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Frugal Living Diffusion among Generation Z amid Value Added Tax Increase

Indi Azzahra Ibtihal [1*], Risma Amalia Ulfa Dewi [2], Sarah Aini Salsabila [3], and Aprilianti Pratiwi [4]
[1, 2, 4] Faculty of Communication Sciences, Pancasila University, South Jakarta, Jakarta, Indonesia
[3] Faculty of Economics and Business, Pancasila University, South Jakarta, Jakarta, Indonesia
**email: 7022210226@univpancasila.ac.id*

ABSTRACT

The increase in Value-Added Tax (VAT) in Indonesia has sparked widespread public discussion about strategies for coping amid economic pressures, one of which is the practice of frugal living—a topic widely discussed by Generation Z in digital spaces such as TikTok. This study aims to understand how frugal living is interpreted, negotiated, and practiced as a lifestyle innovation among Generation Z in this context. Using a descriptive-analytical qualitative approach, this study collected data through in-depth interviews with members of Generation Z, content creators, and an economist, supplemented by relevant documents and statistical reports. The findings reveal that frugal living is practiced as a dynamic and non-linear process, shaped by personal experiences, social interactions, and the production of meaning within digital content. This practice is understood not merely as an economic strategy, but as a socio-communicative phenomenon involving continuous reflection and adaptation. This study also reveals a number of challenges that hinder the sustainability of frugal living practices, such as social stigma, consumerist norms, and contradictory messages in digital media. It can be concluded that frugal living among Generation Z represents an adaptive lifestyle orientation that is closely intertwined with the dynamics of digital communication and the broader socio-economic context. Based on these findings, the study recommends the need for a more supportive and consistent digital communication narrative to reinforce the sustainability of frugal living practices as an adaptive response by the younger generation to structural economic pressures.

Keywords: *Frugal Living; Innovation Diffusion; Generation Z; VAT; Consumption Behaviour*

INTRODUCTION

The phenomenon of frugal living is gaining increasing attention in Indonesia amidst increasing economic pressures and financial uncertainty. This lifestyle is no longer understood simply as a means of saving, but also as an adaptive strategy to maintain stability and well-being amidst increasingly complex economic dynamics. One context that reinforces the relevance of this phenomenon is the government's policy to increase VAT from 11% to 12% by the end of 2024. This policy aims to increase state revenue and strengthen national development. This policy has also attracted public attention due to concerns that it could reduce people's purchasing power, especially in the context of post-pandemic economic recovery and ongoing inflationary pressures (Kwan & Sarjono, 2024). This situation has encouraged people to review their consumption patterns and seek alternative lifestyles that are more rational, efficient, and sustainable.

One of the economic impacts of this policy is reflected in the decline in the Consumer Confidence Index, indicating that people are becoming more cautious in spending their income. In March 2025, the index fell 5.3 points from 126.4 to 121.1, reaching its lowest level since October 2024 (Rabiah, 2025). This situation also triggered a shift in lifestyle preferences towards more frugal consumption patterns. In a demographic context, Generation Z is a relevant group to study due to its adaptability to social and economic changes and its familiarity with digital technology. This generation shows an openness to new lifestyle trends, including frugal living, driven not only by financial constraints but also by an awareness of sustainability and more responsible financial management. A survey by the IDN Research Institute showed that 56% of Generation Z chose to adopt a frugal lifestyle as a strategy to save on living costs (Zahra, 2025). The development of social media, particularly TikTok, has accelerated the spread of this concept. With 157.6 million users in Indonesia in 2024, TikTok has become an effective medium for shaping public discourse and influencing consumption behavior through educational and persuasive content delivered by influencers (Alviona & Leonardi, 2025; Fatika, 2024).

To understand how frugal lifestyles circulate and are adopted in this digital environment, a theoretical framework is needed to explain the process of idea diffusion across various social systems. Everett Rogers's diffusion of innovation theory explains the process by which new ideas, technologies, or information spread within a society. This theory identifies four key elements that influence the adoption of an innovation: the innovation itself, communication channels, time, and the social system (Rogers, 2003). An innovation refers to an idea, action, or product that is perceived as new by the adopting individual. Communication channels act as intermediaries that transmit information about the innovation from the source to the recipient, either through mass media for a broad audience or through personal communication for individuals. Time represents the process an individual goes through from first learning about the innovation to deciding whether to adopt or reject it, reflecting each person's level of adoption. Finally, the social system is the structure of norms and roles within a society that influence whether an innovation is adopted or rejected (Littlejohn et al., 2017). Several barriers can slow the spread of innovation, including social, economic, and cultural factors, geographic distance, and time constraints (Parawangsa et al., 2024). This four-element framework provides a solid foundation for understanding the process of innovation diffusion through communication channels and social systems. However, the conceptual separation of “communication channels” as unidirectional and

cleanly separate from the receiving “social system” becomes problematic when applied to algorithmic social media ecosystems, where channels, messages, and social structures shape each other simultaneously, rather than sequentially, as the original model assumed (Vargo et al., 2020).

The innovation adoption process in Rogers' theory consists of five stages. The first is knowledge, where individuals become aware of the innovation and understand how it works. The second is persuasion, when individuals form an attitude toward the innovation based on the information received, considering its advantages and disadvantages. The third is decision, where individuals choose to accept or reject the innovation. The fourth is implementation, the stage of applying the innovation in everyday life. Finally, confirmation involves individuals evaluating their adoption decision and deciding whether to continue using or discontinue the innovation (K. Hasanah et al., 2025). These stages illustrate that adoption is not an instantaneous action, but a gradual process involving exposure to information, reflective evaluation, and ongoing negotiation of meaning (Gartina & Lestrai, 2024). In the context of frugal living, this perspective allows the phenomenon to be studied not simply as a reaction to economic circumstances, but as a communicative process that develops through interaction and interpretation.

In this regard, frugal living can be conceptualized as an innovation in lifestyle orientation. Frugal living is a lifestyle adopted by individuals to manage their expenses to achieve specific goals. This lifestyle consciously guides individuals to limit spending through careful choices and structured planning aligned with future targets, viewing each expense as a need rather than a want (Inayati et al., 2024). The widespread Financial Independence Retire Early (FIRE) movement encourages people to think economically, aiming for financial independence by treating money not as an end in itself, but as a tool to live a fulfilling life (Avendaño-Miranda, 2024) This movement aligns with the concept of frugal living, which emphasizes limiting spending amidst relatively stagnant incomes, making it a suitable choice for today's society.

The spread of lifestyle innovations is increasingly occurring in the digital communication space. Digital campaigns involve communication activities using digital technologies such as the internet and social media to convey messages to audiences. This method is considered more efficient than conventional approaches because it can reach a wider audience at a lower cost (Macmonegle et al., 2024). In digital campaigns in Indonesia, Social Media Influencers (SMI) play a crucial role in conveying social messages, raising

public awareness, and encouraging behavioral change. Platforms such as Instagram, TikTok, and YouTube serve as effective media for disseminating relevant narratives through engaging and authentic audio-visual content (Purwani, 2025). SMIs utilize storytelling, education, and advocacy to reach a wider audience, making campaign messages more easily accepted (Nugraha & Irwansyah, 2022).

LITERATURE REVIEW

Previous research on frugal living shows differences in focus based on the level of analysis used. At the individual level, Hasanah and Badria (2024) showed that financial awareness and personal economic pressure motivate Generation Z to adopt a frugal lifestyle, while Megawati and Moin (2024) found a positive relationship between financial literacy and frugal behavior in college students. At the organizational level, Hartantri et al. (2024) highlighted the role of financial pressure and organizational culture in the implementation of frugal living in the workplace. Meanwhile, at the macro level, Hossain et al. (2023) linked frugal innovations to sustainable development in rural areas. Differences focus the show that study about life economical still tend discuss individual, organizational, and structural factors in a way separate. Limitations the become the more relevant in context Indonesian Generation Z interacting in a way intensive with social media as room for acquire and distribute information about change condition economy. However, research previously not yet in a way specific linking behavior life economical with policy fiscal domestic as well as dynamics digital communication among Generation Z Indonesia.

From the literature review, there is a research gap in understanding the diffusion mechanism of a frugal lifestyle that integrates economic pressures due to VAT policies, the role of social media as a dissemination medium, and the involvement of various stakeholders such as consumers, influencers, and economic experts. The scientific novelty of this study lies in its attempt to map the adoption process of a frugal lifestyle among Indonesian Generation Z by placing the issue of VAT increases as the main trigger and examining the process through the perspective of multi-actor digital communication and interaction. In addition, this study shows that the adoption process of a frugal lifestyle does not completely follow the linear stages in Rogers' innovation diffusion theory, but rather involves pre-adoption phases and inter-stage regression paths that are not covered in the original model. Thus providing a more adaptive conceptual contribution to the context of lifestyle innovation diffusion in the digital era.

Based on the background and gaps in this research, the problem formulation in this article focuses on how the stages of adoption of a frugal lifestyle occur among Indonesian Generation Z in response to the issue of VAT increases, the factors that hinder or encourage the diffusion process, and how changes in consumption behavior are formed after the issue develops in the public sphere. The objectives of this study are to identify the stages of adoption of a frugal lifestyle, analyze the factors that hinder and encourage the diffusion of frugal lifestyle innovations, and explain changes in consumption behavior of Generation Z in the context of economic pressures and the digital media ecosystem.

METHODOLOGY

Methods used in study This is method qualitative with approach descriptive- analytical approach This chosen For get understanding deep about the adoption and diffusion process style life economical among Generation Z Indonesia as response to issue increase in VAT, in particular through social media platforms TikTok. Qualitative methods allows researchers For study meaning, perception, and dynamics social formation in practice digital communication, so that relevant For learn phenomenon contextual and developing social in a way discursive (Creswell & Creswell, 2023).

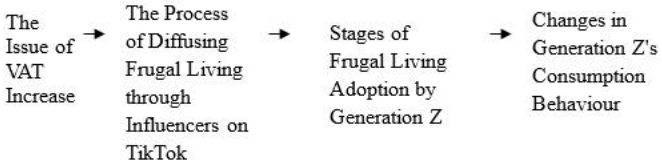

Figure 1. Conceptual Framework of the Research

This research was conducted in Indonesia, focusing on the digital context of urban communities, particularly Jakarta, the region with the highest internet penetration rate in Indonesia. Data from the Central Statistics Agency (BPS) of DKI Jakarta Province shows that the internet user penetration rate in 2023 reached 77.28 percent, making this region a strategic location for observing the spread of frugal living ideas through social media platforms such as TikTok (BPS, 2024). The selection of this research location was based on considerations of the high intensity of social media use and Jakarta's strong role as a center for the formation and dissemination of national digital discourse.

The research data sources consist of primary and secondary data. Primary data were obtained through in-depth semi-structured interviews with selected informants using purposive sampling techniques. The informant selection criteria were: (a) Members of

Generation Z or influencers who are knowledgeable and involved in frugal living campaigns on TikTok; (b) consciously following or adopting this lifestyle; and (c) able to express their views and experiences reflectively. Economist informants were selected as supporting informants who provided a structural perspective. Secondary data included statistical reports and scientific literature relevant to VAT issues, consumption behavior, and digital communication. The selection of this combination of informants follows the principle of maximum variation (maximum variation sampling) in the qualitative research tradition, where the diversity of informant profiles—students, young workers, housewives, influencers, and experts—allows for richer triangulation of perspectives despite a limited number of informants (Creswell & Creswell, 2023; Lune & Berg, 2017). The small number of informants in this study is offset by the depth of intensive interviews and systematic triangulation of sources and methods.

Data collection techniques were conducted through semi-structured in-depth interviews using interview guidelines developed based on Rogers' (2003) innovation diffusion stages, which included six groups of questions: (1) initial exposure to the concept of frugal living (pre-adoption), (2) understanding and interpretation of the concept (knowledge), (3) attitude formation (persuasion), (4) factors that encourage or hinder adoption decisions (decision), (5) concrete implementation strategies (implementation), and (6) evaluation and sustainability of practices (confirmation and regression). Interviews were conducted individually with an average duration of 60-90 minutes, recorded with the informant's consent, and transcribed verbatim.

Data analysis was conducted through an inductive thematic analysis procedure with the following stages. First, verbatim transcription of all interview recordings was conducted to ensure data accuracy. Second, open coding was conducted to identify units of meaning from each informant's statement, resulting in 73 initial codes. Third, axial coding grouped the initial codes into broader categories based on common themes and relationships between concepts, resulting in 14 categories. Fourth, selective coding integrated these categories into three main themes corresponding to the three research problem formulations: stages of adoption, factors inhibiting diffusion, and changes in consumption behavior. Fifth, cross-theme interpretation was conducted by linking the findings to Rogers' (2003) theoretical framework of innovation diffusion and supporting literature. The analysis process took place simultaneously from the data collection stage to ensure a thorough understanding of the phenomenon under study (Creswell & Creswell, 2023).

Data validity was maintained through two triangulation strategies. Source triangulation was conducted by comparing data from informants with different backgrounds (Generation Z, influencers, economic experts). The triangulation method was implemented by comparing interview data with secondary data in the form of statistical reports and policy documents. Member checking was conducted by confirming key interpretations with two informants to ensure the accuracy of their perspectives.

RESULTS AND DISCUSSION

This section discusses and reviews the study's findings based on an in-depth analysis of interviews with five purposively selected informants. In accordance with the principle of maximum variation, the diverse profiles of informants, ranging from students and young accountants to housewives and frugal influencers to economic experts, were compiled to address the broad spectrum of adoption related to the number of informants present. The development integrates the empirical findings with the theoretical framework developed by Rogers (2003) and relevant international literature.

Table 1. Informant Profile

Informant	Age	Profession	Role in research
1	22	Student	Early adopters
2	21	Accountant	Early majority adopters
3	26	Housewife	Late majority adopters
4	25	Influencer	Digital Opinion Leader
5	52	Economist	Expert informant

Stages of Adopting a Frugal Lifestyle in Response to VAT Increase by Generation Z

Based on thematic analysis of in-depth interview data, the adoption process of frugal living innovations among Generation Z can be explained through Rogers' (2003) expanded innovation diffusion model with the addition of a pre-adoption stage and regression paths. This addition represents a conceptual contribution to the research, as Rogers' original model did not explicitly accommodate the informal exposure phase that precedes formal knowledge or the possibility of reverting to a previous phase after a failed implementation. The research findings indicate that frugal living adoption is not a linear and uniform process, but rather cyclical and highly contextual to each individual's economic, social, and psychological circumstances.

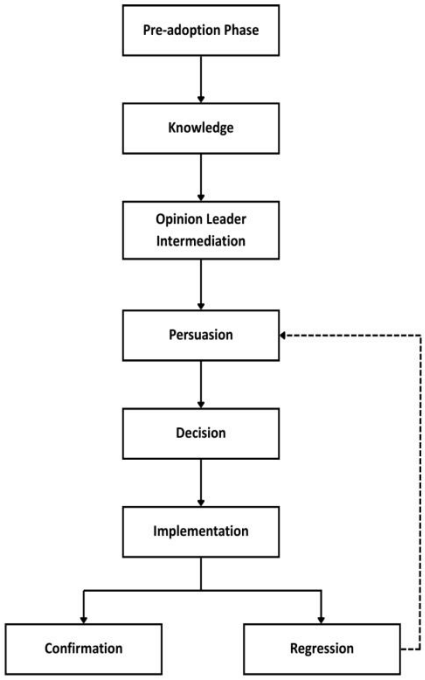

Figure 2. The Process of Adopting a Frugal Lifestyle by Generation Z in Indonesia

The pre-adoption stage shows that Generation Z is exposed to the concept of frugal living through various socialization channels, both family and digital platforms.

"I first learned about frugal living from my family. Even in middle school, I was often told not to waste money... Then, when I started working around 2023, I learned the term "frugal living." At that time, I often saw content on TikTok about living frugally while still being mindful of the environment." (Informant 2, 2025).

This statement confirms that saving is not a new concept, but the specific term frugal living is more widely known through social media, especially TikTok and Instagram. This finding is consistent with research by Irmayanti & Saidah (2024) , which shows that social media not only functions as an entertainment medium, but also as a primary channel in the diffusion process of lifestyle innovations among the younger generation. Through algorithms that adapt to user preferences, content related to frugal living can be widely distributed, repeated, and personalized, thereby accelerating the internalization of the concept in the minds of the audience. This finding strengthens the argument of Zhao et al. (2024), that digital opinion leaders, in this case influencers, play a crucial role in accelerating the spread of lifestyle innovations because they operate as a bridge between the message and the community of potential adopters. Theoretically, this function corresponds to the role of "change agent" in Rogers' model, but is conceptually different: Rogers assumes change

agents to be discretely identifiable entities (extensionists, community leaders), while algorithmic curation is a dispersed infrastructural mechanism with no single definable “agent” in a distinction that goes beyond the explanatory capacity of Rogers’ communication channels model, rather than simply a characteristic variation of the same role.

In addition, at the knowledge stage, informants showed varying levels of understanding about frugal living.

" *This is not like someone who lives wisely in managing his finances, but rather is described as someone who is stingy... If I interpret it further, this is not a frugal life in the true sense, but rather just a functional life." (Informant 1, 2025).*

"A lifestyle method that emphasizes wisely managing our money. Of course, by prioritizing. So we can be more frugal." (Informant 2, 2025).

"How to live frugally and manage finances wisely," (Informant 3, 2025).

This diversity of meanings indicates differences in interpretation among Generation Z, influenced by socioeconomic background and media exposure. Similar findings were also found by Hasanah & Badria (2024), who stated that Generation Z does not have a single definition of frugal living, but rather interprets it flexibly according to individual needs. Theoretically, this diversity reflects what Rogers (2003) calls "reinvention," namely the modification of innovations by adopters according to their local context, a process that actually accelerates and sustains diffusion as innovations become more relevant to different users.

The persuasion stage revealed the psychological challenges of adopting a frugal lifestyle. Informant 1 stated, *"I'm not surprised, because I've actually done it before." (Informant 1, 2025).* Informant 2 also stated:

"It's a bit difficult to experience it yourself, because previously we couldn't differentiate between what we needed and what we just wanted, right?" (Informant 2, 2025).

"Stress. Because you really have to rack your brains, money that should be saved is better not spent if possible." (Informant 3, 2025).

The blurring of the boundaries between "needs" and "wants" in Informant 2, compared with the more intense emotional response in Informant 3, suggests that psychological readiness for frugal living innovations is not uniform across individuals, with variations in resistance at the persuasion stage apparently dependent on the extent to which old consumption patterns have been internalized. Rogers treated persuasion-stage resistance as a

single construct of attitude toward innovation, thus providing no vocabulary to distinguish cognitive from affective sources of resistance, even though this distinction appears to correlate with adopter categories.

These differences in emotional responses suggest that psychological readiness plays a significant role in the innovation adoption process. Oktaviana et al. (2024) also demonstrated that emotional and cognitive barriers often emerge at the persuasion stage, particularly when an innovation requires significant changes in consumption behavior. These barriers relate to psychological resistance such as fear of losing comfort, old habits, or the social status inherent in a particular consumption pattern. These findings enrich the innovation diffusion literature by providing empirical evidence that psychological barriers differ according to adopter profile: early adopters (Informant 1) who previously had a tendency to be frugal experienced minimal resistance, while late adopters (Informant 3) accustomed to status-based consumption patterns experienced greater psychological stress. This differentiation is consistent with Rogers' adopter typology but provides empirical depth not available in abstract models.

At the decision-making stage, adopting a frugal lifestyle is influenced by economic and social factors. As Informant 2 stated, *"so that we have an emergency fund and manage our finances well" (Informant 2, 2025)* . Another informant stated:

"Limited economic conditions as a student, high unemployment rates, and the phenomenon of inadequate payments." (Informant 1, 2025).

"Because my expenses are greater than my income, which is also exacerbated by the impact of the VAT increase on household expenses." (Informant 3, 2025.

Both statements, from Informant 1, who highlighted the economic limitations of being a student, unemployment, and low wages in his community, and Informant 3, who revealed the gap between expenditure and income exacerbated by the increase in VAT, indicate that the decision to adopt a frugal lifestyle is not solely based on voluntary choice, but is also influenced by structural pressures beyond the individual's control. These conditions provide a rational basis for Generation Z to consider a frugal lifestyle as a strategy in dealing with financial limitations. Thus, fiscal pressure not only shapes the need to save, but can also accelerate the decision-making process in the innovation adoption phase.

This motivation suggests that Generation Z adopts a frugal lifestyle as an adaptive response to challenging economic conditions. The increase in VAT has also weakened people's purchasing power (Rabiah, 2025) . Theoretically, this finding confirms that “relative

advantage," one of the key innovation attributes in Rogers' model, in the context of a frugal lifestyle is defensive: innovations are adopted not because they offer tangible positive benefits, but because they offer protection against perceived losses due to economic pressures. This defensive characteristic differs from innovation adoption commonly studied in the literature, such as the adoption of new technologies or products, and has important implications for the long-term resilience of adoption, especially as individuals who adopt due to external pressures (rather than internal beliefs) are more susceptible to discontinuation when those pressures subside, as demonstrated by the experience of informant 3.

Adopting a frugal lifestyle involves a variety of personal strategies tailored to each individual's situation.

"First, I record my income, then I make a financial plan, deciding where my expenses will be allocated." (Informant 2, 2025).

"If I want something, I'll wait a month or two. If after that I still don't want it, it means I don't need it." (Informant 1, 2025).

"Minimize expenses as much as possible; don't let them exceed our income." (Informant 3, 2025).

These strategies emphasize that the adoption of a frugal lifestyle is not homogeneous but is influenced by personal preferences. Generation Z tends to choose practical and flexible strategies, such as delaying purchases or using digital record-keeping systems. This choice reflects their tendency to integrate technology into daily financial management, making the savings process more scalable and implementable (Zahra, 2025). The relevance of this technology-based strategy aligns with the findings of Rahayu & Andriansyah (2025) that fintech penetration encourages Indonesian Gen Z to be more aware of managing personal cash flow. Theoretically, these findings expand the concept of "implementation" in Rogers' model by demonstrating that in the digital era, the implementation of lifestyle innovations is inseparable from the use of supporting technology; technology acts as a scaffold that lowers implementation barriers and increases personal accountability of adopters.

The confirmation phase shows varying adoption results, depending on how Generation Z strategies are implemented.

"It didn't work in my household... so I didn't continue the frugal lifestyle." (Informant 3, 2025).

"I want to continue. Because it will be more focused, even though I still have some doubts, just a few." (Informant 2, 2025).

"No, I have no doubts. Honestly, I have no doubts. I want to keep eating it." (Informant 1, 2025).

This variation suggests that the sustainability of a frugal lifestyle is influenced by the effectiveness of the strategies implemented and their suitability to personal circumstances. In the context of Rogers (2003) According to the theory, the confirmation stage is often accompanied by reevaluation, which can lead to continuation or discontinuation. The findings also revealed differences based on adopter segments: early adopters (Informant 1) demonstrated strong confirmation based on internalizing frugal values as part of their personal identity; the early majority (Informant 2) demonstrated conditional confirmation dependent on social and economic conditions; while the late majority (Informant 3) experienced discontinuation due to a discrepancy between implementation demands and actual capacity. This pattern of differentiation has practical implications: communication interventions to sustain adoption need to be tailored to the adopter profile, rather than simply reinforcing universal messages about the benefits of frugal living.

The findings of this study suggest the possibility of regression in the frugal lifestyle adoption process, where individuals who experience implementation failure will return to the persuasion stage to reevaluate their attitudes and feelings toward the innovation (Ibtihal & Pratiwi, 2026). Informant 3 exemplifies this phenomenon when, after failing to implement twice, he reflected and admitted, “It doesn’t mean I can’t, maybe I don’t have enough income.” This regression path is not present in Rogers’ original model, which conceptualizes the adoption process as linear toward confirmation or discontinuation. These findings suggest that external factors, particularly economic capacity, can cause individuals to reconsider their adoption decisions. Rogers’ model remains helpful in explaining that the key stages in the process of adopting a lifestyle innovation, particularly those closely related to structural economic conditions, are cyclical rather than linear, but adoption of a frugal lifestyle can change dynamically, forcing individuals to repeatedly renegotiate the innovation and change their decisions after implementation.

Factors Inhibiting the Spread of Frugal Living Innovations in Indonesia

The spread of frugal living innovations in Indonesia faces multidimensional barriers encompassing social, structural, personal, and technological factors. Interviews with informants revealed that the primary barrier lies not in understanding the concept of frugal living, but in its sustainability and social pressure. Changes in Indonesian lifestyles are more

influenced by social norms and structural conditions than simply financial literacy (Yuniar, 2024) . From an innovation diffusion perspective, these barriers align with the innovation attributes that influence adoption rates in Rogers' (2003) model, particularly "complexity" and "compatibility."

The most dominant barriers come from the social environment. Consumerist culture, peer pressure, and the prestige of social status remain deeply rooted. Some people still view frugal behavior as a sign of being "stingy" or "uncool," creating a social stigma that hinders the sustainability of frugal living practices (Aini et al., 2025).

"If you just follow the crowd, it usually won't last. Awareness has to come from within, otherwise, you'll revert to a consumerist lifestyle. Many people join frugal living challenges because they're popular, but then they revert to their old habits. This is because they don't yet have a strong mindset." (Informant 4, 2025).

This social stigma is connected to the needs-wants confusion mentioned in the persuasion stage (Informant 2): social pressure amplifies individuals' difficulties, making the process of internalizing frugal living values more challenging when confronted with consumerist norms in their social environment. Informant 4's statement underscores that the sustainability of frugal living practices relies heavily on internal awareness, not simply following viral trends. Without a strong mindset, individuals tend to revert to a consumerist lifestyle once the trend's momentum fades, highlighting the vulnerability of this innovation's sustainability to social and cultural pressures to conform.

Economist Informant 5 added that social media often exacerbates these barriers by portraying glamorous consumerist lifestyles, thus encouraging “social envy,” particularly in urban communities. This situation can trigger a regression from the implementation stage back to the persuasion stage, which, if not addressed, can lead to the discontinuation of frugal living practices. This finding reinforces Dewantoro et al.’s (2025) argument that Indonesia’s digital ecosystem creates a communication paradox for frugal lifestyle adopters: the same platforms that serve as channels for the diffusion of frugal lifestyle innovations also serve as media for the reproduction of consumerist norms that contradict them. This paradox has theoretical implications for Rogers’ model: in an algorithm-based social media environment, the same communication channels can simultaneously accelerate and hinder the diffusion of the same innovation, depending on the content prioritized by the algorithm, a complexity not anticipated in Rogers’ model developed in the context of conventional mass media.

In addition to social factors, structural barriers are also significant. Informants highlighted the imbalance between minimum wages and inflation, inconsistent fiscal policies, and differences in implementation between urban and rural areas.

"In villages, living frugally has long been a habit. But in cities, it's difficult. Furthermore, regulations and economic conditions force city dwellers to be frugal, not out of conscious awareness." (Informant 5, 2025).

This barrier is reinforced by the findings of Ansori et al. (2024) , who stated that without consistent policy support, social innovations such as frugal living tend to become only a passing trend among urban communities. Theoretically, this structural barrier corresponds to what Rogers (2003) calls the "social system," the fourth component in the diffusion model that is often overlooked in the application of this theory. These findings suggest that Indonesia's social system, characterized by structural inequalities between cities and villages and inconsistent fiscal policies, creates very different conditions for adoption: in rural areas, frugal living is a "standard implementation" that does not require innovation, while in urban areas, it is an innovation that contradicts the currently dominant consumerist norms.

Another obstacle stems from individual factors. Generation Z, for example, often struggles to distinguish between needs and wants. Most informants admitted that they still struggle to resist long-held internalized urges to consume.

“I feel stressed. Because I have to really rack my brains, I shouldn't spend money that should be saved if possible.” (Informant 1, 2025).

"When hanging out with friends, it's hard to say no to an expensive place to eat. But actually, you can find cheaper alternatives." (Informant 3, 2025).

Informant 1's statement indicates that individual barriers to frugal living are not only technical but also psychological, as the process of curbing spending places a significant mental burden on individuals. Furthermore, Informant 3's statement illustrates how social pressure from one's social environment further complicates individuals' efforts to consistently save, even though they recognize that more affordable alternatives are available to meet these social needs.

This psychological barrier represents the mental burden of distinguishing between needs and wants. This barrier is consistent with the findings of Hasanah & Badria (2024) that changing consumption behavior among Generation Z is more difficult due to impulsive habits

and emotional spending patterns. However, this personal barrier is relatively easier to overcome through financial literacy education and habit formation, as demonstrated by Fauziah et al. (2025) who found that young people tend to adapt to changes in financial behavior when facilitated by a positive community or role models.

Another obstacle that has emerged is digital technology. Social media algorithms tend to promote consumerist and hedonistic content, creating cognitive dissonance for those trying to live frugally.

"Social media has two sides. It can be used to learn how to save money, but it's also full of people showing off their luxury goods. If we can't filter what we see, we'll get caught up in the consumerism trend." (Informant 5, 2025).

"Sometimes content about frugal living loses out to content about showing off or shopping for luxury goods. So, even with education, people are more easily tempted by a luxurious lifestyle." (Informant 4, 2025).

These two statements underscore the ambiguous nature of algorithmic platforms: they simultaneously channel both financial literacy and the lure of consumerism, and their impact on users is determined not by the availability of educational content, but by how the algorithm prioritizes content for each individual. When individuals fail to filter the content they consume, social media algorithms can potentially re-direct them into consumption patterns that conflict with the principles of frugal living.

This phenomenon is reinforced by the fact that social media often displays consumerist lifestyle content rather than financial education. As a result, Generation Z, who actively use digital platforms, are more likely to follow consumption trends, even if these trends do not always align with their needs or financial situation (Dewantoro et al., 2025). Based on the findings of this study, it can be emphasized that financial literacy alone is not enough. To accelerate the spread of a frugal lifestyle, changes in social norms and consistent structural policy support are needed so that a frugal lifestyle is not just a passing trend but a truly sustainable practice in society.

Changes in Generation Z Consumption Behavior After the VAT Increase

The results of the study indicate that adopting a frugal lifestyle has driven a significant transformation in Generation Z's consumption patterns, moving from impulsive consumption to a more calculated and rational one. Prior to adopting a frugal lifestyle, most informants described their consumption behavior as trend-driven, emotional, and lacking consideration of

utility. However, after adopting a frugal lifestyle, there was a shift toward more measured behavior, such as delaying purchases with a buffer period, comparing prices, and prioritizing needs over wants. This pattern reaffirms the purchase delay strategy discussed in the implementation phase (Informant 1): the buffer period before purchasing serves as a simple filter between needs and wants.

This finding aligns with Zahra's (2025) study, which showed that 56% of Gen Z in Indonesia have changed their spending strategies by postponing non-essential consumption as a form of adaptation to economic pressures. Theoretically, this shift reflects what the consumer behavior literature calls the transition from "symbolic consumption" to "functional consumption" (Amri et al., 2024). This shift is not merely a superficial behavioral change, but rather indicates a reorientation of values: consumption is no longer prioritized based on social signals (what others are wearing, what's trending) but rather based on actual utility for an individual's life. This reorientation of values has the potential to outlast behavioral changes triggered solely by momentary economic pressures.

Behavioral changes are also evident in consumption priorities. Previously, branded goods and status symbols like iPhones and premium brands were the primary focus. However, after becoming accustomed to a frugal lifestyle, Generation Z tends to choose products that are more functional and offer value for money. According to economists, this shift is due to socioeconomic conditions requiring Generation Z to be more cautious:

"In the past, people would queue up to buy the latest iPhone, but not anymore. Nowadays, people think that cell phones are for communication, so there's no need to buy expensive ones." (Informant 5, 2025).

This indicates a shift in consumption norms that emphasize function over prestige, according to research by Amri et al. (2024) , who asserted that post-pandemic economic uncertainty is driving young consumers to shift from symbolic to functional consumption. This finding also has implications for broader market dynamics: the shift in demand from premium to value-based products is encouraging companies to adopt shrinkflation strategies and opening up growth opportunities for local MSMEs with more affordable products.

Another dimension undergoing transformation is financial management. Generation Z now more frequently uses systematic budgeting and digital applications to monitor their personal finances. Informants explained how they began recording daily expenses and creating a priority matrix to separate needs from wants. The practice of recording income and

allocating expenses, described by Informant 2 during the implementation phase, has now become a more routine and systematic habit.

This demonstrates the integration of digital technology as a monitoring tool, which aligns with Rahayu & Andriansyah's (2025) findings that the penetration of fintech and financial recording applications encourages Indonesia's Generation Z to be more aware of managing their personal cash flow. The adoption of digital financial technology is a manifestation of what can be called the "nested diffusion of innovation": the adoption of a frugal lifestyle as a lifestyle innovation drives the co-adoption of assistive technology innovations (financial applications, fintech), creating a mutually reinforcing adoption ecosystem and increasing the resilience of behavioral change.

However, the sustainability of these behavioral changes varies by adopter segment. Early adopters (college students) tend to experience holistic transformations with the ongoing internalization of frugal living values. The early majority (young workers) exhibit systematic changes but remain dependent on social and economic support, while the late majority (housewives) exhibit partial changes with a tendency to revert to old patterns when economic pressures ease. Economists confirm this dynamic by stating:

"Kids these days are hard to manage. They always think they're right, they always think they're smart. Their God is Google... losing a parent isn't a big deal, but losing a phone is a disaster. So, how can they save money? If they don't have faith, don't have a strong foundation, it's easy for them to fall back into their old habits." (Informant 5, 2025).

Macroeconomically, this shift in consumer behavior also impacts market demand patterns. There has been a shift from premium products to value-based products, prompting companies to adopt shrinkflation strategies and opening up growth opportunities for local MSMEs with more affordable products. From a social perspective, this phenomenon reflects an evolution toward financial prudence, increased digital financial literacy, and the emergence of a value gap between generations. Generation Z is more adaptable to frugal and sustainable lifestyles, while previous generations largely maintain status-symbol-based consumption patterns.

Thus, it can be concluded that the adoption of a frugal lifestyle has resulted in substantial changes in Generation Z's consumption behavior, albeit with varying degrees of sustainability. Key factors for the success of this transformation are not only compliance with external pressures (such as the increase in VAT) but also the internalization of frugality as part of personal identity and the existence of a conducive social environment. This finding aligns

with Rogers's innovation diffusion perspective, which emphasizes the importance of a "critical mass" and social system support in sustaining innovation adoption on a collective scale.

CONCLUSION

This study shows that Generation Z Indonesia interprets a frugal lifestyle as an adaptive strategy in the face of an increasingly pressing economic situation, particularly following the emergence of the VAT increase discourse. The practice of a frugal lifestyle does not emerge as a sudden decision, but rather as a social process formed through personal experience, social interactions, and exposure to discourse in digital spaces. The process of adopting a frugal lifestyle is dynamic and not always linear, with the possibility of reconsideration when the strategy does not align with an individual's economic, psychological, and social circumstances.

The findings of this study indicate that understanding and sustaining a frugal lifestyle are not only related to financial knowledge but also intertwined with social norms, environmental perceptions, and the symbolic meaning of consumption. The practice of frugal living often faces social stigma, consumer culture, and prestige-based lifestyle demands, requiring ongoing negotiation in everyday life. In this context, social media acts as a discursive space that combines educational narratives about financial management with contradictory consumer narratives, thus enriching and challenging the internalization of frugal values (Farabi, 2022) .

The changes in Generation Z consumption behavior identified in this study indicate a tendency to shift from impulsive consumption to more reflective and planned practices. Frugal living is defined as an effort to reorganize priorities, postpone desires, and prioritize function and utility as primary considerations in consumption. However, the sustainability of these changes is not uniform, but depends on the extent to which frugal living values are internalized as part of personal identity and supported by an appropriate social environment.

Theoretically, this study makes several contributions to the development of Rogers's theory of innovation diffusion. First, it adds a pre-adoption stage that precedes the knowledge stage in the original model, demonstrating that informal exposure through family and community plays a crucial role before adopters formally "know" the innovation. Second, it identifies a regression path from the implementation stage back to the persuasion stage, which is absent in Rogers's linear model, in response to implementation failure in the context of changing economic pressures. Third, it demonstrates that social media algorithms create a

diffusion paradox—the same channel can simultaneously accelerate and hinder the spread of the same innovation—a complexity that requires a conceptual extension of Rogers' communication channel model developed in the era of conventional mass media. These contributions address the limitations of Rogers's model in explaining the diffusion of lifestyle innovations in algorithmic digital media ecosystems.

Based on the overall findings, this study confirms that frugal living is a socio-communicative phenomenon that cannot be separated from the context of public discourse, social relations, and the economic structures that surround it. Therefore, strengthening frugal living practices requires an approach that focuses not only on individuals, but also on the formation of a more supportive social narrative and the consistent role of digital actors in constructing sustainable meaning. Future research is recommended to expand the geographic context and social groups studied and use a longitudinal design to examine the sustainability of frugal lifestyle adoption, as well as further explore the cultural and emotional dimensions of frugal living practices, and broaden the study context to gain a deeper understanding of the diverse experiences and meanings of frugal living across various social groups.

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