Social Media Advertising Has a Negative Psychological Effect on Gen Z: It Needs Improvement

Jiabao Lin

University of California, Irvine, Irvine, USA
jiabaolin411@gmail.com

Abstract: This research examines the impacts of social media advertising on Gen Z and Alpha consumers regarding various marketing strategies that can influence their behavior and psychological health. Social media has become the epicenter of social interactions and business strategies, with advertisers employing tactics such as influencer marketing, targeted marketing, FOMO (Fear of Missing Out), and gamification to attract users. These strategies are effective because social media is inherently interactive and personal, creating a unique context for consumer interaction. However, these strategies also have negative psychological effects, particularly on younger generations. Studies indicate an inverse relationship between screen time and the psychological health of Gen Z, with excessive social media exposure being a source of stress, anxiety, and peer pressure. This essay summarizes relevant studies and addresses the adverse effects of social media advertising, such as promoting illusions, FOMO-induced stress, and dangerous online trends. It concludes by offering businesses recommendations to mitigate these negative effects and suggesting ways to make advertisements more neutral and respectful of users' mental well-being. The research emphasizes the growing influence of social media on modern marketing and the importance of ethical practices in advertising.

Keywords: Social Media Advertising, Gen Z, Psychological Effects, Consumer Behavior, Marketing Ethics

1. Introduction

Social media has revolutionized the way businesses make advertisements. Advertising through social media has become one of the most powerful marketing tools in modern society. Platforms like Instagram, TikTok, and YouTube have become essential for brands to connect with younger possible consumers, particularly Gen Z, who are highly active on these networks. Through strategies such as influencer marketing, targeted advertising, Fear of Missing Out (FOMO) tactics, and gamification, companies successfully capture consumer attention and drive sales. However, while these marketing techniques enhance business profitability, they also cause negative psychological effects on young users.

Gen Z, born between the mid-1990s and early 2010s, is the first generation surrounded by social media, making them more susceptible to online influence. Studies indicate that excessive exposure to social media advertising can contribute to stress, anxiety, low self-esteem, and unhealthy consumer behavior. Advertising strategies manipulate users' emotions, promoting unrealistic beauty standards, materialistic aspirations, and peer pressure-driven purchases. Additionally, social media fosters a

trend comparison, where Gen Z users feel pressured to conform to trends, maintain an idealized online persona, and participate in viral social media challenges.

Given these concerns, it is crucial to consider the negative psychological effects of social media advertising on Gen Z and explore ways to reduce harm. This paper will analyze various social media advertising tactics, their impact on young consumers' mental health, and potential solutions for creating more ethical marketing practices. Businesses, policymakers, and social media developers can work together to build a healthier social media environment.

2. The Significance of Social Media in Gen-Z's Life

Social media has become more important than ever in people's lives. According to the McKinsey report, social media provides social networks, discussion forums, and consumer reviews[1]. It helps modern individuals to socialize and network, but it is also used to flaunt and express emotions. Different organizations manipulate it for their advertising purposes. Businesses now rely on social media as one of their essential advertising methods. Unlike print, radio, and television media, advertisements on social media have been more impactful. They have infiltrated every corner of social media and are often disguised as user-generated content. Social media offers significant advantages for businesses, allowing them to monitor, respond to, amplify, and lead consumer behavior. On one hand, the thriving social media landscape gives consumers an interactive, entertaining, and experiential journey. On the other hand, it also creates harm and pressure, especially for Gen-Z, born between the mid-1990s and mid-2010s.

Social Media has a strong impact, and often a negative one, on the younger generation. According to the McKinsey Report, "over one-third of Gen Z respondents ... spend more than two hours" every day on social media, and the studies show that "young adults and their social media use have shown an inverse relationship between screen time and psychological well-being" [1].

Reported impact of technology and social media on mental health, [1] % of respondents
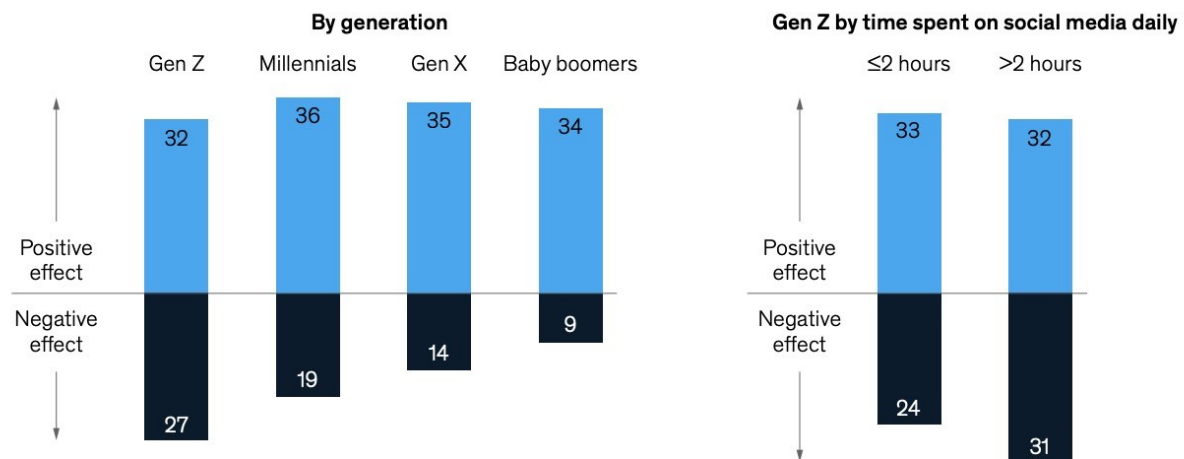
Question: How strongly do the following factors affect your mental health? Shown are the answers for "Technology and social media"; respondents who answered "does not affect my mental health" or "don't know/not applicable" are not shown.
Source: McKinsey Health Institute Global Gen Z Survey (2022) (n = 41,960)

McKinsey & Company

Figure 1: Reported impact of technology and social media on mental health [1].

Many businesses use different marketing strategies to influence users' behavior without considering the health of their clients. According to McKinsey's report, the social-commerce market (customers shop directly on social media) is expected to "grow to more than $2 trillion" by 2025. For example, one common strategy is the "FOMO" which creates pressure on people who don't buy their products. The young generation, who lack full cognitive ability, are easily manipulated by advertisements and fall into the trap of peer pressure. This one, I think, we should expand a bit more but stay at a high level.

3. How Social Media reimagined Marketing practice

E-commerce has become a major part of retail sales, reaching more than 20% of global retail sales. Social media plays a great part in marketing, achieving significant market influence through different popular tactics that utilize social media's characteristics.
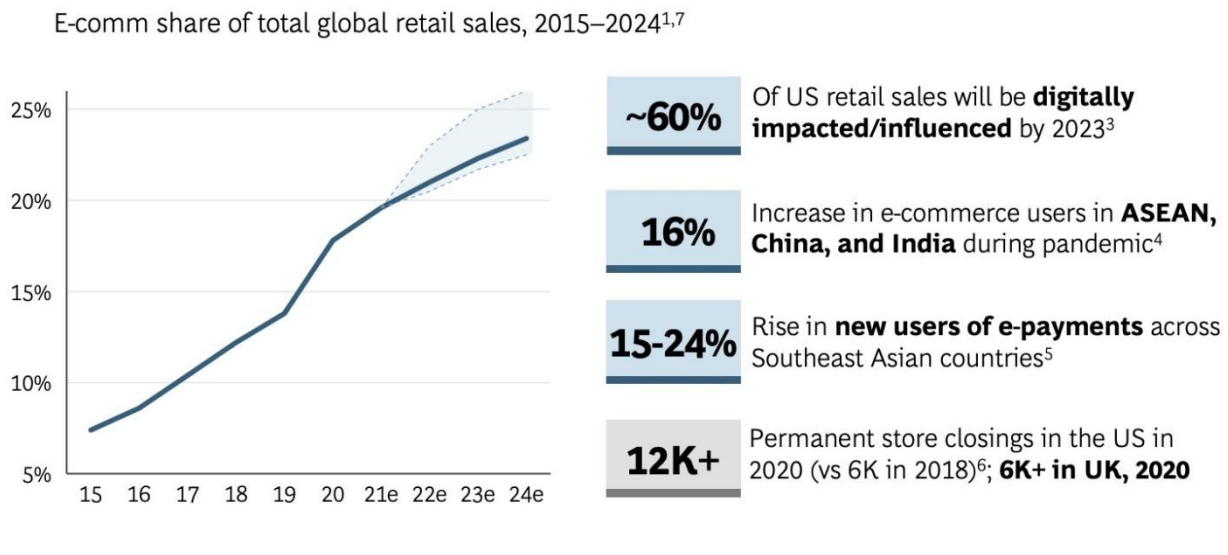

Figure 2: E-comm share of total global retail sales, 2015-2024 (Statista, BCG research).

3.1. Influencer Marketing

Influencer marketing is a fundamental social media marketing strategy in which businesses cooperate with influencers and let them promote their products. According to Jin, consumers exposed to "celebrity brand posts" perceive the source to be more trustworthy, and they "feel stronger social presence" and are "envious of the source" [2].

Influencer marketing on social media differs from traditional influencer marketing, where influencers appear on radio, TV shows, and magazines. In traditional influencer marketing, the influencer is distant from the consumers. Social media largely weakened geographic and time limitations and provided platforms for people to communicate directly. The number of influencers has increased, and influencers are becoming more personalized, working in different fields. For example, there are video games, makeup, and dressing influencers, and each category has abundant different influencers. The influencers have downgraded from one huge star to multiple little celebrities. However, it is never a bad thing for business.

As the scale of each celebrity decreases, each one has a closer connection to their fans. Kim pointed out that "language similarity," "Interest similarity," "Interaction frequency," and "Self-disclosure" have all contributed to the perceived friendship between influencers and consumers [3]. Whoever you are, finding an influencer who resonates with you is possible. When consumers build up a perceived

friendship with influencers, they become more loyal to them and are willing to trust their promotion of products.
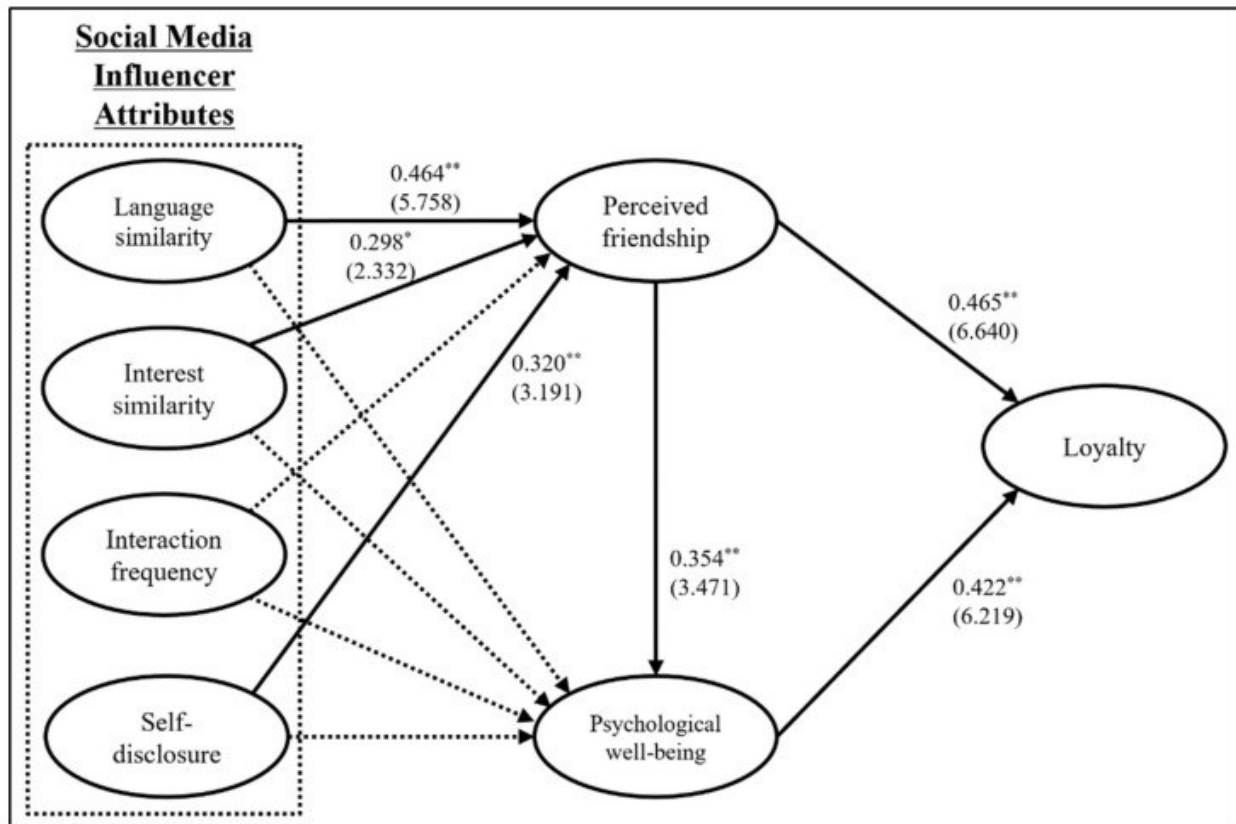

Figure 3: Estimates of structural equation modeling.** $p < 0.01$, * $p < 0.05$. Note. Standardized regression weight (critical ratio), solid line: significant path, dotted line: insignificant path [3].

Sometimes influencers promote openly, while other times they do so discreetly. In the luxury sector, a common promotional strategy is inviting influencers to become brand ambassadors. For example, Ningning from Aespa is a brand ambassador for Versace. For many smaller businesses, a typical advertising approach involves asking influencers to feature products in their posts without direct marketing. They display the products as if they are promoting them naturally. Because consumers trust these influencers, they often hold a more favorable view of the brands showcased in their posts.

3.2. Targeted Advertising

Targeted advertising, or personalization, is an indispensable component of social media marketing. It delivers custom-made advertisements to different crowds based on data of their online behavior. Personalization enhances the effect of advertisements by customizing content to individual user preferences. According to Farahat and Bailey, the effect of targeted advertisement is "about twice as large for brand-related searches" [4].

One key feature of social media platforms is their ability to collect user feedback and online behavior data. This contrasts with traditional marketing, which mainly involves a one-way transmission of information. For instance, social media tracks consumers' preferences through their likes and dislikes and promotes related products. For instance, a user who frequently engages with fitness content on Facebook receives ads for workout equipment.

The targeted advertising system has also helped amplify influencer marketing. An influencer might be liked or disliked by a type of crowd, and personalization would keep this crowd from the advertising of this influencer. Instead, they would look at the advertisements established by the influencers they liked. Personalization decreases the risk of businesses hiring an unwelcome influencer.

3.3. Fear of Missing Out (FoMO)

FoMO refers to the "apprehension that online content and interactions from others are unseen and reacted to in a timely fashion" [5]. In marketing, it's leveraged to create a sense of urgency, prompting consumers to act quickly to avoid missing out. According to Good and Hyman, there is "a strong positive relationship between FOMO and purchase likelihood" [6]. Social Media allows everyone to post and comment, creating a platform for people to compare. For example, people would compare their automobile purchases with their neighborhood. However, it is noticeable that FOMO creates fear, anxiety, stress, and other negative feelings in people. The business manipulates people's negative feelings instead of positive ones to promote their products.

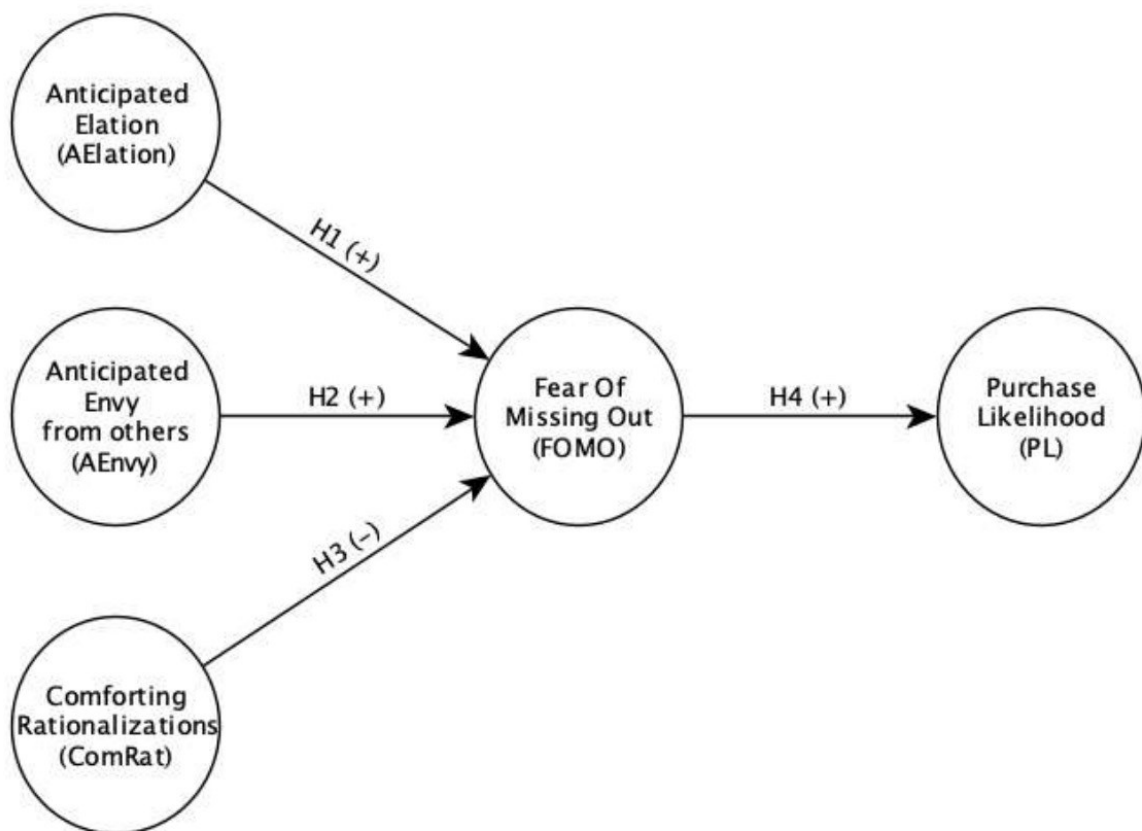**Hypothesized Relationships Among Study Variables**

Figure 4: Hypothesized relationships among study variables[6].

3.4. Gamification

Gamification is a marketing strategy that incorporates game-like elements such as points and challenges into advertisements. Social Media is a platform where people can easily interact by clicking on the screen. According to Ji, "Entertainment and promotional rewards had significant direct

effects on consumption intention" [7]. For example, the prevailing challenges on TikTok encourage users to create videos following trends or brand-sponsored content.

These different tactics are often intertwined and could greatly influence users' behavior. People might see the content produced by the influencer they like, who is recommended to them through the personalization system. The influencer might be starting a challenge trend with brand-sponsored context in the content. Seeing other people with the same interests posting would cause fear of missing out on users and motivate their purchasing intention.

4.   Negative Psychological Impact on Young Users

Since social media helps business advertising achieve numerous increases in revenue, it is easy to see that social media advertising leaves people with an intense impression. This intense influence on people's minds guides them to purchase products promoted, but it could also influence them psychologically negatively. Its negative psychological impact is especially worth noticing among young Gen Z users. According to Liu's study, frequent social media use is "strongly associated with lower self-esteem, depressive symptoms, anxiety, and other mental health challenges in children" [8]. The constant exposure to idealized lifestyles, product promotions, and influencer-driven content can create unrealistic expectations, leading to dissatisfaction with one's life. This psychological distress is further amplified by marketing strategies such as Fear of Missing Out (FOMO), targeted advertising, and gamification, which pressure young users into making impulsive purchasing decisions and engaging in potentially harmful online behaviors.

One of the most concerning aspects of social media advertising is its ability to exploit peer pressure and social validation. Many young users feel pressured to engage with trending content and purchase products endorsed by influencers to avoid feeling left out. This phenomenon has led to unhealthy behaviors, such as overspending on luxury items to maintain an online image or participating in risky viral trends. Numerous social media challenges brands or influencers promote have resulted in dangerous outcomes. For instance, the Tide Pod Challenge caused teenagers to consume toxic laundry detergent pods, while the Cinnamon Challenge led to choking incidents. Injuries related to selfies are also frequent, as individuals have risked their lives for the perfect photo in perilous locations like cliffs, train tracks, and skyscrapers.

Some influencers intentionally blur the lines between personal and promotional content, making it difficult for younger users to differentiate between genuine recommendations and paid advertisements. Unlike traditional advertising, where commercial intent is more transparent, influencers integrate promotions seamlessly into their daily lives, presenting them as personal preferences rather than sponsored content. This lack of clarity can create anxiety among young users as they struggle to determine whether their peers are genuinely recommending a product or participating in a marketing campaign. The inability to distinguish normal content from advertising can increase pressure to conform and make impulsive purchasing decisions based on perceived social norms.

Unable to differentiate advertisement workers and normal users, young users could have increasing body image issues since they think everyone should be skinny and beautiful in a business-promoted style. Research indicates that more frequent use of "image-based social media platforms and appearance-based motivation for SMU has a particular role to play in body dysmorphic symptoms" [9]. The A4 Skinny Waist Challenge is where young users pursue extremely skinny bodies. The pursuit has resulted in life-threatening consequences. As shown in the studies, "early adolescence is vulnerable ... to the effect of social media," and because of the promotion of the "unrealistic beauty standards" body by influencers, teenagers have encountered "stress and eating disorders" [10].

Furthermore, influencer promotions have encouraged precocious consumer behavior among younger users. Recent trends, such as the rise of "Sephora Kids," where preteens adopt extensive skincare routines meant for adults, demonstrate how marketing is influencing young audiences to engage in consumerism beyond their developmental needs. This early exposure to commercialized beauty standards can have long-term effects on self-esteem and spending habits.

While social media provides opportunities for connection and entertainment, its influence on young users' psychological well-being is undeniable. Without proper intervention, these platforms will continue to shape consumer habits and mental health in ways that may harm younger generations.

5.　Conclusion

Social media has revolutionized marketing strategies, creating a highly interactive and engaging platform for businesses and consumers. Integrating influencer marketing, targeted advertising, FOMO, and gamification has allowed businesses to boost their sales significantly. However, these tactics come at a cost, particularly for young users, who are more vulnerable to psychological manipulation. The negative consequences, including increased anxiety, self-esteem issues, reckless behavior due to viral challenges, and excessive consumerism, highlight the health concerns surrounding social media advertising.

As social media continues to dominate the digital landscape, it is important to balance commercial interests with mental health considerations. Businesses, policymakers, and platform developers should build up regulations that alleviate the negative effects of social media marketing.

When advertising, businesses should prioritize mental well-being in their marketing strategies. avoiding fear-based tactics like FOMO and exploiting social validation for profit. Businesses should instead use more positive-feeling motivated advertisements. For example, the business could promote its brand by suggesting the product is enjoyable for everyone. Also, they should be required to indicate that contents are designed for advertisements in the first place.

The government could implement stricter regulations on social media advertising. Transparency in advertising should be promoted as a must, ensuring that influencer promotions and targeted ads are disclosed to prevent creating anxiety in unknown young users.

Social media companies should incorporate advertisement reminders and digital wellness tools to minimize harmful trends. For example, social media platforms could add a check box for video creators to check whether a business pays for their content. If yes, the platform should automatically add "business-promoted content" under the content. The platform could also utilize AI tools to recognize if the content includes dangerous behavior and add health reminders.

Apart from the business aspect, teaching young users how to critically evaluate social media content is essential for helping them distinguish between authentic information and manipulative advertising. Schools and social media platforms could offer simple courses focused on self-esteem and understanding the effects of social media. Adults should also pay closer attention to Gen Z's mental health and provide them with timely support and advice.

While social media is integral to modern life, businesses and consumers must navigate it responsibly. By promoting ethical advertising and digital well-being, society can harness the benefits of social media without compromising the mental health of younger generations.

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