THE IMPACT OF INFLUENCER MARKETING ON THE DECISION-MAKING PROCESS OF GENERATION Z

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Abstract

Research purpose. Currently, the Internet is used by almost 5 billion users worldwide, of which 80% actively use at least one of the social networks. And marketing managers are well aware of this fact, as they had to switch to a new way of attracting potential customers. One of these methods is also influencer marketing as a form of marketing communication. In influencer marketing, the emphasis is placed on influencers with a significant impact on the community on which marketing activities and campaigns can be oriented. It is a method of non-violent and natural promotion of a product or brand, which acts on the consumer as a natural part of the space in which it is located. Especially one generation of consumers, Generation Z, is considered to be the target segment for influencer marketing due to their digital skills and inclination to social networks. The main aim of the article is to determine the impact of influencer marketing on the decision-making process of Generation Z. This also includes providing the theoretical background and analysis of influencer marketing from the viewpoint of Slovak and foreign authors.

Design / Methodology / Approach. General scientific methods were applied for the processing of the data as well as mathematical-statistical methods to evaluate the data collated from the results of the questionnaire survey and to statistical hypothesis testing. The important source for secondary data was scientific research, annual company reports, statistical databases, and published professional publications. In order to find out the impact of influencer marketing on the decision-making process of Generation Z, a questionnaire survey was conducted.

Findings. A successful marketing campaign on social media in cooperation with influencers requires the correct selection of the influencer according to their follower base, profile focus, credibility or reach, which is measured by Engagement rate. The number of followers is not as significant as the relationship that the creator has with their fans. When choosing an influencer, it is also necessary to take into account the way they promote products, ask them for originality and creativity, and prefer long-term collaborations to one-time contributions. These steps can bring a lot of benefits to the company, from which it will subsequently profit. Based on the analysis and results of the questionnaire survey, it is thus clear that the implementation of influencer marketing in marketing communication of Slovak companies targeted at Generation Z brings many benefits, including building relationships with Generation Z, increasing their loyalty and improving the company image.

Originality / Value / Practical implications. Finally, measures for effective influencer marketing usage targeted at Generation Z are proposed, and its benefits are highlighted.

Keywords: Influencer; Influencer marketing; Decision-making process; Consumers; Generation Z

JEL codes: M30; M31

Introduction

Consumers’ growing mistrust of traditional marketing communication tools makes it increasingly difficult for companies to influence and attract consumers (Majerova, 2014). More marketers are using
the opportunity of influencers to promote their brands and products on social media. Such use of influencers supports the development of influencer marketing, i.e., a communication strategy in which the company motivates and selects influencers on social media to engage their followers in order to promote the company's offer. Influencers have established networks of followers on online platforms such as social media. Some influencers have an enormous following and have achieved celebrity status, but they differ from celebrities in the source of their fame. Celebrities are characterised by success in one of the mandated or institutional environments, such as sports, music or acting, which differentiates them from influencers (Leung et al., 2022).

Based on the mentioned above, influencer marketing represents a new frontier of opportunity as it is seen as one of the fastest-growing tools for acquiring new customers online (Oliveira & Chimenti, 2021). However, there is still a need to explore the issue of influencers, their influence and thought leadership with regard to particular generational cohorts.

Especially, one generation of consumers, Generation Z, is considered to be the target segment for influencer marketing due to their digital skills and favour to social networks. For this reason, the main aim of the article is to determine the impact of influencer marketing on the decision-making process of Generation Z.

Generation Z includes people who were born between 1997 and 2012 and have been growing up in a digital world, which means they have never known a time without the Internet. According to research by the marketing agency Reed Brand Communications, this generation uses social media mainly for communication with friends, following famous personalities, entertainment and inspiration. They do not like "fake news" and fight against misinformation. Social networks, which are often detached from reality, cause envy and a feeling of need; therefore, marketing should not be too aggressive and exert pressure on this generation (Atherton, 2022; Lazo & Velasco, 2021).

Typical for this generation is the use of technology from an early age, and social networks have a major influence on them (Novotna, 2017). Similarly, Sak (2018) claims that people belonging to this group reject society and live only on the Internet. They take pictures almost of everything they do during the day and share them on social media (Horvathova et al., 2016). Jankova (2020), in her research, found out that the use of the Internet and social networks is among the most represented leisure activities of Generation Z and that almost everyone of this generation uses the Internet on a mobile phone every day.

Despite the popularity of influencer marketing as a marketing communication tool, there is still insufficient research focused on its impact on Generation Z, especially in Slovak conditions. For this reason, the main aim of the article is to determine the impact of influencer marketing on the decision-making process of Generation Z. This also includes providing the theoretical background and analysis of influencer marketing from the viewpoint of Slovak and foreign authors. In order to find out the impact of influencer marketing on the decision-making process of Generation Z, a questionnaire survey was conducted. Based on the analysis and questionnaire survey results, measures for effective influencer marketing usage targeted at Generation Z are proposed, and its benefits are highlighted.

**Literature Review**

Influencer marketing can be considered one of the most important new approaches to marketing in the last decade. It is a new marketing communication concept related to the word-of-mouth type of marketing and relationship marketing. Nowadays, key marketing decision-makers often operate within the influencer community because they consider all important decisions too risky to make alone and in isolation. It is more challenging to target a marketing campaign to potential customers as it becomes more and more difficult to identify them. Therefore, it seems an effective solution to focus on an influencer who has developed a wide range of followers around them, for whom he/she can seem to be a kind of role model.

Influencers represent personalities who can significantly strengthen the brand's marketing strategies or build and spread awareness of the company. They significantly affect market segments with potential customers and influence their purchasing behaviour. For their activities, they use traditional as well as
new digital communication platforms, especially social media and the Internet. Influencers offer brands
the opportunity to deliver marketing campaign messages to the target consumer and thus influence their
decision-making process when purchasing (Yesil oglu & Costello, 2020).

Sammis et al. (2015) look at influencer marketing as a combination of content marketing and native
advertising, i.e., one that acts on the consumer as a natural part of the space in which it is located, while
its purpose is to integrate its form and functional side with the content of the campaign in a non-intrusive
way and so it is more challenging to observe. The influencer provides their fans with a trustworthy
advertisement and review, which can be supplemented with a direct link to the e-shop or website, and
can also use promotion in the form of a competition or with the help of so-called affiliate marketing
when the influencer is provided with a special code that his followers can apply for a discount on selected
products.

Sammis et al. (2015) also emphasise that influencer marketing through a well-known personality
influences the building of solid relationships with customers. However, they also perceive a new wave
of influencers, the so-called "everyday consumers" who can have a great influence on the purchasing
behaviour of customers in a narrow circle of people and all the more effectively.

Ladrova (2017) sees influencers not only as a tool of marketing communication and a mediator of brand
marketing of well-known brands but also as mediators of sales and distributors of products.

Influencer marketing based on social media has become an important factor in consumer purchasing
decisions. The research results of Pick (2021) show that the perception of the credibility of the influencer
serves as an important criterion determining the purchase attitude, and the attitude towards advertising;
it also contributes to the creation of assumptions that are associated with the influencer and can
positively or negatively influence consumer behaviour.

Specifically, the impact of influencer marketing on the attitudes of Generation Z was investigated by
Duffet (2017; 2020). He found that the reach of influencer marketing is directly proportional to the
respondents' activity on social networks.

Similarly, Greskova (2017) focused on the characteristics of Generation Z and their purchasing
decisions. She defined them as a generation that spends a lot of time online; they like to follow
influencers from whom they adopt a similar lifestyle, values and beliefs. She also considers Generation
Z to be demanding customers who have the need to share their experiences with products with other
people, especially on the Internet, either in the form of reviews or comments on social media and
discussion forums.

Some authors consider Instagram to be the most suitable social network for influencer marketing, mainly
because it has become the most used and fastest growing social media with more than a billion users per
month and thus offers vast opportunities for marketing communication in all generations, but especially
younger ones (De Veirman et al., 2017; Casalo et al., 2020; Pozharliev et al., 2022). The media, which
was initially used to share the personal content of individuals, has become a full-fledged tool for the
marketing activities of companies in the digital environment (Gajanova, 2018). Today, more than 200
million of them appear on Instagram, and in order to succeed, they share at least one post a day (King,
2020).

Kuligowski (2023) considers the most engaging contributions to be those that show behind the scenes
of a company or a well-known personality, demonstrations of the work commitment of employees, such
as production or live broadcasts, during which consumers can ask questions and the company
immediately offers them feedback, thereby creating with them closer relationships and builds trust.

Regarding influencer contributions, Chodak et al. (2019) point to different effects of posts depending
on their form (image, video, text, etc.). The results of their research showed that video had the highest
reach and images had the highest levels of engagement and user interaction. These results point to the
complexity of influencer marketing and that a marketing strategy must be carefully designed to achieve
the expected results.

The proper influencer marketing application is cost-effective in promoting ideas, people and goods,
which brings creative content to the company and offers ways to reach the target audience naturally.
(Kadekova & Holiencinova, 2018). There are also negatives regarding influencer marketing, such as detrimental effect on attitude towards the brand, based on the disclosure of the sponsorship through higher awareness of the ad, which may ultimately have the effect of reducing the credibility of the influencer or emphasising the adverse reaction of consumers to posts focused only on products, which implies a significant financial motivation of the influencer. From the view of consumers, it is, therefore, essential that advertised products are presented with basic information (Jendoubi & Martin, 2020). The influencer must be familiar with the product and its features in order to be able to present it in a high-quality and appropriate way so that he can answer questions about the product. From this point of view, companies can include a clause in contracts with influencers to terminate the contract if the influencer fails to promote the product at the required level (Michulek & Krizanova, 2022).

In an effort to achieve the main aim of the article, based on the theoretical background and survey results, five research hypotheses were formulated and subsequently verified:

- **Hypothesis 1:** More than 50% of Generation Z consumers follow at least one influencer on social networks.
- **Hypothesis 2:** More than 50% of Generation Z consumers prefer Instagram when following influencers.
- **Hypothesis 3:** More than 50% of Generation Z consumers primarily follow influencer posts in the form of short videos and stories.
- **Hypothesis 4:** Regarding the content of influencer posts, 50% of Generation Z consumers prefer a review of the product.
- **Hypothesis 5:** 50% of Generation Z consumers have bought a product based on an influencer's recommendations at least once.

**Methodology**

The main aim of the article is to determine the impact of influencer marketing on the decision-making process of Generation Z. This also includes providing the theoretical background and analysis of influencer marketing from the viewpoint of Slovak and foreign authors. Based on the analysis and results of the questionnaire survey, managerial implications of influencer marketing are indicated. Finally, measures for effective influencer marketing usage targeted at Generation Z are proposed, and its benefits are highlighted. The important source for secondary data was scientific research, annual companies report, statistical databases, and published professional publications. In order to find out the impact of influencer marketing on the decision-making process of Generation Z, a questionnaire survey was conducted. The questionnaire survey was aimed at finding out the attitudes of Generation Z toward influencer marketing and the impact of influencer marketing on their decision-making process. To determine the sample size, the base file representing the number of people born in 1997 – 2012 (Generation Z) was obtained from demographic statistics of the Statistical Office of the Slovak Republic. The confidence interval of 5% was determined, and the confidence level was 95%; thus, the error rate of 5% was admitted. A sample size of 384 respondents was collected. The actual number of respondents who participated in the questionnaire survey was 520. The time required for the survey was September 2022. The survey was a questionnaire method through e-mail communication and social networks. The quantitative assessment method was applied to process the survey data.

General scientific methods (i.e., excerptation, description, comparative analysis, deduction and induction) were used for data processing, as well as mathematical and statistical methods in the evaluation of data from the survey.

The marginal rate of 50% used in the hypotheses was set as the expression of the simple majority (Macfie & Nufrio, 2006).

The method of statistical hypothesis testing was chosen because it is one of the most important statistical inference procedures. Statistical hypotheses testing is defined as a statement of the assumption of unknown parameters in the basic set, which is formulated as a statistical hypothesis, and its validity is
verified by statistical procedures based on selected characteristics. The role of statistical hypothesis testing is to decide whether to accept or reject the hypothesis regarding the basic set in accordance with the information from the available choice. In the verification of the hypotheses, the methodology of statistical hypothesis testing was met (Rimarcik, 2007).

The test statistic for hypotheses 1–5 was calculated by using the method of testing a single proportion by one-tailed testing because it is commonly used (Lombardi & Hurlbert, 2009; Ruxton & Neuhauser, 2010).

The significance level $\alpha$ was determined at 0.05. This means the probability of making an incorrect decision when the null hypothesis is true. $\alpha$ levels, so-called significance levels, are used in hypothesis tests. Typically, these tests are performed with an $\alpha$ level of 0.05 (5%), but other commonly used levels are 0.01 and 0.10. The test criteria were calculated according to:

$$T = \frac{p - \pi_0}{\sqrt{\frac{\pi_0(1-\pi_0)}{n}}}$$

(1)

By using the tables of the normalised normal distribution, we find the critical value for the right-tailed test (2) for hypotheses $1 - 3$ and the left-tailed test (3) in the case of hypotheses $4 - 5$:

$$T > z_{2\alpha}$$

(2)

$$T < -z_{2\alpha}$$

(3)

Results and Discussion

Of the 520 respondents in the sample set, 306 (59%) were females, and 214 (41%) were male. The most numerous age category of respondents was from 21 to 25 years (41%), next - from 16 to 20 years (33%), and the smallest group of respondents was from 10 to 15 years (26%). Based on consumers' education, the most frequented category was consumers with a high school education (54%), while the social status student was predominant (62%). The results of the questionnaire survey show that 91% of respondents have encountered the term influencer marketing and know what the term means. The majority of them (89) know this term most often from the Internet and other respondents from school and TV or radio. 35% of respondents perceive an influencer as "a personality with a great influence on their fans and followers", and 32% of respondents as "a well-known personality that people only know because of social media. Up to 72% of respondents follow at least one influencer on social media. Answering this question in the affirmative was crucial for the further continuation of the survey, as its other parts were dedicated to followers of influencers. Respondents most often follow influencers on Instagram (up to 57%), YouTube (35%), TikTok (31%) and Facebook (22%). Next, we investigated the impact of the influencer on the consumer's decision-making process and, thus specifically, whether it influenced their purchasing behaviour. The results of the questionnaire survey show that 48% of respondents have bought a product based on an influencer's recommendations at least once, 44% of respondents are not affected by influencers when purchasing, and only 8% of respondents indicate the influencer dissuaded them from buying. Regarding the post of influencers, respondents are most influenced and interested in more interactive posts such as video (36%), story (33%) and image or photo (21%). As the best content of influencers' posts, respondents indicate review of the product (47%), promo code for a discount (27%), contest (19%) and news (7%).

The results of our survey show some similarities as well as differences with previous investigations. For example, the research results by Zatwarnicka-Madura et al. (2022) also point out that Generation Z respondents prefer social networks Facebook, Instagram and YouTube. Social media is a crucial element of the modern world for the representatives of Generation Z, to which they devote much time. More than 80% of respondents systematically follow the activity of at least several influencers on social media networks, while almost every respondent follows at least four influencers. However, 38.8% of respondents primarily declared a high level of mistrust in influencers. This translates into little interest in activities promoted by influencers.
To verify the statistical hypotheses 1 – 5, we used the method of testing a single proportion. The results of the verification of these statistical hypotheses are shown in Table 1.

Table 1. Verification of statistical hypotheses (Source: authors)

<table>
<thead>
<tr>
<th>Calculation of the sample proportion:</th>
<th>Satisfaction of the condition ( p \times n &gt; 9 )</th>
<th>Test criteria</th>
<th>Critical field</th>
<th>Inequality</th>
<th>Acceptance or rejection of the hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( H_0: ) 50% of Generation Z consumers follow at least one influencer on social networks.</td>
<td>( H_1: ) More than 50% of Generation Z consumers follow at least one influencer on social networks.</td>
<td>( p = 0.72 )</td>
<td>( 130 &gt; 9 )</td>
<td>10.03</td>
<td>1.645</td>
</tr>
<tr>
<td>Hypothesis 2:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( H_0: ) 50% of Generation Z consumers prefer Instagram when following influencers.</td>
<td>( H_1: ) More than 50% of Generation Z consumers prefer Instagram when following influencers.</td>
<td>( p = 0.57 )</td>
<td>( 130 &gt; 9 )</td>
<td>3.19</td>
<td>1.645</td>
</tr>
<tr>
<td>Hypothesis 3:</td>
<td></td>
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<tr>
<td>( H_0: ) 50% of Generation Z consumers primarily follow influencer posts in the form of short videos and stories.</td>
<td>( H_1: ) More than 50% of Generation Z consumers primarily follow influencer posts in the form of short videos and stories.</td>
<td>( p = 0.69 )</td>
<td>( 130 &gt; 9 )</td>
<td>8.67</td>
<td>1.645</td>
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<tr>
<td>Hypothesis 4:</td>
<td></td>
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<tr>
<td>( H_0: ) Regarding the content of influencer posts, 50% of Generation Z consumers prefer a review of the product.</td>
<td>( H_1: ) Regarding the content of influencer posts, less than 50% of Generation Z consumers prefer a product review.</td>
<td>( p = 0.47 )</td>
<td>( 130 &gt; 9 )</td>
<td>-1.37</td>
<td>-1.645</td>
</tr>
<tr>
<td>Hypothesis 5:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( H_0: ) 50% of Generation Z consumers have bought a product based on an influencer’s recommendations at least once.</td>
<td>( H_1: ) Less than 50% of Generation Z consumers have bought a product based on an influencer’s recommendations at least once.</td>
<td>( p = 0.48 )</td>
<td>( 130 &gt; 9 )</td>
<td>-0.91</td>
<td>-1.645</td>
</tr>
</tbody>
</table>

Table 1 shows that in hypotheses 1 – 3, the inequality applies, so we reject hypothesis \( H_0 \), i.e., accept the alternative hypothesis \( H_1 \). On the contrary, in hypotheses 4 – 5, the inequality does not apply, so we accept hypothesis \( H_0 \).

It is evident that influencer marketing has become one of the most popular digital marketing tools. Influencers can naturally and very effectively implement product promotion into their profile activity and arouse buyers’ interest. The advertising world has also begun to realise the importance of authenticity that influencers bring, as opposed to celebrities with a prescribed script. It is obvious that consumers trust influencers more than traditional advertising, for example, on television.

Based on previous research (Casalo et al., 2020; De Veirman et al., 2017; Duffet, 2017, 2020; Gajanova, 2018; Greskova, 2017; Pozharliev et al., 2022) and confirmed by our survey, it is possible to claim, that Generation Z perceives influencers positively. The majority of Generation Z follow at least one influencer on social media, while almost half of them indicated the impact of the influencer on their decision-making process. However, this number may actually be higher, but consumers are not aware that they are making decisions based on influencer promotion. First of all, it is essential to realise the benefits of influencer marketing for the company. It is evident that influencers mostly have a positive effect on purchasing behaviour (Ladrova, 2017; Pick, 2021); thus, it is desirable that companies consider including them in advertising activities. While well-known celebrities do not bring enough credibility to the customer today, it could be appropriate to focus on an influencer who is similar to an everyday person and shows his private life, and thus the customer can identify with him better. The majority of Generation Z trusts an influencer more than a well-known celebrity. Their authenticity has brought them
a high level of trust and authority with the consumer who follows them, and they want to identify with them.

However, a successful application of influencer marketing requires the correct selection of the influencer according to his follower base, profile focus, credibility or reach, which is measured by Engagement rate. The number of followers is not as important as the relationship that the creator has with their fans. It is also essential to choose the suitable social media on which the company wants its product or brand to be promoted. In Slovakia, the most popular social media among Generation Z include Instagram, Facebook, YouTube and TikTok, which is becoming increasingly popular. When choosing an influencer, it is also necessary to take into account the way they promote products, ask them for originality and creativity, and prefer long-term collaborations to one-time contributions. These steps can bring a lot of benefits to the company, from which it will subsequently profit.

The difference in the reach of influencers is often not only related to the number of followers, but a more meaningful indicator is the quality of their followers. This fact is measured by the Engagement rate, which is an indicator that shows the percentage of people who saw the content and subsequently reacted to it. This indicator is freely available for the company on many websites.

As for the actual implementation of the marketing campaign, consumers prefer images, videos or stories, i.e. the types of posts that are typical for social media. Regarding content, a promo code for a discount, a review or a competition attracts the most consumer attention. These responses did not vary much by generation, so it is the most appropriate type of post to engage and attract people to a business profile or even purchase it.

It is also vital for the company to find that consumers generally prefer long-term collaborations or ambassadorships to one-off collaborations between an influencer and a company. This statement is shared by many experts who claim that ambassadorship is the most suitable form of influencer marketing, which can benefit the company, the consumer and the influencer himself. It is, therefore, advisable to find an influencer who fits the company's focus and can natively present the product to his followers. If an influencer is so identified and satisfied with a business and its products that he decides to become a brand ambassador, his follower has no reason to question the recommendations or reviews he shares, which creates strong credibility between him and the follower.

However, this trust can also be affected by the number of collaborations on the profile. If a high percentage of posts on an influencer's profile is created in paid collaboration with a brand, the consumer could get the feeling of being sold and not trust such an influencer. Such influencers are often not creative in promoting the product, and their execution is often devoid of ideas and originality.

**Conclusions**

Based on the research, it is evident that the application of influencer marketing can be an effective way to affect the decision-making process of Generation Z. It can bring many benefits, such as building relationships with Generation Z, increasing their loyalty and improving the company image. Among other advantages, we can include acquiring new customers, which will subsequently be reflected in the increase in companies’ sales, and optimisation of communication between the company and the Generation Z customer, which will be reflected in more effective feedback acquisition. Thanks to these benefits, the company can gain a competitive advantage.

The presented article follows the above that the issue of influencer marketing and its impact on the decision-making process of Generation Z has excellent potential for further research. It would be appropriate to examine and compare the differences in perception of influencer marketing by particular age groups and genders of Generation Z because this generation has a homogenous characteristic in certain areas, and at the same time, on the contrary, it is a very heterogeneous group.

However, the crucial limitation in our research is its territorial validity, i.e., national and cultural specifics of consumers from the Slovak Republic. This means that it is not possible to effectively apply these claims and recommendations to foreign implementation of influencer marketing in practice. So, when using influencer marketing, it is necessary to consider cross-cultural differences and modify the
promotion through influencer marketing under the cultural characteristics of consumers. Influencer marketing in accordance with recipients’ cultural characteristics is more effective because there is a different perception and response to promotion through influencers due to the cultural aspects of consumers.

Next, the results of the marketing survey and, thus, the applicability of the suggested recommendations are fully valid only in the case of consumers Generation Z. This means that it is not entirely possible to apply these claims and recommendations to general practice effectively.

On the other hand, the limitation mentioned above can be removed if the research is focused on consumers of the selected generational cohort, and in the case of foreign consumers, national and cultural specifics will be considered. Then the research results could be considered relevant and appropriate to use in the international environment.

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