

AI-Driven Personalization In Digital Marketing:

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Abstract

Artificial intelligence has transformed the method through brands connect with the consumers. In this competitive landscape personalized marketing has become important tactic for brand connect with consumer. AI-driven marketing techniques are the process of transforming the customer engagement, retention, and conversation by providing the real time personalized, prognostic Promotion. The purpose of this research is to find out how AI powered individualize is remodeling digital promotions, examine benefits and challenges in the modern age. It is also the part of study to identify the challenges that arises as well as highlighting the role in shaping in future consumer brand association, brand loyalty. This research highlights the integration of AI tools such as chat-bots, clouds, notion, engines, canvas and predictive behavioral model. In this study Questionnaire technique is used for data collection. A set of 100 comprehensive questionnaire are asked from digital marketing professionals that found that digital marketing such as AI personalized improved consumer engagement metrics like click through rates, time spend on contents conversation to obtain the opinion of specific segments.

Key Words: Artificial Intelligence, AI Personalization, Digital Marketing, Consumer Engagement, Contents Conversation.

Introduction

Digital marketing developed the constant advertisement to energetic data driven strategies. . It is necessary for a brand to meet the expectations of consumer requirements in real time. At recent the product launched but in this modern age where every thing is changed by using the AI tools. The need identification as well as need generation is not an easy task for the marketers but by the use of AI tool such as E. mails, chat bots, clouds, notions. make it more easy to identify the need according to the customer expectations. The fusion of machine learning enables marketer to deliver individual theme, offers, and experience across the world. The purpose of study is to provide the brief view of AI personalized, its impact on consumers. Recent study show that 78% of marketing organizations mainly rely on AI to improve the customers engagements and return on investment. Tous (2026).

The swift development of AI moved current marketing strategies towards the digital marketing. The traditional marketing method that provoked on segmentation and

mass communication are now replaced by the AI driven placeholders strategies in order to engaged the consumers. AI market in the hospitality industry is anticipated to reach \$3.2 billion by 2025, reflecting the growing importance of AI technologies in this industry. Funke et al (2023). AI powered chat-bots improve the customer satisfaction and loyalty in the business in modern age. Balan et al (2023)

Marketers may now analyse number of consumer record in real time using machine learning procedures, forecasting and natural language processing to create the personalized static, product suggestions as well as product experiences. This transformation has not only improve the customers engagement but also transferred customer brand relationship towards product loyalty. Artificial intelligence (AI) became the central driver of modern consumer engagement. In 2026 business increasingly use AI to personalize the experiences, automate interactions, and analyze consumer behavior in real time.

Need of Study

With thriving digital mess generating marketing initiative fail to obtain the consumer attention. Digital marketing has become a necessity rather than an option. AI provide researchers with capacity to deliver the theme, offers and experience to individual user at large scale. The purpose of this study to find how AI change the marketing strategies in order to improve the consumer engagement. AI increase the ROI, user experience that drive a sustainable commercial development in the competitive environment.

Impact on Digital Marketing and Consumer engagement

The adoption of AI-driven personalisation has dramatic impact on consumer engagement .

Improve Customer Experience

Personalized recommendation, dynamic content create the seamless and relevant customer journeys that increased the customer satisfaction and loyalty.

Increase engagement rates

AI enables the marketer to communicate at the right intervals as well as the right stage, resulting higher click through rates, conversations and interaction level.

Data- driven Decision Making

AI analysis the large number of clients information to find the behaviors anticipate the requirements, information marketing plans, enabling firms to stay ahead.

Brand-Consumer relationship strengthening

AI provide the relevant and emphatic content. AI increase the trust and long term relationship between brands and consumers.

Ethical and privacy Challenge

The impact of AI is largely positive, over reliance of customer records increases the worries regarding to the secrecy, transparency as well as potential misuse.

Objectives of Study

To analyze the AI impact on Consumer engagement.

To elaborate the Props and coins of AI also identify the challenge of integration of AI tools in marketing campaigns.

To find out the new chances and development in AI.

To analyze the impact of AI on individualized marketing policies

Review of Literature

The Literature on AI personalized marketing is growing rapidly in this modern age. AI personalized marketing tools boost up the consumer engagement now a days. Vietnamese consumer surveyed shows that the personalize marketing has significant impact on perceived relevance and usefulness which in turn raised consumer engagement. Beyond consumer engagement and intent, some study report on actual behavior. A note able field experiment that ran personalized email campaigns vs generic campaigns, findings a 1.27% lift in purchase. Aoun, (2024).

Trust in the AI system is frequently cited as a key factor on personalized effect. Markou et al.(2025). Consumer acceptance of AI personalized ads depends heavily on the trust and ethical perceptions. These findings indicate that AI personalization can enhance the both cognitive and trust leading to better marketing outcomes.

AI-powered personalization significantly increases the consumer awareness and purchase behavior as compared to non-personalized content. Beyari (2025)

According to Technology Acceptance model(TAM) Consumer adopt AI-driven marketing tools because they understand that these tools are easy to operate. Technology system controlled by artificial intelligence in order to improve user experience through easy interactions which built trust and derives consumer acceptance. AI technology Platform integration AI-driven personalization saw 20-25% increase in customer engagement. The evolving consumer behavior in urban and rural India like is promoting brand tools not only understand diverse preferences but also to foster deeper emotional engagement. Kumar&Gupta(2021).

AI technologies substantially enhance marketing efficiency and customer experience by leveraging data-driven insights. AI-driven personalization tools led to more accurate targeting and higher customer retention. However it also cautioned against ethical risk emphasizing the need of transparent and responsible AI deployment in marketing practices. Potwora et al. 2024.

Research Methodology

This research adopt qualitative approach combination of theoretical and practical approach to examine the impact of AI-driven personalization on consumer engagement. In this study Questionnaire was design to measure the variable in the theoretical model such as perceived benefit, trust, satisfaction toward customer

engagement and AI acceptance in digital marketing .primary data was collected through a structure survey of 100 digital marketing professional across the district Layyah Punjab Pakistan. The secondary data was collected from the academic journals industry reports case studies in order to provide the comprehensive analysis. The Descriptive statistics and SPSS statistical tool is used for data analysis to evaluate the relationship between variables.

Research Design: Descriptive and analytical

Sample Size: 100 respondent

Sample Method: Convenience Sampling

Tool for Data Collection: Structured Questionnaires

Statistical Tools used: Descriptive Statistics and SPSS

Hypothesis of Study

A research hypothesis is a specific, testable and tentative prediction about the two variable based upon the existing knowledge and theory.

H1: AI has positive Impact on Consumer engagement.

H0: AI has no positive impact on Consumer engagement.

H1: There is no association between AI Tools and Consumer engagement.

H0: There is association between AI Tools and Consumer engagement.

Data Analysis

Description of Respondents Data:

Data

Analysis

Observe Frequency Table(O)

Age Group	Chat Bots	Clouds	E.mail s	Notion s	Social Aids	Total(Ro w)
18-----27	8	5	5	3	7	28
28-----37	10	7	5	2	7	31
38-----47	6	6	4	2	6	24
48-----57	2	3	4	4	4	17
Total(Colum n)	26	21	18	11	24	100

Expected Frequency Table(E)

$E = (\text{Row Total} * \text{Column Total}) / \text{Grand Total}$

Age Group	Chat Bots	Cloud s	E.mail s	Notions	Social Aids	Total(Row)
18-----27	7.28	5.88	5.04	3.08	6.72	28
28-----37	8.06	6.51	5.58	3.41	7.44	31
38-----47	6.24	5.04	4.32	2.64	5.76	24

48-----57	4.42	3.57	3.06	1.87	4.08	17
Total(Colum n)	26	21	18	11	24	100

Chi Square Value Calculations:

$$\chi^2 = \sum[(O-E)^2/E]$$

Age Group	Chat Bots	Cloud s	E.mail s	Notion s	Social Aids	Total(Ro w)
18-----27	0.0712	0.131	0.0003	0.0207	0.0112	0.234
28-----37	0.467	0.0368	0.0602	0.583	0.0260	1.173
38-----47	0.009	0.183	0.0237	0.155	0.010	0.380
48-----57	0.547	0.091	0.288	2.42	0.0016	3.35

$$\chi^2 = (0.234 + 1.173 + 0.380 + 3.35) = 5.13$$

$$\text{Degree of Freedom} = (\text{Number of Rows} - 1) * (\text{Number of Column} - 1)$$

$$= (5 - 1) * (4 - 1)$$

$$= 12$$

Chi square value Calculated= 5.13

Chi Square Value (Critical region@ 0.05 Significance for 12 DOF)= **21.026**

Interpretation: since the calculated value (**5.13**) < Critical value (**21.026**) we fail to reject H0.

Conclusion: we fail to reject H0 that indicate that there is no statistical significant relation ship between AI and Consumer engagement. We accept the Hypothesis.

Key Findings and Implications

Finding reveals the social norms and transparency play a vital role in shaping the role of AI in customer engagement. There are following key finding in this study mention below.

A strong positive relationship between social norms and trust indicate the customer engagement towards AI are largely influenced by perceived societal acceptance and ethical stance surrounding AI technologies.

Consumer engagement and attitude towards AI are shown to positive influence AI acceptance emphasizing the important of consumer engagement with brand utilizing AI technologies.

There is positive relationship between AI and Customer engagement with respect of perceived benefit, trust, satisfaction.

80% of respondents has awareness about AI Tools

60% have interacted with personalized adds.

Consumer aged 20-25 shows higher acceptance AI driven experience

Personalized emails consider more effective.

we fail to reject H0 that indicate that there is no statistical significant relation ship between AI and Consumer engagement.

This study is beneficial for new researchers, students, and all professional.

Recomndations

Business should tailor AI marketing strategies
 Need to effective Use of AI tools
 Knowledge require about the use of AI tools.

Conclusion

AI-driven personalization is marketing trend as well as it is the foundation of modern customer engagement strategies. By exploiting the modern AI’s tools the businesses can provide the relevant interactions and customer engagements. AI lead to stronger customer relationships and improved the business strength in terms of profitability, customer loyalty. It also foster the long term trust, long term customer relationships, business growth. Data privacy and ethical considerations remains key challenges that need keen attention in this regard. At the end ins and out of this research revolves around the striking a balance between the responsibilities customers focus strategies and AI innovations.

Time Line:

Proposed Research Time Line:

Dates	Research Hours/week	Goals
Sep	6	Introduction/ Background and Literature Review
Oct	6	Literature Review
Nov	6	Literature Review & Questionnaire Design
Dec	6	Questionnaires Distribution & Collection of Data
Jan	6	Collection of Data
Feb	6	Data Analysis
Mar	6	Data Analysis
Apr	6	Writing Report

Time Scale Diagram:

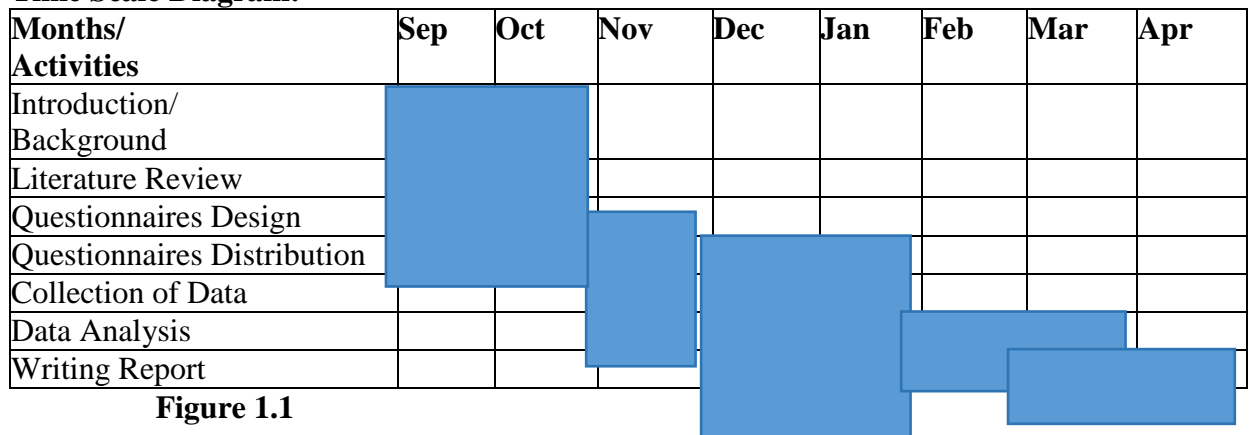


Figure 1.1

Research Project Proposal Budget:

Activities	Descriptions	Amount(PKR)
Personnel Cost:		
Administration Cost		20000
Travel cost		20000
Accomodation cost		30000
Total Personnel Cost		70,000
Other Project Activities		
Websites		5000
Media		15000
Data Collection		10000
Transportations		15000
Equipment's		20000
Software		10000
Other Costs		25000
Total Project Activities Cost:		100,000
Total Cost:		1,70,000

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