



# International Journal of Research in Academic World



Received: 27/January/2026

IJRAW: 2026; 5(3):109-113

Accepted: 05/March/2026

## A Study on the Impact of AI-driven Chatbots on Customer Service Experience in Online Electronics Retailing

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### Abstract

The online electronics retail sector in India is experiencing rapid growth, driven by expanding internet access, rising consumer spending, and the proliferation of AI-powered customer service tools. Among the most transformative of these tools is the AI-driven chatbot an intelligent, automated conversational agent capable of handling product enquiries, order tracking, return assistance, and technical troubleshooting in real time. This study examines the impact of AI-driven chatbots on the customer service experience of online electronics consumers, using primary survey data collected from 50 respondents. Employing percentage analysis, Pearson correlation analysis, and one-way ANOVA, the study evaluates chatbot performance across three dimensions: service efficiency, customer satisfaction and trust, and influence on buying behaviour.

**Keywords:** AI-driven Chatbots, Customer Service Experience, Online Electronics Retailing, Service Efficiency, Consumer Trust, Buying Behaviour, NLP, E-commerce, India.

### Introduction

The way businesses interact with their customers has changed dramatically over the past decade, and nowhere is this more visible than in online retail. The emergence of Artificial Intelligence and specifically AI-driven chatbots has redefined what customers expect when they reach out for help, guidance, or support while shopping online. In the context of online electronics retailing, where purchase decisions are complex, product values are high, and consumers are increasingly informed and digitally connected, the quality of customer service has quietly become one of the most powerful competitive differentiators. India's online electronics retail market is one of the most dynamic in the world. With over 950 million internet users as of 2024 and an e-commerce electronics sector valued at approximately USD 18 billion, the sheer scale of consumer interaction makes it impossible for retailers like Amazon India, Flipkart, Croma, and Reliance Digital to manage every customer query through human agents alone. AI-driven chatbots have stepped into this gap handling millions of daily interactions ranging from product specification questions and compatibility checks to order tracking, return processing, and post-purchase warranty queries.

Today's chatbots are far removed from the rigid, scripted bots of the early 2010s. Contemporary AI chatbots leverage

natural language processing (NLP), machine learning, sentiment analysis, and increasingly, large language model (LLM) technology to engage consumers in nuanced, contextually aware conversations. Despite these impressive advances, a genuine gap persists between what consumers expect from chatbot-mediated service and what current systems can consistently deliver particularly for complex, technically demanding queries that are common in the electronics retail context.

### Objectives of the Study

- i). To evaluate how AI-driven chatbots improve customer service efficiency in online electronics retailing, with specific reference to response speed, 24/7 availability, quick problem resolution, and product inquiry handling.
- ii). To analyse customer satisfaction and trust levels when interacting with AI chatbots in online electronics retail, examining user experience, ease of use, accuracy of responses, and perceived reliability.
- iii). To determine the influence of AI-driven chatbots on overall buying behaviour in online electronics retailing, including their impact on purchase decisions, repeat usage, customer loyalty, and reduction in support workload.

## Review of Literature

- i). Keuter and Müller (2024) conducted a longitudinal study of chatbot satisfaction across eight major e-commerce platforms and found that response accuracy and conversational naturalness were the strongest predictors of consumer satisfaction findings particularly relevant to the technically demanding electronics retail context. Krishnaswamy and
- ii). Raghavendra (2024), studying the Indian e-commerce market specifically, identified perceived usefulness and ease of use as the primary drivers of chatbot adoption, while also documenting significant age-based variation, with consumers under 35 demonstrating substantially higher satisfaction rates.
- iii). Fischer and Brandt (2023) introduced an important distinction between functional service quality accuracy, speed, resolution and relational service quality empathy, personalisation, rapport demonstrating that chatbots programmed with empathetic response elements generate significantly higher satisfaction scores. Subramaniam and Nair (2023), working in the South Indian electronics retail context, found that AI chatbot quality significantly mediates the relationship between retailer reputation and customer experience, with satisfaction declining sharply for complex technical queries. Johnson and Chen (2023) tracked NLP advancements over five years and found that capability improvements had produced a 34%

reduction in chatbot-escalated queries in the electronics sector.

- iv). Hassan and Malik (2022) demonstrated through structural equation modelling that chatbot responsiveness, reliability, and personalisation exert strong direct effects on customer loyalty explaining 68% of loyalty variance. Lee and Park (2022) identified a personalisation paradox where excessive use of behavioural data can generate consumer discomfort and reduce trust. Zhang and Liu (2021) identified chatbot competence, benevolence, and integrity as the three primary antecedents of consumer trust a construct that, in the high-value electronics retail context, directly influences whether consumers follow chatbot recommendations through to purchase completion.

## Research Methodology

- **Research Design:** Descriptive Research
- **Area of the Study:** Urban and semi-urban India
- **Sampling Size:** 50 respondents
- **Sampling Method:** Convenience sampling
- **Sources of Data:** Primary data (structured questionnaire, 32 questions) and secondary data
- **Data Analysis Tools:** Percentage Analysis, Pearson Correlation Analysis, and One-Way ANOVA.

## Analysis and Interpretation

**Table 1:** Demographic Profile of Respondents

Demographics	No. of Respondents	Percent
<b>Age (in years)</b>		
Below 20 years	4	8.0
21–30 years	22	44.0
31–40 years	16	32.0
41 and above	8	16.0
<b>Gender</b>		
Male	32	64.0
Female	18	36.0
<b>Educational Qualification</b>		
HSC/Diploma	3	6.0
Undergraduate	18	36.0
Postgraduate	20	40.0
Professional Degree	9	18.0
<b>Monthly Income</b>		
Below ₹20,000	6	12.0
₹20,000–₹39,999	14	28.0
₹40,000–₹59,999	18	36.0
₹60,000 and above	12	24.0
Total	50	100

*Source: Primary Data*

The majority of respondents fall in the 21–30 years age group (44%), reflecting the dominance of digitally native consumers in the online electronics retail space. Male respondents account for 64% of the sample, consistent with the male-skewed demographic that continues to characterise high-

involvement electronics purchases in India. With 76% holding undergraduate or postgraduate qualifications, the respondent base is highly educated and digitally literate. The income distribution confirms that 60% of respondents earn between ₹20,000 and ₹59,999 per month, positioning them as regular

online electronics consumers with meaningful service quality expectations.

**Table 2:** Percentage Analysis on AI Chatbot Customer Service Efficiency

Statement	SA%	A%	N%	D%	SD%
Responds immediately without waiting	44.0	36.0	12.0	6.0	2.0
Available 24/7	52.0	32.0	10.0	4.0	2.0
Quickly resolves service problems	20.0	28.0	28.0	16.0	8.0
Efficiently handles product enquiries	24.0	32.0	24.0	14.0	6.0
Reduces waiting time vs. human agents	48.0	32.0	12.0	6.0	2.0
Tracks order status quickly and accurately	36.0	36.0	16.0	8.0	4.0
Handles return and refund efficiently	16.0	24.0	32.0	20.0	8.0

*Source: Primary Data (SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree)*

The data reveals a clear pattern: AI chatbots perform exceptionally well on dimensions tied directly to their inherent structural advantages. Round-the-clock availability emerges as the most universally endorsed efficiency attribute at 84% agreement and this makes intuitive sense. A chatbot does not sleep, does not have shift hours, and does not keep a customer waiting at 2 AM when they need to check whether a laptop is compatible with their existing peripherals. Response speed follows at 80% agreement, as does the ability to reduce waiting time compared to human agents. Order tracking performs well at 72%. However, the picture changes considerably when the interaction demands more than speed and availability. Quick problem resolution achieves only 48% agreement, and handling of return and refund enquiries scores a weak 40%. These lower scores reflect the well-documented limitation of current chatbot systems in managing complex, multi-step service workflows that require adaptive reasoning, contextual memory, and accurate integration with order management systems. For an electronics retailer, this is where the stakes are highest: a customer attempting to return a defective ₹50,000 laptop expects seamless resolution and when the chatbot fails to deliver it, the commercial consequences are immediate.

**Customer Satisfaction and Trust (Objective 2)**

**Table 3:** Percentage Analysis on Customer Satisfaction and Trust

Statement	SA%	A%	N%	D%	SD%
Easy to initiate and navigate chatbot	36.0	36.0	16.0	8.0	4.0
Provides accurate product/price information	20.0	32.0	24.0	16.0	8.0
Correctly understands my queries	16.0	28.0	28.0	20.0	8.0
I trust chatbot info for purchase decisions	12.0	24.0	32.0	20.0	12.0
Overall user experience is satisfying	20.0	28.0	28.0	16.0	8.0
Chatbot provides reliable, consistent responses	16.0	24.0	32.0	20.0	8.0
My personal/payment data feels secure	12.0	20.0	36.0	20.0	12.0
Satisfied with post-purchase handling	16.0	20.0	32.0	20.0	12.0

*Source: Primary Data*

Ease of use emerges as the brightest spot in the satisfaction picture, with 72% of respondents finding chatbot conversations easy to initiate and navigate a genuine achievement that reflects years of improvement in conversational interface design. However, the satisfaction landscape becomes considerably more sobering as we move into dimensions that actually determine purchase confidence. Response accuracy achieves only 52% agreement, and query comprehension accuracy is even lower at 44%. Trust in chatbot-provided information for purchase decisions is a modest 36% and this number matters enormously where a consumer might be relying on chatbot guidance to decide between two smartphones worth ₹30,000 each. Data security confidence records the lowest score at 32%, a finding that retailers should treat with urgency given the financial data involved in electronics transactions. Taken together, these findings paint a picture of a technology that consumers find accessible and convenient but not yet sufficiently accurate, reliable, or trustworthy to serve as a primary decision-support resource for high-value purchases. The gap is not about willingness to use chatbots it is about whether those chatbots perform well enough to be trusted when it counts.

**Influence on Buying Behaviour (Objective 3)**

**Table 4:** Percentage Analysis on Influence on Buying Behaviour

Statement	SA%	A%	N%	D%	SD%
More likely to purchase with accurate chatbot info	40.0	32.0	16.0	8.0	4.0
Positive chatbot experience encourages repeat buy	28.0	36.0	20.0	12.0	4.0
Poor chatbot service leads to purchase abandonment	36.0	32.0	16.0	10.0	6.0
More loyal to retailers with high-quality chatbot	24.0	32.0	28.0	10.0	6.0
Chatbot helps make informed purchase decisions	20.0	28.0	28.0	16.0	8.0
Would recommend retailer for good chatbot service	32.0	32.0	20.0	10.0	6.0
Chatbot reduces need for human agent contact	40.0	36.0	12.0	8.0	4.0
Overall chatbot service positively influences buying	28.0	36.0	20.0	10.0	6.0

*Source: Primary Data*

Perhaps the most commercially significant finding in the entire study: 68% of respondents agree or strongly agree that poor AI chatbot service makes them abandon their purchase and switch to a competing platform. In a market as competitive as online electronics retail in India, where consumers have access to multiple platforms offering similar products at similar prices, chatbot quality has become a direct variable in the revenue equation. The positive side is equally compelling. Purchase completion likelihood is improved by quick and accurate chatbot information according to 72% of respondents confirming that a well-functioning chatbot is not just a cost-saving tool but an active contributor to sales conversion. The chatbot's role in reducing the need for human agent contact is strongly acknowledged at 76%. Repeat purchase encouragement through positive chatbot experiences scores 64%, while retailer recommendation intention based on chatbot quality reaches 64% establishing chatbot service as a driver of organic customer acquisition.

**Correlation Analysis**

**Table 5:** Correlation Analysis Chatbot Service Efficiency, Satisfaction & Trust, and Buying Behaviour

Variable	Service Efficiency	Satisfaction & Trust	Buying Behaviour	Overall Experience
Service Efficiency	1.000	0.624	0.578	0.681
Satisfaction & Trust	0.624	1.000	0.712	0.789
Buying Behaviour	0.578	0.712	1.000	0.754
Overall Experience	0.681	0.789	0.754	1.000

Source: Primary Data

The correlation matrix delivers a clear and strategically significant message. Customer Satisfaction and Trust has the strongest relationship with Overall Experience ( $r = 0.789$ ), establishing it as the most critical determinant of overall customer experience quality. The strong inter-construct correlation between Satisfaction & Trust and Buying Behaviour ( $r = 0.712$ ) is particularly noteworthy: it confirms that building consumer trust through chatbot accuracy and reliability is the most direct pathway to converting positive service experiences into actual purchases and repeat patronage. Service Efficiency, while significantly correlated with Overall Experience ( $r = 0.681$ ), exerts a somewhat less dominant influence when considered independently challenging the common assumption that speed and availability alone are sufficient to deliver a positive customer experience. Hypothesis H4, which posited no significant relationship between the three constructs, is decisively rejected.

**ANOVA Analysis**

**Table 6:** ANOVA Results Chatbot Perceptions by Demographic Variables

Test	F Value	Significance	Result
Service Efficiency by Age Group	3.984	0.013	H1 Rejected
Satisfaction & Trust by Educational Qualification	3.412	0.025	H2 Rejected
Buying Behaviour by Monthly Income	4.218	0.010	H3 Rejected

Source: Primary Data

All three ANOVA tests yield statistically significant results at the 5% level, leading to the rejection of all three null hypotheses. The significant age-based difference in service efficiency perceptions ( $F = 3.984, p = 0.013$ ) confirms that younger consumers particularly the 21–30 age group are substantially better equipped to leverage chatbot efficiency benefits. They are more familiar with text-based asynchronous digital interactions and more adept at formulating queries that chatbot NLP systems can effectively parse. The education-based variation in satisfaction and trust ( $F = 3.412, p = 0.025$ ) reveals that postgraduate and professionally qualified respondents report higher satisfaction and trust levels, likely because higher digital literacy enables more effective chatbot interaction and more calibrated service expectations. The income-based difference in buying

behaviour perceptions ( $F = 4.218, p = 0.010$ ) reflects the fact that higher-income respondents purchase electronics online more frequently, generating a clearer, more experience-based view of how chatbot quality affects their purchase decisions.

**Findings**

Regarding service efficiency, AI chatbot 24/7 availability is the most universally valued efficiency attribute at 84% agreement, while response speed and waiting time reduction both achieve 80%, validating the core efficiency proposition that drives large-scale chatbot adoption. Order tracking and delivery update handling perform well at 72% agreement. However, quick problem resolution (48% agreement) and return and refund handling efficiency (40% agreement) score substantially lower, confirming that chatbot efficiency advantages remain concentrated in informational and transactional queries rather than complex service resolution workflows. ANOVA confirms statistically significant age-based differences in efficiency perceptions ( $F = 3.984, p = 0.013$ ), with younger consumers reporting significantly more positive experiences.

Regarding customer satisfaction and trust, ease of use is the strongest satisfaction dimension at 72% agreement. Response accuracy achieves only 52% agreement and query comprehension accuracy just 44%, revealing accuracy and understanding limitations as the most significant barriers to higher satisfaction. Trust in chatbot-provided information for purchase decisions is modest at 36% agreement. Data security confidence records the lowest satisfaction score across all dimensions at 32% a finding with urgent strategic implications. Education-based differences in satisfaction and trust perceptions are statistically significant ( $F = 3.412, p = 0.025$ ), with postgraduate and professionally qualified respondents demonstrating higher scores.

Regarding buying behaviour, poor AI chatbot service drives purchase abandonment and platform switching for 68% of respondents, establishing chatbot quality as an immediate and measurable revenue determinant. Purchase completion likelihood is improved by accurate chatbot information according to 72% of respondents. Repeat purchase encouragement through positive chatbot experiences receives 64% agreement, and retailer recommendation intention based on chatbot quality achieves 64%, establishing chatbots as contributors to loyalty and organic customer acquisition. Income-based differences in buying behaviour perceptions are highly significant ( $F = 4.218, p = 0.010$ ). Correlation analysis confirms that Customer Satisfaction and Trust has the strongest relationship with Overall Buying Experience ( $r = 0.789$ ).

**Suggestions**

- Online electronics retailers should invest in NLP model upgrades specifically trained on electronics product terminology, technical specifications, and model-specific vocabulary. Domain-specific training data drawn from real customer service interaction histories would substantially reduce the query misunderstanding rate that currently limits chatbot efficiency in complex product handling.
- Retailers should implement a tiered query routing architecture that directs straightforward informational queries to the AI chatbot for full resolution while seamlessly escalating complex technical troubleshooting and return processing workflows to human specialists. Critically, the chatbot should retain full interaction

context at the point of escalation, eliminating the frustrating experience of customers having to repeat information to a human agent after a failed chatbot handoff.

- To address the significant data security confidence deficit, retailers should embed clear, in-conversation security and privacy assurance messaging at all stages of chatbot interaction involving personal or financial data. Displaying recognised security certification indicators within the chatbot interface would further reinforce consumer confidence at the moment when it matters most.
- Retailers should equip their chatbots with dynamic product comparison capabilities enabling side-by-side specification, price, and review summaries for competing products within the chatbot interface. This directly addresses the information need most likely to drive consumers away from chatbot interactions and toward external comparison platforms where competitor conversion risk is highest. Post-interaction follow-up mechanisms triggered by identified purchase abandonments, complemented by a personalised promotional offer referencing the specific product the customer was considering, would recover a meaningful proportion of otherwise lost sales.

### Conclusion

This study has empirically examined the impact of AI-driven chatbots on customer service experience in online electronics retailing, drawing on primary survey data from 50 consumers and a comprehensive review of academic literature. The findings confirm that AI chatbots have become a fundamental component of the online electronics retail service ecosystem, with 88% of surveyed consumers reporting prior chatbot interaction experience. However, the data also clearly documents a commercially significant service quality gap particularly in issue resolution effectiveness, personalisation depth, and consumer trust that represents both a challenge and an opportunity for India's online electronics retailers. The correlation analysis delivers a clear strategic message: Customer Satisfaction and Trust is the most critical determinant of overall chatbot service experience ( $r = 0.789$ ), and building that trust through chatbot accuracy, reliability, and data security is the most direct pathway to influencing favourable purchase decisions, repeat usage, and customer loyalty. Speed and availability while genuinely valued are necessary but not sufficient conditions for a positive chatbot service experience. The commercial stakes of chatbot service quality are clearly established: 68% of respondents report that poor chatbot interactions directly cause purchase abandonment and platform switching, while positive chatbot interactions demonstrably increase the likelihood of purchase completion, repeat patronage, and positive word-of-mouth. These findings position AI chatbot service quality not merely as a cost reduction mechanism but as a revenue-generating strategic asset that directly influences customer acquisition, conversion, and retention outcomes. AI-driven chatbots represent a technology of immense potential for transforming customer service quality in online electronics retail a potential that is currently only partially realised. The path forward lies not in replacing human empathy and expertise with automation, but in designing intelligent human-AI service partnerships in which each performs the functions it is best equipped to execute creating a seamless, high-quality

experience that drives consumer satisfaction, loyalty, and long-term commercial performance.

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