

ROLE OF ARTIFICIAL INTELLIGENCE BASED CUSTOMER ANALYTICS IN PREDICTING CONSUMER PURCHASE BEHAVIOUR IN E-COMMERCE

Dr. Santo Jose

Assistant Professor,
Department of Commerce,
Henry Baker College, Melukavu,
Mahatma Gandhi University, Kottayam

ABSTRACT

The blistering development of e-commerce has triggered the necessity to adopt the advanced technologies in order to comprehend and anticipate consumer buying behaviour. This paper has explored the use of customer analytics using artificial intelligence (AI) in forecasting consumer behavior when making purchases in e-commerce sites. The study assumed descriptive design and primary data were gathered on a sample of 60 online consumers as a result of a structured questionnaire that was developed utilizing a 5-point Likert scale. The study was aimed at such important variables as AI analytics awareness, personalization impact, predictive analytics effectiveness, and customer satisfaction. The results showed that most of the interviewed had heard about AI-based analytics and thought that it was very useful to forecast purchase behaviour. It turned out that personalisation based on AI had a great impact on consumers as well as predictive analytics improved the overall purchase process. Also, there was a good positive correlation between customer satisfaction and AI analytics. The research saw that AI-based customer analytics could be a potent solution to enhance predictive precision, customer engagement, and empower e-commerce companies to create more efficient and directed marketing plans.

Keywords: Artificial Intelligence, Customer Analytics, E-commerce, Consumer Purchase Behaviour, Predictive Analytics, Personalization

1. INTRODUCTION

This massive development of e-commerce sites in the last ten years has really changed how consumers relate with markets, products, and services. As the internet penetration and the use of smartphones grows, online shopping is becoming a major mode of retail transactions, and consumer information is generated in large volumes on a regular basis. The result of this movement has created an opportunity and challenges to businesses since the study of complex and dynamic consumer behavior has never been so

important. It is in this respect that Artificial Intelligence (AI) has become an innovative tool that can help organizations to handle extensive data effectively and come up with valuable insights to make strategic decisions.

Customer analytics with the use of Artificial Intelligence can be defined as the utilization of higher-order methods of computation, like machine learning, deep learning, and data mining, to evaluate customer data and forecast their purchasing actions in the future. In contrast to the conventional form of analysis, AI systems can process high-dimensional data, find patterns hidden in the data, and respond to shifts in consumer preferences in real time. These abilities have rendered AI to be a part and parcel of a contemporary e-commerce ecosystem, where personalization of customer experience and predictive analytics are paramount in informing a buying decision. They will be able to shift their strategies toward reacting or responding, instead of being proactive by relying on AI analytics that help predict customer needs before they are uttered explicitly.

Moreover, AI-based applications, including recommendation systems, chatbots, and dynamic pricing algorithms, have greatly contributed to customer interaction and satisfaction within the e-commerce settings. Recommendation engines perform analysis on user actions, past purchase and browsing history to recommend relevant products, thus enhancing the chances of purchase conversion. Equally, predictive analytics models give a business the ability to predict demand, segment customers, and optimize marketing campaigns more accurately. These smart systems are constantly learning through interactions between users and they become more accurate and more effective as time goes on, which ultimately results into better customer relationship and brand loyalty.

Even though the many e-commerce companies have already incorporated AI technologies, empirical research on whether these technologies are effective in accurately forecasting consumer purchasing behavior is still lacking. Although theoretical and conceptual research demonstrates the opportunity of AI-based analytics, the practical evidence is necessary to confirm the influence of this approach on the consumer decision-making process. The analysis of the influence of AI-driven insights on the purchasing patterns can assist businesses in improving their approaches and gaining the maximum returns on the investment. Thus, this research paper will investigate the contribution of customer analytics based on artificial intelligence to consumer purchase behavior forecasting in e-commerce and its efficacy, impact, and consequences to consumers and business.

2. LITERATURE REVIEW

Agboola et al. (2023) has conducted a systematic review that has examined the role of artificial intelligence to be incorporated in e-commerce analytics and its effects to consumer insights. The given research examined different AI-based models that acted as unifiers of information provided by different sources such as transactional data and customer relationship data, as well as the social media activities. The authors established that AI had a remarkable impact on boosting the capacity of businesses to make true and real-time predictions on consumer behavior. Moreover, this work also focused on the fact that AI-based data integration enhanced predictive abilities, allowing companies to be more intelligent on how to meet customer needs. The conclusions were made that AI-based analytics had a beneficial effect on the performance of the decision-making process, as well as facilitated better customer interaction and competitive advantage in the e-commerce industry.

Al Adwan and Aladwan (2022) explored how artificial intelligence systems could be used to predict consumer behavior with the help of sophisticated machine learning methods. Different models used in the study included regression analysis and classification algorithms as the tools used to analyze a historical consumer data and predict the purchasing intentions. The results showed that AI systems proved to be more accurate and efficient than the traditional statistical methods. Also, the paper has emphasized that machine learning-based predictive models enabled companies to tailor marketing approaches and address particular segments of customers more efficiently. The authors were able to reach the conclusion that AI use in consumer behavior prediction facilitated performance of sales and general business results.

Gochhait et al. (2020) discussed how artificial intelligence can be used to comprehend the behavioral trends of consumers in online stores. The research was on the application of AI-based applications like recommendation systems, sentiment analysis, and customer profiling methods to define consumer preferences. The findings showed that AI was essential in determining the hidden trends in consumer data which could not be easily discovered with the traditional approaches. The authors also stated that the individualized recommendations created by AI were important in affecting the buying decisions and enhanced customer satisfaction. The paper has concluded that behavioral analysis powered by AI was a necessity to enhance customer experience and develop long-term customer relations.

3. RESEARCH METHODOLOGY

This part summarizes the methodological procedure that is used to investigate the application of artificial intelligence-driven customer analytics in the forecast of consumer purchasing behavior in online shopping. A properly developed methodology is a key to ensuring reliability, validity and accuracy of research results. The current paper has incorporated a qualitative research methodology to gather and synthesize information among the respondents who are actively involved in online shopping. The research design was such that it would capture consumer perceptions on the use of AI-enhanced analytics, personalization and predictive features on online shopping sites.

3.1 Research Design

The research design chosen was a descriptive research design since it was expected to describe and analyse how customer analytics based on AI affected consumer purchase behaviour. Such a design was suitable, as it helped to collect the data associated with the consumer awareness, perceptions, and experience with AI technologies in e-commerce systematically. It also made it possible to identify the relationships between variables, including AI customization, predictive analytics, and purchase decision-making without manipulated study setting.

3.2 Sample Size and Population

The study population was made up of people that were active users of e-commerce platforms in buying products and services. The study chose a sample of 60 respondents, which was deemed sufficient to conduct preliminary empirical analysis. The sample was selected by convenience sampling method where their accessibility and participation were not a problem. The sample consisted of all sorts of people including age, gender, and educational levels and hence offered a more balanced representation of online consumers.

3.3 Data Collection Methods

The research utilized primary data collection techniques to collect the first-hand information with the respondents. The information was gathered via the online survey carried out via online platforms like Google Forms. This method has been adopted because it is efficient, economical and can address a broader audience within a limited time. The respondents were requested to share their expectations and experience with AI-based features of product suggestions, personalized advertising, and predictive suggestions.

3.4 Data Collection Tools and Instruments

The main data collection tool was structured questionnaire. The questionnaire was created according to the study goals and contained several questions with regards to AI-based customer analytics and consumer buying behavior. The level of agreement was measured on a 5-point Likert scale (Strongly Disagree/Strongly Agree) consisting of 5 points. The tool encompassed important variables of awareness to AI, predictive analytics effectiveness, individualized influence, and customer satisfaction. Questions were pre-tested in the questionnaire to make it clear, relevant and reliable.

3.5 Data Analysis Techniques

The data collected was analyzed through descriptive and inferential statistics tools, in order to come up with significant insights. The data were summarized using descriptive statistics which included frequency distribution, percentage analysis, mean and standard deviation to help in comprehending general trends. Moreover, some inferential statistical tests like correlation analysis were also used to explore the dependence between AI-based analytics and consumer buying behavior. Simple regression analysis was performed as well in order to evaluate the predictive influence of AI-based analytics on the buying decision. Such methods of analysis assisted in the interpretation of the data in a systematic way and valid conclusions.

4. RESULTS AND DISCUSSION

The section involves the discussion and interpretation of the responses obtained after conducting the survey on the respondents to investigate the importance of artificial intelligence-based customer analytics in forecasting consumer purchase behaviour in online shopping. The results are tabularly arranged with the respective graphical illustrations to have a clear picture of the perceptions of the respondents concerning the most critical variables which include the awareness of AI analytics, effects of personalization, efficacy of predictive features, and customer satisfaction. The analysis will be used to discover patterns, trends and relationships in the data thus providing valuable insights into the impacts of AI-driven technologies on consumer decision-making and the general e-commerce experience.

Table 1 displays the sample size in terms of the awareness of AI-based customer analytics in e-commerce. The answers are grouped into five groups such as highly aware, aware, neutral, unaware, and highly unaware with their respective frequency and percentage. These responses are represented in Figure 1,

which demonstrates the general level of awareness of respondents in terms of the use of AI in customer analytics.

Table 1: Awareness of AI-Based Customer Analytics

Response Category	Frequency	Percentage
Highly Aware	18	30%
Aware	22	37%
Neutral	10	17%
Unaware	6	10%
Highly Unaware	4	6%

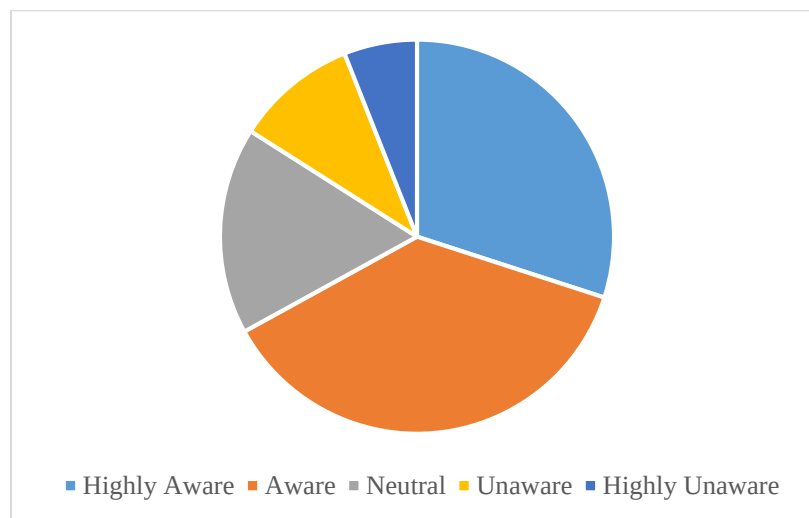


Figure 1: Visual Representation of Awareness of AI-Based Customer Analytics

The results also show that most of the respondents knew about AI-based customer analytics, with 30 percent being highly cognizant of it, and 37 percent aware. This indicates a good deal of acquaintance of consumers with AI-powered technologies in e-commerce. The proportion that was moderate (17%) was also neutral, with only 16% stating that they were unaware or highly unaware. These findings indicate that the knowledge of the AI analytics is quite high among consumers, which could be one of the reasons why AI-powered functions will be accepted and used more in online shopping.

The table 2 shows the response distribution in terms of their agreement levels about the influence of the AI-driven personalization on the purchase decisions. The answers are classified into five levels, namely, strongly agree, agree, neutral, disagree, and strongly disagree, and the frequency and percentage of these various levels. These responses can be visually described as shown in Figure 2, as it depicts the change in the opinion of the respondents regarding the impact of personalization, which is driven by AI, on their purchasing behavior in e-commerce.

Table 2: Impact of AI Personalization on Purchase Decisions

Response Category	Frequency	Percentage
Strongly Agree	20	33%
Agree	24	40%
Neutral	8	13%
Disagree	5	8%
Strongly Disagree	3	6%

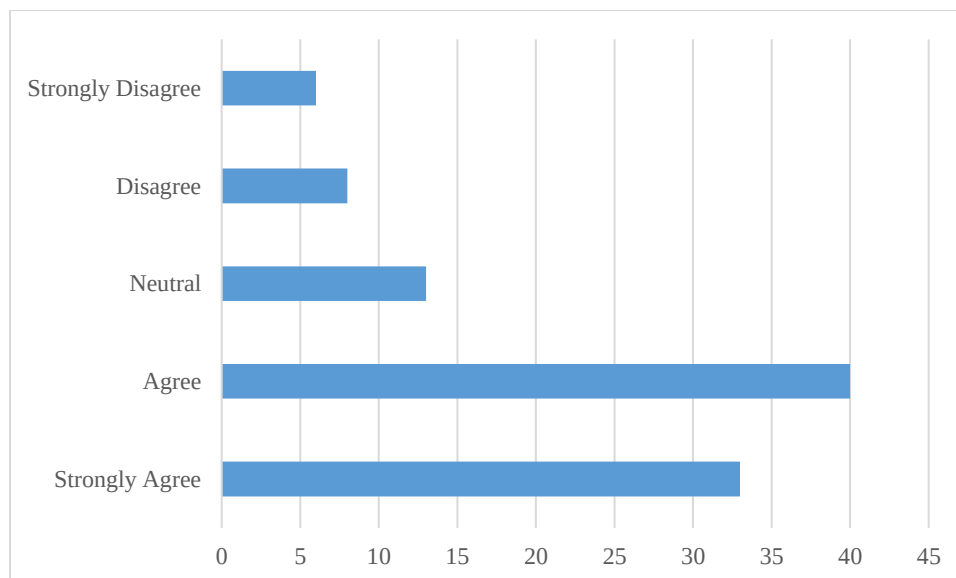


Figure 2: Visual Representation of Impact of AI Personalization on Purchase Decisions

These statistics indicate that most of the respondents had a positive perception towards AI personalization with 33 people firmly agreeing and 40 agreeing that AI personalization makes them sway their purchasing capabilities. This implies that personalized suggestions and marketing plan will create a considerable impact on consumer preferences. A lower percentage of the respondents (13) was neutral, and only 14% disagreed or strongly disagreed. The results indicate that AI-based personalization is a significant element of purchasing behaviour as it increases the relevance and interaction of the user in e-commerce systems.

Table 3 shows the distribution of respondents in terms of how effective imagination of artificial intelligence is predicting purchase behaviour. The answers are put in five levels i.e. highly effective, effective, neutral, ineffective and highly ineffective with corresponding frequency and percentage. The visual representation of these responses is shown in Figure 3 which demonstrates the general trend of the responses of the people with respect to predictive power of AI in the e-commerce situations.

Table 3: Effectiveness of AI in Predicting Purchase Behaviour

Response Category	Frequency	Percentage
Highly Effective	19	32%
Effective	25	42%
Neutral	7	12%
Ineffective	6	10%
Highly Ineffective	3	4%

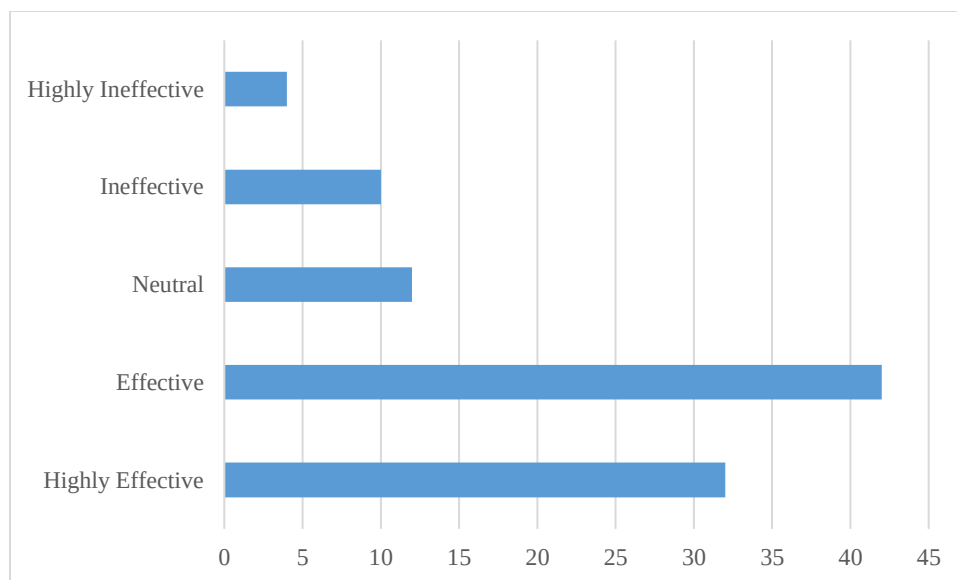


Figure 3: Visual Representation of Effectiveness of AI in Predicting Purchase Behaviour

The results reveal that a large percentage of the respondents believed that AI was effective in forecasting purchase behaviour with 32 percent and 42 percent of the respondents presenting themselves as highly effective and effective, respectively. This shows that consumers have a high degree of confidence in AI-driven predictive systems. The reduced proportion of respondents (12) were neutral, and only 14% considered AI to be ineffective or very ineffective. These findings also indicate that AI-based analytics is a well-known technology that can be trusted to predict consumer purchase behavior and hence its increasing use in online retailing.

The table 4 shows the distribution of the respondents according to perception of the correlation between the AI analytics and customer satisfaction in e-commerce. These responses will be put in five categories, namely strong positive, positive, neutral, negative, and strong negative along with the frequency and percentage. Figure 4 gives a pictorial view of this distribution and how the views of the respondents are distributed at various levels of perception concerning the effect of AI analytics on customer satisfaction.

Table 4: Relationship Between AI Analytics and Customer Satisfaction

Response Category	Frequency	Percentage
Strong Positive	21	35%
Positive	23	38%

Neutral	9	15%
Negative	5	8%
Strong Negative	2	4%

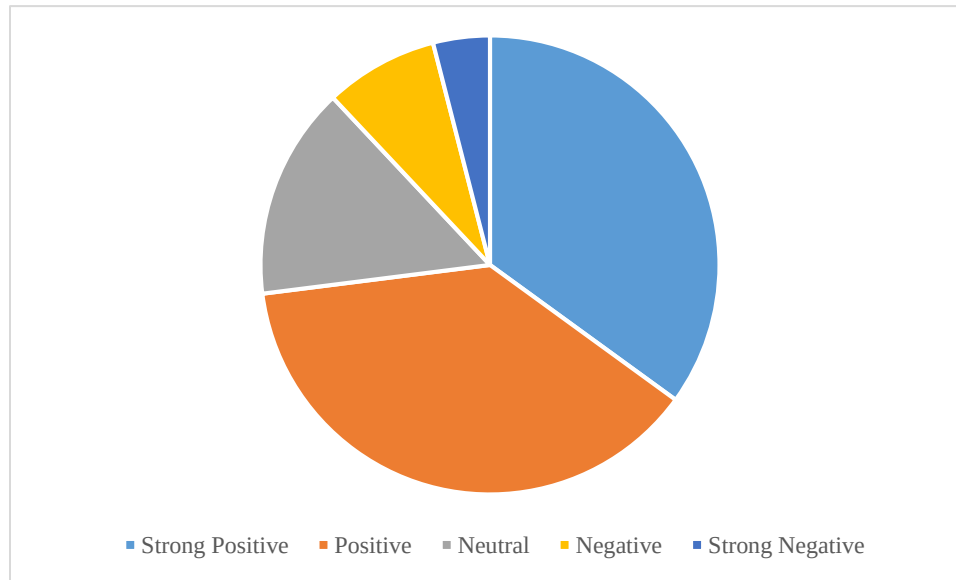


Figure 4: Visual Representation of Relationship Between AI Analytics and Customer Satisfaction

The results show that most of the respondents have a positive perception of relationship between AI analytics and customer satisfaction with 35% indicating a strong positive response and 38 percent indicating a positive response. It is an indication that the consumers in the majority are viewing AI-driven analytics as improving their overall shopping experience. Fewer respondents (15) per cent remained neutral whereas few only (12) per cent were negative or strongly negative. The results suggest that AI analytics contributes a lot to customer satisfaction, which is probably because of the customized advice, effective services, and the user experience in the e-commerce systems.

5. CONCLUSION

The research came to the conclusion that customer analytics based on artificial intelligence is significant and influential in predicting consumer purchase behaviour in the e-commerce environment. The results showed that the awareness of the AI-driven technologies and the positive attitude towards AI-enabled personalization and predictive functions are high rates among consumers. Recommendation systems and data-driven insights are examples of AI tools that were discovered to play a significant role in the

purchasing decisions process by making the process more relevant, convenient, and engaging. Moreover, the efficiency of AI to predict consumer behaviour and the positive relationship between AI and customer satisfaction imply that analytics powered by AI can be used to create a better shopping experience and a better customer relationship. In general, the paper points out that AI implementation into e-commerce does not only increase the predictive accuracy, but also gives enterprises a competitive edge by allowing them to be more targeted in their marketing and customer-focused.

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