


Chapter 10

Customer Ability, Readiness, and Intention to Purchase Using AI in Tourism and Hospitality Businesses: The Mediating Roles of Trust in AI and Customer Engagement

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ABSTRACT

The study investigates the impact of customer ability readiness (CAR) on intention to purchase using AI (IPAI) in tourism and hospitality businesses, focusing on the mediating roles of customer trust in AI (TAI) and customer engagement (CE). An online survey was conducted to gather data from customers who have experienced using AI in online flights and hotel booking. The PLS-SEM approach was used to analyze 602 valid responses, which were processed using WarpPLS statistical software 7.0. The findings show that CAR positively affects customers' IPAI, TAI, and CE. In addition, customers' IPAI is positively affected by TAI and CE. Furthermore, the findings found that TAI and CE significantly mediate the CAR IPAI relationship. The study enhances the Technology Acceptance Model (TAM) by enhancing our understanding of the factors influencing AI adoption in the tourism and hospitality sectors. The study also suggests that tourism and hospitality businesses should focus on improving customer readiness to adopt AI technologies.

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INTRODUCTION

The tourism and hospitality industry is undergoing a significant transformation due to the integration of Artificial Intelligence (AI), resulting in improved customer experiences and streamlined operations. AI-powered technologies such as chatbots and virtual assistants play a pivotal role in delivering round-the-clock customer service, managing reservations, addressing inquiries, and offering personalized recommendations swiftly and efficiently, surpassing the capabilities of conventional methods. Moreover, AI facilitates the customization of guest experiences by leveraging data analytics to tailor services according to individual preferences, thereby enhancing customer satisfaction and fostering loyalty. From an operational standpoint, AI enables resource optimization through predictive analytics, empowering businesses to forecast demand, manage inventory effectively, and minimize costs (Farahat, 2023).

AI technologies have transformed the landscape of interactions between tourism and hospitality businesses and their clientele, introducing unparalleled levels of personalization and convenience (Thakur, 2022). By harnessing AI-driven analytics, businesses now can anticipate customer preferences and behaviors, allowing them to deliver highly tailored experiences that align with individual expectations and elevate overall satisfaction levels (Krishnan & Mariappan, 2024). The deployment of chatbots and virtual assistants enables businesses to provide continuous customer support, proficiently managing bookings, inquiries, and issue resolutions, thus significantly enhancing the quality of customer service (Ahmad et al., 2024; Kannan, 2024). Furthermore, AI facilitates the streamlining of the entire customer journey, spanning from initial booking to post-stay feedback collection, thereby ensuring a seamless and hassle-free experience. This not only fosters customer loyalty but also enhances the likelihood of repeat visits, directly influencing the success of businesses within the fiercely competitive tourism and hospitality sector (Jindal & Kaur, 2024; Sharma & Singh, 2023).

The customers' ability readiness to utilize AI holds immense importance for the successful adoption and integration of AI technologies (Jöhnk et al., 2021; Rahman et al., 2023). Particularly in industries where technology interfaces directly with users, such as tourism and hospitality, the impact of customer readiness on trust in AI is notable. Customer readiness encompasses various factors, including familiarity with AI technologies, comfort levels with digital interfaces, and past experiences with AI-driven systems. These readiness factors shape customers' initial perceptions of AI and their inclination to trust and rely on AI technologies across different contexts (Gao et al., 2021; Dagliyan, 2021).

Moreover, customer ability readiness has a substantial impact on customer engagement. When customers possess familiarity with and proficiency in utilizing AI tools, their likelihood of engaging deeply and proficiently with these services increases. This preparedness not only fosters their ease in navigating AI-driven platforms but also enhances their trust in the technology, resulting in more frequent and substantial interactions (Yin et al., 2023; Mohamed et al., 2022).

Additionally, customer readiness to utilize AI significantly influences their intention to purchase AI-enhanced systems. This readiness encompasses not only customers' familiarity with technology but also their confidence in effectively using it during purchasing situations. Customers who are proficient in utilizing AI tools and comprehend how these technologies can enhance their buying experience are more inclined to adopt them. This level of comfort directly impacts their purchasing choices, resulting in a greater inclination to utilize and depend on AI for their transactions (Farahat, 2023; Gaafar, 2020).

Trust in AI significantly influences customers' intention to purchase AI-enabled systems. When customers trust the reliability, security, and effectiveness of AI technologies, they are more inclined to utilize these systems for their purchasing needs. This trust is established through consistent, positive interactions with AI that showcase accuracy, personalized service, and enhanced convenience (Malodia et al., 2023; Bach et al., 2024). Customer engagement with AI technologies also directly impacts their intention to purchase using AI. High levels of engagement typically indicate that customers interact frequently and meaningfully with AI systems, thereby enhancing their comfort and familiarity with these technologies. This heightened comfort level increases their confidence in using AI for making purchasing decisions (Bilal et al., 2024; Hlee et al., 2023).

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