quality and consumer purchases. Additionally, adapting consumer engagement strategies to cater to tech-savvy and brand-aware young consumers, as well as aligning with growing expectations for sustainability, are crucial considerations for brand success in this market segment

Limitations and Future research

The potential limitations of the research paper include concerns about sample size and representativeness, demographic representation, and geographical scope. The study's focus on consumers in Pune aged 21 to 30 may limit the generalization of findings to other populations or regions. Additionally, the findings may be time-sensitive as consumer preferences can change over time. Lastly, while the study explores various variables, it may not encompass all relevant factors affecting consumer behaviour.

Future research could delve deeper into understanding consumer behavior in the luxury apparel market among Generation Y and Generation Z in Pune, India. Potential avenues include longitudinal studies to track evolving trends, regional comparisons to identify local influences, and exploring the impact of emerging technologies like VR and AR. Additionally, research could focus on sustainability and ethical consumption trends, conduct qualitative studies for deeper insights, assess the effectiveness of influencer endorsements, and consider economic and social factors shaping consumer decisions. Such research aims to refine marketing strategies and product development to better align with the preferences and values of these consumer groups.

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