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TEONA TAVDISHVILI

The University of Georgia, Georgia

EKATERINE MAGLAKELIDZE

The University of Georgia, Georgia

GENERATION Y AND Z PREFERENCES REGARDING INFLUENCER MARKETING

Abstract:

This study examines generational differences in influencer marketing preferences, particularly focusing on how Generations Y (Millennials) and Z evaluate information sources and types offered by influencers. Additionally, it assesses the target groups' ratings and perceptions of Georgian influencers.

The purpose of the research was to investigate the preferences of Millennials (Generations Y) and Generation Z regarding influencer-generated content. Based on the research objective, the following research questions guided the study:

- Do generational differences exist in how Millennials (Generation Y) and Generation Z perceive and engage with influencer marketing?
- To what extent does influencer marketing influence the consumer behavior and brand perceptions of Generations Y and Z?
- Who are the most highly rated and viewed influencers among the target audiences (Generations Y and Z)?

This study hypothesized that Millennials (Generation Y) and Generation Z exhibit distinct preferences in relation to influencer marketing, and these differences are statistically significant. To achieve the research objectives, a two-stage research methodology was employed. The first stage involved a comprehensive desk research analysis of existing academic literature, thematic papers, and industry reports on influencer marketing approaches and strategies. This initial phase provided a strong foundation for understanding current trends and best practices in the field. The second stage utilized a quantitative research design, specifically a survey, to gather data from the target populations. Sample size - 385 respondents, Confidence level - 95%, Error - 5%. Type of sampling - probability sampling, stratified sampling method.

The study revealed significant generational differences in influencer marketing preferences between Millennials (Generation Y) and Generation Z. Notably, Gen Z demonstrates a higher level of engagement with influencers, particularly on Instagram, and places greater trust in their recommendations compared to Gen Y. Social media remains the dominant source of information and communication for both generations. These findings highlight the importance of developing targeted influencer marketing strategies that cater to the unique preferences and content consumption habits of Millennials (Generation Y) and Generation Z. By leveraging the power of social media platforms and prioritizing authenticity and transparency in influencer partnerships, companies can effectively reach these valuable consumer segments.

Keywords:

Influencer marketing, Generation Y, Generation Z, consumer preferences, marketing strategies.

JEL Classification: M00

1 Introduction

In recent years, influencer marketing has emerged in digital channels as a powerful tool for brands to connect with consumers. Through influencers who have amassed a large number of followers on various social media platforms, influencer marketing offers brands a unique opportunity to reach their target audience and introduce them to their products. However, the effectiveness of influencer marketing strategies may vary across different generational groups, particularly among Generations Y and Z.¹

Influencers affect their audience through videos depicting everyday lifestyle and advice on self-care, food products, or healthy living, thanks to their experience, authenticity, and attitudes. Influencer marketing is based on and evolves from the genuine connections that exist between them and their followers. The effectiveness of influencer marketing lies in its ability to leverage the trust and authenticity that influencers have gained in their relationship with the target audience. By collaborating with influencers whose values and interests align with those of their target audience, companies can introduce their product to consumers in various ways - be it through sponsored posts, product reviews, or brand collaborations. In this way, influencer marketing offers brands an unparalleled opportunity to reach a highly engaged and receptive audience in a more organic and less intrusive manner. Moreover, influencer marketing has proven particularly effective in attracting young audiences. These include Generation Y and Generation Z, who have grown up in the digital connectivity era and align with social media trends and influences. For the digital generation, influencers do more than just create marketing content; they are trusted advisors, trendsetters, and sources of inspiration. Thus, influencer marketing creates a great opportunity for brands trying to connect with their target audience.²

Considering all this, the aim of the research is to delve deeper into the preferences and attitudes of Generations Y and Z towards influencer marketing, in order to provide substantiated information to marketers and brands about the role of influencer marketing in shaping consumer behavior and perception of Generations Y and Z, and thus help them keep pace with the constantly evolving landscape of digital marketing in Georgia. Additionally, the research aims to assess the perception and rating of Georgian influencers among the target groups (Generations Y and Z). Based on the research objective, the research questions are formulated as follows:

- Do the preferences of Generations Y and Z differ in relation to influencer marketing?
- What role does influencer marketing play in shaping consumer behavior and perception of Generations Y and Z?

¹ Biaudet S. 2017

² Chopra A. Avhad V. Jaju S. 2020

Within the framework of the research, an assumption was made that there are differences between the preferences of Generations Y and Z in relation to influencer marketing.

Research Methodology

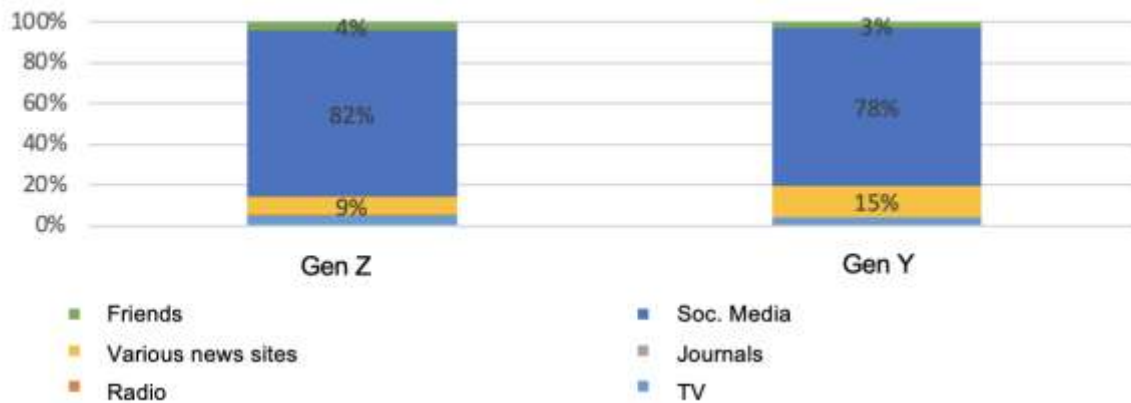
At the first stage, a desk research was conducted, which involved analyzing thematic papers, reports, and existing research in the field. As a result, influencer marketing approaches and influencer strategies were defined. At the second stage, quantitative research was conducted. A random sample was used from two different generational populations, which determined the preferences of Generations Y and Z in relation to influencer marketing. The study surveyed the following target groups: Generation Y - age group born between 1981-1996; Generation Z - age group born between 1997-2012. Considering ethical norms, the study surveyed the population aged 15 and older. (Population - 1,392,801 people, sample size - 385 respondents, confidence level - 95%, margin of error - 5%).

To avoid errors and deficiencies, and to ensure the validity and reliability of the research results, a pilot survey was conducted. The questionnaire was tested on a small group of respondents with various demographic profiles. As a result, the functionality of the questionnaire and questions, the comprehensibility of the content, the adequacy of the number of questions in the questionnaire, etc., were checked. Survey method - online questionnaire, platform used - QuestionPro. The questionnaire was distributed using social networks and email. The questionnaire was sent directly to 1620 people's personal email addresses, with a response rate of 34%. The survey was conducted in February-March 2024.

Research Results

The study revealed that in their daily lives, the majority of the studied generations (Z and Y) receive information about current events through social networks. For 82% of Generation Z representatives and 78% of Generation Y representatives, social networks are the main source of information for learning about news.

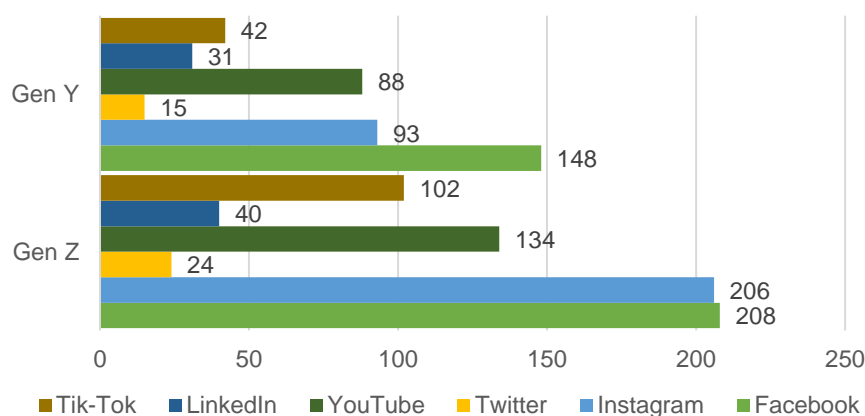
Figure 1: Sources of news



Source: Compiled by the author

Facebook is predominant in both sample groups, although Generation Z uses Instagram almost as frequently. Nevertheless, the use of Instagram in the studied generations falls far behind Facebook, which is named as the top network. In this question, respondents were allowed to select three answers. Facebook was most frequently mentioned in the first place.

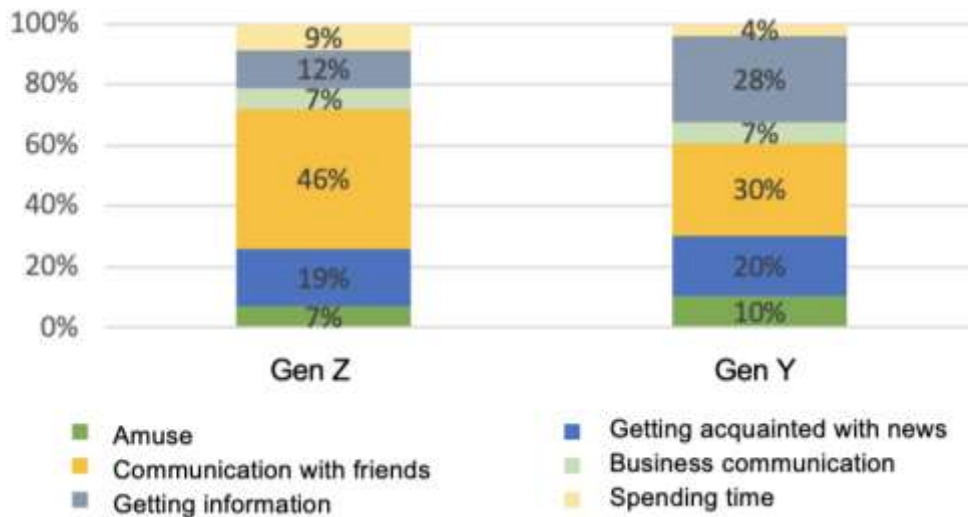
Figure 2: Most popular social media channels



Source: Compiled by the author

The majority of respondents from both generations use social channels for communication with friends. The use of Facebook for accessing news is almost equal among Generation Y and Generation Z.

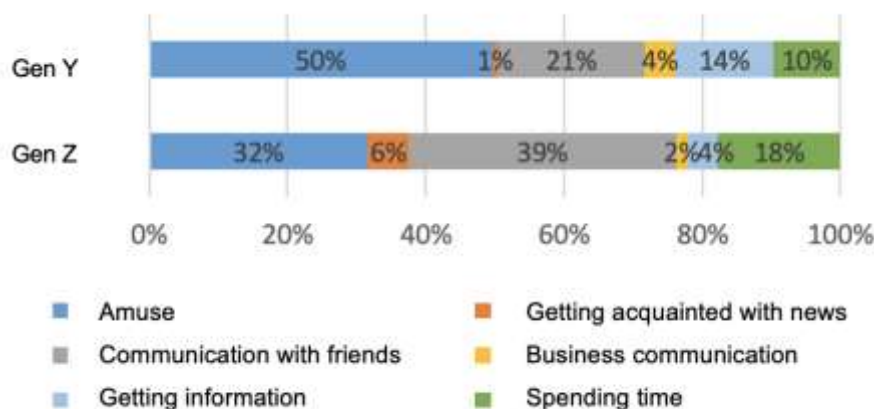
Figure 3: The main purpose of using Facebook



Source: Compiled by the author

Representatives of both generations primarily view Instagram as a means of entertainment and communication with friends. However, Generation Z mainly uses the mentioned network for communication with friends, while Generation Y uses it primarily for entertainment purposes.

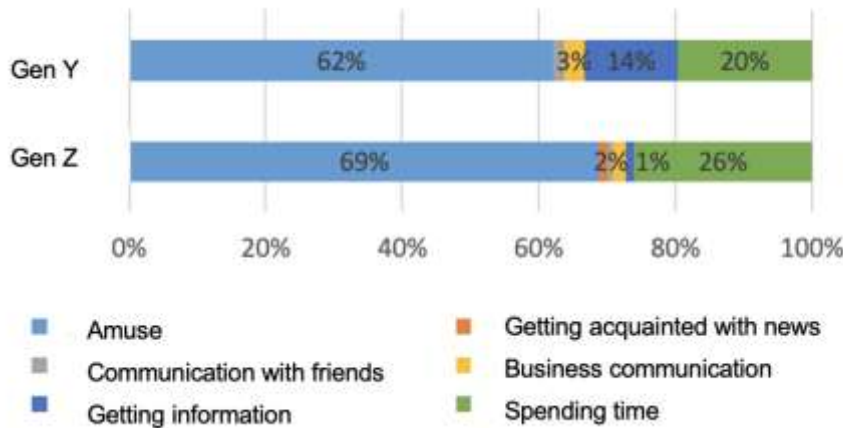
Figure 4: The main purpose of using Instagram



Source: Compiled by the author

Both groups use another social network-YouTube - for entertainment and receiving various information, while the Chinese social network TikTok is used for entertainment and passing time.

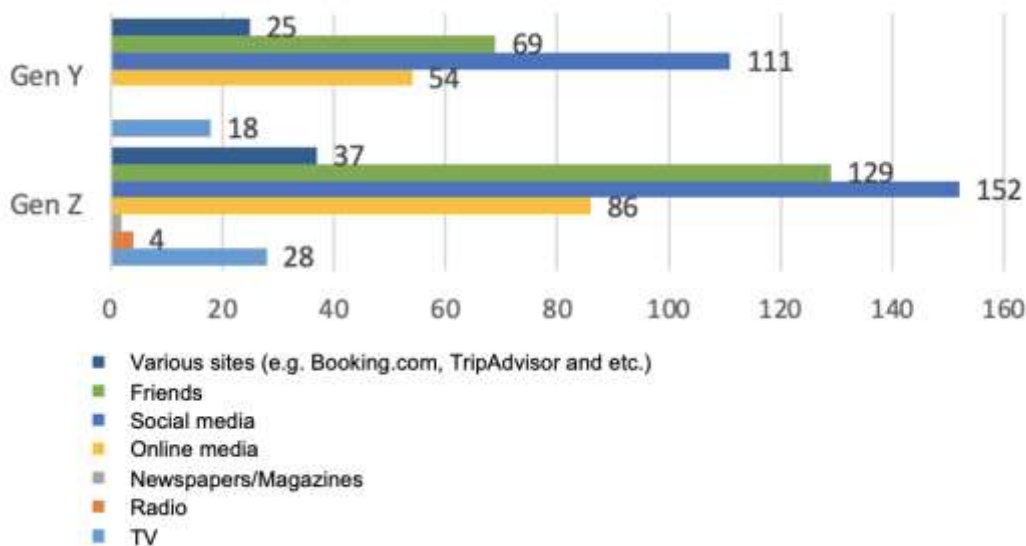
Figure 5: The main purpose of using TikTok



Source: Compiled by the author

For the question about which sources they use to obtain information about various products or services, respondents were allowed to provide three answers. In both groups, the most frequently mentioned sources were: social networks, friends/acquaintances, and in third position - online media.

Figure 5: Main sources for obtaining information about products/services



Source: Compiled by the author

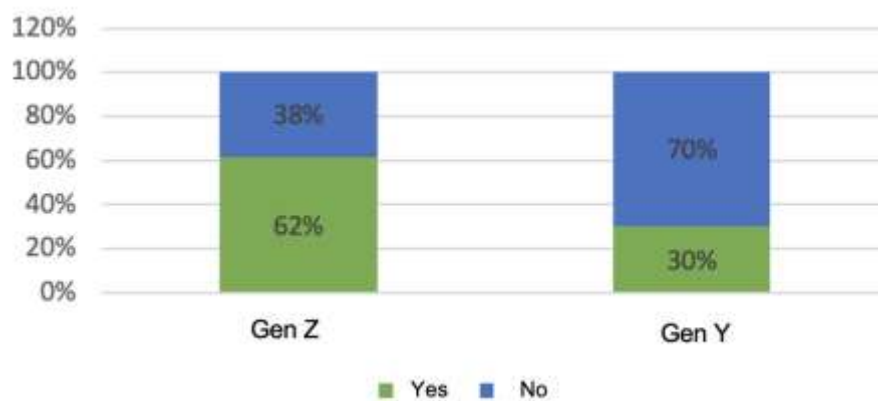
The study revealed that for Generation Z, the most important factors when purchasing a product/service are price (79%), reviews from other consumers (68%), recommendations from friends/acquaintances (65%), and a diverse range of product choices (63%). Advertising (55%) and brand (45%) are somewhat important. 47% of respondents believe that evaluations from influencers/celebrities are not an important factor when purchasing a product. Among Generation Y representatives, this indicator is even higher, reaching 58%.

The study revealed that Generation Z shows more interest in influencers, with 62% of respondents being subscribers to various influencers and following their activities on different social networks.

Among Generation Y representatives, there is relatively less interest in influencers. Only 30% of respondents stated that they are subscribers to one influencer or another.

The test shows that there is a statistically significant difference between Generation Y and Z preferences in terms of interest in influencers ($z=5.813$, raw difference 32%).

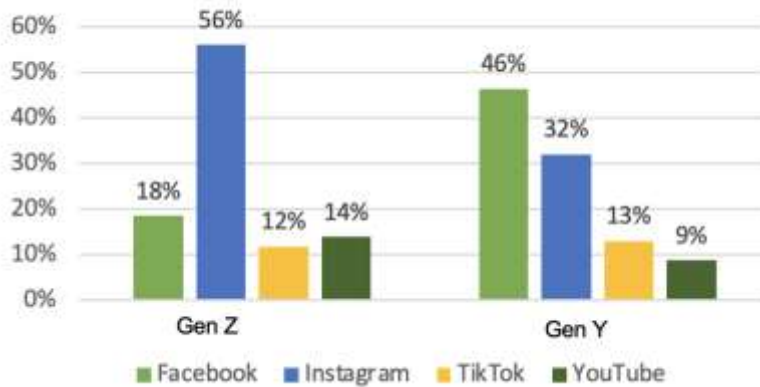
Figure 6: Are you a follower of any influencers



Source: Compiled by the author

The increased interest in influencers among Generation Z may be due to several factors. For Generation Z, as a digital generation, social media and digital communication are an integral part of daily life, which may explain their increased attention to influencers. 56% of Generation Z representatives follow influencers' posts on Instagram, while the majority of Generation Y representatives (46%) follow them on Facebook. A statistically significant difference was also found between Y and Z generations' preferences in terms of choosing social media platforms for viewing influencers' posts (Facebook: $z=4.141$, raw difference 28%, Instagram: $z=3.473$, raw difference 24%). The obtained result indicates that Instagram is precisely the platform on which influencers should become more active, as their target audience uses this platform to communicate with influencers.

Figure 7: On which social networks do you follow influencers' posts/vlogs?



Source: Compiled by the author

Representatives of Generation Y are more skeptical towards influencers' recommendations than representatives of Generation Z. The research results showed that unlike Generation Z, where 21% of representatives trust the advice of influencers or celebrities regarding various products, only 4% of Generation Y representatives trust influencers' recommendations, while 33% do not trust them at all. The test results once again revealed a statistically significant difference between Generation Y and Z preferences in terms of trust towards information about products spread by influencers ($z=3.578$, raw difference 15%).

Conclusions and Recommendations

As a result of the research, several key findings emerged that are noteworthy for digital marketing specialists for easy navigation in the constantly evolving marketing landscape.

The study revealed that there are statistically significant differences between Generation Z and Y in their preferences and engagement levels towards influencer marketing ($z=5.813$, raw difference 32%). Unlike Generation Y, Generation Z shows more interest, receptivity, and engagement towards influencers, especially on Instagram, while Generation Y primarily uses Facebook for the same purpose. (Facebook: $z=4.141$, raw difference 28%, Instagram: $z=3.473$, raw difference 24%).

Moreover, the research results reveal different levels of trust towards information about products spread by influencers in the two generational cohorts. The differences in this case are also statistically significant. Generation Z shows a higher level of trust towards information about products spread by influencers compared to Generation Y ($z=3.578$, raw difference 15%), which underscores the importance of authenticity and transparency among influencers.

The study demonstrates the role of influencer marketing in shaping consumer behavior and perception in Generations Y and Z. For Generation Z, influencer marketing represents a significant factor that impacts their purchasing decisions.

Given that the differences between Generation Y and Z preferences towards influencer marketing are generally statistically significant, it would be desirable for the research findings to have practical applications. Therefore, a different communication strategy should be developed for each generation, and different channels should be used to reach each target group.

Based on the research results, the following recommendations have been developed for organizations, marketers, and influencers:

Platform Selection: Influencer marketing campaigns should align with each generation's preferred social media platform. For Generation Z, priority should be given to Instagram and TikTok, as representatives of this generation engage with influencer content primarily on these platforms. For Generation Y, priority should be given to Facebook. To reach a broader audience through influencers, it is also recommended to use developing platforms such as YouTube.

Sincerity and Transparency: The offered content should align with the values and aspirations of the target audience. Advertising activities that subscribers doubt in terms of sincerity cannot be effective. Only in this way can trust be gained from the target audience, ensuring long-term and strong loyalty of subscribers towards influencers and platforms.

Influencer Selection: Influencers should be chosen carefully. Attention should be focused not only on the number of subscribers but also on the content of the material offered by influencers. Priority should be given to influencers who offer educational content to subscribers on specific topics, which ensures much higher engagement in both Generation Y and Generation Z.

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