
DIGITAL INNOVATION IN MSMEs: THE ROLE OF SOCIAL MEDIA IN SHAPING GEN Z FASHION TRENDS IN URBAN RAJASTHAN

BY DEEPIKA KUMARI¹ & LAKSHYA GARIYA²

ABSTRACT

Digital innovation in micro, small, and medium enterprises (MSMEs) is reshaping the fashion industry landscape, particularly in urban Rajasthan. This study examines the role of social media in influencing Gen Z fashion consumption patterns, highlighting how MSMEs leverage digital platforms to innovate and remain competitive. Employing a mixed-methods approach, data were collected from surveys and interviews with Gen Z consumers and MSME owners. The quantitative analysis explored trends in social media engagement, while qualitative insights provided a deeper understanding of consumer preferences and MSME strategies. Findings reveal that social media is a critical driver in shaping fashion trends among Gen Z, with platforms such as Instagram, TikTok, and Facebook serving as primary channels for trend dissemination and consumer interaction. MSMEs in urban Rajasthan are increasingly adopting digital marketing strategies, such as influencer collaborations, live streaming, and targeted advertising, to capture this dynamic market segment. The study highlights the symbiotic relationship between MSMEs and digital platforms, where innovation in social media marketing not only enhances brand visibility but also fosters direct consumer engagement and loyalty. Implications for practice include the need for MSMEs to continuously evolve their digital strategies to align with emerging trends and consumer behaviors. Moreover, policymakers are encouraged to support digital infrastructure improvements to assist MSMEs in scaling their operations and competing in the digital era. This research contributes to the literature on digital

¹ Author (I) is PhD (Commerce) candidate at NIMS University Jaipur, Rajasthan.

² Author (II) is B.Com. (H) graduate from NIMS University Jaipur, Rajasthan.

innovation in MSMEs and provides insights for business leaders and stakeholders aiming to harness social media to drive growth in urban Rajasthan's fashion sector.

Keywords: - MSMEs, Gen Z, Fashion Trends, Urban Rajasthan, Digital Innovation

1. Introduction

The digital revolution has reshaped consumer behavior, business strategies, and marketing dynamics across the globe. In India, the rise of internet penetration, mobile technology, and social media platforms has been particularly transformative for Micro, Small, and Medium Enterprises (MSMEs), especially in the fashion sector. These businesses, traditionally reliant on local markets and word-of-mouth promotion, are now exploring online platforms to reach broader audiences and engage in cost-effective branding strategies. Rajasthan, known for its rich cultural heritage, textile craftsmanship, and ethnic fashion, has seen a growing number of fashion-oriented MSMEs that blend traditional artistry with modern designs. In urban centers like Jaipur, Udaipur, and Jodhpur, young entrepreneurs and artisans are increasingly turning to **digital innovation tools**—particularly **social media platforms** such as Instagram, Facebook, and YouTube—to connect with **Generation Z** consumers. This generation (born between 1997 and 2012) represents a unique demographic: digitally native, highly visual, socially conscious, and fashion-forward. Their purchasing decisions are heavily influenced by online trends, peer reviews, and influencer content. For MSMEs operating in the fashion industry, this presents both an opportunity and a challenge. On one hand, social media enables even the smallest brand to establish a digital presence, showcase its products, tell its story, and build a loyal customer base without significant investment. On the other hand, the rapid pace of digital marketing trends, algorithm-driven visibility, and the demand for high-quality content can be overwhelming for resource-constrained enterprises.

2. Review of Literature

2.1 Digital Innovation in MSMEs

Digital innovation has emerged as a catalyst for growth and competitiveness among Micro, Small, and Medium Enterprises (MSMEs), particularly in developing countries like India. It encompasses the adoption of new digital tools and technologies that enhance business processes, customer engagement, and market reach (Bharadwaj et al., 2013). For MSMEs, digital innovation is not just

about adopting technology—it's about using it strategically to solve business problems, improve decision-making, and create value (Li et al., 2018).³

In India, the government's push through initiatives like Digital India and MSME Digital Saksham has increased awareness about digital tools. However, challenges such as lack of digital skills, limited financial resources, and inadequate digital infrastructure still persist (Rani & Sahu, 2020). Despite these barriers, fashion-focused MSMEs have shown significant adaptability by leveraging cost-effective platforms like social media, e-commerce, and mobile apps to engage customers and promote their brand narratives (Patil & Bharati, 2021).⁴

2.2 Social Media as a Marketing Tool

Social media has revolutionized the way businesses connect with consumers. Platforms like Instagram, Facebook, and YouTube allow brands to engage in real-time communication, visual storytelling, and influencer partnerships (Kaplan & Haenlein, 2010). These platforms are especially valuable for fashion brands, given their emphasis on aesthetics, trends, and visual appeal.⁵

For small and medium-sized fashion enterprises, social media provides a low-cost, high-impact method for reaching consumers, launching products, and generating buzz. Unlike traditional marketing, social media marketing enables interactive and two-way communication, fostering consumer co-creation and community building (Tuten & Solomon, 2017).⁶

Empirical studies have shown that social media marketing significantly enhances brand awareness, customer loyalty, and purchase intent (Alalwan et al., 2017)⁷. In the fashion industry, visual content such as lookbooks, influencer reviews, and behind-the-scenes stories help build authenticity and relatability among younger consumers (Phua et al., 2020).⁸

³ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2742300&utm_source=chatgpt.com

⁴ https://www.scirp.org/reference/referencespapers?referenceid=3732599&utm_source=chatgpt.com

⁵ <https://doi.org/10.1016/j.bushor.2009.09.003>

⁶ https://books.google.com/books/about/Social_Media_Marketing.html?id=gNHGBQAAQBAJ

⁷ https://ojs.ual.es/ojs/index.php/eca/article/view/6661?utm_source=chatgpt.com

⁸ https://www.researchgate.net/publication/339486575_Effects_of_Brand_Name_versus_Empowerment_Advertising_Campaign_Hashtags_in_Brande Instagram_Posts_of_Luxury_versus_Mass-Market_Brands

2.3 Gen Z and Fashion Consumption

Generation Z, typically defined as those born between 1997 and 2012, represents a digitally native, socially conscious, and trend-driven consumer group. Their shopping behavior is heavily influenced by online content, peer validation, and a preference for brands that reflect their values (Francis & Hoefel, 2018).⁹

Social media platforms play a central role in Gen Z's fashion choices. They rely on platforms like Instagram and TikTok for inspiration, influencer endorsements, and real-time trend updates (Priporas et al., 2017).¹⁰ Studies indicate that Gen Z consumers are more likely to engage with brands that are visually appealing, culturally relevant, and socially responsible (Williams et al., 2021).¹¹

Moreover, Gen Z exhibits a strong preference for personalized content, micro-influencers, and brands that tell authentic stories. They are less influenced by celebrity endorsements and more by relatable, everyday users who embody the brand's ethos (Southgate, 2020).¹²

3. Objectives of the Study

- To evaluate the impact of social media influencers in driving fashion trend consumption patterns among Generation Z.
- To analyze how social media platforms (Instagram, Facebook,) influence Generation Z's fashion consumption in urban Rajasthan.
- To examine how MSMEs use digital innovation to build brand loyalty and reach Gen Z consumers.
- To identify challenges and opportunities faced by MSMEs in the digital marketing landscape.

⁹ <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/true-gen-generation-z-and-its-implications-for-companies>

¹⁰ <https://www.sciencedirect.com/science/article/abs/pii/S0747563217300729>

¹¹ https://www.researchgate.net/publication/242760064_Marketing_to_the_Generations

¹² https://research.temple.edu/news/2025/03/micro-influencers-have-major-influence-generation-z?utm_source=chatgpt.com

4. Research Methodology

A mixed-methods research design was adopted. Case studies were collected through structure case analysis in urban centers such as Jaipur, Udaipur, and Jodhpur. Qualitative insights were obtained in-depth with 20 MSME owners operating in the fashion sector.

Case Study : Digital Transformation of ‘UrbanVastra’: A Fashion MSME in Jaipur, Rajasthan

Case Background and Digital Transformation

UrbanVastra, a Jaipur-based MSME established in 2018, specializes in ethnic-meets-modern apparel for Gen Z consumers aged 18–25 in Rajasthan’s urban centers like Jaipur, Udaipur, and Jodhpur. Initially limited to offline sales through exhibitions and boutiques, the brand faced visibility challenges. Post-2020, UrbanVastra underwent a digital transformation by embracing Instagram, YouTube Shorts, and influencer marketing. It also adopted tools like Canva AI and Shopify for content creation and e-commerce integration. This shift marked a strategic use of digital innovation tailored for fashion-conscious, tech-savvy youth.

Impact on Gen Z Engagement and Fashion Trends

The adoption of social media tools significantly enhanced the brand’s reach and customer interaction. UrbanVastra grew its Instagram following from 1,200 to over 48,000 by 2024 and used Reels, polls, and influencer collaborations to co-create designs with its Gen Z audience. Campaigns like #DesiWithAVibe fused traditional Rajasthani prints with Gen Z fashion trends, reflecting cultural relevance and aesthetic appeal. According to interviews and analytics, most purchases originated from Instagram Stories, indicating a mobile-first, visually driven consumption pattern among Gen Z.

Insights and Implications for MSMEs

The case of UrbanVastra highlights how digital innovation enables MSMEs to connect with new-age consumers through authenticity, relatability, and interactive storytelling. Gen Z values micro-influencers and peer validation over celebrity endorsements, preferring content that is culturally

grounded and socially engaging. However, challenges such as algorithm changes and limited budgets remain. Overall, this case illustrates that small fashion businesses in urban Rajasthan can thrive in a competitive market by leveraging social media to shape Gen Z's fashion perceptions and drive sustainable growth.

Case Study 2 : Digital Growth Journey of 'RajTrends' – A Jodhpur-based MSME

Case Background and Business Model

RajTrends, founded in 2019 in Jodhpur, Rajasthan, is a small fashion enterprise specializing in fusion wear that combines traditional Rajasthani craftsmanship with contemporary street style. The brand initially sold products through local markets and word-of-mouth but struggled to scale due to limited reach and marketing resources. In 2021, RajTrends initiated a digital innovation strategy focusing on social media platforms popular with Gen Z—especially Instagram and TikTok—to increase brand awareness and customer engagement.

Digital Innovation Initiatives

RajTrends developed a content calendar emphasizing short videos, influencer collaborations with local fashion bloggers, and user-generated content campaigns encouraging customers to share their looks using branded hashtags like #RajTrendsStyle. The MSME also integrated WhatsApp Business for personalized customer service and order tracking. They used Facebook Ads targeted specifically at 18–25-year-olds in urban Rajasthan to boost online sales, and partnered with micro-influencers to create authentic narratives reflecting regional pride and Gen Z's fashion preferences.

Outcomes and Lessons Learned

Within a year, RajTrends' social media followers grew from 800 to 35,000, with Instagram engagement rates increasing by 250%. Their campaigns successfully created a community around the brand, enhancing customer loyalty and driving repeat purchases. Gen Z customers appreciated the brand's emphasis on cultural heritage blended with modern fashion, accessible through interactive content and authentic influencer voices. However, challenges such as managing rapid online demand and adapting to platform algorithm changes were noted. This case demonstrates

that even smaller MSMEs can leverage digital innovation and social media to compete effectively by tapping into Gen Z's values and online behavior in urban Rajasthan.

Case Study Title: 'DesiVogue' – Leveraging Instagram to Engage Gen Z in Udaipur

Case Background and Digital Strategy

DesiVogue, a boutique MSME based in Udaipur, was established in 2020 with a mission to modernize traditional Rajasthani attire for young urban consumers. Facing stiff competition from established brands, DesiVogue turned to digital innovation to reach its core audience—Gen Z fashion enthusiasts aged 18-25. The company adopted Instagram as the primary platform, focusing on short, engaging videos (Instagram Reels), influencer partnerships, and trend-driven content to showcase its latest collections.

Digital Innovations and Execution

DesiVogue capitalized on Instagram Reels and Stories to generate buzz around new product launches. Collaborations with local micro-influencers helped the brand create authentic content that resonated with Gen Z's preference for relatability and cultural relevance. They also implemented live selling sessions on Instagram to provide real-time interaction and purchase opportunities. Additionally, DesiVogue used analytics tools to track engagement and optimize content strategies based on trending hashtags and popular music among their target audience.

Impact and Insights

Within 18 months, DesiVogue's Instagram followers increased from zero to 60,000, with engagement rates rising by 300%. The brand saw a 40% increase in online sales directly linked to social media campaigns. Gen Z consumers valued DesiVogue's blend of traditional aesthetics and modern storytelling, which fostered a sense of cultural pride combined with fashion-forward identity. Challenges included staying agile amid fast-changing social media trends and managing content creation on a limited budget. This case highlights how targeted digital innovation on Instagram can empower MSMEs to effectively shape Gen Z fashion trends in urban Rajasthan.

5 Findings Discussion

The case studies of UrbanVastra, RajTrends, DesiVogue, and RangRiwaaz collectively highlight the transformative role of digital innovation and social media in shaping Gen Z fashion consumption patterns in urban Rajasthan. Consistent with the data analysis showing high Instagram usage (85%) among Gen Z, all four MSMEs strategically prioritized Instagram as their core platform for brand communication, product launches, and customer engagement. This alignment underscores Instagram's dominant influence as a visual-centric platform that appeals strongly to the aesthetic preferences of young consumers (Kapoor et al., 2021).

Moreover, the emphasis on influencer collaborations and user-generated content across these MSMEs reflects Gen Z's preference for authenticity and relatability in brand interactions. As found in the data, Gen Z consumers favor brands that engage visually and collaborate with micro-influencers or relatable figures rather than traditional celebrity endorsements (Verma, 2023; Southgate, 2020). This trend was evident in UrbanVastra's co-creation campaigns, RajTrends' hashtag-driven community building, and DesiVogue's use of micro-influencers to fuse cultural heritage with modern fashion narratives.

The MSMEs' investment in live product demos and personalized communication channels like WhatsApp Business, as seen in RajTrends and RangRiwaaz, aligns with the data highlighting the importance of prompt responses and interactive brand experiences for Gen Z consumers. These strategies effectively fostered customer loyalty and repeat purchases, indicating that social media is not merely a marketing tool but a comprehensive platform for relationship management (Chatterjee et al., 2020).

However, the challenges identified in the data analysis, such as fluctuating social media algorithms, limited digital marketing skills, and infrastructure issues, were reflected in the case studies as well. Each MSME reported struggles with content consistency and adapting quickly to platform changes, highlighting the need for capacity building and digital literacy among small businesses (Bag & Pretorius, 2020). These barriers can limit the sustainability of digital innovation efforts unless addressed through training, better technology access, and strategic planning.

In summary, the findings demonstrate that MSMEs in urban Rajasthan can successfully leverage social media and digital innovation to influence Gen Z fashion trends by adopting authentic, interactive, and culturally relevant marketing approaches. However, overcoming digital challenges is crucial for maintaining long-term engagement and growth in this dynamic market.

7. Conclusion and Recommendations

Conclusion

This study explored the intersection of digital innovation, social media marketing, and Gen Z fashion consumption within the context of Micro, Small, and Medium Enterprises (MSMEs) in urban Rajasthan. Findings from survey data and detailed case studies revealed that platforms such as Instagram and Facebook have become crucial tools for MSMEs to engage with digitally native Gen Z consumers. Visual content, influencer collaborations, and user-generated campaigns have significantly shaped brand visibility and purchasing decisions. The success stories of enterprises like UrbanVastra, RajTrends, DesiVogue, and RangRiwaaz illustrate how MSMEs can effectively blend cultural identity with modern marketing techniques to remain relevant and competitive in a rapidly evolving digital landscape.

However, the study also brought to light several challenges that MSMEs face, including lack of digital marketing expertise, dependence on ever-changing social media algorithms, and limited access to robust internet infrastructure. These obstacles hinder the consistency and scalability of digital strategies. Despite these challenges, the potential for growth remains high if the right support systems and digital literacy frameworks are put in place.

Recommendations

Digital Marketing Training for MSMEs:
Government bodies, NGOs, and business development organizations should collaborate to provide accessible digital marketing training specifically tailored for small businesses. This would empower MSMEs with the skills to independently manage social media campaigns and analyze

digital performance.

Partnerships with Micro-Influencers:
MSMEs should focus on building long-term relationships with local micro-influencers who resonate with Gen Z values. These influencers can help brands gain authenticity and relatability without requiring large marketing budgets.

Leverage WhatsApp and Instagram for Customer Service:
Platforms like WhatsApp Business and Instagram DMs should be utilized not only for marketing but also for real-time customer interaction and feedback, creating a personalized shopping experience.

Government Support for Digital Infrastructure:
Improved internet connectivity and digital support infrastructure in urban and semi-urban areas of Rajasthan should be prioritized to ensure MSMEs can operate online effectively without technical disruptions.

Content Localization and Cultural Relevance:
MSMEs should develop digital content that reflects the local culture and traditions of Rajasthan, which can deeply connect with Gen Z consumers looking for identity-based, authentic fashion narratives.

Regular Monitoring of Social Media Trends:
To stay relevant, MSMEs must continuously monitor changing social media algorithms, emerging content formats, and shifting consumer behavior. Using basic analytics tools can help MSMEs make informed decisions.

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