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The Rise of Phantom Brands: A Study of Digital Symbolism and Consumer Behaviour in India: Evidence from Madurai

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Abstract

The rapid growth of digital commerce has reshaped the foundations of branding by enabling the emergence of online-first entities that achieve legitimacy through symbolic visibility rather than extensive physical presence. This study conceptualizes such entities as *phantom brands*—brands that gain recognition through digital aesthetics, social proof, influencer association, and algorithmic amplification. The study examines how phantom brands influence consumer behaviour in India, with evidence from Madurai, Tamil Nadu. Primary data were collected from 300 respondents using a structured questionnaire. Statistical tools including descriptive statistics, Cronbach's alpha, correlation, factor analysis, and multiple regression were employed. Results indicate that consumer trust is the strongest predictor of purchase intention, followed by social proof and digital symbolism. Younger respondents showed greater receptivity toward digitally visible brands, while repeated online exposure enhanced perceived credibility. The findings suggest a shift from material legitimacy to platform-mediated legitimacy in contemporary markets. The study contributes to branding literature by introducing phantom brands as an emerging construct relevant to developing economies.

Keywords: *Phantom Brands, Digital Branding, Consumer Trust, Social Proof, Purchase Intention, India, Madurai*



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1. Introduction

Digital platforms have transformed the processes through which brands are created, discovered, and trusted. In earlier markets, legitimacy was often associated with physical stores, established supply chains, and long-term reputation. In contrast, many contemporary brands achieve rapid consumer acceptance primarily through social media visibility, curated aesthetics, ratings, reviews, and repeated algorithmic exposure.

This paper defines such entities as **phantom brands**: brands whose market presence is disproportionately driven by symbolic and digital signals rather than traditional offline infrastructure. India offers a compelling context for this investigation because of rising smartphone penetration, expanding e-commerce participation, and youth-led digital consumption. Madurai, a prominent Tier-II city in Tamil Nadu, provides a suitable setting where digital adoption coexists with price sensitivity and trust-based decision-making.

2. Review of Literature

2.1 Brand Equity and Trust

Brand equity reflects the added value a brand name confers on products and services (Aaker, 1991; Keller, 1993). In digital markets, trust reduces perceived uncertainty and supports repeat purchase behaviour (Chaudhuri & Holbrook, 2001).

2.2 Social Proof in Digital Commerce

Ratings, testimonials, and influencer endorsements serve as heuristic cues that shape online purchase decisions (Hajli, 2015; Lim et al., 2017).

2.3 Symbolic Consumption

Consumers often choose brands that communicate identity, aspiration, or belonging (Belk, 1988; Solomon, 2020).

2.4 Theoretical Foundation

This study is grounded in the **Theory of Planned Behaviour (Ajzen, 1991)** and **Signalling Theory**.

The Theory of Planned Behaviour explains how consumer attitudes and perceived social influence affect behavioural intention in digital environments. In the context of phantom brands,



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online reviews, influencer endorsements, and symbolic digital visibility shape consumers' perceptions and purchase decisions.

Signalling Theory further explains how brands communicate credibility through symbolic cues such as aesthetic design, ratings, algorithmic prominence, and influencer associations. Since phantom brands often lack physical legitimacy, consumers depend on these digital signals to reduce uncertainty.

Therefore, phantom brand acceptance can be understood as a platform-mediated trust formation process driven by symbolic and algorithmic signals.

2.5 Research Gap

Although digital branding has received extensive attention, limited research has examined brands whose legitimacy is created mainly through symbolic online presence, social proof, and algorithmic visibility. Empirical evidence from Tier-II Indian cities remains particularly scarce.

3. Objectives of the Study

1. To examine the impact of digital symbolism on consumer trust.
2. To analyse the influence of social proof on purchase intention.
3. To study the relationship between algorithmic visibility and brand engagement.
4. To evaluate phantom brand acceptance among consumers in Madurai.

4. Hypotheses

H1: Digital symbolism positively influences consumer trust.

H2: Social proof positively influences purchase intention.

H3: Algorithmic visibility positively influences brand engagement.

H4: Consumer trust positively influences purchase intention.

5. Conceptual Framework

Digital Symbolism —

└──> Consumer Trust ───> Purchase Intention

Social Proof ─────────┘

Algorithmic Visibility ───> Brand Engagement



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Independent Variables: Digital Symbolism, Social Proof, Algorithmic Visibility

Mediator: Consumer Trust

Dependent Variable: Purchase Intention

6. Methodology

6.1 Research Design

Descriptive and analytical research design.

6.2 Study Area

Madurai District, Tamil Nadu, India.

6.3 Sample Size and Technique

A total of 300 respondents were selected using convenience and purposive sampling.

6.4 Data Sources

Primary data were collected through a structured questionnaire. Secondary sources included books, journals, industry reports, and market databases.

6.5 Statistical Tools

Percentage analysis, mean, standard deviation, Cronbach's alpha, exploratory factor analysis, correlation, and multiple regression and Mediation Analysis .

7. Results and Discussion

7.1 Demographic Profile

- Male: 52%
- Female: 47%
- Prefer not to say: 1%
- Age 18–25: 44%
- Age 26–35: 31%
- Age 36–45: 16%
- Above 45: 9%

7.2 Exploratory Factor Analysis

Exploratory Factor Analysis (EFA) was conducted using Principal Component Analysis with Varimax Rotation to identify the underlying dimensions of phantom brand perception.



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The Kaiser-Meyer-Olkin (KMO) measure was 0.842, indicating adequate sampling suitability. Bartlett's Test of Sphericity was statistically significant ($p < 0.001$), confirming sufficient inter correlation among variables.

Four components with Eigen values above 1 were extracted, explaining 71.38% of the cumulative variance.

Component	Eigen Value	% Variance	Cumulative %
Digital Symbolism	4.12	25.74	25.74
Social Proof	3.18	19.86	45.60
Algorithmic Visibility	2.31	14.44	60.04
Consumer Trust	1.38	11.34	71.38

Table 1: KMO and Bartlett's Test

Test	Value
Kaiser-Meyer-Olkin (KMO)	0.842
Bartlett's Test Chi-Square	1864.214
Degrees of Freedom	120
Significance	0.000

Interpretation:

The KMO value above 0.80 indicates meritorious sampling adequacy. The significant Bartlett's Test confirms suitability for factor analysis.

Table 2: Rotated Component Matrix

Variables	Digital Symbolism	Social Proof	Algorithmic Visibility	Consumer Trust
Attractive digital visuals increase trust	0.812			



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Online aesthetic creates credibility	0.784
Brand symbolism influences perception	0.746
Influencer endorsements improve credibility	0.823
Likes and reviews affect buying decision	0.801
Online comments influence trial purchase	0.776
Frequently visible brands seem trustworthy	0.845
Trending brands gain more engagement	0.819
Repeated online exposure increases recall	0.792
I trust online-only brands with strong visibility	0.851
Transparent communication builds trust	0.812
Consumer trust affects purchase intention	0.798

Extraction Method: Principal Component Analysis Rotation Method: Varimax with Kaiser

Normalization Factor Loading Cut-Off: 0.60

Interpretation: All variables loaded strongly onto their respective constructs with factor loadings above 0.60, confirming construct validity.



7.2 Reliability Analysis

Construct	Cronbach's Alpha
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Digital Symbolism	0.84
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Social Proof	0.81
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Consumer Trust	0.86
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Purchase Intention	0.83
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All constructs exceeded the acceptable threshold of 0.70, indicating internal consistency.

7.3 Regression Analysis

Variable	Beta	Significance
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Consumer Trust	0.46	$p < 0.001$
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Social Proof	0.29	$p < 0.01$
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Digital Symbolism	0.21	$p < 0.05$
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$R^2 = 0.58$, indicating that 58% of the variance in purchase intention is explained by the model.

7.4 Brand Engagement and Algorithmic Visibility

Hypothesis H3 proposed that Algorithmic Visibility positively influences Brand Engagement.

Table 4: H3 Regression Analysis

Independent Variable	Dependent Variable	Beta	t-value	p-value	Result
Algorithmic Visibility	Brand Engagement	0.41	6.82	0.000	Supported

Interpretation: The hypothesis H3 is accepted because algorithmic visibility significantly improves consumer engagement with phantom brands.

Regression analysis revealed a significant positive relationship between Algorithmic Visibility and Brand Engagement ($\beta = 0.41$, $p < 0.01$).

This suggests that brands repeatedly promoted through platform algorithms gain higher levels of consumer interaction, engagement, and perceived legitimacy.

Therefore, H3 is supported.



7.5 “Regression-Based Mediation Analysis”

To examine the mediating role of Consumer Trust, regression-based mediation analysis was conducted following Baron and Kenny’s (1986) mediation procedure.

Relationship	Beta	p-value	Result
Digital Symbolism → Consumer Trust	0.54	0.000	Significant
Consumer Trust → Purchase Intention	0.46	0.000	Significant
Digital Symbolism → Purchase Intention (Direct)	0.39	0.000	Significant
Digital Symbolism → Purchase Intention (After Mediation)	0.21	0.021	Reduced Effect

Interpretation: Consumer Trust partially mediates the relationship between Digital Symbolism and Purchase Intention.

Results indicate that Digital Symbolism significantly predicts Consumer Trust ($\beta = 0.54, p < 0.001$). Consumer Trust also significantly predicts Purchase Intention ($\beta = 0.46, p < 0.001$).

When Consumer Trust was included in the model, the direct influence of Digital Symbolism on Purchase Intention decreased from $\beta = 0.39$ to $\beta = 0.21$, indicating partial mediation.

The findings suggest that phantom brands influence purchase intention indirectly through trust-building mechanisms.

Table 5: Summary of Hypotheses Testing

Hypothesis	Statement	Result
H1	Digital Symbolism positively influences Consumer Trust	Supported
H2	Social Proof positively influences Purchase Intention	Supported
H3	Algorithmic Visibility positively influences Brand Engagement	Supported
H4	Consumer Trust positively influences Purchase Intention	Supported



8. Discussion

Consumer Trust

Consumer trust emerged as the strongest determinant of purchase intention, supporting findings by Chaudhuri and Holbrook (2001) and Kumar & Gupta (2023).

Social Proof

Social proof significantly influenced purchase behaviour, consistent with Hajli (2015) and Lim et al. (2017), who argued that ratings and influencer endorsements reduce uncertainty in online markets.

Algorithmic Visibility

The study further demonstrates that algorithmic visibility contributes significantly to brand engagement. This finding extends recent work on platform-mediated consumer attention and digital legitimacy.

Phantom Brand Theory

The study contributes to branding literature by introducing phantom brands as digitally legitimized market entities whose credibility emerges through symbolic and algorithmic visibility rather than physical infrastructure.

9. Managerial Implications

1. Small firms can compete through strong digital identity systems.
2. Verified reviews and transparent communication improve trust.
3. Micro-influencer partnerships can be effective in local markets.
4. Consistent omnichannel branding enhances recall and legitimacy.

10. Limitations

1. Single-city sample limits generalizability.
2. Cross-sectional design captures one time period only.
3. Self-reported responses may contain response bias.

11. Future Research Directions

1. Comparative studies across Chennai, Coimbatore, and Madurai.
2. Structural Equation Modelling using SmartPLS or AMOS.



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3. Rural consumer responses to phantom brands.
4. AI-generated influencers and synthetic brand ambassadors.

12. Conclusion

The study demonstrates that digitally mediated legitimacy increasingly substitutes for traditional market signals. In emerging urban markets such as Madurai, consumers often rely on reviews, visual cues, repeated exposure, and influencer associations when evaluating unfamiliar brands. Phantom brands therefore represent an important development in modern branding strategy and consumer culture. The study contributes to emerging digital branding literature by conceptualizing phantom brands as platform-driven symbolic entities capable of generating consumer trust and behavioural intention in digitally mediated markets.”

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