

The Impact of Social Media Influencer Presence on Brand Loyalty and Customer Retention Among Gen Z: A Literature Study

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Abstract- This study explores the impact of social media influencers on brand loyalty and customer retention among Generation Z. As social media marketing (SMM) evolves, it has become crucial for brands to leverage influencers to engage with this demographic. By examining the effectiveness of influencers in fostering brand loyalty, the research aims to understand how their presence influences customer retention. This comprehensive study reviews existing literature on SMM, brand loyalty, and the role of influencers, focusing on the intrinsic and extrinsic traits that contribute to influencer effectiveness. The findings suggest that influencers significantly impact brand loyalty through authenticity, relatability, and engagement, which in turn enhances customer retention. This review paper explores the impact of Social Media Marketing (SMM) on brand loyalty and purchase intentions, with a particular focus on the role of Social Media Influencers (SMIs). Drawing on a comprehensive body of literature, the study examines the shift from traditional marketing to SMM, the dynamics of brand loyalty in online and offline contexts, and the characteristics and effectiveness of SMIs. The paper highlights the major studies conducted on these topics and identifies gaps for further research, offering insights for future studies.

The pervasive influence of social media in contemporary marketing strategies has reshaped how brands engage with consumers, particularly through the emergence of Social Media Influencers (SMIs). This study delves into the evolving landscape of Social Media Marketing (SMM), focusing on its impact on brand loyalty and customer retention among Generation Z. As digital natives, Generation Z individuals are highly adept at navigating social media platforms and are pivotal in shaping modern consumer behavior trends.

The integration of SMIs into brand strategies signifies a strategic shift from traditional marketing channels to more personalized, interactive approaches. SMIs leverage their authenticity, relatability, and engagement to foster deep connections with their followers, thereby influencing purchasing decisions and brand perceptions. This paper aims to explore how these influencers contribute to enhancing brand loyalty and ultimately, customer retention, within the context of digital and social media environments.

I. INTRODUCTION

The advent of social media has revolutionized marketing practices, offering unprecedented opportunities for direct consumer engagement and personalized communication. Social Media Marketing (SMM) has become a crucial tool for businesses seeking to build and maintain relationships with stakeholders, enhance brand loyalty, and drive purchase intentions. This paper aims to provide a comprehensive review of the existing literature on SMM, brand loyalty, and the role of Social Media Influencers (SMIs), exploring how these elements interact to shape consumer behavior and brand success.

II. OBJECTIVES

- To explore the significance of social media influencers in fostering brand loyalty and enhancing customer retention among Generation Z.
- To identify the existing research gaps concerning the impact of social media influencers on brand loyalty and customer retention among Generation Z.

III. LITERATURE REVIEW

- Evolution of Marketing: Traditional Channels to SMM

Social Media Marketing (SMM) is the process by which companies use social media platforms to create, communicate, and deliver marketing offerings, building and maintaining stakeholder relationships. This enhances value through interaction, information sharing, personalized recommendations, and word-of-mouth promotion (Yadav & Rahman, 2017). SMM also involves executing culturally and socially contextualized advertisements on digital platforms, serving branding and communication purposes (Tuten, 2008; Tuten & Solomon, 2017). By leveraging digital networks, brands can interact closely with potential customers, increasing stakeholder value. Before social media, marketing depended on traditional channels like television, radio, door-to-door sales, display panels, and exhibitions (Nadda et al., 2015). Television and display panel ads were effective in creating strong first impressions due to limited alternatives. However, traditional media had downsides, such as cultural and language barriers, high costs, and the inability to measure marketing reach and productivity (Kotler & Keller, 2009). The internet revolutionized information exchange, enabling rapid and extensive communication beyond traditional media's capabilities. Consumers began trusting anonymous online feedback over brand promotions (Anderson, 2012). Social media allowed companies to communicate directly with consumers, address conflicts transparently, and engage openly, fostering innovation in marketing campaigns (Nadda et al., 2015). Digital networks provide flexibility and ease in reaching large audiences through various means such as online apps, virtual platforms, and media like videos, blogs, images, and podcasts (Brakus et al., 2009). Effective SMM channels include Facebook, YouTube, Twitter, and Instagram. The rise of social media led marketers to adopt more flexible and innovative approaches compared to traditional methods. Companies, entrepreneurs, and governmental organizations use these platforms to engage with potential users, making customer-brand relationships more personal and concentrated (Kelly et al., 2010). The rapid growth of social media has highlighted its potential for popularizing products and fostering interactive consumer communication (Ismail, 2017). The fast-paced environment and rich data sources of social media have driven marketers to shift from traditional media (Duffett, 2015). Merisavo & Raulas, 2004). The relationship evolved from a one-

way to a mutual connection, enhancing engagement (Tsai & Men, 2013). Social media has transformed marketing activities in content creation, distribution, and brand persona enhancement, driven by consumer relationships and content. Firms can introduce promotions, provide instant communication, and create virtual networks for user information exchange, gaining valuable feedback and increasing customer satisfaction through positive word-of-mouth (Muñiz & O'Guinn, 2001; McAlexander et al., 2002; Schau et al., 2009; Lee et al., 2014). Consumers engage with companies on social media for updates on promotions and products (Mangold & Faulds, 2009; Leggat, 2010). They generate and share their own content, effectively becoming brand marketers. Real-time support provided by brands on social media enhances product quality and reputation.

- Impact of SMM on Brand Loyalty

Brand loyalty is defined as an emotional or psychological attachment to a brand (So et al., 2013). Loyal consumers tend to display a positive attitude and deep commitment to a brand, leading them to support it (Lobschat et al., 2013). Yoo and Donthu (2001) describe brand loyalty as the preference of consumers for one brand over another. Miller (2017) posits that brand loyalty forms when a brand becomes irreplaceable in consumers' minds. When social media users become emotionally and psychologically attached to a brand, they are likely to share that information with others (Yeh & Choi, 2011).

Chaudhuri & Holbrook (2001) emphasized that purchase loyalty can enhance market share and enable brands to command higher pricing. Brand loyalty is considered a critical objective for enterprises to pursue. It is a multifaceted concept, with various researchers offering differing definitions. From a Stochastic perspective, consumers exhibit random behavior, and their purchasing decisions are not necessarily influenced by previous ones. In contrast, the Deterministic perspective posits that brand loyalty results from external factors (Huang, 2017). Jackson (2006) defined it as a genuine commitment by customers to repeatedly purchase or favor certain products or services. Various internal and external factors that might influence purchasing behavior do not deter loyal customers from consuming the same types of products and services. Anderson & Jacobsen

(2000, p.65) further defined brand loyalty as the outcome of an organization's efforts to "create benefit for a customer so that they will maintain or increase their purchases from the organization."

In conclusion, brand loyalty is essential for businesses aiming for sustainable success and industry leadership. It involves not only retaining current customers by enhancing their value but also attracting new ones. Understanding and fostering brand loyalty can lead to significant advantages, including increased market share and the ability to implement premium pricing strategies.

- **Brand Loyalty in Online and Offline Contexts**

Research demonstrates that components of brand loyalty differ between online and offline platforms (Tatar & Eren-Erdoğan, 2016). Specifically, consumers in online communities show higher loyalty to high market share firms and lower loyalty to smaller ones, whereas in traditional offline marketplaces, firm size does not correlate with customer loyalty (Danaher et al., 2003). Consumers may have different preferences when deciding to appreciate and be loyal to a certain brand; their level of satisfaction with online and offline experiences results from their interactions with these firms.

On online platforms, companies need to focus on various components such as customization of social media marketing activities, convenience, interactivity, and coherence between the online brand community and the brand's available online information (Srinivasan et al., 2002). Zheng et al. (2015) suggest that online communities like Facebook can build customer loyalty through user engagement. There is a strong link between an organization's activities on their online platforms and customer loyalty. Miller et al. (2009) emphasize that interaction between consumers and online communities, supported by interactive, effective, and low-cost communications, is significant for any enterprise's development. These arguments highlight that brands and consumers have witnessed an increase in the use of social media platforms, and their dominance could drive nurturing brands and influencing consumers' purchase intentions.

The debate on frameworks of brand loyalty, customer equity, and customer trust has been ongoing. (Ebrahim, 2020). Understanding the attributes and impacts of SMM activities on brand loyalty is crucial. This study focuses on brand loyalty as the direct dependent variable, regarded as the ultimate target in the relationship between brands and their customers, while SMM elements are the independent variables utilized by brands on a large scale.

- **Role of Social Media Influencers (SMIs)**

Social Media Influencers (SMIs) are defined as independent third-party endorsers who shape audience attitudes through various social media platforms (Glucksman, 2017; Khamis et al., 2017). SMIs play a crucial role in enhancing brand loyalty and driving purchase intentions by providing endorsements and reviews that resonate with their followers (Schivinski & Dabrowski, 2016; Francalanci & Metra, 2015). Authenticity, congruence, and traits like likeability, expertise, and familiarity are pivotal in influencing consumer perceptions and behavior (Nandagiri & Philip, 2018; Xu & Pratt, 2018).

- **Characteristics and Effectiveness of SMIs**

Effective influencers possess traits such as credibility, expertise, personality, and physical attractiveness, which significantly impact consumer behavior (Abdullahi, 2020). The alignment between an influencer's content and the brand's products, along with the influencer's reach and engagement metrics, are critical factors in determining their effectiveness (Casaló et al., 2017a; Casaló et al., 2020). Research suggests that user perceptions of influencers' credibility and expertise, influenced by prior knowledge and social connections, play a significant role in shaping consumer attitudes (Erdogmus & Cicek, 2012; Abdullahi, 2020).

- **Social Media Influencer and Purchase Intentions**

Studies have shown that participation in a firm's social media activities positively affects purchase intentions. For instance, Erkan and Evans (2016) found that the quality, validity, value, and selection of data in social media marketing are key factors influencing purchase intentions. Schivinski and Dabrowski (2016) argue that social media influencers significantly impact consumer purchase intentions. Influencers provide

endorsements and positive reviews that can lead to a substantial increase in sales (Francalanci & Metra, 2015). Therefore, marketers are willing to invest heavily in recruiting influencers to promote their brands (Sudha & Sheena, 2017). Chung and Cho (2014) discovered that social media users believe influencers can initiate and enhance purchase intentions. However, influencer-created content generally has a more substantial impact on consumer buying behavior (Sudha & Sheena, 2017).

- **Social Media Influencer and Brand Loyalty**

One primary goal for organizations is to build and maintain brand loyalty, as this is believed to boost revenue and market share (Schivinski & Dabrowski, 2016). Brand loyalty indicates the state of loyal consumers who maintain strong brand preferences, leading to repeated purchases (Erdoğan & Çiçek, 2012). Social media influencers are a popular marketing medium, considered a winning strategy for building brand uniqueness. Marketers expect celebrity endorsements to transfer positive meanings to brands, attracting attention (Audi et al., 2015). Hutchinson (2016) notes that most marketers allocate significant budgets to advertising, often using influencers and celebrity endorsements. Ismail (2017) concluded that promotional spending is positively associated with brand loyalty on social media. Audi et al. (2015) also found similar results regarding influencers' effects on loyalty.

Authenticity is a crucial characteristic of influencers that impacts consumer perception of products or brands. Nandagiri and Philip (2018) emphasized that in addition to the relatability of the influencer and the ease of understanding their content, their sponsored posts can enhance brand image and trustworthiness when influencers discuss both the negative and positive aspects of a product. According to Xu and Pratt (2018), this link between influencers, brands, and customers is formulated as influencer/brand and influencer/consumer congruence. The perception of honesty can be elevated by the traits that the influencer possesses. Gräve (2017) and Lokithasan et al. (2019) identified characteristics such as likeability, expertise, and familiarity, noting that some variables, such as familiarity, might diminish over time as the influencer's base grows and the audience becomes more familiar with their content, potentially leading to

the audience ignoring some sponsored posts. Their studies also highlighted the significance of the influencer's gender in how the audience perceives the fit between the sponsored content and the influencer's channel theme. Several key characteristics impacting consumer behavior have been identified. Abdullahi (2020) explained that endorsers should possess traits such as credibility (measured by items like the perception of bias, expertise, and personality of the influencer), physical attractiveness, advertising disclosure, and the ability to transfer the message effectively in their presentations and posts online. Brands also need to consider the fit between their products and the influencer's overall content. Casaló et al. (2017a) identified other relevant characteristics, including a link between an influencer's perceived personality and entertainment value, and its connection to the user's enjoyment and personal hedonism. A strong connection in these areas makes users more likely to follow influencers (Casaló et al., 2017b).

Trust and positive attitudes towards a brand can increase when customers' families or friends follow the brand or its endorsers on social media (Erdogmus & Cicek, 2012). The findings of Abdullahi (2020) and Erdogmus and Cicek (2012) contribute to consumers coping with persuasion attempts under the persuasion knowledge model framework (Friestad & Wright, 1994). They also emphasize the role of social proof as an element in the peripheral route, shaping target attitudes, as articulated in the elaboration likelihood model (Petty & Cacioppo, 1986).

The classification of the influencer's traits has been evaluated in models by Vollenbroek et al. (2014), Chang et al. (2015), and Yadav and Rahman (2017), Gerrath and Usrey (2020) to explore their effectiveness. They determined that an effective influencer should possess sufficient characteristics to communicate the message properly. These traits include their gender, being perceived as a trendsetter, and being personable. Other factors such as the number of followers, shares, and click-through rates also affect user perception towards them. Overall attributes can be grouped into intrinsic and extrinsic categories to better form a model representing various aspects of each determinant (Espejel et al., 2009).

The studies noted above prompted this research and the formulation of the main research question, as indicated in the introduction. Dhanesh and Duthler (2019) recommended further research to examine the effect of consumers' motivations and beliefs regarding micro-celebrities. They suggested testing the role of factors such as gender on consumer attitudes toward influencers. Lim et al. (2017) suggested further examination of elements enabling the target audience to relate closely to the influencer, prompting this study to add personality and attractiveness to the model. They also proposed further research on influencers' reach and coverage, defined by their number of followers and how many shares and likes their posts attract. The focus in this study on extrinsic traits is designed to address that gap in the research. Casaló et al. (2020) recommended testing the perception of users toward influencers by evaluating their perspectives on the credibility and expertise of SMIs. However, elements such as gender and personality are challenging to measure objectively (Vollenbroek et al., 2014). Therefore, this research extends the literature by collating these factors, categorizing them under intrinsic values, and testing the subjective user perception of the traits. Finally, Abdullahi (2020) suggested investigating user bias in their perception toward influencers in instances where they hold pre-existing knowledge of the SMI. Casaló et al. (2017b) also noted the potential to explore the impact of factors such as the number of likes on social media posts and users' familiarity with influencers as interesting topics for future studies.

IV. RESEARCH GAP

The reviewed literature reveals several gaps in understanding the impact of social media influencers (SMIs) on brand loyalty and customer retention among Generation Z. While existing studies highlight the significant role of influencers in shaping consumer behavior through authenticity, relatability, and engagement, there is a need for further research in several key areas. Firstly, while studies acknowledge the importance of influencer traits such as credibility, expertise, and personality, there remains a lack of comprehensive frameworks that integrate these intrinsic and extrinsic factors to measure their combined impact on brand loyalty. Secondly, there is limited exploration into how different types of social

media platforms (e.g., Instagram, YouTube) may influence the effectiveness of influencers in fostering loyalty among Generation Z consumers. Thirdly, the dynamics of influencer-brand congruence and its influence on consumer trust and purchase intentions require deeper investigation, particularly concerning how mismatches between influencer persona and brand image may affect loyalty. Finally, more research is needed on the longevity of influencer effects on brand loyalty over time, considering factors such as evolving consumer preferences and changing influencer demographics. Addressing these gaps will provide valuable insights into optimizing influencer strategies for enhancing brand loyalty and customer retention among Generation Z.

CONCLUSION

Social Media Marketing (SMM) has transformed the marketing landscape, offering businesses innovative ways to engage with consumers and build brand loyalty. The rise of Social Media Influencers (SMIs) has further enhanced the effectiveness of SMM by leveraging their credibility and reach to influence consumer behavior. Authenticity and congruence are key factors in the success of influencer marketing, with effective SMIs possessing traits that resonate with their audience. Understanding the dynamics of SMM and the role of SMIs is crucial for businesses aiming to enhance brand loyalty and drive purchase intentions in the digital age. Future research should continue to explore the evolving characteristics of SMIs and their impact on consumer behavior to provide deeper insights into effective marketing strategies.

This study underscores the transformative impact of Social Media Influencers on contemporary marketing practices. By fostering authentic connections and personalized engagements, SMIs have redefined how brands cultivate loyalty and retain customers in the digital age. The findings highlight the critical role of influencer authenticity, engagement strategies, and content alignment in enhancing brand loyalty and influencing consumer behaviour. Moving forward, it is essential for brands to continually adapt their strategies to leverage the evolving dynamics of social media and influencer marketing, particularly when targeting Generation Z consumers. This research not

only contributes to the existing body of knowledge on SMM and brand loyalty but also identifies opportunities for further exploration into the nuanced interactions between influencers, brands, and consumers in digital ecosystems.

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