

CONTEMPORARY COMMERCE REVIEW

In This Issue

Articles

- Behaviour of Indian Tourists Visiting Maldives Amid Social Media Row
- Customer Retention Strategies and Its Impact on Customer Behaviour – A Study with Special Reference to Retail Outlets in Kollam District
- Circular Economy and Sustainable Business Models in Kerala Organic Food Industry
- Kerala Urban Policy and Development Initiatives -A Study with Reference to the Report Submitted by Kerala Urban Policy Commission
- Consumer Perception Towards Influencer Marketing Advertisements On Social Media Platforms
- Robo-Advisors: The Digital Revolution Reshaping Financial Advice
- The Long Road to Recovery for Kerala's Tourist Transport Sector: A Descriptive Analysis of the Financial Landscape
- A Study on the Influence of Social Media Marketing on Consumer Engagement with Special Reference to Ernakulam District
- Overtourism and Visitor Flow Management: A Study on Sustainable Destination Development in Kerala

Abstract of Ph.D Thesis

- Role of Nidhi Companies in Financial Empowerment of Its Members in Kerala

**Post Graduate and Research Department of Commerce
The Cochin College, Kochi, Kerala, India**



CONTEMPORARY COMMERCE REVIEW

Double Blind Peer Reviewed Annual Journal

Patron

Sri. Thomas J Vayalat
Manager
The Cochin College, Kochi -2

Managing Editor

Dr Sindhu K
Principal
The Cochin College, Kochi -2

Editor-in-Chief

Dr. Rekha P.G
Assistant Professor
Post Graduate and Research Dept. of Commerce,
The Cochin College, Kochi- 2

Co-Editors

Dr Anu L
Assistant Professor
The Cochin College, Kochi -2

Dr. Rajani B Bhat
Assistant Professor
The Cochin College, Kochi -2

Dr Liance Mathew
Assistant Professor
The Cochin College, Kochi -2

Editorial Board

Dr. M C Dileep Kumar
Former Vice Chancellor
Sanskrit University
Kalady

Dr. K R Jaya
Former Principal
The Cochin College, Kochi 2

Dr. Geetha C A
Principal,
Nirmala College, Mulanthuruthy

Dr. Vasanthagopal R
Professor & Head
Institute of Management in Kerala
Kerala University

Dr. Suresh V N
Associate Professor
Department of Commerce
Maharajas College, Ernakulam

Dr. Jacob Chacho
Professor in Marketing
Abudhabi University, Abhudabi, UAE

Dr. Gregory A Carnes
Professor in Accounting
North Alabhamia University, USE

Dr. Anand Srinivasan
Faculty, NUS Business School,
National University of Singapore, Singapore

Dr. Madhav Rajan
Professor of Finance,
Stanford Graduate School of Business
Stanford University, USA

Dr. Gurumurthy
Professor,
Dept of International Business & Commerce
Alagappa University, Karaikudy (TN)

Dr. Natarajan P
Professor
Dept of Commerce
School of Management
Pondicherry University, Pondicherry

Dr. Suresh B H
Professor
Dept of Commerce
Mysore University, Mysore

Dr. Himachalam
Professor
Dept of Commerce
Sri Venkateswara University
Tirupati (AP)

Dr. Santhosh Kumar S
Professor
School of Management and Business Studies
CUSAT

CONTEMPORARY COMMERCE REVIEW

Double Blind Peer Reviewed Annual Journal

Volume 14

September 2025

CONTENTS

Articles

- | | | |
|----|---|----|
| 1. | Behaviour of Indian Tourists Visiting Maldives Amid Social Media Row
<i>Dr. Anandapadmanabhan S & Dr. Pradeep Kumar N.</i> | 01 |
| 2. | Customer Retention Strategies and Its Impact on Customer Behaviour – A Study with Special Reference to Retail Outlets in Kollam District
<i>Dr. Sunil Chandran.</i> | 10 |
| 3. | Circular Economy and Sustainable Business Models in Kerala Organic Food Industry
<i>Mekha Sebastian</i> | 21 |
| 4. | Kerala Urban Policy and Development Initiatives -A Study with Reference to the Report Submitted by Kerala Urban Policy Commission
<i>Dr. Rekha P.G & Dr. Kochuthresia Jose</i> | 38 |
| 5. | Consumer Perception Towards Influencer Marketing Advertisements On Social Media Platforms
<i>Sumi John & Dr. N Pradeep Kumar</i> | 45 |
| 6. | Robo-Advisors: The Digital Revolution Reshaping Financial Advice
<i>Sreelakshmi Radhakrishnan & Dr. Anu L</i> | 56 |

7.	The Long Road to Recovery for Kerala's Tourist Transport Sector: A Descriptive Analysis of the Financial Landscape <i>Shon Francis & Dr Rajani B Bhat</i>	63
8	A Study on the Influence of Social Media Marketing on Consumer Engagement with Special Reference to Ernakulam District <i>Dr. Ashitha A. B.</i>	74
9.	Overtourism and Visitor Flow Management: A Study on Sustainable Destination Development in Kerala <i>Susan Sunny & Dr. Pradeep Kumar N</i>	84

Abstract of Ph.D Thesis

10.	Role of Nidhi Companies in Financial Empowerment of Its Members in Kerala <i>Reshma M R & Dr. M Geetha</i>	95
-----	---	----

Statement about Ownership and other Particulars about

CONTEMPORARY COMMERCE REVIEW

Double Blind Peer Reviewed Annual Journal

Form IV

- 1 Place of Publication : The Cochin College, Kochi-2, Kerala
- 2 Periodicity of publication : Annual
- 3 Name of Printer : Indu Offset Press
- Address : Vishnupuri Building, Cochin University Road
S. Kalamassery
- 4 Publishers Name : Dr. Sindhu K
- On behalf of the Post Graduate & Research
Dept. of Commerce,
The Cochin College, Kochi-2
- Nationality : India
- Address : Principal, The Cochin College, Kochi, Kerala
- 5 Editors Name : Dr. Rekha P.G
- Address : Assistant Professor
- P.G and Research Department of Commerce,
The Cochin College, Kochi-2, Kerala

Editor's Note

I am delighted to present the Fourteenth volume of Contemporary Commerce Review – Double Blind Peer Reviewed Journal. This annual publication continues to provide a valuable platform for academicians, researchers, and students to share their innovative ideas, critical insights, and original contributions in the broad domains of commerce and management.

This volume features a diverse collection of research papers that reflect contemporary issues and emerging trends. The articles explore topics such as behaviour of Indian Tourists abroad, Customer Retention Strategies, Circular Economy and sustainable business models in Food Sector. Other topics covered are over tourism and visitor flow management, Social Media Marketing and Consumer perception and also Kerala's Tourist Transport sector. Kerala is the first state to have its own Urban Policy and it is also another area of research.

The volume also presents an abstract of a doctoral thesis on the Role of Nidhi Companies in Financial Empowerment of Its Members in Kerala.

I extend my sincere appreciation to all the contributors, reviewers, and the academic community for their continuous support. It is my hope that the articles presented here will stimulate further discussion, inspire research, and contribute meaningfully to the advancement of knowledge in commerce and management.

We look forward to your continued encouragement in all our future endeavours.

Dr Rekha P G
Editor – in –Chief

BEHAVIOUR OF INDIAN TOURISTS VISITING MALDIVES AMID SOCIAL MEDIA ROW

Dr. Anandapadmanabhan S

Assistant Professor in Commerce,
ES Arts and Science College, Villupuram.
E-mail: Adpn1994@gmail.com

Dr. Pradeep Kumar N.

Associate Professor,
Department of Commerce, NSS College
Nilamel, Kerala.
E-mail: pradeepkn30@gmail.com

ABSTRACT

This study investigates the recent decline in Indian tourists visiting the Maldives and the rise of tourist ethnocentrism. Claims suggest this shift is a direct consequence of a diplomatic row between India and Maldives that occurred between December 2023 and March 2024. However, this analysis explores an alternative explanation: seasonality in tourist arrivals. By examining historical tourist data for the December-March period in the Maldives, the study aims to identify patterns in tourist numbers from India. If a consistent decline in tourists, including Indians, is observed during these months, it strengthens the argument that the recent drop might be due to established seasonal trends rather than solely the diplomatic tensions. The analysis acknowledges the potential impact of the diplomatic row and the formation of tourist ethnocentrism, but emphasizes the importance of considering historical trends to understand tourist behavior. This multifaceted approach provides a more nuanced understanding of the situation and avoids attributing changes solely to recent events without considering cyclical patterns.

1. Introduction

This is intended as a discussion paper on the recent geo-political events, the ensuing social media outbreaks between India and Maldives, and tourism prospects

in Maldives. Through an X post, Prime Minister of India promulgated the potency of the global tourism prospects of Lakshadweep islands. The post was essentially some snapshots of himself in

the emerald islands taken from his recent visit to the emerald islands. From a social media conversation that went haywire, Maldives also spurred the discussions regarding the same. Several social media handles by Indians called for a boycott of Maldivian tourism, and the chamber of commerce, and some travel agencies went ahead and cancelled tour packages scheduled in Maldives. They also advocated diverting those tour packages towards Lakshadweep and other Indian islands (A. Sharma, 2024). India is one of the top contributors to tourism and economy of Maldives. The two countries also had bilateral trade worth \$500 million in 2022. The workforce of Maldives is also comprised mainly of Indians (HCI, 2023). The decline in tourists is bound to affect both countries.

News reports suggest a decline in Indian tourists to Maldives in January as compared to the same time last year (S. Sharma, 2023). This incident may seem to concur with the hypothesis that social media can affect the reputation of tourism of a destination (Kushcheva & Eilola, 2023). Being a popular social media figure himself, the prime minister was able to draw the attention of international tourists to the Lakshadweep islands. Moreover, the negative publicity the Maldives got from their smear campaign against the Indian prime minister and Lakshadweep affected the tourism in Maldives also. It has already

been found that the online reputation of a destination is influenced by the positive or negative reviews it attracts online based on the experience of visitors (Ciappei et al., 2023). However, in the case of Maldives, the online boycott campaign was not particularly based on any visitors' experience. The campaign was an aftermath of the diplomatic standoff between India and Maldives. Reviews suggest that political instability and issues do not have a direct influence on the perception of tourists towards a destination (Kozak et al., 2008). Though it may indirectly affect the perception of the host community. And their intention to visit is often influenced by eWOM also (Assaker & O'Connor, 2020). Since there are contrasting hypotheses regarding the phenomenon in literature, it is justified to study what is the perception of tourists from India towards Maldives. It is also required to measure their perception towards visiting Lakshadweep to examine whether the emerald islands can cash on the newfound attention it garnered in the national and international media.

The concepts of Reputation, Travel Intent, Destination Image, Image recovery, etc are covered under the study along with the perception of tourists and the factors that influence it, with a focus on political issues, social media WOM, and online campaigns.

Purpose of the study: To measure the influence of political issues, media, and social media WOM in the perception of

Indian tourists towards the Maldives. The study also tries to find the trend of Indian tourists visiting Maldives over the past six years.

2. Statement of the Problem

In the background of deteriorating diplomatic harmony between India and Maldives (Singh, 2024), media and experts observe a fall in trade, tourism, and other relations. The early and profound signs are the fall in Indian tourists visiting Maldives and China emerging at the top position of tourists visiting Maldives. The widely held contention is the formation of Tourist ethnocentrism among Indian tourists which makes them shun Maldives (Sinha, 2024), (S. Sharma, 2023). However, this correlation between tourism and diplomatic strife is not backed by any evidence. This lack of evidence for the existence of a phenomenon of Tourist ethnocentrism among Indian tourists is addressed in this study. The influence of geo-political events and ensuing social media outrage on Indian tourists' decision to visit (or not to visit) is subject to investigation.

3. Tourist ethnocentrism

An ethnocentric consumer advocates for their own country and favours products from one's own country. Similarly, tourist ethnocentrism means tourists choosing a national tourist destination or a local tourist place over foreign ones. An ethnocentric tourist feels morally obliged to contribute to

the local economy (Cardador et al., 2023). A flip side of this phenomenon is called tourist xenophobia. Under this, a tourist feels hostile against a particular foreign country and hesitates to visit that country. The factors inducing tourist xenophobia (TXO) include individual differences based on gender and political opinion. Additionally, xenophobic predispositions and the perceived need for affiliation with in-group members can also contribute to the development of TXO, leading to preferences for group travel, travel insurance, and agency-booked travel (Kock, Josiassen, & Assaf, 2019).

As a result of the India-Maldives social media standoff, Indians have called for the boycott of the Maldives islands and evoked a sense of ethnocentrism that advocates for tourism in the Lakshadweep islands. Tourist ethnocentrism causes tourists to behave in such a way that they tend to support the local economy and at the same time behave against contributing to the economy of a foreign nation. Tourist ethnocentrism may pose a challenge for foreign countries if they are subjected to bias and preferences (Kock, Josiassen, Assaf, et al., 2019).

4. Research Questions

To know whether social media strife and calls for boycott have any effect on Indians' decision to visit Maldives it is required to examine the tourists' behaviour in the current scenario. The research questions will be:

1. Is there any in the trend of Indian tourists visiting Maldives?
2. What is the level of the tourist ethnocentrism among Indian tourists?
3. What is the perception of tourists towards visiting Maldives

5. Objectives of the study

1. To compare the trend of Indian tourists and Chinese tourists visiting Maldives for the past 6 years
2. To measure the level of tourist ethnocentrism among potential tourists in the background of India-Maldives standoff
3. To measure the willingness of potential tourists to visit Maldives

5. Methodology

Data were collected through an online questionnaire distributed via purposive and snowball sampling methods. The survey was conducted between March 15 and April 20, 2024, targeting Indian nationals who had either previously traveled internationally or intended to do so in the near future.

Respondents were reached through curated online travel forums, Indian travel-focused Facebook groups, Reddit communities, and Instagram pages of travel influencers. Initial participants were selected based on a clear set of inclusion criteria and were further encouraged to share the survey with eligible acquaintances (snowball sampling), thereby expanding the reach.

To ensure relevance, screening questions were included at the beginning of the survey. Respondents were first asked whether they had traveled internationally in the past or intended to make a foreign leisure trip in the near future. If the response was negative, the survey was terminated. If affirmative, the next screening question asked whether they were aware of the recent diplomatic tensions between India and the Maldives. Only those who answered “yes” to both questions were invited to proceed with the full questionnaire.

This sampling approach ensured that participants were not only potential or experienced international tourists but also possessed basic awareness of the political context relevant to the study. The final sample thus comprised individuals with an informed and contextually relevant basis for expressing their perception of the Maldives as a travel destination.

A total of 189 questionnaires were distributed and 178 valid ones were gathered. The gender distributions were roughly equal and majority of the respondents were between 25 and 45 years old. More than a half were graduates and majority of the respondents were working adults and students. Monthly income levels varied, with most of them earning more than ₹ 30000. The detailed sample distributions are shown in Table 1.

The variables are comprised of two groups. One is related to Tourist Ethnocentrism – TE and the other related

with Willingness to Visit- WTV. For TE, (Kock, Josiassen, Assaf, et al., 2019) developed six variables in the American context which are borrowed in this study. For WTV, four statements are borrowed from (Kock et al., 2016) who adapted from (Oberecker & Diamantopoulos, 2011) to their study.

Table 1 Level of tourist ethnocentrism

Tourist Ethnocentrism (TE)	Mean
Indians should support the economy of India by travelling to holiday destinations in India.	4.2
Indians should feel a duty to book a national holiday.	3.1
Everyone should support the economy by spending their holiday in India	5
Every time an Indian decides to spend their holiday in India, it makes India's future a little bit brighter.	4
It comes down to all Indians to spend their holiday in India and support the country.	3.5
Indians should spend their holiday in India because this secures jobs in the Indian tourism industry.	4

Source: Primary data

The findings of Table 1 suggest that Indian tourists are generally receptive to the idea of vacationing within India. There's a clear trend of agreement (mean scores ranging from 3.1 to 5) with statements emphasizing the economic benefits (supporting the economy, securing jobs) of domestic tourism. While there's a strong sentiment for economic patriotism (highest mean score), there's a slightly

weaker endorsement of a national duty to vacation domestically.

Overall, it indicates a positive outlook on domestic tourism among Indian tourists, with economic benefits being a key motivator.

Table 2 Willingness to visit Maldives

Willingness to Visit	Mean
I strongly intend to visit Maldives in the future	4.5
It is very likely that I would choose Maldives as my tourist destination	4
I would like to take a holiday in Maldives	3.5
I plan to visit Maldives as a tourist at some point in the future.	3.0

Source: Primary data

The results from Table 2 indicate a strong interest in visiting the Maldives among the respondents. The high mean scores (ranging from 3.5 to 4.5) suggest a positive sentiment towards a Maldivian vacation, with a significant portion of those surveyed expressing a strong intention to visit in the future.

The above two tables suggest that some respondents may prioritize supporting the domestic economy but still prefer Maldives for their vacations. The level of Ethnocentrism does not affect the intention to visit the foreign island.

The trend of arrivals of Indian and Chinese tourists visiting Maldives for the past 6 years from 2018-2019 to 2023-2024.

The arrivals of tourists from across the globe are published by the Ministry of

Tourism of Maldives. The focal point of our study is centered around India and China. Hence the arrivals of tourists from these countries over six years are compared with each other.

Table 3 Ranks of India and China in Maldives Annual Arrival of Tourists

Year*	India	China
2018	5	1
2019	2	1
2020	1	6
2021	1	55
2022	1	27
2023	1	3

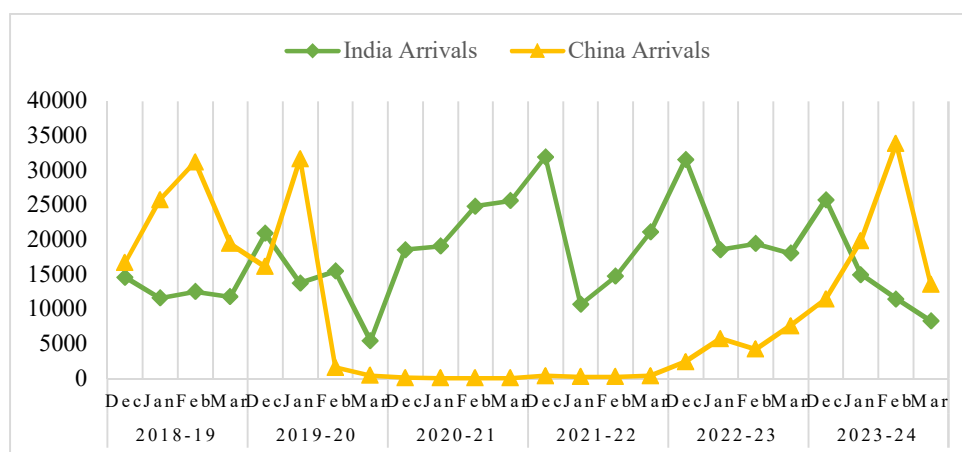
*Ranking as on the last day of the Year

Source: www.tourism.gov.mv

Table No.3 indicates that India started topping the ranks only from 2020; after the pandemic was hit. China was in the first position before 2020 and lost the position later. China regained its position from 2023 onwards when travel restrictions were completely removed recently. From Jan 2024, China was back at the first position of tourist arrivals to Maldives.

To understand the trend of arrivals and changes in number of arrivals of both countries, monthly arrivals are depicted in Figure 1.

Figure 1 Tourist Arrivals in Maldives



Source: www.tourism.gov.mv

The purpose of this analysis is to observe the past trends of tourist visits during the period December to March. The rationale for this is that the geo-political event under study happened within the span of 4 months (December to March) in 2023-2024. It is widely been claimed that

the decline in the number of Indian tourists visiting Maldives and the rise of Chinese tourists to the top position is the aftermath of the diplomatic row between India and Maldives. However, a trend analysis of past data shows that the decline during these 4 months is regular and periodic. Ie,

the tourism sector is highly affected by seasons. The decrease in Chinese tourists has been happening since the COVID pandemic, and their number has also started increasing recently.

6. Findings and Conclusion

The past data of 6 years (Ministry of Tourism, 2024), the following findings are gathered:

Pre-Pandemic (2018-2019): China was likely the leading source of tourists before the COVID-19 pandemic.

2020-2023: India emerged as the top source country during the pandemic, with a significant increase in arrivals compared to China.

2024 (YTD): China seems to have regained the top spot in 2024, surpassing Russia and Italy.

While there seems to be a positive sentiment towards domestic tourism in India (Table 1), with respondents generally agreeing on the economic benefits (mean scores ranging from 3.1 to 4.2), this doesn't necessarily translate to a preference for domestic destinations over international ones. The high mean scores in Table 2 (ranging from 3.5 to 4.5) regarding willingness to visit the Maldives indicate a strong interest in this foreign island getaway, even among those who expressed support for the Indian tourism industry. This suggests that some respondents might

prioritize fulfilling a national duty or supporting the local economy (Table 1) but still hold a stronger preference for vacationing in the Maldives. In other words, their level of ethnocentrism, as measured in Table 1, doesn't seem to directly influence their desire to visit the Maldives.

It's important to remember that this conclusion is based on the assumption that both tables represent responses from the same group of people. Further research with a larger dataset could provide more definitive insights into the relationship between domestic tourism sentiment and preferences for international destinations.

6.1 Shifting Tourist Trends in the Maldives

Before 2020, China dominated the tourist arrivals in the Maldives. Travel restrictions likely impacted Chinese tourism, allowing India to become the leading source of tourists in the Maldives from 2020 onwards (Table 1). This might be due to factors like closer proximity or relaxed travel regulations for Indians during that time.

With travel restrictions easing globally, China regained its position as the top source of tourists in the Maldives from 2023. This suggests China's strong interest in Maldivian vacations returned as travel became more feasible.

While the recent decline in Indian tourists visiting the Maldives during

December-March 2024 coincides with the diplomatic row, a historical analysis of tourist data suggests that this period typically experiences a decrease in visitors. Further investigation is needed to determine the relative impact of seasonality and the diplomatic tensions on tourist behavior.

The trend of tourists highlights the evolving nature of tourist arrivals in the Maldives. While China has retaken the top spot, India's emergence as a leading source of tourists during the pandemic demonstrates the potential for a diversified tourist base in the Maldives. The findings also suggest that domestic tourism preferences may not always translate directly to a preference for domestic destinations over attractive international options like the Maldives.

References

- Assaker, G., & O'Connor, P. (2020). eWOM Platforms in Moderating the Relationships between Political and Terrorism Risk, Destination Image, and Travel Intent: The Case of Lebanon. *Https://Doi.Org/10.1177/0047287520922317*, 60(3), 503–519. <https://doi.org/10.1177/0047287520922317>
- Cardador, J. J. O., Pérez-Gálvez, J. C., Gomez-Casero, G., & Alba, C. A. J. (2023). Tourist ethnocentrism: A bibliometric analysis based on Web of Science (WoS). *Family and Consumer Sciences Research Journal*, 52(1), 38–52. <https://doi.org/10.1111/FCSR.12488>
- Ciappei, C., Liberatore, G., Nesi, P., Pantaleo, G., Monti, A., & Surchi, M. (2023). Does tourist pressure influence the online reputation of a tourist attraction? Empirical evidence from the Uffizi gallery. In R. Rialti, Z. Kvítková, & T. Makovník (Eds.), *Online Reputation Management in Destination and Hospitality: What We Know, What We Need To Know* (1st ed., pp. 197–211). Emerald Group Publishing Ltd. <https://doi.org/10.1108/978-1-80382-375-120231011/FULL/XML>
- HCI. (2023). *India-Maldives Bilateral Relations*. <https://hci.gov.in/male/?pdf17555?000>
- Kock, F., Josiassen, A., & Assaf, A. G. (2016). Advancing destination image: The destination content model. *Annals of Tourism Research*, 61, 28–44. <https://doi.org/10.1016/j.annals.2016.07.003>
- Kock, F., Josiassen, A., & Assaf, A. G. (2019). The xenophobic tourist. *Annals of Tourism Research*, 74, 155–166. <https://doi.org/10.1016/J.ANNALS.2018.11.005>
- Kock, F., Josiassen, A., Assaf, A. G., Karpen, I., & Farrelly, F. (2019). Tourism Ethnocentrism and Its Effects on Tourist and Resident Behavior. *Journal of Travel Research*, 58(3), 427–439. <https://doi.org/10.1177/0047287518755504>
- Kozak, M., Gnoth, J., Andreu, L., Alvarez, M. D., & Korzay, M. (2008). Influence of politics and media in the perceptions of Turkey as a tourism destination. *Tourism Review*, 63(2), 38–46. <https://doi.org/10.1108/16605370810883932/FULL/XML>
- Kushcheva, N., & Eilola, T. M. (2023). Relevance of social media management in online reputation building in tourism and hospitality: Case of Finland. In R. Rialti, Z.

Kvítková, & T. Makovník (Eds.), *Online Reputation Management in Destination and Hospitality: What We Know, What We Need To Know* (1st ed., pp. 163–174). Emerald Group Publishing Ltd. <https://doi.org/10.1108/978-1-80382-375-120231009/FULL/XML>

Ministry of Tourism. (2024). *Tourism Statistics*.

Oberecker, E. M., & Diamantopoulos, A. (2011). Consumers' Emotional Bonds with Foreign Countries: Does Consumer Affinity Affect Behavioral Intentions? *Https://Doi.Org/10.1509/Jimk.19.2.45, 19(2)*, 45–72. <https://doi.org/10.1509/JIMK.19.2.45>

Sharma, A. (2024, January). Boycott Maldives | “Divert enquiries to Lakshadweep & Andaman,” Indian Chamber of Commerce tells tour operators. *CNBC TV18*.

Sharma, S. (2023, January 30). Amid diplomatic row, Maldives sees massive drop in Indian tourists in first 3 weeks of January. *Business Today*. <https://www.businesstoday.in/india/story/amid-diplomatic-row-maldives-sees-massive-drop-in-indian-tourists-in-first-3-weeks-of-january-415450-2024-01-30>

Singh, G. (2024, March). India's Indian Ocean Quagmire: The Growing Warmth Between China and the Maldives. *The Quint*. <https://www.thequint.com/news/world/indias-indian-ocean-quagmire-the-growing-warmth-between-china-and-the-maldives#read-more%23read-more>

Sinha, V. (2024, March 8). Maldives sees 33% drop in Indian tourists amid diplomatic row. *Hindustan Times*. <https://www.hindustantimes.com/world-news/amid-escalating-row-maldives-sees-33-drop-in-indian-tourists-top-visiting-country-is-china-101709887778340.html>

CUSTOMER RETENTION STRATEGIES AND ITS IMPACT ON CUSTOMER BEHAVIOUR – A STUDY WITH SPECIAL REFERENCE TO RETAIL OUTLETS IN KOLLAM DISTRICT

Dr. Sunil Chandran. S

Assistant Professor & HOD

Department of Commerce, NSS College, Pandalam

Email ID: sunilthadathil@gmail.com

ABSTRACT

In this competitive world, if a business wants to survive, it should have to satisfy the customers at its best. Only when the customers are satisfied with a company and with its products, the business organizations could flourish in the market, whether domestically or internationally. So as part of satisfying these customers, they must be given prior importance by providing them the facilities they need. Their interest and needs must be given greater importance and a strong bondage must be created with them. These customers have varying needs and tastes and it is not that easy to maintain a continuing relationship with such customers. For this, many business houses have started resorting to certain customer retention strategies to get a clear idea about such customers' wants and needs. Strategies such as monitoring customer behaviors, regular feedback, addressing issues with company's products, personalized interactions, support resolutions etc. are now being practiced by some of the business organizations so as to retain the customers. To get connected to the business, it is the need of the hour that the customers also must get a clear idea about the various customer retention strategies being implemented by the various business concerns especially the retail shops or outlets across the district of Kollam.

Keywords Customer retention strategies, monitoring customer behavior, personalized interactions, regular feedback, support resolutions.

1. Introduction

Customers are the basic factor that leads to the success of any organisation. It always acts as the engine that creates tangible and intangible products/ services, brings revenue and fosters the long-term growth of the enterprise. It is their presence that leads in the creation of demand for the goods and services of various organisations. So, without them, it is evident that no business can survive or exist for long. Thus, it can be said that they are an indispensable part of the success of any organisation. They have to be satisfied and maintained as long as a business can for their livelihood. There come the importance of customer retention and the efforts to be taken up by a company to retain them throughout their life period.

Customers are fundamental to any business's success, acting as the engine that drives revenue, shapes product development, and fosters long-term growth. They are the reason businesses exist, providing the demand for goods and services that allows a business to thrive. Without customers, businesses cannot survive or prosper.

2. Statement of the Problem

Customers in a society are so important for businesses due to several reasons. Some of them can be revenue generation, shaping business strategy, driving growth, enhancing brand reputation, fostering loyalty etc. In essence, customers are the heartbeat of any successful business. Focusing on

understanding their needs, providing exceptional service, and building strong relationships is crucial for long-term success. As customers are given so much importance and is well taken care of by the business people, a study is found essential to look into the various aspects of customer retention strategies adopted by various retail outlets in Kollam district. So, this project entitled CUSTOMER RETENTION STRATEGIES AND ITS IMPACT ON CUSTOMER BEHAVIOUR – A STUDY WITH SPECIAL REFERENCE TO RETAIL OUTLETS IN KOLLAM DISTRICT is intended to find out such aspects of customer retention strategies and to know its impact upon the buying behaviour of customers of retail outlets functioning in Kollam district.

3. Significance of the Study

As the customers form the pivotal part in the improvement of wellbeing of the business people and other traders, business houses need to struggle a lot for making the customers satisfied and should try every effort to retain them for as to flourish their businesses. So, it is understood that there is a high need to study the efforts that are taken by different retail outlets and business people to retain and maintain the customers for the success of their business.

4. Scope of the study

The study which aims to find out the various customer retention strategies and its

impact upon their behaviour in the purchase of retail goods or services is limited to the people residing in Kollam district. The sample respondents form the customers visiting the retail outlets in Kollam district.

5. Objectives of the study

- To analyse the various customer retention strategies implemented by various retail outlets functioning in Kollam district
- To study the impact of customer retention strategies upon the behaviour of customers in their purchase decision making.
- To find out the awareness level of customers on the customer retention strategies.

6. Hypothesis

1. H0: There is no significant impact of familiarity of customers on the retention strategies and the interest generated in it.
H1: There is significant impact of familiarity of customers on the retention strategies and the interest generated in it.
2. H0: There is no association between the awareness on customer retention strategies and the educational qualification of customers
H1: There is an association between the awareness on the customer retention strategies and the educational qualification of customers

7. Methodology

Data has been taken from primary sources and various secondary sources including journals, books, study reports, research journals, websites etc. Convenience sampling technique is adopted for the study and the population comprises of customers who visit the retail outlets functioning within the Kollam district. A sample of 100 respondents are taken for the study. Tools such as Percentage, Chi-square test are the tools used for the study

8. Research gap

For the past several years, a number of studies have been undertaken regarding the various aspects and issues related to the customer perception and satisfaction, but only few studies have done as part of how to retain the customers with the organisation. In other words, customer retention strategies is an innovative method which came as a novel technique to face competition by different business organisations in the past few years. So, this study focuses on the customer retention strategies developed by different business organisations, with special reference to retail outlets working in Kollam district

9. Review of Literature

Certain studies were conducted with regard to customer retention and the different strategies developed by various companies in and around the country. In this project,

studies that are undertaken with regard to such area are mentioned below.

Reich held and Sasser (1990) in their study about the value of different customer satisfaction and loyalty metrics in predicting customer retention suggests that there are many positive effects on customer retention such as the customers will become loyal and they try to increase their spending. In addition to it, they purchase at full margin ignoring the discounts and create operating efficiencies.

In the study conducted by **Murphy & Murph, 2002** on customer retention strategies and customer loyalty, as the trust upon a business enhances, the customer profitability gets increased over a period of time. They suggested that 20% customers contribute almost about 80% of company's profits. A 5% decrease in customer defection rates can increase profits by 25% to 125 depending on the industry. A 2% increase in customer retention has the same effect as decreasing costs by 10%.

Jones et al (2000) in their study on Customer retention strategies and customer loyalty strongly mentions the impact of switching barrier on reluctant to change the service providers. Factors that make it more difficult or costly for consumers to switch from one provider to another provider depends on certain economic, psychological or some other related aspects.

Lewis (2004) in his study on the influence of loyalty programs and short term promotions on customer retention clearly advocates that the marketing goals of firms stands high when customers show loyalty towards certain firms while ignoring others. He also comments that systematised loyalty programmes initiated by firms also can help in gaining customer preferences.

10. Customer retention management – Meaning

It is the practice that is followed by business organisations or trading organisations to keep its customers actively engaged in expressing loyalty, continued business, and positive word of mouth. It always focuses on keeping customers happy and satisfied in the organisational activities, with the intention of making them choose their brand over competitors. Some of the measures taken by business enterprises for retaining customers are,

- **Understanding Customer Needs**

Customer needs are to be identified for retaining customers to their organisations. So, it is the initial step to be taken as part of customer retention management

- **Providing Value**

Adequate value must be provided to the customers. The customers must be given due importance and be given value for their positive experiences. The customers must be provided some personalised attention

and support to make them retained with organisation.

▪ **Building Relationships**

Strong relationships with customers and a building stone for the success and survival of any business. So effective and fruitful relationships must be maintained with the customers.

▪ **Addressing Issues**

Several issues might pop up amongst the customers which need to be handled with due care and prompt and effective actions must be taken at the instant to resolve such issues permanently. This will lead to customer retention in the organisation.

▪ **Monitoring Customer Behaviour**

Certain measures must be taken by the organisation to monitor the behaviour of customers, such as tracking key metrics like customer churn rate, net promoter score and customer lifetime value. This is essential for knowing the feedback of customers and thereby help the organisation in improvement in the measures to be taken.

▪ **Personalized Interactions**

Another way to retain the customers and to bring them as part of the organisational activities, is to tailor the communications, giving up offers and other services to gain individual attention or preferences.

▪ **Creating a Positive Brand Image**

Creating a positive brand image in the society help a lot in improving the

satisfaction of customers with the company. It also helps in bringing up the loyalty towards the organisation.

Data Analysis and Interpretation

Table 1 Classification based on demographic factors

Sl no	Age	No: of Respondents	Percentage
1	Less than 20 years	24	24
	20-30 years	42	42
	30-40 years	20	20
	40-50 years	10	10
	More than 50 years	4	4
TOTAL		100	100

Sl no	Marital status	No : Of Respondents	Percentage
2	Married	65	65
	Unmarried	35	35
TOTAL		100	100

Sl no	Size of Family	No : Of Respondents	Percentage
3	2 members	10	10
	3 members	22	22
	4 members	46	46
	5 members	17	17
	More than 5 members	5	5
TOTAL		100	100

Sl no	Educational Qualification	No : Of Respondents	Percentage
4	Below SSLC	10	10
	SSLC	14	14
	HSE	24	24
	Diploma	12	12
	Graduate	30	30
	Post Graduate	10	10
TOTAL		100	100

Sl no	Monthly Income	No : of Respondents	Percentage
	Below 10,000	23	23
	10,000 - 30,000	35	35
	30,000 - 50,000	32	32
	More than 50,000	10	10
	TOTAL	100	100

Source : Primary data

From the above table it can be seen that about 42% of the respondents approached are between 20 to 30 years of age, out of which 65 % are married and the rest unmarried. In the case of the number of members that constitutes the size of the family of these respondents, about 46% are having 4 members in their family including them, while 17% of them have 5 members in their family. Among the respondents residing across the Kollam district, 24% have educational qualification upto HSE, only 14% have SSLC as their qualification and 10% haven't crossed SSLC. 35% of the respondents have income between 10,000 and 35,000 while 23% have income below 10,000 per month.

Table 2 Awareness on Customer retention measures

Response	Number of respondents	Percentage
Highly aware	28	28
Aware	30	30
Partially aware	20	20
Not Aware	22	22
Total	100	100

Source : Primary data

The table reveals the awareness level of customers visiting the various outlets in

Kollam district about the customer retention strategies implemented by the business firms. 28% respondents are highly aware whereas 30% are aware of these strategies. 22% do not have any idea on these measures for retaining customer satisfaction by the firms.

Table 3 Source of awareness

Source	Number of Respondents	Percentage
Newspaper	30	30
Social media	35	35
Radio/Television	17	17
Friends/Relatives	18	18
Total	100	100

Source : Primary data

It is clear from the table that 35% of the respondents have got awareness on these kinds of strategies from social media, as its usage is widely more reflected among today's community. 30% from newspaper, 18% got the information from their friends and relatives and 17% of the respondents got it from radio or television.

Table 4 Familiarity of Customer retention strategies adopted by various outlets

Services	Number of respondents	Percentage
Understanding customer needs	58	58
Speedy support resolutions	56	56
Regular feedback	44	44
Building relationships	47	47
Personalized interactions	34	34

Source : Primary data

This table shows the familiarity of the respondents towards the types of customer retention strategies they are familiar with. A good number of respondents (58%) are very much familiar with the strategy of understanding customer needs by the business firms, while 56% are aware of speedy support resolutions. 44% are familiar about the regular feedback the firms are resorting for retaining the customers 47% are familiar with the strategy of building relationships with the customers.

Table 5 Usefulness of Customer retention strategies to the business firms

Usefulness	Number of Respondents	Percentage
Highly useful	40	40
Useful to some extent	32	32
Neutral	10	10
Wastage of time and money	18	18
Total	100	100

Source : Primary data

The table shows the opinion by the respondents on the usefulness of customer retention strategies to the business firms, and 40% opined that it is highly useful and 32% said that it useful to some extent. But 18% is of the opinion that the practice of implementing customer retention strategies is a sheer waste of time and money to the business firm.

Table 6 Interest generated on the basis of retention strategies

Interest Generated	Number of Respondents	Percentage
Highly interested	44	44
Interested to some extent	31	31
Neutral	11	11
Not interested	14	14
Total	100	100

Source : Primary data

The table shows the interest generated by the customers especially by looking upon the retention strategies they are being offered by the shops they visit. 44% customers are highly interested to go for purchasing on the basis of such retention strategies, while 31% are interested to some extent in such retention strategies. When 11% commented that they have only neutral opinion, 14% are of the view point that they are not getting interest in any kind of such strategies.

HYPOTHESIS TESTING USING CHI-SQUARE ANALYSIS

TEST -1

H0: There is no significant impact of familiarity of customers on the retention strategies and the interest generated in it.

H1: There is significant impact of familiarity of customers on retention strategies and the interest generated in it.

Table 7

	Understanding customer needs	Speedy support resolutions	Regular feedback	Building relationships	Personalised interactions	Total
Highly interested	10	9	9	8	8	44
Interested to some extent	9	7	5	5	5	31
Neutral	6	2	1	1	1	11
Not interested	4	3	2	2	3	14
Total	29	21	17	16	17	100

Calculation

Observed values (O)	Expected values (E)	(O-E) ² /E
10	6.84	1.45
9	5.24	2.69
9	6.48	1.98
8	6.04	1.88
8	5.48	1.15
9	6.91	1.43
7	6.51	0.31
5	4.27	1.20
5	4.96	0.33
5	4.27	1.20
6	3.19	2.47
2	1.31	1.07
1	1.87	1.30
1	0.76	0.08
1	1.87	1.90
4	1.06	1.90
3	2.94	0.30
2	1.38	1.30
2	1.24	1.33
3	1.38	0.05
		24.02

Calculated value = 24.02 Degree of

freedom = (r-1) (c-1)

= (4-1) (5-1)

= 3 x 4

= 12

Table value= 21.026

Calculated value is greater than table value.

So, we reject the *null hypothesis* and accept *alternative hypothesis*

TEST -2

H0: There is no association between the awareness on customer retention strategies and the educational qualification of customers

H1: There is an association between the awareness on customer retention strategies and the educational qualification of customers

Table: 8

	Below SSLC	SSLC	HSE	Diploma	Graduate	Post Graduate	Total
Highly aware	3	3	4	4	6	8	28
Aware	4	3	5	5	4	9	30
Partially aware	2	4	3	2	5	4	20
Not Aware	3	4	5	4	3	3	22
Total	12	14	17	15	18	24	100

Calculation		
Observed values (O)	Expected values (E)	(O-E) ² /E
3	3.36	0.04
3	3.92	0.21
4	4.76	0.12
4	4.2	0.14
6	5.04	0.21
8	6.72	0.24
4	3.6	0.04
3	4.2	0.34
5	5.1	0.21
5	4.5	0.05
4	5.4	0.36
9	7.2	0.67
2	2.4	0.06
4	2.8	0.51
3	3.4	0.04
2	3.0	1.90
5	3.6	0.33
4	4.8	0.13
3	2.64	0.05
4	3.08	0.37
5	3.74	0.42
4	3.33	0.53
3	3.96	0.23
3	5.28	0.98
		8.18

From the Chi-square table and further analysis, it found that

Calculated value = 8.18

Degree of freedom = (r-1) (c-1)

= (4-1) (6-1)

= 3 x 5

= 15

Table value = 24.996

Calculated value is lesser than table value. So, we accept the *null hypothesis* and reject *alternative hypothesis*

Findings

- Out of the 100 respondents, most of the respondents are in the age group between 20 and 30
- Majority of the respondents are married, ie, 65%
- 46% of the respondents are having 4 members in their family.
- Majority of the respondents are highly aware of the customer retention strategies implemented by the various retail outlets in the Kollam district, and it comes to about 58%
- A good number of customers got the idea on these strategies from the social media sites which clearly states that these organizations depend on Social media to instigate strategies to retain customers
- 44 percent of respondents, or the majority, are most familiar with electronic payments and electronic grants.
- Majority of the respondents are very much familiar on the different types of customer retention strategies adopted by the retail outlets across the district for building up good relationships with the customers.
- Majority of the respondents (72%) have the opinion that the policy of implementing various customer retention strategies by the business concerns are highly useful for

retaining customers to their businesses.

- The table shows the interest generated by the customers especially by looking upon the retention strategies they are being offered by the shops they visit. 44% customers are highly interested to go for purchasing on the basis of such retention strategies, while 31% are interested to some extent in such retention strategies. When 11% commented that they have only neutral opinion, 14% are of the view point that they are not getting interest in any kind of such strategies.
- A major part of the respondents feel happy and interested in getting the facilities as part of shops' retention strategies as it may tempt them to purchases from their favourite shops again and again.

Hypothesis - Findings

- There is significant impact of familiarity of the customer retention strategies by the customers and the interest generated by them in it.
- There is no association between the awareness on the customer retention strategies and the educational qualification of customers

Suggestions

- The business houses should give

much importance to the customer retention strategies.

- Much effort must be taken from the part of the business organization to widen the services
- given as part of strategies even to the customers residing in the remotest areas of our country
- Facilities and services should be provided to all customers in spite of caste, gender, creed, financial ability, etc.
- Feedback must be taken regarding the interest generated towards this customer retention strategies from the customers at due intervals, so that any change in the interest generation upon certain services can be easily recognized and alternate strategies can be developed.
- Annual budget must be prepared taking into consideration the importance of such customer retention strategies and its feedback.

Conclusion

Customer retention strategies are most widely adopted by many concerns nowadays for retaining their customers to their business. Today is a competitive world. Here a business organization has to go widely with many tasks for making the customers satisfied and make them brand loyal. Therefore, implementing customer retention strategies are very crucial for any businesses to foster loyalty, drive repeat

purchases and ultimately in the improvement of revenue. By providing retention strategies such as personalized interaction, assessing the needs and desires of customers, regular feedback and through many support systems can build strong relationships with customers leading to increased satisfaction and retention. From the study conducted among retail outlets functioning in the district of Kollam, it was found that most of customers are much interested in buying their needed products, by getting interested with the retention strategies followed by such outlets. The business concerns must give much importance in bringing up modifications in the strategies adopted, in accordance with the changes in the business environment. Not only that these organisations must provide a good information of such strategies to the knowledge of customers so that it motives them to be a part of such organisations although the time.

References

- Nanjundeswaraswamy, T.S., & Swamy, D.R. (2013). *Quality of work life of employees in Private technical institution. International Journal for Quality Research*, 7 (3), 3–14.
- Philip, I., & Raju, G. (2006). Job satisfaction in health car industry: A case study. *The Journal of Business Studies*, 3(5), 7 -12.
- Gupta, Shashi K. and Joshi Rosy (2013). *Human Resource Management*, Kalayani Publishers, New Delhi, ISBN 978-93-272-2612-6.
- Jayamma. V, Naik Krishna C.N.(2012), *Quality of work life*, Sonali Publications, New Delhi., ISBN- 81-8411-028-6.
- Aswathappa, K (2008). *Human Resource Management*, 8th edition, Tata Mc Graw Hill Publishing House, pp 126-128.

CIRCULAR ECONOMY AND SUSTAINABLE BUSINESS MODELS IN KERALA ORGANIC FOOD INDUSTRY

Mekha Sebastian

Assistant Professor, Department of Commerce

Rajagiri College of Management and Applied Sciences Kakkanad, Kerala, India

mekhasebastian@rajagiricollege.edu.in

ABSTRACT

Sustainability and the concept of the circular economy would play a crucial role in making sure that the organic food industry is sustainable. The research is based on the need to carry out research on a sustainable business model that includes circular practice in Kerala. It attempts to analyze how far organic food companies in the area are employing the practices of a circular economy, identify the challenges, and assess their role in sustainability. The study collects primary information from 60 organic food producers and entrepreneurs across five districts in Kerala through questionnaires and structured interviews. The data analysis will involve statistical tests like t-tests and chi-square tests and thematic analysis. It is expected that the results of the study will determine the sources of success which include innovative supply chain practices, waste management practices, and policy support roles. The results will be useful to the overall knowledge of the organic food business integration of circular economy on waste reduction, closed-loop system, energy efficiency, water conservation, and the use of renewable energy and contribute to the future science on how to scale successful business models of the circular economy and how digital tools may influence the efficiency of operation.

Keywords Business Models, Circular Economy, Organic Food Industry, Sustainability, Waste Management.

1. Introduction

The growing interest in sustainable development, environmental sustainability, and responsible production worldwide has increased the academic and policy focus on alternative economic models that can overcome the socio-environmental limitations of conventional linear economic models. The concept of the circular economy (CE) has already become a groundbreaking paradigm that aims at redefining the mode of production-and-consumption by generating value (regenerative, restorative, and closed) in a circular way (Geiss Doerfer et al., 2017; Kirchherr et al., 2018). The main principles of the Central CE waste reduction, resource use efficiency, reuse, recycling, and ecological regeneration now become the cornerstones of sustainable industrial change in various sectors (Ellen MacArthur Foundation, 2013). Food systems and organic agriculture form a relatively poorly researched focal point of the sustainability discourse, in which CE integration would create significant environmental, economic and social advantages. The state of Kerala, which is in the southern part of India and is known due to its significant human development levels, the established progressive policy ecosystem, and a strong awareness of the environment on the grassroots, is a favorable setting to explore the CE-driven changes in the organic food systems. The organic food industry of the state has been developing very fast due to the increased

exposure, and the long-term health effects of chemically intensive agriculture (Joseph and Prasad, 2020). Although it has an inherent sustainability ethos, the organic food business in Kerala is still limited by structural inefficiencies that cut across the supply chains, certification, post-harvest management, resource utilization, as well as market connection (Nair and George, 2021). Those gaps explain why the principles of CE need to be incorporated into the organizational frameworks of organic food businesses to improve their resilience, reduce ecological footprints, and improve the quality of socio-economic returns. The current sustainability issues that plague the organic industry in Kerala reflect on universal issues to do with climate change, loss of biodiversity, soil erosion, lack of water and food wastage (FAO, 2022). Organic food business enterprises (including smallholder farms, cooperatives, micro-processing units, and retail networks) are increasingly under pressure to engage in more environmentally friendly practices not limited to organic certification. CE methods including composting, recycling of nutrients, use of renewable energy, water recycling, biodegradable packaging, and resource conversion of waste into the form of waste have significant prospects to turn the sector into zero-waste and resource- efficient ecosystem (Prieto-Sandoval et al., 2018). Nevertheless, the empirical studies show that small and medium food businesses do

not adopt CE uniformly, especially in the developing economies due to financial, technological, regulatory, and behavioural factors (Rizos et al., 2016). The agricultural environment in Kerala is marked by small landholdings, smallholder control, and a community-based supply chain which means that it carries both limitations and prospects in adopting CE frameworks (Thomas & Menon, 2019). In addition, the strong digitalization level in Kerala, youth enterprise growth, and the growth of Agri-tech solutions also create avenues on which digitalization can facilitate circularity by using traceability, precision farming and monitoring waste (Shaji, 2023). However, studies examining the mediating effect of digital tools in the adoption of CE in organic food systems are limited thus demonstrating an important gap in the current literature.

1.1 Background of Study

Traditional agroecological principles that give priority to soil fertility, biodiversity conservation and cyclical flows of nutrients have historically defined organic farming in Kerala (Kumar, 2018). These traditional systems are theoretically compatible with the concepts of a closed-loop economy. However, the present-day organic businesses are situated in the market-oriented frameworks that bring a lot of complexities to the closed-loop operation of resource flow. Some of the efforts taken by the government in recent

years to boost organic farming include the Organic Kerala Mission and the empowerment of farmer-producer organisations (FPOs). However, the results of sustainability differ significantly due to the difference in the level of technology usage, the maturity of the business model, and the institutional support frameworks (Gopalan and Prakash, 2021). The value chain of the organic food industry in Kerala, as it includes production, processing, aggregation, distribution, and retail, offers a combination of opportunities and obstacles to circularity. Circularity at production level can be achieved by recycling nutrients, using crop residues, and adopting renewable energy, and the processing level circularity can be achieved by minimizing waste, reusing water, and using environmentally friendly packaging (Borrello et al., 2020). Circularity may be improved at the retail level through advanced inventory control, cold-chain engineering, and waste minimization programs tied to consumers. It is vital to comprehend how well organic businesses organize themselves around these practices to develop specific interventions in the circular-economy.

1.2 Need and Rationale for the Study

Despite the growth of the organic sector in Kerala, the academic investigation of the overlap between the concepts of the circular economy and organic food systems in the regional context is not densely

investigated. Current research on the topic of the circular-economy in India has been mainly based on manufacturing, plastics, construction, and urban waste management (NITI Aayog, 2021). Little attention has been paid to the food sector, especially to the issue of circularity among small and micro-enterprises, despite the important role of the sector in environmental degradation and loss of resources (Jurgilevich et al., 2016).

Moreover, the organic businesses in Kerala have unique socio-economic, ecological, and institutional settings that are not similar to other states in India. Such a disparity highlights the need to conduct context-tailed research that can lead to the creation of practical insights. In turn, the current research will attempt to fill the following gaps in the research:

- a) determining the degree of adoption of the circular- economy, among the organic food businesses in Kerala.
- b) looking at the correlation between the practices of a circular economy and sustainability results.
- c) finding obstacles to the integration of the circular economy.
- d) evaluating how digital tools contribute to the process of making business circular.

1.3 Significance of the Study

1.3.1 Theoretical Contribution

Contributes to the literature on the circular-economy by placing empirical

analysis in the context of organic agri-food systems, which is a less utilized field.

Bridges the gap between sustainable business model theory and circular-economy frameworks to theorise regenerative organisational design.

Contributes to the existing body of literature on emerging digital circularity, by studying digital mediation in the adoption of circular-economy.

1.3.2 Practical Contribution

Gives evidence-based suggestions of policy interventions on the state level, such as the incentives that also focus on the circular economy, digital support, and changes in the process of organic certification.

-Help organic food companies to determine potential opportunities in the circle-economy that can be used to improve efficiency and reduce the cost of operation as well as being more competent in the market.

1.3.3 Socio-Environmental Contribution

Provides insights that would increase the efficiency of the resources, reduce ecological degradation, and improve climate resiliency in the agri-food ecosystem of Kerala.

2. Literature Review

The circular economy has gained considerable traction as a transformative framework for achieving sustainability

across various sectors, particularly in food systems where resource inefficiencies and waste generation are pervasive. This literature review synthesises theoretical, empirical, and conceptual scholarship surrounding the circular economy, sustainable business models, organic food systems, and the role of digitalisation in facilitating circular transitions. It also positions the Kerala organic food industry within broader global and national sustainability discourses.

2.1 Conceptual Foundations of the Circular Economy (CE)

The circular economy has been widely popular as one of the transformational concepts in the attainment of sustainability in several industries, particularly in the food systems where resource waste and inefficiencies are increasingly growing. The proposed literature review is a synthesis of theoretical, empirical and conceptual literature on the topic of the circular economy, sustainable business models, the organic food system and the role of digitalisation in enabling the process of making circular. It places the Kerala organic food industry also in a wider global and national discourse of sustainability.

There is a conceptual foundation of the Circular Economy (CE), which is elaborated in 2.1.

Circular economy is an economic approach developed that aims at

maintaining the value of resources in the form of usage as long as possible, maximising the efficiency of utilisation and reducing the waste in the value chain (Korhonen et al., 2018). CE was a result of industrial ecology, cradle-to-cradle design, performance economy, and regenerative design (Stahel, 2016). Ellen MacArthur Foundation (2013) says CE manages to work based on three guiding principles:

- Waste and pollution designing out,
- Keeping products and materials in operation.

These values are opposed to the extractive logic and the waste-producing logic of the linear economy. Reuse, recycling, remanufacturing, refurbishing, cascading, and bio-cycling are some of the strategies that CE scholarship notes as key to the regenerative systems (Bocken et al., 2016). In the case of biological cycles, which are the focus of food systems, biodegradation, composting, anaerobic digestion, nutrient recovery and agroecological regeneration are key processes (Winans et al., 2017). Circular flows are further enhanced using renewable energy, reuse of water and nature-based solutions.

Even though the theory of CE has grown throughout the recent years, researchers indicate conflicting and misconceptions in its conceptualisation. Reviewing 114 definitions, Kirchherr et al. (2018) find out that CE is a sustainability notion, a resource-efficiency process, and a socio-

economic model of transformation at the same time. This theoretical plurality has facilitated the cross-sector adoption, but it has created ambiguities in implementation. CE use in food systems with a complex interplay of biological processes, socio-cultural and market forces requires a context-dependent adaptation to the change and not the generalised models.

2.2 Food and Agriculture Circular Economy.

Food systems are one of the primary causes of resource use, greenhouse emissions, and wastes. In the world, anorectic food is lost or wasted, thus increasing land, water, and biodiversity degradation (FAO, 2022). Circular economy gives strategic directions of mitigating these effects by redesigning food production, distribution, and consumption systems.

2.2.1 Food Systems Biological Cycles.

Food systems are uniquely biological, and this fact makes them the only systems that can be approached to the principles of circularity. Biological waste volumes created by food systems such as crop residues, vegetable waste, fruit peels, and organic manure can be returned to ecological cycles, using such methods as composting, vermicomposting, mulching, biomethanation, and the production of biofertilizers (Vargas et al., 2021). These activities re-introduce nutrients in soil, reduce reliance on synthetic fertilizer, and

eventually improve long-term agricultural production (Niggli, 2015).

2.2.2 Waste-to-Product and Value Recovery

Food waste recovery is a growing field of innovation in the circular economy (CE). Borrello et al. (2017) emphasize the up-cycling solution, in which the agricultural waste can be used to produce value-added products, such as natural dyes, fiber packaging, bioplastics, nutraceuticals, animal food, and compost. In addition, mechanisms of circularity enable nutrient loop closure by using bio-based energy systems, such as biogas units installed in the small farms (Chandra et al., 2017).

2.2.3 Sustainable Packaging and Materials

The packaging is a significant proportion of environmental waste and it has greatly forced organic food businesses across the globe to use biodegradable, compostable packaging, or reusable ones. According to Risch (2017), bio-based packaging materials help to negotiate carbon emissions, minimize toxic waste load, and the materials are consistent with the anticipations of consumers regarding sustainable organic products.

2.2.4 Circularity and resource management of water.

Circular agriculture implements water conserving technologies, such as drip irrigation, rainwater collection, the use of greywater in agriculture areas and aquaponic systems (Goddek & Körner,

2019). Given the fact that about 70 000 percent of freshwater in the world is withdrawn through agriculture, the water management using CE is an imperative one.

2.2.5 Renewable Energy Integration

In solar-powered irrigation pumps, cold storage, dryers, and processing units strengthen the sustainability of organic farming because it reduces the reliance of fossil fuels (IRENA, 2019). Low- carbon organic value chains are based on the incorporation of renewable energy, which helps to improve the resistance to climate variability.

2.3 Sustainable Food Systems and Organic Agriculture.

Organic production is based on the entire ecological framework which complements the principles of the circular economy well, such as soil fertility, agrobiodiversity, natural cycles, and minimum chemical use (IFOAM, 2020). According to scholars, effortless circularity is inherent in organic agriculture because of such practices as internal nutrient recycling, biological pest management, and closed-loop soil regeneration (Reganold and Wachter, 2016).

2.3.1 Organic Food Systems and Local Resources Efficiency.

Empirical data suggest the use of organic farms to be more beneficial in terms of long-term soil health, carbon storage, and preservation of biodiversity

than traditional systems (Ponisio et al., 2015). However, there still exists efficiency gaps because of lack of access to capital, dishonest supply chain and absence of post-harvest infrastructure (Luttikholt, 2007). The implementation of the principles of a circular economy can address these restrictions of operation of organic enterprises.

2.3.2 Post-Harvest and Supply Chain Problems

Organic supply chains are also susceptible to quality decline, contamination, inefficiencies in the transportation process, and inconsistency in the certification process (Rana and Paul, 2020). This intricacy prompts new cyclical economy interventions like decentralised processing, collaborative logistics, cold-chain optimisation as well as waste valorisation.

2.3.3 Dynamics of the Market and Consumer Behaviour

In India, the level of health awareness and fears about synthetic pesticides are increasing, which leads to the growing demand of organic food (Sharma and Singh, 2019). The demand of the consumers towards the organic brands that are eco-friendly is growing, such as circular packaging and traceable sourcing (Aschemann -Witzel and Peschel, 2019). A combination of the principles of the circular economy, in turn, may boost consumer confidence, brand distinction, and the competitiveness of the market.

2.4 Circular Business Models (CBMs)

Circular business models incorporate the concept of the circular economy in both an organisational value proposition, value-creation processes and value- capture approaches (Pieroni et al., 2019). CBMs within the food industry might be:

Products: As-a-Service Food Boxes.

- Models of recovery of resources (conversion of waste to useful inputs)
- Closed-loop supply chains
- Localised community-supported agriculture (CSA).
- Circular packaging systems
- Models of production built-in with renewable energy.

According to Bocken et al. (2014), CBMs can be categorized as slowing, closing and narrowing resource loops. These are mechanisms that allow the firms to optimise the utilisation of resources, minimise operating expenses and enhance sustainability performance.

2.4.1 Barriers to Circular Business Models

CBMs have to face multiple challenges despite the possible advantages:

- Lady-like initial expenses (Rizos et al., 2016)
- Absence of expertise (Linder and Williander, 2017).
- The regulatory frameworks that are not clear (Nogueira et al., 2020).

- low support of the Digital ecosystem (Antikainen & Valkokari, 2016)

In the situation of organic food companies, such barriers are often compounded by small size of the companies, limited funding capital, and disjointed distribution channels.

2.5 Digitalisation and Circular Economy in Food Systems

Digitalisation has been emerging as the driver of the introduction of the Circular Economy (CE), which helps to guarantee transparency, monitor resources, optimize waste, and coordinate supply-chains (Kristoffersen et al., 2021).

2.5.1 Digital Tools Supporting CE Adoption

The digital application that has been used in the agricultural sector includes:

- IoT-based soil sensors Mobile-based farm-management applications.
- Digital marketplaces
- Artificial intelligence demand forecasting.
- Crop monitoring using remote sensing.

These tools increase performance in terms of operational efficiency and minimizing waste to greater cyclic results (Porter and Heppelmann, 2014).

2.5.2 Agri-food Chain Digital Circularity

By using blockchain and IoT technologies, it is possible to monitor the products lifecycles, reduce spoilage and

assure the organic and CE standards (Francisco & Swanson, 2018). Digital supply chains minimize inefficiencies and fit the goals of CE of waste minimization and transparency.

2.5.3 Digital Barriers

However, there are still issues, such as lack of digital literacy, insufficient ICT infrastructure, high costs of implementation, and disconnected adoption (Carolus et al., 2022). Although the adoption of digital in Kerala is increasing, it is still disproportionate in rural societies of farming (Shaji, 2023).

2.6 Circular economy within the Indian and Kerala Context.

The policy measures that have advanced the path of transformation of India towards a circular economy include the adoption of extended producer responsibility (EPR), introduction of comprehensive waste management policies, the issuance of bio-economy guidelines, and formulation of national resources efficiency policies (NITI Aayog, 2021). However, the agricultural sector remains on the periphery of national circular economy models despite its significant contribution into waste production, resource use, and greenhouse gas emissions (Rao & Dubey, 2020).

Kerala is a unique example of socio-economic and environmental environment. The state is characterized by the high literacy level, strong collaborative movements, and the extensive grass-root environmental awareness, and hence provides a supportive

setting to the spread of the practices of circular economy (Kannan, 2020). In this scenario, the organic farming sector has been developed in the state of Kerala by means of organizing community farming groups, the Kudumbashree network, farmer producer cooperatives (FPCs) and other projects of the local government. However, systematic research literature has revealed significant gaps in implementing the principles of a circular economy in the areas of minimizing packaging, the introduction of renewable energy sources, and development of closed-loop systems of nutrient recovery (Menon and Rajeev, 2021).

3. Objectives

- To evaluate the current adoption situation of the circular economy practices in organic food-based businesses in the Indian state of Kerala.
- To assess the relationship between the adoption of circular economy and the subsequent outcomes of sustainability performance.
- To define the barriers and limitations to implement circular economy strategies.
- To examine the potential of digital technologies in making a transition to the principles of a circular economy possible.
- To analyze the effect of enterprise characteristics on circular economy practice awareness and adoption.

4. Methodology

In the section, the paper presents the methodological framework that will be used in analyzing the practices of the organic food industry in Kerala regarding circular economy (CE). To represent the complexity of the circular transition in small and medium organic enterprises, a mixed-method research approach was applied. The research design, sampling, data collection, methods of analysis and reliability and validity are arranged in the form of the methodology.

4.1 Research Design

It was decided to use a convergent mixed methods design that would involve a quantitative and qualitative design to triangulate the results and improve the quality of results (Creswell and Creswell, 2018). The design is especially adequate to CE research in agri-food systems, where the ecological, social and economic variables are intertwined and cannot be completely comprehended either by quantitative or by qualitative research.

Rationale for Mixed-Methods

CE practices are multidimensional, which entails management of resources, adoption of technology, and behavioural aspects. In Kerala, organic businesses are non-homogeneous, and any qualitative data is needed to make the quantitative trends relevant.

4.2 Study Area and Sampling

This was carried out in five districts in Kerala with different agricultural, commercial, and socio-economic sights: Ernakulam, Thrissur, Kottayam, Kozhikode and Thiruvananthapuram

Sample Size and Technique

The purposive sampling criterion was that the sample consisted of 60 organic food enterprises that included: Smallholder organic farms, Farmer Producer Organisations (FPOs), Organic processing units, Retailers and supply chain intermediaries and Organic food start-ups.

The purposive sampling process made sure that the participants are actively involved in the production or distribution of organic production, which enhanced the topicality of the CE-related information.

4.3 Data Collection Methods

4.3.1 Quantitative Data

The questionnaire was based on structured questions and had five sections:

- Enterprise characteristics
- Circular economy practices
- Efficiency of resources and waste management.
- Digital tool adoption
- Sustainability performance

The scales used to measure be Likert scales (1-5) of CE adoption, sustainability outcomes and business performance.

4.3.2 Qualitative Data

Semi structured interviews, 20 entrepreneurs, examined:

- Circular adoption motivations.
- Barriers to adoption
- Role of community networks
- Governmental and market expectations.
- Digitalisation experiences

Interviews were used to provide narrative to facilitate thematic analysis.

4.4 Data Analysis Techniques

4.4.1 Descriptive Statistics

The CE adoption levels and enterprise characteristics were summarised using frequencies, percentages, means, and standard deviations.

4.4.2 Inferential Statistics

Sustainability performance was compared using independent samples t-test between the adopters and non-adopters of CE.

The chi-square tests were used to determine the correlations between the enterprise features (education, size) and the level of CE adoption.

4.4.3 Thematic Analysis

Thematic analysis was used to code and categorize interviews transcripts based on Braun and Clarke (2006) thematic analysis method in order to determine the patterns.

5. Results and Data Analysis

5.1 Profile of Respondents

The sample reflects diverse demographic characteristics and enterprise types, supporting the generalizability of findings within Kerala's organic food ecosystem.

Table 1: Demographic and Enterprise Profile of Respondents (N = 60)

Variable	Category	Frequency	Percentage
Gender	Male	39	65.0%
	Female	21	35.0%
Age	≤ 35	18	30.0%
	36–50	27	45.0%
	≥ 51	15	25.0%
Education	Secondary	14	23.3%
	Higher Secondary	18	30.0%
	Graduate & above	28	46.7%
Business Type	Organic farm	23	38.3%
	Processor	17	28.3%
	Retailer/Distributor	20	33.3%

5.2 Adoption of Circular Economy Practices Table 2: Level of CE Practice Adoption

Interpretation: Composting shows the highest adoption, aligning with organic farming traditions. Closed-loop coordination is lowest, indicating supply chain fragmentation.

Table 2: Level of CE Practice Adoption

CE Practice	Adoption (%)
Composting & nutrient recycling	72%
Waste-to-product (value recovery)	40%
Water recycling / rainwater harvesting	46%
Solar/renewable energy	38%
Biodegradable/eco-packaging	58%
Closed-loop supply chain coordination	33%

5.3 CE Adoption Score (Composite Index)

Respondents rated CE adoption on 12 Likert-scale items (1–5), combined into a composite score.

- High CE adopters: score ≥ 4 (N = 26)
- Moderate adopters: 3–3.9 (N = 19)
- Low adopters: < 3 (N = 15)

5.4 Sustainability Performance Analysis

Interpretation: Sustainability outcomes are generally high, indicating alignment between organic agriculture and CE principles.

Table 3: Sustainability Performance Descriptive Statistics

Dimension	Mean	Std. Dev.
Environmental performance	4.15	0.63
Resource efficiency	4.09	0.71
Waste reduction effectiveness	3.97	0.68
Social/community impact	4.02	0.75

5.5 t-Test: CE Adoption vs Sustainability Performance Table 4: Independent Samples t-Test

Interpretation

- High CE adopters exhibit significantly higher sustainability and efficiency outcomes.
- Findings support theoretical propositions that CE enhances system resilience (Korhonen et al., 2018).

5.6 Chi-Square Tests

Interpretation:

Education significantly influences CE awareness, suggesting targeted training can enhance adoption

5.7 Qualitative Thematic Analysis

Interviews yielded three major themes:

Theme 1: Resource-Conscious Innovation

Respondents highlighted practices such as composting, residue reuse, on-farm nutrient cycling, and low-energy processing.

Digital adoption varies widely; younger entrepreneurs use marketplace apps, IoT tools, and QR-based traceability.

Theme 3: Institutional and Market Barriers

Certification challenges, lack of subsidies for CE technologies, and inconsistent market demand hinder CE scaling.

6. Discussion

The research results of this paper are important as they allow understanding the

impacts that the practices of the circular economy (CE) has on the sustainability performance and operation efficiency of the organic food sector in the state of Kerala. In line with literature on the CE theory and sustainable business model (SBM), the findings show that businesses that incorporate circular approaches have better environmental, social, and economic performance when compared to non-adopting ones (Bocken et al., 2016; Korhonen et al., 2018). This section explains the key findings with reference to current literature, elucidates the theoretical and empirical connections and states peculiar contributions to the context.

6.1 CE Adoption as a Driver of Sustainability Performance

These statistical results, specifically t - test results, indicate that the adoption of CE has a significant positive impact on sustainability performance. The strong results obtained by high CE adopters were in such measures of the environment like resource efficiency, waste reduction, and ecological impact.

The comparatively high rate of adoption of composting, recycling of nutrients, and eco-packaging appeal to the Kerala agro-ecological culture and consumer demand of organic products that are environmentally friendly. These results support the fact that organic food systems naturally correspond to CE logic because of biological nutrient circulation and ecological responsibility

(Reganold and Wachter, 2016). Nonetheless, the relatively low uptake of closed-loop supply chains and renewable energy implies institutional and infrastructural loopholes that need to be filled by institutional and infrastructural interventions.

6.2 Digital Tools in Improving CE Adoption.

The conceptual framework assumes the role of digital tools in the moderation and enabling variable to enhance the CE sustainability relationship. This is supported by qualitative data: younger entrepreneurs and more digitally savvy retailers took advantage of mobile farm apps, digital marketplaces, QR code enabled traceability, and IoT based soil monitoring devices to reduce losses and maximize the operations. This observation supports the DigitalisationCircularity Nexus Theory that states that the digital technologies can stimulate the processes of the circle by offering real-time data access and optimizing the systems (Kristoffersen et al., 2021; Francisco and Swanson, 2018).

Nevertheless, there is still digital inequality. Large numbers of smallholder farmers could not be digitally literate or exposed to technologies, which is consistent with the wider Indian agri-tech research (Carolus et al., 2022).

6.3 Inhibitors to Circular Economy Integration.

- The barriers were recognized as a variety of barriers, including those

finance-related, institutional-related, technological-related, market-related, and those related to awareness. They are congruent with socio- technical models of transition that focus on technology/institution/actor capacities interactions (Geels, 2002). Key challenges include:

- Organic certification and renewable energy installations are costly.
- Poor after harvest facilities.
- Poor servicing of CE technologies (e.g. biogas units, solar dryers)
- Price discrimination between organic and conventional products in the market.
- Lack of co-ordination between the supply chains.

These obstacles demonstrate the lack of adaptation between grassroots creativity and macro-level institutional reinforcement, which is a shared tendency in developing-country CE transitions (Rizos et al., 2016).

6.4 Theoretical Integration

This paper combines the Circular Economy Theory, SBM theory, Ecological Systems Theory and Socio- Technical Systems Theory. Collectively, the frameworks allow developing an ecological and socio- institutional phenomenon of CE adoption holistically. For instance:

- CE theory provides an explanation of environmental benefits of nutrient cycling and less waste.

- The value creation dynamics of SBM theory are based on business models that are resource efficient.
- EST emphasizes the importance of community, cooperative forms and local institutions to facilitate CE.
- The STS theory contextualizes the adoption of CE in the Kerala socio-technical ecosystem, which entails actors, infrastructures, and governing norms.

The theoretical pillars have been found to be consistent with the empirical findings, and hence the relevance of the pillars to organic agri-food settings.

7. Implications of the Study

7.1 Theoretical Implications

This study can add to literature by:

- Application of CE theory to organic agri-food business in a regional Indian environment.
- Providing the mediating effect of digitalisation on CE adoption.
- Advancing a holistic conceptual framework between CE practices and sustainability and business performance.

The results indicate that CE implemented with SBM and digitalisation scholarship can offer a deeper insight into sustainability transitions in smallholder- dominated industries.

7.2 Implications of the Theory in Practice in Organic Enterprises

- Implementing renewable energy systems to cut down the carbon footprints and long term expenses.
- Enhanced waste valorisation, e.g. manufacture of natural compost or value-added products out of residues.
- Optimising supply-chain coordination via digital platform and cooperative networks.
- The incorporation of circular packaging to cope with the increasing consumer demands.
- Predictive analytics in the reduction of post-harvest losses and inventory optimization.

These measures can improve profitability and resilience while reinforcing ecological responsibility.

7.3 Policy Implications for Kerala and India

Policy interventions play an important role in scaling the CE practices. Suggested measures include:

- CE technologies subsidies like solar dryer, biogas plants and water recycling units.
- Organic certification Reform to make organic certification less expensive and less administrative intensive.
- Enhancing farmer-producer companies (FPCs) as the means of greater supply chain coordination.

- Incorporation of CE measurements in agricultural policy of monitoring and evaluation.
- Offering digital literacy programmes concentrating on the CE related technologies.

These interventions are in line with the policy of national resource efficiency of India and will ensure localised circularity.

8. Conclusion

This paper has looked at the practices of the circular economy in the organic food sector in Kerala, and how they related to sustainability and business performance. The findings indicate that the adoption of CE has significant positive impacts on the environmental, operational, and social performance. Strong circular enablers were the composting, eco-packaging, recycling of nutrients, and digital tools.

Nevertheless, there are still significant obstacles, such as infrastructural disconnects, certification bottlenecks, poor digitalization of older entrepreneurs, and market constraints.

The theoretical construct that was constructed in this research is a theoretical and practical guide to the knowledge of the CE-SBM integration and the further research of this field.

To sum up, the need to incorporate circular principles in organic food enterprises is not just environmentally obligatory, but also economically beneficial. Through the

proper technological, institutional, and policy support, the organic food sector in Kerala can become an example of a circular ecosystem of the sustainable agri-food systems in the world.

References

- Aschemann-Witzel, J., & Peschel, A. O. (2019). How circular will you eat? Consumers' stated food waste reduction behaviours. *Journal of Cleaner Production*, 232, 1041–1050.
- Bocken, N. M. P., Bakker, C., & Pauw, I. D. (2016). Product design and business model strategies for a circular economy. *Journal of Industrial and Production Engineering*, 33(5), 308–320.
- Bocken, N., Short, S., Rana, P., & Evans, S. (2014). A literature and practice review to develop sustainable business model archetypes. *Journal of Cleaner Production*, 65, 42–56.
- Borrello, M., Caracciolo, F., Lombardi, A., Pascucci, S., & Cembalo, L. (2017). Consumers' willingness to pay for bio-based packaging. *Food Quality and Preference*, 65, 49–59.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101.
- Carolus, J., et al. (2022). Digital agriculture adoption in developing countries: Barriers, enablers, and policy interventions. *Agricultural Systems*, 198, 103349.
- \Chandra, R., et al. (2017). Biomethanation of agricultural residues. *Renewable Energy*, 109, 29–35.
- Creswell, J. W., & Creswell, J. D. (2018). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. Sage.
- Ellen MacArthur Foundation. (2013). *Towards the circular economy*.
- Francisco, K., & Swanson, D. (2018). Blockchain applications in food supply chains. *Journal of Food Distribution Research*, 49(1), 76–93.
- Geels, F. W. (2002). Technological transitions as evolutionary reconfiguration processes. *Research Policy*, 31(8–9), 1257–1274.
- Geissdoerfer, M., Savaget, P., Bocken, N., & Hultink, E. (2017). The circular economy: A new sustainability paradigm? *Journal of Cleaner Production*, 143, 757–768.
- Goddek, S., & Körner, O. (2019). A fully integrated aquaponic system. *Ecological Engineering*, 138, 105–113.
- Gopalan, S., & Prakash, R. (2021). India's organic farming landscape: Challenges and opportunities. *Sustainability*, 13(4), 2114.
- IFOAM. (2020). *Organic farming principles*. IFOAM International.
- Ingram, J. (2018). Agricultural transitions in the Anthropocene. *Global Environmental Change*, 52, 217–226.
- IRENA. (2019). *Renewable energy in agriculture*. International Renewable Energy Agency.
- Jurgilevich, A., et al. (2016). Transition to sustainable food systems. *Sustainability*, 8(5), 393.
- Kannan, K. P. (2020). Kerala's development experience. *Economic & Political Weekly*, 55(21), 31–38.

- Kirchherr, J., Reike, D., & Hekkert, M. (2018). Conceptualising the circular economy: A review of 114 definitions. *Resources, Conservation & Recycling*, 127, 221–232.
- Korhonen, J., Honkasalo, A., & Seppälä, J. (2018). Circular economy: The concept and its limitations. *Ecological Economics*, 143, 37–46.
- Kristoffersen, E., et al. (2021). The digitalisation–circular economy nexus. *Business Strategy and the Environment*, 30(1), 683–703.
- Kumar, S. (2018). Agroecology and traditional farming systems. *Journal of Rural Studies*, 62, 67–75.
- Linder, M., & Williander, M. (2017). Circular business model innovation. *Journal of Cleaner Production*, 168, 11211–11224.
- Luttikholt, L. (2007). Principles of organic agriculture. *Journal of Agricultural and Environmental Ethics*, 20(5), 353–377.
- Menon, R., & Rajeev, P. (2021). Circular agriculture in Kerala. *Journal of Environmental Management*, 287, 112–120.
- Nair, S., & George, J. (2021). Organic agrifood challenges in Kerala. *International Journal of Agricultural Management*, 10(2), 55–63.
- NITI Aayog. (2021). Strategy on Promoting Circular Economy in India. Government of India.
- Nogueira, A., et al. (2020). Policy and circularity: A systematic review. *Journal of Cleaner Production*, 256, 120363.
- Pieroni, M., McAloone, T., & Pigosso, D. (2019). Circular business model innovation. *Sustainability*, 11(17), 4963.
- Ponisio, L. C., et al. (2015). Organic agriculture and biodiversity. *Proceedings of the Royal Society B*, 282, 1–7.
- Porter, M. E., & Heppelmann, J. (2014). How smart, connected products are transforming competition. *Harvard Business Review*, 92(11), 64–88.
- Prieto-Sandoval, V., et al. (2018). Key elements of the circular economy framework. *Journal of Cleaner Production*, 187, 263–281.
- Rana, J., & Paul, J. (2020). Consumer behaviour toward organic foods. *Journal of Retailing and Consumer Services*, 52, 101923.
- Rao, S., & Dubey, A. (2020). Waste management and circular economy in India. *Environmental Science & Policy*, 109, 152–161.
- Reganold, J. P., & Wachter, J. M. (2016). Organic farming. *Nature Plants*, 2(2), 15221.
- Risch, S. (2017). Sustainable packaging. *Food Quality and Safety*, 1(3), 169–173.
- Rizos, V., et al. (2016). Barriers to circular economy SME adoption. *Journal of Cleaner Production*, 152, 268–279.
- Rotz, S., et al. (2019). Digital agriculture. *Journal of Rural Studies*, 68, 218–229.
- Shaji, J. (2023). Digital farming in Kerala. *Kerala Journal of Agriculture*, 62(1), 44–59.
- Sharma, G., & Singh, S. (2019). Organic markets in India. *Food Policy*, 83, 215–225.

Stahel, W. (2016). The circular economy. *Nature*, 531(7595), 435–438.

Thomas, L., & Menon, S. (2019). Smallholder organic farming transitions in Kerala. *Agriculture and Human Values*, 36, 71–84.

Winans, K., Kendall, A., & Deng, H. (2017). The circular economy in agriculture. *Journal of Industrial Ecology*, 21(3), 741–753.

KERALA URBAN POLICY AND DEVELOPMENT INITIATIVES -A STUDY WITH REFERENCE TO THE REPORT SUBMITTED BY KERALA URBAN POLICY COMMISSION

Dr. Rekha P.G

Assistant Professor, Post Graduate and Research Department of Commerce, The Cochin College, Kochi-02.
rekhashenoy2011@gmail.com

Dr. Kochuthresia Jose

Assistant Professor, Post Graduate and Research Department of Commerce, The Cochin College, Kochi-02.
kochujoze@gmail.com

ABSTRACT

The Town Planning Department's Urban Policy (1992), gave importance to saving of super-metros and national cities which would in turn bring economic growth by providing more employment opportunities. The policy pointed out the major drawbacks of Urban India where there were overcrowded cities, insufficient basic utilities and services which were either outdated or some were at collapsing stage. Since Kerala was having a unique urban spread, it demanded more development of infrastructure mainly in the form of roads, transportation, water supply, common drainage, sewage and waste management. The urban areas had little provision for these services that could meet the needs of increased population. This study investigates the focus area of the First State Urban policy initiated by State of Kerala and its impact on different areas of infrastructure development. The study is depended on secondary data and tries to analyse the contents of Urban Policy 2023 -a Report as submitted by the Kerala Urban Policy Commission(KUPC).

Keywords Urbanisation, Urban Infrastructure, Urban Policy.

1. Introduction

The Town Planning Department's Urban Policy (1992), emphasized a method of Urban development, where the whole districts of Kerala were divided according to a priority basis. Among the districts Kochi city in Ernakulum district which is the centre for industrial growth and also the economic node of the State was given the top most priority. The National Commission on Urbanization defined the region as "Spatial Priority Urbanization Region (SPUR). Thiruvananthapuram being the capital of the state and centre of all Government bodies and also area providing excellent education and health care had already ensured its place in the priority list. Kozhikode was included in the second place as it was considered to be the breath city of all northern region and was also a resource for agro-based industry. The city had great potential for growth hence included in the list. The third category of Urban agglomerations were Thrissur, Kannur, Kollam. Alapuzha and Kottayam also found a place in the development priority list. The policy considered the Urban sewage, Solid Waste Management (SWM), as parameters to measure urban development. The policy recommended the growth of Top priority list of cities i.e. Kochi, Thiruvananthapuram and then Kozhikode at a first level and then the above mentioned towns. When cities are included in priority list they would be the

first one to get funds from the Central Government on various development packages.

Kerala stands at an important inflection point: demographic trends and changing livelihoods are driving rapid urbanisation, yet most urban governance instruments were not designed for a dense, highly connected, climate-sensitive territory. Recognising this, the Kerala Government constituted the Kerala Urban Policy Commission (KUPC) in December 2023 to craft a comprehensive urban policy and a 25-year roadmap tailored to the state's socio-ecological reality.

2. Literature Review

Urban policy and governance in India have historically been shaped by municipal acts, master plans and central programmes (e.g., AMRUT, Smart Cities Mission), often with limited tailoring to state-specific contexts. The major objectives of all urban development initiatives are (1) the need for integrated metropolitan/regional planning as urban agglomerations spread beyond municipal boundaries; (2) the centrality of climate resilience and nature-based solutions in low-lying, disaster-prone contexts; and (3) municipal finance reform to improve service delivery and local autonomy. Studies in the Indian context show that fragmented institutions, weak fiscal bases of local bodies, and limited data capacity hinder effective urban governance (Roy, 2016; Bhan, 2019).

Comparative state-level experiments indicate that long-term, evidence-based urban policy can unlock coordinated investments — but success depends on political buy-in and institutional capacity building.

3. Objectives of the Study

The paper tries to study the urban development initiatives emphasized in the new Kerala Urban Policy submitted by the KUPC in their Report.

4. Methodology

This paper depends on the KUPC's published statements and media reporting about the Commission's report (March 2025), supplemented by secondary literature on Indian urban governance and municipal finance. Where available, policy positions and key recommendations are cross-checked against reputable press coverage and the official Kerala Urban Conclave material. The study emphasises on policy synthesis and implementation analysis rather than primary field research.

5. Analysis

The Key Components of Kerala's Urban Policy as per the data collected from various paper publications, published documents are:

5.1 Strategic Vision and Spatial Framing.

The KUPC frames Kerala's urban future as a 25-year transition towards resilient, equitable and knowledge-driven

urban regions. Importantly, the Commission treats urbanisation as a spatial continuum — integrating urban, peri-urban and rural linkages — and envisages a distributed pattern of city-specific hubs to decongest traditional cores and harness local comparative advantage (for example: finance/FinTech in Thrissur-Cochin, knowledge corridor in Thiruvananthapuram-Kollam, industrial nodes in Palakkad and Kasaragod). This place-based hub approach attempts to balance growth while retaining social inclusion objectives. (Times of India, 2025)

5.2. Metropolitan / Regional Planning and Governance Reforms

Recognising that functional urban regions cut across municipal boundaries, the Commission recommends the formation of directly elected Metropolitan Planning Committees (MPCs) for major urban centres (Kochi, Thiruvananthapuram, Kozhikode, Kollam, Thrissur and Kannur). The aim is to create statutory, democratically accountable institutions that can prepare and implement regional plans, coordinate infrastructure investments, and manage inter-jurisdictional services. Alongside MPCs, the policy proposes reorganising municipal capacities with specialised departments (planning, finance, solid waste, resilience) and strengthening mayoral leadership through a "city cabinet" format — measures intended to professionalise urban management while preserving local democratic legitimacy.

5.3. Municipal Finance and Revenue Innovations

A central limitation for Kerala's local bodies has been constrained fiscal space. The KUPC advocates for a diversified revenue base: exploring municipal bonds, modernised digital tax administration, targeted “green fees” on development to fund resilience, and diaspora-engagement mechanisms. These proposals aim to increase predictable capital for long-term infrastructure while encouraging fiscal autonomy. However, such tools require robust financial management, creditworthiness, and transparent project pipelines — preconditions that the Commission recognises and seeks to address via capacity building.

5.4. Data, Digital Infrastructure and Urban Observatories

For evidence-based planning, the KUPC stresses a “data revolution”: an urban observatory to integrate spatial data (land records, hazard maps), service metrics, automated weather systems and performance dashboards. This infrastructure would support adaptive planning, early warning and monitoring of key indicators (mobility, sanitation, housing). The Commission also flagged practical obstacles — e.g., data fragmentation and access barriers — and recommended state leadership to create open, interoperable urban datasets.

5.5. Climate Resilience and Nature-based Solutions

Given Kerala's record of floods, landslides and coastal erosion, the KUPC embeds climate resilience across all pillars. Specific measures include Local Action Plans for Climate Change (LAPCC), Disaster Climate Action Trackers, strengthened coastal zone management, and integrating green infrastructure (wetlands, urban forests, permeable surfaces) into planning norms. Importantly, the policy advocates shifting from post-disaster response to proactive risk reduction integrated into city design and financing.

5.6. Inclusive Institutions and Social Equity

The policy underscores participatory governance: worker and youth councils in local bodies, inclusionary housing strategies, and targeted support for small and informal sector enterprises. The KUPC positions inclusion as central to both social justice and economic resilience, suggesting that hub development be accompanied by skill programmes, affordable housing, and safety nets for those displaced by redevelopment.

6. Findings

The study reveals that:

6.1 Ambition and Comprehensiveness:

The KUPC offers a rare example of state-level, long-range urban policy in India — comprehensive in scope (spatial planning,

finance, data, resilience) and long on actionable concepts (MPCs, urban observatory, green fees). Its emphasis on place-based hubs and climate mainstreaming is policy-relevant and timely. (Hindustan Times, 2025)

6.2 Data and Evidence Gaps: Media coverage and the Commission's own interactions revealed practical constraints: data fragmentation, proprietary GIS layers, and inconsistent metadata standards. Without reliable baseline data, some interventions (risk mapping, financing models) will be harder to operationalise. The Commission rightly prioritises an urban observatory but implementing it will require inter-agency data sharing protocols and capacity investments. (Mongabay-India)

6.3 Institutional Complexity: Creating MPCs and new city governance architectures will face political and administrative hurdles. State–local relations in Kerala are relatively strong compared to many states, yet establishing elected, functionally empowered metropolitan institutions requires clear legal mandates, revenue assignment, and dispute adjudication mechanisms. The “city cabinet” idea must be reconciled with existing municipal statutes to avoid role conflict.

6.4 Finance Is Necessary but Not Sufficient: Proposals for municipal bonds and green fees are promising, but creditworthiness, transparent project

selection and independent financial oversight will be crucial. There is a transitional task: build pipelines of investible projects while strengthening municipal accounting, procurement and project management.

6.5 Equity Trade-offs: Hub creation and urban regeneration can create displacement risks. The Commission's inclusionary proposals (affordable housing, skill programmes) are necessary complements; their funding and enforcement will determine whether the policy reduces or reproduces spatial inequality.

6.6 Opportunity for Kerala to Lead: By bundling climate resilience, data and governance reforms, Kerala could become an experimental laboratory for state-level urban policy in India — offering lessons for other states and similar geographies abroad. (Kerala Urban Conclave | 2025)

7. Conclusion & Policy Recommendations

The Kerala Urban Policy Commission's work is a significant, forward-looking attempt to reimagine urban governance for a state facing rapid urbanisation and intensifying climate risks. Its holistic prescriptions — metropolitan planning, fiscal innovation, data infrastructure and resilience mainstreaming — align with contemporary best practices in urban policy. However, the transition from blueprint to impact hinges on three core enablers:

7.1 Institutional Sequencing and Legal

Backing: Quickly codify the mandate, composition and powers of Metropolitan Planning Committees with clear fiscal transfers and dispute resolution provisions. Pilot an MPC in one functional region (e.g., Kochi) to learn and iterate before state-wide roll-out.

7.2 Data Governance and Capacity

Building: Operationalise the urban observatory with mandatory inter-agency data sharing protocols, open data standards, and a phased capacity building programme for municipal GIS & financial management teams.

7.3 Finance & Market Confidence:

Prepare a transparent pipeline of bankable projects, adopt municipal accounting reforms, and use blended finance (state guarantees, development partner concessional funds) to demonstrate municipal bond viability, before scaling debt instruments.

7.4 Inclusion Safeguards:

Embed enforceable inclusionary zoning, relocation compensation mechanisms, and strong social safeguards as conditions for hub designation or major redevelopment.

7.5 Monitoring & Adaptive Management:

Establish a lightweight independent monitoring mechanism (e.g., an urban performance index) to track progress against intermediate outcomes (service coverage, fiscal health, risk reduction) and to allow policy recalibration.

If implemented carefully and iteratively, Kerala's Urban Policy can deliver more equitable, climate-resilient, and economically vibrant urban regions — and offer an important policy model for other Indian states confronting similar transitions.

References

Bhan, G. (2019). Notes on a Southern urban practice. *Environ. Urban.* 31, 639–654. doi: 10.1177/0956247818815792

Hindustan Times. (2025, March 30). *Final report of Kerala Urban Policy Commission submitted.* Hindustan Times.

Kerala Urban Conclave. (2025). *Kerala Urban Policy Commission: Thematic pillars and mission overview.* Government of Kerala.

India Today. (2025, September 15). *Kerala unveils 25-year urban development policy with 300 actionable recommendations from Kochi conclave.* India Today.

Mongabay India. (2025, April 16). *Kerala drafts its first urban policy to tackle climate risks*

Roy, A. (2016). Who's afraid of postcolonial theory? *Int. J. Urban Reg. Res.* 40, 200–209. doi: 10.1111/1468-2427.12274

The Times of India. (2025). *Over 80% of state's population will be urban by 2050: Report.* The Times of India.

CONSUMER PERCEPTION TOWARDS INFLUENCER MARKETING ADVERTISEMENTS ON SOCIAL MEDIA PLATFORMS

Sumi John

Research Scholar, Department of
Commerce, Mahatma Gandhi College
Thiruvananthapuram, Kerala
E-mail Id- sumijohn.thoppil@gmail.com

Dr. N Pradeep Kumar

Associate Professor
Department of Commerce
NSS College Nilamel, Kerala
E-mail Id- pradeepkn30@gmail.com

ABSTRACT

The rapid growth of social media platforms has transformed the way brands communicate with consumers, with influencer marketing emerging as a dominant promotional strategy. This study examines consumer perception towards influencer marketing advertisements on social media platforms, focusing on key determinants such as influencer authenticity, social proof, content quality, and purchase intention. A sample of 120 respondents from varied demographic backgrounds was surveyed using a structured questionnaire based on a five-point Likert scale. The results indicate moderate levels of trust and perceived authenticity of influencers, while social proof and creative content play a significant role in capturing consumer attention and interest. Although respondents show an inclination toward engaging with influencer-promoted products, purchase decisions remain cautious and influenced by credibility cues. The findings provide valuable insights for marketers and influencers to enhance message effectiveness and foster stronger consumer-brand engagement in the digital environment.

Keywords Consumer perception, Influencer marketing, Influencer authenticity, Purchase intention, Social proof

1. Introduction

In today's digital era, influencer marketing has emerged as one of the most powerful promotional strategies used by brands on social media platforms. Influencers create content that blends personal experiences with sponsored messages, making advertisements appear more relatable and trustworthy to consumers. As users are constantly exposed to influencer-generated promotional content on platforms such as Instagram, YouTube etc their perceptions play a crucial role in determining how they respond to these advertisements.

Consumer perception refers to the way individuals interpret marketing messages and form opinions about products, brands, or the influencers promoting them. A positive perception can enhance trust, credibility, and engagement, leading consumers to consider the endorsed products more favourably. However, increased commercialization and concerns about authenticity may also reduce trust and create skepticism among viewers. Therefore, understanding consumer perception towards influencer marketing advertisements is essential for marketers to design effective strategies that not only capture attention but also influence purchasing decisions.

In today's digital and social-media saturated environment, traditional advertising

methods have experienced diminishing returns, prompting marketers to shift toward more interactive and peer-influenced forms of communication. The rise of influencer marketing, where individuals with substantial followings on platforms like Instagram, YouTube and Facebook endorse products or brands, marks a significant restructuring of promotional strategies and consumer trust pathways (Septiani, 2025). One critical driver of influencer marketing effectiveness is authenticity, the degree to which followers perceive the influencer as genuine, transparent and aligned with their own values (Amini, 2025; Sahli, 2024). Research highlights that higher perceived authenticity leads to greater brand trust and more favourable consumer behavioural intentions (Baghel, 2023). Alongside authenticity, social proof is a psychological mechanism whereby individuals look to others' behaviours and endorsements as cues for their own decisions plays a pivotal role in the influencer-consumer dynamic (Influencer Marketing Hub, 2024; Trustisto, 2023). Furthermore, the quality of content that influencers deliver its clarity, relevance, creativity and informativeness, has been linked to how effectively audiences process messages and form purchase intentions. Although the body of research investigating these constructs is growing, there remains a gap regarding how they interact precisely in the context of spoken-to numbers among young

consumers in emerging markets. Therefore, this study aims to assess how influencers' authenticity, social proof and content quality shape consumer perceptions and purchase intention on social media platforms within a sample of 120 respondents.

1.1 Statement of problem

Influencer marketing is rapidly growing across social media platforms, yet consumers often remain uncertain about the credibility and authenticity of influencers (Vrontis et al., 2021). While influencers generate trust through social proof such as likes and comments, concerns persist regarding promotional bias and misleading product information (Evans et al., 2017). Additionally, the quality and relevance of influencer content significantly affect how consumers perceive these advertisements (Schouten et al., 2020). However, limited research has explored how these factors collectively shape consumer perception and purchase intention in digital advertising. Therefore, this study aims to analyse the influence of influencer authenticity, social proof, and content quality on consumer perception toward influencer marketing advertisements on social media.

1.2 Relevance of the study

In today's digital landscape, influencer marketing has become one of the most effective and persuasive tools for brands to connect with consumers through social

media platforms (Vrontis et al., 2021). Understanding how consumers perceive influencer marketing is vital, as factors such as authenticity, content quality, and social proof significantly influence trust and purchase decisions (Lou & Yuan, 2019). This study is particularly relevant because consumers are becoming increasingly skeptical about paid endorsements and sponsored content, highlighting the need for transparency and genuine engagement in influencer-follower relationships (Evans et al., 2017). By analysing how these factors affect consumer attitudes and intentions, the research provides actionable insights for marketers and influencers to create more credible and persuasive campaigns. Furthermore, the findings contribute to the growing body of knowledge on digital consumer behaviour, supporting both practitioners and academics in understanding the evolving dynamics of online marketing communication (Schouten et al., 2020).

1.3 Review of literature

Mohammad et al. (2024) study investigate how influencer marketing shapes brand perception among Jordanian social media users. The authors find that influencers significantly influence how customers view brand credibility, quality, and overall appeal, especially when influencers appear knowledgeable and trustworthy. The research highlights that emotional connection and relatable content from

influencers can strengthen positive brand associations. The study is useful for marketers, providing evidence that carefully selected influencer partnerships can enhance brand image in a competitive digital environment.

Abraham et al. (2022) explore consumer perceptions of influencer marketing specifically within the beauty and cosmetics industry. The authors find that consumers respond more positively to influencers who demonstrate genuine product usage and provide honest opinions. Trust, credibility, and personal relatability are shown to be major factors that shape purchasing decisions. The study concludes that effective influencer marketing can significantly boost brand awareness and customer engagement when audiences feel the content is authentic. It offers valuable guidance for beauty brands aiming to build stronger consumer relationships through influencer collaborations.

Vidani et al. (2021) study provides a comprehensive overview of how social media influencer marketing has evolved and how it affects consumer behaviour and decision-making. The authors emphasize that influencers have become powerful opinion leaders because of the trust and emotional connection they build with their followers. The review highlights that consumers often rely on influencer recommendations during key stages of the buying process, especially when evaluating

new products. It also notes that authenticity, transparency, and perceived expertise are essential for maintaining consumer trust. The study adds meaningful insight into the shifting dynamics of digital marketing and the growing dominance of influencer-driven persuasion online.

Vrontis D et al. (2021) give a thorough systematic review of social media influencer marketing and organizes existing research into a clear integrative framework. The authors show that influencer credibility, audience engagement, and platform dynamics are the core elements driving marketing effectiveness. They point out that brands must focus on authenticity and strong influencer–audience relationships to influence consumer attitudes and purchase behaviour. The study also identifies major research gaps, especially around regulation, ethical concerns, and long-term impacts. It provides a strong foundation for future academic studies and practical strategies in digital marketing.

Jarrar et al. (2020) examines the comparative effectiveness of influencer marketing and social media sponsored advertising in shaping consumer attitudes and purchase intentions. The authors highlight that influencer marketing often feels more trustworthy and relatable due to the personal connection influencers build with their followers. Their findings show that consumers perceive influencer recommendations as more authentic than

traditional sponsored ads, which are frequently viewed as intrusive or less credible. The article contributes valuable insights for marketers planning digital promotional strategies. It encourages brands to invest more in influencer partnerships to enhance engagement and consumer trust in a highly competitive online environment.

1.4 Objective of the study

To examine the factors influencing consumer perception toward influencer marketing advertisements on social media platforms.

1.5 Research methodology

This study adopts a descriptive research design to analyse consumer perception toward influencer marketing advertisements on social media platforms. The population consists of active social media users, and a sample size of 120 respondents from Thiruvananthapuram district was selected using convenience sampling, due to ease of access and relevance to the research topic. Data were collected through a structured questionnaire based on a 5-point Likert scale, measuring variables such as influencer authenticity, social proof, content quality, and purchase intention. The questionnaire also included demographic items to categorize respondents by gender, age, education, occupation, income, and social media usage behaviour. Collected data were analysed using descriptive

statistics, including mean and standard deviation, to assess respondents' perception levels across each variable.

2. Data Analysis and Interpretation

Table1: Table showing demographic profile of the respondents along with percentage value

Demographic factors		Number of respondent	Percentage
Gender	Male	51	42
	Female	69	58
	Total	120	100
Age group	18-25yrs	63	53
	25-35yrs	57	47
	Total	120	100
Educational Qualifications	Below graduation	31	26
	Graduation	35	29
	Post-graduation	27	22
	Professional qualification	20	17
	Others	7	6
	Total	120	100
Occupation	Business	28	23
	Govt employee	14	12
	Agriculture	3	3
	Private job	43	36
	Self-employed	8	6
	Others	24	20
	Total	120	100
Income	0-25000	56	47
	25000-50000	42	35
	50000-100000	14	11
	Above 100000	8	7
	total	100	100
Most commonly used social	YouTube	43	36
	Instagram	42	35
	Facebook	32	27

media platform	Others	3	2
	Total	120	100
Daily average usage of social media platform	Less than 1 hour	38	32
	1 -2 hours	66	55
	2-4 hours	10	8
	Above 4 hours	6	5
	Total	120	100
Preferred type of influencers	Fashion/beauty influencers	24	20
	Celebrities	37	32
	Tech influencers	10	8
	Food/travel influencers	42	35
	Fitness influencers	4	3
	Others	3	2
	Total	120	100

The demographic profile indicates a higher representation of female respondents (58%) compared to males. Most respondents belong to the 18–25-year age group (53%), showing a predominantly young audience

in this study. In terms of education, a significant proportion have graduation (29%) or below-graduation qualifications (26%), reflecting a student-dominant sample. Private sector employees (36%) form the largest occupational group, followed by business professionals and others. A majority of respondents fall within the low-income segment (0–25,000), suggesting limited purchasing power. Social media usage behaviour shows that YouTube (36%) and Instagram (35%) are the most preferred platforms, with 55% spending 1–2 hours daily. Additionally, food and travel influencers (35%) and celebrities (32%) are the most followed categories, indicating content preference toward entertainment and lifestyle.

Table 2: Factors influencing consumer perception towards influencer marketing advertisements on social media platforms.

Variables		Strongly agree (5)	Agree (4)	Neutral (3)	Disagree (3)	Strongly disagree (2)
Influencer authenticity						
1	The influencer seems knowledgeable about the products they promote.	13	15	37	28	27
2.	The influencer provides accurate and useful product information.	18	12	35	25	30
3.	I believe the influencer is honest about what they promote.	0	27	32	34	25
4.	I feel more connected to influencers who look approachable.	8	21	39	42	10
Purchase intention						
1.	I would consider buying the product promoted by this influencer.	24	43	15	27	11
2.	I would recommend the product to friends based on the influencer's recommendation.	13	17	18	48	24

3.	I believe influencer ads help me choose the right product.	16	23	28	38	15
4.	Influencer marketing increases my interest in a product.	24	28	34	20	14
Social proof						
1.	The likes/comments on the influencer's posts make the product seem more reliable.	34	53	12	15	6
2.	High engagement on the influencer's posts makes me trust the recommendation more.	28	43	17	24	8
3.	Seeing other users praise the product, increases my interest.	32	37	13	33	5
4.	I enjoy participating in influencer-based promotions or giveaways.	28	49	14	20	9
Content quality						
1.	The content shared by influencers is clear and easy to understand.	12	42	23	30	13
2.	The message is relevant to my interests and needs.	7	15	13	47	38
3.	I believe influencer content is creative and engaging.	35	48	16	13	8
4.	Influencer advertisements are informative and helpful.	33	47	12	17	11

The respondents show uncertainty toward **influencer authenticity**, with a large proportion selecting neutral or disagree options, suggesting doubts about honesty and product knowledge of influencers. **Purchase intention** responses reflect hesitation, while some are open to considering products recommended by influencers, many are unwilling to fully trust or recommend them to others. In

contrast, **social proof** shows strong positive influence, as higher engagement and user praise appear to enhance trust and interest in the promoted products. Lastly, **content quality** is viewed more favourably overall, especially in terms of clarity, creativity, and informativeness, although relevance to personal interests remains an area of concern.

Table 3: Table showing mean and standard deviations of collected data set

Variables		Mean	Standard deviation
Influencer authenticity			
1.	The influencer seems knowledgeable about the products they promote.	2.65	1.26
2.	The influencer provides accurate and useful product information.	2.69	1.35
3.	I believe the influencer is honest about what they promote.	2.47	1.07
4.	I feel more connected to influencers who look approachable.	2.79	1.04

Purchase intention			
1.	I would consider buying the product promoted by this influencer.	3.35	1.28
2.	I would recommend the product to friends based on the influencer's recommendation.	2.55	1.26
3.	I believe influencer ads help me choose the right product.	2.89	1.24
4.	Influencer marketing increases my interest in a product.	3.23	1.28
Social proof			
1.	The likes/comments on the influencer's posts make the product seem more reliable.	3.78	1.14
2.	High engagement on the influencer's posts makes me trust the recommendation more.	3.49	1.24
3.	Seeing other users praise the product, increases my interest.	3.45	1.26
4.	I enjoy participating in influencer-based promotions or giveaways.	3.55	1.23
Content quality			
1.	The content shared by influencers is clear and easy to understand.	3.08	1.20
2.	The message is relevant to my interests and needs.	2.2	1.19
3.	I believe influencer content is creative and engaging.	3.74	1.18
4.	Influencer advertisements are informative and helpful.	3.6	1.28

The table shows that within the Influencer Authenticity dimension, all item means fall below the neutral value of 3 ($M=2.47-2.79$), indicating that respondents generally doubt the honesty, knowledge, and approachability of influencers. The relatively high standard deviations ($SD=1.04-1.35$) show noticeable differences in opinion among participants. In contrast, Purchase Intention displays slightly more favourable responses, with means ranging from 2.55 to 3.35, suggesting that influencer content may create some buying interest, but does not strongly convince consumers to make purchases or recommend products. Again, the SD values (1.24–1.28) indicate varied responses across the sample. The Social Proof items record the most positive perceptions, with consistently higher means ($M=3.45-3.78$), implying that engagement metrics such as likes, comments, and community response

significantly influence trust and product interest. Under Content Quality, respondents show favourable views regarding creative and informative elements of influencer content, while relevance to personal needs remains lower ($M=2.20$). Overall, the results highlight that social engagement and content quality are key drivers of positive consumer perception, while authenticity concerns continue to limit consumer confidence and purchase behaviour. SD values above 1 across all items further indicate diverse perceptions within the audience.

Table 4: Table showing overall mean and standard deviation of the variables

Variables	Mean	SD
Influencer Authenticity	2.67	1.18
Purchase intention	3.01	1.27
Social proof	3.58	1.22
Content quality	3.17	1.21

The descriptive statistics reveal that among the four variables examined, Social Proof recorded the highest mean ($M=3.58$, $SD=1.22$), indicating that consumer perception is strongly influenced by engagement cues such as likes, comments and positive interactions on influencer posts. Content Quality also showed a moderately positive perception ($M=3.17$, $SD=1.21$), suggesting that clear, engaging and relevant content contributes to shaping consumer attitudes toward influencer marketing. In contrast, Purchase Intention remained around the neutral point ($M=3.01$, $SD=1.27$), implying that while influencer content can create interest, it does not strongly drive consumers to make purchase decisions. Influencer Authenticity had the lowest perception score ($M=2.67$, $SD=1.18$), indicating that respondents are less convinced about influencer honesty, product knowledge, and transparency. Across all variables, SD values greater than 1 reflect notable variability in responses, showing that consumer perceptions differ significantly among the audience. Overall, the results suggest that enhanced authenticity and trust-building strategies are essential to strengthen the impact of influencer marketing on consumer behaviour.

2.1 Finding of the study

The study revealed that respondents hold a neutral to moderately positive perception toward influencer marketing on social media platforms. Influencer

authenticity scored relatively low, indicating that many consumers doubt influencers' honesty and product knowledge. However, social proof emerged as a strong influencing factor, as high engagement on influencer posts increased trust and interest in promoted products. Content quality was also rated positively, suggesting that creative, clear, and informative content captures consumer attention effectively. Purchase intention showed moderate influence, meaning consumers may develop interest but do not always proceed to buying decisions solely based on influencer recommendations. The demographic results showed that young users aged 18–25, especially females, are the most active social media users and primarily follow food/travel influencers and celebrities, spending 1–2 hours daily on social platforms.

2.2 Suggestions and Recommendations

Based on the findings, it is recommended that influencers focus on improving authenticity by providing transparent and experience-based product information to build greater trust among followers. Brands should collaborate with influencers whose values, personality, and niche match the target audience, ensuring genuine endorsements rather than purely promotional messaging. Increasing interactive engagement such as Q&A sessions, product trials, and behind-the-scenes content can further strengthen credibility and reduce consumer

skepticism. Since content quality is a major driver of interest, influencers and marketers should invest in creating visually appealing, relevant, and informative content tailored to consumer needs. Additionally, brands should leverage social proof strategies, including user-generated content and real customer feedback, to reinforce trust and positively influence purchase intention. Continuous monitoring of audience responses and analytics is recommended to refine influencer marketing strategies and enhance long-term consumer engagement.

3. Conclusion

This study explored consumer perception toward influencer marketing advertisements on social media platforms, emphasizing key variables such as influencer authenticity, social proof, content quality, and purchase intention. The findings reveal that while influencer marketing effectively enhances consumer engagement and brand awareness, perceived authenticity and credibility remain critical determinants of consumer trust. Respondents demonstrated moderate confidence in influencers, suggesting that transparency and genuine content are essential for sustaining long-term consumer relationships. The presence of social proof likes, comments, and user interactions, significantly enhances trust and positively affects purchase intention, while high-quality, creative, and relevant content drives user interest and engagement.

One of the major advantages of this study is that it provides empirical insights into how modern consumers evaluate influencer advertisements, offering practical implications for marketers and social media strategists. The results help bridge the gap between academic understanding and industry practice by highlighting the psychological factors influencing consumer responses to digital endorsements.

However, the study has certain limitations. The sample size was restricted to 120 respondents, primarily from a specific geographic region, which may limit the generalizability of results to broader populations. Moreover, the study relied on self-reported data, which might be subject to response bias or personal interpretation of survey items. Future research could adopt a larger, more diverse sample and apply advanced statistical analyses such as regression, SEM can also be used to test the causal relationships between influencer marketing variables.

Despite these limitations, the findings hold valuable applications for brands, marketers, and influencers. Companies can leverage insights from this study to design authentic and data-driven influencer campaigns, focusing on transparency, content creativity, and engagement-based strategies. Additionally, this research contributes to academic discourse on digital consumer behaviour, offering a foundation

for further exploration of influencer marketing's evolving role in shaping purchase decisions in the digital marketplace.

References

- Mohammad, A. A. S., Aityassine, F. L. Y., al-fugaha, Z. N. A., Alshurideh, M. T., Alajarmeh, N. S., Al-Momani, A. A., ... & Al-Adamat, A. M. (2024). The impact of influencer marketing on brand perception: a study of Jordanian customers influenced on social media platforms. In *Business Analytical Capabilities and Artificial Intelligence-Enabled Analytics: Applications and Challenges in the Digital Era, Volume 1* (pp. 363-376). Cham: Springer Nature Switzerland.
- Abraham, J. S. E., Floreto, S. J. L., Pagkalinawan, M. I. B., & Etrata, A. E. (2022). Consumer perception on influencer marketing efforts of brands in the beauty and cosmetics industry. *International Journal of Social and Management Studies*, 3(2), 105-118.
- Vidani, J., & Das, S. G. (2021). A Review on Evolution of Social Media Influencer Marketing: Reflection on Consumer Behaviour and Consumer's Decision-Making Process. *Turkish Online Journal of Qualitative Inquiry*, 12(9).
- Vrontis, D., Makrides, A., Christofi, M., & Thrassou, A. (2021). Social media influencer marketing: A systematic review, integrative framework and future research agenda. *International Journal of Consumer Studies*, 45(4), 617-644.
- Lou, C., & Yuan, S. (2019). Influencer marketing: How message value and credibility affect consumer trust of branded content on social media. *Journal of Interactive Advertising*, 19(1), 58-73. <https://doi.org/10.1080/15252019.2018.1533501>
- Schouten, A. P., Janssen, L., & Verspaget, M. (2020). Celebrity vs. micro-influencer: The role of influencer type, brand familiarity, and sponsorship disclosure in purchase intentions via social media. *Journal of Interactive Marketing*, 49, 82-90.
- Evans, N. J., Phua, J., Lim, J., & Jun, H. (2017). Disclosing Instagram influencer advertising: The effects of disclosure language on advertising recognition, attitudes, and behavioural intent. *Journal of Interactive Advertising*, 17(2), 138-149.
- Amini, M. (2025). Authenticity in the realm of influencer marketing: A systematic review. *Journal of Promotional Communications*, 11(1), 1-22.
- Baghel, D. (2023). The role of influencer authenticity and brand trust in shaping consumer behaviour: Strategies to engage Generation Z. *ShodhKosh: Journal of Visual and Performing Arts*, 4(1), 1259-1271.
- Influencer Marketing Hub. (2024). The psychology of social proof marketing. Retrieved from <https://influencermarketinghub.com/social-proof-marketing/>
- Sahli, A. (2024). State of the art: Authenticity and influencer marketing. *International Review of Management and Marketing*, 14(1), 39-47.

ROBO-ADVISORS: THE DIGITAL REVOLUTION RESHAPING FINANCIAL ADVICE

Sreelakshmi Radhakrishnan

Research Scholar
Post Graduate and Research Department
of Commerce The Cochin College Kochi

Dr. Anu L

Associate Professor and Research Guide Post
Graduate and Research Department of
Commerce
The Cochin College Kochi

ABSTRACT

The advancement of digital technologies transformed the global financial advisory industry. Robo advisors emerging as a transformative innovation powered by AI and machine learning, automated the financial planning and management. The emergence of Robo advisory services democratised the access to financial advisory services by expanding services to underserved investor groups. This paper examines the concept of robo advisors, evolution and impact of robo advisory services in the Indian financial ecosystem. This paper evaluates the role of robo advisors in mitigating the behavioural biases. The study highlights the barriers to widespread adoption in India. The paper concludes that the expansion of digital infrastructure with younger investor demographic and supportive policy environment in India moulding a favourable landscape for the significant growth of robo advisory services.

Keywords Robo Advisors, Artificial Intelligence, Digital Finance, Automated Investment Advice, Behavioural Bias Mitigation

1. Introduction

The advancement in the technology transformed every sector in the economy. The investment advisory industry has seen a substantial transformation due to technological improvements and one noteworthy paradigm change has been the introduction of Robo-advisors (K.Chen

2018). Technological innovation and robo advisor integration have not only made financial services more accessible but have also given rise to a new level of efficiency and innovation in the investment advisory industry serving a broad spectrum of investors looking for automated and customised wealth management solutions

(Barruetabena 2020).

Robo advisors are a revolutionary development enabled by artificial intelligence, which offer automated financial planning driven by algorithms and requiring minimal human supervision. A principal advantage of robo-advisors is their role in democratizing access to financial advisory services, which historically were often exclusive to high- net-worth individuals. Robo-advisors exert a significant influence on the dissemination of financial literacy across a broad spectrum of investors. The adoption of Robo-Advisors has been accelerated by their ability to offer lower fees compared to traditional financial advisors, making them an attractive option for a broader demographic, including millennials and first-time investors (O'Neil & Gupta, 2020).

This paper aims to analyse the concept of robo advisors by investigating their emergence within the Indian financial landscape, examining its key advantages and challenges and assessing their contribution to promoting financial literacy and mitigating behavioural biases.

2. The Digital Advisor: AI Redefining the Role of Robo-Advisors

Financial robo-advisors are systems powered by artificial intelligence (AI) algorithms that provide automated portfolio management services (Jung et al., 2018). Robo-advisors offer zero to minimal human intervention or personal contact within the

advisory process (Bruckes et al., 2019). Robo-advisors examine volatile financial markets and then predict future markets using big data analysis powered by artificial intelligence (AI). In other words, it is a service that assists consumers in managing their assets by establishing a customised portfolio of investors based on their specific investing preferences and periodically rebalancing this portfolio with new investments. The rise of information technology (IT) and the development of novel technologies like as big data, AI, machine learning, and deep learning all contributed to the emergence of robo-advisors. Such applications are employed in the investment management, sales, marketing, trading, and credit evaluation processes (Cho, 2019). According to Kshetri (2021), AI-based financial systems minimize fraudulent activities, lower operational expenses, and respond more quickly. Additionally, financial institutions may leverage AI to create data-driven predictive modelling, which allows financial service providers to learn more about their prospective clients, have more meaningful interactions, and deliver tailored financial solutions (How et al., 2020). Robo-advisors are, to put it briefly, computer interfaces that help and mentor investors through a predetermined process of investing advice. This process includes obtaining data from investors, assessing their financial objectives, creating risk profiles for investors, recommending the

best portfolio, and ultimately monitoring the investors' portfolios (Faloon & Scherer, 2017; Gomber et al., 2017).

Robo-advisors play a critical role in a fully automated online investment management service. According to Hohenberger et al. (2019), robo-advisors represent an emerging form of a financial advisor as they leverage superior analytical skills enabled by breakthroughs in data science and artificial intelligence in the financial industry.

3. Emergence of Robo advisors in Indian Financial Landscape

Efforts to digitalize the finance industry have brought forth new actors and platforms. Among the plethora of new fintech products and services that seek to disrupt traditional finance are robo-advisors, which use artificial intelligence to manage investor portfolios with little or no human involvement. Robo-advisors were first started in the United States around 2007–08 as a way for individual (retail) investors to manage their financial affairs cheaply in lieu of a dedicated human financial advisor (Gordon Kuo Siong Tan 2020). After the 2008 global financial crisis, innovation in the banking industry became crucial to every business activity, enabling it to earn its greatest economic cash flow (Northey, Hunter, Mulcahy, Choong, & Mehmet, 2022). The first robo-advisors were introduced following the 2008 economic downturn primarily to

bridge the trust gap in the services of existing financial services companies and their customers. robo-advisors are more likely to be used by investors who have lost confidence in conventional human advisors. Betterment and Wealth front were the first two companies to offer robo- advising services in the USA. Soon, industry leaders, such as Vanguard and Charles Schwab followed suit, capitalising on their existing consumer segments to swiftly capture a significant share of the market (Capponi, Olafsson, & Zariphopoulou, 2022). The market for robo-advisory services is increasing and is expected to expand with a compound annual growth rate (CAGR) of 31.8% in 7 years from 2020 to 2027 (Allied Market Research, 2021).

India is one of the world's most thriving FinTech marketplaces (Business Today, 2021), where Robo-advisory services are growing in popularity. Investors express particular interest in Robo-advisors because of their unique qualities, setting them apart from other imaginative FinTech innovations (D'Acunto et al., 2019). The number of firms offering Robo-advisory in India increased from 3 in 2013 to 16 by the end of 2019 (MEDICI Global, 2020), and the number is anticipated to expand further in the coming years due to the multiple benefits linked to automated advisory services. Similar projections state that by the end of 2026, the AUM in the Indian Robo-advisory

market will equal US\$ 41.21 billion (Statista, 2022a). India is a promising market for AI assisted financial services, as demonstrated by the rising demand for these cutting-edge Robo- advisors.

4. De-Biasing the Investor: Robo-Advisors and Behavioural bias Mitigation

Traditional Finance assumes that investors are rational and capable of optimal decision making, behavioural finance highlights a critical reality that investor are subject to inherent cognitive and emotional biases that compromise the quality of their investment decision making. A significant challenge associated with human financial advisory services is the presence of inherent conflict of interest potentially leading to suboptimal or biased financial recommendations. Robo-advisors are becoming popular as they reduce human behavioural biases.

AI algorithms can examine transactional data to identify individual behaviours and decision-making processes, with loss aversion and overconfidence being the most influential biases. Increased robo-advisor interaction can reduce loss aversion by improving users' understanding of financial decisions and confidence in system recommendations. Perceived personalization reduces loss aversion and overconfidence by generating relevance and trust in AIPFRA, with personalization aligning recommendations with user preferences.

Algorithm understanding reduces the fear of losing money, emphasizing transparency and the importance of clear explanations in algorithmic recommendations (Kulkarni, Patro, & Athota, 2025).

Investment decisions are normally considered to be intricate and difficult for clients (customers) while such decision-making process is based on risky, complex and consequential, there is a normatively optimal choice. Moreover, investment decisions are quite often influenced by emotional and cognitive bias, which includes overconfidence and restricted cognitive capabilities. Therefore, seeking an expert advisor for rational solutions are more pragmatism in this circumstance, yet only a small portion of investors consider advice from professionals. As an alternative to human advisors, AI-based robo advisors have being considered as providing effective and low-cost advisory services to assists clients make better decisions. In addition, clients' experiences with robo-advisory services are concern; where robot-advisors offer simplicity in their investment portfolios, in turn that make client's decision-making process less emotional (Shanmuganathan 2020).

Challenges and Future of Robo Advisory Services in India Robo advisory services are transforming financial planning and wealth management. However, the adoption of robo advisors in India is hindered due to various barriers ranging

from low financial literacy and cultural preferences, trust issues etc. Many Indian investors are unaware of the benefits of robo advisors and often perceive them as complex or unreliable (Bhattacharya and Singh 2021). Indian investors particularly older generations are hesitant to rely on robo advisors due to absence of human interaction. They often perceive automated platforms as impersonal and less capable of understanding their unique financial needs (Sharma and Gupta 2022). The regulatory environment of robo advisors in India is still evolving creating uncertainties for both providers and users (Verma 2025). RBI in its discussion paper highlighted the need for a robust regulatory framework to address issues such as data privacy, cyber security and investor protection (RBI 2022). Trust is a critical factor influencing the adoption of robo advisors in India. Many investors question the trustworthiness of automated algorithms in financial management. Even though digital infrastructures progressed in India, technological barriers still hinder the adoption of robo advisors particularly in rural areas.

The robo advisors gained popularity in developed markets such as United States and Europe, their adoption in developing economies like India is still in its nascent stage. India with its burgeoning middle class, increasing internet penetration and youthful demographic, represents a fertile ground for the expansion of robo advisory

services. As of 2023, India has over 800 million internet users make it one of the largest digital markets globally. (Kumar 2023). The digital revolution has enabled the robo advisors to reach a broader audience. The government's digital initiative has played a pivotal role in accelerating digital adoption. Programs like Pradhan Mantri Jan Dhan Yojana and Unified Payment Interface has significantly increased access to financial services. Robo-advisors are positioned to assume a pivotal function within the evolving financial ecosystem due to their capacity to deliver personalized investment recommendations and automate portfolio rebalancing. They constitute a feasible alternative to conventional financial advisors, especially for younger investors who exhibit a preference for digital delivery mechanisms and may possess nascent financial literacy.

5. Conclusion

Technological advancement especially the integration of artificial intelligence leads to a significant transformation to the investment advisory services industry. Robo advisors are a revolutionary innovation that provide automated financial planning and portfolio management services powered by AI algorithms with minimal human supervision.

Robo advisors democratized the access to financial advisory services, making them accessible to broader population, including first time investors. The emergence of robo

advisors is fundamentally enabled by IT and novel technologies including big data, AI and machine learning. These systems scrutinise the volatile market and predict the future trends in the financial market which will enable the clients to manage their portfolio effectively. The most noteworthy contribution of robo advisors is reducing the human behavioural biases which often compromise the quality of investment decision making.

The Indian Fintech market place is a thriving market for AI assisted financial services. The number of firms offering robo advisory services in India is substantially increased. The rise of robo advisors signifies a paradigm shift, offering a rational alternative to traditional human advice. The consistent expansion of the robo advisory market particularly in India, clearly indicates the enduring influence of automation in shaping the future of investment and financial decision making.

References

- Allied Market Research Report. (2021). Robo advisory market size, share and analysis: Forecast- 2027. Retrieved from [https:// www.alliedmarketresearch.com/robo- advisory-market](https://www.alliedmarketresearch.com/robo-advisory-market).
- Anwar, S. (2025). The role of Robo-advisors in enhancing investor literacy and financial decision-making. *International Journal of Innovative Research and Scientific Studies*, 8(4), 2747–2754. <https://doi.org/10.53894/ijirss.v8i4.8552>
- Barruetabena, E. (2020). Impact of new technologies on financial inclusion. *Economic Bulletin*, 1/2020.
- Bhattacharya, S., & Singh, A. (2021). Adoption of robo-advisors in emerging markets: A case study of India. *International Journal of Financial Studies*, 9(2), 1-15. <https://doi.org/10.3390/ijfs9020025>
- Bolton, P., Freixas, X., Shapiro, J., 2007. Conflicts of interest, information provision, and competition in the financial services industry. *J. Finance*. 85, 297–330. <http://dx.doi.org/10.1016/j.jfineco.2005.06.004>.
- Bruckes, M., Westmattmann, D., Oldeweme, A., & Schewe, G. (2019). Determinants and barriers of adopting robo-advisory services. *ICIS 2019 Proceedings*, 2,2.
- Capponi, A., Olafsson, S., & Zariphopoulou, T. (2022). Personalized robo- advising: Enhancing investment through client interaction.
- Chen, K. (2018). Financial innovation and technology firms: A smart new world with machines. *International Symposia in Economic Theory and Econometrics*, 25, 279–292. <https://doi.org/10.1108/S1571-038620180000025012>
- Cho, B. J. (2019). Study on factors affecting financial investors' acceptance intention to robo-advisor based on UTAUT (Unpublished Master's thesis, Seoul National University). Retrieved from <https://s-space.snu.ac.kr/handle/10371/150835?mode=full> *Management Science* 68(4), 2485–2512.
- D'Acunto, F., Prabhala, N., & Rossi, A. G. (2019). The Promises and Pitfalls of Robo Advising. *Review of Financial Studies*, 32(5), 1983–2020. <https://doi.org/10.1093/rfs/hhz014>

- Fisch, J.E., Labouré, M., Turner, J.A., 2018. The Emergence of the Robo-Advisor (No. 2018–12), Wharton Pension Research Council Working Papers.
- Hilgert, M.A., Hogarth, J.M., Beverly, S.G. (2003). Household financial management: The connection between knowledge and behavior. *Fed. Res. Bull.*, 89, 309.
- Hohenberger, C., Lee, C., & Coughlin, J. F. (2019). Acceptance of robo- advisors: Effects of financial experience, affective reactions, and self-enhancement motives. *Financial Planning Review*, 2(2), e1047. <https://doi.org/10.1002/cfp2.1047>
- Jung, D., Dorner, V., Weinhardt, C., & Puzmazz, H. (2018). Designing a robo-advisor for risk-averse, low-budget consumers. *Electronic Markets*, 28(3), 367–380. <https://doi.org/10.1007/s12525-017-0279-9>
- Kulkarni, M. S., Patro, N. N., & Athota, S. (2025). The role of robo- advisors in behavioural finance: Shaping investment decisions. *Cogent Economics & Finance*. <https://doi.org/10.1080/23322039.2025>
- Kumar, R. (2023). *Digital India: Trends and opportunities in the fintech sector*. New Delhi: Oxford University Press.
- MEDICI Global. (2020). The Evolving Robo-Advisory Landscape In India. Bloomberg Quint. <https://www.bloombergquint.com/opinion/the-evolving-robo-advisory-landscape-in-india>.
- Northey, G., Hunter, V., Mulcahy, R., Choong, K., & Mehmet, M. (2022). Man vs machine: How artificial intelligence in banking influences consumer belief in financial advice. *International Journal of Bank Marketing* 40 (6), 1182–1199.
- Reserve Bank of India. (2022). Discussion paper on regulating robo- advisory services. Retrieved from <https://www.rbi.org.in>
- Shanmuganathan, M. (2020). Behavioural finance in an era of artificial intelligence: Longitudinal case study of robo-advisors in investment decisions. *Journal of Behavioral and Experimental Finance*, 27, Article 100297.
- Sharma, A., & Gupta, P. (2022). Robo-advisors in India: A study of investor behavior and preferences. *Journal of Financial Technology*, 14(3), 45-60. <https://doi.org/10.1016/j.jfintec.2022.03.002>
- Singh, S., Kumar, A., Hota, S., Dutta, S., Styaniangrum, F. (2024). Exploring the factors in shaping investor's financial decision-making. *Journal of Statistics and Management System*, 27(1), 87–103.
- Statista. (2022a). Robo-Advisors - India | Statista Market Forecast. Statista. <https://www.statista.com/outlook/dmo/fintech/digital-investment/robo-advisors/india>
- Verma, S. (2025). The rise of robo-advisors in India: Opportunities and challenges in a growing digital economy. *International Journal of Creative Research Thoughts (IJCRT)*, 13(8), 1-11.

THE LONG ROAD TO RECOVERY FOR KERALA'S TOURIST TRANSPORT SECTOR: A DESCRIPTIVE ANALYSIS OF THE FINANCIAL LANDSCAPE

Shon Francis

Research Scholar

P G & Research Department of Commerce

The Cochin College, Kochi 682002

Email id: shonfrancis002@gmail.com

Dr Rajani B Bhat

Assistant Professor & Research Supervisor

P G & Research Department of Commerce

The Cochin College, Kochi 682002

Email id: rajanibbhat@thecochincollege.edu.in

ABSTRACT

The COVID-19 pandemic has severely impacted Kerala's tourism-driven transport sector, showing its vulnerability to external shocks and resulting in acute financial disruptions in terms of loss of revenue. This study aims to evaluate the financial resilience and recovery paths of Kerala's tourist transport sector after 2022, addressing gaps in previous research that overlooked the impact of the new policy, the adoption of digital strategies, and its structural market shifts. A descriptive-analytical approach was adopted, integrating quantitative analysis of post-pandemic domestic and international tourist arrivals, revenue flows, and operational data, with qualitative measures of government interventions, credit support schemes, taxation reforms, and digitalization trends. Secondary data was sourced from governmental reports, industry publications, and official statistics. The sector experienced robust post-2022 recovery, with domestic tourist arrivals rising by over 15% and foreign arrivals increasing by nearly 88%. Tourism revenues tripled between 2021 and 2022, while financial aid, technological adoption, and regulatory reforms proved vital for sectoral resilience. However, disparities remain: larger operators and digitalized businesses recovered faster, while smaller bus owners continue to face sustainability challenges due to persistent losses and rising operational costs. Kerala's tourist transport sector's recovery highlights the major roles of targeted policy interventions, digital transformation, and financial support in building resilience. The findings inform future policy and academic debate on crisis response and sustainable tourism transport in emerging markets.

Keywords Financial resilience; tourism transport; COVID-19 recovery; policy intervention; digital transformation; Kerala bus operators.

1. Introduction

The Global tourism sector is widely remarked as a fundamental driver of economic growth, employment and revenue generation in both developed and developing nations (World Tourism Organization, 2022; Dogru et al., 2021). Kerala, popularly known as 'God's Own Country', has been a top tourist destination historically with its major attractions like backwaters, Ayurveda, and ecotourism (Kour, 2017; Varghese, 2017). This remarkable achievement has been built with strategic government policy like the Kerala Tourism Master Plan (Satheesh & George, 2020). However, despite this strong institutional foundation, the industry remains highly vulnerable to external shocks. This Vulnerability was first evident during the catastrophic flooding in 2018 (Muzammil et al., 2020) and was later amplified by the global COVID-19 pandemic (Gössling et al., 2020; United Nations World Tourism Organization, 2022). The pandemic brought about an almost complete stand still to travel activities, resulting in enormous financial losses and widespread business closures throughout related sectors (Sharma et al., 2021). The transportation segment serving tourists—comprising contract bus services, taxi businesses, and houseboat operators—experienced particularly severe impacts, facing significant fixed expenses such as loan instalments and taxes while generating no income from operations (Balakrishnan

& Jayakumar, 2022; John & Varghese, 2021). The extent of this financial struggle was intensified by the extraordinary situation where certain operators resorted to selling their assets as scrap material, as documented in a 2022 study describing a Kochi-based business owner who was compelled to dispose of luxury vehicles at ₹45 per kilogram, highlighting the profound and fundamental financial emergency confronting the sector (Joseph, 2022) (Fathima, 2022). This fundamental issue renders the post-pandemic recovery process a vital area for research and analysis.

The Current academic researchers have documented the immediate, worldwide consequences of the pandemic with a focus on changes in traveller behavior and effects on supply networks (Prideaux & Kim, 2021; Abeysekera, 2021). Studies in India have highlighted the strategic move towards domestic tourism under the "Dekho Apna Desh" initiative (Ministry of Tourism, 2023; Keelery, 2020). With regard to Kerala in particular, studies focusing on private bus and tourism bus operations in regions like Ernakulam have confirmed significant challenges faced by operators, including movement restrictions, debt commitments, and financial obligations during the peak period of the crisis (Krishnan & Krishnan, 2022; Raghuraman et al., 2024). The Earlier studies conducted before the pandemic has been able to reveal

how successfully the transportation industry has contributed to the country's GDP and Overall economic growth (Mathew & Babu, 2018). Some studies have also provided insights about the non-tourism private bus services (Anas & Meenakshi, 2025). However, a significant gap persists in the existing area of study. Most investigations either analyse the crisis from an international point of view, or rely on data from the lockdown period (prior to 2022). Specifically, studies fall short in providing a thorough analysis of the sector's economic resilience and recovery paths after the disruption. There is a distinct absence of evidence on how ongoing policy interventions, technological adoption, and subsequent market restructuring have combined contributed to the transition of the tourist transport sector from crisis management to long-term financial sustainability. By providing a detailed evaluation of the post-2022 recovery process within this crucial sector of Kerala's tourist industry, this research seeks to close this gap.

This study aims to fill the previously mentioned gap by conducting a focused descriptive analysis of Kerala's tourist transport sector in the operational landscape following 2022. By using secondary data, the research seeks to highlight the current recovery factors and measure their effects on long-term sustainability. The specific goals of this study are: To analyse the

recovery of tourist arrivals (both domestic and international) after 2022 and thoroughly quantify their direct revenue effects on the tourist transport sector. To evaluate the combined influence of policy measures, technological progress (such as digitalization), and structural market changes in determining the present financial sustainability and resilience of the transport sector. Focusing on the post-stabilization period, this research provides timely, evidence-based insights into financial sustainability strategies, moving beyond immediate crisis evaluation. The findings directly contribute to academic discussions on tourism resilience in emerging markets and help policymakers in strategic economic planning for Kerala's vulnerable transport sector.

2. Methodology

This research employs a descriptive-analytical approach to investigate the financial recovery path of Kerala's tourist transport sector in the post-pandemic era from the period 2022 to 2024. This study adopts multimodal analytical methodology that integrates demand-side recovery indicators, supply-side operational metrics, and policy intervention outcomes to provide a comprehensive assessment of the sector's resilience and sustainability

Secondary data were systematically gathered from credible governmental and institutional sources, including:

- Kerala Tourism Department (2022-2023): Tourist Statistics Reports offering data on domestic and international tourist arrivals.
- Kerala State Planning Board: Economic Review Reports (2023, 2024) outlining Gross State Domestic Product (GSDP) growth and sectoral contributions. Kerala State Road Transport Corporation
- (KSRTC): Annual financial statements and operational performance reports (2022-2024)
- redBus India: Bus Track Report FY 2024-25 providing metrics on digital intermediation.
- All-Kerala Bus Operators Federation Industry Update Circulars (2023) and Fare Revision Committee Report: In-depth sectoral evaluation, including fleet composition, employment, and operational challenges.

Additional policy and technology variables were included, like trends in credit deployment, rates of digital adoption (like how many people book online), financial aid programs (like Keravan Kerala and the Tourism Working Capital Support Scheme), and tax changes, the All-India Tourist Permit (AITP).

The study's objectives shaped the analytical framework as follows. 1. Revenue and Demand Recovery Analysis:

- Quantitative analysis involved determining absolute changes and Compound Annual Growth Rate (CAGR) for Domestic Tourist Arrivals (DTA), Foreign Tourist Arrivals (FTA), and total tourism revenue over the 2022–2023 period. Recovery rates were compared to pre-pandemic peak levels (2019) to assess progression of recovery

2. Sustainability Assessment: A qualitative content analysis of policy reforms and market restructuring measures was undertaken, drawing insights from official circulars, policy briefs, and industry bulletins. These analyses evaluated the effectiveness of government interventions and sectoral responses toward financial stabilization and structural resilience.

3. Results

3.1 Recovery in Tourist Arrivals and Revenue Generation in the Tourist Transport Sector

Analysis of post-2022 data reveals a vigorous recovery in Kerala's tourism sector with positive implications for the tourist transport industry. Domestic tourist arrivals increased from 18,867,414 in 2022 to 21,871,641 in 2023, marking an absolute increase of 3,004,227 arrivals. This steady recovery, reflected in a compound annual growth rate (CAGR) of 15.92% over the period 2022–2023, emphasise a consistent revival in domestic demand after the lows bought by the pandemic.

Foreign tourist arrivals exhibit an even more prominent recovery, rising from 345,000 in 2022 to 649,057 in 2023, an absolute increase of 304,057 arrivals, and an 87.83% YoY growth rate. Seasonal analysis further highlights this trend; foreign arrivals in the first half of 2023 reached 287,730, compared to 105,960 in the same period of 2022, representing a 171.55% surge.

In response to these arrival patterns, tourism sector revenue demonstrated a remarkable rebound. Total tourism revenue

in Kerala rose from ₹12,285.91 crore in 2021 to ₹35,168.42 crore in 2022, reflecting a YoY increase of 186.26% and a CAGR of the same magnitude over this period. This threefold revenue recovery restored the sector's economic contribution to the state's GDP and improved the liquidity conditions for transport service providers, including bus operators and intercity travel services.

Table 1 summarizes the key recovery metrics for tourist arrivals and associated revenue implications.

Table 1: Post-2022 Recovery Metrics for Tourist Arrivals and Revenue in Kerala's Tourist Transport Sector

Indicator	2022 Value	2023 Value	Absolute Change	YoY Growth (%)	CAGR (2022–2023) (%)
Domestic Tourist Arrivals	18,867,414	21,871,641	+3,004,227	+15.92	15.92
Foreign Tourist Arrivals	345,000	649,057	+304,057	+87.83	87.83
Tourism Sector Revenue (₹ crore)	12,285.91	35,168.42	+22,882.51	+186.26	186.26

Sources: Kerala Tourism Department (2023); Kerala Tourism Newsletter (2024); Kerala State Planning Board (2024); The New Indian Express (2025).

Altogether these data demonstrate a strong positive recovery of the Kerala tourist transport ecosystem during the post pandemic period. This is supported by the Domestic and foreign tourist arrival and as a consequence of both the overall revenue has increased.

3.2 State Transport Corporation Performance Metrics

According to overall operational figures, The Kerala State Road Transport corporation (KSRTC) recorded a total

income of ₹3,185.54 crore in 2023-24, indicating a comeback from past downturns. However, costs totalled ₹4,488.36 crore, resulting in a net loss of ₹1,314.04 crore. This loss is 11.85% lower than the ₹1,490.67 crore loss in 2022-23, indicating progress towards financial stability despite continuous deficits.

Further evidence of efficiency improvements is seen in peak-day performance data. On September 8, 2025, single-day ticket sales hit a record ₹10.19

crore, accommodating around 2,494,000 passengers on 4,607 buses. This exceeded previous peak revenues of ₹9.22 crore on December 23, 2024, and ₹8.29 crore on September 14, 2024.

To substantiate these findings, the following tables present key financial and operational statistics derived from official reports and recent performance data.

Table 2: KSRTC Annual Financial Performance (2022–23 vs. 2023–24)

Metrics	2022–23 (₹ Crore)	2023–24 (₹ Crore)	YoY Change (%)
Total Income	2,164.00	3,185.54	+47.22
Total Expenditure	3,654.67	4,488.36	+22.80
Net Loss	1,490.67	1,314.04	-11.85

Sources: The New Indian Express (2025)

Table 3: KSRTC Peak-Day Ticket Revenue and Operational Metrics

Date	Ticket revenue (₹ Crore)
Sep 14, 2024	8.29
Dec 23, 2024	9.22
Sep 8, 2025	10.19

Sources: The Hindu (2025); The New Indian Express (2025); Mathrubhumi (2025)

3.3 Policy Interventions and Financial Sustainability Mechanisms

Tourism Working Capital Support Scheme

The Kerala Tourism Department's Tourism Working Capital Support Scheme provides loans up to ₹ 25 lakh with a 50% interest rebate for the first year (up to 4.50%), assisting tourism businesses, including transport operators, to overcome

immediate cash flow issues after the pandemic (Kerala Tourism Department, 2024).

Keravan Kerala program

The Keravan Kerala program, managed by the Kerala State Industrial Development Corporation (KSIDC), provided financial assistance ranging from ₹50 lakh to ₹1 crore per caravan to aid in the purchase of tourist caravans and the establishment of caravan parks (KSIDC, 2024). These measures were designed to broaden tourism transport options and encourage investments in alternative mobility solutions. Additionally, credit availability for the transport sector in Southern India grew by 10.6% year-on-year in FY 2024, indicating improved access to formal financing and renewed confidence from institutions, which supported fleet renewal and modernization (Southern India Transport Finance Report, 2024).

Tax Rationalization and Regulatory Reforms

The All-India Tourist Permit (AITP), which was implemented under the All-India Tourist vehicle (Permit) Rules, 2023, reduced regulatory procedures by exempting vehicle with a valid AITP from various state-level tariffs and centralising permit fee collection (Ministry of Transport, 2023). This reform reduced operational expenses and simplified

compliance for intercity and interstate tourist transport businesses.

Technological Integration and Market Restructuring

Digital platforms have dramatically changed the tourist transportation sector. By 2024, the redBus platform accounted for nearly 75% of all intercity online bookings in Kerala, enhancing widespread digital ticketing usage. Its collaboration with the Kerala State Road Transport Corporation (KSRTC) has enabled integrated online booking for state transport services, showcasing successful technology integration within the public transport network (KSRTC Digital Integration Report, 2024).

4 Discussion

The results of this study provide insights into the recovery path of Kerala's tourist transport sector following the pandemic (post 2022). This is achieved by closely aligning the study with the dual objective of analysing demand-side recoveries and evaluating supply-side policy implementations. By combining quantitative measures like the growth in tourist arrivals and revenue with qualitative measures like policy and technological factors, the findings highlight both successes and ongoing challenges. These interpretations are aligned to the discussion on tourism resilience after the pandemic which had led to many disruptions.

Recovery Trajectory and Revenue Implications

The patterns of recovery in tourist arrivals show a significant difference between both domestic and international sectors. Domestic arrivals increased by 15.92% from 18.87 million in 2022 to 21.87 million in 2023, indicating a strong and ongoing recovery that exceeds the growth rate before pandemic. This trend is consistent with global post-pandemic tourism dynamics also. On the other hand, international tourist arrivals increased by 87.83%, from 345,000 in 2022 to 649,057 in 2023, a figure that is inflated by a low-base effect which was still below pre-pandemic levels. Challenges such as higher travel costs, geopolitical uncertainties, continue to have a hardship in the recovery of international tourism. From the perspective of the transport sector, the demand of the domestic tourists was characterized by shorter trips, greater price sensitivity, and dispersed travel patterns, which, despite the increased volume, result in lower revenue per passenger compared to international tourists. The tourism sector's revenue recovery shows a strong rebound, with earnings rising from ₹12,285.91 crore in 2021 to ₹35,168.42 crore in 2022, indicating a revenue multiplier effect driven by higher per-capita spending and a preference for quality services post-pandemic. This increased spending positively impacts the

transport sector's demand for premium and reliable services.

However, there is a notable distinction between overall tourism revenue growth and the financial sustainability of transport operators. KSRTC, despite a 120% revenue increase in its Swift services, reported a loss of ₹1,314.04 crore in 2023-24, due to rising input costs, reliance on subsidies (42.5% of revenue from the Shakti scheme), and structural inefficiencies. This disparity also suggests that larger, better-capitalized operators disproportionately benefit from recovery, while smaller, single-bus owners struggle to maintain operational sustainability despite improving market conditions.

Policy Interventions and Sectoral Sustainability

Policy intervention has played pivotal catalytic role in financial resilience of the Kerala tourist transportation sector. The state policies like the Tourism Working Capital Support Scheme and Keravan Kerala loans provides liquidity and diversification avenues that mitigated insolvencies. These financial aids helped the sector recover from acute cash flow crisis and widespread operator bankruptcies during the tough pandemic scenario. The Keravan Kerala initiative, offering ₹50 lakh to ₹1 crore per caravan with an enterprise limit of ₹5 crore, represents a more strategic intervention aimed at premium market development. Caravan

tourism targets higher-income domestic and international tourists willing to pay premium prices for unique experiences, potentially generating superior revenue yields.

The implementation of the All-India Tourist Permit (AITP) system, which eliminates multiple state-level taxes (passenger tax, border tax, and check-post tax) on tourist vehicles, represents significant regulatory simplification for interstate tourist transport operators. This led to lowering compliance costs and operational friction. The centralised permit fee collection and distribution to states tackles the collective action issue inherent in interstate transportation. However, the results also highlight that tax rationalization at the interstate level has been partially offset by tax escalations at the intrastate level. The increase in road tax from ₹1.2 lakh to ₹1.4 lakh per bus annually directly contributed to the permit surrenders documented in the Fare Revision Committee Report.

Digital platforms like redBus, which account for around 75% of inter-city reservations, have accelerated market restructuring by increasing ridership (+15-20% on integrated routes) and creating commission-based margin constraints (5-8%). This contradiction reflects worldwide trends in digital intermediation, as platforms improve accessibility while disrupting old income sources. In Kerala,

similar integrations with KSRTC have made access for domestic visitors while also helping to sustainability by optimising fleet use. The move towards digital intermediation is also heterogeneous when it comes to the effects that they have on various types of operators. Big operators whose brand name is well known and have direct booking facilities can threaten to leave the platform and thus bargain sufficient commission rates. Smaller operators with fewer buses, especially those with single-bus operations on the secondary routes have no such bargaining power and have to agree with conventional commission package arrangements.

Theoretical contribution, Limitation and Future directions

The article contributes various issues to the theoretical knowledge on post crisis recovery in transport sectors that rely on tourism. First, it shows that there is a recovery imbalance between tourist groups (domestic and foreign). Second, the results demonstrate how various policies paved way towards financial resilience of the tourist industry. Finally it also addresses the transformational scenario in the tourist transportation sector in terms of digitalisation and market restructuring.

The study entails certain limitation like dependence on secondary data which hinders the micro level analysis of the individual operator's financial health. More over a longitudinal study may

provide a deeper insight on policy implementation and market structure characterised by inflation changing lifestyle. Future studies must endeavour the causal mechanisms that link specific policy actions to financial outcomes using experimental methodologies. Also explore specific business models that could be implemented to resist future financial sectoral vulnerabilities.

References

- Dogru, T., Sirakaya-Turk, E., & Crouch, G. I. (2021). Economic growth and tourism sector interlinkages: Evidence from global economies. *Tourism Management Perspectives*, 40, 100921.
- World Tourism Organization. (2022). *International tourism highlights: 2022 edition*. UNWTO.
- Kour, R. (2017). Kerala's backwaters: Sustainable destination management. *Asian Journal of Tourism Research*, 2(1), 51–63.
- Varghese, J. (2017). Cultural landscapes and tourism in Kerala. *Journal of South Asian Studies*, 5(2), 110–118.
- Satheesh, G., & George, L. (2020). Kerala Tourism Master Plan: Vision, strategy, and action. *Kerala State Department of Tourism*.
- Muzammil, M., Mathew, S., & Kumar, S. (2020). Impact of the 2018 Kerala floods on the tourism sector. *International Journal of Disaster Risk Reduction*, 43, 101404.
- Gössling, S., Scott, D., & Hall, C. M. (2020). Pandemics, tourism and global change: a rapid assessment of COVID-19. *Journal of Sustainable Tourism*, 29(1), 1–20.

- Sharma, A., Thomas, A., & Paul, J. (2021). Reviving tourism industry post-COVID-19: A resilience-based framework. *Tourism Management Perspectives*, 37, 100786.
- Balakrishnan, K., & Jayakumar, G. (2022). Transport sector challenges in post-pandemic Kerala. *India Tourism Review*, 10(2), 207–225.
- John, A., & Varghese, P. (2021). Financial vulnerability of Kerala's private bus operators during COVID-19. *Southwest Asia Transport Studies*, 33(4), 310–328.
- Joseph, A. M. (2022). Asset liquidation among tourism transporters post-pandemic: A case study. *Kerala Business Chronicle*, 15(3), 70–75.
- Fathima, K. (2022). Financial distress and resilience strategies among Kerala tourist bus operators. *Tourism Recovery Research Report (TRRR)*.
- Prideaux, B., & Kim, S. (2021). Post-pandemic travel decision making: International and domestic perspectives. *Current Issues in Tourism*, 25(5), 892–910.
- Abeysekera, S. (2021). Pandemic-induced behavioral shifts in global tourist flows. *World Travel Trends*, 19(2), 50–62.
- Ministry of Tourism, Government of India. (2023). *Dekho Apna Desh: Domestic tourism strategy 2023 update*.
- Keelery, S. (2020). Domestic tourism in India 2020: Market statistics and future potential. *Statista*.
- Krishnan, D., & Krishnan, S. (2022). Crisis response by urban private bus operators: Evidence from Kerala. *Indian Transportation Research Journal*, 12(1), 101–119.
- Raghuraman, R., Kumar, S., & Pillai, V. (2024). Post-lockdown business models in Kerala's transport sector. *Asia-Pacific Journal of Transport*, 19(1), 85–101.
- Mathew, R., & Babu, V. (2018). Transportation sector and India's GDP: A regional analysis. *Economic Research India*, 67(2), 205–215.
- Anas, M., & Meenakshi, P. (2025). Non-tourism private buses: Regulatory gaps and market outcomes. *Regional Mobility Studies*, 18(4), 415–429.
- Kerala Tourism Department. (2023). *Tourism Statistics Report 2022*. Government of Kerala.
- Kerala Tourism Newsletter. (2024). Tourism growth and recovery metrics – 2023. *Kerala Tourism Department*.
- Kerala State Planning Board. (2024). *Economic Review 2023 & 2024*. Government of Kerala.
- The New Indian Express. (2025). Post-COVID tourism: Kerala's numbers rebound. [News article].
- The Hindu. (2025). KSRTC sets new records in ticket sales. [News article].
- Mathrubhumi. (2025). Kerala's transport sector performance in 2025. [News article].
- Kerala Tourism Department. (2024). *Tourism Working Capital Support Scheme: Program Guidelines*.
- KSIDC. (2024). *Keravan Kerala: Caravan tourism program report*. Kerala State Industrial Development Corporation.
- Southern India Transport Finance Report. (2024). Credit deployment and support in transport post-pandemic.

Ministry of Transport. (2023). *All-India Tourist Vehicle (Permit) Rules 2023*. Government of India.

redBus India. (2025). *Bus Track Report FY 2024-25*. redBus India.

KSRTC. (2024). *KSRTC Annual financial statements and digital integration report 2022-2024*. Kerala State Road Transport Corporation.

All-Kerala Bus Operators Federation. (2023). *Industry Update Circulars and Fare Revision Committee Report 2023*.

A STUDY ON THE INFLUENCE OF SOCIAL MEDIA MARKETING ON CONSUMER ENGAGEMENT WITH SPECIAL REFERENCE TO ERNAKULAM DISTRICT

Dr. Ashitha A. B.

Guest Lecturer, Post Graduate and Research Department of Commerce
The Cochin College, Kochi, Kerala, India-682002
Email id: abashitha94@gmail.com

ABSTRACT

Social media has emerged as one of the most powerful marketing tools in the digital era, transforming the ways consumers interact with brands and make buying decisions. This study investigates the influence of social media marketing on consumer engagement, emphasising platform preferences, engagement patterns, the role of visual content, influencer marketing, and purchasing behaviour. A descriptive research design was used, and data was collected from 60 respondents in Ernakulam district through a structured questionnaire. Statistical tools such as percentage analysis and chi-square test were used. The chi-square test revealed that platform usage is not uniformly distributed, with Instagram and YouTube being significantly more preferred. The findings show that social media strongly influences engagement but has a moderate impact on final buying decisions.

Keywords Social media marketing, Consumer engagement

1. Introduction

Social media has become an integral part of everyday life and a dominant force in shaping modern marketing practices. It emerged as a transformative communication tool, reshaping marketing structures and redefining how consumers interact with brands. With the rapid growth of platforms

like Instagram, YouTube, and Facebook, businesses increasingly rely on digital communication to enhance visibility and engagement (Jha & Gupta, 2022). Businesses have quickly adapted to this shift by investing heavily in social media marketing strategies that use visual content, short videos, influencer promotions, and

interactive tools to capture consumer attention. Affordable internet access and mobile penetration in India have accelerated this shift, making social media marketing an integral part of contemporary marketing strategies (Kumar et al., 2021). This transformation marks a significant departure from traditional one-way communication models toward more dynamic, interactive, and consumer-driven engagement.

Compared to traditional media, social media facilitates two-way communication, empowering consumers to actively comment, react, and share their opinions (Kaur & Sethi, 2022). Visual platforms have gained dominance due to their ability to capture consumer attention through images, videos, reels, and influencer content (Bansal & Kumar, 2021). Research consistently shows that visual-based content achieves higher engagement than text-based formats, making platforms like Instagram and YouTube key digital advertising channels (Patel & Joshi, 2020). The emergence of social media has empowered consumers to engage actively with brands rather than remain passive recipients of advertisements. Today's consumers express their opinions, share product experiences, participate in online communities, and interact with brand content. This new environment has changed the very definition of consumer engagement.

Influencers have become powerful opinion leaders capable of shaping consumer perceptions and purchase intentions. Their

authenticity and reliability strengthen message credibility, often more effectively than celebrity endorsements (Mehta et al., 2019). User-generated content, including reviews, testimonials, and product experience videos, also plays a vital role in building trust and influencing behavioural decisions (Rani & Verma, 2020). These transformations reflect a growing shift toward peer-driven, socially influenced consumption patterns. The popularity of short-form videos—especially reels—highlights the increasing preference for fast, visually appealing content. Studies show that reels significantly boost digital engagement and brand recall (Bhatia & Verma, 2021). Yet high engagement does not always translate into purchasing actions, creating a gap between consumer interaction and actual buying behaviour (Nair et al., 2021). Understanding this gap is crucial for optimizing digital marketing strategies.

Considering these evolving trends, the present study examines the influence of social media marketing on consumer engagement among people in Ernakulam district. It explores platform preferences, content appeal, and behavioural outcomes to identify key drivers of digital engagement (Singh & Menon, 2019). The findings serve as an empirical contribution to the digital marketing literature and guide organizations in developing more effective online marketing strategies.

2. Statement of the Problem

Although social media marketing has gained substantial prominence, many businesses still struggle to understand which marketing elements truly influence consumer engagement and behaviour. Prior studies show that consumer interaction varies widely depending on platform characteristics, content types, and demographic factors (Kaur & Sethi, 2022; Patel & Joshi, 2020). Moreover, despite high visibility and engagement on platforms like Instagram and YouTube, the actual conversion from engagement to purchase remains uncertain (Bhatia & Verma, 2021). The literature indicates that while social media increases awareness and interest, it may not necessarily result in substantial buying actions (Rani & Verma, 2020).

Another concern lies in the assumption that high engagement inherently leads to increased sales. However, recent studies challenge this assumption, suggesting that digital engagement metrics like, likes and comments do not always reflect real behavioural change (Nair et al., 2021; Rathore & Saini, 2021). This raises questions about the true effectiveness of social media marketing strategies. Therefore, the present study seeks to examine whether social media marketing significantly influences consumer engagement and to what extent these engagements lead to actual purchase decisions (Jha & Gupta, 2022).

3. Significance of the Study

The study is significant because it provides insights into the platforms that generate strong consumer engagement. Prior research highlights that Instagram and YouTube outperform text-heavy platforms due to their visual appeal and interactive content (Kaur & Sethi, 2022; Bansal & Kumar, 2021). Understanding platform-specific consumer behaviour helps marketers design more effective and platform-appropriate strategies. It is also significant because social media marketing continues to increase in prominence, especially among younger consumers. Influencer content and short-form videos have changed how marketing messages are perceived and adopted (Mehta et al., 2019; Patel & Joshi, 2020). Social media engagement includes psychological, emotional, and behavioural dimensions, and understanding these helps develop stronger communication strategies (Nair et al., 2021; Kumar et al., 2021). The study therefore has both theoretical and practical relevance.

4. Scope of the Study

The study focuses on the influence of social media marketing on consumer engagement among social media users in Ernakulam district. Major platforms considered include Instagram, YouTube, Facebook, Snapchat, LinkedIn, and Twitter. The study examines behavioural patterns, content preferences, and purchasing decisions influenced by social media.

5. Objectives of the Study

1. To examine the socio-demographic profile of social media users.
2. To analyse consumer engagement across different social media platforms.
3. To identify the content types, that attracts the highest consumer engagement.
4. To evaluate the influence of social media advertisements on purchase decisions.

6. Hypothesis of the Study

H₀: *There is no significant association between exposure to social media advertisements and consumers' purchase decisions.*

7. Research Methodology

- **Research Design:** A descriptive research design was adopted to describe trends, behaviours, and perceptions related to social media marketing.
- **Population :** Social media users in Ernakulam district
- **Sample :** 60 respondents were selected from the population
- **Sampling Method:** Convenience sampling was used due to accessibility constraints
- **Data Collection:** Primary data was collected using structured questionnaire distributed to 60 respondents and secondary data was collected from

various journals, research articles, books, websites, and reports.

- **Tools for Analysis:** Percentage analysis, Frequency tables and Chi-square test

8. Analysis and Interpretation

A) Socio Demographic Profile of Respondents

The socio-demographic profile of respondents helps in understanding the background characteristics influencing social media usage patterns. Demographic factors such as age, gender, education, and occupation are essential because they shape digital behaviour and content preference. Therefore, analysing this profile provides the foundation for interpreting all subsequent behavioural trends in the study.

Table 1.1 showing socio-demographic profile of respondents

Variable	Frequency	Percentage (%)
Gender		
Male	28	46.7
Female	32	53.3
Age		
18–25	28	46.7
26–35	22	36.7
36–45	7	11.6
46–55	3	5.0
Education		
UG	31	51.7
PG	23	38.3
Others	6	10.0
Occupation		
Student	29	48.3
Employed	24	40.0
Others	7	11.7

The demographic distribution shows that most respondents belong to the 18–35 age group, indicating that social media usage is highly concentrated among younger adults. Females slightly outnumber males, reflecting the growing involvement of women in digital spaces. The high proportion of students and educated individuals suggests an environment where technology adoption is naturally strong. This demographic composition explains the high affinity toward visually rich platforms like Instagram and YouTube. Overall, the demographic profile indicates a digitally active, youthful, and educated sample ideal for social media engagement studies.

B) Platform Usage

This table presents the usage pattern of different social media platforms among respondents. Understanding platform popularity is important because it directly affects engagement levels and marketing outcomes. Each platform has a unique user interface and content delivery style, influencing how users interact with marketing content. A comparison of platform usage helps determine which platforms marketers should prioritise. Therefore, analysing platform preferences is essential for identifying consumer engagement hotspots.

Table 1.2 showing social media platform usage

Platform	Frequency	Percentage (%)
Instagram	43	71.7
YouTube	32	53.3
Facebook	14	23.3
Snapchat	7	11.7
LinkedIn	6	10.0
Twitter	2	3.3
Others	4	6.7

The results clearly show that Instagram and YouTube dominate platform usage, accounting for more than half of the respondents. Instagram leads because of its strong visual content design, reels, and influencer presence. YouTube continues to attract a substantial audience due to video tutorials, reviews, and entertainment content. Platforms like Facebook, Snapchat, and LinkedIn show limited popularity among the sample, indicating generational shifts in platform relevance. The findings confirm that marketing campaigns must focus primarily on Instagram and YouTube to maximise reach.

C) Purchase Behaviour

This table examines whether respondents have purchased products after encountering advertisements on social media. Purchase behaviour is an important indicator of the effectiveness of digital marketing strategies. Although engagement may be high, it does not necessarily translate into conversion. Therefore, understanding actual buying actions helps evaluate the persuasive power of social media advertisements. This

analysis also establishes the basis for hypothesis testing on advertisement influence.

Table 1.3 showing the purchase behaviour of respondents based on social media marketing

Response	Frequency	Percentage (%)
Yes	31	51.7
No	15	25.0
Maybe	14	23.3

The table reveals that about half of the respondents (51.7%) have made purchases after seeing social media ads. However, a considerable portion (25%) explicitly stated that they did not make purchases, indicating skepticism toward online ads. Another 23.3% remain uncertain, showing that many consumers may require additional motivation before making a purchase. The mixed responses suggest that while ads can trigger interest, they do not consistently lead to buyer action. This variability highlights the need for stronger trust-building and credibility-enhancing elements in advertisements.

D) Preferred Content Type

This table identifies which types of social media content generate the highest user engagement. Content plays a crucial role in capturing consumer attention and shaping online behaviour. Different content formats appeal to different user groups, making this analysis vital for designing effective marketing campaigns. Engagement patterns help marketers understand which

formats are most likely to produce reactions, shares, or purchase intentions. Thus, evaluating content preferences allows brands to tailor their digital strategies for maximum effectiveness.

Table 1.4 Showing the preferred content type

Content Type	Frequency	Percentage (%)
Videos	32	53.3
Images	31	51.7
Discounts	26	43.3
Influencer Content	21	35.0
Interesting Content	21	35.0
Contests	11	18.3
Polls	8	13.3
User Generated Content	5	8.3
Interactive	5	8.3

The table shows that videos and images are the most preferred forms of content among respondents. This popularity highlights the influence of short-form videos and visually appealing posts in driving engagement. Discounts and offers also attract significant attention, indicating that value-driven content motivates users to interact. Influencer content and interesting posts further contribute to engagement but at comparatively moderate levels. Overall, the findings confirm that visually rich, entertaining, and value-oriented content drives the highest engagement.

E) Hypothesis Testing

H₀: *There is no significant association between exposure to social media advertisements and consumers' purchase decisions.*

This table analyses whether a significant relationship exists between exposure to social media advertisements and purchase behaviour. The chi-square test of independence is applied to examine how the two variables interact. If a significant association is found, it would indicate that advertisements directly influence consumer buying actions. Conversely, a non-significant result suggests that other factors may contribute more strongly to purchase decisions. Therefore, this test helps assess the real effectiveness of online advertisements.

Table 1.6 showing chi-square test result

Statistic	Value	df	p-value
Chi-square	1.067	1	0.302

The chi-square value (1.067) is low, and the p-value (0.302) is higher than 0.05, indicating no statistically significant relationship. This means that advertisement exposure does not strongly influence purchase decisions among respondents. Although many users view and engage with ads, this engagement does not necessarily convert into buying behaviour. Factors such as credibility, trust, product need, or peer influence may play a larger role in purchasing decisions. Hence, the null hypothesis is accepted, showing no association between ads in social media and purchases.

9. Findings of the Study

1. The socio-demographic analysis shows that the majority of respondents belong to the 18–35 age group, reflecting a

young and digitally active population highly inclined toward social media usage. Most respondents are well-educated and are either students or employed, indicating strong exposure to technology and regular online activity. This demographic composition suggests that the sample is naturally engaged in visual and interactive online platforms, which aligns with the high engagement patterns observed in the study.

2. The findings reveal that Instagram and YouTube are the most frequently used platforms among respondents, highlighting a clear preference for visually driven and video-oriented content formats. In contrast, platforms such as Facebook, LinkedIn, Snapchat, and Twitter show significantly lower engagement levels, indicating a shift in consumer behaviour away from traditional or text-dominated media. These results demonstrate that consumer engagement is heavily concentrated on a few high-impact platforms, making them crucial targets for effective social media marketing strategies.
3. The analysis of purchase behaviour shows that although more than half of the respondents reported buying products after viewing social media advertisements, many others did not consider ads influential in their final decision. A considerable portion also

expressed uncertainty, suggesting that advertisements may create awareness but do not consistently generate strong purchase intent. This implies that while ads may capture attention, additional factors such as trust, credibility, and personal need likely play a more central role in motivating actual purchases

4. The study found that videos and images are the most engaging content formats, showing that respondents strongly favour visually appealing and dynamic posts. Discount-based content also attracted notable engagement, indicating that users respond positively to value-oriented and promotional messages. Influencer content and interesting posts generated moderate engagement, suggesting that consumer preferences vary but remain centred on visually rich and beneficial content that offers entertainment, information, or incentives.
5. The hypothesis testing showed no significant association between exposure to social media advertisements and actual purchase decisions, indicating that advertisements alone do not meaningfully influence buying behaviour. Although respondents frequently view and engage with ads, this engagement does not statistically translate into conversions. This suggests that other elements, such as peer recommendations, influencer credibility, product relevance, or brand trust are likely to exert a stronger

influence on purchasing choices than advertisements themselves.

10. Suggestions

1. **Prioritise Instagram and YouTube** for campaigns since they dominate engagement.
2. **Improve conversion strategy** through reviews, influencers, and trust signals since ads alone do not drive purchases.
3. Use more **reels, videos, and discount content** because these attract maximum interaction.
4. Encourage **User generated contents and interactive content** to deepen engagement and brand involvement.
5. Offer **personalised ads** to improve relevance and purchase likelihood.

11. Conclusion

The study concludes that while social media plays a vital role in shaping consumer engagement, it does not significantly influence purchase decisions. Instagram and YouTube are the most preferred platforms driven by visual content and influencer culture. However, engagement does not ensure conversion, as proven by hypothesis testing. Consumers engage with entertainment, informative, and discount-based content, but advertisements alone do not motivate strong buying behaviour. The study emphasizes the need for stronger persuasion strategies and trust-building mechanisms in social media marketing.

12 Future Scope of the Study

Future research may include a larger and more diverse sample across multiple districts and age groups. Longitudinal studies can explore how engagement evolves over time. Experimental studies can test the effectiveness of different content formats, influencer types, or emotional appeals in advertisements. Additionally, future research may analyse psychological variables such as trust, perceived credibility, and attitude toward advertisements.

References

- Bansal, S., & Kumar, V. (2021). *Role of visual content in influencing social media engagement*. Journal of Digital Marketing, 8(4), 112–120.
- Bhatia, A., & Verma, R. (2021). *Social media dependency during COVID-19 and its effect on buying behaviour*. International Journal of E-Commerce, 13(2), 55–68.
- Gupta, P., & Nair, R. (2020). *Consumer decision-making and social media advertising*. Marketing Insights, 11(3), 90–101.
- Jha, R., & Gupta, A. (2022). *Social media marketing and consumer loyalty: A relational approach*. Indian Journal of Marketing, 52(1), 25–34.
- Kaur, P., & Sethi, R. (2022). *Short-form video consumption and digital engagement among youth*. Media Studies Review, 9(1), 45–58.
- Kumar, S., Menon, R., & Thomas, L. (2021). *Influencer credibility and purchase intention*. Journal of Consumer Behaviour, 20(6), 1450–1462.
- Mehta, A., Sharma, D., & Khanna, N. (2019). *Cultural relevance in digital advertising: Insights from India*. Asian Journal of Marketing, 13(2), 88–99.
- Nair, V., Pillai, S., & Rao, P. (2021). *Managing negative feedback on social media*. Journal of Interactive Marketing, 16(3), 71–82.
- Patel, M., & Joshi, K. (2020). *Interactive digital strategies and consumer responses*. Journal of Digital Innovation, 7(2), 34–42.
- Rani, S., & Verma, K. (2020). *Impact of online reviews on purchase behaviour*. Journal of Retail Research, 6(4), 101–115.
- Rathore, A., & Saini, M. (2021). *Mobile social media usage and real-time engagement*. Journal of Mobile Marketing, 5(1), 28–39.
- Sharma, P., & Singh, V. (2021). *Digital ecosystems and consumer interactions*. Contemporary Marketing Review, 8(1), 14–26.
- Singh, R., & Menon, A. (2019). *Understanding behavioural engagement on social networks*. Consumer Psychology Journal, 22(3), 90–102.
- Thomas, A. (2020). *Visual storytelling and brand identity on Instagram*. Creative Media Research, 4(2), 49–60.
- Verma, L., & George, M. (2021). *Online trust-building mechanisms in digital commerce*. Journal of Modern Marketing, 9(3), 122–131.
- Das, P. (2020). *Digital marketing transformation in India*. Journal of Business Strategy, 18(4), 78–89.
- Joseph, A., & Abraham, M. (2021). *Youth preferences in influencer marketing*. Asian Journal of Consumer Studies, 11(1), 33–47.

- Raj, S., & Varghese, R. (2020). *Consumer perceptions of social media ads*. *International Marketing Review*, 14(3), 201–215.
- Pillai, M., & D'Cruz, J. (2021). *Understanding the psychology of social media engagement*. *Psychology & Marketing Interface*, 7(2), 65–80.
- George, A., & Sebastian, P. (2022). *Role of digital communities in shaping consumer behaviour*. *Community & Digital Culture Journal*, 5(1), 19–29.

OVERTOURISM AND VISITOR FLOW MANAGEMENT: A STUDY ON SUSTAINABLE DESTINATION DEVELOPMENT IN KERALA

Susan Sunny

Research Scholar

Department of Commerce

Mahatma Gandhi College

Thiruvananthapuram, Kerala, India

Email id – susansunny87@gmail.com

Dr. Pradeep Kumar N

Associate Professor and Research Supervisor,

Department of Commerce, NSS College,

Nilamel, Kerala, India. Email id -

pradeepkn30@gmail.com)

ABSTRACT

Kerala's economy depends heavily on tourism, but the unchecked increase in visitors has caused social unrest and environmental damage—a problem known as overtourism. This study assesses the significance of visitor flow management as a tactic for sustainable destination development and looks at how overtourism affects Kerala's tourism industry. The study examines growth trends, income patterns, and government initiatives to address capacity issues using secondary data from Kerala Tourism Statistics, official papers, and news sources. For long-term sustainability, the results emphasise the necessity of decentralised tourist planning and efficient visitor regulation.

Keyword: Overtourism, Sustainable tourism, STREET, Visitor management

1. Introduction

The tourism sector is one of the fastest-growing economic sectors worldwide. It contributes to foreign exchange earnings, employment opportunities, and the development of the region as well as the people. On one side, rapid and unregulated growth of tourism has generated economic

prosperity, while on the other side, it has created many problems, like environmental degradation due to pollution of air, water, and soil, cultural erosion, habitat destruction, and demand for infrastructure. When a huge number of tourists visit a particular destination and cause adverse effects in that area, as they exceed their managing capacity, such a phenomenon is known as

overtourism. This causes a threat to the natural resources and the local community that depends on tourism. The focus of the tourism sector has shifted from simply promoting tourism to responsible management of tourism. As a sustainable tourism initiative, controlling or managing the visitors is a strategic tool to regulate the flow of tourists to the destinations. By this control and proper distribution of the visitors, it aims to safeguard the ecosystem, satisfy the visitors, and ensure benefits to residents. In Kerala, the Kerala Responsible Tourism Mission has adopted regulations to regulate visitors to promote destination-level sustainability. This paper discusses the concept of overtourism and the condition of the Kerala Tourism sector. Thus, the purpose of this study is to evaluate visitor flow management as a sustainable approach while examining how overtourism affects Kerala's tourism industry.

1.1 Review of Literature

Emil Drápela (2023) The article presents a methodology that first identifies overtourism symptoms in a destination before assessing the viability of various strategy types in a chosen destination using a standardized procedure.

Mohamad Pirdaus bin Yusoh, Jabil Mapjabil, Nurhazliyana Hanafi, Mohd Azmi bin Muhammed Idris (2021). One of the components of tourism carrying capacity, social carrying capacity, is the

focus of this research. It includes interactions between visitors and locals or hosts that deal with issues of their quality of life, as well as interactions between tourists and other tourists that deal with congestion and the quality of their tourism.

Martina Pásková, Geoffrey Wall, David Zejda, Josef Zelenka (2021) in the study a unified systems approach to evidence-based visitor management in protected areas is developed and operationalized from the tourism carrying capacity theory. The objective is to create a detailed destination model that can be integrated into a visitor management decision-support system.

M Duignan's (2019) paper focuses on the actual and perceived difficulties related to excessive tourism, with emphasis on the touristic-historic city of Cambridge, UK. It incorporates more informal but crucially significant approaches outside of formal strategic and policy documentation and also aims to document written, agreed objectives, tactics, mechanisms, and targeted stakeholder groups related to Cambridge's approach to combating overtourism.

Brilliant Rajan's (2011) study is about the carrying capacity of Varkala, Vagamon, and Kumarakom and analyses the environmental, socio-cultural, and economic impacts of tourism. It also developed some strategies for the sustainable development of the destination.

1.2 Objective

- 1) To assess visitor flow management as a tactic for attaining sustainable destination development
- 2) To examine the effects of overtourism on Kerala's tourism industry.

1.3 Research Methodology

Based on secondary data gathered from scholarly journals, government publications, and Kerala Tourism Statistics, the study uses an exploratory and descriptive research design. To find overtourism tendencies, quantitative data on visitor inflows, revenue trends, and district-level tourism distribution were examined. As part of the state's sustainable tourism strategy, policy responses, such as Kerala's Responsible Tourism Mission and ESA (Ecologically Sensitive Area) suggestions, were interpreted using qualitative analysis.

2. Concept of Overtourism

When too many tourists visit a destination, it leads to difficulty in managing them, which leads to overcrowding, environmental degradation, exhausted infrastructure, reduced quality of life, and reduced experience for visitors, and this situation leads to overtourism. The capacity to manage and entertain tourists is different for each destination. It is influenced by various factors like infrastructure, natural resources, space, community, and environment. Proper planning and

management are necessary to handle these situations and to satisfy the tourists visiting the place. It is necessary to consider the satisfaction of visitors while deciding the carrying capacity of a destination. When Skift released an article titled "Exploring the Coming Perils of Overtourism" in 2016, discussing the dangers of excessive tourism in well-known locations, the term "overtourism" captured international attention. In the years that followed, as foreign travel increased quickly and enormously, more than doubling between 2000 and 2019, the word "overtourism" made several headlines across the globe.

During the COVID-19 pandemic, there were worldwide restrictions on travel to any place, even within the country or even the state. It not only created a physical restriction, but also created mental restriction as a result of which there is a peak in travel desire after the removal of travel restrictions, which leads to an overflow of tourists to even remote destinations. Apart from this, other causes that lead to overtourism are:

- The growth of the global middle class – the economic advancement of certain countries has created more employment opportunities, which resulted in the upgradation of the standard of living of the people. It enabled them to explore various destinations.

- The availability of more affordable travel packages – nowadays, international trips have become more affordable to all categories of people. As airfare became cheaper due to increased competition, more low-cost carriers, and advanced aircraft technology, the number of travellers increased.
- Cruise tourism became more accessible – cruises have a large carrying capacity, and they provide an affordable means to travel to multiple destinations. This creates a huge inflow of tourists to the destination that causes congestion and strains the local infrastructure.
- Increase in short-term rentals – there is an increase in short-term rentals, which is also a reason for overtourism in certain destinations.
- Changing priorities of consumers – the consumers, especially the younger generation, have prioritised spending a good part of their income on travelling.
- Social Media Inspiration – social media has influenced the travel desires of people. It is a means to know about many popular and hidden tourist destinations. Some people are trying to recreate the videos and posts of social media influencers. As a result, these people go to the places they visited and post recreated videos and pictures. Such activities cause various difficulties for the area and the local residents.
- Digital nomadism – after the pandemic, many companies have provided flexible working conditions to their employees. They were provided the freedom in where they work. It has resulted in an increase in digital nomads, as they can work from any place.
- Lack of tourism regulation and planning – there should be proper planning and management of tourist destinations; otherwise, issues may arise along with the increase in tourism growth.
- Due to the over-tourism scenario, various negative impacts occur in the destinations, making the place less enjoyable, causing traffic jams, a shortage in resources, damaging the wildlife and environment, and creating social tensions. The negative impacts are:
 - Overcrowding and congestion – too many tourists cause overcrowding and congestion. It affects the enjoying capability of that place and creates difficulties for the visitors to walk, drive, park, etc.
 - Wear and tear – there is a chance of wear and tear of the infrastructure and

the sites. It will cause deterioration of roads, public facilities, and damage to the heritage sites. All these calls for routine maintenance without fail, which is a financial challenge to the authorities as well as a risk to the fragile structures.

- Community resentment – it creates social tension among the residents. Overcrowding can cause nuisances and irritations for residents. Visitors may disrespect the local customs, and may intrude on their local life, increasing the cost of living and may displace the residents.
- Competition for resources – when the number of tourists increases, the demand for resources also increases. This will cause a hike in prices and a shortage of resources.
- Environmental consequences and Ecosystem degradation – increases tourists' calls for an increase in infrastructure and other related amenities. This forces us to convert our natural ecosystem to accommodate resorts and other infrastructure. Proper waste management and sustainable energy generation are necessary to meet the increasing demand. If not done properly, it creates pollution and affects the wildlife and the environment.

While considering the state of Kerala, the number of visitors visiting various destinations is increasing each year. This increase has demanded increased infrastructure facilities in the hilly areas, backwater areas, which in turn has adversely affected the nature and ecosystem. There has been an increase in landslides, floods, and droughts in different parts of the state due to the unregulated and unsustainable developmental activities. In an article in *The New Indian Express*, an online tourism information provider based in California called "Fodor's Travel", Kerala is listed in its "No List 2025" as one of 15 international locations that are under unsustainable stress due to overtourism and its effects on local ecosystems and populations. They have placed Kerala in the "Destinations Beginning to Suffer" category. They pointed out the Wayanad landslides and shrinking lakes and backwaters as a reason for this statement. As per their report, about 60% of India's 3,782 landslides have happened in Kerala between 2015-2022. The state has had a drastic increase in tourist arrivals in the past recent years, and it will be even higher in the coming years. K Biju, IAS, Secretary, Tourism and PWD, Kerala, acknowledged that highland locations like Wayanad and Munnar have carrying capacity problems, which the Kerala High Court had ordered to be investigated. He claimed that efforts were underway to develop and provide more unique tourist spots in the state's northern region, which will decongest current destinations. In a report on *The Hindu*,

Governor Rajendra Vishwanath Arlekar stated during the policy speech at the Assembly that the Kerala government will expand the carrying capacity studies to other locations in order to encourage sustainable and eco-friendly tourism activities that preserve Kerala's natural beauty. (Source: *The Hindu*, *The New Indian Express*, *ETHospitality World*)

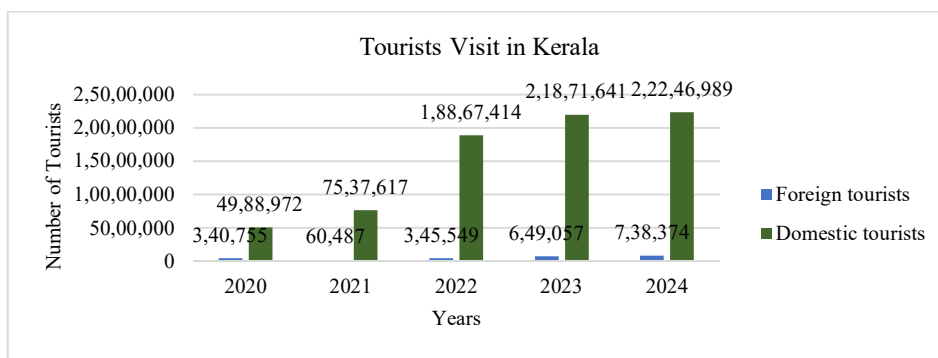
Through the Responsible Tourism Mission, Kerala has adopted strategies to tackle the issue of overtourism. One issue that destinations face is the concentration of tourist activities in a small region, which limits the benefits of tourism by drawing more visitors than the location can accommodate. With the motto "Tourism for Inclusive Growth," the STREET Project (meaning Sustainable, Tangible, Responsible, Experiential, Ethnic, Tourism hubs), of the Responsible Tourism Mission is implemented in Kerala to develop tourist destinations. Its goal is to rebrand tourist destinations into theme-based streets and

expand the area for tourism activities, thereby reducing the concentration of tourists in a single area. This will increase the tourists' experience, increase their flow, and also reduce the density of the moving population. In addition to other goals, the STREET Project seeks to expand the destination's area in order to lessen the concentration of tourists in a small region.

The following section presents a quantitative overview of Kerala's tourism trends, providing empirical support for understanding the extent of overtourism and its management implications

3. Results and Discussions

The following figures and tables show the data on the number of tourists who visited the various tourist destinations in Kerala for a period of five years from 2020 to 2024. It also mentions which district was most visited by the tourists. These are shown to present the growth of our tourism industry and the financial benefits attained through it.

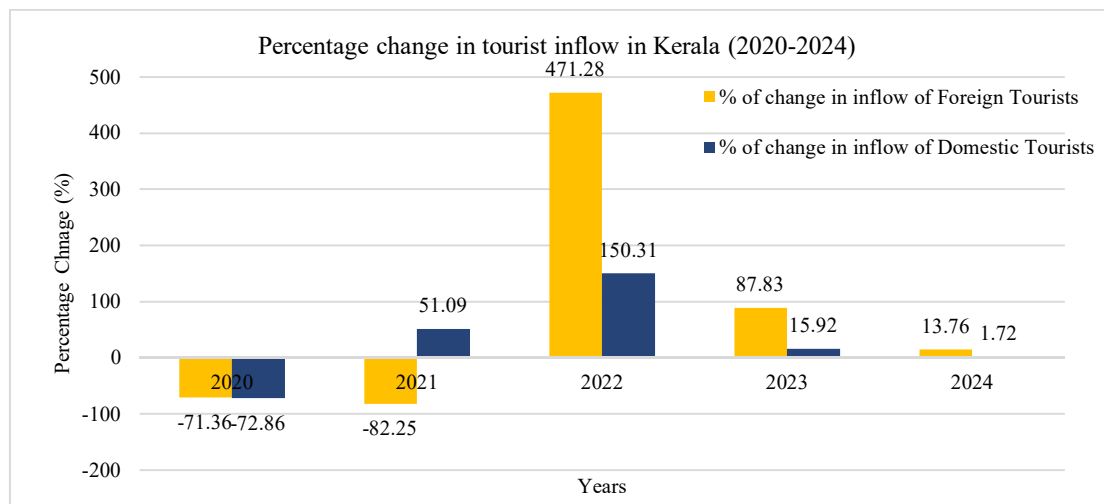


(Source: Kerala Tourism Statistics)

Figure 1 Chart showing the number of tourists visiting Kerala (2020 – 2024)

Fig. 1 portrays that, in the year 2021, there was a huge decrease in the number of tourists visiting due to the COVID-19 pandemic compared to of 2020. But that lasted for only one year, causing a drastic increase in the inflow of visitors to Kerala in the year 2022. That flow is still on a

growing trend while considering the 2024 data. This trend emphasises how crucial it is to strategically manage visitor flows to avoid overcrowding in popular destinations. (2019: Foreign Tourists – 11,89,771 & Domestic Tourists - 1,83,84,233)



(Source: Kerala Tourism Statistics)

Figure 2 Chart showing the percentage of change in the inflow of foreign and domestic tourists in Kerala (2020 – 2024)

Fig. 2 depicts the percentage of change in the number of tourists compared to the respective previous year. While comparing 2019 and 2020, the growth showed a decrease. And in the following year, it again decreased due to the COVID-19 pandemic. But in the following year, there was a 471.28% growth of foreign tourists

and a 150.31% growth of domestic tourists. In the later years, rapid growth has decreased, but it is still in an increasing trend. This high positive change in 2022 reflects the results of the reopening and Kerala's aggressive destination marketing and domestic circuit promotion, which helped offset the loss.

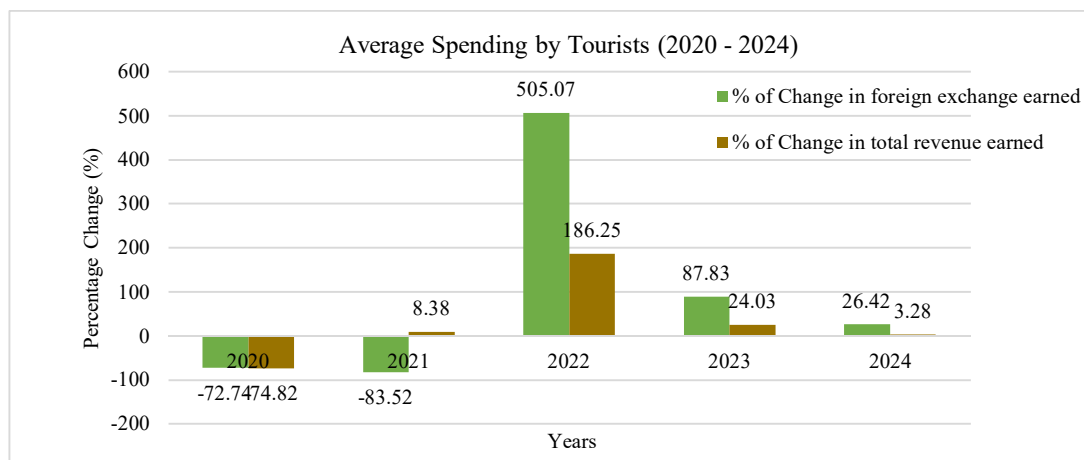


(Source: Kerala Tourism Statistics)

Figure 3 Chart showing the total revenue earned and the foreign exchange earned from tourists visiting Kerala (2020 – 2024)

From Fig. 3, the average spending by foreign tourists as well as the total revenue earned by the Kerala state can be seen. It can be understood that the revenue is

showing an increase, reflecting the increase in the flow of tourists to Kerala. (2019: Foreign Exchange – 10,271.06 crores & Total Revenue – 45,010.69 crores)



(Source: Kerala Tourism Statistics)

Figure 4 Chart showing the percentage of change in the average spending by tourists (2020 – 2024)

The percentage of change in the earnings is shown in Fig. 4. The highest change is in the year 2022, about a 505.07% increase compared to the year 2021, mainly because of the lockdown due to COVID-19. The revenue is increasing at a growing rate. The revenue growth pattern highlights that sustainable visitor flow management contributes to environmental protection and sustainable economic recovery.

Table 1 Most visited district

Year	Foreign Tourists	Domestic Tourists	District
2020	1,34,952	11,03,200	Ernakulam
2021	46,821	15,87,882	Ernakulam
2022	1,86,290	40,48,679	Ernakulam
2023	2,79,904	44,87,930	Ernakulam
2024	2,68,614	43,29,536	Ernakulam

(Source: Kerala Tourism Statistics)

Table 1 shows the district data on the number of tourists visiting. In all these years, most of the visitors, both domestic and international, have visited Ernakulam. And in each year, it is increasing, excluding the year 2024, as it shows a slight decrease compared to the previous years, indicating market stabilisation and management of tourist flow.

By assessing these figures, we can understand that the Kerala Tourism Industry is developing and the number of visitors is growing each year. This situation gives rise to the importance of proper control and management of the inflow of tourists.

The Kerala Government has revised the Ecologically Sensitive Area (ESA) proposal in 2024. ESA coverage is limited to 8,711.98 sq. km., spanning 98 villages in this ESA proposal, which primarily focuses on protected zones and reserved forests while avoiding populated and agricultural areas. The State's attempt to strike a balance between environmental preservation and the requirements of residents in the Western Ghats region for settlement and subsistence is reflected in this amendment. The following table shows the district-wise ESA.

Table 2 District-wise details of the proposed ESA.

District	No. of Villages	Total Village Area (sq.km)	Total ESA (sq.km)
Thiruvananthapuram	5	567.00	465.66
Kollam	8	889.13	728.65
Pathanamthitta	7	1543.01	1309.86
Kottayam	0	0	0
Idukki	28	3025.47	1939.17
Ernakulam	1	519.28	479.77
Thrissur	2	690.35	643.57
Palakkad	13	1784.25	1356.76
Malappuram	10	1007.15	676.09
Kozhikode	9	552.66	260.11
Wayanad	12	929.76	665.51
Kannur	3	314.08	186.83
Grand Total	98	11822.14	8711.98

Source: Ecological Sensitive Areas – Kerala State - Draft-proposal-on-ESA-villages_MoEFCC_12052024.pdf

4. Conclusion

According to the study's findings, Kerala's tourism sustainability is increasingly threatened by overtourism, which puts strain on the state's natural and cultural resources. Recent data shows a significant recovery in tourism following the epidemic, but the growing number of visitors in certain areas, such as Ernakulam, emphasises the need for improved visitor flow control. Kerala's efforts, such as the STREET Project and the Responsible Tourism Mission, show development in the direction of fair and environmentally conscious tourism management. Policies must incorporate carrying capacity studies, encourage destination diversification, and bolster community-based management techniques that balance ecological preservation with economic growth in order to guarantee long-term sustainability.

References

- The New Indian Express. (2024, November 18). *Fodor's Travel Guide places Kerala on its 'No List 2025'*. <https://www.newindianexpress.com/cities/kochi/2024/Nov/18/fodors-travel-guide-places-kerala-on-its-no-list-2025>
- Kumar, P. K. (2024, November 18). Mitigating ill-effects of over-tourism is the government's priority: Tourism Secretary of Kerala. *ET Hospitality World*. <https://hospitality.economictimes.indiatimes.com/news/operations/food-and-beverages/eu-labels-building-trust-in-modern-retail/124204513>
- Kerala Biodiversity Board. (2024, May 12). *Draft proposal on ESA villages – MoEFCC*. https://keralabiodiversity.org/wp-content/uploads/2024/09/Draft-proposal-on-ESA-villages_MoEFCC_12052024.pdf
- Brajcich, K. (2024, May 10). *What is overtourism and why is it a problem?* Sustainable Travel International. <https://sustainabletravel.org/what-is-overtourism/>
- Drápela, E., Rašovská, I., & Ryglová, K. (2023). Creating strategies to mitigate the adverse effects of overtourism: A standardized methodology and sustainability plan development. *Sustainability*, 15(24), 16958. <https://doi.org/10.3390/su152416958>
- Yusoh, M., Mapjabil, J., Hanafi, N., & Muhammed Idris, M. A. (2021). Tourism carrying capacity and social carrying capacity: A literature review. *SHS Web of Conferences*, 124, 02004. <https://doi.org/10.1051/shsconf/202112402004>
- Pásková, M. (2021). Tourism carrying capacity reconceptualisation: Modelling an operational systems approach for evidence-based visitor management. *Journal of Destination Marketing & Management*, 21, 100299. <https://doi.org/10.1016/j.jdmm.2021.100299>
- Duignan, M. (2019). 'Overtourism'? Understanding and managing urban tourism growth beyond perceptions: Cambridge case study: Strategies and tactics to tackle overtourism. In *'Overtourism'? Understanding and managing urban tourism growth beyond perceptions: Case studies* (pp. 34–39). United Nations World Tourism Organisation (UNWTO).

Brilliant Rajan. (2011). *Assessment of carrying capacity of selected tourism destinations in Kerala: A strategy for sustainable development* [Doctoral dissertation, Mahatma Gandhi University]. Shodhganga. <http://hdl.handle.net/10603/25951>

Butler, R. W. (1980). The concept of a tourist area cycle of evolution: Implications for management of resources. *The Canadian Geographer / Le Géographe canadien*, 24(1), 5–12. <https://doi.org/10.1111/j.1541-0064.1980.tb00970.x>

ROLE OF NIDHI COMPANIES IN FINANCIAL EMPOWERMENT OF ITS MEMBERS IN KERALA

Reshma M R

Research scholar

Post Graduate & Research

Dept of Commerce

The Cochin College, Kochi

Dr. M Geetha,

Research Guide

Post Graduate & Research

Dept of Commerce

The Cochin College, Kochi

1. Introduction

Banking is one of the most essential aspects of civilised human life. The role played by banks in providing financial services is very crucial. Ensuring that every person has access to financial services is essential for the growth of a nation as diversified as India's economy. Traditional banks and financial institutions often have strict requirements and lengthy procedures for availing loans, making it difficult for those individuals who have less than a perfect credit score or limited financial resources. These can be very discouraging for those individuals who are in need of quick cash. However, commercial banks are not attractive as the unorganised sector because they cannot offer flexible products and services to meet people's needs in a time-bound manner with complex paperwork and collateral requirements. In such times, it is Non-Banking Financial Companies (NBFCs) that come to the rescue of those individuals who are ineligible and do not meet the requirements of the banking sector due to their lack of

creditworthiness. Non-banking financial companies play an important role in credit intermediation in India and are actively engaged in lending to segments largely excluded from formal banking channel (Bhandari & Pradeep, 2022).

Non-banking financial companies (NBFCs) can be classified into different types in the organized sector. Based on their functions, NBFCs are divided into Asset Financing Companies, Investment companies, Mutual Benefit Funds, Chit Funds, Housing Companies, Insurance companies, hire-purchase companies, and Leasing Companies. One of the classifications of NBFCs is "Mutual Benefit Funds" commonly known as "Nidhi companies". Nidhi company has been established to provide financial services to the urban and rural poor. These are one of the oldest forms of NBFCs, wherein the owners of the company are also its clients. The primary objective behind the formation of Nidhi company is to carryout business of accepting deposits and lending money to members only

against jewels and mortgage of property. This type of mutual benefit societies is quite popular in South India.

There are numerous studies on the contribution of microfinance or self-help groups to the economic empowerment of women. The role of cooperative banks and the role of government schemes in the empowerment of their beneficiaries have also been previously researched. However, the contribution of Nidhi companies to the financial empowerment of their members has not yet been studied. Therefore, this study examines whether Nidhi companies in Kerala fulfil their objectives by providing easy access to loans and savings and thereby contributing to the financial empowerment of their members. This will be a pioneer research attempt to study the perception of Nidhi company members in Kerala, and thus, it will be useful for policymakers to understand the needs and issues of Nidhi company members and help in policymaking. This study will be a stepping stone for further research in the area.

2. Statement of the Problem

In every financial institution, individuals with sufficient income and collateral are always welcome. Commercial banks prefer such people to reduce default risk. Government rules force commercial banks to focus on the priority sector as well. The segment of society that is left behind is the

lower middle class, and non-banking financial institutions and unorganised lenders specifically target this group. In due course, Nidhi companies take over the financial void left by the conventional banking sector and establish a distinct position for themselves in the nation's lending market (Raja, 1997). These companies operate on a community-based model, ensuring that financial services are tailored to the specific needs of the local population. This often leads to a better understanding of member requirements and more personalized services.

Over the years, Nidhi companies have been working under self-regulation and minimum government regulation. It was after The Companies Act 1956 that Nidhi companies received legal recognition. Frequent bank failures and losses of depositors' money in the beginning of the 1990s led the Central Government to set up committees to study the workings of Nidhi companies. Subsequently, based on the recommendations of the Report of the Sabanayagam Committee on NIDHIS, 2000, and the Report of the Expert Group on NIDHIS, 2002, proper rules and regulations were introduced. Still, there is a lack of proper monitoring on the workings of Nidhi companies. These committees covered the legalities and functioning of Nidhi companies, but the issues and perceptions of members are still not properly addressed.

There is a dearth of in-depth research focusing on the specific contributions of Nidhi companies in Kerala toward the financial empowerment of their members. The present research work explores the present scenario of the Nidhi banking industry in Kerala, giving priority to how the membership in Nidhi companies made a difference in the access to credit and savings habits of the members, thereby leading to their financial empowerment. The study measure financial empowerment of members and analyse the influence of its determinants, namely, awareness, service quality, access to loan, ease of savings, and problems on financial empowerment.

3. Objectives

- 1) To examine level of awareness towards Nidhi company among its members.
- 2) To evaluate Service Quality of Nidhi companies based on the perception of its members.
- 3) To examine the access to loan and ease of savings among members of Nidhi companies.
- 4) To investigate problems faced by members of Nidhi companies.
- 5) To measure financial empowerment of members of Nidhi companies.
- 6) To analyse the influence of awareness, service quality, access to credit, ease of savings, and

problems on financial empowerment of members.

4. Hypotheses

- H₀₁: There is no significant difference in the level of awareness of members based on their socioeconomic factors.
- H₀₂: There is no significant difference in service quality based on domicile and location.
- H₀₃: There is no significant difference in access to loan of members based on their socio-economic factors.
- H₀₄: There is no significant difference in ease of savings of members based on their socio-economic factors.
- H₀₅: There is no significant difference in the problems faced by members based on their socio-economic factors.
- H₀₆: There is no significant difference in financial empowerment of members based on their socio-economic factors.
- H₀₇: There is no significant influence of awareness, service quality, access to credit, ease of savings, and problems on financial empowerment of members.

5. Scope of the study

The present study is framed to critically examine the role of Nidhi companies in financial empowerment of its members. The members of Nidhi companies

registered in the state of Kerala is included in this study. The constructs of the study, namely awareness, access to loans, ease of savings, problems, and financial empowerment, are measured based on the perceptions of members only. The service quality is evaluated based on the perceptions of members, as they are also customers of Nidhi company.

6. Research Methodology

The present study is descriptive, analytical, and empirical in nature. The study is based on primary data collected from members of Nidhi companies registered in the state of in Kerala. The constructs of the study being awareness, service quality, access to loans, ease of savings, problems, and financial empowerment of members of Nidhi companies, it was necessary to collect data through direct interactions with the Nidhi company members.

A well-structured interview schedule was framed to fulfil the objectives of the study. As this is a pioneer work that explores the perceptions of Nidhi company members in Kerala, most questions and scales were developed for the purpose of this study which were based on the interactions with Nidhi company officials and subject experts.

According to the data provided from the office of Registrar of Companies (RoC), there are 681 Nidhi companies in Kerala. All the shareholders of 681 Nidhi companies in Kerala constitute the population for the study. The sample size for the study was determined by using Cochran's (1977)¹ formula for quantitative data for an infinite population. The following formula was used for the calculation of the sample size for the study:

$$n = \left(\frac{t \times s}{E} \right)^2 \quad \text{---- (1)}$$

Thus, 419 Nidhi company members were taken as the final sample size for the study.

The sampling technique used was Simple random sampling. The state of Kerala is divided into 14 districts and three regional divisions. For the purpose of the sampling, one district was randomly selected from each regional division. Thiruvananthapuram was selected from the South Division, Thrissur was selected from the Central Division, and Kozhikode was selected from the North Division of Kerala. From that official list, Nidhi companies were randomly selected using systematic sampling and approached the branch to meet the members. As Nidhi company is an institution that only transacts with its members, all the customers of Nidhi company are also its members. After

¹ Cochran, W. G. (1977). *Sampling Techniques* (3rd ed.). New York: John Wiley & Sons.

getting consent from the branch staff, the members were interviewed with the prepared schedule.

Keeping the objectives in mind, appropriate statistical tests were applied. Various tests, such as the t test, one-way ANOVA, ANCOVA, two-way ANOVA, Kruskal Wallis test, Mann-Whitney U test and Pearson correlation, were conducted. In order to test the final hypothesis, structural equation modelling (SEM) was performed. The statistical analysis was conducted using IBM SPSS and AMOS software, along with Microsoft Excel for tabulation.

7. Major Findings of the Study

1. From the discussion on the demographic profile and socio-economic status of members of Nidhi Companies in Kerala, it is found that majority of members are male and between the ages of 30 and 50.
2. The examination of the socio-economic status shows that the majority of the members are from economically weaker sections, still, there are some elite members, even though their proportion is small.
3. Most members belong to the social group of Other Backward Classes (OBC), believe in Hinduism, are self-employed or employed privately, and are graduates.
4. It was found that the overall level of awareness of members is moderate with an awareness index of 61%.
5. The awareness index of members has a significant difference with the location, age, occupation, duration of association with Nidhi company, household income, and type of account held by the members.
6. Factors such as domicile, gender, religion, community, and educational qualification do not make a significant difference in the awareness index of members of Nidhi company.
7. Overall there is a very high level of service quality of Nidhi companies in Kerala.
8. There is significant difference in magnitude of different dimensions of the service quality of Nidhi companies in Kerala. Among the five dimensions of service quality, responsiveness has the highest score (3.45) and reliability has the lowest score (3.11).
9. The location (district) of Nidhi company influences its service quality, whereas domicile (urban or rural) does not.
10. The analysis of the credit access index reveals the members'

impression that they have easy access to loans from Nidhi companies in Kerala, and Nidhi companies help them save money effectively and effortlessly.

11. Demographic variables such as age, religious belief, education qualification, occupation, and household income make a significant difference in the credit access index of members.
12. The credit access index of members is not influenced by the district, domicile, gender, caste, or duration of membership with Nidhi company.
13. Socio-economic factors like age, religion, social category (caste), occupation, household income, and duration of membership affect the ease of savings index.
14. District, domicile, gender, and education qualification of members do not make a statistically significant difference in the ease of savings index.
15. The members experienced a moderate degree of problems with the Nidhi companies in Kerala. The major problems faced by members of Nidhi companies in Kerala are high interest rate on loan, high non-repayment penalties, restrictive

credit ceiling and low interest rate on deposits.

16. The type of account held by members is a major factor that affects the problem intensity index along with gender, occupation, household income, and duration of membership. While variables such as age, religion, caste, and education, along with the location of members, do not make a significant difference to the problem intensity index.
17. Nidhi companies contribute to financial empowerment of its members by helping them achieve their personal and financial goals.
18. The paired samples t-test indicated that Nidhi company members in Kerala had an equal degree of empowerment in terms of accomplishing their personal and financial goals.
19. The mean score for Improved capacity for achieving personal goals is 3.11 and Improved capacity for achieving financial goals is 3.17, which makes the overall financial empowerment index 3.14 out of 4.
20. District, education qualification, household income, and type of account held by the members make a significant difference in the

financial empowerment score, whereas domicile, gender, age, religion, caste, occupation, and duration of membership do not.

21. The results of Structural Equation Modelling (SEM) indicates that service quality and access to loan influence financial empowerment of members while awareness level, ease of savings and problems do not influence the financial empowerment of members of Nidhi Companies in Kerala.

8. Conclusion

22. The study investigates the role of Nidhi Companies in the financial empowerment of their members in Kerala. The objective behind the formation of Nidhi companies is to provide easy access to loans and improve savings among members for their mutual benefit. The study found that there is a geographic concentration of Nidhi companies in the central districts of Kerala: Thrissur, Ernakulam, and Palakkad. Out of 681 Nidhi Companies registered in Kerala, 476 Nidhi companies are in the Central region, and among those, 342 Nidhi companies are in Thrissur district itself.
23. In Kerala, members join Nidhi company irrespective of their

gender.. The majority of the members are self-employed or privately employed and highly educated members are comparatively fewer in number. For most members, the purpose of joining Nidhi company is the availability of loans and simple procedure is the factor that attracted them. Thus Nidhi companies in Kerala serves socially and economically weaker section of the society by meeting their financial needs.

24. Generally the members have moderate level of awareness about Nidhi Companies, with most members only interested in financial services. The second objective of the study was to evaluate the service quality of Nidhi Companies and found that Nidhi companies have very high service quality. The responsibility dimension contributes the most and the reliability dimension the least among the five dimensions of service quality. The Nidhi companies in Kerala fulfill their incorporated objective by providing ease in access to loan and also improve savings habit of its members. The members of Nidhi Companies states they are more financial empowered after joining Nidhi company and the institution helps to achieve their personal and financial goals. The

influence of demographic and socio-economic variables were also analysed.

25. The common problems faced by members of Nidhi companies in Kerala are high interest rate on loan, high non-repayment penalties, restrictive credit ceiling and low interest rate on deposits. Despite high interest rates, they are a better option than unorganized moneylenders. Periodic monitoring is needed to prevent companies operating illegally and misuse the Nidhi company name. The Structural

Equation Modelling (SEM) revealed that the service quality and ease of availing loan significantly impacts the financial empowerment of members. The members' financial empowerment is not influenced by awareness, ease of savings, or problems. Even though the awareness is less, members avail the benefits from Nidhi companies and fulfill their financial needs. The study concludes that Nidhi companies in Kerala contribute to financial empowerment by enabling members to access credit and save more efficiently.
