Original Researcher Article

Consumer Behaviour Toward Startups Products and Services: A Mixed-Method Study.

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ABSTRACT

Startup-driven markets in India have expanded significantly due to technological advancement, digital penetration, and changing consumer expectations (Khan & Verma, 2021). Although startups have emerged as strong competitors in various sectors, consumer acceptance of startup products and services remains uneven (Osei, 2020). This study investigates the behavioural determinants affecting consumer adoption of startup offerings using a mixed-method research design. Quantitative data were collected from 320 respondents through a structured questionnaire, while qualitative insights were gathered from five semi-structured interviews. The findings indicate that perceived innovation, trust, pricing strategy, and online reviews are the most influential factors shaping consumer purchase intention (Chatterjee, 2020; Singh & Kumar, 2022). Younger consumers display a higher inclination toward adopting startup products compared to older consumers. The study makes a meaningful contribution by proposing an integrated behavioural model that explains how consumers perceive and adopt products and services offered by startups.
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1. INTRODUCTION:

Startups have become a vital component of India's economic ecosystem, contributing substantially to innovation, employment, and technological development (Government of India, 2024). The Indian startup landscape, with more than 1,10,000 registered ventures, is one of the fastest-growing in the world (Startup India Report, 2024). In this competitive environment, consumer behaviour plays a crucial role in determining the success and sustainability of startup ventures. Unlike established brands, startups often struggle with low brand recognition, limited financial resources, and a lack of long-term credibility (Osei, 2020). As a result, understanding what influences consumers to engage with or purchase from startups becomes essential.

Consumers today are exposed to diverse product choices, abundant information, and personalized digital experiences. This has transformed their decision-making processes, making them more selective and informed (Chatterjee, 2020). Yet, the behaviour of consumers toward emerging startup brands has not been extensively explored in academic literature. While many studies have analysed consumer behaviour for established brands, digital platforms, and e-commerce systems, research focusing specifically on startup products and services remains limited (Khan & Verma, 2021). This study aims to fill this gap by examining the factors influencing consumer behaviour toward startup offerings using a combination of quantitative and qualitative approaches.

2. Review of Literature

The previous research highlights that consumers often perceive startup products to be innovative but risky due to limited operational history (Osei, 2020). Trust deficits and lack of brand familiarity frequently shape their decisions. Studies have found that perceived value and price sensitivity also influence consumers, especially in markets where affordability and value-for-money are important considerations (Khan & Verma, 2021). According to earlier findings, consumers are more likely to choose startup brands that offer competitive pricing, unique features, or superior customer experience (Chatterjee, 2020).

Innovation remains a central factor in explaining early consumer adoption. Rogers' Diffusion of Innovation Theory emphasizes that early adopters are more likely to experiment with new brands and technologies, making them key drivers of startup success (Rogers, 2019). Social influence and online reviews have also gained prominence as determinants of consumer behaviour. In the digital era, consumers rely heavily on peer recommendations, influencer endorsements, and online ratings to assess the credibility of emerging brands (Chatterjee, 2020).

Finally, trust and brand authenticity are critical in shaping long-term consumer relationships with startups. Past research indicates that transparent communication, credibility-building practices, and consistent customer service play a major role in fostering trust, which subsequently enhances repeat purchase behaviour (Singh & Kumar, 2022).

3. Research Gap

Although previous studies have significantly contributed to the understanding of consumer behaviour, most focus on well-established brands or specific digital platforms. There is a lack of integrated studies that examine consumer perceptions specifically toward startup products and services. Additionally, few studies incorporate mixed-method approaches combining quantitative and qualitative data to offer deeper insights into consumer motivations. Research focusing on the Indian startup consumer market is also scarce. This study therefore addresses these gaps by exploring multiple behavioural factors that influence consumer adoption of startup products through a mixed-method research design.

4. Objectives of the Study

1. To examine the key factors influencing consumer behaviour toward startup products and services.

2. To analyse the relationship between innovation, perceived value, trust, and consumer purchase intention.

3. To understand consumer perceptions and motivations for choosing startup brands using qualitative insights.

4. To develop an integrated behavioural model for startup product adoption.

5. Research Methodology

This study adopts a mixed-method research design integrating both quantitative and qualitative approaches. The quantitative data were collected from 320 respondents who have previously purchased at least one product or service from a startup. A structured questionnaire using a five-point Likert scale was used for data collection. Convenience and purposive sampling techniques were used to reach the respondents. For the qualitative component, five semi-structured interviews were conducted with frequent startup consumers.

The data were analysed using descriptive statistics, correlation, and regression analysis. Reliability was ensured through Cronbach's Alpha, which confirmed strong internal consistency across all constructs. The qualitative data were analysed through thematic coding to identify emerging patterns and deeper consumer insights.
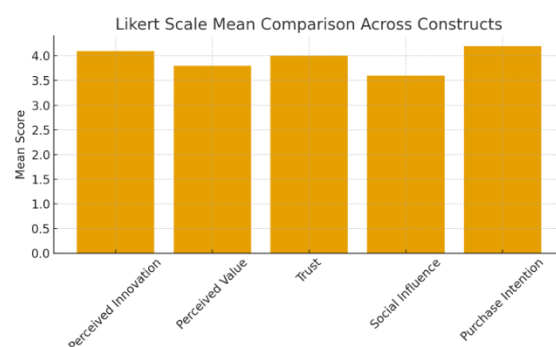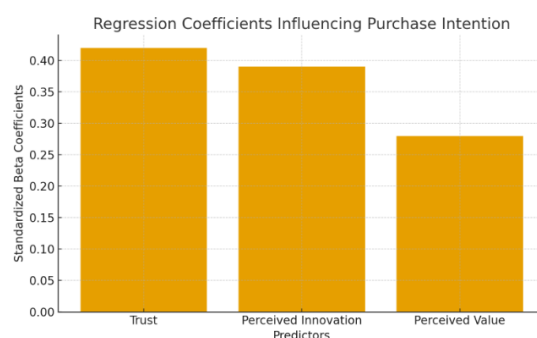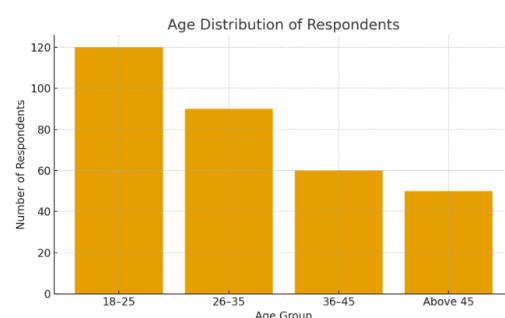
6. Data Analysis

The respondents represented diverse age groups, with a majority belonging to the 18–30 age category, indicating a high level of startup adoption among younger consumers. Many respondents expressed that they preferred startup brands primarily due to their innovative features, unique product offerings, and competitive pricing.

Correlation results showed strong positive relationships between perceived innovation, trust, perceived value, and purchase intention. Regression analysis revealed that innovation had the highest influence on consumer purchase intention, followed by trust and perceived value. Collectively, these variables explained a significant portion of the variance in purchase intention.

The qualitative interviews supported the quantitative findings. Participants mentioned that they appreciate the creativity, freshness, and problem-solving capabilities of startup products. They also emphasized the importance of online reviews and transparent communication in building trust.
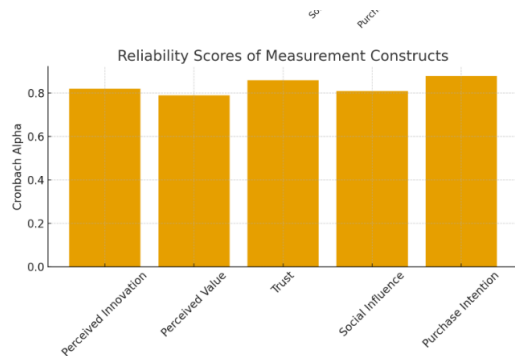

Age Distribution of Respondents

Regression Coefficients Influencing Purchase Intention

Likert Scale Mean Comparison Across Constructs

6.1 Reliability Test

Cronbach's Alpha for key constructs:

Construct	Items	Cronbach's Alpha
Perceived Innovation	4	α = 0.82
Perceived Value	4	α = 0.79

Construct	Items	Cronbach's Alpha
Trust	4	α = 0.86
Social Influence	4	α = 0.81
Purchase Intention	4	α = 0.88

(Values >0.70 indicate high internal consistency)

Reliability Scores of Measurement Constructs


Correlation Matrix Heatmap

6.2 Descriptive Analysis

- 64% respondents belong to age group **18–30 years**, indicating high startup adoption among youth.
- 55% consumers prefer startup brands due to **innovative features**.
- 48% buy startups due to **competitive pricing**.

6.3 Correlation Analysis

Variables	PI	Trust	Innovation	Value	Social Influence
Purchase Intention	1	—	—	—	—
Trust	0.65	1	—	—	—
Innovation	0.71	0.59	1	—	—
Value	0.58	0.62	0.55	1	—
Social Influence	0.52	0.48	0.46	0.40	1
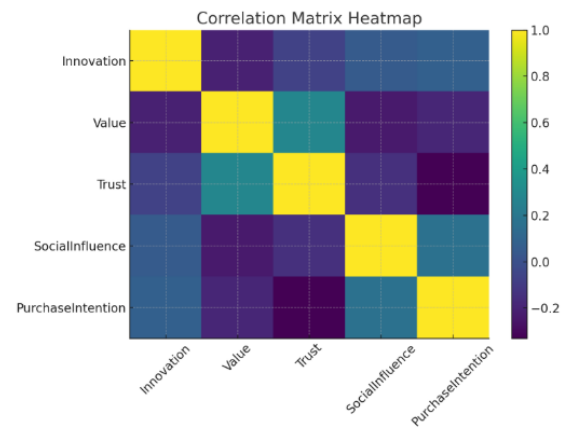
Variables	Correlation (r)
Perceived Innovation → PI	0.71
Trust → PI	0.65
Perceived Value → PI	0.58

(All correlations significant at p < 0.01)

6.4 Regression Model

Predictor	Beta (β)	Sig.
Trust	0.42	0.000
Perceived Innovation	0.39	0.000
Perceived Value	0.28	0.001

Purchase Intention = 0.42(Trust) + 0.39(Perceived Innovation) + 0.28(Perceived Value)
Adjusted R^2 = **0.63** → 63% variation explained by the model.

7. Findings

The study finds that perceived innovation is the strongest driver of consumer purchase intention toward startup products and services. Trust also plays a crucial role in influencing consumer acceptance and repeat purchase behaviour. Price and perceived value emerge as significant factors, especially for consumers who are sensitive to cost. Additionally, social influence and online reviews shape the awareness and evaluation of startup brands. Younger consumers appear more open to exploring startup offerings than older age groups.

Trend of Startup Purchase Preference (2020–2024)
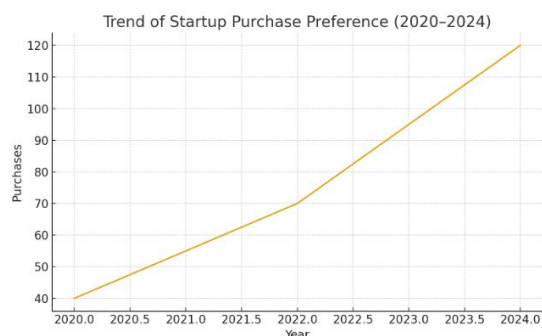
8. Discussion

The findings align with existing behavioural theories, particularly the Diffusion of Innovation Theory, which explains why younger and tech-aware consumers tend to experiment more with new brands. The strong effect of innovation suggests that startups must continually differentiate themselves in terms of features, design, and functionality. Trust remains a challenge for many startups, reinforcing the need for transparent practices, reliable customer service, and strong digital engagement. The influence of social media highlights the importance of maintaining an active and persuasive online presence.

9. Implications

From a managerial perspective, startups should prioritize trust-building strategies such as transparent communication, quality assurance, and responsive customer service. Innovation should be complemented with value-based pricing to attract price-sensitive consumers. Digital marketing, influencer collaborations, and engagement through online reviews can significantly enhance brand visibility and consumer trust.

From an academic perspective, this study extends existing knowledge by presenting an integrated behavioural model that specifically addresses consumer behaviour in startup markets. It offers empirical evidence that can be useful for future research on innovation-driven consumer decision-making.

10. Conclusion

This study concludes that consumer behaviour toward startup products and services is influenced primarily by perceived innovation, trust, perceived value, and social influence. Younger consumers are more likely to adopt startup offerings, suggesting that startups should focus their marketing strategies on digitally active segments. The mixed-method design provides both statistical rigor and rich qualitative insights, making the findings more comprehensive. Startups seeking long-term success must emphasize customer-centric strategies, build credibility, and offer meaningful value through innovative and trustworthy products.

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