



# Transforming customer experience for Gen Z: The impact of AI

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## In brief

- Allison Eisenberg explores the role of AI in reshaping customer experience for Generation Z (Gen Z), now the largest demographic, making up 30% of the population
- Gen Z, known as “digital natives”, desire seamless, tech-driven experiences, personalized interactions, and brands that actively contribute to social causes. AI technologies can effectively address these expectations
- Businesses are leveraging AI for personalized marketing, quick response times and social media integration, which Gen Z appreciates. However, over-automation and privacy issues are potential pitfalls that need careful handling
- A deep understanding of Gen Z’s expectations and preferences is critical for businesses to implement the right AI solutions and ensure a meaningful, impactful customer experience





Understanding the needs and preferences of Generation Z (Gen Z) is very important for businesses in today's highly competitive consumer market. In 2019, Gen Z surpassed Millennials and Baby Boomers to become the largest generation, making up roughly 30% of the population in 2023. With Gen Z constituting a significant portion of the consumer base growth, it is imperative to adapt customer experience strategies to effectively engage and retain this tech-savvy generation.

This article explores how technology, specifically artificial intelligence (AI), can play a transformative role in meeting the expectations of Gen Z, enhancing their overall experience, and fostering long-term loyalty. By examining the intersection of Gen Z, customer experience and AI, we uncover strategies that businesses can adopt to create meaningful and personalized interactions with this influential demographic.

Gen Z, often referred to as “digital natives”, stand out from their predecessors due to their innate adaptability to technology. Growing up in a world immersed in technology, they effortlessly navigate the digital landscape. Their educational experiences have

been markedly different, with technology integrated seamlessly into their learning processes, fostering a deeper understanding of digital tools. Engaging in social media and digital communication from an early age, Gen Z have honed their proficiency in utilizing a plethora of apps and platforms. They embrace a mobile-centric lifestyle, effortlessly accessing information, shopping, and connecting with others through their smartphones.

Born between the mid-1990s and early 2010s, Gen Z is the first generation to have grown up in a completely digital age, making them more technologically savvy than their predecessors. They eagerly adopt the latest innovations, perpetually pushing the boundaries of technological advancements. Their inherent curiosity and penchant for self-learning leads them to explore diverse resources, making them adept at troubleshooting and self-sufficiency in the digital realm. This generation's tech-savvy mindset has far-reaching implications for businesses seeking to cater to their preferences, requiring a deep understanding of their need for seamless, tech-driven customer experiences.





As the first digitally native generation, Gen Z expects meaningful interactions with brands, posing a challenge for businesses to comprehend and fulfill their expectations as they emerge as the dominant workforce and consumer base. Gen Z consumers expect personalized and customized interactions that cater to their individual needs and desires. They have a keen eye for authenticity and transparency, gravitating towards brands that align with their values and actively contribute to social causes. Moreover, Gen Z has embraced various digital platforms and social media channels as an integral part of their lives. They use technology to express themselves, connect with others, and discover new products and services. Social media platforms provide Gen Z with a means to engage directly with brands, share their experiences, and seek recommendations from their peers.

By utilizing technology to foster personalized interactions, showcasing authenticity, and actively participating in social causes, businesses can forge strong connections with Gen Z customers and cultivate brand loyalty.

To meet the evolving expectations of Gen Z, businesses are increasingly turning to AI solutions to transform their marketing and customer experience strategies, enabling personalized interactions, rapid response times, and social media integration. These AI technologies hold the key to unlocking the full potential of Gen Z as the next generation of customers. Gen Z appreciates the quick and automated responses provided by AI-powered solutions, as they can receive assistance and resolve issues in real time. They prioritize convenience and efficiency, desiring instant access to information and solutions, even at the expense of personal privacy. This preference extends to mobile devices, as Gen Z heavily rely on smartphones for various tasks. Hence, businesses must prioritize providing mobile-friendly experiences and developing user-friendly mobile apps that cater to their needs.





The rise of AI technologies presents opportunities to meet Gen Z's expectations, with chatbots and virtual assistants providing quick and automated responses that align with their need for instant gratification. However, businesses must exercise caution to avoid potential pitfalls. Over-automation may lead to a lack of authentic human interaction, while AI's susceptibility to biases necessitates careful monitoring and corrective measures to ensure fairness in customer interactions. Excessive personalization can raise privacy concerns, making transparency about data usage crucial for building trust with consumers. Additionally, businesses must secure their AI systems against security vulnerabilities and remain agile and adapt to changing customer preferences and technology advancements. By addressing these challenges, companies can more effectively utilize AI to enhance the customer experience while upholding transparency and data privacy, fostering lasting trust with Gen Z and beyond.

To effectively cater to Gen Z and leverage AI's potential, businesses must deeply understand their customers' expectations and preferences. Conducting thorough customer-centric research and engaging directly with Gen Z consumers helps identify gaps in current customer experience strategies. This knowledge empowers companies to implement better-fit AI solutions tailored to address specific needs and pain

points, ensuring a personalized and impactful customer experience. By analyzing vast amounts of customer data through AI-powered algorithms, businesses can identify individual preferences and deliver customized recommendations, offers and content. Striking a balance between customization and universal design principles ensures accessibility and enjoyment for customers of all ages. This in-depth understanding drives increased customer satisfaction and loyalty, creating meaningful interactions with Gen Z in the dynamic digital landscape.

In the realm of transforming customer experience, businesses face the challenge of catering to the diverse needs and preferences of different generations and demographics. While older generations have become accustomed to certain technology practices, the rise of more tech-savvy generations calls for a solution that accommodates all. Amidst these differences, it is crucial to identify common ground elements that transcend generational and demographic differences. By recognizing shared expectations, businesses can harness the potential of AI technologies to personalize experiences for different groups. By harmonizing AI-driven personalization with a focus on universal design, businesses can create customer experiences that are both customized and inclusive, effectively catering to the unique needs of each generation while providing a seamless and enjoyable experience for all.

## About **the author**



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Allison Eisenberg is a sophomore student at Columbia University, Barnard College, pursuing a major in Information Science. Currently interning at Luxoft, she brings a passion for design thinking to her work. With a proactive and resourceful approach, Allison has gained valuable hands-on experience in the industry. Her dedication to continuous learning drives her to seek innovative solutions to complex problems. Allison's interest in bridging the gap between technology and human experience reflects her commitment to making a positive impact in her future endeavors.

The strategy team within Luxoft's Smashing Ideas can help you take that first step to understanding your customer, identifying gaps in your CX strategy and implementing better AI solutions. Visit **[luxoft.com](https://luxoft.com)** or **contact us** today to learn more.

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