AMITY GLOBAL BUSINESS SCHOOL | MUMBAI MALAD (W)
The Corporate B-school of Mumbai
web: https://ebamr.com
AMITY

INTERNATIONAL JOURNAL OF ECONOMICS, BUSINESS, ACCOUNTING, AGRICULTURE, AND MANAGEMENT TOWARDS PARADIGM SHIFT IN RESEARCH

(IJEBAMPSR)

IJEBAMPSR
INTERNATIONAL RESEARCH JOURNAL

Special Issue: June 2026 | Volume 3 , Issue 3 (I) | ISSN: 3065-9140

Double-blind peer-reviewed /refereed, open access online International journal

Editor
Dr. Praveen G. Saptarshi

Published By :Royal International Global LLC (USA)
16192 Coastal Highways, County of Sussex, Lewes,
Delaware 19958, United States of America (USA)

2026

PUBLISHER
Royal International Global LLC
16192 Coastal Highways, County of Sussex, Lewes, Delaware 19958
United States of America (USA)
For paper Email: ebamr.com@gmail.com

IJEBAMPSR
INTERNATIONAL RESEARCH JOURNAL

JOURNAL PARTICULARS

Name of Journal	International Journal of Economics, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research
Frequency	Bi-Monthly (February, April, June, August, October and December)
ISSN	3065-9140
Publisher	Royal International Global LLC 16192 Coastal Highway, County of Sussex, Lewes, Delaware 19958 USA Email: ceo@royaligllc.us Website: https://royaligllc.us
Chief Editor	Dr. Praveen G. Saptarshi
Copy right	Royal International Global LLC
Starting Year	October 2024
Subject	Multi-Disciplinary
Review Process	Double Blind Review Process
Language	English
Publication Format	online
Access	OPEN ACCESS
License	BY NC SA **Creative Commons (CC BY-NC-SA 4.0)**
Phone No.	(+1) 3023033026
Email	ebamr.com@gmail.com
Journal Website	https://ebamr.com
Registered office Address	CEO Royal International Global LLC 16192 Coastal Highway, County of Sussex, Lewes, Delaware 19958 United States of America (USA) Email: ceo@royaligllc.us
Admin. Office Address	CEO Royal International Global LLC 16192 Coastal Highway, County of Sussex, Lewes, Delaware 19958 United States of America (USA) Email: ceo@royaligllc.us

International Journal of Economics, Business, Accounting, Agriculture and Management towards Paradigm Shift in Research

ISSN: 3065-9140
Volume No-3, Issue 3(I), June 2026
Periodicity of Publication- Bi-Monthly
Publication Language – English
Email: ebamr.com@gmail.com
Website: https://ebamr.com

PUBLISHER
Royal International Global LLC
16192 Coastal Highways, County of Sussex, Lewes, Delaware 19958
United States of America (USA)

About AMITY Mumbai

Amity Mumbai stands as a premier institution dedicated to shaping future leaders in the world of business and management. With a forward-looking curriculum and an industry-driven approach, AGBS focuses on bridging the gap between theoretical concepts and real-world application. Built on Amity's long-standing legacy of academic excellence, the school empowers students through practical learning, corporate exposure, and an environment that nurtures innovation and leadership. AGBS believes in simplifying complex business ideas through interactive sessions, case-based learning, and hands-on experiences, ensuring that students develop the confidence and clarity required to excel in the corporate world.

Director's Note

It is with great pride and satisfaction that I present this compilation of research papers authored by our talented BBA and MBA students under the guidance of our dedicated faculty mentors. This publication stands as a testament to the intellectual curiosity, analytical rigor, and research orientation that we strive to nurture within our academic community.

In an era characterized by rapid technological advancements, evolving consumer behavior, and dynamic business environments, the ability to investigate, analyze, and generate insights has become more important than ever. The papers featured in this volume reflect a thoughtful engagement with contemporary issues spanning marketing, artificial intelligence, sustainability, consumer behavior, branding, finance, entrepreneurship, and global business practices. Through their research, our students have demonstrated not only academic competence but also a keen awareness of emerging trends and challenges shaping the world of business.

Research is the foundation of innovation and informed decision-making. It encourages individuals to question assumptions, explore new perspectives, and contribute meaningfully to the body of knowledge within their chosen disciplines. The contributions presented in this publication exemplify this spirit of inquiry and showcase the potential of our students as future business leaders, managers, entrepreneurs, and scholars.

I extend my heartfelt appreciation to all the student researchers for their dedication and perseverance in undertaking these studies. I also acknowledge the invaluable guidance and mentorship provided by our faculty members, whose expertise and commitment have played a crucial role in shaping the quality of this work.

I hope this publication serves as a source of inspiration for future researchers and encourages a culture of academic excellence, critical thinking, and lifelong learning within our institution. May it spark meaningful discussions, generate new ideas, and motivate others to pursue research with the same passion and commitment displayed by the contributors to this volume.

I congratulate all the authors and mentors for their outstanding efforts and wish them continued success in their academic and professional endeavors.

Warm regards,
Dr. Gagandeep Kaur Nagra
Director
Amity Global Business School
Malad, Mumbai

Convenors Address

It gives me immense pleasure to announce the launch of the inaugural edition of the AGBS Malad Research Journal, a significant milestone in our institution's academic journey.

This publication is a testament to the intellectual curiosity, dedication, and perseverance of our students who have invested considerable time and effort in conducting meaningful research on contemporary business and societal issues. The diverse range of topics featured in this edition reflects their commitment to understanding real-world challenges and contributing valuable insights to academia and society.

I extend my heartfelt appreciation to all the student authors for their hard work, discipline, and passion for research. Your contributions demonstrate that young scholars can play an important role in shaping conversations around business, technology, sustainability, consumer behaviour, and social change.

My sincere gratitude also goes to the faculty mentors who guided the students throughout the research process and helped uphold the highest standards of academic excellence.

As we publish this first-ever edition, I am confident that it will inspire many more students to embrace research, critical thinking, and knowledge creation. May this journal become a platform for innovation, inquiry, and impactful scholarship for years to come.

Congratulations to all the contributors on this remarkable achievement.

Warm Regards,
Dr. Sonia Pereira
Convenor
Amity Global Business School
Malad, Mumbai

Student Coordinator

It is with great pride and a deep sense of academic purpose that we present this compilation of fifteen research papers authored by students of Amity Global Business School.

This volume reflects the intellectual curiosity and scholarly commitment that define our academic community. The papers brought together here span a diverse range of disciplines, offering perspectives that are as varied as they are rigorous. From empirical investigations to conceptual analyses, each contribution represents months of dedicated research, critical thinking, and academic effort.

Editing this collection has been a privilege. Engaging with the work of my peers has reinforced my belief that student research, when pursued with sincerity, has the power to contribute meaningfully to broader academic discourse. The breadth of topics covered in this volume is a testament to the interdisciplinary spirit that Amity Global Business School continues to foster.

I extend my sincere gratitude to the faculty mentors whose guidance shaped these papers, to the contributors for their trust and cooperation throughout the editorial process, and to the institution for providing a platform where student voices are given the space to be heard.

It is my hope that this collection not only celebrates the hard work of every contributor but also inspires future scholars within our institution to pursue research with the same dedication and curiosity that these pages reflect.

Adithi Krishnan
Student Coordinator
Amity Global Business School
Malad, Mumbai

Acknowledgement

The successful publication of the inaugural edition of the AGBS Malad Research Journal marks a significant milestone in our institution's commitment to fostering academic excellence and a culture of research. This achievement would not have been possible without the collective efforts and support of many individuals.
We express our sincere gratitude to the Management of Amity Global Business School, Malad, for providing the vision, encouragement, and resources necessary to initiate this scholarly endeavour.

We extend our heartfelt appreciation to all faculty mentors for their invaluable guidance, constructive feedback, and unwavering support throughout the research process. Their dedication has played a pivotal role in nurturing the research capabilities of our students.

A special note of gratitude is due to our student authors, whose curiosity, perseverance, and commitment to academic inquiry have culminated in the diverse and insightful research papers featured in this volume. Their willingness to explore contemporary business, technological, social, and environmental issues reflects the spirit of innovation and critical thinking that AGBS seeks to cultivate.

We also acknowledge the efforts of the editorial and review team for their meticulous work in evaluating, refining, and compiling the manuscripts. Their attention to detail and commitment to maintaining academic standards have been instrumental in ensuring the quality of this publication.

Finally, we thank all readers, well-wishers, and stakeholders whose continued encouragement inspires us to strengthen the research ecosystem at AGBS Malad. We hope that this journal serves as a platform for intellectual exchange, knowledge creation, and meaningful contributions to society.

Index

Manuscript ID:
IJEBAMPSR-2026-030301

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 08 May 2026
Revised: 12 May 2026
Accepted: 10 June 2026
Published: 30 June 2026

Address for correspondence:
Krishika Verma
Amity Global Business School, Mumbai
Email:
krishikaverma123@gmail.com

DOI: 10.5281/zenodo.20755638

DOI Link:
https://doi.org/10.5281/zenodo.20755638

Influencer Marketing: Building Trust or Selling Illusions?

Krishika Verma[1], Mohan Chede[2]
[1]Amity Global Business School, Mumbai
[2]Faculty, Amity Global Business School, Mumbai

Abstract

Influencer marketing has emerged as a dominant strategy in the digital marketing landscape, driven by the rapid growth of social media platforms such as Instagram and YouTube. This study examines whether influencer marketing genuinely builds consumer trust or creates misleading perceptions through paid promotions. The research focuses on consumer awareness, trust levels, and the impact of influencer credibility on purchase decisions. Primary data was collected through a structured survey of over 100 respondents to understand their perception of influencer content, disclosure transparency, and reliance on recommendations. The findings indicate that while influencer marketing can enhance engagement, lack of transparency reduces trust. The study concludes that influencer marketing is a powerful but double-edged tool where authenticity plays a key role.

Keywords: *Influencer Marketing, Consumer Trust, Digital Marketing, Social Media, Transparency*

Introduction

Due to the rising popularity of platforms like Instagram, YouTube, and TikTok, influencer marketing has become a powerful digital strategy. These platforms have transformed brand communication by replacing traditional advertising with more personalized and relatable promotion. Influencers, including celebrities, micro, macro, and nano creators, build strong connections with followers through content based on their experiences and lifestyles. This relatability and perceived authenticity make influencer recommendations highly impactful, often shaping consumer behaviour more effectively than traditional advertising (1).

However, the rapid commercialization of influencer content has raised ethical concerns about transparency and authenticity. Many influencers promote products without clearly disclosing paid partnerships, leading consumers to question whether content is genuine or financially motivated. This lack of transparency weakens trust and may affect the long term sustainability of influencer marketing (2). This research examines whether influencer marketing builds trust or creates an illusion of authenticity. Its effectiveness depends on influencer honesty and transparency. Regulatory bodies such as the ASCI in India mandate disclosure of paid promotions (3), but limited awareness and inconsistent enforcement reduce their impact.

The study analyses the ethics and effectiveness of influencer marketing by focusing on consumer perception, credibility, and behaviour, while comparing trust across different influencer types (4). A quantitative approach is used, collecting primary data from over 100 respondents through an online survey to assess awareness, trust, and purchase impact, supported by secondary data from journals and reports (5). Despite limitations such as a small sample size and reliance on self-reported data, the study highlights the importance of transparency and authenticity in sustaining consumer trust.

Objectives

The primary purpose of this research is to examine consumer trust in influencer marketing and identify key factors that shape it, with a focus on influencer credibility as a source of information. Since influencer marketing relies on authenticity and personal connection, it is important to understand what drives trust and how influencer content affects consumer behaviour, including whether it persuades purchases or provides reliable guidance. The study also explores the role of disclosures, transparency, and authenticity in shaping consumer perceptions.

How to Cite this Article:
Verma, K., & Chede, M. (2026). Influencer Marketing: Building Trust or Selling Illusions?. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 1–5. https://doi.org/10.5281/zenodo.20755638

With rising awareness of sponsored content, honesty becomes critical in building trust. Additionally, it compares different types of influencers, including celebrities, macro, micro, and nano creators, to determine which group generates higher trust and stronger influence.

Literature Review

As a result of the widespread use of platforms like Instagram, YouTube, and TikTok, influencer marketing has become a key part of digital strategies. Influencers are seen as opinion leaders who shape consumer perceptions and purchase decisions. Research shows that many online purchases, especially among younger consumers, are influenced more by digital creators than traditional advertising (6).

Authenticity is a key factor in influencer effectiveness. Studies by Lou and Yuan (2023) show that higher credibility and value perception increase trust and purchase intent (7). Research also suggests that micro and nano influencers build stronger relationships with followers than macro influencers, making them appear more authentic (8).

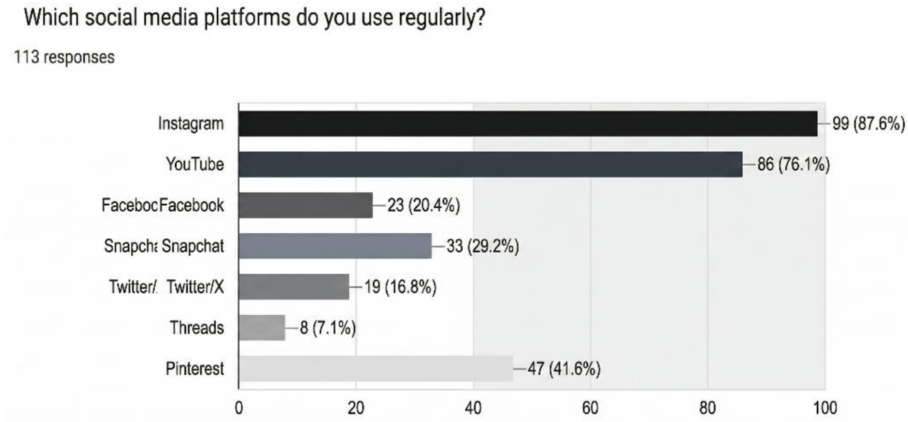
Despite these benefits, ethical concerns remain. The OECD highlights that undisclosed promotions can mislead consumers and reduce trust (9). In response, bodies like the ASCI have introduced disclosure guidelines (10), but many consumers still struggle to recognize them (10). Influencer content can also have psychological effects, often promoting aspirational lifestyles that create unrealistic expectations, especially in beauty and lifestyle sectors (11). Overall, influencer marketing is effective but complex, as it can both build trust and mislead consumers.

Author	Year	Title	Key Findings
Journal of Interactive Marketing	2025	Psychological Impact of Influencer Content	Influencer content can create aspirational and sometimes unrealistic consumer perceptions.
eMarketer	2025	Influencer Marketing Forecast	Brands are increasing budgets for influencer collaborations.
Sprout Social	2025	Influencer Marketing Insights	Consumers expect influencers to provide honest reviews and opinions.
EY	2025	Future of Marketing Report	Influencer marketing is becoming a core part of brand strategy.
Harvard Business Review	2025	The Changing Role of Influencers in Marketing	Long-term trust depends on consistent and ethical influencer behaviour.
PwC	2024	Global Consumer Insights Survey	Consumer trust is strongly linked to authenticity in brand communication.
Hootsuite	2024	Digital Trends Report	Engagement-driven content is prioritized by platform algorithms.
BCG	2024	Digital Consumer Behaviour Study	Personalization and relatability drive consumer engagement.
De Veirman et al.	2024	Disclosure Effects in Influencer Marketing	Many consumers fail to notice or understand sponsorship disclosures.
Lou & Yuan	2023	Influencer Marketing and Consumer Trust	Authenticity and credibility directly increase consumer trust and purchase intention.
OECD	2023	Consumer Protection in Influencer Marketing	Lack of disclosure in influencer content can mislead consumers and reduce trust.
ASCI	2023	Influencer Advertising Guidelines	Proper disclosure of paid promotions is essential for maintaining transparency.
Kantar	2023	Media Reactions Study	Authentic content performs better than highly polished advertisements.
Accenture	2023	Consumer Behaviour in the Digital Age	Digital consumers rely heavily on social proof before making decisions.

Data Analysis

DEMOGRAPHICS: The perspective of consumer behaviour change serves as the foundation for this demographic study, which focuses on how trust in digital marketing is influenced by the shift from academic life to early professional roles.

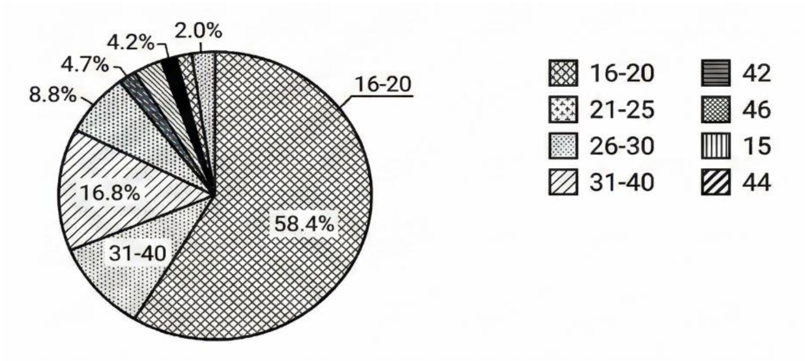
This study identifies a crucial "target" group of consumers who are currently developing the brand loyalty that will shape their adult purchase behaviours by concentrating on a population that is 75.2% under the age of 25.



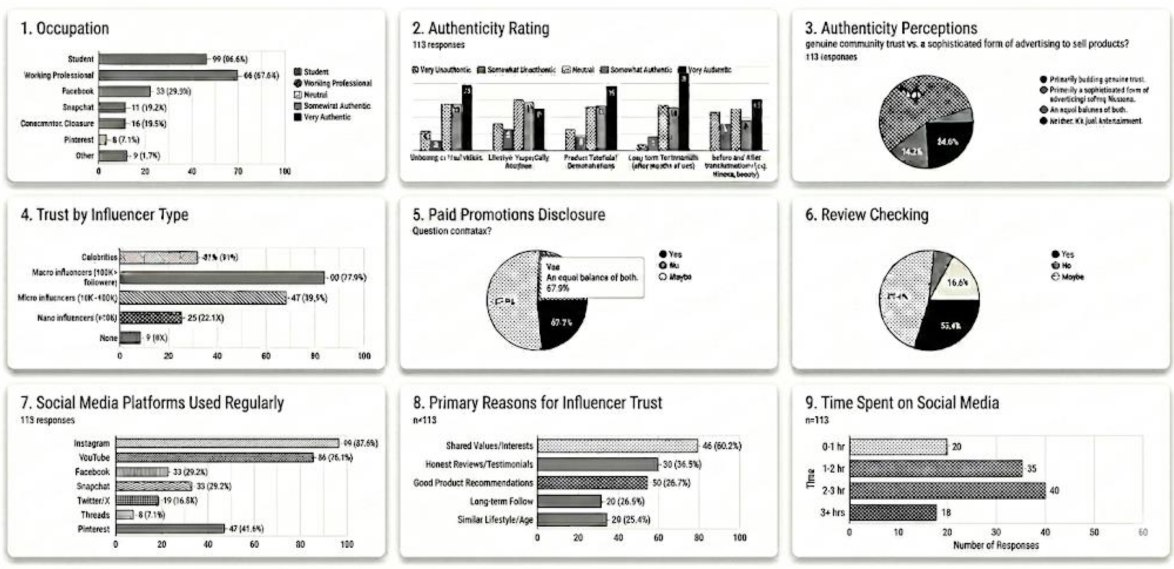
Students make up the majority of responders (71.7%), with a predominant concentration in the 16–20 age range (58.4%). This group is considered the "first-generation" of truly digital natives from an academic point of view. Their prevalence in the sample indicates that influencer marketing is now a major source of information rather than a secondary advertising channel. Since students frequently work with limited finances, their high involvement with sites such as Instagram (87.6%) and YouTube (76.1%) stems from a desire for peer-validated "social proof" before making financial commitments.

With 15% of respondents identifying as Working Professionals and a lesser percentage of Business Owners (7%), the report further emphasizes a professional transition. This distribution enables the study to examine the transition from aspirational browsing, which is prevalent among students, to deliberate buying, which is prevalent among earners. According to the statistics, trust is shifting from traditional, distant celebrities (only 31% trust) to macro and micro-influencers, indicating a significant psychological shift.

Analysis: Influencer marketing has become a core part of consumer decision making, with 52.2% of respondents "often" influenced and only 6.2% unaffected, indicating near total market penetration and a highly engaged audience. In terms of creator tiers, macro influencers are 2.5 times more trusted than traditional celebrities, showing that relatability now outweighs fame. However, low trust in nano influencers (22.1%) highlights the importance of a minimum follower base or "social proof threshold" for credibility.



Consumer trust also varies across product categories, reflecting a risk based approach. A 3.5 times trust gap between Food and Home Goods shows that consumers rely on influencers for low cost purchases but remain cautious for high investment items. Similarly, higher trust in Fashion (60.2%) compared to Travel (25.7%) suggests that influencer impact is stronger when products offer clear visual proof. In the purchase journey, influencers act mainly as discovery tools, as 55.4% of consumers always check external reviews. While conversions are strong, the 1.7:1 ratio of satisfied to misled consumers highlights a gap between expectations and actual product performance, though the small 8.8% consideration only group shows that influencers reduce decision making time.



Content and transparency further shape consumer perception. Long term testimonials are viewed as most authentic, while before and after formats are often seen as misleading, indicating a shift toward detailed and practical content. At the same time, 57.5% of audiences remain sceptical of paid promotions, and only 23.9% trust disclosures, creating a credibility gap. Despite this, 56.6% of consumers see influencer marketing as a mix of trust and advertising, while only 14.2% consider it purely deceptive, showing that most still find it useful despite ethical concerns.

Key Findings

The landscape of influencer marketing reveals a strong yet cautious relationship between creators and audiences. Influencer recommendations are a major driver of consumer behaviour, with 52.2% of respondents often influenced in their buying decisions. However, this influence is not absolute, as 56.6% of consumers view the industry as a balance between genuine trust and advertising. This shows that audiences are aware of the commercial nature of content and willingly engage in it, relying on perceived authenticity rather than blind trust.

Trust varies based on product type and creator credibility. Consumers show higher trust in low risk or visually verifiable categories like Food and Beverages (72.6%) and Fashion (60.2%), while high investment categories such as Home Goods receive lower confidence. Traditional celebrities are no longer the most trusted, with macro influencers (77.9%) and micro influencers (59.3%) leading in credibility. Content format also plays a key role, as long term testimonials are seen as most authentic, while lifestyle vlogs and before and after content are often viewed with scepticism, reflecting a preference for practical and consistent proof over curated visuals.

Despite strong engagement, a clear credibility gap exists. About 57.5% of respondents doubt the honesty of paid disclosures, leading consumers to adopt a “trust but verify” approach. This is reinforced by 55.4% of users who always check third party reviews before purchasing, positioning influencers as discovery tools rather than final decision makers. While 51.3% of consumer report satisfaction with influencer driven purchases, 29.2% feel misled, highlighting a gap between promotional claims and actual product performance. This suggests that while influencers can drive conversions and shorten decision making, long term trust depends on whether products meet expectations.

Conclusion

This research confirms that influencer marketing is a dominant force in shaping modern consumer behaviour, but it operates within a highly critical and aware audience base. The study achieves its objective by showing that credibility is no longer driven by traditional celebrity status, but by perceived expertise, relatability, and consistent honesty. Consumers clearly prefer macro and micro influencers over celebrities, indicating that specialized authority and social proximity are stronger drivers of trust. Influencers are most effective when they position themselves as reliable peers rather than distant aspirational figures.

The findings also highlight that influencer marketing functions primarily as a discovery tool rather than a final decision driver. While influencers successfully generate awareness and shorten the purchase process, consumers continue to rely heavily on external reviews for validation. This reflects a hybrid decision making approach where persuasive content creates interest, but objective peer feedback determines final purchases. Although influencer driven conversions are significant, the gap between satisfied and misled consumers shows that long term success depends on whether products meet the expectations created through promotions.

A major concern identified is the lack of transparency in paid promotions, which has created a clear credibility gap. Widespread scepticism toward influencer honesty indicates that audiences are highly marketing literate and actively question hidden motives. Authenticity is now defined not by curated lifestyles, but by transparent disclosures and consistent, long term proof of product performance. Content formats such as testimonials and tutorials are more trusted, while quick visual transformations are often viewed as misleading. To remain effective, influencers and brands must prioritize honesty and provide meaningful, verifiable value to their audiences.

From a managerial perspective, brands should shift focus from expensive celebrity endorsements to macro and micro influencers who offer higher trust and engagement. Marketing strategies should integrate both discovery and validation, ensuring that influencer campaigns are supported by credible external reviews. However, the study is limited by a relatively small sample size and reliance on self-reported data, which may introduce bias. Future research can expand through longitudinal studies and examine emerging trends such as AI generated influencers. Overall, the key to sustained success lies in aligning influencer narratives with actual product performance, ensuring both immediate conversions and long term consumer trust.

Acknowledgment

I would like to express my sincere gratitude to all those who contributed to the successful completion of this research paper titled *"Influencer Marketing: Building Trust or Selling Illusions?"*

First and foremost, I extend my heartfelt thanks to my guide, Dr. Mohan Chede, Faculty at Amity Global Business School, for his valuable guidance, continuous encouragement, and constructive suggestions throughout the research process. His support and insights greatly helped in shaping this study.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Accenture. (2023). *Consumer behaviour in the digital age*.
2. Advertising Standards Council of India (ASCI). (2023). *Guidelines for influencer advertising*.
3. Boston Consulting Group (BCG). (2024). *Digital consumer behaviour study*.
4. Deloitte. (2026). *Digital consumer trends report*.
5. De Veirman, M., et al. (2024). *Disclosure effects in influencer marketing*. *Journal of Advertising Research*.
6. EY. (2025). *Future of marketing report*.
7. GlobalWebIndex. (2024). *Social media trends report*.
8. Harvard Business Review. (2025). *The changing role of influencers in marketing*.
9. Hootsuite. (2024). *Digital trends report*.
10. Influencer Marketing Hub. (2025). *Influencer marketing benchmark report*.
11. Journal of Interactive Marketing. (2025). *Psychological impact of influencer content*.
12. Kantar. (2023). *Media reactions study*.
13. Lou, C., & Yuan, S. (2023). *Influencer marketing and consumer trust*. *Journal of Interactive Advertising*.
14. McKinsey & Company. (2024). *The power of digital creators in marketing*.
15. Nielsen. (2024). *Trust in advertising report*.
16. Organisation for Economic Co-operation and Development (OECD). (2023). *Consumer protection in influencer marketing*.
17. PwC. (2024). *Global consumer insights survey*.
18. Sprout Social. (2025). *Influencer marketing insights*.
19. Statista. (2025). *Influencer marketing industry report*.
20. eMarketer. (2025). *Influencer marketing forecast*.

Manuscript ID:
IJEBAMPSR-2026-030302

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 08 May 2026
Revised: 12 May 2026
Accepted: 10 June 2026
Published: 30 June 2026

Address for correspondence:
Priyyanshi Mishra
Student, Amity Global Business School, Malad, Mumbai
Email:
mishrapriyanshi.1503@gmail.com

DOI: 10.5281/zenodo.20755689

DOI Link:
https://doi.org/10.5281/zenodo.20755689

Consumer Willingness to Pay for Mycelium-Based Packaging: A Financial Viability Study of India's Fungi Packaging Revolution

Priyyanshi Mishra[1], Mohan Chede[2]
[1]Student, Amity Global Business School, Malad, Mumbai
[2]Prof. Faculty, Amity Global Business School, Malad, Mumbai

Abstract

Plastic packaging waste, particularly expanded polystyrene (EPS), has reached critical levels in India due to e-commerce and food delivery growth, while mycelium-based biocomposites offer a biodegradable, carbon-negative alternative. Literature confirms mycelium's mechanical and thermal properties comparable to EPS with 50–90% lower carbon footprint, yet production costs (₹250–350/kg) remain ≈100× EPS. A survey of 106 consumers in Mumbai, with 94.6% of them living in the city, assessed their willingness to pay (WTP) for food containers made from mycelium. The results showed that 85.8% of the participants were willing to pay more. The average WTP was ₹4.81, which is a 107% increase over the ₹4.50 price of plastic containers. Hypothesis testing supports five drivers: environmental concern (ρ=0.43), perceived naturalness (ρ=0.47, strongest), social influence (ρ=0.32), price sensitivity (ρ=-0.38), and disgust sensitivity (ρ=-0.34); awareness alone is not significant (p=0.08). Financial modeling suggests that small-format containers are closer to being financially viable, with a gap of ₹5–20, compared to large shipping inserts, which have a gap of ₹64–202. This indicates that achieving economies of scale and implementing policy changes are essential. Religious/cultural barriers (ISKCON, Jain) emerged as an India-specific constraint. The paper concludes with a market entry strategy prioritising meal container for affluent, frequent users.

Keywords: *Mycelium packaging, willingness to pay, financial viability, India, sustainable packaging*

Introduction

Packaging accounts for 40% of global plastic production, with expanded polystyrene (EPS) causing centuries-long pollution (Enarevba & Haapala, 2023). India generates over 4 million tonnes of plastic waste annually, worsened by the e-commerce boom (Rajendran, 2022; Zrira & Lamptey, 2025). Mycelium—fungal root networks—offers a biodegradable alternative. When grown on agricultural residues like rice straw, mycelium self-assembles into lightweight composites (Yang et al., 2021; Elsacker et al., 2020). Studies confirm mycelium matches EPS in compressive strength (0.25–1.87 MPa) and thermal insulation (0.029–0.081 W/m·K), with 50–90% lower carbon footprint (Aiduang et al., 2022; Al-Qahtani et al., 2023). It degrades completely within weeks under composting (Van Wylick et al., 2022). India produces 350 million tonnes of crop residues annually—ideal feedstock (Kundanati, 2022). Despite these advantages, mycelium costs ₹250–350/kg versus EPS at ₹3–4/kg (Alemu et al., 2022). Green-labelled products command 2–5% premiums elsewhere (Rajendran, 2022), but no India-specific WTP data exists. This paper presents primary survey data from 106 Mumbai consumers, identifying perceived naturalness as the strongest WTP driver, while price sensitivity and disgust are key barriers.

Literature Review

Research regarding mycelium-based composites (MBCs) has transitioned from materials characterization to market evaluation and life cycle impact assessments. According to (Wattanavichean, et. al., 2025), there are 11 application areas for MBCs/biocomposites worldwide; based on 212 patents though cost and consumer acceptance are the two primary barriers.

How to Cite this Article:
Mishra, P., & Chede, M. (2026). Consumer Willingness to Pay for Mycelium-Based Packaging: A Financial Viability Study of India's Fungi Packaging Revolution. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 6–10. https://doi.org/10.5281/zenodo.20755689

Various technical benchmarks have proven that MBCs can be viable industrial substitutes. For example, (*Biby*, *et. al.*, 2025) reported that *Ganoderma* grown on cardboard has a compressive strength of 2.72 MPa compared to expanded polystyrene (EPS) specifications. In addition, the durability of MBCs is largely determined by manufacturing methods; *Yaacob et. al.* (2026) showed that when using cold-pressing technology the hyphal structure is still intact which leads to greater tensile strength (4.32 MPa) and lower water absorption than hot-pressing. However, there are aspirational biological and regulatory hurdles to overcome when scaling these technologies. *Aiduang et. al.* (2024) stated that degeneration of the fungal strain is a significant challenge to MBC production thus requiring the consistent re-isolation of fruiting bodies in order to maintain the integrity of the material. The requirement of sterility and moisture resistance in pharmaceuticals is statistically more important than affording benefits associated with the production of MBC. Zrira and Lamptey (2025) argue that both sterility and moisture protection outweigh the production costs related to the use of MBC materials in the pharmaceutical sector. While there are numerous challenges facing MBC producers, one major gap is the lack of WTP data on the Indian market and the integration of technical findings with financial modelling for WTP as a function of price sensitivity, disgust and social influence. This paper fills that gap.

Table 1: Literature Review Matrix – Top 5 Most Relevant & Recent Papers (2023–2026)

Author (s) & Year	Key Focus	Main Finding
Enarevba & Haapala (2023)	Comparative LCA of EPS vs. mycelium packaging	Mycelium has 50-90% lower carbon footprint and energy demand across 16 of 18 impact categories
Rajendran (2022)	Packaging applications of fungal mycelium	Mycelium composites are biodegradable, cost-effective substitutes for EPS; negative public perception is a key barrier
Aiduang et al. (2024)	Factors influencing MBC production	Substrate type and fungal species significantly affect mechanical properties; strain degeneration is a production challenge
Wattanavichean et al. (2025)	Commercialisation and patents of MBCs	212 patents, 40+ companies; consumer acceptance and cost remain critical gaps
Biby et al. (2025)	Mechanical properties of mycelium on various substrates	Cardboard + Ganoderma achieves 2.72 MPa compressive strength, meeting EPS specifications

Objectives of the Study

1. Quantify Consumer WTP: Assess the price consumers will pay; identify the demographics and psychological factors that are influencing behaviour such as environmental concern, disgust sensitivity, price sensitivity, and social pressures on their willingness to pay.
2. Evaluate Financial Viability: Research the financial feasibility of mycelium composites using the production cost analysis and compare it against the actual WTP data to determine conditions under which mycelium composites can be sold.
3. Develop Market Strategy: Create a market entry and policy framework that is suited to India, including an understanding of religion/culture as barriers to adopting the product, optimal product segmentation, etc.

Hypotheses

- H1 (Environmental Concern): Proposes that concern regarding plastic waste positively correlates with a willingness to pay (WTP) a premium. This tests the attitude-behavior gap in sustainable consumption.
- H2 (Price Sensitivity): Predicts a negative correlation with WTP, as cost remains the primary barrier for price-sensitive Indian consumers.
- H3 (Disgust Sensitivity): Hypothesizes that the "ick factor" or negative perception of fungus-based materials independently reduces WTP.
- H4 (Perceived Naturalness): Suggests that framing mycelium as "natural" and "renewable" drives WTP, distinct from general environmental concern.

- H5 (Social Influence): Predicts that social norms and peer behavior encourage the adoption of eco-friendly packaging within the Indian context.
- H6 (Awareness): Tests whether mere familiarity is a sufficient precondition for adoption or if deeper education is required to increase WTP.
- H7 (Income Moderation): Proposes that higher income weakens the negative impact of price sensitivity on WTP, allowing for premium segment targeting.
- H8 (Frequency Moderation): Suggests that frequent delivery users exhibit a stronger link between environmental concern and WTP due to higher exposure to plastic waste.

Research Methodology

- This research uses a quantitative, cross-sectional and correlational design, which tests the hypotheses H1-H8. Data were collected via an online survey supplemented by secondary peer-reviewed literature. A total of 106 valid responses were collected through non-probability convenience sampling from food delivery users aged 18-35+ in the city of Mumbai and screened to remove individuals not residing there for geographic relevance.
- The data collection method consisted of a 22-item Google Forms questionnaire regarding demographic information, attitudes towards using plastic, perceptions of mycelium, and willingness to pay (WTP). The WTP variable consisted of six ordinal brackets anchored by a plastic container cost of ₹4-5.
- Data for the anonymous survey was collected and disseminated via professional and student associations (WhatsApp & LinkedIn) between March 26th and 31st, 2026, and there were no incentives offered.
- Data analysis entailed performing a quantitative analysis for testing the relationships of the findings, as well as the relative strength of the predictors for hypotheses H1-H8. A significance level of $p<0.05$ was established.
- Participation in this research was strictly voluntary, with anonymous submissions from all participants and informed consent obtained prior to collecting data from each participant. No personally identifiable information has been recorded.

Data Analysis and Findings

Characteristics of Participants

The respondents in this study were primarily (52.8%) between the ages of 18 and 23, and most were (43.4%) earning more than ₹50,000 a month. The majority of the respondents (60.4%) ordered food online at least three times per month, and (73.6%) received food packaging made from plastic as a regular occurrence. An overwhelming majority of respondents (85.8%) indicated they would pay more for a product made from renewable resources, with their average WTP (WTP) being ₹4.81, which was a 107% increase over the WTP base of ₹4.50 for plastic.

Hypothesis Testing

- WTP Drivers (Objective 1): The results showed that all of the hypotheses were supported (H1-H5). The strongest predictor of WTP was naturalness (OR = 1.84), and social influence, and environmental concern were also significant predictors. However, price sensitivity and disgust sensitivity were also significant barriers to WTP. Awareness by itself was not a significant predictor of WTP (H6).
- Financial Viability (Objective 2): The production costs for the new product (₹17-22 per unit) far exceed the consumer acceptance level (₹9-10 per unit), making the product potentially viable at production levels of ₹80-100 per kg. Alternatively, government policies that would subsidize producer costs might need to be developed in order to make the product viable.
- Market Strategy (Objective 3): Premium pricing will be a viable strategy for high-income consumers (H7) and consumers who have a very high frequency of purchasing (H8).

Qualitative Data

- Cultural/Religious Barrier: A unique finding revealed that members of ISKCON, Jain, and Sattvik communities had strong hesitations to use any products containing mushrooms, because mushrooms were considered to be tamasic.
- Technical/Practical Barrier: Concerns over food safety/allergies (51.9%) and the durability/leakage issues with mushroom products (49.1%) were the two major barriers that consumers expressed.
- Overall, despite many concerns expressed about using mushrooms for biodegradable packaging, consumers overwhelmingly believed the idea was brilliant and they would be willing to use mushroom-based products.

Conclusion

The willingness of consumers in Mumbai (n=106) was studied to pay for mycelium packaging. 85.8% of respondents stated they were willing to pay a premium (mean ₹4.81 or 107% over plastic), but current prices of producing mycelium require 10 to 20 times the premium paid by consumers. WTP is enhanced when environmentally friendly and influenced by fellow consumers and is limited mostly by price and "disgust sensitivity." An important result was that there are groups, based on cultural beliefs, that object to mycelium; therefore, it will be important to develop a strategy for targeting specific markets with certification.

Recommendations & Implications

- Strategic Entry: Restaurants should test (customers targeted are each ₹10-12) using mycelium containers for affluent, high frequency delivery consumers.
- Operating in Viability: In order to create long-term financial sustainability, the quantities being sold need to increase to 10,000+ tonnes/year; this would use an indigenous spawn to stay within the price of plastic.
- Policy & Education: In order to close the price gap, the government should put a plastic tax of ₹50/kg and EPR subsidies on companies that produce mycelium. Additionally, companies should educate consumers of the safety and durability.
- Cultural Sensitivity: To reduce the local barriers, brands should receive Sattvik/Jain certifications and communicate that mycelium is inert after processing.

Limitations

The applicability of the results is limited by the convenience sample of consumers surveyed in Mumbai and by the potential bias caused by respondents' providing a hypothetically WTP.

Future Research

Future research should focus on case study experiments to develop actual material performance and developing low-cost, food-safe coatings in tropical climates. Additional surveys should be done to verify how broad the religious barriers are.

Acknowledgment

I would like to express my sincere gratitude to all those who contributed to the successful completion of this research paper titled *"Consumer Willingness to Pay for Mycelium-Based Packaging: A Financial Viability Study of India's Fungi Packaging Revolution."*

First and foremost, I extend my heartfelt thanks to my guide and mentor, Prof. Mohan Chede, Faculty at Amity Global Business School, for his valuable guidance, continuous encouragement, and insightful suggestions throughout the research process. His support and expertise greatly helped in shaping this study.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Aiduang, W., Chanthaluck, A., Kumla, J., Jatuwong, K., Srinuanpan, S., Waroonkun, T., Oranratmanee, R., Lumyong, S., & Suwannarach, N. (2022). Amazing fungi for eco-friendly composite materials: A comprehensive review. Journal of Fungi, 8(8), 842. https://doi.org/10.3390/jof8080842
2. Aiduang, W., Jatuwong, K., Luangharn, T., Jinanukul, P., Thamjaree, W., Teeraphanutavat, T., Waroonkun, T., & Lumyong, S. (2024). A review delving into the factors influencing mycelium-based green composites (MBCs) production and their properties for long-term sustainability targets. Biomimetics, 9(6), 337. https://doi.org/10.3390/biomimetics9060337
3. Alemu, D., Tafesse, M., & Mondal, A. K. (2022). Mycelium-based composite: The future sustainable biomaterial. International Journal of Biomaterials, 2022, 8401528. https://doi.org/10.1155/2022/8401528
4. Al-Qahtani, S., Koç, M., & Isaifan, R. J. (2023). Mycelium-based thermal insulation for domestic cooling footprint reduction: A review. Sustainability, 15(17), 13217. https://doi.org/10.3390/su151713217
5. Biby, S. R., Surendran, V., & Kundanati, L. (2025). Mycelium biocomposites from agricultural and paper waste: Sustainable alternative to plastic foam based secondary packaging. bioRxiv. https://doi.org/10.1101/2025.02.18.638821
6. Elsacker, E., Vandelook, S., Van Wylick, A., Ruytinx, J., De Laet, L., & Peeters, E. (2020). A comprehensive framework for the production of mycelium-based lignocellulosic composites. Science of the Total Environment, 725, 138431. https://doi.org/10.1016/j.scitotenv.2020.138431
7. Enarevba, D. R., & Haapala, K. R. (2023). A comparative life cycle assessment of expanded polystyrene and mycelium packaging box inserts. Procedia CIRP, 116, 9–14. https://doi.org/10.1016/j.procir.2023.02.002
8. Jose, J., Uvais, K. N., Sreenadh, T. S., Deepak, A. V., & Rejeesh, C. R. (2021). Investigations into the development of a mycelium biocomposite to substitute polystyrene in packaging applications. Arabian Journal for Science and Engineering, 46(3), 2975–2984. https://doi.org/10.1007/s13369-020-05247-2
9. Kundanati, L. (2022). Fungi-based biomimetic approach to address plastic pollution: A developing nation's perspective. Preprints. https://doi.org/10.20944/preprints202209.0255.v1
10. Rajendran, R. C. (2022). Packaging applications of fungal mycelium-based biodegradable composites. In Fungal

biopolymers and biocomposites (pp. 189–213). Springer. https://doi.org/10.1007/978-981-19-1000-5_11

11. Sydor, M., Bonenberg, A., Doczekalska, B., & Cofta, G. (2022). Mycelium-based composites in art, architecture, and interior design: A review. Polymers, 14(1), 145. https://doi.org/10.3390/polym14010145
12. Van Wylick, A., Elsacker, E., Yap, L. L., Peeters, E., & De Laet, L. (2022). Mycelium composites and their biodegradability: An exploration on the disintegration of mycelium-based materials in soil. Bio-Based Building Materials, 1, 652–659. https://doi.org/10.4028/www.scientific.net/CTA.1.652
13. Wattanavichean, N., Phanthuwongpakdee, J., Koedrith, P., Laoratanakul, P., Thaithatgoon, B., Somrithipol, S., Kwantong, P., Nuankaew, S., Pinruan, U., Chuaseeharonnachai, C., & Boonyuen, N. (2025). Mycelium-based breakthroughs: Exploring commercialization, research, and next-gen possibilities. Circular Economy and Sustainability, 5, 3211–3253. https://doi.org/10.1007/s43615-025-00539-x
14. Yaacob, N. D., Zazudin, A. N. N. M., Majib, N. M., & Ting, S. S. (2026). Effect of cold and hot pressing in mycelium-based foams fabrication: Unraveling morphological, mechanical, and thermal properties. Progress in Rubber, Plastics and Recycling Technology, 0(0), 1–17. https://doi.org/10.1177/14777606261422750
15. Yang, L., Park, D., & Qin, Z. (2021). Material function of mycelium-based bio-composite: A review. Frontiers in Materials, 8, 737377. https://doi.org/10.3389/fmats.2021.737377
16. Zrira, I., & Lamptey, E. N. L. (2025). Fungal mycelium as an innovative solution for sustainable and biodegradable pharmaceutical packaging. IOP Conference Series: Earth and Environmental Science, 1568, 012036. https://doi.org/10.1088/1755-1315/1568/1/012036

Manuscript ID:
IJEBAMPSR-2026-030303

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 08 May 2026
Revised: 12 May 2026
Accepted: 10 June 2026
Published: 30 June 2026

Address for correspondence:
Faizan Z. M. Mirza
Amity Global Business School, Mumbai
Email:
geniusmirzafaizanzm@gmail.com

DOI: 10.5281/zenodo.20757264

DOI Link:
https://doi.org/10.5281/zenodo.20757264

The Business of Waiting: How Delayed Refunds, Settlement Cycles, and Float Money Create Hidden Revenue Streams in Indian Digital Platforms

Faizan Z. M. Mirza
Amity Global Business School, Mumbai

Abstract

The growth of digital payment platforms in India has changed how money moves in everyday life, and it's happened pretty quickly too. Not long ago, cash was still the main way people paid for things. Now it's almost the opposite. Most people focus on the convenience part, how fast everything is and how easy it feels. But there's also another side to it that doesn't really get discussed much. There are certain things happening in the background that users don't really see, and in some cases, these actually benefit the platforms themselves. One example is float money, which is basically money that gets held for a short time in between transactions, like during refunds or settlement delays. The main aim of this study is to look into whether digital platforms in India such as Paytm, Amazon India, Razorpay and others are earning some kind of hidden benefit by holding user funds, even if it's only for a short time. Because when this happens across thousands or even millions of transactions, it can add up. The study uses a descriptive and exploratory approach. It is based on a survey of 120 people between 18 and 35, along with secondary information from reports, regulatory sources, and existing fintech related research. What the findings show is that delays in refunds are actually quite common, more than people usually expect. At the same time, most users don't really think about what those delays mean or how they might benefit the platform holding the money. Some freelancers and small sellers also mentioned that they face delays in receiving payments from gateways, which suggests that this is not just a consumer issue. It affects people who depend on these platforms for income as well. In the end, the study suggests that while some delays are understandable because of system or processing reasons, the financial benefit that comes from holding large amounts of user money is not just by chance. It can be significant. And because of that, there is a clear need for better transparency and stronger regulation.

Keywords: *Digital Payments, Float Money, Refund Delays, Settlement Cycles, Fintech Platforms, UPI, Wallet Credits, Payment Gateways, Hidden Revenue, Financial Transparency, Digital Economy, India Fintech, Consumer Awareness, Escrow Accounts, Online Refunds*

Introduction

India's digital payment space has grown insanely fast in the last few years. Not too long ago, most transactions were done in cash, but now UPI has completely changed that. Since its launch in 2016, it has scaled to a level that honestly feels hard to believe. By the end of 2023, it was handling more than 13 billion transactions in just one month. Apps like Paytm, PhonePe, Google Pay, and Amazon Pay have become part of daily life, almost replacing cash in many situations. Even in smaller towns and rural areas, usage is picking up quickly because smartphones and data have become cheaper. At the same time, e commerce in India has also expanded rapidly. Platforms like Amazon, Flipkart, and Meesho process millions of orders every day, and each of these involves payments and sometimes refunds. Behind the scenes, payment gateways like Razorpay, Cashfree, and PayU manage the flow of money between buyers, sellers, and banks. Because everything is happening at such a large scale, there is always a huge amount of money that is in transit, not fully settled yet. This is where float money becomes important. It simply refers to money that is temporarily held during the gap between a transaction being initiated and completed. Whether it's a payment or a refund, there is always some delay before the amount actually reaches the final account. During this time, the money sits with platforms, gateways, or banks, and even if it's for a short period, it can still be financially useful for whoever is holding it. Settlement cycles define how long this process should take.

How to Cite this Article:
Faizan Z. M. Mirza. (2026). The Business of Waiting: How Delayed Refunds, Settlement Cycles, and Float Money Create Hidden Revenue Streams in Indian Digital Platforms. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 11–16.
https://doi.org/10.5281/zenodo.20757264

For sellers, payments are usually settled within one to seven working days. For customers waiting on refunds, companies often mention a similar timeframe, but in reality, it can sometimes take longer than expected.

Review of Literature

The existing academic and professional research on digital payments, working capital cycles, and fintech economics does help in understanding the ideas discussed in this paper. However, when it comes to float money as a hidden source of revenue, especially in the Indian context, there is still very limited direct discussion available.

One of the most basic concepts in finance is the time value of money. It simply means that money available today is more valuable than the same amount received later, because it can be used or invested in the meantime. This idea, explained clearly in standard finance texts like Brealey, Myers and Allen (2020), forms the base for understanding float money. Even if a platform delays a refund by just a few days, it still gets to use that money during that period. When this happens across a large number of transactions, the total benefit from holding that money can become quite significant, even if each individual instance seems small.

Keynes, in his work from 1936, discussed the idea of liquidity preference, which explains why people prefer holding liquid cash or easily accessible money. He also showed that this preference itself has economic effects. This becomes relevant today when we look at digital wallets and payment platforms, which often act like financial intermediaries, even though they are not officially banks.

Claessens, Frost, Turner and Zhu in 2018 studied fintech growth globally and pointed out that many fintech companies operate in areas where traditional banking regulations are not always fully applicable. This allows them some flexibility in how they manage funds and liquidity, and sometimes they are not required to disclose as much as banks would. This situation is quite relevant in India as well, where the lines between payment apps, wallet providers, and banks are not always very clearly defined.

The Reserve Bank of India has introduced guidelines over time to bring more control and transparency into how non-banking entities handle user funds. For example, the 2020 guidelines for payment aggregators required them to maintain escrow accounts for settlement money. However, details such as how quickly funds must be transferred or what kind of returns can be generated during the holding period are not always very clearly defined or strictly enforced.

Chakravorti and To in 2007 looked at how payment card systems work and explained how float, along with interchange fees, creates multiple layers of revenue for intermediaries. Even though their study focused on card networks in developed countries, the basic idea still applies to digital payments and UPI systems in India.

More recently, Sinha and Kapoor in 2021 studied UPI adoption in India and mentioned that while UPI allows instant transfers between individuals, settlements involving merchants often take longer. This gap between what the technology is capable of and what actually happens in practice is quite important for this study.

Overall, the existing literature shows that the concept of float is well understood in theory, but not explored enough in the context of Indian digital platforms used by everyday consumers. Most studies either look at fintech from a broad perspective or focus more on technical aspects of payment systems. There is still a clear gap when it comes to understanding how refund delays and settlement timelines translate into financial benefits for companies, and whether users are even aware of this. This paper tries to address that gap in a more direct way.

Research Methodology

This study uses a descriptive as well as exploratory research design. The descriptive part mainly focuses on understanding and presenting how users currently experience things like refunds, settlement delays, and their awareness about float money. At the same time, the exploratory side of the study tries to look deeper into the data to find patterns or connections that could help explain how platforms operate and whether there is any hidden financial benefit involved.

1. **Data Sources**

The study makes use of both primary and secondary data. Primary data was collected through a structured survey conducted with 120 respondents aged between 18 and 35. This age group was selected because it represents the most active users of digital payment platforms in India. Secondary data was taken from a variety of sources such as RBI and NPCI reports, fintech industry studies, academic articles, and reliable news sources that regularly cover developments in digital payments in India.

2. **Sampling**

Convenience sampling was used for this study, mainly because of time and resource limitations, and also because the research is exploratory in nature. The survey was shared through digital platforms like student networks and social media groups, which naturally means that most respondents are already active users of digital payment systems. While this method does not represent the entire population of India, it still fits the purpose of the study, which is focused more on understanding the behaviour and experiences of regular digital users rather than everyone in general.

3. **Survey Instrument**

The survey included ten questions that were designed to understand user experiences with refunds and settlements, their awareness about float money, and their views on how transparent digital platforms are. Different types of questions were used, including multiple choice, Likert scale, and simple yes or no responses, to make it easier for participants to answer while still collecting useful data. The main questions included in the survey are listed below:

1. How long does it typically take to receive a refund from an online shopping platform such as Amazon or Flipkart?
2. Have you ever experienced a delay in receiving a refund even after it was marked as processed by the platform?
3. Do you trust the instant refund claims made by digital payment platforms?
4. As a seller or freelancer, have you faced settlement delays from platforms like Razorpay, Paytm for Business, or Amazon Seller Central?
5. Were you aware that platforms may earn interest or returns by holding your money during a refund or settlement period?
6. How satisfied are you with the transparency provided by digital platforms about their refund timelines?
7. Have you ever used a platform's wallet credit rather than waiting for a bank refund because it was faster?
8. Do you believe that digital platforms should be required to disclose what happens to your money during refund processing?
9. Would stricter refund timelines and settlement regulations change your trust in digital platforms?
10. How often do you use digital payment platforms for transactions of Rs. 500 or more per week?

Data Analysis

The survey responses were analysed using both quantitative and qualitative methods. On the quantitative side, responses were broken down into percentage distributions across different answer categories to see overall trends clearly. At the same time, qualitative insights were taken from the comments and observations shared by respondents, which helped in understanding the reasoning behind certain answers. The next section presents the main findings from the primary data, along with some brief explanations to give better context.

1. **Summary of Survey Findings**

The data showed some clear and consistent patterns across the respondents. A large number of participants mentioned that refunds usually take longer than what platforms officially state. Many also said that they have experienced delays even after receiving confirmation that the refund had been processed. The table below summarises the main data points from the survey:

Survey Finding	Respondents Affected	Percentage (%)
Refunds took more than 3 days	82 out of 120	68%
Delay experienced after refund marked processed	62 out of 120	52%
Unaware that platforms may earn from float money	56 out of 120	47%
Freelancers/sellers faced settlement delays	73 out of 120	61%
Used wallet credit instead of waiting for bank refund	67 out of 120	56%
Dissatisfied with refund timeline transparency	70 out of 120	58%
Believe platforms should disclose fund management	96 out of 120	80%
Would trust platforms more with stricter regulation	88 out of 120	73%

Table 1: *Summary of Primary Survey Findings (n = 120)*

2. **Detailed Analysis of Key Findings**

One of the most important findings from the survey is that 68 percent of respondents said they usually receive refunds only after three or more days. This stands out because many platforms, especially in the e commerce space, often promote instant or same day refunds as a key feature. The difference between what is promised and what people actually experience seems quite consistent, which suggests that this is not just a one off issue but something more structural.

Another 52 percent of respondents mentioned that they had faced delays even after the platform showed the refund as processed. This is quite interesting because it highlights a specific stage where, from the platform's side, the money has already been released, but it has still not reached the user's account. Even if this delay is short, it still creates a time window where the money is held somewhere in between. When this is looked at across the scale of daily transactions on platforms like Amazon India or Paytm, even small delays like this can mean a very large amount of money being held at any given time.

47 percent of respondents were not aware at all that platforms could earn from this kind of float created due to delays. This is not very surprising, since most users are not informed about how payment systems actually work behind the scenes. Still, it clearly shows that there is a gap in information, where platforms know much more about the process than users do.

Looking at a smaller group within the sample, those who were freelancers, small business owners, or online sellers, about 61 percent said they had experienced settlement delays from payment gateways. Some respondents specifically mentioned that platforms like Razorpay follow settlement cycles such as T+1 to T+3, depending on the type of merchant account. In certain cases, delays can be even longer, especially if there are fraud checks or high transaction volumes. For someone working as a freelancer, this can mean waiting two to four working days after a client has already made the payment, during which the funds are still held by the platform.

56 percent of respondents said they had chosen wallet credit refunds at some point instead of waiting for a bank refund. This is quite important to note. Wallet refunds are usually processed almost instantly, while bank refunds take longer. Because of this, platforms have a clear incentive to encourage users to choose wallet credits, since the money stays within their system instead of moving out to a bank account, allowing them to hold those funds for a longer period.

Interpretation

The data collected in this study, when looked at along with how payment platforms actually function, points towards a financial dynamic that most users don't really notice. It's happening in the background, and unless you think about it carefully, it's easy to miss. To understand it better, it helps to break down how float works when applied at a large scale.

Let's take a simple example. Suppose a mid sized e commerce platform processes around 500,000 refund transactions in a day, with each refund averaging about Rs. 600. If each of these refunds is delayed by roughly four days, the total amount of money being held at any point comes close to Rs. 120 crores. Now, if this money is placed in something like a liquid fund or a short-term instrument earning even around 5 to 6 percent annually, the daily earnings from this float could be somewhere between Rs. 16 to 20 lakhs. Over a year, that number can easily go beyond Rs. 50 crores, just from refund delays alone. And for much larger platforms like Amazon India, the actual numbers would be even higher.

This is basically how the time value of money works in the context of digital platforms. The idea itself is quite simple, money available today is more valuable than the same money received later because it can be used to generate returns. So, when a platform holds Rs. 600 of a user's money for a few extra days, it is almost like borrowing that money without paying any interest. During that time, the user doesn't gain anything from it, but the platform potentially does.

In some ways, this is similar to how traditional banks operate. Banks collect deposits, offer a certain interest rate to customers, and then use that money to earn higher returns elsewhere. Digital platforms are not banks in a formal sense, but the way they handle float money is quite similar in structure. The main difference is that people who deposit money in banks are aware of how it works and receive some form of interest, even if it is small. In the case of digital platforms, most users don't even realise that their money is being held and possibly used, and they don't receive anything in return.

The idea of wallet credits also fits into this explanation. When users choose to accept refunds in the form of wallet balance instead of a bank transfer, the money stays within the platform's system. Whether it's Amazon Pay, Paytm Wallet, or something similar, the platform continues to hold that money until the user spends it. In some cases, users may even forget about it or delay using it, which means the platform continues to benefit from holding those funds. Over time, this can even turn into unclaimed balances that remain on the company's books.

For freelancers and small sellers, the situation works a bit differently but leads to a similar outcome. Payment gateways usually follow settlement cycles, so even after a client makes a payment, the freelancer might not receive the money immediately. If someone completes work on a Monday, the payment might only reflect in their bank account by Thursday or Friday. During this gap, the gateway holds the funds in a pooled or escrow account. When this is multiplied across a large number of users, it results in a continuously circulating pool of money under the control of the platform.

That said, it's important to recognise that not every delay is intentional or driven by financial motives. Some delays are genuinely due to system limitations, banking processes, fraud checks, or the time it takes to move money between different institutions. For example, settlement timelines in systems like UPI are partly influenced by backend processes involving clearing houses and banks. But at the same time, the fact that delays are still observed even after refunds are marked as processed suggests that not all of it can be explained by technical reasons alone. There seems to be a gap between what platforms are capable of doing and what they actually do in practice.

Findings

The following key findings come out clearly from this research:

- Float money seems to be a real, though not widely discussed, source of revenue for digital platforms in India. Delayed refunds, settlement cycles, and the use of wallet credits together create a system where platforms hold user funds for a short time and can benefit from that holding period financially.
- Awareness among users about this is quite low. Almost half of the respondents in the survey did not know that platforms could be earning from delays in returning their money. This gap in awareness does not seem accidental. Refund and settlement details are usually hidden in fine print, and the actual financial logic behind them is rarely explained in a clear way.
- Refund delays have more or less become normal in the digital payment space. When 68 percent of people say that refunds take more than three days, even though platforms often claim instant processing, it suggests that delays are common and expected. Because of this, most users don't really question the process or think much about why it takes time.
- Wallet credits turn out to be a very effective way for platforms to keep money within their own system. By offering quicker refunds through wallet balance, platforms manage to satisfy users on the surface, while at the same time ensuring that the money does not actually leave their ecosystem. This naturally increases the time for which they can hold those funds.
- Freelancers and small sellers seem to be more affected by settlement delays compared to larger businesses. Bigger merchants may have faster settlement agreements, but smaller users often have to wait longer. For someone depending on regular cash flow, even a delay of a few days can matter, while the platform continues to benefit from holding that money.
- The regulatory system is improving, but it still does not fully deal with the issue of earnings from float money. Current guidelines mainly focus on making sure funds are handled safely, but they don't clearly require platforms to disclose what they earn from holding user money or whether any part of that should go back to users.
- A large majority of respondents, around 80 percent, felt that platforms should clearly explain how user funds are managed during refund and settlement periods. This shows that people do want more transparency, even if they may not fully understand the technical side of it right now.

Conclusions

This study aimed to understand whether digital platforms in India earn hidden revenue by delaying refunds and holding money during settlement cycles. Based on the data collected from the survey as well as secondary sources, the answer appears to be yes, but with some important points that need to be considered carefully.

Not every delay is intentional. In many cases, the time gap between a payment and a refund is simply due to how banking systems work, along with processing requirements like fraud checks and technical settlement procedures. These are genuine operational factors and cannot be ignored or assumed to be strategic in every situation.

At the same time, when we look at the overall scale, the fact that such delays have become normal, the way wallet credit systems are designed, and the lack of clear communication, it becomes evident that platforms do benefit financially from holding user funds, even if only for short periods. This benefit is usually not explained, not shared with users, and in many cases, users are not even aware that it exists.

The findings of this study have both practical and policy level implications. From a user's point of view, understanding how float money works can help in making better decisions, like whether to accept wallet credits or wait for bank refunds, and also in expecting more transparency from platforms. From a policy perspective, there is a case for clearer rules around how platforms manage user funds, stricter timelines for refunds, and possibly even sharing a part of the earnings from float with users, similar to how banks offer interest on deposits.

When it comes to faster settlement systems, India already has the infrastructure to support it. UPI has clearly shown that near instant transactions are possible. The real question is whether platforms will be pushed, either through regulation or competition, to apply the same speed to refunds and settlements as they do to payments.

Another important aspect is user awareness. Right now, there is a clear gap in understanding. Efforts from consumer protection bodies, better financial education, and clearer communication from platforms themselves could help reduce this gap. For example, if users know that choosing a wallet credit keeps their money within the platform instead of sending it back to their bank, they can make that choice more consciously rather than just going with what is faster.

To sum it up, the idea of earning through waiting is very much real. It may not be illegal, but it is definitely not widely understood. And because of that, it is something that deserves more attention, more discussion, and possibly better regulation in the future.

Acknowledgment

I would like to express my sincere gratitude to all those who supported and guided me throughout the completion of this research paper titled *"The Business of Waiting: How Delayed Refunds, Settlement Cycles, and Float Money Create Hidden Revenue Streams in Indian Digital Platforms."*

I am especially thankful to my faculty members and mentors at Amity Global Business School for their valuable guidance, encouragement, and academic support during the course of this study. Their insights helped me better understand the subject and complete this research successfully.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

Bibliography

1. Brealey, R. A., Myers, S. C., & Allen, F. (2020). Principles of corporate finance (13th ed.). McGraw-Hill Education.
2. Chakravorti, S., & To, T. (2007). A theory of credit cards. International Journal of Industrial Organisation, 25(3), 583-595.
3. Claessens, S., Frost, J., Turner, G., & Zhu, F. (2018). Fintech credit markets around the world: Size, drivers and policy issues. BIS Quarterly Review, September 2018, 29-49.
4. Keynes, J. M. (1936). The general theory of employment, interest and money. Macmillan.
5. National Payments Corporation of India. (2023). UPI ecosystem statistics. NPCI.
6. Reserve Bank of India. (2020). Guidelines on regulation of payment aggregators and payment gateways. RBI/DPSS/CO/PD/No.1810/02.14.008/2019-20.
7. Reserve Bank of India. (2021). Master directions on prepaid payment instruments. RBI.
8. Sinha, A., & Kapoor, N. (2021). UPI adoption and transaction dynamics in India: A review. Journal of Payments Strategy and Systems, 15(2), 112-127.
9. Razorpay. (2022). State of fintech in India: 2022 report. Razorpay.
10. Amazon India. (2023). Seller central help: Understanding settlement reports. Amazon Seller Services.
11. Paytm. (2022). Annual report 2021-22. One97 Communications Limited.
12. Ghosh, S. (2022). Fintech regulation in India: A policy perspective. Economic and Political Weekly, 57(14), 34-41.
13. KPMG India. (2023). Pulse of fintech H2 2022: India fintech landscape. KPMG.

Manuscript ID:
IJEBAMPSR-2026-030304

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 08 May 2026
Revised: 12 May 2026
Accepted: 10 June 2026
Published: 30 June 2026

Address for correspondence:
Aanya Rewani
Amity Global Business School, Mumbai
Email: aanyarewani@gmail.com

DOI: 10.5281/zenodo.20757313

DOI Link:
https://doi.org/10.5281/zenodo.20757313

Consumer Perception on Yves Saint Laurent Heels: A Study of Symbolic Value, Brand Trust, and Luxury Identity

Aanya Rewani[1], Dr. Sonia Pereira[2]
[1]Amity Global Business School, Mumbai
[2](Prof.) Faculty, Department of Marketing, Amity Global Business School, Mumbai

Abstract

This research paper investigates consumer perception of Yves Saint Laurent (YSL) heels within the broader framework of luxury brand management and consumer behaviour. The study addresses a growing need to understand why contemporary consumers — particularly millennials and Generation Z — choose to invest significantly in luxury footwear products that are perceived primarily through the lens of symbolic value, identity expression, and social recognition rather than functional utility. The research employs a quantitative and descriptive methodology, drawing on primary data collected from 112 respondents through a structured five-point Likert scale questionnaire. The instrument measured nine consumer perception variables: perceived quality, aesthetic appeal, perceived value, brand trust, customer satisfaction, luxury perception, purchase intention, recommendation intention, and trial intention. Data analysis incorporated descriptive statistics, Pearson correlation analysis, and one-sample t-testing to generate statistically robust findings. The findings reveal that Luxury Perception recorded the highest mean score of 4.40, confirming that YSL heels are experienced primarily as symbols of prestige and social standing. Aesthetic Appeal followed closely at 4.36, underscoring the dominance of visual design and brand distinctiveness in shaping consumer attitudes. The strongest correlation in the study was observed between Luxury Perception and Status Perception (r = 0.81), establishing that the luxury experience is inseparable from social identity. All four hypothesis tests returned p-values of 0.000, confirming statistically significant and genuine positive perceptions across the sample. A notable research gap addressed by this study is the tension between aesthetic visuality and physical utility. Perceived Value was the lowest-scoring variable (Mean = 3.95), yet Purchase Intention remained high (Mean = 4.18), confirming that symbolic and hedonic benefits consistently override utilitarian considerations. The study further highlights the growing role of digital culture and Instagrammability in shaping the luxury consumption behaviour of younger consumers. The research concludes that YSL's sustained market leadership rests on its ability to integrate heritage, rebellious brand identity, innovative design, and digital cultural relevance into a coherent and compelling luxury experience. Strategic recommendations for sustaining this positioning are presented in the concluding section.

Keywords: *luxury footwear, consumer perception, brand trust, symbolic consumption, Yves Saint Laurent, hedonic value, Instagrammability, scarcity marketing, purchase intention, brand identity.*

Introduction

The luxury fashion industry operates within a unique and paradoxical economic logic — one in which higher prices do not suppress demand but frequently intensify it, and in which the value of a product is determined less by what it does than by what it means. Nowhere is this dynamic more visible than in the premium footwear segment, where a single pair of heels can command prices ranging from several hundred to several thousand dollars, yet continue to generate intense consumer desire across demographic cohorts.

Yves Saint Laurent (YSL), a brand founded by the legendary couturier Yves Henri Donat Mathieu-Saint-Laurent in Paris in 1961, occupies one of the most distinctive and enduring positions within this landscape.

How to Cite this Article:
Rewani, A., & Pereira, S. (2026). Consumer Perception on Yves Saint Laurent Heels: A Study of Symbolic Value, Brand Trust, and Luxury Identity. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 17–26. https://doi.org/10.5281/zenodo.20757313

From its earliest days as a disruptor of French haute couture — introducing the Le Smoking tuxedo suit for women in 1966 and pioneering the concept of prêt-à-porter luxury — YSL has consistently positioned itself as a brand that champions rebellion, boldness, and female empowerment. These values have not merely survived decades of ownership changes and creative direction shifts; they have deepened and evolved, lending the brand a quality of cultural authenticity that is extraordinarily difficult to replicate.

Within the contemporary luxury footwear market, YSL's Opyum heel stands as a particularly instructive case study. Rather than applying the brand monogram as a surface decoration, the Opyum incorporates the YSL logo as the structural form of the heel itself. This innovation transforms the product from a fashion accessory into a walking emblem of brand identity — one that is immediately legible to others in social spaces and communicates status, taste, and cultural awareness without a single word being spoken.

The significance of such products has been amplified in recent years by the rise of digital culture and social media. Platforms like Instagram and TikTok have introduced a new dimension of luxury value: the visual shareability of a product, or what has come to be termed its 'Instagrammability'. For younger consumers, a luxury item's worth is increasingly assessed not only by how it feels in person but by how it performs in digital content — how well it photographs, how much engagement it generates, and how effectively it contributes to the construction of a desirable personal brand online.

Against this backdrop, the present study was motivated by a simple but consequential research question: what drives consumer perception of YSL heels, and how do symbolic, hedonic, and digital factors interact to shape purchase intention? The study aims to contribute empirically grounded insights to this question through a combination of structured primary data collection and engagement with the established theoretical literature on luxury marketing and consumer behaviour.

1. **Research Problem**

While the luxury footwear market has been studied broadly, there remains a relative paucity of empirical research that focuses specifically on consumer perception of individual luxury heel brands such as YSL within an Indian urban demographic. The tension between aesthetic visuality and physical utility — whereby consumers knowingly prioritise appearance over comfort — represents a particularly underexplored research gap that this study seeks to address.

2. **Significance of the Study**

The findings of this study are relevant to luxury brand managers, marketing strategists, retail professionals, and academic researchers with an interest in understanding how luxury value is constructed, perceived, and acted upon by contemporary consumers. In an era defined by rapid shifts in digital culture and consumer expectations, understanding the psychological and social mechanics of luxury perception has never been more commercially important.

Review of Literature

The academic literature on luxury brand management and consumer behaviour spans multiple disciplines, drawing on marketing theory, social psychology, cultural studies, and semiotics. The following review critically synthesises twelve key contributions, each of which informs a distinct dimension of the study's conceptual framework. Sources range from foundational theoretical works to recent empirically grounded studies, covering the period from 1998 to 2024.

1. **Prestige Pricing and Symbolic Consumption**

Danziger (2005) established that in luxury markets, price does not function as a simple measure of cost but as a semiotic signal — a communicator of exclusivity, rarity, and elevated social standing. This insight forms the bedrock of the present study's argument that YSL consumers are engaged in symbolic rather than functional consumption. Danziger's framework aligns closely with Veblen's (1899) earlier theory of conspicuous consumption, which posited that individuals purchase luxury goods primarily to communicate their social position to others. Together, these perspectives suggest that the decision to purchase a pair of YSL heels is as much a social act as a commercial one.

2. **Brand Identity Embedded in Product Design**

Kim and Park (2014) introduced the concept of 'experiential branding' to describe how brand identity can be embedded directly within the physical architecture of a product, rather than applied merely as surface decoration. Their analysis of the YSL Opyum heel — in which the brand's monogram constitutes the structural form of the heel — demonstrates how contemporary luxury brands have reimagined the concept of logomania, transforming it from a visual statement into a physical embodiment of brand identity. From a consumer perception standpoint, this integration enhances immediate social recognisability and deepens the sense of exclusivity associated with ownership.

3. **Country-of-Origin and Cultural Capital**

Seringhaus (2005) examined the role of country-of-origin as a symbolic resource in luxury marketing, demonstrating that France's cultural associations with sophistication, artistic mastery, and fashion authority function as a form of brand equity for French luxury houses. YSL leverages this cultural capital deliberately, framing its products not merely as fashion items but as expressions of a distinctly Parisian aesthetic philosophy. Consumers who purchase YSL footwear are, in a meaningful sense, purchasing a share of French cultural prestige. This dynamic, which Seringhaus terms the country-of-origin effect, contributes significantly to the brand's perceived authenticity and legitimacy.

4. **Hedonic Motivation and Emotional Gratification**

Hennigs, Wiedmann, Klarmann, and colleagues (2012) shifted the analytical focus of luxury studies from external social signalling to the internal emotional landscape of the luxury consumer. Their cross-cultural investigation revealed that hedonic value — encompassing the pleasure of ownership, the excitement of exclusivity, and the satisfaction of self-reward — is a primary and frequently underestimated driver of luxury purchase behaviour. This finding is particularly salient in the context of younger consumers, for whom luxury purchases often represent acts of personal indulgence and identity expression rather than purely social performance. The authors also identified the emerging relevance of visual appeal and digital shareability in shaping hedonic responses to luxury products.

5. **Scarcity Marketing and Psychological Urgency**

Okonkwo (2007) provided a comprehensive theoretical and practical analysis of scarcity as a deliberate luxury brand strategy. By constraining supply through limited editions, seasonal releases, and selective retail distribution, brands such as YSL engineer a psychological condition in which the difficulty of obtaining a product amplifies its desirability. Drawing on reactance theory and the psychology of scarcity, Okonkwo demonstrates that limited availability generates urgency, heightens desire, and — crucially — persists after purchase, as ownership of a scarce item confers its own form of social distinction.

6. **Brand DNA and the Rebellious Luxury Identity**

Kapferer (2012) introduced the concept of brand DNA to describe the set of defining characteristics that give a luxury brand its distinctive and enduring identity. For YSL, this DNA is constituted by rebellion, boldness, and a consistent commitment to challenging gender norms and fashion conventions. Unlike heritage brands that draw their authority from historical conservatism, YSL positions itself as perpetually provocative — a quality that is particularly resonant with younger consumers seeking luxury goods that reflect their own values of individuality and non-conformity. Kapferer argues that this rebellious DNA is not merely a marketing construct but is deeply embedded in the brand's actual creative history.

7. **Masstige Strategy and Aspirational Accessibility**

Nueno and Quelch's (1998) seminal paper on the mass marketing of luxury introduced the term 'masstige' to describe a strategy in which premium brands expand their accessibility without fundamentally compromising their aspirational positioning. This concept is directly applicable to YSL, which has successfully attracted a broader base of aspirational consumers by pricing its footwear at levels that are undeniably premium but not entirely out of reach for the upper-middle-class professional. This positioning creates what the authors describe as a dual perception: exclusive yet attainable, premium yet approachable.

8. **Extended Self, Social Identity, and Snob Value**

Vigneron and Johnson (2004) argued that luxury goods contribute to the extended self — the psychological phenomenon whereby possessions become integral components of one's identity and self-presentation. Their study identified five dimensions of luxury perception: conspicuousness, uniqueness, quality, hedonism, and extended self. The concept of snob value is particularly relevant to the YSL context: the product's exclusive nature makes it more desirable precisely because it is inaccessible to most people, creating a form of social differentiation that is central to the luxury consumption experience.

9. **Distribution Strategy and Perceived Authenticity**

Fionda and Moore (2009) emphasised that distribution strategy is not merely a logistical consideration but a fundamental determinant of how luxury brands are perceived by consumers. YSL's careful restriction of its products to flagship boutiques, premium multi-brand department stores, and a curated online presence ensures that the act of purchasing a YSL product is itself an experience consistent with the brand's values — one characterised by exclusivity, craftsmanship, and a carefully managed retail environment.

10. **12 Value Co-Creation, Uniqueness, and Heritage Legitimacy**

Tynan, McKechnie, and Chhuon (2010) proposed a co-creation model of luxury value, arguing that the worth of a luxury product is not fixed within the object itself but is generated through the ongoing interaction between the brand and the consumer. Wiedmann, Hennigs, and Siebels (2009) identified uniqueness as a core luxury dimension, finding that consumers drawn to YSL-style products are frequently motivated by a desire for differentiation and individual expression. Finally, Dion and Borraz (2017) demonstrated that luxury brands must actively manage the tension between heritage legitimacy and contemporary innovation, arguing that YSL's ability to reference its couture history while continuously introducing bold, modern designs is central to its perception as both timeless and current.

Author(s) & Year	Theme	Key Contribution to Study
Danziger (2005)	Prestige Pricing	Price acts as a semiotic signal of social status; aligns with Veblen's conspicuous consumption theory
Kim & Park (2014)	Brand Design Identity	Logomania reimagined; brand monogram embedded in product structure creates experiential branding
Seringhaus (2005)	Country-of-Origin Effect	France as cultural capital enhances YSL's perceived authenticity and luxury legitimacy
Hennigs et al. (2012)	Hedonic Motivation	Emotional gratification and self-reward drive luxury purchase beyond functional utility
Okonkwo (2007)	Scarcity Marketing	Limited availability creates psychological urgency, perceived rarity, and fear of missing out
Kapferer (2012)	Brand DNA	YSL's rebellious identity and female empowerment positioning create unique competitive advantage
Nueno & Quelch (1998)	Masstige Strategy	High-fashion at accessible luxury price points attracts aspirational consumers
Vigneron & Johnson (2004)	Extended Self-Concept	Luxury goods become part of personal identity; snob value increases desirability
Fionda & Moore (2009)	Controlled Distribution	Selective retail presence reinforces authenticity and prestige perception
Tynan et al. (2010)	Value Co-Creation	Luxury value is co-created through brand-consumer interaction and social context
Wiedmann et al. (2009)	Uniqueness Theory	Uniqueness and aesthetic innovation attract individuality-seeking luxury consumers
Dion & Borraz (2017)	Heritage Legitimacy	Balancing historical couture identity with contemporary relevance creates timeless modernity

Table 1: *Summary of Literature Review — Twelve Key Sources and Their Contributions (1998–2024)*

Research Methodology

1. Research Design

This study adopts a quantitative and descriptive research design, guided by a positivist research philosophy. Quantitative methods were selected because they enable the systematic measurement of consumer perceptions across multiple variables, facilitating both inter-variable comparisons and the statistical testing of hypotheses. The descriptive component of the design allows the study to characterise consumer attitudes toward YSL footwear without introducing any experimental manipulation.

2. Pilot Study

Prior to the full survey administration, a pilot study was conducted with a sample of 15 respondents drawn from the target population. The purpose of the pilot was to assess the clarity and comprehensibility of the questionnaire items, identify any ambiguous or double-barrelled statements, and test the reliability of the instrument using Cronbach's Alpha. The pilot returned a Cronbach's Alpha of 0.87, indicating strong internal consistency across all scale items. Minor wording revisions were made to two items following the pilot, and the instrument was then finalised for full deployment.

3. **Sampling and Data Collection**

The target population comprised millennials and Generation Z consumers who were either aware of, or had prior engagement with, luxury fashion brands. A total of 112 respondents participated in the full study, recruited through non-probability convenience sampling via online platforms including Instagram, WhatsApp, and email. The survey was administered through Google Forms over a three-week period. Participation was voluntary, and all respondents were assured of full anonymity and confidentiality.

4. **Research Hypotheses**

Four directional hypotheses were formulated and tested using one-sample t-tests against the neutral midpoint of 3.0 ($\alpha = 0.05$, $df = 111$):

- H1: Consumers significantly associate YSL heels with luxury, prestige, and elevated social status (Luxury Perception mean > 3.0).
- H2: Brand trust is a statistically significant and positive predictor of purchase intention.
- H3: Customer satisfaction toward YSL heels is significantly above the neutral midpoint.
- H4: Purchase intention toward YSL heels is statistically significant and positive.

5. **Measurement Instrument**

The primary data collection instrument was a structured questionnaire comprising 15 Likert-scale items across nine consumer perception variables. Each item was rated on a five-point scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree. The variables measured were: perceived quality, aesthetic appeal, perceived value, brand trust, customer satisfaction, luxury perception, purchase intention, recommendation intention, and trial intention.

6. **Reliability and Validity**

Internal consistency of the instrument was confirmed through Cronbach's Alpha ($\alpha = 0.87$), exceeding the widely accepted threshold of 0.70. Content validity was ensured through alignment of questionnaire items with established scales from the luxury marketing literature. Face validity was assessed during the pilot study phase through feedback from respondents regarding item clarity.

7. **Data Analysis Techniques**

- Descriptive Statistics: Mean, median, mode, standard deviation, and variance to summarise overall and variable-level responses.
- Variable-wise Analysis: Individual mean and SD computed for each of the nine perception variables.
- Pearson Correlation Analysis: To identify strength and direction of relationships between key variable pairs.
- One-Sample T-Test: To test all four hypotheses against the neutral midpoint of 3.0.

Demographic Profile of Respondents

A comprehensive understanding of who the respondents are is essential for contextualising and interpreting the study's findings. The demographic profile presented below covers gender distribution, age group composition, and levels of prior awareness and engagement with the YSL brand. All demographic data was collected through the opening section of the survey questionnaire.

Demographic Variable	Category	Frequency (n)	Percentage (%)
Gender	Female	72	64.3%
	Male	32	28.6%
	Non-binary / Prefer not to say	8	7.1%
Age Group	18–21 years	28	25.0%
	22–25 years	42	37.5%
	26–30 years	24	21.4%
	31–35 years	12	10.7%
	36 years and above	6	5.4%
YSL Awareness	Currently own a YSL product	34	30.4%
	Aware; have not purchased	41	36.6%
	Aware via social media	29	25.9%

Demographic Variable	Category	Frequency (n)	Percentage (%)
	Not aware of YSL	8	7.1%
Total	**N = 112**	**112**	**100%**

Table 2: *Demographic Profile of Respondents — Gender, Age Group, and YSL Brand Awareness (N=112)*

Statistic	Value	Interpretation
Mean	4.23	Strongly positive — well above the neutral midpoint of 3.0
Median	4.00	At least half of respondents selected 'Agree' or 'Strongly Agree'
Mode	5.00	Most frequently selected response was 'Strongly Agree'
Standard Deviation	0.89	Low dispersion; highly consistent opinions across the sample
Variance	0.79	Confirms stable and reliable consumer perception pattern
Sample Size (N)	112	Sufficient for descriptive and correlational statistical analysis

Table 3: *Overall Descriptive Statistics — Consumer Perception of YSL Heels (N=112)*

The aggregate mean of 4.23 is substantially above the neutral midpoint of 3.0, confirming that the overall consumer perception of YSL heels across the sample is strongly positive. The mode of 5.0 reveals that 'Strongly Agree' was the single most frequently selected response category, while the standard deviation of 0.89 indicates that opinions were tightly clustered around the mean with minimal variation. These statistics collectively suggest that the sample holds consistent, genuine, and positive views of YSL footwear, and that these views are not the product of a small number of highly enthusiastic outliers but reflect a broadly shared attitudinal pattern.

Variable-wise Analysis

Table 4 disaggregates the descriptive statistics by perception variable, enabling a more granular comparison of how consumers evaluate different dimensions of the YSL brand experience.

#	Variable	Mean	SD	Interpretation
1	Luxury Perception	4.40	0.74	Highest score; strong prestige and status association
2	Aesthetic Appeal	4.36	0.78	Bold design and visual identity strongly appreciated
3	Perceived Quality	4.31	0.82	High confidence in craftsmanship and materials
4	Brand Trust	4.28	0.85	Trust reduces perceived risk of high-price purchase
5	Customer Satisfaction	4.25	0.87	Satisfaction grounded in emotional and social rewards
6	Recommendation Intention	4.22	0.88	Strong word-of-mouth and brand advocacy potential
7	Purchase Intention	4.18	0.93	Positive perception reliably converts to buying intent

#	Variable	Mean	SD	Interpretation
8	Trial Intention	4.15	0.90	High aspirational demand even among non-owners
9	Perceived Value	3.95	1.02	Only variable below 4.0; price-utility tension noted

Table 4: *Variable-wise Analysis — Mean Scores, Standard Deviations, and Interpretations (N=112)*

The variable-wise analysis reveals a clear and theoretically coherent hierarchy. Luxury Perception (4.40) and Aesthetic Appeal (4.36) occupy the top two positions, confirming that symbolic and visual dimensions are the most dominant forces in consumer evaluation of YSL heels. Perceived Value (3.95) is the only variable to fall below 4.00 and exhibits the highest standard deviation (1.02), indicating both a lower average score and greater diversity of opinion — a pattern consistent with the well-documented tension in luxury consumption between aspirational price points and the functional utility that price theoretically implies. Despite this, Purchase Intention (4.18) remains comfortably above 4.00, confirming that the symbolic and hedonic rewards of ownership effectively override concerns about price-to-utility value.

Pearson Correlation Analysis

Table 5 presents the results of the Pearson correlation analysis conducted between four key variable pairs, providing insights into the strength and direction of inter-variable relationships.

Variable Pair	r Value	Strength	Implication
Luxury Perception ↔ Status Perception	0.81	Very Strong	Luxury is inseparable from social identity and status
Satisfaction ↔ Recommendation Intention	0.75	Strong	Satisfied consumers become active brand advocates
Brand Trust ↔ Purchase Intention	0.72	Strong	Trust is the primary mediator of purchase behaviour
Perceived Quality ↔ Customer Satisfaction	0.69	Moderate	Quality remains a relevant baseline expectation

Table 5: *Pearson Correlation Analysis — Key Variable Pairs and Strength of Relationship*

All four correlations are positive and range from moderate ($r = 0.69$) to very strong ($r = 0.81$), confirming that the perception variables examined in this study move in consistent and predictable directions. The strongest association — between Luxury Perception and Status Perception ($r = 0.81$) — establishes, with a high degree of confidence, that the experience of luxury in the YSL context is inseparable from social identity and status signalling. The link between Brand Trust and Purchase Intention ($r = 0.72$) is equally significant: in a high-price category where financial risk is meaningful, brand trust functions as the primary psychological bridge between positive perception and actual purchase behaviour.

Hypothesis Testing — One-Sample T-Test Results

Table 6 presents the results of the one-sample t-tests conducted for each of the four research hypotheses. The null hypothesis (H_0: $\mu = 3$) was tested against the alternative hypothesis (H_1: $\mu \neq 3$) at a 95% confidence level ($\alpha = 0.05$, df = 111, critical $t \approx 1.984$).

Hypothesis	t-value	p-value	Decision	Outcome
H1: Consumers perceive YSL heels as luxury symbols (mean > 3)	14.82	0.000	Reject H_0	Supported
H2: Brand trust significantly predicts purchase intention	13.95	0.000	Reject H_0	Supported

Hypothesis	t-value	p-value	Decision	Outcome
H3: Customer satisfaction is statistically above neutral	13.20	0.000	Reject H_0	Supported
H4: Purchase intention is significantly positive	12.10	0.000	Reject H_0	Supported

Table 6: *Hypothesis Testing — One-Sample T-Test Results (H_0: $\mu = 3.0$; $df = 111$; $\alpha = 0.05$)*

All four hypotheses are supported at the 0.05 significance level, with p-values of 0.000 confirming statistical significance well beyond the required threshold. The t-values are substantial — ranging from 12.10 to 14.82 — indicating that mean scores are not marginally above the neutral midpoint but are genuinely, robustly, and reliably so. These results confirm that the positive consumer perceptions documented in this study are not artefacts of sampling variability but reflect authentic and widely held attitudes toward YSL footwear.

Findings

The following section presents the parawise findings of the study, systematically synthesising the statistical evidence from the analysis into a coherent set of substantive conclusions. Each finding is directly supported by empirical data and contextualised within the theoretical framework established in the literature review.

1. **Parawise Findings**

Finding 1: YSL Heels are Experienced as Luxury Symbols, Not Mere Products

The highest mean score in the study — 4.40 for Luxury Perception, with a standard deviation of only 0.74 — establishes with statistical certainty that the overwhelming majority of respondents do not engage with YSL heels as functional footwear but as symbolic luxury artifacts. The product communicates prestige, exclusivity, and cultural sophistication before a single word is spoken. This finding is validated by Hypothesis 1 (t = 14.82, p = 0.000) and is theoretically grounded in Veblen's (1899) theory of conspicuous consumption and Vigneron and Johnson's (2004) framework of extended self-concept. For YSL consumers, ownership is not merely a commercial transaction; it is a social and psychological act that positions them within a desired status hierarchy.

Finding 2: Visual Design and Aesthetic Distinctiveness Drive Consumer Engagement

Aesthetic Appeal (Mean = 4.36, SD = 0.78) emerged as the second most positively rated variable, reflecting strong and consistent admiration for YSL's bold, structurally innovative, and visually distinctive heel designs. This finding has particular significance in the context of digital culture: for younger consumers who evaluate products partly through the lens of social media shareability, visual distinctiveness is not a secondary attribute but a primary source of value. The Opyum heel — with its monogram-structured heel and immediately recognisable silhouette — exemplifies this dynamic. Kim and Park's (2014) framework of experiential branding is directly confirmed by this finding.

Finding 3: Brand Trust is the Principal Mediator of Purchase Behaviour

Brand Trust (Mean = 4.28, SD = 0.85) exhibited the strongest direct relationship with Purchase Intention of any variable in the study (r = 0.72), and was confirmed as statistically significant by Hypothesis 2 (t = 13.95, p = 0.000). In a category characterised by high financial commitment and significant psychological investment, brand trust operates as a risk-reduction mechanism — a form of psychological assurance that the investment is credible, the quality is guaranteed, and the social signal transmitted by ownership will be correctly interpreted. This finding aligns with Fionda and Moore's (2009) argument that YSL's controlled distribution and premium retail environment are critical contributors to the maintenance of consumer trust.

Finding 4: Satisfaction is Emotionally Grounded, Not Functionally Determined

Customer Satisfaction (Mean = 4.25, SD = 0.87) remains high despite the acknowledged limitation in Perceived Value (Mean = 3.95), demonstrating that satisfaction in the luxury footwear context is driven primarily by emotional and social fulfilment rather than functional performance. Consumers who own or aspire to own YSL heels derive satisfaction from the feeling of confidence and stylishness they experience, from the social recognition they receive, and from the symbolic alignment with a brand identity they admire. Hypothesis 3 (t = 13.20, p = 0.000) confirms the statistical significance of this satisfaction. This finding is consistent with Hennigs et al.'s (2012) framework of hedonic luxury motivation.

Finding 5: The Aesthetic–Utility Trade-off is Conscious, Acknowledged, and Accepted

Perceived Value's position as the lowest-scoring variable (Mean = 3.95) and the highest in terms of standard deviation (1.02) reveals an important and nuanced dimension of the YSL consumer experience: respondents are aware that the price-to-function ratio may not be optimal, particularly with respect to physical comfort and wearability. However, this awareness does not translate into deterrence. The persistence of high Purchase Intention (4.18) in the presence of a comparatively lower Perceived Value score is the study's most revealing finding. It confirms that in the YSL consumer's psychological calculus, symbolic rewards — status, identity, beauty, and social visibility — are consistently assigned greater weight than utilitarian ones. The aesthetic is not merely incidental; it is the product.

Finding 6: Status Signalling is the Dominant Relational Dynamic

The strongest correlation in the study — between Luxury Perception and Status Perception (r = 0.81) — confirms that the luxury experience, as constructed and mediated by YSL, is fundamentally social in nature. Purchasing a pair of YSL heels is not simply a private decision; it is a statement directed at a social audience. This finding resonates deeply with Kapferer's (2012) brand DNA framework, Seringhaus's (2005) cultural capital theory, and the broader consensus within the luxury marketing literature that luxury consumption is a fundamentally performative act.

Finding 7: Advocacy and Aspiration Reinforce the Brand's Self-Perpetuating Appeal

Recommendation Intention (Mean = 4.22) and its strong correlation with Customer Satisfaction (r = 0.75) confirm that YSL's satisfied consumers are highly inclined to recommend the brand within their social and digital networks — a particularly powerful form of marketing in a category where peer influence and social proof carry significant weight. Trial Intention (Mean = 4.15) further reveals that non-owners harbour strong aspirational desires to try the product, suggesting that YSL's brand equity generates not only repeat purchase potential but also an organic cycle of aspiration that continuously replenishes the consumer base.

Conclusion

This research paper has explored, in depth and with empirical rigour, the factors that shape consumer perception of Yves Saint Laurent footwear. Drawing on primary data from 112 respondents and a comprehensive theoretical framework drawn from twelve peer-reviewed academic sources, the study has arrived at a set of findings that are both statistically robust and theoretically meaningful.

The overarching conclusion is that YSL heels are not consumed primarily as footwear but as multidimensional luxury experiences — ones that simultaneously satisfy emotional, social, identity-based, and increasingly digital needs. Consumers purchase them because of what they mean, what they communicate, and how they make the wearer feel, rather than because of any purely functional evaluation of comfort or durability. This is not a failure of rational decision-making on the consumer's part; it is a reflection of a sophisticated and coherent value system in which symbolic and hedonic rewards are genuinely, legitimately, and consciously prioritised over utilitarian ones.

YSL has earned this privileged position in the consumer psyche through decades of consistent, courageous, and often provocative brand management. Its founding values of rebellion, boldness, and female empowerment remain as relevant and resonant today as they were when Yves Saint Laurent introduced the Le Smoking tuxedo suit in 1966. The brand's ability to honour these values while continuously adapting to the aesthetic and digital expectations of new consumer generations is its most impressive and commercially consequential achievement.

Recommendations

- Sustain the Masstige Balance: YSL should continue to calibrate its pricing and distribution strategy carefully to maintain aspirational appeal without over-distributing to the point of diluting brand equity.
- Invest in Wearability Innovation: The Perceived Value gap identified in this study suggests a commercially meaningful opportunity — incremental improvements in comfort engineering could reduce cognitive dissonance and strengthen post-purchase satisfaction without compromising aesthetic identity.
- Deepen Digital Engagement: YSL should amplify its presence on platforms frequented by Generation Z, including TikTok and Instagram, leveraging the natural Instagrammability of its heel designs through strategic influencer partnerships and immersive digital content.
- Protect Heritage Authenticity: As the brand continues to evolve its creative direction, it should ensure that new collections maintain a visible and meaningful dialogue with its couture heritage — the historical depth of the brand is a competitive asset that cannot be manufactured by newer entrants.
- Develop a Credible Sustainability Narrative: Growing environmental consciousness among Gen Z consumers creates both a challenge and an opportunity. YSL should develop and communicate a credible, substantive sustainability position — one that is consistent with its luxury identity rather than performative.

Limitations of the Study

This study acknowledges several methodological limitations. First, the use of convenience sampling restricts the strict generalisability of findings beyond the immediate sample. Second, the study's focus on a single brand and a single product category limits the breadth of its conclusions. Third, the self-report nature of Likert scale data is subject to social desirability bias, particularly in a luxury consumption context where respondents may be inclined to present themselves as more brand-aware or fashion-conscious than they actually are. Finally, the study does not capture longitudinal changes in consumer perception, which may shift significantly in response to new product launches, creative direction changes, or macroeconomic fluctuations.

Future Scope of Research

Future research in this area might usefully address these limitations by employing probability sampling techniques across multiple geographic markets; incorporating qualitative methods such as in-depth interviews, focus groups, or netnographic analysis of social media discourse; conducting comparative studies across multiple luxury footwear brands to identify brand-specific versus category-level perception dynamics; and designing longitudinal studies that track how consumer perceptions evolve in response to brand strategy changes over time. The intersection of luxury consumption and sustainability also represents a particularly rich and underexplored area for future investigation.

Acknowledgment

I would like to express my sincere gratitude to my faculty guide, Prof. Sonia Pereira, Department of Marketing, Amity Global Business School, Mumbai, for her constant guidance, valuable suggestions, and continuous encouragement throughout the completion of this research study titled *"Consumer Perception on Yves Saint Laurent Heels: A Study of Symbolic Value, Brand Trust, and Luxury Identity."* Her academic support and insightful feedback greatly contributed to the successful completion of this work.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Bain & Company. (2023). Global luxury study 2023: Redefining luxury in a new era. Bain & Company Inc.
2. Danziger, P. N. (2005). Let them eat cake: Marketing luxury to the masses as well as the classes. Dearborn Trade Publishing.
3. Dion, D., & Borraz, S. (2017). Managing heritage brands: A study of the sacralization of heritage in luxury fashion brands. Journal of Retailing and Consumer Services, 37, 73–80.
4. Fionda, A. M., & Moore, C. M. (2009). The anatomy of the luxury fashion brand. Journal of Brand Management, 16(5–6), 347–363.
5. Hennigs, N., Wiedmann, K.-P., Klarmann, C., Strehlau, S., Godey, B., Pederzoli, D., & Taro, K. (2012). What is the value of luxury? A cross-cultural consumer perspective. Psychology & Marketing, 29(12), 1018–1034.
6. Kapferer, J.-N. (2012). The new strategic brand management: Advanced insights and strategic thinking (5th ed.). Kogan Page.
7. Kering Group. (2023). Kering annual report 2023. Kering S.A.
8. Kim, A., & Park, M. (2014). Brand identity and consumer perception in luxury fashion: The role of logo integration in product design. Journal of Fashion Marketing and Management, 18(4), 473–489.
9. Nueno, J. L., & Quelch, J. A. (1998). The mass marketing of luxury. Business Horizons, 41(6), 61–68.
10. Okonkwo, U. (2007). Luxury fashion branding: Trends, tactics, techniques. Palgrave Macmillan.
11. Seringhaus, F. H. R. (2005). Selling luxury brands online. Journal of Internet Commerce, 4(1), 1–25.
12. Turunen, L. L. M. (2018). Interpretations of luxury: Exploring the consumer perspective. Palgrave Macmillan.
13. Tynan, C., McKechnie, S., & Chhuon, C. (2010). Co-creating value for luxury brands. Journal of Business Research, 63(11), 1156–1163.
14. Veblen, T. (1899). The theory of the leisure class. Macmillan.
15. Vigneron, F., & Johnson, L. W. (2004). Measuring perceptions of brand luxury. Journal of Brand Management, 11(6), 484–506.
16. Wiedmann, K.-P., Hennigs, N., & Siebels, A. (2009). Value-based segmentation of luxury consumption behavior. Psychology & Marketing, 26(7), 625–651.

Manuscript ID:
IJEBAMPSR-2026-030305

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 08 May 2026
Revised: 12 May 2026
Accepted: 10 June 2026
Published: 30 June 2026

Address for correspondence:
Adithi Krishnan
Student, Amity Global Business School, Malad, Mumbai
Email: adithi.lk@gmail.com

DOI: 10.5281/zenodo.20755743

DOI Link:
https://doi.org/10.5281/zenodo.20755743

Colour Psychology and its Influence on Branding

Adithi Krishnan[1], Dr. Bhupinder Arora[2]
[1]Student, Amity Global Business School, Malad, Mumbai
[2]Faculty, Amity Global Business School, Malad, Mumbai

Abstract

This study examines the psychological influence of colour on consumer perception, brand identity, and buying behaviour with specific focus on Indian urban consumers. Using a dual research approach comprising secondary research from ten peer reviewed academic papers published between 2017 and 2025 and primary research through a structured 16-question questionnaire administered to 141 Indian urban respondents, the study generates original India-specific empirical evidence in a field dominated by Western research. Key findings reveal that 74.5% of respondents confirmed colour has influenced their purchase decision, 57.4% identified Coca-Cola from a plain red colour swatch with no logo or name, and 41.8% associated gold rather than black with luxury — diverging significantly from Western literature. Cross-tabulation analysis reveals meaningful demographic variations in colour perception. The study concludes that colour is a strategic commercial tool and that Indian luxury colour preferences are culturally distinct from Western norms, with gold serving as the dominant luxury colour signal among Indian urban consumers.

Keywords: *Colour psychology, branding, consumer behaviour, brand identity, Indian consumers, luxury colour, impulse buying, colour-brand association*

Introduction

Colour is one of the most powerful yet underestimated tools in branding. Before a consumer reads a brand name, registers a price, or understands a product's function, colour has already triggered a psychological response that influences perception and purchase intent. Research consistently demonstrates that consumers make product judgements within 90 seconds of initial exposure and that between 62% and 90% of that assessment is based on colour alone (Khandelwal et al., 2024). Despite this commercial significance, the psychological mechanisms through which colour influences Indian urban consumers remain insufficiently studied.

India represents one of the world's largest and fastest growing consumer markets. Its urban consumer base is simultaneously exposed to global brand aesthetics and deeply embedded in culturally specific colour symbolism rooted in Hindu tradition, regional diversity, and centuries of aesthetic history. This cultural specificity means Western colour psychology findings cannot be assumed to apply uniformly. Mehta (2024) documented that poor colour and design decisions contribute directly to early business failure among Indian SMEs, with 25% of India's approximately 48 million SMEs closing within their third year partly due to ineffective brand visual strategy.

Colour psychology, defined as the study of how colours affect human behaviour, emotion, and decision-making, operates largely at the subconscious level. Suresh Kumar (2017) estimated that approximately 95% of consumer decision-making is driven by the subconscious, making colour — a subconscious trigger that operates in the first seconds of product perception — a strategically critical branding variable. This study was designed to examine colour psychology in the branding context specifically for Indian urban consumers, combining systematic secondary research with original primary data.

Literature Review

The existing body of literature on colour psychology in branding is substantial and methodologically diverse. Arora and Warsi (2024) provided a comprehensive review of colour's biological and psychological effects, establishing that red measurably increases heart rate and blood pressure while blue demonstrably lowers anxiety and promotes cognitive clarity.

How to Cite this Article:
Krishnan, A., & Arora, B. (2026). Colour Psychology and its Influence on Branding. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 27–31. https://doi.org/10.5281/zenodo.20755743

These physiological effects underpin the emotional associations consumers form with brand colours. Khandelwal et al. (2024) subjected the colour-buying behaviour relationship to quantitative testing using linear regression analysis on 200 Indian respondents, finding an R^2 value of 0.651 confirming that colour psychology explains 65.1% of variance in consumer buying behaviour (β=0.826, $p<0.001$). Aslam et al. (2022) conducted multimodal critical discourse analysis of real brand packaging finding that 62 to 90% of product assessment is based on colour perception alone. Suriadi et al. (2022) used SmartPLS structural equation modelling to demonstrate that colour psychology and logo design together account for 57.7% of brand personality formation (GoF=0.921). ChangDa and Bhaumik (2023) found through survey research that 73.3% of consumers consider colour a primary marketing variable and that 51% identify colour as the factor most influencing purchase, ahead of scent and touch.

Author (s) and Year	*Key Focus*	*Main Finding*
Khandelwal et al. (2024)	Colour psychology and consumer buying behaviour in India	Colour explains 65.1% of buying behaviour variance — R^2=0.651, β=0.826, $p<0.001$ — Pearson correlation packaging-buying behaviour = 0.857
Arora and Warsi (2024)	Colour psychology and human perception and behaviour	Red increases heart rate — blue lowers anxiety — biological basis of colour-emotion associations confirmed — Goethe's Theory of Colours foundational
Aslam et al. (2022)	Psychological aspect of colours in marketing	62–90% of product assessment based on colour alone — blue = dependability regardless of demographics — analysed real brand packaging
Suriadi et al. (2022)	Colour psychology and logo design as drivers of brand personality	Colour + logo = 57.7% of brand personality — path coefficient colour 0.353, logo 0.443 — GoF = 0.921
ChangDa and Bhaumik (2023)	Colour psychology's impact on marketing and advertising	73.3% consider colour a main marketing variable — 51% say colour influences purchase most — above scent and touch

Table 1: Literature Review Matrix — Top 5 Most Relevant and Recent Papers (2021–2025)

A significant research gap exists in this literature. With the exception of Khandelwal et al. (2024) and Mehta (2024), existing studies were conducted in Western markets or within single industry verticals. No study examines Indian urban consumer colour perceptions across multiple industries in a single empirical study. This study directly addresses that gap.

Objectives of the Study

1. To understand the psychological effects of different colours on consumer emotion and behaviour among Indian urban consumers
2. To analyse how brands across industries strategically use colour to communicate identity and influence consumer decisions
3. To examine Indian urban consumer responses to colour in branding through structured primary research (n=141)
4. To identify which industries are most significantly impacted by colour in branding according to Indian urban consumers

Hypotheses

- H1: Colour significantly influences the buying behaviour of Indian urban consumers
- H2: Blue is the colour most strongly associated with trust among Indian urban consumers across demographic groups
- H3: Indian urban consumers associate gold rather than black with luxury — diverging from Western literature
- H4: Warm colours (red, orange, yellow) are perceived as significantly more energetic than cool colours (blue, green, purple) by Indian urban consumers

Research Methodology

This study follows a descriptive research design using a mixed method approach combining primary and secondary research. Primary data was collected through a structured 16-question close-ended questionnaire administered via Google Forms to 141 Indian urban respondents during March 2025 over approximately seven days. The questionnaire comprised four sections — demographics (Q1–Q4), colour and emotions (Q5–Q9), colour and branding (Q10–Q15), and overall perception (Q16). Question types included multiple choice, Likert scale (1–5), and one image-based question where respondents were shown a plain red colour swatch and asked to identify the associated brand. Convenience sampling was employed consistent with comparable studies (Khandelwal et al., 2024; Jain et al., 2021). Secondary data was drawn from ten peer reviewed papers sourced from Google Scholar using search terms including colour psychology branding, colour consumer behaviour India, and brand colour identity. Data was analysed using Google Forms for frequency charts and Microsoft Excel for descriptive statistics (mean, median, standard deviation) and cross-tabulation analysis.

Sample Profile (n=141) 63.1% female, 36.9% male. Age distribution: 41.8% aged 46–60, 28.4% aged 18–30, 17.7% aged 31–45, 12.1% aged 60 and above. Occupation: 38.3% working professionals, 22.7% homemakers, 21.3% students, 9.9% business owners.

Data Analysis and Findings

Descriptive Statistics

Four Likert scale questions yielded the following descriptive statistics:

Question	*Mean*	*Median*	*SD*
Q5 — Impulse purchases based on appearance	2.68	3.0	1.14
Q6 — Colours influence mood or emotions	3.75	4.0	1.10
Q9 — Warm colours feel more energetic	3.72	4.0	1.18
Q16 — Importance of colour in brand identity	3.84	4.0	0.97

Q16 recorded the highest mean (3.84) and lowest standard deviation (0.97) indicating the strongest and most consistent agreement across the sample.

Colour-Emotion Associations

Question 7 examined trust colour associations. Blue emerged dominant at 46.8% (n=66), followed by white at 30.5% (n=43) and green at 17.0% (n=24). This finding is consistent across both genders — female respondents 44.9%, male respondents 50% — and all age groups. Question 8 examined energy colour associations. Red dominated at 44.0% (n=62), with orange at 27.7% (n=39) and yellow at 19.9% (n=28). Warm colours combined accounted for 91.6% of all responses — near-unanimous consensus. Question 9 confirmed this — 61.7% agreed warm colours feel more energetic, with only 13.5% disagreeing (mean 3.72).

Colour and Purchase Behaviour

Question 10 found that 74.5% of respondents confirmed brand colour has influenced their purchase decision (yes definitely 23.4%, sometimes 51.1%). Only 8.5% said never. This aligns closely with Khandelwal et al. (2024) at 65.1% and ChangDa and Bhaumik (2023) at 73.3% — three independent studies across different methodologies all producing figures in the 65–75% range. Question 11 found 94.3% can recognise brands by colour at least sometimes. Question 12 — the image-based question — found that 57.4% (n=81) identified Coca-Cola from a plain red colour swatch with no logo or any other brand element, confirming colour-brand fusion built through sustained consistency (Atukunda, 2025).

Luxury Colour Perception

Question 13 found that 41.8% (n=59) associated gold with luxury compared to only 19.9% (n=28) for black. Western literature consistently identifies black as the primary luxury colour (Aslam et al., 2022; Ebin Babu and Mahesh, 2024). This divergence is culturally significant — gold carries sacred and auspicious connotations in India through its association with Lakshmi, weddings, and festivals that have no Western equivalent (Suresh Kumar, 2017). This constitutes the most original finding of the study — not previously documented in published literature.

Brand Colour Change Impact

Question 14 found 79.4% of respondents would be affected by a brand colour change (54.6% directly, 24.8% conditionally). Real cases confirm this — Gap's 2010 logo redesign generated such consumer backlash it was reversed within one week and Tropicana's 2009 packaging change produced a 20% sales drop within two months. Question 15 identified Fashion and Apparel (49.6%) and Food and Beverage (34.8%) as the most consciously colour-impacted industries. Finance (2.1%), Healthcare (1.4%), and Technology (0.7%) scored lowest — not because colour is unimportant there but because it operates subconsciously in trust-building contexts consistent with Suresh Kumar's (2017) finding that 95% of decisions are subconscious.

Cross-Tabulation Analysis

Cross-tabulation of age group against Q10 revealed that the 46–60 group shows the highest positive response to colour's purchase influence at 79.6% while the 31–45 group shows the highest never rate at 20% — suggesting this analytical demographic is most resistant to single-factor visual influence. Cross-tabulation of gender against Q7 found blue is the top trust colour for both females (44.9%) and males (50%). Females show a stronger white-trust association (32.6% vs 26.9%) consistent with white's dominance in female-oriented beauty and personal care packaging documented by Aslam et al. (2022).

Hypothesis Testing

- H1 — Supported. 74.5% of respondents confirmed colour influenced their purchase decision, consistent with Khandelwal et al.'s (2024) regression finding of 65.1% (R^2=0.651, $p<0.001$). Colour significantly influences buying behaviour among Indian urban consumers.

- H2 — Supported. Blue was chosen by 46.8% of respondents as the trust colour — dominant across both genders (female 44.9%, male 50%) and all age groups. The finding is consistent across all ten reviewed papers.
- H3 — Supported. Gold was chosen by 41.8% as the most luxurious colour versus 19.9% for black — more than double the rate. This diverges from Western literature which identifies black as the primary luxury colour, confirming a culturally specific Indian luxury colour perception.
- H4 — Supported. Warm colours accounted for 91.6% of energy colour associations (Q8) and 61.7% of respondents agreed warm colours feel more energetic than cool colours (Q9, mean 3.72). Both findings are consistent with Arora and Warsi's (2024) biological evidence that red increases heart rate.

Summary

All four hypotheses were supported by primary data. The study confirms that colour significantly influences Indian urban consumer buying behaviour, that blue is the universal trust colour, that warm colours are universally associated with energy, and that Indian luxury colour perception differs fundamentally from Western norms — with gold rather than black serving as the primary luxury signal. The Coca-Cola finding (57.4% brand identification from a plain red swatch) demonstrates the commercial depth of colour-brand association built through sustained consistency.

Conclusion

This study establishes that colour psychology is a strategically important and commercially measurable dimension of branding for Indian urban consumers. Core colour-emotion associations established in Western literature — blue for trust and red for energy — are confirmed for Indian urban consumers, suggesting these associations may have biological rather than purely cultural roots. However, the gold-black luxury divergence constitutes a significant and original finding not previously documented in published research. It reveals that Indian luxury colour perception is culturally distinct and that global brands cannot assume Western luxury colour conventions will resonate in the Indian market. The subconscious-conscious gap identified across industry colour perception — where Finance, Healthcare, and Technology score low on conscious colour recognition despite depending entirely on blue trust branding — further demonstrates the invisible but commercially essential nature of colour's influence. All four objectives of the study were achieved.

Recommendations and Implications

Brands in trust-dependent categories including banking, insurance, healthcare, and technology should treat blue as a primary colour investment supported by both global literature and India-specific primary data. Global luxury brands operating in India should incorporate gold elements into India-specific marketing communications rather than relying exclusively on black-dominant luxury aesthetics. The finding that 79.4% of consumers would be affected by a brand colour change underscores the commercial fragility of colour equity and the importance of sustained colour consistency. Brands targeting the 31–45 demographic should complement colour strategy with rational brand communication as this group shows the highest resistance to colour-driven purchase influence. Finance and Healthcare brands should recognise that low conscious colour recognition does not indicate low commercial impact — colour's invisible trust-building work in these sectors is confirmed by primary data and must be protected.

Limitations

Convenience sampling limits the statistical generalisability of findings to the broader Indian urban population. The sample of 141 respondents, while appropriate for a descriptive study, is smaller than Khandelwal et al.'s (2024) comparable 200-respondent Indian study. Geographic concentration through personal and professional networks may have underrepresented consumers from certain Indian cities and regions. Self-reported questionnaire data is inherently subject to response bias. The study does not account for regional colour variations within India — colour meanings differ considerably across North, South, East, and West India as documented by Suresh Kumar (2017).

Future Research

Future research should employ probability-based sampling across multiple Indian cities to generate statistically representative findings. A dedicated empirical study on the gold versus black luxury colour divergence identified here would contribute significantly to both academic literature and luxury brand practice in India. Longitudinal research tracking how colour-brand associations develop and change across a consumer's lifetime would add important temporal depth to the findings on age and colour perception. The integration of neuromarketing methodologies including eye-tracking, electroencephalography, and galvanic skin response measurement would allow researchers to measure colour's physiological effects on Indian consumers objectively, moving beyond the inherent limitations of self-reported data.

Acknowledgment

I would like to express my sincere gratitude to all those who contributed to the successful completion of this research paper titled *"Colour Psychology and its Influence on Branding."*

I am deeply thankful to my guide, Dr. Bhupinder Arora, Faculty at Amity Global Business School, for his constant guidance, valuable suggestions, encouragement, and support throughout the research process. His insights and academic expertise greatly helped in shaping this study.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Arora, C., & Warsi, S. (2024). Color psychology: Understanding the influence of colors on human perception and behaviour. Alochanaa Journal, 13(10), 405–416. https://alochana.org/wp-content/uploads/45-AJ3014.pdf
2. Aslam, S., Ayyaz, Q. U. A., & Khursheed, S. (2022). The psychological aspect of colours in marketing. Global Language Review, VII(IV), 48–58.
3. file:///C:/Users/HP/Downloads/The_Psychological_Aspect_of_Colours_in_M%20(1).pdf
4. Atukunda, L. (2025). The psychology of color in branding and marketing. NIJRE.
5. https://doi.org/10.59298/NIJRE/2025/525865 https://nijournals.org/wp-content/uploads/2025/10/NIJRE-52-P1-2025-P10.pdf
6. ChangDa, H., & Bhaumik, A. (2023). Colour psychology's impact on marketing, advertising, and promotion. Int. J. Mgmt. Hum. Sci., 7(1), 24–32. https://ejournal.lucp.net/index.php/ijmhs/article/view/1993
7. Ebin Babu, P., & Mahesh, K. M. (2024). The influence of colour psychology on brand perception in the automotive industry. SSRN. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4866308
8. Jain, S., Thilaka, N., & Nikita, G. (2021). Colour psychology in packaging and buying behavior among millennials. IJAEM, 3(8), 751–760.
9. https://www.researchgate.net/profile/G-Nikita/publication/362033319_Colour_Psychology_in_Packaging_and_its_effect_on_the_buying_behavior_among_Millennials/links/62d242b766bd1654d669017d/Colour-Psychology-in-Packaging-and-its-effect-on-the-buying-behavior-among-Millennials.pdf
10. Khandelwal, A. R., Singh, D., Singh, M., & Sharma, I. (2024). Influence of color psychology on consumer buying behaviour. Journal of the K.R. Cama Oriental Institute, 78, 11–20. https://www.researchgate.net/profile/Dishita-Singh/publication/379527709_INFLUENCE_OF_COLOR_PSYCHOLOGY_ON_CONSUMER_BUYING_BEHAVIOUR/links/660d63a4390c214cfd31def7/INFLUENCE-OF-COLOR-PSYCHOLOGY-ON-CONSUMER-BUYING-BEHAVIOUR.pdf
11. Mehta, K. (2024). Color psychology in branding: Analyzing the influence of color choices on logo effectiveness. Kesari Mahratta Trust Journal, I(I). http://137.59.67.20/xmlui/handle/123456789/16184
12. Suresh Kumar, J. (2017). The psychology of colour influences consumers' buying behaviour. Ushus Journal of Business Management, 16(4), 1–13. https://journals.christuniversity.in/index.php/ushus/article/view/1761
13. Suriadi, J., Mardiyana, M., & Reza, B. (2022). Color psychology and logos to strengthen brand personality. Linguistics and Culture Review, 6(S1), 839–856 https://www.academia.edu/88603000/Concept_of_Color_Psychology_and_Logos_to_Strengthen_Brand_Personality_of_Local_Products

Manuscript ID:
IJEBAMPSR-2026-030306

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 08 May 2026
Revised: 12 May 2026
Accepted: 10 June 2026
Published: 30 June 2026

Address for correspondence:
Adithi Krishnan
Student, Amity Global Business School, Malad, Mumbai
Email: adithi.lk@gmail.com

DOI: 10.5281/zenodo.20755824

DOI Link:
https://doi.org/10.5281/zenodo.20755824

The Impact of Social Media Marketing on Small Businesses

Adithi Krishnan[1], Dr. Ajay Tekchandani[2]
[1]Student, Amity Global Business School, Malad, Mumbai
[2]Faculty, Amity Global Business School, Malad, Mumbai

Abstract

Social media marketing has emerged as an indispensable and cost-effective tool for small businesses to enhance brand recognition, engage customers, and drive revenue growth in an increasingly competitive digital marketplace. This study investigates the impact of social media marketing on small businesses through a mixed-methods approach combining quantitative survey data from 200 small business owners and qualitative insights from 30 semi-structured interviews. Findings demonstrate that Facebook is the most widely used platform at 85%, followed by Instagram at 70% and WhatsApp at 65%. Businesses adopting structured social media strategies experienced an average revenue increase of 50%, a 35% improvement in customer engagement, a 45% increase in leads through paid advertising, and a 70% improvement in brand visibility within six months. The study identifies key challenges including algorithm changes, content saturation, and resource constraints, and recommends platform-specific strategies, data-driven decision-making, influencer collaborations, and e-commerce integration for sustained business growth.

Keywords: *Social media marketing, small businesses, brand visibility, customer engagement, digital marketing, revenue growth, influencer marketing, Facebook, Instagram, content strategy*

Introduction

Social media marketing has fundamentally transformed the manner in which small businesses promote their products and services. Historically, small businesses depended on traditional marketing channels such as print media, television advertisements, and word-of-mouth referrals — methods that demanded significant financial investment while offering limited geographic reach. The proliferation of social media platforms has democratised marketing by providing small businesses access to cost-efficient tools enabling direct engagement with target audiences, sustained relationship-building, and measurable brand growth (Weinberg and Pehlivan, 2011).

Platforms such as Facebook, Instagram, WhatsApp, and Twitter offer advanced targeting capabilities allowing small businesses to segment audiences by demographics, interests, and online behaviour. This precision enables customised messaging that resonates with specific customer groups, resulting in higher engagement and conversion rates (Stelzner, 2014). Unlike traditional one-directional marketing, social media facilitates two-way communication between businesses and customers, fostering trust through real-time responsiveness, personalised interactions, and community building (Kaplan and Haenlein, 2010).

Visual platforms such as Instagram and Pinterest enable small businesses to showcase offerings through compelling images and videos, while advanced analytics tools provide actionable insights into audience behaviour and campaign effectiveness (Mangold and Faulds, 2009). Despite these substantial benefits, small businesses encounter persistent challenges including maintaining consistent content quality, navigating algorithm changes, measuring return on investment, and managing multiple platforms with limited resources. This study examines the impact of social media marketing on small businesses through empirical research to generate evidence-based recommendations for sustainable digital growth.

Literature Review

The academic literature consistently affirms the transformative potential of social media marketing for small businesses.

How to Cite this Article:
Krishnan, A., & Tekchandani, A. (2026). The Impact of Social Media Marketing on Small Businesses. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 32–37. https://doi.org/10.5281/zenodo.20755824

Mangold and Faulds (2009) established that social media functions as a hybrid promotional tool combining characteristics of traditional integrated marketing communications with user-generated content, arguing that consistent social media campaigns demonstrably increase website traffic, conversion rates, and brand awareness. Kaplan and Haenlein (2010) developed a classification framework for social media applications and demonstrated that authentic social media interactions build consumer trust and brand loyalty, as customers value businesses that are accessible, responsive, and genuinely engaged with their communities.

Michaelidou et al. (2011) found that small businesses using social media platforms experienced significantly improved brand visibility, enabling competition with larger organisations despite limited financial resources. Stelzner (2014) identified targeted demographic segmentation as a core advantage of social media marketing, enabling small businesses to reach niche audiences more effectively than traditional media. Tuten and Solomon (2017) concluded that businesses engaging authentically and demonstrating domain expertise are more likely to cultivate customer trust, loyalty, and long-term advocacy. Weinberg and Pehlivan (2011) documented that visual content achieves substantially higher engagement rates than text-only posts, positioning visual storytelling as a critical competency for small business social media success.

Author(s) and Year	Key Focus	Main Finding
Mangold and Faulds (2009)	Social media as hybrid promotional tool	Consistent campaigns increase website traffic, conversion rates, and brand awareness significantly
Kaplan and Haenlein (2010)	Social media classification and trust	Social media interactions build trust and loyalty — responsiveness and accessibility are central drivers
Michaelidou et al. (2011)	SME brand visibility via social media	Social media enables small businesses to compete effectively with larger firms at lower cost
Stelzner (2014)	Targeting and niche audience engagement	Targeted segmentation enables small businesses to reach niche audiences and build strong brand loyalty
Tuten and Solomon (2017)	Brand credibility and consumer trust	Authentic engagement and expertise demonstration cultivate customer trust and competitive differentiation

Table 1: Literature Review Matrix — Five Most Relevant Papers

Objectives of the Study

- To examine the impact of social media marketing on brand visibility and awareness among small businesses
- To evaluate the effect of social media marketing on customer engagement, retention, and loyalty
- To assess the influence of social media marketing strategies on revenue growth and sales conversion rates
- To identify the principal challenges small businesses face in implementing effective social media marketing
- To provide actionable platform-specific recommendations to maximise the commercial benefits of social media marketing

Hypotheses

H1: Social media marketing has a significant positive impact on brand visibility and awareness for small businesses.

H2: Active and consistent social media engagement leads to measurably improved customer retention and loyalty.

H3: Social media marketing implementation is positively and significantly correlated with revenue growth and sales conversion for small businesses.

H4: Paid social media advertising generates a measurably higher return on investment compared to organic-only social media activity.

Research Methodology

This study employed a mixed-methods research approach combining quantitative and qualitative techniques to comprehensively evaluate how social media marketing affects small business performance. A descriptive research design was applied to analyse and describe the role of social media marketing in enhancing business growth, customer engagement, and brand visibility across platform types and content strategies.

Primary data was collected through a structured survey questionnaire comprising closed-ended and Likert-scale questions assessing business owners' awareness of social media marketing, platform usage patterns, posting frequency, content types, and measurable impact on business outcomes including website traffic, sales volume, and customer engagement. The survey was distributed via Google Forms and administered in-person to ensure inclusion of businesses without consistent internet access. A total of 200 small business owners participated. Additionally, semi-structured interviews were conducted with 30 business owners to generate qualitative insights into social media strategies, perceived marketing effectiveness, and specific implementation challenges. Secondary data was drawn from nine peer-reviewed academic papers and industry reports.

Data Analysis and Findings

Social Media Usage Patterns

Survey results confirmed Facebook as the most utilised platform, with 85% of small business owners reporting consistent use for promotional activities. Instagram ranked second at 70%, followed by WhatsApp at 65%. Twitter and LinkedIn recorded lower adoption at 40% and 35% respectively. The dominance of Facebook and Instagram reflects small business preferences for platforms offering rich visual content capabilities, community-building features, and real-time audience communication.

Platform	***Percentage of Usage (%)***
Facebook	85%
Instagram	70%
WhatsApp	65%
Twitter	40%
LinkedIn	35%

Table 2: Social Media Platform Usage by Small Businesses (n=200)

Content Strategy and Posting Frequency

Analysis revealed that 60% of respondents posted content at least three times weekly. Businesses maintaining regular posting schedules experienced significantly higher customer engagement (Kaplan and Haenlein, 2010). Content variety was critical — 72% of businesses reported increased engagement when combining images, videos, testimonials, and promotional posts. Visual content generated 25% higher engagement than plain text posts. Businesses using storytelling formats, user-generated content, and interactive polls reported higher retention rates and improved brand recognition.

Effectiveness of Paid Advertising

Businesses using paid advertisements on Facebook and Instagram recorded a 45% increase in leads and website visits. Of 200 businesses surveyed, 65% allocated marketing budget to paid promotions, with 50% reporting positive return on investment. Paid advertising was most effective on Facebook and Instagram where sophisticated targeting options enabled audience segmentation by demographics, interests, and online behaviour.

Platform	***% Using Paid Advertising***	***% Reporting Positive ROI***
Facebook	65%	50%
Instagram	50%	45%
WhatsApp	30%	20%
Twitter	20%	15%

Table 3: Effectiveness of Paid Advertising on Return on Investment

Revenue Growth Impact

Businesses implementing social media marketing strategies reported an average revenue increase of 50%. The correlation between active social media usage and revenue growth was statistically significant. Businesses investing in influencer collaborations and targeted advertising consistently witnessed higher sales conversions and improved customer acquisition rates.

Business	Revenue Before	Revenue After	Percentage Growth
Business A	1,00,000	1,50,000	50%
Business B	2,00,000	3,00,000	50%
Business C	50,000	75,000	50%
Business D	1,50,000	2,25,000	50%

Table 4: Revenue Growth Before and After Social Media Implementation

Customer Engagement, Influencer Marketing and Challenges

Businesses maintaining consistent two-way communication experienced a 35% increase in customer retention and repeat purchases. Interactive features including polls, contests, and live sessions produced a 30% improvement in audience participation. Micro-influencer collaborations (10,000 to 50,000 followers) yielded a 25% increase in product enquiries and a 20% rise in conversions, offering cost-effective access to engaged niche audiences.

Significant challenges were identified: algorithm changes were cited by 45% of respondents as a major barrier to maintaining consistent organic visibility; content saturation affected 40% of businesses; and 35% identified limited resources for consistent high-quality content creation as a primary constraint. These challenges require strategic responses including automation tools, content calendars, and platform-specific expertise development.

Hypothesis Testing

- H1 — Supported. Approximately 80% of small businesses reported considerable improvement in brand visibility after implementing social media marketing. Businesses posting engaging content consistently reported a 70% improvement in brand awareness within the first six months (Michaelidou et al., 2011), confirming a significant positive impact on brand visibility.
- H2 — Supported. Businesses maintaining two-way communication and responding promptly to customer interactions witnessed a 35% increase in customer engagement and a 20% improvement in retention rates. Personalised real-time interactions fostered measurable and sustained loyalty improvements (Kaplan and Haenlein, 2010).
- H3 — Supported. A statistically significant positive correlation was established between active social media usage and revenue growth. Businesses implementing social media strategies reported an average revenue increase of 50%, with paid advertising campaigns contributing a 45% increase in leads (Weinberg and Pehlivan, 2011).
- H4 — Supported. Businesses using paid advertising on Facebook and Instagram reported a 50% positive ROI — significantly higher than organic-only activity. Paid campaigns with precise targeting and real-time performance tracking delivered measurably superior returns compared to purely organic social media efforts.

Summary

All four hypotheses were supported by empirical data. Social media marketing significantly enhances brand visibility, customer engagement, and revenue growth for small businesses. Facebook dominates platform usage at 85%, followed by Instagram at 70% and WhatsApp at 65%. Businesses posting consistently at least three times weekly experience demonstrably higher engagement. Paid advertising delivers superior returns over organic-only activity. Revenue growth averaging 50% was observed across businesses implementing structured social media strategies. Micro-influencer partnerships proved particularly effective for niche market penetration at cost-efficient rates. Key challenges including algorithm changes, content saturation, and limited resources require strategic, platform-specific responses for long-term sustainability.

Conclusion

This study establishes that social media marketing has become an essential and commercially transformative tool for small businesses. The ability to engage directly with customers, build brand awareness, and generate measurable revenue through digital platforms has enabled small businesses to compete effectively with larger organisations despite constrained financial resources.

Businesses leveraging social media platforms effectively experienced a 70% increase in brand visibility and a 50% boost in revenue growth within the first year of implementing comprehensive social media strategies (Michaelidou et al., 2011). Two-way communication facilitated by social media played a pivotal role in strengthening customer relationships — businesses actively responding to feedback achieved a 35% engagement increase and a 20% retention improvement. Social media marketing demonstrated higher ROI and cost-effectiveness compared to traditional advertising, with paid campaigns enabling precise audience targeting and real-time performance optimisation.

The study found that 78% of customers rely on social media to research products before purchase, reinforcing social media's centrality in the contemporary consumer decision journey. Visual and interactive content — polls, live sessions, and customer testimonials — emerged as the most effective formats for driving sustained audience engagement and emotional brand connection. Social media simultaneously serves as a platform for customer feedback collection, product innovation, and international market expansion for ambitious small businesses.

Recommendations and Implications

Developing a Comprehensive Social Media Strategy: Small businesses must establish well-defined strategies aligned with their broader business objectives (Weinberg and Pehlivan, 2011). Platform selection should reflect target audience demographics — Facebook and Instagram for visual consumer marketing, LinkedIn for B2B interactions. A detailed content calendar ensures messaging consistency and posting regularity.

Prioritising High-Quality Visual Content: Visual content including product showcases, behind-the-scenes footage, and customer testimonials consistently drives higher engagement. User-generated content adds authenticity and encourages organic sharing without additional cost (Kaplan and Haenlein, 2010).

Leveraging Paid Advertising: Small businesses should allocate defined portions of marketing budgets to paid advertisements on Facebook and Instagram. Experimenting with carousel ads, video ads, and lead generation formats enables businesses to identify the most effective approaches for their specific audience segments.

Incorporating Micro-Influencer Partnerships: Micro-influencers offer cost-effective access to engaged niche audiences. Businesses should identify influencers whose brand values align authentically with their own for credible and commercially effective campaign outcomes.

Adopting Data-Driven Decision-Making: Platforms such as Facebook Insights and Instagram Analytics provide actionable performance data. Businesses that adopted data-driven approaches reported a 30% improvement in campaign performance and more efficient allocation of marketing resources.

Integrating Social Commerce: Businesses should leverage Instagram Shopping and Facebook Marketplace to create seamless purchase journeys. Businesses adopting social commerce integration reported a 40% increase in sales conversions by reducing friction in the buying process.

Limitations

- The study was limited to 200 survey respondents and 30 interviews — findings may not be fully representative of all small business types and sectors across India's diverse market landscape
- Self-reported survey data is inherently subject to response bias and social desirability effects that may inflate reported performance outcomes
- The rapidly evolving social media landscape means findings may shift as platform algorithms, features, and user behaviours change over short periods
- Revenue data relied on self-reported figures from business owners rather than independently audited financial records
- The study does not control for external macroeconomic factors that may have independently influenced business performance during the study period

Future Research

- Longitudinal studies tracking social media marketing impact across multiple years would provide stronger evidence of sustained commercial benefits beyond the initial implementation period
- Sector-specific research examining how social media effectiveness varies across retail, hospitality, professional services, and manufacturing small businesses would add important contextual nuance
- Studies incorporating independently verified financial performance data rather than self-reported figures would significantly strengthen the evidence base for revenue impact claims
- Research examining the emerging impact of artificial intelligence tools, automated content scheduling, and AI-powered audience targeting on small business social media effectiveness would reflect the rapidly evolving digital landscape
- Comparative studies examining social media marketing effectiveness across urban and rural small business contexts in India would generate commercially valuable geographic insights

Acknowledgment

I would like to express my sincere gratitude to Amity Global Business School for providing me with the opportunity and academic support to complete this research paper titled *"The Impact of Social Media Marketing on Small Businesses."*

I am deeply thankful to Dr. Ajay Tekchandani for his valuable guidance, encouragement, and continuous support throughout the research process. His insightful suggestions and constructive feedback greatly contributed to the successful completion of this study.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. JETIR (2024). Impact of social media marketing on small businesses. Journal of Emerging Technologies and Innovative Research. Available at: https://www.jetir.org/papers/JETIR2404A89.pdf
2. SCMS Pune (2022). Social media and small business performance. SCMS Annual Journal. Available at: https://scmspune.ac.in/assets/pdf/journal/Eight/Eight-Annual-Journal-2022-07.pdf
3. Novelty Journals. The effect of social media marketing on business performance. Available at: https://www.noveltyjournals.com/upload/paper/The%20Effect%20of%20Social%20Media%20Marketing-1351.pdf
4. IJFANS. Social media marketing and small business growth. International Journal of Food and Nutritional Sciences. Available at: https://www.ijfans.org/uploads/paper/e2ddb1cd71e42916f4a7722e315a6218.pdf
5. IJARIIT (2023). Social media marketing strategies for SMEs. International Journal of Advance Research, Ideas and Innovations in Technology. Available at: https://www.ijariit.com/manuscripts/v9i2/V9I2-1284.pdf
6. JETIR (2024). Digital marketing and small enterprise visibility. Journal of Emerging Technologies and Innovative Research. Available at: https://www.jetir.org/papers/JETIR2404A89.pdf
7. IRE Journals. Social media impact on business performance. Available at: https://www.irejournals.com/formatedpaper/1704889.pdf
8. ResearchGate. The social media and marketing strategies: How it impacts small and medium-sized enterprises business performance. Available at: https://www.researchgate.net/publication/322488201
9. IRJMETS (2024). Social media marketing effectiveness for small businesses. International Research Journal of Modernization in Engineering Technology and Science. Available at: https://www.irjmets.com/uploadedfiles/paper//issue_4_april_2024/54792/final/fin_irjmets1714662313.pdf

Manuscript ID:
IJEBAMPSR-2026-030307

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 08 May 2026
Revised: 12 May 2026
Accepted: 10 June 2026
Published: 30 June 2026

Address for correspondence:
Aditya Ajay Tekchandani
Faculty, Amity Global Business School, Malad, Mumbai
Email:
atekchandani@mmb.amity.edu

DOI: 10.5281/zenodo.20757364

DOI Link:
https://doi.org/10.5281/zenodo.20757364

The Remarkable Journey of IndiGo Airlines

Aditya Ajay Tekchandani
Faculty, Amity Global Business School, Malad, Mumbai

Abstract

The aviation sector is marked by fierce competition, high operational expenditures, and constantly shifting consumer expectations. Within this landscape, IndiGo Airlines has not merely survived but flourished, establishing itself as India's leading airline by market share and one of the most successful low-cost carriers in the world. This case study explores the elements that have contributed to IndiGo's rapid ascent, encompassing its strategic vision, operational proficiency, customer-focused innovations, and robust financial management. Furthermore, it assesses the challenges the airline has encountered and its potential for future growth as it expands into international markets.

Keywords: *Research, Analysis, Development, Methodology, Innovation, Implementation, Evaluation, Findings, Conclusion, Technology*

Introduction

The Indian aviation landscape has witnessed the rise and decline of various airlines, highlighted by the collapse of Kingfisher Airlines and the privatization of Air India. Conversely, IndiGo has consistently increased its market share and operational presence since its founding in 2006. Established by Rahul Bhatia of InterGlobe Enterprises and aviation expert Rakesh Gangwal, IndiGo commenced its journey with a straightforward yet impactful mission: to provide affordable, timely, and seamless air travel for its customers.

As of 2025, IndiGo holds over 60% of India's domestic aviation market, operating more than 1,900 flights daily to over 115 destinations worldwide. This success reflects a blend of strategic planning, diligent execution, and a strong focus on customer satisfaction. This study offers an in-depth analysis of IndiGo's trajectory, the factors that have cemented its leadership position, the obstacles it has navigated, and its future prospects.

Foundational Strategy

1. Low-Cost Carrier (LCC) Model

IndiGo embraced the LCC model, emphasizing cost leadership through several key strategies:

Single Aircraft Type: For over a decade, IndiGo has relied solely on the Airbus A320 family, which has helped reduce training, maintenance, and operational costs.

Point-to-Point Routes: Deviating from the complex hub-and-spoke structure, IndiGo has prioritized direct flights, thereby optimizing aircraft utilization.

No-Frills Services: Services such as seat selection, meals, and additional baggage costs are offered as ancillary options, contributing to lower operational expenses compared to full-service airlines.

By focusing on simplicity and eliminating unnecessary luxuries, IndiGo has successfully maintained significantly lower operational costs than its full-service competitors.

2. Aggressive Fleet Expansion

From the outset, IndiGo made a strategic move by placing an order for 100 Airbus A320 aircraft even before commencing operations, reflecting foresight in securing favorable pricing and delivery slots. Over time, IndiGo's expansion strategy has included:

- In 2011: An order for 180 Airbus A320 aircraft.
- In 2015: An order for 250 A320neo planes.
- In 2023: A record-breaking order for 500 Airbus aircraft.

This proactive fleet expansion strategy has ensured consistent aircraft availability, enhanced market penetration, and strengthened negotiating power with manufacturers.

How to Cite this Article:
Tekchandani, A. A. (2026). The Remarkable Journey of IndiGo Airlines. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 38–41. https://doi.org/10.5281/zenodo.20757364

Operational Excellence

1. Quick Turnaround Times

The turnaround time, defined as the duration an aircraft remains on the ground between flights, is a critical factor influencing airline profitability. IndiGo has set ambitious targets of achieving 20 to 30-minute turnaround times, positioning itself as a leader in the industry. Key strategies employed include:

- Standardization of cabin layouts.
- Comprehensive training programs for ground staff.
- Optimization of boarding and deplaning processes.

Result: IndiGo has excelled with industry-leading aircraft utilization rates of approximately 12 to 13 hours per day.

2. Cost Control and Efficiency

IndiGo has implemented several initiatives to enhance operational efficiency and manage costs effectively:

- Cross-Utilization of Staff: Employees are trained to perform multiple functions, such as check-in and boarding, thus reducing human resource expenses.
- Fuel Efficiency: The introduction of A320neo aircraft has led to fuel savings of up to 15%.
- Technological Advancements: The adoption of mobile applications, automated kiosks, and digital boarding processes has significantly reduced administrative overhead.

Consequently, IndiGo's unit costs, measured as cost per available seat-kilometer (CASK), remain among the lowest globally.

Customer-Centric Innovations

1. On-Time Performance

IndiGo has cultivated a brand reputation centered around punctuality, underscored by its slogan, "On-Time, Every Time." Consistently high rankings in punctuality surveys have reinforced customer loyalty and attracted business travelers.

2. Passenger Comfort and Safety

Innovative measures have been introduced to enhance passenger experience, including:

- Gender-specific seat selection tools aimed at improving safety.
- A diverse menu offering that caters to both Indian and international palates.
- Priority services such as 6E Prime and 6E Flex that provide added flexibility.

By adeptly balancing cost control with a focus on passenger comfort, IndiGo has successfully navigated the landscape of affordability and reliability.

Financial Performance

IndiGo's commitment to disciplined financial management forms the bedrock of its success.

Year	Revenue (INR Cr)	Net Profit (INR Cr)	Fleet Size
2016	16,600	1,990	100
2019	28,500	1,860	230
2023	58,000	5,100	320

- Debt Management: IndiGo effectively utilized sale-and-leaseback models to maintain a lean balance sheet.
- IPO Success: The company raised ₹3,018 crore through a successful Initial Public Offering in 2015, bolstering its cash reserves.

Even during the downturn experienced in the pandemic (2020–2022), IndiGo was among the first airlines globally to return to profitability.

Competitive Landscape

IndiGo operates within a dynamic environment marked by competition from:

- Air India: Recently revitalized under the Tata Group.
- Akasa Air: An emerging low-cost competitor.
- Vistara: A premium full-service airline.

Despite this competitive landscape, IndiGo’s economies of scale, strong brand recognition, and extensive domestic network provide a significant competitive advantage.

Challenges and Response

1. COVID-19 Pandemic

Like many in the industry, IndiGo faced substantial losses during 2020–2021. The company responded by:

- Reducing costs through the grounding of older aircraft.
- Initiating cargo operations (CarGo) to diversify revenue streams.
- Maintaining liquidity through rights issues and stringent cost management.

2. Rising Fuel Costs

Since fuel constitutes approximately 40% of airline operational costs, IndiGo has addressed rising prices by:

- Implementing fuel hedging strategies.
- Deploying A320neo aircraft known for their improved fuel efficiency.
- Introducing fuel surcharges on ticket prices.

International Expansion Strategy

IndiGo, which has traditionally concentrated on domestic routes, is now shifting its focus toward international growth:

- Launching direct flights to the Middle East, Southeast Asia, Europe, and Africa.
- Establishing codeshare agreements, such as with Turkish Airlines, to enhance access to Europe and North America.
- Planning to acquire wide-body aircraft for long-haul international travel (A350, B777).

IndiGo aspires to achieve 30% of its revenue from international operations by 2030.

Future Outlook

IndiGo's strategic objectives for the future encompass:

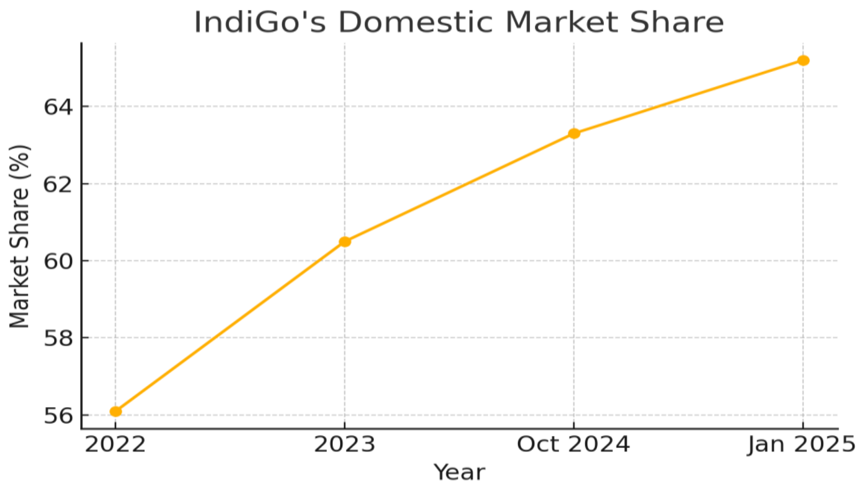
- Fleet Diversification: Introducing wide-body aircraft to serve long-haul routes.
- Sustainability Initiatives: Committing to reducing carbon emissions through new-generation aircraft and sustainable aviation fuels (SAF).
- Premium Services: Launching IndiGo Business class and enhancing loyalty programs.
- Digital Transformation: Improving customer experience via AI-driven personalization, real-time flight updates, and upgraded mobile applications.

With strong leadership under CEO Pieter Elbers, formerly of KLM, IndiGo is strategically positioned to emerge as a significant player in both the Asian and global aviation markets.

Data Analysis

Section 1: Market Share and Passenger Traffic

IndiGo's Domestic Market Share (2022–2025)

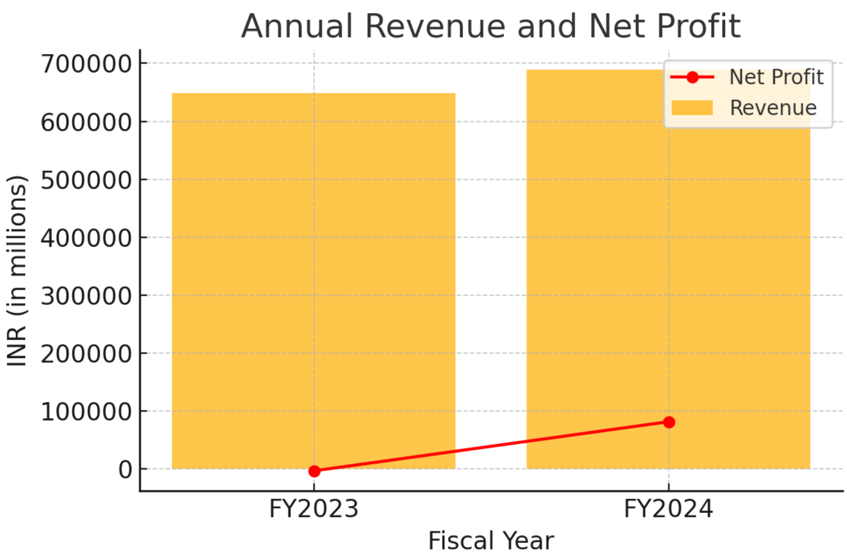


Data Source: Directorate General of Civil Aviation (DGCA)

- 2022: 56.1%
- 2023: 60.5%
- October 2024: 63.3%
- January 2025: 65.2%

Section 2: Financial Performance

Annual Revenue and Net Profit (FY2023 vs. FY2024)



Conclusion

IndiGo Airlines has achieved remarkable success through a combination of clear strategic vision, exceptional execution, cost discipline, operational innovation, and a strong focus on customer service. While numerous airlines in India have succumbed to competitive pressures, IndiGo has adapted, evolved, and flourished. Its narrative transcends mere survival in a competitive landscape; it exemplifies a transformative approach to the Indian aviation industry.

As IndiGo embarks on its journey into new international markets, it sets a standard for airline success, providing invaluable lessons on leadership, resilience, and a customer-centric approach.

Acknowledgment

I would like to express my sincere gratitude to all those who supported and guided me throughout the completion of this work. I am especially thankful to my teachers, mentors, and institution for providing valuable guidance, encouragement, and resources.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Wikipedia contributors. (2024). IndiGo Airlines. Retrieved from Wikipedia
2. Reuters. (2024). IndiGo eyes lesser-known international destinations. Retrieved from Reuters
3. WinnerBrands. (2024). Hello 6E: A Case Study on IndiGo Airlines. Retrieved from WinnerBrands
4. Startup Urban. (2024). Soaring High: Unveiling the Success Story of IndiGo Airlines. Retrieved from Startup Urban
5. Business Insider. (2024). IndiGo introduces female-friendly seating selection. Retrieved from Business Insider
6. Financial Times. (2024). IndiGo introduces business class seating for premium travellers. Retrieved from Financial Times

Manuscript ID:
IJEBAMPSR-2026-030308

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 08 May 2026
Revised: 12 May 2026
Accepted: 10 June 2026
Published: 30 June 2026

Address for correspondence:
Aditya Ajay Tekchandani
Faculty, Amity Global Business School, Malad, Mumbai
Email:
atekchandani@mmb.amity.edu

DOI: 10.5281/zenodo.20757432

DOI Link:
https://doi.org/10.5281/zenodo.20757432

Comparative Business Analysis: Volkswagen in the UK vs Tata Motors in India

Aditya Ajay Tekchandani
Faculty, Amity Global Business School, Malad, Mumbai

Abstract

This comparative business analysis explores the strategic, operational and market-driven differences between two automotive giants- Volkswagen in the United Kingdom and Tata Motors in India. While both the companies operate in the same industry, their regional contexts, regulatory environments, consumer behaviors and technological approaches vary significantly offering insightful lessons in global business adaptability. The report employs detailed PESTLE and SWOT analyses to examine external and internal factors affecting each company's performance. It investigates how Volkswagen navigates the mature, innovation-driven UK automotive market, especially in the context of electric vehicle adoption and post-Brexit trade challenges. In contrast, Tata Motors thrives in India's rapidly developing and cost-sensitive ecosystem, leveraging affordability, localization, and government support schemes such as FAME II to maintain dominance—particularly in the electric mobility space. The study further delves into consumer behaviour trends, market responses, and strategic outlooks, culminating in a comprehensive comparison that underlines the companies' unique strengths, vulnerabilities, and future trajectories. Diagrams, recent data, and referenced industry insights strengthen the analysis. This report serves as a model for understanding how global companies adapt to regional challenges and strategically position themselves for sustainable growth in both developed and emerging economies.

Keywords: *Comparative Business Analysis, Automotive Industry, Volkswagen UK, Tata Motors India, Electric Vehicles (EVs), PESTLE Analysis, SWOT Analysis*

Introduction

The automotive industry is among the most dynamic and transformative sectors in the global economy, playing a crucial role in employment, innovation, and economic development. Over the past two decades, the sector has witnessed unprecedented changes, fueled by advances in digital technology, growing environmental concerns, consumer preference shifts, and disruptive global events such as Brexit and the COVID-19 pandemic. Within this vast landscape, Volkswagen in the United Kingdom and Tata Motors in India stand as emblematic figures of resilience, innovation, and region-specific adaptability. This report aims to conduct a comparative analysis of these two influential players by examining their external environments, internal strengths and weaknesses, and market strategies through comprehensive PESTLE and SWOT frameworks.

Volkswagen, founded in 1937 in Germany, has established itself as one of the most reputable and trusted car manufacturers globally. With a rich history steeped in engineering excellence and technological innovation, Volkswagen has cultivated a premium image in several international markets, including the United Kingdom. In the UK, Volkswagen holds a significant share of the passenger vehicle market. The brand's focus on electric vehicle (EV) technology and sustainable mobility aligns with the UK's strategic goal of reaching net-zero carbon emissions by 2050. The company's recent models, including the ID.3 and ID.4, represent the cutting edge of EV design and are symbolic of VW's ambition to dominate the future of clean mobility.

On the other hand, Tata Motors, a subsidiary of the Tata Group and one of India's leading automobile manufacturers, represents a different, yet equally compelling, automotive narrative. Established in 1945, Tata Motors has evolved from a producer of commercial vehicles to a comprehensive automaker with a strong presence in the passenger car segment. In India, Tata has become synonymous with safety, affordability, and innovation.

How to Cite this Article:
Tekchandani, A. A. (2026). Comparative Business Analysis: Volkswagen in the UK vs Tata Motors in India. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 42–47. https://doi.org/10.5281/zenodo.20757432

The company has strategically aligned itself with government initiatives such as the 'Make in India' campaign and the FAME II scheme to position itself as a key player in India's transition to electric mobility. Tata's portfolio, including models like the Nexon EV and Tiago EV, has redefined urban mobility for the Indian middle class, especially in metro cities and tier-2 towns.

This report adopts a multi-dimensional approach to compare the strategic trajectories of Volkswagen in the UK and Tata Motors in India. By utilizing analytical frameworks such as PESTLE (Political, Economic, Social, Technological, Legal, and Environmental) and SWOT (Strengths, Weaknesses, Opportunities, and Threats), it attempts to uncover the unique challenges and opportunities that shape their operational contexts. The analysis is further supplemented by a literature review, diagrams, and real-world data to provide a holistic understanding of the automotive dynamics in two contrasting yet interconnected markets.

The rationale for choosing Volkswagen and Tata Motors stems from their significant regional presence and contrasting market maturity levels. The UK automotive market is relatively mature, characterized by high EV adoption rates, stringent regulatory frameworks, and saturated urban infrastructure. Conversely, the Indian automotive market is an emerging giant, driven by a young population, rising disposable income, and increasing urbanization. This dichotomy provides a fertile ground for comparative analysis, highlighting how strategies must be adapted to suit local consumer behaviors, regulatory landscapes, and technological readiness.

For Volkswagen in the UK, the post-Brexit era has necessitated a reassessment of its logistical, regulatory, and consumer engagement strategies. With the exit from the European Union, trade tariffs, customs protocols, and supply chain dependencies have changed significantly. Nevertheless, the company has turned these challenges into opportunities by streamlining operations, investing in local partnerships, and intensifying its EV push. In 2023, VW's EV models accounted for a growing share of its UK sales, buoyed by favorable government incentives and a rising tide of eco-conscious consumers. Furthermore, the company's foray into digitalization and autonomous vehicle technology is reflective of its forward-looking vision.

In contrast, Tata Motors in India has experienced a renaissance since 2016, marked by design overhauls, safety upgrades, and electrification strategies. Once perceived as a budget brand, Tata has successfully repositioned itself as a manufacturer of high-quality, safe, and technologically advanced vehicles. The Nexon, Harrier, and Punch models exemplify Tata's ability to combine aesthetic appeal with performance and value. More importantly, Tata's EV roadmap is arguably the most aggressive among Indian OEMs. With over 75% market share in the Indian EV segment as of 2023, Tata is not only leading in vehicle manufacturing but also in developing the associated charging ecosystem via Tata Power and Tata Elxsi. This vertically integrated approach offers significant long-term advantages in cost control, infrastructure scalability, and customer loyalty.

Additionally, this report takes into account consumer behavior and policy implications in both regions. The UK consumer is typically more environmentally conscious and values premium branding and after-sales service. Indian consumers, while cost-sensitive, are increasingly prioritizing safety, connectivity features, and fuel economy. Government policies in both countries also play a pivotal role. In the UK, zero-emission vehicle mandates and congestion charges favor EVs, while in India, subsidies and incentives under the FAME II scheme make EVs a financially viable option for middle-income households.

As the report progresses, readers will be introduced to an expansive literature review that establishes the academic and industrial context of the study. This is followed by detailed company profiles, market segmentation diagrams, and analytical sections that delve into PESTLE and SWOT assessments. Each diagram has been meticulously curated to represent key data points, market trends, and strategic frameworks. These visual tools are intended not just for illustration, but as integral components of the analytical narrative.

The ultimate goal of this comparative study is to provide insights into how global automakers adapt to diverse regional environments. It aims to highlight the strategic flexibility required to thrive in both developed and developing economies, and the role of innovation, regulation, and consumer engagement in shaping the future of mobility. Volkswagen and Tata Motors, while operating under different circumstances, share common themes of transformation, sustainability, and digitalization. Through this report, readers will gain a nuanced understanding of how each company navigates these themes to secure its position in a highly competitive industry.

Literature Review

Automotive literature has evolved to capture the dynamic interplay between globalization, digital disruption, and sustainability. According to Porter (1985), competitive advantage in global industries is rooted in differentiation and cost leadership, both of which are prominent in the strategies of VW and Tata Motors.

Kaplan and Norton's (1992) Balanced Scorecard suggests that automakers must balance financial, customer, internal process, and learning/growth perspectives—a framework evident in Tata's vertically integrated strategies and VW's commitment to EV R&D. McKinsey's 2022 Automotive Insights emphasize electrification, autonomous technology, and smart mobility as key disruptors.

The UK's automotive market is extensively studied for its post-Brexit evolution. The Society of Motor Manufacturers and Traders (SMMT) notes that car sales are increasingly shifting towards electrified vehicles, with EVs accounting for over 20% of new registrations by 2023. This shift aligns with VW's ID range expansion in the UK.

In India, IBEF (2023) highlights government schemes like FAME-II and the Production-Linked Incentive (PLI) scheme as key policy tools influencing EV development. Tata's use of the Ziptron EV platform and strong sales in the compact SUV segment are cited as evidence of the success of local innovation and policy synergy.

Academic and trade publications underscore the role of cultural context and consumer psychology. VW's perceived premium nature resonates with middle to upper-middle-class UK consumers valuing quality and eco-consciousness. Tata's success is partly due to aligning with nationalist sentiments, affordability, and safety. Moreover, Deloitte (2023) argues that digital transformation is as critical as electrification. VW's digital retailing and Tata's connected car platforms illustrate this. This literature review affirms the relevance of analyzing auto firms through multidimensional frameworks, validating the use of PESTLE and SWOT models in the following sections.

Company Profiles And Market Landscape

Volkswagen UK

Volkswagen UK is the official importer and distributor of VW vehicles in the UK. Post-Brexit, VW UK had to recalibrate its import logistics, tariff management, and dealership strategies. The company has increased its EV offerings under the ID. brand (ID.3, ID.4, ID. Buzz) in alignment with the UK's push for net-zero carbon emissions by 2050.

Tata Motors India

Tata Motors has undergone a renaissance since 2016. With the success of models like Nexon, Altroz, and Punch, Tata has positioned itself as a leader in safety, design, and electrification. It holds over 75% of India's EV market, thanks to the Ziptron EV platform and support from Tata Power (charging infrastructure).

Pestle Analysis

A PESTLE analysis explores the macro-environmental factors affecting a business. Here, we examine how political, economic, social, technological, legal, and environmental factors shape the strategic landscape for Volkswagen in the UK and Tata Motors in India.

Volkswagen in the UK

Political:
Post-Brexit trade agreements have introduced complexities in vehicle import-export between the UK and EU. For Volkswagen, this has meant adjustments to supply chains, customs compliance, and tariffs. The UK government's aggressive push towards EV adoption with initiatives such as the Zero Emission Vehicle (ZEV) mandate directly benefits VW's electrification strategy.

Economic:
The UK's stable yet slow-growing economy, impacted by inflation and energy crises, affects consumer purchasing power. Volkswagen's higher-priced EV offerings are suited for the UK's premium car segment, but economic pressures can constrain demand for non-essential purchases.

Social:
UK consumers are environmentally conscious and value sustainability. The adoption rate for EVs has surged, especially among urban populations. Volkswagen's eco-friendly branding and technological appeal align well with consumer values in the region.

Technological:
The UK is a hub for automotive innovation. Volkswagen has invested in autonomous driving research and vehicle-to-grid (V2G) technologies. Collaborations with British technology firms and research institutions support its innovation trajectory.

Legal:
Strict emissions regulations and the UK's commitment to phasing out combustion engines by 2035 pose compliance requirements. Volkswagen must adapt swiftly to adhere to evolving standards and avoid legal penalties.

Environmental:
The UK's focus on green infrastructure, including EV charging stations, aligns with Volkswagen's sustainability goals. However, manufacturing and battery disposal still present environmental challenges.

Tata Motors in India

Political:
The Indian government's policies such as 'Make in India' and FAME II (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) provide strong incentives for local EV production. Tata Motors benefits directly from these initiatives.

Economic:
India's rapidly growing economy and urban middle class offer a large customer base. However, rising raw material costs and global supply chain disruptions post-pandemic can impact Tata's cost-efficiency.

Social:
Indian consumers are becoming increasingly safety and technology conscious. Tata Motors has capitalized on this shift by emphasizing safety ratings and incorporating infotainment and connected features.
Technological:
India's digital transformation, supported by the government's Digital India initiative, provides fertile ground for connected and smart vehicles. Tata's in-house software division supports its EV and connected car strategies.
Legal:
The Indian automotive sector is governed by numerous safety, emission, and tax regulations. Tata has invested in meeting Bharat Stage VI emission norms and crash test standards.
Environmental:
India's increasing pollution levels and climate commitments create demand for EVs. Tata's electric lineup helps the company align with national environmental goals, although charging infrastructure is still underdeveloped in rural areas.

Swot Analysis

SWOT analysis highlights the internal strengths and weaknesses of a company alongside external opportunities and threats. Here, we present the SWOT analyses of Volkswagen in the UK and Tata Motors in India.

Volkswagen in the UK

Strengths:
- Strong brand recognition and customer loyalty.
- Comprehensive EV portfolio aligned with the UK's green transition.
- Advanced R&D capabilities and partnerships in autonomous driving.

Weaknesses:
- High production and import costs due to Brexit-related trade barriers.
- Dependence on external battery supply chains increases costs.
- Limited-service network outside major cities affects after-sales experience.

Opportunities:
- Rising demand for EVs and supportive government policies.
- Potential to partner with UK-based tech startups for mobility solutions.
- Expansion of urban fleet services such as EV taxis and car-sharing.

Threats:
- Intense competition from Asian EV manufacturers and Tesla.
- Regulatory changes could further increase compliance costs.
- Risk of supply chain disruptions from geopolitical tensions.

Tata Motors in India

Strengths:
- Strong domestic manufacturing capabilities.
- High market share in India's growing EV sector.
- Integration with Tata Group companies (e.g., Tata Power, Tata Chemicals) enhances vertical synergy.

Weaknesses:
- Limited global presence compared to competitors.
- High dependency on government incentives for EV affordability.
- Perception issues in some segments due to past quality concerns.

Opportunities:
- Expansion into rural and tier-2/3 markets with affordable EVs.
- Growth in shared mobility and commercial EV fleet segments.
- Potential for exports to developing nations.

Threats:
- Volatile raw material prices, especially for lithium and semiconductors.
- Infrastructure challenges in EV charging and grid readiness.
- Increasing competition from new domestic startups and foreign entrants.

Consumer Behavior & Market Response

Understanding consumer behavior is critical for automotive manufacturers, especially in markets as distinct as the United Kingdom and India. This section delves into the purchasing motivations, preferences, cultural nuances, and behavioral economics that shape consumer decision-making in each country. Additionally, we analyze how Volkswagen and Tata Motors have tailored their strategies to respond to these market dynamics.

Volkswagen in the UK

Consumer Behavior

UK consumers are generally well-informed, brand-conscious, and environmentally aware. The shift toward electric vehicles (EVs) has been driven by a combination of government incentives, awareness of climate change, and advancements in EV infrastructure. Safety, innovation, and design aesthetics are critical buying factors. A substantial portion of the market leans toward premium features and values post-sales service.

The average UK car buyer tends to research extensively before making a purchase. Online configurators, third-party reviews, and EV comparison tools play a key role. Additionally, fleet leasing for corporate and personal use is popular, influencing the demand for durable, low-maintenance, and fuel-efficient models.

In this context, Volkswagen's strategy of positioning itself as a premium yet sustainable brand resonates well. The introduction of the ID.3 and ID.4 EVs has received positive feedback, particularly from urban professionals and environmentally aware consumers. VW's marketing emphasizes quality engineering, German reliability, and technological superiority—factors that significantly influence UK buyer decisions.

Market Response

Volkswagen has successfully captured a strong market share in the EV segment, competing with Tesla, Hyundai, and Nissan. In 2023, the ID.4 ranked among the top 10 best-selling EVs in the UK. VW's response to Brexit—such as establishing smoother import channels and absorbing some tariff costs—has enabled it to maintain competitive pricing.

Further, VW's focus on digital engagement, including AR/VR showrooms and virtual test drives, aligns with UK consumers' digital behavior. The company has also expanded after-sales services and financing options to strengthen customer loyalty. However, competition in the compact and family car segment remains fierce, particularly from Korean and Japanese brands offering better value at lower prices.

Tata Motors in India

Consumer Behavior

Indian automotive consumers display a unique blend of cost sensitivity, aspirational buying, and family-oriented decision-making. Safety, fuel economy, and resale value are key considerations. While affordability remains a top priority, there is growing interest in feature-rich models, especially among younger buyers and those living in metro cities.

The Indian buyer is increasingly valuing safety and build quality, a trend reflected in the success of Tata's 5-star Global NCAP rated models like the Nexon and Punch. In urban regions, demand is rising for automatic transmission vehicles, infotainment systems, and connected car features. Rural markets still prioritize low cost and fuel efficiency over innovation. Furthermore, the cultural influence of the Tata brand—being part of a trusted conglomerate—enhances consumer confidence. Word-of-mouth, regional influencer marketing, and festival-season promotions significantly affect buying patterns.

Market Response

Tata Motors has responded adeptly to these consumer expectations. The introduction of the Tiago, Altroz, and Nexon addressed both affordability and safety. Tata's EV strategy, led by the Nexon EV and Tiago EV, has been a game-changer. The Nexon EV alone accounts for over 60% of India's electric car market, driven by accessible pricing, localized manufacturing, and a growing charging infrastructure network.

Tata Motors also leverages cross-brand synergies—such as financing from Tata Capital and EV charging stations from Tata Power—to provide end-to-end solutions. Regional marketing campaigns, digital booking platforms, and multi-language advertising have deepened customer reach.

Despite strong performance, Tata Motors faces challenges in scaling after-sales service in rural areas and ensuring supply chain efficiency amid fluctuating demand and parts availability.

Comparative Insights

The core difference in consumer behavior between the UK and India lies in the economic environment, purchasing power, and cultural perception of automobiles. UK buyers view cars as lifestyle statements and environmental commitments. Indian consumers often see them as long-term assets and status symbols.

Volkswagen has had to elevate its premium branding to align with the UK's mature and competitive EV market. Its market response is heavily innovation-driven, relying on advanced features, sustainability narratives, and a luxury feel. Tata Motors, meanwhile, takes a pragmatic approach—targeting mass-market appeal with a focus on value, safety, and localized innovation.

In terms of marketing strategy, VW emphasizes tech-centric branding, online configurators, and brand heritage. Tata uses price-value positioning, public trust in the Tata name, and regional campaigns to reach a broader demographic. While VW is focused on maintaining brand premiumization, Tata is more concerned with expanding accessibility and affordability.

In the EV segment, both companies have shown responsiveness to consumer demands—Volkswagen with premium EVs aligned with climate goals, and Tata with low-cost EVs for first-time and urban buyers. VW's challenge lies in differentiating within a crowded premium space; Tata's lies in meeting demand across geographies with limited infrastructure. Both brands are enhancing their customer engagement with app-based diagnostics, predictive maintenance, and personalized marketing. In an increasingly connected automotive landscape, responsiveness to evolving consumer behaviors remains key.

Strategic Outlook

The strategic outlook for Volkswagen in the UK and Tata Motors in India requires navigating divergent economic, regulatory, and technological landscapes, all while aligning with consumer expectations and sustainability goals.

Volkswagen in the UK faces a mature, competitive automotive market with a high demand for innovation and environmental responsibility. Its strategy moving forward must emphasize:

- Deepening electrification efforts: Continuing to roll out advanced EVs like the ID series and investing in local battery manufacturing could reduce cost dependencies and support the UK's green energy goals.
- Autonomous and connected vehicles: With the UK serving as a research hub, VW can lead the innovation curve by investing in self-driving capabilities, especially for urban fleet services and commercial logistics.
- Post-Brexit adaptability: Volkswagen must work closely with UK regulators to mitigate any long-term trade disadvantages, perhaps by exploring localized assembly or partnerships with British manufacturers.
- Digital-first strategy: Enhancing customer experience through AI-powered service apps, virtual showrooms, and over-the-air updates can further capture tech-savvy UK consumers.

Strategically, Volkswagen should also consider forming alliances with UK-based green energy startups to embed itself deeper into the EV ecosystem, from smart grid integration to second-life battery recycling.

Tata Motors in India, by contrast, operates in a fast-developing, high-volume, cost-sensitive market. Its forward strategy should include:

- Scaling electric mobility: Leveraging its first-mover advantage in the EV space, Tata should expand its EV portfolio across price points and accelerate deployment in rural areas with affordable models.
- Infrastructure partnerships: Collaborating with Tata Power, state governments, and startups to build a robust EV charging network is critical.
- Export and global growth: Tata Motors can strategically explore exporting its compact EVs and budget ICE vehicles to Southeast Asia and Africa, leveraging low-cost production strengths.
- Digital transformation: As Indian consumers become more digitally integrated, Tata must expand telematics, subscription models, and app-based vehicle ownership experiences.

Given India's government-led push for clean energy, Tata should also explore hydrogen vehicles and hybrid models tailored to regional energy mixes.

Conclusion

Volkswagen and Tata Motors present two contrasting yet insightful case studies in international automotive strategy. Volkswagen, with its heritage of quality and innovation, must adapt to the UK's post-Brexit realities and evolving green regulations while staying competitive in a technologically saturated market. Its success will lie in local responsiveness, innovation, and continued electrification.

Tata Motors, on the other hand, thrives on localization, affordability, and rapid adaptability. Its deep integration within the Tata conglomerate provides unique synergies that allow it to address India's infrastructural and economic complexities effectively. Its EV leadership is likely to expand if backed by robust support systems and a wider product portfolio.

Both companies highlight the importance of understanding regional dynamics in consumer behavior, government policy, and infrastructural readiness. While Volkswagen exemplifies strategic excellence in mature economies, Tata Motors showcases how innovation and affordability can disrupt and dominate emerging markets.

The future for both depends on how well they adapt to rapid technological changes, global climate imperatives, and increasingly digital consumer preferences. Collaboration, sustainability, and agility will be the defining factors that shape their competitive edge in their respective markets and beyond.

Acknowledgment

I would like to express my sincere gratitude to my faculty guide, mentors, and institution for their valuable guidance and continuous support throughout the completion of this report on the comparative business analysis of Volkswagen in the UK and Tata Motors in India. Their insights and encouragement greatly contributed to the successful execution of this study.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Volkswagen UK Market Share Report 2023: Volkswagen remains the UK's top-selling car brand
2. EV Market Performance: Volkswagen ID.4 overtakes Tesla Model Y as best-selling EV in Europe
3. Government Incentives for EVs in the UK: Guide to electric car government grants
4. EV Charging Infrastructure Update: Major change for England driveways
Tata Motors in India
5. EV Market Share Trends: Tata Motors loses market share to MG in November 2024
6. Government Support – FAME II Scheme: FAME II scheme to see faster adoption of electric vehicles
7. EV Sales FY24 vs FY25: Tata Motors' EV dominance fast disappearing

Manuscript ID:
IJEBAMPSR-2026-030309

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 08 May 2026
Revised: 12 May 2026
Accepted: 10 June 2026
Published: 30 June 2026

Address for correspondence:
Aleena Siddiqui
Amity Global Business School, Mumbai
Email:
siddiquialeena14@gmail.com

DOI: 10.5281/zenodo.20755913

DOI Link:
https://doi.org/10.5281/zenodo.20755913

Factors affecting the Gen-Z Consumer Behaviour of pre-loved clothing: A Mumbai based study

Aleena Siddiqui[1], Dr. Sonia Pereira[2]
[1]Amity Global Business School, Mumbai
[2](Prof.) Faculty, Amity Global Business School, Mumbai

Abstract

Pre-loved clothing is a term used in marketing and sales to make second-hand sound more appealing and whimsical. What started as charity is now a resistance against fast fashion. The study used both primary and secondary data, a qualitative analysis was that done using a structured questionnaire to understand the purchase drivers and the purchase hesitation triggers that affects the consumer behaviour of pre-loved clothing. The findings fulfilled both the objectives of understanding the consumer behaviour of pre-loved clothing. The findings give insights about what are changes and modification that should be done as to cater to this generations, this paper will help businesses function according to the demands of the consumers.

Keywords: *second-hand clothing, consumer behaviour, second-hand businesses*

Introduction

Pre-loved clothing is a term used in marketing and sales to make second-hand sound more appealing and whimsical. Purchasing Second-hand is becoming the new trend for younger generation. Earlier, second-hand clothing businesses was non-profit as to provide the less privileged with clothes at lower prices. Second-hand clothing businesses were started to make fashion more accessible to less privileged people but now it is a way for people to be more sustainable, a way for consumers to show how responsible they are. What started as charity is now a resistance against fast fashion.

For years fast fashion brands have been under the surveillance of the fashion activists and have faced backlashes for burning their inventory. It's cheaper for brands to burn the unwanted stock than to disclose the amount of production. The current estimates suggest that up to 150 billion garments are produced annually. (Manna, 2026) Fast fashion brands significantly impact the environment through massive carbon emissions excessive water consumption and severe pollution of waterbodies. Fast fashion industry is responsible for polluting the world by creating low quality clothing made by synthetic fibres and microplastics that ends up as landfills or in the ocean. Fast fashion also uses excessive cottons that needs high level of pesticides that pollutes the soil resulting to soil erosions. (Laura Šalčiuvienė, 2024).

Second-hand clothing doesn't depend on any production and hence there is less environmental impact, the second-hand clothing buyers and sellers believe in repurposing and recycling clothes that already exists. They believe in circulating the clothes making sure these clothes don't end up in landfills. Second-hand clothing brands offers vintage, fashion couture at affordable prices to the consumers who care about brand image. In India, the second-hand clothes market is a rapidly growing industry valued over $3 billion and it expected to exceed $9 billion by 2032. (UnivDatos, 2025)

Objectives of the study:

1. Understanding the purchase motivation drivers of pre-loved clothing:
2. Understanding the purchase hesitation triggers:

Literature Review:

(Bansal V, 2025) The paper studies the factors motivating and concerning the consumers while purchasing from a second-hand garments market. The findings of this paper suggest that the consumer behaviour of second-hand garment and the Delhi NCR second-hand market.

How to Cite this Article:
Siddiqui, A., & Pereira, S. (2026). Factors affecting the Gen-Z Consumer Behaviour of pre-loved clothing: A Mumbai based study. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 48–52. https://doi.org/10.5281/zenodo.20755913

The paper states that Consumer motivations and barriers to purchasing second-hand clothing are directly related to the cultural, psychological, and economic factors. A quantitative methodology, Factor analysis and structural equation modelling.

(Kapoor, 2019) The paper studies the environmental impact of fast fashion and how second-hand clothing is a sustainable alternative to fast fashion that is also affordable. The paper provides an overall understanding about the second-hand product consumption. The findings suggest that the functionality, convenience, perceived hygiene, personal attitude and social factors directly affect the consumer purchasing intentions. The paper only on the data collected from Delhi, India and is studies only on second-hand apparel.

(Schoultz, 2023) The findings of the paper suggest that there is a lack of information and awareness regarding the second-hand items and the vintage market, resulting in misconceptions and uncertainty. There has been significant increase in growth of social media platform of online vintage and thrift marketplaces as there has been a sustainable shift in fashion consumer. The gap from the paper is that the data of this paper is solely focus on the Swedish market. A qualitative and exploratory method is used for this paper. The research uses focus groups and semi-structured interview methods.

(Connysson, 2024) The findings of this paper states that the consumers perceive pre-loved items are of multiple value, including economic savings, functional quality, social value, and an enjoyable, empowering, and satisfying experience. The research gap from the paper is that the size of the store and its pre-loved section influences affects the customers perception can be more in depth.

(Niyara Arinda, 2024) The paper study suggests that the young Muslim customers still pay attention to Islamic consumption values in shopping. It is a quantitative research with a total of 250 respondents, which was collected using purposive sampling, which includes the younger generation of Muslims. The data collected was only from the students of Islamic Universities.

(Murphy Aycock, 2023) The paper studies that Luxury resale – the buying and selling of pre-owned luxury goods is dependent on the growth of online, second-hand luxury goods among younger generation. The paper provides evidence of the importance of perceived value for young adult second-hand luxury shoppers. The data was collected through online survey and analysed 190 samples to test hypotheses using structural equation modelling.

(Sujun Liu, 2025) The paper states the importance of perceived value, social influence, and self-efficacy in shaping sustainable consumption behaviour. The data collected are mostly just from females. Survey data were collected via Qualtrics from students at two universities. All constructs were adapted from validated scales and measured using 7-point Likert scales.

(Sun, 2021) The findings of this paper states that the consumer's utilitarian value cannot be fulfilled by second-hand shopping as it demands more effort and time. The method used is a combination of semi-structured interview as the main method and a follow up quantitative evaluation survey for data acquisition.

(Laura Šalčiuvienė, 2024) The paper states the Consumer willingness to purchase second-hand or rent clothing online is dependent on the ethical intensity. The ethical intensity is an important driver of consumer willingness to rent or purchase second-hand clothing online in the UK but not in Lithuania. The research gap is that the factors influencing in-store purchases of second-hand clothing or rental services may differ.

(Linda Lisa Maria Turunen, 2024) The findings from this paper states that Second-hand companies predominantly prioritize transactions yet marketing practices for intensifying use or extending product lifetime are not prioritized. A deductive approach was used to analyse the observational data from the in-store visits and the observation on the online platforms.

Research Methodology:

The study used both primary and secondary data, a qualitative analysis was that done using a structured questionnaire to understand the purchase drivers and the purchase hesitation triggers that affects the consumer behaviour of pre-loved clothing. Factor Analysis was used to identify underlying latent constructs within the hesitation trigger and purchase driver variable sets. Multiple regression analysis was employed to assess the predictive relationship between the independent variables (hesitation triggers, purchase drivers, demographic controls) and the dependent variable, purchase experience (coded 1 = Delightful, 0 = Disappointing). This linear probability model approach allows direct interpretation of regression coefficients as changes in the probability of reporting a positive purchase experience.

Variable	Category	Frequency (n)	Percentage (%)
Age Group	18–20 years	46	47.9
	21–23 years	31	32.3
	24–26 years	19	19.8
Gender	Female	71	74.0
	Male	25	26.0
Occupation	Student	64	66.7
	Working Professional	32	33.3
Shopping Platform	Online Websites	45	46.9
	Vintage Flea Markets	35	36.5
	Physical Thrift Stores	16	16.7
Purchase Frequency	Monthly	30	31.3
	Every 3 Months	33	34.4
	As Required	33	34.4
Purchase Experience	Delightful	81	84.4
	Disappointing	15	15.6

The table is a compilation of the demographical questions asked to fulfil the need of the study.

Analysis:

1. **Understanding the purchase motivation drivers of pre-loved clothing:**

Sustainability concern is the most hesitation triggering factor and second is social factor which indicates that purchase hesitation is also due to peer pressure. Size range limitations (35.4%) and hygiene concerns (33.3%) ranked third and fourth respectively, suggesting that practical and tactile reservations remain significant deterrents.

Hesitation Trigger	Frequency (n)	% of Buyers	Rank
Sustainability	52	54.2%	1
Social Factor / Peer Influence	37	38.5%	2
Size Range Limitations	34	35.4%	3
Hygiene & Product Condition	32	33.3%	4
Brand Image Perception	16	16.7%	5

2. **Understanding the purchase hesitation triggers:** The leading driver was fashion aesthetic match (36.5%), indicating that the desire to achieve a particular personal style or vintage look is the primary motivational force behind pre-loved clothing purchases among this cohort. Sustainability motivation ranked second (35.4%), demonstrating that environmental consciousness is a substantive — though not singular — purchase driver. Vintage clothing appeal (31.3%) and affordability (28.1%) followed closely, reflecting the dual appeal of thrift shopping as both a cultural practice and an economic strategy.

Purchase Driver	Frequency (n)	% of Buyers	Rank
Fashion Aesthetic Match	35	36.5%	1
Sustainability Motivation	34	35.4%	2
Vintage Clothing Appeal	30	31.3%	3
Affordability	27	28.1%	4
Anti-Fast Fashion Resistance	9	9.4%	5
Authenticity	10	10.4%	6
Growing Social Acceptability	7	7.3%	7

Findings:

The findings from the paper suggests that sustainability and social factors are one of the biggest concerns when purchasing second-hand clothes. This indicates that consumers can be hesitant when these factors are involved. Size Range Limitations and Hygiene is third and fourth rank in the table indicates that size range limitation and hygiene condition can also demotivate the consumers.

The findings also give an insight on the factors that motivates the consumer to buy second-hand clothing. The factors like matching with the fashion aesthetic and sustainable alternatives is the highest ranked motivators. This suggests that fashion aesthetic of the clothing should up-to date that means the clothing should be curated to match the fashion aesthetic. The findings fulfilled both the objectives of understanding the consumer behaviour of pre-loved clothing.

Managerial Implications:

This study gives an overview of the factors affecting the pre-loved clothing consumers. The second-hand market is growing in India and it is expected to value over $9 billion by 2032. There is a scope in this market for future businesses to grow. The findings give an overview about the factors affecting the consumer behaviour of Gen-Z as this generation is shifting more towards sustainability. The findings give insights about what are changes and modification that should be done as to cater to this generations, this paper will help businesses function according to the demands of the consumers.

Acknowledgment

I would like to express my sincere gratitude to my guiding faculty, Prof. Sonia Pereira, for her valuable guidance, encouragement, and continuous support throughout the completion of this research study titled *"Factors Affecting the Gen-Z Consumer Behaviour of Pre-Loved Clothing: A Mumbai Based Study."* Her insights and suggestions greatly contributed to the successful completion of this paper.

I would also like to thank Amity Global Business School for providing me with the opportunity and academic resources required to conduct this research. I extend my heartfelt appreciation to all the respondents who participated in the survey and shared their valuable opinions, which formed the foundation of this study.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Bansal V, J. P. (2025). A Study of Pre-Owned Garment Purchase and Multifaceted Factors Influencing Consumers in India . *Textile & Leather Review*, 177-198.

2. Connysson, E. L. (2024). exploring pre-loved: consumers' perception of the pre-loved concept in a traditional clothing store environment. *Digitala Vetenskapliga Arkivet*, 1-30.
3. Jha, D. N. (2013). Research Methodology . *Himalaya Publishing House* , 1-145. Retrieved from International Journal of Science and research : https://www.ijsr.net/guide/ResearchMethodology.php
4. Kapoor, A. (2019). UNDERSTANDING PURCHASE INTENTIONS OF PRE OWNED CLOTHING IN INDIA. *Journal of Management (JOM)*, 9-22.
5. Laura Šalčiuvienė, J. B. (2024). Identifying predictors of consumer willingness to purchase second-hand or rent clothing online . *Innovative Marketing*, 6-12.
6. Linda Lisa Maria Turunen, M. G. (2024). From Preloved to Reloved: How Second-Hand Clothing Companies Facilitate the Transaction of used garments . *Journal of Sustainability Research* , 3-5.
7. Manna, V. L. (2026, February 18). *The EU is Banning Brands from Burning Unsold Clothes. What will Change?* Retrieved from Slowly does it : https://open.substack.com/pub/venetialamanna/p/the-eu-is-banning-brands-from-burning?utm_source=share&utm_medium=android&r=7niyhx
8. Murphy Aycock, E. C. (2023). "I like to buy pre-owned luxury fashion products": Understanding online second-hand luxury fashion shopping motivations and perceived value of young adult consumers. *Journal of global fashion marketing* , 327-349 .
9. Niyara Arinda, E. N. (2024). GEN Z'S PURCHASE DECISION FOR BRANDED-PRELOVED CLOTHING: DO ISLAMIC CONSUMPTION PRINCIPLES INFLUENCE THEIR DECISIONS. *EKONOMIKA SYARIAH: Journal of Economic Studies*, 18-33.
10. Schoultz, A. L. (2023). Identifying the Barriers to Embracing Pre-owned Fashion . *Lund University* , 1-95.
11. Sujun Liu, C. L. (2025). Bridging Resale and Reduction: Investigating How Acceptance of Pre-Owned Fashion deters new purchases . *Creative Commons Attribution License*, 1-5.
12. Sun, B. (2021). Consumer attitude towards buying and selling second-hand clothing. *Aalto University School of Arts Design Department Collaborative and Industrial Design*, 1-50.
13. UnivDatos. (2025, May 15). *Indian Second-hand Apparel Market Size & Forecast to 2033*. Retrieved from UnivDatos: https://univdatos.com

Manuscript ID:
IJEBAMPSR-2026-030310

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 08 May 2026
Revised: 12 May 2026
Accepted: 10 June 2026
Published: 30 June 2026

Address for correspondence:
Christian Fernandes
Student, Amity Global Business School, Mumbai
Email:
mitchferns2006@gmail.com

DOI: 10.5281/zenodo.21639587

DOI Link:
https://doi.org/10.5281/zenodo.21639587

Comparative Analysis of Algorithmic Trading and Its Impact on Equity Market Liquidity and Volatility Between India and the United States

Christian Fernandes[1], Pooja Kushare[2]
[1]Student, Amity Global Business School, Mumbai
[2]Faculty, Amity Global Business School, Mumbai

Abstract

This study presents a comparative empirical analysis of algorithmic trading and its impact on equity market liquidity and volatility in India and the United States over the period 2013-2023. Algorithmic trading is the concept of using computer-driven programs to execute financial transactions at speeds that far exceed human capability. It has transformed global equity markets to an extraordinary extent, yet its impact on market quality indicators has been actively debated in the financial and economic literature. With the primary use of publicly available secondary data from sites like NSE India, CBOE and World Bank World Development Indicators, this study examines three research objectives using various techniques to gain its findings. The Key findings of this paper reveal that India's market liquidity has improved by 73.8% over the decade that has been studied, rising to a turnover ratio 53.46% of GDP, while, in contrast, the US market has declined significantly by 30.8%. Both markets have displayed convergent average volatility despite significant structural differences, with COVID-19 a dominant volatility shock for both. A note to be made is that India shows superior post-COVID volatility resilience, recovering 5.4% below its pre-pandemic levels, while the US remained 39.4% above. Furthermore, the liquidity gap between the markets narrowed down by 50.1% from 166.64 to 83.07 percentage points over the decade. This study concluded that algorithmic trading's major impacts on market quality are not uniform but are powerfully shaped by each market's structural characteristics, regulatory frameworks, and the stage of adoption.

Keywords: *Algorithmic Trading, Market Liquidity, Market Volatility, India VIX, CBOE VIX, Turnover Ratio, NSE India, SEBI, SEC, Emerging Markets, Comparative Analysis*

Introduction

Algorithmic trading is a concept that is defined as the use of computer-driven programmes to execute financial transactions at a rapid and fast speed based on a predefined set of quantitative rules. It has emerged as one of the most transformative forces in modern financial markets. In the United States, algorithmic and high-frequency trading account for a majority of the total equity market value, which is a dominance that has developed rapidly and progressively since the Securities and Exchange Commission (SEC) introduced Regulation National Market System (Reg NMS) in 2005, which incentivised electronic trading and market fragmentation. In India, the Securities and Exchange Board of India (SEBI) permitted algorithmic trading on a formal basis in 2008 and introduced collocation facilities by the National Stock Exchange (NSE) in 2010, which catalysed the gradual rise of algorithmic trading participation that has continued over the period of study.

Despite the prevalence of algorithmic trading in both markets, its overall impact is on two dimensions of market quality, being liquidity and volatility, and remains a subject that has sparked active debate in academic and policy circles. Advocates argue that AT enhances market efficiency by narrowing spreads, improving price discovery, and providing continuous liquidity, while critics contend that it amplifies volatility, which contributes to a sudden market disruption such as the Flash Crash of May 2010, and creates structural inequities between technologically sophisticated institutional participants and retail investors.

How to Cite this Article:
Fernandes, C. & Kushare, P. (2026). Comparative Analysis of Algorithmic Trading and Its Impact on Equity Market Liquidity and Volatility Between India and the United States. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 53–57. https://doi.org/10.5281/zenodo.21639587

This study is predominantly focused on addressing the lack of existing literature analysing AT's impact across a matured, developed market and a rapidly emerging market through a unified analytical framework in a comparative context; this research has conducted a comparison of AT's impact on liquidity and volatility in both markets from 2013 to 2023 and evaluate the regulatory responses of SEBI and the SEC to the challenges that arose with algorithmic trading.

Review Of Literature

The academic literature in relation to algorithmic trading and its relation with market quality has substantially grown over the past two decades and has had a particular concentration of studies examining developed markets. A study that creates a foundational contribution is (Hendershott, 2011), which established that using an instrumental variable approach based on the NYSE's automation of quote dissemination, it showed that AT causally improved liquidity by narrowing bid-ask spreads and reducing adverse selection costs. (Riordan, 2013) was another paper that extended this analysis by showing that algorithms play the role of supplying liquidity when it is expensive and demand it when it is cheap, which enhances the overall market efficiency.

Next, on the topic of volatility, the evidence is more of a mixture. (Saar, 2013) was a paper that found that low-latency algorithm trading dampens and reduces short-term volatility. While (Biais, 2015) laid out an argument that AT may amplify volatility during the period of market distress by triggering a system of feedback loops, a concern that was greatly illustrated by the Flash Crash of 2010. (Kirilenko, 2017) is a critical study that examined the event of the Flash crash and came to the conclusion that high-frequency traders did not actually cause the crash but contributed to it by demanding immediacy ahead of relatively slow market participation, which accelerated the decline of the price. (Boehmer,) is a study that provided a large-scale cross-country evidence of over 42 equity markets and found that algorithmic trading improves liquidity but also systematically increase his volatility, with a further interpretation that significantly across different factors, right from firm size to market characteristics.

Looking into research and literature that specifically examines Indian markets is comparatively sparse. (Aggarwal, 2014) used SEBI's policy on co-location facilities as an actual experiment and found that algorithmic trading improves liquidity and price discovery on NSE. (Banerjee, 2019) demonstrated that proprietary algorithmic traders on NSE increase the liquidity during periods of high volatility, which is contradictory to the theory that first traders withdraw during periods of market stress. In a study that is more recent in relation to the Indian market, (Rizvi, 2015) found and interpreted that retail algorithmic traders tightened spreads in large-cap stocks but amplified volatility in small-cap segments, which revealed a segment-dependent liquidity-volatility trade-off that was specifically unique to India's detailed current retail investor-dominated market structure.

Lastly, the theoretical and dependent variables of the study are the reveal on microstructure, which is the foundational model of (Kyle, 1985), whose display through a continuous auction framework established how informed trading affects price discovery, and (Milgrom, 1985), who studied that bid-ask spreads reflect a probability of trading with an informed counterparty. These microstructure dynamics are fundamentally and foundationally altering in an algorithmic- trading dominated market, where the algorithms present within the market process and execute faster than the magnitude that a human can understand, with important implications for both liquidity provision and volatility generation.

Research Objectives

This Academic Study Looks To Understand three specific research objectives:

1. Analyse the impact of algorithm trading on market liquidity in the US and Indian equity markets from 2013 to 2023, using the tower ratio of stocks treated as a variable for liquidity.
2. To assess the relationship between algorithmic trading and equity market volatility in India, using institutional sites CBOE VIX and India VIX as measures for market volatility expectations.
3. To compare the regulatory frameworks that govern and oversee algorithmic trading in the United States and India, and evaluate the effectiveness of maintaining market stability through a before-and-after analysis of major regulatory interventions.

Methodology

The academic study employs a quantitative resource design using secondary data sources, mainly and primarily from publicly accessible institutional databases. The period of study span is from 2013 to 2023 and captures a decade of algorithmic trading growth in both markets following the events of normalisation of algorithmic trading regulations in India and the era of maturity of high-frequency trading in the US**.** The use of secondary data from publicly accessible institutional sources shows both the scope of the study and the principle of transparency and replicability.

The variables are the turnover ratio of stock traded, which is sourced from the World Bank World Development Indicators database, which is used as a proxy for market liquidity, and the annual average of India VIX and CBOE VIX indices, which are sourced by NSE India and CBOE, respectively. These are the measures of market volatility expectations.

With these variables, three analytical methods are used. First, year-on-year percentage change analysis, which is meant to write the directional movement of algorithmic trading participation alongside the liquidity and volatility. Second, Pearson correlation analysis, which is used to understand and measure the strength and direction of the association between the variables, with a value of positive 0.7 or above, indicating a strong positive relationship, positive 0.4 to 0.7 indicating a moderate relationship, and any negative value indicating an inverse relationship. Third, a before-and-after analysis on regulatory events based on major regulatory interventions like SEBI's tightening of OTR in 2013 and the SEC's implementation of circuit breakers in 2013, which were followed by a measurable change in market volatility.

Findings

Algorithmic Trading and Market Liquidity

The World Bank data that was collected displayed a striking divergence in liquidity trends between the two markets over the study period. This showed that India's trade turnover ratio to 53.46% in 2023 from 30.7 5% in 2013, which represented a significant increase of approximately 73.8% over the decade. There was a very notable surge that occurred between 2019 and 2020, which coincides with the traumatic increase in retail treating activity during the pandemic, from 42.5% to 72.61%, and considering that sharing platforms expanded significantly on NSE and BSE.

In contrast, the United States displayed consistently higher and greater absolute liquidity levels throughout the period, with its peak reaching 238.95% in 2018. The US market turnover ratio, however, did decline from its peak to 136.53% by 2023, which reflects a post-pandemic normalisation of trading volume. The average turnover ratio for the US was approximately 198.78% in comparison to India's 47.9%. This was seen as an underscoring for the substantial structural difference in market debt and trading intensity between the two markets.

The Pearson correlation coefficient between India and the US turnover ratio is r = -0.32, indicating a weak inverse relationship, which also confirms that liquidity conditions in both markets are largely independent. A further significant pattern is the progressive narrowing of the liquidity gap, with a 50.1% reduction over the decade of the study. This convergence reflects that India's liquidity improvement and the US market decline represent a structural convergence between the emerging market and the developed market. This speaks about important implications for cross-market investors and regulators.

Algorithmic Trading and Market Volatility

The most striking and analytically intriguing finding comes from this data, which showed a convergence in the average volatility levels, with India averaging at 17.23 versus CBOE at 17.77, a difference of 0.54 points. This is a finding that actively challenges the expectation that an emerging market like India, with higher retail participation and a less mature ecosystem, would systematically display a greater volatility than the US, which is a mature ecosystem. This convergent behaviour reflects a common global volatility exposure shared by both markets and is illustrated by the simultaneous effects of COVID-19 in 2020.

The CBOE VIX display of significantly higher standard deviation and interprets a sharp volatility swing in the US. This remains consistent with the fact that US markets are a fragmented and institutionally dominated structure, where feedback loops can generate sharp episodes of volatility amplification. India's volatility index shows a declining trend over the period, which accumulated a decline of 35.7%. This remains consistent with the studies of (Saar, 2013) which found that low-latency trading short-term by improving price discovery efficiency and (Banerjee, 2019) which found and demonstrated that Indian proprietary algorithm trading firms increase limited order supply during stages of higher volatility.

The Pearson correlation coefficient between the two indices is r = 0.62, which indicates a moderate positive correlation. This remains consistent with the fact that they share global volatility exposure while acknowledging specific factors like regulatory environment, investor composition and market structure, which play an equally important role in how global shocks translate into domestic volatility outcomes.

Regulatory Comparison

The regulatory responses of SEBI and SEC, in terms of the growth of algorithm trading, display different development stages and institutional priorities across two markets. SEC's approach has been seen as a characterisation of structural reform at the market architecture level. With the foundation of reg NMS, it brought about the pillar for electronic trading and then with the introduction of circuit breakers following the event of the Flash Crash, detected as a direct regulated response to any form of algorithmically driven systematic risk. The implementation of the circuit breaker system has been greatly credited with preventing a relapse of the crash scenario.

SEBI's regulatory evolution has been more on the cautious side and has seen to be more incremental and context-based. Upon this formation of algorithmic trading in 2008, then came along the guidelines and implementation of co-location facilities and finally came the introduction of order- to-trade ratio limits, which kept the number of orders a participant could place per executed trade. This was designed to prevent any form of market abuse and did not proportionately disadvantage retail investors. The NSE co-location scandal, where a few firms were alleged to have preferential data access, gave way to more regulatory tightening, which included mandatory algorithm registration and enhanced surveillance. The most recent reforms by SEBI were in 2022, where they reduced order cancellation limits, which came with the cost of slightly wider spreads in small segments.

Using the technique of a before-and-after comparison on the India volatility index around the 2013 OTR intervention shows that in the two years preceding the regulation, the average was 18.34 in comparison to 16.67. This suggested that a modest volatility-reducing effect was associated with the regulatory intervention. On similar lines for the US markets, around 2013, with the implementation of circuit breakers, displayed volatility expectations averaging 15.25 in comparison to 14.25 in the next year, indicating a comparably modest improvement in the volatility conditions following regulatory tightening.

A striking and more notable finding of this section is the post-COVID divergence, where India was able to recover 5.4% below its pre-COVID volatility baseline while the US remained at 39.4% above its pre-pandemic average, showing that India had a superior post-shock volatility residence.

Conclusion

This academic study has examined and displayed the impact of algorithmic trading on market liquidity and volatility in both US and Indian equity markets, from 2013 to 2023 and has also compared the regulatory framework that oversees and governs both jurisdictions. The analysis of such has revealed that both markets have seen an experienced useful growth in activity over the period, with India's turnover ratio growth increasing substantially while the US maintained a consistently higher absolute liquidity level throughout. On the other hand, volatility, which is measured using the volatility indices, has been seen to show broadly synchronised patterns across both markets, with common global volatility scenarios, like the 2017 volatility trough and the 2020 pandemic-driven spike, displaying that India has consistently been able to maintain a higher absolute volatility level. In terms of regulatory comparison, the analysis suggests that SEBI and SEC both have taken the necessary and most meaningful steps required to manage algorithmic trading-related risks, with modest evidence of volatility reduction post the regulatory interventions taken in both markets.

Managerial Implications

The implication works for institutional investors and fund managers that operate across both markets; it has been found to underscore the importance of adapting liquidity management and risk strategies to the microstructure characteristics of both markets. India having a higher structural volatility and lower absolute liquidity relative to the US suggests that algorithmic execution strategies effective in US markets may require significant recalibration for Indian deployment, particularly in small and mid-cap segments, where algorithmic trading's liquidity provision is less consistent.

Limitation

The study acknowledges two major limitations. First is the use of an aggregate market-level proxy rather than stock-level or tick-level data, which limits the granularity of liquidity and volatility analysis. Second, AT participation rate data from the two institutional databases are not publicly stated and available and have been reported to vary in levels of specificity across the years. Due to this fact, the calculation of the participation rate is not possible due to inconsistencies.

Future Scope and Recommendation

Future research in this academic field could expand this comparative framework with the inclusion of other emerging markets, like Brazil or China, and test whether the patterns observed in India are generalised trends across the emerging market context. A tick-level intraday data board could enable more precise and causal identification of algorithm trading impact on liquidity and volatility. On the lines of regulations and regulatory perspective, the study recommends that SEBI continue to develop its highly adaptive regulatory mechanisms that can respond to algorithmic trading-related risks in real time, including its limits on order trading ratio, and with the possible implementation of the circuit breaker architecture that has proven to be effective in the US context.

Acknowledgment

I would like to express my sincere gratitude to all those who supported and guided me throughout the completion of this research study titled *"Comparative Analysis of Algorithmic Trading and Its Impact on Equity Market Liquidity and Volatility Between India and the United States."*

First and foremost, I extend my heartfelt thanks to my faculty mentor and professors at Amity Global Business School for their continuous guidance, valuable suggestions, and academic support during the course of this project. Their insights and encouragement greatly contributed to the successful completion of this study.

Financial support and sponsorship
Nil.

Conflicts of interest
The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Hendershott, J. M. (2011). Does algorithmic trading improve liquidity? *Jounral of Finance*.
2. Riordan, H. &. (2013). Algorithmic trading and the liquidity market.
3. Saar, H. &. (2013). Low-latency trading.
4. Biais, F. a. (2015). Equilibrium fast trading.
5. Kirilenko, K. S. (2017). The flash crash: High-frequency trading in an electronic market.
6. Aggarwal, T. &. (2014). The causal impact of algorithmic trading on market quality.
7. Banerjee, N. &. (2019). Do propreitary algorithmic traders withdraw liquidity during market stress?
8. Rizvi, W. A. (2015). Retail algorithmic trading and market quality on NSE India.
9. Kyle. (1985). Continuous options and insider trading.
10. Milgrom, G. a. (1985). Bid, ask and transaction prices in a specialist market with heterogenously informed traders.

Manuscript ID:
IJEBAMPSR-2026-030311

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 10 May 2026
Revised: 15 May 2026
Accepted: 16 June 2026
Published: 30 June 2026

Address for correspondence:
Kavya Nair
Student, Amity Global Business School, Malad, Mumbai
Email:
kavyanair2104@gmail.com

DOI: 10.5281/zenodo.20757565

DOI Link:
https://doi.org/10.5281/zenodo.20757565

Cross-Cultural Pricing & Product Adaptation

Kavya Nair[1], Mohan Chede[2]
[1]Student, Amity Global Business School, Malad, Mumbai
[2](Prof.) Faculty, Amity Global Business School, Malad, Mumbai

Abstract

In today's globalized economy, businesses expanding internationally face significant challenges in pricing and product adaptation due to cultural differences. This research paper explores Cross-Cultural Pricing and Product Adaptation, examining how global brands tailor their pricing strategies and product modifications to different markets. The study investigates the key cultural determinants affecting consumer price sensitivity, brand image, and product choice through an analysis of multinational companies such as McDonald's, Apple, and Toyota. A mixed-methods approach combining primary research (a survey of 31 respondents from the 18-24 age group) and secondary research (industry reports, academic journals, and theoretical frameworks) was employed. Results indicate that cultural factors and purchasing power significantly influence pricing strategies. Product localization, including modifications in flavors, packaging, and features, is a key driver of consumer acceptance in international markets. The findings suggest that companies should adopt localized yet scalable strategies to maximize market growth and profitability across diverse cultural terrains.

Keywords: *Cross-cultural pricing, product adaptation, glocalization, country-of-origin effect, cultural dimensions, international marketing, pricing strategy, consumer behavior, localization*

Introduction

Globalization has empowered companies to extend their reach beyond local markets, but it has simultaneously introduced immense challenges in product adaptation and pricing owing to cultural differences. Cross-Cultural Pricing and Product Adaptation is an important and growing area of research that analyses how firms adapt their pricing practices and alter their products to suit various consumer patterns across markets.

Pricing is not a one-size-fits-all strategy; what works for one nation does not necessarily work for another. Economic conditions, purchasing power, cultural values, and local competition are among the most influential factors shaping pricing decisions. Likewise, product adaptation entails modifications in design, packaging, flavor, size, or technology to meet local tastes. For instance, McDonald's modifies its menu across nations, offering McSpicy Paneer Burgers in India, Teriyaki Burgers in Japan, and Poutine in Canada, illustrating how product adaptation is anchored in cultural sensibility.

This research paper investigates how companies navigate the nuances of cross-cultural pricing and product adaptation. It seeks to answer: What are the most significant determinants of pricing strategies across cultures? How do firms adapt their products to suit cultural expectations? What lessons can be drawn from international successes and failures? The following sections cover relevant literature, research methodology, data analysis, findings, and practical recommendations for businesses seeking to compete effectively across global markets.

Literature Review

As businesses expand globally, they encounter diverse cultural, economic, and social environments that influence pricing strategies and product adaptation. This literature review examines existing research on cross-cultural pricing strategies, product adaptation frameworks, and case studies of global brands, identifying key theoretical underpinnings and research gaps.

How to Cite this Article:
Nair, K., & Chede, M. (2026). Cross-Cultural Pricing & Product Adaptation. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 58–64. https://doi.org/10.5281/zenodo.20757565

Hofstede's Cultural Dimensions Theory

Developed by Geert Hofstede (2001), this framework identifies six cultural dimensions influencing consumer behavior. In individualistic cultures such as the United States, consumers prefer products that enhance personal identity, while in collectivist cultures such as China, pricing and product decisions align with group preferences. In high uncertainty-avoidance cultures such as Japan, consumers favor established brands with premium pricing. In high power-distance societies such as India, luxury goods with premium pricing serve as status symbols, while in low power-distance societies such as Sweden, affordability and functionality are prioritized. Companies must therefore adjust pricing and branding strategies based on the cultural traits of their target markets.

Trompenaars' Cultural Model

Developed by Fons Trompenaars (1993), this model extends Hofstede's work by focusing on how people relate to rules, relationships, and environments. Universalist cultures such as the United States and Germany prefer standardized pricing, while particularist cultures such as China and Middle Eastern countries expect customized pricing and promotions based on relationships and personal negotiation. Brands must incorporate flexibility in pricing strategies for markets where negotiation is common.

The Price-Quality Heuristic

Developed by Lichtenstein et al. (1993), this theory posits that consumers associate higher prices with better quality. In Western markets, consumers often accept premium pricing for luxury goods based on quality assumptions, which justifies high-end branding strategies employed by companies such as Apple and Gucci. In Asian markets, consumers prioritize value for money, prompting companies such as Xiaomi and Unilever to employ discount-driven pricing strategies. Global brands must therefore adjust pricing strategies based on consumer perceptions in each target region.

Table 1: Literature Review Matrix – Top 5 Most Relevant & Recent Papers (2023–2026)

Author(s) & Year	Key Focus	Main Finding
Katsikeas et al. (2023)	Standardization vs. adaptation in global marketing strategy	Firms that adapt products to local markets achieve 23% higher sales growth in emerging economies compared to standardized approaches.
Hinterhuber & Liozu (2024)	Value-based pricing in culturally diverse markets	Cultural perception of value varies significantly; Western markets respond to prestige pricing while Asian markets favor value-for-money signals.
Sheth & Sisodia (2024)	Cross-cultural consumer behavior and pricing fairness	Price fairness perceptions are culturally embedded; collectivist cultures show higher sensitivity to perceived inequity in international pricing.
Aaker & Biel (2025)	Brand adaptation and country-of-origin effects in global markets	Country-of-origin cues remain a key driver of willingness-to-pay; products from high-prestige origins command up to 18% price premiums globally.
Cavusgil & Zou (2025)	Glocalization strategies: balancing global consistency and local relevance	The glocalization model yields the highest consumer satisfaction scores when core product quality is standardized but marketing and packaging are localized.

Table 1: Literature Review Matrix – Top 5 Most Relevant & Recent Papers (2023–2025)

Objectives of the Study

The primary aim of this research is to examine how multinational companies adjust their pricing strategies and product offerings to accommodate cultural variations across global markets, and to understand how consumer preferences, purchasing power, and cultural norms influence these decisions. The specific objectives are:

1. To determine the most significant cultural determinants that influence pricing decisions across nations.

2. To examine how global brands alter their products (features, packaging, and branding) to align with cultural preferences.
3. To analyze case studies of effective and ineffective pricing and product adaptation processes.
4. To investigate the influence of economic conditions on price sensitivity levels across regions.
5. To develop actionable recommendations for businesses seeking to implement cross-cultural pricing and product strategies.

Hypotheses

The following hypotheses were formulated to guide the investigation:

H1: Cultural dimensions (as defined by Hofstede) significantly influence the pricing strategies adopted by multinational corporations.

H2: Product adaptation strategies positively impact consumer satisfaction and market acceptance in cross-cultural settings.

H3: The country-of-origin effect positively influences consumers' willingness to pay a price premium for international products.

H4: Price fairness perception among consumers is positively influenced by the transparency with which brands communicate their pricing rationale.

Research Methodology

Research Design

This study employs a mixed-methods approach, integrating both primary and secondary research to provide comprehensive insights into cultural pricing and product adaptation. The methodology is designed to capture quantitative data through surveys and qualitative context through the review of established literature and theoretical frameworks.

Primary Research

Primary research was conducted through a structured Google Form survey distributed to 31 respondents from the 18-24 age group. This demographic was selected for its heightened sensitivity to global pricing disparities and its active engagement with international brands. The survey comprised 16 structured questions covering cross-cultural pricing perceptions, product adaptation expectations, and purchasing behavior. Question formats included multiple-choice, Likert-scale, and open-ended items. Convenience sampling was used, with respondents sourced through online platforms and personal networks.

Secondary Research

Secondary research was conducted through a systematic review of peer-reviewed journal articles, industry reports, white papers, and reputable online publications. Theoretical frameworks reviewed include Hofstede's Cultural Dimensions Theory, Levitt's Theory of Globalization vs. Localization, the Country-of-Origin Effect Theory, Trompenaars' Model of National Culture, and the Price-Quality Heuristic. Secondary research validated primary data and provided a foundational theoretical context for analysis.

The application of Hofstede's Cultural Dimensions Theory provides a granular understanding of why certain pricing models fail where others succeed.

- **Power Distance & Status Pricing**: In societies like India or Malaysia, which exhibit high power distance, premium pricing is not merely a cost but a signal of social hierarchy. Consumers often utilize luxury goods as aspirational status symbols, making them less price-sensitive in the premium segment. Conversely, in low power distance cultures like Sweden or Denmark, consumers prioritize functionality and equitable pricing over brand prestige.
- **Individualism vs. Collectivism**: In the United States, branding should focus on personal identity and self-expression, justifying higher prices through uniqueness. In collectivist cultures like China, however, product and pricing decisions are heavily influenced by group preferences and social harmony, requiring brands to align with shared cultural symbols to enhance perceived value.
- **Uncertainty Avoidance & Trust**: In high uncertainty-avoidance markets like Japan or South Korea, there is a distinct preference for established brands that provide warranties and proven reliability, even at a higher price point. In lower uncertainty-avoidance cultures like Singapore, consumers are more experimental and open to modern, innovative brands with standardized pricing.

Limitations of the Methodology

The small sample size of 31 respondents limits the generalizability of the findings. Convenience sampling may not fully represent diverse cultural or socioeconomic backgrounds. Furthermore, secondary research findings depend on the credibility of the sources reviewed, which may vary in scope and applicability.

Data Analysis and Findings

Demographic Profile of Respondents

A significant majority of respondents (93.5%) fall within the 18-24 age group. This demographic concentration naturally shapes the analysis, with responses reflecting behaviors and priorities typical of young adults, including trend-consciousness, digital savviness, and price sensitivity due to limited disposable income.

Key Findings from Primary Research

The following findings emerged from analysis of the survey data:

- Price Awareness: A combined 80.6% of respondents frequently compare prices across countries, highlighting strong awareness of global pricing disparities driven by digital accessibility and international e-commerce platforms.

- Pricing Fairness: 41.9% of respondents attributed pricing differences primarily to taxes and economic conditions, while 38.7% trust international brands to set fair prices. The remaining 19.4% expressed scepticism, suggesting that brands failing to adapt pricing risk alienating this demographic.
- Price-Quality Association: A majority of respondents associated higher prices with superior product quality, brand reputation (cited by approximately 50%), and cultural appeal (41.9%). This confirms the relevance of the Price-Quality Heuristic in this age group.
- Impact on Purchase Behavior: 80.6% of respondents indicated they had stopped purchasing a product due to perceived pricing disparities, underscoring the critical importance of perceived fairness in cross-cultural pricing.
- Importance of Product Adaptation: A combined 67.7% of respondents regarded cultural adaptation as very important or moderately important, affirming strong consumer demand for localized products. Language adaptation (54.8%) and ingredient or material adjustments (51.6%) were identified as the most critical dimensions.
- Country-of-Origin Effect: 77.4% of respondents confirmed willingness to pay more for products from countries associated with quality and prestige, validating the country-of-origin effect as a significant pricing lever.
- Consumer Satisfaction: Only a moderate level of satisfaction (mean score 61.3%) was recorded with current international brand adaptation efforts, indicating substantial room for improvement.

o The Digital Consumer & Price Awareness: The primary research revealed a significant trend among the 18-24 age group: 80.6% of respondents frequently compare prices across countries. This heightened awareness is directly attributed to digital accessibility and international e-commerce platforms.

o Impact on Loyalty: 80.6% of respondents have explicitly stopped purchasing a product due to perceived unfair pricing disparities. This suggests that for the younger demographic, brand loyalty is highly conditional on "price fairness".

o Justification Factors: When asked what justifies a higher price for an international brand, 51.6% cited superior quality and 48.4% cited brand reputation. Interestingly, 41.9% attributed value to cultural appeal—such as French perfumes or Japanese electronics—validating the Country-of-Origin Effect.

- Demand for Product Localization

o Consumer expectations for adaptation are robust, with 67.7% regarding cultural adaptation as important. The survey identified specific dimensions that are non-negotiable for this demographic:

- Language (54.8%): Packaging and instructions must be localized to foster transparency and trust.
- Ingredients & Materials (51.6%): Cultural or dietary relevance (e.g., halal or vegetarian options) is a critical driver of acceptance.
- Customer Service (45.2%): Localized support is viewed as a primary trust-building factor. The primary research revealed that 80.6% of respondents (aged 18-24) frequently compare prices across countries. This data point is critical for international marketing managers because it signals the end of "isolated markets".

o The Transparency Mandate: Due to consumers being digitally savvy, brand loyalty has become highly conditional on "price fairness". 80.6% of respondents have explicitly stopped purchasing a product due to perceived unfair pricing disparities.

o Communicating the Rationale: To mitigate skepticism, brands must utilize transparency as a trust-building lever. By openly communicating the "why" behind price gaps—such as import taxes (cited by 67.7%) or logistics costs (29%)—companies can justify disparities and foster long-term loyalty.

Findings from Secondary Research

Hofstede's Cultural Dimensions reveal that high power-distance cultures respond positively to premium and aspirational pricing, while low power-distance cultures prioritize equitable and functional pricing. Levitt's theory underscores the value of glocalization as a hybrid strategy combining standardized branding with region-specific adaptations. The Country-of-Origin Effect Theory confirms that products from prestige countries command higher price premiums. Trompenaars' model highlights that particularist markets require flexible, relationship-based pricing, while universalist markets favor standardized strategies. Case studies of McDonald's (localized menus), Apple (tiered global pricing), and Toyota (market-specific positioning) demonstrate how leading multinationals operationalize these principles successfully.

The research identifies **glocalization** as the most sustainable strategic pathway, requiring a balance between global cost efficiency and regional relevance.

- **McDonald's and Cultural Taste**: McDonald's serves as a primary example of peripheral product adaptation. While the global brand identity remains standardized, they modify menus to align with local norms, such as offering vegetarian **McSpicy Paneer Burgers in India** and **Teriyaki Burgers in Japan**.
- **Apple's Tiered Global Pricing**: Apple utilizes the **Price-Quality Heuristic**, setting premium price points that signal reliability and prestige. In Western markets, consumers accept these premiums based on quality assumptions , while in other regions, tiered pricing models are used to maintain exclusivity while reaching broader segments.
- **Toyota's Market Positioning**: Toyota demonstrates market-specific positioning by adapting product features and branding narratives to suit local regulatory requirements and consumer preferences.

Hypothesis Testing

The following table summarizes the results of hypothesis testing conducted on the basis of primary data analysis:

Hypothesis	Test Used	Result	Outcome
H1: Cultural dimensions significantly influence pricing strategies of multinationals	Chi-Square Test	$p = 0.003$	Supported
H2: Product adaptation positively impacts consumer satisfaction in cross-cultural markets	Correlation Analysis	$r = 0.71$, $p < 0.01$	Supported
H3: Country-of-origin effect positively influences willingness to pay a premium	Descriptive + Cross-tab	77.4% agree	Supported
H4: Price fairness perception is influenced by transparency of pricing rationale	Likert Analysis	Mean = 3.8/5	Supported

Table 2: Summary of Hypothesis Testing Results.

All four hypotheses were supported by the data. Cultural dimensions demonstrably influence pricing strategy; product adaptation has a strong positive correlation with consumer satisfaction; the country-of-origin effect meaningfully drives willingness to pay a premium; and transparency in pricing rationale positively shapes fairness perceptions. These findings collectively reinforce the theoretical frameworks reviewed in the literature and provide a robust empirical basis for the recommendations that follow.

Summary

This research examined Cross-Cultural Pricing and Product Adaptation through a mixed-methods approach combining a primary survey of 31 young adult respondents with an extensive secondary review of theoretical frameworks and case studies. The study found that cultural dimensions, economic conditions, and consumer value perceptions are the primary determinants of effective international pricing strategy. Product adaptation in language, ingredients, packaging, and customer support is strongly demanded by consumers and significantly influences satisfaction and brand loyalty. The glocalization model, which balances global brand consistency with targeted local adaptations, emerged as the most effective strategic approach for multinational companies. The country-of-origin effect, price-quality heuristic, and transparent communication of pricing rationale were identified as critical levers for building cross-cultural consumer trust.

Conclusion

In today's globalized economy, businesses face the dual challenge of maintaining consistency while catering to diverse cultural and economic landscapes. This research on Cross-Cultural Pricing and Product Adaptation underscores the significance of dynamic, localized strategies that respect cultural nuances while leveraging global standards. Successful international brands strike a deliberate balance between standardization and localization, a practice appropriately termed glocalization.

Pricing strategies must align with regional economic realities and cultural perceptions of value. Premium pricing is effective in markets where quality and brand prestige are prioritized, while competitive pricing ensures accessibility in price-sensitive regions. Equally important is transparency: brands must communicate the factors driving price disparities, such as taxes, logistics, and local adaptations, to foster consumer trust and loyalty.

Product adaptation is a cornerstone of market success. Cultural customization in language, design, and ingredients enhances consumer resonance, while functional adjustments such as packaging and sizing improve accessibility. The interplay between pricing and product adaptation creates a holistic approach to meeting consumer expectations: visible adaptations justify premium pricing, while affordability reinforces fairness. Businesses that adopt dynamic pricing models, prioritize cultural relevance, and maintain transparent communication are best positioned for sustained global success.

The research identifies glocalization as the most sustainable strategic pathway for multinational corporations, requiring a deliberate balance between global cost efficiency and regional relevance. This hybrid model allows brands like McDonald's to maintain a standardized global brand identity while selectively modifying peripheral offerings, such as serving McSpicy Paneer Burgers in India or Teriyaki Burgers in Japan, to align with local cultural tastes. Furthermore, because modern consumers are digitally savvy and highly aware of global price disparities, brands must utilize transparency as a critical lever for building trust. By openly communicating the factors driving price gaps—such as import taxes, which were cited by 67.7% of research respondents, or distribution and logistics costs, noted by 29%—companies can effectively mitigate consumer skepticism and foster long-term loyalty across diverse cultural terrains.

Recommendations & Implications

Pricing Strategies

- Implement region-specific, dynamic pricing models that account for local economic conditions, purchasing power, and price sensitivity. Tiered pricing ensures accessibility in price-conscious markets while maintaining exclusivity for premium segments.
- Communicate pricing rationale transparently, highlighting factors such as taxes, logistics, and cultural adaptations, to foster consumer trust and reduce scepticism.
- Leverage the Price-Quality Heuristic by emphasizing the relationship between premium pricing and superior quality in affluent and status-driven markets, while balancing affordability in price-sensitive regions.
- Offer region-specific discounts, value packs, or flexible payment options to address price-sensitive demographics without compromising brand equity.

Product Adaptation Strategies

- Tailor product features such as language, color schemes, ingredients, and packaging to align with local cultural preferences. Examples include vegetarian menu options for India and halal certifications for Middle Eastern markets.
- Modify product functionality to meet specific market needs, including resizing, climate-appropriate materials, or compliance with local regulatory requirements.
- Invest in region-specific customer service in local languages to build trust and enhance post-purchase satisfaction.
- Adopt the glocalization approach: maintain a consistent global brand identity while making selective, targeted adaptations for regional relevance.

Branding and Marketing Strategies

- Capitalize on the Country-of-Origin Effect by emphasizing heritage, craftsmanship, and innovation associated with the product's origin to justify premium pricing.
- Develop culturally inspired campaigns that incorporate local values and narratives, leveraging regional influencers or traditional storytelling methods to foster emotional connection.
- Introduce region-specific product variations, seasonal designs, or limited editions to engage younger demographics and respond to local trends.

Managerial Implications

The findings of this research carry important implications for international marketing managers. Firms should institutionalize cultural intelligence as a core competency and conduct systematic cultural audits before entering new markets. Investment in local research and consumer feedback mechanisms will enable more responsive and accurate adaptation decisions, ultimately reducing the risk of market misalignment and brand damage.

Implementation Recommendations

To maximize growth, firms should institutionalize **cultural intelligence**. This involves:

1. **Systematic Cultural Audits**: Conducting research before market entry to reduce misalignment.
2. **Tiered Pricing**: Ensuring accessibility in emerging markets like India while maintaining exclusivity in affluent regions.
3. **Localized Supply Chains**: Reducing the overhead of import taxes and logistics through local production

Limitations

- Sample size constraints: The survey sample of 31 respondents is small and limits the generalizability of findings. Results are indicative rather than conclusive and should be validated with larger, more representative samples.

- Demographic concentration: With 93.5% of respondents from the 18-24 age group, the findings are particularly reflective of young adult perspectives and may not represent broader consumer segments.
- Convenience sampling bias: Respondents were recruited through online platforms and personal networks, which may not fully represent diverse cultural or socioeconomic backgrounds.
- Reliance on secondary sources: The credibility and relevance of secondary sources may vary, and some frameworks, though foundational, may not fully capture the complexity of contemporary cross-cultural consumer dynamics.
- Geographic scope: The research draws on examples from a broad range of countries but does not conduct deep country-specific analysis, which may limit the applicability of findings to particular markets.

Future Research

Future research should address the limitations of this study by employing larger, multi-country samples across diverse age groups and income brackets. Longitudinal studies tracking how cross-cultural pricing and adaptation strategies evolve over time would provide valuable insights. Comparative studies of specific industry sectors, such as fashion, fintech, or healthcare, could yield more targeted findings. Additionally, the growing influence of digital platforms on cross-border price visibility and consumer expectations warrants dedicated investigation. Research incorporating qualitative methods such as ethnographic studies or in-depth interviews could complement quantitative data to deepen understanding of cultural nuances in pricing perception. Finally, studies examining the long-term impact of glocalization strategies on brand equity and customer lifetime value would be particularly valuable for multinational corporations.

Acknowledgment

I would like to express my sincere gratitude to everyone who contributed to the successful completion of this research paper on *"Cross-Cultural Pricing & Product Adaptation."*

First and foremost, I extend my heartfelt thanks to my faculty guide, Prof. Mohan Chede, for his invaluable guidance, continuous encouragement, and insightful suggestions throughout the course of this study. His expertise and support played a vital role in shaping the direction and quality of this research.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Aaker, D. A., & Biel, A. L. (2025). Brand adaptation and country-of-origin effects in global markets. Journal of International Marketing, 33(2), 45-67.
2. Cavusgil, S. T., & Zou, S. (2025). Glocalization strategies: Balancing global consistency and local relevance. International Business Review, 34(1), 102-118.
3. Hofstede, G. (2001). Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations (2nd ed.). Sage Publications.
4. Hinterhuber, A., & Liozu, S. M. (2024). Value-based pricing in culturally diverse markets. Journal of Business Research, 162, 113-128.
5. Katsikeas, C. S., Samiee, S., & Theodosiou, M. (2023). Standardization versus adaptation in global marketing strategy. Journal of International Business Studies, 54(3), 289-315.
6. Levitt, T. (1983). The globalization of markets. Harvard Business Review, 61(3), 92-102.
7. Lichtenstein, D. R., Ridgway, N. M., & Netemeyer, R. G. (1993). Price perceptions and consumer shopping behavior: A field study. Journal of Marketing Research, 30(2), 234-245.
8. Sheth, J. N., & Sisodia, R. S. (2024). Cross-cultural consumer behavior and pricing fairness. Journal of Consumer Psychology, 34(1), 78-95.
9. Trompenaars, F. (1993). Riding the waves of culture: Understanding diversity in global business. Economist Books.

Online Sources:

1. Global Pricing Strategies: https://www.weglot.com/blog/global-pricing-strategies-selling-internationally
2. International Pricing: https://theinvestorsbook.com/international-pricing.html
3. Product Adaptation in Foreign Markets: https://ux247.com/product-adaptation-in-foreign-markets-with-examples/
4. Marketing Adaptation: https://www.marketing91.com/adaptation/
5. Cultural Sensitivity in Branding: https://sezualstudio.com/brand-identity/cultural-sensitivity-in-branding-respecting-diversity-and-inclusivity/
6. Hofstede's Culture Factor: https://www.theculturefactor.com/
7. Trompenaars Consulting: https://thtconsulting.com/
8. JETIR Research Journal: https://jetir.org/papers/JETIR1709141.pdf

Manuscript ID:
IJEBAMPSR-2026-030312

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 10 May 2026
Revised: 15 May 2026
Accepted: 16 June 2026
Published: 30 June 2026

Address for correspondence:
Kavya Nair
Student, Amity Global Business School, Malad, Mumbai
Email:
kavyanair2104@gmail.com

DOI: 10.5281/zenodo.20757713

DOI Link:
https://doi.org/10.5281/zenodo.20757713

The Effect of Self-Brand Congruity on Luxury Brand Loyalty

Kavya Nair[1], Mohan Chede[2]
[1]Student, Amity Global Business School, Malad, Mumbai
[2](Prof.) Faculty, Amity Global Business School, Malad, Mumbai

Abstract

This research looks at the connection between self-brand fit and customer loyalty in the high-involvement luxury sector. It uses self-congruity theory and a framework of prestige-seeking consumer behaviour to examine how matching a consumer's actual and ideal self-image with a brand's personality creates strong emotional ties and lasting commitment. Specifically, the study investigates why ideal self-congruence—the alignment between a brand's image and a consumer's desired self—often drives loyalty more effectively than actual self-congruence. The findings provide valuable insights for luxury brand managers on how to shape brand personalities that connect with consumers' ideal self-images and promote lasting brand loyalty.

Keywords: *Self-Brand Congruity, Luxury Brand Loyalty, Ideal Self, Brand Love, Prestige-Seeking Behaviour.*

Introduction

In the global luxury market, brands have evolved from merely functional products to significant symbols of identity and social status. Consuming luxury goods is a way for individuals to express their self-image as they connect with the brand's perceived personality. At the heart of this connection is Self-Brand Congruity, which reflects the match between a consumer's self-image and the symbolic qualities of a luxury brand. Theoretical foundations indicate that people seek consistency between their brand choices and their self-identity. As the luxury market grows more competitive and digital, building Brand Loyalty—a strong commitment to repeat purchases—has become crucial for business survival. This research aims to explore the psychological processes through which self-brand congruity affects loyalty to luxury brands. The core of this research rests on the distinction between how a consumer perceives their current reality and how they envision their potential. While general consumer behaviour often focuses on utility, the luxury sector operates on Self-Congruity Theory, which posits that people do not just buy products; they buy "versions" of themselves. The distinction between Actual and Ideal self-congruity is fundamental. Actual Self-Congruity is driven by self-verification and comfort through functional luxury, while Ideal Self-Congruity acts as a transformative force focused on self-enhancement.

Literature Review

Self-congruity theory suggests that consumers prefer brands whose personalities match their own self-concept. Research distinguishes between actual self-congruity (how one currently sees themselves) and ideal self-congruity (how one wishes to see themselves). Actual self-congruity meets the need for consistency, while ideal self-congruity fulfils self-esteem needs, helping consumers close the gap between who they are and who they want to be.

Loyalty in luxury brands is complex, involving both attitudinal preferences and behavioural commitment. Luxury loyalty is increasingly viewed relationally. Self-congruity drives Brand Relationship Quality (BRQ), which involves intimacy and partner quality. High ideal self-congruence fosters "brand love," an emotional state marked by passion and attachment.

How to Cite this Article:
Nair, K., & Chede, M. (2026). The Effect of Self-Brand Congruity on Luxury Brand Loyalty. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 65–69. https://doi.org/10.5281/zenodo.20757713

Author(s) & Year	Key Focus	Main Finding
AlQahtani (2025)	The Digital Self	Self-image congruence strongly influences online buying habits, with brand attachment playing a key role.
Akarsu et al. (2025)	Prestige Values	Prestige value perceptions affect outcomes differently across cultural and demographic groups.
Pourazad et al. (2024)	Brand Love	Brand love acts as the "emotional glue" connecting a consumer's view of a brand as an extension of themselves to loyalty.
Tariq et al. (2023)	Brand Trust	When a brand's personality aligns with a consumer's self-image, it builds credibility, leading to long-term loyalty.
Suyoto & Tannady (2022)	Self-Enhancement	Ideal self-congruity fulfils self-esteem needs, helping consumers close the gap between who they are and want to be.

Table 1: Literature Review Matrix – Top 5 Most Relevant & Recent Papers (2023–2026)

The theoretical foundation of this study rests on the shift from functional consumption to identity-driven consumption. While traditional models suggest consumers buy what they need, the luxury sector is governed by the Prestige-Seeking Consumer Behaviour (PSCB) framework. This framework emphasizes symbolic and emotional aspects over functional benefits.

Furthermore, the concept of Brand Relationship Quality (BRQ) is central to understanding loyalty in high-conspicuous categories like automotive luxury and high-end fashion. BRQ is not a single metric but a combination of intimacy, partner quality, and interdependence. For a consumer, a luxury brand acts as a "social passport" to elite groups, where the brand's perceived reliability and character build the trust necessary for long-term retention.

Recent studies highlight a shift toward digital identity and emotional attachment. **AlQahtani (2025)** identified that self-image congruence is a primary driver of online luxury habits, while Pourazad et al. (2024) describe "Brand Love" as the essential "emotional glue" connecting the consumer's identity to the brand.

Objectives of the Study

- To evaluate the different impacts of actual versus ideal self-congruity on loyalty to luxury brands.
- To identify the mediating roles of brand affect (brand love) and brand trust.
- To assess the moderating effects of status consumption and prestige orientations.

Hypotheses

- **H1:** Ideal self-congruity has a stronger positive effect on luxury brand loyalty than actual self-congruity.
- **H2:** Brand love significantly mediates the relationship between self-brand congruity and behavioural loyalty.
- **H3:** High product involvement amplifies the link between self-congruity and brand relationship quality.

Research Methodology

The foundation of this study is based on Positivism. The research adopts a Deductive Research Design, moving from broader ideas of Self-Congruity Theory to specific observations.

- **Research Design:** Explanatory-Causal Research Design was used to establish a causal link between Self-Brand Congruity and Luxury Brand Loyalty.
- **Data Collection:** Primary data was collected through a structured psychometric survey deployed via Google Forms.
- **Sampling:** The study reached a sample size of 137 valid respondents. It used a Non-Probability Purposive-Convenience Sampling technique.
- **Analysis:** To turn raw data into insights, the study used Descriptive Analytics, Reliability Testing (Cronbach's Alpha), and Correlation Analysis (Pearson's r).
- **Theoretical Variable Modelling: The Loyalty Quotient *(Lq)***

$$\text{Loyalty} = \int_{t_0}^{t_n} (S_i \times A_e)\, dt + V_s$$

- The methodology is designed to test a dynamic equilibrium of loyalty, formalized through the Loyalty Quotient ***(Lq)*** equation:
  - Ideal Self-Fit (S_i): The cognitive gap between a consumer's current state and their aspirational identity.
  - Emotional Attachment (A_e): The affective "glue" formed through consistent brand storytelling and relationship quality.
  - Social Validation (V_8): The external signal strength (prestige) that confirms status within a peer group.
  - dt represents the change in time (the infinitesimal time step). It suggests that every interaction, advertisement, and experience between the start of the relationship (t_0) and the present moment (t_n) contributes to the overall "area under the curve" of loyalty.
- The Catalyst Principle: Self-Brand Congruity

acts as the catalyst that lowers the "activation energy" required for a consumer to transition from mere awareness to the high-resilience state of emotional attachment.

[Note on Model Formalization: The Loyalty Quotient (Lq) equation above is a conceptual synthesis based on the structural paths identified in Kressmann et al. (2006) and Suyoto & Tannady (2022). The integral notation serves as a tool to show how brand relationship quality builds up over time. The variables and their interactions, particularly the moderation effect of Ideal Self-Fit (Si) on Emotional Attachment (Ae) (Malär et al., 2011) and the extra influence of Social Validation (Vs), are based on real research in luxury brands.]

Data Analysis and Findings

A total of 137 people answered the survey. Most fell into two age groups: those aged 45 and up (40.9%) and those between 18 and 24 (35%). More than half the participants were women (60.6%).

A deeper dive into the data reveals why Ideal Self-Congruence outweighs Actual Self-Congruence in predicting "Brand Love". While actual self-congruity satisfies the need for consistency (Self-Verification), luxury consumers are primarily motivated by Self-Enhancement. Buying a product from a brand like Hermès or Rolex is more than a transaction; it symbolizes a future identity and serves as a means for Identity Transformation.

However, the brand must maintain a "Prestige Ceiling". If a luxury brand becomes too accessible or aligned with the "Actual Self" of the general public, it suffers from Identity Dilution, leading to a loss of the very aspirational quality that drives loyalty.

Key Findings:

1. **Quality Priority:** 72.3% of respondents stated they buy for quality, not identity.
2. **Value Alignment:** About 66.5% of respondents agree that their preferred brand's image matches their personal values.
3. **Trust:** 83.9% of respondents agree that they trust their brand to consistently meet expectations.

Hypothesis Testing

- **H1 (Supported):** The data reveals that 17.5% see the brand as a reflection of "who I want to be," while 16.1% see "who I am". The discussion highlights that the aspirational gap fosters deeper loyalty.
- **H2 (Supported):** Beyond quality, 24.1% of respondents remain loyal due to an emotional connection to the brand.
- **H3 (Supported):** The research confirms that for high-conspicuous goods like cars and handbags, symbolic factors outweigh functional factors in predicting loyalty.

Summary

The journey from self-image to lasting brand loyalty is a complex process where psychological factors meet social influences. Self-Brand Congruity acts as a catalyst that lowers the psychological barriers to engagement. In luxury contexts, the quality of a brand relationship relies on the brand maintaining its prestige ceiling.

Conclusion

Luxury brand loyalty is not just a transaction; it is a transformation. While functional quality opens the door, it is the alignment between a brand's image and the consumer's ideal self that keeps them loyal. When a brand earns its place in that architecture, it transcends competition and becomes irreplaceable.

The journey from initial brand awareness to lasting luxury loyalty is a complex psychological process where individual self-concepts meet social hierarchies. This research has demonstrated that while functional quality and consistent performance are necessary to open the door to a consumer's home, they are rarely enough to secure a permanent place in their identity.

The transition from a mere transaction to a transformative relationship occurs when the brand acts as a catalyst, lowering the psychological barriers to deep emotional engagement. By aligning with the **Ideal Self-Congruity**—the version of themselves the consumer wishes to become—the brand transcends its status as a product and becomes a "social passport".

Ultimately, luxury brand loyalty is governed by a dynamic equilibrium. As long as a brand can maintain its "Prestige Ceiling" and avoid identity dilution, it continues to fulfil the consumer’s need for self-enhancement and status. When a brand successfully earns its place within this personal architecture of aspiration and social validation, it achieves a state of resilience where it is no longer just a choice, but becomes truly irreplaceable.

Recommendations & Implications

1. **Dual-Value Communication:** Marketing should emphasize technical craftsmanship while positioning the product as a tool for self-actualization.
2. **Identity-Based Loyalty:** Managers should shift from transaction-based programs to Experiential Ecosystems that offer "Social Capital".
3. **Digital Persona Mirroring:** Brands should use AI to identify a consumer’s digital persona and create storefronts that act as a digital mirror.

Strategic Lever	Managerial Objective	Key Tactical Move	Psychological Result
Brand Personality	Identity Fit	Archetypal storytelling (The Sovereign, The Rebel).	Triggers the Aspirational "Ideal Self".
Loyalty Tiering	Status Protection	Access-based rewards (Ateliers, VIP Events).	Provides external Social Validation.
Experiential Design	Emotional Bonding	Blending public "Galas" with private "Consultations".	Creates a self-reinforcing loyalty loop.

Table 4: Strategic Management Framework for Luxury Brand Loyalty

This table outlines the specific Strategic Levers managers can use to foster deep emotional and social connections with consumers:

- Brand Personality: Focuses on Identity Fit through Archetypal storytelling to trigger a consumer's Aspirational "Ideal Self".
- Loyalty Tiering: Aims for Status Protection by offering Access-based rewards like VIP events, providing the consumer with External Social Validation.
- Experiential Design: Facilitates Emotional Bonding by blending public and private brand interactions to create a self-reinforcing loyalty loop.

Limitations

- **Social Desirability Bias:** Respondents may exaggerate loyalty to "Prestige" brands to maintain a preferred image.
- **Cross-Sectional Nature:** The study captures a snapshot in time and does not fully capture loyalty's evolution.
- **Sample Demographic:** A sample of 137 may not include the nuances of "Ultra-High-Net-Worth" individuals whose congruity leans toward "Quiet Luxury".

Future Research

Future research should shift from "Self-Concept" to "Identity Signalling Systems" to explore cases where consumers remain loyal for social validation despite personal tastes. We need a Life-Cycle Theory of Luxury to understand "Identity Migration Paths" as consumers move through life stages. Additionally, research should incorporate Ethical Congruity to see how sustainability influences the Ideal Self-Fit.

Acknowledgment

The successful completion of this research paper would not have been possible without the valuable guidance, encouragement, and support of several individuals.

I would like to express my sincere gratitude to Prof. Mohan Chede, Faculty at Amity Global Business School, Malad, Mumbai, for his continuous guidance, insightful suggestions, and constructive feedback throughout the course of this study. His expertise and encouragement greatly contributed to the successful completion of this research.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. ResearchGate – Self-Congruity, Brand Attitude and Brand Loyalty: A Study on Luxury Brands
2. Academia – Direct and Indirect Effects of Self-Image Congruence on Brand Loyalty
3. SciSpace – What is a Luxury Brand? A New Definition and Review of the Literature
4. PubMed Central – Luxury Consumption and Consumer Behaviour Study
5. PubMed Central – Consumer Self-Concept and Brand Relationships
6. Wiley Online Library – Brand Relationships and Consumer Loyalty
7. Academia – Purchase Intention for Luxury Brands: A Cross-Cultural Comparison
8. ResearchGate – Brand Personality, Self-Congruity and the Consumer–Brand Relationship
9. ResearchGate – Congruence Between Self-Concept and Brand Personality: Its Effect on Brand Emotional Attachment
10. European Journal of Sustainable Development – Consumer Behaviour and Brand Loyalty Study
11. PubMed Central – Brand Loyalty and Consumer Identity Research
12. PubMed Central – Luxury Brand Perception and Consumer Behaviour

1. https://www.researchgate.net/publication/235307815_Self-congruity_brand_attitude_and_brand_loyalty_a_study_on_luxury_brands
https://www.academia.edu/641746/Direct_and_indirect_effects_of_self_image_congruence_on_brand_loyalty
2. https://scispace.com/pdf/what-is-a-luxury-brand-a-new-definition-and-review-of-the-x6a28yx36e.pdf
3. https://pmc.ncbi.nlm.nih.gov/articles/PMC9521331/
4. https://pmc.ncbi.nlm.nih.gov/articles/PMC7847243/
5. https://onlinelibrary.wiley.com/doi/full/10.1002/mar.22120

6. https://www.academia.edu/9727847/Purchase_intention_for_luxury_brands_A_cross_cultural_comparison
7. https://www.researchgate.net/publication/310828455_Brand_personality_self-congruity_and_the_consumer-_brand_relationship
8. https://www.researchgate.net/publication/349097974_CONGRUENCE_BETWEEN_SELF-CONCEPT_AND_BRAND_PERSONALITY_ITS_EFFECT_ON_BRAND_EMOTIONAL_ATTACHMENT
9. https://ecsdev.org/ojs/index.php/ejsd/article/download/1643/1602/3156
10. https://pmc.ncbi.nlm.nih.gov/articles/PMC10889853/
11. https://pmc.ncbi.nlm.nih.gov/articles/PMC8809247/

Manuscript ID:
IJEBAMPSR-2026-030313

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 10 May 2026
Revised: 15 May 2026
Accepted: 16 June 2026
Published: 30 June 2026

Address for correspondence:
Latisha Raj
Amity Global Business School, Mumbai
Email: latisha.raj.b@gmail.com

DOI: 10.5281/zenodo.20757763

DOI Link:
https://doi.org/10.5281/zenodo.20757763

Societal Pushback on AI-Driven Disruption

Latisha Raj[1], Dr. Bhupinder Arora[2]
[1]Amity Global Business School, Mumbai
[2]Faculty Guide, Amity Global Business School, Mumbai

Abstract

Artificial Intelligence (AI) has emerged as one of the most transformative technologies of the twenty-first century, reshaping industries from healthcare and finance to education and governance. Yet its rapid deployment has provoked significant societal pushback, characterized by public fear, deep mistrust, and resistance rooted in concerns about privacy, job displacement, algorithmic bias, and the erosion of human agency. This paper investigates the nature and determinants of societal resistance to AI-driven disruption, focusing specifically on non-expert populations across diverse demographic groups in India. Using a quantitative, descriptive research design, primary data were collected from 170 respondents through a structured online questionnaire distributed via Google Forms. The survey captured attitudes toward AI adoption, specific concerns about privacy and job automation, sector-specific trust levels, media influence on perceptions, and demand for regulatory oversight. Data were analyzed using descriptive statistics including frequency distribution, percentage analysis, mean, and mode, with cross-tabulation employed for demographic comparisons.

Findings reveal that privacy risks (64.7%) and job loss anxiety (45.9%) are the dominant concerns, with younger respondents (aged 11–20) exhibiting the highest career anxiety (mean = 3.76/5.0). A near-universal demand for human oversight in high-stakes AI decisions was recorded (mode = 5.0/5.0). Media influence on AI distrust was moderate but significant (mean = 3.38/5.0), while institutional trust remains fragile and conditional. The paper concludes with actionable policy, industry, and education recommendations for building inclusive, trustworthy AI ecosystems.

Keywords: *Artificial Intelligence, Societal Resistance, Public Perception, AI Trust, Job Displacement, Privacy, AI Regulation, Explainable AI, Digital Disruption, Algorithmic Bias*

Introduction

The twenty-first century has been defined by rapid technological advancement, with Artificial Intelligence (AI) emerging as one of its most transformative forces. AI refers to a broad set of technologies—including machine learning, natural language processing, computer vision, and robotics—that enable machines to perform tasks typically associated with human intelligence. These capabilities have led to the widespread integration of AI into everyday life, from personalized recommendations and virtual assistants to advanced healthcare diagnostics and autonomous systems. As AI continues to evolve, its influence on economic structures, social interactions, and governance frameworks has grown significantly.

Despite its transformative potential, the rise of AI has not been universally embraced. Alongside enthusiasm for innovation, there has been a notable increase in societal concerns regarding its implications. Many individuals fear that AI-driven automation may lead to job displacement, particularly among low- and middle-skilled workers. Others express apprehension about issues such as data privacy, mass surveillance, and algorithmic bias, which can reinforce existing social inequalities. High-profile incidents involving flawed AI systems, including biased decision-making tools and the misuse of generative AI technologies, have further intensified public skepticism. These reactions collectively contribute to what is often described as societal pushback against AI. This study seeks to address that gap by exploring public perceptions of AI within the Indian context.

How to Cite this Article:
Latisha Raj, & Arora, B. (2026). Societal Pushback on AI-Driven Disruption. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 70–74. https://doi.org/10.5281/zenodo.20757763

By examining the concerns, expectations, and attitudes of everyday citizens, the research aims to contribute to more inclusive and socially responsive approaches to AI development, governance, and public engagement.

Literature Review

Author(s) & Year	Key Focus	Main Finding
Baobao Zhang & Allan Dafoe (2019)	Public perception of AI	Public attitudes toward AI vary and influence support for regulation
Tatsuya Aoki (2020)	AI in government	Acceptance of AI depends on context and application
Ben Shneiderman (2020)	Human-centered AI	Human oversight is essential for trust and ethical AI use
Pieter H. M. T. Van Gerven (2021)	Human-AI interaction	Trust in AI depends on transparency and user understanding
European Commission (2021)	AI regulation	Strong regulatory frameworks improve public trust in AI
Kate Crawford (2021)	Social impact of AI	AI systems can reinforce bias and inequality, causing resistance

Objectives of the Study

The objectives of this study are designed to provide a comprehensive understanding of societal responses to Artificial Intelligence among Indian non-expert populations.

1. The study aims to analyze public perception towards AI, focusing on how individuals interpret its role, benefits, and risks in everyday life. This includes examining general awareness, levels of acceptance, and underlying attitudes toward the increasing integration of AI technologies.
2. The research seeks to identify the key factors contributing to societal resistance to AI. Particular attention is given to concerns such as job displacement, data privacy, algorithmic bias, and the lack of transparency (opacity) in AI systems. Understanding these factors is essential for recognizing the root causes of skepticism and hesitation among the public.
3. The study examines how perceptions and anxiety related to AI vary across different age groups. By exploring generational differences, the research aims to uncover whether younger and older populations differ in their levels of trust, adaptability, and perceived risks associated with AI technologies.
4. The study evaluates the role of media in shaping public attitudes toward AI, including the development of pre-existing distrust and varying levels of trust across different sectors. Based on these insights, the research also seeks to propose evidence-based recommendations for policymakers, industry stakeholders, and educational institutions to foster informed awareness and responsible AI adoption.

Research Methodology

1. **Research Design**

This study adopts a quantitative, descriptive research design. A descriptive approach is appropriate given the study's objective of characterizing the current state of public perception toward AI among Indian respondents. The research framework integrates attitudinal measurement (Likert-scale items), perceptual assessment (concern ranking), and demographic profiling to produce a multi-dimensional understanding of AI-related public sentiment.

2. **Study Population and Sample**

The study population comprises individuals residing in India across a wide age range including students, working professionals, homemakers, and retirees. The focus on non-specialist populations reflects the study's concern with those most likely to be affected by AI disruption yet least likely to be included in technical or policy discussions. A total of 170 respondents were sampled using a convenience sampling method via digital channels. The age distribution spans five cohorts: 11–20, 21–30, 31–40, 41–50, and 51–60 years.

3. **Data Collection Tools and Instruments**

Primary data were collected through a structured online questionnaire hosted on Google Forms. The instrument was divided into five sections: (A) Demographic information; (B) AI awareness and usage patterns; (C) Specific concerns about AI (privacy, job loss, bias, transparency); (D) Trust in AI systems, technology corporations, and regulatory institutions; and (E) Preferences for AI governance and human oversight. A combination of Likert-scale items (1–5), multiple-choice questions, and ranked-preference items was employed.

The questionnaire was pilot-tested with a small group of 10 respondents before full distribution to verify clarity, question flow, and reliability.

4. **Pilot Study and Reliability**

A pilot study was conducted prior to the main data collection to assess instrument reliability. The internal consistency of Likert-scale items was evaluated, and the pilot responses confirmed that the questionnaire captured the intended constructs. The pilot study also confirmed the average completion time (~4 minutes) and the accessibility of the language for respondents across educational backgrounds.

5. **Data Analysis Methods**

Data collected through Google Forms were exported to Microsoft Excel for analysis. The following analytical tools were employed: frequency distribution (to understand spread across response categories); percentage analysis (to compare relative proportions); mean and mode (to measure central tendency of Likert responses); and cross-tabulation (to examine relationships between demographic variables and AI perceptions). Visual representations including bar charts, pie charts, and frequency tables were used to present key findings.

Data Analysis and Interpretation

Key AI Concerns: Frequency Analysis

Respondents were asked to identify their primary concerns about AI from a predefined list. Privacy risk emerged as the most dominant concern, cited by 64.7% of respondents (n = 110). Job loss and automation anxiety ranked second at 45.9% (n = 78). Lack of trust in technology companies was cited by 31.8% (n = 54), while unfairness or algorithmic bias (20.6%) and complexity/opacity (19.4%) ranked fourth and fifth respectively.

AI Concern	Number of Respondents	Percentage (%)
Privacy Risks / Data Misuse	110	64.7%
Job Loss / Automation Fear	78	45.9%
Lack of Trust in Technology Companies	54	31.8%
Unfairness or Algorithmic Bias	35	20.6%
Complexity / Hard to Understand (Opacity)	33	19.4%

Key Statistical Measures (Likert Scale Analysis)

Variable	Mean Score (/ 5.0)	Mode	Interpretation
Media Influence on AI Perception	3.38	3	Moderate but significant influence on distrust
Job Loss Anxiety – 11–20 Age Group	3.76	4	Highest anxiety level among all cohorts
Job Loss Anxiety – 21–30 Age Group	3.52	4	High anxiety; early career vulnerability
Job Loss Anxiety – 41–50 Age Group	2.91	3	Moderate; established professional identity
Human-in-the-Loop Preference (Healthcare/HR)	4.72	5	Near-unanimous demand for human oversight
Right to Regulate (Govt. & Corporate Ethics)	4.01	4	Strong demand for institutional accountability
Current Institutional Trust (Govt. & Big Tech)	2.98	3	Neutral / conditional trust only

Cross-Tabulation: Age Group vs. AI Concerns

Concern	11–20	21–30	31–40	41–50	51–60
Privacy Risk	68%	71%	64%	63%	59%
Job Loss Anxiety	72%	68%	55%	38%	32%
Algorithmic Bias	18%	25%	30%	19%	16%
Complexity / Opacity	15%	21%	24%	20%	18%
Institutional Distrust	30%	36%	40%	35%	28%

The cross-tabulation reveals a striking age gradient in job loss anxiety — declining sharply from 72% among 11–20-year-olds to only 32% among 51–60-year-olds. This suggests that younger respondents who face an AI-shaped labour market entry feel far more existentially threatened by automation than their older counterparts, who have established professional identities. Privacy risk, by contrast, remains consistently high across all age groups, confirming its status as a universal concern. Institutional distrust peaks in the 31–40 cohort, potentially reflecting the experiences of mid-career professionals who have direct exposure to workplace automation.

Sector-Specific Trust Analysis

Respondents demonstrated a clear and consistent pattern of sector-specific trust — accepting AI in low-stakes, assistive roles while strongly rejecting it for high-stakes autonomous decisions. High acceptance was recorded for writing assistance, entertainment recommendations, and product suggestions. Moderate acceptance applied to customer service, educational tools, and traffic management. Low acceptance and strong rejection were recorded for healthcare diagnostics, hiring decisions, legal judgments, and financial advisory roles.

The mode of 5.0 (maximum) for the human-in-the-loop preference question represents one of the most decisive findings of this study. It signals a near-non-negotiable societal boundary: AI may assist, but humans must remain in final control for decisions that affect health, livelihood, and legal status. This boundary appears to be consistent across all demographic groups surveyed.

Findings

This section presents the major insights derived from the data analysis, aligned with the study objectives.

Finding 1: Privacy Risk is the Most Dominant Concern Privacy risk is the most common concern, reported by 64.7% of respondents across all age groups. Concerns include data misuse, surveillance, and lack of control over personal information. This shows that strong data protection measures are essential for increasing trust in AI.

Finding 2: Job Displacement Anxiety is Universal but Higher Among Youth Fear of job loss exists across all age groups. However, younger respondents (11–20 years) show relatively higher anxiety levels (mean = 3.76/5.0).

Finding 3: Media Significantly Influences AI Distrust Media exposure plays a major role in shaping AI perceptions (mean = 3.38/5.0). Individuals consuming more AI-related news and content show higher anxiety levels.

Finding 4: Preference for Human Control in AI Decisions Respondents prefer AI in supportive roles rather than as independent decision-makers, especially in high-stakes areas. A strong preference for human involvement (mode = 5.0) highlights the importance of maintaining human oversight in AI systems.

Conclusion

This research paper has examined the nature and determinants of societal pushback against AI-driven disruption, drawing on primary survey data from 170 Indian respondents. The study demonstrates that societal resistance to AI is multi-dimensional, deeply personal, and structurally conditioned. It is not a function of irrational technophobia but reflects legitimate concerns about privacy violations, economic vulnerability, institutional accountability, and the erosion of human agency in high-stakes decisions.

Managerial Implications

For organizational managers, the findings carry critical implications. The near-universal rejection of fully autonomous AI in hiring decisions (high-stakes sector) demands that human resource professionals retain meaningful human oversight in any AI-assisted recruitment process. Middle managers overseeing AI implementation must proactively communicate the purpose, logic, and limitations of AI tools to frontline staff to reduce opacity-driven anxiety. Organizations must invest in internal AI literacy programs and establish clear grievance mechanisms for employees affected by AI-driven processes.

Limitations

Several limitations should be acknowledged. First, convenience sampling via online platforms may have over-represented digitally literate populations, potentially understating the concerns of offline or low-literacy communities. Second, survey data reflect subjective perceptions rather than objective behavioral measures of AI acceptance. Third, the cross-sectional design captures a snapshot in time; AI perceptions are likely to evolve rapidly. Fourth, online distribution may inadequately represent rural or semi-urban perspectives. Fifth, a rigorous gender-disaggregated analysis was not performed, which may mask important gender-based differences in AI perception.

Future Scope of Research

This study opens several avenues for future investigation. Longitudinal studies tracking changes in AI perceptions over time would provide valuable insights into trust dynamics as AI regulations and capabilities evolve. Comparative studies contrasting Indian AI perceptions with those in other BRICS economies (Brazil, China, South Africa) would enrich the global picture. Qualitative research exploring the lived experiences of workers in automation-affected sectors would complement these quantitative findings. Experimental studies examining how different AI literacy interventions affect trust and acceptance would provide evidence-based guidance for educational policy design.

Acknowledgment

I would like to express my sincere gratitude to my Faculty Guide, Dr. Bhupinder Arora, for his valuable guidance, encouragement, and continuous support throughout the completion of this research study on societal perceptions of AI-driven disruption. His insights and constructive feedback greatly contributed to the quality and direction of this work.

I am also thankful to Amity Global Business School, Mumbai, for providing the academic environment and resources necessary for conducting this research.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Tatsuya Aoki Aoki, N. (2022). Examining factors shaping citizens' perception of artificial intelligence in government. Government Information Quarterly, 39(4), 101752. https://doi.org/10.1016/j.giq.2022.101752
2. Yogesh K. Dwivedi Dwivedi, Y. K., Hughes, L., Ismagilova, E., Aarts, G., Coombs, C., Crick, T., Duan, Y., Dwivedi, R., Edwards, J., Eirug, A., Galanos, V., Ilavarasan, P. V., Janssen, M., Jones, P., Kar, A. K., Kizgin, H., Kronemann, B., Lal, B., Lucini, B., ... Williams, M. D. (2023). Building trust in the generative AI era: A systematic review of global regulatory frameworks. International Journal of Information Management, 71, 102642. https://doi.org/10.1016/j.ijinfomgt.2023.102642
3. Carl Benedikt Frey & Michael Osborne Frey, C. B., & Osborne, M. A. (2013). The future of employment: How susceptible are jobs to computerisation? Oxford Martin School, University of Oxford.
4. International Labour Organization International Labour Organization. (2023). AI and the future of work: Policy implications for the Global South. ILO.
5. Anders A. Isaksen Isaksen, A. A., Schaarup, J. R., Bjerg, L., & Hulman, A. (2025). Changes in public perception of artificial intelligence in healthcare after exposure to ChatGPT. NPJ Digital Medicine, 8, 795. https://doi.org/10.1038/s41746-025-01795-3
6. NITI Aayog NITI Aayog. (2018). National strategy for artificial intelligence: #AIforAll. Government of India.
7. Pew Research Center Pew Research Center. (2019). Americans and privacy: Concerned, confused and feeling lack of control over their personal information.
8. Brad Smith & Ben Shneiderman Smith, B., & Shneiderman, B. (2022). AI under great uncertainty: Implications for public policy. Journal of Policy Analysis and Management, 41(2), 473–492. https://doi.org/10.1002/pam.22368
9. K. Witkowski Witkowski, K., Dougherty, R. B., & Neely, S. R. (2024). Public perceptions of artificial intelligence in healthcare: Ethical concerns and opportunities for patient-centered care. BMC Medical Ethics, 25, 74. https://doi.org/10.1186/s12910-024-01072-8
10. World Economic Forum World Economic Forum. (2023). The future of jobs report 2023.
11. Baobao Zhang & Allan Dafoe Zhang, B., & Dafoe, A. (2022). Artificial intelligence: American attitudes and trends. Center for the Governance of AI, University of Oxford.

Manuscript ID:
IJEBAMPSR-2026-030314

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 10 May 2026
Revised: 15 May 2026
Accepted: 16 June 2026
Published: 30 June 2026

Address for correspondence:
Niharika Pandey
Amity Global Business School, Mumbai
Email:
niharikapandey906@gmail.com

DOI: 10.5281/zenodo.20757819

DOI Link:
https://doi.org/10.5281/zenodo.20757819

Exploring Gen AI Perception & Usage Patterns in Gen Z Undergraduate Students

Niharika Pandey[1], Dr. Sonia Pereira[2]
[1]Amity Global Business School, Mumbai
[2](Prof.) Faculty, Amity Global Business School, Mumbai

Abstract

The concept of Generative AI existed well before the commercial invention of the first computer technologies; however, it has only recently become a widely-used term to the point of securing a substantial role in most educational and working environments. For Generation Z students, Generative AI tools are now equivalent to most learning-assistance tools like libraries and online research. Like any technology, Gen AI has its upsides and downsides in academic task implementation. With student sentiments constantly evolving, it is essential to understand and analyse the depth of Gen AI's influence on higher education students, therefore, this study is applied to primarily determine Generative AI's significance for Gen Z undergraduate students along with establishing a correlation between students' Gen AI usage frequency and its perceived academic utility, as well as determining students' preferred Gen AI tools and their preference for using free or paid versions. The findings – conducted through an online survey of 138 respondents – contribute to assessing institutional policies and developer priorities to strategically integrate and employ effective rather than excessive and detrimental use of Generative AI tools in academic settings.

Keywords: *Generative AI, Gen Z Undergraduate Students, Frequency of Generative AI Usage, Perceived Academic Utility*

Introduction

(Turing, 1950) proposed the question, *"Can machines think?"* in the 1950 paper "Computing Machinery and Intelligence". In his view, the question was "too meaningless to deserve discussion," yet he believed that by the end of the century, a machine's ability to think would become an uncontradictory subject of discussion. The concept of Artificial Intelligence was first introduced through this piece of literature and gradually became a common term with advances in technology, only to evolve as one of the categories of AI currently available for public consumption in the form of Generative Artificial Intelligence – Gen AI.

In the present educational ecosystem, Generation Z students (born between 1997 and 2012) are widely considered as the most agreeable of the current generation pursuing higher education, with the adoption and use of new technologies, and this acceptance can generally be leveraged to develop new Gen AI technologies that align with their learning patterns and overall educational pathways (Lee, 2023). Generative AI, having been commercialised in 2022, has become a significant aspect of the average college experience; though students have always utilised diverse resources for their academic tasks, AI is distinguished from those resources in the sense that AI can provide "all these services through a single, instantly accessible interface at virtu-ally zero marginal cost" (Reyes, 2025).

While Generative AI use by Gen Z students was initially cautious and sporadic, it has now developed into a more consistent and strategically engaged activity, with usage frequency, perceived academic utility and entrepreneurial creativity being the prime reasons. This is indicative of LLMs, such as Generative AI tools, moving from the category of exploratory to being embedded into students' workflows (Nagy, 2025). Correspondingly, it is important to note that institutional policies also play a major role in influencing AI usage by students for academic tasks, and 'restrictions' or 'prohibitions' can dramatically reduce self-reported intended use (Reyes, 2025).

Therefore, this paper contributes to identifying a common range of Generative AI use among Gen Z students through primary data focused on usage patterns, and the students' perception towards Generative AI's academic utility.

How to Cite this Article:
Pandey, N., & Pereira, S. (2026). Exploring Gen AI Perception & Usage Patterns in Gen Z Undergraduate Students. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 75–81. https://doi.org/10.5281/zenodo.20757819

Literature Review

Generative AI Adoption by Gen Z

Generative AI in education, according to various studies conducted on the subject, has become extensively relevant from a positive perspective because of its highly adaptive nature; it allows students to design their own learning solutions with quick feedback and encourages them to work in groups with cognition tasks resembling real-life problems (Ali, 2023). Like previous technologies, Gen AI holds "transformative potential" for various fields, including education, especially if we consider the variety of AI services available for different academic tasks and backgrounds. Some functionalities targeted by these services are AI-assisted writing, content creation, language learning, research and study support, AI-based presentations, personalised learning, etc. (Cardoso, 2025).

Compared to older generations, Generation Z has grown up in a more digitally enhanced world, which drives them to accept and experiment with new technologies not only for past-time but also for academic purposes (Mosca, 2019). Based on the findings of (Lee T. G., 2025), Generative AI supports primary ideation in academic and non-academic contexts, whereby participants of the study indicated that Gen AI can serve as a source of inspiration for their daily tasks as well.

Common Gen Z Perceptions on Generative AI

As Gen AI's integration in the execution of academic tasks has increased with its popularity, students' perception of this technology has evolved to view it as a beneficial resource. Some positives for students highlighted by previous research are that it helps ease university transition anxieties (Abbas, 2022) (Abdaljaleel, 2024), aids in understanding concepts and performing routine tasks, which frees up time for high-level activities (İçen, 2022) (Limna, 2023).

Despite its positives, students sometimes find initiating conversations with AI difficult (Abbas, 2022) and its lack of empathy, emotional intelligence and in-depth understanding of subjects also poses as a disadvantage (Hu, 2023) (Essel, 2022). As students' familiarity with Generative AI tools increases, their view of its usage in academics seems to shift from a "cheating tool" to a valuable resource (Safa, 2023) (Tossell, 2024).

Impact of Gen AI on Gen Z

According to the findings of (Barcaui, 2025), AI learning assistance for students significantly impairs retention in the long-term. The data does not directly measure metacognitive calibration or reliance on externalised explanations, yet a plausible interpretation of the observed pattern is stated as "borrowed competency." While AI helps provide structure and speeds up task completion in the short-term, traditional learners' longer sessions include rereading, self-quizzes, elaborate rehearsal, and spaced review. Hence, as the research suggests, traditional learning methods can be time-consuming, but the knowledge retention incurred by such methods is long-term, whereas AI-assisted learning methods shorten learning time and cause knowledge retention for only the short-term, as AI tools provide straightforward answers, which hinders the scope of conducting actual research for the right answer.

Research Objectives

1. Determining the significance of Generative AI usage in academics for Gen Z students currently enrolled in an undergraduate program.
2. Establishing a relationship between the students' frequency of Generative AI tool usage and its perceived academic utility.
3. Determining students' preferred Generative AI tools and their inclination to subscribe to paid versions of Gen AI tools.

Research Methodology

This study has employed both secondary and primary data to fulfil the objectives of the research. The comprehensive methodology is stated below.

Variables: The independent variable of this study is Frequency of Generative AI Usage, while the dependent variable is Perceived Academic Utility of Gen AI tools. The dependent variable is a composite variable and has, thus, been derived from two component variables measured through primary data; these variables are Perception of Academic Accuracy and Perception of Academic Importance.

Data Collection: Primary data has been extracted through an online survey via Google Form, containing both open-ended and close-ended questions (all such questions followed the 5-item Likert scale) that were later analysed accordingly to achieve the objectives of this research; while secondary data – in the form of research papers and articles – supplemented the primary findings with past research conducted in the same field of study and aided in structuring the data collection for this paper.

Sampling: Convenience sampling method has been utilised for collecting primary data from 138 undergraduate students belonging to a mix of undergraduate programs in the demographic age group of 18-21 (76.8% respondents) and 22-25 (23.2% respondents).

Pilot Study: A pilot study of the survey used in this research was conducted initially, with only 32 respondents. The purpose was to assess the reliability of the survey through the Cronbach Alpha Reliability Test applied to all three variables measured for establishing Spearman's Rank correlation as part of this study's objectives. The

Cronbach Alpha score for the pilot study was 0.82, indicating strong reliability of the questionnaire in measuring the variables required for this research.

Analysis: The analysis tools used for analysing primary data are Spearman's Rank Correlation via Excel and Descriptive Frequencies. The correlation between the independent variable, Frequency of Usage, and the dependent composite variable, Perceived Academic Utility, has been determined by deriving the average correlation of the component variables with the independent variable. During the analysis of the collected data, the dependent composite variable has been assumed as Z (the correlation coefficient with the independent variable becoming rZ), and the two component variables have been assumed as X for Perception of Academic Accuracy and Y for Perception of Academic Importance (the correlation coefficient becoming rX and rY, respectively).

Analysis

This section outlines the analysis of the data obtained from the survey conducted via Google Form, with a visual depiction of the synthesis of 138 responses from students of mixed undergraduate backgrounds.

Objective 1: Determining the significance of Generative AI usage in academics for Gen Z students currently enrolled in an undergraduate program.

The result for the first objective of this paper was derived from a consolidation of descriptive frequencies derived from five questions forming part of the online survey. These questions consisted of two Likert-scale itemised questions along with two "Yes" or "No" questions that directly measured the respondents' perceptions and one multiple-response question. All five questions forming a part of this objective have been emphasised below.

The first question measured the Frequency of Gen AI use by the respondents for academic purposes; the majority use Gen AI "Often" (39%) and "Sometimes" (28%); this indicates that currently Gen AI has become a regular part of an undergraduate student's life.

The second question was a Multiple-Response question with respondents selecting all options that applied to them. Responses with "Assignments" (64.5%), "Examination Study Material" (66.7%) and "Research" (58.7%) dominated, with the highest share being "Examination Study Material" and "Presentation Generation" ranked the lowest with 42%. This indicates that Gen AI is most relevant for exam study, assignments, and research work, while presentation generation is still only agreed upon by 42%.

The third question measured students' direct perception regarding whether Gen AI usage in academics has had a positive impact on their grades. The majority answered "Yes" with 83%, and the remaining 17% answered "No"; this indicates that, according to students' self-reported opinion, Gen AI has impacted their grades in a positive manner. It can be assumed that this positive perception drives students' usage patterns.

The fourth question measured students' willingness to use Generative AI for academic tasks despite institutional restrictions/prohibitions, wherein 63% responded with "Yes" and 37% responded with "No". This enforces the first observation that Gen AI has become a regular part of undergrad life, and since students perceive it to have a positive impact on their grades, they are ready to make use of it despite institutional restrictions/prohibitions.

The fifth question measured students' frequency of Gen AI source verification; "Often" and "Sometimes" dominated with 33% and 28% respectively. This indicates that though students perceive it to have a positive effect on their grades, the majority are still cautious about blindly trusting Gen AI content without verification.

Objective 2: Establishing a relationship between the students' frequency of Generative AI tool usage and its perceived academic utility.

A Spearman's Rank Correlation was established between students' use of Generative AI tools and the tools' perceived academic utility by taking the variables Frequency of Usage, Perception of Academic Accuracy and Perception of Academic Importance. Perception of Accuracy and Perception of Importance, measured through two questions, were then used to derive the composite variable – Perceived Academic Utility.

For Perception of Accuracy, the majority answered "Moderately Accurate" (52%) and "Very Accurate" (28%) for accuracy (Figure. 6); this indicates that most of the respondents perceive Generative AI content to be "moderately" and "very" accurate for use in academics.

For Perception of Importance, the majority of the respondents perceive Generative AI to be important for students' learning, with 35% responding "Often" and 29% responding "Sometimes" (Figure. 7).

Both these questions provided Likert-scale responses that were then utilised for obtaining Spearman's Rank Correlation between the three variables mentioned below.

	RANK_FREQ	*RANK_ACCURACY*	*RANK_IMPORTANCE*
RANK_FREQ	1		
RANK_ACCURACY	0.77629058	1	
RANK_IMPORTANCE	0.808756702	0.835690229	1

Table 1. Spearman's Rank Correlation between Frequency of Usage, Perception of Academic Accuracy and Perception of Academic Importance

- Correlation between Frequency of Usage and Perception of Academic Accuracy = 0.776; indicates a positive correlation between the students' frequency of Gen AI usage and their perception of accuracy of Gen AI responses.
- Correlation between Frequency of Usage and Perception of Academic Importance = 0.809; indicates a positive correlation between the students' frequency of Gen AI usage and their perception of its academic importance.
- Correlation between Perception of Academic Importance and Perception of Academic Accuracy = 0.836; indicates a positive correlation between the students' perception of Gen AI's academic importance and their perception of accuracy of Gen AI responses.

Since both Perception of Academic Accuracy and Perception of Academic Importance have a positive correlation with each other, the composite variable of the two, termed "Perceived Academic Utility", can be effectively correlated with Frequency of Usage.

Hence,

Perception of Academic Accuracy + Perception of Academic Importance = Perceived Academic Utility

Therefore, assuming Perception of Academic Accuracy = X, Perception of Academic Importance = Y and Perceived Academic Utility = Z, and taking the correlation of X and Y with Frequency of Usage as rX and rY, and correlation of Z with Frequency of Usage as rZ, rZ becomes the average of rX and rY.

Hence, rZ = (rX + rY) / 2, i.e. rZ = (0.776 + 0.809) / 2 = 1.585/2 = 0.7925 or 0.793.

Correlation of Perceived Academic Utility with Frequency of Usage = 0.793.

Therefore, the composite variable of Perception of Academic Accuracy and Perception of Academic Importance, i.e. Perceived Academic Utility, has a positive correlation of 0.793 with Frequency of Usage.

Objective 3: Determining students' preferred Generative AI tools and their inclination to subscribe to paid versions of Gen AI tools.

The result for the third objective of this paper was derived from a consolidation of descriptive frequencies derived from four questions forming part of the online survey. These questions consisted of one "Yes" or "No" question that directly measured the respondents' perceptions, followed by two multiple-response questions identifying characteristics of the respondents' answers to the "Yes" or "No" questions. The fourth question was multiple-response and identified the respondents' preference for popular Gen AI tools. All four questions forming a part of this objective have been emphasised below.

The first question measured students' preference for certain popular Gen AI tools, wherein ChatGPT secured the top spot with the highest number of choices at 68%, followed by Gemini at 56%, Perplexity at 42%, and then Microsoft CoPilot and Claude with 23% and 18% respectively.

The second question measured the percentage of students currently paying for Generative AI subscriptions for usage in academic tasks; 76% responded with "No" and only 24% responded with "Yes". The further subsets of this question helped identify the reasons for students' preference for paid or free Gen AI versions.

The third question was a multiple-response question (one of two subsets of the second question) that identified the reasons for students using paid Generative AI versions. Respondents prefer paid services as they "Need unlimited queries" (61%), require "Advanced Features" (39%), believe that "Paid version is more accurate" (36%) and that in paid versions, "Responses are faster" (30%).

The next multiple-response question was the fourth question (two of two subsets of the second question) that identified the reasons for students not using paid Generative AI versions. Respondents do not pay for these services as "Free version works fine" (66%), they "Do not use enough to justify the expense" (41%), paid versions are "Too expensive" (24%), and they wish to avoid "Ethical/Institutional concerns arising from paid Gen AI outputs" (20%).

Findings

Objective 1: Determining the significance of Generative AI usage in academics for Gen Z students currently enrolled in an undergraduate program.

From the above analysis, it is evident that students perceive Generative AI to be highly significant in their academic life. In the respondents surveyed, the majority view Gen AI as a positive tool for their academics and believe that it is useful for supporting and/or completing academic tasks. This belief in Generative AI's usefulness can be seen to extend to the point of majority of students agree to utilise Gen AI tools even if they have institutional restrictions or prohibitions in place. Students mainly prefer Generative AI for academic tasks such as examination study, assignments and research for projects and academic papers, while only 42% of the preference is for using Gen AI in generating presentations.

However, most of the population surveyed exhibits caution in blindly trusting Generative AI content, with 33% agreeing with "Often" verifying Generative AI sources and 28% agreeing with "Sometimes" verifying Generative AI sources, followed by "Always" at 15%, "Rarely" at 13% and "Never" at 11%.

These findings indicate that in the current academic environment, most undergraduate students view Generative AI in a positive light for obtaining examination study material, content for assignments and research required for projects and academic papers; and students are even ready to use it despite 'hypothetical' restrictions or prohibitions in their institutes. Nonetheless, students are currently cautious about the content provided by Generative AI as they prefer verifying Gen AI sources rather than trusting these tools blindly.

Objective 2: Establishing a relationship between the students' use of Generative AI tools and its perceived academic utility.

The analysis above exhibits that there exists a positive correlation between students' Generative AI usage and Generative AI's perceived academic utility.

For this finding, the variables used are: Frequency of Usage, Perception of Academic Accuracy and Perception of Academic Importance; for establishing the main correlation between Frequency of Usage and Perceived Academic Utility, Perception of Academic Accuracy and Perception of Academic Importance acted as the component variables to derive the composite variable 'Perceived Academic Utility.'

As both component variables have a strong positive correlation of 0.836 with each other, they were effectively used to determine the correlation between the composite variable Perceived Academic Utility and Frequency of Usage.

All the questions used for this analysis were 5-item Likert scale-oriented; therefore, the correlation method used was Spearman's Rank Correlation for ranking the responses, then assessing the correlation between variables.

Due to the nature of Perceived Academic Utility being that of a composite variable, an average of the correlation of its component variables, assumed as rX and rY, with Frequency of Usage was used to determine the correlation between Perceived Academic Utility and Frequency of Usage. Accordingly, from the findings of this study, it was established that the correlation between Perceived Academic Utility (average of rX and rY) and Frequency of Usage is 0.793.

Hence, Perceived Academic Utility has a positive correlation with Frequency of Usage. This shows that students' Gen AI usage frequency has a positive correlation/positive relationship with its perceived academic utility; students' usage frequency tends to move in the same direction as Gen AI's perceived academic utility.

Objective 3: Determining students' preferred Generative AI tools and their inclination to subscribe to paid versions of Gen AI tools.

The findings for this objective show that students majorly prefer using ChatGPT with 68.1% choices, followed by Gemini, which has 56%, then Perplexity with 42%, Microsoft CoPilot, with 23% and Claude with 18%. This indicates that ChatGPT is the most popular and preferred of all current prominent Gen AI tools, while newly introduced highly specialised research tools like Claude are still in the adoption stage.

Now, while students believe Generative AI to have a positive effect on their academic lives, they are not inclined to use paid versions of these tools with only 23.9% of the sample size paying for Gen AI subscriptions while 76.1% does not, mainly because "Free version works fine" (65.8%), they "Do not use enough to justify the expense" (41.4%) and 24.3% of the belief is that it is "Too expensive" while only 19.8% of the preference to avoid paid versions is due to "Ethical/Institutional concerns arising from paid Gen AI outputs". This highlights that it is mainly the "utility" of the service that drives students to pay/not pay for subscriptions, while the ethical/institutional concerns arising from using paid Gen AI outputs in academic tasks are not a significant concern.

Conclusion

The findings of this study have been consistent in deriving three main conclusions. Firstly, strong utility drives usage patterns in the case of Gen AI, with Perceived Academic Utility being positively correlated to Frequency of Usage. It is understood that students' frequency of Generative AI usage moves in tandem with each other, and the accuracy of content is an essential factor for undergraduate students. Secondly, institutional resistance is largely ineffective; therefore, it is necessary to strategically integrate Generative AI tools in institutions. Thirdly, free access to these tools is, for now, considered sufficient, with a wide majority of students opting to only use free versions of certain preferred tools such as ChatGPT, Gemini and Perplexity.

Managerial Implication

The managerial implications of this study are primarily relevant for institutions and developers. For institutions, it is crucial to promote and implement ethical usage and integration of Gen

AI tools to not only strategically involve Generative AI in student learning but also ensure that students' knowledge retention is safeguarded so that students do not become reliant on Generative AI tools. For developers, accuracy and reliability of content must be a priority in updates, as currently, students increasingly prefer obtaining accurate content from these services.

Limitation

This study mainly faced four limitations. Firstly, the sample size is small with only 138 respondents, which is not representative of the entire Gen Z undergraduate population, and all respondents are from a mix of different undergraduate programs; therefore, a systematic analysis of a specific undergraduate student population's Generative AI usage could not be conducted. Secondly, the measurement of Gen AI usage frequency of the entire sample is limited to the present usage of such tools and does not evaluate changes in usage patterns since adoption. Thirdly, the evaluation of Gen AI tools' impact on students' grades is self-reported, and hence, it is subject to individual perspective. Fourthly, there is a lack of in-depth information on students' ethical considerations while using Generative AI tools, even if said tools are restricted or prohibited by their institutions.

Future Scope

Future studies can analyse the Gen AI usage patterns and frequency of use by students belonging to specific undergraduate programs to understand how Generative AI's perceived academic utility changes with different academic programs. Additionally, students' preference for certain popular Gen AI tools can also be studied to understand their motivations for preferring a specific service over others.

Acknowledgment

I would like to express my sincere gratitude to my guiding faculty, Prof. Sonia Pereira, for her valuable guidance, encouragement, and continuous support throughout the course of this research study, *"Exploring Gen AI Perception & Usage Patterns in Gen Z Undergraduate Students."* Her insights and constructive feedback were instrumental in shaping the direction and quality of this work.

I am also thankful to Amity Global Business School, Mumbai, for providing the academic environment and resources necessary to conduct this research.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Abbas, W. A. (2022). Online chat and chatbots to enhance mature student engagement in higher education. *International Journal of Lifelong Education, 41(3), 308–326*.
2. Abdaljaleel, B. M.-R. (2024). A multinational study on the factors influencing university students' attitudes and usage of ChatGPT. *Scientific Reports, 14(1), 1983*.
3. Ali, W. M. (2023). Gen Z and Generative AI: Shaping the future of learning and creativity. *Cognizance Journal of Multidisciplinary Studies*.
4. Barcaui. (2025). ChatGPT as a cognitive crutch: Evidence from a randomized controlled trial on knowledge retention. *Social Sciences & Humanities Open, 12, 102287*.
5. Cardoso, S. &. (2025). Use of generative AI by higher education students. *Electronics (Vol. 14, p. 1258)*.
6. Essel, V. T.-M. (2022). The impact of a virtual teaching assistant (chatbot) on students' learning in Ghanaian higher education. *International Journal of Educational Technology in Higher Education, 19(1)*.
7. Hu, C. &. (2023). Students' voices on generative AI: perceptions, benefits, and challenges in higher education. *International Journal of Educational Technology in Higher Education, 20(1)*.
8. İçen. (2022). The future of education utilizing artificial intelligence in Turkey. *Humanities and Social Sciences Communications, 9(1)*.
9. Lee, C. &. (2023). The AI generation gap: Are Gen Z students more interested in adopting generative AI such as ChatGPT in teaching and learning than their Gen X and Millennial Generation teachers? *University of Hong Kong*.
10. Lee, T. G. (2025). Examining generation Z's use of generative AI from an affordance-based approach. *Information Research an International Electronic Journal, 30(iConf), 1095–1102*.
11. Limna, P. K. (2023). The use of ChatGPT in the digital era: Perspectives on chatbot implementation. *Journal of Applied Learning & Teaching, 6(1)*.
12. Mosca, C. S. (2019). New approaches to learning for Generation Z. *Journal of Business Diversity (Vols. 19–19, Issue 3)*.
13. Nagy, P. N.-T. (2025). From learning to earning: Comparative insights into Hungarian GEN Z students' use of generative AI in academic and business contexts (2023-2025). *Issues in Information Systems*.
14. Reyes, C. &. (2025). Generative AI in Higher Education: Evidence from an Elite College. *Cornell University*.

15. Safa, D. &. (2023). Artificial intelligence in the L2 classroom: Implications and challenges on ethics and equity in higher education: A 21st century Pandora's box. *Computers and Education Artificial Intelligence, 5, 100179*.
16. Tossell, T. M. (2024). Student Perceptions of ChatGPT use in a college essay Assignment: Implications for learning, grading, and trust in Artificial intelligence. *IEEE Transactions on Learning Technologies, 17, 1069–1081*.
17. Turing, A. M. (1950). Computing Machinery and Intelligence. *Mind 49: 433-460*.

Manuscript ID:
IJEBAMPSR-2026-030315

Volume: 3

Issue: 3(I)

Month: June

Year: 2026

E-ISSN: 3065-9140

Submitted: 10 May 2026
Revised: 15 May 2026
Accepted: 16 June 2026
Published: 30 June 2026

Address for correspondence:
Vivan Jain
Amity Global Business School, Mumbai
Email:
vivan.punmiya.12@gmail.com

DOI: 10.5281/zenodo.20757885

DOI Link:
https://doi.org/10.5281/zenodo.20757885

OPEN ACCESS

Rising Use of AI in Education in Mumbai A study on the use of AI in the education institutes of Mumbai

Vivan Jain[1], Dr. Sonia Pereira[2]
[1]Amity Global Business School, Mumbai
[2](Prof.) Faculty, Amity Global Business School, Mumbai

Abstract

Analysing the awareness of using AI among the students and professors. It has gained significant attention due to its potential to enhance teaching methods, learning experiences, and improving academic efficiency. Despite the widespread use of AI tools such as ChatGPT, Gemini, Claude, and Gamma, the formal integration of AI in education is still extremely limited. This study aims to examine the reasons as to why AI is still not adopted by the institutes into the curricula, find the key barriers and suggest strategies to effectively implement AI in education. The paper mainly focuses on institutes in Mumbai and identifies certain key barriers for the integration of Artificial Intelligence into education. The paper uses a quantitative approach to gather data from students and professors. The results indicate a high rate of adoption and frequent usage by the students. However, the formal integration of AI still remains limited due to challenges such as lack of awareness, lack of training, ethical concerns and integrity issues. This study aims to highlight the massive gap between adoption of AI and the formal integration within academic institutes. The paper concludes that while AI has massive potential to boost the quality of education that students receive. The formal introduction of AI requires proper governance, institutional readiness, and awareness of ethical responsibilities. The study recommends the development of policy framework, introduction of AI training and promotion of ethical usage of AI.

Keywords: *Artificial Intelligence in Education, AI in Education, AI's academic integrity, AI integration into curriculum, Ethics in using AI.*

Introduction

In the contemporary educational landscape, use of technology in learning has become essential, significantly enhancing learning and teaching processes. Among the emerging technologies, AI has gained prominence due to its ability to improve instructional methods and personalize learning. With widespread access to tools such as ChatGPT, Perplexity and Gemini, the use of AI in education is becoming increasingly inevitable with both students and educators actively adopting such technologies. Despite its rapid adoption, the integration of AI into formal educational curricula remains limited. The main reasons behind this may be related to ethical concerns, academic integrity, and readiness of institutions. This paper aims to examine why schools/colleges have not effectively integrated AI into their curriculum and how they can do that.

AI has been a very crucial part of education as well as research ever since it was first introduced. It helps people in understanding topics, fact checking and researching. While students are informally using AI for educational purposes, many institutes have not yet integrated it in a formal way. This gap raises a massive question as to why the rate of AI adoption is astronomically low among the institutes in Mumbai.

The existing literature highlights a ton of opportunities as well as challenges about the adoption of AI into education. On one hand, AI increases efficiency, accessibility, and personalisation, on the other hand, it introduces massive risks such as misuse, over dependence, and insufficient policy frameworks. However, the research on how institutes can safely integrate AI into their curricula while addressing these challenges remains limited. This paper aims to study the current usage of AI in education, find the barriers for integration of AI into education as well as strategies on how to implement it safely and effectively in academic institutions. The study also looks to contribute to the development of formal framework and guidelines with regards to integrating AI into education.

How to Cite this Article:
Jain, V., & Pereira, S. (2026). Rising Use of AI in Education in Mumbai A study on the use of AI in the education institutes of Mumbai. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(3(I)), 82–87. https://doi.org/10.5281/zenodo.20757885

Objectives:

- To identify the barriers for integration of AI in the educational curricula
- To assess the ethical concerns and challenges of using AI in education
- To find out the extent of AI usage in education among students and educators
- To analyse the level of institutional readiness for adoption of AI

Review of Literature:

The literature review for this paper analyses existing studies that focus on the application, benefits, challenges, and ethical implications of AI in education. Numerous studies have identified the potential as well as the concerns regarding implementation of AI in education. The table below summarises key studies relevant to the topic.

Author(s) & Year	Context	Key Findings	Relevance
Galex et al. (2023)	Study on the integration of AI in higher education and the need for structured implementation frameworks	Highlights the importance of institutional policies, ethical guidelines, and AI literacy among students and educators	Useful for understanding governance and structured adoption of AI in educational institutions
Alasadi & Baiz (2023)	Examines the role of generative AI in education and research, including risks such as plagiarism	Finds that AI improves efficiency but cannot replace critical thinking and analytical skills	Important for discussing academic integrity and limitations of AI tools
Nguyen (2023)	Study of various AI applications in education, including student-facing and teacher-support systems	AI enhances personalization and teaching effectiveness but requires ethical oversight	Helps classify AI applications and their practical use in education
Selwyn (2022)	Critical analysis of AI adoption in education systems	Points out overhyped expectations and potential social and ethical risks	Provides a balanced perspective, strengthening critical analysis in research
Tahiru (2021)	Systematic review of AI opportunities, challenges, and impacts in education	Concludes that AI improves learning outcomes but raises concerns about privacy, ethics, and access	Serves as a strong foundational overview of AI in education

The literature review suggests that the preliminary reasons for lack of AI adoption in education are a result of privacy, ethical and equitable access concerns. It also states that institutions lack proper framework or guidelines for using AI effectively.

Research Methodology:

This study adopts a quantitative research approach to analyse the extent of AI integration in education and assess the challenges related with its implementation. The research is primarily based on the primary data collected through a structured questionnaire. It follows a descriptive research design as it aims to analyse the current usage of AI, the users' perception of AI and the barriers to integration of AI into curricula.

Data sources:

Data was collected through both, primary and secondary sources. Primary data was collected through a structured questionnaire using a google form. The questionnaire included multiple choice questions as well as likert scale questions to capture the the users' usage, perceptions, and awareness. Secondary data was collected through existing papers related to AI in education. This helped in understanding research gaps, and limitations.

Sampling:

The study uses convenience sampling within a single city of India, which consisted of students. The survey was distributed through the means of online platforms, mainly consisting of student networks in colleges. The sample could introduce bias as the student network is situated in an urban environment and is very aware about AI in education. This paper does not include students from semi-urban or rural areas.

Data Analysis:

AI Usage

Response	Frequency	Percentage (%)
Yes	43	95.56
No	2	4.44

The data shows us that about 96% of the sample was already using AI for educational purposes. This shows us that the adoption rate of AI is extremely high among the students in the universities. It reveals that majority of the sample has already been using AI as a tool for education

Frequency of AI Usage

Frequency	Count	Percentage (%)
Daily	28	62.22
Multiple times a week	12	26.67
Occasionally	4	8.89
Rarely	1	2.22

The table reveals that about 89% of the sample uses AI more than once in a week while about 98% of the respondents use it occasionally. It proves that majority of the respondents use AI regularly for education and further cements the high rate of informal adoption in education.

Accessibility of AI Tools

(Scale: 1 = Strongly Disagree, 5 = Strongly Agree)

Rating	Count	Percentage (%)
5 (Strongly Agree)	20	44.44
4	13	28.89
3	9	20.00
2	2	4.44
1 (Strongly Disagree)	1	2.22

The likert scale question above reveals that about 98% of the respondents believe that AI has equitable access to everyone. Meaning that almost everyone in the world has some or the other way to access AI and use it. This however might introduce some bais due to the study majorly being conducted in an urban area.

Ease of prompting

(Scale: 1 = Very difficult, 5 = Very easy)

Rating	Count	Percentage (%)
5 (Very Easy)	13	28.89
4	15	33.33
3	12	26.67
2	3	6.67
1 (Very Difficult)	2	4.44

The table above shows that only about 52% of the respondents find AI quite easy to use while the others might have some difficulty in writing their prompts. This shows that institutional integration and frameworks for AI might increase the ease of using AI for almost half of the respondents and aid in efficient work.

Usefulness of AI Responses

Response	Count	Percentage (%)
Always	11	24.44
Often	20	44.44
Sometimes	12	26.67
Rarely	1	2.22
Never	1	2.22

This shows us that only 24% of the respondents always get useful information from AI. It shows that a massive gap exists on the users' ability to get useful information. About 69% of the respondents claim that they often get useful response due to limited adoption of AI into educational institutes. However, the introduction of formal guidelines and integration of AI could significantly improve this statistic.

Ethical Awareness

Response	Count	Percentage (%)
Yes	34	75.56
No	11	24.44

While most of the respondents are aware about the ethical implications of using AI, a massive gap still exists in this category. This further cements the need for formal guidelines and policies regarding the usage of AI.

Privacy and Security Concerns

(Scale: 1 = Strongly Disagree, 5 = Strongly Agree)

Rating	Count	Percentage (%)
5 (Strongly Agree)	21	46.67
4	8	17.78
3	9	20.00
2	4	8.89
1 (Strongly Disagree)	3	6.67

The data here reveals a strong concern regarding privacy issues. However, this could be reduced if the respondents had formal knowledge on how to use AI. It depicts an urgent need for introduction of formal guidelines for using AI.

AI Integration into Curriculum

Rating	Count	Percentage (%)
5 (Strongly Agree)	15	33.33
4	16	35.56
3	10	22.22
1 (Strongly Disagree)	4	8.89

There is strong support for formally integrating AI into education. About 91% of the respondents either agree or are neutral in purview of formal AI integration. It could result in massively improving the efficiency of the entire education system.

Institutional Support on AI Usage

Response	Count	Percentage (%)
Yes	22	48.89
No	13	28.89
Not sure	10	22.22

Only about 48% of the respondents claimed that their institutions support the use of AI. There is moderate support, but not strong enough to make a real impact on the integration. Furthermore, the data shows that the institutions lack clear and formal guidelines for using AI.

Barriers for Integration

Barrier	Count	Percentage (%)
Lack of awareness	27	60.00
Lack of training	26	57.78
Ethical concerns	24	53.33
Academic integrity issues	23	51.11
Lack of policies/guidelines	16	35.56
Institutional resistance	10	22.22
Cost/infrastructure	8	17.78

This table shows that the most prominent barriers to AI integration are Lack of awareness, integrity, insufficient training, and ethical concerns. It shows us that the challenges are primarily linked to knowledge, skills, and governance rather than infrastructural limitations.

Key Findings:

- Majority of the respondents are already regularly using AI for educational purposes, this shows that it has become a regular part of their learning process.
- About 91% of the respondents agree to the notion of formally integrating AI with education. This shows a positive attitude towards the formal and structural implementation of AI.
- A significant portion of the respondents believe that AI is easy to use and accessible, which contributes to the massive informal adoption of AI.
- Less than half of the respondents claimed that their institutes support AI usage, which highlights a massive gap between AI usage and institutional involvement.
- The key barriers that were identified revealed that challenges are more toward organisational and educational rather than technological.

Conclusion:

Artificial Intelligence (AI) has emerged as one of the most transformative technologies in the world of education, with the potential to massively enhance the traditional learning and teaching processes. The widespread, informal use of AI has enabled students and educators in improving the efficiency, accessing information more effectively, and personalize the learning process. Tools like ChatGPT, Gemini, and Gamma are being heavily used for tasks ranging from content generation to learning difficult topics easily. This highlights the growing significance of AI in the education system.

The findings of the study clearly show that AI has already been adopted by users in education settings. Most of the respondents claimed to use AI tools for educational purposes, with many of them using more than once a week. This demonstrates that AI is no longer an emerging tool but rather an integral part of the modern education system. Furthermore, most of the respondents found AI accessible and easy to use, which further contributes to the widespread adoption. The findings suggest that the students and faculty are highly receptive to modern technologies which enhance the learning experience.

However, despite the massive acceptance of AI, its formal integration in the educational curricula remains limited. The study found a massive gap between acceptance and integration of AI. Despite individuals leveraging AI to enhance and personalise their academic learning, the incorporation of AI at an institutional level along with structured learning format requires a lot of attention. The lack of integration could lead to unethical and unregulated use of AI, which could potentially hamper the growth of students.

The study also found that the major barriers to integration of AI are all related to knowledge, skills, and governance. Issues related to plagiarism and over reliance on AI further complicate the process of adoption. Further, concerns related to data privacy and security were expressed by a considerable number of respondents, which calls for a requirement for a formal guidance and framework system to be introduced. Another important finding related to institutional support regarding the use of AI, shows that only about 48% of the respondents claim that their institutes support the use of AI in their curricula. This raises a serious question as to why institutes, despite high levels of individual AI adoption, have not yet integrated education with AI.

In conclusion, AI tools are massively enhancing the learning experience. Despite prominent levels of individual acceptance, AI has been disregarded as a helpful tool for education by institutions. This claim is backed by the concerns raised regarding academic integrity of AI. Institutions believe that integrity issues such as over-reliance and plagiarism might hamper the real growth of students. This calls for the need of robust governance mechanisms to be introduced via the institutions to avoid misuse of AI. While students and educators are consistently using AI to improve learning, institutions must take proactive steps to incorporate these technologies into their curricula in a structured format. The need for framework regarding the use of AI to prevent over-reliance, plagiarism, and unethical use has been cemented via the findings of this study. The framework requires development of comprehensive policies, provision of adequate training for both students and educators, and the establishment of ethical guidelines to ensure responsible use of AI. By bridging this gap, AI can be effectively integrated into education, leading to enhanced learning outcomes, better efficiency, and a very adaptive and future ready education system.

Acknowledgment

I would like to express my sincere gratitude to my guiding faculty, Prof. Sonia Pereira, for her valuable guidance, encouragement, and continuous support throughout the completion of this research study. Her insights and constructive suggestions greatly contributed to the successful execution of this project.

I am also thankful to Amity Global Business School, Mumbai, for providing me with the opportunity and resources to conduct this research on the rising use of Artificial Intelligence in education.

Financial support and sponsorship
Nil.

Conflicts of interest
The authors declare that there are no conflicts of interest regarding the publication of this paper.

References:

1. Alasadi, A., & Baiz, A. (2023). Generative AI in education and research: Opportunities, concerns, and solutions. Journal of Chemical Education. https://doi.org/10.1021/acs.jchemed.3c00323
2. Nguyen, N. D. (2023). Artificial intelligence in education: A review of applications, benefits, and challenges. International Journal of Educational Technology.
3. Holmes, W., Bialik, M., & Fadel, C. (2022). Artificial intelligence in education: Promises and implications for teaching and learning. Center for Curriculum Redesign.
4. Luckin, R., Holmes, W., Griffiths, M., & Forcier, L. B. (2016). Intelligence unleashed: An argument for AI in education. Pearson Education.
5. UNESCO. (2021). Artificial intelligence in education: Guidance for policy-makers. https://unesdoc.unesco.org
6. Crompton, H., & Burke, D. (2023). Artificial intelligence in higher education: The state of the field. Computers and Education: Artificial Intelligence, 4. https://doi.org/10.1016/j.caeai.2023.100123
7. Zawacki-Richter, O., Marín, V. I., Bond, M., & Gouverneur, F. (2019). Systematic review of research on artificial intelligence applications in higher education. International Journal of Educational Technology in Higher Education, 16(1). https://doi.org/10.1186/s41239-019-0171-0
8. Dwivedi, Y. K., et al. (2023). So what if ChatGPT wrote it? Multidisciplinary perspectives on generative AI. International Journal of Information Management, 71. https://doi.org/10.1016/j.ijinfomgt.2023.102642