A STUDY ON THE ROLE OF ARTIFICIAL INTELLIGENCE ON CONSUMER BUYING BEHAVIOR

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ABSTRACT

This paper studies the role of artificial intelligence in consumer behaviour. The aim of this paper is focused on knowing how the application of artificial intelligence has brought a change to consumers' buying behaviour. Artificial Intelligence (AI) is an area that is booming in the business world. It has already been applied in many areas like commerce and in our day to day life. With the application of AI in business, the industry will rely on faster and more accurate marketing techniques.The present investigation is undertaken to find the relation between AI and consumer buying behavior with the help of secondary data through analysis from articles, journals and various sources for projects. The study concludes that this information generated will develop better selling techniques to consumers, helping them to buy it.

Let us look at the role of artificial intelligence on consumer buying behaviour and how it can have a command on the way consumers will buy products from the market in the future.

Keywords: consumer behaviour, artificial intelligence

INTRODUCTION

What is consumer beahviour?

Consumer behaviour in marketing refers to the actions and decisions that people make when they are purchasing or using products. Consumer behaviour towards a product includes everything from the initial decision to buy it, to how they use it and whether or not they continue to purchase it in the future. According to Kotler and Keller (2011) consumer buying behaviour is the study of the ways of buying and disposing of goods, services, ideas or experiences by the individuals, groups and organizations in order to satisfy their needs and wants.

What is Artificial Intelligence?

Artificial intelligence (AI) is a field of computer science that focuses on creating machines that can perform tasks that typically require human intelligence. These tasks include recognizing speech and images, making decisions, and learning from data. AI technology is based on the idea that machines can be programmed to simulate human thought processes, allowing them to solve problems and perform tasks that were previously only possible for humans.

AI programming focuses on cognitive skills that include the following:

- **Learning.** This aspect of AI programming focuses on acquiring data and creating rules which are called algorithms for how to turn it into actionable information.
- **Reasoning.** This aspect of AI programming focuses on choosing the right algorithm to reach a desired outcome.

- **Self-correction.** This aspect of AI programming is designed to continually fine-tune algorithms and ensure they provide the most accurate results possible.
- **Creativity.** This aspect of AI uses neural networks, rules-based systems, statistical methods and other AI techniques to generate new images, new text, new music and new ideas.

How AI affects consumer buying behavior?

When consumers browse the internet, AI gathers and analyzes information about their online activity based on their demographics and psychometrics. The data obtained by AI reveals a lot of information about the consumer such as purchasing frequency and brand preferences. Therefore, it assists companies in predicting the purchase habits of their target customers in the simplest way possible.

OBJECTIVE OF THE STUDY

The aim of the study is to understand the changes in the behaviour of consumer buying needs with application of artificial intelligence and various analytics to find more about consumers and their needs.

METHODOLOGY OF THE STUDY

The paper is presented with the help of different analysis, articles, journals and sources of secondary information available through the project accordingly.

Understanding the consumer decision process

This is considered the most vital process for marketers as it helps them to know the needs of a consumer. When a marketer builds a marketing strategy, it is important for them to contemplate with their target audience the purchasing decision which best suits them. The most effective marketing strategies often include understanding how customers make decisions about what they want to purchase. Following are the 5 stages of consumer buying behaviour.

1. Problem or need recognition:
   The buying process starts once the consumer recognizes a problem or need triggered by internal (e.g. hunger, thirst etc.) or external (e.g. admiration for the neighbours' car) stimuli. There are three reference groups consumers are either part of, or would like to be part of, that could provide valuable information on how the marketer should approach social media engagement. A consumer's buying behaviour is influenced by cultural, social, and personal factors. Culture, subculture, and social class are particularly important influences on consumer buying behaviour (Kotler, 2012).

2. Information search:
   Search through social networking sites is on rise as consumers are turning to social media channels for their information search phase during decision making process. Influencers within the social media channels can have a significant impact on consumer behaviour without even having any direct contact with the online visitor (Nielsen, 2012). Social Media platforms allow companies to search and collect information about consumer behaviour, gather rich insights and encourage brand conversations, according the Nielsen research (2012).

3. Alternatives Evaluation:
   At this point in the consumer decision-making process, prospective buyers have developed criteria for what they want in a product. Now they weigh their prospective choices against comparable alternatives. Alternatives may present themselves in the form of lower prices, additional product benefits, product availability, or something as personal as color or style options. A marketer's marketing material should be geared towards convincing consumers that their product is superior to other alternatives.

4. Purchase decision:
   This stage starts with the consideration of whether or not to purchase a product and ends when they have decided to purchase the best option. The purchase decision typically occurs

in-store or online at that point in time after having completed some form of price comparison research (e.g., researching prices on Amazon).

5. <u>Post purchase behaviour</u>:
Once a consumer has purchased a product or service he might notice that there are certain features which do not meet his initial perceptions or expectations. In other occasions, he might listen to positive comments about similar brands which might also shake his confidence regarding the product he purchased. For that reason, marketers should reinforce consumers' choices and make them feel good about the brand through an Integrated Marketing Communications strategy. That means that the marketers' job is not over with the purchase but it has only just started. Consumers' satisfaction has to be continuously monitored after the purchase and social media could work as an additional platform towards this. This can happen either through responding individually to customers' questions and comments (positive or negative) or through the integration of analytics software which provides statistics and further analysis of consumers' behaviour.
For example:
a. Netflix uses the watching history of users with similar tastes to recommend what user may be most interested in watching next so that user stay engaged and continued your monthly subscription for more.
b. Telecommunication Company BhartiAirtel has launched a new campaign highlighting its goal of resolving all customer inquiries quickly learning from failure and making sure they are not repeated.

CONCLUSION
We are living in a world where automation and continuous development are a new reality. The rise in application of Artificial Intelligence has opened doors for numerous opportunities that were once beyond imagination. The same is the case with marketing, AI has made its impact in the marketing sector and the results are mind boggling. The evolution in behavioral marketing seems to take off high with the involvement of AI. Chat box, personalized feeds and machine learning tools tracking behavior have turned the world of marketing upside down where traditional methods no longer bring needed results. With the implementation of artificial intelligence, marketing has certainly evolved. For any business to grow and be competitive in the market, AI-driven solutions should be considered. Because customer satisfaction is the prime concern of the organizations, they invest in artificial intelligence to know customer behavior.

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