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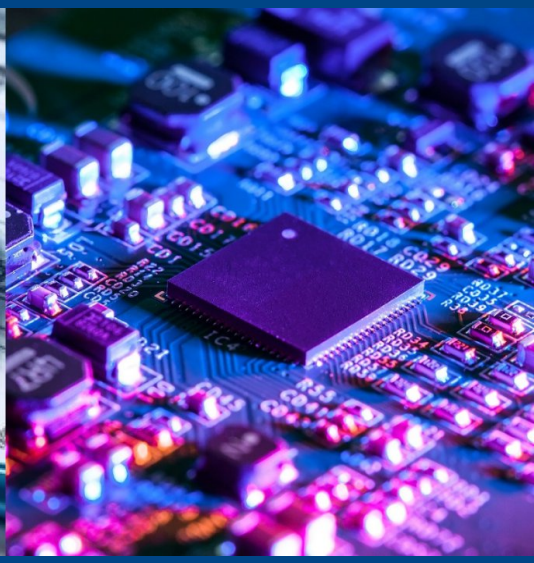

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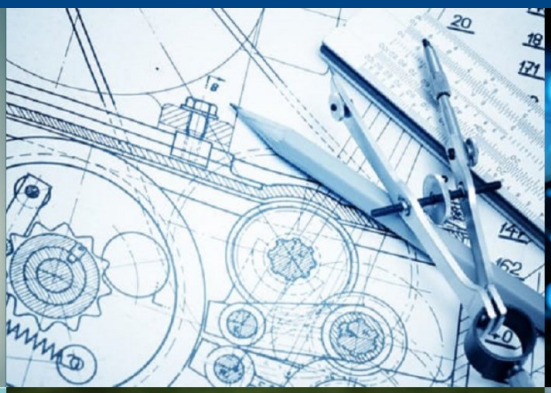

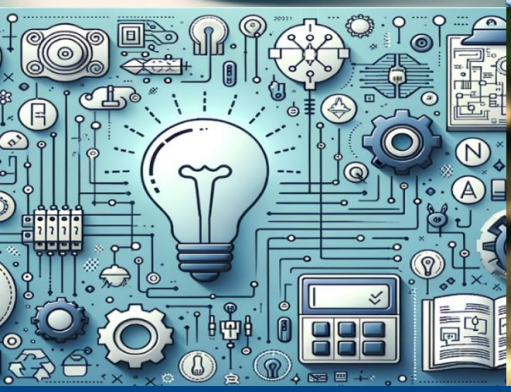

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Optimizing the Marketing Mix for Ethical Apparel Brands Based on College Students' Willingness to Pay Premium

Jayanth Kumar G, Dr. Kalavathy K S,

Student, Department of MBA, CMS Business School, JAIN (Deemed-to-be University), Bengaluru, India

Associate Professor, Faculty of Management Studies, CMS Business School, JAIN (Deemed-to-be University), Bengaluru, India

ABSTRACT: The global ethical apparel market has witnessed sustained growth, driven by increasing consumer awareness of environmental and social concerns. Despite this, a persistent gap exists between positive consumer attitudes toward ethical fashion and actual purchasing behaviour. This study investigates the key determinants influencing consumers' willingness to pay (WTP) a price premium for ethical apparel among urban, educated young adults in India. Five construct dimensions were examined: quality perception, price sensitivity and transparency, product availability and accessibility, sustainability marketing and brand storytelling, and brand trust. Primary data were collected through a structured questionnaire (five-point Likert scale, n = 101), predominantly from postgraduate MBA students aged 21-26. Statistical analysis included descriptive statistics, Cronbach's Alpha, one-sample t-tests, independent samples t-tests, one-way ANOVA, Pearson correlation, and Chi-Square tests. Results reveal that pricing transparency (r = 0.592), online availability (r = 0.576), brand storytelling (r = 0.571), fair pricing (r = 0.557), and ethical materials (r = 0.537) are the strongest predictors of WTP. Counter-intuitively, brand trust showed a negative or negligible correlation with WTP, suggesting intrinsic ethical motivation drives purchasing decisions rather than corporate credibility. Seven of eight hypotheses were supported. The findings offer actionable insights for ethical apparel brands operating in emerging Indian markets.

KEYWORDS: Ethical apparel, willingness to pay, pricing transparency, sustainable fashion, consumer behaviour, brand storytelling, emerging markets

I. INTRODUCTION

The global fashion industry stands at a critical inflection point, caught between commercial growth imperatives and ethical responsibility. The rapid expansion of fast fashion has generated profound environmental degradation and social inequities, making the industry one of the largest contributors to global pollution. The tragic collapse of the Rana Plaza garment factory in Bangladesh in 2013 exposed exploitative labour practices embedded in global supply chains, triggering a paradigm shift in how fashion is produced, marketed, and consumed.

Ethical apparel - characterised by sustainable sourcing, fair labour practices, transparency in supply chains, and eco-friendly production - has emerged as a viable alternative. The global ethical apparel market was valued at approximately USD 10.1 billion in 2022 and is projected to grow at a CAGR of 9.1% through 2030 (Grand View Research, 2023). Despite this, the "attitude-behaviour gap" persists: consumers express support for ethical products but are reluctant to pay higher prices.

India provides a highly relevant context for examining this issue. As the world's second-largest textile producer with a domestic fashion market exceeding USD 100 billion, India's urban, educated young consumers are increasingly exposed to global sustainability narratives. Yet empirical research on Indian consumers' WTP for ethical apparel remains limited. This study addresses that gap by systematically analysing five determinant constructs of WTP among 101 urban Indian postgraduate students.

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II REVIEW OF LITERATURE AND THEORETICAL FRAMEWORK

The theoretical foundation of this study integrates three established frameworks. The Theory of Planned Behaviour (Ajzen, 1991) posits that purchasing intentions are shaped by attitudes, subjective norms, and perceived behavioural control. The Value-Belief-Norm (VBN) Theory (Stern et al., 1999) explains how pro-environmental values and personal moral norms drive ethical consumption independently of brand trust. Signalling Theory (Spence, 1973) explains why pricing transparency - involving verifiable cost disclosure - functions as a more credible signal of ethical authenticity than reputational claims.

Prior research consistently identifies price premium as the primary barrier to ethical apparel adoption (Bray et al., 2011; Carrigan & Attalla, 2001). Hustvedt and Bernard (2008) established that perceived quality mediates between ethical labelling and WTP. Shen et al. (2012) demonstrated that pricing transparency significantly increases WTP independent of absolute price level - directly relevant to this study's central finding. Ritch and Schröder (2012) found that online availability significantly reduces barriers to ethical fashion access. Bhattacharya and Sen (2004) confirmed that cause-related marketing strengthens purchase intention, while Nyilasy et al. (2014) highlighted that perceived greenwashing triggers negative consumer reactions - explaining the below-neutral brand trust scores observed in this study.

The primary research gap addressed here is the absence of multi-construct comparative studies in the Indian emerging market context, particularly among postgraduate students with independent discretionary spending capacity.

III. RESEARCH METHODOLOGY

3.1 Research Design and Sample

A positivist, deductive, descriptive-causal research design was adopted. Data were collected via a self-administered online structured questionnaire in January-February 2026, distributed through WhatsApp, LinkedIn, and academic networks. The target population comprised urban Indian students aged 18-26 enrolled in higher education. A non-probability convenience sample of 101 valid responses was obtained, predominantly postgraduate MBA students (89.1%) aged 21-23 (58.4%), predominantly male (67.3%), with monthly discretionary budgets of INR 6,001-10,000 (69.3%).

3.2 Measurement Instrument

The questionnaire comprised 22 items: 15 Likert-scale items (1 = Strongly Disagree to 5 = Strongly Agree) measuring five independent constructs, two items measuring the dependent variable (WTP), and five demographic items. Construct items were adapted from validated scales in the literature (Table 1). All analyses used Python 3.11 (pandas, scipy.stats, matplotlib, seaborn) at a 95% confidence level (alpha = 0.05).

Table 1: Study Constructs and Measurement Items

Construct	Survey Items	Scale	Source
Quality Perception (IV)	High quality, Durability, Ethical materials, Long-term value	1-5 Likert (4 items)	Hustvedt & Bernard (2008); Gam (2011)
Price Sensitivity & Transparency (IV)	Pricing transparency, Fair pricing, High price discourages	1-5 Likert (3 items)	Shen et al. (2012); Trudel & Cotte (2009)
Product Availability (IV)	Online availability, Limited availability	1-5 Likert (2 items)	Ritch & Schröder (2012)
Sustainability Marketing (IV)	Sustainability marketing, Brand storytelling	1-5 Likert (2 items)	Bhattacharya & Sen (2004)
Brand Trust (IV)	Brand responsible, Brand trustworthy	1-5 Likert (2 items)	Nyilasy et al. (2014)
Willingness to Pay (DV)	Willing to pay premium, Choose ethical even if costlier	1-5 Likert (2 items)	Auger & Devinney (2007)

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IV. DATA ANALYSIS AND RESULTS

4.1 Reliability Analysis

Cronbach's Alpha confirmed excellent reliability for Quality Perception (alpha = 0.885), Price Sensitivity (alpha = 0.923), and WTP (alpha = 0.924). Availability reliability was acceptable (alpha = 0.792). The combined Marketing & Trust construct showed low reliability (alpha = 0.389), indicating that Brand Trust items measure a distinct dimension from Sustainability Marketing items. Trust items were therefore analysed independently in subsequent tests.

4.2 Descriptive Statistics

Most variables scored significantly above the neutral midpoint of 3.0 ($p < 0.001$), reflecting strongly positive consumer attitudes toward ethical apparel. Sustainability Marketing (M = 4.42) and Limited Availability (M = 4.27) were the highest-rated items. Notably, Brand Responsible (M = 2.81) and Brand Trustworthy (M = 2.74) fell below the neutral midpoint - indicating widespread consumer scepticism about brand-level ethical claims. WTP items scored high: WillingToPay (M = 4.28) and ChooseEthical (M = 4.28), with over 62% selecting Strongly Agree.

4.3 Demographic Effects on WTP

The independent samples t-test revealed no statistically significant gender difference in WTP ($t = -1.137$, $p = 0.258$), supporting H6. Both groups demonstrated high WTP: females (M = 4.42) and males (M = 4.21). One-way ANOVA confirmed significant age group effects ($F = 8.63$, $p < 0.001$), with the youngest cohort (18-20 years, M = 3.00) reporting substantially lower WTP than older students (21-23: M = 4.39; 24-26: M = 4.34). Budget category also significantly influenced WTP ($F = 9.68$, $p < 0.001$), with a non-linear pattern: the INR 6,001-10,000 group reported the highest WTP (M = 4.53), while the highest-income group (>INR 10,000) paradoxically reported the lowest (M = 3.25).

4.4 Pearson Correlation - Predictors of WTP

Table 2 summarises the Pearson correlation coefficients between all predictor variables and WTP. Pricing Transparency ($r = 0.592$) emerged as the single strongest predictor, followed by Online Availability ($r = 0.576$), Brand Storytelling ($r = 0.571$), Fair Pricing ($r = 0.557$), Ethical Materials ($r = 0.537$), and Long-Term Value ($r = 0.536$). Most strikingly, Brand Responsible ($r = -0.062$, $p = 0.536$, ns) and Brand Trustworthy ($r = -0.251$, $p = 0.011$) showed negative or negligible associations with WTP - a key counter-intuitive finding.

Table 2: Pearson Correlation of Predictor Variables with WTP (n = 101)

Variable	r with WTP	p-value	Strength	Hypothesis Outcome
Pricing Transparency	0.592	<0.001***	Strong	H2 Supported
Online Availability	0.576	<0.001***	Strong	H3 Supported
Brand Storytelling	0.571	<0.001***	Strong	H4 Supported
Fair Pricing	0.557	<0.001***	Strong	H2 Supported
Limited Availability	0.567	<0.001***	Strong	H3 Supported
Ethical Materials	0.537	<0.001***	Strong	H1 Supported
Long-Term Value	0.536	<0.001***	Strong	H1 Supported
Durability	0.506	<0.001***	Strong	H1 Supported
Sustainability Marketing	0.472	<0.001***	Moderate-Strong	H4 Supported
High Price Discourages	0.478	<0.001***	Moderate-Strong	H2 Supported
High Quality	0.356	<0.001***	Moderate	H1 Supported
Brand Trustworthy	-0.251	0.011*	Weak Negative	H5 Not Supported

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Brand Responsible	-0.062	0.536 (ns)	Negligible	H5 Not Supported

**** $p<0.001$, * $p<0.05$, ns = not significant*

V. DISCUSSION

5.1 Pricing Transparency as the Dominant Driver

Pricing Transparency (r = 0.592) is the single most powerful predictor of WTP, consistent with Shen et al. (2012) and Signalling Theory (Spence, 1973). When brands disclose cost structures - including fair wages and sustainable material costs - they provide verifiable, hard-to-fake signals of ethical authenticity. This finding implies that ethical apparel brands should move beyond defending premium prices to actively unpacking their cost structures through QR-linked transparency tools, hang-tag labelling, and supply-chain disclosure platforms.

5.2 Digital Availability as a Critical Enabler

Online Availability (r = 0.576) and Limited Availability (r = 0.567) rank second and fourth respectively among predictors, consistent with Ritch and Schröder (2012). Urban Indian consumers are digital-first shoppers; reducing friction in accessing ethical apparel through mainstream e-commerce platforms (Myntra, Ajio, Nykaa Fashion) is essential for converting positive WTP intentions into actual purchases.

5.3 Brand Storytelling Over Generic Sustainability Claims

Brand Storytelling (r = 0.571) significantly outperforms generic Sustainability Marketing (r = 0.472) as a WTP predictor. Authentic, narrative-driven communication - artisan origin stories, wage transformation narratives, fabric journeys - engages WTP more powerfully than broad-claim advertising, consistent with Jahdi and Acikdilli (2009). This differential has clear resource allocation implications for marketing budgets.

5.4 Counter-Intuitive Brand Trust Finding

The negative or negligible association between Brand Trust variables and WTP (Brand Trustworthy: r = -0.251; Brand Responsible: r = -0.062) is the study's most theoretically significant finding. Both trust items scored below the neutral midpoint, reflecting widespread scepticism about greenwashing claims - consistent with Nyilasy et al. (2014). This suggests that Indian urban consumers' WTP is driven more by intrinsic ethical motivation and tangible product signals (VBN Theory) than by institutional brand credibility. Brands must therefore shift from abstract trust messaging to verifiable, product-level transparency.

5.5 Non-Linear Budget-WTP Relationship

The paradoxical finding that the INR 6,001-10,000 group (M = 4.53) shows higher WTP than the highest-income group (> INR 10,000, M = 3.25) challenges the linear income-WTP assumption. Higher-income consumers may apply more rigorous value-for-money criteria, reflecting loss aversion or aspirational consumption of different product categories. This non-linear pattern warrants further investigation using larger, more balanced income group samples.

VI. CONCLUSION

This study provides a comprehensive, multi-construct analysis of the determinants of WTP a price premium for ethical apparel among urban Indian postgraduate students. Seven of eight hypotheses were supported. Pricing transparency, digital availability, brand storytelling, and ethical material quality are the strongest drivers of WTP, while brand trust - counter-intuitively - shows negative or negligible associations. The core theoretical contribution is demonstrating that, in this demographic, ethical purchasing motivation is intrinsically driven and product-attribute responsive rather than brand-trust dependent.

Practically, ethical apparel brands targeting urban Indian millennials should: (1) publicly disclose supply-chain cost structures to build transparency-based credibility; (2) invest in multi-platform digital distribution to reduce accessibility barriers; (3) deploy specific, narrative-driven brand storytelling rather than generic sustainability claims; (4) prioritise eco-certified, verifiable materials; and (5) focus marketing resources on the 21-26 age bracket with mid-range discretionary budgets (INR 6,001-10,000), the highest-WTP segment.

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Future research should replicate this study with larger, demographically diverse samples across Tier 2 and Tier 3 Indian cities, employ conjoint analysis to measure revealed (rather than stated) WTP, and investigate the mechanisms through which brand scepticism interacts with intrinsic ethical motivation across different ethical product categories.

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