

**FINANCIAL CONSTRAINTS, INFLATION-RELATED  
WORRY, AND PRICE-CONSCIOUS COPING BEHAVIOR:  
ASSOCIATIONS WITH PRODUCT ADJUSTMENT AND  
PANIC PURCHASES AMONG HOUSEHOLDS IN GREATER  
JAKARTA UNDER PERCEIVED INFLATIONARY PRESSURE**



**THESIS**

**By:**

**Ayom Bening Imartya Srihendra**

**22111020**

**Academic Supervisor:**

**Prof. Ir. H.M. Roy Sembel, MBA., Ph.D., CSA., CIB., CIIM**

**Dr. Melinda Malau, SE., MM., CBV., CFRM., CFA., CPA**

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**Prepared by:**

**Ayom Bening Imartya Srihendra (22111020)**

**A THESIS**

**Submitted in partial fulfillment of the requirements for the degree of  
Bachelor of Business Administration**

## CERTIFICATE OF APPROVAL

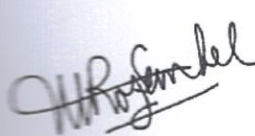
Name & Student ID : Ayom Bening Imartya Srihendra / 22111020

Topic : Financial Constraints, Inflation-Related Worry, and Price-Conscious Coping Behavior: Associations with Product Adjustment and Panic Purchases among Households in Greater Jakarta under Perceived Inflationary Pressure

We hereby declare that this Thesis is from student's own work, has been read and presented to Institut IPMI Board of Examiners, and has been accepted as part of the requirements needed to obtain a Bachelor of Business Administration Degree and has been found to be satisfactory.

Jakarta, 12<sup>th</sup> October 2026

Examined by,

|                                                                                     |                                                                                     |                                                                                      |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
|  |  |  |
| Prof. Ir. H.M. Roy Sembel,<br>MBA, Ph.D., CSA., CIB., CIIM                          | Dr. Ardo Ryan Dwitanto.<br>SE, MSM, CFP                                             | Marjaldi Loeis,<br>MBA                                                               |

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Vice Rector of Academic and Student Affairs

## NON-PLAGIARISM DECLARATION FORM

This Thesis is a presentation of my original research work. Wherever contribution of others are involved, every effort is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussions. Also, this work is being submitted in partial fulfillment of the requirements for the Bachelor of Business Administration degree and has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Jakarta, 12<sup>th</sup> October 2026



Ayom Bening Imartya Srihendra

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Ayom Bening Imartya S.

## ABSTRACT

Rising prices have increased the cost of living in Indonesia, reducing household purchasing power and creating financial pressure that may be associated with changes in consumer behavior. This study examines the associations among financial constraints, inflation-related worry, price-conscious coping behavior, product adjustment, and panic purchases among households in Greater Jakarta (Jabodetabek) under perceived inflationary pressure. The React–Cope–Adapt (RCA) framework of Hamilton et al. (2019) is used as the main conceptual lens for organizing these constructs; the Theory of Planned Behavior is referred to only as supporting literature, since its core constructs were not measured. A quantitative, cross-sectional design was employed using a structured online questionnaire distributed through Instagram and WhatsApp using purposive sampling. A total of 127 valid responses were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The results show that financial constraints are positively associated with inflation-related worry, which in turn is positively associated with both price-conscious coping behavior and panic purchases; price-conscious coping behavior is positively associated with product adjustment. The direct association between financial constraints and price-conscious coping behavior was not statistically significant at the 5% level, and the indirect associations through inflation-related worry were significant. Because the design is cross-sectional and the sample is a purposive online sample, the findings describe associations within this sample rather than causal effects or the household population of Jabodetabek. The findings provide context-specific evidence on how economic pressure, psychological response, and purchasing behavior are related among Indonesian urban households, and offer practical input for businesses and policymakers addressing both the economic and psychological dimensions of rising prices.

**Keywords:** *inflationary pressure, consumer behavior, financial constraints, inflation-related worry, price-conscious coping behavior, panic purchases, PLS-SEM*

# CHAPTER 1

## INTRODUCTION

### 1.1. Background of The Study

Inflation, defined as a sustained increase in the general price level, has long been recognized as one of the most important macroeconomic issues because it reduces the purchasing power of money and affects the daily lives of households (Mankiw, 2020). Although moderate inflation is considered a normal feature of economic growth, periods of economic crisis often create unusual inflationary pressures that significantly influence household consumption and financial decision-making.



**Figure 1.1.** Indonesia 5 Years Inflation Trends

Source: Bank Indonesia (2026)

Indonesia experienced substantial changes in inflation between 2020 and 2025 as a result of the COVID-19 pandemic and the subsequent global economic recovery. When the COVID-19 pandemic struck in 2020, economic activity slowed considerably as mobility restrictions reduced household consumption and business operations.

Consequently, inflation declined to approximately 1.68 percent in 2020 and remained at around 1.6 percent in 2021, well below Bank Indonesia's target range. This period of unusually low inflation reflected weak domestic demand, while government interventions, including subsidies, food distribution programs, and price controls, helped stabilize the prices of essential goods.

As economic activity gradually recovered, inflationary pressures began to increase due to disruptions in global supply chains and rising commodity prices. These pressures intensified following the Russia–Ukraine conflict, which significantly increased global energy and food prices.

In Indonesia, the inflationary impact became more pronounced after the government adjusted subsidized fuel prices in September 2022, increasing gasoline prices by approximately 30 percent. As a result, annual inflation reached approximately 5.95 percent in September 2022, the highest level recorded since 2015, while average annual inflation in 2022 rose to approximately 4.2 percent (Bank Indonesia, 2022).

Unlike demand-driven inflation, this increase was primarily driven by external supply shocks and higher production and transportation costs. Although inflation gradually moderated throughout 2023 and returned to around 2.3 percent in 2024, the temporary surge substantially increased the cost of living and placed considerable financial pressure on Indonesian households.

By the end of 2020, the Consumer Price Index (CPI) for the food, beverages, and tobacco (FBT) category recorded monthly inflation of approximately 1.5 percent in December, substantially higher than overall inflation (BPS, 2020). The rise in food prices continued during the post-pandemic recovery as global supply disruptions and higher transportation costs increased production expenses.

Consequently, more than half of Indonesian households reported spending more on food than they had earlier in the pandemic (UNICEF et al., 2022). However, this increase in food expenditure did not necessarily indicate greater consumption. Instead, households were paying higher prices for basic necessities while simultaneously facing declining incomes and reduced purchasing power, forcing many families to adjust their consumption patterns to cope with rising living costs.

To manage these financial pressures, many households adjusted their consumption patterns by prioritizing lower-cost food items over more expensive products. Evidence from a demand-system analysis conducted in Bali showed that average per capita food expenditure declined during the pandemic as household incomes weakened, while spending on non-food items increased slightly (Kharisma et al., 2024).

The study also found notable differences in purchasing behavior across food categories. Lower-income households allocated a greater share of their budgets to relatively inexpensive staples such as tubers, vegetables, and legumes, while reducing purchases of higher-priced foods including fruit, processed products, and meat (Kharisma et al, 2024). These findings suggest that households adapted to rising living costs by substituting expensive food items with more affordable alternatives in order to maintain basic consumption despite limited financial resources.

This mirrors broader patterns seen in crises: a classic study of Indonesia's 1997–98 crisis showed poor households raising the share of the budget on staples and delaying purchases of semi-durables (e.g. appliances) and education (Thomas & Frankenberg, 2007), a strategy that appears to recur in later shocks.

Research on how perceived inflationary pressure is related to financial planning, product adjustment, and panic buying behavior has emerged as a critical area of inquiry due to its relevance for consumer behavior and business strategy during economic disruptions (Aguirre, 2024; Hampson et al., 2023).

Previous studies have consistently shown that economic crises, including pandemics and recessions, had reshaped household consumption behavior. During periods of economic uncertainty, consumers tend to prioritize essential goods, reduce discretionary spending, and adopt various financial coping strategies to manage limited resources (Setyawan et al., 2022; Szmigin et al., 2020).

The COVID-19 pandemic further accelerated these behavioral changes as it altered consumer priorities, promoted the use of more digital services and stimulated households to develop new ways of managing financial. Observing these shifts is therefore important not only for explaining consumer behavior in crises but also for supporting economic resilience and helping businesses to respond effectively to changing market conditions.

Recent studies have also found that inflation is associated with how households allocate their financial resources. The rise in the prices of basic goods is associated with consumers allocating a higher share of their budget to basic needs, while also boosting their emergency savings whenever they can (Aguirre, 2024; Baker et al., 2023). But households with less stable financial conditions may not be able to save.

Instead, many are switching to short-term coping strategies such as drawing on existing savings, deferring loan payments or delaying other financial obligations in order to continue spending on food and daily necessities. This pattern is further confirmed by survey findings from late 2022 that many Indonesian consumers intended to save more, spend less overall, and actively search for lower-cost alternatives as inflationary pressures grew (Widjaja & SIM, 2022).

These behavioral adjustments continued into 2023 as inflation remained elevated. A consumer survey found that around three out of five Indonesians had looked for additional income sources or delayed major purchases to cope with the increasing cost of living. More than half also said they are cutting back on their spending on discretionary goods and services (UOB, 2024).

Together, these findings suggest that households respond to inflation through a combination of spending adjustments, income diversification and conservative financial planning, illustrating the wide range of strategies used to maintain financial stability during periods of economic uncertainty.

International evidence suggests that the way consumers respond to inflation is not identical, but depends on the broader economic and social context. Consumer purchasing decisions are influenced not only by economic considerations but also by external factors related to brands and marketing (Panjaitan et al., 2023). For instance, growing inflation and product shortages during the COVID-19 crisis in Germany was associated with higher consumer stress and changes in purchasing decisions (Coleman & Nautz, 2021).

In Japan, households increased current consumption in response to higher inflation expectations (Junichi et al., 2022). These contradictory findings suggest that inflation does not result in a single behavioral outcome. Instead, consumer responses are influenced by factors such as income stability, price expectations for the future, and financial access.

The Indonesian context is a particular case, with food representing a significant share of household expenditure, especially for the lower income groups. World Bank (2015) estimated that the poorest households spend about one-quarter of their monthly income on rice. World Bank evidence also shows that rice represents around 23 percent of total household expenditure among the poor.

Higher food prices have significant welfare consequences for households in Indonesia, especially among the poorer and middle class families. As the prices of basic consumption goods rise, households typically are less consuming or substituting products with cheaper ones but this also comes at the expense of dietary quality and nutritional benefits.

Families may be able to deal with personal savings, state support or financial help from relatives, but the poorer the family is, the less these options are capable of compensating for income loss.

As a result, government interventions are crucial for protecting purchasing power and improving household resilience by implementing price stabilization policies, targeted subsidies, and measures to improve agricultural productivity (Irmayanti et al., 2025).

Behavioral responses to inflation can be influenced by psychological factors. For instance, one study revealed that during periods of economic uncertainty, widespread misinformation about the economic situation can lead to panic buying of staple foods, which drives up the prices of these goods and reduces the affordability of these goods for households with the greatest need of these products (Patiro et al., 2022).

Interviews with consumers across Greater Jakarta revealed that panic buying occurred when respondents experienced emotional reactions over a perceived scarcity of needed goods (Patiro et al., 2022). These findings suggest that consumer behavior during inflation is shaped not only by economic conditions but also by perceptions of scarcity and uncertainty.

Individuals' economic behavior is influenced not only by financial circumstances but also by psycho-social factors, particularly emotional and behavioral responses, suggesting that psychological conditions may play an important role in shaping how individuals respond to financial pressures (Nia et al., 2024).

Financial behavior is influenced by individual factors such as financial literacy, self-control, and lifestyle, indicating that differences in individuals' characteristics can shape how they manage and respond to financial circumstances (Hondro et al., n.d.).

Household-level adjustments to inflation can have important economic implications. Changes in consumers' spending behaviour can influence aggregate demand and business performance. Understanding how inflation dynamics influence consumer behaviour is, therefore, important not only for consumer welfare but also for policies and economic stability.

## **1.2. Research Gap**

Although consumer responses to inflation have been extensively examined in developed economies such as Germany, Japan, and the United States, empirical evidence from Indonesia remains relatively limited, particularly in the context of perceived inflationary pressure.

Most studies that have been done on the impact of inflation on consumers have focused on macroeconomic indicators, such as inflation rates, purchasing power and economic growth. However, little attention has been given to the behaviors that consumers exhibit as a result of inflation. However, there is limited evidence on how this psychological response among households is related to changes in their consumption and financial behavior.

This limitation is particularly relevant in Indonesia, where inflation is strongly influenced by fluctuations in food prices and tends to affect low- and middle-income households more severely. Previous studies suggest that rising food prices can reduce household welfare and generate psychological reactions such as anxiety and uncertainty. However, relatively few empirical studies have examined how these reactions are connected to consumers' coping responses and subsequent changes in purchasing behavior.

Another gap concerns the way consumer responses to financial constraints are examined. Previous studies have often investigated individual outcomes such as financial stress, coping behavior, or panic buying separately.

This makes it difficult to understand how these responses may be connected as part of a broader consumer response to economic pressure. The React–Cope–Adapt (RCA) framework provides a useful perspective for examining this process by distinguishing between consumers’ initial psychological reactions to financial constraints, their short-term coping responses, and their subsequent adjustments in consumption behavior.

Nevertheless, empirical application of the RCA framework to households experiencing perceived inflationary pressure in Indonesia remains limited. In particular, there is limited evidence on how financial constraints are associated with inflation-related worry, how such worry is related to price-conscious coping behavior, and how these responses are subsequently associated with changes in product choices and panic purchasing.

To address these gaps, this study focuses on households in Greater Jakarta and examines the relationships among financial constraints, inflation-related worry, price-conscious coping behavior, product adjustment, and panic purchases under perceived inflationary pressure. By applying the RCA framework to the Indonesian household context, this study seeks to contribute empirical evidence on how consumers respond to financial pressure and how these responses are reflected in their purchasing and consumption behavior. The findings may also provide insights relevant to consumer protection and inflation mitigation policies.

### **1.3. Problem Formulation**

Previous research has consistently shown that economic crises can increase inflationary pressure and product scarcity, leading to financial stress that affects household purchasing behavior. For example, inflation and shortages of essential goods during the COVID-19 pandemic in Germany were associated with increased consumer stress and panic buying behavior (Mennekes et al., 2025).

Similar patterns have also been identified in Indonesia. Research on the palm oil shortage found that consumers did not necessarily stockpile goods directly; however, shortages generated feelings of frustration, uncertainty, and loss of control that indirectly encouraged panic buying (Meuthia et al., 2023). Other studies in Java have identified different consumer coping strategies during periods of crisis, ranging from highly cautious saving behavior to increased reliance on online shopping. These studies also indicate that purchasing behavior during periods of uncertainty may be influenced by panic-buying tendencies and contextual factors such as shopping convenience.

These findings, however, remain fragmented. Existing studies have generally examined specific consumer responses, such as psychological stress, coping strategies, or panic purchasing, rather than examining how these responses are connected within a broader process of responding to financial constraints. Evidence from other countries also indicates that the psychological effects of rising prices can persist over time. For example, Mitra et al. (2024) found that a substantial proportion of working-age adults in the United States continued to experience significant stress related to price increases.

In Indonesia, there remains limited empirical evidence on how perceived inflationary pressure is associated with a sequence of household responses involving financial constraints, psychological reactions, coping behavior, and subsequent changes in consumption and purchasing behavior. In particular, it remains unclear how financial constraints are associated with inflation-related worry, how this psychological reaction relates to price-conscious coping behavior, and how these responses are associated with product adjustment and panic purchases among households in Greater Jakarta.

To address this problem, the present study adopts the React–Cope–Adapt (RCA) framework proposed by Hamilton et al. (2019) as the primary conceptual lens. The RCA framework provides a basis for examining consumer responses to financial constraints through three broad stages: an initial psychological reaction to the constraint, short-term coping behavior, and subsequent adjustment of consumption patterns. Accordingly, this study examines the relationships among financial constraints, inflation-related worry, price-conscious coping behavior, product adjustment, and panic purchases within the context of perceived inflationary pressure in Greater Jakarta.

The Theory of Planned Behavior (Ajzen, 1991) is reviewed only as supporting literature on consumer behavior and is not tested in this study. Its core constructs are not included in the research model.

#### **1.4. Research Questions**

1. How are financial constraints associated with households' price-conscious coping behavior?
2. How are financial constraints associated with households' inflation-related worry?
3. How is inflation-related worry associated with households' price-conscious coping behavior?
4. How is price-conscious coping behavior associated with product adjustment?
5. How is inflation-related worry associated with panic purchases?
6. To what extent do inflation-related worry and price-conscious coping behavior mediate the associations between financial constraints and, respectively, product adjustment and panic purchases?

### **1.5. Research Objective**

Based on the formulation of the problem above, the objectives of this study are as follows:

1. Examine the association between financial constraints and households' price-conscious coping behavior.
2. Examine the association between financial constraints and households' inflation-related worry.
3. Examine the association between inflation-related worry and households' price-conscious coping behavior.
4. Examine the association between price-conscious coping behavior and product adjustment.
5. Examine the association between inflation-related worry and panic purchases.
6. Examine the mediating role of inflation-related worry and price-conscious coping behavior in the associations between financial constraints and, respectively, product adjustment and panic purchases.

### **1.6. Scope of Study**

This study investigates household consumer behaviour underperceived inflationary pressure, that is, under conditions in which respondents themselves report having observed substantial increases in the prices of essential goods during the twelve months preceding data collection. Because the survey was administered after the price increases it refers to, the study does not identify a single macroeconomic shock or a fixed comparison period, and the term perceived inflationary pressure is therefore used. The analysis is organised using the React–Cope–Adapt framework, extended with financial constraints as an economic condition and inflation-related worry as a psychological response. Macroeconomic policy instruments (such as subsidies and monetary policy) and firm-level strategies (such as pricing decisions) are outside the scope of this study.

### **1.7. Significance of Study**

According to the problem formulation explanation and the research objectives mentioned earlier, the following different parties are expected to benefit from the findings:

#### **1.7.1. Theoretical Contribution**

This study contributes to the academic literature by applying the React–Cope–Adapt (RCA) framework of Hamilton et al. (2019) to household responses to rising prices in an Indonesian urban setting, a context in which the framework has rarely been used.

RCA describes how consumers respond to financial constraints through an initial psychological reaction, subsequent coping behaviour, and longer-term adjustment of consumption. This study uses these categories to organise five constructs that are measured directly: financial constraints, inflation-related worry, price-conscious coping behavior, product adjustment, and panic purchases.

In the perspective of the RCA, consumer behavior develops in several stages, starting with immediate emotional reactions like stress and panic, then moving to coping strategies like product substitution and financial adjustments, and eventually becoming longer-term adaptive behaviors like more cautious spending and typical frugality.

The contribution of this study is therefore empirical and contextual rather than theory-building. Because attitude, subjective norm, perceived behavioral control, and intention were not measured, the study makes no claim to test, integrate, extend, or provide empirical support for the Theory of Planned Behavior. Likewise, because the design is cross-sectional, the study does not demonstrate that households move through the React, Cope, and Adapt categories in that temporal order; the categories are used as a conceptual organising device only.

### **1.7.2. Practical Contribution**

The study also has practical value for businesses and policymakers seeking to better understand shifts in consumer behavior during periods of high inflation. For consumer goods, retail and supply chain companies, the findings can help to identify common behavioral responses like product downtrading, reduced spending on non-essential goods and greater sensitivity to price increases.

A better understanding of these patterns may support more effective pricing decisions, product positioning, marketing communication, inventory management, and distribution planning during periods of economic uncertainty.

The findings are also relevant for a wider range of stakeholders, including financial service providers, consumer advocacy organizations, and market research institutions. Insights into household spending and saving behavior can support the development of financial education programs, consumer advisory services, and policy initiatives aimed at strengthening household financial resilience.

In addition, policymakers may use the findings to design more targeted inflation mitigation measures and consumer protection policies that address the needs of households facing rising living costs.

### **1.7.3. Policy Contribution**

The findings of this research provide actionable insights for policymakers and regulatory bodies in Indonesia, particularly those involved in inflation control, consumer protection, and market stabilization. Understanding how financial constraints and stress drive behavioral changes—such as reduced consumption, brand switching, or panic buying—enables the government to refine policies related to price stability and household welfare.

The results may be used to strengthen existing policy instruments, including:

1. *UU No. 7/2014 tentang Perdagangan*, which governs price stabilization, prevention of scarcity, and monitoring of distribution during crises.

2. *UU No. 8/1999 tentang Perlindungan Konsumen*, which mandates protection against misleading information, unfair pricing, and market manipulation exacerbated during inflationary shocks.
3. *POJK (Otoritas Jasa Keuangan)* regulations on household financial resilience.
4. *Kebijakan Stabilitas Harga from Kementerian Perdagangan and Badan Pangan Nasional*, specifically in regulating food supply chains and mitigating panic buying.
5. *Program Perlindungan Sosial (e.g., BLT, subsidi energi, bansos pangan)* where behavioral insights help tailor assistance to vulnerable groups experiencing stress and declining purchasing power.

By incorporating insights from behavioral economics into these regulations, policymakers can design interventions that address both the economic and psychological aspects of consumer behavior. Such measures can help reduce panic-driven responses, encourage more informed financial decision-making, and strengthen household resilience during periods of perceived inflationary pressure.

## **1.8. Thesis Structure**

The structure of this thesis is organized in five main chapters, followed by references and appendices, each one intended to build the argument from theoretical basis to empirical test and practical recommendations.

### **Chapter I Introduction**

The background, the problem and the gap are described in this chapter as the basis of the study. It describes what the study is trying to achieve and what questions it is asking, it sets out the boundaries and limitations and describes the theoretical approaches used to shape the research. The chapter ends with the implications of the study for theory, practice and managers.

## **Chapter II Literature Review**

This chapter reviews and integrates the relevant theoretical and empirical literature. It begins with the React–Cope–Adapt (RCA) framework, which serves as the main conceptual framework of this study, and then reviews the literature on inflation, panic buying, product adjustment, and financial adaptation. The Theory of Planned Behavior is discussed briefly as supporting literature on the psychological determinants of consumer behaviour. The chapter identifies the main gaps in the existing literature, develops the conceptual framework, and formulates the research hypotheses to be tested.

## **Chapter III Research Methodology**

This chapter describes the research design and the methodological techniques used in order to meet the research objectives. It discusses the research setting, target population, sampling technique and sample size. The operational definitions and measurement of the study variables are then discussed. The chapter also outlines the development and validation of the research instrument, data collection processes, ethical considerations and the analytical methods used to test the proposed hypotheses.

## **Chapter IV Findings, Analysis and Discussion**

This chapter presents the empirical results of the study. It reports the data collection outcome and response screening, the demographic profile of the respondents, and the descriptive statistics of the questionnaire items. It then reports the evaluation of the measurement model (convergent validity, discriminant validity including HTMT, and internal consistency reliability) and of the structural model (collinearity,  $R^2$ ,  $f^2$ , and predictive relevance). The chapter closes with hypothesis testing, the analysis of direct, indirect, and total effects, and a discussion of the findings in relation to prior literature.

## **Chapter V Conclusions and Recommendations**

The final chapter summarizes the main findings of the study and presents conclusions based on the research objectives. It discusses the study's theoretical and practical contributions, offers recommendations for policymakers and business practitioners, acknowledges the limitations of the research, and provides suggestions for future studies.

## CHAPTER 2

### LITERATURE REVIEW

This review focuses mainly on peer-reviewed research, supplemented by industry and government reports, examining how inflation and crisis events shape consumer behavior, including stress responses, panic buying, and product adjustment. Table 2.1 summarizes key studies, outlining their variables, findings, and study contexts. By comparing international evidence with Indonesian cases, the table highlights where knowledge is well-developed and where further research—particularly in the context of perceived inflationary pressure in Greater Jakarta—remains limited.

**Table 2.1.** List of Previous Related Research

| No. | Author Reference<br>Journal                                                                                                                                                                      | Key<br>Variables                                                                                       | Main Findings                                                                                                                                                                                                                                                                                                                              | Sample/Method                                                                                       |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 1   | Mennekes, T. & Schramm-Klein, H. (2025). <i>Effects of perceived inflationary pressure on purchasing and consumer behavior in Germany.</i><br><b>Journal of Retailing and Consumer Services.</b> | Crisis-induced inflation; product scarcity; consumer stress; financial planning; purchasing decisions. | In a two-wave German consumer survey (N≈152, 129), high inflation and scarcity were found to raise consumer stress and alter spending behavior. Inflation-driven financial constraints and shortages significantly influenced consumers' financial planning and purchase decisions (e.g. increased “panic” purchases, stricter budgeting). | Two-wave consumer survey; PLS-SEM analysis of financial constraints, stress and adaptive behaviors. |

| No. | Author Reference<br>Journal                                                                                                                                                                         | Key<br>Variables                                                                     | Main Findings                                                                                                                                                                                                                                                                                                                                                                                                                         | Sample/Method                                                                                                              |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| 2   | Audty, A. & Meyer, L. (2024). <i>Analyzing the Effects of Inflation on Consumer Purchasing Behavior in Emerging Markets</i> . <b>Int. J. of Econ., Commerce &amp; Management</b> 1(2).              | Inflation; spending habits; product preferences; brand loyalty; adaptive strategies. | Using mixed qualitative/quantitative methods, this study finds that consumers in emerging markets adapt to high inflation by adjusting spending habits and preferences, often reducing non-essential purchases and showing greater brand-switching to cheaper alternatives. Consumers employ coping strategies (e.g. prioritizing essentials, seeking discounts) to manage budgets, and marketers must adjust strategies accordingly. | Combined qualitative and quantitative analysis (e.g. surveys/interviews) of consumer spending and loyalty under inflation. |
| 3   | Maulana, A. W. & Maulana, I. S. (2024). <i>Dinamika Inflasi di Indonesia terhadap Daya Beli Masyarakat (pada Tinjauan Ekonomi Makro)</i> . <b>Moneter: Jurnal Ekonomi dan Keuangan</b> 2(2), 20–29. | Inflation; purchasing power (daya beli).                                             | Qualitative study of Indonesian consumers finds that high inflation significantly erodes purchasing power: rising prices reduce consumers' ability to buy goods and services. By contrast, moderate inflation (with prudent policy) can coincide with stable growth. Consumers under high inflation focus spending on essentials and delay discretionary purchases.                                                                   | Qualitative (observations and interviews); macroeconomic analysis of inflation's impact on purchasing power.               |

| No. | Author Reference<br>Journal                                                                                                                                                            | Key<br>Variables                                                                                            | Main Findings                                                                                                                                                                                                                                                                                                                                                                                               | Sample/Method                                                                                                                                     |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 4   | Javokhir, A. & Ashurbaev, O. (2024). <i>The Impact of Inflation on Consumer Spending Habits and Business Strategies</i> . <b>Int. J. of Artificial Intelligence</b> 4(10), 728–734.    | Inflation; consumer spending patterns; necessities vs. discretionary spending; business pricing strategies. | A survey of Uzbek consumers (with secondary data) shows inflation causes consumers to cut non-essential spending and prioritize basic needs; they “trade down” to cheaper products. Businesses react to cost inflation by raising prices, reducing trade promotions, or offering value-oriented products. Overall, both consumers and firms must adapt to maintain purchasing power and profitability.      | Primary survey of consumers (Uzbekistan) + secondary (reports); analysis of spending shifts and firm responses.                                   |
| 5   | Burke, M. A. & Ozdagli, A. (2023). <i>Household Inflation Expectations and Consumer Spending: Evidence from Panel Data</i> . <b>Review of Economics and Statistics</b> 105(4):948–961. | Inflation expectations; consumption of durable and nondurable goods; employment expectations.               | Using U.S. household panel data (2009–12), the authors find that higher expected inflation modestly stimulates durable-goods spending for certain (typically higher-income) households, but has little effect on nondurable spending. By contrast, higher expected unemployment strongly reduces overall spending. Thus, anticipated inflation has only a limited positive effect on aggregate consumption. | Panel survey data of U.S. households (University of Michigan “Survey of Consumers”); regression analysis controlling for household heterogeneity. |

| No. | Author Reference<br>Journal                                                                                                                                                                                                                                                                | Key<br>Variables                                                                                | Main Findings                                                                                                                                                                                                                                                                                                                        | Sample/Method                                                                                                                                               |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6   | Omar, N. A.; Nazri, M. A.; Ali, M. H.; Alam, S. S. (2021). The panic buying behavior of consumers during the COVID-19 pandemic: Examining the influences of uncertainty, perceptions of severity, perceptions of scarcity, and anxiety. <b>Journal of Retailing and Consumer Services.</b> | Uncertainty;<br>Perceived severity;<br>Perceived scarcity;<br>Anxiety;<br>Panic buying behavior | Uncertainty and perceptions of scarcity significantly relate to anxiety; Anxiety fully mediates the effect of those variables on panic-buying behavior. However, perceived severity did not directly affect panic buying without anxiety mediation.                                                                                  | Malaysia;<br>consumer sample during COVID-19 pandemic (survey method)                                                                                       |
| 7   | ChaiLi Cheam et al. (2024). <i>Factors Influencing Changes in Consumer Behavior amidst Post COVID-19 Pandemic.</i> <b>Information Management and Business Review</b> , Vol.2 No.3.                                                                                                         | Choice, information;<br>perceived economic stability (PES); risk; stress;<br>consumer behavior  | The paper identifies that consumer behavior during the COVID-19 pandemic was influenced by factors such as choice, information, and perceived economic stability, which significantly affected purchasing decisions. Conversely, COVID-19 and risk perceptions negatively impacted behavior, while stress had no significant effect. | Malaysia;<br>convenience sampling involving 1438 respondents;<br>Partial Least Square Structural Equation Modelling (PLS-SEM) was used to analyze the data. |

| No. | Author Reference<br>Journal                                                                                                                                      | Key<br>Variables                                                                        | Main Findings                                                                                                                                                                                                                                                                                                                                                                                                | Sample/Method                                                                                                                                                                           |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8   | Lukitaningsih, A. & Hartono, A. (2024). Exploring Indonesian panic buyers' typologies in time of Covid-19 pandemic. <b>Jurnal Siasat Bisnis</b> , 28(1), 88–102. | Panic buying (shopper typologies); shopping behavior; attitudes during a health crisis. | This Indonesian study identifies five distinct panic-buyer segments based on attitudes/behaviors: “consumption savers,” “adapters reluctant,” “preservers of social consciousness,” “online shopping shifters,” and “all-around adapters.” Each cluster exhibits different coping patterns (e.g. consumption savers stockpile essentials).                                                                   | Survey of 121 family decision-makers in Yogyakarta, Indonesia; exploratory factor analysis and two-step cluster analysis used to derive consumer segments and compare cluster profiles. |
| 9   | Madhav, V. (2023). Indonesian consumers buy less and downtrade to cope with inflationary pressures. <b>Kantar Perspectives</b> (February 6, 2023).               | Inflation rate; spending habits; brand switching; category trends.                      | Analysis of Kantar FMCG panel data shows that Indonesian households are cutting back on purchases and trading down in response to rising prices. Consumers are cutting non-essentials, reducing basket sizes, and switching to cheaper brands. Higher-income shoppers cope better (buying in bulk), while lower-income groups drop items. Accelerated omnichannel and e-commerce adoption was also observed. | Kantar Worldpanel data (household scanner data on FMCG purchases) and market analysis, covering Indonesia's retail sales and consumer surveys under inflation.                          |

| No. | Author Reference<br>Journal                                                                                                                                                                              | Key<br>Variables                                                                                         | Main Findings                                                                                                                                                                                                                                                                                                                                                      | Sample/Method                                                                                                                                                                          |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10  | Sheth, J. (2020). Impact of COVID-19 on consumer behavior: Will the old habits return or die? <b>Journal of Business Research</b> , 117, 280–283.                                                        | Pandemic (COVID-19); consumer habits; online adoption; resilience.                                       | Conceptual commentary arguing that COVID-19 has fundamentally disrupted consumer habits. Consumers have improvised new behaviors (e.g. home delivery of groceries) and new habits (online shopping) are likely to persist. While some pre-pandemic habits may return, they will be modified by new regulations (e.g. distancing) and accelerated digital adoption. | Theoretical analysis / narrative review. Discusses observed shifts (lockdowns → e-commerce rise) and hypothesizes long-term changes in buying behavior.                                |
| 11  | Malau, M., Sinaga, P., Sianturi, H., & Tampubolon, S. (2020). Pengelolaan kegiatan usaha dan manajemen keuangan rumah tangga dalam menghadapi situasi new normal. <b>IKRAITH ABDIMAS Journal</b> , 4(1). | COVID-19 pandemic; household income and expenses; emergency fund; budget adjustment; savings/investment. | COVID-19 lockdowns disrupted household businesses and income, slowing Indonesia's economy. The authors emphasize the importance of emergency savings and advise households to adjust budgets (cut discretionary spending) while continuing some investments, in order to meet basic needs during the crisis.                                                       | Qualitative analysis and review of Indonesian economic conditions during COVID-19 (no primary survey); discussion based on government forecasts and observed household finance trends. |
| 12  | Tampubolon, K. M., H. M. Roy Sembel, & Sidharta, J. . (2021). THE EFFECT OF INFLATION,                                                                                                                   | Inflation rate; BI interest rate; Rupiah/USD exchange rate; GDP growth;                                  | Tampubolon et al. (2021) analyze 2010–2019 data and find that only the exchange rate and GDP growth significantly affect Indonesia's composite stock                                                                                                                                                                                                               | Indonesian stock data (Jan 2010–Dec 2019, monthly); multiple linear regression                                                                                                         |

| No. | Author Reference<br>Journal                                                                                                                                                                                                                                    | Key<br>Variables                         | Main Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Sample/Method                               |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
|     | INTEREST RATE,<br>EXCHANGE<br>RATE AND<br>GROSS<br>DOMESTIC<br>PRODUCT<br>GROWTH ON<br>COMPOSITE<br>STOCK PRICE<br>INDEX (Study at<br>Indonesia Stock<br>Exchange Period of<br>2010-2019).<br><b>Fundamental<br/>Management<br/>Journal</b> , 6(1), 66–<br>90. | Composite<br>Stock Price<br>Index (IHSG) | index (IHSG), while<br>inflation and the BI interest<br>rate do not. In their<br>regression results the<br>exchange-rate coefficient is<br>negative and significant<br>( $p \approx 0.002$ ) – a weaker rupiah<br>drives IHSG down – whereas<br>GDP growth has a positive<br>significant effect ( $p \approx 0.077$ ).<br>By contrast, the inflation<br>coefficient is positive but<br>statistically insignificant<br>( $p \approx 0.357$ ) (the BI rate<br>likewise shows no<br>significance, $p \approx 0.276$ ). | (Pearson<br>correlation, F- and<br>t-tests) |

Source: Author (2026)

Building on the insights summarized in the previous studies, it becomes clear that consumer responses to perceived inflationary pressure are shaped by both economic pressures and psychological mechanisms.

Although existing research provides valuable evidence on inflation-related worry, panic buying, product adjustment, and financial coping, these findings remain fragmented. What is needed is a framework that organises them according to the kind of response each one represents. This chapter therefore proceeds by presenting the React–Cope–Adapt (RCA) framework of Hamilton et al. (2019) as the main conceptual framework of this study, followed by a review of the empirical literature on each construct in the research model, and finally a brief discussion of the Theory of Planned Behavior as supporting literature.

## 2.1. React–Cope–Adapt (RCA) Framework

Hamilton et al. (2019) propose a multi-stage, integrative framework for understanding how consumers respond to financial constraints. Their model synthesizes four conceptual perspectives on scarcity (resource scarcity, choice restriction, social comparison, and environmental uncertainty) and places them on a temporal sequence of three response stages: **React** → **Cope** → **Adapt**.

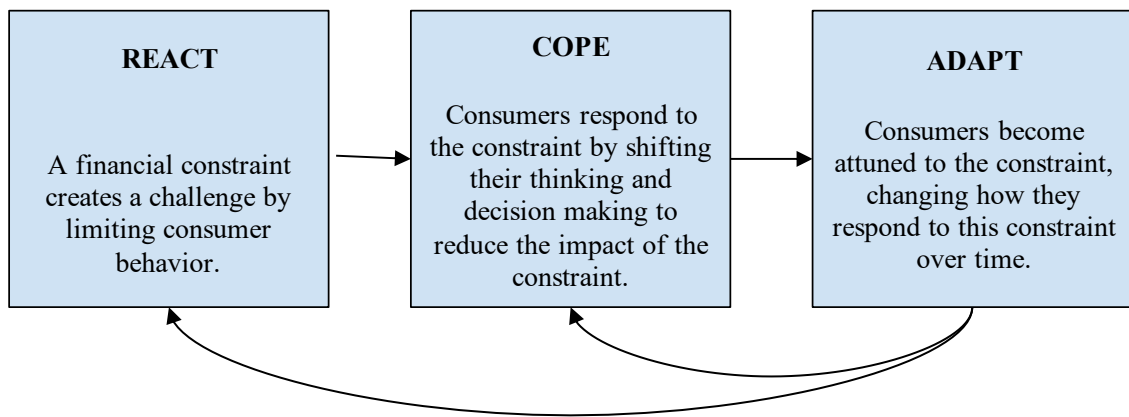


**Figure 2.1.** React-Cope-Adapt (RCA) Framework

Source: Hamilton et al. (2019)

### 2.1.1. React

The reacting stage captures immediate, largely automatic responses when a consumer first encounters a new constraint. Reactions are typically negative and focus attention on the constraint itself (e.g., prices or shortages). Hamilton et al. explain that resource scarcity can lead to a phenomenon known as tunneling, in which individuals become increasingly focused on immediate financial concerns, particularly money and price-related information. At the same time, limited choices often trigger feelings of frustration and psychological arousal, while uncertainty in the surrounding environment can create stress and reduce individuals' sense of control. Under these conditions, consumers are more likely to prioritize essential needs over discretionary spending, a shift that is frequently accompanied by heightened stress and anxiety (Griskevicius et al., 2013; Shah et al., 2012).

Consistent with Lazarus and Folkman's (1984) transactional model of stress, stress is conceptualized as the psychological response that arises when an individual appraises a situation—such as rising prices—as exceeding their available coping resources. Within this framework, worry represents the cognitive-appraisal component of the stress response, reflecting persistent anticipation of an uncertain, potentially negative future outcome (Borkovec, Robinson, Pruzinsky, & DePree, 1983). Because inflation introduces sustained uncertainty regarding future prices and financial security, the stress experienced by households in this context is expected to manifest primarily through worry-based cognitions. This is consistent with prior financial-stress research (Eger et al., 2021; Hamilton et al., 2019a; Larson & Shin, 2018), which similarly operationalizes financial stress through respondents' expressed worry about their wellbeing, the broader economic situation, and their future financial security.

In the **React** phase, inflationary shocks reduce the purchasing power of households and tighten their budget constraints, which raises pressure (Eger et al., 2021; Hamilton et al., 2019).

As budgets tighten, households report greater concern about their financial position and pay closer attention to prices. In the terms of this study, the first response to a financial constraint is psychological: inflation-related worry about present wellbeing, the wider economic situation, and future financial security.

Therefore, it is hypothesized that:

**H1:** Financial constraints are positively associated with price-conscious coping behavior.

**H2:** Financial constraints are positively associated with inflation-related worry.

### **2.1.2. Cope**

Following the initial shock, consumers enter a coping stage where they actively adapt to the financial constraints they face. They use pragmatic, short-term tactics to address their immediate needs when resources are scarce.

Such strategies may include stretching household budgets, switching to lower-priced brands, prioritizing essential purchases, searching for discounts, and paying closer attention to prices when making purchasing decisions (Hamilton et al., 2019).

Coping also implies a change in the way consumers assess their purchasing options. Individuals may adopt new decision-making criteria, substitute products, or ration their consumption to make limited resources last longer. These responses are purposeful, not reactive, according to Hamilton et al. (2019). Consumers intentionally adjust their decision-making processes and information search strategies to better deal with the difficulties posed by resource scarcity.

At the **Cope** phase, households put concrete short-term measures in place in response to financial constraints. In this study those measures are captured by price-conscious coping behavior: comparing prices across brands, seeking discounts, being more attentive to spending, and choosing products mainly on price. These are behaviours that respondents report already performing, not intentions to act.

When consumers face financial stress, they often employ coping strategies to reduce uncertainty and regain a sense of control over their financial situation (Hamilton et al., 2019). One common response is to adopt more disciplined financial management practices, such as preparing detailed budgets and monitoring expenditures more closely, to restore financial stability (Hamilton et al., 2019a).

This illustrates the complex relationship between emotional regulation and adaptive financial behavior in the coping process. Consumers facing financial stress may have their decision-making affected, but it can also lead to more considered and purposeful financial decisions, such as careful budgeting and spending modifications, as people work to regain control over their financial situation.

Therefore, it is hypothesized that:

**H3:** Inflation-related worry is positively associated with price-conscious coping behavior.

### **2.1.3. Adapt**

When financial constraints persist, some consumers go beyond short-term coping mechanisms and adapt to their new circumstances. This adaptation involves more lasting changes in preferences, habits and even aspects of personal identity, such as developing a lasting preference for value-oriented brands, establishing consistent budgeting routines or changing the way they compare their consumption with others (Hamilton et al., 2019). Consequently, consumers cut back on non-essential spending and dedicate a greater portion of their budgets to basic needs.

This behavioral shift is often accompanied by a greater focus on value, with individuals becoming more deliberate in evaluating their purchases and identifying unnecessary expenses that can be eliminated (Griskevicius et al., 2013).

Over time, adaptation also influences how consumers respond to future financial challenges. Having adjusted to resource constraints, they are typically less surprised by subsequent difficulties and are more likely to rely on established financial habits or routines that support effective decision-making.

These adaptive behaviors can strengthen consumers' resilience by enabling them to manage financial pressure more efficiently. However, adaptation does not completely eliminate the psychological effects of financial stress. Even when consumers adopt more structured financial management strategies, the lingering effects of stress may still contribute to impulsive purchasing decisions (Hamilton et al., 2019; Omar et al., 2021).

Hamilton et al. further argue that adaptation can produce both positive outcomes, such as improved financial skills and greater efficiency, and negative consequences, including chronic deprivation. Importantly, these adaptive experiences shape how consumers perceive and respond to future constraints, creating a continuous feedback loop between adaptation and subsequent coping behaviors.

Within the **Adapt** conceptual category, the present study locates product adjustment, that is, reducing consumption or switching to lower-cost or private-label products. Panic purchases are deliberately not placed in this category. The definition and the items used in this study describe panic purchases as immediate, impulsive, and unplanned buying at the onset of a period of sharply rising prices, which is inconsistent with the gradual, longer-term character of the Adapt category in Hamilton et al. (2019). Panic purchases are therefore modelled as a parallel reactive outcome of inflation-related worry rather than as an Adapt-stage outcome. It should also be noted that Hamilton et al. (2019) do not identify product adjustment and panic purchasing as the two defining outcomes of the Adapt stage; that pairing is specific to the present model and is presented as a conceptual choice, not as an established finding.

Therefore, it is hypothesized that:

**H4:** Price-conscious coping behavior is positively associated with product adjustment.

**H5:** Inflation-related worry is positively associated with panic purchases.

## **2.2. Key Constructs and Related Empirical Literature**

### **2.2.1. Panic Buying and Stockpiling**

Reviews emphasize that when consumers perceive high risk or uncertainty, they are motivated to undertake self-protective actions like panic buying (Loxton et al., 2020). For instance, one analysis noted that when consumers perceive the probability and consequences of contracting a disease to be high, they are motivated to undertake activities, including panic buying, to minimise perceived risk (Loxton et al., 2020).

Fear of future unavailability therefore appears to operate alongside social influence rather than replacing it. Empirical findings also show that lack of control and uncertainty are key drivers of panic buying.

Loewenstein et al. (2001), for example, argue that under stress feelings of anxiety diverge from reasonable cognitive assessment, producing consumption beyond what was planned. In the terms used in this study, panic purchasing is an immediate, worry-driven response at the onset of a period of sharply rising prices rather than a settled adjustment to it.

### **2.2.2. Product Adjustment**

Research consistently finds that during crises or inflation, consumers adjust toward cheaper brands or products and cut back on discretionary spending. For example, surveys have shown that crisis-affected consumers “search for alternative products, for example cheaper brands” and focus spending only on “things that are very important”.

Read through the React–Cope–Adapt lens, this body of literature spans more than one category: the general finding that discretionary and impulse purchases decline when finances are tight (Roos & Gassert, 2010) describes the pragmatic, short-term tactics associated with the Cope stage. The more sustained pattern of substituting toward lower-cost products and permanently narrowing the purchase set—which is what the Product Adjustment construct in this study measures—is treated here as an Adapt-stage outcome, consistent with Section 2.1.3 and with the position of Product Adjustment in the research framework (Section 2.4).

Similarly, during COVID-19 a sizable decline in discretionary spending, for example on restaurants and entertainment, was observed as households prioritised necessities. These patterns correspond to the coping and adjustment categories of the RCA framework, in which constrained resources lead households to substitute toward lower-cost alternatives and to reduce the volume of non-essential consumption.

### **2.2.3. Financial Adaptation**

The term "financial adaptation" in this subsection refers to broader saving and purchase-deferral behaviours discussed in the general literature; it is not one of the five constructs measured in this study. Within the RCA framework used here, sustained adjustments of this kind are conceptually related to, but distinct from, the Product Adjustment construct that is directly measured (Section 3.8). Perceived inflationary pressure is also associated with broader financial adaptations such as saving more or delaying purchases. Within the RCA framework these belong to the adjustment category, because they involve sustained changes in how household resources are allocated rather than a single reaction to a price rise. Households that come to treat cost-cutting as necessary, and that retain some room to manoeuvre in their budgets, are the ones most likely to sustain such changes over time.

Empirical reports align with this: during downturns consumers concentrate on essentials and engage in "extensive decision-making," reducing luxuries and impulse buys when income is constrained. For instance, it was observed that money in crises is only spent on critical needs, and unplanned purchases drop if the financial situation is tight.

This literature describes the same underlying process captured by the Cope and Adapt categories: as the room for discretionary spending narrows, households concentrate expenditure on essentials and gradually turn that concentration into routine. It should be noted that this evidence is descriptive of behaviour; the present study does not measure the belief structures that may underlie it.

The constructs reviewed above describe an economic condition, a psychological response, and several categories of purchasing behaviour. Because the psychological element of that sequence has been treated extensively in consumer research, the following section reviews the Theory of Planned Behavior briefly, as supporting literature. It is included to situate inflation-related worry within an established account of how psychological appraisal relates to behaviour. It is not a framework that this study tests, extends, or claims to contribute to.

### 2.3. Supporting Literature: The Theory of Planned Behavior (TPB)

TPB is reviewed here only as supporting literature, in order to situate the psychological constructs used in this study within an established account of consumer decision-making. It is not the framework of this study. None of the four core TPB constructs — attitude, subjective norm, perceived behavioral control, and intention — is measured in the research model, and the construct labelled price-conscious coping behavior is a measure of reported behaviour (comparing prices, buying discounted items, choosing products by price), not of behavioural intention. Accordingly, no claim is made anywhere in this thesis that TPB is tested, integrated, extended, or empirically supported by the present data.

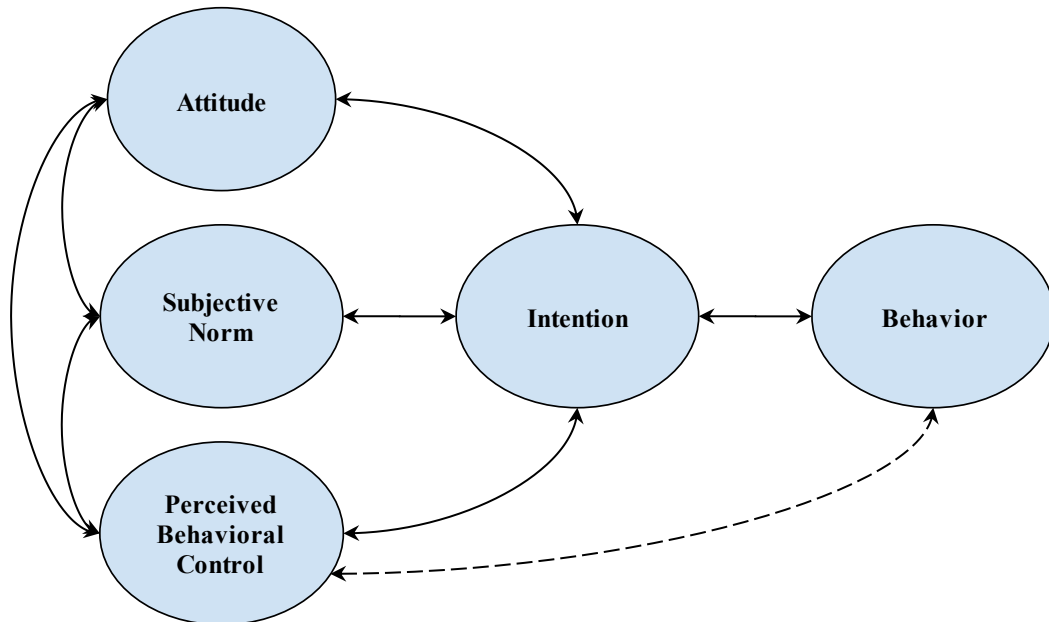


**Figure 2.2.** Theory of Planned Behavior Framework

Source: Ajzen (1991)

In summary, TPB holds that attitude toward the behaviour, subjective norm, and perceived behavioral control jointly shape behavioural intention, which in turn predicts behaviour (Ajzen, 1991). The framework is widely used in consumer and financial behaviour research, and it is relevant background for the present study because it shows that psychological factors, and not economic conditions alone, are commonly studied in relation to consumer behaviour. TPB does not itself establish how worry relates to purchasing, and it is not used here to support any hypothesis.

## 2.4. Research Framework

Based on the reviewed literature, this study adopts the React–Cope–Adapt (RCA) framework to organize the associations among the constructs under perceived inflationary pressure. The RCA framework conceptually describes consumer responses to financial constraints as emotional and behavioral adjustments; in this cross-sectional study it is used only to organize the constructs.

The proposed framework organizes the constructs around the three RCA. Inflation-related worry in response to financial constraints corresponds to the React category, consistent with Hamilton et al.'s (2019) framework, in which the initial emotional and cognitive appraisal of a shock (e.g., tunneling, frustration, reduced sense of control) is placed first in the framework, before the coping and adaptive categories; this ordering is conceptual and is not tested here.

Price-conscious coping behavior being associated with product adjustment is treated as an adjustment outcome of purchasing, while inflation-related worry being associated with panic purchases is treated as a parallel reactive outcome rather than as an Adapt-stage outcome, for the reasons set out in Section 2.1.3. The proposed research framework is presented below.

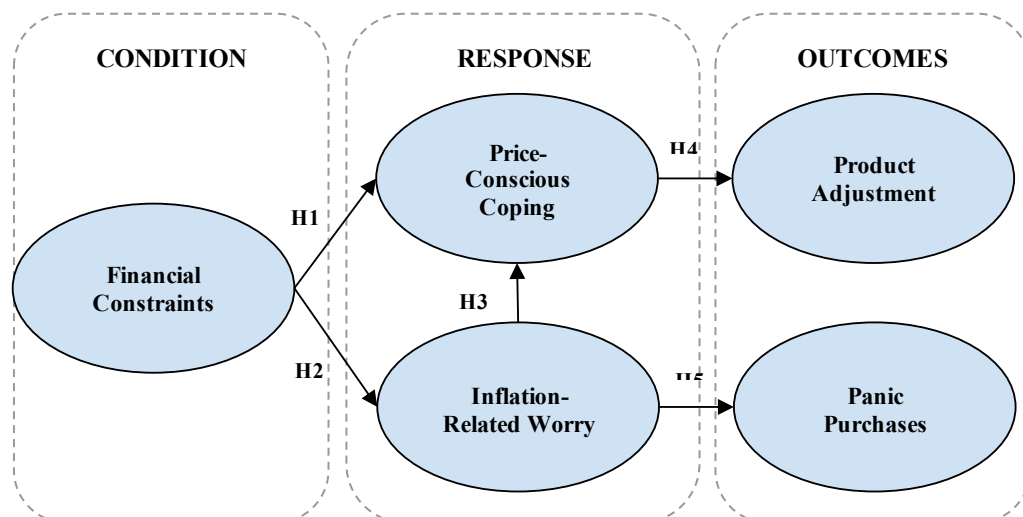


**Figure 2.3.** Research Framework

Source: Author (2026)

There are several hypotheses to investigate based on the research framework:

**H1:** Financial constraints are positively associated with price-conscious coping behavior.

**H2:** Financial constraints are positively associated with inflation-related worry.

**H3:** Inflation-related worry is positively associated with price-conscious coping behavior.

**H4:** Price-conscious coping behavior is positively associated with product adjustment.

**H5:** Inflation-related worry is positively associated with panic purchases.

In addition, given that Inflation-Related Worry and Price-Conscious Coping Behavior are conceptualized as mediating variables, the following mediation hypotheses are proposed:

**H6:** Inflation-Related Worry mediates the association between Financial Constraints and Price-Conscious Coping Behavior.

**H7:** Price-Conscious Coping Behavior mediates the association between Inflation-Related Worry and Product Adjustment.

**H8:** Inflation-Related Worry mediates the association between Financial Constraints and Panic Purchases.

**H9:** Inflation-Related Worry and Price-Conscious Coping Behavior serially mediate the association between Financial Constraints and Product Adjustment.

**H10:** Price-Conscious Coping Behavior mediates the association between Financial Constraints and Product Adjustment.

## CHAPTER 3

### RESEARCH METHOD

#### 3.1. Introduction

This chapter describes the research methodology employed to examine household responses to perceived inflationary pressure in Jabodetabek, Indonesia. The study adopts a quantitative, associational design grounded in the React–Cope–Adapt (RCA) framework. The following sections present the research design, study location and population, sampling procedure and sample size determination, operational definitions and measurement of constructs, questionnaire design and validation, data collection procedures, data analysis strategy (PLS-SEM), and ethical considerations.

#### 3.2. Research Design

According to Bougie and Sekaran (2019), research design is a plan for gathering, measuring, and analyzing data in order to address research questions. Figure 3.1. depicts the research methodology as described by Malhotra (2010).

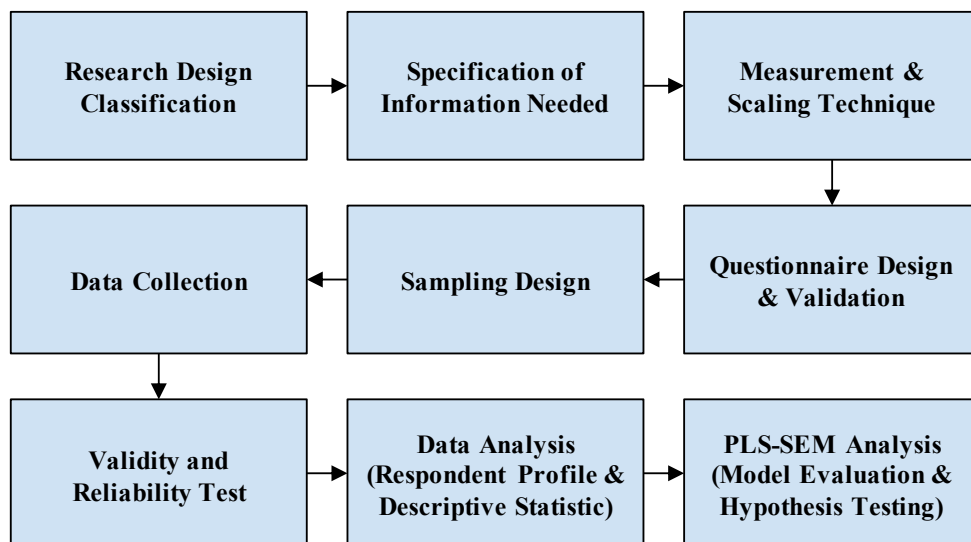


**Figure 3.1.** Flowchart of Research Methodology

Source: Author (2026)

The data analysis in this study is conducted in a systematic sequence to ensure the accuracy and reliability of the findings. The first step is to test the validity and reliability of a questionnaire to ensure that the measurement instruments used are suitable for the study. Once these requirements are met, the data is screened for missing values, outliers and any inconsistencies that could impact the quality of the analysis.

The next stage involves descriptive statistical analysis to provide a general picture of the dataset, including demographic characteristics of the respondents. Next, the model evaluation is conducted. This includes the evaluation of the measurement model and the structural model to ensure that the proposed research model is statistically sound.

The last stage is hypothesis testing. The significance of the relationships among the study variables is examined using the SmartPLS with the bootstrapping procedures by one-tailed testing approach. The results are then interpreted and synthesized to respond to the research objectives and to draw the conclusions of the study.

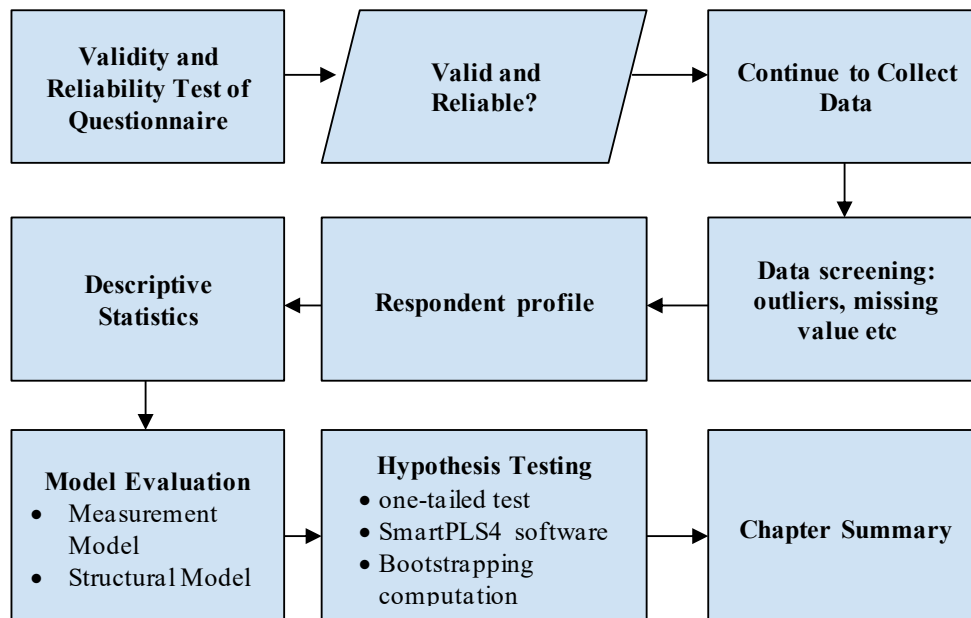


**Figure 3.2.** Flowchart of Data Analysis

Source: Author (2026)

### **3.3. Type of Research**

This research uses quantitative research, which is the research that collects numerical data and then analyzes it with statistical techniques (Sugiyono, 2017). A quantitative approach is considered appropriate because it allows the researcher to investigate relationships between variables in an objective and systematic manner.

The research design of this study is associational rather than causal. The aim is to examine whether, and how strongly, the constructs in the research model are statistically related to one another. Because the data are cross-sectional and collected from a single self-report questionnaire at a single point in time, the design does not permit conclusions about causal direction or temporal ordering, and the results are therefore reported and interpreted as associations (Sugiyono, 2017).

### **3.4. Source of Data**

The research questions are to be answered with data that is both valid and reliable. According to Mulyadi (2016), the credibility of the research data is obtained from credible sources and the data is collected using the proper research methods. Bougie and Sekaran (2019) divide research data into two main categories:

1. Primary data: Data collected directly by the researcher through first hand methods. The main data used in this study are survey questionnaires to target households and consumers.
2. Secondary data: Existing information previously collected by external parties for other objectives. Examples include journal articles, statistical bulletins, government reports, and internet sources. In this study, secondary data is primarily derived from relevant academic journals and macroeconomic statistical reports to support the context of the research.

### **3.5. Research Location**

This research was conducted in the Greater Jakarta area, commonly referred to as Jabodetabek—an integrated metropolitan region encompassing Jakarta, Bogor, Depok, Tangerang, and Bekasi. Jabodetabek is Indonesia's largest urban agglomeration and the nation's primary economic hub, contributing more than 20 percent of national GDP (BPS, 2024).

The area is characterized by high population density, diverse income levels, and dynamic consumer markets that reflect both urban affluence and suburban cost sensitivity. As of 2024, the combined population exceeded 34 million people, with a large proportion employed in trade, services, and manufacturing sectors (Bank Indonesia, 2024).

The region's economic and social characteristics make it particularly relevant for studying household responses to perceived inflationary pressure. On one hand, Jabodetabek households experience relatively higher living costs and are highly exposed to fluctuations in food and energy prices; on the other hand, the diversity of socioeconomic classes allows for comparative insights into how different income groups adapt to inflationary pressures.

Additionally, Jabodetabek's advanced retail infrastructure and digital connectivity (including widespread online shopping and delivery platforms) provide an ideal setting for observing behavioral adjustments such as product switching, panic buying, and financial coping strategies during periods of economic uncertainty. Therefore, selecting Jabodetabek as the research location enables this study to capture a comprehensive and realistic representation of urban household adaptation behavior in Indonesia's most economically significant region.

### **3.6. Population and Sample**

#### **3.6.1 Population**

The population for this study consists of all households located in the Jabodetabek region, which encompasses the cities and regencies of DKI Jakarta (2,806,727 households), Bekasi (881,763 households), Bogor (1,401,318 households), Depok (547,091 households), and Tangerang (879,566 households), for a combined total of 6,516,465 households (BPS, 2022).

#### **3.6.2 Sample**

In this study, a non-probability sampling technique is adopted. As noted by Roger Bougie and Uma Sekaran (2019, p. 226), “When time or other factors, rather than generalizability, become critical, non-probability sampling is generally used.” Non-probability sampling relies more on the researcher’s judgement than on giving each element of the population a known chance of selection. In particular, the study uses a judgemental (or purposive) sampling approach, meaning that the researcher selects households in the Jabodetabek region which best fit the characteristics of interest based on the researcher’s judgement rather than through random selection. This allows the researcher to intentionally include households that are accessible and deemed relevant for capturing adaptation behaviours such as anxiety about inflation, switching to cheaper brands, or stock-piling. Although this approach limits the extent to which the findings can be statistically generalized to the entire household population, it is appropriate given the time, resource and logistical constraints of the study context (Malhotra, 2010). Because the questionnaire was circulated as an open link on Instagram and WhatsApp and respondents decided for themselves whether to take part, recruitment is more accurately described as self-selected convenience sampling combined with purposive screening criteria; the sample cannot be treated as a probability sample.

#### **3.6.3 Sample Size**

The sample size will affect the suitability and statistical power of multiple regression, claims Hair (2014). Determining the sample size is crucial since it affects generalizability.

**Table 3.1.** Cohen Table

| Maximum<br>Number of<br>Arrows Pointing<br>at a Construct | Significance Level     |      |     |      |                        |      |     |      |                        |      |     |      |
|-----------------------------------------------------------|------------------------|------|-----|------|------------------------|------|-----|------|------------------------|------|-----|------|
|                                                           | 1%                     |      |     |      | 5%                     |      |     |      | 10%                    |      |     |      |
|                                                           | Minimum R <sup>2</sup> |      |     |      | Minimum R <sup>2</sup> |      |     |      | Minimum R <sup>2</sup> |      |     |      |
|                                                           | 0.1                    | 0.25 | 0.5 | 0.75 | 0.1                    | 0.25 | 0.5 | 0.75 | 0.1                    | 0.25 | 0.5 | 0.75 |
| 2                                                         | 158                    | 75   | 47  | 38   | 110                    | 52   | 33  | 26   | 88                     | 41   | 26  | 21   |
| 3                                                         | 176                    | 84   | 53  | 42   | 124                    | 59   | 38  | 30   | 100                    | 48   | 30  | 25   |
| 4                                                         | 191                    | 91   | 58  | 46   | 137                    | 65   | 42  | 33   | 111                    | 53   | 34  | 27   |
| 5                                                         | 205                    | 98   | 62  | 50   | 147                    | 70   | 45  | 36   | 120                    | 58   | 37  | 30   |
| 6                                                         | 217                    | 103  | 66  | 53   | 157                    | 75   | 48  | 39   | 128                    | 62   | 40  | 32   |
| 7                                                         | 228                    | 109  | 69  | 56   | 166                    | 80   | 51  | 41   | 136                    | 66   | 42  | 35   |
| 8                                                         | 238                    | 114  | 73  | 59   | 174                    | 84   | 54  | 44   | 143                    | 69   | 45  | 37   |
| 9                                                         | 247                    | 119  | 76  | 62   | 181                    | 88   | 57  | 46   | 150                    | 73   | 47  | 39   |
| 10                                                        | 256                    | 123  | 79  | 64   | 189                    | 91   | 59  | 48   | 156                    | 76   | 49  | 41   |

Source: Cohen (1992): A Power Primer. Psychological Bulletin 112: 155–159

The Cohen table is a vital tool for researchers aiming to determine the appropriate sample size needed to achieve a desired level of statistical power in their studies. By utilizing this table, researchers can calculate the required sample size based on the expected effect size, significance level, and desired power (Pandey, 1999). Based on Cohen's power table approach as cited in Hair et al. (2014), the determination of the minimum sample size depends on the significance level, the number of arrows pointing toward an endogenous construct, and the minimum expected coefficient of determination (R<sup>2</sup>).

This study applies a significance level of 5% ( $\alpha = 0.05$ ) which is a widely accepted convention in behavioral and social science research because it provides a reasonable balance between Type I error risk and practical constraints of data collection (Tabachnick & Fidell, 2014).

Expecting a medium effect ( $R^2 \approx 0.25$ ) is consistent with Cohen's benchmarks for multiple regression and structural models, where  $R^2$  values near 0.25 indicate a moderate proportion of explained variance and are commonly used as planning targets in social-behavioral studies (Cohen, 1988). Thus, a minimum of 52 valid responses is considered sufficient.

A second estimate was obtained using GPower 3.1 (Faul, Erdfelder, Buchner, & Lang, 2009). The settings used were: test family F tests; statistical test Linear multiple regression: Fixed model,  $R^2$  deviation from zero; type of power analysis A priori; considering  $\alpha$  level at 5% and power level at 80%, as it is suggested by Hair (2014), using moderate effect size which are 0,15; and number of tested predictors equal to the number of predictors entering the most complex structural equation in the model. In the present model the endogenous construct with the largest number of incoming paths is Price-Conscious Coping Behavior, which receives two paths (from Financial Constraints and from Inflation-Related Worry). With two predictors the required minimum sample size is 68.

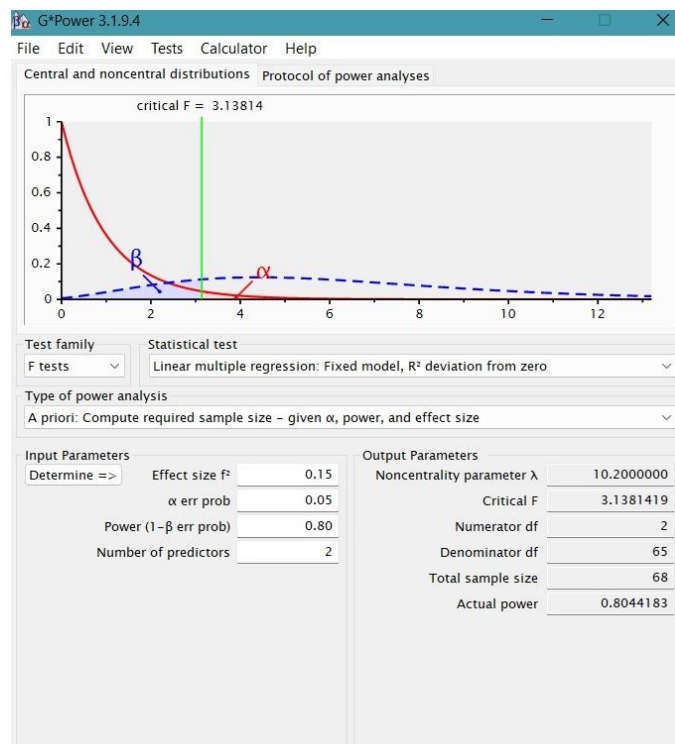


**Figure 3.3.** GPower Analysis

Source: Author, GPower Software (2026)

### **3.7. Data Collection**

The data for this study were collected using a structured questionnaire administered through an online survey. The questionnaire was distributed via Google Forms, allowing respondents to participate conveniently while enabling efficient data collection across the Greater Jakarta (Jabodetabek) area. This approach also made it possible to reach a broader and more diverse group of participants within a limited timeframe and with available research resources. The questionnaire was specifically designed to collect information related to the constructs examined in this study. Before its distribution, all questionnaire items were reviewed to ensure their clarity and content validity.

To ensure that only eligible respondents participated in the study, the survey included a screening section at the beginning of the questionnaire. Participants were required to confirm that they: (1) reside in Greater Jakarta (Jabodetabek); (2) are familiar with their household's purchasing decisions for daily necessities; and (3) have observed substantial price increases in essential goods, such as rice, cooking oil, and fuel, during the past 12 months. Only respondents who met all three criteria were allowed to proceed to the main questionnaire.

Data collection was conducted over a two-month period, from January to February 2026, to provide sufficient time to obtain the targeted sample size. The questionnaire was distributed electronically through social media and messaging platforms, primarily Instagram and WhatsApp, to maximize its reach among the target population.

The study strictly adhered to ethical data collection practices. Prior to participation, respondents received an informed consent form detailing the study's objectives. To protect privacy, no identifying personal details were recorded, guaranteeing full anonymity and confidentiality. Furthermore, participation was strictly voluntary and uncompensated to prevent response bias, with all collected data securely archived solely for academic analysis.

### 3.8. Measurement of Variables

This study measures latent constructs using reflective indicators on a 5-point Likert scale (1 = Strongly Disagree / *Sangat Tidak Setuju*; 2 = Disagree / *Tidak Setuju*; 3 = Neutral / *Netral*; 4 = Agree / *Setuju*; 5 = Strongly Agree / *Sangat Setuju*). Each construct uses 3–5 items adapted for the Indonesian inflation context.

The questionnaire is divided into two sections: Part A and Part B. Part A gathers information on respondents' demographic characteristics, including gender, age, education level, place of origin, employment and monthly spending. Part B focuses on measuring the study variables through items rated on a five-point Likert scale.

**Table 3.2.** Source of Measurement and Items

| Variable                          | Definition                                                                                                                                                                                                                                                                                                                     | Item                                                                                                      | Source                                                            |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| <b>Financial Constraints (X1)</b> | Financial constraints refer to the perceived limitation of economic resources that restricts a household's ability to meet its consumption needs and maintain the standard of living it had before the period of high inflation, particularly during periods of high inflation (Ailawadi et al., 2001; Hamilton et al., 2019). | X1.1. Compared to the time before high inflation my current financial situation is worse.                 | Ailawadi et al. (2001); Paley et al. (2019); Sharma et al. (2012) |
|                                   |                                                                                                                                                                                                                                                                                                                                | X1.2. Compared to the time before high inflation I currently feel more financially constrained.           |                                                                   |
|                                   |                                                                                                                                                                                                                                                                                                                                | X1.3. Compared to the time before high inflation my current financial situation is more restricted.       |                                                                   |
|                                   |                                                                                                                                                                                                                                                                                                                                | X1.4. Compared to the time before high inflation my household struggles to make ends meet over the month. |                                                                   |
| <b>Product Adjustment (Y1)</b>    | Product adjustment refers to tangible changes in actual purchasing decisions — such as switching to cheaper products, reducing the purchase of luxury or non-essential items, and focusing spending on essential goods — reported by respondents in connection with higher prices (Ailawadi, Neslin, & Gedenk, 2001).          | Y1.1. I purchase cheaper products than before due to higher prices.                                       | Ailawadi, Neslin, & Gedenk (2001)                                 |
|                                   |                                                                                                                                                                                                                                                                                                                                | Y1.2. I buy fewer luxury or non-essential items and focus more on essentials.                             |                                                                   |
|                                   |                                                                                                                                                                                                                                                                                                                                | Y1.3. I reduce the quantity or frequency of purchasing non-essential products due to higher prices.       |                                                                   |

| Variable                                    | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Item                                                                                                                               | Source                                                           |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| <b>Price-Conscious Coping Behavior (M1)</b> | Price-conscious coping behavior refers to the pragmatic, price-focused purchasing tactics that households report currently adopting in response to financial pressure — such as comparing prices across brands, seeking discounts, and prioritizing price over brand — consistent with the Cope stage of the RCA framework (Hamilton et al., 2019). The construct captures behaviour respondents report already performing; it is not a claim that these tactics have become permanent or that short-term coping has been transformed into settled habits, since a cross-sectional design cannot establish change of that kind over time (Ailawadi, Neslin, & Gedenk, 2001). | M1.1. I increasingly compare prices of different brands before making a decision.                                                  | Ailawadi, Neslin, & Gedenk (2001)                                |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | M1.2. I'm currently being more mindful of my money.                                                                                | Ang (2000); Shama (1981)                                         |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | M1.3. I'm currently buying more discounted items.                                                                                  |                                                                  |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | M1.4. I choose products mainly based on price rather than brand or features.                                                       |                                                                  |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | M1.5. Adapting my spending behavior is necessary to cope with rising prices.                                                       |                                                                  |
| <b>Inflation-Related Worry (M2)</b>         | Inflation-Related Worry refers to the cognitive component of the stress response that occurs when a household appraises rising prices as a threat that exceeds its available coping resources (Lazarus & Folkman, 1984). This response is manifested cognitively through persistent worry about present wellbeing, the broader economic situation, and future financial security (Eger et al., 2021; Hamilton et al., 2019; Larson & Shin, 2018).                                                                                                                                                                                                                            | M2.1. When I noticed that inflation had increased significantly, I felt worried about my well-being.                               | Eger et al. (2021); Hamilton et al. (2019); Larson & Shin (2018) |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | M2.2. When I noticed that inflation had increased significantly, I felt worried about the economic situation.                      |                                                                  |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | M2.3. When I noticed that inflation had increased significantly, I felt worried about my future financial security.                |                                                                  |
| <b>Panic Purchases (Y2)</b>                 | Panic purchases refer to immediate, impulsive, and often excessive purchasing behavior that respondents report in connection with fear of future price increases or product shortages at the onset of a period of high inflation, characterized by urgency and a lack of prior planning (Byun & Sternquist, 2008; Yassin, 2022).                                                                                                                                                                                                                                                                                                                                             | Y2.1. At the beginning of high inflation I felt the need to buy certain products immediately.                                      | Byun & Sternquist (2008); Yassin (2022)                          |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Y2.2. At the beginning of high inflation I made spontaneous or unplanned purchases driven by fear of price increases or shortages. |                                                                  |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Y2.3. At the beginning of high inflation I bought more than I normally would.                                                      |                                                                  |

Source: Author (2026)

### ***3.8.1 Justification of Reflective Measurement Indicators***

All five constructs in this study are modeled with reflective indicators. Following Jarvis, Mackenzie, and Podsakoff (2003), a set of indicators is reflective when the underlying construct is the cause of the indicators rather than their consequence: the items are different observable manifestations of a single condition that exists within the respondent prior to measurement, not separate components that combine to define the construct. Reflective indicators should therefore (a) be interchangeable, since dropping one item should not change the meaning of the construct, and (b) correlate substantially with one another, since they are all expressions of the same underlying state.

Financial Constraints illustrates this clearly. Its four items reporting that one's financial situation is worse, that one feels more financially constrained, that one's situation is more restricted, and that one's household struggles to make ends meet are four differently worded expressions of a single underlying condition: the household's finances have deteriorated. Removing any one of the four items would not change what the construct represents, only the precision with which it is measured.

For Inflation-Related Worry, the construct is specifically operationalized as inflation-related stress manifested through worry, following Lazarus and Folkman's (1984) definition of stress as occurring when a threat is appraised as exceeding one's coping resources, and Borkovec et al.'s (1983) characterization of worry as the cognitive, future-oriented expression of that response under uncertainty. The three Inflation-Related Worry items all describe this same uncertain, future-focused worry about present wellbeing, the broader economic situation, and future financial.

Price-Conscious Coping Behavior and Product Adjustment require closer justification, because their items describe distinct actions for instance comparing prices across brands, buying more discounted items, and choosing products by price rather than brand for Price-Conscious Coping Behavior, rather than restatements of a single feeling.

Taken at face value, this could suggest a formative specification, since the items are not interchangeable in the way the Financial Constraints items are: a household could do one of these things without doing the others.

However, in this study these items are treated as different surface expressions of a single underlying disposition, namely the degree to which a household has adopted a price-conscious, cost-cutting orientation in response to sustained inflation, rather than as separate components that jointly build that disposition. A household high on this disposition is assumed to comparison-shop, seek discounts, and prioritize price over brand simultaneously, not because one behavior causes another, but because all three are downstream expressions of the same underlying shift. This is consistent with how Ailawadi, Neslin, and Gedenk (2001), the source of these items, treat comparable batteries of price-adaptation behaviors reflectively despite their behavioral heterogeneity.

A formative specification remains conceptually plausible for Price-Conscious Coping Behavior and Product Adjustment, and this is treated here as a substantive limitation of the measurement model. The items of Product Adjustment describe distinct actions — buying cheaper products, reducing non-essential items, and reducing quantity or frequency — which are not fully interchangeable, and the same applies to the price-comparison, discount-seeking, and price-priority items of Price-Conscious Coping Behavior. Two further measurement issues are acknowledged. First, item M1.5 (“Adapting my spending behavior is necessary to cope with rising prices”) expresses a normative belief rather than a reported behaviour, unlike M1.1–M1.4, and its retention is therefore a conceptual concern; because its loading is above 0.70 (Table 4.3), it was retained on statistical grounds, and a sensitivity analysis without M1.5 is not reported in this thesis. Second, items Y1.2 and Y2.2 each combine more than one idea in a single statement, which may reduce their precision. A robustness check using a formative re-specification with redundancy analysis is recommended for future work.

### **3.9. Reliability and Validity of Questionnaires**

Data for this research were gathered using questionnaires completed by respondents through online forms. A trial phase (pre-test) was conducted to assess the questionnaire's validity and reliability. These evaluations had to be performed before distributing the questionnaire to the full target sample of 68 respondents. In November 2025, the researcher conducted reliability and validity testing in SEM-PLS using the first 33 survey responses, representing approximately 48% of the intended sample size of 68. The questionnaire contained items measuring the variables of Financial Constraints, Inflation-Related Worry, Price-Conscious Coping Behavior, Product Adjustment, and Panic Purchases.

Reliability refers to the repeatability and internal consistency of a questionnaire. A reliable measurement is one that is free from bias (error), producing stable and consistent results over time and across items in the instrument. This study assessed reliability using Cronbach's Alpha, where values above 0.7 indicate high reliability, although values slightly below this threshold are generally considered acceptable (Hair Jr et al., 2021). Validity, on the other hand, reflects the extent to which differences in scale scores accurately represent true differences in the characteristic being measured (Malhotra, 2010).

### **3.10. Data Analysis Method**

Data collected from respondents will be analyzed using both descriptive and Partial Least Squares Structural Equation Modeling (PLS-SEM).

#### ***3.10.1. Respondent Profile***

This process includes data screening to identify and handle missing values and outliers. The demographic information such as gender, age, education level, employment and monthly spending will be summarized and presented through tables, charts, and graphs. Additionally, the results from Part B of the questionnaire will also be illustrated using descriptive visuals for clearer interpretation.

### 3.10.2. PLS-SEM Analysis

PLS-SEM is suitable for this research because it does not require normally distributed data, is commonly applied to relatively small samples, and it accommodates complex models with several mediating constructs (Hair et al., 2021). The analysis process follows two major stages: the evaluation of the measurement model (outer model) and the structural model (inner model) (Chin, 1998; Ghazali, 2011).

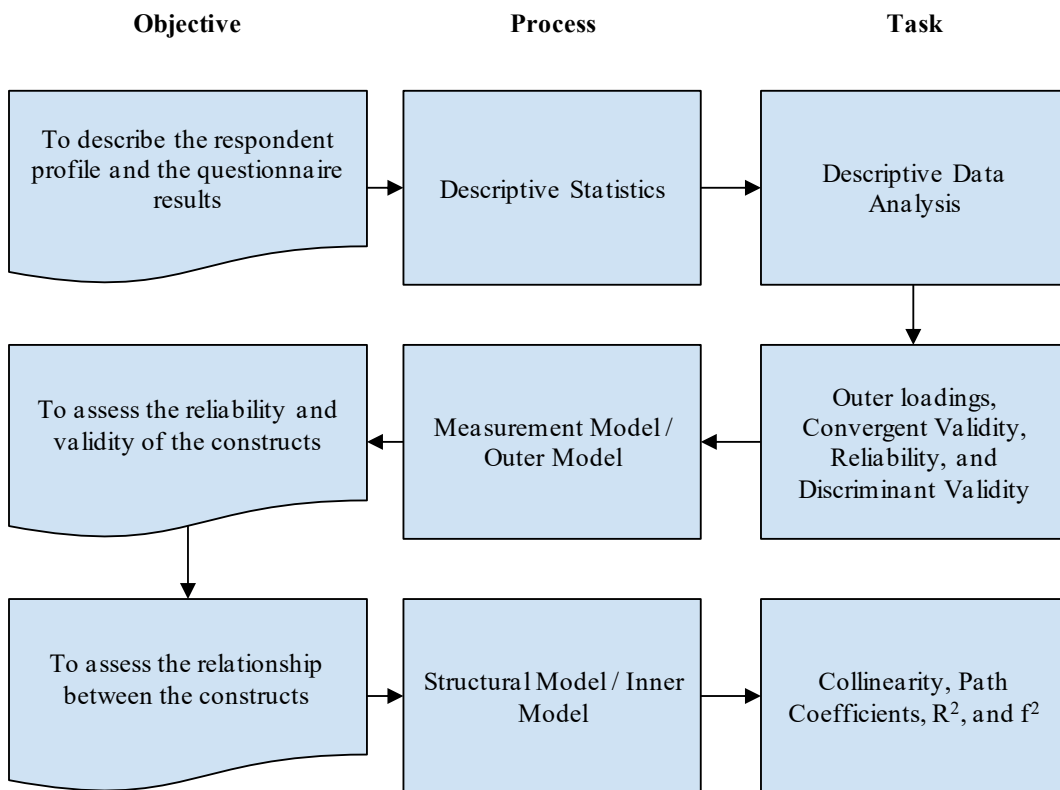


**Figure 3.4.** Flowchart of PLS-SEM Analysis

Source: Yusof et al. (2022), Author (2026)

#### ***Measurement (Outer) Model***

In the first stage, the measurement model will be assessed to verify the reliability and validity of each construct.

- Outer loading values should exceed 0.70, indicating that the indicator explains more than 50% of the variance of the construct. Indicators with loadings between 0.40 and 0.70 may be considered for removal if their deletion improves composite reliability or AVE.
- Internal consistency reliability will be examined using Cronbach's Alpha and Composite Reliability (CR), where values greater than 0.70 indicate satisfactory reliability (Hair et al., 2014).
- Convergent validity will be tested by evaluating factor loadings and the Average Variance Extracted (AVE). Items with loadings above 0.70 are considered adequate; however, in exploratory research, loadings between 0.50 and 0.70 may be retained if the AVE and CR remain within acceptable limits (Chin, 1998). The AVE should exceed 0.50 to confirm that a construct explains more than half of the variance of its indicators.
- Discriminant validity will be verified through the Fornell–Larcker criterion, which requires that the square root of each construct's AVE be greater than its correlations with other constructs.

### ***Structural (Inner) Model***

The second stage involves evaluating the structural model, which examines the relationships between the latent constructs based on the theoretical framework. The model assessment will include an evaluation of collinearity through the Variance Inflation Factor (VIF), ensuring that all predictor constructs have VIF values below 5.0, which indicates the absence of multicollinearity. The path coefficients obtained from the structural model represent the strength and direction of relationships among variables.

To determine statistical significance, a bootstrapping procedure with 5,000 subsamples will be conducted, as recommended by Hair et al. (2021). Each hypothesized relationship will be evaluated by comparing the t-statistic and p-value with the critical values at a 5% significance level. Path coefficients with  $p < 0.05$  will be considered significant and supportive of the corresponding hypothesis.

To assess the explanatory power of the model, the coefficient of determination ( $R^2$ ) for each endogenous variable will be reported. According to Chin (1998),  $R^2$  values of 0.67, 0.33, and 0.19 indicate substantial, moderate, and weak explanatory power, respectively.

Additionally, the effect size ( $f^2$ ) will be calculated to measure the impact of each exogenous variable on the endogenous variables, with thresholds of 0.02, 0.15, and 0.35 indicating small, medium, and large effects, as proposed by Cohen (1988).

### **3.11. Hypothesis Testing**

The bootstrapping method found in SmartPLS 4 is used in this study to evaluate hypotheses. By regularly resampling the dataset with replacement, bootstrapping, a non-parametric resampling technique, calculates the precision of PLS-SEM model parameters.

By producing standard errors, t-statistics, and confidence intervals for every estimated path coefficient, this method makes it possible to evaluate the statistical significance of the proposed relationships without requiring the assumption of multivariate normality (Hair et al., 2021).

Because the hypotheses in this study indicate the expected direction of the correlations between constructs based on previous theoretical and empirical literature, all of the hypotheses are examined using a one-tailed significance test. According to the suggested PLS-SEM criteria, the null hypothesis is rejected if the t-statistic is greater than 1.645 at the 5% significance level ( $p < 0.05$ , one-tailed) (Hair et al., 2021). This indicates statistical significance. The suggested study framework is quantitatively evaluated by analyzing path coefficients ( $\beta$ ) to ascertain the direction and strength of the links between the latent constructs.

The study takes into account the size and explanatory relevance of the estimated effects in addition to assessing the statistical significance of each structural path. In particular, each endogenous construct's coefficient of determination ( $R^2$ ) is evaluated to ascertain the percentage of variance explained, and each exogenous construct's relative contribution to the endogenous variables is measured using the effect size ( $f^2$ ) (Chin, 1998; Geisser, 1975; Stone, 1974).

The hypothesis test offers a thorough evaluation of the theoretical and practical significance of the suggested links by combining statistical significance and effect magnitude.

The path coefficients ( $\beta$ ), t-statistics, p-values, and bias-corrected bootstrap confidence intervals for each proposed link are presented in a summary table. A hypothesis is treated as supported when the one-tailed p-value is below 0.05, the t-value exceeds 1.645, and the confidence interval excludes zero (the confidence intervals reported are 95% two-sided bias-corrected and accelerated intervals, which are slightly more conservative than the one-tailed 5% test). Through this analysis the study assesses whether inflation-related worry is positively associated with price-conscious coping behavior and with panic purchases, whether financial constraints are positively associated with price-conscious coping behavior and with inflation-related worry, and whether price-conscious coping behavior is positively associated with product adjustment.

## **CHAPTER 4**

### **FINDINGS, ANALYSIS AND DISCUSSION**

#### **4.1. Data Collection**

Data for this study were collected over a two-month period, from January to February 2026, from respondents in the Greater Jakarta area (Jabodetabek). The survey was conducted online using Google Forms and was distributed through Instagram and WhatsApp using purposive sampling. The screening item referred to price increases observed by respondents during the twelve months preceding data collection, whereas the scored items refer to the time “before high inflation”, to “when inflation had increased significantly”, and to “the beginning of high inflation” without naming a specific month or event. For context, BPS recorded year-on-year inflation of 3.55 per cent in January 2026, and of 4.76 per cent in February 2026, the latter being substantially influenced by a low base effect arising from the normalisation of electricity tariffs (BPS, 2026a; BPS, 2026b). These figures describe the national price environment during the fieldwork period; they do not establish that each respondent experienced a crisis-level inflationary shock. The study therefore refers throughout to perceived inflationary pressure as reported by respondents.

The online survey method was selected due to the high level of internet penetration and digital platform usage in the Jabodetabek region. In addition, the use of Google Forms allowed the researcher to distribute questionnaires quickly through social media and communication platforms such as Instagram and WhatsApp, monitor responses in real time, and automatically record the collected data, thereby reducing potential human error in data entry.

To ensure respondent eligibility and data quality, the questionnaire applied several screening criteria. Respondents were required to confirm that they: (1) reside in the Greater Jakarta area; (2) are knowledgeable about their household’s purchasing decisions for daily necessities; and (3) have experienced or observed significant price increases in essential goods during the past 12 months.

Furthermore, only complete and valid responses were included in the final analysis. Responses containing incomplete answers or failing to meet the screening criteria were excluded from the dataset. The final valid responses were then processed and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM).

A total of 144 responses were received through the online questionnaire. During the screening process, 17 unique responses were excluded based on the established eligibility criteria. Among these excluded responses, 4 did not meet the first criterion concerning residence in Jabodetabek, 7 did not meet the second criterion concerning knowledge of household purchasing decisions for daily necessities, and 17 did not meet the third criterion concerning having experienced or observed significant price increases in essential goods during the previous 12 months. The exclusion counts across the three criteria are not mutually exclusive, as some respondents did not meet more than one screening criterion. No responses were excluded due to incomplete answers. Following the screening process, 127 valid responses remained, with no missing values among the retained cases. The number of valid responses exceeds the minimum sample size derived from Cohen's table and the GPower analysis reported in Chapter 3, indicating that the obtained sample size is adequate for estimating the structural model. Nevertheless, the 127 respondents were recruited purposively through online channels and therefore do not constitute a representative sample of households in Jabodetabek. Accordingly, the findings are interpreted as describing the respondents included in this study rather than being generalized to the Jabodetabek household population as a whole.

#### **4.2. Descriptive Analysis**

This section presents the descriptive analysis of the data collected from respondents. Descriptive analysis is conducted to provide a general overview of the respondents and the characteristics of the collected data before proceeding to further statistical testing using the PLS-SEM approach.

#### 4.2.1 Respondent Profile

The respondent profile analysis describes the demographic background of individuals participating in this study. The information was obtained from Part A of the questionnaire and includes several demographic aspects. The composition is reported in order to describe who actually took part in the survey.

Because respondents were recruited purposively through Instagram and WhatsApp, the profile is not claimed to represent households in the Greater Jakarta (Jabodetabek) area. As the table shows, 56.7% of respondents report monthly spending above Rp5,000,000, 66.1% hold a bachelor's degree or higher, 74.8 per cent work in the private or government sector, and 28.3 per cent live in South Jakarta. This profile is skewed toward higher-spending, higher-educated, formally employed, and centrally located households, and all findings must be read as applying to this sample rather than to the Jabodetabek household population.

**Table 4.1.** Respondent Profile Summary

| Category                  | Sample (N) | Percentage |
|---------------------------|------------|------------|
| <b>Gender</b>             |            |            |
| Male                      | 73         | 57.5%      |
| Female                    | 54         | 42.5%      |
| <b>Age</b>                |            |            |
| <=20                      | 1          | 0.8%       |
| 21-30                     | 38         | 29.9%      |
| 31-40                     | 24         | 18.9%      |
| 41-50                     | 40         | 31.5%      |
| 51-60                     | 22         | 17.3%      |
| >=61                      | 2          | 1.6%       |
| <b>Education</b>          |            |            |
| Senior Highschool (SMA)   | 32         | 25.2%      |
| Bachelor's Degree (S1/D4) | 61         | 48.0%      |
| Associate Degree (D3)     | 11         | 8.7%       |
| Postgraduate (S2)         | 21         | 16.5%      |
| Doctoral degree (S3)      | 2          | 1.6%       |

| Category                    | Sample (N) | Percentage |
|-----------------------------|------------|------------|
| <b>Employment</b>           |            |            |
| Government Sector           | 29         | 22.8%      |
| Housewife                   | 15         | 11.8%      |
| Private Sector              | 66         | 52.0%      |
| Retiree/pensioner           | 1          | 0.8%       |
| Self-employed               | 8          | 6.3%       |
| Students                    | 6          | 4.7%       |
| Unemployed                  | 2          | 1.6%       |
| <b>Domicile</b>             |            |            |
| South Jakarta               | 36         | 28.3%      |
| North Jakarta               | 6          | 4.7%       |
| West Jakarta                | 6          | 4.7%       |
| East Jakarta                | 20         | 15.7%      |
| Central Jakarta             | 4          | 3.1%       |
| Bogor City                  | 6          | 4.7%       |
| Bogor Regency               | 10         | 7.9%       |
| Depok                       | 5          | 3.9%       |
| Tangerang City              | 3          | 2.4%       |
| Tangerang Regency           | 4          | 3.1%       |
| South Tangerang             | 11         | 8.7%       |
| Bekasi City                 | 12         | 9.4%       |
| Bekasi Regency              | 4          | 3.1%       |
| <b>Monthly Spending</b>     |            |            |
| ≤ Rp 999,000                | 3          | 2.4%       |
| Rp 1,000,000 - Rp 2,999,000 | 26         | 20.5%      |
| Rp 3,000,000 - Rp 4,999,000 | 26         | 20.5%      |
| ≥ Rp 5,000,000              | 72         | 56.7%      |

Source: Author (2026)

Based on the respondent profile data, the study involved a total of 127 valid respondents from the Greater Jakarta (Jabodetabek) area. In terms of gender, the majority of respondents were male, accounting for 73 respondents (57.5%), while female respondents totaled 54 respondents (42.5%). This suggests that participation in this survey was somewhat dominated by male respondents.

Based on age distribution, respondents aged 41–50 years represented the largest group, with 40 respondents (31.5%), followed by respondents aged 21–30 years with 38 respondents (29.9%). Respondents aged 31–40 years accounted for 24 respondents (18.9%), while those aged 51–60 years consisted of 22 respondents (17.3%).

Meanwhile, respondents aged below or equal to 20 years and above or equal to 61 years represented only a small proportion of the sample, accounting for 0.8% and 1.6%, respectively. This suggests that the majority of respondents were individuals within productive and economically active age groups who are likely involved in household purchasing and financial decision-making.

Regarding educational background, 61 respondents (48.0%) had a Bachelor's Degree (S1/D4). This was followed by Senior High School graduates with 32 respondents (25.2%) and Postgraduate (S2) degree holders with 21 respondents (16.5%).

Associate Degree (D3) holders accounted for 11 respondents (8.7%), while respondents with doctoral-level education (S3) represented the smallest group with only 2 respondents (1.6%). These findings indicate that the respondents generally possessed relatively high educational attainment, which may be related to their financial awareness and purchasing behavior during inflationary periods.

Regarding employment status, the majority of respondents worked in the private sector, consisting of 66 respondents (52.0%). Government sector employees represented 29 respondents (22.8%), while housewives accounted for 15 respondents (11.8%). Other occupations included self-employed individuals with 8 respondents (6.3%), students with 6 respondents (4.7%), and retirees/pensioners and unemployed respondents with 1 respondent (0.8%) and 2 respondents (1.6%), respectively. Private-sector employees formed the largest group in this sample; this should not be read as reflecting the workforce composition of Jabodetabek.

Based on domicile distribution, South Jakarta contributed the highest number of respondents with 36 respondents (28.3%), followed by East Jakarta with 20 respondents (15.7%) and Bekasi City with 12 respondents (9.4%). Other areas such as South Tangerang, Bogor Regency, and North Jakarta also contributed respondents in smaller proportions. Respondents came from Jakarta and from surrounding cities and regencies, but 56.7% (72 of 127) lived in Jakarta and the distribution was uneven, so it should not be read as representative of the Jabodetabek region.

Lastly, in terms of monthly spending, the majority of respondents reported spending more than Rp 5,000,000 per month, accounting for 72 respondents (56.7%). Respondents with monthly spending between Rp 1,000,000–Rp 2,999,000 and Rp 3,000,000–Rp 4,999,000 each accounted for 26 respondents (20.5%). Meanwhile, respondents spending less than Rp 999,000 per month represented only 3 respondents (2.4%).

These findings suggest that most respondents belonged to middle- to upper-spending households, which may be related to their purchasing adjustments and financial adaptation strategies during periods of inflation.

#### **4.2.2. Questionnaire Result**

**Table 4.2.** Questionnaire Result Summary

| <b>Name</b> | <b>No.</b> | <b>Type</b> | <b>Missings</b> | <b>Mean</b> | <b>Median</b> | <b>Std.</b> |
|-------------|------------|-------------|-----------------|-------------|---------------|-------------|
| X1.1.       | 1          | MET         | 0               | 3.425       | 4.000         | 0.935       |
| X1.2.       | 2          | MET         | 0               | 3.480       | 4.000         | 0.979       |
| X1.3.       | 3          | MET         | 0               | 3.559       | 4.000         | 0.969       |
| X1.4.       | 4          | MET         | 0               | 3.197       | 3.000         | 1.035       |
| Y1.1.       | 5          | MET         | 0               | 3.732       | 4.000         | 1.053       |
| Y1.2.       | 6          | MET         | 0               | 4.102       | 4.000         | 0.954       |
| Y1.3.       | 7          | MET         | 0               | 3.976       | 4.000         | 0.943       |
| M1.1.       | 12         | MET         | 0               | 4.165       | 4.000         | 0.962       |
| M1.2.       | 13         | MET         | 0               | 4.323       | 5.000         | 0.913       |
| M1.3.       | 14         | MET         | 0               | 4.031       | 4.000         | 1.003       |
| M1.4.       | 15         | MET         | 0               | 3.598       | 4.000         | 1.131       |
| M1.5.       | 16         | MET         | 0               | 4.181       | 4.000         | 0.926       |
| M2.1.       | 17         | MET         | 0               | 3.858       | 4.000         | 0.970       |
| M2.2.       | 18         | MET         | 0               | 4.000       | 4.000         | 0.896       |
| M2.3.       | 19         | MET         | 0               | 3.992       | 4.000         | 0.976       |

| <b>Name</b> | <b>No.</b> | <b>Type</b> | <b>Missings</b> | <b>Mean</b> | <b>Median</b> | <b>Std.</b> |
|-------------|------------|-------------|-----------------|-------------|---------------|-------------|
| Y2.1.       | 20         | MET         | 0               | 3.157       | 3.000         | 1.038       |
| Y2.2.       | 21         | MET         | 0               | 2.858       | 3.000         | 1.099       |
| Y2.3.       | 22         | MET         | 0               | 2.835       | 3.000         | 1.078       |

Source: Author (2026)

Table 4.2. presents the descriptive statistics for the questionnaire items across the five constructs examined in this study, namely Financial Constraints (X1), Product Adjustment (Y1), Price-Conscious Coping Behavior (M1), Inflation-Related Worry (M2), and Panic Purchases (Y2). Each item was measured using a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Notably, all items recorded zero missing values, indicating that every retained respondent completed all items; this describes data completeness and is not evidence of reliability used for subsequent analysis.

To interpret the mean scores, this study applies the common interval class convention for a 5-point Likert scale, where the range of 4 is divided into five equal classes of 0.8 each: 1.00–1.80 is very low, 1.81–2.60 low, 2.61–3.40 moderate, 3.41–4.20 high, and 4.21–5.00 very high. These categories are a descriptive summary of the observed item scores only.

For Financial Constraints (X1.1–X1.4), the mean scores range from 3.197 to 3.559, averaging approximately 3.42, which falls in the moderate-to-high range. This suggests that respondents generally perceive their financial situation as noticeably more constrained since the onset of high inflation, with the strongest agreement seen in feeling more financially restricted (X1.3). Product Adjustment (Y1.1–Y1.3) shows means ranging from 3.732 to 4.102, averaging approximately 3.94, which falls within the high category. The highest-scoring item, Y1.2, reflects strong agreement that respondents are buying fewer luxury or non-essential items, while Y1.1 and Y1.3 similarly indicate that households are shifting toward cheaper products and reducing the quantity or frequency of non-essential purchases.

Price-Conscious Coping Behavior (M1.1–M1.5) records the highest average item score among the five sets of items, at approximately 4.06. Within this group, M1.2 ("I'm currently being more mindful of my money") reached a mean of 4.323, the highest single value in the entire table, placing it in the very high category and pointing to strong and consistent agreement that households are actively adjusting their spending habits. Inflation-Related Worry (M2.1–M2.3) follows closely with an average of about 3.95, showing that respondents consistently report considerable worry about their well-being, the broader economic situation, and their future financial security as inflation has risen.

Panic Purchases (Y2.1–Y2.3) is the only set of items whose average item score, at approximately 2.95, falls into the moderate category rather than high. Y2.3 recorded the lowest mean in the entire table at 2.835, suggesting that although some degree of impulsive buying behavior was present among respondents, it was comparatively less pronounced than the other behavioral responses captured in this study.

Across all items, the standard deviation values range from 0.896 to 1.131, reflecting a moderate spread of responses around each mean and suggesting that while perceptions were reasonably consistent among respondents, some variation in individual experience remained.

#### **4.3 Measurement (Outer) Model**

The measurement model was evaluated to ensure that the constructs used in this research were measured consistently and accurately. Before evaluating the structural relationships among constructs, this procedure seeks to make sure that the questionnaire indicators accurately reflect the latent variables they are meant to represent.

**Table 4.3.** Outer Loadings and AVE

| Items                                |       | Outer Loadings | Average variance extracted (AVE) |
|--------------------------------------|-------|----------------|----------------------------------|
| Price-Conscious Coping Behavior (M1) | M1.1. | 0.893          | 0.690                            |
|                                      | M1.2. | 0.783          |                                  |
|                                      | M1.3. | 0.854          |                                  |
|                                      | M1.4. | 0.727          |                                  |
|                                      | M1.5. | 0.882          |                                  |
| Inflation-Related Worry (M2)         | M2.1. | 0.946          | 0.852                            |
|                                      | M2.2. | 0.909          |                                  |
|                                      | M2.3. | 0.913          |                                  |
| Financial Constraints (X1)           | X1.1. | 0.885          | 0.765                            |
|                                      | X1.2. | 0.871          |                                  |
|                                      | X1.3. | 0.918          |                                  |
|                                      | X1.4. | 0.820          |                                  |
| Product Adjustment (Y1)              | Y1.1. | 0.838          | 0.744                            |
|                                      | Y1.2. | 0.860          |                                  |
|                                      | Y1.3. | 0.889          |                                  |
| Panic Purchases (Y2)                 | Y2.1. | 0.901          | 0.767                            |
|                                      | Y2.2. | 0.924          |                                  |
|                                      | Y2.3. | 0.798          |                                  |

Source: Author (2026)

**4.3.1 Convergent Validity**

Convergent validity assesses whether a set of indicators intended to represent the same latent construct is sufficiently correlated, indicating that they capture a common underlying concept. In Partial Least Squares Structural Equation Modeling (PLS-SEM), this form of validity is commonly assessed by analyzing the outer loading of each indicator together with the Average Variance Extracted (AVE).

While an AVE value that achieves the suggested standard shows that the construct accounts for a reasonable percentage of the variance shared among its indicators, high outer loading values indicate that the indicators effectively reflect their respective construct. When taken as a whole, these standards show that the measurement model exhibits satisfactory convergent validity.

#### *4.3.1.1 Outer Loading*

The findings show that all indicators included in this study have outer loading values above the recommended threshold of 0.70. This indicates that each indicator adequately represents its intended construct and contributes effectively to the overall measurement model. Since all indicators satisfied the recommended criterion, no measurement items needed to be removed on statistical grounds from the analysis. Overall, these findings imply that the measurement model has good convergent validity and great indicator reliability. Item M1.5 (loading 0.882) was retained on statistical grounds, but it expresses a normative belief rather than a reported behavior (Section 3.8.1), so its retention remains a conceptual limitation; a sensitivity analysis without M1.5 is not reported in this thesis.

#### *4.3.1.2 Average Variance Extracted (AVE)*

The results show that the Average Variance Extracted (AVE) values for all constructs exceed the recommended threshold of 0.50. This indicates that each construct explains more than half of the variance in its corresponding indicators, demonstrating that the indicators adequately represent their underlying latent variables. Consequently, measurement error is relatively low, providing further evidence of satisfactory convergent validity within the measurement model.

#### *4.3.2 Discriminant Validity*

Discriminant validity assesses whether each construct in the model is empirically distinct from the others. In other words, it examines whether a latent variable measures a unique concept and whether its indicators are more strongly associated with their intended construct than with any other construct in the model. Establishing discriminant validity is essential because excessive overlap between constructs may indicate poor conceptual distinction, which can reduce the accuracy of the structural model and affect the interpretation of relationships among variables (Fornell & Larcker, 1981).

To evaluate discriminant validity, this study employs three criteria: the Fornell–Larcker criterion, cross-loading analysis, and the heterotrait-monotrait ratio of correlations (HTMT).

HTMT is included because simulation evidence shows that the Fornell–Larcker criterion and cross-loadings can fail to detect discriminant validity problems, particularly when construct correlations are high (Henseler, Ringle, & Sarstedt, 2015). Following Henseler et al. (2015), a threshold of  $HTMT < 0.90$  is adopted for conceptually similar constructs, and this threshold was taken from Henseler et al. (2015) and fixed before the HTMT results were interpreted.

Bias-corrected and accelerated bootstrap confidence intervals (5,000 subsamples) are reported for each HTMT value, and discriminant validity is considered established when the upper bound of the interval does not include 1.

#### 4.3.2.1 Fornell-Larcker Criterion

Per the Fornell–Larcker criterion, discriminant validity is achieved when the square root of a construct’s AVE exceeds its correlations with all other constructs in the model (Fornell & Larcker, 1981). This requirement shows that a construct explains more variance in its own indicators than it shares with other latent variables.

**Table 4.4.** Fornell-Larcker Criterion

|                                 | Price-Conscious Coping Behavior | Financial Constraints | Panic Purchases | Product Adjustment | Inflation-Related Worry |
|---------------------------------|---------------------------------|-----------------------|-----------------|--------------------|-------------------------|
| Price-Conscious Coping Behavior | <b>0.831</b>                    |                       |                 |                    |                         |
| Financial Constraints           | 0.491                           | <b>0.874</b>          |                 |                    |                         |
| Panic Purchases                 | 0.306                           | 0.284                 | <b>0.876</b>    |                    |                         |
| Product Adjustment              | 0.742                           | 0.576                 | 0.208           | <b>0.863</b>       |                         |
| Inflation-Related Worry         | 0.761                           | 0.508                 | 0.417           | 0.602              | <b>0.923</b>            |

Source: Author (2026)

As shown in Table 4.4, the square root of the AVE for each construct is greater than its correlations with the other constructs in the model. This means that each construct shares more variance with its own indicators than with other latent variables. Thus, the Fornell–Larcker criterion is fulfilled, showing that the constructs are empirically distinct and show sufficient discriminant validity.

#### 4.3.2.2 Cross-Loading Analysis

As another test of discriminant validity, cross-loading analysis was used. This method compares the loadings of each indicator on its intended construct against its loadings on all other constructs in the model. An indicator is considered to have adequate discriminant validity if it loads higher on the assigned construct than on any other construct, that is, the indicator is more closely related to its intended latent variable than to other latent variables (Hair et al., 2022). Meeting this criterion provides further evidence that the constructs are conceptually distinct and their indicators appropriately measure the intended constructs.

**Table 4.5.** Cross-Loading

|       | Price-Conscious<br>Coping Behavior<br>(M1) | Financial<br>Constraints (X1) | Panic<br>Purchases (Y2) | Product<br>Adjustment (Y1) | Inflation<br>-Related<br>Worry<br>(M2) |
|-------|--------------------------------------------|-------------------------------|-------------------------|----------------------------|----------------------------------------|
| M1.1. | <b>0.893</b>                               | 0.386                         | 0.221                   | 0.626                      | 0.650                                  |
| M1.2. | <b>0.783</b>                               | 0.379                         | 0.265                   | 0.649                      | 0.641                                  |
| M1.3. | <b>0.854</b>                               | 0.461                         | 0.321                   | 0.672                      | 0.650                                  |
| M1.4. | <b>0.727</b>                               | 0.387                         | 0.224                   | 0.503                      | 0.479                                  |
| M1.5. | <b>0.882</b>                               | 0.421                         | 0.236                   | 0.617                      | 0.716                                  |
| X1.1. | 0.405                                      | <b>0.885</b>                  | 0.313                   | 0.476                      | 0.387                                  |
| X1.2. | 0.438                                      | <b>0.871</b>                  | 0.188                   | 0.440                      | 0.465                                  |
| X1.3. | 0.484                                      | <b>0.918</b>                  | 0.219                   | 0.583                      | 0.492                                  |
| X1.4. | 0.382                                      | <b>0.820</b>                  | 0.291                   | 0.509                      | 0.423                                  |
| Y2.1. | 0.331                                      | 0.308                         | <b>0.901</b>            | 0.271                      | 0.453                                  |
| Y2.2. | 0.253                                      | 0.211                         | <b>0.924</b>            | 0.139                      | 0.356                                  |
| Y2.3. | 0.178                                      | 0.204                         | <b>0.798</b>            | 0.077                      | 0.220                                  |
| Y1.1. | 0.626                                      | 0.525                         | 0.180                   | <b>0.838</b>               | 0.508                                  |
| Y1.2. | 0.673                                      | 0.467                         | 0.205                   | <b>0.860</b>               | 0.556                                  |
| Y1.3. | 0.614                                      | 0.499                         | 0.149                   | <b>0.889</b>               | 0.490                                  |

|       | Price-Conscious Coping Behavior (M1) | Financial Constraints (X1) | Panic Purchases (Y2) | Product Adjustment (Y1) | Inflation-Related Worry (M2) |
|-------|--------------------------------------|----------------------------|----------------------|-------------------------|------------------------------|
| M2.1. | 0.721                                | 0.497                      | 0.406                | 0.534                   | 0.946                        |
| M2.2. | 0.691                                | 0.477                      | 0.363                | 0.561                   | 0.909                        |
| M2.3. | 0.685                                | 0.430                      | 0.384                | 0.574                   | 0.913                        |

Source: Author (2026)

#### 4.3.2.3 Heterotrait-Monotrait Ratio (HTMT)

Because the Fornell–Larcker criterion and cross-loadings can fail to detect discriminant validity problems when constructs are highly correlated, the heterotrait-monotrait ratio of correlations (HTMT) was additionally computed (Henseler, Ringle, & Sarstedt, 2015). The decision rule adopted in advance of the analysis is  $HTMT < 0.90$  for conceptually similar constructs, together with a bias-corrected and accelerated bootstrap confidence interval (5,000 subsamples) whose upper bound does not include 1.

**Table 4.6.** HTMT Ratios with Bias-Corrected Bootstrap Confidence Intervals

| Construct pair                                            | HTMT  | 95% BCa CI [LL, UL] |
|-----------------------------------------------------------|-------|---------------------|
| Price-Conscious Coping Behavior ↔ Financial Constraints   | 0.549 | [0.380, 0.684]      |
| Panic Purchases ↔ Price-Conscious Coping Behavior         | 0.331 | [0.183, 0.490]      |
| Panic Purchases ↔ Financial Constraints                   | 0.318 | [0.154, 0.482]      |
| Product Adjustment ↔ Price-Conscious Coping Behavior      | 0.863 | [0.759, 0.939]      |
| Product Adjustment ↔ Financial Constraints                | 0.667 | [0.506, 0.787]      |
| Product Adjustment ↔ Panic Purchases                      | 0.219 | [0.113, 0.413]      |
| Inflation-Related Worry ↔ Price-Conscious Coping Behavior | 0.843 | [0.730, 0.922]      |
| Inflation-Related Worry ↔ Financial Constraints           | 0.558 | [0.385, 0.690]      |
| Inflation-Related Worry ↔ Panic Purchases                 | 0.440 | [0.280, 0.581]      |
| Inflation-Related Worry ↔ Product Adjustment              | 0.692 | [0.546, 0.815]      |

Source: Author (2026)

All ten HTMT values were below the specified threshold of 0.90. The highest values observed for the relationships between Product Adjustment and Price-Conscious Coping Behavior ( $HTMT = 0.863$ ) and between Inflation-Related Worry and Price-Conscious Coping Behavior ( $HTMT = 0.843$ ).

Although those two pairs showed relatively high HTMT values, both remained below the 0.90 threshold. Furthermore, the 95% bias-corrected and accelerated (BCa) bootstrap confidence intervals for all HTMT estimates excluded 1.00, including the intervals for the two relatively high HTMT relationships ([0.759, 0.939] and [0.730, 0.922], respectively). These results show that all HTMT point estimates satisfy the  $HTMT < 0.90$  criterion and that no confidence interval includes 1.00.

However, the upper confidence bounds for Product Adjustment–Price-Conscious Coping Behavior (0.939) and Inflation-Related Worry–Price-Conscious Coping Behavior (0.922) exceed 0.90, and the Product Adjustment–Price-Conscious Coping Behavior point estimate (0.863) is above the stricter 0.85 value that Henseler et al. (2015) also mention, so a discriminant validity problem between these constructs cannot be completely ruled out.

These two constructs also contain conceptually close items (for example buying cheaper or discounted products and choosing products mainly by price). Discriminant validity is therefore considered acceptable but not unambiguous for these pairs, and the paths involving them (H3, H4, H7 and H9) are interpreted with caution.

#### ***4.3.3 Reliability Analysis***

Reliability analysis is performed to examine the consistency of the indicators measuring each latent construct. The reliability of a construct refers to the consistent representation of its indicators in the same underlying concept and the stability of the measurement results. In PLS-SEM, internal consistency reliability is commonly assessed with Cronbach's Alpha and Composite Reliability (CR). These two measures suggest whether the indicators within a construct consistently represent the same latent variable and whether they collectively provide a reliable measurement of the construct (Hair et al., 2022).

**Table 4.7.** Reliability Analysis

|                                      | Cronbach's<br>alpha | Composite<br>reliability<br>(rho_a) | Composite<br>reliability<br>(rho_c) |
|--------------------------------------|---------------------|-------------------------------------|-------------------------------------|
| Price-Conscious Coping Behavior (M1) | 0.885               | 0.885                               | 0.917                               |
| Financial Constraints (X1)           | 0.897               | 0.905                               | 0.928                               |
| Panic Purchases (Y2)                 | 0.855               | 0.908                               | 0.933                               |
| Product Adjustment (Y1)              | 0.828               | 0.829                               | 0.897                               |
| Inflation-Related Worry (M2)         | 0.913               | 0.915                               | 0.945                               |

Source: Author (2026)

### ***Cronbach's Alpha***

Table 4.7. indicates that all of the constructs have satisfactory internal consistency reliability. Cronbach's Alpha values ranged from 0.828 to 0.913, all being above the recommended threshold of 0.70. Among the constructs, the highest Cronbach's Alpha value is Inflation-Related Worry (0.913), followed by Financial Constraints (0.897), Price-Conscious Coping Behavior (0.885), Panic Purchases (0.855), and Product Adjustment (0.828). In general, these results indicate that the indicators of each construct consistently measure the same underlying concept.

### ***Composite Reliability (CR)***

The Composite Reliability values also support the reliability of the measurement model. The values of rho\_a are between 0.829 and 0.933 and the values of rho\_c are between 0.897 and 0.945. All the values were above the recommended threshold suggesting good internal consistency for all constructs. Among the constructs, Inflation-Related Worry has the highest rho\_c value (0.945) and product adjustment has the lowest (0.897). But both of these values are well within the acceptable range.

All constructs (Price-Conscious Coping Behavior, Inflation-Related Worry, Financial Constraints, Product Adjustment and Panic Purchases) have an acceptable reliability overall. Therefore, the measurement model meets the reliability requirements, indicating that the constructs are consistently measured and are suitable for further structural model analysis.

#### 4.4 Structural Model Evaluation (Inner Model)

**Table 4.8.** Inner Model Analysis

| Effect                                                    | R <sup>2</sup> | R <sup>2</sup><br>Adjusted | VIF   | f <sup>2</sup> |
|-----------------------------------------------------------|----------------|----------------------------|-------|----------------|
| Price-Conscious Coping Behavior → Product Adjustment      | 0.551          | 0.547                      | 1.000 | 1.226          |
| Financial Constraints → Price-Conscious Coping Behavior   | 0.594          | 0.588                      | 1.348 | 0.035          |
| Inflation-Related Worry → Price-Conscious Coping Behavior |                | 0.685                      | 1.348 | 0.872          |
| Financial Constraints → Inflation-Related Worry           | 0.258          | 0.252                      | 1.000 | 0.348          |
| Inflation-Related Worry → Panic Purchases                 | 0.174          | 0.167                      | 1.000 | 0.210          |

Source: Author (2026)

##### ***4.4.1 Multicollinearity Assessment (VIF Test)***

A multicollinearity test was conducted to see if collinearity existed between the predictor constructs in the structural model. This assessment was conducted through Variance Inflation Factor (VIF) where a value below 5.0 indicates that multicollinearity is not an issue and each predictor construct independently contributes to explain the endogenous variables (Hair et al., 2022).

VIF values range from 1.000 to 1.348, as shown in Table 4.8, and are all well below the recommended threshold of 5.0. The VIF value for the path from Financial Constraints to Price-Conscious Coping Behavior is 1.348 and for the path from Inflation-Related Worry to Price-Conscious Coping Behavior is 1.348. At the same time, the routes of Price-Conscious Coping Behavior to Product Adjustment, Financial Constraints to Inflation-Related Worry, and Inflation-Related Worry to Panic Purchases have a VIF value of 1.000. The results indicate that there is no multicollinearity among the predictor constructs. Thus, the structural model is free from collinearity and is suitable for subsequent hypothesis testing.

#### ***4.4.2 Coefficient of Determination ( $R^2$ )***

The coefficient of determination ( $R^2$ ) indicates the amount of variance explained by the predictor constructs in an endogenous construct. Higher  $R^2$  values indicate greater explanatory power of the structural model. According to Chin (1998),  $R^2$  values of 0.67, 0.33, and 0.19 indicate substantial, moderate, and weak explanatory power, respectively.

As shown in Table 4.8, the  $R^2$  value of Price-Conscious Coping Behavior is 0.594, indicating that Financial Constraints and Inflation-Related Worry explain 59.4% of the variance in Price-Conscious Coping Behavior. According to Chin's (1998) criteria this value indicates moderate explanatory power. For Product Adjustment,  $R^2$  is 0.551, which means that Price-Conscious Coping Behavior explains 55.1% of the variance in Product Adjustment. This result also belongs to the moderate class of explanatory power.

The  $R^2$  for Inflation-Related Worry is 0.258, meaning that Financial Constraints account for 25.8 per cent of its variance; following Chin's (1998) criteria this falls in the weak-to-moderate range. By contrast, the  $R^2$  value of 0.174 for Panic Purchases indicates that only 17.4 per cent of the variance in that construct is accounted for by Inflation-Related Worry, which falls below the 0.19 threshold and is therefore very weak.

These two values place a clear limit on the claims that can be made: even where the associations are statistically significant, the model leaves most of the variance in panic purchases, and a majority of the variance in inflation-related worry, unexplained, which indicates that other determinants not included in this model are substantially more important for these two outcomes.

#### **4.4.3 Effect Size ( $f^2$ )**

Effect size ( $f^2$ ) is the degree of influence of an exogenous construct on the  $R^2$  value of an endogenous construct. Following Cohen (1988), effect sizes of  $f^2 = 0.02$ ,  $0.15$ , and  $0.35$  are considered as small, medium, and large effects, respectively.

Price-Conscious Coping Behavior has a large effect on Product Adjustment ( $f^2 = 1.226$ ), and Inflation-Related Worry has a large effect on Price-Conscious Coping Behavior ( $f^2 = 0.872$ ). The effect of Financial Constraints on Inflation-Related Worry is  $f^2 = 0.348$ , which falls in the medium category under Cohen's (1988) benchmarks although it lies immediately below the  $0.35$  threshold for a large effect; it is therefore described as medium and close to the large-effect boundary rather than as strong. The value  $f^2 = 0.210$  refers to the effect of Inflation-Related Worry on Panic Purchases, and not to any effect of Financial Constraints on Panic Purchases; Financial Constraints has no direct path to Panic Purchases in this model.

By contrast, the effect of Financial Constraints on Price-Conscious Coping Behavior is relatively low ( $f^2 = 0.035$ ). While Financial Constraints does help explain Price-Conscious Coping Behavior, its influence is quite a bit weaker than that of Inflation-Related Worry in practice. These findings offer further support to the idea that Price-Conscious Coping Behavior and Inflation-Related Worry are the strongest predictors in the structural model given their significant effect sizes on their respective endogenous constructs.

#### **4.5 Path Coefficients and Hypothesis Testing**

Path coefficient analysis was conducted to investigate the strength and direction of the relations among the constructs in the structural model. The path coefficient values range from  $-1$  to  $+1$ , where values closer to  $+1$  indicate stronger positive relationships, while values closer to  $-1$  indicate stronger negative relationships. The results are presented in Figure 4.1.

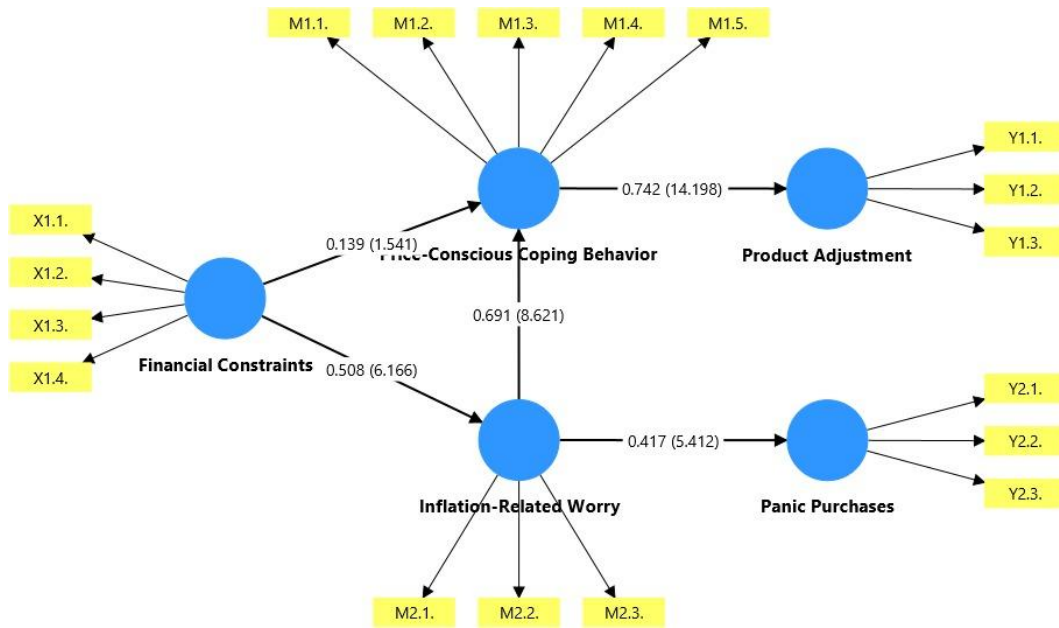


**Figure 4.1.** Framework of Path Coefficient  
Source: Author (2026)

As shown in Figure 4.1, the strongest association is between Price-Conscious Coping Behavior and Product Adjustment ( $\beta = 0.742$ ), indicating that households reporting stronger price-conscious coping also report greater adjustment in the products they buy. Inflation-Related Worry is also strongly associated with Price-Conscious Coping Behavior ( $\beta = 0.691$ ).

Financial Constraints is positively associated with Inflation-Related Worry ( $\beta = 0.508$ ), and Inflation-Related Worry is positively associated with Panic Purchases ( $\beta = 0.417$ ). By comparison, the association between Financial Constraints and Price-Conscious Coping Behavior has the smallest path coefficient ( $\beta = 0.139$ ) and is not statistically significant at the 5 per cent level.

#### 4.5.1 Interpretation of Hypotheses

Hypothesis testing was performed using the bootstrapping procedure in SmartPLS 4 with 5,000 subsamples. Because all hypotheses are directional (each predicts a positive association, as stated in Chapter 2), a one-tailed test was specified in the SmartPLS bootstrapping settings at a significance level of 0.05, with a corresponding critical t-value of 1.645. Hypotheses were evaluated using the path coefficient ( $\beta$ ), the t-statistic, the p-value, and the bias-corrected bootstrap confidence interval. An association is reported as supported when the t-statistic exceeds 1.645, the p-value is below 0.05, and the confidence interval excludes zero.

**Table 4.9.** T-value and P-value

|    |                     | Original sample | Standard deviation | T values | P values | Results  |
|----|---------------------|-----------------|--------------------|----------|----------|----------|
| H1 | X1 $\rightarrow$ M1 | 0.139           | 0.090              | 1.541    | 0.062    | Rejected |
| H2 | X1 $\rightarrow$ M2 | 0.508           | 0.082              | 6.166    | <0.001   | Accepted |
| H3 | M2 $\rightarrow$ M1 | 0.691           | 0.080              | 8.621    | <0.001   | Accepted |
| H4 | M1 $\rightarrow$ Y1 | 0.742           | 0.054              | 14.198   | <0.001   | Accepted |
| H5 | M2 $\rightarrow$ Y2 | 0.417           | 0.077              | 5.412    | <0.001   | Accepted |

Source: Author (2026)

#### **H1: Financial constraints are positively associated with price-conscious coping behavior.**

Result: Rejected ( $\beta = 0.139$ ,  $t = 1.541$ ,  $p = 0.062$ )

The results show no statistically significant association between Financial Constraints and Price-Conscious Coping Behavior at the 5 per cent level. The path coefficient is positive ( $\beta = 0.144$ ), but the t-statistic of 1.600 falls below the critical value of 1.645 and the p-value of 0.062 exceeds 0.05. H1 is therefore not supported. This result means that no significant direct association was detected in this sample; it does not establish that financial constraints are unrelated to price-conscious coping behavior. As Table 4.11 shows, the total effect of Financial Constraints on Price-Conscious Coping Behavior is significant ( $\beta = 0.490$ ,  $p < 0.001$ ), which suggests that, in this sample, the association between the two constructs appears largely through Inflation-Related Worry rather than directly.

**H2: Financial constraints are positively associated with inflation-related worry.**

Result: Accepted ( $\beta = 0.508$ ,  $t = 6.166$ ,  $p < 0.001$ )

The results show a statistically significant positive association between Financial Constraints and Inflation-Related Worry. The path coefficient of 0.508 indicates a moderate positive association; the t-statistic of 6.166 exceeds 1.645 and  $p < 0.001$ . H2 is therefore supported. Households reporting greater financial constraint also report greater worry about their wellbeing, the wider economic situation, and their future financial security. It should be noted that the  $R^2$  for Inflation-Related Worry is 0.258, so financial constraints account for only a small share of the variance in worry.

**H3: Inflation-related worry is positively associated with price-conscious coping behavior.**

Result: Accepted ( $\beta = 0.691$ ,  $t = 8.621$ ,  $p < 0.001$ )

The results show a statistically significant positive association between Inflation-Related Worry and Price-Conscious Coping Behavior ( $\beta = 0.691$ ). The t-statistic of 8.621 exceeds the critical value and  $p < 0.001$ , so H3 is supported.

Households reporting greater inflation-related worry also report more price-conscious purchasing behaviour. Because Price-Conscious Coping Behavior and Inflation-Related Worry correlate at 0.758, this association should be read together with the HTMT results reported in Section 4.3.2.3.

**H4: Price-conscious coping behavior is positively associated with product adjustment.**

Result: Accepted ( $\beta = 0.742$ ,  $t = 14.198$ ,  $p < 0.001$ )

The results show a statistically significant positive association between Price-Conscious Coping Behavior and Product Adjustment. The path coefficient of 0.742 indicates a strong positive association, the t-statistic of 14.198 exceeds 1.645, and  $p < 0.001$ . H4 is therefore supported. Households reporting more price-conscious

coping also report adjusting the products they purchase, such as switching to lower-priced alternatives or reducing non-essential items. Given the correlation of 0.742 between these two constructs, the HTMT assessment is again relevant to the interpretation of this path.

**H5: Inflation-related worry is positively associated with panic purchases.**

Result: Accepted ( $\beta = 0.417$ ,  $t = 5.412$ ,  $p < 0.001$ )

The results show a statistically significant positive association between Inflation-Related Worry and Panic Purchases ( $\beta = 0.417$ ). The t-statistic of 5.412 exceeds the critical value and  $p < 0.001$ , so H5 is supported. Households reporting greater inflation-related worry also report a greater tendency toward immediate, unplanned buying. The  $R^2$  for Panic Purchases is 0.174, so the association, although significant, leaves most of the variance in panic purchasing unexplained.

**4.5.2 Mediation Analysis: Bootstrapping of Specific Indirect Effects**

Because Inflation-Related Worry and Price-Conscious Coping Behavior are specified as mediating variables, indirect associations were tested using SmartPLS bootstrapping with 5,000 subsamples and bias-corrected confidence intervals.

Following Zhao, Lynch, and Chen (2010) and the SmartPLS mediation guidelines, a mediation type can only be classified once the corresponding direct path has also been estimated. Two of the direct paths required for such a classification — Inflation-Related Worry to Product Adjustment, and Financial Constraints to Panic Purchases — are not specified in the research model. Consequently, the results below are reported as significant indirect associations, and the term full mediation is not used for H7 and H8. The specific indirect results are presented in Table 4.10; direct, total indirect, and total effects with their confidence intervals are presented in Table 4.11.

**Table 4.10.** Specific Indirect Effects

|     |                   | Original sample | STDEV | T statistics | P values | Result   |
|-----|-------------------|-----------------|-------|--------------|----------|----------|
| H6  | X1 → M2 → M1      | 0.351           | 0.078 | 4.476        | <0.001   | Accepted |
| H7  | M2 → M1 → Y1      | 0.513           | 0.074 | 6.960        | <0.001   | Accepted |
| H8  | X1 → M2 → Y2      | 0.212           | 0.057 | 3.714        | <0.001   | Accepted |
| H9  | X1 → M2 → M1 → Y1 | 0.261           | 0.067 | 3.897        | <0.001   | Accepted |
| H10 | X1 → M1 → Y1      | 0.103           | 0.069 | 1.502        | 0.067    | Rejected |

Source: Author (2026)

**H6: Inflation-Related Worry mediates the association between Financial Constraints and Price-Conscious Coping Behavior.**

Result: Accepted ( $\beta = 0.351$ ,  $t = 4.476$ ,  $p < 0.001$ )

Because the direct association between Financial Constraints and Price-Conscious Coping Behavior is not significant (H1:  $\beta = 0.139$ ,  $p = 0.062$ ) while the indirect association through Inflation-Related Worry is significant ( $\beta = 0.351$ ,  $p < 0.001$ ), the pattern is consistent with indirect-only mediation as described by Zhao, Lynch, and Chen (2010). Both the direct and the indirect estimate are available for this path, so the classification is admissible here. . The substantive reading is that, within this cross-sectional sample, inflation-related worry is the route through which the association between financial constraints and price-conscious coping behaviour appears.

**H7: Price-Conscious Coping Behavior mediates the association between Inflation-Related Worry and Product Adjustment.**

Result: Accepted ( $\beta = 0.513$ ,  $t = 6.960$ ,  $p < 0.001$ )

The research model specifies no direct path from Inflation-Related Worry to Product Adjustment. Because that direct effect was not estimated, this result is reported as a significant indirect association between Inflation-Related Worry and Product Adjustment through Price-Conscious Coping Behavior, and not as full mediation. Establishing full mediation would require estimating the direct path as well.

**H8: Inflation-Related Worry mediates the association between Financial Constraints and Panic Purchases.**

Result: Accepted ( $\beta = 0.212$ ,  $t = 3.714$ ,  $p < 0.001$ )

The research model specifies no direct path from Financial Constraints to Panic Purchases. This result is therefore reported as a significant indirect association between Financial Constraints and Panic Purchases through Inflation-Related Worry. Because the direct effect was not estimated, it cannot be concluded that Inflation-Related Worry fully carries this association.

**H9: Inflation-Related Worry and Price-Conscious Coping Behavior serially mediate the association between Financial Constraints and Product Adjustment.**

Result: Accepted ( $\beta = 0.261$ ,  $t = 3.897$ ,  $p < 0.001$ )

This is a statistically significant serial indirect association within a cross-sectional model: financial constraints, inflation-related worry, price-conscious coping behavior, and product adjustment are related in the pattern specified by the model. Because all five constructs were measured at the same point in time from the same respondents, this result does not demonstrate that the constructs occur in this temporal order, and it is not evidence of a psychological sequence unfolding over time.

**H10: Price-Conscious Coping Behavior mediates the association between Financial Constraints and Product Adjustment.**

Result: Rejected ( $\beta = 0.103$ ,  $t = 1.502$ ,  $p = 0.067$ )

This result indicates that no significant indirect association between Financial Constraints and Product Adjustment through Price-Conscious Coping Behavior alone was detected in this sample (the confidence interval includes zero), which does not establish that such an association is absent. The significant serial path in H9 suggests that, in this sample, the association between Financial Constraints and Product Adjustment appears through Inflation-Related Worry as well as Price-Conscious Coping Behavior; this is a statistical pattern and not evidence of a mechanism.

As with the direct-effect results, these mediation results are based on cross-sectional data; the indirect paths are therefore interpreted as statistical indirect associations consistent with the conceptual ordering of the model, and not as evidence of a psychological sequence or of temporally ordered causation.

### 4.5.3 Direct, Indirect, and Total Effects

Because the classification of a mediation type requires the corresponding direct effect to be estimated, this section reports the full set of effects for each relationship in the model: the direct effect, the specific indirect effect, the total indirect effect, the total effect, and the bias-corrected bootstrap confidence interval for each (5,000 subsamples, one-tailed at 0.05).

**Table 4.11.** Direct, Specific Indirect, Total Indirect, and Total Effects

| Relationship                              | O     | STDEV | t      | p      | 95% BCa CI [LL, UL] |
|-------------------------------------------|-------|-------|--------|--------|---------------------|
| <b>Panel A. Direct effects</b>            |       |       |        |        |                     |
| X1 → M1                                   | 0.139 | 0.090 | 1.541  | 0.062  | [-0.004, 0.292]     |
| X1 → M2                                   | 0.508 | 0.082 | 6.166  | <0.001 | [0.356, 0.628]      |
| M2 → M1                                   | 0.691 | 0.080 | 8.621  | <0.001 | [0.552, 0.817]      |
| M1 → Y1                                   | 0.742 | 0.052 | 14.198 | <0.001 | [0.637, 0.812]      |
| M2 → Y2                                   | 0.417 | 0.077 | 5.412  | <0.001 | [0.277, 0.534]      |
| <b>Panel B. Specific indirect effects</b> |       |       |        |        |                     |
| X1 → M2 → M1                              | 0.351 | 0.078 | 4.476  | <0.001 | [0.222, 0.477]      |
| X1 → M1 → Y1                              | 0.103 | 0.069 | 1.502  | 0.067  | [-0.005, 0.223]     |
| M2 → M1 → Y1                              | 0.513 | 0.074 | 6.960  | <0.001 | [0.387, 0.628]      |
| X1 → M2 → M1 → Y1                         | 0.261 | 0.067 | 3.897  | <0.001 | [0.154, 0.369]      |
| X1 → M2 → Y2                              | 0.212 | 0.057 | 3.714  | <0.001 | [0.123, 0.309]      |
| <b>Panel C. Total indirect effects</b>    |       |       |        |        |                     |
| X1 → M1                                   | 0.351 | 0.078 | 4.476  | <0.001 | [0.222, 0.477]      |
| X1 → Y1                                   | 0.364 | 0.079 | 4.627  | <0.001 | [0.225, 0.483]      |
| X1 → Y2                                   | 0.212 | 0.057 | 3.714  | <0.001 | [0.123, 0.309]      |
| M2 → Y1                                   | 0.513 | 0.074 | 6.960  | <0.001 | [0.387, 0.628]      |
| <b>Panel D. Total effects</b>             |       |       |        |        |                     |
| X1 → M2                                   | 0.508 | 0.082 | 6.166  | <0.001 | [0.356, 0.628]      |
| X1 → M1                                   | 0.490 | 0.085 | 5.734  | <0.001 | [0.333, 0.617]      |
| X1 → Y1                                   | 0.364 | 0.079 | 4.627  | <0.001 | [0.225, 0.483]      |
| X1 → Y2                                   | 0.212 | 0.057 | 3.714  | <0.001 | [0.123, 0.309]      |
| M2 → M1                                   | 0.691 | 0.080 | 8.621  | <0.001 | [0.552, 0.817]      |
| M2 → Y1                                   | 0.513 | 0.074 | 6.960  | <0.001 | [0.387, 0.628]      |
| M2 → Y2                                   | 0.417 | 0.077 | 5.412  | <0.001 | [0.277, 0.534]      |
| M1 → Y1                                   | 0.742 | 0.052 | 14.198 | <0.001 | [0.637, 0.812]      |

Source: Author (2026)

Three results in Table 4.11 qualify the direct-effect findings reported in Section 4.5.1. First, although the direct association between Financial Constraints and Price-Conscious Coping Behavior is not statistically significant ( $\beta = 0.139$ ,  $p = 0.062$ ), the total effect of Financial Constraints on Price-Conscious Coping Behavior is significant ( $\beta = 0.490$ ,  $t = 5.734$ ,  $p < 0.001$ ). Financial constraints are therefore not unrelated to price-conscious coping; in this sample the association appears largely through Inflation-Related Worry rather than directly.

Second, the total effect of Financial Constraints on Product Adjustment is significant ( $\beta = 0.364$ ,  $t = 4.627$ ,  $p < 0.001$ ). Because the model specifies no direct path between these two constructs, this total effect is entirely indirect. It decomposes into a significant serial path through Inflation-Related Worry and Price-Conscious Coping Behavior ( $\beta = 0.261$ ,  $p < 0.001$ ) and a non-significant path through Price-Conscious Coping Behavior alone ( $\beta = 0.103$ ,  $p = 0.067$ ). The same applies to the total effect of Financial Constraints on Panic Purchases ( $\beta = 0.212$ ,  $p < 0.001$ ), which runs entirely through Inflation-Related Worry.

Third, the mediation type for H7 and H8 still cannot be classified. The model does not specify a direct path from Inflation-Related Worry to Product Adjustment, nor from Financial Constraints to Panic Purchases, so the corresponding direct effects are not estimated and the totals reported in Panel D for those two relationships are identical to their indirect effects by construction.

These results are therefore reported as significant indirect associations, and the term full mediation is not used. By contrast, H6 can be classified, because both the direct and the indirect estimate for the Financial Constraints to Price-Conscious Coping Behavior relationship are available; the pattern of a non-significant direct effect together with a significant indirect effect corresponds to indirect-only mediation (Zhao, Lynch, & Chen, 2010).

The bootstrap confidence intervals in the final column above are bias-corrected and accelerated (BCa), based on 5,000 subsamples. The direct-effect coefficients for H3 and H4 equal their corresponding total effects in Panel D (0.691 and 0.742, respectively), since Inflation-Related Worry to Price-Conscious Coping Behavior and Price-Conscious Coping Behavior to Product Adjustment each have no additional indirect route in this model.

#### **4.5.4 Common Method Bias**

All constructs in this study were measured with a single self-administered questionnaire, from a single respondent per household, at a single point in time, and using an identical five-point response scale. This design carries a risk of common method variance, and it also means that the direction of the observed associations cannot be established: it is equally consistent with the data that households already engaging in price-conscious purchasing report greater worry, as the reverse. The procedural remedies actually applied were the guarantee of anonymity, and the separation of demographic items from the construct items.

No dedicated common method bias test (such as Harman's single-factor test or a marker-variable technique) was performed. The only statistic available that bears on common method bias is the inner-model variance inflation factor already reported in Table 4.8: values range from 1.000 to 1.348.

This provides some indirect evidence against a severe common method bias problem, but it is a collinearity-based proxy computed from data collected for the structural analysis, not a dedicated common method bias test, and it cannot rule out common method bias on its own.

#### 4.5.5 Predictive Relevance

PLS-SEM is often described as prediction-oriented; that rationale is retained here only to the extent that predictive relevance is actually reported. Blindfolding-based  $Q^2$  (construct cross-validated redundancy) was not run for this model. What is available is the PLSpredict procedure (Shmueli et al., 2019), which produces a  $Q^2_{\text{predict}}$  statistic for each endogenous construct together with a comparison of PLS-SEM's prediction error against a naive linear-model (LM) benchmark. The CVPAT significance test (Sharma et al., 2021) is not reported in this thesis.

**Table 4.12.** PLSpredict Result

| Construct                       | $Q^2_{\text{predict}}$ | PLS-SEM RMSE vs. LM benchmark (indicators) |
|---------------------------------|------------------------|--------------------------------------------|
| Inflation-Related Worry         | 0.241                  | PLS-SEM lower on 3 of 3 indicators         |
| Price-Conscious Coping Behavior | 0.220                  | PLS-SEM lower on 4 of 5 indicators         |
| Product Adjustment              | 0.273                  | PLS-SEM lower on 0 of 3 indicators         |
| Panic Purchases                 | 0.072                  | PLS-SEM lower on 2 of 3 indicators (1 tie) |

Source: Author (2026)

The predictive performance of the PLS-SEM model was further assessed using  $Q^2_{\text{predict}}$  and the PLSpredict procedure. As shown in Table 4.12, all four endogenous constructs obtained positive  $Q^2_{\text{predict}}$  values, ranging from 0.072 for Panic Purchases to 0.273 for Product Adjustment, which indicates some out-of-sample predictive relevance, although the values are small to modest. The PLSpredict comparison further showed that the PLS-SEM model produced lower RMSE values than the linear model (LM) benchmark for all three indicators of Inflation-Related Worry and for four of the five indicators of Price-Conscious Coping Behavior. For Panic Purchases, PLS-SEM produced lower prediction errors than the LM benchmark for two of the three indicators (Y2.3 was tied with the benchmark), and its  $Q^2_{\text{predict}}$  value was the lowest among the four endogenous constructs. For Product Adjustment, PLS-SEM did not produce lower RMSE than the LM benchmark on any of its three indicators, so its predictive power relative to the benchmark is not demonstrated. The predictive evidence is therefore modest overall, and the CVPAT results mentioned above are not reported in this thesis.

Of the five direct hypotheses, four were supported (H2–H5) and one was not supported (H1), as no statistically significant direct association was found between Financial Constraints and Price-Conscious Coping Behavior. Of the five mediation hypotheses, four were supported (H6–H9) and one was not supported (H10).

Taken together, these results indicate that, in this sample, the association between Financial Constraints and reported purchasing behaviour appears largely through Inflation-Related Worry rather than directly. The direct path from Financial Constraints to Price-Conscious Coping Behavior (H1) and the indirect path that bypasses worry (H10) were both non-significant, while the paths routed through worry (H6, H9) were significant. The analysis of total effects in Section 4.5.3 supports this reading: the total effects of Financial Constraints on Price-Conscious Coping Behavior ( $\beta = 0.490$ ), on Product Adjustment ( $\beta = 0.364$ ), and on Panic Purchases ( $\beta = 0.212$ ) are all statistically significant, and in the latter two cases entirely indirect. Financial constraints therefore do matter for household purchasing behaviour in this sample, but, in this sample, the association appears largely through inflation-related worry. This remains a pattern of associations within a cross-sectional design; it is not evidence of a causal or temporal sequence, and the  $R^2$  values indicate that a substantial share of the variance in these two outcomes remains unexplained — particularly for Panic Purchases ( $R^2 = 0.174$ ), which falls below the conventional 0.19 threshold for a weak result, while Inflation-Related Worry ( $R^2 = 0.258$ ) is weak-to-moderate.

Price-Conscious Coping Behavior is the route through which Inflation-Related Worry is indirectly associated with Product Adjustment (H3, H7), while Inflation-Related Worry is also directly associated with Panic Purchases (H5); H8 concerns the indirect association between Financial Constraints and Panic Purchases through worry.

## **4.6 Discussion of Results**

### ***4.6.1 The Association between Financial Constraints and Price-Conscious Coping Behavior***

In the React–Cope–Adapt (RCA) framework, financial constraints are the main shock faced by consumers as inflation erodes their purchasing power and increases the costs of living. Hamilton et al. (2019) argue that financial limitations should lead consumers to alter their behavior in order to consume within their means. The direct association found in this study was not statistically significant, so no direct association between financial constraints and price-conscious coping behavior was detected in this sample (this does not show that no direct association exists). One possible reading, which this cross-sectional study cannot test, is that respondents' worry accompanies their coping behavior more closely than financial constraints alone.

One possible explanation, which was not tested in this study, is that consumers tend to hold onto their current lifestyles and consumption patterns, even when they are going through financial hardships. Even as financial pressures increase in Greater Jakarta (Jabodetabek), where urban lifestyles and social expectations often influence consumption patterns, people may put off major shifts in their buying behavior. This means that respondents recognize the impact inflation has had on their financial strains, but they may initially withstand these pressures rather than change their shopping or spending behaviors right away.

This finding contrasts with prior research that has shown a direct relationship between economic pressure and behavior change. Madhav (2023) says Indonesian consumers reacted to inflationary pressures by reducing their consumption, focusing on necessities and selecting cheaper brands. Likewise, studies of consumer behavior during economic downturns suggest that economic constraints tend to lead households to more frugal spending habits.

Notably, no significant direct association was found, in contrast to the clearly significant association between Financial Constraints and Inflation-Related Worry. Overall, the findings suggest that financial constraints are indirectly associated with price-conscious coping behavior through inflation-related worry (H6). Respondents who report more worry about their financial situation also tend to report more price-conscious coping. These findings point to inflation-related worry as a statistical route through which financial constraints and coping behavior are associated under perceived inflationary pressure, without establishing a causal or temporal mechanism.

#### ***4.6.2 The Association between Financial Constraints and Inflation-Related Worry***

As noted in Section 3.8, Inflation-Related Worry in this study is operationalized specifically as inflation-related worry (the cognitive-appraisal component of stress), rather than stress in a broader clinical or multidimensional sense; this scope applies throughout the discussion below. The findings show that Financial Constraints are significantly associated with Inflation-Related Worry ( $\beta = 0.508$ ;  $t = 6.159$ ;  $p < 0.001$ ). This result suggests that individuals who perceive their financial situation as becoming more restricted due to rising prices tend to report more concern regarding their economic well-being, future financial security, and ability to meet daily needs.

This finding is consistent with the React category of the RCA framework, which conceptually describes financial constraints as an external shock that is followed by psychological and emotional reactions. According to Hamilton et al. (2019), resource scarcity often narrows consumers' attention toward financial concerns and creates feelings of uncertainty, loss of control, and stress. When households perceive that their income is no longer sufficient to maintain previous consumption patterns, higher reported worry is consistent with the perceived threat to financial stability. The result corresponds to the React category of the RCA framework, in which a financial constraint is first registered psychologically.

As the prices of essential goods rise, households perceive fewer options for managing expenses, and this narrowing of perceived options is reflected in higher reported worry. It should be noted, however, that Financial Constraints accounts for only 25.8 per cent of the variance in Inflation-Related Worry, so other sources of worry not included in this model are clearly at work.

Furthermore, this finding aligns with previous studies examining consumer behavior during periods of economic uncertainty. Eger et al. (2021) and Hamilton et al. (2019) argue that inflation and financial pressure can significantly increase consumers' psychological distress. Likewise, Hamilton et al. (2019) emphasize that scarcity-related conditions often produce stress and emotional discomfort because consumers perceive their available resources as insufficient to meet their desired needs. The consistency between the present findings and previous literature suggests that worry and distress are commonly reported alongside financial hardship across different economic contexts.

The significance of this relationship also highlights the importance of considering psychological variables when examining consumer responses to inflation. While inflation is often discussed in terms of its economic consequences, the findings of this study show that financial constraints are also associated with inflation-related worry, indicating that the relevance of inflation extends beyond financial outcomes. Inflation-related worry is therefore a relevant factor in understanding how consumers report responding to perceived inflationary pressure.

#### ***4.6.3 The Association between Inflation-Related Worry and Price-Conscious Coping Behavior***

The results of this study reveal that Inflation-Related Worry is significantly associated with Price-Conscious Coping Behavior ( $\beta = 0.691$ ;  $t = 8.621$ ;  $p < 0.001$ ). The significant coefficient indicates that consumers reporting higher inflation-related worry also tend to report more price-conscious coping behaviors.

These behaviors include comparing prices more carefully, prioritizing discounted products, becoming more conscious of spending, and placing greater emphasis on price rather than brand reputation when making purchasing decisions. The relatively large path coefficient further suggests that Inflation-Related Worry is one of the strongest statistical predictors of Price-Conscious Coping Behavior within the model.

This finding is consistent with the Cope category of the React–Cope–Adapt (RCA) framework, which conceptually describes consumers as developing coping mechanisms following the initial shock of financial constraints. According to Hamilton et al. (2019), consumers facing resource scarcity often respond by adopting practical strategies aimed at maintaining their standard of living while operating within tighter financial limitations. These adaptive responses may take the form of adjusting household budgets, becoming more sensitive to prices, and reprioritizing purchases toward essential goods. In this sample, higher inflation-related worry goes together with more deliberate and price-focused purchasing; the cross-sectional data cannot show that worry encourages these behaviors.

This finding corresponds to the Cope category of the RCA framework. Households reporting greater inflation-related worry also report more price-conscious purchasing: comparing prices, seeking discounts, and selecting products mainly on price. Worry appears alongside these pragmatic measures in this sample.

Read in this way, price-conscious coping is a practical response to financial pressure rather than an emotional one. One caution applies: Price-Conscious Coping Behavior and Inflation-Related Worry correlate at 0.761, so part of the strength of this association may reflect conceptual overlap between the two constructs rather than a substantive relationship. The HTMT assessment reported in Section 4.3.2.3 is therefore directly relevant to how much weight this finding can carry.

This finding is consistent with previous studies showing that economic uncertainty and psychological stress often encourage consumers to adopt a range of coping strategies. Hamilton et al. (2019) emphasize that consumers experiencing financial pressure frequently adjust their decision-making processes by focusing more heavily on prices and prioritizing essential expenditures.

Similarly, previous studies on household responses to economic crises have found that consumers become more cautious in their spending decisions when faced with uncertainty about future financial conditions. The adaptive behaviors observed in this study can therefore be viewed as practical strategies that help consumers manage the financial challenges associated with rising living costs.

This finding becomes particularly meaningful when considered alongside the insignificant direct relationship between Financial Constraints and Price-Conscious Coping Behavior. Although no significant direct association was detected between financial constraints and coping behavior, financial constraints are significantly associated with inflation-related worry, which is in turn associated with price-conscious coping behavior.

This suggests that, in this sample, financial constraints are associated with price-conscious coping mainly through inflation-related worry. This is a statistical indirect association and not evidence that worry transforms economic adversity into behavioral adjustment.

The strength of this relationship is consistent with a role for psychological factors in explaining consumer responses to perceived inflationary pressure. The usual economic theory often says that changes in income and prices directly influence the behavior of consumers.

#### ***4.6.4 The Association between Price-Conscious Coping Behavior and Product Adjustment***

The findings indicate that Price-Conscious Coping Behavior is significantly associated with Product Adjustment ( $\beta = 0.742$ ;  $t = 14.198$ ;  $p < 0.001$ ). Among all relationships examined in the structural model, this path exhibits the strongest coefficient, indicating that Price-Conscious Coping Behavior is the strongest statistical predictor of Product Adjustment in the model. The result suggests that consumers who report being more cautious, price-conscious, and financially disciplined during periods of inflation also tend to report modifying the products they purchase. Such modifications may include switching to lower-priced brands, reducing purchases of non-essential items, and focusing spending on essential goods.

This finding is conceptually consistent with the Adapt category of the RCA framework. Hamilton et al. (2019) describe adaptation as a process in which coping strategies may develop into more lasting behavioral changes under chronic financial constraints. Because this study is cross-sectional and Product Adjustment is measured as currently reported purchasing changes, it cannot show that coping strategies became lasting or that changes occurred over time. Product Adjustment is used here as a conceptual indicator of the Adapt category and not as evidence of adaptation over time.

Within the RCA framework this corresponds to the move from coping to adjustment: measures adopted in response to financial pressure become visible in what households actually buy. Cheaper alternatives and reduced discretionary spending are treated as effective means of maintaining financial stability, and the findings are consistent with previous research on consumer responses to inflation and recession. As with the preceding path, the correlation of 0.742 between Price-Conscious Coping Behavior and Product Adjustment means the two constructs are conceptually close, and the discriminant validity evidence should be read alongside this result.

Madhav (2023) also reported that Indonesian consumers reduced spending, limited discretionary purchases and chose lower-priced brands as prices rose. Another argument made by Sheth (2020) was that the crises tend to accelerate the change in the consumer behavior and create new buying patterns that could stay even after the crisis. The strong association in this study contributes to the empirical evidence that adaptive financial behavior is highly correlated with the change in consumers' purchasing decisions.

The magnitude of the path coefficient is large, but because Price-Conscious Coping Behavior and Product Adjustment are conceptually close (Section 4.3.2.3), part of this strength may reflect overlapping content rather than a distinct substantive relationship.

Overall, these findings show that respondents who report more price-conscious coping also report more adjustment in what they buy during perceived inflationary pressure; the cross-sectional data cannot show that one follows the other.

#### ***4.6.5 The Association between Inflation-Related Worry and Panic Purchases***

The results of this study indicate that Inflation-Related Worry is significantly associated with Panic Purchases ( $\beta = 0.417$ ;  $t = 5.411$ ;  $p < 0.001$ ). This finding suggests that consumers reporting higher inflation-related worry during perceived inflationary pressure also tend to report more panic purchasing behavior. Specifically, individuals who feel concerned about rising prices, economic uncertainty, and future financial security tend to make purchases driven by fear, urgency, or concerns about potential shortages.

From the perspective of the React–Cope–Adapt (RCA) framework, panic purchasing is interpreted here as a parallel reactive outcome of inflation-related worry, not as an Adapt-stage behavioral outcome. This is consistent with Section 2.1.3 and Section 2.4, and with the item wording itself (Y2.1–Y2.3), which describes immediate, spontaneous, and unplanned buying at the onset of a period of sharply rising prices.

While some consumers cope with financial pressure through careful budgeting and flexible spending strategies, others may try to regain a sense of control through overconsumption or precautionary consumption. Hamilton et al. (2019) argue that scarcity and uncertainty tend to evoke emotional responses that influence consumers' decision-making processes. In such cases, consumers may put immediate security above rational purchasing decisions, resulting in stockpiling or impulsive purchases.

This result is consistent with treating panic purchases as a parallel reactive outcome of worry rather than as an adjustment outcome, which is a conceptual choice that this study does not test against alternatives. During periods of uncertainty, buying additional goods immediately is treated as a safeguard against possible price increases or shortages.

The items used here describe immediate, unplanned buying at the onset of a period of rising prices, which is consistent with a reactive rather than a gradual response. The association is nonetheless modest in explanatory terms: Inflation-Related Worry accounts for 17.4 per cent of the variance in Panic Purchases, leaving most of the variation unexplained.

The finding is consistent with prior studies on panic buying behavior in crises. Anxiety was identified as an important mediator between uncertainty and panic buying behavior (Omar et al., 2021). These researches show that consumers with higher anxiety levels are more prone to panic buying, as a mechanism to deal with uncertainty.

Similarly, Ma and Liao (2021) found that perceptions of scarcity contribute to panic buying by triggering emotional responses such as fear and a reduced sense of control. The present study adds that inflation-related worry is also associated with panic purchasing under perceived inflationary pressure, in a setting that was not defined by a public health crisis.

Although Inflation-Related Worry is significantly associated with Panic Purchases, the path coefficient is smaller than those for Inflation-Related Worry to Price-Conscious Coping Behavior and Price-Conscious Coping Behavior to Product Adjustment. Item means are not directly comparable across constructs (the Panic Purchases items refer to the beginning of high inflation, while the coping items refer to current behavior), so no conclusion is drawn about which response is more common among households.

These results show that inflation-related worry is positively associated with both price-conscious coping and panic purchases in this sample. These findings are consistent with a role for psychological factors in consumer responses to economic uncertainty, but they do not establish that worry triggers either behavior.

#### ***4.6.6 The Indirect Associations (H6–H10)***

The significant indirect associations (H6–H9) show that financial constraints are linked to price-conscious coping behavior, to product adjustment, and to panic purchases mainly through inflation-related worry and price-conscious coping behavior, whereas the indirect path through price-conscious coping behavior alone (H10) was not significant. This pattern is consistent with Hamilton et al. (2019), who describe psychological reactions to financial constraints as accompanying changes in purchasing behavior, and with Omar et al. (2021), who report a role for anxiety in panic buying.

These results are statistical associations estimated from cross-sectional data. H7 and H8 are reported as indirect associations because the corresponding direct paths were not estimated, and the paths that involve Price-Conscious Coping Behavior should be read together with the HTMT results in Section 4.3.2.3. The results do not show that households move through the React, Cope, and Adapt categories in sequence.

## **CHAPTER 5**

### **CONCLUSION, LIMITATION, IMPLICATION, AND RECOMMENDATION**

#### **5.1 Conclusion**

This study examined household responses to perceived inflationary pressure in the Greater Jakarta (Jabodetabek) region by investigating the associations among Financial Constraints, Inflation-Related Worry, Price-Conscious Coping Behavior, Product Adjustment, and Panic Purchases. The React–Cope–Adapt (RCA) framework of Hamilton et al. (2019) was used as the main conceptual framework, and the Theory of Planned Behavior was referred to only as supporting literature. Because attitude, subjective norm, perceived behavioral control, and intention were not measured, the findings are not a test, an extension, or a validation of TPB. Because the design is cross-sectional, the findings do not establish temporal ordering or demonstrate that households progress through the React, Cope, and Adapt categories over time. Because the sample was recruited purposively through social media, the findings describe the 127 respondents who met the screening criteria and cannot be generalised to households in Jabodetabek as a whole.

The findings indicate that Financial Constraints are significantly associated with Inflation-Related Worry. The positive relationship ( $\beta = 0.508$ ,  $t = 6.159$ ,  $p < 0.001$ ) suggests that respondents experiencing greater financial constraints also tend to report higher levels of inflation-related worry. This finding indicates that financial pressure is associated not only with economic difficulties but also with psychological responses concerning financial security, daily needs, and future economic conditions.

In contrast, No statistically significant direct association was detected between Financial Constraints and Price-Conscious Coping Behavior ( $\beta = 0.139$ ,  $t = 1.541$ ,  $p = 0.062$ ). This finding suggests that, in this sample, financial pressure alone does not show a significant direct association with differences in price-conscious coping behavior among the respondents.

Instead, the results indicate that Inflation-Related Worry has a significant relationship with Price-Conscious Coping Behavior ( $\beta = 0.691$ ,  $t = 8.621$ ,  $p < 0.001$ ). Thus, respondents reporting higher levels of inflation-related worry also tend to report greater use of price-conscious coping behaviors.

Price-Conscious Coping Behavior also has a significant relationship with Product Adjustment ( $\beta = 0.742$ ,  $t = 14.198$ ,  $p < 0.001$ ). This indicates that respondents who report stronger price-conscious coping behaviors also tend to report greater adjustment in the products they purchase, including switching to lower-priced alternatives, changing product choices, and selecting products that better fit their financial circumstances. Inflation-Related Worry also has a significant relationship with Panic Purchases ( $\beta = 0.417$ ,  $t = 5.411$ ,  $p < 0.001$ ), indicating that higher levels of inflation-related worry are associated with a greater tendency toward panic purchasing.

The mediation results provide additional evidence regarding the relationships among the variables. There is a significant indirect association between Financial Constraints and Price-Conscious Coping Behavior through Inflation-Related Worry (H6:  $\beta = 0.351$ ,  $t = 4.476$ ,  $p < 0.001$ ), between Inflation-Related Worry and Product Adjustment through Price-Conscious Coping Behavior (H7:  $\beta = 0.513$ ,  $t = 6.960$ ,  $p < 0.001$ ), and between Financial Constraints and Panic Purchases through Inflation-Related Worry (H8:  $\beta = 0.212$ ,  $t = 3.714$ ,  $p < 0.001$ ).

The serial indirect association from Financial Constraints through Inflation-Related Worry and Price-Conscious Coping Behavior to Product Adjustment is also significant (H9:  $\beta = 0.261$ ,  $t = 3.897$ ,  $p < 0.001$ ), whereas the indirect association through Price-Conscious Coping Behavior alone is not (H10:  $\beta = 0.103$ ,  $p = 0.067$ ). The analysis of total effects shows that Financial Constraints has a significant total effect on Price-Conscious Coping Behavior ( $\beta = 0.490$ ), Product Adjustment ( $\beta = 0.364$ ), and Panic Purchases ( $\beta = 0.212$ ), although the direct association with Price-Conscious Coping Behavior was not significant and direct paths to Product Adjustment and Panic Purchases were not specified in the model.

Because the direct paths from Inflation-Related Worry to Product Adjustment and from Financial Constraints to Panic Purchases were not estimated, no mediation type is claimed for H7 and H8; these are reported as significant indirect associations only.

However, the mediation findings should be interpreted carefully. The significant serial indirect effect in H9 is consistent with the proposed relationship among Financial Constraints, Inflation-Related Worry, Price-Conscious Coping Behavior, and Product Adjustment, but it does not establish that these constructs occur in a fixed temporal sequence. Likewise, the significant indirect effects do not demonstrate that consumers necessarily move from a React stage to a Cope stage and subsequently to an Adapt stage. Instead, the results show that the variables are statistically related in the pattern specified by the research model.

The findings can therefore be understood as broadly consistent with the conceptual logic underlying the RCA framework, particularly the idea that economic constraints, psychological responses, and behavioral adjustments may be interconnected. Nevertheless, the study does not empirically establish the temporal progression of the RCA stages. The RCA framework is therefore most appropriately regarded in this study as a conceptual framework for organizing the relationships among the examined variables.

Because the Theory of Planned Behavior was reviewed only as supporting literature, and none of its core constructs was measured, the findings neither support nor contradict that model and no conclusion about it is drawn here.

## **5.2 Implication**

### **5.2.1 Managerial and Practical Implication**

The results of this study have a lot of managerial and practical effects for stores and businesses that have to deal with long-term inflation. First, companies should know that when prices go up, customers become more price conscious and value for money becomes more important. So, companies should think about making cheaper versions of their products, putting them in smaller packages, giving discounts, and putting together value-based product bundles. Businesses can keep customers loyal while also adapting to their changing financial situations by using these tactics.

Second, stores should be ready for customers to be more deliberate about what they buy as they compare prices before making a choice. To better meet changing customer needs and stay competitive in a tough economic climate, retailers can make prices clearer, make product values clearer, and add more private-label or economy products to their lines.

Third, companies should know that people's decisions to buy are affected by more than just their budgets. They are also affected by stress in their lives. When the economy is unsure, marketing strategies that focus on reassurance, product reliability, and affordability may work better than strategies that are only focused on promotion. Businesses can build stronger customer trust and long-term relationships with customers by addressing their emotional concerns.

### **5.2.2 Theoretical Implication**

The pattern of associations observed here is consistent with the RCA framework's conceptual categories: financial constraints are associated with inflation-related worry, which in turn is associated with price-conscious coping behavior and, through it, with product adjustment. Because the data are cross-sectional, this pattern of statistical associations should not be read as evidence of a temporal or causal sequence in which one stage produces the next; it is consistent with the RCA framework's conceptual categories rather than proof of them.

With that caveat, the findings suggest the RCA framework may be a useful lens for understanding household responses to sustained economic pressure such as inflation, and not only for acute disaster or crisis-management contexts, though confirming this would require a longitudinal design.

The contribution of this study to the literature is empirical and contextual. It applies the React–Cope–Adapt framework to Indonesian urban households under perceived inflationary pressure, a setting in which the framework has rarely been used, and it shows that in this sample the association between financial constraints and purchasing behaviour is carried by inflation-related worry rather than operating directly. The finding that the direct association is not statistically significant while the total effect is significant indicates that objective economic conditions alone are not sufficient to account for reported changes in purchasing behaviour. No claim is made that this study tests, extends, or contributes to the Theory of Planned Behavior, because none of its core constructs was measured.

### **5.2.3 Policy Implication**

The study's results have important implications for policymakers who are trying to come up with ways to lessen the effects of inflation on people's well-being. First, keeping communication about inflation trends and government economic policies clear and consistent is important to keep people from panic buying and reduce uncertainty. Indonesia's Central Statistics Agency (BPS) and other government agencies regularly release information on inflation. The National Food Agency (Badan Pangan Nasional) gives information on food supply and market conditions. By making it easier for people to talk to each other through these institutions, it can boost buyer confidence and stop people from buying too quickly when prices are changing.

Second, the government should keep putting in place policies that aim to keep the prices of basic goods stable. Indonesia has taken a number of steps to fight inflation. These include the National Food Inflation Control Movement (GNPIP), which is run by Bank Indonesia, and the National and Regional Inflation Control Teams (TPIP and TPID). These programs help central and regional governments work together to keep food supplies full, make distribution more efficient, run low-cost market operations, and make it easier for regions to work together to keep food prices stable. The study's results show that these programs should be kept up and improved. This is because lowering inflation may also help customers feel less stressed.

Lastly, making it easier for people to understand money should stay a long-term policy goal. The Financial Services Authority (Otoritas Jasa Keuangan, or OJK), Bank Indonesia, and schools can all do more to support budgeting, planning, and responsible spending through financial education programs. Improving households' financial situation can help them deal with inflation better, stop them from buying things they don't need, and make their total finances more resilient when the economy goes down in the future.

### **5.3 Limitation and Recommendation for Future Research**

Although this study offers useful information about household responses to perceived inflationary pressure, it has several limitations that should be taken into account. The study was conducted only in the Greater Jakarta (Jabodetabek) area. Despite being the largest metropolitan area in Indonesia, the findings may not capture consumer behaviour in rural communities or in areas with different socioeconomic characteristics. Future research may extend the geographical scope.

This study used a cross-sectional design, which captures consumers' perceptions and behaviors at a particular point in time. Because future economic conditions will likely shape the way people respond to inflation, future studies could use longitudinal designs to look into how people adapt behaviorally and make purchasing choices over longer periods of time.

The Theory of Planned Behavior was reviewed in this study only as supporting literature, and its core constructs of attitude, subjective norm, perceived behavioral control, and intention were not measured. The study therefore says nothing about the TPB model and should not be read as evidence for or against it. Future research could measure those four constructs directly alongside financial constraints, inflation-related worry, price-conscious coping behavior, product adjustment, and panic purchases, which would allow an assessment of whether TPB and RCA are complementary. Five further limitations concern the design and measurement of this study, and they qualify all of the findings reported above.

First, the sample was recruited purposively through an open link shared on Instagram and WhatsApp, so participation was self-selected, and it is skewed toward higher-spending, higher-educated, and formally employed households in central locations. The results describe the 127 respondents who met the screening criteria and cannot be generalised to the household population of Jabodetabek. Future research using probability sampling, or at least quota-based recruitment across spending and education strata, would allow stronger claims.

Second, the questionnaire items refer to the period before and at the onset of high inflation without naming a specific month or event, and the survey was administered after that period had passed. Responses therefore combine recollection of an earlier period with current circumstances, and this recall ambiguity cannot be resolved after the fact. It is for this reason that the study refers throughout to perceived inflationary pressure rather than to a defined inflationary shock. Future research should fix an explicit reference event and comparison period in the instrument itself.

In addition, the items refer to different time frames: financial constraints and worry are compared with an earlier period or recalled from the moment inflation was noticed, price-conscious coping behavior is reported as current, and panic purchases refer to the beginning of high inflation, so the structural paths link constructs measured against different time references.

Third, all five constructs are specified reflectively, and this specification is not settled. The items of Product Adjustment and of Price-Conscious Coping Behavior describe distinct actions that are not fully interchangeable, item M1.5 expresses a normative belief rather than a reported behaviour, and items Y1.2 and Y2.2 each combine more than one idea. High internal consistency is not evidence that the reflective specification is correct. In addition, Price-Conscious Coping Behavior correlates at 0.761 with Inflation-Related Worry and at 0.742 with Product Adjustment, so the discriminant validity of these construct pairs is a substantive concern rather than a formality. A formative re-specification tested through redundancy analysis is recommended. The upper HTMT confidence bounds for two of these pairs exceed 0.90 (Section 4.3.2.3).

Fourth, all constructs were measured with a single self-administered questionnaire, from one respondent per household, at one point in time, using an identical response scale. This raises the risk of common method variance and means that the direction of the observed associations cannot be established. It is equally consistent with the data that households already purchasing price-consciously report greater worry as it is that worry leads to price-conscious purchasing. Designs that separate the measurement of predictor and outcome constructs in time, or that draw on observed purchasing data, would address both problems.

Fifth, direct paths from Inflation-Related Worry to Product Adjustment and from Financial Constraints to Panic Purchases were not specified, so the mediation type for H7 and H8 could not be classified; no dedicated common method bias test was performed; and PLSpredict showed no improvement over the linear-model benchmark for Product Adjustment.

The study examined a relatively limited set of factors that may influence consumer responses to inflation. Other variables, including financial literacy, income level, perceived severity of inflation, consumer confidence, risk perception, trust in government policies, and household financial resilience, may also be related to purchasing decisions. Future studies could incorporate these variables to provide a broader explanation of consumer responses to inflationary conditions.

Incorporating these variables in future studies could provide a more comprehensive understanding of consumer behavior during periods of inflation. Finally, the study relied on self-reported survey data, which may be affected by response bias and subjective interpretation.

Future research could complement survey findings with alternative methods, such as experiments, qualitative interviews, or actual purchasing data, to develop a more comprehensive understanding of consumer behavior during periods of perceived inflationary pressure.

Finally, future research should distinguish more explicitly between immediate reactions, short-term coping behaviors, and longer-term adaptation. Such distinctions would allow the temporal assumptions underlying the RCA framework to be tested rather than inferred from cross-sectional relationships. A longitudinal study that measures consumers at multiple points before, during, and after an inflationary shock would be particularly valuable for examining whether the proposed React–Cope–Adapt pattern actually occurs and under what conditions consumers move between these response stages.

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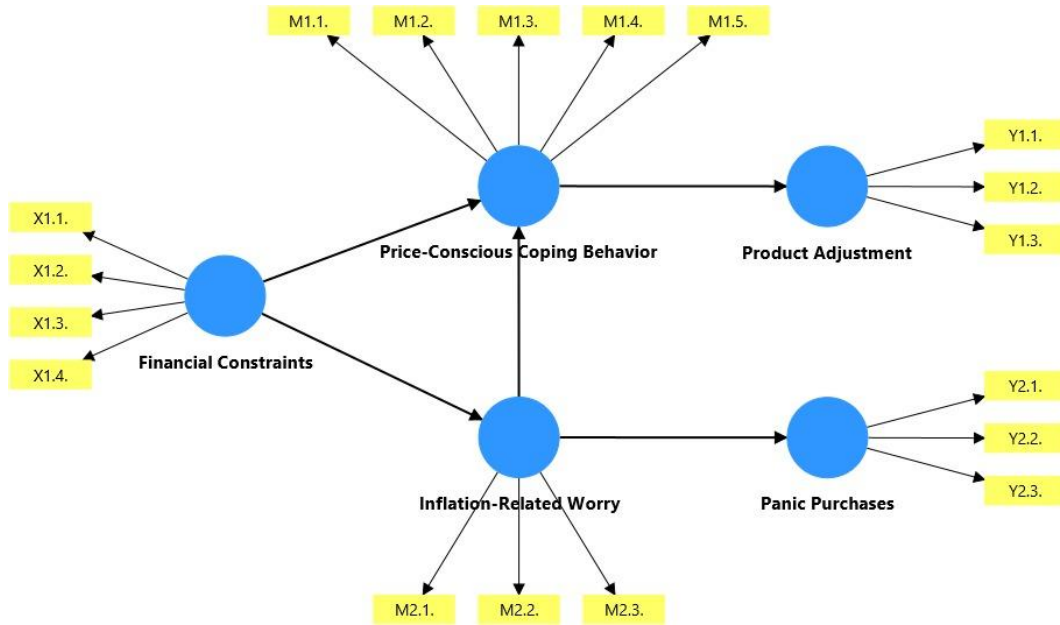
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## APPENDIX

### Appendix 1. Research Model



### Appendix 2. PLSpredict MV summary

|       | Q <sup>2</sup> predict | PLS-SEM_RMSE | PLS-SEM_MAE | LM_RMSE | LM_MAE | IA_RMSE | IA_MAE |
|-------|------------------------|--------------|-------------|---------|--------|---------|--------|
| M2.1. | 0,231                  | 0,856        | 0,646       | 0,865   | 0,648  | 0,976   | 0,739  |
| M2.2. | 0,214                  | 0,801        | 0,561       | 0,810   | 0,576  | 0,903   | 0,581  |
| M2.3. | 0,169                  | 0,895        | 0,665       | 0,900   | 0,666  | 0,981   | 0,683  |
| M1.1. | 0,122                  | 0,907        | 0,674       | 0,895   | 0,662  | 0,968   | 0,700  |
| M1.2. | 0,123                  | 0,861        | 0,629       | 0,862   | 0,624  | 0,920   | 0,687  |
| M1.3. | 0,192                  | 0,909        | 0,684       | 0,927   | 0,699  | 1,011   | 0,722  |
| M1.4. | 0,131                  | 1,062        | 0,837       | 1,089   | 0,847  | 1,139   | 0,943  |
| M1.5. | 0,159                  | 0,854        | 0,643       | 0,868   | 0,647  | 0,931   | 0,687  |
| Y2.1. | 0,078                  | 1,005        | 0,819       | 1,023   | 0,822  | 1,047   | 0,842  |
| Y2.2. | 0,042                  | 1,087        | 0,879       | 1,101   | 0,895  | 1,110   | 0,891  |
| Y2.3. | 0,038                  | 1,068        | 0,851       | 1,068   | 0,856  | 1,089   | 0,873  |
| Y1.1. | 0,214                  | 0,943        | 0,770       | 0,934   | 0,746  | 1,063   | 0,874  |
| Y1.2. | 0,183                  | 0,870        | 0,657       | 0,853   | 0,660  | 0,962   | 0,697  |
| Y1.3. | 0,202                  | 0,848        | 0,639       | 0,827   | 0,627  | 0,949   | 0,657  |

### Appendix 3. PLSpredict LV summary

|                                      | Q <sup>2</sup> predict | RMSE  | MAE   |
|--------------------------------------|------------------------|-------|-------|
| Inflation-Related Worry (M2)         | 0,241                  | 0,890 | 0,649 |
| Price-Conscious Coping Behavior (M1) | 0,220                  | 0,917 | 0,652 |
| Panic Purchases (Y2)                 | 0,072                  | 0,981 | 0,762 |
| Product Adjustment (Y1)              | 0,273                  | 0,871 | 0,691 |

### Appendix 4. Questionnaire

Thank you for taking the time to participate in this research. This questionnaire is part of my thesis project, which aims to understand how inflation-driven financial pressure influences consumer actions such as reducing consumption, switching brands, delaying purchases, and adjusting household spending priorities. Your responses will provide valuable insights for both academic research and practical implications for businesses and policymakers in Greater Jakarta.

#### Confidentiality:

All responses are anonymous and will be used solely for academic purposes. No personal identifying information will be collected.

#### Estimated time to complete: 5–7 minutes.

Your participation is completely voluntary, and you may stop at any time. By proceeding, you indicate your consent to participate in this study.

Thank you very much for your support!

— Ayom Bening I. S.

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*Terima kasih telah meluangkan waktu untuk berpartisipasi dalam penelitian ini. Kuesioner ini merupakan bagian dari skripsi saya, yang bertujuan untuk memahami bagaimana inflasi dan tekanan finansial memengaruhi perilaku konsumen—seperti pengurangan pembelian, pergantian merek, penundaan pengeluaran, serta penyesuaian prioritas dalam rumah tangga.*

#### Kerahasiaan

*Seluruh jawaban bersifat anonim dan hanya akan digunakan untuk kepentingan akademik. Tidak ada informasi pribadi yang akan dikumpulkan.*

#### Perkiraan Waktu Pengisian: Sekitar 5–7 menit.

*Partisipasi Anda bersifat sepenuhnya sukarela, dan Anda dapat berhenti kapan saja. Dengan melanjutkan pengisian kuesioner ini, Anda dianggap telah memberikan persetujuan untuk berpartisipasi dalam penelitian.*

*Terima kasih banyak atas bantuan dan kontribusi Anda!*

*— Ayom Bening I. S.*

| Scale | English           | Bahasa Indonesia           |
|-------|-------------------|----------------------------|
| 1     | Strongly Disagree | <i>Sangat Tidak Setuju</i> |
| 2     | Disagree          | <i>Tidak Setuju</i>        |
| 3     | Neutral           | <i>Netral</i>              |
| 4     | Agree             | <i>Setuju</i>              |
| 5     | Strongly Agree    | <i>Sangat Setuju</i>       |

| List of Questions |                                                                                                      |                                                                                                                                    |
|-------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| X1.1              | Compared to the time before high inflation, my current financial situation is worse.                 | <i>Dibandingkan dengan sebelum terjadinya inflasi tinggi, kondisi keuangan saya saat ini lebih buruk.</i>                          |
| X1.2              | Compared to the time before high inflation, I currently feel more financially constrained.           | <i>Dibandingkan dengan sebelum terjadinya inflasi tinggi, saya merasa kondisi keuangan saya saat ini lebih terbatas.</i>           |
| X1.3              | Compared to the time before high inflation, my current financial situation is more restricted.       | <i>Dibandingkan dengan sebelum terjadinya inflasi tinggi, kondisi keuangan saya saat ini lebih terbatas.</i>                       |
| X1.4              | Compared to the time before high inflation, my household struggles to make ends meet over the month. | <i>Dibandingkan dengan sebelum terjadinya inflasi tinggi, rumah tangga saya lebih sulit memenuhi kebutuhan hingga akhir bulan.</i> |
| Y1.1              | I purchase cheaper products than before due to higher prices.                                        | <i>Saya membeli produk yang lebih murah dibandingkan sebelumnya karena kenaikan harga.</i>                                         |
| Y1.2              | I buy fewer luxury or non-essential items and focus more on essentials.                              | <i>Saya mengurangi pembelian barang mewah atau tidak penting dan lebih berfokus pada kebutuhan pokok.</i>                          |
| Y1.3              | I reduce the quantity or frequency of purchasing non-essential products due to higher prices.        | <i>Saya mengurangi jumlah atau frekuensi pembelian produk yang bukan kebutuhan pokok karena kenaikan harga.</i>                    |
| M1.1              | I increasingly compare prices of different brands before making a decision.                          | <i>Saya semakin sering membandingkan harga dari berbagai merek sebelum memutuskan membeli.</i>                                     |

|      |                                                                                                                               |                                                                                                                                                            |
|------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| M1.2 | I'm currently being more mindful of my money.                                                                                 | <i>Saat ini saya lebih berhati-hati dalam mengelola pengeluaran saya.</i>                                                                                  |
| M1.3 | I'm currently buying more discounted items.                                                                                   | <i>Saat ini saya lebih sering membeli produk yang sedang didiskon.</i>                                                                                     |
| M1.4 | I choose products mainly based on price rather than brand or features.                                                        | <i>Saya memilih produk terutama berdasarkan harga dibandingkan merek atau fitur.</i>                                                                       |
| M1.5 | Adapting my spending behavior is necessary to cope with rising prices.                                                        | <i>Menyesuaikan perilaku pengeluaran saya merupakan hal yang diperlukan untuk menghadapi kenaikan harga.</i>                                               |
| M2.1 | When I noticed that inflation had increased significantly, I felt worried about my well-being.                                | <i>Ketika saya menyadari bahwa inflasi meningkat secara signifikan, saya merasa khawatir terhadap kesejahteraan saya.</i>                                  |
| M2.2 | When I noticed that inflation had increased significantly, I felt worried about the economic situation.                       | <i>Ketika saya menyadari bahwa inflasi meningkat secara signifikan, saya merasa khawatir terhadap kondisi perekonomian.</i>                                |
| M2.3 | When I noticed that inflation had increased significantly, I felt worried about my future financial security.                 | <i>Ketika saya menyadari bahwa inflasi meningkat secara signifikan, saya merasa khawatir terhadap keamanan finansial saya di masa depan.</i>               |
| Y2.1 | At the beginning of high inflation, I felt the need to buy certain products immediately.                                      | <i>Pada awal terjadinya inflasi tinggi, saya merasa perlu segera membeli produk tertentu.</i>                                                              |
| Y2.2 | At the beginning of high inflation, I made spontaneous or unplanned purchases driven by fear of price increases or shortages. | <i>Pada awal terjadinya inflasi tinggi, saya melakukan pembelian spontan atau tidak direncanakan karena takut harga akan naik atau terjadi kelangkaan.</i> |
| Y2.3 | At the beginning of high inflation, I bought more than I normally would.                                                      | <i>Pada awal terjadinya inflasi tinggi, saya membeli barang dalam jumlah lebih banyak daripada biasanya.</i>                                               |