

The Study on the Perception of Gen Z and Gen Y on Rented Versus Purchase Clothing

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Preeti Rani

PGDM, Global Institute of Business Studies, Bengaluru

Dr. Malabika Purkayastha

Assistant Professor

PGDM, Global Institute of Business Studies, Bengaluru

Abstract

This study explores an extreme paradigm shift in fashion consumption around the world whereby consumers are moving towards non-ownership of products towards the new models of access-based liquid consumption. The main idea is to discuss the so-called attitude-behavior gap, when the environmental concerns do not always lead to the actual rental transactions, in terms of AI-based intervention and the generational gap.

The study considers the moderating effect of AI-personalization, including algorithmic style recommendations and virtual try-ons, on the intentions of Generation Z and Generation Y to adopt the services of the rental business by relying on the Theory of Planned Behavior (TPB), the Technology Acceptance Model (TAM), and the Psychological Ownership Theory. The data collected in the form of 300 respondents will be analyzed with the help of Structural Equation Modeling (SEM) to identify the effect of digital stimuli and utility of AI-powered platforms on rental intentions.

This will be supplemented by semi-structured qualitative interviews to investigate how AI-enhanced transparency in sanitization tracking can help reduce deep-seated "hygiene stigmas" the anticipated results are that although both cohorts are motivated by environmental consciousness, both are driven by AI-curated hedonic value and social media aesthetics respectively, with Gen Y running on utilitarian efficiency with the assistance of predictive logistics. In addition, the paper examines how virtual ownership based on AI can be used as a source of psychological connection with people who are restrained by the desire to own. On the managerial side it gives a framework by which brands can use generative AI and data analytics to shift their one-size-fits-all marketing strategies to segmented and hyper-personalized rental experiences.

Keywords: Artificial Intelligence, Consumer Behavior, Fashion Rental, Circular, Economy, Attitude-Behavior Gap, Generational Cohorts.

Introduction

The fashion industry is facing a paradigm shift globally with consumers moving away into radical paradigm changes as they move towards liquids based and access-based models of consumption of their goods which may include clothing hire. This is changing due to the increasing sustainability crisis and appearance of the so-called attitude-behavior gap, in which consumers profess profound environmental anxieties and can barely afford to abandon the linear take-make-waste approach to buying. Although renting is a bridge

towards a circular economy, the participation is not uniformly present because of the complicated psychological and behavioral obstacles. As the Generation Z and Generation Y keep prevailing in the market, it is essential to understand their differing motivations. Studies indicate a distinct gap: Gen Z can be easily influenced by the desire to be Instagrammable, fashion leaders, and uniqueness to keep their social media feeds attractive. In their turn, Gen Y tends to perceive rentals through the utilitarian prism, using them as an economical mechanism of access to luxurious goods that they would not necessarily be able to afford otherwise.

The sheer growth in digital infrastructure, such as mobile commerce and AI-enhanced fashion recommendation, has dramatically decreased the barrier to entry in these access-based models. Nevertheless, there are also deeply rooted barriers, especially in the Indian one. An absence of hygienic stigma toward clothing worn by strangers (hygiene stigma) and a deprivation of psychological ownership to transition between possession and access (lack of psychological ownership) are common among consumers, which this study aims to address by using the mixed-methods design based on the Theory of Planned Behavior (TPB) and the Technology Acceptance Model (TAM). The study incorporates the Psychological Ownership Theory to examine the role of generational differences and appeal to technology in mediating the shift to a more responsible and a more circular fashion future in the fast-changing urban market in India.

Review of Literature

The fashion industry worldwide is experiencing a radical shift in its paradigm with consumers shifting more and more towards the access models of liquid consumption e.g. clothing rental than ownership. This change is influenced by an increasing sustainability crisis and the development of an attitude-behavior gap, where consumers are developing an interest in environmental issues but are unable to abandon the linear model of take-make-waste. Though there is an opportunity in clothing rental to lead to a circular economy, the level of engagement is still low because of the psychological and behavioral barriers that involve multiple layers of complexity but are not reflected in traditional retail models.

The Theory of Planned Behavior (TPB) and the Technology Acceptance Model (TAM) form the theoretical basis of the present research. TPB is necessary in the analysis of attitude, subjective norms and perceived behavioral control and how they affect the intention of a consumer to rent (Ajzen, 1991). It has been found that subjective norms, which are perceived social pressure among peers and influencers, are dominant in influencing these intentions (Becker-Leifhold, 2018). This model can be used to understand why the market does not behave in accordance with the declared environmental values.

As the contemporary fashion rental is done virtually using almost all digital interface, the Technology Acceptance Model (TAM) is used to appraise the perceptions of ease of use and usefulness (Davis, 1989). The digital infrastructure such as mobile commerce and AI-based recommendations have decreased the entry barriers caused by the access-based consumption dramatically. To digital natives, these platforms' functionality and efficiency are major factors that dictate their adoption whereas older cohorts can consider more the usefulness of the service itself.

The Psychological Ownership Theory is offered to discuss the psychological relationship that consumers form between themselves and the product, to overcome certain emotional obstacles (Pierce et al., 2001). In most cultures, status and security is given with legal ownership, which burdens some with maintenance, whilst giving others with a sense of assurance. Psychological ownership might be detrimental to the transition into temporary access in high levels because it serves as a mediator between the favorable attitudes and the transition into rental intentions (Fuchs et al., 2010).

Generational divergence is an absolutely essential factor in the way these psychological drivers are expressed, as Generation Z (c. 1997-2012) and Generation Y (c. 1981-1996) exhibit different motivational factors. The three key factors influencing the generation Z are fashion leadership, aesthetics of social media, and the desire to be unique. Owning nothing is frequently viewed as an advantage to this generation since it is easy to manage, and their wardrobe can constantly change, which they need to sustain their online life.

On the contrary, Generation Y views rental in an economic perspective as a utilitarian and rational one. This is a category of people that may use rentals as a situational strategy to get luxury goods or situational luxury that they would otherwise find financially inefficient to buy on a permanent basis. The case is also more complicated since ownership among Gen Y also implies a sense of security and a status indicator among their social peer groups, which greatly increases the hurdle to renting.

The major barriers to adoption are still present as hygiene stigma and perceived risk (Lang, 2018). This physical uneasiness about the clothes that have been worn by unfamiliar people can generate a significant lack of trust, irrespective of whether a consumer has positive sustainability sentiments (Baek and Oh, 2021). The Indian market in particular is characterized by the historical connotation of being second-hand thereby developing a special moderating filter that would not allow the transformation of ownership to access.

Digital transformation and Artificial Intelligence (AI) are turning out to be essential offsetters of these impediments. Artificially intelligent-based fashion recommendations and digital try-ons will decrease the perceived risk of ill-fitting or low quality, which is a significant deterrent to both groups. Technology can overcome this gap by offering transparency and individual utility between the abstract environment issues and the actual experience of the rented garment.

The gap in the literature is that a significant portion of the existing studies on the Indian urban market are related to the North American or European setting (Brand et al., 2023). Moreover, not many studies combine TPB, TAM and Psychological Ownership to elucidate the trade-offs that consumers make specifically in the fast paced consumer market in the world. Also, methodological gaps still remain as, a significant portion of the available literature is based solely on quantitative survey of students and not actual renters.

This research will address these gaps and seek to understand the overlap of consumer psychology and circular fashion in Tier-1 and Tier-2 Indian cities. Through studying the moderating effect of cultural stigmas and digital literacy on behavior, the study offers a shrewd conceptual strategic framework of brands. The anticipated contribution is a better perception of how to decrease the attitude-behavior gap by meeting the particular demands and apprehensions of Gen Z and Gen Y.

The collaboration of Artificial Intelligence and consumer psychology provides a groundbreaking solution to the determined attitude-behavior gap in the circular fashion. Rental platforms can draw in Indian consumers by making sure that the perceived risk and hygiene stigma this consumer group is worried about is minimized through the use of AI-powered virtual try-ons and predictive sizing. Moreover, Digital Wardrobes powered by AI give the feeling of virtual ownership, which practically overcomes the psychological obstacle of ownership among the Generation Y and fulfill the hedonic desire of Generation Z to have FAI-based novelty in their style at all times and under all circumstances.

Recent studies have focused on the possible fact that the consumption of liquid enables consumers to have access to high-status goods without owning them, which is a burden. In India, however, the hygiene stigma is still a palpable obstacle that does not allow the attitudes towards the environment to translate into real rental deals. Digital infrastructure and AI-based transparency have become considered as important tools to reduce these perceived risks.

Research Methodology

The study approach chosen as a mixed approach research methodology is meant to give a holistic picture regarding the changing paradigms in the Indian fashion rental industry. The methodology enables the combination of quantitative data to reveal general trends of the generations and qualitative data to find out the psychological hidden motivation. The combination of these approaches will not only help to close the so-called attitude-behavior gap but will also examine the ways in which Generation Z and Generation Y will make the shift toward access-based instead of ownership-based liquid consumption.

Research Philosophy and Theoretical Foundation

The research design is based on post-positivist research paradigm that acknowledges the existence of objective reality of consumer behavior which can only be comprehended using probabilistic evidence and subjective experiences. In a deductive design, the study begins with pretested theoretical models namely Theory of Planned Behavior (TPB) and the Technology Acceptance Model (TAM) to formulate hypotheses in the study of the influences on rental intentions. This philosophical viewpoint provides the possibility to rigorously test the known theories without being closed to the subtle, emotional subtleties of age groups.

Quantitative Research and Sampling Strategy

To conduct quantitative phase, the study will use descriptive research design in the form of a structured online survey that will be conducted using Google Forms. The target population (Generation Z (born 1997-2012) and Generation Y (born 1981-1996)) that will be used to gather primary data will be living in Tier-1 and Tier-2 cities of India such as Mumbai, Delhi-NCR, and Bengaluru. The sampling technique used is a quota sampling; this will make sure that 50 respondents will be similar to each cohort and that the total sample is 100 representing enough statistical power to analyze the intricate sample.

Secondary Data Integration and Qualitative Context

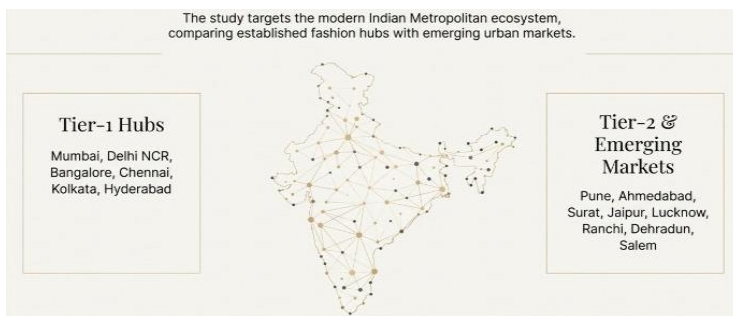
The validated multi-item scales operationalize the survey instrument in terms of a 5-point Likert scale. It is subdivided into four parts, including screening and consent, general fashion habits, core psychographic constructs (hygiene stigma and psychological ownership) and behavioral intentions. The survey link will be spread via social media platforms such as Instagram, LinkedIn, and WhatsApp to address this population that is digitally active and targets users of the top fashion rental companies and sustainability influencers. As a complement to the primary data, the survey link will be dispersed among the sources of secondary data available online, namely Instagram, LinkedIn, and WhatsApp. The latter will include academic journals, industry reports published by organizations (McKinsey, the Ellen MacArthur Foundation), and market statistics provided by such websites as Statista. The secondary sources will bring the context to the global fashion crisis and refine the theoretical constructs of the concepts of the liquid consumption and circular economy in the Indian market through 5 to 10 semi-structured interviews with the existing users of the rental platforms to understand the how and why behind identified trends. The pattern of these interviews is sequencing, i.e. general open-ended questions are followed by a series of probes on the emotional experiences, i.e. the stigma of used clothes or the burden of ownership. The respondents to be used in this step will be chosen using convenience sampling of individuals who may have shown interest at the first stage of the survey.

Scope, Limitations & Research Significance

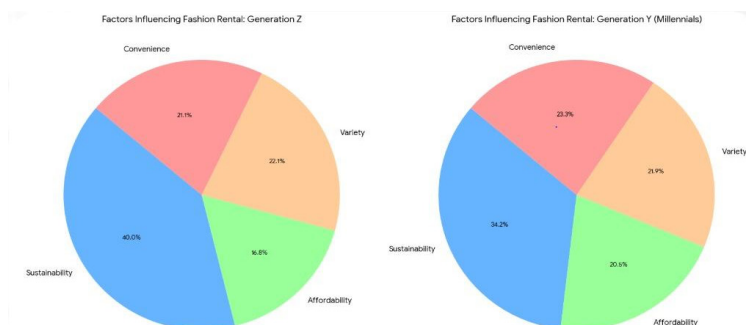
The data will be analyzed in various phases, the first phase will be the screening of the data against normality and multicollinearity. Structural Equation Modeling (SEM) will be used to analyze quantitative data simultaneously estimating the relationships among drivers, the mediating variables such as the perceived risk, as well as the moderating effect of the generational cohort. Thematic analysis will be used to analyze qualitative data gained in the form of interviews to isolate lived experiences and psychological undertones unavailable to the numerical data. Lastly, the study also admits certain drawbacks, including the possibility of self-reporting and restricted coverage to urban centers. Since the study is a cross-sectional research design, which involves a snapshot of the moment between 2024 and 2026, this paper addresses the highest point of digital literacy among children during the period of circular economy formation in India. With these limitations, the approach to a finer behavioral model makes the new approach break the so-called monolith approach to young consumer segments in the Indian fashion industry.

Data Analysis

The study is a correlation between attitudes of consumers and intention to use fashion rental services as a group of 104 Indian metropolitan respondents consisting of the majority of Generation Z and Millennial groups. Using categorical data and Likert-scale sentiment monitoring, the research determines that “Variety” and “Cost-effectiveness” were the most dominant in the market. Though the benefits to the environment are acknowledged, these are not as important as personal utility. The results show that the usage is still largely confined to special events, which is also limited by considerable functional barriers, including size insecurity and hygiene issues. Finally, the evidence suggests that curbing these individual risks is a greater issue in boosting market development compared to just increasing sustainability.



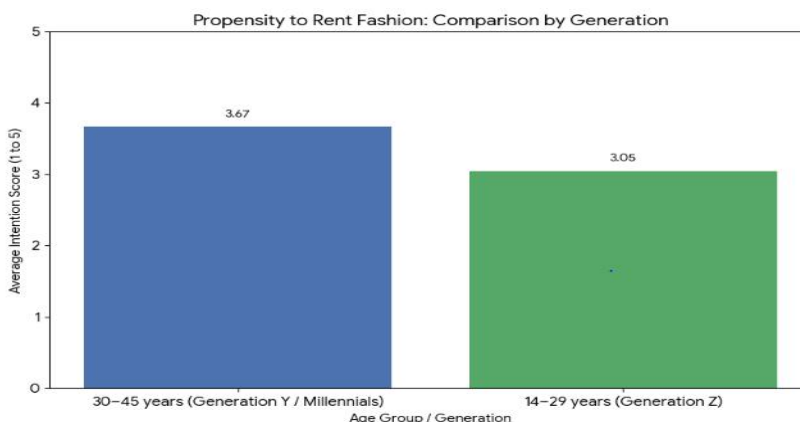
Comparative Analysis of motivational drivers: Generation Z vs. Millennials



Analysis

It is analyzed that the main motivations of Generation Z and Millennials, despite the fact that they both place a great value on sustainability, are different. The values of Generation Z are largely motivated by eco-consciousness (40%), but Millennials are more pragmatic, and balanced, with greater relative value on Affordability and Convenience. Gen Y therefore has a greater intent of renting immediately than their younger counterparts.

Comparison: Generational Propensity to Rent



Analysis

Using the survey data, it is conducted that the behavioral intention analysis of various generations in relation to the fashion rental services. Particularly, it contrasted the proportion of the respondents within each age group who respond yes or strongly to the statement below: This intend to rent a garment to a formal event in the next six months.

Results and Findings

The research establishes that there exists a remarkable attitudinal behaviour gap in the Indian fashion market as the ecological issues do not always lead to rental deals. Although these two cohorts are concerned with sustainability, their core motives are different Generation Z is mostly motivated by environmental awareness (40 percent) and the need to have social media aesthetics and exclusiveness. Millennials (Generation Y) on the other hand are more pragmatic and value affordability and convenience. The analysis of the data shows a stronger instant tendency towards renting in Millennials, as the average intention score is 3.67 as opposed to the 3.05 in Gen Z. Regardless of these reasons, it still is mostly worn in formal occasions because of the functional barriers such as size insecurity as well as hygiene stigma.

Artificial Intelligence (AI) stands out as a determinant towards breaking these psychological and behavioral barriers. The study proposes that virtual try-ons, predictive sizing that is AI-powered can offer substantial relief against perceived risks and hygiene issues. Moreover, AI-enhanced “Digital Wardrobes” can allow developing a sense of virtual possession, allowing Gen Y to move from having to owning to having access and also providing the Gen Z generation their need of perpetual newness. Finally, the results suggest that a more efficient way to develop the market is to address the individual risks with the help of technology rather than a heavy emphasis on sustainability messages.

Conclusion and Findings

The research finds out that, although Indian customers are becoming more conscious of the crisis of sustainability, an attitude-behavior gap still exists. This disconnection is sustained by ingrained psychological interferences especially hygiene stigma and absence of psychological ownership. The study indicates that the movement toward liquid consumption is diverse; Generation Z is driven by sustainability-mindedness and the desire to create the aesthetics of the social media, whereas Generation Y perceives rental through the utilitarian prism of cost-effectiveness and convenience. Finally, the personal utility and risk aversion are now the main forces of real rental intentions in the Indian urban marketplace in comparison to environmental altruism.

The managerial implications of the findings are that fashion companies need to abandon the concept of one-size-fits-all to the hyper-personalization of AI. Through technological solutions, including virtual try-ons and predictive sizing, the platforms will be able to directly solve the functional risks and hygiene issues that will disincentivize both groups. Also, developing Digital Wardrobes will give the perception of virtual ownership, and consumers will become accustomed to the models of access rather than ownership. Such a profound combination of AI and consumer psychology is a revolutionary concept of closing the divide between sustainability principles and the desire to wear the circular fashion.

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