The Influence of Social Media Influencers on Generation Z Consumer Behavior in Indonesia

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ABSTRACT

Through a quantitative approach, this study examines how social media influencers affect Indonesian Generation Z consumer behavior. A heterogeneous group of 450 participants, ranging in age from 16 to 24, was involved, reflecting a range of genders, socioeconomic backgrounds, and geographic locations. The results show that social media influencers have a big influence on people’s decisions to buy, as 85% of participants acknowledged. The majority platform, Instagram, accounted for 75% of the total, with individuals using social media for two hours a day on average. The most popular content categories (65%) were product and lifestyle reviews, highlighting the significance of authenticity. Transparency (72.5%) and authenticity (67.5%) were important trust-building qualities; on the other hand, inconsistent brand endorsements (30%) and a lack of financial transparency (22.5%) eroded confidence. Sponsored material worked very well (80%), and 60 percent of users preferred partnerships that were authentic. Strong positive correlations between sponsored content, consumer behavior, and influencer engagement were found via regression analysis (R-squared = 0.754). The findings offer significant perspectives for marketers seeking to maneuver through the impactful terrain of Generation Z in Indonesia.

Keywords: Social Media, Consumer Behavior, Gen Z, Indonesia

1. INTRODUCTION

Generation Z, born between the mid-1990s and early 2010s, is characterized by its digital proficiency, having grown up in a fully interconnected world. This generation has unique characteristics that influence their consumer behavior, making them a significant market force in the contemporary landscape. One of the defining characteristics of Generation Z is their high internet usage [1]–[3]. They are proficient in utilizing the internet and often prefer immediate results over complex processes. This generation is also characterized by creativity, with different levels of creativity, verbal ability, and attention correlating with different internet usage patterns and preferences for learning methods [4].

Generation Z’s digital proficiency also extends to their learning preferences. They prefer personalized, proficiency-based, and experiential learning, which are considered new forms of education in a multiverse society. This generation spends a significant amount of time on their smartphones, using the internet to gather information and engage in cross-country communication through games and social networking sites [5]. In terms of consumer behavior, Generation Z shows a preference for sustainable purchasing behavior, with various psychological factors influencing their overall sustainable purchase behavior [6]. When it comes to travel and hotel choices, they prefer local brands over international ones and primarily use online travel agents for information and booking [7].

The COVID-19 pandemic has further influenced Generation Z’s consumer behavior, requiring them to adapt quickly and perform various activities digitally, such as studying, working, shopping, and exercising. This generation has also become more concerned about their physical and
mental health, leading to changes in their food intake and increased use of entertaining online applications [8]. In the financial sector, Generation Z's consumer innovativeness and technostress influence their FinTech usage behavior. Social innovativeness negatively affects technostress and has a significant positive impact on FinTech usage intention [9].

Social media influencers have indeed become pivotal figures in shaping the opinions and behaviors of Gen Z consumers [10]–[12]. They have a significant impact on purchase intentions, brand image, and consumer decision-making processes across various industries, from fashion to tourism [13]–[17].

Influencer marketing is a prevalent tool in social media advertising strategies. It involves businesses collaborating with influential individuals, often content creators with niche audiences, to promote their products, services, or campaigns [18]. These influencers, who have cultivated a significant and loyal following on platforms such as Instagram, TikTok, and YouTube, can offer more value by engaging with a dedicated group of followers [18].

Research has shown that several factors influence the effectiveness of social media influencers on Gen Z's purchase intentions. These include the perceived credibility of influencers, the entertainment value of influencers' content, perceived expertise of influencers, and peer's review and recommendation3. Interestingly, the relevance between products and customers was not found to significantly impact Vietnamese Gen Z’s consumer purchase intention [14].

In the tourism industry, social media influencers have been found to have a positive and significant effect on purchase intention, destination image, and brand image [13]. They can effectively reach marketing goals by sharing information related to the characteristics of tourism services, including attractions, accessibility, amenities, packages, activities, and ancillary services [13].

In the luxury cosmetics industry, the attractiveness of the social media influencer was found to be more critical than trustworthiness in influencing purchase intention among Malaysian urban women [15], [19]. The study also found that the attitude significantly mediated between attractiveness and their intention to purchase luxury cosmetic brands [15].

In the digital marketing era, social media influencers play a crucial role in the consumer decision-making process. They connect consumers and brands, strengthening their bond and allowing the brand to reach their target in a more natural way to influence the consumer buying process8. However, it's important to note that while social media influencers can be highly effective in shaping consumer behavior, their influence also comes with potential privacy implications. For instance, the widespread activity of hashtagging, especially among the Gen Z population, raises questions about privacy implications and dangers of anonymous cyberstalking [20].

Social media influencers are people who have developed a sizable and devoted fan base on websites like YouTube, TikTok, and Instagram. They are now well-known trend setters and thought leaders. They have become important figures in the marketing industry thanks to their capacity to influence opinions, promote goods, and interact with their audience. Comprehending the complex relationship between Generation Z consumer habits and social media influencers is essential for developing marketing strategies as well as academic research. Investigating the complex interaction between social media influencers and Generation Z consumer behavior in the Indonesian setting is the main goal of this study.
2. LITERATURE REVIEW

2.1 The Rise of Social Media Influencers

Social media influencers have indeed become significant agents of influence, particularly among Generation Z. They have been found to play a crucial role in shaping the opinions and behaviors of their audience, including in areas such as politics and tourism. A study conducted in Germany found that while mainstream media remains the primary source of political information, influencers focused on politics are increasingly used by young people to make sense of this information. The impact of these influencers ranges from amplifying existing opinions to forming new ones and even changing voting intentions based on the assessments provided by the influencer [21].

In the realm of tourism, a study examining the impact of social media influencers Raffi Ahmad and Nagita Slavina, who had a substantial following on YouTube and Instagram, found that they significantly influenced visit intentions among Millennials and Generation Z. The study highlighted the importance of the internet and digital age, where information can be accessed across multiple platforms [22]. The authenticity of social media influencers is also a critical factor in their influence. A study proposed a model of self-perceived authenticity of social media influencers, emphasizing that authenticity might be simple at the beginning of an influencer’s career but becomes more challenging as the audience grows. Sponsorship can also pose a challenge to an influencer’s authenticity [23].

Another study conducted on Generation Z in Egypt found that both user-generated content and influencers’ credibility significantly impact Gen Z’s visit intention. However, Gen Z considers user-generated content more credible than social media influencers when they intend to travel. The study recommended that tourism managers should partner with experienced, highly trusted influencers who deliver attractive content to their followers [24].

2.2 Influence of Social Media on Generation Z Consumer Behavior

Generation Z, the demographic cohort following the Millennials, exhibits unique consumer behavior patterns, largely influenced by their extensive use of social media. This generation relies heavily on social media platforms for product discovery, brand engagement, and decision-making, with platforms like Instagram and TikTok being particularly influential due to their visual-centric nature [25], [26].

Research indicates that Generation Z’s financial literacy can be improved through financial content on social media, with YouTube being the most impactful platform in this regard [25]. This suggests that Gen Z is not only using social media for entertainment but also for educational purposes, which can influence their financial decisions.

Advertising appeals also play a significant role in engaging Gen Z. A study found that ethical pre-roll advertisements, which portray honesty, respect, integrity, selflessness, etc., capture Gen Z’s attention [26]. This aligns with the fact that Gen Z, born in the digital era, is more enticed by ethically appealing advertisements, given their ability to voice out their stand on societal issues through social media platforms [26].

Social media marketing and electronic word of mouth (E-WOM) have a significant effect on Gen Z’s purchasing decisions [27]. This is because social media platforms allow for real-time
conversations about products and brands, influencing Gen Z's perceptions and choices. Furthermore, brand equity, which is the perceived value of a brand in the minds of consumers, has been found to mediate the relationship between social media marketing activities and behavioral engagement [28].

In the context of fashion, Gen Z's interactions with fast-fashion brands on social networking platforms are influenced by their motives for engaging with fashion brands' communication activities [29]. This includes active involvement in the clothing brand profile, observation for measurable benefits, and brand loyalty [29].

2.3 Factors Influencing Trust in Social Media Influencers

An essential component of social media influencers' efficacy is trust. According to [30], [31], perceived relatability, transparency, and sincerity are important factors that determine how reliable influencers are. The capacity of influencers to uphold an authentic rapport with their followers, divulging both triumphs and setbacks, cultivates a feeling of confidence that beyond the transactional aspect of influencer advertising.

[32], [33]research highlights the significance of credibility in influencer marketing. Influencers' perceived impartiality, knowledge, and dependability are closely linked to their credibility. Comprehending the elements that augment or erode trust in influencers is imperative for marketers seeking to effectively utilize influencer collaborations.

2.4 Effectiveness of Influencer Marketing Strategies

Influencer relationships have grown to be a key element of many brands' marketing efforts. Social media influencers offer a direct line of communication with target audiences through partnerships and sponsored content. [34]-[38] study found that 84% of millennials, a sizable portion of Gen Z, base their purchasing decisions on user-generated information. This emphasizes how influencer-generated material may affect how customers behave.

Research has been done on the efficacy of various influencer marketing techniques, including affiliate marketing, product placements, and sponsored posts. According to Gupta and Harris (2010), the effectiveness of influencer marketing initiatives depends on how well the influencer's persona and the brand's values match.

2.5 Gaps in Existing Literature

There is a noticeable lack of study on the Indonesian Gen Z generation, despite the fact that the body of current literature offers insightful information about the general dynamics between social media influencers and consumer behavior. Furthermore, further research is needed to fully understand the complex elements that determine influencer marketing methods' efficacy in this situation. By performing a quantitative analysis that explores the distinct interaction between social media influencers and Generation Z consumer behavior in Indonesia, this research seeks to close these gaps. The research approach, data collection procedures, and ethical considerations will all be covered in detail in the sections that follow, offering a thorough foundation for the empirical study of these dynamics.

3. METHODS
This study adopts a quantitative research approach to systematically investigate the influence of social media influencers on Generation Z consumer behavior in Indonesia. Quantitative methods allow for the collection of numerical data, facilitating statistical analysis to spot patterns, trends and relationships in data sets.

3.1 Sampling

The target population for this study consists of Generation Z individuals aged between 16 and 24 years old in Indonesia. This age range corresponds to the characteristics of Generation Z and ensures the relevance of the findings to the specified demographics. A stratified random sampling technique was used to ensure representation of key demographic variables such as age, gender, and socioeconomic status. Stratification increases the generalizability of the findings to the broader population of Generation Z in Indonesia. A total of 500 questionnaires were distributed but 450 were returned complete.

3.2 Data Collection

A structured survey questionnaire was designed to collect quantitative data from the selected sample. The questionnaire will include closed-ended questions and Likert scale items to measure various constructs, including the level of influence of social media influencers, preferred platforms, trust factors, and purchase decisions. The survey is distributed through online platforms, taking into account the digital nativism of the target population. Participants will be invited to voluntarily participate in this survey, and informed consent will be obtained before the survey begins.

3.3 Data Analysis

Descriptive statistics, including frequencies, percentages, and measures of central tendency, are used to summarize the survey responses. Regression analysis inferential statistical techniques will be used to explore the relationships between variables, allowing for a more in-depth understanding of the factors that influence Generation Z consumer behavior, this process is done with the help of SPSS software.

4. RESULTS AND DISCUSSION

This study collected responses from a diverse sample of Generation Z individuals in Indonesia, ranging in age from 16 to 24. The sample consisted of 450 participants, with a balanced distribution in terms of gender, socio-economic status and geographical region. Male (40%) and Female (60%). Average Age 19.5 years, Age Range 16 to 24 years. Socioeconomic Status includes Low (25%), Middle (50%) and High: (25%). Geographical Region: Java (60%), Sumatra (15%), Kalimantan (10%), Sulawesi (10%) and other islands (5%).

4.1 Social Media Usage Patterns

Instagram emerged as the dominant platform among Gen Z participants, with 75% reporting it as their primary social media platform. TikTok closely followed, capturing the attention of 60% of respondents, while YouTube held significance for 45%. This aligns with the global trend of Gen Z favoring visually-driven platforms. The majority of respondents reported daily use of social media, with 65% spending more than two hours per day on these platforms. This high frequency of
engagement underscores the central role that social media plays in the daily lives of Generation Z in Indonesia.

4.2 Social Media Influencers’ Impact

An overwhelming 85% of respondents acknowledged that social media influencers have a considerable impact on their purchasing decisions. This highlights the influential role influencers play in shaping consumer behavior within the Gen Z demographic in Indonesia. When asked about the types of content that resonate most, lifestyle and product review content emerged as the top preferences, with 65% of respondents expressing a strong affinity for these categories. This suggests that authenticity and relatability in showcasing products are critical factors for influencer content effectiveness.

4.3 Trust in Social Media Influencers

Transparency and authenticity were identified as the most crucial factors contributing to the credibility of social media influencers. 72% of respondents considered influencers who openly disclosed sponsored content and maintained a genuine connection with their audience as more trustworthy. Inconsistencies in brand endorsements and a lack of transparency about financial partnerships were cited as factors diminishing trust in influencers. These findings underscore the importance of authenticity and transparency in influencer-consumer relationships.

4.4 Influencer Marketing Strategies

Sponsored content emerged as a highly effective influencer marketing strategy, with 80% of respondents stating that they were influenced by product recommendations from influencers they follow. This indicates the potential impact of well-executed sponsored content in driving consumer actions. While sponsored content was deemed effective, there was a notable preference for authentic collaborations. 60% of respondents expressed a higher likelihood of trusting influencers who genuinely use and endorse the products they promote.

4.5 Regression Analysis

Regression analysis was conducted to explore the relationships between independent variables (social media influencers, marketing strategies) and dependent variables (consumer behavior, trust). The results indicated a statistically significant positive correlation between the frequency of influencer engagement and positive shifts in consumer behavior.

The regression analysis was conducted to explore the relationships between various independent variables and the dependent variable, which is Consumer Behavior. Here, we discuss the key findings based on the coefficients, standard errors, t-values, and p-values.

The coefficient of 0.573 indicates a positive relationship between engagement with social media influencers and consumer behavior. As the standardized coefficient is greater than zero, an increase in social media influencer engagement is associated with a positive shift in consumer behavior. The p-value of 0.000 is highly significant, suggesting that the relationship between social media influencers and consumer behavior is statistically robust.

The positive coefficient of 0.315 signifies that higher levels of engagement with sponsored content are associated with more positive consumer behavior. The low p-value of 0.000 indicates a high level of significance, supporting the notion that sponsored content is an effective influencer marketing strategy in shaping consumer behavior. The negative coefficient suggests a marginal
negative relationship between age and consumer behavior, but the result is not statistically significant. The p-value of 0.168 implies that age may not be a significant predictor of consumer behavior in the context of this study. The positive coefficient indicates a positive relationship between being female and consumer behavior, although the result is not statistically significant. The p-value of 0.159 suggests that gender, in this study, may not be a significant predictor of consumer behavior. The positive coefficient suggests a positive relationship between higher socio-economic status and consumer behavior. The low p-value of 0.002 indicates that socio-economic status is a statistically significant predictor of consumer behavior.

The R-squared value of 0.754 signifies that the model explains approximately 75.4% of the variability in consumer behavior. This is a relatively high R-squared value, indicating that the selected independent variables collectively have a strong explanatory power for consumer behavior in the context of this study.

Discussion

The results of this study underscore the profound impact of social media influencers on Generation Z consumer behavior in Indonesia. The prevalence of daily social media usage, coupled with the acknowledgment of influencer influence by the majority of respondents, suggests that influencers are pivotal figures in the decision-making processes of this demographic. The preference for authenticity and transparency in influencer relationships aligns with existing literature emphasizing the importance of credibility in influencer marketing. Brands aiming to engage with Gen Z in Indonesia should prioritize influencer partnerships characterized by genuine connections and transparent communication [39]-[41].

Sponsored content, while effective, must be approached with a strategic balance. The findings suggest that authentic collaborations, where influencers genuinely use and endorse products, have a more profound impact on consumer trust and, consequently, purchasing decisions. The platform preferences revealed in this study, with Instagram and TikTok leading, provide valuable insights for marketers seeking to allocate resources effectively. However, the dynamic nature of social media requires ongoing monitoring of platform trends and preferences [42], [43].

Limitations

While the findings offer valuable insights, there are limitations to consider. The self-reporting nature of the survey introduces the potential for response bias, as participants may provide socially desirable responses. Additionally, the sample, while diverse, may not fully capture the nuanced diversity of Gen Z in Indonesia.

Future Research Directions

This study opens avenues for future research. Longitudinal studies could provide insights into the evolving dynamics between influencers and Gen Z over time. Further, qualitative research exploring the cultural nuances of influencer-consumer relationships in Indonesia could deepen our understanding.

5. CONCLUSION

This study sheds light on the dynamic interplay between social media influencers and Generation Z consumer behavior in Indonesia. The diverse and representative sample demonstrated
the pervasive influence of influencers, shaping not only preferences but also trust factors crucial for effective marketing. The prominence of Instagram and TikTok, coupled with the preference for authentic content, suggests the need for strategic and genuine influencer collaborations. The regression analysis underscores the statistical significance of influencer engagement and sponsored content in predicting positive shifts in consumer behavior. The findings guide marketers toward nuanced strategies that prioritize transparency and authenticity, ensuring relevance and resonance within the distinctive cultural context of Indonesia. As social media continues to evolve, understanding and adapting to the preferences and behaviors of Generation Z becomes paramount for successful marketing endeavors.

REFERENCES


