



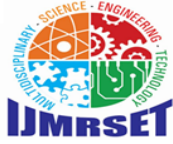
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Impact of AI Driven Personalization on Customer Loyalty in E-Commerce

Ms. Aishwarya Lakshmi T¹, Ms. Varsha R²

Assistant Professor, Department of B.com A&F/ M.com (IB), Sri Krishna Arts and Science College, Coimbatore,
Tamil Nadu, India¹

UG Student, Department of B.com A&F/ M.com (IB), Sri Krishna Arts and Science College, Coimbatore,
Tamil Nadu, India²

ABSTRACT: This study focuses on examining the impact of AI-driven personalization on customer loyalty in the e-commerce sector. With the rapid growth of online shopping, companies are increasingly using Artificial Intelligence technologies such as recommendation systems, predictive analytics, and chatbots to deliver customized product suggestions, targeted advertisements, and personalized communication. These AI tools analyse customer data and behaviour to enhance the overall shopping experience. Personalized services help improve customer satisfaction, engagement, and trust, which are important factors in building strong and lasting customer relationships. The research is based on primary data collected through structured questionnaires from online shoppers. The data were analysed using percentage analysis and ANOVA to identify the relationship between AI-driven personalization and customer loyalty. The findings indicate a positive and significant impact of personalization on repeat purchase intention, brand commitment, and customer retention. The study concludes that effective implementation of AI-driven personalization strategies enables e-commerce companies to strengthen customer loyalty and achieve a sustainable competitive advantage in the digital marketplace.

KEYWORDS: Artificial Intelligence, AI-driven personalization, Customer loyalty, E-commerce, Customer satisfaction, Trust, Repeat purchase behavior.

I. INTRODUCTION

In today's competitive digital marketplace, e-commerce businesses are increasingly using AI-driven personalization to enhance customer experiences and differentiate themselves from competitors. Technologies such as machine learning, recommendation systems, predictive analytics, and chatbots analyze customer behavior, preferences, and purchase history to deliver customized product suggestions, targeted advertisements, and real-time communication. These personalized interactions help reduce information overload, improve convenience, and create more engaging shopping experiences for customers.

This study examines the impact of AI-driven personalization on customer loyalty by analyzing how tailored recommendations and intelligent services influence satisfaction, trust, and repeat purchase intention. The findings suggest that effective personalization strengthens emotional connections with customers and encourages long-term engagement and retention. However, the study also emphasizes the importance of maintaining data privacy, transparency, and ethical practices to sustain customer trust. Overall, AI-driven personalization plays a significant role in building customer loyalty and achieving sustainable growth in the e-commerce sector.

II. PROBLEM STATEMENT

In today's e-commerce market, customers have many choices and can easily switch from one platform to another if their expectations are not met. Although many online retailers use AI-driven personalization to recommend products, customize offers, and improve user experience, it is still unclear how effectively these personalized features influence customer loyalty. Some customers may find personalization helpful and engaging, while others may feel it is irrelevant or intrusive. This creates a challenge for e-commerce businesses to understand whether AI-based personalization truly builds long-term loyalty or only increases short-term sales. Therefore, the problem lies in identifying the real impact of



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AI-driven personalization on customer loyalty and determining how it can be used in a way that strengthens trust, satisfaction, and repeat purchasing behavior.

III. OBJECTIVES OF THE STUDY

- To examine how AI-driven personalization influences customer satisfaction in e-commerce platforms.
- To study how real-time personalized experiences impact customer retention rates.
- To study the impact of customized offers and promotions on repeat purchase behaviour
- To evaluate how personalized content and advertisements affect customer trust.

IV. REVIEW OF LITERATURE

Smieskol, J., Jakobi, T., & von Grafenstein, M. (2025) examined the role of personalization toggles in enhancing user control and transparency in algorithmic systems. Their findings indicate that providing users with control mechanisms improves perceived trust and acceptance of AI-driven personalization.

Choubey, N., & Gautam, V. (2024) investigated OCR-enabled omnichannel retailing and its impact on customer retention. The study found that customer engagement mediates the relationship between technological personalization and retention outcomes.

Wasiq, M., Rahman, Z., Khan, I., & Ali, S. (2024) conducted a bibliometric review of metaverse customer engagement research and highlighted personalization and immersive experiences as dominant themes influencing digital consumer behavior.

Paiola, M., Schiavone, F., Grandinetti, R., & Chen, J. (2023) explored platform orchestration in omnichannel environments and concluded that coordinated digital strategies enhance value creation and customer-centric outcomes.

Overall, previous studies indicate that AI-driven personalization enhances customer experience, satisfaction, and engagement. However, transparency, privacy, and ethical implementation remain critical factors influencing long-term loyalty.

V. RESEARCH METHODOLOGY

Research Design

The study adopts a descriptive research design using a quantitative approach to analyze the relationship between AI-driven personalization and customer loyalty.

Data Collection

Primary data were collected through a structured questionnaire distributed to online shoppers. Secondary data were obtained from journals, research articles, and scholarly publications.

Sample Size

The study consists of 93 respondents who are active users of e-commerce platforms.

Sampling Technique

Convenience sampling method was used to collect data from respondents who frequently shop online.

Research Instrument

A structured questionnaire with Likert scale questions was used to measure perceptions regarding AI-driven personalization, satisfaction, trust, and loyalty.

Data Analysis Tools

- Percentage Analysis
- ANOVA (Analysis of Variance)

Variables

- Independent Variable: AI-driven personalization
- Dependent Variable: Customer loyalty

Reliability and Validity

The questionnaire was designed based on established research concepts to ensure reliability and validity. Uniform



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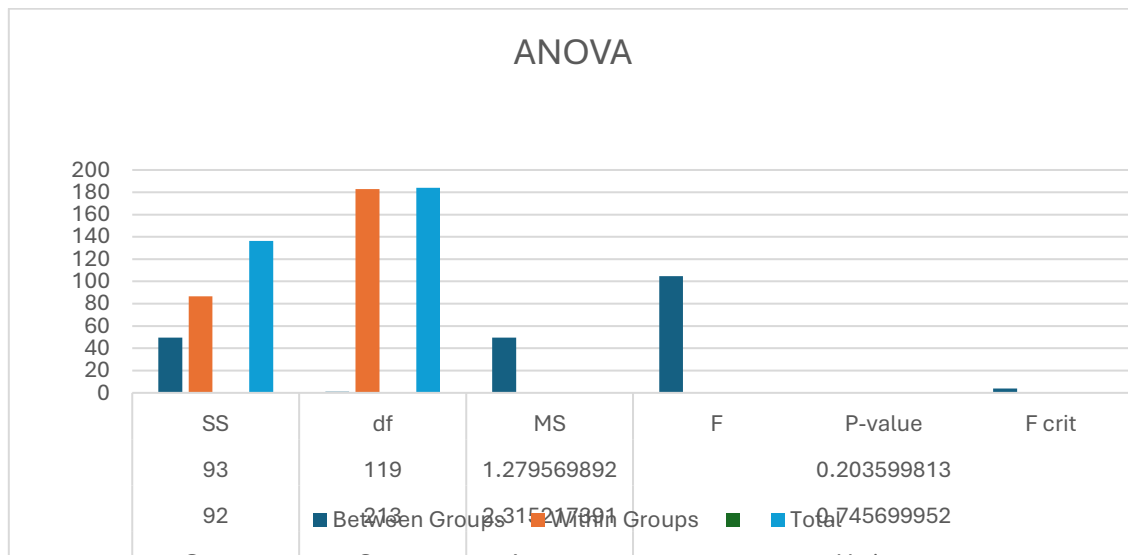
questions were provided to all respondents to maintain consistency.

DATA ANALYSIS

The data collected from 93 respondents were analyzed using percentage analysis and ANOVA to examine the relationship between AI-driven personalization and customer loyalty.

ANOVA ANALYSIS

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Column 1	92	213	2.315217	0.7457		
Column 2	93	119	1.27957	0.2036		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	49.60472	1	49.60472	104.8352	9.73E-20	3.892776
Within Groups	86.58988	183	0.473169			
Total	136.1946	184				

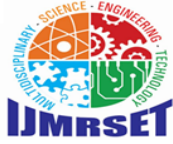


INTERPRETATION

The ANOVA results show that the p-value (9.73E-20) is less than 0.05 and the F-value (104.8352) is greater than the F critical value (3.892776). Therefore, the null hypothesis is rejected, indicating a statistically significant difference between the groups. This means that there is a significant relationship between the variables, showing that one variable has a strong influence on the

FINDINGS

- AI-driven personalization significantly improves customer satisfaction.
- Personalized recommendations positively influence repeat purchase behavior.
- Customers who perceive personalization as useful show higher loyalty levels.
- Trust acts as a mediating factor between personalization and loyalty.



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- Privacy concerns slightly reduce the positive impact of personalization.
- Young consumers are highly responsive to personalized digital experiences.

SUGGESTIONS

- E-commerce companies should implement transparent personalization policies to build trust.
- Platforms should provide users with control options to manage personalization settings.
- AI algorithms should focus on relevance rather than excessive targeting.
- Companies must strengthen data privacy and security measures.
- Personalization strategies should balance automation with human support services.
- Regular feedback mechanisms should be introduced to improve personalization accuracy.

VI. CONCLUSION

The study concludes that AI-driven personalization plays a vital role in enhancing customer loyalty in the e-commerce sector. Personalized recommendations, customized offers, and real-time suggestions significantly improve customer satisfaction, engagement, and repeat purchase intention. While privacy concerns exist, effective implementation and transparency can mitigate these issues.

The findings indicate that AI-driven personalization is not merely a marketing tool but a strategic approach to building long-term customer relationships. However, since the study primarily focused on college students who are active online shoppers, the results may reflect the perceptions of young consumers more strongly. Future research can include diverse age groups to enhance generalizability.

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