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The Role of Artificial Intelligence in the Purchasing Behavior of Consumers in India

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ABSTRACT: In order to maximise the use of billions of customer records, AI-enabled customer journey analytics finds patterns in the data, generates very precise future forecasts, and highlights the key elements and possible roadblocks. In addition to helping businesses enhance customer loyalty and revenues, improve operational efficiency, improve decision-making, and deliver more relevant products and services, AI also helps businesses reduce their customer turnover rate.

Since AI significantly contributed to redefining customer service in recent years, studies in this area have grown in popularity. A few research do, however, point out the important causes behind this evolution in the concept of customer experience. In order to address this gap in the academic literature, this study focuses on how a personalised approach to customer demands, improved service quality, and seamless service abilities acquired by AI have been able to give a better experience for the consumers.

KEYWORDS: Artificial Intelligence, Purchasing Behavior, Purchasing behavior of Consumers

1. INTRODUCTION

The growth of digital transformation in recent years has caused a significant shift in the corporate paradigm. Artificial intelligence (AI), which enables better data extraction, investigation, and utilisation, leading to more accurate forecasts and performance in the market environment, has had a huge impact on the present technological revolution. Artificial intelligence is a branch of computer science that aims to build intelligent computers that can do jobs that need human intellect. Another definition of artificial intelligence is the process of "developing systems that are endowed with the intellectual processes characteristic of humans, such as the ability to reason, discern meaning, generalise, or learn from prior experience." Artificial intelligence has been increasingly used in marketing recently to increase consumer value through deep learning. As market competition has grown, customer satisfaction has developed into the cornerstone of every business strategy.

According to the definition, customer experience is "the sum of all customer encounters with the company, based on all customer contacts and views about the company." 95% of all client interactions are expected to take place through channels supported by artificial intelligence by 2025. By making the consumer experience more friendly, useful, and engaging, artificial intelligence helps to increase customer satisfaction and loyalty.

2. LITERATURE REVIEW

In order to further the theoretical discussion in consumer research, Bag S, Srivastava G, Kumari S, et al.2022 used primary data gathered from consumers in a developing nation (India) to conduct a study and test their theoretical model. The results of the study demonstrate that using AI technology has a favourable link with user engagement and conversion, which is further established by the study's empirical testing.

The empirical study on the impact of artificial intelligence on impulsive purchasing decisions was carried out by Jain S. and Gandi A. in 2021 using an online poll of Indian consumers. Multiple regression analysis and factor analysis were used to analyse the data that was obtained. The end result demonstrates the relationship between the application of artificial intelligence parameters, such as the duration of the purchase, recommended products, product information, and human interaction, and its impact on impulse purchases. The results showed that all of these parameters, with the

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exception of product information, had a significant impact on the buyer's decision to make an impulse purchase.

A technology-based model was used as the foundation of a study by Bhagat R, Chauhan V, and Bhagat P in 2022 to investigate the many aspects influencing customers' purchasing intentions for online shopping. This study has developed a model that shows how commercial organisations may include artificial intelligence into commerce in order to comprehend client wants and encourage technology adoption. This study has looked more closely at awareness, subjective standards, and religion as factors that heighten the tenacity of artificial intelligence. The end result demonstrates that artificial intelligence has a favourable impact on customers' purchasing decisions. Through the use of a model, this study also demonstrates how the incorporation of artificial intelligence improves consumers' intent to buy.

A research agenda using three-dimensional online search, ML, and AI algorithms was done by Rana J, Gaur L, et al. in 2022. By analysing the literature on using AI in the customer experience and proposing a theoretical framework, this paper improves readers' comprehension. The finished result demonstrates how using AI technologies like chatbots, recommenders, virtual assistants, and interactive voice recognition (IVR) can boost brand awareness, customer connections, marketing, and product customization.

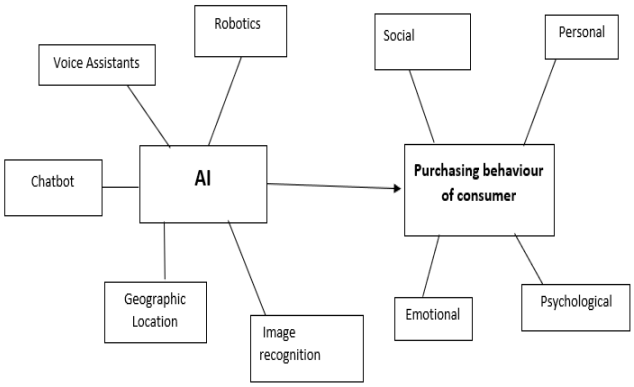
An detailed literature research was undertaken by Sharma M, Luthra S, Joshi S, and Kumar A in 2022 to determine the difficulties in using AI in PMS.

A questionnaire was created for pairwise comparison of the difficult elements in order to expound on the respondents' perspectives and validate them with the help of pertinent literature. The PMS invited its experts. The end result demonstrates that the classification of the causative and effect components is made based on the DEMATEL findings. The variables are: Too-expensive technologies and expertise (V2); Privacy and data security (V3); Managers' lack of understanding of cognitive technologies and their operation (V4); High R&D costs (V5); Limited infrastructure availability (V8); AI safety (V10); Managerial unwillingness (V11); and Access Restrictions (V12).

In order to gather 425 usable online surveys for their study, Chen J, Florence D, et al. 2021 used a quantitative strategy. They then used Statistical Product and Service Solutions (SPSS) and SmartPLS to analyse the measurement model and offered hypotheses. The end result demonstrates that the usability of the chatbot positively impacted extrinsic customer experience values, while the responsiveness of the chatbot favourably impacted intrinsic customer experience values.

The usability of the chatbot and the extrinsic qualities of customer experience were related, and personality affected this link. Additionally, online customer experience had a favourable association with customer satisfaction.

3. CONCEPTUAL MODEL



4. PURPOSE OF THE STUDY

The goal of this study is to understand the AI characteristics that have a significant impact on consumers' purchase decisions. Numerous AI components that influence consumers' purchasing decisions have been identified and explored by researchers.

5. OBJECTIVE OF THE STUDY

- To analyze the literature related to the approach to the role of AI in purchasing behavior.
- To analyze the factors that impact the purchasing behavior of consumer.

6. RESEARCH METHODOLOGY

The methods used to accomplish the study includes obtaining secondary data from Journals, Interviews, Discussion and Internet Resources. The research is based on secondary data.

7. FINDINGS AND DISCUSSION

It is projected that using AI technology will have a substantial influence on the markets we are now in. Some of these effects are due to the use of digital technology and include a reduction in search costs, duplication costs, transportation costs, tracking costs, and verification costs—even if the affects are mediated by the individual's personal traits.

The increased market competition, according to the report, has given consumers more alternatives today. In order to retain current customers and draw in new ones, the largest challenge facing every business today is understanding and meeting the particular wants of the clientele.

Meeting and exceeding client expectations is crucial for achieving customer satisfaction through better customer experiences. Future technologies, like as artificial intelligence, provide a wide range of possibilities for understanding changing customer trends and behaviour. The factors that significantly impact customer experience and the expanding role of AI in this industry, however, have not received much attention from academic research.

AI systems are increasingly being used to arrange and choose essential information. The organisation of search results, the news that internet consumers read, the

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multimedia material they access, or suggestions for impending purchases are a few examples. This feature could be useful to users since algorithms are more accurate and efficient than humans at choosing relevant, high-quality information.

In light of the fact that machines are more efficient and objective than humans in selecting relevant and high-quality information, this function could lead to better matching and cheaper search costs. Customers benefit most from it, obviously. Algorithms may help to solve the problem of information overload by controlling the processing of data. Customers' buying decisions can really be changed by allowing them to outsource them to algorithms. Consumers may make more rational judgements and reject misleading marketing strategies with the help of algorithms, which help them overcome cognitive and behavioural biases.

With the help of AI, businesses may create enduring client connections. Using AI tools like Customer Relationship Management (CRM) software, a company can engage with customers and improve the overall customer experience. When done correctly, it may result in positive outcomes such as a better client lifetime value, more solid client connections, and improved customer retention.

Additionally, by using AI techniques, marketers can discover more about the most engaging and popular content. Marketing teams may utilise email address lookup tools to gather data on clients and prospects in order to create tailored content.

AI helps businesses to track and update their online presences on social media and websites. It aids in creating a content marketing strategy that is certain to enthral and intrigue both existing and new clients. Personalization is crucial in content marketing, and AI is vital in aiding marketing teams in comprehending their target markets. Loyal clients are one of a company's most precious assets nowadays. This is because businesses don't develop this kind of loyalty quickly. To meet or surpass the expectations of the clients and win their loyalty, it takes years of diligent labour.

8. CONCLUSION

In this study, researchers give a broad review of the numerous and complex economic repercussions of recent developments in artificial intelligence that include applications for machine learning, focusing on those with the most pressing policy implications.

It is predicted that recent advancements in artificial intelligence (AI) will have a substantial impact on the economy, lead to novel trade-offs, and provide new challenges for decision-makers. One of artificial intelligence's biggest skills is the capacity to detect links between complicated data and create higher degree structures from raw data. The wide array of possibilities that AI is creating will greatly enhance the purchasing experience for consumers. This implies that companies should look out for trends.

The study's findings confirmed the idea that changing consumers' online buying behaviours necessitates a full understanding of their range of factors.

AI technologies seem to be a practical tool for achieving this aim, since they provide relevant information on a number of aspects impacting customers' behavioural intentions. They also provide effective tools that affect end-user behaviours by promoting practical or shopping product suggestions and personalising product offerings. It is their responsibility to promote extra behaviours that increase the likelihood of a sustainable online purchase. This is especially true if there are marketing-friendly elements like the length of the transaction and reliance on social media. Customers' consideration sets were considerably changed by internally managed factors such as machine learning, product suggestions, and purchase length.

Currently, the majority of voice search users are restricted to using devices like the Amazon Echo, which they use for a variety of tasks. However, a growing number of customers are using speech recognition search to obtain information more quickly and precisely.

Offering a high level of significant value as a byproduct of their customers' intricacies is the easiest way for manufacturers to create thought with consumers. AI can help in this situation. Customers value AI-driven devices that personalise the experience while providing a significant amount of full-size value, as we can see with any semblance of Google Now.

The study has a few significant challenges that might restrict the application of its conclusions. First, despite the fact that some of the customer replies may not have been entirely accurate, the research relied on the figures that were given. Second, even if an overly ambitious purchase goal may not always result in a genuine purchase, the architecture of online purchase decisions was evaluated inside the research through the lens of a buy intention.

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