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Consumer Awareness, Structural Vulnerability and Gaps in Consumer Protection Policy

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Abstract

Rapid digital advancements in urban India have transformed the consumer landscape, bringing increased convenience alongside new challenges regarding consumer awareness and protection. This study investigates the complex relationship between consumer awareness, structural vulnerability, and the effectiveness of consumer protection policies under the Consumer Protection Act, 2019. Descriptive research design is used and primary data was collected from 175 respondents in Mangalore City to assess their knowledge of consumer rights, grievance mechanisms, and experiences within digital markets. Study reveals a strong positive correlation between consumer rights awareness and trust in protection mechanisms. Furthermore, outcome indicates that structural vulnerabilities in digital markets significantly undermine consumer trust and policy effectiveness. According to mediation analysis structural vulnerability as a vital partial mediator, suggesting that unfavourable digital experiences diminish trust primarily by exacerbating consumer vulnerability. The study highlights the necessity of bolstering consumer education and addressing systemic digital market weaknesses to foster a more resilient, transparent, and consumer-centric regulatory environment

Keywords: Consumer Awareness, Structural Vulnerability, Consumer Protection, Digital Markets

Introduction

The knowledge and the understanding that allows individuals to make better choices on purchases and effectively assert their rights in market place is commonly referred as consumer awareness. Due to the rapid advancement of technology, consumer landscape in urban India, particularly in areas of fintech, digital commerce, online payment systems, and embedded lending have undergone significant transformation. These technological innovations have made financial services more convenient, accessible and user friendly. However, they have also created new challenges related to consumer awareness, financial literacy, and the effectiveness of consumer protection regulations. Structural vulnerability refers to a situation where consumers are exposed to potential harm because of limited access to resources, information or opportunities with in the market. Despite the increasing availability digital financial services, many consumers in urban India continue to experience structural vulnerabilities. These conditions restrict consumers' ability to make

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informed financial decisions and heighten their exposure to financial risks. Baker et al. (2005) define consumer vulnerability as

state of powerlessness that emerges from an imbalance in marketplace interactions or from the consumption of marketing messages and products When consumers lose control with decision-making, they become more vulnerable and are more likely to rely on external influences, such as digital recommendations, or easy credit options, to justify their purchasing decision. Despite changes in digital technology most urban consumers remain unaware of their rights and the risks associated with digital financial products and services. They often lack accurate information, awareness of complaint mechanisms, possess low financial literacy, and struggle to interpret complex financial agreement agreements. Collectively all these factors heighten consumer vulnerability in the digital marketplace. As digital platforms expand, consumers have transformed the way in which they engage with online marketplaces, fintech applications, and digital lending services interactions that demand stronger financial and legal awareness more important than ever. While these developments have improved accessibility, they have also created a more complex marketplace where informed decision making depends upon availability of reliable information.

India's legal framework for consumer protection has evolved from the Consumer Protection Act, 1986 to the more comprehensive Consumer Protection Act, 2019 that provide broader legal framework for safeguarding consumer interest. The framework provides key provisions on mediation, e- commerce transactions, product liability, and the prevention of unfair trade practices. In spite of these reforms, many urban consumers continue to face problems such as misleading advertisements, hidden charges, unfair contract terms, digital fraud, and delays in grievance redressal, which indicate that legal reforms do not fully address the realities of the digital economy. The rapid expansion of online shopping and digital financial services has created a range of emerging risk that many consumers are not adequately prepared to manage. Many consumers make financial decisions without adequate financial literacy. Consumer protection laws alone do not ensure that consumer is adequately protected in practice. Effective protection depends upon consumers being aware of their rights and understand how to seek appropriate legal remedies when those rights are violated. Their choices are heavily influenced by online advertisements, promotional offers, and easy credit options, making it difficult to assess potential financial consequences. This paper examines the relationship between consumer awareness, structural vulnerability, and consumer protection policy in urban India. It seeks to investigates how limited awareness, low financial literacy, and gaps in existing policies shape consumer experiences in the digital marketplace. The paper tries to identify the area where consumer education initiatives and policy measures require greater attention and evaluates whether the current legal framework are equipped to respond to the emerging challenges associated with digital commerce and financial services.

Literature Review

Policymakers, educators, and stakeholders on increasing consumer awareness through the medium education to build a more knowledgeable and resilient consumer base. (Vetrivel, S. C., Vidhyapriya, P., & Arun, V. P. (2025). A review of experience highlights lessons regarding the relative benefits of targeted and universal programmes; the need to customize microfinance service for different groups amongst the poor; ways of basing the self–targeting of public works on rights rather than stigma; and impact of political processes for the overall effectiveness of social protection. (Kabeer, N. (2002). Consumer empowerment is becoming increasingly prominent in policy and strategy documents at the highest levels internationally in the Organisation of Economic Cooperation and Development and the European Community, and nationally in

the UK. (Brennan, C., & Coppack, M. (2008). vital importance of changing societal norms, increasing consumer awareness, reforming regulatory mechanisms, and stressing the benefits provided by solar power through coherent and persistent efforts while simultaneously promoting environmental sustainability practices. (Asif, M. H.,

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Research Objectives

The study is intended to assess consumer awareness of rights and grievance mechanisms under the Consumer Protection Act, 2019. The study also examines the impact of structural vulnerabilities in digital markets on consumer protection and trust.

Hypotheses Of the Study

It is formulated as follows;

HI: Consumer rights awareness exerts positively influences trust in consumer protection mechanism

H2: Structural vulnerabilities in digital markets significantly affect consumer protection and trust.

H3: Digital market experiences indirectly influence trust and policy effectiveness through structural vulnerability.

Research Methodology

Adopting a descriptive research design, this study integrates both primary and secondary data. For the primary phase, a structured questionnaire was administered to 175 respondents in Mangalore City via simple random sampling. The measurement instruments were meticulously developed to correspond with the study's core objectives. Statistical analysis revealed an overall Cronbach's Alpha coefficient of 0.965, signifying superior reliability. Furthermore, section-specific alpha values spanned from 0.871 to 0.939, consistently exceeding the 0.70 benchmark. Consequently, the high internal consistency of the instrument confirms its reliability for subsequent statistical evaluations

Data Analysis and Interpretation

Following data collection phase, information was compiled and processed using various analytical methods. The analysis included simple percentage calculations, descriptive statistics (mean and standard deviation), and inferential techniques. The detailed data analysis is presented as follows;

Respondents profile: The present study considered respondents from Mangalore city as participants

Variable	Category	Frequency	Percentage (%)
Age	21–30 years	36	20.5%
	31–40 years	12	6.8%
	41–50 years	70	39.8%
	Above 50 years	58	33.0%
Gender	Male	92	52.3%
	Female	84	47.7%
Highest Level of Education	High School	74	42.0%

	Undergraduate	71	40.3%
	Postgraduate	27	15.3%
	PhD	4	2.3%
Occupation	Student	32	18.2%
	Employed (Private Sector)	42	23.9%
	Government Employee	9	5.1%
	Self-employed	40	22.7%
	Other	53	30.1%
Monthly Income (INR)	Below ₹15,000	77	43.8%
	₹15,001–₹30,000	45	25.6%
	₹30,001–₹50,000	27	15.3%
	Above ₹50,000	27	15.3%

Source: Primary Data

Summary of Demographic Profile

The study analysed a total of 176 respondents. The demographic distribution was as follows:

- Age: Most participants were in the 41–50 age bracket (39.8%), followed closely by those older than 50 (33.0%).
- Gender: The sample comprised 52.3% male and 47.7% female respondents.
- Education: High school graduates made up 42.0% of the group, while 40.3% held undergraduate degrees.
- Occupation: The 'Other' category represented the largest share at 30.1%, followed by private sector employees (23.9%) and self-employed persons (22.7%).
- Income: A plurality of respondents (43.8%) earned a monthly income below ₹15,000.

Hypothesis Testing

H_1: Consumer rights awareness exerts positively influences trust in consumer protection mechanisms.

The hypothesis that consumer rights awareness positively impacts trust in consumer protection mechanisms was confirmed through a simple linear regression analysis. The results indicate significant positive correlation ($r = 0.596$, $p < 0.001$) between these variables. With an R^2 value of 0.355, the model accounts for 35.5% of

the variance observed in trust levels. Furthermore, the regression coefficient ($\beta = 0.590$) demonstrates that improved awareness of consumer rights directly results in a higher degree of trust in protection systems.

H2: Structural vulnerabilities in digital markets significantly affect consumer protection and trust.

A simple linear regression analysis was utilized to evaluate this hypothesis, focusing on the following parameters: Independent Variable: Structural Vulnerability and Dependent Variable: Trust and Policy Effectiveness. The purpose of this study was to investigate how structural vulnerabilities influence consumer trust and the perception of protection policies. Statistical results revealed a significant positive correlation ($r = 0.658$, $p < 0.001$). the regression model explained 43.3% of the variance in trust and policy effectiveness was explained by the model ($R^2 = 0.433$). Given the regression coefficient ($\beta = 0.682$) suggest that structural vulnerabilities have a major role in shaping consumer protection outcomes and trust levels on policy effectiveness.

H3: Digital market experiences indirectly influence trust and policy effectiveness through structural vulnerability

To examine the relationship between digital market experiences, structural vulnerability, and trust and policy effectiveness, a mediation analysis was performed. Digital market experiences acted as the independent variable, structural vulnerability served as the mediator, and trust and policy effectiveness represented the dependent variable. The initial findings showed that digital market experiences were a major predictor of structural vulnerability ($\beta = 0.807$, $p < 0.001$), which in turn significantly predicted trust and policy effectiveness ($\beta = 0.452$, $p < 0.001$). While the total effect of digital market experiences on trust and policy effectiveness was significant ($\beta = 0.669$, $p < 0.001$), the inclusion of structural vulnerability caused the direct effect to drop to $\beta = 0.304$ ($p = 0.002$). This reduction indicates that structural vulnerability acts as a significant partial mediator between digital market experiences and the levels of trust and policy effectiveness.

Research Implication

Outcome show that online shopping experiences significantly influence consumer trust and “Structural vulnerability” emerging as a major concern. When consumers encounter problems in digital markets hidden fees, unclear terms and conditions, or confusing pricing they do more than feel dissatisfied but also unable to protect their own interest. This sense of vulnerability, rather than the negative experience itself weakness trust in the marketplace. Consumers lose confidence not simply because something went wrong, but because they lack the information, resources or procedural support required to resolve problems and make informed decision. Based on these outcome, two broad recommendations are proposed. For policymakers, the priority should be strengthening consumer education. This should be treated as a key priority. When people understand their rights and the protections available to them then consumer will place a greater trust in the

existing protection mechanism. For businesses and platforms emphasis should be to eliminate the structural problems that create vulnerability. Limited transparency, unfair data practices, and complex dispute processes are not minor inconveniences represent significant barriers to trust. Accordingly, Platforms must therefore make transparency a fundamental design principle, enhance data privacy safeguards, and simplify streamline grievance redressal mechanisms that are accessible and efficient. As the digital economy continues to expand, policy and business strategies should prioritize two complementary goals that are improving digital literacy among consumers and ensuring that legal frameworks are effective enough to address contemporary challenges in digital environment.

Conclusion

Role of Consumer awareness and structural vulnerabilities in shaping the experiences of urban buyers in digital marketplaces was analysed. Negative digital experiences will not only frustrate but also reduce trust by making consumers feel vulnerable and condense buyers' confidence in managing online transaction effectively. The results suggest that when consumers are aware of their rights, they have more trust in the legal protections provided to them. Customer confidence will reduce due to issue with online platform, like hidden charges insufficient transparency. There is a need to build a fair and transparent marketplace for implementing protections that are not only stronger but also responsive to continuous technological change. The outcome recommends dual strategy including both education and policy reforms. Regulatory policy should be updated to reflect the realities of today's digital economy. Digital literacy initiatives can equip consumers with the knowledge and practical skills needed to use online platforms safely and exercise their rights.

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