


Chapter 10

Impact of Negative Aspects of Artificial Intelligence on Customer Purchase Intention: An Empirical Study of Online Retail Customers Towards AI- Enabled E-Retail Platforms

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ABSTRACT

The growing adoption of artificial intelligence (AI) in the retail industry has triggered a significant evolution in the shopping experience. However, concerns have surfaced regarding their potential psychological effects on consumers, which can sometimes lead to stress and confusion. As retailers continue to harness AI technology to enhance customer engagement and optimize their operations, it becomes increasingly important to confront and manage the potential risks and uncertainties that come with its swift deployment. The study considered 237 online retail customers to know the factors that determine the negative aspects of artificial intelligence and their impact on the purchase intention of online retail customers towards AI-enabled e-retail platforms. Financial information and security, consumer trust and AI autonomy, reliability issues due to novelty of the concept, and malfunctioning of systems are the factors that negatively impact the purchase intention of online retail customers towards AI-enabled e-retail platforms.

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INTRODUCTION

The increasing integration of Artificial Intelligence (AI) in the retail sector has brought about a transformation in the shopping experience, introducing both opportunities and challenges. While AI-driven digital humans have been instrumental in enhancing the overall shopping journey, concerns have emerged regarding the psychological impact on consumers, leading to stress and confusion (Moore et al., 2022). As retailers strive to leverage AI technology to improve customer interactions and streamline operations, there is a growing need to address the potential risks and uncertainties associated with its rapid implementation.

In recent years, AI has become an integral part of the retail industry, offering a range of capabilities from chatbots and recommendation engines to cashier-less stores and personalised shopping experiences. These innovations have been widely celebrated for their potential to enhance operational efficiency, provide personalised services, and optimise decision-making processes. Beneath the surface of these advancements lie complex challenges that need to be recognized and addressed.

Acknowledging the transformative potential of AI, scholars have raised alarm about the uncontrolled advancement of Artificial General Intelligence (AGI) and the consequent risks to humanity. This has prompted calls for proactive regulatory measures to ensure that AI development aligns with ethical standards and societal well-being (Mahmoud et al., 2020). Despite the promise of AI-driven innovations in retail, a cautious approach is advised to avoid excessive dependence on AI systems. Emphasising the importance of a balanced approach, experts suggest that AI should complement human capabilities rather than replace them entirely (Guha et al., 2021). This consideration underscores the significance of non-customer-facing AI applications and the necessity of integrating AI with existing retail processes.

In addition to the practical challenges associated with AI implementation, there are also critical ethical and governance concerns that need to be addressed. The lack of transparency in AI decision-making processes calls for comprehensive policy frameworks and ethical guidelines (Dwivedi et al., 2019). The potential displacement of jobs due to increased automation has ignited discussions about the future of work and the coexistence of humans and AI in the retail industry as well.

As the retail landscape evolves, with online platforms becoming increasingly dominant, it's crucial to understand how AI's negative aspects influence the intentions of online retail customers. The choices consumers make and the level of trust they place in AI-enabled e-retail platforms can have a significant impact on the industry's future direction. In light of these complexities, this study aims to delve into the negative aspects of AI integration in the retail sector, focusing on its impact on the purchase intention of online retail customers towards AI-enabled e-retail platforms.

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