The impact of chatbots on the buying behaviors of Generation Z toward brands

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Abstract: As society develops, so do the needs and wishes of customers, the market situation, and especially the competition. The procedures and essential tools of traditional marketing that worked before are gradually losing their effectiveness and are no longer able to ensure a competitive advantage. If businesses want to have a competitive advantage, they must be prepared for these changes and be able to respond to them appropriately. There is currently a generational change in household spending; thus, the customer's preferences have changed significantly. If a brand wants to remain relevant in the future market, which will be shaped by the new generation of customers, it is appropriate to focus on the Generation Z customer segment. Generation Z is the youngest generation targeted within marketing strategies and at the same time the generation with a lot of changes in product/service perception. Generation Z will be the biggest future challenge for marketing. This paper is dedicated to Generation Z in the market of the Czech Republic. Providing insights from in-depth interviews with Generation Z individuals, this research reveals their expectations, behaviors, and preferences when engaging with brands' chatbots. The findings shed light on essential factors that influence customer satisfaction and loyalty, such as the availability of human agent transfer, clear robot interaction differentiation, and seamless problem-resolution processes. The paper aims to identify the preferences of Generation Z brands' interaction via chatbots. The paper will, therefore, provide an understanding of how a brand can build strong relationships with Generation Z customers through an innovative marketing approach that uses chatbots to communicate with customers 24/7/365.

Keywords: Brand, communication, customer service tool, chatbot, Al, innovation, innovative marketing.

JEL Classification: M30, M31, O39.

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Introduction

In a digital era where customer engagement is pivotal for brand success, innovative marketing approaches play a crucial role in shaping consumer-brand interactions. This article delves into the realm of utilizing chatbots as a strategic tool to foster relationships between brands and Generation Z customers. Chatbots, defined by Microsoft as software applications engaging with users in natural, human-like conversations, offer a novel avenue for brands to connect and communicate with their target audience effectively (Microsoft, 2023).



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Chatbots are used for a variety of purposes in a wide range of industries to help interact with web services or applications using different text, graphics, or speech. They can understand natural human language, mimic interaction, and perform simple, automated tasks. Their use can be found at various levels, such as in messaging applications, mobile applications, websites, telephone lines, or voice applications (Malik et al., 2021). Chatbots are considered to be an important tool for increasing the efficiency of customer service (Hsu & Lin, 2023). The benefits are mainly found in providing continuous customer service (Følstad et al., 2018). Currently, websites, e-shops, or mobile applications are where they are most widely implemented. While chatbots can take many forms, they are most often used as human agents to respond to customer needs and issues (Sheehan et al., 2020). Since the COVID-19 pandemic, the use of chatbots and retail spending via bots has increased significantly in all business areas (Melovic, 2022).

The paper sheds light on how Generation Z perceives the current marketing strategy of brands in the form of using chatbots. This research recognizes Gen Z's affinity for technological innovation and, using qualitative interviews, examines Gen Z's preferences for the use of chatbots by brands. With Generation Z poised to be a significant driving force in future consumer spending, understanding their preferences and interactions with brands through chatbots becomes imperative for marketing practitioners.

By addressing gaps in existing literature surrounding chatbot-customer interactions, particularly within the context of Generation Z, this article aims to provide insights into the evolving landscape of customer-brand engagement. These findings are poised to offer valuable implications for practitioners and researchers, especially in unearthing insights pertinent to the Czech Republic market. The exploratory research methodology will be employed to attain the findings. A qualitative research approach will be adopted, with in-depth interviews selected as the primary method. A nonprobability purposive sample technique will be utilized to select participants within the age range of 20-27 years. The data will be analyzed using thematic analysis as the chosen method. The paper aims to identify the preferences of Generation Z brands' chatbot interaction. The focus is on the new innovative customer service tool in customer-brand interactions that has already proven to have the potential to meet the current and future needs of Generation Z. In addition to the exploration of customer perceptions of current use of brands' chatbots, this empirical paper is focused on the following key research questions (RQ):

RQ1: What will the future of customer – brand chatbot interactions be?

RQ2: What are the expectations of Generation Z customers toward brands' chatbots?

The findings will be important for practitioners and new researchers because experiences related to the research problem are still modest, especially in the Czech Republic.

1. Theoretical background 1.1 Brand communication

In the realm of customer-brand relationships. effective brand communication stands out as a crucial factor that can either strengthen or jeopardize the bond between a brand and its customers. Building and maintaining strong relationships with customers is essential for long-term success and sustainability in today's competitive marketplace (Zulfikar et al., 2022). Positive brand communication plays a pivotal role in fostering relationships and cultivating brand loyalty. Transparent and consistent communication helps convey the brand's values, identity, and commitments to customers, building trust and credibility over time (Yang & Battocchio, 2020). By engaging in meaningful dialogue, actively listening to customer feedback, and offering personalized experiences, brands can create emotional connections with their audience, leading to increased customer loyalty and advocacy (Magids et al., 2015).

However, amidst the benefits of brand communication, there exist risks that can potentially drive customers away from a brand. Poor communication practices, such as unclear messaging, inconsistent branding, or lack of responsiveness to customer inquiries, can erode trust and damage the brand-customer relationship (Cleave et al., 2016). Miscommunications, misaligned brand messaging, or insensitive responses to customer concerns can alienate customers, leading to dissatisfaction, negative word-of-mouth, and, ultimately, customer defection (Taghizadeh et al., 2013).

In navigating the complexities of brand communication, it is imperative for brands

to prioritize authenticity, transparency, and empathy in their interactions with customers. By actively listening to customer feedback, addressing concerns promptly, and maintaining open channels of communication, brands can mitigate risks, build stronger relationships, and foster lasting loyalty among their customer base. Ultimately, the art of brand communication lies in creating meaningful connections that resonate with customers, fostering trust, loyalty, and advocacy that transcend transactional exchanges (Kemp et al., 2021; Sheninger & Rubin, 2017; Yang & Battocchio, 2020).

Although a chatbot still cannot fully replace a person in interaction with a customer, it is undoubtedly an important tool for brands in communication and building a relationship with the customer (Li & Zhang, 2023). By integrating chatbots into the marketing strategy, brands can grow their digital presence, establish themselves on the market as a separate, unique entity, and even reap the benefits of opening up new potential revenue streams (Rvdiger, 2023).

1.2 Chatbots and customer interaction

Currently, there are two categories of chatbots: ones that operate according to a set of rules, and ones that use artificial intelligence. The first category, rule-based chatbots, will only be able to understand a limited number of options that have been programmed into the chatbot. It operates by predefined rules. Rules-based chatbots are easier to build because they use a set of simple true/false algorithms to comprehend user requests and respond appropriately (Hingrajia, 2023). The second case is the utilization of artificial intelligence (AI) in Al-powered chatbots. It can understand open-ended queries because it is engineered with machine learning algorithms. Not only does it have an understanding of queries, but it also comprehends language. Since the chatbot learns from its interactions with users, it is always improving. Al identifies language, context, and intent and reacts appropriately (Song & Shin 2022).

Technology that acts, reacts, or behaves intelligently and can manifest in anthropomorphic and non-humanoid forms is referred to as artificial intelligence (AI). Through learning, analyzing, and interpreting data, they mimic or perform human tasks and help solve problems. Artificial intelligence has rapidly evolved from simple task performance (e.g., Siri) to more sophisticated social functions such as customer

emotion recognition for subsequent intervention. Artificial intelligence can be effectively used in reasoning, explanation, modeling, and prediction (Rizomyliotis et al., 2022).

The relationship between businesses and their customers is being revolutionized by the use of robots as multi-tasking customer service agents. Al chatbots are increasingly being used on the front line to help engage customers. The use of chatbots for the first interaction can assist in the identification of customer needs and wants (Prentice et al., 2020). Based on data collection, chatbots can identify customer needs and issues and escalate them to humans when appropriate. Chatbots provide a positive and consistent level of interaction, promote seamless service, and influence customer preferences (Huang & Rust, 2018).

Providing guick answers to usuallv simple customer service questions is the primary expectation customers have of chatbots (van der Goot et al., 2021). However, expectations may vary depending on the type of chatbot. If the chatbot is anthropomorphic, i.e., given a name and its behavior is close to that of a human, the customer will behave differently in the interaction (Xu et al., 2022). A humanized agent is able to plan, act, and react similarly to a human, which means that expectations are heightened. These higher expectations increase customers' hopes that the chatbot will be able to help them. While nonhumanized chatbots often negatively impact users by being perceived as cold, impersonal, and unfriendly, an avatar chatbot, on the other hand, significantly contributes to user satisfaction and positive reviews. Interaction with an anthropomorphic chatbot results in higher levels of trust and, therefore, easier persuasion of users. At the same time, chatbots are held more accountable for their actions. In the event of disappointment, customer dissatisfaction is quickly exacerbated (Song & Shin, 2022).

Another important aspect of customer satisfaction with the chatbot interaction is the customer's mood. So, how do angry customers react to chatbots, and is it beneficial to humanize the chatbot in this case? An Oxford University study analyzed over 1.5 million text records of customer interactions with a customer service chatbot. Humanizing the chatbot improved customer satisfaction, except when customers were angry, according to the analysis. For those customers who entered the interaction in an angry emotional state, the anthropomorphism had a drastically negative effect on their final level of satisfaction (Hadi, 2019).

In conclusion, it is important to emphasize when the use of anthropomorphic chatbots is appropriate and when it is not. In the Oxford study, anger played an absolutely central role. Therefore, it is crucial to determine the customer's state of mind. One way to do this would be to use keywords. Disaruntled customers could then be redirected to the non-humanized chatbot, while others would stay with the anthropomorphic version. Another option is to immediately divert angry customers to human agents, who may have greater empathy and be more likely to resolve the issue to the customer's satisfaction (Crolic et al., 2022). For this reason, humanized chatbots are not the right choice for complaint centers and can dissuade customers, even though they have undeniable advantages over their non-human counterparts.

With the development of technology, chatbots have more and more power to influence customer perception of brands. For customers, interaction with a chatbot can be a useful and entertaining way of communication that consolidates and improves the brand image. If a company is looking for a way to promote a brand, a chatbot becomes a useful tool to change communication and customer perception. Chatbots help create brand awareness and especially a unique experience that customers remember. A good example is the Indian bank HFDC, which created a visual mascot to help with customer support. The avatar was so distinctive and memorable that it began to spread virally among people and co-created the bank's brand. Thus, the nature of the chatbot and the personalized approach that deepens the trust and impression of customers is important in building a brand (Makadia, 2022).

It is obvious that the customer always comes first. That means that customer behavior needs to be analyzed in detail (Maráková et al., 2023). Such are customer perception, needs, preferences, things that influence them, principles of loyalty, and everything that influences the customer decision-making process (Stefko et al., 2023). Also, the procedures and basic tools of traditional marketing that worked before are gradually losing their effectiveness and are no longer able to ensure a competitive advantage.

If businesses want to have a competitive advantage, they must be prepared for these changes and be able to respond to them appropriately. Based on an IBM report. Generation Z will account for nearly a third of all global revenue within six years (IBM, 2017). It is evident that there is currently a generational shift in household spending and thus, a significant change in consumer preferences. If a company wants to remain relevant in the future market, which will be shaped by the new generation of customers, it is appropriate to focus on the Generation Z customer segment. For that particular reason, the next section is dedicated to the youngest generation targeted within marketing strategies, Generation Z.

1.3 Generation Z

Individuals that are born about the same time or during a specific period possibly experience the same significant events (i.e., same political, economic, and social events such as technological developments and financial instability) and will develop a similar set of beliefs, values, and behavior. Generational cohort theory proposes that it is possible to predict customer responses based on the year they were born. That is why it is possible to adjust innovative marketing strategies to specific customer cohorts.

The current focus of marketing is on four main generations: Baby Boomers, Generation X (Gen X), Generation Y (Millennials), and Generation Z (Gen Z). Each generation holds beliefs and preferences that shape their thinking and actions. Research has already shown that if a product is preferred by a Generation Z customer, it will automatically increase in popularity with Generation X customers. Thus, if marketing strategies target Generation Z. it can be expected to be largely successful for Generation X. In addition, members of Generation Z influence their parents' purchasing decisions (IBM, 2017).

Generation Z is the youngest generation targeted within marketing strategies, and Generation Z's behavior as customers differs, which is why this section provides insight into the current customers' minds and already implemented research of this generation in other countries.

Generation Z is a generation cohort of individuals born between the mid-1990s and early 2000s (Suryadi et al., 2021). This is a period in which Generation Z is being debated by researchers. There is also evidence that Generation Z includes those born between 1996 and 2012 (Bhore & Tapas, 2023), According to Tapscott, Generation Z began in 1998 (Tolstikova et al., 2023). Generation Z is estimated at more than 2 billion young people. With nearly a third of the global population, it is the most populous generation on the planet (Mude & Undale, 2023).

In terms of diversity, it is considered to be the most diverse generation (Kaplan, 2020). This generation is, in many ways, the most demanding group of customers we know so far (IBM, 2017). They are digitally savvy, the best informed, have the highest expectations, and they are the least loyal customers, or better said their loyalty is based on other principles. The youngest generation is the most valuedriven (IBM, 2017).

Generation Z wants brands to reach out to them with immediate answers to their questions tailored to their needs. They expect to receive incentives and offers that are relevant to them personally. Equally important, Generation Z prefers brands that can engage with them in real-time and one-on-one. If a typical Generation Z has feedback or an idea for a brand, there's a good chance they will have more respect for the brand if they can get back to them with a thoughtful response within the next few minutes (Betz, 2019).

The bottom line is that without innovative marketing and technology, many marketing teams cannot keep up with the level of personal brand engagement that Generation Z demands. Online marketing is considered an innovative marketing approach that represents an evolution of offline marketing. Adequate online presence, good social media management, and interaction with the community can help attract potential clients (Daemi et al., 2021). Chatbots are a tool used by companies in online marketing to differentiate themselves from competitors and improve customer service. They have become a tool for companies to better utilize social networks and gain a distinct advantage at the internet level over other companies that do not use them (Araújo & Casais, 2020).

2. Research methodology

2.1 Research design

Given the exploratory nature of this research and the lack of existing research on customer expectations of chatbots in the Czech Republic, a qualitative research design was

used (Creswell, 2009). Another reason why qualitative research was used is the aspiration to enable a descriptive analysis of many respondents' answers that reflect the attitudes of their subconscious. The outputs of individual interviews are recorded in terms of characteristics and relevance for the wider population (Anderson, 2010; Farris et al., 2009; Johnson, 2004). At the same time, the ratio in which the interviewees agree is mentioned for the individual answers.

This research approach was undertaken since it provides a better initial understanding of the topic, in-depth exploration of viewpoints, and identification of factors that influence their attitude towards the phenomenon, which contributes to the development of an overall better understanding of the issue (Stokes & Bergin, 2006). In-depth interviews enable the interviewer and the interviewee to be closer and to understand each other better (Bell et al., 2022).

A series of in-depth, semi-structured, face-to-face, one-on-one interviews were conducted with the respondents belonging to the Generation Z cohort. The first phase of the research itself was its preparation. First, the objectives of the in-depth interview and the information to be found were determined. According to the aim of the research and the literature research already carried out, the script itself was written. Apart from the main topics, the script included specific side questions, which helped to get deeper into the problem and helped to make the interviewee feel comfortable so that he would become more open to the conversation.

The purchasing power of Generation Z is on the rise and directly affects the spending of their parents included in Generation X, who currently hold the majority of purchasing power (Fromm. 2022; Wang, 2021). Generation Z is known to be tech-savvy, having grown up connected to technology since birth, and they are the most demanding group of customers we know so far (IBM, 2017). Furthermore, it has already been confirmed by many researchers that younger generations usually adopt innovations more easily and faster than older generations (Damanpour & Schneider, 2006).

Every market is segmented into five customer groups according to Geoffrey Moore's Crossing the Chasm theory: innovators, early adopters, early majority, late majority, and laggards. This segmentation is based on



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the premise that offerings to these customer groups are designed to reflect their stage of adopting a given technology. Typically, new offerings are targeted primarily at the innovators because they are more likely to be open to new technologies. A higher proportion of innovators could be expected in the sample which consists of students. They also influence the behavior of other customer groups that subsequently embrace innovation.

Based on research already conducted, it is reasonable to assume that each generation has different impressions of customer service chatbots (Fan et al., 2022). Moreover, when creating campaigns, commercial messages, and content, companies must consider differences in the interest and involvement of Generation Z in different markets. The survey shows that Generation Z customers in growth economies differ in priorities from their counterparts in developed markets (IBM, 2017). Developing countries, so-called emerging economies, have markets with fast-growing economies, such as some nations in Asia, Central Europe, and Latin America. Developed markets are markets with economies that have established a significant degree of equilibrium, such as the United States, Western Europe, and Japan (IBM, 2017). For this reason, the goal of understanding how a company can build strong relationships with customers from the Generation Z cohort through an innovative marketing approach that uses chatbots to communicate with customers is dedicated only to the Czech Generation Z.

2.2 Sample, data collection and analysis

A non-probability purposive sample was used as the participants were selected on the basis of their age (20-27 years). First of all, 48 firstyear master's students at the Technical University of Liberec were approached, and 37 (20 female and 17 male) took part. To qualify, participants had to self-report that they had interacted with a chatbot in the past. In August 2023, the interviews took place. The sample size was deemed adequate for the purposes of this paper and for qualitative research more broadly, being large enough to provide useful information about underlying patterns and small enough to allow for effective analyses. It meets the criteria of Onwuegbuzie and Leech (2007), who propose a sample size of between fifteen and twenty people, while de Ruyter and Scholl (1998) suggest that between fifteen and forty respondents is the most common sample size. A semi-structured interview guide was used to collect data. Flexible, open-ended questions were used as a means of stimulating discussion. The interview guide has been developed on the basis of the literature review (Rizomvliotis et al., 2022; Song & Shin, 2022) and has been pre-tested for its relevance to the research questions. The interview questionnaire consisted of 10 questions designed to elicit information from the participants' personal experiences of interacting with chatbots and their expectations of this interaction. Four demographic questions were asked of participants.

The average duration of the qualitative interviews was around 50 minutes. Ethical guidelines were followed during the interviews, including no harm, informed consent, anonymity, and honesty principles (Bell et al., 2022). Respondents were informed that there were no right or wrong answers and that honest and open responses were encouraged. To increase the accuracy of data collection. the interviewer paid more attention to the interviewee and allowed for verbatim transcription. The interviews were audio-recorded with the interviewee's consent. Participants' names were replaced with coded numbers to ensure anonymity. Thematic analysis was used for data analysis. Following the approach described by Ryan and Bernard (2003), the information collected was organized into categories or themes, and the data was categorized for analysis. The differences and similarities were analyzed in more detail by treating each question as a separate category and by analyzing all the responses for each question at the same time. In addition, this method made it possible to compare and contrast information and data from both primary and secondary sources (Saunders et al., 2009).

3. Results

To open the conversation, the participants were asked about their expectations when communicating with businesses (brands) and about their habits when interacting online. Most customers (more than four-fifths) said they were excited about the transition of everyday activities like shopping, studying, meeting new people, dating, and working out to the metaverse.

"I must admit that what I enjoyed the most about COVID-19 was the possibility to work/ study online. I did not need to worry about the schedule, as I only had to log in to attend the meeting/lecture. Honestly, that can be transmitted to other areas as well. I do enjoy shopping online, even for the grocery. It does not take much time and is delivered to the doorstep. There is also the possibility to save the shopping basket content for next time. Then, you can shop for your usuals with a few clicks in minutes. I have learned to be time-efficient by transferring daily activities to the online sphere (Interviewee No. 3)."

When it comes to the speed at which brands communicate with their customers. Generation Z customers are very straightforward and unanimous. Their expectation is for fast communication that does not require a significant effort on their part. When asked about their preferred form of brand communication, they surprisingly favored personal, one-on-one communication with a live human being. The speed of a brand's communication has an impact not only on customers' trust in the brand, but also on their long-term loyalty to the brand.

"Easy form of communication with the brand is very important to me. When I am satisfied with the customer service, I stay loyal (Interviewee No. 5)."

Czech Generation Z customers unanimously agree that brands should value their opinions. When customers of this generation were asked how they perceive that brands value their opinions, they indicated that the main way in which they value their opinions is through the brand's willingness to communicate further with the customer. Almost three-quarters stated that even if they are satisfied with the brand of product they use regularly, they are still very open to exploring and buying identical products from other brands. When asked what would increase their lovalty to those brands they are already satisfied with and use regularly, they said that one of the most important aspects of their brand loyalty is how and when they are contacted, and the speed at which the brand communicates with them.

"I buy food supplements on a regular basis, I also read a lot about the benefits of each combination, but I always tried to look up different brands in different e-shops. But once there was a problem with the packaging of the supplements I bought and I took a photo and I complained to the shop. In a few minutes, I get an apology email and right after that another email with shipping information. They sent me the same product and a small present as

an apology. Since that time, I only shop in that brand shop. I must admit that communication with them is better than with my friends. Whenever I have some questions. I contact them via Facebook messenger, and within a few minutes. I always get the recommendations I need (Interviewee No. 32)."

While communicating with brands, participants expect two-way engagement on the devices and channels of their choice. Nearly three-quarters of participants said they either received no response or an unsatisfactory response from the brand they attempted to contact.

"Many times happened to me that I tried to contact the brand or e-shop via social media platforms and I never get any answer. It is frustrating, it should be an interactive platform (Interviewee No. 24)."

Moreover, according to more than ninetenths of the participants, brands that consistently strive to be better through innovation are more likely to improve customer lovalty and satisfaction among their generation. They recognize companies for their product innovation, as well as their innovative approach to their overall performance at various levels of marketing. When used correctly, chatbots can be the answer to these issues and the right solution for Czech Generation Z expectations. This is an opportunity for brands to win over this generation. If the key aspect of understanding customer preferences is met, chatbots can be a way to make a positive impact on the minds of customers while simultaneously trying to optimize marketing budgets. So how does Czech Generation Z perceive chatbot interaction and what are their preferences?

As stated in the research methodology, all participants were selected to have previous experience using a chatbot in some form. Less than two-thirds of participants are inclined to use a chatbot again in the future.

"When you need a quick answer, chatbots are easy to use and convenient. Then they are a reliable way to communicate without having to wait on hold (Interviewee No. 19)."

One-third of participants were neutral about the issue of repeat interaction with chatbots after previous experience. If there is no other way to contact the company at the time, they will try to interact with a chatbot, but will not primarily seek it out. If other customer service channel options are available, they are used first. One-tenth of participants deliberately avoid such communication in the future due to bad experiences.

"When I get the choice of contacting a live person or a chatbot, I prefer to call even if I pay for communication with a call center employee, but if I am not connected repeatedly, I start looking for other communication options. However, a chatbot is never the first choice. Especially since I fear an unsatisfactory response and never formulate the command precisely enough for the chatbot to understand me (Interviewee No. 2)."

This ratio significantly changes when participants know at the start of an interaction with a chatbot that they can be easily and quickly transferred to a conversation with a human agent if it fails. The moment they are aware that if they repeatedly submit a query and do not receive a relevant answer, they can be seamlessly transferred to a customer service agent, either via a button in the chat box or an automatic conversation redirect, then they are all inclined to use this service channel.

"If I knew from the start that after the chatbot fails a couple of times, I would be transferred with all the details to a live agent, I will give it a shot (Interviewee No. 37)."

Half of the participants said that being seamlessly transferred to a human customer agent along with relevant information when the interaction failed would impact their willingness to do business with the company in the future.

"Some brands have right from the start the possibility to contact the customer service agent via chatbot and that is something I do appreciate especially if I know my inquiry is complex (Interviewee No. 6)."

When participants were asked about the number of chatbot failures before abandoning the interaction, two-thirds said they would be willing to paraphrase their request up to 2 times, and one-third of research participants were willing to give the chatbot overall 4 attempts. On average, participants showed a high level of forgiveness for chatbot failures, giving it 3 attempts before abandoning the chat completely.

"I enjoy discovering new technologies, and I would mostly choose to communicate with a chatbot at midnight or any other time that is convenient for me. I usually want an answer right away to complete the entire purchase process so I do not have to come back to the exact same order the next day or, even worse, days later when the company replies to my email. That is something incredibly frustrating for me when I cannot decide right away and have to put it off for another time. Frankly, I do not have much of a choice and prefer to try to get information from the chatbot, so I would give it 4 or even more chances depending on the quality of the interaction and how far or close it would get to the requested information (Interviewee No. 25)."

The effect on the likelihood of being a customer of a brand if a problem is not resolved the first time a chatbot is used is enormous. A failed chatbot experience negatively impacts the likelihood of remaining a customer, according to almost half of the participants.

"It depends if it is before or after purchase. If the chatbot fails pre-sale, I mostly just give up. If it is something I want badly, then it depends on whether there are other resellers of the product or other brands. If so, I automatically move on to a different company. Otherwise, I am willing to look up other contact information and try to talk to a living person (Interviewee No. 8)."

The reluctance to buy from a brand that only has a chatbot to interact with its customers negatively impacts their likelihood of completing future orders. Mainly because they feel that the chatbot is not able to understand their complex requests properly or does not know how to help them, and they feel hopeless when there is no other way to contact the company.

"Once, actually a few months ago, I bought something on an unnamed brand e-shop and the product did not fit, so I went through the whole return process and everything seemed fine, until the moment I took the package with that item to the parcel service, the shipping ticket that was sent to me was faulty. There was no other way to contact the company than to use a chatbot. It was as useful as the FAQ. No need to have a chatbot in that case. I tried to find any other way to contact them. I looked everywhere, in their app, and official webstore, I even searched it on Google. I found other customers with similar problems and found out how they got through. It took me hours! Besides, I was unsuccessful and frustrated, and I was also left with an expensive dress that did not fit me. So, I had to pay for international shipping that was supposed to be free. I deleted the app, and I think I will never shop with them again (Interviewee No. 11)."

Since the impact of failed communication on brands could be fatal, customers were asked the maximum acceptable conversation time to resolve their issue via chat with the chatbot before they rated the interaction as "bad." Half of the respondents stated that the maximum time they are willing to spend communicating with a chatbot, reformulating or giving details before they obtain the required answer is only 5 minutes. One-quarter would be willing to spend up to 10 minutes before leaving the conversation unsatisfied. One-tenth would give the chatbot even 15 minutes. Another onetenth is willing to accept a conversation 30 minutes long, and the last one-twentieth stated that up to one hour of trying would be acceptable before they give up. The average time before abandoning the chatbot would be 12.5 minutes. but it must be considered that the influence of the one-sided extreme is included.

"If there should be no bad feelings connected with the chatbot interaction, the conversation should take under 5 minutes (Interviewee No. 15)."

When participants were asked what they would be willing to use a brand's chatbot for after their experience, each participant mentioned at least one thing that would normally be found in FAQs or specific information that could be found in other parts of the website, but the chatbot makes it easier for customers. They would ask questions about a product, about shipping or returns policies. They mentioned using chatbots to subscribe to a newsletter or mailing list. as well as a way to find a human customer service agent. Some stated more complex issues, such as resolving an order problem, making a complaint, making a purchase, or paying a bill.

"Mostly, I would ask about shipping and return policies (Interviewee No. 27)."

"I would use a chatbot when looking for a contact to a specific branch or if I need help to decide which product is the most suitable for me (Interviewee No. 21)."

The most important thing for customers when interacting with a brand's chatbot is that the option to transfer the customer to a human customer service agent is always available. If the customer service center is closed at the time of the interaction, the chatbot should inform the customer of this and provide a specific date and time when the customer service agent will be available to communicate with the customer.

"If the company is aware that its bot is not Al-powered, it should only be used to find out the matter of the issue and then pass the query on to a human customer service agent (Interviewee No. 31)."

The second most important thing, according to the participants, is that it should be clear that the interaction is with a robot. This requirement is reinforced by customers if the chatbot is a humanized one, which could appear to customers as a live customer service agent. Customers seem to care whether the brand's chatbot is friendly and helpful. Prewritten questions and the possibility to only click on the preferred option and obtain required answers effortlessly and in a very short period are essential. Among other things, customers appreciate when the chatbot has a voice command feature.

"I like the communication smooth and guick. If there is a list of prewritten statements, or possibility to dictate the message it is always better (Interviewee No. 1)."

None of the participants are pleased to see chatbots show up on the brand's website when they are not actively looking for help, and half said that uninitiated chatbots annoy them, mainly when the chatbot is covering a tremendous amount of the website and the customer must take action and close the chat.

"I know where to find a chatbot when I want to interact with it. They are always in the same place on websites. But when they pop up and I need to shut them down, it is annoying (Interviewee No. 18)."

On the other hand, they would be pleased to see more use of chatbots on the brand's profiles on social media. As mentioned before, they favor personal, one-on-one communication and expect fast communication that does not require a significant effort on their part. Nearly three-quarters of participants said they either received no response or an unsatisfactory response from the brand they attempted to contact. As far as the non-answer option was concerned, it was mainly communication via social networks. Participants added that they feel stronger bound towards a brand or any other company if they interact with them via social media profiles. More than nine-tenths of participants mentioned social networks as the most suitable communication channel to reach audiences from their generation and said they would welcome it if they obtained at least some response from the branded profile on social media profiles. The rest of the respondents felt neutral towards social media as a communication channel.

"When a company responds to my comment or message on any social media platform, I feel seen and valued, not just one of many. When company profile messages are blocked, they can seem cold and impersonal. It looks like they do not care about their audience. I do not mind if a human or bot replies to me, at least I do not have to look for other ways to contact the company (Interviewee No. 29)."

It is possible to see a difference in the use of intelligent technologies among users who, according to their own words, are more introverted.

"I prefer interacting with a chatbot, selfservice panel, or any other technology over communicating with people. I do not like interpersonal interactions (Interviewee No. 17)."

Compared to extroverts:

"Interpersonal communication is one of the most natural things for me, instead of writing or trying to formulate a command correctly, I talk to a live person on the phone or visit a store in person. Communicating with a robot is frustrating for me, especially because I have to type a command or question precisely so that it is understood, and a relevant response is provided by the chatbot. What I hate most is getting an answer to something completely different from what I am asking, accompanied by a question about whether it can help me with something else. You do not get that with a human being. I miss subtle nuances in the conversation that I have not yet observed in chatbots, such as showing a sense of humor, understanding more complex sentences, or giving room for clarification (Interviewee No. 13)."

Self-reported introverts represented only one-fifth of the respondents; the rest considered themselves ambiverts and extroverts and were inclined to communicate with a live agent.

Conclusions and discussion

Innovative marketing should be part of every marketing strategy since it is one aspect of the brand's success, even in an ever-changing market. Hence, innovative marketing not only satisfies the customers' unmet needs at a given moment, but also predicts future or unknown requirements and creates customers' needs that they do not even know about yet. Zulfikar et al. (2022) emphasize that building strong customer relationships is essential for long-term success and sustainability in today's competitive marketplace. According to Yang and Battocchio (2020), positive brand communication is a key tool for strengthening relationships and building customer loyalty to a brand.

In this highly competitive digital age, innovative marketing approaches and the use of innovative tools such as chatbots are ways to make a positive impact on the minds of customers while trying to optimize marketing budgets. To be effective in digital marketing, brands need to have the capacity to adapt to changes and to take advantage of new opportunities. Brands conceptualize and execute new ideas through the ability to innovate. The ability to adapt to customer behavior and new technologies while maintaining a strong customer focus, is essential to great marketing. Leveraging innovation as a chatbot can drive marketing campaigns. As Rydiger (2023) mentions, a clear focus on customer-centric experiences and innovative marketing practices through the use of chatbots allows brands to design and serve customers in a way that enhances those experiences.

It is obvious that chatbots are going to be more and more utilized by businesses. For brands to capitalize on the implementation of chatbots as a customer communication and service channel, it is critical to understand customer preferences and take a customercentric approach to bot strategies. Kemp et al. (2021) perceive the space primarily in fostering lasting relationships and building customer trust in the brand. This paper aimed to identify the preferences of Generation Z's interaction with brands' chatbots. The paper, therefore, provided an understanding of how a brand can build strong relationships with Generation Z customers through an innovative marketing approach that uses chatbots to communicate with customers 24/7/365.

Betz (2019) points to the fact that Generation Z is looking for quick, customized responses and personalized incentives from brands. They value real-time, one-on-one interactions and appreciate brands that respond quickly and thoughtfully to their feedback. The best solution for brands is an Al platform that enables and integrates chatbots and human support from the customer support team to provide instantly scalable, premium pre-sale shopping support. The result is the best possible customer experience throughout the customer journey, increasing loyalty, satisfaction, and revenue. A great example of this type of chatbot are the marketing chatbots created by Microsoft, e.g., Zo, Xiaoice, Rinna, and Ruuh (each tailored to a specific country and all designed to appeal to a late 20+ audience). Those chatbots are able to enter a conversation with relevant facts on topics such as celebrity, sport, or finance, as well as being empathetic and humorous. Using sentiment analysis, it can adapt the way it speaks and responds based on positive or negative signals from the customer. It stores details from previous conversations with users, bringing up topics from those interactions in later conversations. It can be used as an AI avatar to engage with customers through platforms, e.g., WhatsApp, WeChat, Slack, and Skype. This chatbot represents exactly what Generation Z customers expect from a chatbot brand interaction.

The Kik chatbot is another great example of using chatbots the right way. The chatbotpowered sales platform enables real-time customer interactions with branded chatbots from companies like Sephora and H&M. There is already almost an infinite number of ways chatbots can serve Generation Z customers. They can skip the line and take your Starbucks coffee order with a few message exchanges. They can provide recipe recommendations based on your grocery shopping history, etc. And that is just to name a few of the ways that chatbots are already being used.

On the other hand, it is always better to have the option to escalate the interaction to a human agent if anything goes wrong. This need increases significantly as the chatbot's error probability increases. The article contributes to the debate regarding Generation Z's perception of brands and helps identify possible pitfalls involved in communicating with chatbots. Mostly, the Czech Generation Z wants to interact with the chatbot like a human being. which is not suitable for a rule-based chatbot. One of the most significant shortcomings of chatbots, according to participants, is their inability to understand the customer's inquiry properly. The frustration among Generation Z is more than skyrocketing while interacting with an uncomprehending chatbot if there is no possibility of being transferred to a human agent or contacting the company any different way. Cleave et al. (2016) and Taghizadeh et al. (2013) discuss the negative impact of poor responses on customer-brand relationships. Poor communication and insensitive responses can alienate customers from the brand. leading to customer dissatisfaction and abandonment.

On the contrary, basic tasks can be performed by rule-based chatbots efficiently as expected and without errors. The inquiry complexity and customer expectations from this customer service channel determine the suitability of the chatbot type. This can be determined by the situation in which the chatbot is used. If the customer enters the interaction with negative emotions, for example, associated with dissatisfaction with the product or service, then the dissatisfaction with the chatbot's services automatically deepens and it would be better to use human services.

The aforementioned Czech Generation Z customer is the one who is always online and has access to global offerings. A recent study by eMarketer found that out of 500 marketing organizations surveyed, only 7% use Al-powered chatbots, which are the most relevant for interacting with Generation Z. The findings of the research conducted for this paper proved that this percentage will grow (Powderly, 2021).

Increasingly, the future of personalized brand digital marketing of brands is looking more and more like a mix of artificial intelligence, human empathy, and conversational skills. Brands' chatbots will have all the time in the world to engage in conversations with customers online whenever they want to have a conversation. This is great news for Generation Z and even better news for the brands who are interested in reaching them.

Limitations and suggestions for future research. While this paper can be seen as having contributed to the existing literature on chatbot-customer Z interaction and has expanded our understanding of the expectations of Generation Z customers while communicating with brands, it has some limitations.

A valuable upgrade of this research model would be the implementation of neuromarketing using a control group of respondents which will be done in the next research.

The possibility of generalizing the findings to the entire Czech Generation Z population is minimized due to the study's gualitative character and the sample size. To support these findings, future studies could adopt larger samples and quantitative methods and measures.

This study was conducted in the Czech Republic, where Generation Z customers usually have many opportunities to observe and engage with brands' chatbots. Future research to determine whether the same patterns are found among Gen Z customers could be carried out in different contexts and other countries. A deeper analysis of the various uses of brands' chatbots, whether they are text-based, such as messaging apps, mobile apps, web pages, or spoken variations of chatbot interaction, could be conducted to explore other possible patterns of behavior with each type of chatbot and further advancements in innovative customer service tools.

Further research could compare the difference in brands' chatbot interaction according to customer personality type, which would not be based solely on self-reported data. Customer segmentation based on the big five personality types might enlighten the differences in brands' chatbot interaction with customers because extrovert and introvert personalities display very different behaviors.

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