


Chapter 5

Exploring the Impact of Artificial Intelligence–Based Marketing Practices on Consumer Experience and Loyalty of Millennials: Towards Online Shopping in the Sultanate of Oman

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ABSTRACT

This study explores how AI-based marketing practices impact millennial consumers' online shopping behavior in Oman. AI-driven marketing tools, which include personalized recommendations, chatbot interaction, and predictive analytics, are essential for online business. This study is based on a review that merges literature and case studies to understand AI's role in consumer experience and loyalty with online businesses in Oman. The findings suggest that AI-based tools can significantly enhance customer satisfaction by providing appropriate support. This study also identifies potential challenges which may

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affect customer loyalty. Future research directions are recommended to assess the long-term impact and ethical issues surrounding AI in marketing.

1. INTRODUCTION.

The 21st-century digital transformation has transformed the global economies and intensely reshaped consumers' behavior, attitudes and expectations (Brynjolfsson & McAfee., 2014). New technologies are transforming and changing marketing activities. One example is artificial intelligence (AI), which is presently emerging as the preferred method of marketing and promotion and laying an essential foundation for organizations' innovative marketing strategies (Chaffey & Ellis-Chadwick, 2019). AI enables organizations to use vast amounts of consumer data, interpret their buying behavior, and design personalized experiences that promote consumer engagement and loyalty (Devenport et al., 2020) in today's highly competitive online business environment. AI has emerged as a game changer, particularly for the millennials (Generation Y- a demographic cohort roughly born between 1981 and 1996), a generation widely regarded as a digital population and one of the most dominant user groups of online and e-commerce platforms (Smith, 2021).

1.1 The AI's Role in Modern Marketing.

AI-based marketing practices offer different tools that help companies improve their marketing strategies and efforts (Liu & Shankar, 2021). These include personalized recommendations, chatbot-driven customer service, dynamic pricing based on customers' expectations and market demand, predictive analytics, and sentiment analysis. These AI tools are designed to provide better consumer experience and enhance satisfaction by addressing individual tastes and preferences, streamlining decision-making processes and minimizing the time the consumer spends searching for products (Huang & Rust, 2021). For example, recommendation engines use machine learning algorithms to study and analyze consumers' browsing history and understand the products and services they are going to purchase in future (Gillespie, 2020). This level of personalization enhances consumer experience and satisfaction and significantly increases conversion rates and brand loyalty (Li et al., 2020). Chatbots are another important AI application that revolutionizes customer service by offering real-time assistance and resolving customer queries effectively. These automated systems are available for the customers 24/7, providing quick responses whenever the customer approaches and enhancing consumer satisfaction and retention (Xu et al., 2021). Dynamic pricing powered by AI allows companies to adjust the prices of their products based on customers' willingness, market demand, competition and consumer behavior (Chen et al., 2019). Prediction analytics further helps companies anticipate consumer needs and proactively market and promote relevant products and services (Davenport & Ronanki, 2018). Sentiment analysis, which uses natural language processing (NLP), evaluates consumers' feedback from websites and social media reviews, allowing companies to improve their marketing strategies to align with customers' expectations and preferences (Batra & Keller, 2020).

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