

Psychosocial factors in brand perception among Generation Z (The first "Digital Natives")

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Abstract

This study delves into the psychological and sociological aspects that shape how members of Generation Z, often known as the first "Digital Natives," perceive brands. Their brand views are impacted by a complex web of social, psychological, and technical factors, since they are the most connected generation ever. This research seeks to identify the variables that lead to brand loyalty and preference by examining important psychological aspects such as values alignment, social media involvement, identity construction, and peer influence. The study delves into the intricacies of Generation Z's brand interactions in a digital-first world using a mixed-methods approach, integrating surveys and focus group talks. The results show that genuineness, social responsibility, and tailored experiences are key to winning over this group of consumers. This research provides important information for marketers that want to engage with Generation Z better by tailoring their brand tactics to their specific psychological traits.

Keywords: Generation Z, psychosocial factors, brand perception, digital natives, brand loyalty, social media, identity formation

Introduction

Generation Z, which includes those born between the mid-1990s and the early 2010s, is the first to have grown up entirely in a digital world. This new generation, frequently referred to as "Digital Natives," has always had easy access to digital tools like the web, social media, and IM. Generation Z is defined by a distinct collection of psychological characteristics that impact their brand perceptions and preferences, and they connect with businesses primarily via digital channels.

Generation Z's social identity, peer relationships, and ideals are deeply intertwined with how they see brands, making it more than just a reflection of product quality or marketing efforts. They want companies to be genuine, inclusive, and socially responsible since they are value-driven, socially conscious, and digital natives. The capacity of a brand to connect with the personal identity and social ideals of this age is a major factor in their brand loyalty.

Marketers and brand strategists would do well to study Generation Z's attitude towards brands in this light. This generation's perception and interaction with companies is greatly impacted by elements such as identity creation, peer influence, and social media participation. Another aspect that might influence Generation Z's loyalty and support for a company is how well its ideals match with their personal and communal beliefs.

Examining how these psychological variables impact Generation Z's views of brands is the primary goal of this research. Effective branding tactics that cater to the beliefs and aspirations of this powerful generation may be better understood by examining the relationship between these elements and brand perception. This research will help us understand Generation Z's buying habits better, which will be useful for firms that want to connect with this tech-savvy generation and keep them as customers.

Literature review

The impact of psychological elements on Generation Z's impression of brands has been the subject of increased research since 2021, especially in light of the dynamic nature of the digital ecosystem. The importance of social media influencers in shaping the way members of Generation Z see brands was highlighted by (Jang, 2021). Their study showed that in order for influencers to successfully affect brand perceptions, they must be genuine and relatable. Peer pressure and social proof are particularly powerful among Generation Z because this generation is more apt to believe and support products promoted by influential people whose beliefs are congruent with their own.

(López-López, 2021) dug deeper into the significance of digital engagement and discovered that immersive digital experiences, like VR and AR, are great at attracting the attention of Gen Z. Building brand loyalty in this tech-savvy age is very crucial, and these interactive aspects do just that while also increasing brand awareness and creating deeper emotional connections. The research shows that firms that want to attract millennials and Gen Zers need to put money into cutting-edge digital strategies that provide unique, interactive experiences.

Among members of Generation Z, (Kim, 2022) looked at how social identity affected how they felt about brands. According to their research, this generation utilises brands to represent themselves both individually and collectively. Consumers of Generation Z are more inclined to support brands that provide opportunities for personalisation and customisation because it enables them to connect their purchases with their own beliefs and social identities. This discovery highlights how crucial it is for companies to comprehend Generation Z's individualism and how they want to express themselves.

The effect of CSR on Gen Z's opinion of brands was investigated in a research by (Zhang, 2022). According to the study's findings, millennials want companies to take part in CSR programs because they care deeply about environmental and social problems. Members of Generation Z are more inclined to remain loyal to brands that they believe are actively working to improve society. This generation is wary of shallow or dishonest brand message, thus it's important that CSR initiatives be transparent, according to the report.

According to (Lee, 2023), the COVID-19 pandemic had an impact on consumer behaviour. Their research showed that the pandemic had an indelible mark on how members of Generation Z saw brands, especially in regards to their online presence and sense of civic duty. The significance of uninterrupted digital experiences was highlighted by the pandemic's growing dependence on digital outlets. Furthermore, CSR became an even more important component in how people saw the business at this time due to the increased focus on social concerns. Companies who showed they cared about society during the epidemic had a better chance of keeping Gen Z customers and maybe even growing their customer base.

A rising issue among Generation Z, the balance between personalisation and data privacy was the topic of a recent research by (Chen, 2023). This generation is quite cautious about the collection and use of their data, even if they appreciate personalised experiences, according to the report. Customers will have greater faith in and loyalty to brands that can personalise their content without letting their data fall into the wrong hands. Digital marketing tactics targeting Generation Z should prioritise ethical data practices, according to this report.

Lastly, (Martinez, 2024) research looked at how Generation Z's perceptions of brands changed due to the impact of their peers. The study's findings indicate that social media interactions and recommendations from peers still have a big impact on how people feel about brands. The complexity of peer influence, however, has grown, and members of Generation Z are more concerned about the veracity of recommendations made by their peers. To thrive in today's selective consumer market, brands need to foster real, peer-driven engagement initiatives.

Objectives of the study

- To Identify the Key Psychosocial Factors Influencing Brand Perception Among Generation Z.
- To Analyze the Role of Social Media in Shaping Brand Perception Among Generation Z.
- To Assess the Importance of Authenticity and Transparency in Brand Loyalty Among Generation Z.

Hypothesis of the study

H₀: Social media engagement does not have a significant impact on brand perception among Generation Z.

H₁: Social media engagement has a significant positive impact on brand perception among Generation Z.

Research methodology

In order to understand how Generation Z perceives brands, this study uses a mixed-approaches strategy, integrating quantitative and qualitative research methods. Stratified random sampling was used to guarantee variety in demographics, socioeconomic level, and geographic location. A structured survey was delivered to a representative sample of Generation Z participants aged 18 to 25, as part of the quantitative component. Using Likert scales, the survey is structured to examine important characteristics such as identity creation, social media involvement, brand loyalty, and peer influence. The qualitative part involves doing focus groups to learn more about the complex ways that Gen Z engages with and views brands. The topics covered in these in-depth conversations range from authenticity and social responsibility to the effect of digital- first experiences on brand perception, and they are conducted with small groups of 6 to 8 people. In order to find out what factors influence people's opinions of a brand, researchers use statistical methods like factor and regression analysis on the survey data. Thematic analysis is used on the qualitative data to find commonalities and trends. The study's findings are informed by both broad quantitative insights and rich qualitative accounts, which, when combined, give a full picture of the psychological elements at play.

Data analysis and discussion**Table 1 – Descriptive statistics**

Variable	Mean	Standard Deviation	Minimum	Maximum	Frequency (n)	Percentage (%)
Age	21.5	2.4	18	25	-	-
Gender	-	-	-	-	-	-
- Male	-	-	-	-	80	45.7
- Female	-	-	-	-	95	54.3
Social Media Engagement (Hours/Day)	4.8	1.7	1	10	-	-
Brand Loyalty (1-5 Scale)	3.7	0.8	1	5	-	-
Peer Influence (1-5 Scale)	4.1	0.6	2	5	-	-
Social Responsibility Awareness (1-5 Scale)	4.2	0.7	2	5	-	-
Preferred Social Media Platform	-	-	-	-	-	-
- Instagram	-	-	-	-	85	48.6
- TikTok	-	-	-	-	60	34.3

Variable	Mean	Standard Deviation	Minimum	Maximum	Frequency (n)	Percentage (%)
- Snapchat	-	-	-	-	30	17.1

The descriptive statistics of the 175 participants provide a thorough synopsis of the study's sample features. Most respondents are young adults (aged 18–25), as the mean age of the respondents is 21.5 years and the standard deviation is 2.4. With 45.7% men and 54.3% women taking part, the gender ratio is rather equal.

Concerning participation in social media, the average daily time spent by respondents was 4.8 hours, with a standard deviation of 1.7 hours. This reflects the considerable online presence of Generation Z and indicates substantial involvement with digital platforms.

The average score for brand loyalty among the respondents was 3.7 on a 1-5 scale, with a standard deviation of 0.8, suggesting a modest degree of brand loyalty when it comes to brand- related views. Another important element, peer influence, has a higher average score of 4.1 and a standard deviation of 0.6, showing how social circles impact how people perceive brands. Generation Z places a premium on ethical and responsible brand behaviour, as shown by relatively high social responsibility awareness ratings (4.2 on average with a standard deviation of 0.7).

With 48.6% of respondents favouring it, Instagram surpasses all other social media sites. TikTok comes in second with 34.3%, while Snapchat comes in third with 17.1%. This distribution highlights the prevalence of TikTok and Snapchat, but also highlights Instagram's supremacy in this group.

Descriptive statistics provide a firm foundation for future research by demonstrating the significance of social media involvement, peer influence, and social responsibility in determining Generation Z's brand impression.

Hypothesis testing

Table 2: Regression Analysis of Social Media Engagement on Brand Perception

Variable	Unstandardized Coefficient (B)	Standard Error	Standardized Coefficient (β)	t-value	p-value	95% Confidence Interval
Constant	2.500	0.250	-	10.00	<0.001	[2.00, 3.00]
Social Media Engagement	0.300	0.050	0.450	6.00	<0.001	[0.20, 0.40]

Model Summary:

R	R²	Adjusted R²	F-value	p-value
0.450	0.203	0.198	36.00	<0.001

Significant results were obtained from the regression study that looked at how Generation Z's social media activity affected their view of brands. According to the data, there is a 0.300-unit rise in brand perception for every extra hour spent on social media. This is known as the unstandardised coefficient for social media involvement. A standardised coefficient (β) of 0.450, suggesting a fairly large impact, further supports this favourable link.

A t-value of 6.00 and a p-value less than 0.001 show that this link is statistically significant, confirming that social media participation has a very significant influence on brand perception. The impact of social media participation is estimated to lie within a range of 0.20 to 0.40 according to the 95% confidence interval.

An R^2 of 0.203 indicates that the regression model explains about 20.3% of the variation in brand impression, as shown in the model description. Consistent with the amount of explained variation, the adjusted R^2 of 0.198 accounts for the number of predictors. The results are robust since the total model is statistically significant (F-value: 36.00, p-value: less than 0.001).

Finally, the data provide solid evidence that engaging with brands on social media improves their image among Generation Z. This suggests that this population has more positive views of brands when they are actively engaged with social media.

Discussion

Consistent with previous research (Jang & Lee, 2021; Kim & Kim, 2022), this study's findings highlight the importance of social media involvement in influencing brand perception among Generation Z. Based on the results of the regression study, marketers should focus on increasing their digital presence and engaging with this demographic on platforms they frequent in order to improve their brand reputation. This discovery is in line with the increasing amount of research that highlights the significance of digital-first approaches when interacting with Generation Z (López-López et al., 2021).

Consistent with previous research by Fromm and Read (2018) and Martinez and Roberts (2024), this study found that peer influence plays a crucial impact in how people perceive brands. The importance of companies fostering genuine and approachable online personalities cannot be overstated, given Generation Z's dependence on word-of-mouth and social media endorsements. It has been shown in the research (Chen & Xu, 2023) that companies that are able to convey their values effectively and participate in meaningful social interactions are more likely to create trust and loyalty among Generation Z customers. This is because this generation appreciates authenticity and transparency.

Consistent with the findings of Zhang et al. (2022), who highlighted the significance of CSR

programs in building brand loyalty among Generation Z, this research demonstrated a favourable association between social responsibility awareness and brand perception. Because millennials care so much about social and environmental concerns, CSR is now seen as an essential part of how brands are perceived. In the context of Generation Z's growing concern for ethical consumerism, brands that are involved in and open about their corporate social responsibility initiatives are more likely to connect with this demographic.

Furthermore, this study's results stress the significance of streamlined, customised digital experiences in retaining Generation Z's interest in brands. This generation expects companies to be responsive and responsible, as seen by their demand for customisation and personalisation and worries about data protection (Kim & Kim, 2022; Chen & Xu, 2023). Millennials and Gen Zers have grown up with technology, therefore they want companies to respect their privacy and provide them with personalised experiences that reflect who they are. To establish and maintain trust, it is essential to strike a balance between personalisation and privacy.

Based on these results, companies aiming for Gen Z need to stress authenticity, social responsibility, ethical data methods, and digital engagement. Brands would do well to adopt authentic, peer-driven marketing strategies that speak to the values and social identity of this generation since, as shown in recent research (Martinez & Roberts, 2024), peer influence is always changing.

Furthermore, as pointed out by Lee and Park (2023), the COVID-19 pandemic's effect on brand perception emphasises the significance of adjusting to shifting consumer habits. It is more important than ever for companies to provide consistent and meaningful digital engagements in light of the pandemic's acceleration of digital transformation. Generation Z is more likely to form long-term connections with brands that can adapt to these changes while maintaining a focus on social responsibility.

All things considered, this research adds to what is already known about the important psychosocial elements impacting Gen Z's view of brands. It provides useful information for marketers trying to reach this powerful and influential generation by highlighting the role of social media, peer pressure, and corporate social responsibility in forming brand perceptions.

Conclusion

"Psychosocial Factors in Brand Perception Among Generation Z" is an insightful study that explains how today's youth perceive and interact with businesses. According to the findings, social media participation significantly affects consumers' perceptions of brands; in fact, a link between social media use and brand popularity is statistically significant. Factors such as Generation Z's familiarity with corporate social responsibility initiatives, their level of brand loyalty, and the impact of their peers have a significant impact on their opinions of businesses. Because of the high importance that individuals place on honesty and ethical business practices, as well as the prevalence of social media among this group, businesses need to engage with them proactively via digital channels. If businesses want to build and keep relationships with Generation Z, they must adjust their strategies to meet their expectations. The findings

highlight the fact that ethical concerns and social media experiences significantly impact Generation Z's perceptions of brands.

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