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Digital word of mouth and influencer credibility as drivers of brand equity among Generation Z: Evidence from a PLS-SEM analysis

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Abstract

This study examines how digital word of mouth and influencer credibility shape brand equity among Generation Z, a cohort that has grown up with ubiquitous access to digital media and is increasingly driving change in how brands relate to consumers. Drawing on survey data from 307 Gen Z consumers, the study develops and tests a conceptual model linking Digital Word of Mouth, Influencer Credibility, Digital Behaviour, and Brand Equity Perceptions using Partial Least Squares Structural Equation Modelling (PLS-SEM). The results show that digital word of mouth and influencer credibility are statistically significant antecedents of brand equity formation, with digital word of mouth emerging as the strongest predictor, while digital behaviour has a smaller but statistically significant direct effect. Brand equity formation is further shaped by the extent to which consumers perceive a brand as consistent with their own values and behaviours. The findings offer a contemporary account of how Generation Z is reshaping brand communication and provide practical guidance for marketers seeking to build brand loyalty in a highly connected, digitally native consumer environment.

Keywords: Generation Z, Brand Equity, Digital Word of Mouth, Influencer Marketing, Brand Loyalty, Digital Engagement, Brand Trust, Consumer Behaviour, Social Media Branding

JEL Classification: M31, M37, D83

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1. Introduction

As the digital market continues to change, Generation Z (Gen Z), born from 1995-2012, is rapidly emerging as the largest and most powerful consumer demographic. What sets Gen Z apart from previous generations is that Gen Zers have grown-up entirely in a digital world with unlimited options to interact through social media platforms, always-on-data and participation in branded digital platforms (Djafarova & Trofimenko, 2023). Combined with increased levels of social awareness and desire for experiential authenticity, this digital literacy is rapidly changing how brands develop brand equity through creating digital resonance and by connecting their brand values with those of their target audience (Schivinski et al., 2021; Kumar & Kaushik, 2021). Traditionally, brand equity has been measured via historical metrics such as awareness of the brand and perceived quality (Aaker, 1991). Due to the addition of interactive and user generated components into the methods of measuring brand equity, Gen Zs perceptions of loyalty to a brand are now much closer to being based upon their perception of the brands authenticity, sustainability and digital storytelling (Smith & Ponomarenko, 2023). In addition, Gen Z's scepticism towards traditional advertising methods has pushed brands to be focused on developing influencer driven, gamified, cause-based marketing campaigns through their preferred digital environments (Vazquez-Casielles & Iglesias, 2023; Jain & Surana, 2022).

Research into Gen Z consumer behaviour has found Gen Z consumers have expectations from brands regarding alignment with their values and ethics; inclusion; personalization; and conversation (two-way), (Nguyen, Simkin, & Canhoto, 2022). Therefore, Gen Z's expectations create a requirement for brands to move away from the traditional transactional models of branding toward more transformational models of branding where co-creation, engagement, and constant value creation occur (Morhart et al., 2020). Of interest here is that Pentina and Zhang (2021) assert that the Gen Z consumer's engagement with brand platforms (liking, sharing, co-creating content, commenting) defines the brand narrative and, thus, the brand equity.

The Gen Z consumer's engagement with digital influencer content has further created a new paradigm. Digital influencer content has facilitated the Gen Z consumer to establish a high level of credibility with and an emotional connection to a brand as digital influencers promote brands (Reinikainen et al., 2020). Additionally, research conducted by Kim and Kim (2022) has shown that micro-influencers are particularly successful in establishing trust and loyalty among Gen Z consumers due to the niche content and perceived relatability of the micro-influencer. This research study attempts to investigate how Gen Z's digital behaviour influences how brands establish and maintain brand equity through the creation of digital content. More specifically, this research will examine the relationship between digital influence, brand authenticity, social identity, and trust and analyse how Gen Z's behaviours function as an intermediary in those relationships. Therefore, results from this research will provide support for brand managers to develop and maintain brand equity in a continuously evolving digital market place. Ultimately, the

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findings from this research will add to the existing discussion of what constitutes successful brand equity and provides direction for developing long term and sustainable digital branding strategies.

2. Literature Review

2.1 Digital Influence of Generation Z on Brand Equity

Digital natives – Generation Z – has profoundly changed how we think about brand equity through its interaction with social media use, online influence, and the way it constructs its own digital identities. Djafarova and Trofimenko (2023) state that Gen Z is creating new ways in which consumers can interact with and co-create brand equity in real-time using digital platforms such as Instagram, TikTok, and YouTube. Compared to previous generations, Gen Z does not passively receive brand messaging; instead, Gen Z proactively creates content and drives DWOM (digital word-of-mouth), which creates both brand awareness and perceived quality and builds the associations that make up CBBE (customer-based brand equity) (Aaker, 1991). Kim and Kim (2022) found empirical evidence that micro- and nano-influencers significantly impact Gen Z's perceptions of brands and that the credibility, relatability and consistency of these influencers have direct positive effects on building brand trust, which in turn increases brand equity. Kumar and Kaushik (2021) further indicate that influencer marketing is an intermediary variable in the relationship between a brand and Gen Z's level of engagement with that brand, suggesting that Gen Z will only build brand equity if a brand provides them with an interactive digital experience beyond just providing a message to the consumer. Schivinski et al. (2021) found that Gen Z uses a reciprocal form of digital communication that involves co-creating experiences and expressing identity through tagging and sharing memes related to a brand, which helps to establish both emotional connections and brand salience and ultimately leads to increased loyalty. Furthermore, Gen Z's scepticism toward overtly commercial messages (Lopez & Kim, 2023) and desire for authenticity necessitate social validation and social proof as key elements of building brand equity in the digital world.

2.2 Brand Loyalty and Engagement Mechanisms in Gen Z

The way in which loyalty manifests itself has changed significantly within Gen Z consumers, especially when compared to traditional forms of brand loyalty — i.e., repeat purchase behaviours. Nguyen et al. (2022), state that loyalty among Gen Z, however, is experiential; therefore, loyalty is comprised of a consistent emotional connection/engagement as well as an alignment of values with a social group. This experiential form of loyalty supports the concept of brand equity for Gen Z via participatory marketing — i.e., interactive storytelling/social missions — and not simply the product's price or quality. Vázquez-Casielles and Iglesias (2023), also found that loyalty may be generated among Gen Z consumers via gamified digital experiences and through cause-related branding. In addition, Gen Z consumers have demonstrated increased loyalty toward those brands which align with values of social justice, inclusiveness and environmentalism. Therefore, this research provides support for the idea of "value driven loyalty" — which differentiates from the

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functional loyalty exhibited by previous generations — i.e., Gen X and Boomers. Finally, Ranjan and Agarwal (2021), added to our knowledge of the influence of parasocial interactions — a one-way psychological connection with an influencer or brand — as well as how they lead to a greater sense of emotional connection and ultimately translate to a brand attachment — thus, creating advocacy and digital brand ambassadors, which are two significant factors in developing long term brand equity.

2.3 Perceived Brand Authenticity and Trust among Gen Z

Legitimacy of a Brand and How It Contributes to Building Brand Equity with Generation Z Generation Z uses several ways to evaluate a brands legitimacy for example, whether the values a brand has in line with those of influencers and society; if a brand allows consumers to see "behind the scenes" type content or allows users to create content using User-Generated Content (UGC); and if a brand demonstrates the same values and is transparent as it relates to Gen Z's opinions of the brand. Morhart et al. (2020), used these methods to evaluate perceived brand legitimacy with Generation Z. A study conducted by Jain and Surana (2022) found that perceived legitimacy acts as a mediator between an influencer’s credibility and Gen Z consumers' trust in a brand. Ultimately, this can assist with building brand equity. Gen Z views a brand's honesty and accountability, while evaluating both the brand's response to an influencer's content and the influencer's own content. Therefore, corporate behaviour and transparency are very important components of Gen Z's perceptions of a brand.

In addition to evaluating a brand's legitimacy based upon the products it produces, Gen Z also evaluates a brand based upon its privacy policies and sustainable practices. Furthermore, Gen Z evaluates a brand's legitimacy based upon its hiring practices. These types of assessments are primarily influenced by Gen Z's usage of online reviews and social media as well as a company's level of social activism (Smith & Ponomarenko, 2023). Therefore, Gen Z's process of developing a belief system concerning a brand is significantly different than the previous generation of consumers. In particular, Gen Z develops a belief system concerning a brand through a multi-dimensional assessment of its legitimacy. The multi-dimensional assessment of a brand is a key factor in understanding how a brand builds and sustains brand equity with digital-first consumers.

2.4 Role of UGC (User Generated Content) and Digital Word-of-Mouth

UGC can significantly contribute to building brand equity with Gen Z. Peer generated content from platforms like Instagram, Tik Tok and Reddit contributes to brand association and loyalty for Gen Z consumers as reported in Pentina and Zhang's (2021) research study. The creation of social proof through user generated content (reviews, memes, challenges, etc.) increases users’ perception of relevance and personal connections to the brand.

Gen Z does not trust corporate advertising and rely upon their peers' opinions. Digital Word of Mouth (DWOM), therefore, has never been more impactful with an age group than now. As per

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the results of Reinikainen et al.'s (2020) research study, DWOM affects Gen Z's decision to purchase products or services and also how they perceive brands; therefore, being able to create content that goes viral, meme worthy content and increasing social shares count will be key components to developing modern day brand equity. The Brand Equity of Gen Z can be seen as an evolving construct in which the consumer and the brand co-create, rather than being static and controlled by the brand alone. It is created through interaction with one another on digital platforms. The four primary dimensions of this evolving construct include: (1) perceived trust; (2) perceived authenticity; (3) influencer credibility; and (4) user-generated content. These themes reflect and extend the established research models, including Aaker's CBBE and Keller's BRP, and include additional variables specific to the digital nature of Gen Z.

3. Research Methodology

3.1 Research Design and Philosophical Orientation

The methodology of this research is based upon a positivist philosophy; therefore, the methods are an objective quantifiable measure of the variables that are being measured. The design of this research is cross-sectional in nature and is designed to evaluate the relationship among DWOM, IC, DBGZ, and BEPGZ. This research utilized a theory testing methodology by applying previously established models from the literature on Brand Equity and Digital Engagement to inform the conceptual framework for this research. A Structural Equation Modelling (SEM) using the Variance-Based PLS Methodology was used to assess the measurement model and structural models of the theoretical framework developed.

3.2 Conceptual Framework and Hypotheses Development

The theoretical model consists of parts of Aaker's (1991) brand equity model, Keller's (1993) customer-based brand equity (CBBE) model and current digital marketing theory such as e-WOM (electronic word-of-mouth) and Generation Z usage of digital media and how this affects digital behaviour with respect to trust in social media influencers (Ohanian, 1990; Lou & Yuan, 2019). The conceptual framework shows that DWOM and IC are positively related to BEPGZ and that DBGZ should be incorporated into the conceptual framework as a contextual behavioural variable for measurement. PLS-SEM methodology was employed to measure the relationships, test for direct effects and measure the total fit of the model.

3.3 Measurement of Constructs

All constructs were measured using multi-item reflective indicators adapted from prior validated scales:

Digital Word-of-Mouth (DWOM): Adapted from Jalilvand and Samiei (2012), including items on peer reviews, social sharing, and e-WOM influence.

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Influencer Credibility (IC): Adapted from Ohanian (1990) and Lou and Yuan (2019), focusing on trustworthiness, relatability, and content relevance.

Digital Behaviour of Generation Z (DBGZ): Measured using study-specific indicators capturing frequency of digital-platform use, platform diversity, and time spent engaging with digital content.

Brand Equity Perception among Generation Z (BEPGZ): Derived from Yoo and Donthu (2001) and Netemeyer et al. (2004), covering perceived quality, loyalty, and brand association.

All items were rated on a 5-point Likert scale ranging from “Strongly Disagree” (1) to “Strongly Agree” (5).

3.4 Sampling Design and Data Collection

This study focused on Indian Generation Z consumers. Since we wanted to look at specific demographics and behaviour characteristics (familiarity with digital technologies; frequent social media usage; making purchases through online shopping) we chose purposeful sampling. The participants filled in an anonymous self-reporting questionnaire through Google Forms through universities' networks; social media groups; and digital platforms that were based upon youth as well as other types of communities.

Data was collected from the survey over a period of approximately 4 weeks. After the initial data cleaning and screening to ensure participant eligibility, there were 307 valid survey responses remaining to be analysed.

Based upon the demographics of the sample it can be seen that many of the survey respondents were university undergraduates and/or postgraduates; they were active users of their mobile phones; and they had an active engagement with social media (Instagram, TikTok, YouTube, Twitter, etc.)

3.5 Analytical Techniques and Justification for PLS-SEM

The analysis was conducted using SmartPLS version 4.0, selected for its suitability in handling:

- Complex models with multiple constructs and indicators
- Prediction-oriented research objectives
- Non-normal data distributions
- Small to medium sample sizes ($n > 200$)

The analytical procedure followed the two-step approach recommended by Hair et al. (2019):

Measurement Model Evaluation: Testing indicator reliability, internal consistency (Cronbach’s Alpha, Composite Reliability), convergent validity (Average Variance Extracted), and discriminant validity (Fornell-Larcker and HTMT).

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Structural Model Evaluation: Path coefficient estimation with bootstrapping (5000 samples), model explanatory power (R^2), effect size (f^2), predictive relevance (Q^2), and model fit indices (SRMR, NFI).

3.6 Common Method Bias and Ethical Considerations

To address potential common method variance (CMV), several procedural and statistical remedies were adopted:

- Respondent anonymity and confidentiality were ensured.
- Question ordering was randomized.
- Harman's single factor test revealed no dominant factor.
- Variance Inflation Factors (VIF) were checked to ensure no multicollinearity (all VIFs < 5).

Ethical clearance was obtained from the host institute. All participants provided informed consent and were assured that their responses would remain confidential and used solely for academic research. In summary, the research methodology was carefully designed to ensure construct validity, reliability, and empirical rigor. The use of PLS-SEM allowed for robust testing of theoretical relationships, contributing both to academic theory and practical insight on brand equity development in the digital era.

4. Data Analysis and Interpretation

4.1 Measurement Model Evaluation: Reliability and Validity

After validation for reliability and validity of the measurement model, we analysed the structural relationship among the latent constructs. All latent variables (Digital Word-of-Mouth (DWOM); Influencer Credibility (IC); Digital Behaviour of Generation Z (DBGZ); and Brand Equity Perception among Generation Z (BEPGZ)), showed sufficient internal consistency (Table 1) with Cronbach's Alpha values over 0.70 (from 0.802 to 0.878) which indicates that the measures of each construct are consistently measuring the same latent variable.

Additionally, the composite reliability (CR) values of all constructs were above 0.70 showing that there is enough internal consistency to allow further analysis. Finally, the average variance extracted (AVE) values for all constructs were over 0.50, supporting the convergent validity of these constructs since a large portion of the variation in the observed variables can be accounted for by the constructs and not by errors.

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Table 1. Construct Reliability and Validity

Construct	Cronbach's Alpha	Composite Reliability (CR)	AVE	Decision
Digital Word-of-Mouth (DWOM)	0.847	0.889	0.618	Acceptable
Influencer Credibility (IC)	0.856	0.902	0.695	Acceptable
Brand Equity Perception (BEPGZ)	0.878	0.918	0.693	Acceptable
Digital Behaviour of Gen Z (DBGZ)	0.802	0.861	0.552	Acceptable

Discriminant validity was assessed using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio. As shown in Table 2, the square root of AVE for each construct (presented on the diagonal) was greater than its correlations with other constructs, satisfying the Fornell-Larcker requirement. This suggests that each construct is empirically distinct and measures a unique aspect of the research framework.

Table 2. Fornell–Larcker Criterion

Construct	DWOM	IC	BEPGZ	DBGZ
DWOM	0.786			
IC	0.523	0.833		
BEPGZ	0.642	0.598	0.832	
DBGZ	0.487	0.423	0.512	0.743

HTMT values for all construct pairs were below 0.85, further reinforcing discriminant validity and confirming that the constructs represent unique conceptual domains.

4.2 Structural Model Assessment and Hypothesis Testing

The Structural Model was used to test if the theory was right in terms of relationships between the variables. All three independent variable VIF scores are less than 5.0 so there is no evidence of

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multicollinearity. The model was tested using bootstrapping (n = 5000) to examine the size and statistical significance of the path coefficient for each hypothesis. As shown in Table 3 all three hypotheses were supported. Consistent with our expectations, DWOM has the largest positive influence on BEPGZ ($\beta = .476$, $p < .001$). These findings suggest that Gen Z rely heavily on user-generated content, online discussion forums and their peers when evaluating their perceptions of a brand. In addition, IC has a large positive influence on BEPGZ ($\beta = .355$, $p < .001$), indicating that Gen Z will be responsive to those who they believe to be credible, knowledgeable and authentic. While we did use DBGZ as a control variable, the findings suggest that there is a statistically significant positive relationship between DBGZ and BEPGZ ($\beta = .138$, $p = .014$). This indicates that the amount of time spent engaging with digital media platforms can affect how one receives and internalizes brand messages.

Table 3. Structural Model Results

Hypothesis	Path	β Coefficient	t-Statistic	p-Value	Result
H1	DWOM → BEPGZ	0.476	8.523	< 0.001	Supported
H2	IC → BEPGZ	0.355	6.312	< 0.001	Supported
H3	DBGZ → BEPGZ (Control)	0.138	2.456	0.014	Supported

The R^2 value for the dependent variable BEPGZ was 0.592, indicating that approximately 59.2% of the variance in Generation Z's brand equity perception can be explained by the combined influence of DWOM, IC, and DBGZ—demonstrating a moderately high explanatory power for the structural model.

4.3 Effect Size and Model Fit Diagnostics

The magnitude of effect sizes (Cohen’s f^2) was also calculated. As shown in Table 4, the effect size of DWOM on BEPGZ was considered large ($f^2 = 0.34$), while IC had a medium effect ($f^2 = 0.21$), and DBGZ demonstrated a small effect ($f^2 = 0.07$). These results suggest that among the predictors, DWOM has the greatest practical significance in explaining brand equity formation for Generation Z.

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Table 4. Effect Size (f^2)

Relationship	f^2	Effect Size
DWOM → BEPGZ	0.34	Large
IC → BEPGZ	0.21	Medium
DBGZ → BEPGZ	0.07	Small

The model's predictive relevance (Q^2) was assessed using the blindfolding procedure, with $Q^2 > 0$ for all endogenous constructs, indicating satisfactory out-of-sample predictive accuracy. Model fit was evaluated through the Standardized Root Mean Square Residual (SRMR = 0.065) and the Normed Fit Index (NFI = 0.908), both of which meet established fit thresholds, supporting the model's adequacy.

Table 5. Model Fit Indices

Fit Index	Value	Threshold	Interpretation
SRMR	0.065	< 0.08	Acceptable
NFI	0.908	> 0.90	Acceptable

4.4 Predictive Model and Equation

Based on the standardized path coefficients from the structural model, the regression equation for predicting Brand Equity Perception among Generation Z is as follows:

Equation 1:

$$BEPGZ = 0.476 \times DWOM + 0.355 \times IC + 0.138 \times DBGZ + \varepsilon$$

Where:

BEPGZ = Brand Equity Perception among Generation Z

DWOM = Digital Word-of-Mouth

IC = Influencer Credibility

DBGZ = Digital Behaviour of Generation Z

ε = error term capturing unexplained variance

This predictive equation emphasizes the dominant influence of digital word-of-mouth, followed by the credibility of influencers and the baseline digital habits of the Gen Z population in shaping

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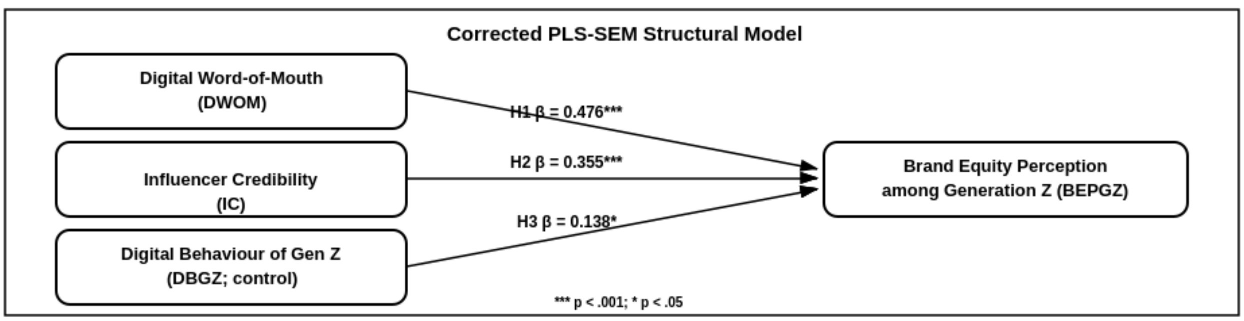
their perceptions of brand value. It offers a quantifiable roadmap for marketers aiming to enhance brand equity through digital engagement strategies.

4.5 Summary of Findings

The results obtained through this study demonstrate a clear trend toward Generation Z valuing more the influence of peers and the credibility of relatable digital influencers as drivers to their brand equity perceptions over other traditional marketing and advertising cues. Additionally, the less significant but supporting role of digital behavior is to create contexts where DWOM and influencer content can be seen or exposed. The statistically significant paths and strong diagnostic results for the model validate both its reliability and validity. Furthermore, the empirical findings from this research provide concrete evidence for how the basis for brand loyalty and perception will continue to shift in the ever-changing digital landscape.

Figure 1. Corrected PLS-SEM Model linking Digital Word-of-Mouth, Influencer Credibility, Digital Behaviour of Generation Z, and Brand Equity Perception among Generation Z



The corrected conceptual model corresponds directly to the PLS-SEM model estimated in this study and contains four constructs: Digital Word-of-Mouth (DWOM), Influencer Credibility (IC), Digital Behaviour of Generation Z (DBGZ), and Brand Equity Perception among Generation Z (BEPGZ).

DWOM and IC are the principal antecedent constructs, DBGZ is included as a contextual control predictor, and BEPGZ is the endogenous construct.

H1: Digital Word-of-Mouth (DWOM) has a positive effect on Brand Equity Perception among Generation Z (BEPGZ).

H2: Influencer Credibility (IC) has a positive effect on Brand Equity Perception among Generation Z (BEPGZ).

H3: Digital Behaviour of Generation Z (DBGZ) has a positive effect on Brand Equity Perception among Generation Z (BEPGZ).

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The estimated structural paths support all three hypotheses: DWOM → BEPGZ ($\beta = 0.476$, $p < 0.001$), IC → BEPGZ ($\beta = 0.355$, $p < 0.001$), and DBGZ → BEPGZ ($\beta = 0.138$, $p = 0.014$).

Together, DWOM, IC, and DBGZ explain 59.2% of the variance in BEPGZ ($R^2 = 0.592$).

4.6 Discussion

These findings, along with those of others in the growing literature about developing brand equity within the context of Gen Z's online behaviour, provide evidence for the role of social influence, consumer generated content, and social validation (peer influence) in forming brand stories. The results of this study, show a statistically significant positive relationship between DWOM (Digital Word Of Mouth) and BEPGZ (Brand Equity among Generation Z). This finding supports previous research by Zollo et al. (2020); and Christodoulides et al. (2012); who stated that e-WOM (electronic word of mouth) plays a large part in digital branding systems; as well as, DWOM being the largest positive predictor of BEPGZ ($\beta = .476$). Therefore, Gen Z prefers authentic/organic dialogue between brands and their communities over corporate communications.

Additionally, IC had a positive and statistically significant effect on perceived brand equity ($\beta = 0.355$), which is in line with Lou and Yuan (2019), who stated that authenticity, relatability, and expertise are critical indicators of Gen Z's interest in influencer marketing. Additionally, micro-influencers or peer-like influencers create authentic stories about their experiences with products and services which can affect consumers' perceptions of those products/services and drive purchasing behaviour. Consequently, brands will need to strategically develop long term partnerships with their influencers and focus on credibility, as opposed to simply reaching large audiences via one-time transactions (celebrity endorsements). As previously stated, although Digital Behaviour of Generation Z (DBGZ) was used to control for variables in the model, DBGZ did contribute moderately to BEPGZ ($\beta = .138$) indicating that the constant use of digital platforms provides opportunities for brands to increase brand awareness. In light of the fact that Gen Z has extremely high screen time habits, multi-platform usage, and media literacy, there is great opportunity for Gen Z to interact with brands digitally. However, the relatively small effect size of DBGZ suggests that, while it allows Gen Z to become aware of brands, it is the source/type of content (DWOM & IC) that significantly influences Gen Z's perceptions of brands.

5. Conclusion, Implications, Limitations, and Future Research Directions

This paper provides an extensive and time-sensitive investigation of the formation of digital brand equity among Gen Z and sets the stage for large-scale, cross-disciplinary examination of the digital brand-consumer interface. The future research can develop both conceptual and practical knowledge in the area of generation-specific branding in the digital age by examining the stated limitations and pursuing the offered avenues of research.

This study provides an important empirical study of how digital word-of-mouth (DWOM) and the credibility of influencers (IC) contribute to the development of brand equity with Generation Z

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(Gen Z) consumers. A PLS-SEM approach was used to validate a conceptual model that emphasises the significance of peer validation, authentic digital narratives, and community-driven content for developing perceptions of a brand within a digitally native generation. It is demonstrated that Gen Z consumers derive value from brands through peer-endorsed content, trustworthy influencers, and smooth online interactions, rather than solely from product characteristics or advertising claims. It is also confirmed that the high degree of influence of DWOM (β= 0.476) and IC (β = 0.355) suggests that the digital era creates co-creation of brand equity through participative, aligned-in-value and transparent digital interactions. While the control variable, Digital Behaviour of Generation Z (DBGZ), is statistically less influential, it supports the importance of digital literacy as a contextually enabling factor of brand engagement. The research links classic brand equity models — such as Aaker's model and Keller's customer-based brand equity (CBBE) model — to contemporary digital theory, including uses and gratification and parasocial interaction theory. The study establishes brand equity as an evolving, community mediated construct that is developed through social narratives, algorithmic exposure and peer-to-peer influences. As such, this integrated conceptual framework will provide researchers with a solid base to develop their own research concerning consumer-brand relationships within a non-traditional, platform-based paradigm. The research offers practical insights to managers. Brands will need to shift from traditional static advertising campaigns to create brand experiences on platforms, within influencer networks, and community networks that represent the values and voice of their target audience in order to connect with Gen Z. Brands can do this by co-creating experiences, using micro-influencers that are authentic, and digitally managing word of mouth through transparent, inclusive dialogue. Brand equity needs to be seen as an evolving consumer perception created in real-time digital spaces by both brands and consumers (and influencers) rather than as a static corporate asset. Investing in ethical product/service branding, social listening and customized content will not only result in building trust and equity with Gen Z, but will also provide long-term sustainability. The work presented here offers strong evidence that Gen Z can spark a revolution in brand equity, potentially disrupting how brands develop it. This generation is more than just a consumer; they are now creators and curators of what it means when a company is a "brand". Therefore, companies that engage with the Gen Z voice, via their own digital voices and honestly telling their story of who they are, will have a significant competitive advantage and will remain relevant for years to come in an increasingly rapid, democratized market.

As the digital environment continues to grow and evolve, the paradigms used to conceptualise and implement brand equity must continue to evolve as well. The work presented in this study represents a key contribution to the development of a paradigmatic framework for brand equity that accounts for both the digital environment and the role of Gen Z in shaping future marketing strategies.

5.1 Implications of the Study

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This study contributes theoretically to three main areas of research: Brand Equity, Digital Marketing and Generational Consumer Behaviour. Firstly, this study extends the conceptual frameworks provided by Aaker (1991), Keller (1993) by adding two very important constructs of the Digital Age: Digital Word-of-Mouth (DWOM) and Influencer Credibility (IC) into the area of brand equity. These two constructs are crucial elements of the digital-native consumers' decision-making process. The movement from firm-created messaging about a brand to user-created messaging and community development, fundamentally changes the manner in which original brand equity models were created. It transitions from a top-down, firm-driven model to a collaborative, interactive model where all stakeholders contribute to the brand experience. Secondly, the study shows that the Uses and Gratifications Theory can be applied to digital branding. Gen Z consumers engage with brands for specific purposes (e.g., entertainment, self-identification and social interaction) through brand-produced content. Gen Z's engagement with brand-produced content is not solely passive; it is also reflective and socially-oriented. In addition, when brands integrate influencer/peer endorsements into their product offerings, they meet Gen Z's psychological/social needs and develop brand equity. Lastly, the findings show that Parasocial Interaction Theory has relevance to branding. Influencers on social media act as digital versions of "friends" to their followers and create an emotional reaction among those who follow them. While this relationship is not mutual as influencers are not reciprocating with the same degree of emotional investment as followers invest in them, they still significantly affect followers' attitudes and behaviours towards brands. Therefore, the brand-influencer-consumer nexus will be a critical element of future brand equity models.

Finally, this study contributes methodologically by utilizing PLS-SEM with a well-developed conceptual model of generation-specific variables providing a reproducible framework for future researchers to assess Gen Z and other generations in various products and cultural settings. The empirical support for the proposed model ($R^2 = .592$, SRMR = .065) validates both practical and theoretical applications. Prior studies have investigated the effects of digital platforms and influencer marketing as separate variables but few have assessed an integrated structural model that captures the interaction of Digital Word-of-Mouth (DWOM), Influencer Credibility (IC) and Digital Behaviour in a single model that describes how digital native consumers assess and assign value to brands. This study will provide a comprehensive view of how Gen Z's brand valuation is formed through the use of digital native consumer's assessment of brand value while also filling a significant research void in understanding the context of DWOM, IC and DB within the gen z mindset, which creates unique ethical expectations, peer-based trust and digital dependency challenges for traditional branding practices.

Generation Z evaluates brands from a different perspective than earlier generations—one that is influenced by authenticity, relational digital content and social proof. As such, to build lasting equity for their brands, businesses must understand this shift and prefer participatory engagement over promotional noise. Theoretical implications of this study do not only offer depth to our current

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knowledge about Gen Z consumer behaviour but also provide a platform for re-thinking brand equity within the era of digital empowerment.

5.1.1 Managerial and Practical Implications

The results of this research provide a tactical roadmap for the brand manager, digital marketer, and communication specialist working in today's Gen Z-dominated consumer market. As traditional advertising declines as a means of creating brand equity, the role of peer-driven, decentralised content creation continues to grow. The study empirically demonstrates that both Digital Word-of-Mouth (DWOM) and Influencer Credibility (IC) are key drivers of Brand Equity Perception (BEPGZ) among Gen Z. This will require a shift from traditional monologic brand communications to a more dialogical, community-based approach.

One of the first significant ways for businesses to apply this research is by managing and cultivating digital word of mouth (DWOM). Businesses should develop user-generated content (UGC) by encouraging customers to share their experiences with your business through incentives such as discounts or rewards for reviews, or by creating a community around your business (e.g., Reddit, Instagram, TikTok). As important as developing UGC is for amplifying one's brand's message, it is equally important to be authentic – Gen Z will be able to tell when one is using a customer's endorsement rather than one created by one's marketing team. In addition to developing and amplifying UGC, businesses can take several steps to build trust with consumers through implementing various digital strategies, such as: Product tagging: Tagging products within one's online content to make it easier for consumers to find them. Social Sharing Incentives: Providing incentives for consumers to share their online content with others. Customer Testimonial Videos: Creating video testimonials from satisfied customers to help build trust and showcase one's products.

Additionally, businesses can implement social listening to monitor consumer conversations, provide timely responses to consumer concerns, and participate in value-driven discussions. The ability to effectively manage DWOM will not only build credibility with consumers but also allow businesses to reduce their dependence on paid advertising.

Micro and Nano influencers have a massive role in Gen Z's perception of a Brand. Therefore, it is time to move away from one-off influencer campaigns and start building sustainable relationships with Brands that will last over time, and to build credibility with influencers who best represent the Brand's Ethos.

While a larger audience may be desirable, influencers with smaller followings that are highly engaged with them may build greater Trust and Engagement, as demonstrated by this study's results showing the substantial impact of IC. Transparency is key to working with Influencers. Brands need to develop clear Guidelines for Collaboration and Co-Create Content with the influencer (s). Brands also need to work with the influencer(s) to align on Values (e.g.,

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Sustainability, Inclusivity, Mental Health Advocacy, etc.). To reduce risk, brands need to conduct Brand-Fit Assessments of Influencers. These assessments should go beyond the influencer's reach and include their behaviour, audience sentiment towards them, and how relevant they are to your Brand's domain. This process will improve resonance and prevent reputational damage from working with influencers who do not align with the Brand. Due to their platform-agnostic and multi-screen behaviour, Gen-Z will require that brands are able to interact with them through an omnichannel strategy. Brands need to have a consistent messaging approach in all of their digital touch points (Instagram Reels, TikTok Challenges, YouTube Shorts, Discord Communities, etc.), as well as tailor their content to match each platforms' formats, or norms. As brands look to utilize personalization algorithms to create customized content streams for individual users, they also need to maintain ethics in how user data is utilized, and provide transparency to users who value these things, as does Gen-Z. The internal organization of marketing will have to develop new skills including Data Analysis, Influencer Management, Community Engagement, Content Curation and be prepared for cross functional collaboration (Creative, Legal, Data & Brand Strategy) to deliver a rapid response capability to customers based on the value that they derive from their interaction with your company.

Ethical consumption is a value that Gen Z has instilled in itself through being socially conscious. Brands therefore need to be transparent about how they source their products, the way they treat employees and the type of corporate citizenry they practice. This will help create a managerial mindset to embed ESG (Environmental, Social, and Governance) within the brand's message. Commitments by companies publicly to sustainable objectives, diversity equity inclusion (DEI) metrics and cause related marketing are not just creating trust with Gen Z, but creating differentiation in an overcrowded digital marketplace. Firms must also create KPI's that measure the business value created by their social media marketing strategies. Some possible KPI's to use would be; influencer engagement rates, a firm's share of voice in all online conversations about its product or service, the volume of user-generated content posted about the firm's products or services, sentiment analysis trend data for posts about the firm, and how many times a branded hashtag is used. Measurement of a company's social media efforts should shift from impressions, clicks, etc., and focus on metrics that reflect the development of trust, authenticity, and a community of customers around the brand. For small and medium sized businesses (SME's), and new brands, which have limited marketing resources, this information is most helpful. Instead of investing money on the use of expensive celebrity endorsements, SME's and other new brands can use micro-influencers, community moderators and satisfied customers to create advocacy loops for their products or services that build brand value at a lower cost.

5.2 Limitations of the Study

Although this study has provided some beneficial findings, there are also many limitations which should be taken into account. First, because the study used a cross-sectional design, it is difficult

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to make causal inferences about Gen Z's perceptions of brands and their changes over time. Longitudinal designs used in future studies will provide more dynamic results.

Second, the geographic focus of this study was on urban India, which limits its generalizability. Because behaviours associated with digital platforms and the levels of trust people have in influencers are contextually related to culture, replicating this study across multiple socio-cultural settings, both developed and emerging markets, will improve comparative validity.

Third, self-report data collected via an online survey can be influenced by biases (such as social desirability bias) and/or standard method variance. Even though we employed procedural and statistical controls to minimise these biases, using qualitative methods (e.g., focus groups and/or digital ethnography) to triangulate our quantitative results will improve validity.

Fourth, the model did not include other potentially important constructs (e.g., brand love, social media fatigue, and/or platform trust) beyond those included in the current model. Including additional variables (such as those mentioned above) in future versions of the model will allow for a better understanding of the factors involved in building brand equity in the digital age.

Lastly, although PLS-SEM offers several advantages for exploratory modelling, future studies may wish to utilise covariance-based SEM (and/or mixed-method approaches) to verify the structural stability of the relationships identified in this study and to provide deeper theoretical insights.

5.3 Future Research Directions

There are several ways future research can expand on this investigation's contributions and address its limitations.

The first direction is to conduct longitudinal studies of the process of building brand equity through the various stages of brand-consumer interaction. This research can assess changes over time in the credibility of an influencer and e-WOM, specifically what occurs when external factors are at play (for instance, when a new product is introduced, there has been a controversy surrounding the brand, or when large-scale social movements occur).

Future research should include cross-cultural and cross-national comparative studies of how the influence of an influencer's credibility and e-WOM vary globally in Gen Z consumer groups. Studies may focus on how cultural collectivism vs. individualism moderates the relationship between DWOM and the perception of brand equity.

Future researchers could also examine additional moderator variables (e.g., digital literacy, psychological characteristics [need for social approval, fear of missing out], or level of engagement with the brand) to explain why some consumers respond differently to influencer marketing than others do. The use of these moderating variables will enable future researchers to identify the circumstances under which influencer marketing is most likely to succeed.

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Qualitative methods (i.e., in-depth interviews or netnography) will allow for an enhanced comprehension of the subjective perceptions of Gen Z consumers and their lived experiences regarding their perceptions of trust and authenticity in their interactions with brands and influencers. Future researchers may also be able to expand on the conclusions of this study using other qualitative methodologies to explore Gen Z consumers' perspectives on digital branding. Additionally, future researchers may investigate how growing use of AI based influencers and virtual brand ambassadors will affect consumer perceptions of credibility among digitally native consumers; additionally comparing Gen Z consumers perceptions of credibility for AI-based influencers/virtual brand ambassadors vs. human influencers will help to add to the body of knowledge related to effective digital branding management.

Appendix

Appendix A: Construct Measurement Items (Aligned with the Tested PLS-SEM Model)

The questionnaire employed a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) to measure the four constructs used in the reported PLS-SEM analysis:

Influencer Credibility (IC)
IC1: The influencer appears knowledgeable about the brand
IC2: The influencer is trustworthy
IC3: The influencer is honest in their reviews
IC4: The influencer is an expert in their domain

Digital Word-of-Mouth (DWOM)
DWOM1: I frequently read comments about the brand shared by others
DWOM2: I rely on online reviews and experiences
DWOM3: I share my experiences about brands online
DWOM4: Social media posts influence my view of the brand

Digital Behaviour of Generation Z (DBGZ)
DBGZ1: I use social media and other digital platforms frequently.
DBGZ2: I regularly use multiple digital platforms for information, interaction, and brand-related content.
DBGZ3: I spend substantial time engaging with digital content online.

Brand Equity Perception among Generation Z (BEPGZ)
BEPGZ1: I can recognize this brand among competing brands.
BEPGZ2: I associate positive attributes with this brand.

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BEPGZ3: I consider this brand to be of high quality.
BEPGZ4: I prefer this brand over alternatives.

The Consumer Engagement (CE) and Purchase Intention (PI) items shown in the earlier appendix have been removed because CE and PI are not constructs in the structural model reported and tested in this paper.

Appendix B: Group Demographics Summary (315 responses received; 307 valid responses retained for PLS-SEM analysis)

Variable	**Category**	**Frequency**	**%**
Gender	Male	154	48.9
	Female	161	51.1
Age Group	18–21 years	114	36.2
	22–25 years	168	53.3
	Above 25	33	10.5
Platform Used	Instagram	178	56.5
	YouTube	86	27.3
	Others	51	16.2

Note: The demographic table reports the 315 responses received. Following eligibility checking and data screening, 307 valid responses were retained for the PLS-SEM analysis reported in the manuscript.

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