



Impact of Artificial Intelligence on Consumer Behaviour

Harini S

B. Com(Accounting&Finance), Women's Christian College, Chennai

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ABSTRACT

This research studies how consumer behavior is influenced by artificial intelligence (AI) technologies. This study shows how individuals or groups make purchasing decisions, considering factors such as psychology, social influences, economic conditions, and personal preferences. With AI technology, companies can analyze consumer data to uncover insights into performance, buying patterns, and trends, enabling businesses to tailor their marketing efforts effectively. This paper highlights how AI enhances the understanding of consumer behavior, allowing companies to customize their offerings and marketing strategies, ultimately leading to increased sales and stronger customer loyalty.

Keywords: Artificial intelligence, consumer behaviour, marketing, consumer experience.

OBJECTIVES

- ✓ To Examine the comfort level in the use of AI
- ✓ To Examine the overall experience have had with AI

I. INTRODUCTION

Artificial intelligence is a field of science concerned with building computers and machines that can reason, learn, and act in such a way that would normally require human intelligence or that involves data whose scale exceeds what humans can analyze

AI is a broad field that encompasses many different disciplines, including computer science, data analytics and statistics, hardware and software engineering, linguistics, neuroscience, and even philosophy and psychology.

On an operational level for business use, AI is a set of technologies that are based primarily on machine learning and deep learning, used for data analytics, predictions and forecasting, object categorization, natural language processing, recommendations, intelligent data retrieval, and more.

CONSUMER BEHAVIOUR

1. Consumer buying behaviour is the process and actions individuals undertake when making purchasing decisions. It begins with the recognition of a need or wants, followed by an information search, evaluation of alternatives, purchase decision, post-purchase evaluation, and potential repurchase or disposal.
2. It plays a vital role in marketing, allowing businesses to comprehend why and how consumers select specific products or services.
3. By studying consumer Behaviour marketers gain valuable insights into the factors that impact purchase decisions, including personal preferences, needs, motivations, and external influences like social, cultural, and economic factors.
4. Armed with this knowledge, businesses can develop effective marketing strategies, customize offerings to meet consumer needs and create targeted campaigns that resonate with their audience.

AI IN CONSUMER BEHAVIOUR

AI excels in analyzing consumer Behaviour by processing data from numerous sources, including social media, purchase history, and browsing patterns. Companies like Netflix and Amazon are pioneers in using AI to predict what consumers want before they even know it themselves. Netflix analyzes viewing habits to suggest shows and movies, while Amazon recommends products based on past purchases and browsing history. These personalized experiences drive higher engagement and loyalty.

ADVANTAGES

1. Fine-tuning content
2. Learning customer preferences
3. Quickly picking up on changes in consumer behaviour
4. Offering relevant recommendations
5. Predicting customer spending patterns
6. Performing market research
7. Assisting customers in real-time when live agents are unavailable



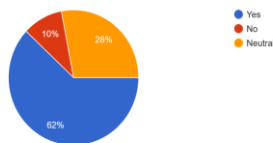
8. Capturing specialized vocabulary used by customers and combining their views expressed in their own words with traditional rating scales to obtain deep insights
9. Improving customer satisfaction by allowing customers to interact better, get their needs met faster, and learn more about their customers' needs in order to positively impact CSAT.

4.DISADVANTAGES

1. Privacy Concerns: Data collection raises risks of misuse and breaches.
2. Bias and Discrimination: AI can perpetuate biases from training data.
3. Over-reliance on Data: Excessive dependence on AI may overlook human insights.
4. Loss of Personal Touch: Automation can diminish genuine customer interactions.
5. Misinterpretation of Data: Flawed data can lead to incorrect consumer insights.
6. Job Displacement: Automation may result in reduced job opportunities.
7. Complexity and Transparency Issues: AI's "black box" nature can breed mistrust.
8. Adaptation Challenges: Rapid tech changes can lead to consumer backlash.

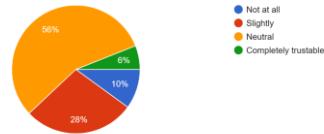
DATA COLLECTED

Do you feel that AI understands your preference well when providing recommendations?
50 responses



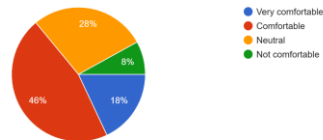
Sixty percent of respondents believe AI can effectively analyze user data and deliver personalized suggestions. In contrast, ten percent express skepticism, highlighting concerns about AI's understanding of human nuances and emotional contexts. Meanwhile, twenty percent remain neutral, acknowledging AI's potential while questioning its current effectiveness. Ultimately, while AI excels at processing data, it still struggles with the complexities of human decision-making

Do you trust artificial intelligence recommendations for products and services?
50 responses



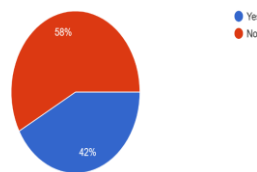
With 56% of respondents remaining neutral, many appear unsure about the reliability of AI. Additionally, 28% indicated slight trust, suggesting a cautious optimism. Only 10% expressed complete distrust, while a mere 6% fully trust AI recommendations. This indicates a general hesitance to fully embrace AI despite some positive perceptions.

How comfortable do you feel using AI-based services examples (chat box, virtual assistance) while shopping online?
50 responses



With 46% expressing general comfort. Additionally, 18% reported being very comfortable, indicating a strong willingness to engage with AI technology. However, 28% remain neutral, suggesting uncertainty or mixed feelings about these services. On the other hand, 8% feel not comfortable, highlighting some apprehension among users. Overall, while many embrace AI, there is still a notable portion of respondents who are either uncertain or cautious.

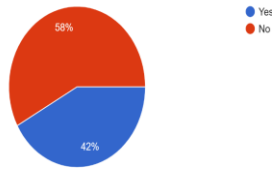
Have you encountered any issues because of artificial intelligence while purchasing
50 responses



58% of respondents have not encountered issues with AI during purchases, indicating a generally positive experience. However, 42% reported facing problems, suggesting that a significant number still experience challenges with AI systems. These issues may include inaccurate recommendations or technical glitches. Overall, while many find AI beneficial, a notable percentage encounters difficulties in retail interactions.

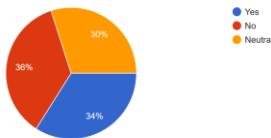


Have you ever felt confused or frustrated while interacting with AI for shopping purpose?
50 responses



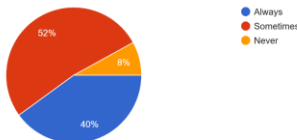
58% of respondents have not felt confused or frustrated when interacting with AI for shopping purposes, suggesting a generally positive experience. However, 42% reported feelings of confusion or frustration, indicating that a significant portion encounters challenges with AI systems. These frustrations may stem from unclear interfaces or ineffective recommendations. Overall, while many users find AI interactions straightforward, a notable percentage still struggles with the technology.

Do you feel safe and comfortable while sharing your data with artificial intelligence in shopping process?
50 responses



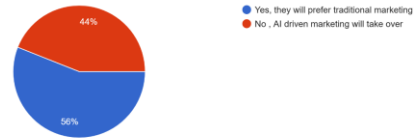
36% of respondents feeling unsafe. Meanwhile, 34% reported feeling comfortable sharing their data, suggesting some trust in AI systems. A notable 30% remained neutral, reflecting uncertainty or ambivalence about the issue. This highlights a significant divide in perceptions of data security and privacy. Overall, while some users embrace data sharing, many remain cautious or unsure.

How often do you feel that AI have saved your time during the purchasing process?
50 responses



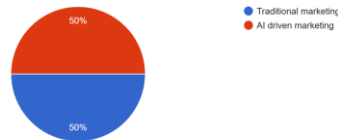
52% of respondents feel that AI sometimes saves them time during the purchasing process, indicating a variable but generally positive experience. Additionally, 40% reported that AI always saves them time, highlighting a strong appreciation for its efficiency. Conversely, 8% stated that AI never saves them time, suggesting some users do not find value in AI assistance. Overall, while many recognize the time-saving benefits of AI, there is a small percentage that does not experience these advantages.

In future do you think people will prefer traditional marketing over AI driven marketing?
50 responses



56% of respondents believing that people will still prefer traditional marketing methods. In contrast, 44% anticipate that AI-driven marketing will take over, indicating confidence in the technology's potential. This suggests that while some embrace the efficiencies of AI, a significant portion values the personal touch of traditional marketing. Overall, the data reflects a tension between innovative approaches and established practices in marketing preferences.

Which one do you prefer?
50 responses



The survey results indicate an even split in preferences for marketing methods, with 50% of respondents favoring traditional marketing and the other 50% opting for AI marketing. This balance suggests that both approaches hold significant appeal, reflecting varied consumer values and experiences.

II. CONCLUSION

The report highlights a nuanced perspective on the role of artificial intelligence in marketing and shopping experiences. While a significant number of respondents appreciate the efficiencies and time-saving benefits of AI, there remains a strong preference for traditional marketing methods, indicating a desire for personal engagement. Trust in AI-driven recommendations is mixed, with many users expressing uncertainty or caution regarding data sharing. Overall, the findings suggest that both AI and traditional marketing have their respective strengths, and businesses may need to balance both approaches to effectively meet consumer preferences.

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