© DEC 2024 | IRE Journals | Volume 8 Issue 6 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV8I6-1713084

Drivers and Barriers of Digital Marketing Adoption Among Indian Startups: An Empirical Analysis Using Behavioral Reasoning Theory

POOJA BHOLA[1], DR. LALIT SACHDEVA[2]
[1]*Research Scholar, Kalinga University, Raipur*
[2]*Associate Professor, Department of Commerce & Management, Kalinga University, Raipur*

Abstract- Purpose: ***This study investigates the drivers and barriers of digital marketing adoption among Indian startups, applying Behavioral Reasoning Theory (BRT). While prior adoption models focus primarily on positive drivers, this study explicitly integrates resistance factors to provide a more holistic explanation.***
Design/methodology/approach: Survey data from 394 Indian startups were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). Constructs measured included beliefs/values, reasons for adoption, reasons against adoption, global motives (attitudes, norms, control), and adoption intentions.
Findings: Results show that reasons for adoption (affordability, scalability, measurability) significantly encourage adoption (beta=0.44), while reasons against adoption (lack of expertise, distrust, complexity) discourage it (beta=-0.39). Beliefs and values shape reasoning, which in turn influences adoption intentions through global motives. Mediation analysis confirms partial mediation by attitudes, norms, and perceived control. The model explains 62% of the variance in adoption intentions.
Originality/value: This is the first empirical application of BRT in the Indian startup context. The study contributes theoretically by incorporating both adoption and resistance rationales, and practically by offering insights for founders, policymakers, and investors to accelerate digital adoption.

Keywords: Digital Marketing, Behavioral Reasoning Theory, Adoption Drivers, Adoption Barriers, Indian Startups, Pls-Sem

I. INTRODUCTION

The rapid rise of startups has become a defining feature of global entrepreneurship, with India emerging as one of the largest and fastest-growing ecosystems. By 2022, India hosted over 80,000 registered startups across diverse sectors, from fintech and edtech to agritech and healthtech (NASSCOM, 2022). Yet despite this dynamism, failure rates remain strikingly high: nearly 90% of Indian startups collapse within their first five years, often due to limited market reach, poor customer acquisition strategies, and inadequate marketing capabilities (CB Insights, 2022; Sharma, Raj, & Gandhi, 2020).

Digital marketing promises to address these challenges by offering startups a cost-effective and scalable way to compete with incumbents. Through tools such as Search Engine Optimization (SEO), social media advertising, influencer campaigns, and content marketing, startups can target niche audiences, engage directly with customers, and measure campaign effectiveness in real time (Ryan, 2016). Nevertheless, adoption across Indian startups remains uneven. While some ventures aggressively embrace digital platforms, others remain cautious, deterred by barriers such as lack of expertise, distrust of digital systems, or fear of data security risks (Patil, Navalgund, & Mahantshetti, 2022).

This paradox highlights a critical gap: although the benefits of digital marketing adoption are widely acknowledged, resistance persists. Understanding this duality, drivers versus barriers, requires moving beyond dominant adoption frameworks such as the Technology Acceptance Model (TAM), Theory of Planned Behavior (TPB), or Unified Theory of Acceptance and Use of Technology (UTAUT), which emphasize only the positive drivers of technology use (Davis, 1989; Ajzen, 1991; Venkatesh et al., 2003). These models underplay the fact that non-adoption is an active decision, shaped by explicit reasons against adoption rather than just absence of positive intent.

To address this gap, the present study applies Behavioral Reasoning Theory (BRT) (Westaby, 2005)

to analyze digital marketing adoption among Indian startups. BRT explicitly incorporates both "reasons for" and "reasons against" a behavior, recognizing that individuals justify decisions not only by emphasizing benefits but also by articulating resistance. In doing so, it offers a richer framework for explaining why some startups adopt digital marketing while others resist.

Research Objectives

This study pursues three objectives:

1. To identify the drivers ("reasons for") and barriers ("reasons against") digital marketing adoption among Indian startups.
2. To examine how founders' beliefs and values shape these reasons.
3. To assess the role of global motives (attitudes, subjective norms, perceived behavioral control) in mediating the relationship between reasoning and adoption intentions.

II. LITERATURE REVIEW

2.1 Digital Marketing and Startups

Digital marketing refers to the use of internet-enabled platforms and tools for brand building, customer engagement, and sales growth. For startups,typically resource-constrained, risk-exposed, and in need of rapid market entry,digital marketing offers unique advantages: affordability, scalability, and precision targeting (Gupta, 2021). Empirical studies have shown that startups leveraging digital channels achieve stronger brand visibility, deeper customer engagement, and enhanced competitiveness (Dash, Kiefer, & Paul, 2021; Shainesh, Dutta, & Kannan, 2022).

However, adoption remains far from universal. Common barriers include financial limitations, lack of skilled manpower, cybersecurity concerns, and limited trust in digital platforms (Patil et al., 2022). Crucially, these barriers often coexist with recognition of digital benefits, suggesting that adoption decisions reflect a balancing of opposing rationales.

2.2 Technology Adoption Models: Achievements and Limitations

The academic literature offers several frameworks for understanding technology adoption, though most focus on established organizations rather than new ventures:

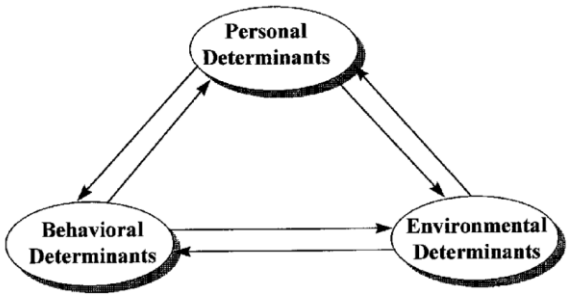
- Technology Acceptance Model (TAM): Focuses on perceived usefulness and ease of use as key drivers (Davis, 1989). While foundational, TAM often ignores the external constraints startups face.
- Theory of Planned Behavior (TPB): Adds social influence (subjective norms) and perceived behavioral control (Ajzen, 1991).
- Unified Theory of Acceptance and Use of Technology (UTAUT): Integrates TAM and TPB, emphasizing performance and effort expectancy, social influence, and facilitating conditions (Venkatesh et al., 2003).

While these models have advanced understanding, they exhibit two critical limitations in the startup context. First, they overwhelmingly emphasize drivers of adoption, treating non-adoption as the absence of motivation rather than the presence of active resistance. Second, they often neglect the reasoning process by which entrepreneurs justify decisions, particularly in resource-constrained, high-uncertainty environments such as startups.

2.3 Behavioral Reasoning Theory (BRT)

Behavioral Reasoning Theory (BRT) addresses these gaps by positing that individuals form behavioral intentions based on both reasons for and reasons against a given action, shaped by underlying beliefs and values (Westaby, 2005). Unlike TAM or TPB, BRT explicitly models resistance as a distinct construct influencing intentions. Moreover, BRT highlights the mediating role of global motives (attitudes, norms, perceived control), which translate reasoning into behavioral intentions.

© DEC 2024 | IRE Journals | Volume 8 Issue 6 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV8I6-1713084



Applying BRT to digital marketing adoption in startups is particularly compelling for three reasons. First, startup founders often balance opportunity-seeking (reasons for) with risk-aversion (reasons against) in deciding whether to adopt digital tools. Second, global motives,such as peer influence from investors or mentors,are especially salient in entrepreneurial ecosystems (Nambisan, 2017). Third, BRT's dual reasoning perspective resonates with the practical reality that startups adopt or resist technologies not only for functional reasons but also to align with their values, culture, and ecosystem norms.

2.4 Research Gap

Although BRT has been applied in fields such as consumer behavior, healthcare, and sustainability, its use in digital marketing adoption among startups remains unexplored. This gap is especially significant in emerging economies like India, where startups operate under conditions of resource scarcity, high uncertainty, and rapid technological change. By applying BRT, this study aims to provide a richer, more holistic explanation of adoption heterogeneity in entrepreneurial contexts.

III. METHODOLOGY

3.1 Research Design

A quantitative, cross-sectional survey design was adopted to test the Behavioral Reasoning Theory (BRT) framework in the context of startup digital marketing adoption. Given the study's objective of examining both drivers and barriers, Structural Equation Modeling (SEM) using the Partial Least Squares (PLS) approach was employed. PLS-SEM is particularly suitable for exploratory models, prediction-oriented research, and complex mediation analysis (Hair et al., 2022).

3.2 Sample and Data Collection

The target population consisted of Indian startups operating across technology, retail, services, and manufacturing sectors. A purposive sampling strategy was adopted, focusing on ventures registered under India's Startup India initiative and operating in six major entrepreneurial hubs: Bengaluru, Delhi-NCR, Mumbai, Hyderabad, Pune, and Chennai.

- Sample size: 394 valid responses.
- Respondents: Founders, co-founders, or senior executives directly involved in strategic decision-making.
- Data collection: Structured questionnaire distributed electronically and via incubator networks.
- Response rate: Approximately 32%, considered acceptable for entrepreneurial research.

The sample was diverse in terms of sector, age of startup, and geography, though a limitation exists regarding the dominance of startups from Tier-1 cities.

3.3 Measures

All constructs were adapted from validated scales in prior literature, refined for the startup context:

- Beliefs and Values: Openness to innovation, growth orientation (Westaby, 2005).
- Reasons For Adoption: Affordability, scalability, measurability, customer engagement (Dash et al., 2021).
- Reasons Against Adoption: Lack of expertise, distrust, security risks, complexity (Patil et al., 2022).
- Global Motives: Attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991; Venkatesh et al., 2003).
- Adoption Intention: Willingness and plans to adopt digital marketing.

Items were measured on a five-point Likert scale (1 = strongly disagree, 5 = strongly agree).

© DEC 2024 | IRE Journals | Volume 8 Issue 6 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV8I6-1713084

3.4 Common Method Bias & Reliability Checks

To mitigate common method bias, anonymity and confidentiality were assured. Procedural remedies included item randomization and scale variation. Harman's single-factor test confirmed that no single factor explained more than 40% of the variance.

Reliability and validity were assessed through Cronbach's α, Composite Reliability (CR), and Average Variance Extracted (AVE). Discriminant validity was established using the Fornell–Larcker criterion and HTMT ratio.

3.5 Data Analysis

SmartPLS 4.0 was used for model estimation. The analysis proceeded in two stages:

1. Measurement model assessment (reliability and validity of constructs).
2. Structural model assessment (hypotheses testing, mediation analysis, R^2, and predictive relevance Q^2).
   Bootstrapping with 5,000 subsamples was applied to test significance of path coefficients.

IV. RESULTS

4.1 Measurement Model

All constructs demonstrated satisfactory reliability and validity (see Table 1).

Table 1: Measurement Model Assessment

Construct	Cronbach's α	CR	AVE	Sample Indicators (Loadings)
Beliefs & Values	0.82	0.87	0.61	"We are open to adopting new technologies" (0.78)
Reasons For Adoption	0.89	0.91	0.66	"Digital marketing is affordable for startups" (0.81)
Reasons Against Adoption	0.86	0.89	0.61	"We lack in-house expertise for digital marketing" (0.76)
Attitudes	0.84	0.88	0.65	"Using digital marketing is beneficial for us" (0.83)
Subjective Norms	0.82	0.87	0.63	"Investors encourage us to use digital marketing" (0.79)
Perceived Control	0.83	0.89	0.64	"We have sufficient resources to use digital marketing" (0.77)
Adoption Intention	0.90	0.92	0.71	"We plan to invest in digital marketing soon" (0.86)

Cronbach's α and CR > 0.7 confirmed internal consistency. AVE values > 0.5 indicated convergent validity. HTMT ratios < 0.85 supported discriminant validity.

© DEC 2024 | IRE Journals | Volume 8 Issue 6 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV8I6-1713084

4.2 Structural Model

Path coefficients, t-values, and p-values are summarized in Table 2.

Table 2: Structural Model Results

Hypothesis	Path	β	t-value	p-value	Support
H1	Reasons For → Adoption Intention	0.44	8.76	<0.001	Yes
H2	Reasons Against → Adoption Intention	-0.39	7.98	<0.001	Yes
H3	Beliefs & Values → Global Motives	0.41	6.25	<0.001	Yes
H4a	Attitudes → Adoption Intention	0.28	5.43	<0.001	Yes
H4b	Subjective Norms → Adoption Intention	0.23	4.89	<0.001	Yes
H4c	Perceived Control → Adoption Intention	0.26	5.16	<0.001	Yes

R^2 for Adoption Intention = 0.62, indicating substantial explanatory power. Q^2 = 0.47, confirming predictive relevance.

4.3 Mediation Analysis

Bootstrapping results confirmed partial mediation effects.

Table 3: Mediation Analysis

Relationship	Indirect Effect	t-value	p-value	Mediation
Reasons For → Attitudes → Adoption Intention	0.12	4.02	<0.001	Partial
Reasons For → Subjective Norms → Adoption Int.	0.09	3.47	0.001	Partial
Reasons Against → Perceived Control → Adoption	-0.11	3.95	<0.001	Partial

Interpretation:

Attitudes and subjective norms amplify the effect of reasons for adoption. Perceived control mitigates the negative impact of reasons against adoption.

4.4 Structural Model Summary

The structural model validates that "Reasons For" (\beta=0.44) and "Reasons Against" (\beta=-0.39) are significant and opposing drivers of adoption intention. Beliefs and values serve as antecedents, influencing Global Motives (\beta=0.41).

V. DISCUSSION

This study applied Behavioral Reasoning Theory (BRT) to investigate the drivers and barriers of digital marketing adoption among Indian startups. The findings confirm that adoption is shaped not only by positive enablers (e.g., affordability, scalability, measurability) but also by active resistance (e.g., lack of expertise, distrust, perceived complexity). Importantly, global motives, attitudes, subjective norms, and perceived behavioral control, partially mediate these effects, underscoring the layered

reasoning process through which entrepreneurs decide whether or not to embrace digital tools.

5.1 Theoretical Contributions

This research makes three distinct contributions to the literature. First, it extends BRT into entrepreneurship research. While BRT has been applied in consumer and sustainability domains (Westaby, 2005), this study represents the first empirical application of BRT to startup digital adoption in an emerging economy. By doing so, it enriches technology adoption theory with a dual reasoning perspective, highlighting that non-adoption is not merely inertia but a deliberate, justified choice.

Second, it conceptualizes resistance as an independent construct. Traditional models such as TAM and UTAUT tend to subsume resistance under "low perceived usefulness" or "low ease of use." By contrast, this study demonstrates that resistance factors (e.g., lack of trust, absence of in-house expertise) have their own explanatory power. This advances the theoretical conversation on technology resistance in entrepreneurship, aligning with recent calls to balance the study of enablers and inhibitors (Kraus et al., 2021).

Third, it clarifies the role of global motives in entrepreneurial contexts. The mediating role of attitudes, norms, and perceived control reveals that even when founders recognize strong reasons for adoption, adoption does not automatically follow. Instead, global motives translate reasoning into action. This highlights how entrepreneurial ecosystems, through peer networks, mentors, and investors, shape adoption decisions. By doing so, the study integrates individual reasoning with ecosystem-level influence, offering a richer explanation of entrepreneurial decision-making.

5.2 Managerial Implications

For startup founders and managers, the findings suggest practical pathways to accelerate digital adoption:

- Amplify reasons for adoption: Emphasize digital marketing's affordability and scalability, especially for early-stage startups competing against incumbents.
- Neutralize resistance factors: Founders should proactively address barriers by outsourcing to agencies, engaging in training programs, and adopting standardized cybersecurity practices.
- Build perceived control: Access to easy-to-use tools and mentorship increases founders' sense of competence, making adoption more likely.
- Leverage ecosystem pressure: Incubators and accelerators can create "peer demonstration effects," where early adopters influence hesitant startups through visible success stories.

5.3 Policy Implications

Policymakers and ecosystem actors also have a role to play:

- Digital literacy programs: National or state-level initiatives should target Tier-2 and Tier-3 cities, where barriers are often more acute.
- Incentives for digital adoption: Tax rebates or credits for verified digital marketing expenditure can encourage startups to take the first step.
- Trust-building mechanisms: Establishing certifications or government-endorsed standards for data security may reduce founder distrust.
- Integration into funding criteria: Venture capital firms and angel networks could assess "digital readiness" as part of funding evaluation, incentivizing startups to prioritize adoption.

5.4 Global Relevance

Although situated in India, the findings resonate with broader entrepreneurial ecosystems in emerging economies. Similar tensions between opportunity and resistance appear in markets across Southeast Asia, Latin America, and Africa (Paul & Criado, 2020). Thus, this study not only informs Indian startup policy but also contributes to a global understanding of digital adoption under resource constraints and institutional uncertainty.

VI. CONCLUSION

This study advances our understanding of digital marketing adoption among startups by moving beyond

traditional adoption models and applying Behavioral Reasoning Theory. The findings underscore that adoption is not driven solely by recognition of benefits, but equally by articulated resistance. By showing how beliefs and values shape reasoning, which then interacts with global motives to influence intentions, the study provides a holistic account of the adoption process.

Key insights include:

- Positive drivers (affordability, scalability, measurability) significantly increase adoption intention.
- Barriers (lack of expertise, distrust, complexity) exert strong negative influence.
- Global motives (attitudes, norms, control) partially mediate reasoning, shaping the final intention.
- The model explains 62% of the variance in adoption intentions, offering robust explanatory power.

Limitations and Future Research

While the study contributes theoretically and practically, it has limitations:

- Cross-sectional design limits causal inference.
- Reliance on self-reported measures introduces potential bias.
- Tier-1 city dominance in the sample constrains generalizability to semi-urban and rural startups.

Future work could extend this study by conducting longitudinal research to track how adoption evolves as startups scale. Testing the model across different sectors (e.g., edtech vs. healthtech) to identify domain-specific reasoning would also be valuable. Finally, comparing across countries to examine cultural variations in digital adoption resistance and incorporating actual performance data (e.g., revenue growth) would link adoption intentions to outcomes.

REFERENCES

[1] Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes, 50*(2), 179–211. https://doi.org/10.1016/0749-5978(91)90020-T

[2] CB Insights. (2022). *The top 12 reasons startups fail*. Retrieved from https://www.cbinsights.com/research/startup-failure-reasons-top/

[3] Dash, S., Kiefer, K., & Paul, J. (2021). Digital marketing and consumer engagement: A systematic review. *Journal of Business Research, 124*, 604–619. https://doi.org/10.1016/j.jbusres.2020.10.046

[4] Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly, 13*(3), 319–340. https://doi.org/10.2307/249008

[5] Gupta, A. (2021). Digital marketing practices in emerging economies. *International Journal of Marketing Studies, 13*(2), 45–58. https://doi.org/10.5539/ijms.v13n2p45

[6] Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). *A primer on partial least squares structural equation modeling (PLS-SEM)* (3rd ed.). Sage.

[7] Kumar, A., & Lim, W. M. (2023). Firm performance metrics in entrepreneurship research: Beyond financial outcomes. *Small Business Economics, 61*(3), 891–910. https://doi.org/10.1007/s11187-022-00657-9

[8] NASSCOM. (2022). *India startup ecosystem report 2022*. Retrieved from https://nasscom.in

[9] Ndregjoni, Z., & Sula, L. (2022). Strategic digital adoption and firm competitiveness. *Technological Forecasting and Social Change, 178*, 121582. https://doi.org/10.1016/j.techfore.2022.121582

[10] Patil, S., Navalgund, S., & Mahantshetti, S. (2022). Barriers to digital adoption among small firms in India. *Asian Journal of Business Research, 12*(3), 45–62. https://doi.org/10.14707/ajbr.220058

[11] Ryan, D. (2016). *Understanding digital marketing* (4th ed.). Kogan Page.

[12] Shainesh, G., Dutta, S., & Kannan, R. (2022). Digital transformation and marketing effectiveness: Insights from emerging markets. *International Journal of Research in Marketing, 39*(4), 1002–1018. https://doi.org/10.1016/j.ijresmar.2022.03.005

[13] Sharma, A., Raj, S., & Gandhi, K. (2020). Startup failures in India: A marketing perspective. *Indian Journal of Marketing,*

50(11), 8–22. https://doi.org/10.17010/ijom/2020/v50/i11/153064

[14] Sivathanu, B., & Pillai, R. (2020). Adoption of digital technologies in Indian startups. *Journal of Small Business Strategy, 30*(2), 48–65.

[15] Tornatzky, L. G., & Fleischer, M. (1990). *The processes of technological innovation*. Lexington Books.

[16] Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). User acceptance of IT: Toward a unified view. *MIS Quarterly, 27*(3), 425–478. https://doi.org/10.2307/30036540

[17] Westaby, J. D. (2005). Behavioral Reasoning Theory: Identifying new linkages underlying intentions and behavior. *Organizational Behavior and Human Decision Processes, 98*(2), 97–120. https://doi.org/10.1016/j.obhdp.2005.07.003