

THE ROLE OF CONVENIENCE AND AFFORDABILITY IN DRIVING INDIAN CONSUMER BEHAVIOR IN THE GIG ECONOMY

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Abstract

The gig economy has significantly transformed Indian consumer behavior, with platforms like Ola, Uber, Swiggy, Zomato and Urban Company reshaping how services are accessed and consumed. This study examines the role of convenience and affordability as the primary drivers of consumer preference for gig-based services over traditional alternatives. The research explores how factors such as digital penetration, ease of transactions through UPI-based payments, competitive pricing, and promotional discounts contribute to widespread adoption.

Additionally, the study investigates potential trade-offs, including concerns about service quality, surge pricing, consumer trust, and regulatory challenges, which influence consumer decision-making. By analyzing these dynamics, the research aims to provide insights for businesses and policymakers to optimize service models, enhance customer experience, and ensure the sustainable growth of India's gig economy.

Keywords: *Gig Economy, Affordability, Convenience, UPI Payments, Service Accessibility, Ride-Hailing Services, Surge Pricing, Service Quality, Digital Transactions*

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Introduction:

The gig economy has emerged as a transformative force in India's labor and consumer markets, revolutionizing the way services are accessed and delivered. With platforms like Ola, Uber, Swiggy, Zomato and Urban Company. Indian consumers are increasingly relying on gig-based services for their daily needs. This shift is largely driven by two key factors—convenience and affordability. The ability to book a ride, order food, or hire a service professional with just a few clicks has reshaped consumer preferences, making gig-based platforms the preferred choice over traditional service providers.

India's digital revolution, fueled by increasing smartphone penetration and widespread internet access, has further accelerated gig economy adoption. The rise of UPI-based digital payments (e.g., Paytm, PhonePe, Google Pay) has enhanced the ease of

transactions, reducing friction in service accessibility. Additionally, competitive pricing models, promotional discounts, and subscription plans (e.g., Swiggy One, Zomato Gold, Ola Pass) have made gig-based services more cost-effective than traditional alternatives. This affordability factor is particularly significant in a price-sensitive market like India, where consumers seek maximum value for money.

However, while gig-based services offer unparalleled convenience and cost advantages, they also raise important questions about service quality, consumer trust, and long-term sustainability. Consumers often weigh the trade-offs between affordability and reliability, particularly in ride-hailing and home services. Additionally, concerns over surge pricing, gig worker treatment, and regulatory challenges influence consumer perception and decision-making.

This study aims to explore the role of convenience and affordability in shaping Indian consumer behavior in the gig economy, analyzing the factors that drive preference for gig-based services over traditional alternatives. By understanding these motivations, businesses and policymakers can better optimize service delivery models, enhance customer experience, and ensure the sustainable growth of India's gig economy.

Literature Review:

This section reviews existing literature on the role of convenience and affordability in shaping Indian consumer behavior within the gig economy.

According to a report by Boston Consulting Group (BCG) and Google (2020), India is home to over 15 million gig workers, with a significant proportion engaged in ride-hailing, food delivery, and home services. The study also finds that over 70% of Indian consumers prefer gig-based services due to their convenience and affordability. A study by Redseer Consulting (2021) found that over 60% of gig economy users prioritize convenience over traditional service reliability, especially in urban centers. Similarly, research by KPMG (2022) highlights that gig platforms reduce search and transaction costs for consumers, making them an attractive alternative to conventional service providers.

The McKinsey Global Institute (2021) notes that competitive pricing, dynamic discounts, and loyalty programs encourage repeat usage of gig services. A comparative study by Banerjee & Mishra (2020) found that 80% of Indian consumers prefer gig services over traditional businesses due to cost-effectiveness, citing examples such as Swiggy and Zomato offering lower-priced meal options compared to dine-in restaurants.

Research Methodology:

This study relies entirely on secondary data sources to analyze the role of convenience and affordability in shaping Indian consumer behavior in the gig economy.

It will utilize existing reports, academic papers, industry insights and government publications to assess consumer preferences, service adoption trends, and the impact of digital platforms on purchasing behavior.

Data Collection Methods:

Following sources were used:

a) Industry & Market Research Reports

- Bharat Institute of Public Policy – India's Gig Economy: Challenges, Opportunities & the Future.
- Boston Consulting Group (BCG) & Google (2020) – Unlocking the potential of Gig Economy
- NERGY: The Gig Economy: Changing the game for Consumers and Markets

b) Corporate & Platform Reports

- Swiggy, Zomato, Ola, Uber, and Urban Company Reports – Offer company-specific insights on pricing strategies, discounts, and consumer preferences.
- LinkedIn Insights- Provide customers reviews and sentiment analysis on gig platforms.

Findings:

The Indian consumer's journey from reliance on brick-and-mortar services to digital platforms reflects a broader global trend, accelerated by smartphone penetration and post-pandemic behavioral shifts. Pre-pandemic, only 15% of urban households used food delivery apps but by 2024, this figure crossed 45%. Platforms like Zomato and Swiggy capitalized on this demand, leveraging gig workers to guarantee 30-minute deliveries, thereby setting new benchmarks for service speed. 68% of consumers now abandon online carts if delivery exceeds two hours, illustrating how convenience has become non-negotiable.

Consumers excessively value immediate rewards over delayed benefits. The gig economy exploits this subjectivity by minimizing temporal gaps between desire and fulfillment. For instance, medicine delivery

apps like PharmEasy promise sub-60-minute service, reducing the cognitive effort required to visit pharmacies. This “tap-and-receive” culture has spread through sectors from transportation (Uber, Ola) to home repairs (UrbanClap), creating a self-reinforcing cycle where convenience leads to dependency.

Affordability through dynamic pricing models and labor arbitrage is achieved by Gig platform. By classifying workers as independent contractors, companies avoid fixed costs like pensions and healthcare, passing savings to consumers. For example, Uber’s fare algorithms adjust prices in real-time based on demand, offering rides 20–30% cheaper than traditional taxis.

According to Deloitte’s 2024 report, 58% of Indians prioritize affordability in food delivery, where users select platforms offering discounts or loyalty rewards. For example, Zomato provides discounts, cashbacks and offers to customers using promo codes. Also it bases its pricing on what customers believe its services are worth.

Swiggy and Zomato dominate India’s \$20 billion food delivery market, with gig workers fulfilling 1.5 million orders daily. Their success relies on balancing speed and cost: Swiggy’s “Instamart” delivers groceries in 10 minutes, while Zomato’s economy-tier pricing attracts budget-conscious users. However, this efficiency relies on workers enduring harsh conditions, with 83% logging over 10-hour shifts, raising ethical questions about the true cost of convenience.

Ride-hailing apps have reduced average wait times for cabs from 25 minutes (pre-Uber era) to under 8 minutes, reshaping urban mobility. Ola’s subscription-based plans, offering unlimited rides for fixed fees, exemplify how affordability drives adoption among students and mid-income commuters. Yet, drivers bear the brunt: 60% work 12+ hours daily to meet earnings targets, often exceeding legal limits.

While the gig economy contributes 1.25% to India’s GDP, its growth exacerbates income inequality. High-skilled freelancers earn ₹80,000–₹1,20,000 monthly, whereas delivery workers earn on average ₹15,000–₹20,000. This disparity reflects structural inequities: platform algorithms prioritize cost-cutting over worker welfare, creating a dual-tiered labor market.

Gig work has increased female labor force participation by 18% in urban areas, offering flexible hours compatible with caregiving responsibilities. Platforms like Urban Company (formerly UrbanClap) report 42% female beauticians and therapists, who value autonomy over rigid salon schedules. However, safety concerns persist, with only 29% of women freelancers willing to work late-night gigs.

Current labor laws, designed for traditional employment, fail to address gig workers’ needs. Proposed reforms, such as the Social Security Code 2024, aim to extend insurance and pension benefits, but enforcement remains lax. States like Karnataka have pioneered heatwave allowances for delivery workers, mandating ₹50/hour during extreme temperatures, a model that could scale nationally. Consumers increasingly favor platforms offering carbon-neutral deliveries, signaling a shift toward ethical consumption—a niche that could merge affordability with sustainability.

Conclusion:

Consumers increasingly prefer gig services over traditional alternatives due to their on-demand availability, cost-effectiveness, and ease of access, which align with evolving urban lifestyles and shifting purchasing patterns.

This research highlights that affordability, often driven by competitive pricing, promotional discounts, and flexible payment options, plays a crucial role in influencing consumer choices, especially in a price-sensitive market like India. Similarly, the promise of instant service delivery, app-based convenience, and

minimal transactional barriers has strengthened consumer trust in gig platforms. However, challenges such as surge pricing, inconsistent service quality, and regulatory concerns continue to shape long-term consumer perceptions and loyalty.

While the gig economy offers cost-effective and time-efficient solutions, its sustainability depends on maintaining service reliability, ethical platform practices, and regulatory frameworks that balance consumer interests with gig worker welfare.

In conclusion, convenience and affordability will remain key determinants of consumer behavior in India's gig economy, influencing both service adoption and market growth. Businesses and policymakers must continuously innovate and adapt strategies to ensure sustained consumer engagement, fair pricing models, and an optimized digital experience.

The gig economy's legacy will hinge on balancing the immediacy consumers demand with the dignity workers deserve.

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