Impact of AI-Based Personalization on Customer Delight in E-commerce Services

Authors:
1. Kamakshi Duryodhan Jibhkate, Sardar Vallabhbhai National Institute of Technology Surat, India
2. Pratap Chandra Mandal, Indian Institute of Management Shillong, India

Abstract: Competition in the contemporary global marketplace has intensified, compelling firms to move beyond customer satisfaction toward emotionally engaging experiences that foster customer delight and loyalty. This study explains how AI-based personalization, particularly through e-commerce recommendation systems, functions as a strategic tool for creating customer delight. Using a conceptual analysis of literature on AI personalization, digital customer experience, trust, and customer delight, the study develops an integrated conceptual framework. The framework demonstrates how managerially governed AI-based personalization enhances customers' perceived relevance and trust, which subsequently activate positive psychological experience mechanisms. These psychological processes transform routine service interactions into emotionally meaningful experiences, leading to customer delight and sustained loyalty. The study conceptualizes customer delight as a distinct affective outcome and positions AI-based personalization as a strategic managerial capability rather than a purely technological tool. The proposed framework advances marketing and service theory and offers theoretical, managerial, and social implications globally.

Keywords: Artificial Intelligence, Personalization, Customer Delight, E-commerce Services, Digital Marketing

1. Introduction

The digital marketplace has experienced rapid changes because of progress in information technology and the growing popularity of online shopping platforms. Individuals depend on digital platforms to find details about products and services before they make their buying choices (Verhoef, 2021). The modern shopping experience depends heavily on online platforms which provide fast delivery options and a broad selection of products (Laudon & Traver, 2022). Businesses face rising competition in the e-commerce sector which forces them to create unique value not only through pricing strategies and product variety but also through superior customer experiences (Henkens et al., 2021). Companies must focus on developing superior customer experiences and achieving customer delight as their top strategic goals.

At the most fundamental level, customers constitute the core foundation of any business organization. Organizations that are able to establish strong customer trust and relationships can maintain their sustained competitive advantage through loyal customer support which leads to their long-term success (Hassan, Abdelraouf, & El-Shihy, D. 2025). The marketing literature shows that businesses need customers to sell products because sales generate revenue which becomes essential for organizational survival (Kotler & Keller, 2016). The market operates in an incomplete state without customers. Businesses need consumers in order to sustain themselves and stay operational to make profits. This perspective demonstrates that customers function as valuable business resources whose acquisition and retention are essential for organizational sustainability (Kasoju, Vishwakarma, & Kasoju, 2025).

Earning and retaining customers is not an easy task. The process of establishing customer trust and delivering expected results and ongoing customer engagement demands both continuous work and strategic planning (Mehrotra, 2025). Business organizations now utilize artificial intelligence (AI) as a strong instrument to analyze customer requirements and behaviours, which enables them to create improved customer attraction and retention systems. By enabling firms to understand customer needs, preferences, and behaviours at an individual level, AI facilitates more personalised and meaningful interactions (Esperanza, 2025).

Smart technologies can autonomously collect and analyze data to make decisions and take actions without customer or employee intervention i.e. actuation (Henkens et al., 2021). The e-commerce industry has experienced a major advancement in personalized service delivery because of AI technology (Ameen, Tarhini, Reppel, & Anand, 2020). AI technology allows companies to create personalized recommendations, special offers and user-friendly service platforms through machine learning algorithms, predictive analytics, and big data analysis. The transition from mass marketing to customer-centered methods occurs because AI technology enables businesses to produce personalized recommendations, promotional offers, and adaptable service interfaces (Kasoju, Vishwakarma, & Kasoju, 2025). The system enables businesses to study customer actions, product preferences, and

purchase records. All these lead to customized product suggestions and individualized service delivery. The personalization programs will create better customer contact points which will lead to improved service quality standards. The e-commerce Gen AI shopping assistant functions as a digital voice assistant which uses Gen AI technology to boost customer shopping experiences and provide decision-making support (Yadav et al., 2024).

Businesses use data-driven personalization to develop tailored customer interactions, which enhance their operational performance and decrease the effort which customers must make to receive services (Grewal et al., 2020). Research shows that customer satisfaction does not suffice because businesses need to generate customer delight (Blackwell et al., 2006; Oliver et al., 1997). Services which exceed customer expectations generate customer delight. This leads to higher chances of customers returning and creating positive word-of-mouth (Goodman, 2009; Robinson, 2012). Delighted customers show higher loyalty and purchase intention, but dissatisfied customers choose to switch brands or stop using products (Hawkins et al., 2002). Organizations now dedicate their efforts to customer delight because it produces emotional reactions which surpass basic satisfaction to deliver unforgettable experiences. Despite its relevance, customer delight has received limited attention in research field studying AI-based personalization in e-commerce services. The AI-based personalization system enables businesses to achieve customer delight because it produces emotional responses which exceed customer expectations through its advanced capabilities (Lemon & Verhoef, 2016). As a result, AI-based personalization systems enable businesses to produce customer delight because they deliver better experiences which generate positive emotional responses and which exceed customer expectations.

Artificial intelligence (AI) has emerged as a modern technology. However, human-operated business systems and conventional marketplaces have functioned across many centuries. The short period of AI development has already shown its ability to produce marketing results which match the capabilities of human decision-making (Mehrotra, 2025). Human limitations stop traditional customer management methods from effectively tracking and handling the huge number of customer interactions at the same time and at individual level. AI systems perform real-time customer tracking operations while processing extensive data collections to create customized suggestions which match each user's individual preferences (Shaikh, 2025). Retailers need smart technology because it allows them to achieve efficient personalization at scale which meets the growing consumer expectations. AI functions as a marketing revolutionary tool because it allows businesses to process customer information through automated systems which track personal choices to produce tailored customer experiences at large operational scales (Verhoef et al., 2021).

Organizations have started to recognize the potential of AI. They now use this technology to improve their marketing operations and service delivery which helps them achieve higher organizational efficiency and build stronger customer relationships and maintain their market position for the future (Kumar, Dixit, Javalgi, & Dass, 2020).

The relationship between AI-based personalization systems and customer happiness remains underexplored at the conceptual level although individuals show increasing interest in AI-driven personalization and customer experience management systems. Most existing studies focus either on technological aspects of AI or on customer satisfaction outcomes, but fails to examine customer delight as an independent factor.

The objective of the study is to conceptually examine how AI-based personalization influences customer delight in e-commerce services through key psychological mechanisms, by converging literature and proposing a conceptual framework. The study explores the significance of perceived relevance and trust in shaping customer experience. The research bases its analysis on theoretical principles which study how e-commerce websites leverage AI to develop their operational strategies and development initiatives. The research demonstrates that human decision-makers should use AI technology to improve customer service quality. This leads to better customer loyalty and extended customer relationships.

The study contributes to the marketing literature by proposing a conceptual framework that explains how AI-based personalization is influencing customer delight through perceived relevance and trust in e-commerce services and by shifting its focus from customer satisfaction to customer delight. The study aims to contribute to marketing theory and provide insights for practitioners.

The structure of the study highlights the importance of leveraging AI in e-commerce services to create customer delight, build stronger customer relationships and maintain their market position in long run. The study then reviews about the literature related to AI in marketing, AI in personalization, customer satisfaction, customer delight, e-commerce services. Building on this review, the study shows the research gap on AI as a psychological and strategic marketing force and proposes a conceptual framework that explains how AI-based personalization influences customer delight by integrating all the existing theories along with the propositions. Finally, the study concludes with a summary of the salient points including its implications, limitations, and avenues for future research.

1.1. Methodology

The methodology adopted is a conceptual analysis of literature related to AI in marketing, AI in personalization, customer satisfaction, customer delight, e-commerce services. Based on previous studies a conceptual framework is proposed to explain the relationship between AI-personalisation and customer delight.

1.2. Research Gaps

Existing research has studied AI applications in marketing, personalization strategies, and customer satisfaction in e-commerce. However, there is limited conceptual research integrating these elements with customer delight. Research efforts concentrate on achieving functional results which include efficiency and customer satisfaction. However, they fail to recognize the emotional factors that create enduring customer connections. Research in this field has concentrated on operational results which include better recommendation systems and faster response times and higher customer buying decisions.

The objectives of this study are:

- To conceptually examine customer delight as a higher-order emotional outcome that goes beyond satisfaction, remains underexplored in the context of AI-driven service systems.
- To investigate how AI-based personalization creates subtle psychological and emotional experiences within customers and contributes to customer delight
- To develop a comprehensive conceptual framework that links AI-based personalization to customer delight beyond satisfaction through perceived relevance and trust across e-commerce service platforms, thereby leading to long-term value creation.

2. Literature Review

2.1. Artificial Intelligence in Marketing and E-commerce

Artificial intelligence has become an integral part of modern marketing practices. AI has significantly enhanced the scope and effectiveness of personalization in e-commerce services (Guanghong Xie, 2025).

The field of marketing depends on artificial intelligence because it allows businesses to deliver better personalized experiences to their e-commerce customers (Guanghong Xie, 2025). AI systems process extensive amounts of both organized and disorganized data to power recommendation systems, dynamic pricing, chatbots, demand forecasting, and customer analytics which deliver personalized experiences in real time (Davenport et al., 2020). Researchers have found that AI technology produces better marketing results through its ability to send specific messages to customers and build stronger connections with them. Forecasts suggest the global generative AI market will grow at an annual rate of 36.5 percent and reach USD 356.1 billion by 2030 (Jaiswal et al., 2023). Generative AI employs machine learning together with natural language processing to generate specific answers. These enhance customer experiences by delivering personalized and original solutions (IBM, 2025; Amankwah-Amoah et al., 2024). Virtual assistants function as instant personalized support systems which help consumers make choices when they are buying products (Rubera, 2024).

The study of consumer behaviour concentrates on how individuals interact with online shopping assistants in e-commerce platforms through their acceptance levels, trust development, satisfaction experiences, social engagement, and overall user interface interactions (Bawack et al., 2024; Singh et al., 2024). The advertising and marketing industry uses this technology to create advertising content, product information, and promotional materials which target specific audience groups based on their interests (Wang et al., 2023). The e-commerce industry benefits from Gen AI which provides customers with tailored recommendation platforms by studying their past actions and choice patterns (Krishnan & Mariappan, 2024). Netflix applies this technology to deliver personalized movie and TV show suggestions which match the preferences of their audience. The shopping platform uses Gen AI technology to deliver virtual assistant services through its shopping assistant. The e-commerce sector leads in Gen AI virtual assistant adoption with chatbot technology serving as the primary interface. Shopping platforms use such interfaces to deploy their Gen AI virtual assistant capabilities and show its ability to direct buyer choices by presenting essential advantages and decreasing complicated choices (Kim et al., 2022; Sunstein, 2024; Yadav et al., 2024).

In marketing, AI is widely used for customer segmentation, recommendation systems, chatbots, and predictive analytics. AI system achieves cognitive confirmation through its personalisation mechanism which enables it to understand user preferences and create tailored service content that decreases mental effort while enhancing user experience (Glushko & Nomorosa, 2013; Guo et al., 2019). As a result, AI has the potential to influence customer perceptions, emotions, and behavioural outcomes in e-commerce services.

2.2. Personalization in E-commerce Services

Most e-commerce interactions happen through technology. So, businesses now use digital tools to improve their service quality and customer interaction. One of the most effective strategies to enhance customer engagement is personalization (Boppiniti, 2018).

Personalization in retail is not a recent phenomenon (Vesanen, 2007). Extensive research on this topic has been conducted in online retail settings (Bleier & Eisenbeiss, 2015; Boerman et al., 2017). Companies use personalization as their marketing approach to send suitable content which targets individual customers through their individual marketing strategies (Tam & Ho, 2006). The main objective involves delivering content which matches the interests and requirements of customers (Katrin Merfeld, Klein, Anouk, & Baltin; 2025). The personalisation mechanism functions to deliver precise system responses which match preferences of each user. It also modifies service content to lower mental effort and to create better perceptions (Glushko & Nomorosa, 2013; Guo et al., 2019). E-commerce services display personalization through their ability to offer users customized product suggestions, personalized email content, targeted advertising. and website design that adapts to user needs. Research shows that personalization methods lead users to perceive content as more relevant and useful which results in better customer reactions.

By leveraging AI technologies, e-commerce platforms can offer highly customized experiences that increase customer satisfaction and loyalty (Boppiniti, 2020). Research shows that personalization methods help users find information more useful and reduce information overload, leading to positive customer responses. However, when organizations introduce too much personalization through their poorly designed implementation approaches, this may raise concerns related to privacy and trust. Therefore, understanding the balance between personalization benefits and potential risks is essential for achieving favourable customer outcomes.

2.3. AI in Personalization: Techniques and Tools

AI provides e-commerce businesses with multiple tools and techniques which help them build customized shopping experiences for their customers (Yarlagadda, 2024). The main focus of these methods involves gathering and studying customer information. This enables businesses to identify how consumers behave and what they prefer (Flavián et al., 2024). The most common AI-powered personalization methods include recommendation systems, predictive analytics, natural language processing (NLP), and dynamic pricing (Sunstein, 2024).

2.3.1. Recommendation Systems

The e-commerce sector uses recommendation systems as one of its most common artificial intelligence applications. These systems use customer data from purchase records, website activity, and personal preferences to suggest products which match individual customer needs (Gatla, 2024).

2.3.2. Predictive Analytics

Predictive analytics uses historical data on past purchases, website navigation, and user interactions to forecast future consumer behavior (Pindi, 2018). The models predict purchase behavior and shopping cart abandonment. They determine the best time to send promotional deals through three machine learning techniques which include decision trees, support vector machines, and neural networks (Boppiniti, 2022).

2.3.3. Natural Language Processing (NLP) for Personalization

Natural language processing (NLP) enhances e-commerce personalization by enabling platforms to understand and respond to human language through chatbots and conversational interfaces (Pindi, 2021; Gatla, 2023). The system facilitates individualized customer support through its ability to generate product recommendations which adapt to user preferences (Boppiniti, 2023).

2.3.4. AI-Driven Dynamic Pricing and Personalization

Dynamic pricing refers to the strategy of adjusting prices based on factors such as demand, competition, and customer behaviour (Yarlagadda, 2022). AI systems analyze multiple data sources which include market patterns, customer behaviour and competitor cost structures to achieve dynamic pricing optimization (Kolluri, 2021). Machine learning algorithms detect consumer behaviour patterns to set prices which maintain market competitiveness while generating maximum revenue (Gatla, 2017). E-commerce businesses can boost their sales numbers and build stronger customer relationships through personalized pricing because customers want to experience individualized treatment (Yarlagadda, 2024).

2.3.5. Impact of AI Personalization on Customer Engagement

Customers develop their purchasing behavior through engagement when businesses offer customized experiences (Boppiniti, 2017). The AI system which enables personalization matches products to what customers want so that users can explore more items, and complete their purchases through customized suggestions, and special deals. This also helps customers stay loyal by meeting their unique requirements (Gatla, 2019; Yarlagadda, 2017).

2.3.6. Future of AI-Powered Personalization in E-Commerce

As AI technologies continue to advance, the future of e-commerce personalization appears increasingly promising (Yarlagadda, 2017). Improvements in deep learning, reinforcement learning, and neural networks will enable more precise and sophisticated personalization systems (Gatla, 2024). These systems will analyze customer behavior in real time to deliver dynamic recommendations and personalized promotional content (Yarlagadda, 2022). However, as AI becomes more deeply embedded in e-commerce platforms, businesses must prioritize consumer trust, data privacy, and transparency to ensure ethical and effective personalization practices (Yarlagadda, 2018).

2.4. Customer Satisfaction and Customer Delight

Customer satisfaction serves as a fundamental measurement which assesses how well marketing efforts achieve their intended goals. It reflects the extent to which a product or service meets customer expectations (Kim, Vogt, & Knutson, 2021). Research states that the contradictory findings in relation to customer satisfaction shows that satisfying customers might not be enough (Blackwell et al., 2006). On the contrary, companies should strive to evoke delight in the customers. (Goodman 2009) proposed a theory that delight occurs when services exceed customer expectations. Goodman also states that customer delight affects repurchase intention and word of mouth. (Hawkins et al., 2002) state that delight earns loyalty, committed customers, and purchase intention. Customers will abandon a brand while stopping product usage unless the company handles the situation properly. The authors argue that customers who are not satisfied probably will refuse to purchase the product again. A customer who receives excellent services will definitely return to buy the same product again.

The concept of customer satisfaction holds essential value because it establishes the baseline of customer reactions which align with their anticipated responses. Customer delight emerges as an emotional response which customers experience when businesses deliver unexpected positive experiences that surpass their initial expectations (Kim, Vogt, & Knutson, 2021). Marketing experts believe that customer satisfaction will make people buy again but customer delight will help businesses build emotional connections which result in permanent customer relationships.

Customer delight serves as a measurement which shows when customers reach their full satisfaction level of 100 percent. (Oliver et al., 1997) define customer delight as total satisfaction. The concept of customer delight emerges as a natural emotional response which breaks conventional patterns to bring extra value to customers (Goodman, 2009). (Curtin 2013) describes delight as a process which fulfills customer needs through basic necessities while simultaneously creating an unexpected experience that exceeds their initial expectations. In short, delight is not about presenting something ordinary, but extraordinary. Additionally, **(**Curtin 2013) states that customer delight lowers customers sensitivity on price, increases repurchase intention, and boosts word of mouth up to 80-90 percent.

Service quality affects word of mouth (Marinkovic et al., 2012). In addition, the results of the study by (Mosavi and Ghaedi 2012) show that customer satisfaction affects trust and hence, affects repurchase intention. (Rotter 1967), (Mosavi and Ghaedi 2012) state that trust is the general expectation held by an individual that what was promised was actually delivered by the company. This finding supports the study by (Crosby et al. 1990) and (Yoon 2002). Other studies that support the effects of customer satisfaction on trust are those by (Mayer et al. 1995), (McKnight et al. 1998), (Garbarino and Johnson 1999), as well as (Kim et al. 2004). (Oliver, Zeithaml, and Bitner, 2003) state that satisfaction is the fulfilment of the needs of a customer. Customer satisfaction affects customer delight (Goodman, 2009; Robinson 2012).

Many experts link service quality to customer satisfaction, customer delight, trust, repurchase intention, and word of mouth. The study found that service quality, which includes reliability, responsiveness, assurances, empathy, and tangibility, has a significant effect on consumer behaviour, which includes repurchase intention and recommendation of the service to other customers (Haryono, Achmad Fauzi, & Imam, 2015). The concept of customer delight has gained importance as it represents a deeper emotional response that exceeds expectations and creates memorable experiences.

2.5. Trust and Digital Customer Experience

Trust plays a crucial role in online and e-commerce environments, where customers often face uncertainty and perceived risk. The level of trust which users develop towards e-commerce platforms depends on how well these platforms protect their data and provide clear information while showing dependable operations and maintaining proper handling of customer data (Pavlou & Dimoka, 2020).

Trust helps to achieve sustainability, stability, and security, as well as creates a large profit in the future (Kennedy & Zagula, 2012). According to (Green 2006), (Matos and Rossi 2008), there are at least four things that motivate someone to make a purchase, one of which is trust. Trust also has an effect on word of mouth, which means that if a customer has a confidence in the provider that produces

or sells a product, the probability of that customer to spread positive information about the product through word of mouth will be higher (Bieke, Katrein, & Bart, 2021).

Businesses operating in the current marketplace encounter a difficult situation because they need to produce customized experiences for their customers while simultaneously protecting the sensitive information of their clients. Research shows that online business platforms need to protect user privacy because they handle large amounts of personal data which includes both online behaviour tracking, customer buying history, and demographic details. The complexity of compliance has intensified as these platforms typically collect over 30 different types of personal data points, from basic contact information to sophisticated behavioural tracking metrics (Kim, Ferrin, & Rao, 2021). Research shows that e-commerce platform consumers develop higher trust levels when businesses show their privacy protection systems because 81.3 percent of buyers finish their purchases after seeing established privacy rules and data security systems (Cheruku, 2025).

Research shows that online shopping platforms need to handle between seven and ten legal requirements for data processing while they must also provide 3,000-word privacy notices to explain their data collection activities (Amy Lee Stewart, 2023). The way personal information gets processed has undergone a complete transformation because platforms must now follow privacy by design principles while performing regular Data Protection Impact Assessments (DPIAs) for all dangerous processing operations.

The current e-commerce privacy compliance landscape shows that businesses now prefer advanced technical systems to handle their privacy requirements. The current generation of platforms uses advanced consent management systems which handle user preferences from different countries while they maintain compliance with changing legal standards. Research demonstrates that businesses need to handle customer customization options with privacy security systems when they operate their modern online shopping platforms (Loureiro & Tussyadiah, 2022).

Businesses which share detailed information about data operations and privacy policy changes with their customers experiencing higher customer loyalty rates and lowered customer departures because of privacy issues. Organizations which keep complete records of their data processing operations and create clear privacy disclosure documents achieve a 56 percent better performance in regulatory compliance efficiency (Narayana pappu., 2020) Organizations require complex data governance security systems because they need to defend their information through multiple defence systems which unite conventional protection mechanisms with emerging technological solutions.

E-commerce personalization systems need to protect customer privacy because they create an intricate bond which determines how digital retail businesses operate in their market (Bansal, Zahedi, & Gefen, 2021). The system allows data governance frameworks to operate at full capacity while privacy protection technology systems work in sync to produce tailored user experiences which safeguard all user information. Organizations which maintain full openness and ethical data handling practices together with advanced consent management technology systems have built better customer connections (Martin, Borah, & Palmatier, 2020).

The online shopping industry will evolve through privacy regulation development and public understanding of privacy protection because companies must integrate privacy protection systems with personalized customer service methods (Lwin, Wirtz, & Williams, 2024). Businesses need to adopt advanced technology systems together with privacy enhancement solutions to succeed in today's market which demands privacy protection while giving customers the tailored service they want. The digital retail environment requires ongoing privacy-personalization equilibrium to achieve long-term sustainable success (Hao & Sundar, 2025).

The connection between customers and personalized services determines how well they will experience satisfaction and delight according to the trust-mediating factor. AI-driven personalization needs trust to function correctly because trust represents a fundamental element for its conceptual framework.

3. Research Gaps

Literature examines artificial intelligence, personalization technologies, customer satisfaction, e-commerce performance and focuses on functional outcomes as satisfaction, convenience, or purchase intention as largely independent streams of research. Researchers have not yet combined these fields

to study how e-commerce service systems which use AI-based personalization to generate customer delight that exceeds basic satisfaction levels into a more advanced emotional response. The main focus of AI research centres on operational efficiency, automation, and decision support systems but personalization studies centre on recommendation system accuracy and user interaction performance. The research on customer delight has two different approaches which study this concept through either service quality excellence or emotional response analysis. It has been widely studied in traditional service contexts, the mechanisms through which AI service systems create delight beyond satisfaction remain conceptually underexplored. The absence of an integrated conceptual perspective limits understanding of how technological capabilities translate into psychological and behavioural customer responses.

The present study conceptually examines customer delight in the context of AI-driven service systems and proposes a framework explaining the mechanisms through which AI-enabled personalization contributes to customer delight. AI-based customer experiences bring new insights to service and marketing research about how customer delight evolves. Therefore, this study proposes a comprehensive conceptual model linking AI-based personalization with customer delight in the context of e-commerce services. It also explains how AI-based personalization creates subtle psychological and emotional experiences within customers and contributes to customer delight.

4. AI as a Psychological and Strategic Marketing Force

Beyond functional benefits, AI-based personalization creates subtle psychological and emotional experiences such as reduced decision anxiety, identity validation, emotional comfort, and micro-moments of surprise. These experiences collectively contribute to customer delight but remain underexplored in literature.

The academic field has not yet conducted sufficient research regarding the emotional responses which users generate through their contact with AI-based personalized systems. Research studies which analyse AI-based personalization systems concentrate on their operational performance results together with their ability to improve recommendation systems, enhance conversion rates, generate higher click-through rates and better customer satisfaction results. Research has made progress in showing how AI technology operates to improve digital business systems and product delivery systems. However, it views personalization as a technological tool which fails to capture the human experience of customer needs.

Researchers studied AI-based personalization through its functional results which includes customer satisfaction, trust, and purchase intention. However, the psychological effects of AI on customer experiences need further investigation. Theories about important user experience include decision anxiety reduction, emotional comfort, identity validation, and brief positive experiences. The theories need additional research because they lack sufficient empirical support. Research studies mostly analyse AI-based customer services through logical frameworks which focus on results but they fail to study how users experience these services through emotional and unconscious processes.

The AI-based personalization system produces multiple psychological reactions at the micro level which remain undetectable to users while creating strong effects on their behaviour. The system reduces anxiety related to decision making because it helps users focus on essential alternatives which decrease their total number of options. Users can navigate this system without effort. This reduces their cognitive burden. Individuals develop a virtual friendship with online platforms which helps them discover themselves while strengthening their personal identity. The system enables users to find their personal identity by showing them their value-consciousness and premium orientation. This helps them understand themselves better.

The system generates positive and unexpected experiences through AI-based product suggestions which customers never planned to search for but end up discovering useful items that exceed their original expectations. The AI personalization system prevents intrusive recommendations which generate irrelevant suggestions to users thus building their trust in the system. Users develop respect through the system because it lets them maintain their independence while generating unexpected results which lead to positive outcomes and emotional stability. The recommendations produce delightful experiences which result in surprising positive moments. The platform enables

users to discover their personal preferences through their interaction history which creates an ongoing process of customer-platform interaction.

The research community has not yet developed a formal structure which connects these psychological micro-mechanisms to customer delight based on their importance. The majority of research studies focus on delight as a final result but they fail to describe the process through which AI-based interactions produce the emotional response which makes delight different from basic satisfaction.

The current research aims to address existing knowledge gaps because it investigates AI personalization systems which function as strategic marketing tools that influence consumer experiences through mental processes and emotional responses. The research introduces a model which explains how AI personalization systems create customer delight and business value through psychological systems which have received limited academic attention. By integrating underexplored psychological experiences and identifying key mediating mechanisms, this research advances a more nuanced understanding of how AI-driven personalization fosters customer delight and long-term value creation.

5. Conceptual Framework

The conceptual framework emerged through the combination of research which studied AI personalization systems and their effects on customer experiences, their trust development, and value creation in digital environments. The framework starts with AI-based personalization because it has become very important in digital platforms like shopping apps, streaming services, and social media. The system employs AI technology to monitor customer preferences which enables it to deliver personalized recommendations that improve their overall experience.

Research reveals that AI-based personalization alone does not produce the desired outcomes. The outcomes of the evaluation process depend on how managerial design choices are made to control the AI system. Managers need to oversee customer data management because AI systems require established ethical standards. They must understand AI system transparency decision explanation capabilities and proper customer data protection methods. These managerial decisions will impact how customers experience their personalized service. If the AI is well-designed and customers find the content useful and suitable to their needs, the platform will gain user trust. Therefore, managerial design choices shape customers perceived relevance and trust.

The framework develops its base through psychological principles which merge with consumer behaviour theories and psychological experience mechanisms to demonstrate AI personalization effects on customer mental processes. Psychological effect includes reducing cognitive efforts, customers emotional engagement, and enjoyment, which explain how consumers internally process AI-enabled personalization and psychological mechanisms. These functions positively enable customers to reach their peak experience which results in customer delight instead of simple satisfaction.

The framework shows that customer delight functions as the main element which produces sustainable value through its ability to create customer loyalty, business sustainability, and repeated customer interactions.

There is a lack of integrative conceptual frameworks that explain how AI-based personalization, when strategically deployed by managers, shapes customer delight through mechanisms such as perceived relevance and trust. These enhanced interactions generate positive emotional responses, which go beyond cognitive satisfaction and result in customer delight. By integrating technological and emotional dimensions, the proposed framework provides a holistic understanding of how AI-based personalization contributes to customer delight.

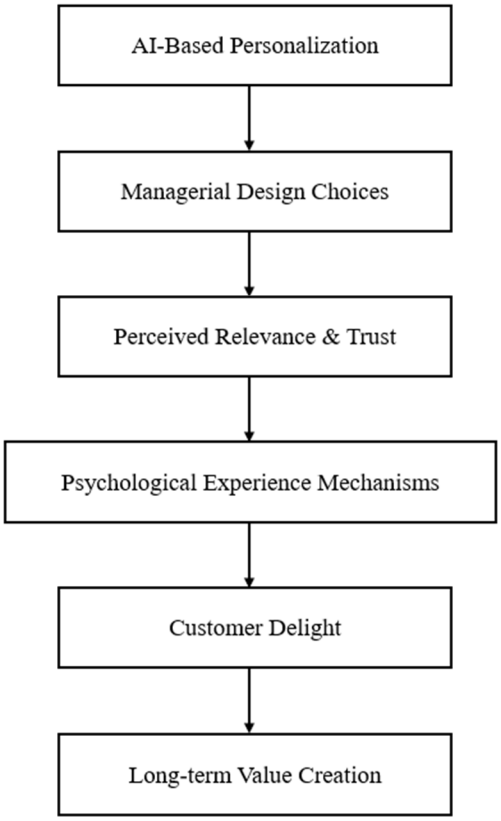

Figure 1. Conceptual Framework of AI-Based Personalization and Customer Delight

The propositions presented in this study are developed through literature review which combined research about AI personalization systems, managerial choice processes, customer service delivery, and digital platform value distribution. The logical structure of the conceptual framework creates each proposition which demonstrated all relationships based on theoretical insights and empirical findings. Each proposition represents a sequential link explaining how AI-based personalization ultimately contributes to long-term value creation.

The following are propositions for the above conceptual framework:

I. Proposition 1 (P1): AI-Based Personalization → Managerial Design Choices

The first proposition is based on research work which maintains that artificial intelligence-driven personalization systems do not operate in a completely autonomous manner and require explicit management oversight. Previous studies have shown that the introduction of AI technology forces managers to decide strategically about recommendation logic, interface fit, data privacy management and decision-making arrangements. Managers determine how customer data is collected, used and processed and about the balance between automation and human oversight in applications based on AI. Consequently, AI-based personalization acts as a technological trigger that reshapes managerial design choices, positioning management as a critical control mechanism in personalization outcomes.

Role in the framework: Managerial control and strategic design mechanism

II. Proposition 2 (P2): Managerial Design Choices → Perceived Relevance and Trust

Proposition 2 is based on customer experience and trust literature, which indicates that customers assess digital platforms not just for the technological capacities but also how these technologies are architected and managed. Indeed, well-managed design choices such as transparent personalization processes, ethical treatment of data and non-manipulative interaction design, tangibly improve

customers' perception of relevance by facilitating accurate and meaningful matching with content. At the same time, these choices foster trust by reducing uncertainty and perceived risk in AI-driven interactions. Therefore, managerial design choices serve as a cognitive and relational mechanism through which customers develop perceptions of relevance and trust toward the platform.

Role in the framework: Cognitive evaluation and relational mechanism

III. Proposition 3 (P3): Perceived Relevance and Trust → Psychological Experience Mechanisms

Third proposition is based on psychological and consumer behavior theories that describe how cognitive effects influence internal psychological states. Customers feel less decision anxiety, lower cognitive strain and greater control as well as identity verification when they perceive AI-based personalization to be useful and credible. Trust also helps towards emotional safety during the interactions within a platform. These internal psychological reactions are micro-level experience processes that influence how customers interpret and emotionally react to AI-containing services. Thus, higher perceived relevance and trust interact with positive psychological experience mechanism.

Role in the framework: Psychological micro-experience mechanism

IV. Proposition 4 (P4): Psychological Experience Mechanisms → Customer Delight

AI-driven personalization through positive psychological experience mechanisms produces customer delight because it generates emotional reactions which include unexpected positive experiences and results that exceed basic satisfaction levels. The rationale for Proposition 4 is based on the contrast between customer satisfaction and customer delight in marketing literature. If satisfaction comes from rational assessment of anticipated level of performance, delight comes through emotionally positive experiences that surpasses those expectations. Mechanisms drawing from positive psychological experience such as enjoyment, emotional comfort and decreased cognitive effort, guide AI-based personalization to compensate for the routine service encounter and turn it into an emotionally meaningful interaction. Such affective responses also create customer delight as the result of positive surprises, and thus provide a theoretical support for the link between psychological mechanisms of experience and customer delight.

Role in the framework: Transformation of psychological experiences into emotional outcomes

V. Proposition 5 (P5): Customer Delight → Long-Term Value Creation

Fifthly, the emotional mediating proposition couples relationship marketing and value creation theories are employed consistently confirm that emotionally positive (negative) customer outcomes serve to improve (damage) long-term relationships. A great customer experience results in increased engagement, return visits, word-of-mouth referrals and customer loyalty. These results eventually lead to more durable firm revenues and a competitive advantage. Therefore, customer delight serves as a significant emotional driver of long-term value creation which is the motivation for Proposition 5.

Role in the framework: Transformation of psychological experiences into emotional outcomes

VI. Proposition 6 (P6): AI-Based Personalization → Long-Term Value Creation

The final proposition integrates the entire conceptual framework to explain the end-to-end value creation logic. Literature suggests that AI-based personalization contributes to long-term value not through direct technological effects alone, but through a chain of mediated mechanisms involving managerial design choices, perceived relevance and trust, psychological experience mechanisms, and customer delight. By shaping these interconnected processes, AI-based personalization indirectly

strengthens customer–platform relationships and enables sustained value creation. Proposition 6 therefore, captures the holistic impact of AI-based personalization on long-term value creation.

Role in the framework: End-to-end value creation logic

AI-based personalization systems depend on instant data analysis, predictive modelling, customized suggestion systems, and adaptable user interfaces to predict customer actions which they use for fast response delivery. Design, calibration, and deployment depend on strategic choices made by managers. AI-based personalization acts as a managerial decision lever, which lets managers establish personalization levels, automation degrees, decide how to use customer data and when to activate AI-based systems. When effectively governed, AI-based personalization enhances customers' perceived relevance and trust by improving content accuracy, product–customer alignment, and interaction consistency. The cognitive evaluation process activates psychological mechanisms which help individuals make decisions with less anxiety, less mental effort, receive confirmation of their personal identity and experience feelings of being respected and emotionally protected. Rather than merely assessing functional performance, customers psychologically interpret AI-enabled interactions through these experiences. AI-driven personalization creates service experiences which transform regular service interactions into emotional encounters that go beyond what individuals expect. Customer satisfaction depends mainly on mental processes. However, customer delight arises from emotional responses which create positive psychological effects. Ultimately, these mechanisms strengthen the customer–platform relationship and support sustained engagement and long-term value creation.

To integrate fragmented insights from AI-based personalization, and customer experience literature, this study develops a structured conceptual framework that synthesizes key constructs, supporting evidence from the prior literature, and their theoretical linkages in the present study.

Construct	**Description**	**Illustrative Evidence from Prior Literature**	**Inherent Linkages in the Present Study**
AI-Driven Personalization	The use of AI and machine learning algorithms to provide tailored content, recommendations, and service interactions based on customer data, behaviour and experience	"AI technology enables businesses to create personalized product offerings because they analyse customer information for individual customer needs" (Grewal et al., 2020) "Personalization systems help users find relevant information while providing quick responses to their inquiries" (Verhoef et al., 2021)	Acts as the core enabling mechanism that shapes service experience of customers by increasing relevance, trust, reducing effort, and improving decision support
Managerial Value Creation	The ability of managers to leverage AI for creating strategic advantages, expanding business operations, and making superior choices	"AI functions now as a business decision support system, which managers use for their choices instead of being restricted to its original purpose as a technical instrument" (Davenport et al., 2020)	Positions AI as a strategic asset influencing firm-level outcomes

Perceived Relevance	The extent to which customers perceive the offerings as personalized content or recommendations as meaningful and aligned with their needs	"Perceived relevance evaluates digital content and promotional materials through AI personalization that match peoples personal interests because this alignment leads to better user satisfaction and enhanced service value" (Rahman, 2025) "Highly relevant recommendations improve the service experience" (Adomavicius & Tuzhilin, 2005)	The cognitive trigger produces customer responses which exceed basic satisfaction levels
Trust in AI-Enabled Services	Customers form beliefs about AI-systems based on their perception of system reliability and transparency, and their ability to work for customer benefit	"Trust in AI systems develops stronger brand loyalty which simultaneously boost their purchasing decisions because they believe these systems understand their personal needs" (An, Ngo, & Khuong, 2025) "In digital contexts, transparency and clarity around AI usage are key for building consumer trust, especially when personal data are used for personalized services" (Rahman, 2025) "Transparency of the algorithm develops trust" (Shin et al., 2020)	The system improves personalization results through its ability to decrease both customer uncertainty and the risk they perceive during AI-based system interactions
AI-Induced Psychological Experience Mechanisms	AI-based personalization systems create invisible cognitive and emotional reactions in customers, which determine their perception of service interactions and their emotional responses during these interactions	"Technology-mediated personalization reduces cognitive effort and decision complexity" (Davenport et al., 2020) "AI personalization methods help users process information better by creating tailored interfaces and suggestions which leads to more positive emotional responses when they perform their tasks" (Yin, 2025)	Acts as the psychological pathway through which AI-based personalization provides perceived relevance and trust into customer delight by reducing mental effort, creating positive surprise, and fostering emotional comfort, thereby differentiating delight from basic satisfaction

		"AI-enabled services create feelings of being understood and supported" (Shin, 2020)	
Customer Delight	People develop positive emotional states when their experiences surpass what they expected. This creates both surprise and pleasure, distinct from satisfaction	"Customer delight goes beyond satisfaction by creating strong positive emotional experiences" (Crudu et al., 2025) "AI personalization that anticipates needs delivers pleasant surprise and delight, reinforcing affective experiences" (Crudu et al., 2025)	Represents a distinct outcome of AI-based personalization, which depends on emotional and experiential value instead of functional performance. This result surpasses delight as the main factor for creating long-term value
Sustained Competitive Advantage	Long-term benefits such as loyalty, advocacy, and repeat engagement	"AI systems that enable personalization create permanent business value through their ability to build customer trust and deliver relevant experiences which drive customer retention and loyalty growth" (Rahman, 2025)	Final result emerging through AI-based delight-focused approaches
Behavioural Outcomes (Loyalty, Advocacy, Repurchase Intention)	Customer behaviours that reflect long-term customer-firm relationship outcomes	"Delighted customers show higher loyalty and advocacy behaviour" (Hassan et al., 2025) "Customers who trust AI recommendations exhibit stronger loyalty and continued engagement with brands" (An & Ngo, 2025)	Customer delight is generated as a main outcome when businesses achieve sustainable results through AI-enabled experiences
Service Experience Quality	Overall evaluation of e-commerce service interactions includes both functional assessment and emotional assessment	"People develop their service experience through two main components, which include their mental processes and their emotional reactions" (Lemon & Verhoef, 2016)	Serves as the experiential pathway through which AI personalization influences delight

Table 1. Conceptual Framework of AI-Driven Personalization and Customer Delight

Table 1 provides a synthesized structure of salient constructs that constitute the conceptual framework by embedding insights from existing literature and full integration of theoretical rationale in this study. The primary purpose of this table is to demonstrate how each construct included in the framework is

theoretically grounded, empirically supported, and logically connected within the overall value creation process of AI-driven personalization. By organizing the constructs alongside their definitions, illustrative evidence from prior studies, and their inherent linkages in the present research, the table offers transparency in construct selection and model development.

The table establishes AI-driven personalization as the fundamental technological element through its overview of previous studies which demonstrate how this technology enables customized content delivery and service interactions, and recommendations through intelligent data analysis. The table shows managerial value creation as a vital strategic element which builds upon the technological view. Managers create AI personalization results through their decision-making processes instead of letting technology operate independently. This clarifies that AI-based personalization is treated not merely as a technical tool, but as a managerial and strategic asset in the present study.

The table shows how customers evaluate AI-driven interactions through their mental assessment of service relevance and their trust level in AI-operated systems. The table uses established research to demonstrate that customers develop cognitive triggers through relevance and trust. They use these to reduce uncertainty while building their trust in AI systems which results in better customer evaluations. The conceptual framework links managerial design choices to customer psychological reactions through these constructs which serve as fundamental elements in the framework.

The core explanatory pathway of Table 1 demonstrates how AI-induced psychological experience mechanisms transform cognitive evaluations into emotional outcomes. The table demonstrates that AI-based personalization influences customers not only at a functional level, but also at a psychological level by reducing cognitive effort, creating feelings of being understood, and fostering emotional comfort. This distinction is critical, as it explains how AI-driven experiences move beyond basic satisfaction toward more emotionally meaningful outcomes.

The research establishes customer delight as an individual element which demonstrates how this study advances the field by showing that delight exists separately from standard satisfaction results. The table shows that customer delight appears when AI-enabled experiences surpass customer expectations. This results in positive emotional reactions that form the main affective result of AI-driven personalization. The table shows that customer delight produces three main long-term effects, which include customer behaviours, service quality, and market leadership sustainability to create a complete value creation system.

Table 1 serves the research by (1) bringing together separate studies from AI, customer experience, psychology, and value creation into one organized system, and (2) proving why every element should exist in the conceptual framework, and (3) showing the process through which AI-based personalization produces customer happiness and enduring business value by linking mental processes with psychological and emotional reactions. The table provides additional support to the theoretical basis of the framework. It becomes easier for readers who have no previous experience with AI-based personalization, to understand the research.

6. Discussions

The study aims to analyze the conceptual link between how AI-based personalization in e-commerce services contributes to customer delight, which moves past traditional customer satisfaction and operational goal perspective. The research presents a unified conceptual model which shows how AI-based personalization methods create customer delight through perceived relevance, trust, and subtle psychological experience mechanisms by combining literature from artificial intelligence, personalization, customer experience, trust, and customer delight studies. The discussion highlights theoretical, managerial, and social relevance of positioning AI-based personalization as a psychological and strategic force rather than merely a functional technology.

6.1. Theoretical Implications

The research advances marketing and service literature through its identification of customer delight as a separate emotional entity which exists in AI-based service delivery systems. While prior studies have largely focused on customer satisfaction, efficiency, and trust as outcomes of AI-driven personalization, the research develops theoretical knowledge through its identification of delight as an

emotional reaction which surpasses basic intellectual assessments. The research shows AI-based personalization produces delight through psychological experience mechanisms which include decision anxiety reduction, cognitive processing reduction, identity assessment, and unexpected positive experiences. The study explains how AI-based personalization translates into delight rather than merely assuming it as an outcome. In addition, by integrating perceived relevance and trust as key mediating factors, the study connects previously separate research streams and extends customer experience models by highlighting an internal psychological processing layer between AI interactions and emotional outcomes. The study presents AI-based personalization as a strategic capability which managers can control through their decisions about design and governance systems to generate emotional customer experiences.

6.2. Managerial Implications

The findings suggest that firms should move beyond evaluating AI-based personalization solely through performance metrics such as conversion rates or recommendation accuracy. Managers should design AI systems with the specific purpose of developing customer experiences which generate emotional value while making customers feel at ease and minimizing their work. Organizations must make strategic managerial choices about personalization levels, data handling, transparency, and contextual relevance to build perceived relevance and trust which leads to delight activation. The research demonstrates that trust-building systems which include ethical data practices, explainable recommendations, and visible privacy safeguards function as not only compliance requirements but strategic tools. Organizations can create long-term value through customer delight instead of basic satisfaction measures, which will also build stronger customer loyalty and generate positive word-of-mouth.

6.3. Social Implications

The study offers important social implications by emphasizing the broader impact of AI-based personalization on consumer well-being and digital trust. AI systems which designers create with responsibility will help users handle digital system complexity through their ability to reduce mental workload and decision-making pressure which results in better psychological well-being for users. The research results demonstrate that organizations need to establish ethical AI systems through open practices because these systems help maintain customer trust and defend against deceptive operational activities. Organizations can develop trustworthy digital ecosystems which support user autonomy through their implementation of privacy protection and fairness systems and personalization features. Research into human-centred AI shows that AI systems deliver their full social value through their ability to create respectful customer interactions which generate emotional support and meaningful experiences.

7. Conclusions

The study conceptually examined how AI-based personalization in e-commerce services contributes to customer delight by moving beyond the traditional focus on customer satisfaction and functional performance outcomes. The research presents a complete model which shows how AI-based managerial design decisions create customer delight through their effect on perceived relevance and trust and their power to trigger hidden psychological experience systems. By positioning AI-based personalization as a psychological and strategic marketing force rather than merely a technological tool, this research highlights the emotional and experiential pathways through which AI creates value. The study investigates how AI systems enable users to build emotional relationships with digital services while they develop enduring bonds through these platforms.

7.1. Limitations

The study is conceptual in nature and does not include empirical testing to validate its proposed framework and related propositions. As a result, the relationships among AI-based personalization,

perceived relevance, trust, psychological experience mechanisms, and customer delight are theoretically grounded but no research has proven these relationships through data analysis. The research investigates e-commerce service environments which might restrict its framework application to AI-driven service sectors that include healthcare and education and financial services.

7.2. Avenues for Future Research

Based on the proposed framework and arguments presented in the study, future research can empirically test the suggested relationships using quantitative, qualitative, or mixed-method approaches across different e-commerce settings. Researchers need to study which psychological experience mechanisms most strongly affect individuals so that they can predict how customers will feel and what their long-term actions will be based on their current mental state. Research needs to identify what factors regulate AI personalization effectiveness through studies which examine privacy concerns, algorithm transparency, cultural context and consumer trust development. The framework needs to expand its application to different AI service environments and emerging technologies which include conversational agents and immersive commerce systems to understand AI effects on customer emotions and sustainable value creation.

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