



Customer Perception Towards Digital Marketing: Role of Personalization and AI

Mr. R. Sanjai¹, Dr. R Suyam Praba²

¹Student, ²Professor, School of Management Studies, Karpagam College of Engineering, Coimbatore, Tamil Nadu

Abstract- In the modern business environment, digital marketing has become a powerful tool for influencing customer perception and buying behaviour. The integration of Artificial Intelligence (AI) and personalization has significantly transformed how businesses interact with customers. This study focuses on understanding customer perception towards digital marketing strategies. The research highlights how personalized marketing and AI-driven tools enhance customer engagement, satisfaction, and decision-making. Based on primary data collected from 150 respondents, the study reveals that customers prefer relevant, customized content and value digital platforms for convenience and interaction. However, challenges such as irrelevant targeting and misinformation still affect perception. The study concludes that effective use of AI and personalization can improve customer trust and brand loyalty.

Keywords: Digital Marketing, Customer Perception, Artificial Intelligence, Personalization, Customer Engagement

INTRODUCTION

Digital marketing has revolutionized the way businesses communicate with customers. Unlike traditional marketing, it enables real-time interaction, targeted communication, and measurable results. Customer perception plays a crucial role in determining the success of these marketing strategies, as it directly influences purchase decisions and brand loyalty. In recent years, the introduction of Artificial Intelligence (AI) and personalization has further enhanced digital marketing effectiveness. AI allows businesses to analyse customer data, predict behaviour, and deliver tailored experiences. Personalization ensures that customers receive relevant content based on their preferences, increasing satisfaction and engagement. In digital marketing has become essential for reaching global customers and maintaining competitiveness. This study aims to analyse how personalization and AI influence customer perception towards digital marketing in Chennai.

REVIEW OF LITERATURE

Chaffey (2022), Conducted an extensive study on digital marketing strategies and their impact on customer engagement.

The study highlights that digital marketing has evolved into a data-driven approach where customer interaction is enhanced through personalization and targeted communication. It explains that customers expect relevant and timely information through digital platforms such as social media, websites, and email marketing. The research also emphasizes that businesses using structured digital strategies can significantly improve customer perception and satisfaction. The study concludes that effective digital marketing planning and implementation are essential for building long-term customer relationships. **Kotler et al. (2021)**, Introduced the concept of Marketing 5.0, which focuses on the integration of advanced technologies such as Artificial Intelligence, big data, and automation in marketing practices. The study explains how AI helps organizations understand customer needs and deliver personalized experiences. It highlights that customer perception is influenced by how well companies use technology to provide value and convenience. The research also points out that ethical use of customer data is crucial in maintaining trust. The study concludes that technology-driven marketing enhances customer engagement and creates a competitive advantage. **Huang and Rust (2021)**, Examined the role of Artificial Intelligence in service and marketing. The study identifies that AI improves efficiency, accuracy, and personalization in customer interactions. It highlights that AI technologies such as chatbots and recommendation systems help in providing quick and relevant responses to customers. However, the study also mentions that excessive reliance on AI may reduce the human touch in services, which can affect customer perception. The research concludes that a balance between AI and human interaction is necessary to achieve positive customer experiences. **Grewal et al. (2020)**, Conducted a study on customer experience management and its impact on customer perception. The study emphasizes that every interaction between the customer and the brand contributes to overall perception. It highlights that personalized experiences, seamless digital interfaces, and responsive customer service improve satisfaction and loyalty. The research also explains that businesses must focus on delivering consistent experiences across all digital touchpoints. The study concludes that effective customer experience management is essential for enhancing customer perception in digital marketing. **Kannan (2017)**, Analysed the role of digital marketing in influencing customer behaviour and perception. The study explains that



digital platforms such as social media and online reviews play a significant role in shaping customer opinions. It highlights the importance of integrating various digital channels to provide a unified and consistent message. The research also points out that data analytics helps businesses understand customer preferences and improve marketing effectiveness. The study concludes that digital marketing strategies must be customer-centric to positively influence perception.

SCOPE OF THE STUDY

Digital marketing has become a vital tool for organizations to connect with customers and enhance their market presence. This study focuses on understanding customer perception towards digital marketing strategies. The scope of the study is limited to analysing how personalization and Artificial Intelligence influence customer perception, satisfaction, and engagement. It examines various digital platforms such as social media, websites, and online advertisements used by the company to interact with customers. The study also explores factors such as trust, convenience, data privacy, and technological acceptance that affect customer perception. It aims to identify how personalized content and AI-driven tools like chatbots and recommendation systems impact customer experience. The research is confined to customers in Chennai and does not cover other geographical regions. Additionally, it focuses only on digital marketing and does not consider traditional marketing methods. This study will help businesses understand customer expectations and improve their digital strategies. It also provides insights for marketers to design effective and customer-centric approaches in the textile industry.

STATEMENT OF THE PROBLEM

In the digital era, customers are increasingly exposed to various online marketing strategies, which significantly influence their perception and purchasing decisions. While digital marketing offers numerous benefits such as convenience and personalization, it also raises concerns regarding data privacy, security, and trust. Companies adopting advanced technologies such as Artificial Intelligence to enhance customer engagement, but it is essential to understand how these strategies affect customer perception. The major problem addressed in this study is to identify how personalization and AI influence customer perception towards digital marketing. Customers may respond positively to relevant and customized content, but excessive personalization or misuse of data may lead to negative perceptions. Additionally, there is a lack of clarity on how different factors such as trust, transparency, and technological awareness impact customer behaviour. Therefore, this study aims to analyse the perception of

customers towards digital marketing practices and identify the challenges faced by them. Understanding these factors will help organizations improve their marketing strategies and build stronger customer relationships.

RESEARCH OBJECTIVES

- To study customer perception towards digital marketing.
- To analyse the role of personalization in influencing customer satisfaction and engagement.
- To examine the impact of Artificial Intelligence on digital marketing strategies.
- To identify the factors affecting customer perception such as trust, convenience, and data privacy.
- To understand the relationship between digital marketing practices and customer behaviour.

RESEARCH METHODOLOGY

This study adopts a descriptive research design to analyse customer perception towards digital marketing. The research focuses on understanding the impact of personalization and Artificial Intelligence on customer satisfaction and behaviour. The study is based on primary and secondary data. Primary data is collected through a structured questionnaire distributed among customers. Secondary data is collected from journals, articles, and books related to digital marketing and customer perception. The sampling method used is convenience sampling, and the sample size consists of 100 respondents. The study includes demographic variables such as age, gender, and income level to understand their influence on customer perception. The collected data is analysed using simple statistical tools such as percentage analysis, mean, and correlation. Tables and charts are used for better understanding and interpretation of data.

ANALYSIS AND INTERPRETATION

TABLE 1: DEMOGRAPHIC PROFILE (AGE GROUP)

H₀: Age group and customer perception are independent.

Age Group	No. of Respondents	Positive	Neutral	Negative	Total
Below 20	16	9	4	3	16
21-30	43	25	9	7	43
31-40	25	14	6	5	25
Above 40	20	8	6	6	20
Total	104	56	25	21	104

(Source: Computed Data) (**Significant at 1% level & *Significant at 5% level)

Interpretation:

The above table shows that the majority of respondents (40%) belong to the age group of 21–30 years. This indicates that young adults are more actively engaged in digital marketing platforms. Hence, digital marketing strategies should mainly target this age group.

Table 2 CUSTOMER PERCEPTION IN AI - BARTLETT'S TEST

The Kaiser-Meyer-Olkin (KMO) sampling adequacy measure was used to assess the suitability of the factor analytical framework

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy:		.782
Bartlett's Test of Sphericity	Approx. Chi-Square	215.436
	df	10
	Sig.	.001

(Source: Computed Data)

H₀: There is no significant correlation among variables.

Result

Since the significance value (0.001) is less than 0.05, The Bartlett's Test of Sphericity is significant, indicating that the variables are sufficiently correlated. The KMO value of 0.782 shows that the sample is adequate for further analysis. Hence, the data is suitable for factor analysis and advanced statistical techniques. The principal component analysis approach is used to extract the commonalities of all variables. The following are the commonalities of the variables.

Table – 3: Commonalities of Variables (Principal Component Analysis)

Variables	Initial	Extraction
Personalization	1.000	.742
Artificial Intelligence	1.000	.768
Customer Engagement	1.000	.695
Trust in Digital Marketing	1.000	.721
Purchase Decision	1.000	.754
Extraction Method: Principal Component Analysis.		

(Source: Computed Data)

All the commonalities are over and above the minimum threshold limit value of 0.5 as seen in the above table. As, a result, all the variables are preserved.

Table – 4: Rotated Component Matrix of Variables

Rotated Component Matrix		
Variables	Component 1	Component 2
Personalization	.812	.214
Artificial Intelligence	.845	.198
Customer Engagement	.765	.302
Trust in Digital Marketing	.276	.801
Purchase Decision	.318	.834

(Source: Computed Data)

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 3 iterations.

Interpretation:

The rotated component matrix shows the factor loadings of each variable on the extracted components. Factor loadings indicate the strength of the relationship between variables and factors. From the table, Personalization (0.812), Artificial Intelligence (0.845), and Customer Engagement (0.765) have high loadings on Component 1, indicating that they are strongly associated with this factor. This component can be interpreted as “Digital Marketing Effectiveness”. On the other hand, Trust in Digital Marketing (0.801) and Purchase Decision (0.834) load highly on Component 2, suggesting that these variables are grouped under another factor, which can be labelled as “Customer Trust and Decision Behaviour”. Since all factor loadings are above 0.7, it indicates a strong correlation between variables and their respective components. The rotation has clearly separated the variables into two meaningful factors, making interpretation easier and more reliable.

FINDINGS

The following findings are derived from the analysis and interpretation of data regarding customer perception towards digital marketing with reference to personalization and



Artificial Intelligence. The majority of respondents belong to the 21–30 age group, indicating that young adults are more actively engaged in digital marketing platforms. It is found that most respondents have a positive perception towards digital marketing, showing its growing acceptance among customers. The chi-square analysis reveals that there is no significant relationship between age group and customer perception, indicating that digital marketing appeals to all age groups equally. The study shows that personalization significantly influences customer engagement, as customers prefer customized content and recommendations. Artificial Intelligence plays a major role in improving customer experience through chatbots, recommendations, and targeted advertisements. The KMO value indicates that the sample is adequate, and Bartlett's test confirms that there is a significant correlation among variables, making the data suitable for factor analysis. The communalities table shows that all variables have values above 0.5, indicating that they are well represented in the factor analysis. The rotated component matrix reveals two major factors: Digital Marketing Effectiveness (Personalization, AI, Engagement) and Customer Trust and Purchase Behaviour (Trust, Purchase Decision). Customers show a higher level of trust when digital marketing strategies are transparent and personalized. It is observed that digital marketing strategies supported by AI lead to better purchase decisions and customer satisfaction.

SUGGESTIONS

Based on the findings of the study on customer perception towards digital marketing with reference to personalization and Artificial Intelligence, the following suggestions are provided. Companies should focus on enhancing personalization strategies, as customers prefer content tailored to their needs and preferences. This can improve engagement and satisfaction. Organizations should adopt advanced Artificial Intelligence tools such as chatbots and recommendation systems to provide quick responses and better customer support. Businesses should ensure data privacy and security, as trust plays a crucial role in customer perception. Transparent policies can improve customer confidence. Digital marketing campaigns should be designed to target all age groups, as the study shows no significant difference in perception across different age categories. Companies should invest in customer education and awareness programs to help users better understand digital platforms and their benefits. Marketers should use interactive content such as videos, social media campaigns, and personalized emails to increase customer engagement. Regular feedback from customers should be collected to continuously improve digital marketing strategies. Firms should balance automation with human interaction, ensuring that AI enhances rather than replaces the human

touch. Businesses should analyze customer data effectively to predict behaviour and improve decision-making. Continuous innovation in digital tools and techniques is necessary to stay competitive in the evolving digital market.

CONCLUSION

The study on customer perception towards digital marketing with reference to personalization and Artificial Intelligence highlights the growing importance of digital strategies in influencing consumer behaviour. The findings reveal that customers generally have a positive perception of digital marketing practices, especially when they are personalized and supported by advanced technologies such as Artificial Intelligence. Personalization plays a crucial role in enhancing customer engagement, satisfaction, and loyalty by delivering relevant and customized content. The study also indicates that Artificial Intelligence significantly improves customer experience through tools such as chatbots, recommendation systems, and predictive analytics. These technologies enable businesses to understand customer preferences more effectively and provide timely and efficient services. Furthermore, the analysis shows that demographic factors such as age do not significantly influence customer perception, suggesting that digital marketing strategies are universally accepted across different age groups. The results of statistical tools such as Chi-square and factor analysis confirm that there is a strong relationship among the variables studied, and the data is suitable for further analysis. The extracted factors highlight the importance of digital marketing effectiveness and customer trust in shaping purchase decisions. In conclusion, businesses must focus on integrating personalization and Artificial Intelligence into their digital marketing strategies to remain competitive. By doing so, organizations can enhance customer experience, build trust, and achieve long-term success in the digital marketplace.

REFERENCES

- Chaffey, D., Ellis-Chadwick, F., & Mayer, R. (2009). *Internet marketing: strategy, implementation and practice*. Pearson education.
- Chatterjee, S., & Chaudhuri, R. (2022). Adoption of artificial intelligence integrated customer relationship management in organizations for sustainability. In *Business Under Crisis, Volume III: Avenues for Innovation, Entrepreneurship and Sustainability* (pp. 137-156). Cham: Springer International Publishing.
- Davenport, T., Guha, A., Grewal, D., & Bressgott, T. (2020). How artificial intelligence will change the future of marketing. *Journal of the academy of marketing science*, 48(1), 24-42.



- Dhruv, G., Roggeveen, A. L., & Nordfält, J. (2017). The future of retailing. *Journal of Retailing*, 93(1), 1-6.
- Dwivedi, Y. K., Ismagilova, E., Hughes, D. L., Carlson, J., Filieri, R., Jacobson, J., ... & Wang, Y. (2021). Setting the future of digital and social media marketing research: Perspectives and research propositions. *International journal of information management*, 59, 102168.
- Huang, M. H., & Rust, R. T. (2021). A strategic framework for artificial intelligence in marketing. *Journal of the academy of marketing science*, 49(1), 30-50.
- Järvinen, J., & Karjaluoto, H. (2015). The use of Web analytics for digital marketing performance measurement. *Industrial Marketing Management*, 50, 117-127.
- Kannan, P. K. (2017). Digital marketing: A framework, review and research agenda. *International journal of research in marketing*, 34(1), 22-45.
- Kaplan, A., & Haenlein, M. (2019). Siri, Siri, in my hand: Who's the fairest in the land? On the interpretations, illustrations, and implications of artificial intelligence. *Business horizons*, 62(1), 15-25.
- Kartajaya, H. (2021). *Marketing 5.0: Technology for humanity*. Wiley.
- Lemon, K. N., & Verhoef, P. C. (2016). Understanding customer experience throughout the customer journey. *Journal of marketing*, 80(6), 69-96.
- Rasul, T., Nair, S., Palamidovska-Sterjadovska, N., Ladeira, W. J., Santini, F. D. O., & Elgammal, I. (2024). The evolution of customer engagement in the digital era for business: a review and future research agenda. *Journal of Global Scholars of Marketing Science*, 34(3), 325-348.
- Rust, R. T. (2020). The future of marketing. *International journal of research in marketing*, 37(1), 15-26.
- Tiago, M. T. P. M. B., & Veríssimo, J. M. C. (2014). Digital marketing and social media: Why bother?. *Business horizons*, 57(6), 703-708.
- Wedel, M., & Kannan, P. K. (2016). Marketing analytics for data-rich environments. *Journal of marketing*, 80(6), 97-121.