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The Impact of Artificial Intelligence on Personalized Marketing

Gautham S[1], Dr. Shalini Rao[2]
[1]*MBA Student,* [2]*Associate Professor, Faculty of Management Studies, CMS Business School, JAIN (Deemed-to-be University), Bengaluru.*

Abstract: ***Artificial intelligence (AI) has become increasingly prevalent in various industries, revolutionizing traditional practices and introducing novel approaches. One such domain significantly influenced by AI is marketing, particularly in the realm of personalized marketing. Personalized marketing aims to tailor promotional efforts to individual consumers based on their preferences, behaviours, and demographics. The integration of AI technologies in personalized marketing strategies has promised to enhance targeting accuracy, improve customer engagement, and ultimately drive higher conversion rates Consequently, investigating the impact of AI on personalized marketing holds substantial significance in understanding the evolving dynamics of consumer-brand interactions in the digital age.***
Keywords: Personalized marketing, Consumer behaviour, Brand recognition, Repeat purchases, AI-driven personalization, Customer loyalty.

I. INTRODUCTION

A. *Artificial Intelligence*

Artificial intelligence (AI) encompasses a wide range of technologies and approaches aimed atenabling machines to mimic human cognitive functions. This includes: Machine Learning: Algorithms that allow computers to learn from data and improve over time without explicit programming. Deep Learning: A subset of machine learning that uses artificial neural networks to analyze and interpret complex patterns in large datasets. Natural Language Processing (NLP): Techniques that enable computers to understand, interpret, and generate human language, facilitating communication between humans and machines. Computer Vision: AI systems that can interpret and understand visual information from images or videos, enabling applications like facial recognition, object detection, and autonomous vehicles. Robotics: Integration of AI technologies into robotic systems to perform tasks autonomously or assist humans in various environments, such as manufacturing, healthcare, and exploration. Expert Systems: AI systems designed to mimic the decision-making ability of human experts in specific domains by capturing their knowledge and reasoning processes. Autonomous Agents: AI systems that can perceive their environment and act autonomously to achieve specific goals, such as virtual assistants, autonomous drones, and self-driving cars. These are just a few examples of the diverse range of technologies and applications within the field of artificial intelligence. AI continues to evolve rapidly, with ongoing research and development driving innovation across various industries.

B. *Personalized Marketing*

Personalized marketing is a strategy that involves tailoring marketing efforts and content to individual customers or segments based on their preferences, behaviors, and characteristics. It aims to deliver relevant messages, offers, and recommendations to each customer, increasing engagement, satisfaction, and ultimately, conversion rates. Personalized marketing relies on data analysis, such as past purchase history, browsing behavior, demographics, and psychographics, to create targeted and relevant communication that resonates with each customer. This can be implemented through various channels, including email, websites, socialmedia, and advertising platforms.

II. METHODOLOGY

1) The research utilized a cross-sectional survey design to collect data from a sample of respondents at a single point in time. The primary data collection method involved administering a structured survey questionnaire online through Google Forms. A convenient sampling technique was employed to select participants for the study.

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2) The survey questionnaire included questions related to demographic variables such as age group, gender, education level, and occupation, which were crucial for understanding the demographic profile of respondents and analysing their preferences, behaviours, and attitudes towards personalized shopping experiences.
3) Data analysis was conducted using statistical tools such as mean, standard deviation, and t-test. The mean and standard deviation were utilized to summarize and analyte survey responses, providing insights into the overall rating of different aspects of personalized marketing, brand recognition, and trust, as well as the variability of responses around the mean.
4) The t-test assuming unequal variances was employed to compare responses between two groups (low and high categories) for each survey statement. This method allowed for accurate and meaningful comparisons by accounting for differences in variability within each group, ensuring reliable and valid statistical results.

Overall, the research methodology involved the use of a structured survey questionnaire, convenient sampling technique, and statistical analysis techniques to gather and analyze data, providing insights into the impact of demographic variables on attitudes and behaviours related to personalized shopping experiences.

III. MODELING AND ANALYSIS

The data analysis conducted involves a comparison of means between two groups using a two-sample t-test assuming unequal variances. Initially, descriptive statistics were used to determine the mean and standard deviation for each group based on their responses to Likert scale questions about shopping behavior and personalization. The two-sample t-test was then employed to assess the statistical significance of the difference between the two groups.

Description	Excel Formula
Mean (Average)	=Average(range)
Sample Standard Deviation	=STDEV (range)

Table 1: Demographic profile

Demographic Variable	Categories	Count	Mean	Standard Deviation
Age Group	18-34 years	78		
	35-65 years	5	41.5	51.61879503
Gender	Male	54		
	Female	29	41.5	17.67766953
Education Level	Bachelor's Degree or higher	77		
	High school or less	5	41	50.91168825
Occupation	Student	61		
	Employed	21	41	28.28427125

Profile of respondents: (N=83)

Table 1: The survey included 83 respondents; mostly young adults aged 18-34 years (78 out of 83). Among them, 54 were male and 29 were female. Most respondents had a Bachelor's Degree or higher education (77 out of 83), with only a few having a high school education or less (5 out of 83). Many respondents were students (61 out of 83), while others were employed (21 out of 83).

Table 2: This table helps to assess consumer preferences and behavior towards personalized marketing, evaluate the importance of brand recognition and personalization in consumer decision making and understand consumer trust and willingness to share personal information for AI driven personalization among male and female.

Note:

- Low group: Strongly disagree, disagree
- High group: Strongly agree, agree
- Neutral: Excluded

Statement	Male (Low)	Female (Low)	Total (Low)	Male (High)	Female (High)	Total (High)
I am likely to shop with brands that provide relevant offers and recommendations.	4	2	6	36	20	56
I am likely to become a repeat buyer after a personalized shopping experience	6	4	10	36	20	56
Personalization shopping experience influence on my purchasing decisions	5	3	8	37	21	58
I expect personalized experiences across the entire journey of purchase	7	4	11	36	20	56
I am more likely to buy from a retailer that i am able to recognize by name	6	3	9	36	20	56
I feel that companies that prioritize personalization strategies see a increase in revenue	4	3	7	38	21	59
I believe that consumers have made impulse purchases due to personalized recommendations from brands	4	2	6	39	22	61
Without personalized communications i feel that consumers are likely to switch brands	7	4	11	39	22	61

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I am willing to share personal information with trusted brands for AI -driven personalization	4	3	7	36	18	54
Sum	47	28	75	333	184	517
Mean	5.222222222	3.111111111	8.333333333	37	20.44444444	57.44444444
Standard Deviation	1.301708279	0.78173596	2	1.322875656	1.236033081	2.45515331

Table 2: The table summarizes responses to various statements about personalized shopping experiences based on gender and agreement levels. In the "Low" agreement category (disagree or strongly disagree), male respondents generally showed higher agreement than females across statements, but with low total counts (ranging from 2 to 6). In the "High" agreement category (agree or strongly agree), both males and females showed stronger agreement, particularly with statements like shopping with brands that provide relevant offers (56 total) or becoming repeat buyers after personalized experiences (56 total). The mean scores reflect this trend, with higher means in the "High" category. Overall, the data suggests that personalized experiences positively influence purchasing decisions, with most respondents agreeing with personalized shopping preferences.

IV. HYPOTHESES TESTING AND METHODS RESULT

The hypothesis testing method used is a two-sample t-test assuming unequal variances. For each scenario, thenull hypothesis (H0) states that there is no significant difference between the means of the Low and High groups, while the alternative hypothesis (H1) states that there is a significant difference between the means.

In all three scenarios, the null hypothesis is rejected based on the t-statistic and P-value, indicating a significantdifference in means between the Low and High groups.

This indicates a significant difference in means between the Low and High groups across the scenarios, confirming that the High group is more likely to shop with brands that provide relevant offers and recommendations, become repeat buyers after a personalized shopping experience, and be influenced by personalization in their purchasing decisions compared to the Low group.

To conduct a two-sample t-test assuming unequal variances in Excel using the Data Analysis Tool Pak, input the data for the Low and High groups into separate columns. Enable the Data Analysis Tool Pak under `File >Options > Add-Ins`, and then open it from the `Data` tab. Select `t-Test: Two-Sample Assuming Unequal Variances`, input the data ranges, and set the `Hypothesized Mean Difference` to `0`. After running the analysis, review the output to find the t-statistic and P-value, comparing the latter to the significance level (usually 0.05) to assess the significance of the difference between the two groups' means.

T-test result

Table 3: This table shows the T-test result of table 2.

t-Test: Two-Sample Assuming Unequal Variances

	Low	***High***
Mean	8.333333333	57.44444444
Variance	4	6.027777778
Observations	9	9
Hypothesized Mean Difference	0	
df	15	
t Stat	-46.52631579	
P(T<=t) one-tail	6.16121E-18	
t Critical one-tail	1.753050325	
P(T<=t) two-tail	1.23224E-17	
t Critical two-tail	2.131449536	

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Table 3: The t-test results reveal a highly significant difference (t Stat = -46.53, p-values < 0.05) between the mean responses of Low and High to statements about personalized shopping experiences. This suggests that there is a substantial difference in how these two groups perceive and respond to personalized marketing strategies, with High (Mean) showing significantly stronger agreement compared to Low (Mean). The findings highlight the effectiveness and impact of personalized marketing approaches on consumer behavior and preferences.

V. RESULTS AND DISCUSSION

A. *Findings*

1) Respondents show a strong inclination towards shopping with brands that provide relevant offers and recommendations. Similarly, respondents express a high likelihood of becoming repeat buyers after personalized shopping experiences. The personalization shopping experience significantly influences purchasing decisions.
2) Consumers have high expectations for personalized experiences throughout their purchase journey. Brand recognition plays a crucial role, with respondents more likely to buy from recognized retailers. There is a strong belief that companies prioritizing personalization strategies see an increase in revenue.
3) Consumers strongly believe that personalized recommendations influence impulse purchases. Lack of personalized communications can lead consumers to consider switching brands. There is a willingness to share personal information with trusted brands for AI-drivenpersonalization.

B. *Outcome*

1) Results from t-tests indicate statistically significant differences in mean responses between low and high categories across all statements. Consumers who strongly agree or agree with personalized marketing statements (high category) exhibit markedly different preferences compared to those who disagree or strongly disagree (low category).
2) The findings suggest that personalized marketing strategies are well-received and influential in shaping consumer behaviour. Brands should prioritize personalized experiences throughout the customer journey to enhance brand recognition, trust, and ultimately drive repeat purchases and customer loyalty.
3) While consumers express openness to AI-driven personalization, brands need to ensure transparency, data security, and build trust to encourage greater willingness to share personalinformation

VI. CONCLUSION

1) Consumers show a strong inclination towards shopping with brands that provide relevant offers and recommendations tailored to their preferences.
2) Personalized shopping experiences significantly influence consumers' likelihood of becoming repeat buyers and their overall purchasing decisions.
3) Brand recognition plays a crucial role in consumer decision-making, with consumers more likely to buy from recognized retailers.
4) Companies that prioritize personalized marketing strategies are perceived to see increases in revenue, indicating the importance of tailored experiences.
5) Personalized recommendations contribute to impulse purchases, highlighting the impact of targeted marketing on consumer behaviour.
6) Lack of personalized communications may lead consumers to consider switching brands, emphasizing the importance of personalized engagement.
7) Consumers are generally willing to share personal information with trusted brands for AI-driven personalization, suggesting a level of acceptance towards data-driven marketing approaches.

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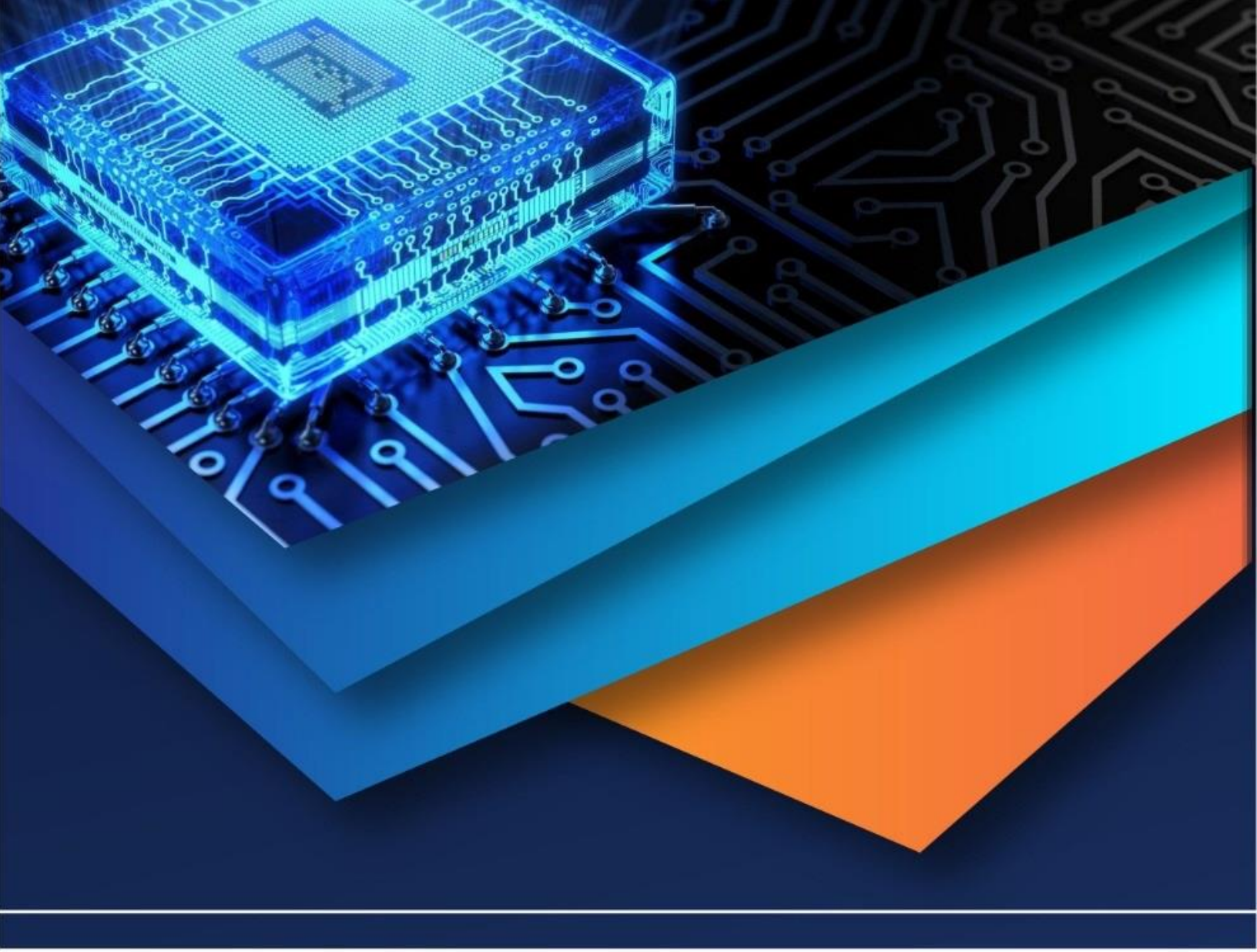
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