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Consumer Behavior in the Digital Era: A Meta Review

Rajendra Gautam Jaishi[1*], Shrijan Gyanwali[2]

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Abstract

Purpose: *This study investigates the impact of artificial intelligence (AI) on consumer behavior in the digital era, with a particular focus on the Nepalese context. It aims to explore how AI influences consumer decision-making, adoption patterns, and perceptions across digital channels.*

Methods: *A systematic meta-review was conducted using peer-reviewed and grey literature published between 2015 and 2024. Studies were selected based on PRISMA guidelines, emphasizing empirical research on AI-driven personalization, marketing, privacy, and ethics. Data extraction and thematic synthesis were performed to identify prevailing trends and gaps.*

Results: *The review reveals that AI enhances consumer experiences through personalized recommendations, predictive analytics, and real-time assistance. However, concerns regarding privacy, algorithmic bias, and ethical transparency persist. Factors such as perceived usefulness, ease of use, trust, and social influence significantly shape AI adoption. Contextual variables like generational differences and cultural norms also impact consumer behavior.*

Conclusion: *AI is reshaping consumer behavior by delivering personalized experiences, predictive insights, and real-time engagement. To enhance consumer adoption, priority should be given to factors such as perceived usefulness, ease of use, trustworthiness, and ethical transparency. Social influence and cultural sensitivity also play pivotal roles, especially in emerging markets like Nepal. Future research should focus on optimizing these determinants to bridge socio-technical gaps and foster inclusive, responsible AI integration.*

Keywords: Artificial intelligence, Consumer behavior, Digital era, Privacy concerns, Technology adoption

JEL Classification: M31, D12, L81

I. Introduction

The technological changes that have rooted over the years note a disruptive phase in a paradigm shift that affects several aspects of human life. From the era of the Industrial

[1]Mr. Jaishi is a PhD scholar at Faculty of Management Studies, Pokhara University. He can be reached at rajendragautamjaisi@pusob.edu.np, ORCID: https://orcid.org/0009-0008-2103-8629*

[2]Mr. Gyanwali, PhD is an Associate Professor/Director at School of Business, Pokhara University. He can be reached at https://orcid.org/0000-0002-7508-8129

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Revolutions (IR 1.0) to the present-day digital age (IR 4.0), technology has constantly changed the way of living, working, and dealing with the world around (Cascio & Montealegre, 2016). This journey has been marked by rapid improvements in computing power, connectivity, and automation, meaning that changes in society are now at a completely unprecedented scale.

Every generation from Gen X to Gen Alpha has had its unique technological advancements-unique to their time-that then shaped the experiences and therefore the behaviors of these groups (Kullolli & Trebicka, 2023). Xers grew up in a personal computing and Internet world, albeit new, democratizing experiences of increased connectivity and access to information digitally. Y, or Millennials as they are known, embraced social media and mobile technology, which surfaced in the next generation, allowing them to engage in dialogue and pull in content. Only time will tell what changes Gen Z and the future generations will bring with them. Gen Alpha, the youngest generation, is growing up in a world dominated by AI (artificial intelligence), IoT, and immersive technologies, setting the stage for even more profound changes in the future (Puckering, 2023). For Gen Alpha, technology isn't merely a tool, but an inseparable limb.

As the research done by Tsiakis (2015) and Kietzmann et al. (2018) shows that the development of artificial intelligence (AI) and consumer purchasing behavior have a mutually beneficial relationship. AI's capacity in the analysis of immense customer data makes trends in purchases visible for the very first time at an unprecedented depth. Companies use all this information to create seamless buying experiences, targeted suggestions, and directed advertisements. While sophisticated recommendation engines generate product choices based on unique consumer interests, AI-powered chatbots provide 24/7 customer service (Bălan, 2023; Misischia et al., 2022; Rossmann et al., 2020). Through the regular updating of products, companies can work on bettering them to meet changes in customer needs, which in turn influences the buying patterns of customers and further accelerates AI's growth in the retail business.

The impact of technology extends far beyond individual lives, permeating every domain of business. AI-driven chatbots and virtual assistants are transforming the way businesses interact with consumers, providing personalized recommendations, answering queries, and resolving issues in real-time (Bălan, 2023). This seamless integration of artificial intelligence into consumer experiences has the potential to increase consumers' satisfaction, enhance brand loyalty, and ultimately drive corporate success industry remains untouched by its transformative power (Darrell & John, 2018). Marketing, in particular, has undergone a seismic shift, harnessing the power of AI to decipher consumer preferences, personalize outreach, and optimize campaigns with unparalleled precision (Rathore, 2019).

Consumer behavior in the current scenario has changed by leaps and bounds since digitization took over with e-commerce, social media, and mobile technology increasing at rapid rates. Understanding these changing behaviors will be very necessary to remain relevant in today's competitive business world. Similarly, things are going very much digital with the burgeoning increase in internet penetration and the adoption of smartphones. This shift to digital is shaping up to look pretty interesting in consumer behavior.

In response to the evolving dynamics of consumer behavior in the digital era, this study seeks to explore the multifaceted relationship between Artificial Intelligence (AI) and consumer decision-making. Specifically, it investigates three core research questions: How does the integration of AI influence consumer behavior? What factors shape consumer decision-making processes when interacting with AI technologies? And what determinants drive the adoption of AI technologies by consumers? These inquiries guide the study's objectives, which are to examine the impact of AI on consumer behavior, identify and analyze the key influences on decision-making in AI-mediated environments, and uncover the underlying factors that encourage or hinder the adoption of AI technologies.

The relevance of this investigation is underscored by the profound transformation of the

customer journey in the digital age. Understanding consumer buying behavior in this context is not only essential for businesses but also empowering for customers themselves. As highlighted by Tsiakis (2015) and Kietzmann et al. (2018), there exists a symbiotic relationship between AI and consumer behavior, wherein AI's ability to process vast amounts of consumer data enables hyper-personalized recommendations and precision-targeted advertising. Yet, this dynamic is not one-sided; consumers actively shape it through their online interactions and purchasing patterns. By gaining insight into how their data is utilized, individuals can make more informed choices about the extent of personalization they accept and the platforms they engage with.

Moreover, the study equips consumers to better navigate the complexities of the digital marketplace. Rathore (2019) emphasizes the rise of AI-driven marketing strategies, which allow businesses to fine-tune their outreach and campaign effectiveness. Recognizing these tactics enables consumers to critically assess the information presented to them and discern the intent behind targeted messaging. Additionally, research by Bălan (2023) and Misischia et al. (2022) sheds light on the ethical dimensions of AI adoption, offering consumers a framework to evaluate the trustworthiness and transparency of AI-powered services.

This understanding holds particular significance for younger generations, notably Gen Z and Gen Alpha, who are digital natives and primary participants in AI-mediated consumer environments. For these cohorts, a nuanced grasp of AI's role in shaping consumer experiences is vital for making strategic decisions in both personal and professional spheres. Ultimately, this study contributes valuable insights to academia, industry, and policymakers by illuminating the implications of AI on consumer behavior. It fosters a deeper comprehension of the opportunities and challenges within the digital landscape, enabling stakeholders to better anticipate and respond to the evolving expectations of modern consumers.

II. Reviews

Empirical review

Consumer Behavior in the Digital Era refers to how individuals interact with brands, products, and services in the context of digital channels and technologies. Consumer behavior encompasses their actions, preferences, and decision-making processes within the online environment. Consumer behavior in the digital era is no longer governed solely by rational choice; rather, it unfolds in a dynamic, data-driven ecosystem where every click, scroll, and share tells a story. Today's consumers navigate e-commerce platforms with algorithmically curated recommendations, meticulously comparing products and making purchase decisions shaped by online visibility (Bhatt & Nagvadia, 2021). Simultaneously, they engage with brands on social media, becoming co-creators of marketing narratives through likes, shares, and community interactions (Helal, 2019). Personalized experiences powered by real-time analytics have emerged as the new norm, customizing everything from product suggestions to promotional messages (Babatunde et al., 2024). Mobile behavior complements this evolution, as apps and notifications steer consumers across fragmented journeys (van Heerde et al., 2015), while omnichannel integration promises seamless transitions between online and offline touchpoints (Ahmed & Hasan, 2021). Yet amid this hyper-personalized landscape, the specter of privacy looms, challenging marketers to reconcile engagement with ethical boundaries (Gupta & Jain, 2023).

Artificial intelligence has become the silent architect behind much of this transformation both enabling and complicating the consumer experience. By harnessing AI-driven insights, companies now predict behavior patterns with uncanny precision (Gkikas & Theodoridis, 2022), driving hyper-personalization that delights but also confines (Christian et al., 2023). Chatbots and virtual assistants, once novel, now serve as frontline interfaces, offering instant support and streamlining service (Huseynov, 2023). Predictive models map future needs before consumers articulate them (Al Khaldy, 2023), yet the reliance on automated curation risks entrenching algorithmic biases and fostering digital echo chambers (Akter et al., 2022).

Consumers, in turn, are growing wary not only of content manipulation but of the vast troves of personal data being harvested, stored, and potentially misused (David et al., 2023). AI's promise, then, is double-edged: it offers efficiency and insight but demands vigilant oversight.

The widespread adoption of AI across the marketplace reflects its rising prominence but also its need for responsible governance. Businesses are leveraging AI not just to optimize operations, but to redefine marketing strategies through dynamic pricing and predictive targeting (Rane et al., 2024). Consumers, accustomed to AI-enhanced tools like voice assistants and curated content streams, have embraced this technological shift with pragmatism (Bhuiyan, 2024). However, convenience alone cannot be the compass of progress; policy makers are called upon to set ethical guardrails that prioritize transparency, accountability, and trust (Alhosani & Alhashmi, 2024). As AI continues to evolve, its effect on consumer behavior will be shaped as much by technological prowess as by the standards and values that societies choose to uphold.

Theoretical review

The study of consumer behavior in the digital era can be examined through several theoretical lenses. The following are the key theories that the researcher found most associated with the topic.

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) is a model put forward by Fred D. Davis in 1989 that was borrowed from a similar prominent theory called the Theory of Reasoned Action (TRA) from sociology (Rauniar et al., 2014). The Technology Acceptance Model (TAM) Model (TAM) describes how consumers utilize and embrace technology. Scholars have widely implemented TAM to examine online learning systems' effectiveness and ease of use (Yahaya et al., 2023). It's a widely used theory for analyzing consumers' acceptance of various forms of information technologies, in every domain including marketing. Task technology fit, satisfaction, perceived utility, attitude, system quality, and academic success are important determinants of the adoption or continued use of online learning systems (Mustafa & Garcia, 2021).

The Technology Acceptance Model (TAM) has evolved leading to the development of two subsequent models: Technology Acceptance Model 2 (TAM2) by Venkatesh and Davis (2000) and Technology Acceptance Model (TAM3) by Venkatesh and Bala (2008). TAM2, proposed by Venkatesh and Davis in 2000, expanded upon the original TAM by integrating other variables related to social influence and cognitive processes. Conversely, TAM3, introduced by Venkatesh and Bala in 2008, further extended the model. The Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al., 2003) was also developed based on TAM2 model. These models collectively contribute to the understanding of user acceptance and adoption of technology.

Unified Theory of Acceptance and Use of Technology (UTAUT)

UTAUT combines key elements from preceding models and theories, including the Theory of Planned Behaviour (TBP), Motivation Model, Technology Acceptance Model (TAM), Innovation Diffusion Theory (IDT), and Social Cognitive Theory. By integrating the constructs from the models, UTAUT offers a holistic analytical framework for identifying user acceptance of technology (Du & Lv, 2024). Performance Expectancy, Effort Expectancy, Social Influence, and Facilitating Conditions are the four major constructs identified by the Unified Theory of Acceptance and Use of Technology (UTAUT). These constructs collectively impact individuals' behavioral intention to accept and utilize the technology.

Researchers have tested UTAUT through regression analysis to understand behavioral intention. The findings of a study to examine the recognition and usage of information communication technology (ICT) by academic staff at Adamawa State University (ADSU), revealed that the four UTAUT constructs significantly influenced the staff's intention to use ICT. Notably, effort expectancy and social influence were influential predictors (Oye et al.,

2014).

In context to study consumer behavior especially, UTAUT2 (Venkatesh et al., 2012) was developed by introducing three exogenous constructs (Hedonic motivation, Price value, and Experience and habit) beyond initial UTAUT model. In comparison to UTAUT, the UTAUT2 extensions significantly enhanced the explanation of variance in behavioral intention (from 56 percent to 74 percent) and technology use (from 40 percent to 52 percent) (Venkatesh et al., 2012). Further Vimalkumar et al. (2021) added Perceived Privacy concerns, Perceived Privacy Risk, and Perceived Trust to the UTAUT2 framework while studying consumer perception toward voice-based digital assistants (Vimalkumar et al., 2021).

Uses and Gratifications Theory (UGT)

Uses and Gratifications Theory (UGT) (Katz et al., 1973) speculates that audiences are active consumers who choose media based on their social and psychological needs. The uses and gratifications theory could offer fresh perspectives on understanding the significance and factors influencing consumer online behaviors, including attitudes toward the Web, Web usage, satisfaction, and online shopping (Luo, 2002).

UGT emphasizes that people seek communication to satisfy needs stemming from social and psychological states. UGT is an extension of Maslow's Hierarchy of Needs, suggesting that media choices align with these needs, from fundamental ones (e.g., survival) to self-actualization1 (West & Turner, 2021).

III. Methodology

This study is underpinned by a positivist research philosophy, which seeks to understand social phenomena through empirical observation and quantitative analysis. The research design is a systematic meta-review, following a systematic and integrative approach to synthesize the findings of existing empirical literature. This design allows for a comprehensive analysis of trends and patterns across multiple studies, providing a robust and evidence-based foundation for understanding the complex relationship between AI and consumer behavior in the digital era.

This meta-review adopts a systematic and integrative approach to analyze existing empirical literature on consumer behavior in the digital era, with a particular emphasis on AI's influence across diverse consumer touchpoints. Guided by the principles of transparency, replicability, and rigor, the study follows a multi-phase methodology and framework of Metalab (Mikolajewicz & Komarova, 2019) encompassing literature search, study selection, data extraction, and synthesis.

Literature Search Strategy

To ensure comprehensive coverage, a systematic literature search was conducted across multiple databases including Scopus, Google Scholar, and JSTOR. Boolean operators and keyword combinations such as "AI and consumer behavior," "digital purchasing trends," "AI adoption and consumer behavior," and "personalization in e-commerce" were used to retrieve peer-reviewed articles published between 2020 and 2024. Grey literature, including conference proceedings and doctoral theses, was also considered to mitigate publication bias (Rosenthal, 1979). Reference chaining was employed to identify influential studies cited within the included literature (Gusenbauer & Haddaway, 2020).

Inclusion and Exclusion Criteria

The review included studies that empirically investigated the intersection of AI and consumer behavior within the digital landscape. Specifically, research designs such as surveys, experiments, and mixed-methods studies focusing on personalization, customer experience, privacy, adoption behavior, and ethical concerns were prioritized. Exclusion criteria encompassed conceptual papers, editorial commentaries, and non-English publications. A PRISMA flow diagram was used to map the screening process, ensuring clarity and

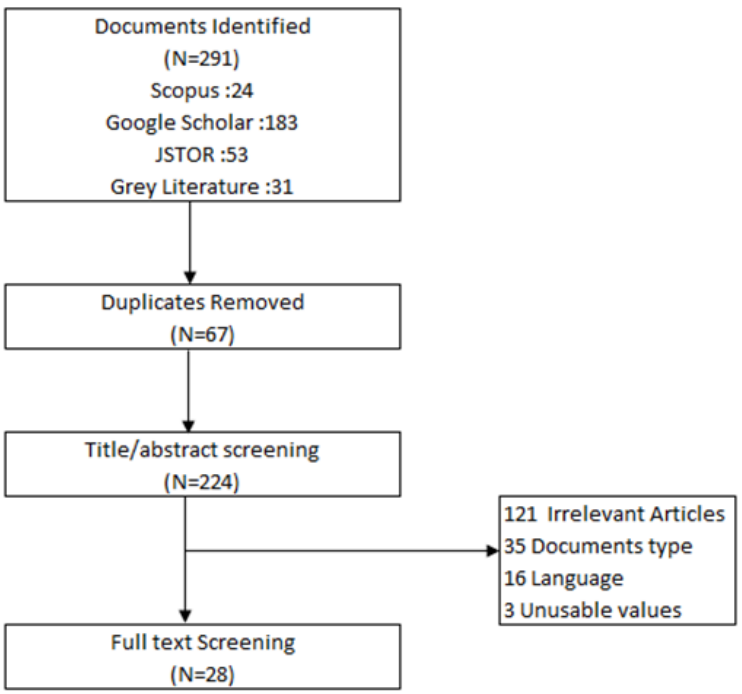
replicability (Tawfik et al., 2019).

Data Extraction and Analysis

Key variables extracted from each study included sample characteristics, research design, theoretical frameworks, effect sizes, and outcome variables related to AI-driven consumer behavior. Using thematic synthesis and narrative integration, findings were categorized under core domains such as adoption determinants, engagement mechanisms, ethical considerations, and cross-cultural insights. Additionally, patterns of influence were critically examined through methodological triangulation and visualized via summary tables. To assess heterogeneity and validity, methodological quality was evaluated based on predefined criteria including sample size, statistical rigor, and contextual relevance.

Figure 1

Information Flow Diagram



Note. Adapted from Metalab Framework (Mikolajewicz & Komarova, 2019)

IV. Results and Discussion

The integration of AI-powered marketing into every major industry is largely driven by its ability to increase cost savings, raise revenues, and drive customer satisfaction. AI is speeding up purchasing decisions and the impulses to buy through the power of big data, as such improving operational efficiencies in meeting and surpassing customer satisfaction. The ingenious use of AI in digital marketing goes beyond simple customer cooperation and behavior; it changes the way customers interact by using data to fuel meaningful behavior. This humanlike intelligence provides marketers with the opportunity to effectively engage customers at the right moment to achieve maximum conversion rates. On the other hand, AI chatbots are in effect changing people's mindsets about how consumers perceive digital

marketing as they herald more knowledgeable and personalized customer engagements. However, despite these potentials, AI marketing also presents challenges in terms of related privacy and the preservation of consumers' freedom of choice. This calls for a continuous conversation between academia, organizations, and society so that the vast and deep implications of AI marketing on consumer behavior and the social fabric can be realized in a safe and just technology environment for all stakeholders.

Table 1

Meta Table on Consumer Behavior in Digital Era

Author Name, Year	Research Design, Population, and Sample	Summary of Findings and Conclusion	Area for further study/ Research
(Adapa et al., 2020)	Online survey (online shoppers with SRT experience, N=338)	Perceived complexity, advantage, novelty, and risk shape shopping value → loyalty and SRT adoption.	Cultural/technological impacts on SRT adoption; demographic influences.
(Ahmad et al., 2023)	Online survey (students in China/Pakistan, N=285)	AI increases laziness, privacy risks, and reduces decision-making.	AI ethics in diverse settings; long-term educational impacts.
(Ameen et al., 2021)	Online survey (European beauty product customers of India, N=434)	Trust and sacrifice mediate AI service quality → customer experience.	Cross-sector AI ethics; larger interdisciplinary studies.
(Arachchi & Samarasinghe, 2023)	Survey (Sri Lankan respondents, N=354)	AI usefulness/ease-of-use + positive attitudes boost impulse purchases.	Cross-cultural AI retail effects; long-term loyalty impacts.
(Balakrishnan et al., 2024)	Conference survey (attendees of AI related conference in India, N=420)	Perceived value negatively links to AI voice assistant resistance.	Gender stereotyping in AI voice perception.
(Bilal et al., 2024)	Survey (Chinese social media influencers, N=467)	AI boosts experience/ engagement → satisfaction/ purchases (moderated by affective attachment).	Cross-cultural validation; larger samples.
(Chen et al., 2022)	Experiment (across 3 batches of students of Jiangxi University of Fin and Eco, China N=105)	AI causes "information cocoons," limiting product exposure/ decision quality.	Internal factors (e.g., risk attitudes); decision-process biases.
(Chi & Hoang Vu, 2023)	Survey (Vietnamese bank/telecom users, N=507)	Empathy → AI trust; anthropomorphism only matters via communication quality.	Quasi-experiments; longitudinal studies.
(Choudhary et al., 2024)	Survey (virtual assistant users of India, N=1189)	Attitudes drive VA adoption; risks hinder it. Values shape adoption rates.	Trust's role; cross-cultural VA adoption.
(Fan & Liu, 2022)	Experiment (US participants, N=280)	Moderate AI autonomy optimizes purchase decisions; self-efficacy mediates.	Task-type interactions; decision-importance effects.
(Flavián et al., 2023)	Experiment (US residents and voice assistant users, N=130)	Voice assistants > text reviews for influencing behavior; credibility is key.	Cultural differences (individualist vs. collectivist).
(Frank et al., 2023)	Representative survey (AI service user of Denmark, N=503)	Company trust → AI service adoption intention.	Consumer responses to non-labeled AI services.

(Giroux et al., 2022a)	Online experiment (US online shoppers, N=578)	Less ethical behavior toward AI vs. humans due to reduced guilt.	Contextual/cultural morality; AI mental-capacity perceptions.
(Mussa, 2020)	Online survey (Egyptian online shoppers, N=384)	AI explains 95.8% of purchase behavior variation.	Trust/attitude mediation; price moderation.
(Huang & Qian, 2021)	Online survey (Chinese auto consumers, N=849)	Adoption reasons + psychological traits (uniqueness/ risk aversion) shape AV attitudes/ intentions.	Future-tech anticipation; non-China samples.
(Kim et al., 2021)	5 experiments (AI product users, N=993)	Precise AI info → trust → positive evaluations/intentions.	Real AI-consumer interactions; content-based trust.
(Liang et al., 2020)	Online survey (US adults, shopper of AI device N=313)	Usefulness/ease-of-use → positive AI attitudes → purchase intent. Fashion involvement ≠ purchase intent.	Rural/urban attitude comparisons.
(Lv et al., 2022)	Experiment (Chinese hospitality customers, N=660)	Empathic AI → retention/ trust (stronger via multisensory delivery).	AI for severe service failures; non-verbal interaction modes.
(Nazir et al., 2023)	Online survey (Omani hotel customers, N=308)	AI → engagement → satisfying experiences → repurchase intent.	Longitudinal repurchase studies.
(Pangkey et al., 2020)	Online questionnaire (Millennials women of Indonesia, N=74)	AI + digital marketing → millennial purchase intent.	AI in online transportation; adoption facilitators.
(Park et al., 2021)	Scenario-based survey (Koreans using service robot, N=517)	Usefulness critical in hospitals; privacy/trust matter universally.	Non-Asian validation; psychological risk types.
(Rohden & Zeferino, 2023)	Interviews + survey (Brazilian online shopper, N=17 + 308)	Data concern → privacy risk perception; trust in AI mitigates risk.	Cross-cultural AI privacy dynamics.
(Sharma et al., 2023)	Experiment (US tech users, N=700)	AI/AR/VR/MR create non-linear consumer journeys.	Technology-specific stage-by-stage impacts.
(Sohn et al., 2020)	Experiment (Gen Y, N=163)	GAN products yield higher willingness-to-pay (especially when undisclosed).	Age-based perception differences.
(Sohn & Kwon, 2020)	Survey (AI device intenders, N=378)	Enjoyance → purchase intent for AI products; norms/value matter.	Non-voice AI applications (e.g., home appliances).
(Sung et al., 2021)	Experiment (mixed reality users, N=322)	Quality AI → immersion/ engagement → purchase intent/ social sharing.	Privacy in applied tech; environmental conditions.
(Vimalkumar et al., 2021)	Online survey (Indian MBA/PhD students, N=252)	Privacy concerns → trust → adoption intent (not direct).	Mixed-method voice assistant adoption studies.
(Yin & Qiu, 2021)	Survey (Chinese online shoppers, N=631)	AI interactions → hedonic/ utility value → purchase intent (hedonic strongest).	Risk/attitude integration; enhanced AI interaction tech.

The synthesis of the reviewed literature reveals a complex interplay between Artificial Intelligence (AI) and consumer behavior, which can be systematically analyzed through the core domains of adoption determinants, engagement mechanisms, ethical considerations,

and cross-cultural insights.

The integration of AI into consumer practices is significantly influenced by a set of key determinants. Established technology acceptance models, particularly the Unified Theory of Acceptance and Use of Technology (UTAUT2), provide a robust framework for understanding these factors. Core constructs such as performance expectancy (perceived usefulness) and effort expectancy (ease of use) are consistently identified as primary drivers of behavioral intention to adopt AI technologies (Arachchi & Samarasinghe, 2023; Choudhary et al., 2024; Liang et al., 2020). Furthermore, hedonic motivation plays a crucial role, as the enjoyment derived from AI interactions positively influences purchase intent for AI products (Sohn & Kwon, 2020). However, adoption is not solely driven by positive factors. Trust emerges as a critical mediating variable, where concerns about privacy and data security can significantly hinder adoption intentions (Frank et al., 2023; Vimalkumar et al., 2021). This is compounded by perceived risks, including fears of algorithmic bias and a potential loss of decision-making autonomy, which act as formidable barriers to adoption (Ahmad et al., 2023; Rohden & Zeferino, 2023). The role of social influence and subjective norms also shapes adoption patterns, indicating that consumer decisions are often embedded within a broader social context.

AI profoundly transforms consumer engagement by enabling hyper-personalized, seamless, and predictive interactions across the customer journey. A primary mechanism is hyper-personalization, where AI's ability to analyze vast datasets allows for tailored recommendations and content, significantly enhancing customer experience, satisfaction, and purchase intentions (Bilal et al., 2024; Mussa, 2020; Nazir et al., 2023; Yin & Qiu, 2021). This is facilitated through interfaces like AI-powered chatbots and voice assistants, which provide real-time, responsive support, streamlining service and fostering a sense of continuous connection (Flavián et al., 2023; Huseynov, 2023). The effectiveness of these interactions is further enhanced by elements of anthropomorphism and empathic response; when AI systems exhibit human-like qualities such as empathy, they can significantly boost trust, retention, and continuous usage intention, particularly in service recovery scenarios (Chi & Hoang Vu, 2023; Lv et al., 2022). Moreover, immersive technologies like AI-integrated Augmented and Virtual Reality (AR/VR) create non-linear, engaging consumer journeys that drive purchase intent and social sharing (Sharma et al., 2023; Sung et al., 2021).

The deployment of AI raises pressing ethical concerns that critically impact consumer trust and behavior. A paramount issue is data privacy and security, with consumers growing increasingly wary of how their personal data is harvested, stored, and potentially misused, which directly affects their trust and adoption intentions (David et al., 2023; Vimalkumar et al., 2021). Another significant concern is algorithmic bias, where automated curation can entrench biases, limit product exposure, and create "information cocoons" or "filter bubbles" that reduce decision quality and autonomy (Akter et al., 2022; Chen et al., 2022). Perhaps most alarmingly, interactions with AI systems appear to alter consumer morality; studies indicate that individuals demonstrate less ethical behavior and reduced guilt when dealing with AI compared to human agents, posing profound questions for retail and service ethics (Giroux et al., 2022). The disclosure of AI identity also presents an ethical dilemma, as revealing the non-human nature of a chatbot can weaken purchase intent due to perceptions of lower knowledge and empathy (Luo et al., 2019). These concerns underscore the necessity for transparent and accountable AI design and governance.

The influence of AI on consumer behavior is not uniform but is markedly shaped by cultural and contextual variables. Research highlights divergent privacy risk perceptions and trust determinants across different societies; for instance, studies in Brazil emphasize trust in AI as a key risk mitigator (Rohden & Zeferino, 2023), while work in China and Pakistan highlights culturally specific concerns about AI-induced laziness (Ahmad et al., 2023). Consumer responses to AI are also influenced by psychological traits that vary across cultures, such as need for uniqueness and risk aversion, which shape attitudes towards technologies like autonomous vehicles (Huang & Qian, 2021). Furthermore, the effectiveness of AI interfaces

like voice assistants may be moderated by cultural dimensions, such as the distinction between individualist and collectivist societies (Flavián et al., 2023). This underscores that models of AI adoption and impact cannot be universally applied and must be adapted to account for specific socio-cultural norms, values, and infrastructural realities, particularly in emerging markets.

V. Conclusion and Implications

The digital age, shaped by successive industrial revolutions and culminating in the rise of intelligent technologies, has profoundly altered consumer behavior. Artificial Intelligence now catalyzes this transformation, embedding itself across the consumer journey and redefining how individuals interact with products, services, and brands.

This review highlights AI's multifaceted influence from enabling real-time personalization and predictive analytics to fostering seamless omnichannel experiences. Tools such as chatbots and voice assistants have elevated convenience and customer loyalty, while data-driven personalization continues to enhance engagement and purchase intent.

Yet, alongside these advancements lie pressing ethical and operational challenges. Issues surrounding data privacy, algorithmic bias, and the psychological implications of human-AI interaction demand urgent attention. The emergence of filter bubbles, reduced decision autonomy, and ethical concerns tied to AI identity disclosure underscore the need for thoughtful design and governance.

Established theoretical models such as TAM, UTAUT, UGT, and DOI remain valuable in explaining AI adoption and user behavior, especially when extended to include dimensions like trust, privacy risk, and anthropomorphism. However, significant gaps persist in understanding how socio-cultural factors such as collectivist norms, generational preferences, and financial habits shape AI engagement across diverse contexts.

Ultimately, while AI holds immense promise for personalization, efficiency, and service innovation, its responsible deployment hinges on addressing ethical risks and contextual disparities. Advancing transparent, inclusive, and culturally attuned AI systems will require coordinated efforts among researchers, industry leaders, and policymakers. Only through such collaboration can AI truly serve as a force for equitable and sustainable consumer transformation.

The findings of this review yield significant implications for academia, policymakers, and society at large, offering a roadmap for future action and research.

Academic Implications: This review underscores the urgent need for context-specific research, particularly in emerging economies like Nepal. Future academic work must prioritize developing and validating extended technology adoption models (e.g., UTAUT2) that incorporate culturally relevant constructs such as collectivist social norms, localized trust determinants, and the impact of infrastructural constraints. Furthermore, research should investigate generational nuances, especially among digital natives (Gen Z, Gen Alpha), and employ longitudinal studies to track the evolution of AI adoption and its long-term effects on consumer behavior and loyalty. There is also a critical gap in understanding the socio-cultural drivers and ethical perceptions unique to different demographics, requiring mixed-methods approaches that combine quantitative surveys with qualitative depth.

Policy Implications: For policymakers, this review highlights the necessity of establishing robust ethical and legal frameworks to govern AI deployment. Regulations must prioritize transparency, accountability, and data privacy to build consumer trust and mitigate risks of algorithmic bias and data misuse. Policy efforts should also focus on bridging the digital divide by promoting digital literacy and ensuring equitable access to AI technologies across urban and rural areas, preventing the exacerbation of existing social inequalities. This includes incentivizing the development of inclusive AI solutions, such as vernacular language interfaces, to ensure that the benefits of AI are accessible to all segments of the population.

Societal Implications: On a societal level, the integration of AI demands a concerted effort to foster digital literacy and ethical awareness among consumers. Educating the public on how AI systems work, how their data is used, and how to critically evaluate AI-driven content is crucial for empowering informed and autonomous decision-making. Organizations must adopt a human-centric approach to AI design, ensuring that technologies augment rather than replace human agency and that ethical considerations are embedded throughout the development process. Ultimately, fostering an ecosystem of trust and responsible innovation is essential for ensuring that AI serves as a force for equitable and sustainable consumer transformation, balancing efficiency gains with societal well-being.

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