Identity, Authenticity, and Digital Influence: A Literature Review on Psychological, Social, and Behavioral Drivers of Gen Z's Engagement with Social Media Advertising

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ABSTRACT: This narrative literature review examined the psychological, social, and behavioral drivers influencing Generation Z's engagement with social media advertising. Interdisciplinary research from marketing, communication, psychology, and digital sociology was synthesized to assess the roles of identity formation, perceived authenticity, parasocial interaction, social comparison, and emotional mechanisms in digital persuasion. Findings showed that Gen Z's advertising responses were strongly shaped by identity expression, relational trust, and algorithmically mediated social environments. Authenticity cues and influencer relationships influenced engagement and consumer attitudes, while persistent scarcity and fear-of-missing-out appeals contributed to digital fatigue and reduced well-being. By integrating fragmented literature, this review advanced a cohesive framework for understanding Gen Z's digital advertising responses and offered implications for ethically informed communication strategies.

KEYWORDS: Generation Z, social media advertising, identity formation, perceived authenticity, parasocial interaction, social comparison, influencer marketing, digital persuasion

Introduction

Digital communication has redefined the way young consumers understand identity, community, and participation in the marketplace. Generation Z (Gen Z), the first cohort to grow up fully immersed in social media, engages with advertising in ways that merge personal identity formation with algorithmically mediated content. Unlike previous generations exposed to predominantly mass-media messaging, Gen Z encounters ads intertwined with everyday social interaction—embedded within influencer posts, peer-generated stories, and immersive narrative environments (Bright et al., 2022; Delbaere et al., 2020). This constant exposure shapes not only their consumption patterns but their perceptions of authenticity, trust, and social belonging. As a result, advertising no longer operates as a distinct commercial communication; it functions as a cultural and psychological cue that informs how young people construct and express who they are.

Given this deep integration of social media into identity and social behavior, scholars across communication, psychology, sociology, and marketing have examined the psychological pathways through which Gen Z processes digital persuasion. The literature suggests that identity-based motivations, perceptions of authenticity, parasocial attachment, and social comparison shape how young consumers interpret promotional content. At the same time, behavioral mechanisms such as FOMO, cognitive overload, and algorithmic reinforcement influence decision-making patterns, emotional responses, and attitudes toward brands. This narrative review synthesizes these multidisciplinary insights to explore the psychological and social foundations of Gen Z's engagement with digital advertising—highlighting mechanisms that differentiate their responses from those of prior generations and illuminating implications for both scholars and practitioners.

Problem Statement

Despite the rapid rise of digital advertising and influencer-mediated persuasion, there is limited theoretical clarity on how Gen Z integrates identity, authenticity cues, and social evaluation into their interpretation of social media messages. Existing research identifies key constructs—such as parasocial interaction, self-concept alignment, and perceived authenticity—but the literature remains fragmented across disciplines, producing inconsistent findings about which psychological drivers exert the strongest influence on Gen Z consumer behavior (Bright et al., 2022; Labrecque, 2014). These gaps are further complicated by the dynamic nature of digital environments, where algorithms personalize exposure and intensify social comparison processes that shape young consumers' sense of self. Without a unified framework, academic understanding of Gen Z persuasion remains partial and theoretically underdeveloped.

This fragmentation also poses challenges for practitioners attempting to communicate effectively with Gen Z audiences. Brands often adopt influencer-based or authenticity-focused strategies without recognizing how digital fatigue, identity pressures, or social comparison anxieties may undermine campaign impact. The rising prevalence of FOMO-driven messaging, scarcity cues, and high-volume promotional exposure has generated psychological stress among young consumers, sometimes leading to disengagement or skepticism toward advertising (Whelan et al., 2020; Dhir et al., 2021). A more integrated theoretical understanding is needed to explain how these psychological, social, and behavioral factors converge—informing a clearer foundation for both research and practice.

Purpose Statement

The purpose of this narrative literature review is to synthesize psychological, social, and behavioral scholarship to explain how Gen Z engages with social media advertising, with emphasis on identity formation, authenticity perceptions, parasocial interaction, social comparison, and emotional drivers such as FOMO. By integrating theories from communication, psychology, and digital sociology with recent empirical research, the review aims to provide a cohesive conceptual framework for understanding how young consumers interpret, evaluate, and respond to persuasive messages in digital environments.

A secondary purpose is to examine how these mechanisms influence consumer outcomes—including attitudes, trust, engagement, and purchase intention—while identifying areas where contemporary advertising practices may contribute to digital fatigue or diminished well-being. Through this synthesis, the review offers both theoretical refinement and practical guidance for advertisers, social platforms, and policymakers seeking to understand or ethically engage Gen Z consumers.

Significance Statement

This review is significant because it bridges theoretical perspectives that are typically studied in isolation, demonstrating how identity-based motivations, authenticity judgments, and social comparison processes jointly shape Gen Z's interaction with digital advertising. While many studies examine individual constructs—such as parasocial interaction or perceived authenticity—few integrate them within a broader psychological and social framework. By weaving these literatures together, the review advances a more holistic understanding of how Gen Z constructs meaning, evaluates credibility, and forms emotional connections in digital spaces.

The review also contributes practical insight for brands and advertisers who increasingly rely on social media to reach young consumers. Gen Z's sensitivity to authenticity and identity alignment demands more nuanced communication

strategies that prioritize transparency, relatability, and respect for consumer agency. Moreover, insights into digital fatigue, overload, and FOMO-induced stress underline the ethical considerations associated with high-pressure persuasive tactics. By illuminating both the opportunities and risks inherent in Gen Z-focused advertising, this review provides a foundation for more responsible, psychologically informed digital communication.

Nature of the Study

This narrative literature review synthesizes interdisciplinary research across marketing, communication, psychology, behavioral sciences, and digital sociology. Sources were gathered from Google Scholar, ScienceDirect, ProQuest, and the Marymount University Library system. Boolean search terms included: "Gen Z AND social media engagement," "identity AND digital advertising," "authenticity AND influencer marketing," "FOMO AND consumer behavior," "parasocial interaction AND social media," and "social comparison OR digital fatigue." The search focused on peer-reviewed studies published within the past 10 years but included foundational works essential for theoretical grounding (e.g., Horton & Wohl, 1956; Bandura, 1977).

Inclusion criteria encompassed empirical studies, theoretical papers, and conceptual frameworks addressing psychological and social mechanisms influencing digital advertising responses. Exclusion criteria eliminated non-scholarly commentary, duplicate publications, articles unrelated to consumer behavior, and studies focused solely on older demographics. Approximately 80 articles were screened, with 56 ultimately included. A narrative methodology was chosen due to the conceptual diversity across disciplines and the need to synthesize rather than statistically aggregate findings, enabling richer interpretation of how identity, authenticity, and emotional drivers operate within Gen Z's digital environments.

Literature Review

Identity, Self-Concept, and Digital Expression

Gen Z's digital-native identity shapes how they interpret advertising, as self-presentation and identity experimentation occur within the same platforms that deliver promotional content. Social media enables users to craft idealized identities through curated imagery, short-form videos, and aesthetic storytelling, making advertising messages deeply intertwined with personal expression (Bright et al., 2022). Influencer content often models aspirational identities, prompting self-comparison and motivating users to adopt brands or behaviors that reinforce their desired sense of self. This identity–advertising overlap means that persuasive messages can feel personally relevant, increasing their emotional impact.

However, identity-driven engagement can also create vulnerabilities. When young consumers internalize social media standards—such as beauty norms, lifestyle expectations, or success narratives—they may experience psychological strain, especially if they perceive gaps between their real selves and projected ideals. Advertisers who rely heavily on aspirational messaging risk intensifying these pressures, potentially compromising well-being while shaping consumption in ways that reinforce identity insecurities. This dual role—empowering expression while fueling comparison—establishes identity as a central mechanism in Gen Z's digital persuasion landscape.

Authenticity, Relatability, and Trust Formation

Authenticity functions as a cornerstone of Gen Z's advertising interpretations. Research consistently shows that young consumers respond most favorably to content perceived as genuine, transparent, and aligned with an individual's true values (Delbaere et al., 2020; Levitan & Levitan, 2020). For influencers, authenticity is conveyed through self-disclosure, consistent behavior, and clear alignment between personal identity and promotional partnerships. As a result, authenticity becomes both a psychological cue and a relational currency that shapes trust, emotional connection, and message acceptance.

At the same time, Gen Z is adept at detecting inauthentic or overly commercialized content. When sponsored posts contradict an influencer's established persona or appear excessively scripted, followers interpret them as violations of social norms, leading to skepticism or disengagement (Driel & Dumitrica, 2021). Authenticity therefore operates not merely as a stylistic preference but as an ethical expectation. Violations—such as hidden sponsorships or mismatched brand partnerships—can rapidly undermine credibility. The literature emphasizes that authenticity is not solely a message attribute but part of a broader relational process that shapes long-term persuasion and loyalty.

Parasocial Interaction and Relational Influence

Parasocial interaction (PSI) plays a critical role in Gen Z's engagement with digital advertising, as users develop one-sided but emotionally meaningful relationships with influencers. PSI is strengthened through conversational tone, storytelling, and ongoing self-disclosure, making followers feel as though they "know" the influencer personally (Labrecque, 2014; Chen & Lin, 2020). These perceived friendships heighten the emotional significance of endorsements, transforming advertising from transactional messaging into relational communication.

The power of PSI lies in its ability to foster trust and reduce psychological resistance to persuasion. When influencers share vulnerabilities, life updates, or personal habits, followers interpret product recommendations as extensions of relational care rather than commercial intent. This dynamic elevates the influence

of everyday behaviors—such as skincare routines or "day-in-my-life" content—shaping consumption patterns through modeling and perceived advice. PSI thus merges emotional attachment with social learning, making it a potent mechanism in digital persuasion.

FOMO, Scarcity Appeals, and Digital Fatigue

Fear of missing out (FOMO) is a central emotional driver of Gen Z's digital behavior and a powerful—but double-edged—advertising tool. Limited-time offers, countdown clocks, and exclusive product drops are commonly used to heighten urgency and stimulate immediate action. These tactics exploit Gen Z's desire to remain socially connected, trend-aware, and part of shared cultural moments (Bhaimiya, 2023). Athleisure collaborations, beauty product launches, and influencer-led capsule drops frequently rely on scarcity cues to trigger rapid decision-making, capitalizing on Gen Z's fear of exclusion.

Yet the literature shows that persistent FOMO messaging contributes to psychological strain. Whelan et al. (2020) demonstrate that fear of missing out can lead to social media overload, reduced self-regulation, and decreased well-being. Similarly, Dhir et al. (2021) link high-pressure promotional exposure to digital fatigue and anxious consumption patterns. Over time, these emotional burdens may decrease trust, reduce platform engagement, or motivate users to withdraw from brand communication. These findings highlight the need for balanced, ethical persuasive strategies that respect consumer autonomy while avoiding excessive psychological pressure.

Social Comparison and Emotional Processing

Social comparison is another core mechanism shaping Gen Z's response to digital advertising. Platforms that prioritize visual content and peer engagement create environments ripe for upward comparison—users evaluating themselves against idealized images, curated lifestyles, and influencers' aspirational narratives. Such comparisons can intensify emotional reactions to advertising, making promoted products seem like pathways to self-improvement, belonging, or social validation. This psychological framing increases persuasion but may also deepen insecurities or foster unhealthy consumption behaviors.

Emotional processing also shapes how Gen Z interprets advertising cues. While rational evaluation occurs when content is informative or personally relevant, many digital messages rely on emotional resonance—humor, nostalgia, aesthetic appeal, or relatability—to influence judgment. Emotional engagement interacts with identity and comparison processes, making persuasive effects highly individualized. The literature suggests that Gen Z's responses emerge from the interplay of emotional triggers, self-concept sensitivity, and relational cues, making their decision-making patterns complex and context-dependent.

Conclusion

The literature reveals that Gen Z's engagement with social media advertising is shaped by a constellation of psychological, social, and behavioral drivers that extend beyond traditional persuasion models. Identity formation, authenticity judgments, relational attachment, social comparison, and emotional triggers such as FOMO all contribute to how this generation interprets and responds to digital messaging. These mechanisms interact dynamically within algorithmically curated environments, making Gen Z's consumer behavior uniquely fluid, relational, and psychologically embedded.

Despite growing scholarly interest, significant gaps remain. Few studies integrate identity, authenticity, parasocial interaction, and emotional drivers into a unified theoretical framework. Additionally, the long-term implications of digital fatigue, overload, and comparison pressures require deeper examination. As digital platforms, influencer ecosystems, and advertising strategies continue to evolve, a more holistic and interdisciplinary understanding of Gen Z persuasion is essential for advancing both academic knowledge and ethical communication practice.

Recommendations for Future Research

A Modified Delphi Study is recommended to build expert consensus on the psychological and social mechanisms most critical to understanding Gen Z's digital advertising responses. Given the field's fragmentation across disciplines, a Delphi panel of psychologists, communication scholars, sociologists, and digital marketing practitioners could identify core constructs, clarify definitional inconsistencies, and establish a shared conceptual model. The iterative design of the Delphi method makes it ideal for synthesizing diverse perspectives and forecasting emerging trends in digital persuasion.

An Action Research Study is also appropriate for examining how identity-driven and authenticity-focused strategies operate in real digital environments. Through collaborative cycles of planning, implementation, observation, and refinement, researchers could test interventions that promote ethical messaging, reduce digital overload, or enhance relational communication. Action research is particularly well suited for social sciences because it links theory to practice, supports community-centered inquiry, and produces practical insights that benefit both consumers and organizations.

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