ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26oct847

AI Touchpoint Consumer Engagement and Experience: Driving Behavioral Intentions in Digital Business

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Publication Date: 2026/10/31

Abstract: Artificial Intelligence has become a dominant technology in digital business and has greatly changed how businesses interact with customers. Digital businesses increasingly use AI-based technologies to deliver convenient, personalized services. Such technologies include Chatbots, virtual assistants, recommendation systems, personalized advertisements, automated customer support, and AI-powered search. These developments have changed customer expectations and affected their willingness to use and continue using digital services. Therefore, businesses operating in a thriving digital environment must understand AI from the customer's perspective. The study covers a broad spectrum of AI dimensions, including personalization, efficiency, ease of use, responsiveness, reliability, service quality, security, and privacy. These factors are expected to influence customers' behavioral intentions, including buying behavior, usage, purchasing patterns, and recommending AI-enabled digital services. The study also investigates "Customer experience and Customer engagement as mediators" to understand how AI impacts customers' behavioral responses. The study has adopted a quantitative research approach. The study collects primary data through a questionnaire from customers with experience using AI-enabled digital business services. The study measures customers' perceptions and behavioral intentions using a five-point Likert scale. The study uses descriptive statistics, correlation, and regression to examine the relationships among AI, Customer experience, Customer engagement, and behavioral intention. The findings provide a clearer view of AI's effect on consumer behavior, helping digital businesses enhance convenience, personalization, Customer engagement & experience; address privacy & security concerns; build customer trust; and encourage continued use of AI-enabled digital services.

Keywords: *Artificial Intelligence, Digital Business, Customer Experience, Customer Engagement and Behavioral Intention.*

How to Cite: J. Satish; Indumthi R.; Aparna Gandhi R.; Ramesh Kumar P. M.; Balaji P. (2026) AI Touchpoint Consumer Engagement and Experience: Driving Behavioral Intentions in Digital Business. *International Journal of Innovative Science and Research Technology*, 11(10), 2294-2299. https://doi.org/10.38124/ijisrt/26oct847

I. INTRODUCTION

Digital business means using technology such as the internet, websites, mobile apps, Artificial Intelligence, and social media to run a business. It helps businesses manage their daily activities, communicate with customers, promote and sell products, provide services, and improve customer experiences. Unlike traditional businesses, digital businesses mainly work through online platforms and use data to make good decisions. Digital businesses are part of our day-to-day lives. Online shopping includes Amazon and Flipkart. Online food delivery includes Swiggy and Zomato. Digital payments include Google Pay, PhonePe, Paytm, and UPI. Online banking allows customers to transfer money, pay

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bills, and check account details through banking apps. Online education platforms include Coursera and Udemy. Online grocery delivery lets customers order groceries from home. Businesses also use Instagram, Facebook, and YouTube for social media marketing. Uber, Ola, and Rapido provide online cab-booking services. Chatbots provide digital customer service. Netflix and Amazon Prime offer online entertainment and streaming. BookMyShow, Distict, and TicketNew provide ticket booking services. Amazon is a good example of a digital business. It started as an online bookstore and later became a large e-commerce platform. Amazon uses technology to connect buyers and sellers, process payments, track orders, deliver products, and collect customer reviews. This shows that digital business is not only about selling products online. It includes the entire business process powered by digital technology. According to The Economic Times, a 2024 report on AI adoption highlighted that 88% of consumers used AI-based algorithms to receive recommendations tailored to their preferences, behavior, and interests. This demonstrates AI's growing role in shaping the digital customer experience. This study focuses on how Artificial Intelligence influences customers in digital businesses. It analyses AI technologies such as Chatbots, virtual assistants, recommendation systems, personalized services, and automated customer support. It also examines customer experience, customer engagement, trust, perceived value, and behavioral intention. The study observes that AI is becoming a backbone of digital business. Customers are more likely to use AI services when they find them useful, easy to use, reliable, secure, and trustworthy. These factors can influence their intention to use, continue using, recommend, and purchase AI-based digital services.

II. REVIEW OF LITERATURE

Huang and Rust (2018) explained how AI is changing service activities by performing mechanical, analytical, and emotional tasks. The study highlights that AI can improve service efficiency and innovation while changing the way customers interact with service providers. This study provides a theoretical foundation for examining AI in digital contexts. Similarly, Glikson & Woolley (2020) reviewed different studies on how people develop trust in AI. Their study found that factors such as transparency, reliability, and the level of intelligence of an AI system can impact people's trust. Davenport et al. (2020) examined how AI can transform marketing strategies and customer behavior. The authors explained that AI can support personalization, customer interaction, decision-making, and marketing activities. They also highlighted privacy, bias, and ethical issues associated with AI. Later, Jiang et al. (2022) analyzed how AI-powered chatbots communicate with customers and affect their behavior. The research found that natural conversation and quick chatbot responses can improve customer satisfaction. It also highlighted that effective chatbot communication can influence customer engagement and enhance purchase intention. Similarly, Kelly et al. (2023) reviewed 60 studies on AI acceptance. The study found that perceived usefulness, performance expectancy, attitudes, trust, and effort expectancy positively predict intention, willingness, and actual use behavior across different AI applications. This study directly supports the behavioral-intention aspect of the present research. The authors Hollebeek et al. (2024) also systematically reviewed 89 studies on consumer engagement with AI-based technologies. The review identifies accurate service provision, consumer-perceived value creation, and reduced customer effort as major themes. These findings support the importance of customer engagement, efficiency, ease of use, and perceived value in AI–enabled services. Similarly, Gouveia et al. (2025) examine how AI is changing customer journeys and identify trust and customer experience as important mediators in AI-related customer outcomes. The review reports that customer experience can mediate relationships between AI–related functional factors such as usefulness, problem-solving, and customization and customer outcomes. This is particularly relevant to the present study's focus on customer experience and behavioral intention.

➢ *Research Gap*

Recently, most studies have examined AI, Digital business, and customer behavior; however, some areas still need more research. Few studies examine the combined effects of AI, trust, perceived value, customer experience, customer engagement, and behavioral intention. Prior work has shown that AI can improve customer engagement and experience by providing easier, faster services. However, more research is needed to perceive how these factors influence customers' intention to use, continue using, recommend, and purchase through AI-based digital services. Further, many studies have been conducted outside India. There is a relative lack of research focus on Indian customers and their views towards AI – based digital businesses, particularly in Chennai. Therefore, this study attempts to bridge this gap by examining how AI in digital businesses influences customer engagement, customer experience, perceived value, behavioral intention, and trust. The study will help understand the factors that encourage customers to accept and continue using AI-based digital services.

➢ *Objectives of the Study*

This study aims to understand customer demographic characteristics and perceptions of AI in digital business. Furthermore, it examines how often customers use AI-based digital services. Explore determinants of AI usage in Digital business and its impact on customers' behavioral intention to use AI for Digital business. Finally, it examines customers' willingness to recommend AI-enabled digital services to others.

➢ *Need and Significance of the Study*

The growing use of AI has changed the way customers interact with businesses. This research was conducted because customers do not accept AI equally. Some customers find AI services useful and convenient, while others may have concerns about privacy, security, reliability, and lack of human touch. These positive and negative views can affect customers' willingness to use AI-based digital services. Although many studies have examined AI and customer behavior, research from the customer's perspective is still needed, especially among Indian customers in Chennai. This

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26oct847

study helps businesses understand customer expectations for AI-based services and develop services that better meet those needs. The findings can help businesses improve service quality, responsiveness, and personality, and design AI services that are simple, secure, and customer-friendly. The research also identifies the factors that influence customers' willingness to adopt and continue using AI-based services. It highlights both the positive and negative aspects of customers' experiences while using AI-based digital services. Finally, the study contributes to existing research on AI, digital business, customer engagement, customer experience, and behavioral intention and provides a useful base for future researchers.

III. RESEARCH METHODOLOGY

This research used a quantitative approach with a descriptive, analytical design. It described customers' experiences and opinions regarding AI-based digital businesses and examined the relationship between AI and Behavioral intention. The study divided the variables into three categories. The independent variables were efficiency and ease of use, responsiveness, reliability, security, and personalization. The mediating variables were customer experience and customer engagement. Behavioral intention to use was the dependent variable. The study collected primary data from customers in Chennai through a structured questionnaire. The study also gathered secondary data from journals, reports, research articles, websites, and other credible sources on AI, digital business experience, customer engagement, and behavioral intention. The study included 100-200 respondents. The study used convenience sampling. The study included Chennai customers with experience using digital business services such as online shopping, digital banking, food delivery, online booking, and other AI-enabled services. Respondents rated items on a 5-point Likert scale from Strongly Disagree to Strongly Agree. The collected data were analyzed using descriptive statistics, reliability tests (Cronbach's alpha), Correlation analysis, and regression analysis.

IV. RESULT & DISCUSSION

Table 1 Demographic Profile

Demographic Profile	Frequency	Percentage
Age		
20 - 30 Years	76	69.70%
Below 20 Years	24	22.00%
31 - 40 Years	4	3.70%
41 - 50 Years	4	3.70%
Above 50 Years	1	0.90%
Gender		
Male	63	57.80%
Female	46	42.20%
Educational Qualification		
Higher Secondary	8	7.30%
Under Graduate	57	52.30%
Post Graduate	35	32.10%
Professional Qualification	9	8.30%
Occupation		
Student	61	56.00%
Salaried employee	33	30.30%
Self-employed / Business	8	7.30%
Professional	2	1.80%
Homemaker	3	2.80%
Others	2	1.80%
Monthly Income		
Below ₹20,000	59	54.10%
₹20,001 - ₹40,000	25	22.90%
₹40,001 - ₹60,000	10	9.20%
₹60,001 - ₹80,000	8	7.30%
Above ₹80,000	7	6.40%
Frequency of using Digital services		
Daily	54	49.50%
Several times a week	25	22.90%
Once a week	16	14.70%
Occasionally	10	9.20%
Rarely	4	3.70%

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26oct847

This table presents the frequency and percentage analysis of the respondents' demographic profile. It summarizes the respondents' background characteristics. It shows the distribution of respondents based on age, gender, education, occupation, and income. This analysis helped determine whether the selected respondents were suitable for the study. The results show that the respondents are mainly young and educated. Also, 72.40% of respondents use digital business services daily or several times a week, indicating they are frequent users. This is relevant to the study because their experience with digital services can influence their perception of AI-based technologies and their behavioral intention to use them.

➢ *Descriptive Statistics and Test of Normality*

Descriptive Statistics is a statistical method used to summarize, organize, and describe the main features of collected data. It helps the researcher understand the data easily without making predictions or generalizations. In this study, it is used to summarize respondents' ratings for variables such as personalization, efficiency & ease of use, responsiveness, reliability, security, privacy, innovation, customer experience, and behavioral intention to use by examining the mean, median, standard deviation, variance, minimum, maximum, skewness, and kurtosis. The mean score for efficiency & easy to use is 2.070, indicating that respondents are not very satisfied. Security has the highest mean score of 2.480, while its standard deviation of 0.909 shows that the responses vary to some extent. Privacy has the second-highest mean score of 2.470, indicating that respondents place relatively more importance on privacy. Customer experience has a mean score of 2.260, showing a slightly positive response from the respondents. The Cronbach's Alpha value is 0.819, indicating good reliability and consistency among the variables used in the study.

Table 2 Descriptive Statistics

Variables	Descriptive Statistics											Test of Normality		Reliability statistics
	Mean	Std. error mean	Median	Standard deviation	Variance	Minimum	Maximum	Skewness	Std. error skewness	Kurtosis	Std. error kurtosis	Shapiro-Wilk W	Shapiro-Wilk p	Cronbach's α
Personalization	2.000	0.062	2.000	0.651	0.424	1.000	3.500	0.094	0.231	-0.699	0.459	0.925	<.001	0.819
Efficiency & Ease to Use	2.070	0.066	2.000	0.692	0.479	1.000	5.000	1.050	0.231	2.920	0.459	0.908	<.001	
Responsiveness	2.160	0.083	2.000	0.863	0.744	1.000	5.000	0.838	0.231	1.150	0.459	0.839	<.001	
Reliability	2.020	0.077	2.000	0.805	0.648	1.000	4.000	0.509	0.231	-0.104	0.459	0.840	<.001	
Security	2.480	0.087	3.000	0.909	0.826	1.000	4.000	-0.119	0.231	-0.779	0.459	0.874	<.001	
Privacy	2.470	0.101	2.000	1.060	1.120	1.000	5.000	0.300	0.231	-0.425	0.459	0.897	<.001	
Innovation	2.200	0.083	2.000	0.869	0.755	1.000	5.000	0.456	0.231	0.078	0.459	0.868	<.001	
Customer Engagement	2.200	0.066	2.330	0.692	0.479	1.000	4.330	-0.001	0.231	-0.148	0.459	0.955	<.001	
Customer Experience	2.260	0.067	2.330	0.697	0.486	1.000	4.330	0.187	0.231	-0.160	0.459	0.963	0.004	
Behavioural Intention to Use	2.300	0.063	2.330	0.660	0.436	1.000	4.000	0.041	0.231	-0.642	0.459	0.954	<.001	

Table 3 Correlation Matrix

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Personalization	(1)	—									
Efficiency & Ease to Use	(2)	0.35 (<.001)	—								
Responsiveness	(3)	0.438 (<.001)	0.37 (<.001)	—							
Reliability	(4)	0.407 (<.001)	0.258 (<.001)	0.343 (<.001)	—						
Security	(5)	0.223 (0.02)	-0.002 (0.98)	0.247 (0.01)	0.292 (0.002)	—					
Privacy	(6)	0.07 (0.468)	-0.048 (0.623)	0.132 (0.17)	0.218 (0.023)	0.401 (<.001)	—				
Innovation	(7)	0.247 (0.01)	0.213 (0.026)	0.093 (0.334)	0.154 (0.111)	0.322 (<.001)	0.228 (0.017)	—			
Customer Engagement	(8)	0.29 (0.002)	0.246 (0.01)	0.251 (0.008)	0.237 (0.013)	0.206 (0.031)	0.247 (0.01)	0.331 (<.001)	—		
Customer Experience	(9)	0.156 (0.106)	0.153 (0.113)	0.116 (0.23)	0.200 (0.037)	0.268 (0.005)	0.216 (0.024)	0.299 (0.002)	0.425 (<.001)	—	

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26oct847

Behavioral Intention to Use	(10)	0.226 (0.018)	0.178 (0.064)	0.166 (0.084)	0.193 (0.045)	0.222 (0.02)	0.155 (0.107)	0.437 (<.001)	0.553 (<.001)	0.484 (<.001)	—

This study used correlation analysis to examine how AI-related factors relate to customer engagement, customer experience, and behavioral intention to use. The p-value shows whether the relationship is statistically significant. The results show that customer experience is positively related to behavioral intention to use ($r = 0.484$, $p < .001$). Customer engagement is also positively related to behavioral intention to use ($r=0.437$, $p<.001$). However, efficiency & ease of use, responsiveness, and privacy are not significantly related to behavioral intention to use at the 5% level. The strongest relationship is between customer engagement and customer experience ($r = 0.553$, $p < .001$), meaning higher customer engagement is associated with better customer experience.

Table 4 Linear Regression

Model Fit Measures								
					Overall Model Test			
Model	**R**	**R^2**	**Adjusted R^2**	**AIC**	**F**	**df1**	**df2**	**p**
1	0.66	0.435	0.384	178	8.47	9	99	<.001
Note. Models estimated using a sample size of N=109								

Linear regression helps explain how changes in the independent variables relate to changes in the dependent variable. In this study, it examines how AI-related factors relate to behavioral intention to use. The results show an R value of 0.66, indicating an overall relationship between the variables. The R^2 value of 0.435 indicates that the model explains 43.5% of the variation in behavioral intention to use. The adjusted R^2 is 0.384. The F value is 8.47, and the p-value is less than .001, showing that the overall regression model is statistically significant.

Table 5 Multiple Linear Regression - Model Coefficients - Behavioral Intention to Use

Predictor	Estimate	SE	t	p	Stand. Estimate	Result
Intercept	0.590	0.257	2.295	0.024		
Personalization	0.010	0.094	0.109	0.913	0.010	Not Significant
Efficiency & Ease to Use	-0.024	0.084	-0.289	0.774	-0.025	Not Significant
Responsiveness	0.019	0.070	0.279	0.781	0.025	Not Significant
Reliability	0.017	0.072	0.236	0.814	0.021	Not Significant
Security	0.005	0.066	0.079	0.937	0.007	Not Significant
Privacy	-0.038	0.053	-0.710	0.479	-0.061	Not Significant
Innovation	0.187	0.066	2.841	0.005	0.247	Significant
Customer Engagement	0.349	0.086	4.064	<.001	0.366	Significant
Customer Experience	0.248	0.082	3.024	0.003	0.262	Significant

This table shows the results of the multiple linear regression analysis. It identifies which factors affect customers' intention to use AI-based digital business services. The analysis studies the relationship between one dependent variable and several independent variables. In this study, the dependent variable is behavioral intention to use, and the other factors are he predictors. The results show that innovation, customer engagement, and customer experience have a significant positive influence on customer intention to use AI-based digital services because their p-value are below 0.05. This means that these three factors play an important role in increasing customer intention to use AI-based digital services.

V. IMPLICATIONS AND CONCLUSION

The study provides useful implications for businesses using Artificial Intelligence in digital services. The demographic profile shows that most respondents are familiar with digital technologies and have good exposure to digital services. The findings also show that younger and digitally active customers are an important user group for businesses adopting AI to improve customer engagement and experience. The R2 value of 0.435 shows that the selected factors explain 43.5% of the variation in customers' behavioral intention to use AI services. Security has the highest mean score (2.48), followed by Privacy (2.47), showing that these are stronger areas. However, Personalization, Reliability, Efficiency and Ease of Use, Responsiveness, and Innovation have lower scores, indicating areas for improvement. Customer Engagement (2.20) and Customer Experience (2.26) also indicate a need for better customer interaction and service. Behavioral intention has a mean score of 2.30, showing scope to increase continued use of AI services. The regression model is significant ($F = 8.47$, $p < 0.001$). Customer Engagement, Customer Experience, and Innovation are significant positive factors affecting behavioral intention. Cronbach's alpha values of 0.812 and 0.815 indicate good reliability of the questionnaire items. Overall, the study shows that customer engagement, customer experience, and Innovation play an important role in AI-based digital business. Therefore, businesses should focus not only on introducing AI but also on improving customer experience, engagement, innovation, personalization, reliability, responsiveness, security, and privacy. These improvements can help businesses provide

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26oct847

better AI services and encourage customers to continue using them.

VI. LIMITATION OF THE STUDY

The study includes only 109 respondents, so the findings may not reflect the views of all digital service users. The study uses convenience sampling, so the sample may not fully represent the entire customer population. The study focuses only on customers' opinions and does not include the views of businesses, employees, or AI service providers. AI services vary across online shopping, banking, food delivery, travel booking, and other digital services, so customer opinions may differ by service type. Customers may also have different concerns about how their personal data is collected and used, which may affect their responses. The study mainly uses questionnaire data and does not include detailed interviews or observations that could provide more information. Other factors, such as economic conditions, technological changes, company policies, internet access, and changes in AI regulations, may also affect customer behavior, but the study does not examine them in detail.

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