

IMPACT OF AI ON FUTURE OF CONSUMER BEHAVIOUR

Ashima Thakur*

Dr. Manoj Kumar**

*Research Scholar, Department of Business Management and Commerce,
Desh Bhagat University, Mandi Gobindgarh

**Assistant Professor, Department of Business Management and Commerce
Desh Bhagat University, Mandi Gobindgarh

ABSTRACT

Artificial intelligence (AI) has become a revolutionary technology in recent years, changing many facets of our life. AI has significantly changed how we shop, from intelligent chatbots to personalised suggestions. This article examines how artificial intelligence (AI) affects human behaviour, including how it may improve shopping experiences and how it affects how we make decisions. Artificial intelligence (AI) is having a more and bigger impact on our daily lives and society. AI has a big influence on consumer behaviour, much like a lot of other powerful technology. Artificial Intelligence (AI) is revolutionising the way businesses engage with their clients. It influences their purchase decisions and shapes their behaviour in the process. The increasing impact of AI is not only altering business practices but also changing the ethical landscape of AI and encouraging customers to consider the moral implications of corporate decisions more carefully. Marketing professionals always need to know what customers want and need—ideally, before they even realise it. That task may be considerably simplified by artificial intelligence (AI), particularly with the development of deep learning. AI and technology are evolving, and so too must marketers and the tactics they use. Processes are already being automated to let marketers act more quickly and wisely.

Keywords: encouraging customers, automobiles, performance, recommendations, machine learning

1. INTRODUCTION

AI will have an advantage in anticipating client wants due to the size of the data set it uses. This will increase the success of your efforts. As AI develops further and our

strategic choices as marketers become more educated, human mistake will become less common. Below, let's examine its features AND POSSIBLE APPLICATIONS.

1.1 DEEP LEARNING

Deep learning, a type of artificial intelligence, has the power to change marketing in the future by assisting companies in forecasting customer behaviour. This machine learning technique learns skills and solves difficult problems more quickly than humans by utilising layered or "deep" neural networks, which resemble those found in biological brains. It facilitates the performance of "human" activities by computers (or robots), such as object perception, speech recognition, and language translation.

AI may be trained to anticipate outcomes given a collection of inputs using deep learning. Seem simple, but it's not: Compared to traditional machine learning methods, deep learning requires less human data preparation; yet, it still requires a considerable amount of computer power and a huge data collection. On the other hand, a deep learning system may learn to fairly correctly anticipate human conduct if it has access to those essential components.

1.2 USING DEEP LEARNING TO PREDICT HUMAN BEHAVIOUR

Think about the "Predictive Vision" study. The deep learning algorithm was taught by researchers at MIT's Computer Science and Artificial Intelligence Laboratory (CSAIL) to predict whether actors in sequences from television series like "The Office" will

high-five, kiss, embrace, or shake hands. The algorithm was able to anticipate the action 43% of the time after watching over 600 hours of YouTube films. The CSAIL researchers found that just 36% of the time could existing algorithms do it.

Self-driving automobiles are another well-known illustration of how deep learning can anticipate human behaviour. The "Brains4Cars" system, created by researchers at Cornell and Stanford universities, uses wearable technology, cameras, and sensors to track traffic and a driver's body language. When a driver seems to be headed straight towards an automobile collision, the system sounds a warning. The algorithm of the device can predict a driver's actions around 3.5 seconds ahead of time.

1.3 FINDING NEW CLIENTS AND FORECASTING THEIR BEHAVIOUR MONTHS IN ADVANCE

Although the findings of these trials are convincing, what does this mean for marketers? Businesses may now finally put to use the vast volumes of data they are collecting on past, present, and potential customers through a variety of online and offline channels as deep learning technology develops and gets better. And as the Internet of Things expands and more

data on consumer behaviour is created and gathered from a wide range of devices, deep learning will become an even more crucial tool for marketers.

2. CONSUMER EXPECTATIONS FOR PERSONALIZED EXPERIENCES

Offering our clients personalised services has never been easier thanks to the use of cutting-edge technology like artificial intelligence (AI). AI's capacity to evaluate enormous amounts of data and spot distinctive patterns has given businesses the opportunity to more accurately forecast client wants. With a degree of personalisation that increases customer pleasure, impacts purchase decisions, and fosters customer engagement, predictive power has completely transformed customer service encounters and product suggestions.

There are two sides to the growing trend of AI and hyper-personalized offerings. By providing customised experiences that cater to each customer's requirements and preferences, such as personalised product recommendations and customer care, artificial intelligence (AI) enables businesses to forge closer bonds with their clients.

1.4 CONSUMER DEMAND FOR DATA PRIVACY

Although there is no denying AI's benefits for tailored customer experiences, people are become more conscious of the privacy concerns. If not handled properly, the data that companies use to offer individualised experiences may violate people's privacy. As a result, customers are calling for increased openness about the usage and security of their data.

The current emphasis on data privacy has a big impact on consumer loyalty. Companies that put a high priority on data protection and communicate their data handling procedures in an understandable manner typically win over customers. Companies that are best positioned to develop digital trust are more likely than other organisations to enjoy at least 10% yearly increase in both their gross and net earnings, according to a McKinsey poll.

3. THE RISE OF ETHICAL CONSUMERISM

AI technologies raise ethical questions for society, and throughout time, a number of major international tech companies have made a point of pledging their commitment to AI safety and ethics. However, it seems that we are still a long way off, as

evidenced by Microsoft's recent layoffs of its AI Ethics Team at the end of March.

But as AI advances, more moral customers may raise concerns about wider societal issues including a company's environmental impact, its commitment to social justice, and its observance of human rights, in addition to privacy, surveillance, and prejudice.

In the AI era, this has grown to be another aspect of company operations. Growing numbers of moral customers favour companies that pledge to use AI ethically and provide a clear explanation of how their technology impacts society. They weigh a company's ethical standards heavily when making selections about what to buy.

It's clear that if AI develops quickly, organisations will face both opportunities and challenges. Businesses that prioritise their clients' demands and improve personalisation in response to those needs will find success. Regarding data privacy, this commitment is equally crucial.

Considering the growing value of data, they must manage consumer information in an ethical and open manner. Furthermore, companies must demonstrate ethical AI use to win their customers' confidence over time—not just to comply with regulations. This is about implementing AI in a way that aligns with changing customer expectations and ethical standards, not just embracing it. Businesses who are able to accomplish this will be best positioned to prosper in the AI era.

4. ROLE OF AI IN SHAPING CONSUMER BEHAVIOR

- There are several ways that artificial intelligence (AI) might influence consumer behaviour. Using AI, organisations can:
 - Recognise customer preferences
 - AI is capable of analysing consumer behaviour and data to comprehend their spending, purchasing, and preference patterns. Based on patterns and trends in data such as search history, purchase history, and social media activity, AI may also forecast future behaviour.
 - Enhance the experience for clients
 - AI can offer individualised experiences by examining consumer information and behaviour. AI is beneficial to companies as well.

- Personalised offers can be made, the purchasing process can be streamlined, basic questions can be quickly answered, and human agents can concentrate on more difficult problems.
- Enhance client assistance
- Businesses may benefit from AI in the following ways:
 - Get a better understanding of client preferences
 - Make wise decisions to satisfy customer demands
 - Provide customised experiences
 - Create efficient marketing plans to reach their target market

Leading Companies Are Already Using AI

Netflix prioritises personalisation using AI, and its recommendation engine shapes over 80% of the content that its members view. Additionally, the business projects that its algorithms save it \$1 billion a year in value from client retention.

Amazon, well-known for its product suggestion engine, use AI to expedite delivery by precisely determining where to keep goods to ensure they are as close to the customers as feasible. (Amazon received a patent in 2013 for "anticipatory shipping.")

Google is so committed to advancing deep learning technology development that it offers cloud software that includes all the necessary components to launch your deep learning project on Google Cloud.

Facebook is also at the forefront of deep learning research and has created several very effective apps, such as DeepFace, a face verification software that can identify persons in pictures almost exactly. There is a lot of excitement about the social media giant's current efforts to construct a single deep learning framework that its developer community will be able to use.

5. CONCLUSION

Unquestionably, artificial intelligence has influenced customer behaviour in a variety of ways, from improved customer service to tailored suggestions. Businesses may offer customised experiences, obtain greater insights into client preferences, and make well-informed decisions to satisfy customer demands by utilising AI technology. To guarantee privacy, justice, and responsibility, however, ethical issues need to be at the forefront of AI research and development. AI will surely become more and more important in determining how we behave as customers as it develops, ultimately changing how we engage with goods and services in the digital world. A

global survey found that 48% of consumers worry that if businesses utilise AI to automate their customer contacts, they won't be able to communicate with a human.

6. REFERENCES

1. <https://www.invoca.com/en-gb/blog/the-future-of-marketing-predicting-consumer-behavior-with-2>.
2. <https://www.linkedin.com/pulse/transformative-power-ai-shaping-consumer-behavior-ludovic-boisseau>
3. <https://www.forbes.com/sites/forbestechcouncil/2023/08/31/ais-impact-on-the-future-of-consumer-behavior-and-expectations/?sh=5014343b7f6d>