



A Research Study on AI & Personalization: How AI-driven personalization affects customer brand loyalty

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ABSTRACT

This study sought to explore the effect of artificial intelligence in marketing on customer loyalty. The use of artificial intelligence and machine learning enable firms to deliver personalized messages, recommendations, and service to consumers. Providing personalized services to the consumers create feelings of being acknowledged and uniqueness within the firm, hence increasing customer satisfaction and repurchase. In this study, it was discovered that personalization delivered by the artificial intelligence strengthens the emotional relationship between customers and companies. Yet, excessive personalization, or inappropriate use of customer information can have detrimental effects on the trustworthiness and customer's concerns for privacy. The application of artificial intelligence becomes a powerful way in which personalized marketing experiences are achieved. When this practice is employed ethically and properly, artificial intelligence substantially increases customers' trust, satisfaction and loyalty towards the firm. Henceforth, AI in marketing is beneficial to building customer loyalty and retaining lasting relationships between customers and companies.

1. INTRODUCTION

We have seen a change in how loyal customers are to a company when they get personalized experiences that use Artificial Intelligence. These experiences make things easier for the customer and more fun, which makes them happier and more likely to come.. There is a downside to this. Companies that use a



lot of information about their customers can get into trouble, with privacy issues and misusing that information. So companies need to use Artificial Intelligence in a way and think about how it affects each customer.

Artificial Intelligence uses different methods to give customers what they want. This includes machine learning and trying to guess what customers will do systems that recommend things and looking at what customers have done in the past. All of this helps companies give customers things that're relevant to what they need and what they like. Nowadays, customers do not just want companies to know what they want they also want companies to know what they need before they even have to ask. Customers expect companies to give them things throughout the whole time they are buying something from them.

Companies that use Artificial Intelligence need to make sure they are using it to help the customer, not to make money. Artificial Intelligence is a tool that can make customers very happy if it is used in the right way.

You see personalization everywhere: on online shopping sites, banking apps, social media, movie streaming services, and other retail websites. For instance, an online store might suggest things for you to buy based on what you've bought before, what you've looked at, and your favorite items. Personalizing things for customers can do more than just make them happy; it can also help them feel a real connection to a brand. Customer loyalty basically means someone keeps buying from the same brand over and over, and even tells others to do the same. A loyal customer really trusts a brand and will stick with it, even if other options come along.

A personalized experience provided by AI can increase the loyalty of a customer by providing a smoother, more enjoyable, comfortable and satisfactory experience for them. However, careful consideration is to be made when personalizing so that it doesn't lead to overwhelming or exploitation of a customer's data, which could potentially bring about privacy concerns. It is essential for the business to implement AI correctly. In this study, it examines how AI personalization effects on customer loyalty over time.

2. Research Objectives: -

1. Understand how AI-powered personalization influences customer satisfaction.
2. Explore the connection between personalization and brand loyalty.
3. Dive into concerns around privacy and trust.
4. Figure out how companies can personalize well—without crossing the line.



3.Literature Review: -

1. Johnson (2022)

Johnson (2022) pointed out that customers are much happier and like a company more when AI chatbots give them quick, accurate answers. He believes that using this kind of tech makes customers feel valued. This, in turn, makes them like the company even more and want to return. Johnson also suggests that offering fast, precise answers that make customers feel special is a great way to build their trust.

2. Kumar & Sharma (2023)

A personalized offer is created by making the emotional connections with relevant data (Kumar & Sharma, 2023). A personalized offer by using data and meet the personal needs and wants would create the emotional connection with the company.

3. Lee (2020)

The importance of developing relevant products and services based on customers' requirements builds higher trust on brands, stated by Lee (2020). Personalization signifies that a brand is aware of the customer's needs.

4. Brown (2022)

Brown (2022) notes that when personalized offerings are implemented, they are capable of sparking privacy concerns in customers. If the personalization is overbearing and they believe that their information is being used inappropriately, then customer trust can be lost.

4. Research Methodology: -

We used a descriptive approach, gathering both primary and secondary data. Our survey leans on convenience sampling and includes responses from 100 people. For secondary research, we turned to articles, journals, and web sources. We analysed the results using counts, percentages, and charts.

5. Problem Identification, Need, and Relevance of the Study:

Companies are using AI for personalization a lot more these days. But it's still not totally clear how this really affects customer loyalty over time. Businesses also worry about privacy and often struggle to find the right amount of personalization. And knowing what 'success' means here isn't always straightforward.



This study tries to clarify if AI-powered personalization truly makes customers more loyal or if it can sometimes cause problems instead.

The goal is to understand: -

How personalization affects customer satisfaction, trust, and privacy worries. How AI helps brands build long-term relationships. What customers think about privacy and openness when AI is involved. How marketers can run effective personalized campaigns.

This research is valuable to businesses designing their AI strategy, marketers who aim to establish a deeper engagement with individuals, academics who research AI marketing and even customers who would like to be well informed about both positive and negative impacts of personalization. Specifically on the consumers, it explores the gains that they could receive as well as the pitfalls they are likely to encounter with the use of personalization.

6. Research Gap

There are three main gaps: not enough long-term studies on personalization’s impact on loyalty, inconsistent findings on whether it helps, and a lack of focus on the emotional and experiential sides of personalization.

7. Sample Size

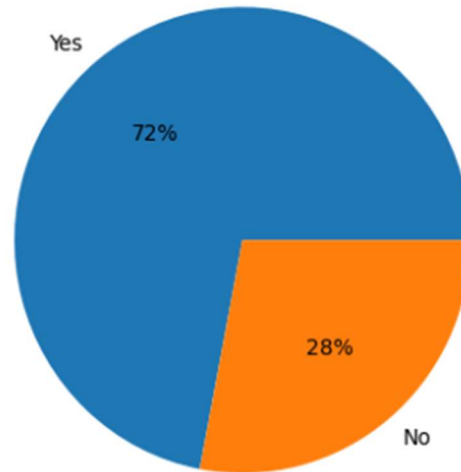
The sample size consists of 100 respondents, utilizing convenience sampling as the method.

8. Data Analysis: Analysis & Interpretation

Response	Respondents	Percentage
Yes	72	72%
No	28	28%



Preference for Personalized Recommendations

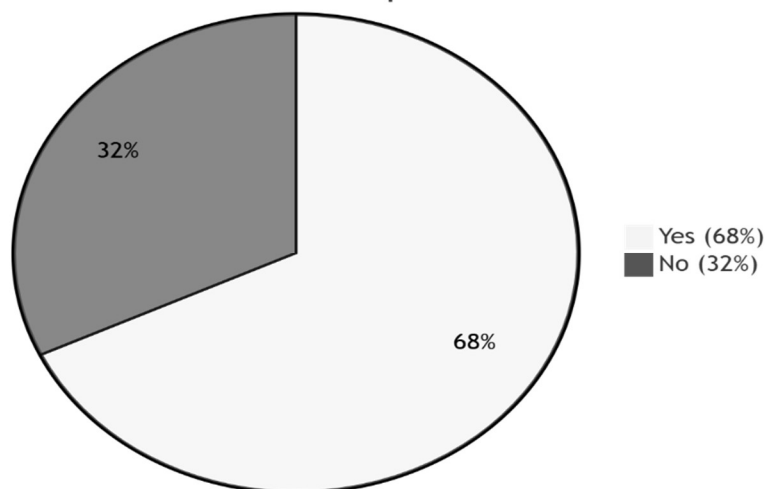


Interpretation

A majority 72% of those surveyed reported that they are pleased to receive tailored suggestions, and the widespread use of AI applications are therefore considered a positive force. Personalization, in this sense, can therefore be regarded as a key element of the customer experience.

Response	Respondents	Percentage
Yes	68	68%
No	32	32%

Personalized Offers & Repeat Purchase



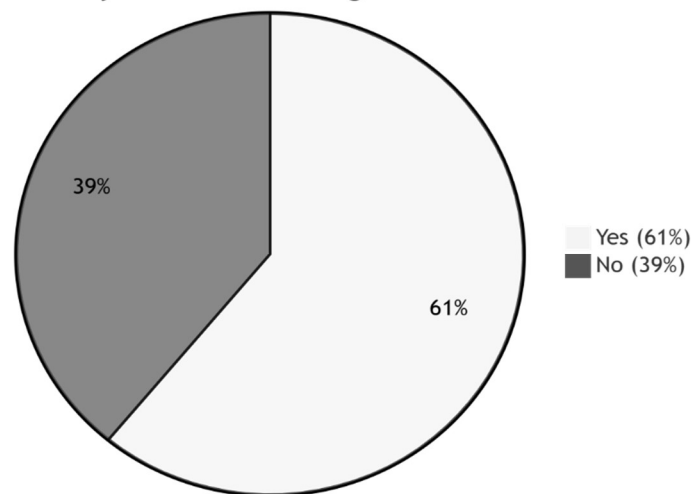


Interpretation

According to the chart, it appears that 68% thinks personalize promotion will improve the re-purchase frequency. That means customers will shop again because of personalized promotion.

Response	Respondents	Percentage
Yes	61	61%
No	39	39%

Privacy Concern Among Customers

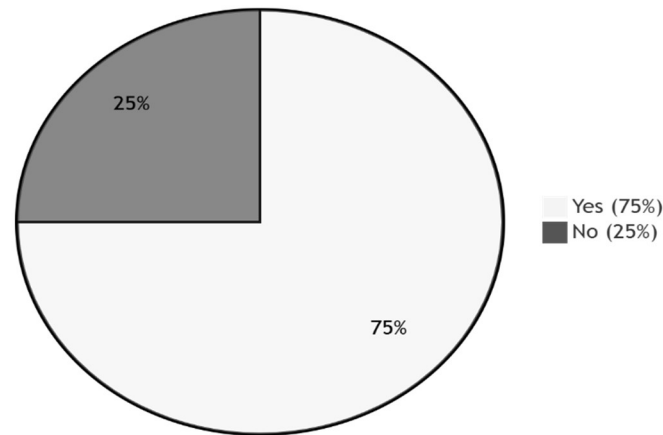


Interpretation: The

As you can see from the pie chart above 61% of customers were concerned about the use of their data. This really highlights the importance customers place on the use and protection of their personal data. 39% of customers weren't concerned about this issue.

Response	Respondents	Percentage
Yes	75	75%
No	25	25%

AI Personalization & Brand Loyalty



Interpretation:

From the above chart, 75% of those asked revealed that the level of personalization offered by the AI application would foster brand loyalty and therefore it is concluded that the retention of customers is attributed to using the personalization feature within AI.

9. Result / Findings: -

Personalized product recommendations were mostly favored by customers, since they save time and lead to more repeated purchases on brands that offer relevant deals. Quick chatbot support increases customer satisfaction, but except concern about the privacy of personal data. Balanced personalization led to greater brand loyalty.

10. Conclusions: -

AI personalized experiences have a very strong positive effect. They make customers happier, improve their experience, encourage them to buy again, and boost their trust. Because of this, companies absolutely must protect data and use AI honestly for personalization to work well. This is how you build long-lasting, loyal customer relationships.

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