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Reducing the Lipstick Effect and Doom Spending with Financial Management to Support Sustainable Household Well-Being

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Abstract

The lipstick effect and doom spending often appear together as ways people respond to economic stress. To address these issues, this program offers Islamic financial management training to students at Al-Ghozali Islamic Boarding School in Yogyakarta. The program employs the Asset-Based Community Development approach, which involves preparing Islamic financial materials and conducting interactive training sessions. It produces practical financial modules, community service reports, and community service articles. The goal is to enhance students' financial literacy, foster healthy financial habits, and develop a sustainable financial education model grounded in Islamic values that other Islamic boarding schools can adopt.

Keywords: *lipstick effect, doom spending, financial management, sustainable welfare, Islamic financial literacy*

INTRODUCTION

In recent years, Indonesians have become more cautious in managing their spending. The proportion of household consumption in the national economy, which is a major contributor to growth, has declined, indicating that consumers are no longer as optimistic about their financial situation as they once were (Sparrow et al., 2014). That is particularly the case for university students, who are often most affected by social and economic shifts (Rasiman et al., 2024;Tajtakova et al., 2019). With so much unpredictability, people are transforming the way they shop. Many people are more cautious when buying their daily necessities, but they are shelling out a bigger portion of their budget for the things that reflect their lifestyles (Di Crosta et al., 2021). Interestingly, spending on lifestyle items is actually going up, a trend that experts think will keep growing in the future (Bardey et al., 2025; Hill et al., 2012; MacDonald & Dildar, 2020; Palumbo et al., 2017; Sacco et al., 2016).

The lipstick effect and doom spending are showing up more often these days. The lipstick effect is the idea that during hard economic times, people are more likely to buy small luxuries, like lipstick, to make themselves feel better. Doom spending is when consumers feel the need to spend more than usual due to uncertainty about the future and where it's headed. And both patterns, you'll hear more about these trends later on, are important if you want to understand how people are choosing to spend money these days (Hill et al., 2012). People adapt their shopping habits to strike a balance between needs and wants, especially when the purse strings are tightened. The lipstick effect occurs when a person purchases a small luxury item, such as lipstick, to improve their mood without spending much money. Impulse purchases and "doom spending" occur when people snap up items, often groceries, as a panic response to an uncertain future. Both of these trends show that shopping is sometimes a way to deal with emotions.

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Today, spending habits clearly show the lipstick effect and doom spending in action; both are emotional responses to tough economic times. The lipstick effect is when people buy something small on impulse to cope with stress. Spending during crummy times is analogous: when the ground feels like it could give out at any moment, people might spend more on lifestyle items to buffer the psychological impact of the situation, even if they are pulling back on more practical items like household goods, health, or education. Recent evidence suggests that purchases of lifestyle goods may increase during recessions, while consumers may spend less on necessities. These are just a few of the ways our decisions under tight budgets are so driven by emotion and what they can tell us about our next moves (Kirsch & Ryff, 2016).

This community program aims to help students at Al-Ghozali Islamic Boarding School in Yogyakarta Special Region become more aware and more confident about managing their money skills they'll need as they face new social and economic challenges. This training helps students reduce emotional spending, such as the lipstick effect and doom spending, and teaches them how to manage money and start saving early. The goal: to inspire spending on essentials and saving for the future. The initiative also seeks to build a community of students who appreciate financial literacy and to motivate others to become financially aware, both at school and in their communities.

METHOD

This community service implementation was conducted at Al-Ghozali Islamic Boarding School in the District of Depok, Sleman Regency, Yogyakarta. The venue was selected because it was well-suited for the target group of students developing their characters as they took steps towards financial independence. It is around 113 km from Diponegoro University.

The program adopts the Asset-Based Community Development (ABCD) model, which views the problem through the lens of the community's assets rather than focusing solely on its problems, and identifies local assets capable of supporting the program. Next, training materials and resources are created to match what students need, such as lessons on Islamic financial management and tips for managing emotional spending. The training itself is hands-on and interactive, focusing on helping students avoid the lipstick effect and doom spending so they can support their families' long-term well-being. Finally, a report is prepared to document the activities and ensure accountability. The ABCD approach encourages students to get involved and become agents of change, rather than just passive participants.

To measure how well the Lipstick Effect and Doom Spending Mitigation Program works, the team tests participants' knowledge before and after the training. Everyone does a short quiz at the start to test their knowledge of emotional spending, and another quiz at the end to test what they learned. Comparing those two sets of results shows how much the participants have improved and how much better prepared they are to take control of their financial future.

RESULT AND DISCUSSION

Participants showed an understanding of the phenomenon of emotional consumption, namely the lipstick effect and doom spending. During the discussion period, respondents admitted buying on impulse to relieve economic stress. It is this confession that serves as training material, and it demonstrates emotion-based decision-making. Participants learned how to manage their money for basic needs. The team taught them to budget using a pie chart with sections for bills, savings, fun, and a rainy-day fund. After the training, participants were better able to make financial plans that considered both their needs and wants. This was clear from their higher post-test scores in financial

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literacy and understanding of basic needs. The program makes young people more financially independent and work-ready. Many continue to rely on their parents because they have nothing to live on, as evidenced by the soaring NEET (Not in Education, Employment or Training) figures.

Emotional spending often happens when people are stressed about money. The lipstick effect is when people shop impulsively to feel better emotionally, even if they do not really need what they buy. Doom spending is a similar reaction to people making unplanned purchases as a way to handle stress (Netchaeva & Rees, 2016). This shows that young people today are prone to impulsive buying, as covered in training. This is consistent with national shopping trends, with more spending on lifestyle items, including self-care, entertainment, and electronics, and little change in spending on essentials such as education and introductory provisions.

Financial education enables young people to distinguish between needs and wants and to spend their money more wisely. Learning how to manage money teaches them to make trade-offs between needs and impulses to buy. This training helps them set priorities and recognize when impulsive spending might leave them without enough money (Hill et al., 2012). The Community Development approach allows young people to learn both the theory and gain hands-on experience. This way of teaching gets students more involved and helps them actually use what they learn. That's why a community-based learning opportunity like this one can really help contribute to positive financial habits (Palumbo et al., 2017). In conclusion, this program provides young people with a crucial financial foundation by equipping them with both technical budgeting skills and emotional awareness regarding consumption. By improving financial literacy alongside digital competencies, the initiative empowers youth to respond more strategically to the challenges of a changing labor market. More importantly, it helps them develop resilience against emotional consumption and fosters informed decision-making in personal finance. Ultimately, these skills are essential for building long-term economic stability and paving the way toward more secure and prosperous futures.

CONCLUSION

The findings of this program highlight that emotional-driven consumption remains prevalent among young people in Indonesia, particularly under conditions of economic pressure, uncertainty, and low financial resilience. Phenomena such as the lipstick effect and doom shopping illustrate how purchasing behavior has evolved from a rational economic activity into a psychological coping mechanism. As lifestyle-oriented consumption continues to rise, shopping increasingly serves as an outlet for emotional release rather than a function of real needs. If left unaddressed, this pattern may contribute to long-term financial vulnerability, dependency, and poor decision-making among future workers. Therefore, financial intervention must go beyond technical budgeting and address emotional awareness as a central dimension of youth financial education.

It is recommended that financial literacy initiatives be designed to explicitly incorporate behavioral and emotional economics, emphasizing how stress, peer influence, and digital exposure shape consumer behavior. Programs like the Community Service initiative at Al-Ghozali Islamic Boarding School demonstrate that integrating Islamic values into financial training can strengthen ethical awareness and promote self-restraint in personal finance. Teaching concepts such as moderation (wasatiyyah), responsibility (amanah), and financial discipline (zuhd in consumption) allows students to align financial practices with spiritual principles, making the learning process more meaningful and culturally grounded. This values-based approach should be replicated in other educational institutions to foster an internal motivation for responsible financial behavior rather than relying solely on external controls.

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Further, it is recommended that digital skills and financial literacy be delivered in an integrated framework, as today's youth are simultaneously navigating financial decisions and digital environments. Exposure to online marketing, social media lifestyles, and influencer culture intensifies emotional spending tendencies. Therefore, policy stakeholders should collaborate with schools, pesantren, and community organizations to establish programs that strengthen critical digital literacy, enabling young people to recognize persuasive techniques and resist impulsive online spending. This combined training will better prepare students for the workforce and equip them with the tools to manage income effectively once employed.

Community-based learning approaches should be expanded as a national strategy for youth financial inclusion and empowerment. Unlike conventional classroom teaching, community learning emphasizes experiential methods, peer discussion, and real-life application, leading to deeper understanding and sustained behavioral change. Governments, universities, and non-governmental organizations should invest in scalable community financial education programs, especially in economically vulnerable regions. Such initiatives are essential to reduce youth dependency, mitigate NEET risks, and build independence among young people before they enter adulthood.

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