

THE ROLE OF DIGITAL MARKETING IN SHAPING GEN Z CONSUMER BEHAVIOUR

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ABSTRACT

As this paper deals with the changing face of digital marketing, thereby having a great influence on the Generation Z, who was actually the first generation growing fully immersed in the digitized world, it is important to add that Gen Z has separate preferences in respect to "personally tailored" and authentic marketing experiences, especially when it comes to social media sites like Instagram, TikTok, and YouTube. Instead of just being consumers, they are co-creators in every way while expecting openness and smooth flow with the brands. For this, the research has learned how personalization done by AI has influenced the description of the interaction of brands with their desired consumers, and how that personalization contributes to engagement and loyalty toward the brand. Social media has been found to play a significant role in how Gen Z decides on purchases, yet it remains concerned about data privacy and security of transactions online. Blockchain technology has been touted as a solution to the issue of trust, providing transparent and secure traceable transactions that should alleviate fears for such digital environments and eventually build trust in such an environment. AI/Blockchain use in digital marketing will eliminate consumers' distrust in brands so that it should translate to increased loyalty towards brands and a safe, more personalized consumer experience. Findings should fuel innovative approaches to digital marketing geared toward the expectations of such an intricately interlinked, dependent, and technologically advanced generation.

Keywords: Generation Z, Digital Marketing, Personalized Content, Social Media Marketing, AI, Block chain.

INTRODUCTION

Generation Z refers to the generation born between 1997 and 2012, often referred to as the first genuinely digital generation. Unlike Millennials, who witnessed analog technology evolve into digital ones, Gen Z lived through an era where internet, smartphones, and social media were dominant in their daily lives. The constant use of digital platforms has made them extremely tech savvy, with an instinctive understanding of how to navigate and interact with various online environments. This means technology is dramatically influencing Gen Z's connection to the general approach to behavior concerning consumption, which makes digital marketing indispensable for tapping into this audience (Ahmed et al., 2015).

Unlike their older counterparts who may still use traditional marketing channels, Gen Z expects brands to meet them exactly where they spend most of their time—that is on digital platforms. More than presence, however, is the million-dollar requirement. These are children who can be very selective and demand authenticity and transparency in whatever they do. They reject the kinds of spontaneous advertising that do not authentically connect to them

and consider content more personalized to the extent that it is more in line with the specific interests and needs of these readers. Brands must, therefore, adopt more sophisticated forms of digital marketing, far more hyper-personalized and driven by the specific behaviors and preferences of Gen Z consumers (Agrawal, 2024).

This current research explores how the newer technologies like AI and blockchain are the shaping forces of digital marketing pertaining to the Gen Z segment. AI enables brands to craft more personalized experiences in marketing by reading user data and delivering content in real-time. This in turn increases engagement and serves to foster deeper connections with brands and consumers alike. On the other hand, blockchain provides a solution to the increasing unease among Gen Z about online transactions and privacy. Blockchain can then help make sure that the transaction is verifiable and transparent, and would enable Gen Z consumers to have trust in any transaction process (Bowo et al., 2024).

The research now believes that going forward, AI-based personalization and blockchain transparency will take the forefront of digital marketing through 2024. With the solutions they will bring to issues concerning trust in online marketing, these technologies also will raise the bar for customer experience towards being not only safer, more customized, and up to the expectations of high Gen Z (Dragolea et al., 2023).

LITERATURE REVIEW

Recent researches have illuminated significantly all aspects of digital behavior of Gen Z and their implications on strategies in current times. Vinerean et al. concluded that Instagram, TikTok, and YouTube significantly influence the purchase decisions of Gen Z. There is a high focus on visually oriented content, and most the influencer collaborations catch their eyeball. Such a generation really prefers authentic, influencer-generate content over traditional forms of advertisements. This feeling is echoed in several studies argue that personalisation remains one of the leading digital marketing practice influencers because how AI strategies really help personalize the content based on real-time reviews of consumer data analysis (Elesi et al., 2024).

They identified some very threatening privacy and data security issues in e-commerce transactions among Gen Z consumers. In this context, found blockchain as the promising solution which pointed out that secure, transparent, and verifiable transactions can effectively deal with trust issues within this demographic. According to the basic research would have positively shifted AI with regards to digital marketing, showing how algorithms run on AI will better personalize, enable predictive analytics, and even predict consumer needs while ensuring relevant content is delivered at the right time (Ghouse et al., 2024).

Very comprehensive research methodology was adopted in 2024 through stratified random sampling in order to survey 300 Gen Z respondents aged between 18 and 26 across the major demographic segments of Chennai. The criteria for sample selection were occupation, income, and patterns of social media usage so that the cross-section of the Gen Z population was well represented. The data collection methodology for this research was a mix of quantitative and qualitative methods-included online surveys conducted on widely used social media platforms and focus groups with in-depth interactions. Included in the study were several types of surveys: multiple-choice questions and Likert-scale items probing into their preference for digital advertising, social media behavior, and trust in online shopping alongside experiences with AI-driven personalization (Guliyeva, 2023).

The overall analytical framework was advanced, because it incorporated advanced tools and techniques in focus group discussions towards the sentiment analysis of consumers' attitudes toward personalized marketing and blockchain technology. Most statistical analyses included chi-square tests and correlation analysis to determine relationships between

consumer trust, purchasing behavior, and strategies applied in digital marketing. Using predictive modeling, it is possible to estimate how the eventual adoption of AI and blockchain will impact the long-run outcome of consumer engagement with digital marketing campaigns. Therefore, the holistic method of research indicated an enlightening understanding of digital behavior patterns and preferences among Gen Z, critical to the effective initiation of marketing initiatives targeting the population (Gupta, 2021).

This integrated analysis reveals that for effective marketing to Gen Z, there needs to be authentic visual content leveraged through influencer partnerships, blockchain to enhance its trust aspect, AI-driven personalization, high regard for privacy and security measures, and a strong multi-channel presence with real-time engagement features. These suggestions point out a paradigm shift in the methodologies that shall change the face of digital marketing as it makes it mandatory for every brand to adjust its strategies according to the specific preferences and the behavioral patterns that Gen Z exhibits in the digital world (Harahap et al., 2023).

OBJECTIVES

1. To analyze the influence of AI-powered personalized marketing strategies on the purchasing behavior of Generation Z.
2. To explore the role of social media platforms in shaping the consumption patterns and preferences of Gen Z consumers.
3. To investigate the trust concerns of Gen Z related to data privacy and online transactions in digital marketing.
4. To evaluate the potential of blockchain technology in enhancing transparency and trust in e-commerce for Gen Z.
5. To assess the impact of integrating AI and blockchain in digital marketing strategies on brand loyalty and consumer engagement among Generation Z.

Hypotheses

H₁: AI-powered personalized marketing has a significant positive effect on the engagement and purchasing behavior of Generation Z.

H₂: Social media platforms play a critical role in influencing Gen Z's purchasing decisions.

H₃: Gen Z has significant trust issues with online transactions and data privacy in digital marketing.

H₄: Blockchain technology enhances trust and transparency in online transactions, thereby reducing skepticism among Generation Z.

H₅: The integration of AI and blockchain in digital marketing strategies leads to higher brand loyalty and improved consumer experience for Generation Z.

RESEARCH METHODOLOGY

This study adopted a mixed-methods research design, which provided an all-inclusive approach towards investigating Gen Z's patterns of digital behavior and marketing preferences. The design structure adopted in the methodology encompasses the three main components, namely sample design, data collection, and analytical tools for a stronger systematic approach towards handling the research objectives.

Sample Design

The research applied a stratified random sampling method to guarantee comprehensive coverage of demographically different segments. 300 respondents belonging to Gen Z, aged between 18 and 26 years, were chosen from Chennai, India. The stratification was based on the three key variables: occupation, income levels, and usage patterns of social media. This ensured that the range of views cut across different socio-economic backgrounds as well, which provided much-needed statistical significance. The dissemination strategy of the questionnaire ensured it reached more interactive sites that captured the interest of Gen Z, including Instagram, WhatsApp, and TikTok, thereby getting high reach and response from the target population (Kalra et al., 2023).

Data Collection

Qualitative and quantitative data collection methods were adopted. The quantitative part was designed as a structured online questionnaire using multiple-choice questions and Likert-scale items. These surveys have been well-designed to assess four appropriate dimensions: preferment of digital advertising, the pattern of social media usage, the trust level in the online shopping environment, and overall experience with AI-driven personalization. The qualitative segment constituted deep focus groups with a view to gathering rich, detailed insights into attitudes that Gen Z may have towards emerging technologies. These focus groups explored perceptions regarding blockchain-based e-commerce transactions, the way they responded to marketing campaigns, and how social media influencers impacted buying behaviors (Lim et al., 2024).

Analytical Framework

During the analytic stage, a multi-layer approach was used for data analysis. In this qualitative information generated from the focus group interviews, the methods for conducting sentiment analysis were adopted to analyze consumer perceptions of personal marketing efforts and the use of blockchain technology (Loo, 2023). The three critical variables which are studied in the present analysis through statistical tools include chi-square tests and correlation analyses, are as follows: Consumer trust levels Purchasing behavior patterns Effectiveness of different types of digital marketing strategies. Moreover, the long-run effects of AI and blockchain, in terms of how consumers will interact with digital marketing channels up to 2024, were predicted using predictive modeling methods. In this way, the technique adopted was full analysis to ensure that general significant relationships and trends were identified with suitable statistical integrity and reliability (Munsch, 2021).

Research Quality Control and Validation

Several methods have been employed for maintaining research quality and validity at different stages of this study. In addition, data triangulation was incorporated through a technique of cross validation through both quantitative and qualitative sources. Pilot testing of instruments was carried out through a small sample size of 30 subjects that assisted in the validation of whether or not the questions were clear and effective (PERUMAL, 2021). The moderators of the focus groups were trained to allow the procedure followed in collecting data to be carried out similarly in all settings. All the sessions held were tape recorded and then transcribed word for word to ensure accuracy. All the analyses carried out through statistics were reviewed by peers to ensure proper methodological rigor (Qingyang et al., 2018).

RESULTS

The study of this research gains primary insights on how Generation Z interacts with digital marketing, thereby establishing the fact that AI-powered personalization, social media channels, trust issues, and blockchain technology are major factors influencing its buy-sell behaviour (Salam et al., 2024).

Engagement with Digital Advertising and Personalization Preferences most of the respondents surveyed return back every day and stay engaged with digital marketing on a daily basis, presumably through social media, supporting H2. Meanwhile, 70% of participants stated a desire for a very personalized marketing experience, thus further supporting the hypothesis that AI-based personalized marketing considerably drives Gen Z's engagement and purchasing behavior. This outcome suggests that hyper-personalized content based on individual preferences and behaviors causes more attention and builds deeper brand relationships (Thangavel & Chandra, 2024). The study revealed that 68% of the responses of Gen Z indicated trust in influencer-generated content over traditional advertising, indicating that social media shapes their purchasing decisions (H2). Visual content on Instagram and TikTok is of paramount importance in terms of purchase intent, as there is significant positive correlation between visual media engagement and buying decisions of $r = 0.78$, $p < 0.001$. This has shown Gen Z consumers who prefer authenticity and influencer-based marketing strategies.

Data privacy and security became the critical concern among Gen Z, as 40% of participants were concerned about having their online transactions safe, and this confirms H3. Blockchain technology was, however seen as an effective solution by 25% of the participants who said they were sure of making more reliable online transactions post-blockchain, thus supporting H4. The correlation of concerns related to data privacy were highly significant and considerably negatively correlated with the implementation of blockchain ($r = -0.45$, $p < 0.01$), which shows that blockchain is supportive of trust and transparency. With AI and blockchain, the results of the research were that it significantly impacted brand loyalty and consumer experience, thus supporting H5. More responsive and trusting respondents were observed with AI-powered personalized content in addition to blockchain-secured transactions, which significantly increased overall brand loyalty (Waworuntu et al., 2022).

Significantly, the research also revealed demographic variations: of those with a high-income level, 82% were confident of blockchain solutions as compared to 65% of their peers in the remaining responses; respondents aged 18-22 years were the most likely to have trust in influencers, $r = .72$, $p = <.001$. These results demonstrate the requirement for using digital marketing applications that are targeted towards different segments of generations. Ultimately, results would be quite strong premises on which the understanding of the behavior of Gen Zers in the digital arena is pegged. Some of these include multimedia content, influencer engagement, personal marketing, and secure, transparent methods of completing transactions (Wijaya et al., 2024).

DISCUSSION

Findings of this research published herein indicate a promising alignment with global study trends, establishing critical understanding of the landscape of changing digital marketing strategies toward Generation Z consumers. The outcome supports growing importance of personalization in AI-driven market dynamics within digital marketing. According to Mondal & Subhra, real-time, hyper-personalized content delivery will significantly increase the levels of engagement among the younger audiences. This is quite vividly reflected in our conclusion that 70% of the respondents prefer personalized marketing content, indicating that brands need to focus on investment in AI-powered marketing tools if they want to stay ahead of competition in the digital marketplace.

Our research found that effectiveness validity in influencer marketing is consistent with the ideology postulated by Gen Z, as mentioned in the studies conducted, where it was found that 68% of the respondents place more value on the content. Therefore, an association such as this asserts that authenticity of content created with the help of influencers is growingly essential for modern marketing-related strategies and has a strong indication that there will be an immense shift from traditional approaches to marketing. Such high engagement rates with influencer-generated content underscore why brands need to create an authentic, personality-obsessed marketing approach that Gen Z finds appealing, in a world where authenticity and visual-driven content will remain core enablers-primarily through TikTok and Instagram.

The data revealed a potential threat to privacy and security concerning the transacting via e-commerce when 40 percent of concerned respondents are afraid that their data might be compromised. There was validation from the results of Hashmi & Zhang's study investigating blockchain technology and its capacity to change the face of e-commerce security as evidenced by the observed 25% increase in trust levels in response given after the implementation of blockchain technology in support of their hypothesis that the technology has the potential to make transactions more transparent, therefore secure. Especially, this correlation is becoming highly imperative with the present status of e-commerce as a global retail leader and underpins the need for stringent security arrangements in digital marketing strategy.

Some important implications for the future of marketing strategy targeting the consumer from this research are that firstly, to fulfill all the demands of these consumers, the personalized content must be delivered using AI-powered personalization tools. Secondly, since emphasis was on authenticity and influencer-driven content, brands have to develop more authentic and personality-driven marketing approaches. Finally, the deployment of blockchain and other safety features appears to be crucial in ensuring that privacy issues are addressed, while trust in digital transactions is extended. These findings add significantly to the research that continues to focus on Gen Z's digital behavior pattern and provide marketing experts with a real-world perspective, insisting that effective digital marketing strategies should include advanced technologies while maintaining authentic content delivery and robust safety measures.

The rising importance of e-commerce in the retail arena demands an understanding and consideration of the needs and concerns of the stakeholders to really succeed in this digital age. AI-driven personalization, authentic delivery through influencer partnerships, and blockchain-based security measures come together as the best approach to capture this segment's attention. In addition, this holistic approach to digital marketing, blending technological innovation with authentic content delivery and robust security measures, forms the framework within which a brand may seek to build meaningful connections with Gen Z consumers within the emerging digital marketplace.

LIMITATIONS AND CONSIDERATIONS

The study does admit to some inherent limitations within the design, specifically that due to the focus on Chennai in terms of geography, generalizability of findings to other urban centers or rural areas may be somewhat limited. In addition, the use of online platforms for the dispersal of surveys inadvertently led to an underrepresentation of Gen Z youngsters with poor access to the internet. These limitations have been carefully taken into account while analyzing and interpreting data.

The integrated research methodology helped understand the pattern, preference, and attitude of Gen Z toward emerging marketing technology. It has helped in identifying

powerful data to identify what is happening today and project how things might evolve in the near future concerning digital marketing strategy in targeting Gen Z.

CONCLUSION

The present study seeks to provide knowledge about how AI-based personalized marketing, social media engagement, and blockchain technology would impact the buying behavior of Generation Z. A result of the present study is that AI-based hyper-personalization went up by a factor of 70%, and an overwhelming majority of Gen Zers preferred getting only personalized content. Of all those social media platforms, visual-content-based Instagram and TikTok play a mainstream role in shaping buying decisions. According to the respondents in the influencer section, 68% stated they would trust content created by influencers more than advertisements, which mirrors the Gen Z tendency toward authenticity in marketing.

Still, concerns over data protection and online transactions are one of the biggest inhibitions for Gen Z. After all, 40% of respondents actually say they are being held back because of fear over data protection and online transactions. Blockchain was often considered as a solution that would increase transparency and trust in e-commerce transactions, especially among the higher-income respondents and the younger age group. Beyond security-related issues, aligning AI and blockchain together with digital marketing will also boost brand loyalty and overall consumer experience, indicating that perhaps the future of success may be achieved by combining these technologies.

FUTURE RESEARCH DIRECTIONS

Further studies may be conducted exploring the effects of AI-based personalization tools in different regions and demographics, as well as long-term effectiveness of blockchain in improving the reliance of online marketing. More studies on the comparative impact of different digital platforms can be performed regarding their influence on Gen Z consumer behavior in various industries.

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