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Azadi Ka Amrit Mahotsav

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BOOK CHAPTER ON ARTIFICIAL INTELLIGENCE IN MANAGEMENT AND COMMERCE

Organized by
Department of Business Administration, Commerce, Commerce CA
& K.M.G. Research and Development cell
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DEPARTMENT OF BUSINESS ADMINISTRATION, COMMERCE, COMMERCE CA & K.M.G. RESEARCH AND DEVELOPMENT CELL

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EDITORIAL MESSAGE FROM THE CHIEF EDITOR

As the Head of this institution I am extremely proud that the Department of Business Administration, PG & Research Department of Commerce, PG Department of Commerce CA & K.M.G. Research and Development Cell called for book chapter titled, “Artificial Intelligence in Management and Commerce”. Artificial intelligence (AI) has profoundly changed and will continue to change our lives. AI is being applied in more and more fields and scenarios such as autonomous driving, medical care, media, finance, industrial robots, and internet services. The widespread application of AI and its deep integration with the economy and society have improved efficiency and produced benefits. At the same time, AI has become not only an important research topic in academia, but also an important topic of common concern for individuals, organizations, countries, and society. My sincere appreciation to faculties and research scholars who contributed their book chapters and I wish them for their future endeavors.

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ARTIFICIAL INTELLIGENCE IN CONSUMER BEHAVIOUR

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ABSTRACT

Artificial Intelligence is used extensively across a range of applications today, with varying levels of sophistication. Recommendation algorithms that suggest what all might like next are popular AI implementations, as are chatbots that appear on websites or in the form of smart speakers. It is used to make predictions in terms of weather and financial forecasting, to streamline production processes and to cut down on various forms of redundant cognitive labour. Artificial Intelligence is also used to assist in diagnostics, play many types of games, to operate autonomous vehicles, process language and many more activities. Today, there's an increasingly vast data available for all the activities. AI might just be the solution for all. Also, customers' constantly evolving preferences and complexity means businesses can no longer rely on traditional business methods to drive growth. Now-a-days, most businesses incorporate AI technology to reduce operational costs, increase efficiency, grow revenue, and predict customer behavior to improve the overall customer experience. As AI technologies increase, it has become necessary for businesses to recruit top AI talent in order to maintain a competitive edge.

Key Words: Artificial Intelligence, Chatbots, Forecasting, Cognitive Labour, Consumer Behaivour.

INTRODUCTION

When most people hear the term artificial intelligence, the first thing they usually think of is robots. Artificial intelligence is based on the principle that human intelligence can be defined in a way that a machine can easily mimic it and execute tasks, from the most simple to those that are even more complex. The goals of artificial intelligence include mimicking human cognitive activity. Researchers and developers in the field are making surprisingly rapid strides in mimicking activities such as learning, reasoning, and perception, to the extent that these can be concretely defined. Some believe that innovators may soon be able to develop systems that exceed the capacity of humans to learn or reason out any subject. But others

remain skeptical because all cognitive activity is laced with value judgments that are subject to human experience. Artificial intelligence (AI), the ability of a digital computer or computer-controlled robot to perform tasks commonly associated with intelligent beings. The term is frequently applied to the project of developing systems endowed with the intellectual processes characteristic of humans, such as the ability to reason, discover meaning, generalize, or learn from past experience. Since the development of the digital computer in the 1940s, it has been demonstrated that computers can be programmed to carry out very complex tasks—as, for example, discovering proofs for mathematical theorems or playing chess—with great proficiency. Still, despite continuing advances in computer processing speed and memory capacity, there are as yet no programs that can match human flexibility over wider domains or in tasks requiring much everyday knowledge. On the other hand, some programs have attained the performance levels of human experts and professionals in performing certain specific tasks, so that artificial intelligence in this limited sense is found in applications as diverse as medical diagnosis, computer search engines, and voice or handwriting recognition.

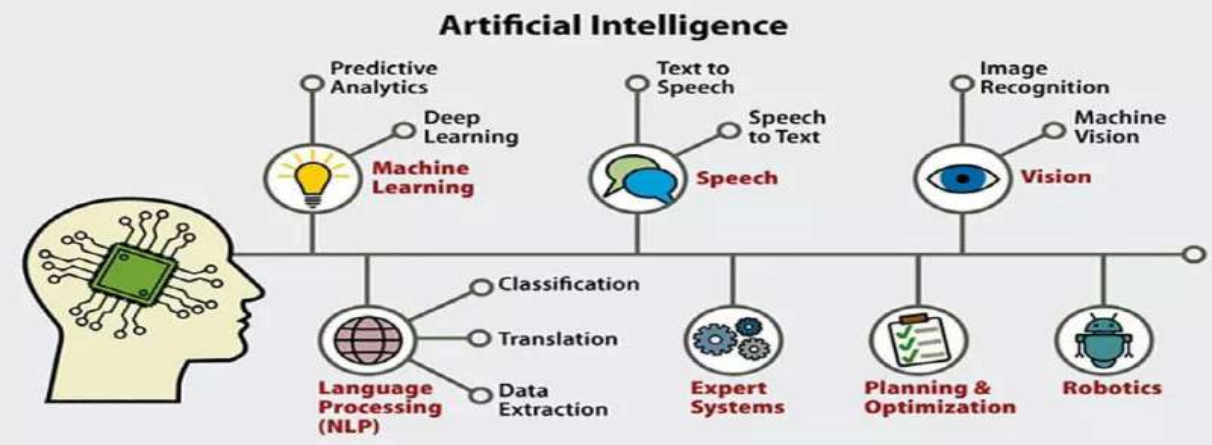
HISTORY OF ARTIFICIAL INTELLIGENCE

Past six decades of Artificial Intelligence:

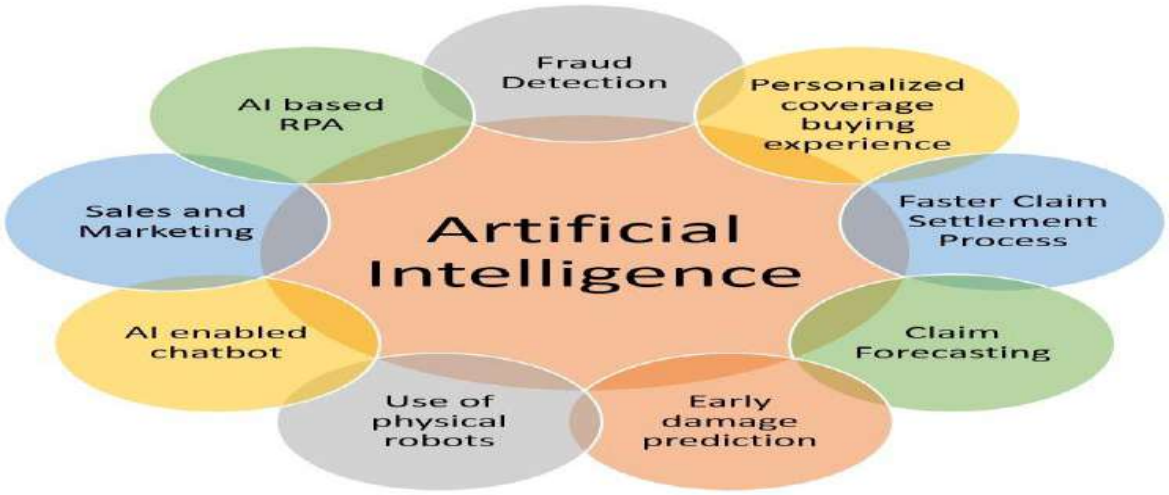
- 1956 - John McCarthy coined the term ‘artificial intelligence’ and had the first AI conference.
- 1969 - Shakey was the first general-purpose mobile robot built. It is now able to do things with a purpose vs. just a list of instructions.
- 1997 - Supercomputer ‘Deep Blue’ was designed, and it defeated the world champion chess player in a match. It was a massive milestone by IBM to create this large computer.
- 2002 - The first commercially successful robotic vacuum cleaner was created.
- 2005 - 2019 - Today, we have speech recognition, robotic process automation (RPA), a dancing robot, smart homes, and other innovations make their debut.
- 2020 - Baidu releases the Linear Fold AI algorithm to medical and scientific and medical teams developing a vaccine during the early stages of the SARS-CoV-2 (COVID-19) pandemic. The algorithm can predict the RNA sequence of the virus in only 27 seconds, which is 120 times faster than other methods.

PROCESS OF ARTIFICIAL INTELLIGENCE

Artificial intelligence refers to the simulation or approximation of human intelligence in machines. The goals of artificial intelligence include computer-enhanced learning, reasoning, and perception. AI is being used today across different industries from finance to healthcare. Weak AI tends to be simple and single-task oriented, while strong AI carries on tasks that are more complex and human. .Artificial intelligent systems work by combining large with intelligent, iterative processing algorithms. This combination allows AI to learn from patterns and features in the analyzed data. Each time in this system performs a round of data processing, it tests and measures its performance and uses the results to develop additional expertise.



APPLICATIONS OF ARTIFICIAL INTELLIGENCE



CONSUMER BEHAVIOUR

Consumer Behaiour is the study of the actions of the consumers that drive them to buy and use certain products. Consumer buying behavior refers to the study of customers and how

they behave while deciding to buy a product that satisfies their needs. The study of consumer buying behavior is most important for marketers as they can understand the expectation of the consumers. It helps to understand what makes a consumer buy a product. It is important to assess the kind of products liked by consumers so that they can release it to the market. Marketers can understand the likes and dislikes of consumers and design base their marketing efforts based on the findings.

Consumer buying behavior studies various situations such as what do consumers buy, why do they buy, when do they buy, how often do consumers buy, for what reason do they buy, and much more. It's insightful to listen to some of the first cut opinions on vocally from consumers on how they think about various brands and their expectations when it comes to electronic products and gadgets. Understanding consumer behavior is essential for a company to find success for its current products as well as new product launches. Every consumer has a different thought process and attitude towards buying a particular product. If a company fails to understand the reaction of a consumer towards a product, there are high chances of product failure. Due to the changing fashion, technology, trends, living style, disposable income, and similar other factors, consumer behavior also changes.

HOW AI CAN PREDICT CONSUMER BEHAVIOR?

There are some of the ways, where businesses are leveraging AI to predict consumer behaviour, include:

1. **Targeted Marketing:** In this day and age, it's unthinkable for any business that wants to maintain a competitive edge not to leverage the power of AI when devising its marketing strategy. The prevalence of online data today is enough to get marketers excited. This data is found in past reviews, online searches, views, and much more. With AI, marketers can determine which types of marketing received the most engagement from customers. Businesses can develop a fool proof plan for future advertisements based on this information, likely increasing sales.
2. **Customer Relationship and Behaviour Analysis:** AI can help businesses foster customer relationships that stand the test of time. With AI tools such as Customer Relationship Management software (CRM), a company can engage with customers and improve the overall customer experience. AI can also help with customer behaviour analysis. With AI, marketers can investigate how customers engage with their companies. It can offer an insight into every step in the customer journey and help marketers understand what driving customer behaviour is. It can lead to positive outcomes like

higher customer retention, stronger customer relationships, and increased customer lifetime value when done correctly.

3. **Monitoring Social Media and Website Content:** AI has wholly transformed content marketing. Creating actionable content that targets the right audience is key to the success of businesses in the 21st century. More and more companies are leveraging AI to monitor the performance of the content on their social media pages and websites. This ensures companies understand audience segments leading to personalized content for every customer. Moreover, businesses can enhance their existing content to lead to more sales. Also, using AI tools, marketers can gain an insight into the top-ranking and most-engaging content. Email address lookup tools can help marketing teams find information about customers and prospects to create personalized content.
4. **Big Data:** Put simply; big data refers to larger and more complex data sets that come mainly from new sources. These data sets are usually voluminous such that traditional data processing software can't handle them. However, businesses can use these vast volumes of data to address issues that a company wouldn't have targeted before. Big data can help companies analyze and identify the motivations of their most loyal customers while also providing ideas for creating new offerings for current and future clients. When combined with AI, businesses can use big data to analyze data points of each of their customer's journeys from exploration to sale. This provides marketers with tools and knowledge to make more informed decisions. AI can also help prevent a data breach that negatively affects a business. This is because AI can handle a lot of data, identify unknown threats, accelerate detection and response times, and secure authentication.

BENEFITS OF INFUSING AI TO CONSUMER BEHAVIOR

1. **Increased Traffic:** As we have already mentioned, AI allows businesses to monitor and revamp their websites and social media pages. It aids in creating a fool proof content marketing strategy that is designed to engage and entice current and future customers. When it comes to content marketing, personalization is critical, and AI plays a huge role in helping marketing teams understand their target audiences. Therefore, businesses can create content designed for their social media pages and websites by incorporating AI. This ultimately leads to increased traffic which bodes well for marketing teams to convert visitors to their websites.
2. **Increased Revenue:** A survey of 2500 U.S. consumers and business decision marketers titled "A Revolutionary Partnership: How AI is Pushing Man and Machine Closer" found

that business leaders believe AI will be a fundamental tool in the future. In total, 72% called it a business advantage. The end of AI is primarily because of the significant revenue companies experience after incorporating it into customer behaviour. AI allows marketing teams to decode vast amounts of data to narrow the information down in a way that helps them identify the target audience, customers' needs, and trend analysis. It allows them to build their marketing strategies around them and create sales funnels that are more user-focused, leading to increased prospect conversions. Increased conversions mean increased revenue.

3. **Increase in Loyalty:** One of the most valuable assets for businesses today is loyal customers. This is because companies don't achieve this loyalty overnight. It takes years of hard work to meet or exceed the customers' expectations and gain loyalty. AI tools reveal a wealth of information about customers' sentiments, needs, desires, and expectations. Businesses can conduct their operations based on this information to enhance the quality and pricing structure according to customers' needs. This way, businesses can stay ahead of competitors and win loyal customers. This is a dream of every business.

CONCLUSION

Using Artificial Intelligence in business can do more than just prevent data breaches. AI can also help companies get a better understanding of their customers and often even humanize their brand. This enables them to retain current customers, earn their loyalty, and entice and convert prospects. AI gives a business an edge over its competitors, making it more critical than ever to hire the best in AI talent. Any company that aims for a long-term future should incorporate this technology.

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