


# Chapter 4

# Unleashing the Power of Customer Personalization in the Digital Age With Artificial Intelligence

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## **ABSTRACT**

*The days of simple marketing are long gone. In today's digital world, personalization is the key to standing out from the crowd and engaging consumers. Customers are surrounded by devices and bombarded with content from digital pipes. The best way to cut through this digital clutter and create lasting connections with your customers is to personalize their experience with your brand. Artificial intelligence is essential to achieve the high level of personalization that customers expect. Artificial intelligence algorithms can analyze vast amounts of data about consumer behavior, preferences and interactions. This data is then used to create personalized customer profiles, allowing marketers to deliver highly targeted marketing messages. According to a SmarterHQ report, 72% of consumers only engage with marketing messages that are tailored to their specific interests.*

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## **INTRODUCTION:**

Perhaps the oldest branch of computer science, artificial intelligence (AI) covers a wide range of topics, including creating systems that can learn and think like people and simulating cognitive processes for the purpose of solving problems in the real world. As a result, to distinguish it from human intelligence, it is frequently referred to as machine intelligence (Poole, Mackworth, & Goebel, 1998) (Russell & Norvig, 2010). The convergence of computer science and cognitive science was the focal point of the area (Tenenbaum, Kemp, Griffiths, & Goodman, 2011). Nowadays, AI is a very popular topic because of machine learning's (ML) practical achievements. Explainability has always been closely associated with AI; McCarthy's 1958 proposal of the Advice Taker, a “program with common sense,” is one of the earliest examples of this (McCarthy, 1960). Marketers understand that creativity is what draws and holds an audience's attention. They also understand that customization is what gets the appropriate message to the right person at the right time to turn a prospect into a client. Organizations will always rely on individuals to think creatively and strategically.

Applying artificial intelligence (AI) to the Customer Journey (CJ) enhances its functionality by creating a customized experience based on the requirements, traits, and behaviors tailored to individual customer profiles. With 76% of customers expecting continuous interactions while shopping online, CJ development is clearly critical for businesses. Additionally, according to SFR (2020), 66% of consumers want businesses to comprehend their requirements and desires, and 52% of customers anticipate a personalized product.

By analyzing a customer's prior purchases and preferences, artificial intelligence (AI) technology may personalize services and product suggestions. This has ramifications for many other industries, including the ability of beauty businesses to efficiently provide customized looks and product suggestions based on consumer needs and preferences (Maras, 2020).

## **DEFINITION OF PERSONALIZATION**

Sunikka and Bragge (2012) describe personalization as providing the correct product and service to the right consumer at the right time and location. For customer-centric personalized products, terminology such as “individualization” (Riemer & Totz, 2001), “segmentation” (Smith, 1956), “one-to-one marketing” (Peppers & Rogers, 1997), and “customization” (Davis, 1987) are used interchangeably with personalization.

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