

The Study of Artificial Marketing tools used in Indian Cosmetic Industry and its impact on Consumer Behaviour

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Abstract

This research paper investigates the profound influence of Artificial Intelligence (AI) marketing tools on consumer buying behaviours within the burgeoning landscape of the cosmetic industry. With technology becoming increasingly intertwined with beauty and personal care, this study aims to dissect the multifaceted relationship between AI interventions and consumer choices.

Through a comprehensive review of existing literature, the research seeks to identify patterns and trends in how AI-driven marketing strategies shape the decision-making processes of cosmetic consumers. The study focuses on a spectrum of AI tools employed in the industry, including virtual try-on experiences, personalized product recommendations, and AI-powered chatbots, exploring their impact on consumer perceptions, preferences, and purchasing decisions.

The descriptive analysis will unveil the nuances of how AI algorithms interpret and respond to individual consumer data, tailoring marketing strategies to align with diverse beauty preferences. Furthermore, the research will explore the role of augmented reality in transforming the cosmetic shopping experience, offering consumers a virtual lens into product usage before making informed choices.

By shedding light on the intricate interplay between AI marketing tools and consumer behaviours in the cosmetic industry, this paper aims to provide valuable insights for cosmetic brands, marketers, and policymakers. Understanding the dynamics of this relationship is crucial for the industry's stakeholders as they navigate the evolving landscape of beauty and technology, ensuring that AI interventions not only meet consumer expectations but also contribute positively to the overall cosmetic purchasing experience.

Keywords: Artificial Intelligence, AI Algorithm, Augmented Reality, Consumer Perceptions.

1. Introduction

The cosmetic industry in India has undergone a remarkable transformation, evolving from traditional beauty practices deeply rooted in cultural heritage to a thriving, dynamic sector that mirrors global beauty trends. With a history dating back centuries, where Ayurvedic formulations and natural ingredients were integral to beauty rituals, contemporary India witnesses a fusion of traditional wisdom and modern innovation within the cosmetic landscape.

In recent decades, the Indian cosmetic industry has experienced substantial growth, driven by factors such as rising disposable incomes, changing lifestyles, and increased beauty consciousness among consumers. Local and international cosmetic brands have played a significant role in introducing a diverse range of products, spanning skincare, makeup, haircare, and personal care items, tailored to meet the unique needs of the Indian consumer.

The industry's expansion is also marked by a shift towards sustainable and herbal formulations, reflecting a growing preference for products aligned with wellness and environmental consciousness. Influencers, social media, and e-commerce platforms have further accelerated the industry's reach, providing consumers with unprecedented access to beauty trends and products.

As the cosmetic industry in India continues to evolve, it serves not only as a catalyst for personal expression and self-care but also as a driver of economic growth, innovation, and cultural redefinition in the country.

2. Artificial intelligence

Artificial Intelligence (AI) is a transformative field of computer science focused on creating intelligent agents capable of mimicking human-like cognitive functions. Through algorithms and advanced computing, AI systems analyse vast

datasets, learn patterns, and make decisions, enabling them to perform tasks traditionally requiring human intelligence. Machine learning, a subset of AI, empowers systems to improve performance autonomously with experience. AI applications span diverse domains, including healthcare, finance, education, and entertainment. From speech recognition and image processing to autonomous vehicles and recommendation systems, AI enhances efficiency, accuracy, and innovation across industries. As society increasingly relies on smart technologies, AI's role in shaping the future continues to expand, raising ethical considerations and the need for responsible development and deployment.

3. AI in Marketing

Artificial Intelligence (AI) is revolutionizing the landscape of marketing by leveraging advanced algorithms and data analytics to enhance strategic decision-making and customer engagement. In the realm of marketing, AI facilitates precise targeting through personalized content recommendations, predictive analytics, and automated customer segmentation. Chatbots powered by AI enhance customer interactions, providing instant assistance and improving overall user experience. Machine learning algorithms analyse consumer behaviour, enabling marketers to anticipate trends, optimize advertising campaigns, and tailor messages for maximum impact. AI-driven tools also streamline data analysis, allowing marketers to derive actionable insights from vast datasets efficiently. As AI continues to evolve, its integration into marketing strategies promises increased efficiency, improved ROI, and the ability to deliver more personalized and relevant experiences to consumers in a rapidly evolving digital landscape.

4. Consumer Behaviour

Consumer behaviour refers to the actions and decision-making processes individuals undergo when searching for, purchasing, using, and disposing of products and services. It involves a complex interplay of psychological, social, cultural, and economic factors that influence how consumers interact with the market.

Understanding consumer behaviour is essential for businesses to effectively market their offerings. Factors such as personal preferences, perceptions, and attitudes play a significant role in shaping purchasing decisions. Social influences, including family, peers, and societal norms, also impact consumer choices.

Consumers go through a decision-making process that typically involves problem recognition, information search, evaluation of alternatives, purchase, and post-purchase evaluation. This process is influenced by internal and external stimuli, as well as individual motivations and needs.

In the modern era, technology and online platforms further influence consumer behavior. The availability of information, social media, and e-commerce platforms has empowered consumers, enabling them to make more informed decisions and share experiences with a global audience.

Overall, studying consumer behaviour is crucial for businesses to adapt their marketing strategies, enhance customer satisfaction, and stay competitive in dynamic markets.

5. AI Marketing tools used by Cosmetic Industry in India

General categories of AI marketing tools along with examples that could be relevant:

Chatbots and Virtual Assistants:

Example: Nykaa, a popular Indian beauty and cosmetics retailer, may employ AI chatbots on its website to assist customers in finding the right products, providing beauty tips, and answering queries.

Personalization Engines:

Example: Forest Essentials, an Indian luxury skincare brand, might use AI-driven personalization engines to recommend products based on customer preferences, skin types, and past purchase history.

Predictive Analytics:

Example: Lakmé, a well-known Indian cosmetics brand, could leverage predictive analytics to forecast trends, optimize inventory, and plan marketing strategies for new product launches.

Image and Video Recognition:

Example: Maybelline New York, a global cosmetic brand available in India, might utilize AI-powered image recognition for virtual try-on experiences, allowing customers to see how different products look on their faces through augmented reality.

Social Media Listening Tools:

Example: MAC Cosmetics, with a strong presence in India, could use social media listening tools powered by AI to monitor brand mentions, analyse sentiment, and gather insights to shape their social media marketing strategies.

Automated Email Marketing:

Example: Kama Ayurveda, an Indian Ayurvedic skincare brand, may employ AI tools for automated email marketing campaigns, sending personalized product recommendations and promotions based on customer behaviour and preferences.

Data Analytics Platforms:

Example: Himalaya Herbals, a popular Indian herbal cosmetics brand, might use AI-driven data analytics platforms to analyse consumer behaviour, track market trends, and gain actionable insights to inform marketing decisions.

6. Objective of the Study

To explore the profound impact of use of Artificial Intelligence (AI) marketing tools on consumer buying behaviours within the burgeoning landscape of the cosmetic industry.

7. Methodology

The methodology used to study the impact of AI Marketing tools on consumer behaviour in cosmetic Industry through the help of sources such as articles, journals, and sources of secondary information.

8. Literature Review

- Customers have a positive user experience through integrated applications that employ machine intelligence. It keeps track of purchases, including where and when they are made. It can analyse the data and provide customised marketing messages to customers. (Haleem, Qadri, Javaid, Singh, & Suman, 2022).
- AI can help marketers segment targets more accurately. Knowing segments accurately will help them make content more personalized for everyone. (Vinchhi, Shroff, Tanna, & Rai, 2019)
- Analysing and predicting consumer journey is troublesome for marketers. Consumers convey their opinion in the form of blogs, Tweets, “likes,” videos, search, comments and conversations and through various channels. Machine Learning comprehends the analysis of historical data from various business interactions with audiences and their responses. This data helps in identification of the success factors of a person’s communications, including targeting, offers, copy and frequency. Algorithms for Machine Learning generate insights via predictive analytics, and it depends on marketers to take actions according to those insights or set certain directives for AI to act on them. (Jain & Aggarwal, 2020)
- "There is a sense of urgency among competitive organisations to integrate AI into the marketing process." (Basha, 2023).
- Social media marketing is driven by unique content that can attract specific audiences, brands can design the virtual influencers' content such as personality, appearance, apparel, and lifestyle in line with their product or service. (Kim & Park, 2023).
- The combination of new technologies in retail makes it possible to identify consumer purchasing behaviours and propose interactive shopping experiences also in order to identify ad hoc communication campaigns and sales strategies that are actually and probably more effective depending on the clientele, becoming both an issue that an opportunity. (Sestino, 2023)

9. Discussion

As stated, while conducting this study, the research study primarily focussed on the various AI marketing tools used by the various player such Lakme, Maybelline, MAC of the cosmetic industry in India and study the impact on the consumer behaviour.

The intersection of AI marketing tools and consumer behaviour within the cosmetic industry has become a pivotal force, redefining the traditional paradigms of beauty commerce. AI's impact is palpable in the deeply diverse and culturally rich market, where personalized marketing strategies have gained prominence. The ability of AI algorithms to analyse vast datasets has enabled cosmetic brands to tailor their offerings to the unique and varied preferences of Indian consumers, spanning different skin tones, hair types, and cultural nuances.

Virtual try-ons and augmented reality applications have addressed the challenges of online cosmetic shopping, allowing Indian consumers to virtually experiment with products before making informed choices. This has mitigated apprehensions related to colour selection and product suitability, particularly in a market with diverse beauty standards.

Additionally, AI-driven chatbots and virtual assistants have facilitated seamless interactions in multiple languages, enhancing customer service for India's linguistically diverse population.

Influencer marketing, optimized by AI algorithms, has tapped into the popularity of social media platforms in India. This has not only amplified the reach of cosmetic brands but has also aligned products with regional and cultural trends.

10. Conclusion

The integration of artificial intelligence (AI) marketing tools has ushered in a transformative era for the cosmetic industry, reshaping the landscape of consumer behavior. The personalization capabilities afforded by AI have revolutionized the way brands connect with consumers, offering tailored experiences that resonate with individual preferences. Virtual try-ons and augmented reality applications have elevated the online shopping experience, providing consumers with a risk-free means to explore and engage with cosmetic products. AI-powered chatbots and virtual assistants have not only streamlined customer service but have also enriched overall customer experiences, fostering a sense of connectivity and responsiveness. Moreover, the optimization of influencer marketing, predictive analytics for trend forecasting, and dynamic pricing strategies underscore the strategic advantages AI imparts to cosmetic brands. The future of the cosmetic industry is intricately intertwined with the continued evolution and integration of AI technologies, promising a dynamic and consumer-centric landscape.

11. Limitation

- Consumer perceptions, emotions, and experiences related to AI marketing tools may not be fully understood without qualitative research method is the study is completely qualitative in approach.
- Understanding the sustainability and durability of the observed changes is crucial for the in-depth study.
- Consumer behaviour is complex and influenced by various factors that contributes to the behavioural approach of consumer towards a product. Therefore, this research may not be able to study the complexity of all factors.

12. Future Scope

- AI-driven marketing tools can accelerate more engaging and interactive campaigns. This consist of AI-generated content, interactive advertisements, and gamification, creating a more immersive and memorable brand experience.
- AI tools can assist in tracking and communicating a brand's commitment to ethical and sustainable practices. Consumers are increasingly interested in eco-friendly and cruelty-free products, and AI can help convey these values effectively.
- AI tools can analyse vast amounts of data from social media, online forums, and other sources to identify emerging trends and consumer preferences. Cosmetic brands can use this information to anticipate market trends and adjust their marketing strategies accordingly.

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