

Why Consumers Prefer Low-Cost Alternatives Over Transparent Brands

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Abstract— This research question is based on why low-cost substitute products are chosen by the consumer population, as compared to ethically transparent brands, even in the face of a rising ethical awareness. The survey was done on 202 respondents who are urban Indians and data analysed with t-tests, correlation and multiple regression. Results show high price sensitivity ($M = 4.33, p < 0.001$), strong income constraints ($M = 4.09, p < 0.001$), low trust in ethical brands ($M = 2.89, p > 0.05$), and significant doubt in ethical labels ($M = 4.04, p < 0.001$). Frequent low-cost preference ($M = 3.62, 59.4\%$ frequently/always opts for such options) is shown by the dependent variable. Nonetheless, the findings of regression are not significant ($R^2 = .008, p = .812$) which indicates a strong attitude-behaviour gap. The paper proposes the enhancement of affordability, transparency and awareness in order to encourage ethical consumption.

Keywords— attitude-behavior gap, awareness, consumer trust, ethical consumption, low-cost alternatives, price sensitivity, sustainable products

I. INTRODUCTION

The ethical consumption has been coming into the spotlight of consumer behaviour research since more people have become concerned about environmental sustainability, fair labor laws and corporate transparency. The consumers of today are more knowledgeable than ever before since they have access to information on how products are sourced, produced and distributed. Although this understanding is increasing, there is still a gap between statements of ethical intentions and actual buying behaviour among the consumers. This is commonly described as the attitude-behaviour gap, which underscores the difficulty of making decisions, where ethical reasoning is commonly weighed down by the pragmatism imposed by price sensitivity, convenience, and availability.

The presence of cheap substitutes in competitive markets is one of the main obstacles to ethical consumption. In India and other developing economies, price is a decisive factor in consumer decision making because consumers are price-sensitive in these markets. Ethically produced goods which are transparent usually cost more because the production process is costly, and the goods are certified and produced in sustainable ways.

Consequently, consumers are more concerned with short-term economic interests than long-term ethical value. Also, lack of sufficient trust in ethical claims, lack of labelling clarity, and information overload discourage consistency of consumers in favour of transparent brands. This brings a paradox of consumers being concerned about ethical issues but not translating these concerns into corresponding purchasing actions.

Moreover, social and psychological factors play a significant role in determining consumption patterns. Habitual buying behaviour, social norms, and perceived inability to influence outcomes make low-cost products favoured. Many consumers rationalize that their personal preferences can do little about a systemic problem. Additionally, aggressive marketing and the broad presence of cheaper substitutes reinforce these trends. Understanding these obstacles is crucial to businesses and policymakers seeking to promote ethical consumption, as it involves not just increasing awareness but also addressing the economic, informational, and behavioural bottlenecks that affect consumer decision-making.

II. OBJECTIVES

- To investigate the main determinants affecting the preference for low-cost options over ethically transparent brands among consumers.
- To examine how price sensitivity and income level affect ethical buying choice.
- To determine psychological and informational obstacles (such as insufficient trust, awareness, and perceived impact) that impede ethical consumption.
- To suggest interventions that businesses and policymakers can adopt to encourage consumers to switch toward transparent and ethical brands.

III. HYPOTHESIS

- *H1*: Price sensitivity plays a significant role in swaying consumers toward low-cost brands instead of transparent brands.

- *H2*: Awareness and trust do not significantly impact consumer preferences toward ethically transparent brands.
- *H3*: Habit and the perception of low personal impact are significant factors discouraging ethical consumption.
- *H0*: These factors are not significantly related to consumers' choice of low-cost alternatives.

These hypotheses are based on economic (price), informational (awareness and trust), and psychological (behavioural) factors influencing consumer decision-making.

IV. REVIEW OF LITERATURE

Bray, Johns, and Kilburn (2011) conducted exploratory research aimed at exploring the impediments to ethical consumption. The research concluded that although consumer thought is positive about ethical products, consumers tend to disregard such products because of reasons including high prices, lack of confidence, and purchasing habits. The findings indicate that perceived ineffectiveness and psychological barriers discourage ethical purchasing behaviour.

Carrington, Neville, and Whitwell (2010) carried out a conceptual study to understand the intention–behaviour gap in ethical consumption. Situational constraints, lack of planning, and limited behavioural control were found to prevent consumers from transforming their ethical intentions into actual purchases. The results showed that even ethically conscious customers often fail to follow through when purchasing.

Auger and Devinney (2005) undertook empirical studies to determine consumers' willingness to pay more for ethically produced products. The research found that ethical inclination in surveys is often overstated, whereas actual purchasing decisions are predominantly price- and convenience-based, indicating a strong gap between declared intentions and market actions.

Hassan, Shiu, and Shaw (2016) conducted review-based and empirical research to analyse the intention–behaviour gap in ethical consumption. The research found that although consumers have good ethical intentions, planning and behavioural control considerably affect actual consumer behaviour, confirming the existence of a substantial gap between intention and action.

Karimzadeh and Boström (2023) provided theoretical work establishing a three-stage definition of ethical consumption. The research identified pre-consumption, consumption, and post-consumption behaviour as pertinent stages determining ethical behaviour, underscoring that ethical consumption requires a wider perception of responsibility beyond the act of purchasing.

Stiefenhofer (n.d.) carried out conceptual research to determine the role of ethical consumption in facilitating sustainability. The study found that moral responsibility and social justice are shifting consumer tastes toward value-based consumption, challenging traditional utility-maximizing economic models.

Nassani et al. (2023) employed a quantitative approach to examine how environmental knowledge and CSR involvement influence ethical consumption. The researchers concluded that greater environmental awareness and social support positively influence ethical purchasing behaviour, and that CSR programs can positively impact consumers' ethical choices.

Šálková, Čábelková, and Hommerová (2024) conducted survey-based research to investigate factors affecting ethical purchasing behaviour. The study found that high prices, lack of available information, and limited accessibility are major barriers to ethical consumption, revealing growing interest in ethical products alongside low actual purchase levels.

Riesgo, Lavanga, and Codina (n.d.) carried out exploratory research on consumer behaviour in sustainable fashion. The study found that price sensitivity and a lack of trust in brand claims significantly lower ethical purchasing, with consumers choosing low-cost options despite understanding sustainability concerns.

V. RESEARCH GAP

The literature points to the significance of factors such as price sensitivity, trust, and awareness, yet it does not establish a causal, significant relationship with actual purchase behaviour — a notable gap in explanatory models. It relies on convenience sampling of urban youth, restricting generalization to rural populations and varying income groups. The cross-sectional design also fails to capture how consumer behaviour or ethical consciousness changes over time.

In addition, deeper behavioural, cultural, and situational mechanisms — such as social influence, emotions, and the purchasing context at the time of decision — remain underdeveloped, leaving scope for further detailed analysis.

VI. RESEARCH METHODOLOGY

Research Design

The study adopts a quantitative research design to analyse the relationship between consumer attitudes and consumer buying behaviour. It is based on a cross-sectional survey, gathering data at a single point in time from respondents. The method relies on a post-positivist approach, which presupposes that consumer behaviour is measurable through structured tools. However, being exploratory in design, it does not establish causal relationships among variables.

Sources of Data

The study relies on primary data obtained through a structured questionnaire administered online. Google Forms were used to collect responses from urban Indian consumers across varying demographic groups. Data is centred on consumer attitudes and buying behaviour toward ethical products. Secondary data was used only for literature review and theoretical support, with no analysis performed on it.

Sampling & Instrument

The research employs a non-probability convenience sampling method. The sample comprised 202 individual consumers from an available city. A structured questionnaire with 20 variables was used to collect data, employing Likert-scale questions and categorical items to examine attitudes, behaviour, and demographics.

Statistical Tools Used

Data was analysed using a range of statistical tools. Responses were summarized using descriptive statistics such as mean, standard deviation, and frequency distributions. Relationships were tested using inferential methods such as one-sample t-tests, Pearson correlation, and multiple regression. Chi-square tests were also used to test associations between demographic variables and consumer preference.

Limitations

Several limitations affect the interpretation of results. Convenience sampling limits the generalizability of findings to the broader population. Data is self-reported, so social desirability bias may affect responses. Construct reliability scores are relatively low, which may reduce measurement

accuracy. Additionally, the cross-sectional design does not allow causal conclusions or the capture of changes overtime.

VII. VARIABLES AND MEASUREMENT INSTRUMENT

Dependent and independent variables in the study were operationalized as follows:

Dependent Variable (DV)

The frequency with which consumers prefer low-cost alternatives over ethically transparent brands, measured on a five-point ordinal frequency scale: Never (1), Rarely (2), Sometimes (3), Often (4), Always (5). This item directly measures the behavioural outcome of interest.

Independent Variable 1 (IV1): Price Sensitivity

Measured through four Likert-scale statements (1 = Strongly Disagree to 5 = Strongly Agree): price is the most important factor in any purchasing decision; willingness to buy more expensive products due to eco-ethical production; high prices of ethical products are discouraging; and preference for finding the best deals and lowest price. A composite Price Sensitivity score was calculated as the sum of these four items (with reverse coding), with a theoretical range of 4–20.

Independent Variable 2 (IV2): Income Level

Measured using two Likert items on income constraints and willingness to adopt ethical brands with rising income, supplemented by an ordinal categorical income-bracket variable with four levels (Below ₹20,000 to Above ₹1,00,000/month).

Independent Variable 3 (IV3): Consumer Trust

Measured using three Likert items: belief that brands claiming to be ethical are genuinely ethical (reverse-coded), scepticism toward such claims, and preference for familiar brands over untried ethical ones.

Independent Variable 4 (IV4): Awareness / Information Availability

Measured using three Likert items: familiarity with ethical brands in the market (reverse-coded), ease of identifying ethically produced products (reverse-coded), and perceived lack of information as a barrier.

VIII. DATA ANALYSIS AND RESULTS

Demographic Profile of Respondents

TABLE I. DEMOGRAPHIC PROFILE OF RESPONDENTS

Demographic Variable	Category	Frequency (n)	Percentage (%)
Age Group	Below 18	4	2.0%
	18–25 years	107	53.0%
	26–35 years	43	21.3%
	36–45 years	21	10.4%
	Above 45 years	27	13.4%
Gender	Male	124	61.4%
	Female	71	35.1%
	Prefer not to say	7	3.5%
Monthly Income	Below ₹20,000	84	41.6%
	₹20,000–50,000	68	33.7%
	₹50,000–1,00,000	35	17.3%
	Above ₹1,00,000	15	7.4%
Occupation	Student	73	36.1%
	Employed	68	33.7%
	Self-employed	31	15.3%
	Unemployed	30	14.9%

Table I presents the demographic profile of the 202 participants. The sample is notably youthful, with 53.0% between 18–25 years of age, dominated by students and early-career individuals active on digital platforms. The gender distribution is 61.4% male, 35.1% female, and 3.5% preferring not to disclose. Income levels skew toward lower brackets: 41.6% earn below ₹20,000/month and 33.7% earn ₹20,000–50,000/month, with only 7.4% earning above ₹1,00,000/month. Students (36.1%) and employed respondents (33.7%) together represent nearly 70% of the sample, followed by self-employed (15.3%) and unemployed (14.9%) respondents.

This demographic profile represents urban, digitally-connected Indian youth — a strategically important segment given their growing purchasing power, high social media activity, and interest in sustainability issues. The clustering toward lower-income groups also provides useful context for the price sensitivity results: a significant portion of the sample may be unable to afford ethical products' actual prices rather than being averse to price in principle.

Descriptive Statistics

TABLE II. DESCRIPTIVE STATISTICS

Variable	Construct	Mean	Std Dev	Variance	Skewness	Kurtosis
Price most important	Price Sensitivity	4.337	0.763	0.582	-1.358	1.721
High prices discourage	Price Sensitivity	4.059	0.811	0.658	-1.121	1.089
Look for discounts	Price Sensitivity	4.257	0.804	0.646	-1.434	2.152
Willing pay more ethical (Rev.)	Price Sensitivity	2.946	0.862	0.743	+0.147	-0.453
Income limits ethical	Income Level	4.089	0.747	0.558	-1.152	1.376
Income increases buy ethical	Income Level	3.797	0.950	0.903	-0.752	0.331
Trust ethical brands (Rev.)	Consumer Trust	2.886	0.821	0.674	+0.309	-0.182
Doubt ethical labels	Consumer Trust	4.040	0.822	0.676	-1.090	0.987
Prefer known brands	Consumer Trust	3.936	0.956	0.914	-0.876	0.512
Aware ethical brands (Rev.)	Awareness	3.040	1.107	1.225	-0.028	-0.701
Identify ethical easily (Rev.)	Awareness	2.757	1.027	1.055	+0.193	-0.623
Lack info barrier	Awareness	3.881	0.970	0.941	-0.808	0.431
DV: Low-cost Pref. Freq.	Dependent Variable	3.624	1.145	1.311	-0.376	-0.568

Table II presents descriptive statistics for the twelve Likert items and the dependent variable. Price sensitivity items score highest overall: three of four items (Price most important, Look for discounts, High prices discourage) exceed 4.0, indicating strong agreement. Income-barrier items are similarly elevated, with Income limits ethical at $M = 4.09$. Trust-deficit items are sharply bifurcated: Doubt

ethical labels scores high ($M = 4.04$) while Trust ethical brands scores low ($M = 2.89$), indicating active scepticism rather than simple distrust. Awareness items show low-to-moderate means, with Identify ethical easily lowest at $M = 2.76$. The DV mean of 3.62 indicates that low-cost preference is the modal behaviour in this sample.

Distribution of the Dependent Variable

TABLE III. DISTRIBUTION OF DEPENDENT VARIABLE

Response Category	Score	Frequency (n)	Percentage (%)	Cumulative %
Never	1	10	5.0%	5.0%
Rarely	2	26	12.9%	17.8%
Sometimes	3	46	22.8%	40.6%
Often	4	68	33.7%	74.3%
Always	5	52	25.7%	100.0%
Total	—	202	100.0%	—

The dependent variable distribution shows that 59.4% of respondents ($n = 120$) select Often or Always for low-cost alternatives, while only 17.8% select Never or Rarely, and 22.8% select Sometimes.

This right-skewed distribution toward frequent low-cost buying supports the study's premise that price preference is the dominant consumer behaviour pattern in this sample, providing a suitable outcome variable for studying barriers to ethical consumption.

One-Sample T-Test Results

TABLE IV. ONE-SAMPLE T-TEST RESULTS (TEST VALUE = 3, MIDPOINT)

Variable	Mean	t-value	p-value	Significant?
Price most important	4.337	24.888	< 0.001	Yes*
High prices discourage	4.059	17.021	< 0.001	Yes*
Look for discounts	4.257	22.341	< 0.001	Yes*
Willing pay more ethical	2.946	-0.771	0.441	No
Income limits ethical	4.089	17.437	< 0.001	Yes*
Income increase buy ethical	3.797	11.394	< 0.001	Yes*
Trust ethical brands	2.886	-1.582	0.115	No
Doubt ethical labels	4.040	16.682	< 0.001	Yes*
Prefer known brands	3.936	13.969	< 0.001	Yes*
Aware ethical brands	3.040	0.497	0.620	No
Identify ethical easily	2.757	-3.396	< 0.001	Yes*
Lack info barrier	3.881	12.910	< 0.001	Yes*

One-sample t-tests were conducted to determine whether consumer attitudes differ significantly from the scale midpoint of 3. As shown in Table IV, nine of twelve variables were statistically significant ($p < 0.05$). Most price sensitivity, income, and trust/awareness barrier items scored significantly above the neutral midpoint, indicating that

these barriers strongly dominate consumer attitudes rather than being marginal. Notably, Trust ethical brands ($M = 2.89$, $p = 0.115$) showed no significant difference from neutral, while Identify ethical easily scored significantly below neutral ($M = 2.76$, $p < 0.001$), indicating a genuine awareness deficit.

Multiple Regression Analysis

TABLE V. MULTIPLE REGRESSION ANALYSIS

Variable	B	Std Error	t-value	p-value	Sig.
Constant	2.725	1.067	2.554	0.011	*
Price Sensitivity	0.049	0.051	0.975	0.331	No
Income Level	-0.026	0.061	-0.421	0.674	No
Consumer Trust	0.001	0.052	0.026	0.979	No
Awareness	0.031	0.048	0.646	0.519	No

A multiple linear regression was conducted using composite scores of the four constructs (Price Sensitivity, Income Level, Consumer Trust, Awareness) as independent variables and DV preference frequency as the dependent variable (Table V). The model explains only 0.8% of the variance in the DV ($R^2 = 0.008$, Adjusted $R^2 = -0.012$), and

the overall model is not statistically significant ($F(4, 197) = 0.394$, $p = 0.812$). None of the individual constructs are significant predictors of the DV at $p < 0.05$, suggesting that these combined IV scores do not have a direct linear relationship with the frequency of low-cost alternative choices.

Hypothesis Testing

TABLE VI. ONE-SAMPLE T-TESTS — DETAILED HYPOTHESIS TESTING (TEST VALUE = 3, MIDPOINT)

Variable	Construct	Mean	Std Dev	t-value	df	p-value	Interpretation
Price most important	Price Sensitivity	4.337	0.763	24.888	201	0.000	Sig. above neutral (agree)
Willing pay more ethical	Price Sensitivity	2.946	1.003	-0.771	201	0.4415	Not sig. different
High prices discourage	Price Sensitivity	4.059	0.885	17.021	201	0.000	Sig. above neutral (agree)
Look for discounts	Price Sensitivity	4.257	0.800	22.341	201	0.000	Sig. above neutral (agree)
Income limits ethical	Income Level	4.089	0.888	17.437	201	0.000	Sig. above neutral (agree)
Income increase buy ethical	Income Level	3.797	0.994	11.394	201	0.000	Sig. above neutral (agree)
Trust ethical brands	Consumer Trust	2.886	1.023	-1.582	201	0.1153	Not sig. different
Doubt ethical labels	Consumer Trust	4.040	0.886	16.682	201	0.000	Sig. above neutral (agree)
Prefer known brands	Consumer Trust	3.936	0.952	13.969	201	0.000	Sig. above neutral (agree)
Aware ethical brands	Awareness	3.040	1.132	0.497	201	0.6196	Not sig. different
Identify ethical easily	Awareness	2.757	1.015	-3.396	201	0.0008	Sig. below neutral (disagree)
Lack info barrier	Awareness	3.881	0.970	12.910	201	0.000	Sig. above neutral (agree)

Most variables differ significantly ($p < 0.05$) from the neutral midpoint. Price sensitivity items show the highest averages — 4.337 (price most important), 4.059 (high prices discourage), and 4.257 (look for discounts). Income items follow closely: 4.089 (income limits) and 3.797 (income increase effect).

Consumers express scepticism through Doubt ethical labels ($M = 4.04$) and Prefer known brands ($M = 3.94$), while Trust ethical brands ($M = 2.886$, $p = 0.115$) is not significant. Identify ethical easily is notably low ($M = 2.757$, $p < 0.001$), confirming an information gap.

TABLE VII. HYPOTHESIS TESTING SUMMARY

Hypothesis	Test	Key Evidence
H1: Price sensitivity influences low-cost preference	Pearson r + t-test	Price items $M > 4$ ($p < 0.001$); r with DV not significant
H2: Lack of awareness & trust reduces ethical preference	t-test	Doubt labels $M = 4.04$ ($p < 0.001$); low trust confirmed
H3: Psychological factors discourage ethical consumption	t-test + regression	Prefer known brands $M = 3.94$ ($p < 0.001$)
H0: No significant relationship between factors and DV	Multiple regression	$F(4,197) = 0.394$, $p = 0.812$, $R^2 = 0.008$

The findings reveal a marked contrast between attitudes and behaviour. H1 is supported, as price sensitivity is markedly high (means of 4.337 and 4.059, $p < 0.001$) and strongly shapes consumer thinking, though it shows no significant direct correlation with the DV. H2 is supported, as consumers strongly doubt ethical labels ($M = 4.04$, $p < 0.001$) alongside low trust, confirming the awareness and trust barrier. H3 is also supported, as psychological factors such as preference for familiar brands ($M = 3.936$, $p < 0.001$) detract from ethical purchasing behaviour.

However, regression results show no significant effect on actual behaviour ($F = 0.394$, $p = 0.812$, $R^2 = 0.008$), indicating that low-cost preference is not explained by these independent variables. The null hypothesis (H0) is therefore statistically supported — no significant relationship exists with the dependent variable. Overall, the study demonstrates a clear attitude–behaviour gap: respondents acknowledge multiple barriers yet continue to choose low-cost alternatives.



IX. FINDINGS, SUGGESTIONS, AND CONCLUSION

Findings & Discussion

The study concludes that a majority of consumers routinely resort to low-cost substitutes, reflecting price dominance in decision-making. Attitudes are strongly shaped by income constraints, high price sensitivity, and discount-seeking behaviour. Consumers show a lack of trust in ethical brands and struggle to identify such products due to poor awareness. However, regression results show no significant direct relationship, confirming an attitude-behaviour gap.

Managerial Implications & Suggestions

Firms should reduce price barriers by offering affordable versions of ethical products or adopting price-competitive strategies. Consumer trust can be strengthened through clearer labelling and certification. Marketing efforts should focus on consumer education and improving the identification of ethical products. Positive attitudes can be converted into actual purchases through behavioural nudges, promotions, and social influence.

Future Research Area of Interest

Future studies could use larger and more diverse samples to improve generalizability beyond urban youth. Longitudinal research would better capture how consumer behaviour evolves over time. Additional variables such as cultural influence, peer pressure, and brand loyalty could provide deeper insight. More sophisticated models, such as structural equation modelling (SEM), may better capture the attitude-behaviour gap.

Conclusion

The research findings show that consumers choose cheaper options despite being conscious of ethical concerns.

Price, trust, and awareness barriers strongly shape attitudes toward ethical consumption, yet a significant gap remains between perception and actual purchasing behaviour. Bridging this gap will require coordinated efforts from businesses, policymakers, and improved consumer education.

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