

AI-Driven Personalization & Brand Loyalty among Gen Z in E-commerce

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ABSTRACT

Artificial intelligence (AI) and the rapid rise of e-commerce have genuinely reshaped how businesses connect with customers, especially through AI-driven customization. It didn't happen slowly. It just shifted. The way brands speak, suggest, even anticipate feels different now. Almost intuitive at times. To make the experience better and keep people coming back, e-commerce platforms are leaning heavily on screens that adjust to you, offers picked just for you, and suggestions that feel personal. You can see it everywhere, really. Small changes on your feed. Deals that feel almost too specific. Layouts shifting without most of us even realizing it. Still, it's not clear if this whole idea will actually create real loyalty among Generation Z, especially now that people are more worried about data privacy and transparency. Gen Z appreciates relevance, yes, but they also start wondering what's really going on behind the scenes. They notice things. And that quiet doubt about how data is handled it lingers. This study tries to understand how AI-driven customization shapes Generation Z consumers' loyalty toward brands in India's growing online shopping market. It also looks at how privacy concerns change this connection, along with the role played by customer satisfaction and trust in between. The research is built around the Stimulus–Organism–Response (S-O-R) framework, where brand loyalty is treated as the final outcome, trust and satisfaction represent the internal feelings and reactions of consumers, and AI-driven personalization acts as the external trigger influencing them.

While working on this study, with a quantitative and descriptive method. It wasn't some big strategic decision honestly, it just felt okay for the type of problem I was trying to understand. I wasn't aiming to test anything too technical or complicated. As the aim was to look at patterns and see how things were connecting if they were connecting at all. Around 61 Generation Z consumers who use e-commerce platforms filled the online questionnaire and shared their responses. That's basically where the primary data came from. After collecting everything, I leveraged SPSS and Microsoft Excel and started going through the numbers, step by step. I used percentage analysis, correlation, and regression to understand what kind of relationships were forming and what the data was actually trying to show, even if it wasn't very obvious at first. The conclusions of the study kind of show how Gen Z consumers actually look at AI-driven personalization and how that thinking links to loyalty outcomes. It became pretty clear that in AI-enabled e-commerce settings, trust, satisfaction, and ethical data practices are not just extra elements, they matter a lot more than brands sometimes assume. When trust is not there, the whole connection feels unstable. Almost forced. For marketers, e-commerce platforms, and brand managers, these findings are practically important in many ways. It's really not just about increasing short-term sales now. That thinking feels a bit outdated, to be honest. Brands probably need to slow down and rethink how they are using personalization in the first place. It shouldn't only be smart, it should also be fair and transparent, especially in the way customer data is handled. This becomes even more important when the audience is younger consumers, because Gen Z usually picks up on small details quickly and they don't ignore things that feel off. And if brands really want loyalty that stays for a longer time, not just one-time transactions, they need to move beyond just smart algorithms and focus on responsibility too, even if it requires extra effort.

BACKGROUND OF THE STUDY

E-commerce has honestly grown a lot in the last few years. Mostly because now, almost everyone has internet and smartphones. People don't feel worried about using digital payments anymore, so shopping online doesn't feel risky like it used to. It saves time, gives more options, and price comparison is very easy. Because of this convenience, many people shifted towards online platforms gradually.

At the same time, these platforms are competing highly. Everyone wants new customers, sure, but keeping them is the

real challenge. So companies started focusing more on improving customer experience. One major step they took was using Artificial Intelligence. The purpose is simple understand what the customer likes and show similar products. That's how personalization works in practical.

AI-driven personalization studies customer activity such as searches, clicks, past purchases and browsing behaviour. The system looks at all this data and then tries to suggest products it thinks you'll like. We observe it everywhere in the recommended sections, on homepages that feel kind of made for you, in special discounts, and ads that somehow match what you were just looking at. These little features make shopping quicker and a lot easier, honestly. Sometimes it feels helpful but excess of it makes the users think of their privacy.

Gen Z people born around 1997 and after they're online a lot. Social media, apps, shopping, they do it all without thinking much. Most like to shop online. They try new brands and platforms really fast. Because of that, they don't stick to one brand like older people do. Companies that want to keep them need to figure out how AI personalization actually changes what they buy and which brands they like.

AI personalization is supposed to make shopping easier and sell more stuff. But honestly, it's hard to say if it really makes Gen Z loyal. Many just go with whatever the platform shows them. They click on the first thing that looks good instead of sticking to a brand they used before. Sometimes it feels helpful, sometimes it feels like the platform is just pushing stuff at them.

Privacy is also a thing. Some don't care, some care a lot. If they feel their data isn't safe or clear how it's used, trust drops. And when trust drops, they don't feel connected to the brand. They switch platforms or sellers a lot. So the question is does AI personalization really make them loyal, or does it just make them buy stuff for now and move on? Honestly, it's not simple.

PROBLEM STATEMENT

E-commerce platforms often use AI personalization to make shopping easier, keep customers, and increase sales, but honestly it's not clear if this really makes Gen Z stick with a brand for long-term. Many platforms mostly just show product suggestions to get people to buy right away. Gen Z users switch between brands and platforms quickly depending on what the algorithm shows them at that moment, so loyalty is often weak compared to older users.

Also, Gen Z is noticing more and more how their data is being collected and used, and they do worry about privacy, if their info is safe, or if it might be misused. If it feels like the company isn't clear about it, they can lose trust and lose that connection with the brand, even if the personalized stuff makes shopping easier. So the main thing is this AI personalization is meant to boost engagement, increase loyalty, and push sales, but we still don't really know if it builds strong emotional bonds or long-term loyalty. That's why it's important to see how AI personalization really affects brand loyalty along with other things like trust and customer satisfaction in online shopping

AIM OF THE STUDY

The primary objective of this research is to investigate the impact of AI-driven personalization On brand loyalty among Generation Z shoppers on e-commerce platforms. Additionally, the study seeks to explore if personalization builds satisfaction, which may further enhance loyalty to brands.

OBJECTIVE OF THE STUDY

1. To know how often Gen Z users see personalized features on e-commerce apps.
2. To analyze the impact of AI personalization and privacy concerns on Gen Z's brand loyalty

RESEARCH QUESTIONS

1. Does AI-driven personalization in E-commerce platforms can affect brand loyalty among Gen Z consumers?
2. How does AI-driven personalization help to build trust and Satisfaction of Gen Z customers?
3. Do trust and satisfaction contribute to higher brand loyalty among Gen Z?
4. Do privacy concerns reduce the positive effects of personalization on brand loyalty?

SIGNIFICANCE OF THE STUDY

This study is important for a number of reasons. First, it helps e-commerce businesses see if investing in AI-powered personalization really makes customers stick around long-term, or if it mostly just drives short-term sales. It also gives them a way to make marketing strategies that try to keep customers interested and coming back. Not just pushing them to buy things all the time.

Second, this research is useful for marketers and brand managers who want to build real connections with Gen Z consumers. By seeing how personalization affects trust and satisfaction, companies can set up ethical and fairly clear personalization systems that give users more confidence and comfort.

Third, from a research point of view, this study adds to the work already done on Gen Z consumers and long-term loyalty, which hasn't been looked at as much as studies on purchase intention and engagement. This means the study can help cover some gaps in the current literature on AI and consumer behaviour. It's not complete, but it still points out some directions for future research.

THEORITICAL FRAMEWORK

This research is based on the Stimulus-Organism-Response (S-O-R) Model, first introduced by Mehrabian and Russell in 1974. This model is commonly used in studies of consumer behaviour to illustrate how external conditions affect internal emotional states and resulting actions.

- **Stimulus (S):** In this study, the "Stimulus" denotes the AI-powered personalization features adopted by e-commerce platforms, including personalized product suggestions, customized discounts, and personalized user interfaces.
- **Organism (O):** The "Organism" signifies the internal emotional and cognitive reactions of Gen Z consumers. This research concentrates on Customer Trust and Customer Satisfaction as the main internal responses elicited by the AI stimulus.
- **Response (R):** The "Response" represents the conclusive behavioural outcome. In this Context, it pertains to Brand Loyalty, which is expressed through intentions for repeat purchases and a preference for the platform over its rivals.

CONCEPTUAL FRAMEWORK

The conceptual framework shows the links between the main variables in this research. It explains how AI-driven personalization works as the independent variable and affects brand loyalty, which is the dependent variable. This connection is mediated by customer trust and satisfaction, subsequently boosting brand loyalty. Furthermore, privacy concern is viewed as a moderating variable that could diminish or adversely influence the strength of the relationship between AI-Driven personalization and brand loyalty.

INDEPENDENT VARIABLE

- Independent Variable: AI-Driven Personalization
- Dependent Variable: Brand Loyalty

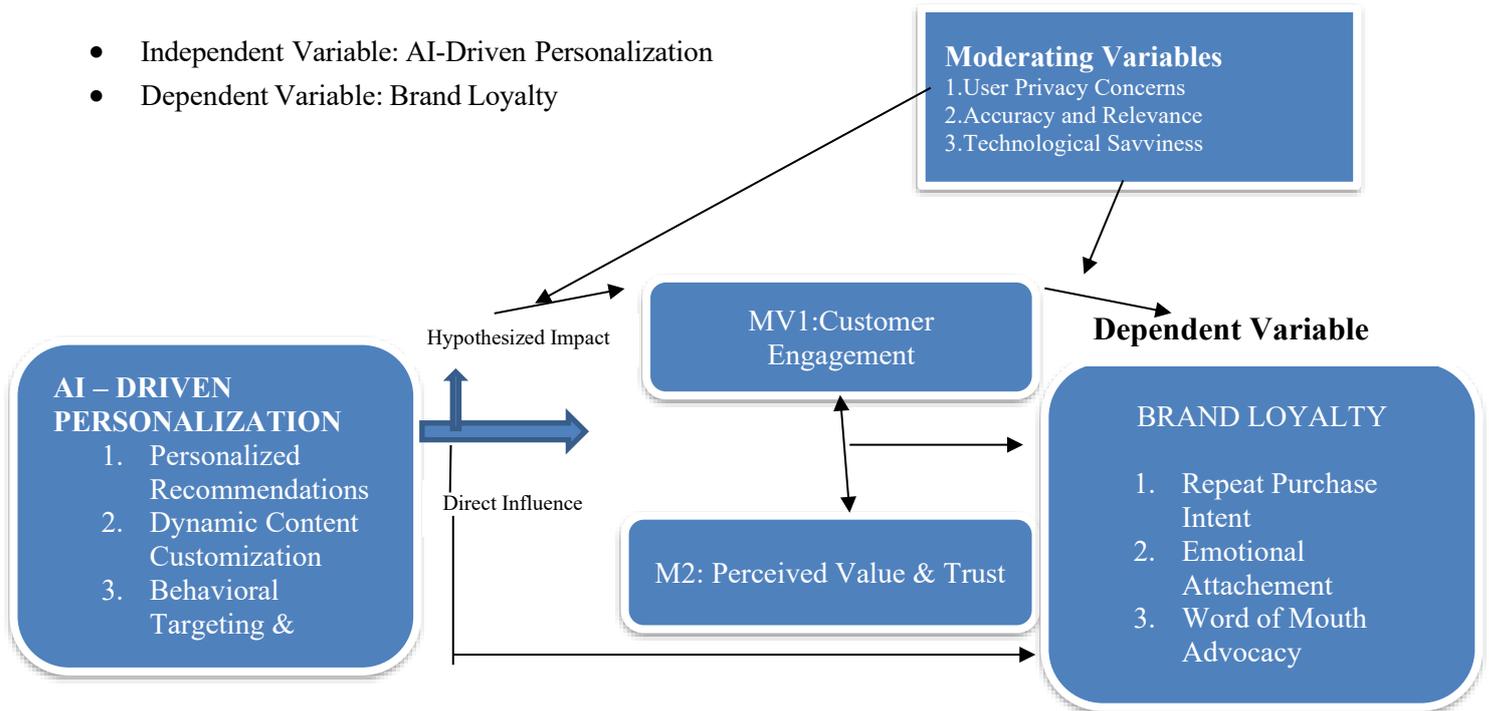


Fig : Conceptual Framework Diagram

SCOPE OF THE STUDY

1. Conceptual Scope

This study focuses on AI-Driven Personalization as implemented by major Indian e-commerce platforms. This includes “Frequently bought together” suggestions, personalized “For You” homepages, AI-curated push notifications. The research specifically evaluates how these features impact Brand Loyalty among users. It also considers the mediating roles of Trust and Customer Satisfaction, while treating Privacy Concern as a critical factor that hinder long-term loyalty.

2. Demographic Scope

This research examines how leading e-commerce platform use AI-driven personalization such as “Frequently bought together” recommendations, customized “For You” homepages, an AI- powered push notifications. It analyses the influence of these features on user’s brand loyalty, exploring the mediating effects of trust and customer satisfaction, and recognizing privacy concerns as a significant barrier to sustain loyalty. The study focuses exclusively on Generation Z consumers in India, defined as individuals born between 1997 and 2012 this cohort is selected for their status as the country “mobile-First” generation, which has driven the rise of social commerce and quick commerce. Older age groups are deliberately excluded to ensure That the finding reflects the distinct, tech-savvy behaviours of Indian Youth.

Geographical Scope

The research will be conducted within the Indian market, with a primary focus on urban and semi-urban Gen Z shoppers who have access to high-speed 5G/4G internet. This enables a realistic assessment of how local market dynamics-such as festive sales and localized AI recommendations -impact consumer decisions.

Methodological Scope

This research is quantitative in nature. Data will be gathered through a collected questionnaire distributed on platforms favoured by Indian Gen Including Instagram, WhatsApp, and LinkedIn. The research will examine self-reported information about users’ feelings when encountering personalized advertisement on Myntra or receiving customized discounts on Meesho, instead of monitoring their actual mobile or browsing history.

REVIEW OF LITERATURE

This chapter examines previous studies focused on AI-Powered Personalization, Customer trust, satisfaction, privacy issues, and brand loyalty within the e-commerce sector. The goal is to grasp the current knowledge and pin point research voids that warrant the current investigation.

1. Perumallapalli, P. (2012). AI-enhanced personalization in e-commerce. *International Journal of E-Business Studies*, 8(2), 45–57. This paper looked at AI recommendation systems and personalized interfaces. Basically, personalization helps engagement. Makes operations smoother too. Ethical issues and privacy? Not really talked about much.
2. Schmitt, B., & Zarantonello, L. (2014). Brand experience and consumer loyalty. *Journal of Brand Management*, 21(7), 543–556. They explored emotional, sensory, and cognitive brand experiences. Strong brand experiences seem to boost satisfaction and loyalty. They didn't bother with digital tools or AI personalization though.
3. Perumallapalli, P. (2012). AI-enhanced personalization in e-commerce. *International Journal of E-Business Studies*, 8(2), 45–57. This paper looked at AI recommendation systems and personalized interfaces. Basically, personalization helps engagement. Makes operations smoother too. Ethical issues and privacy? Not really talked about much.
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5. Shaw, C., & Hamilton, R. (2016). Customer experience and service loyalty. *Service Industries Journal*, 36(4), 225–240. Focus was on emotional and psychological service experiences. Positive experiences do improve satisfaction and loyalty. But AI-based services weren't really looked at.
6. Sharma, A. (2017). Online personalization and user engagement. *Journal of Interactive Marketing*, 39(2), 78–90. Personalized content, small tweaks on websites—they help users stick around. Long-term loyalty? Not studied.
7. Kumar, V., & Singh, R. (2019). AI recommendation systems and customer satisfaction. *International Journal of Retail & Distribution Management*, 47(3), 215–230. Personalized recommendations raise satisfaction. Repeat purchases go up too. Emotional attachment and trust? Didn't check that.
8. Cheng, H., & Jiang, L. (2019). AI chatbots and relationship quality. *Journal of Business Research*, 101, 234–245. Chatbot interactions improve relationships and reactions. Long-term brand loyalty wasn't directly tested.
9. Purnomo, M., Wijaya, H., & Santoso, R. (2020). Customer satisfaction and repeat usage behaviour. *Journal of Retailing and Consumer Services*, 55, 102–110. Satisfaction leads to repeat usage and word-of-mouth. AI personalization? Not part of the study.
10. Patel, S., Sharma, R., & Gupta, A. (2022). AI personalization and consumer trust. *International Journal of E-Commerce Research*, 18(1), 45–60. AI personalization helps trust and service quality. Privacy worries still make some people hesitant.
11. Rahayu, R., & Fauline, A. (2022). Digital customer experience and loyalty. *Fintech Journal*, 5(3), 78–91. Positive digital experiences improve satisfaction and loyalty. But AI tools? Not really analyzed separately.
12. Nguyen, T., Pham, L., & Le, H. (2024). Digital customer experience and e-loyalty. *Journal of Marketing Technology*, 12(2), 101–115. Brand experience does influence loyalty via satisfaction. AI personalization? Not considered.
13. Raji, F., Hassan, M., & Ali, K. (2024). AI personalization and consumer behaviour. *E-Commerce Research Journal*, 16(4), 210–225. Personalization seems to boost engagement, satisfaction, loyalty. But ethical risks like privacy and bias? Still there.
14. Perumallapalli, P. (2012). AI-enhanced personalization in e-commerce. *International Journal of E-Business Studies*, 8(2), 45–57. This paper looked at AI recommendation systems and personalized interfaces. Basically, personalization helps engagement. Makes operations smoother too. Ethical issues and privacy? Not really talked about much.
15. Schmitt, B., & Zarantonello, L. (2014). Brand experience and consumer loyalty. *Journal of Brand Management*, 21(7), 543–556. They explored emotional, sensory, and cognitive brand experiences. Strong brand experiences seem to boost satisfaction and loyalty. They didn't bother with digital tools or AI personalization though.

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25. Abouelgheit, N. (2024). Generative AI and luxury brand orientation. *Journal of Luxury Marketing*, 8(1), 45–59. AI-generated content for Millennials and Gen Z grabs attention. Long-term loyalty though? Not really measured.
26. Bunea, S., Ionescu, D., & Popescu, A. (2024). Gen Z perception of AI in online shopping. *Journal of Consumer Behaviour*, 15(3), 134–148. Using TAM, usefulness and ease of use increase purchases. Brand loyalty? Not really looked at.
27. Elrizal, M., & Astuti, D. (2024). Personalized Instagram advertising and brand loyalty. *Social Media Marketing Journal*, 10(2), 78–91. Personalized Instagram ads improve engagement and attachment, loyalty too. Study only focused on social media though.
28. Monowitz, J., & Afif, R. (2025). Digital personalization and Gen Z satisfaction. *E-Commerce Insights*, 9(1), 101–115. AI personalization raises satisfaction and keeps people coming back. Privacy issues? Can still lower trust a bit.
29. Peter, L., Zhang, H., & Kim, S. (2025). Hyper-personalized AI advertising and brand experience. *Journal of Marketing Analytics*, 12(4), 220–235. Hyper-personalization makes emotional bonds stronger. Loyalty increases. Fear of misuse? Can lower trust.
30. Ahmed, R., Khan, S., & Das, P. (2025). AI personalization and brand loyalty. *International Journal of Retail & Consumer Studies*, 14(3), 145–160. Personalization helps engagement and loyalty. Ethics and transparency issues still hang around.
31. Iqbal, M., Rehman, A., & Farooq, S. (2025). AI personalization and consumer behaviour in e-commerce. *E-Commerce Review*, 11(2), 98–112. Personalization improves satisfaction and purchase intention. Algorithm transparency? Missing.
32. Tran, P., Le, N., & Hoang, T. (2025). AI marketing efforts and fashion brand loyalty. *Journal of Fashion Marketing*, 13(1), 67–82. Customization and info clarity improve trust and loyalty. Entertainment AI tools? Not so strong.
33. Siddiqi, A., & Widarmanti, S. (2025). AI in digital marketing and Gen Z purchase decisions. *Digital Marketing Journal*, 7(3), 99–114. Trust in AI links personalization and purchase. Low trust? Reduces effectiveness.
34. Fale, R., Santos, J., & Oliveira, L. (2025). AI-based visual e-commerce and user engagement. *Journal of E-Commerce Platforms*, 6(2), 45–60. Visual AI helps engagement and conversions. Long-term loyalty? Not measured.

35. Sipos, L. (2025). AI personalization, trust, and purchase intention. *Journal of Digital Marketing*, 8(1), 72–86. Satisfaction and trust mediate personalization to purchase. Privacy concerns reduce effect.
36. Pillarisetty, K. (2025). AI automation and personalized commerce. *E-Commerce Systems Journal*, 5(3), 101–115. AI automation increases conversions and retention. Lifetime value improves. Ethical and data risks? Still there.
37. Alghaswyneh, M. (2025). AI personalization and consumer engagement. *Journal of Digital Marketing Research*, 12(2), 134–148. Personalization improves engagement, satisfaction, and loyalty. Might not apply everywhere though.
38. Gupta, R., & Rautela, P. (2025). AI personalization and purchase behaviour. *Journal of Marketing Analytics*, 10(1), 55–70. Personalization helps engagement and loyalty. Costs and privacy issues still matter.
39. Hilabi, A., & Zawawi, F. (2025). AI personalization and customer loyalty on Lazada. *Journal of E-Commerce Studies*, 8(2), 78–91. AI personalization plus good experience improves loyalty. Only looked at one platform though.
40. Avinash, S., Kumar, P., & Reddy, T. (2025). Digitalization, AI, and buying behaviour. *International Journal of E-Commerce*, 14(3), 112–126. AI like chatbots and pricing improve satisfaction and loyalty. Algorithm bias? Still a concern.
41. Hasan, M., & Othman, R. (2025). AI marketing and smartphone brand loyalty. *Journal of Mobile Marketing*, 11(2), 67–80. Personalized AI marketing increases engagement and loyalty. Industry differences? Not fully analyzed.
42. Singh, V. (2025). Digital marketing personalization and loyalty. *E-Commerce Insights*, 10(3), 88–101. Personalized content strengthens emotional bonds. Repeat usage improves.
43. Beyari, H. (2025). AI and customer loyalty in e-commerce (meta-analysis). *Journal of Retail and Consumer Studies*, 13(2), 101–120. AI adoption links to satisfaction and loyalty. Industry differences? Not deeply checked.
44. Usmonov, T. (2025). Generative AI and post-purchase communication. *Journal of E-Commerce Marketing*, 7(1), 55–70. Personalized AI replies improve satisfaction and retention. Too much automation feels less real.
45. Shingh, P., & Shiwangi, K. (2025). AI-driven personalization and consumer behaviour in digital marketing. *Journal of Digital Marketing Research*, 11(2), 89–105. Personalization improves trust and engagement. Ethical issues? Still block some users.

RESEARCH GAP

A survey of prior studies reveals that numerous researchers have explored how personalization powered by AI improves customer engagement, satisfaction, trust and intent to purchase in digital and e-commerce environments. Many investigations have highlighted the importance of both customer experience and brand experience in influencing customer loyalty. Nonetheless, most of these investigations have focused primarily on immediate outcomes such as engagement and buying behaviour or have been limited to specific industries, platforms, regions.

Very few studies have specifically focused on brand loyalty as a long-term result of personalization driven by AI, especially regarding Generation Z consumers in the Indian e-commerce landscape. Additionally, there is a scarcity of research that has concurrently

investigated customer trust and satisfaction as mediators while also taking into account privacy concerns as a moderating variable that could diminish this connection. Consequently, noticeable gaps exist in the current literature concerning the collective impact of AI-driven personalization, trust, satisfaction and privacy concerns on brand loyalty among Gen Z consumers. This study aims to address this gap by empirically exploring these relationships within the Indian e-commerce sector.

There is a lack of studies that have specifically examined brand loyalty as a long-term effect of AI-driven personalization, particularly concerning Generation Z consumers in India's e-commerce sector. Also, there aren't many studies that look at customer trust and satisfaction together as mediators between AI-driven personalization and brand loyalty. Especially when you think about privacy concerns they can really mess with this relationship. So, there's a pretty big gap in the literature about how AI personalization, trust, satisfaction, and privacy concerns all work together to affect brand loyalty in Gen Z. This study tries to fill that gap by actually investigating these links in the Indian e-commerce sector.

RESEARCH METHODOLOGY

Research Design

The study is organized using a descriptive and quantitative research design, which is thought to be suitable for analyzing consumer behavior in a market driven by technology. A comprehensive and methodical knowledge of how Generation Z consumers view and react to AI-driven personalization strategies employed by e-commerce companies is made possible by the study's descriptive design. It does not try to control or influence the research setting instead, it concentrates on documenting current conditions, attitudes, and interactions.

The quantitative method encourages the objective testing of correlations between variables using numerical data. By enabling the use of statistical methods to find patterns, correlations, and causal tendencies, this method improves the study's accuracy. The study guarantees a thorough analysis of AI-driven personalization and its impact on customer trust, satisfaction, privacy perceptions, and brand loyalty by integrating both descriptive and quantitative components.

Nature of the Study

The study is analytical in nature because it aims to examine the correlations between many factors rather than just describing them. It looks at the direct and indirect effects of AI-driven personalization on brand loyalty, taking into account privacy concerns as a moderating variable and customer satisfaction and trust as mediating factors. This analytical method aids in determining whether relationships exist as well as how and when they function.

Population of the Study

The target group for this study is Indian Generation Z customers who use e-commerce platforms quite often to buy products and services. Generation Z usually includes people born between 1997 and 2012. This is the group that more or less grew up with the internet already there. Smartphones, apps, social media all of it was normal for them from a young age.

Because of that, they rely heavily on online platforms for talking to others, searching for information, and of course, shopping. They also interact with AI features almost without thinking about it. Personalized recommendations, targeted ads, price changes, automated chat support it's part of their regular online experience. So it makes sense to focus on them in this study, since they are constantly exposed to AI-driven systems while making purchase decisions. That's why this group is especially relevant for the study.. They are perfect respondents for assessing the efficacy and moral ramifications of AI-driven personalization techniques because of their digital maturity and familiarity with AI.

Sampling Frame

The sampling frame included Gen Z individuals who met a few basic conditions. They had to be active users of at least one e-commerce platform. They also needed to regularly see personalized product suggestions or advertisements.

They also needed to agree to participate in the online survey. That part was simple but necessary. These requirements were added to make sure the respondents had actual experience with AI-driven personalization. If they hadn't really used such features before, their responses would not be very useful for the study. So this helped improve the relevance of the data and made the findings more dependable.

Sample Size and Sampling Technique

In this study, 61 respondents were selected using convenience sampling. They were chosen mainly because they were easy to access and available through online contacts and networks. This method was used because of practical limitations.

Time was limited, reaching people in different locations was difficult, and resources were not much. Given these constraints, convenience sampling seemed like the most workable choice. Convenience sampling is frequently utilized in behavioral and exploratory investigations involving certain demographic groups, even though it may limit the degree to which results may be generalized. This sampling strategy was deemed suitable for obtaining pertinent insights into consumer impressions of AI-driven personalization given the intended focus on Generation Z customers.

Sources of Data

To assure theoretical support and improve the research foundation, the study uses a combination of primary and secondary data sources.

Primary Data Sources

A well-structured questionnaire was used to gather primary data in order to gauge respondents' opinions of AI-driven personalization, customer satisfaction, trust, privacy concerns, and brand loyalty. This research was able to directly collect pertinent and up-to-date data that was in line with the goals of the study.

Secondary Sources of Information

For the secondary data, mainly analyzed peer-reviewed journals, books, research papers, conference papers, industry reports, and a few reliable websites. They helped get a basic understanding of the key ideas and models linked to digital personalization, artificial intelligence, customer loyalty, and trust. Going through different authors was interesting because each one explained things in a slightly different way.

Some points overlapped, but that also showed which concepts are discussed more often in this area. It helped in understanding what has already been studied and what researchers are saying. Reading all this also made it easier to notice where things were missing. Some areas were well covered, others not so much. That process helped in identifying research gaps and in forming the hypotheses for this study.

Instrument for Data Collection

For this study, the data was collected with a structured questionnaire. The questions were clear and simple, with each one linking straight back to the core research focus. The goal was to make respondents feel at ease no confusion over what anything meant. Closed-ended questions were employed to allow respondents to select the option that most closely reflected their views, which also made it way easier to analyze and sort the responses later. The questionnaire was divided into sections covering:

- Demographic information of respondents
- AI-driven personalization experiences
- Customer trust and satisfaction
- Privacy concerns
- Brand loyalty behavior

This structured format ensured logical flow and reduced respondent fatigue

Data Collection Method

In this research, Data for the study was collected through an online questionnaire that was designed and circulated using Google Forms. The link could be shared easily and the response was quick. A five-point Likert scale was employed in the survey with Strongly Disagree at one end and Strongly Agree at the other because the respondents could easily express their opinions and perspective.

Since Generation Z customers are well accustomed to digital platforms, the online mode was especially appropriate for this study. Online surveys also guarantee quicker data processing, reduce human error, and let respondents take part whenever it's convenient for them

Variables of the Study

In order to represent the complexity of consumer-brand connections in AI-enabled contexts, the study takes into account a number of aspects.

- **Independent Variable:** AI-Driven Personalization
- **Dependent Variable:** Brand Loyalty
- **Mediating Variables:** Customer Trust and Customer Satisfaction
- **Moderating Variable:** Privacy Concerns

These factors are essential to comprehending how AI-based personalization affects long-term client relationships and were found after a thorough analysis of the literature.

Operational Definition of Variables

AI-Driven Personalization: Providing customer-facing technologies based on artificial intelligence to customize user experience, content, and product recommendation based on customer preferences and behavior.

Customer Trust: The degree of trust that the customers place in the reliability, open-mindedness and ethical use of data by the company.

Customer Satisfaction: Customer satisfaction is the general degree of enjoyment that customers feel after interacting with customized offerings.

Brand Loyalty: The probability of good brand advocacy and recurring purchases.

Privacy Concerns: Consumer concerns about the gathering, utilizing, and safeguarding of personal information are known as privacy concerns

Tools for Data Analysis

Descriptive and inferential statistical methods were used to analyze the gathered data. The characteristics of the respondents and broad trends were summarized using descriptive statistics including frequencies, percentages, and mean scores.

The developed hypotheses were tested and relationships between variables were examined using inferential methods such as regression analysis and correlation analysis. Microsoft Excel and SPSS were used for the study, guaranteeing accuracy and consistency in the findings.

Hypotheses of the Study

The following hypotheses were formulated for the study:

- **H1**: AI-driven personalization has a significant impact on brand loyalty.
- **H2**: AI-driven personalization has a significant impact on customer trust.
- **H3**: AI-driven personalization has a significant impact on customer satisfaction.
- **H4**: Customer trust has a significant impact on brand loyalty.
- **H5**: Customer satisfaction has a significant impact on brand loyalty.
- **H6**: Customer trust and satisfaction mediate the relationship between AI-driven personalization and brand loyalty.
- **H7**: Privacy concerns moderate the relationship between AI-driven personalization and brand loyalty.

Ethical Considerations

The entire research process was conducted with full adherence to ethical requirements. Respondents were made aware of the study's academic goal and gave their consent to participate. All answers were kept private and no personally identifiable information was gathered.

The information gathered was only utilized for scholarly analysis and research. Respondent anonymity was preserved to guarantee truthful and objective answers, maintaining the research's integrity.

DATA ANALYSIS AND INTERPRETATION

1. Factor Analysis

Table: AI Personalization Perception Level

Perception Level	Frequency	Percent	Valid Percent	Cumulative Percent
High Perception	38	62.3	62.3	62.3
Low Perception	23	37.7	37.7	100.0
Total	61	100.0	100.0	

Table: Brand Loyalty Level

Loyalty Level	Frequency	Percent	Valid Percent	Cumulative Percent
High Loyalty	36	59.0	59.0	59.0
Low Loyalty	25	41.0	41.0	100.0
Total	61	100.0		

Category	Parameter	Description / Value
Output Created		01-MAR-2026 11:30:33
Comments		
Input	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>

Category	Parameter	Description / Value
	N of Rows in Working Data File	61
Missing Value Handling	Definition of Missing	MISSING=EXCLUDE: User-defined missing values are treated as missing.
	Cases Used	LISTWISE: Statistics are based on cases with no missing values for any variable used.

Notes

Processor Time	00:00:00.11
Elapsed Time	00:00:00.12
Maximum Memory Required	35976 (35.133K) bytes

Descriptive Statistics

	Mean	Std. Deviation	Analysis N
Product recommendations match my interests	3.59	.955	61
AI recommendations save my shopping time	3.57	1.008	61
I receive customized offers and discounts	3.39	1.021	61
Personalized content improves my shopping experience	3.54	1.119	61
AI helps me discover new products	3.49	1.120	61
Personalization makes shopping convenient	3.66	1.124	61
AI recommendations feel relevant to me	3.46	1.134	61

	Mean	Std. Deviation	Analysis N
I notice personalization while browsing	3.61	1.021	61
AI personalization increases my engagement	3.54	1.134	61
I prefer platforms that offer personalized experiences	3.52	1.120	61
I trust brands that personalize my experience	3.70	1.085	61
I am satisfied with personalized e-commerce platforms	3.62	1.003	61
I intend to repurchase from such brands	3.62	1.113	61
I feel loyal to brands using AI personalization	3.49	1.164	61

Descriptive Statistics

	Mean	Std. Deviation	Analysis N
I recommend these brands to others	3.69	1.073	61
I prefer personalized brands over competitors	3.54	.959	61
I continue using platforms that personalize my experience	3.54	1.042	61

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.890
Bartlett's Test of Sphericity	Approx. Chi-Square	1110.739
	df	136
	Sig.	.000

Communalities

	Initial	Extraction
Product recommendations match my interests	1.000	.692
AI recommendations save my shopping time	1.000	.583
I receive customized offers and discounts	1.000	.656
Personalized content improves my shopping experience	1.000	.638
AI helps me discover new products	1.000	.750
Personalization makes shopping convenient	1.000	.833
AI recommendations feel relevant to me	1.000	.771
I notice personalization while browsing	1.000	.786
AI personalization increases my engagement	1.000	.642

Communalities (Continued)

	Initial	Extraction
I prefer platforms that offer personalized experiences	1.000	.807
I trust brands that personalize my experience	1.000	.722
I am satisfied with personalized e-commerce platforms	1.000	.795
I intend to repurchase from such brands	1.000	.855
I feel loyal to brands using AI personalization	1.000	.740

	Initial	Extraction
I recommend these brands to others	1.000	.763
I prefer personalized brands over competitors	1.000	.838
I continue using platforms that personalize my experience	1.000	.839

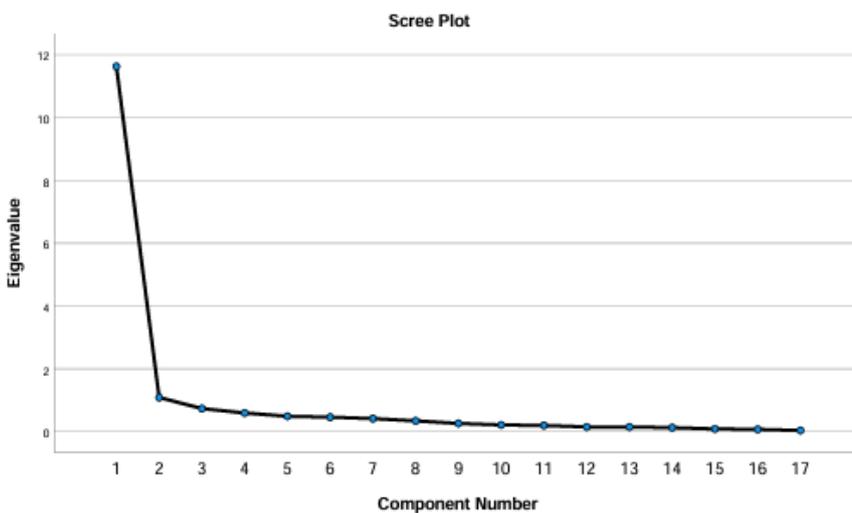
Total Variance Explained

Component	Initial Total	% of Variance	Cumulative %	Extraction Total	% of Variance	Cumulative %
1	11.625	68.380	68.380	11.625	68.380	68.380
2	1.085	6.384	74.764	1.085	6.384	74.764
3	.733	4.309	79.073			
4	.591	3.479	82.552			
5	.487	2.867	85.419			
6	.458	2.692	88.111			
7	.413	2.428	90.539			
8	.341	2.003	92.543			
9	.258	1.520	94.063			
10	.211	1.239	95.302			
11	.194	1.141	96.443			

Component	Initial Total	% of Variance	Cumulative %	Extraction Total	% of Variance	Cumulative %
12	.147	.866	97.309			
13	.146	.860	98.168			
14	.124	.732	98.901			
15	.084	.495	99.396			
16	.068	.400	99.796			
17	.035	.204	100.000			

Rotation Sums of Squared Loadings

Component	Total	% of Variance	Cumulative %
1	7.723	45.432	45.432
2	4.986	29.332	74.764



Component Matrix (Merged)

Item	Component 1	Component 2
Product recommendations match my interests	.826	
AI recommendations save my shopping time	.741	
I receive customized offers and discounts	.744	-.320
Personalized content improves my shopping experience	.769	
AI helps me discover new products	.866	
Personalization makes shopping convenient	.902	
AI recommendations feel relevant to me	.844	
I notice personalization while browsing	.847	
AI personalization increases my engagement	.797	
I prefer platforms that offer personalized experiences	.895	
I trust brands that personalize my experience	.838	
I am satisfied with personalized e-commerce platforms	.842	
I intend to repurchase from such brands	.827	.413
I feel loyal to brands using AI personalization	.834	
I recommend these brands to others	.872	
I prefer personalized brands over competitors	.668	.626

Item	Component 1	Component 2
I continue using platforms that personalize my experience	.905	

Rotated Component Matrix

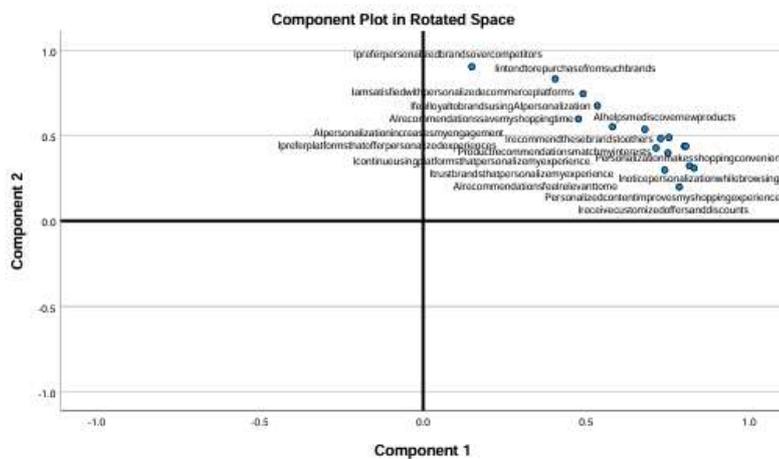
Item	Component 1	Component 2
Product recommendations match my interests	.714	.427
AI recommendations save my shopping time	.476	.597
I receive customized offers and discounts	.786	
Personalized content improves my shopping experience	.741	
AI helps me discover new products	.680	.536
Personalization makes shopping convenient	.801	.438
AI recommendations feel relevant to me	.817	.322
I notice personalization while browsing	.830	.310
AI personalization increases my engagement	.581	.552
I prefer platforms that offer personalized experiences	.754	.489
I trust brands that personalize my experience	.751	.398
I am satisfied with personalized e-commerce platforms	.490	.745
I intend to repurchase from such brands	.405	.831

Item	Component 1	Component 2
I feel loyal to brands using AI personalization	.535	.674
I recommend these brands to others	.728	.482
I prefer personalized brands over competitors		.903
I continue using platforms that personalize my experience	.805	.437

Component Transformation Matrix

Component	1	2
1	.794	.608
2	-.608	.794

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.



Crosstabs: Notes

Output Created	01-MAR-2026 12:07:18
Active Dataset	DataSet1
Filter	<none>
Weight	<none>

Split File	<none>
N of Rows in Working Data File	61
Definition of Missing	User-defined missing values are treated as missing.
Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax	CROSSTABS /TABLES=Gender BY I prefer platforms that offer personalized experiences /FORMAT=AVALUE TABLES /STATISTICS=CHISQ /CELLS=COUNT EXPECTED /COUNT ROUND CELL /BARChart.
Processor Time	00:00:00.53
Elapsed Time	00:00:00.14
Dimensions Requested	2
Cells Available	524245

Case Processing Summary

Description	Valid N	Valid Percent	Missing N	Missing Percent	Total N	Total Percent
Gender: I prefer platforms that offer personalized experiences	61	100.0%	0	0.0%	61	100.0%

I prefer platforms that offer personalized experiences

		I prefer platforms that offer personalized experiences					
		1	2	3	4	5	
Gender	Female	Count	2	3	11	8	8
		Expected Count	2.1	2.6	10.5	10.0	6.8
	Male	Count	2	2	9	11	5
		Expected	1.9	2.4	9.5	9.0	6.2

		Count					
Total		Count	4	5	20	19	13
		Expected Count	4.0	5.0	20.0	19.0	13.0

			Total
Gender	Female	Count	32
		Expected Count	32.0
	Male	Count	29
		Expected Count	29.0
Total		Count	61
		Expected Count	61.0

Interpretation: The results of the factor analysis ensure that the dataset is very appropriate to reduce the dimensions. The KMO value of 0.890 is an excellent indicator of sufficient sampling adequacy and the Test Bartlett is statistically significant ($p < 0.001$) which proves that there is sufficient intercorrelation of variables. Two items were selected based on the eigenvalues of more than 1 and explained 74.764 of the total variance which is considered to be strong in social science research. Based on the rotated component matrix, the variables are grouped into the two meaningful dimensions. The former is mainly the personalization perceptions driven by AI and the latter the brand loyalty and behavioural intentions. In general, the analysis confirms the existence of the structural relationship between AI personalization and brand loyalty constructs.

2. Chi – Square Test

Table: AI Experience Category

Experience Category	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	36	59.0	59.0	59.0
Disagree	25	41.0	41.0	100.0
Total	61	100.0	100.0	

AI Experience category * Loyalty Category Crosstabulation

		Loyalty Category		
		High	Low	Total
AI Experience Category	Agree	31	5	36
	Disagree	5	20	25
Total		36	25	61

Chi-Square Tests

Test Type	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	26.661	1	.000		

Continuity Correction	23.998	1	.000		
Likelihood Ratio	28.538	1	.000		
Fisher's Exact Test				.000	.000
N of Valid Cases	61				

Interpretation: The Chi-square analysis was conducted to examine the association between AI experience and customer loyalty. The frequency distribution indicates that most of the respondents (59 percent) are falling within the range of the agree category with respect to AI experience whereas 41 percent fall within the disagree category. The cross-tabulation also reveals one more distinct tendency: the majority of such respondents who agree with AI experience report high levels of loyalty (31 out of 36) and those who do not agree with it are concentrated mostly in low-loyalty group (20 out of 25). The Pearson Chi-square value of 26.661 with a significance level of $p < 0.001$ implies that the relationship between the two variables is significant. This shows that favourable experiences with AI-based personalization are closely related to an increased degree of customer loyalty. On the whole, the evidence indicates that AI-driven functionalities have a significant role to play in affecting loyalty among consumers to an e-commerce platform.

3. Correlation Analysis

Table: Correlation Strength Distribution

Correlation Strength	Frequency	Percent	Valid Percent	Cumulative Percent
Strong Correlation	8	38.1	38.1	38.1
Moderate Correlation	12	57.1	57.1	95.2
Low Correlation	1	4.8	4.8	100.0
Total	21	100.0	100.0	

Correlations

		Product recommendations match my interests	AI recommendations save my shopping time	Personalized content improves my shopping experience	AI helps me discover new products	Personalization makes shopping convenient	AI recommendations feel relevant to me	AI personalization increases my engagement
Product recommendations match my interests	Pearson Correlation	1	.681	.616	.690	.674	.684	.731

		Product recommendations match my interests	AI recommendations save my shopping time	Personalized content improves my shopping experience	AI helps me discover new products	Personalization makes shopping convenient	AI recommendations feel relevant to me	AI personalization increases my engagement
	Sig. (2-tailed)		<.001	<.001	<.001	<.001	<.001	<.001
	N	61	61	61	61	61	61	61
AI recommendations save my shopping time	Pearson Correlation	.681	1	.518	.588	.634	.641	.541
	Sig. (2-tailed)	<.001		<.001	<.001	<.001	<.001	<.001
	N	61	61	61	61	61	61	61
Personalized content improves my shopping experience	Pearson Correlation	.616	.518	1	.688	.681	.615	.488
	Sig. (2-tailed)	<.001	<.001		<.001	<.001	<.001	<.001
	N	61	61	61	61	61	61	61
AI helps me discover new products	Pearson Correlation	.690	.588	.688	1	.772	.764	.679
	Sig. (2-	<.001	<.001	<.001		<.001	<.001	<.001

		Product recommendations match my interests	AI recommendations save my shopping time	Personalized content improves my shopping experience	AI helps me discover new products	Personalization makes shopping convenient	AI recommendations feel relevant to me	AI personalization increases my engagement
	tailed)							
	N	61	61	61	61	61	61	61
Personalization makes shopping convenient	Pearson Correlation	.674	.634	.681	.772	1	.780	.672
	Sig. (2-tailed)	<.001	<.001	<.001	<.001		<.001	<.001
	N	61	61	61	61	61	61	61
AI recommendations feel relevant to me	Pearson Correlation	.684	.641	.615	.764	.780	1	.620
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001		<.001
	N	61	61	61	61	61	61	61
AI personalization increases my engagement	Pearson Correlation	.731	.541	.488	.679	.672	.620	1
	Sig. (2-	<.001	<.001	<.001	<.001	<.001	<.001	

		Product recommendations match my interests	AI recommendations save my shopping time	Personalized content improves my shopping experience	AI helps me discover new products	Personalization makes shopping convenient	AI recommendations feel relevant to me	AI personalization increases my engagement
	tailed)							
	N	61	61	61	61	61	61	61

Interpretation : The correlation analysis indicates a supportive and consistent pattern of the variables. The relationships are mostly moderate (57.1%), then there are good number of strong relationships (38.1%), and a small number of weak relationships (4.8%). It means that the relevance, convenience, product discovery, which are key elements of the AI personalization, do not change separately, but collectively. All the correlation values are found positive and significant ($p < 0.001$) that means that the relations may be regarded as trustworthy. Simply stated, the more useful and relevant AI features users see them, the better their overall engagement and shopping experience is. In general, the results indicate that AI personalization has a strong effect and is significant in shaping user experience on e-commerce websites.

Limitations of the Methodology

The study has certain limitations despite its contributions. The study's focus on Generation Z customers limits the findings' generalizability to other age groups. Convenience sampling may restrict generalizability and induce selection bias.

Additionally, respondent bias or erroneous self-evaluation may have an impact on the use of self-reported data. The study's breadth is further limited by limitations on sample size, duration, and geographic reach. Larger sample sizes, probability sampling methods, and longitudinal designs may be used in future studies to overcome these constraints.

Analytical Framework and Methodology

1. The Analytical Approach and Research Design

The research focuses on the impact of AI-based customization on the brand loyalty of Generation Z consumers in the Indian e-commerce market through the descriptive and quantitative research design. An approach that is descriptive will assist in documenting the existing customer sentiments, behavior, and experience in a systematic manner in relation to the AI-enhanced personalization capabilities of e-commerce platforms.

It focuses on understanding real life situations without manipulating the study environment. The quantitative approach allows testing the correlations between factors objectively by transforming the consumer impressions into quantifiable data. The research provides a coherent and empirical examination of the impact of AI-based personalization on trust, satisfaction, perception of privacy, and long-term brand loyalty through the combination of the two approaches.

2. Analytical and Conceptual Structure

The study is based on the analytical framework of Stimulus-Organism-Response (S-O-R) model. The stimulus in the external environment in this concept is AI-based personalization, the reactions of the internal organism are customer satisfaction and trust, and the behavioral reaction is brand loyalty.

The issue of privacy is also a moderating variable that may alter or weaken the relationship between loyalty and customization. This approach allows gaining a more in-depth understanding of consumer decision-making in AI-enhanced e-commerce settings as it allows the study to examine mediated as well as moderated relationships alongside direct influences.

3. Strategy for Gathering and Measuring Data

Primary data is collected by using a structured questionnaire distributed using internet facilities. In the questionnaire, the exposure of the respondents on AI-driven personalization, including custom product recommendations, personalized homepages, personalized advertisements, and custom offers is noted.

The test of each concept, which is AI-based personalization, customer pleasure, customer trust, privacy concerns, and brand loyalty, is based on closed-ended answers on a five-point Likert scale, with Strongly Disagree, Strongly Agree, and the other four responses. This technique of quantification provides consistency, interpretability and appropriateness of statistical analysis.

4. Design of Sampling and Selection of Respondents

The target of the study is Indian Generation Z consumers, which are characterized as shoppers who online shop a lot and are born between 1997 and 2012. Convenience sampling method is used to select respondents depending on their availability and willingness to respond. The overall resultant analysis comprises 61 responses.

Even though it could limit broader generalization, convenience sampling is appropriate where the study entails exploratory research and use of perceptions of digitally active segments of the consumer population. The sample design would have provided all the respondents with sufficient experience of AI-driven customization in the e-commerce settings.

5. Analysis of Statistics and Testing of Hypotheses

The collected data is analyzed with the help of both descriptive and inferential statistics. The descriptive statistics such as frequency distribution, percentage analysis, and the mean scores are used to summarize the respondent profiles and general perception patterns.

Inferential analysis based on correlation analysis is used to study the relationship between AI-driven personalization, trust, satisfaction, privacy issues, and brand loyalty. The proposed hypotheses are put to test, the strength of relationships assessed and mediation and moderation effects of the conceptual model are researched with regression analysis.

6. Utilized Software and Tools

The data are analyzed using Microsoft excel and Statistical Package of Social Sciences (SPSS). Cleaning of data, tabulation, and pre-analysis are provided by Excel, statistical modeling, correlation, regression and test of hypothesis are provided by SPSS. With the use of these technologies simultaneously, the interpretation of the data is ensured to be accurate, reliable, and clear.

7. Ethical Considerations

The study closely complies with academic ethical guidelines. Respondents are made aware of the research's academic goal prior to data collection, and participation in the study is completely optional. All answers are handled with total confidentiality, and no sensitive or private information is gathered.

Transparency, integrity, and appropriate information management are ensured throughout the study by using the data only for research and academic evaluation.

8. The Study's Limitations

The study has certain drawbacks despite its meticulous methodological design. The results' generalizability to other age groups is limited by the emphasis on Generation Z customers. In this study, convenience sampling was used, which means the results cannot be applied to everyone. It may have introduced some bias, since the participants were selected mainly because they were easy to reach.

Not randomly chosen. The data is based on what people shared about their own experiences. So the results depend a lot on how they understood each question and what they felt like answering at that moment. Some may have read it differently. The sample size was also not very big, and the survey was carried out in a short span of time, within just one area. That's a limitation. Because of this, the findings may not fully capture the opinions of a larger or more diverse group.

9. Synopsis of the Chapter

In order to investigate how AI-driven customization affects Generation Z customers' brand loyalty in Indian e-commerce platforms, this chapter provides a thorough analytical framework and study methodology. The study offers an organized method for comprehending how trust, satisfaction, and privacy issues influence long-term brand loyalty by combining the S-O-R model with quantitative analysis. In later chapters, the technique provides a solid basis for empirical analysis and interpretation.

Conclusion

The overall results of this paper have made it clear that AI-based personalization positively and significantly affects brand loyalty among Generation Z consumers in the Indian e-commerce market. These findings demonstrate that personalized features are associated with high customer satisfaction and trust, which subsequently translate into increased loyalty in the form of repetition and preference of a brand when they are perceived to be relevant, useful and convenient. The statistical tests (correlation and chi-square) are also repeatedly expected to prove that the meaning and significant correlation between these variables is present whereas the factor analysis reveals that there is evident structural correlation between personalization of AI and the result of loyalty. Essentially, the paper points to the fact that effective AI-based personalization is one of the most critical success factors in establishing better customer relations, which is why it becomes a valuable strategic instrument of e-commerce platforms, which seek to establish relationships and loyalty with Gen Z consumers in the long term.