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The Influence of Artificial Intelligence in Digital Marketing on Generation Z Consumer Decision Making

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ABSTRACT

This study aims to examine the impact of Artificial Intelligence (AI) usage in digital marketing on Generation Z consumers' decision-making. In the rapidly growing digital era, the implementation of AI in marketing strategies has become crucial in attracting attention and influencing consumer behavior. This research employs a modified Technology Acceptance Model (TAM) to analyze the factors affecting Generation Z's purchase intention, with independent variables including ad personalization, Chatbots, AI-based recommendations, and AI-supported Augmented Reality (AR). Additionally, the study examines mediating variables such as trust in AI technology and moderating variables such as loyalty toward platforms using AI. The research employs a quantitative approach using a questionnaire as the data collection instrument. The respondents are 384 Generation Z consumers who actively shop online and interact with AI technology. Data analysis techniques include PLS-SEM (Partial Least Squares Structural Equation Modeling) to test relationships between variables and IPA (Importance-Performance Analysis) to assess the performance and importance of variables related to purchase intention. The analysis results indicate that the use of AI technology in digital marketing has a significant positive impact on Generation Z consumers' decision-making, with trust in AI technology serving as a significant mediating variables. Moreover, loyalty to brands using AI plays a moderating role in this influence.

KEYWORDS Artificial Intelligence, Consumer Decision-Making, Digital Marketing, Generation Z, IPA analisys, PLS-SEM

INTRODUCTION

The background of this research focuses on significant changes in the world of digital marketing triggered by technological developments, especially *artificial intelligence (AI) (Bodenstedt et al., 2020; Emile et al., 2022; Hassan et al., 2023; Miller, 2019; Newman et al., 2022)*. In recent years, AI has played a major role in transforming the way companies interact with consumers through various applications, such as ad personalization, product recommendation systems, and automated customer service. Along with the rapid adoption of this technology, a new phenomenon has emerged in consumer behavior, especially among Generation Z, who are highly connected to technology and the internet. These young consumers are more likely to rely on digital devices in their purchasing decisions (Kotler et al., 2024; Nalbant & Aydin, 2023; Ponomarenko & Ponomarenko, 2023; Pricope Vancia et al., 2023; Semenda, 2023).

In Indonesia, according to data from the Central Statistics Agency (BPS) in 2020, Gen Z accounts for around 27.94% of the total population (Wati et al., 2024). The Gen Z group is

the largest demographic segment, followed by the millennial generation, which covers 25.87%, and Gen X, accounting for 21.88% of the population (Mukhlis et al., 2023). The rest of the population is made up of several other generations such as the Pre-Boomer Generation, Baby Boomer, and Post-Gen Z (Nurhanisah, 2020). The percentage of generation distribution can be seen in Figure 1. This large population makes Gen Z a very influential group in e-commerce.

Generation Z is a very digitally intelligent generation, which drives their extensive use of technology and information. Generation Z's consumption patterns are influenced by the increase in internet use, causing them to prefer online services to purchase the goods and services they want (Nurmalia et al., 2024).

E-commerce is gaining popularity with the use of *artificial intelligence (AI)* in advertising personalization (Anggraeni & Sekti, 2024). AI analyzes consumer data to serve more relevant ads based on individual behavior and preferences. By collecting information about previous searches, clicks, purchases, and interactions, AI can tailor ads to appeal more precisely to targeted consumer attention. For Generation Z consumers, who are highly connected to the digital world, this personalized shopping experience can increase their chances of interacting with the products offered, as well as improve conversion rates in e-commerce. This phenomenon is in line with consumer behavior theory, which explains how external factors, such as advertising tailored to individual needs, can influence purchasing behavior (Indrawati et al., 2022). The findings show that Generation Z is accustomed to AI technology in their daily lives, making them more likely to perceive AI as a useful tool (Castanha et al., 2021). Furthermore, exposure to AI technology, especially through ad personalization and recommendation systems, plays an important role in increasing AI knowledge and use among Generation Z (Indrawati & Utama, 2018).

In recent years, AI-based chatbots have been increasingly used in customer service to facilitate interactions between companies and consumers (Nur et al., 2024). These chatbots can answer customer questions in real-time, provide product recommendations, and even process orders (Hidayat, 2024). For Generation Z consumers, who are accustomed to the speed and convenience of interacting with technology, the presence of chatbots on e-commerce platforms is very helpful. This technology provides answers and solutions to problems they face without having to wait for long periods, which certainly affects their shopping decisions. This is closely related to consumer decision-making theory, which describes how purchasing decisions are influenced by factors such as the speed and ease of the purchase process, as well as the availability of fast and accurate information. AI-based product recommendations on social media platforms such as Instagram, Facebook, and TikTok have become effective tools in influencing consumer behavior. With algorithms that identify users' interests, preferences, and behavioral patterns, these social platforms can display ads or products relevant to consumers' daily lives (Hunaifi et al., 2024). Generation Z, who spend a great deal of time on social media, are often influenced by recommendations appearing on their timelines, either through influencers or personalized ads. This not only affects brand awareness but can also directly drive purchase decisions. This phenomenon relates to consumer trust and loyalty theory, which states that trust in a brand or product recommended by a credible source, such as influencers on social media, can increase consumer loyalty and influence consumers' decision to buy.

Augmented Reality (AR) powered by AI technology offers a more interactive and immersive shopping experience. In e-commerce, AR gives consumers the opportunity to virtually "try" on products before making a purchase (Nugroho & Anggara, 2024), such as

trying on clothes or seeing how furniture will look in their homes. For Generation Z, who are highly connected to technology, this experience provides a more realistic sense of online shopping, which is usually less interactive than shopping in a physical store. This increases consumer confidence in making purchasing decisions and provides a more enjoyable shopping experience.

AI-based recommendation systems have become one of the most prominent features in e-commerce platforms and shopping apps. These systems use algorithms to predict products that consumers are likely to prefer based on their shopping history or similar behavior from other consumers. Generation Z, who seek convenience and efficiency in shopping, tends to prefer a personalized shopping experience through targeted recommendations. With the increasing sophistication of AI algorithms, these recommendations are not only more relevant but also more likely to encourage consumers to make purchases, influencing how they interact with e-commerce platforms. This is also related to consumer behavior theory, which shows how individual preferences influenced by tailored recommendations can drive faster and more definitive purchasing decisions.

Exposure to AI technology, especially through ad personalization and recommendation systems, plays an important role in increasing AI knowledge and use among Gen Z. This exposure not only heightens their awareness of AI capabilities but also affects perceived usefulness and perceived ease of use of the technology. Usability perception is the extent to which a person believes that using certain technology can improve their performance or efficiency in completing specific tasks. Meanwhile, perceived ease of use measures the extent to which a person believes that the technology can be used easily, without requiring much effort or difficulty during the process.

This research is very relevant and worth doing due to the accelerating development of AI technology, as well as the importance of understanding how this technology can influence the preferences and purchasing decisions of younger generations. This research can provide much-needed new information for marketing practitioners in designing more effective strategies, taking into account the unique habits and preferences of Generation Z. Additionally, the results of this research can help companies optimize the use of AI technology to create a more personalized shopping experience. Thus, companies can increase the effectiveness of more targeted promotions.

Based on the background explained, the formulation of the problem in this research covers several important aspects related to the influence of *artificial intelligence (AI)* in the context of online shopping, especially among Generation Z. First, this research aims to explore how the level of exposure to AI can affect perceptions of usability and ease of use, as well as its impact on Generation Z's purchase intentions. This research also seeks to understand the influence of AI use in daily life on purchase intent, as well as the positive relationship between AI use and perceptions of its usefulness and ease of use. In addition, knowledge about AI is also analyzed to examine its influence on the perception of usability and ease of use, as well as its impact on purchase intent. This research is expected to determine whether perceptions of usability and ease of use act as mediators between exposure to, use of, and knowledge about AI and purchase intent.

The purpose of this research is to assess the impact of AI on Generation Z's purchase intent, understand the perception of AI's usability and ease of use and their influence, and

analyze the direct and indirect influences of exposure, use, and knowledge of AI. The benefits of this research are both theoretical and practical; theoretically, it is expected to contribute significantly to the development of consumer decision-making theories by considering the role of AI and deepening understanding of how perceptions of AI's usability and ease of use influence purchase intent. Practically, the results can provide guidance for e-commerce companies to design more effective digital marketing strategies, improve the shopping experience of Generation Z consumers, and help online retailers optimize the use of AI to create more personalized and relevant shopping experiences, thereby increasing loyalty and sales volume.

METHOD

This study uses a quantitative method with a survey approach. The quantitative method was chosen because it allows researchers to measure the variables that are objectively studied through numerical data. The survey approach was used to collect data from a number of respondents who were part of Generation Z. Data was obtained using questionnaires as a research instrument, in which respondents provided answers to a series of questions arranged based on predetermined variable indicators. The collected data was then analyzed using the Partial Least Squares Structural Equation Modelling (PLS-SELM) method, which aims to test the relationships between variables in a conceptual framework that has been constructed. In addition, Importance-Performance Analysis (IPA) is also used to identify important aspects that affect Generation Z's purchase intention as well as the performance of the use of AI technology in digital marketing.

Judging from the purpose of the research, this research is included in the category of explanatory research. Explanatory research aims to explain the cause-and-effect relationship between the variables studied (Sari et al., 2023). In this context, the study aims to outline how exposure, use, and knowledge of AI affect Generation Z's perception of the usability and ease of use of AI technology, as well as how these variables affect their purchase intent. Thus, this study not only describes the phenomenon that occurs, but also analyze the relationship between variables in a conceptual framework that has been formulated previously.

Based on the involvement of researchers, this study is non-participatory. This means that researchers are not directly involved in the data collection process (Maghfiroh et al., 2024), apart from the distribution of questionnaires and the processing of the data that has been collected. In non-participatory research, the role of the researcher is limited to research design planning, preparation of questionnaire instruments, data collection through survey distribution, and analyze of the data that has been obtained. With this approach, researchers can maintain objectivity and avoid biases that may arise from direct involvement in interactions with respondents.

Based on unit analyze, this study focuses on individuals, namely members of Generation Z who participate in the survey. Generation Z is a demographic group born in a certain age Rangel and is known to Havel characteristics that are closely to digital technology. The focus on the individual as a unit of analyzes allows this study to observe and understand Generation Z's behaviour and perception of AI technology in the context of consumer decision-making.

In terms of implementation time, this study is cross-sectional research. Cross-sectional research is research that collects data at a specific point in time (Abduh et al., 2022), thus

describing a situation or phenomenon that is happening at the time the data is collected. With this approach, the research can provide a cellar picture of the relationship between research variables in the context of the use of AI technology by Generation Z.

RESULTS AND DISCUSSION

A. Hypothesis Test Results

In this research, there are 17 hypotheses tested. The following are the results of the hypothesis test recapitulation based on the Path coefficient value with Bootstraping.

Table 1. Recapitulation of Hypothesis Test Results

Hypothesis	Original sample	T statistics	P values	Conclusion Ha
Direct Effect				
STRONG >	0,216	3,837	0,000	H1 Accepted
EAI -> PEUAI	0,279	4,803	0,000	H2 Accepted
EAI -> PI	0,085	1,879	0,030	H3 Accepted
UOAI -> PI	0,281	4,801	0,000	H4 Accepted
THE STRONG >	0,226	4,017	0,000	H5 Accepted
UOAI -> PEUAI	0,196	3,109	0,001	H6 Accepted
POWER -> PI	0,224	4,164	0,000	H7 Accepted
PEUAI -> PI	0,048	1,157	0,124	H8 Rejected
KAAI > POWER	0,433	7,392	0,000	H9 Accepted
KAAI -> PEUAI	0,370	5,890	0,000	H10 Accepted
KAAI -> PI	0,275	4,805	0,000	H11 Accepted
Indirect Effect				
EAI -> STRONG -> PI	0,048	2,860	0,002	H12a Accepted
THE STRONG > > PI	0,051	2,589	0,005	H12b Accepted
KAAI -> POWER -> PI	0,097	3,557	0,000	H12c Accepted
EAI -> PEUAI -> PI	0,013	1,123	0,131	H13A Rejected
UOAI -> PEUAI -> PI	0,009	0,934	0,175	H13b Rejected
KAAI -> PEUAI -> PI	0,018	1,137	0,128	H13c Rejected

Based on the results of the hypothesis test recapitulation in table 1, it can be described as follows.

1. Hypothesis Test 1

The first hypothesis tested in this research is the effect of Exposure to AI on the perceived usefulness of AI with the following hypothesis:

H0 : Exposure to AI does not have a positive and significant effect on the perceived usefulness of AI.

H1 : Exposure to AI has a positive and significant effect on the perceived usefulness of AI

Based on table 1, the effect of Exposure to AI (EAI) on the perceived usefulness of AI (PUAI) has a path coefficient value of 0.216 with a statistical t-value of 3.837 and a P value of 0.000. Because the path value is 0.216 and the statistical t-value is 3.837 > table t is 1.65 (significance level 5%; One tail) with a p value of 0.000 < 0.05, then the H0 hypothesis is rejected and H1 is accepted. So, it can be concluded that Exposure to AI has a positive and significant effect on the perceived usefulness of AI. This indicates that the higher the Exposure

to AI, the Perceived usefulness of AI will increase, on the other hand, if the Exposure to AI is lower, the Perceived usefulness of AI will decrease.

2. Hypothesis Test 2

The second hypothesis tested in this research is the effect of Exposure to AI (EAI) on Perceived ease-of-use of AI (PEUAI) with the following hypothesis:

H0 : Exposure to AI does not have a positive and significant effect on perceived ease-of-use of AI.

H2 : Exposure to AI has a positive and significant effect on perceived ease-of-use of AI

Based on table 1, the effect of Exposure to AI on perceived ease-of-use of AI has a path coefficient value of 0.279 with a statistical t-value of 4.803 and a P value of 0.000. Because the path value is 0.279 and the statistical t-value is 4.803 > the table t is 1.65 (significance level 5%; One tail) with a p value of 0.000 < 0.05, then the H0 hypothesis is rejected and H2 is accepted. So, it can be concluded that Exposure to AI has a positive and significant effect on the perceived ease-of-use of AI. This indicates that the higher the Exposure to AI, the Perceived ease-of-use of AI will increase, on the other hand, if the Exposure to AI is lower, the Perceived ease-of-use of AI will decrease.

3. Hypothesis Test 3

The third hypothesis tested in this research is the effect of Exposure to AI (EAI) on Purchase intention (PI) with the following hypothesis:

H0 : Exposure to AI does not have a positive and significant effect on Purchase intention.

H3 : Exposure to AI has a positive and significant effect on Purchase intention

Based on table 1, the effect of Exposure to AI on Purchase intention has a path coefficient value of 0.085 with a statistical t-value of 1.879 and a P value of 0.030. Because the path value is 0.085 and the statistical t-value is 1.879 > table t is 1.65 (significance level 5%; One tail) with a p value of 0.030 < 0.05, then the H0 hypothesis is rejected and H3 is accepted. So, it can be concluded that Exposure to AI has a positive and significant effect on Purchase intention. This indicates that the higher the Exposure to AI, the Purchase intention will increase, on the other hand, if the Exposure to AI is lower, the Purchase intention will decrease.

4. Hypothesis Test 4

The fourth hypothesis tested in this research is the effect of Use of AI (UOAI) on Purchase intention (PI) with the following hypothesis:

H0 : The use of AI does not have a positive and significant effect on Purchase intention.

H4 : The use of AI has a positive and significant effect on Purchase intention

Based on table 1, the effect of the Use of AI on Purchase intention has a path coeficient value of 0.281 with a statistical t-value of 4.801 and a P value of 0.000. Because the path value is 0.281 and the statistical t-value is 4.801 > table t is 1.65 (significance level 5%; One tail) with a p value of 0.000 < 0.05, then the H0 hypothesis is rejected and H4 is accepted. So, it can be concluded that the Use of AI has a positive and significant effect on Purchase intention. This indicates that the higher the Use of AI, the Purchase Intention will increase, on the other hand, if the Use of AI is lower, the Purchase Intention will decrease.

5. Hypothesis Test 5

The fifth hypothesis tested in this research is the effect of Use of AI (UOAI) on Perceived usefulness of AI (PUAI) with the following hypothesis:

H0 : The use of AI does not have a positive and significant effect on the perceived usefulness of AI.

H5 : The use of AI has a positive and significant effect on the perceived usefulness of AI

Based on table 1, the effect of the Use of AI on the perceived usefulness of AI has a path coefficient value of 0.226 with a statistical t-value of 4.017 and a P value of 0.000. Because the path value is 0.226 and the statistical t-value is 4.017 > the table t is 1.65 (significance level 5%; One tail) with a p value of 0.000 < 0.05, then the hypothesis H0 is rejected and H5 is accepted. So, it can be concluded that the Use of AI has a positive and significant effect on the perceived usefulness of AI. This indicates that the higher the Use of AI, the perceived usefulness of AI will increase, on the other hand, if the Use of AI is lower, the perceived usefulness of AI will decrease.

6. Hypothesis Test 6

The sixth hypothesis tested in this research is the effect of the Use of AI (UOAI) on the perceived ease-of-use of AI (PEUAI) with the following hypothesis:

H0 : The use of AI does not have a positive and significant effect on the perceived ease-of-use of AI.

H6 : The use of AI has a positive and significant effect on perceived ease-of-use of AI

Based on table 1, the effect of the Use of AI on perceived ease-of-use of AI has a path coefficient value of 0.196 with a statistical t-value of 3.109 and a P value of 0.001. Because the path value is 0.196 and the statistical t-value is 3.109 > table t is 1.65 (significance level 5%; One tail) with a p value of 0.001 < 0.05, then the H0 hypothesis is rejected and H6 is accepted. So it can be concluded that the Use of AI has a positive and significant effect on the perceived ease-of-use of AI. This indicates that the higher the use of AI, the perceived ease-of-use of AI will increase, on the other hand, if the use of AI is lower, the perceived ease-of-use of AI will decrease.

7. Hypothesis Test 7

The seventh hypothesis tested in this research is the effect of Perceived usefulness of AI (PUAI) on Purchase intention of AI (PI) with the following hypothesis:

H0 : Perceived usefulness of AI does not have a positive and significant effect on the Purchase intention of AI.

H7 : Perceived usefulness of AI has a positive and significant effect on the Purchase intention of AI

Based on table 1, the perceived usefulness of AI effect on Purchase intention has a path coefficient value of 0.224 with a statistical t value of 4.164 and a P value of 0.000. Because the path value is 0.224 and the statistical t-value is 4.164 > table t is 1.65 (significance level 5%; One tail) with a p value of 0.000 < 0.05, then the hypothesis H0 is rejected and H7 is accepted. So, it can be concluded that the perceived usefulness of AI has a positive and significant effect on Purchase intention. This indicates that the higher the perceived usefulness

of AI, the higher the Purchase Intention will increase, on the other hand, if the Perceived usefulness of AI is lower, the Purchase intention will decrease.

8. Hypothesis Test 8

The eighth hypothesis tested in this research is the effect of Perceived ease of use of AI (PEUAI) on Purchase intention of AI (PI) with the following hypothesis:

H0 : Perceived ease of use of AI does not have a positive and significant effect on the Purchase intention of AI.

H8 : Perceived ease of use of AI has a positive and significant effect on Purchase intention of AI

Based on table 1, the effect of perceived ease of use of AI on Purchase intention has a path coefficient value of 0.048 with a statistical t value of 1.157 and a P value of 0.124. Because the path value of 0.048 is positive, but the statistical t-value of 1.157 < the table t is 1.65 (significance level 5%; One tail) with a p value of 0.124 > 0.05, then the H0 hypothesis is accepted and H8 is rejected. So, it can be concluded that the perceived ease of use of AI does not have a positive and significant effect on Purchase intention.

9. Hypothesis Test 9

The ninth hypothesis tested in this research is the effect of Knowledge About AI (KAAI) on the perceived usefulness of AI (PUAI) with the following hypothesis:

H0 : Knowledge About AI does not have a positive and significant effect on the perceived usefulness of AI.

H9 : Knowledge About AI has a positive and significant effect on the perceived usefulness of AI

Based on table 1, the effect of Knowledge About AI on the perceived usefulness of AI has a path coefficient value of 0.433 with a statistical t-value of 7.392 and a P value of 0.000. Because the path value is 0.433 and the statistical t-value is 7.392 > the table t is 1.65 (significance level 5%; One tail) with a p value of 0.000 < 0.05, then the H0 hypothesis is rejected and H9 is accepted. So, it can be concluded that Knowledge About AI has a positive and significant effect on the perceived usefulness of AI. This indicates that the higher the Knowledge About AI, the Perceived usefulness of AI will increase, on the other hand, if the Knowledge About AI is lower, the Perceived usefulness of AI will decrease.

10. Hypothesis Test 10

The tenth hypothesis tested in this research is the effect of Knowledge About AI (KAAI) on Perceived ease-of-use of AI (PEUAI) with the following hypothesis:

H0 : Knowledge About AI does not have a positive and significant effect on the perceived ease-of-use of AI.

H10 : Knowledge About AI has a positive and significant effect on the perceived ease-of-use of AI

Based on table 1, the effect of Knowledge About AI on the perceived ease-of-use of AI has a path coefficient value of 0.370 with a statistical t-value of 5.890 and a P value of 0.000. Because the path value is 0.370 and the statistical t-value is 5.890 > t table 1.65 (significance level 5%; One tail) with a p value of 0.000 < 0.05, then the H0 hypothesis is rejected and H10 is accepted. So, it can be concluded that Knowledge About AI has a positive and significant effect on the perceived ease-of-use of AI. This indicates that the higher the Knowledge About

AI, the Perceived ease-of-use of AI will increase, on the other hand, if the Knowledge About AI is lower, the Perceived ease-of-use of AI will decrease.

11. Hypothesis Test 11

The tenth hypothesis tested in this research is the effect of Knowledge About AI (KAAI) on Purchase intention (PI) with the following hypothesis:

H0 : Knowledge About AI does not have a positive and significant effect on Purchase intention.

H11 : Knowledge About AI has a positive and significant effect on Purchase intention

Based on table 1, the effect of Knowledge About AI on Purchase intention has a path coefficient value of 0.275 with a statistical t value of 4.805 and a P value of 0.000. Because the path value is 0.275 and the statistical t-value is 4.805 > the table t is 1.65 (significance level 5%; One tail) with a p value of 0.000 < 0.05, then the H0 hypothesis is rejected and H11 is accepted. So, it can be concluded that Knowledge About AI has a positive and significant effect on Purchase intention. This indicates that the higher the Knowledge About AI, the Purchase intention will increase, on the other hand, if the Knowledge About AI is lower, the Purchase intention will decrease.

12. Hypothesis Test 12a

The twelfth hypothesis (a) tested in this research is the effect of Exposure to AI (EAI) on Purchase intention (PI) mediated by the perceived usefulness of AI with the following hypothesis:

H0 : Perceived usefulness of AI does not mediate the influence of Exposure to AI on Purchase intention.

H12a : Perceived usefulness of AI mediating the influence of Exposure to AI on Purchase intention

Based on table 1, for the effect of Exposure to AI on Purchase intention, mediated by the perceived usefulness of AI has a path coefficient indirect effect value of 0.048 with a statistical t-value of 2.860 and a P value of 0.002. Because the path value is 0.048 and the statistical t-value is 2.860 > table t is 1.65 (significance level 5%; One tail) with a p value of 0.002 < 0.05, then the hypothesis H0 is rejected and H12a is accepted. So, it can be concluded that the perceived usefulness of AI mediates the influence of Exposure to AI on Purchase intention.

13. Hypothesis Test 12b

The twelfth hypothesis (b) tested in this research is the influence of Use of AI (EAI) on Purchase intention (PI) mediated by perceived usefulness of AI with the following hypothesis:

H0 : Perceived usefulness of AI does not mediate the influence of the Use of AI on Purchase intention.

H12b : Perceived usefulness of AI mediating the influence of Use of AI on Purchase intention

Based on table 1, for the effect of the Use of AI on Purchase intention mediated by the perceived usefulness of AI has a path coefficient indirect effect value of 0.051 with a statistical t-value of 2.589 and a P value of 0.005. Because the path value is 0.051 and the statistical t-value is 2.589 > t table 1.65 (significance level 5%; One tail) with a p value of 0.005 < 0.05,

then the H0 hypothesis is rejected and H12b is accepted. So, it can be concluded that the perceived usefulness of AI mediates the influence of the Use of AI on Purchase intention.

14. Hypothesis Test 12c

The twelfth hypothesis (c) tested in this research is the influence of Knowledge About AI (EAI) on Purchase intention (PI) mediated by the perceived usefulness of AI with the following hypothesis:

H0 : Perceived usefulness of AI does not mediate the influence of Knowledge About AI on Purchase intention.

H12c : Perceived usefulness of AI mediating the influence of Knowledge About AI on Purchase intention

Based on table 1, for the effect of Knowledge About AI on Purchase intention mediated by Perceived usefulness of AI has a path coefficient indirect effect value of 0.097 with a statistical t-value of 3.557 and a P value of 0.000. Because the path value is 0.097 and the statistical t-value is 3.557 > table t is 1.65 (significance level 5%; One tail) with a p value of 0.005 < 0.05, then the H0 hypothesis is rejected and H12c is accepted. So, it can be concluded that the perceived usefulness of AI mediates the influence of Knowledge About AI on Purchase intention.

15. Hypothesis Test 13a

The thirteenth hypothesis (a) tested in this research is the effect of Exposure to AI (EAI) on Purchase intention (PI) mediated by perceived ease of use of AI with the following hypothesis:

H0 : Perceived ease of use of AI does not mediate the effect of Exposure to AI on Purchase intention.

H13a : Perceived ease of use of AI mediating the influence of Exposure to AI on Purchase intention

Based on table 1, for the effect of Exposure to AI on Purchase intention mediated by Perceived ease of use of AI has a path coefficient indirect effect value of 0.013 with a statistical t-value of 1.123 and a P value of 0.131. Because the statistical t-value is 1.123 < the table t is 1.65 (significance level 5%; One tail) with a p value of 0.131 > 0.05, then the H0 hypothesis is accepted and H13a is rejected. Therefore, it can be concluded that the perceived ease of use of AI does not mediate the influence of Exposure to AI on Purchase intention.

16. Hypothesis Test 13b

The thirteenth hypothesis (b) tested in this research is the influence of Use of AI (EAI) on Purchase intention (PI) mediated by perceived ease of use of AI with the following hypothesis:

H0 : Perceived ease of use of AI does not mediate the influence of the Use of AI on Purchase intention.

H13b : Perceived ease of use of AI mediating the influence of Use of AI on Purchase intention

Based on table 1, for the effect of the Use of AI on Purchase intention mediated by Perceived ease of use of AI has a path coefficient indirect effect value of 0.009 with a statistical t-value of 0.934 and a P value of 0.175. Because the statistical t-value is 0.934 < the table t is 1.65 (significance level 5%; One tail) with a p value of 0.175 > 0.05, then the H0 hypothesis is

accepted and H13b is rejected. Therefore, it can be concluded that the perceived ease of use of AI does not mediate the influence of the Use of AI on Purchase intention.

17. Hypothesis Test 13c

The thirteenth (c) hypothesis tested in this research is the effect of Knowledge About AI (EAI) on Purchase intention (PI) mediated by perceived ease of use of AI with the following hypothesis:

H0 : Perceived ease of use of AI does not mediate the influence of Knowledge About AI on Purchase intention.

H13c : Perceived ease of use of AI mediating the influence of Knowledge About AI on Purchase intention

Based on table 1, for the effect of Knowledge About AI on Purchase intention mediated by Perceived ease of use of AI has a path coefficient indirect effect value of 0.018 with a statistical t-value of 1.137 and a P value of 0.128. Because the statistical t-value is 1.137 < table t is 1.65 (significance level 5%; One tail) with a p value of 0.128 > 0.05, then the H0 hypothesis is accepted and H13c is rejected. So, it can be concluded that the perceived ease of use of AI does not mediate the influence of Knowledge About AI on Purchase intention.

Discussion

The Effect of Exposure to AI on the Perceived Usefulness of AI

Based on the results of the hypothesis test, it shows that Exposure to AI has a positive and significant effect on the perceived usefulness of AI, which indicates that the higher the Exposure to AI, the Perceived usefulness of AI will increase, on the other hand, if the Exposure to AI is lower, the perceived usefulness of AI will decrease. This is evidenced by a path value of 0.216 and a statistical t-value of 3.837 > a table of 1.65 (significance level of 5%; One tail) with a p value of 0.000 < 0.05. The results of this research are in line with the research conducted by (Bunea et al., 2024). and (Sudirjo et al., 2024)

The findings show that when Generation Z respondents increasingly use Google Assistant voice assistants, then install AI applications for personalized recommendations, or interact with chatbots when shopping online, they will be more familiar with the capabilities of AI technology. This hands-on experience can help them to understand how AI works and the benefits it can be felt. The more they explore and use AI technology in their daily lives, the more they realize the potential and usefulness of AI in facilitating their activities.

The understanding gained from this Exposure to AI then shapes their positive perception of the use of AI in the context of online marketing and shopping. Generation Z who are already accustomed to AI technology are becoming more confident that AI can improve their online shopping strategies, personalize ads according to their preferences, and make the shopping process more efficient. They see AI not as a strange or scary technology, but as a practical and useful tool.

The Effect of Exposure To AI on Perceived ease-of-use of AI

Based on the results of the hypothesis test, it shows that Exposure to AI has a positive and significant effect on the perceived ease-of-use of AI, which indicates that the higher the Exposure to AI, the Perceived ease-of-use of AI will increase, on the other hand, if the Exposure to AI is lower, the Perceived ease-of-use of AI will decrease. This is evidenced by a path value of 0.279 and a statistical t-value of 4.803 > a table of 1.65 (significance level of 5%; One tail)

with a p value of 0.000 < 0.05. The results of this research are in line with the research conducted by (Sudirjo et al., 2024)

These findings show that the positive influence of Exposure to AI on the perception of the ease of use of AI can be explained through the learning process and adaptation of Generation Z to technology. When Generation Z uses Google Assistant frequently, they will be used to interacting with AI technology through simple voice commands. The experience of using AI apps for personalized recommendations also makes them understand the intuitive AI work patterns. The more often they interact with chatbots while shopping online or exploring AI technology, the more they realize that AI is designed to make their lives easier, not harder. With Exposure to AI on a regular basis, it can eliminate confusion and fear of new technologies.

The Effect of Exposure To AI on Purchase Intention

Based on the results of the hypothesis test, it shows that Exposure to AI has a positive and significant effect on Purchase intention, which indicates that the higher the Exposure to AI, the Purchase intention will increase, on the other hand, if the Exposure to AI is lower, the Purchase intention will decrease. This is evidenced by a path value of 0.085 and a statistical t-value of 1.879 > a table of 1.65 (significance level of 5%; One tail) with a p value of 0.030 < 0.05. The results of this research are in line with the research conducted by (Bunea et al., 2024). (Sudirjo et al., 2024)

These findings show that Generation Z who often use AI technology in their daily activities such as searching for information, setting schedules and using applications for personalization will make them feel how AI technology can understand their preferences. A positive and personalized experience will build a strong trust in AI to help make decisions. The trust that has been built will encourage generation Z to make purchases on an e-commerce platform that uses AI technology. Because they have experienced the benefits directly, they will be willing to recommend to others or those closest to them. Therefore, it can be concluded that Exposure to AI is not only open to new technologies but can also affect the consumption behavior and purchasing habits of Generation Z.

The Effect of the Use of AI on Purchase Intention

Based on the results of the hypothesis test, it shows that the Use of AI has a positive and significant effect on Purchase intention, which indicates that the higher the Use of AI, the Purchase intention will increase, on the other hand, if the Use of AI is lower, Purchase intention will decrease. This is evidenced by a path value of 0.281 and a statistical t-value of 4.801 > a table of 1.65 (significance level of 5%; One tail) with a p value of 0.000 < 0.05. The results of this research are in line with the research conducted by (Bunea et al., 2024).

These findings show that Generation Z who often use AI technology in their daily activities such as searching for information, setting schedules and using applications for personalization will make them feel how AI technology can understand their preferences. A positive and personalized experience will build a strong trust in AI to help make decisions. The trust that has been built will encourage generation Z to make purchases on an e-commerce platform that uses AI technology. Because they have experienced the benefits directly, they will be willing to recommend to others or those closest to them. Therefore, it can be concluded that Exposure to AI is not only open to new technologies but can also affect the consumption behavior and purchasing habits of Generation Z.

The Effect of Use of AI on Perceived usefulness of AI

Based on the results of the hypothesis test, it shows that the Use of AI has a positive and significant effect on the perceived usefulness of AI, which indicates that the higher the Use of AI, the perceived usefulness of AI will increase, on the other hand, if the Use of AI is lower, the perceived usefulness of AI will decrease. This is evidenced by a path value of 0.226 and a statistical t-value of 4.017 > a table of 1.65 (significance level of 5%; One tail) with a p value of 0.000 < 0.05. The results of this research are in line with research conducted by (Nazir et al., 2022) and (Bunea et al., 2024).

The findings show that Generation Z is used to AI technology in their daily lives, so they are more likely to see AI as a useful tool. Their reliance on AI technologies, such as voice assistants and AI recommendations, creates a more efficient and enjoyable experience in online shopping, which further reinforces their belief that AI can improve the shopping experience. In addition, Generation Z also has a positive view of AI's ability to increase efficiency and personalization in marketing so that it can increase their interest in making purchasing decisions.

The Effect of Use of AI on Perceived ease-of-use of AI

Based on the results of the hypothesis test, it shows that the Use of AI has a positive and significant effect on the perceived ease-of-use of AI, which indicates that the higher the Use of AI, the perceived ease-of-use of AI will increase, on the other hand, if the Use of AI is lower, the perceived ease-of-use of AI will decrease. This is evidenced by a path value of 0.196 and a statistical t-value of 3.109 > a table of 1.65 (significance level of 5%; One tail) with a p value of 0.001 < 0.05. The results of this research are in line with the research conducted by (Nazir et al., 2022) (Sudirjo et al., 2024)

The results of this research show that Gen Z people are used to using AI in daily activities, such as using voice assistants, recommendations-based applications, and AI to help with daily tasks. This habit shows that they are already comfortable and believe in the ease that AI offers, so AI becomes a part of their routine. This has an impact on their perception of the ease of use of AI-based applications, especially in the context of online shopping. When AI provides product recommendations, they feel that shopping activities become faster and easier. In addition, they find it easy to understand how AI-powered shopping apps work and even find it easy to develop skills in their use.

The Effect of Perceived usefulness of AI on Purchase intention

Based on the results of the hypothesis test, it shows that the perceived usefulness of AI has a positive and significant effect on Purchase intention, which indicates that the higher the Perceived usefulness of AI, the Purchase intention will increase, on the other hand, if the Perceived usefulness of AI is lower, Purchase intention will decrease. This is evidenced by a path value of 0.224 and a statistical t-value of 4.164 > a table of 1.65 (significance level of 5%; One tail) with a p value of 0.000 < 0.05. The results of this research are in line with the research conducted by (Bunea et al., 2024). (Badri & Huda, 2024)

The results show that the majority of Generation Z see that AI can help personalize ads, improve shopping efficiency, and bring a positive impact on the online shopping experience. This positive perception will then affect the intention to buy, as seen from how willing they are to buy products from stores that use AI technology, even to recommend them to others. Many of them also show a desire to visit and use AI-based shopping apps more often, as well as be

willing to spend more money for a more efficient shopping experience. This reinforces the conclusion that when the benefits of AI are felt directly by consumers, it is able to drive real purchasing decisions.

The Effect of Perceived ease of use of AI on Purchase intention

Based on the results of the hypothesis test, it shows that the perceived ease of use of AI does not have a positive and significant effect on Purchase intention. This is evidenced by a path value of 0.048 with a positive value, but a statistical t-value of 1.157 < t table 1.65 (significance level 5%; One tail) with a p value of 0.124 > 0.05. The results of this research are in line with the research conducted by (Bunea et al., 2024).

The results of the research show that the perceived ease of use of AI does not have a significant effect on the purchase intention of Gen Z consumers. But Gen Z thinks convenience isn't the main factor, but more real experience, trust, or direct benefits.

The Effect of Knowledge About AI on Perceived usefulness of AI

Based on the results of the hypothesis test, it shows that Knowledge About AI has a positive and significant effect on the perceived usefulness of AI, which indicates that the higher the Knowledge About AI, the Perceived usefulness of AI will increase, on the other hand, if the Knowledge About AI is lower, the Perceived usefulness of AI will decrease. This is evidenced by a path value of 0.433 and a statistical t-value of 7.392 > a table of 1.65 (significance level of 5%; One tail) with a p value of 0.000 < 0.05. The results of this research are in line with the research conducted by (Bunea et al., 2024). (Badri & Huda, 2024) (Nazir et al., 2022)

The results of this finding show that Gen Z who understands AI is more likely to believe that AI is indeed useful in helping online shopping activities. For example, they see AI as improving shopping strategies, personalizing ads as needed, and making the shopping process more efficient. When Gen Z feels they have knowledge about AI, they believe that AI is not just a technological tool but provides real benefits in everyday shopping. So, a good understanding of AI encourages the emergence of the perception that AI is indeed useful, not just an additional feature

The Effect of Knowledge About AI on Perceived ease-of-use of AI

Based on the results of the hypothesis test, it shows that Knowledge About AI has a positive and significant effect on the perceived ease-of-use of AI, which indicates that the higher the Knowledge About AI, the Perceived ease-of-use of AI will increase, on the other hand, if the Knowledge About AI is lower, the Perceived ease-of-use of AI will decrease. This is evidenced by a path value of 0.370 and a statistical t-value of 5.890 > a table of 1.65 (significance level of 5%; One tail) with a p value of 0.000 < 0.05. The results of this research are in line with the research conducted by (Bunea et al., 2024).

These findings show that when Gen Z who understand AI starts from the basics and how it works, they will find it easier to understand the AI personalization system, and are comfortable when using AI features in shopping, so they will not have trouble developing skills in using AI-based shopping applications. Sufficient knowledge about AI makes Gen Z does not feel unfamiliar or confused when dealing with technology in shopping apps. They feel AI helps and simplifies the shopping process. So, the higher their knowledge of AI, the greater the confidence and ease they feel when using the technology. (Badri & Huda, 2024).

The Effect of Knowledge About AI on Purchase Intention

Based on the results of the hypothesis test, it shows that Knowledge About AI has a positive and significant effect on Purchase intention, which indicates that the higher the Knowledge About AI, the Purchase intention will increase, on the other hand, if the lower the Knowledge About AI, the Purchase intention will decrease. This is evidenced by a path value of 0.275 and a statistical t-value of 4.805 > a table of 1.65 (significance level of 5%; One tail) with a p value of 0.000 < 0.05. The results of this research are in line with the research conducted by (Bunea et al., 2024). (Badri & Huda, 2024)

The results show that Gen Z who has extensive knowledge about AI, the more they want to buy products or services that use AI technology. This can be seen from purchase intention indicators such as being willing to buy in the near future, recommending to others, and planning to use AI-based online stores more often. Gen Z who feel they know a lot about AI will be more open to digital shopping experiences that leverage the technology. Not only are they interested in trying, but they are also willing to spend more money and make AI a part of their shopping habits. Knowledge is the main key to forming trust and encouragement in the act of buying.

The Effect of Perceived usefulness of AI mediated Exposure to AI, Use of AI and Knowledge About AI on Purchase intention

Based on the results of the hypothesis test, it is shown that the perceived usefulness of AI can mediate Exposure to AI, Use of AI and Knowledge About AI to Purchase intention. This is evidenced by the statistical t-value for the three variables that > t table 1.65 (significance level 5%; One tail) with a p value of < 0.05. The results of this research are in line with the research conducted by (Bunea et al., 2024).

The findings of this research show that Gen Z who have frequent exposure to AI and use AI and have knowledge about AI, will encourage buying intentions. The motivation will be even higher if they have already experienced the benefits of AI. When they see that AI can make it easier, increase efficiency, and provide a more personalized shopping experience, it will increase the intention to buy a product or service, then recommend it, to use AI-based services more intensely

The effect of perceived ease of use of AI mediates exposure to AI, use of AI, and knowledge about AI on purchase intention

Based on the results of the hypothesis test, it shows that the perceived ease of use of AI cannot mediate Exposure to AI, Use of AI and Knowledge About AI to Purchase intention. This is evidenced by the statistical t-value for the three variables that < t table 1.65 (significance level 5%; One tail) with a p value of > 0.05. The results of this research are in line with the research conducted by (Bunea et al., 2024). (Nazir et al., 2022)

The findings from this research show that although Gen Z finds AI easy to use, it is not powerful enough to encourage them to buy AI-based products or services. It could be because Gen Z is so used to technology, that convenience is considered a normal thing and not the main factor in decision-making. They don't buy because AI is easy to use, but for stronger reasons like tangible benefits or perceived positive experiences.

CONCLUSION

The results indicated that exposure to AI positively and significantly influenced both the perceived usefulness (path value 0.216) and perceived ease of use (0.279) of AI, as well as purchase intention (0.085). The use of AI also had significant effects on purchase intention (0.281), perceived usefulness (0.226), and perceived ease of use (0.196). Perceived usefulness positively affected purchase intention (0.224), while perceived ease of use showed no significant impact (0.048). Knowledge about AI positively influenced all variables, particularly perceived usefulness (0.433). Moreover, perceived usefulness mediated the relationship between exposure, use, and knowledge of AI and purchase intention, whereas perceived ease of use did not serve as a mediator. Based on these findings, it is recommended to enhance educational content focusing on the benefits of AI to improve consumer perceptions and purchase intentions. For future research, it would be valuable to explore additional mediating variables and compare the influence of AI on consumer decision-making between Generation Z and Generation Y groups.

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