HELLENIC OPEN UNIVERSITY

Master in Business Administration (MBA)

Postgraduate Dissertation

"The influence of Artificial Intelligence on consumer-brand relationship: A strategic marketing perspective"

Maria Bali

Supervising Committee

Dimitrios Manolopoulos

Spais Georgios

Patras, Greece, "May" "2026"

"To my mother —

for her strength, her sacrifices, and her unwavering belief in me."

Abstract

This dissertation examines the influence of Artificial Intelligence (AI) on consumer–brand relationships from a strategic marketing perspective. As AI-driven tools such as chatbots, recommendation systems, and automated communication platforms increasingly shape brand–customer interactions, understanding their role in customer experience, trust formation, and brand loyalty has become increasingly important.

The study develops a conceptual framework suggesting that AI-mediated interactions influence Customer Experience (CX), which in turn relates to Trust and subsequently to Brand Loyalty, while Ethical Considerations (e.g., transparency and responsible data usage) may act as moderating factors. To explore these relationships, a quantitative research approach was adopted using a structured questionnaire distributed to consumers with prior exposure to AI-enabled brand interactions.

The findings indicate that AI is generally perceived to enhance efficiency, speed, and personalization within customer experience. However, while AI appears to improve functional aspects of CX, trust is not automatically established. Instead, trust formation seems to depend on factors such as transparency, ethical data management, and clear communication regarding AI usage. In addition, brand loyalty and recommendation intentions appear to be positively associated with effective AI use, although they remain closely linked to trust and ethical perceptions.

Overall, the results suggest that AI can act as a performance-oriented enabler of consumer–brand relationships rather than a substitute for human relational elements. Ethical transparency appears to play an important role in shaping trust and supporting long-term relational outcomes in AI-mediated environments.

The study contributes to the literature on AI in marketing by integrating technological, experiential, and relational perspectives into a unified conceptual approach. From a managerial perspective, it highlights the importance of aligning AI capabilities with transparent and responsible communication practices in order to support trust and long-term brand relationships.

Keywords

Artificial Intelligence; Customer Experience; Trust; Brand Loyalty; Ethical AI; Consumer–Brand Relationships

"Η επίδραση της Τεχνητής Νοημοσύνης στη σχέση καταναλωτή-brand: Μια προσέγγιση από το χώρο του στρατηγικού marketing"

Μαρία Μπαλή

Περίληψη

Η παρούσα διπλωματική εργασία εξετάζει την επίδραση της Τεχνητής Νοημοσύνης (Artificial Intelligence – AI) στις σχέσεις καταναλωτή–brand από στρατηγική σκοπιά μάρκετινγκ. Καθώς εργαλεία βασισμένα στην Τεχνητή Νοημοσύνη, όπως τα chatbots, τα συστήματα αυτόματων προτάσεων και οι πλατφόρμες αυτοματοποιημένης επικοινωνίας, ενσωματώνονται ολοένα και περισσότερο στις αλληλεπιδράσεις μεταξύ επιχειρήσεων και πελατών, καθίσταται κρίσιμη η κατανόηση της επίδρασής τους στην εμπειρία πελάτη, στη διαμόρφωση εμπιστοσύνης και στη δημιουργία πιστότητας προς τη μάρκα.

Η έρευνα αναπτύσσει ένα εννοιολογικό πλαίσιο σύμφωνα με το οποίο οι αλληλεπιδράσεις που διαμεσολαβούνται από την Τεχνητή Νοημοσύνη επηρεάζουν την Εμπειρία Πελάτη (Customer Experience), η οποία με τη σειρά της διαμορφώνει την Εμπιστοσύνη και τελικά την Πιστότητα προς το brand, ενώ οι Ηθικές Παράμετροι (όπως η διαφάνεια και η υπεύθυνη διαχείριση δεδομένων) λειτουργούν ως ρυθμιστικός παράγοντας στη σχέση αυτή.

Για τη διερεύνηση του προτεινόμενου πλαισίου υιοθετήθηκε ποσοτική ερευνητική προσέγγιση μέσω δομημένου ερωτηματολογίου σε καταναλωτές με προηγούμενη εμπειρία χρήσης εργαλείων AI σε επαφή με μάρκες. Τα ευρήματα δείχνουν ότι η Τεχνητή Νοημοσύνη ενισχύει σημαντικά την ταχύτητα, την αποτελεσματικότητα και την αντιλαμβανόμενη προσωποποίηση της εμπειρίας πελάτη. Ωστόσο, η ενίσχυση της εμπειρίας δεν οδηγεί αυτόματα στη δημιουργία εμπιστοσύνης. Η εμπιστοσύνη φαίνεται να εξαρτάται από τη διαφάνεια, την ηθική χρήση των δεδομένων και τη σαφή ενημέρωση σχετικά με τη χρήση τεχνολογιών AI.

Τα αποτελέσματα υποδεικνύουν ότι η Τεχνητή Νοημοσύνη λειτουργεί ως ενισχυτής λειτουργικής απόδοσης και ως στρατηγικό εργαλείο σχέσεων, χωρίς να αντικαθιστά πλήρως τον ανθρώπινο παράγοντα. Η ηθική διάσταση αναδεικνύεται σε καθοριστικό στοιχείο για τη διατήρηση μακροχρόνιων σχέσεων καταναλωτή–brand σε περιβάλλοντα τεχνολογικής διαμεσολάβησης.

Λέξεις – Κλειδιά

Τεχνητή Νοημοσύνη

Εμπειρία Πελάτη

Εμπιστοσύνη

Πιστότητα Μάρκας

Ηθική Τεχνητή Νοημοσύνη

Σχέσεις Καταναλωτή–brand

Table of Contents

List of Figures

List of Tables

List of Abbreviations & Acronyms

AI — Artificial Intelligence

ML — Machine Learning

GenAI — Generative Artificial Intelligence

CX — Customer Experience

CRM — Customer Relationship Management

S-D Logic — Service-Dominant Logic

HMI — Human–Machine Interaction

NLP — Natural Language Processing

ROI — Return on Investment

RQ — Research Question

P — Proposition

SEM — Structural Equation Modeling

SPSS — Statistical Package for the Social Sciences

HELLENIC OPEN UNIVERSITY

Chapter 1: Introduction

1.1 Background and Context

From being primarily technical, Artificial Intelligence (AI) has now become a managerial capability providing insight, experiences and marketing strategic tools for firms. Artificial Intelligence is more present in markets or business today. It is increasingly being operated by a lot of companies through chatbots, voice assistants, recommendation systems, dynamic pricing automated after-sales support and generative tools for content development (Russell & Norvig, 2021; Davenport et al., 2020). This shift has particular relevance due to the acceleration of digital touchpoints over the customer journey which sees consumers interacting with brands through several channels on a daily basis often without human mediation.

From a strategic marketing point of view, this raises the important question: How is AI likely to impact the consumer–brand relationship? According to Fournier (1998), relationship marketing research has long assumed that durable relationships are based on trust, commitment, perceived authenticity and attachment. However, the factors influencing these results may shift due to AI. On one hand, AI enhances efficiency and personalization which makes better perceived relevance and quality of service. On the other hand, the consumer may also have discomfort because of privacy considerations, being surveilled, lack of transparency, or losing the “human warmth” in the interaction with the brands (Awad & Krishnan, 2006; Floridi et al., 2018).

This research work looks at AI not only as a technology for optimising performance, but also as a marketing strategy that rewrites the relational calculus between consumers and brands. AI-mediated brand interactions impacting customer experience (CX), trust and loyalty are explored as integral to this study. As a fundamental dimension of AI, ethics influences brand perceptions and legitimacy.

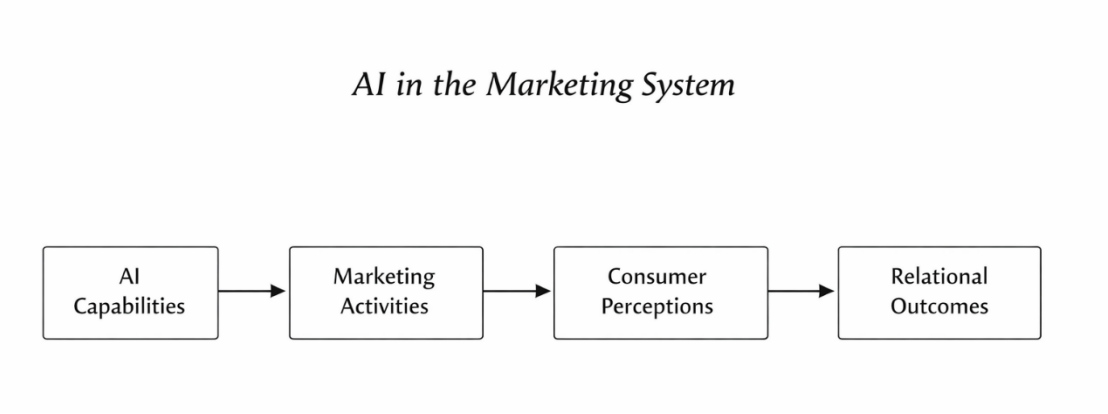

Figure 1.1: "AI in the Marketing System" (AI capabilities → marketing activities → consumer perceptions → relational outcomes). Source: Author's own elaboration.

1.2 Problem Statement

While brands are increasingly adopting AI technology, the consumer–brand relationship is not merely transactional or functional. Influence of brand actions on consumers is interpret by using psychological and social lenses to form attitude reliability, integrity, and authenticity. This dissertation addresses the paradoxical effects AI adoption may have on key relational outcomes, which may be both positive and negative. Personalization may increase convenience and engagement. However, if people believe their data is use obliquely, it may trigger privacy concerns, eroding trust (Awad and Krishnan, 2006).

Moreover, machines are causing confusion about accountability. When a consumer receives the wrong recommendation, an unfair offer, or a biased response, the question is: who is at fault? The technology? The firm? Or the brand identity that consumers attribute agency to? This ambiguity may cause friction in relationship development because trust is usually based on perceived competence and benevolence traits that have traditionally been attributed to human agents. However, these traits are increasingly attributed to some automated systems.

The essence of the thesis addresses a managerial and academic question: How can brands strategically employ AI to enhance customer experience and loyalty while preserving trust, authenticity and ethical fairness?

1.3 Research Gap

The literature devoted to using AI technologies in marketing, consumer behaviour, ethics, and similar issues is quite fragmented. Particularly relevant are several gaps.

1. Failing to take a relational perspective on the tools they use. Numerous investigations focusing on specific applications (e.g., chatbots, recommendation systems) do not connect them to relationship marketing theory or trace their influence through mediators like experience and trust (Davenport et al., 2020; Huang & Rust, 2021).

2. Integration of customer experience and relationship theory is limited. Customer experience scholarship emphasizes an overall assessment across multiple touchpoints (Lemon & Verhoef, 2016), while relationship marketing highlights trust and commitment (Fournier, 1998). Nonetheless, there are fewer studies building an integrated framework linking AI-enabled touchpoints to these relationship outcomes.

3. Ethics are often considered something extra instead of key. The ethical issues related to AI – privacy, transparency and fairness – are commonly acknowledged. However, they are not discussed at the strategy level and are regarded as mere compliance problems rather than determining trust and brand equity and long-term loyalty (Floridi et al., 2018).

4. Need for useable frameworks by practitioners Scholarly debates are often abstract; practitioners require frameworks that guide the implementation of ideas into strategic decisions (e.g., when to automate, when to humanize, what to disclose, how to design AI experiences).

The paper proposes a structured theoretical synthesis and inclusion of an exploratory empirical component to offer a cohesive strategic marketing perspective.

1.4 Aim, Objectives, and Research Questions

With the theoretical relevance and managerial importance of Artificial Intelligence (AI) clearly established within the contemporary marketing landscape, it becomes essential to define the purpose and direction of this dissertation in a structured and coherent manner. As AI technologies are increasingly embedded in brand communication systems, questions

arise regarding their role in shaping the formation, development, and sustainability of consumer–brand relationships.

Although existing research has explored customer relationship management, service-dominant logic, and digital engagement frameworks extensively, a conceptual gap remains in understanding the relational implications of AI-mediated interactions. In particular, limited research integrates automation, personalization, and conversational AI in explaining how trust, authenticity, loyalty, and ethical perceptions are formed.

To address this gap, the present study defines a clear aim, supported by specific objectives and corresponding research questions.

Aim

The primary aim of this dissertation is to examine how AI-mediated brand communication influences the consumer–brand relationship, with particular emphasis on customer experience, trust formation, brand loyalty, and ethical considerations. The study seeks to bridge theoretical perspectives from relationship marketing and contemporary AI applications while deriving strategic implications for marketing practice.

Objectives

To achieve this aim, the study pursues the following objectives:

O1: To critically examine how AI-mediated brand interactions are perceived by consumers in terms of usefulness, personalization, and relational quality.

O2: To analyse the impact of AI-enabled customer experience on the development of trust and brand loyalty.

O3: To investigate the role of ethical and transparency considerations in shaping consumer trust toward AI-enabled brands.

O4: To develop strategic implications for firms on how to effectively implement AI while maintaining authenticity and trust.

Research Questions

To meet the above objectives, the thesis will answer the following research questions.

RQ1: How do consumers perceive AI-mediated brand interactions in terms of usefulness, personalization, and relational quality? (matches O1)

RQ2: How does AI-enabled customer experience influence consumer trust and brand loyalty? (matches O2)

RQ3: How do ethical and transparency concerns influence consumer trust toward AI-enabled brands? (matches O3)

RQ4: How can firms strategically implement AI technologies to enhance consumer–brand relationships without compromising authenticity and trust? (matches O4)

Contribution to Knowledge and Practice

From a theoretical standpoint, the dissertation makes several interrelated contributions. It integrates AI marketing literature with relationship marketing theory, offering a synthesis that has received limited attention in prior scholarship. It further advances this integration by merging AI-powered interaction models with service-dominant logic, thereby extending the conceptual vocabulary available to researchers studying technology-mediated value co-creation. A third theoretical contribution lies in the application of trust theory to algorithm-mediated environments, addressing the conditions under which AI systems can generate and sustain consumer trust in brand relationships.

From a managerial perspective, the dissertation offers practical guidance for firms seeking to implement AI responsibly within their marketing and branding strategies. It advises on the strategic implementation of AI in ways that preserve relational quality and consumer trust, identifies governance considerations relevant to the ethical deployment of AI in brand communication, and proposes a framework for balancing automation with authenticity—enabling organisations to harness the efficiency gains of AI without compromising the human dimensions of their brand relationships.

1.5 AI, Digital Transformation and the Strategic Reconfiguration of Marketing

AI needs to be understood in the larger context of digital transformation. In the last ten years, businesses moved to a customer-centric and data-driven business model. Artificial intelligence expedites this evolution through its provision of predictive analytics, automated decision-making, and real-time personalization (Davenport et al., 2020).

This change reshapes competitive advantage from a strategic marketing perspective. Businesses are competing not on product features anymore but on the quality of digital experiences. AI thus becomes a differentiating factor and relational capital.

Nevertheless, digital transformation heightens transparency and competition. Nowadays, customers can easy switch from one brand to another, compare offers on the go and raise their discontent in public. Social trust has become fragile but a critical asset.

AI lies at the crossroads of digital transformation and relational marketing; their sustainable advantage lies in the complementarity of their technological sophistication, ethical credibility, and experiential excellence.

1.6 Academic and Practical Relevance

This research has implications in the academic and managerial fields.

Academically, it helps integrate AI research and traditional relationship marketing frameworks (Fournier, 1998; Morgan & Hunt, 1994). It is a practical for marketing managers to adopt AI in customer-facing process.

Due to the speeding up of generative AI's diffusion and the use of automated communicative platforms, understanding the relational consequences of AI is now strategically crucial.

1.7 Methodological Overview and Fit with Dissertation Classification

The current study is primarily literature-based, in keeping with the methodology of a critical review of the literature.

A supportive small-scale quantitative survey is used in addition to theoretical synthesis to offer exploratory empirical evidence. The survey's main purpose is not to produce universal generalizations but to enhance interpretations and contextualize theoretical propositions arising from the literature.

Research Question (RQ)	**Key Constructs**	**Theoretical Foundations (Literature Evidence)**	**Survey Evidence (Operationalization)**
RQ1: How do consumers perceive AI-mediated brand interactions in terms of usefulness, personalization, and relational quality?	AI-mediated interactions; Perceived usefulness; Perceived personalization; Relational quality; Consumer perceptions of AI	Davenport et al. (2020); Huang & Rust (2021); Lemon & Verhoef (2016)	Likert items measuring perceived personalization, AI usefulness, and perceived relational quality of brand interactions
RQ2: How does AI-enabled customer experience influence consumer trust and brand loyalty?	Customer experience (CX); Trust (competence-based, benevolence-based); Brand loyalty; Perceived transparency; Algorithmic fairness	Morgan & Hunt (1994); Delgado-Ballester (2004); Gefen et al. (2003); Castelo et al. (2019)	Items on CX satisfaction, reliability, transparency, trust in brand AI, and loyalty intentions

Research Question (RQ)	Key Constructs	Theoretical Foundations (Literature Evidence)	Survey Evidence (Operationalization)
RQ3: How do ethical and transparency concerns influence consumer trust toward AI-enabled brands?	Ethical AI perceptions; Transparency; Privacy concerns; Data security; Perceived manipulation; Consumer trust	Morgan & Hunt (1994); Floridi et al. (2018); Martin & Murphy (2017); Zuboff (2019); Pasquale (2015)	Items measuring data concern, fairness perception, ethical evaluation of AI use, and transparency in data practices
RQ4: How can firms strategically implement AI technologies to enhance consumer–brand relationships without compromising authenticity and trust?	Strategic AI implementation; Brand authenticity; Hybrid interaction models; Ethical governance; Trust preservation; Transparency as differentiation	Fournier (1998); Morgan & Hunt (1994); Huang & Rust (2021); Floridi et al. (2018); Davenport et al. (2020)	Items measuring preference for hybrid AI–human interactions, importance of brand transparency in AI use, and openness to AI-enabled brand experiences

Table 1.1: Research Questions → Constructs → Evidence Sources (Literature + Survey items). Source: Author's own elaboration.

1.9 Empirical Overview of the Study

To complement the theoretical framework, the study incorporates an exploratory quantitative component based on a structured online questionnaire. The final sample consisted of N = 100 respondents, all of whom reported prior experience with AI-mediated

brand interactions such as chatbots, recommendation systems, or automated customer support.

The descriptive findings indicate that AI is widely adopted across consumer touchpoints and is generally perceived to enhance efficiency, speed, and convenience within customer experience. However, the results also suggest that trust is not automatically established through AI-enabled interactions. Instead, trust appears to be conditional upon factors such as transparency, ethical data usage, and clear communication regarding AI implementation.

Furthermore, while AI-supported experiences are associated with positive perceptions and moderate loyalty intentions, these outcomes appear to remain dependent on trust and perceived ethical conduct. These exploratory trends are broadly consistent with the conceptual framework proposed in this dissertation, particularly regarding the proposed role of customer experience and trust, as well as the potential moderating role of ethical considerations.

1.10 Dissertation Structure

The second chapter deals with the development of theoretical foundations. Here we will see the evolution of AI and its marketing applications. In addition to this, there is the dynamics of brand relationships. Moreover, we will discuss consumer engagement frameworks, digital brand communication, and ethical implications. This chapter discusses research design and the questionnaire. The outcomes of the study are discussed in chapter four. The concluding section of Chapter 5 covers the contributions, limitations, and implications for practice and future research.

Chapter 2: Theoretical Development

2.1 The Evolution of AI in Marketing: From Automation to Relationship Mediation

The marketing role of AI can be categorised into three phases which are the (a) analytics and prediction, (b) automation and optimization, and (c) generative and interactive AI experiences. The early commercialisation of marketing AI was in segmentation and forecasting. The interactive quality and emotional perceptions of audiences are increasingly shaped by contemporary applications which are shifting AI from "support tool" to "relationship mediator" (Huang & Rust, 2021).

According to Huang and Rust (2021), AI can enhance marketing by enabling more intelligent, customized, and interactive communication. However, the actual impact of AI will depend in part on consumers' acceptance of AI as a true interface. Acceptance depends on its usefulness and ease of use as well as its trustworthiness, which are dimensions that match up with customer experience literature (Lemon & Verhoef, 2016).

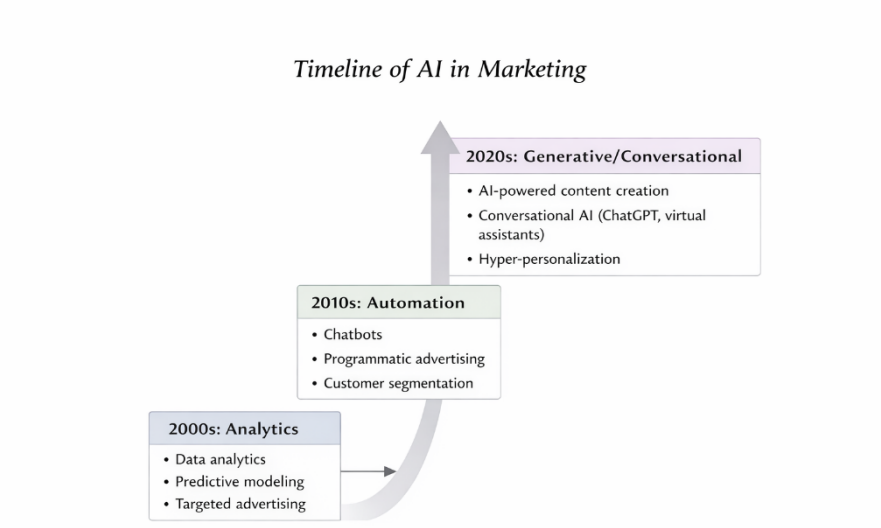

Figure 2.1: Timeline of AI in marketing (Analytics → Automation → Generative/ Conversational). Source: Author's own elaboration.

2.1.1 AI in Content Creation: Efficiency, Consistency, and Authenticity Tensions

With generative AI, brands can scale content creation, personalising it for micro-segments. Speed, lower costs and always-on communication deliver clear benefits. Nevertheless, it is important to note that strategic brand communication is also symbolic and identity-building in nature. The main issue at stake is whether or not AI generated content can sustain authenticity.

Brand authenticity is often associated with being perceived as genuine, as well as being transparent and consistent over time. Consumer attitude toward content technical could lower engagement regardless of it being highly relevant. It's especially relevant in relationship-based categories (banking, wellness, luxury) where trust and authenticity can matter more than convenience.

Dimension	**Strategic Benefits**	**Potential Risks**	**Theoretical Implications**
Speed & Efficiency	Rapid content production, real-time campaign adaptation, reduced operational costs	Over-automation, reduced human oversight	May enhance marketing responsiveness but weaken human relational signals
Scalability	Ability to generate large volumes of content across platforms and markets	Content saturation, message fatigue	Scale may increase reach but dilute perceived uniqueness
Personalization	Hyper-targeted messaging, dynamic content adaptation, improved relevance	Privacy concerns, algorithmic overfitting, perceived surveillance	Enhances perceived value but may trigger psychological reactance
Data-Driven Optimization	Continuous performance learning, predictive refinement	Bias amplification, opaque decision-making	Raises issues of algorithmic transparency and trust
Creative Augmentation	Support for ideation, rapid testing of narrative variations	Homogeneity of tone and style, loss of creative differentiation	May reduce brand distinctiveness over time

Dimension	Strategic Benefits	Potential Risks	Theoretical Implications
Consistency of Brand Voice	Standardized messaging across channels	Artificial tone, authenticity erosion	Authenticity becomes mediated by algorithmic logic
Cost Reduction	Lower content production costs; improved ROI	Workforce displacement concerns	Ethical implications in marketing labor dynamics
Generative Capabilities	Creation of text, visuals, and interactive conversational experiences	Misinformation risk, hallucinated outputs, reputational damage	Increases need for governance frameworks and AI accountability

Table 2.1: Benefits vs risks of AI content creation (Speed, scale, personalization vs authenticity erosion, homogeneity, misinformation risk). Source: Author's own elaboration based on literature review.

2.1.2 AI-Driven Personalization: Value Creation vs Privacy and Control

From a strategic perspective, brands must carefully determine the appropriate level of personalization, the types of data used, and the way personalization is communicated to consumers. Effective personalization requires a balance between relevance and perceived control, ensuring that consumers do not experience personalization as intrusive or manipulative.

However, personalisation also raises concerns about privacy and manipulation. Consumers may want personalization while uncomfortable with profiling, Awad and Krishnan (2006) call this the personalization–privacy paradox. It becomes a critical paradox in AI settings, in which data use happens behind the scenes. This then causes an asymmetry between what the brand is capable of doing and what the consumer perceives it to be doing. When

the expected transparency and control are not there, personalization can backfire as it also relies on trust.

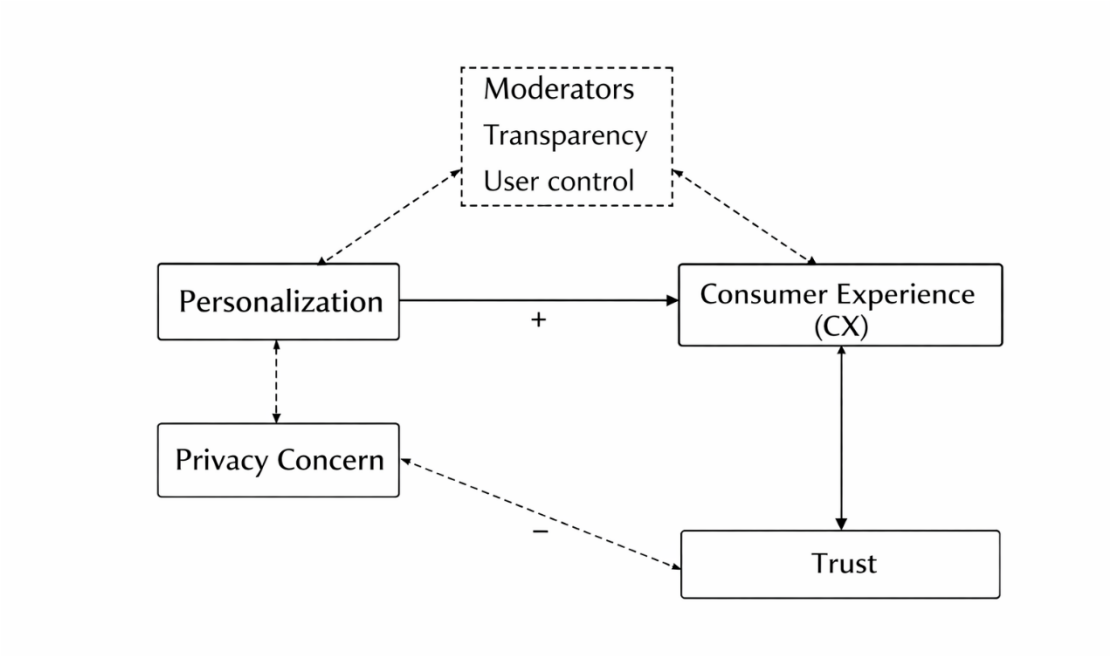

Figure 2.2: Personalization outcomes moderated by transparency and control (Personalization → CX; Privacy concern → Trust ↓). Source: Author's own elaboration.

2.1.3 AI and Brand Storytelling: Data-Driven Narratives and Meaning-Making

Brands form significance through storytelling that links a brand's product offerings with any cultural values and consumer identity (Holt, 2004). AI makes it possible for narratives to become adaptive: stories can be personalized by consumer behavior, sentiment and context. Although this boosts relevance, it alters the storyline from a common narrative to a micro-narrative.

AI-enabled storytelling transforms brand communication from a shared, collective narrative into individualized, data-driven micro-narratives. While this enhances relevance and engagement, it also introduces the risk of fragmenting brand identity. Strong brands traditionally rely on coherent and consistent narratives that create shared meaning across

audiences (Holt, 2004). Excessive personalization may weaken this shared meaning, potentially reducing perceived authenticity and long-term brand coherence.

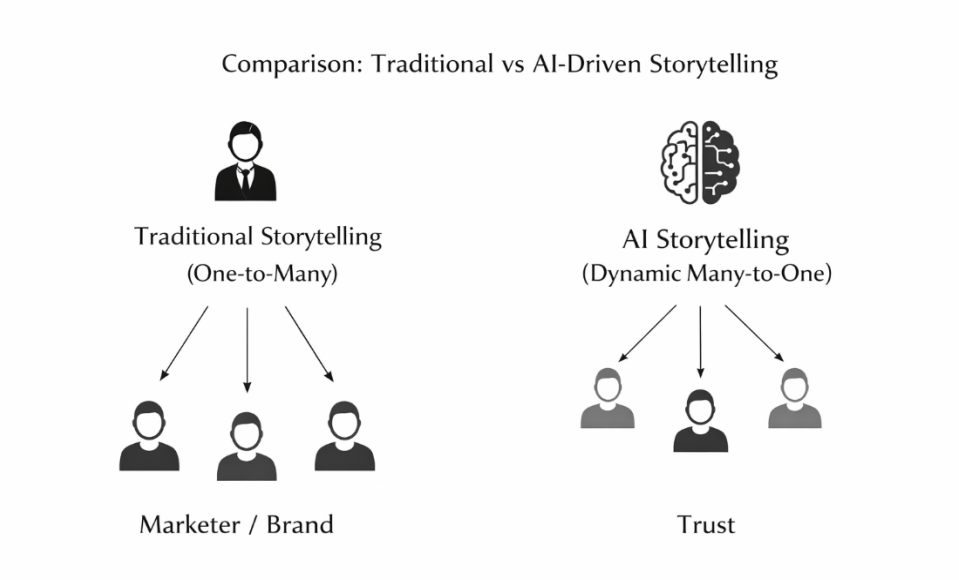

Figure 2.3: Traditional storytelling (one-to-many) vs AI storytelling (dynamic many-to-one). Source: Author's own elaboration.

2.2 Brand Relationship Dynamics in an AI-Mediated Environment

2.2.1 Theoretical Foundations of Brand Relationships

Brand relationship theory conceptualizes brand as an active relational entity, not a market offering. Fournier (1998) suggested that consumers could develop feelings toward brands that are comparable to their feelings toward people, such as emotional attachment and trust. These relationships change with time, through reiterated exchanges and meaning-making between people. Brand relationship formation, traditionally, takes the form of human-mediated touchpoints: in-store, sales reps and customer service agents. The touchpoints features social emotional cues that demonstrate empathy, tone, and responsiveness. However, as integration of AI progresses in brand communication, it fundamentally changes this relational context by replacing or augmenting human presence with algorithmic presence. In environments facilitated by artificial intelligence consumers are increasingly interfacing with brands rather than people. Hence, we must re-evaluate how relationships are formed and maintain themselves.

2.2.2 Trust in AI-Mediated Brand Relationships

According to many, trust is an essential element in consumer–brand relationships. In marketing literature, trust is generally described as the consumer's willingness to rely on a brand based on expectations regarding the firm's competence, integrity and benevolence (Morgan & Hunt, 1994).

Trust as competence

AI systems, by providing speedy, accurate and consistent outputs, can greatly improve perceptions of competence. Chatbots that solve problems efficiently or recommender systems that accurately predict preferences may strengthen consumers' perception of the brand's competence and reliability.

Trust as integrity

Integrity is honestly fair behaviour. In artificial intelligence contexts, integrity has to do with transparency and explainability. People will find the devices unfair if they do not understand how AI makes its decision, be it pricing or targeting. This does not change the fact that the outcome is optimal. If the treatment is not gotten, the pricing won't work.

Trust as benevolence

Benevolence is the degree to which the brand is perceived to act in the consumer's best interest. The consumer may become suspicious about the algorithmic decision-making, which may have more to do with the objective of the firm (e.g. profit maximization, data extraction) rather than the consumer welfare.

Trust in AI-mediated brand relationships does not just stem from system performance but how brands communicate their intent, disclose their AI usage and provide consumers with perceived control.

2.2.3 Authenticity and Perceived "Human Warmth"

Brand authenticity refers to genuineness, sincerity and consistency between brand values and brand actions. Trust, Realness and authenticity strengthen a brand's emotional connection with its consumers, thereby increasing loyalty of its consumers.

AI-powered communication creates uncertainty in authentic perceptions. Although AI can help to keep messages consistent over time, but it may come at the expense of human warmth. Long-term relationship outcomes depend disproportionately more on emotional satisfaction than on functional satisfaction, according to consumer research (Fournier, 1998).

Consumers may feel relationally distant if interactions mediated by AI are overly scripted, generic and manipulative. On the contrary, well-designed AIs that communicate openly, honor boundaries, and allow human escalation enable authenticity benefits and automate.

2.2.4 Commitment and Long-Term Orientation

The intention of the consumer to stay with the brand for a long time is commitment. According to Morgan and Hunt, in relationship marketing theory, commitment is affected by trust, satisfaction, and perceived relationship value.

AI indirectly enhances commitment by influencing behaviour.

- Experiences must be consistent across touchpoints.
- Convenience includes lesser efforts for interaction.
- Personalized appeal, proof of attentiveness.

But commitment may falter when consumers feel dependent on systems they cannot comprehend or contribute to. It underscores the need to balance automation with relational reassurance.

2.2.5 Strategic Implications for Brand Relationship Management

In managerial terms, the involvement of AI in brand relationships entails a movement from managing relationships through humans to orchestrating relationships through systems. All brands must decide.

- Which engagements should be fully automated phase-out.
- where human interference is essential
- And how brand values are reflected in AI systems.

AI does not replace relational marketing but rather reshape it by redefining how we create and sustain trust, authenticity, and commitment.

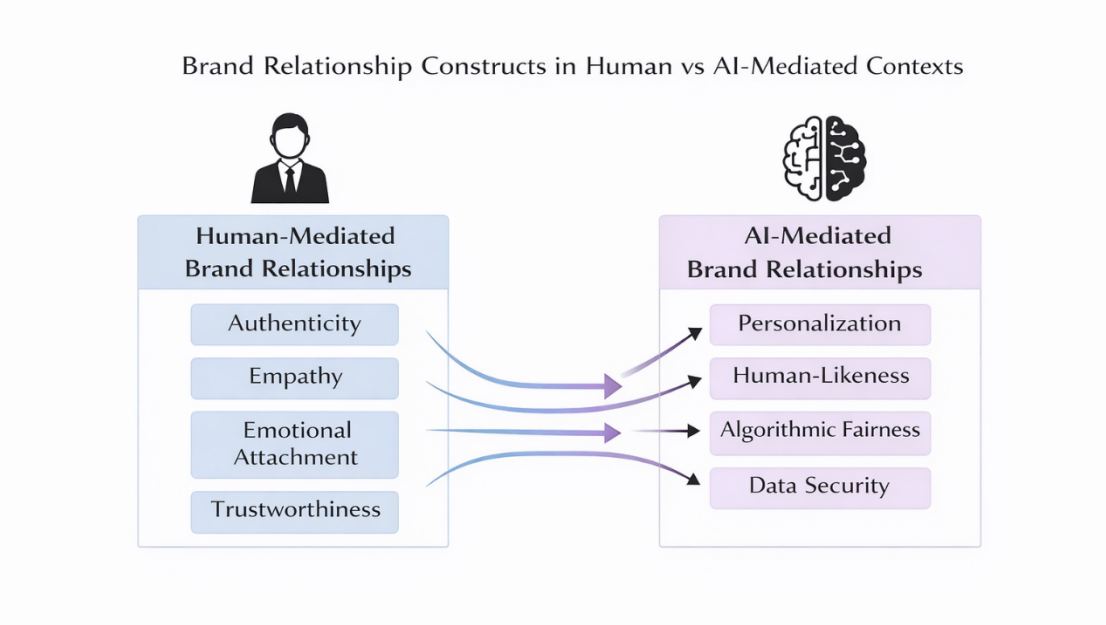

Figure 2.7 Brand Relationship Constructs in Human vs AI-Mediated Contexts

Construct	**Traditional Brand Relationships**	**AI-Mediated Brand Relationships**
Trust	Built through human interaction and social cues	Built through system reliability, transparency, and data ethics
Authenticity	Linked to human voice and emotional expression	Linked to transparency, consistency, and value alignment
Commitment	Driven by emotional bonds and satisfaction	Driven by experience consistency and perceived fairness
Relational Warmth	High (empathy, tone, human presence)	Potentially lower unless hybrid models are used

Construct	Traditional Brand Relationships	AI-Mediated Brand Relationships
Accountability	Clear human responsibility	Often ambiguous (brand vs algorithm)

Table 2.2 – Brand Relationship Constructs in AI-Mediated Interactions. Source: Author's own elaboration based on literature review.

2.3 Consumer Engagement and Customer Experience in AI-Driven Marketing

2.3.1 Customer Experience (CX) as an Integrative Framework

According to Lemon & Verhoef (2016), we perceive value through touchpoints and experiences over time rather than through a singular event. Across all customer journeys, CX is influenced with the help of AI tools.

- Awareness or understanding of recommendation algorithms.
- Personalized Content Consideration
- Buy (help, dynamic pricing)
- After-Purchase (chatbots, proactive service assistance)

AI improves customer experience by minimizing hassles and enhancing relevance. Nonetheless, the quality of experience depends on the emotional experience. Negative emotions spawned from privacy worries or perceived manipulation could outweigh functional benefits.

2.3.2 Consumer Engagement Behavior

Consumer and brand engagement goes beyond mere exchange. It covers cognitive, emotional, and behavioral involvement with a brand. Reusing content, engaging with content, commenting on content, and referring to others.

AI can boost portfolio responses

- More frequent interaction
- Customizing content according to personal preferences.
- Allowing for Dialogue

Still engagement is fragile. If consumers feel that the AI is getting in their way or being fake, they are likely to log off despite the very personalized experience. Consequently, engagement is conditional on trust and perception of ethics.

2.3.3 Integrating Engagement, Experience, and Trust

According to the literature, it is a layered process (Lemon & Verhoef, 2016; Hollebeek et al., 2014).

1. Artificial Intelligence determines interaction quality.
2. Quality interaction shapes customer experience.
3. Trust is influenced by experience.
4. When there is trust, the engagement remains.

This rationale is employed in the conceptualization of the dissertation, where the customer experience and trust are located in the link between AI and brand loyalty.

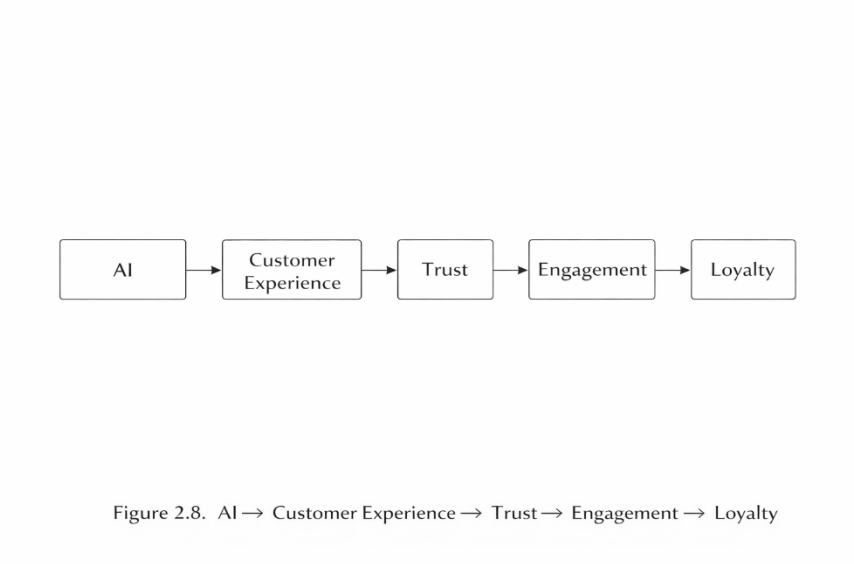

Figure 2.8. AI → Customer Experience → Trust → Engagement → Loyalty

Figure 2.8 AI → Customer Experience → Trust → Engagement → Loyalty

Framework	**Core Idea**	**Role of AI**	**Strategic Risk**
Service-Dominant Logic	Value is co-created	Enables adaptive, real-time co-creation	Perceived exploitation
Customer Experience	Value is cumulative across touchpoints	Optimizes journey efficiency & relevance	Emotional detachment
Engagement Theory	Consumers invest cognitively & emotionally	Increases interaction frequency	Engagement fatigue

Table 2.3 – Consumer Engagement Frameworks and the Role of AI. Source: Author's own elaboration based on literature review.

2.4 Brand Communication in the Digital Era: The Role of Artificial Intelligence

2.4.1 From One-Way Communication to Intelligent Dialogue

The way brands communicate has changed drastically in the last twenty years. The traditional communication model used to be largely one-way with brands as senders and consumers as the receivers. With interactivity, which entails the ability to communicate two-way and provide feedback in real-time, digital platforms have emerged. AI is the next stage of evolution that will make brand communications continuous, adaptive and data-driven.

AI communication tools include chatbots, virtual assistants, automated messaging systems and conversational interfaces, helping brands interact with consumers at scale without losing touch. These systems can interpret consumer intent, personalize responses and learn from prior interactions. Because of that, communication is no longer episodic but persistent throughout the consumer journey (Kaplan & Haenlein, 2019).

According to strategic marketing, this change in communication is no longer just a promotional activity, but a relational activity. The way that brands communicate is increasingly becoming a key driver of customer experience and trust, instead of just a channel that delivers information.

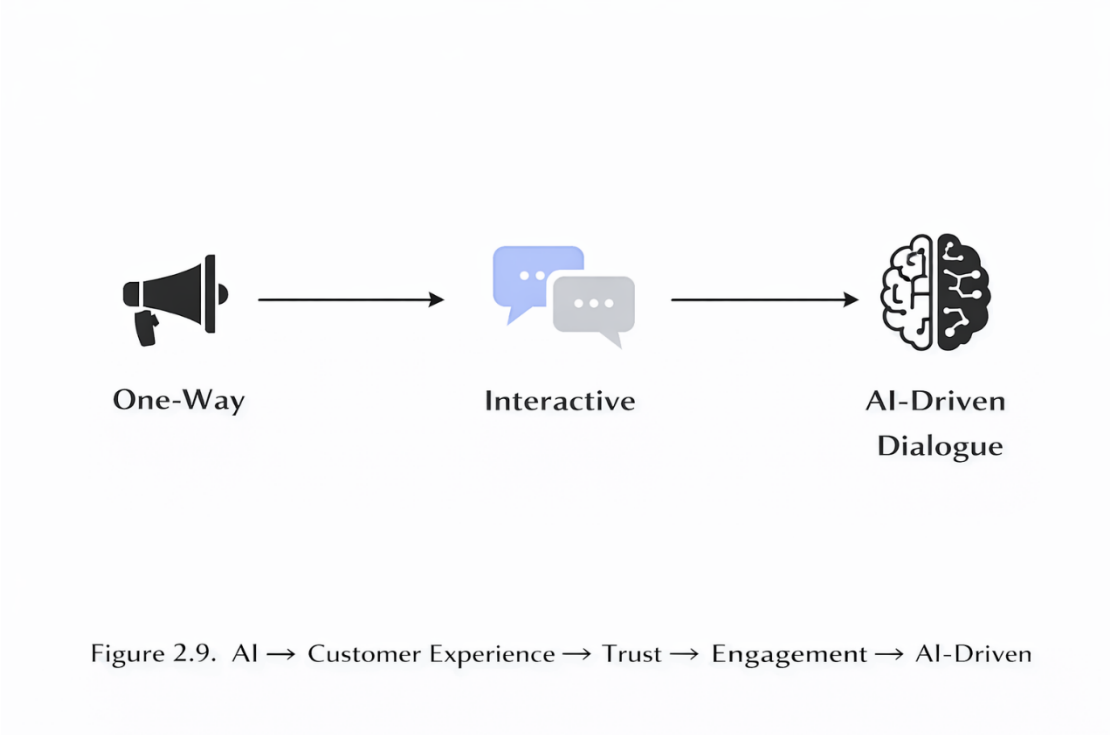

Figure 2.9: Evolution of Brand Communication: One-Way → Interactive → AI-Driven Dialogue. Source: Author's own elaboration.

2.4.2 AI as a Communication Interface and Brand Representative

AI as a communication interface and brand representative

In environments using AI, technologies represent a brand more than simply facilitating communication. For a lot of customers, the first and sometimes only point of contact with a brand may be a bot. As a result, the AI interfaces act as symbolic brand representatives that influence brand personality, professionalism, and reliability perceptions.

According to research, consumers assign agency to automated systems, often evaluating them on social and relational criteria similar to when they act as agents (Van Doorn et al., 2017). This attribution has huge significance.

- Errors or faults in AI responses may be seen as a brand failure.
- The brand warmth and competence of AI systems are influenced by their tone and language style.
- When the AI communication is a consistent one, it will help define the brand's identity. When the communication is inconsistent, it will weaken the brand's meaning.

To connect with customers on shared values and help drive more relevant communications, brands should create mission-aligned AI.

2.4.3 Personalization, Automation, and Communication Quality

Brands can customize content, timing, and format of communication for individual consumers by leveraging AI. With the help of personalized messages, it would be easy to become more relevant, less information, and enhance engagement outcomes (Bleier et al., 2018). Automation helps to scale and improve efficiencies by ensuring brands can maintain communication without adding more people.

Nonetheless, communication quality is not only dependent upon relevance and speed. Consumer responses are really influenced by emotional resonance, perceived sincerity, and contextual appropriateness. Over-automation might be construed as impersonal,

especially in emotionally-laden contexts such as complaints, service recovery or sensitive transactions.

Dimension	Automated (AI-Driven) Communication	Human-Led Communication	Strategic Trade-Off
Speed & Responsiveness	Instant responses, 24/7 availability, real-time personalization	Slower response times, limited by working hours	Efficiency vs depth of interaction
Scalability	High scalability across large audiences simultaneously	Limited scalability, requires proportional human resources	Cost efficiency vs relational intensity
Consistency	Standardized tone and message control	Greater variability depending on employee	Brand control vs authentic variation
Personalization	Data-driven micro-segmentation and predictive personalization	Contextual personalization based on intuition and empathy	Algorithmic relevance vs emotional intelligence
Emotional Depth	Simulated empathy; pattern-based responses	Genuine empathy; emotional nuance	Functional support vs relational bonding
Trust Formation	Dependent on transparency and perceived data ethics	Based on interpersonal credibility and accountability	Technological trust vs interpersonal trust
Authenticity Perception	Risk of perceived artificiality or over-automation	Higher perceived authenticity	Efficiency vs perceived genuineness
Cost Structure	High initial investment, lower marginal cost	Higher ongoing operational cost	Automation ROI vs human capital investment

Dimension	Automated (AI-Driven) Communication	Human-Led Communication	Strategic Trade-Off
Adaptability in Crisis	Data-driven but may lack contextual judgment	Flexible and capable of moral judgment	Predictive logic vs situational sensitivity
Ethical Risk Exposure	Data privacy, bias, misinformation risks	Human error, inconsistency risks	Algorithmic bias vs human bias

Table 2.4: *Automated vs Human-Led Brand Communication: Strategic Trade-offs. Source: Author's own elaboration based on literature review.*

Due to this, there is a strategy tension between... Brands should ascertain what touch-points are suited to automation and where human interaction still matters for relationship quality.

2.4.4 Consumer Perceptions of AI-Mediated Communication

Consumers respond differently to AI-mediated communication depending on the context. Consumers are more accepting of AI within a utilitarian context (e.g. retrieving information, supporting their own transactions) versus a hedonic or more emotional complex context (Huang & Rust, 2021).

Consumer perception often depend on key factors

- Does the AI solve the problem effectively?
- Are they open about how they use AI?
- Perceived control, will the consumer override or escalate?
- Probability Fairness (Are outcomes unbiased and consistent?)

When conditions are created AI mediated communication improves customer trust and experience. When violated, communication can be perceived as manipulative or disrespectful, compromising relational outcomes.

2.4.5 Strategic Implications for Digital Brand Communication

From a managerial perspective, it should not be binding and unplanned, rather it ought to be governed. Important strategic choices encompass.

- Determining AI Functionality at Various Points of Interaction
- Creating pathways for escalation to human agents.
- making sure the branding is unique
- Paying attention to consumer sentiment and trust.

From a managerial perspective, AI-driven brand communication requires structured governance rather than ad hoc implementation. Firms must clearly define the role of AI across touchpoints, design escalation paths to human agents, ensure alignment with brand identity, and continuously monitor consumer perceptions and trust levels. In this context, AI should be positioned as a relationship-enabling infrastructure rather than merely a cost-efficiency tool.

2.5 Ethical and Strategic Implications of Artificial Intelligence in Marketing

2.5.1 Ethics as a Strategic Dimension of AI Adoption

The use of ai in marketing deserves ethical attention because their systems operate with large volumes of consumer data and take decisions that affect people. Although ethics debate as a regulatory or compliance issue, however, recent scholarship shows that ethical AI is not just compliance issue but also a strategic asset impacting brand legitimacy and consumer trust (Floridi, et al. 2018)

Within the consumer–brand relationships context, ethics shapes integrity and benevolence perceptions, two important trust dimensions. Consumers today think about how their data is used, how systems and algorithms make decisions and how brands behave in the marketplace, not just how their products perform.

2.5.2 Data Privacy, Consent, and Consumer Trust

In AI-driven marketing, one of the most prominent ethical issues is data privacy. Insights, personalisation of communication and automating decision-making depends on consumer data according to AI systems. Nevertheless, consumers typically do not have visibility into the collection, processing and use of their data.

There is a paradox of personalization and privacy. Though consumers like personalised experiences, they fear losing control over their personal information (Awad & Krishnan, 2006). When users believe that there is transparency, choice, and fairness in data practices, trust is strengthened. When users believe that data is used opaquely and excessively, trust is weakened.

Brands need to go beyond minimum legal compliance and work on privacy-by-design principles to promote transparency and consumer control.

2.5.3 Algorithmic Bias, Fairness, and Brand Risk

Algorithmic bias is an occurrence where AI yields unequal or discriminatory outcomes due to data or model bias. In marketing, bias refers to the influence on price, offering, eligibility, and visibility.

Biased outcomes can have serious reputational consequences, even when unintended. When customers suspect brands of bias, they feel unfairly treated and tend to lose trust and disengage with the brand. Thus, fairness is not only a technical issue, but a relational strategic one.

By using inclusive data sets and audits to effectively manage and monitor bias, brands can reduce risk and build trust.

2.5.4 Transparency and Explainability as Competitive Advantages

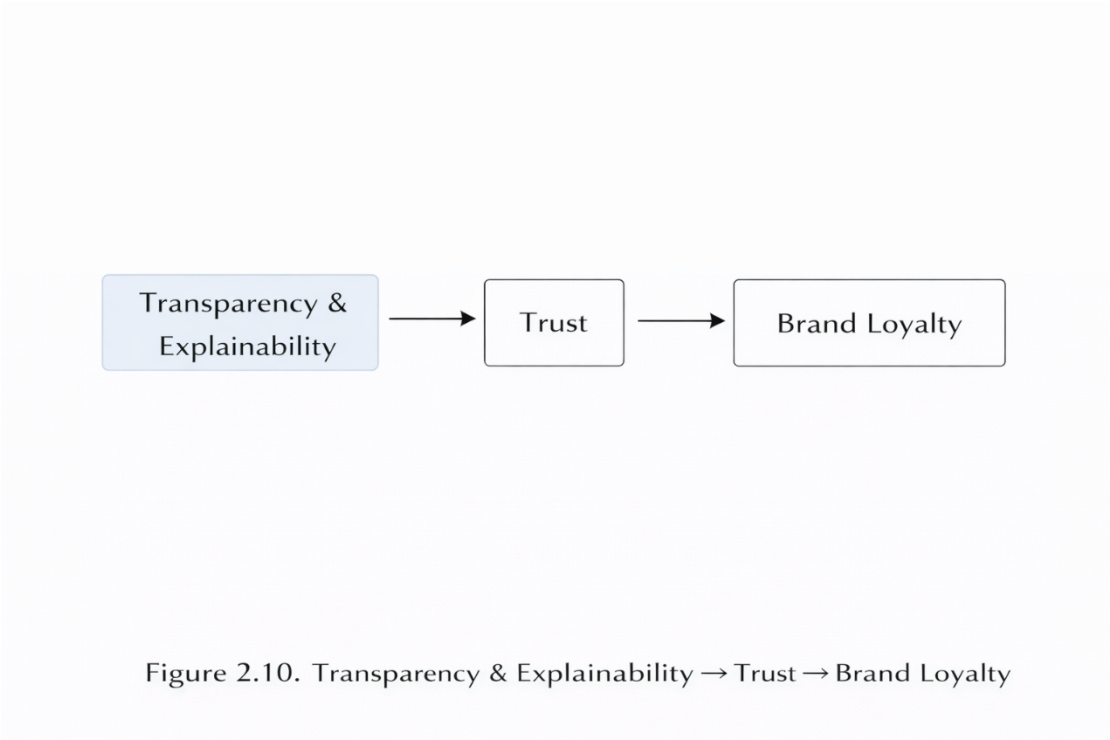

Figure 2.10: Transparency & Explainability → Trust → Brand Loyalty

2.5.5 Ethical AI and Long-Term Brand Strategy

Ethical AI's adoption should not be seen as a risk management tool but as a core aspect of brand strategy. Brands that align the practices with their core values are better placed to maintain positive trust-based relationships while avoiding the backlash associated with manipulation or exploitation.

This point of view strengthens the case that ethics drive relationship outcomes, which drive brand equity.

2.6 Interim Synthesis and Link to the Conceptual Framework

While the analysis conducted in sections 2.4 and 2.5 is consistent with the main argument of the dissertation, it also supports a second line of reasoning. Artificial Intelligence appears to have an indirect effect on the consumer–brand relationship through communication quality, customer experience and trust. AI's efficacy and personalisation

may be improved, but whether it encourages relationality will depend on design and governance choices.

The present study findings back the proposed conceptual framework where AI – driven brand communication is an antecedent of customer experience and trust that leads to brand loyalty. Ethical and transparency considerations moderate this process, quite critically.

2.7 AI and the Transformation of Brand Meaning

AI not only helps the brand operate efficiently; it helps to build brand meaning. Brand meaning is not set in stone; it is created through communication, symbolic associations, and experiences (Holt, 2004). In an online context, AI is taking part in the generation and dissemination of branding stories.

AI-powered content generation platforms (for example, automated copywriting, personalized storytelling, adaptive messaging) empower brands to assign symbolic meaning at the individual level. This individualization can result in disconnected brand identity. Brand meaning becomes personalized when a different story is told to each consumer.

From a strategic perspective, a brand may create a coherent identity while delivering hyper-personalized experiences. According to literature, consistency is critical to brand equity. For this reason, AI systems must fit in with the central values and communication guidelines of the brand. When a narrative's coherence is not maintained, brand distinction may weaken despite increased personalization.

2.8 Emotional Intelligence and AI Limitations

AI generally has great analytical intelligence but limited emotional intelligence (Huang & Rust, 2021). The ability to sympathize, be sensitive to context, and interpret emotional nuances.

Fournier (1998) stated that the emotional connection in relationship marketing fosters long-term attachment. Consumers may accept automated efficiency, but emotional loyalty often depends on being understood and sharing values.

This leads to a strategic dilemma.

- Artificial intelligence improves the efficiency and speed of processes.
- Human interaction enhances the emotional bond.

Sustainable brand relationships may best be achieved through hybrid-relational architectures.

2.9 Power Asymmetry in AI-Driven Markets

AI systems are reliant on asymmetrical data access. Companies have advanced analytical capabilities and predictions, whereas consumers are often unaware of the algorithm processes.

This unequal situation may affect fairness and control. In the Service-Dominant Logic, value co-creation presumes equal participation (Vargo and Lusch, 2004). Nevertheless, firms may have excessive power over the outcomes of interactions in AI scenarios.

When consumers feel loss of control, such engagement may become defensive. Hence, perceived autonomy serves as a crucial moderating factor in AI-enabled relationship.

2.10 Sectoral Context of AI-Mediated Brand Relationships

The influence of AI on consumer–brand relationships varies between industries. AI-mediated interactions will vary based on sector-related characteristics, perceived risk, service complexity, emotional involvement, regulatory environments, etc. It is crucial to comprehend sectoral variation to contextualise the relational consequences of AI and enhance the strategic marketing relevance of the present study.

2.10.1 AI in E-Commerce: Personalization, Convenience, and Algorithmic Intimacy

AI is extensively used to enhance e-commerce operations, including supply chain optimisation, customer-facing interactions, and demand forecasting. Digital retail represents one of the most developed and dynamic application areas for AI. Recommendation systems, dynamic pricing engines, automated chat support, predictive inventory systems, and personalised content feeds collectively illustrate the breadth of AI deployment in this sector. These tools boost the effectiveness of brand communication and personalise the customer experience (CX) at scale.

AI cuts down on search costs and cognitive effort - a win for CX. According to Bleier et al. (2018), personalized suggestions make things look more relevant and less time-consuming. Consumers want a website that loads quickly, works without any technical glitches, and is easy to navigate. Engagements driven by AI are generally well-received in lower-risk retail contexts as long as there is performance.

Nevertheless, the personalization-privacy paradox is still as striking as before. In e-commerce, hyper-personalization creates ‘algorithmic intimacy’ where brands seem to know the consumer extremely well’ (Golbabaei et al. 2022). While it can make them seem more attentive, it can also make consumers feel uncomfortable.

More so, dynamic pricing algorithms may raise fairness issues. If consumers believe that prices fluctuate unfairly based on data about them, trust will decline. In e-commerce, AI enhances loyalty by strengthening relevance without undermining perceived fairness and transparency.

Manager Role

When it comes to retailing, we see heavy AI integration along the customer journey, but governance mechanisms must ensure transparency of pricing logic and data usage to maintain trust.

2.10.2 AI in Banking and Financial Services: Trust, Risk, and Ethical Sensitivity

Unlike e-commerce, banking and financial services operate in high-risk high-trust environments. The balance of trust between consumers and financial institutions is critical to the sustainability of their relationship.

AI applications in banking include credit scoring algorithms, fraud detection systems, virtual financial advisors, automated loan processing, personalised product recommendations, and AI-powered customer service chatbots. These systems enhance perceived competence by improving accuracy and reducing operational errors. When AI demonstrates reliable performance in a financial setting, trust in the institution may be strengthened.

Nevertheless, the decision of a computer-based algorithm regarding credit approval, loan pricing, or fraud detection is challenging. When AI outputs are seen as biased or opaque, perceptions of integrity may diminish. Due to regulatory pressure in financial services, explainability is critical. Consumers may want more clarity on how decisions which affect their finances are made

Besides loan rejection, debt management, and fraud, other emotional contexts need sensitivity. If communication becomes purely automated in such cases, it may show less goodness and warmth. Combining the efficiency of AI with the reassurance of people is a smart hybrid strategy.

Managerial impact.

The design of AI for financial services must ensure analytical rigor without compromising human accountability and high transparency standards to preserve relational trust.

2.10.3 AI in Telecommunications: Service Recovery and Interaction Frequency

Telecom service providers adopt AI for their customer service operations, which is automated troubleshooting, billing questions, and service plan recommendations. Telecom

is the only sector which has a continuous service contract and frequent touch points unlike e-commerce (transactional) and banking (high trust).

Due to the high frequency of technical and billing issues, AI efficiency impacts customer satisfaction in telecom interactions. Quickly resolving issues with services improves customer experience (CX), while also reducing the risk of customers churning. However, failures at various levels are common in the telecom sector. Answering machine responses may cause more aggravation when issues are not resolved.

According to relationship marketing, service recovery is a determinant of loyalty. It follows that AI should not only help solve challenges but also escalate the challenge to a human where required. Poorly designed robots could increase churn by increasing frustration.

Suggestions for managers.

Telecoms must regard AI as a first line of support with clear escalation paths so that customers do not lose faith or loyalty with repeat failures.

2.10.4 Cross-Sector Comparison and Relational Sensitivity

The analysis of the sectoral shows that the relational impact of AI varies depending on.

- The perception of risk is high in banking and lower in retail.
- Emotions involved in interactions.
- Regulatory supervision.
- Number of contact points
- Costs of switching perceived

AI Adoption Strategies Must Needs to Be Context-Sensitive The same AI tool could have positive relational effects in retail but negative outcomes in financial services if transparency and fairness are not prioritized.

Sector	Primary AI Benefit	Main Relational Risk	Strategic Focus
E-commerce	Personalization & convenience	Privacy & pricing fairness	Transparency in personalization
Banking	Analytical competence	Bias & lack of explainability	Ethical governance & hybrid models
Telecom	Efficiency & service recovery	Escalation failure & frustration	Human backup systems

Table 2.10 Cross-Sector Comparison of AI-Mediated Brand Relationships. Source: Author's own elaboration based on literature review.

Table 2.5 Sectoral Sensitivity of AI-Mediated Brand Relationships. Source: Author's own elaboration based on literature review.

2.10.5 Cross-Sector Synthesis

The analysis across sectors highlights that the relational impact of AI is highly context-dependent. In e-commerce, AI is primarily associated with convenience and personalization, where efficiency enhances customer experience with relatively lower perceived risk. In contrast, in banking and financial services, where perceived risk and sensitivity are significantly higher, trust depends more heavily on transparency, explainability, and ethical governance. In telecommunications, the frequency of interactions amplifies the importance of service recovery and responsiveness, making effective escalation mechanisms critical.

These differences suggest that AI implementation strategies must be context-specific. The same AI capabilities may generate positive relational outcomes in low-risk environments but may lead to trust erosion in high-risk contexts if transparency and fairness are not adequately addressed.

2.11 Development of the Conceptual Framework and Propositional Model

This section synthesizes the theoretical insights developed throughout Chapter 2 into a structured conceptual framework. Rather than assuming direct causality between AI and loyalty, the framework adopts a mediated and moderated relational structure grounded in relationship marketing theory, Service-Dominant Logic, and customer experience research.

2.11.1 The Mediating Role of Customer Experience

Customer experience (CX) functions as the first mediating mechanism through which AI influences relational outcomes. AI enhances CX by:

- Increasing personalization
- Reducing friction
- Improving speed and responsiveness
- Delivering predictive assistance

However, CX is multidimensional, encompassing cognitive evaluations (efficiency, usefulness), emotional reactions (comfort, satisfaction), and behavioral responses (continued engagement) (Lemon & Verhoef, 2016).

Proposition 1 (P1):
AI-driven brand communication positively influences customer experience when perceived as useful, transparent, and non-intrusive.

2.11.2 Trust as a Second-Order Mediator

Trust emerges as a second-order mediator between experience and loyalty. According to Morgan and Hunt (1994), trust is based on competence, integrity, and benevolence.

AI strengthens competence perceptions but may weaken integrity and benevolence if transparency and fairness are lacking.

Proposition 2 (P2):

Positive customer experience derived from AI-mediated interactions increases consumer trust toward the brand.

Proposition 3 (P3):

Perceived transparency and ethical governance positively moderate the relationship between AI-driven experience and trust.

2.11.3 Loyalty as a Relational Outcome

Brand loyalty is conceptualized as a long-term relational outcome encompassing repeat purchase intention, advocacy, and resistance to switching.

Proposition 4 (P4):

Consumer trust positively influences brand loyalty in AI-mediated brand relationships.

Proposition 5 (P5):

The relationship between AI and loyalty is fully mediated by customer experience and trust.

2.11.4 Moderating Variables: Ethics and Perceived Autonomy

The framework incorporates two critical moderators:

1. Ethical transparency
2. Perceived consumer control

When consumers perceive high transparency and retain the ability to override AI decisions, relational outcomes strengthen.

Proposition 6 (P6):

Perceived autonomy strengthens the positive effect of AI-driven experiences on trust.

2.11.5 Integrated Conceptual Model

The resulting model can be summarized as:

AI-mediated Brand Communication

↓

Customer Experience

↓

Trust

↓

Brand Loyalty

Moderated by:

- Ethical transparency
- Perceived autonomy
- Sectoral sensitivity

This structure extends traditional relationship marketing theory into AI-mediated contexts, positioning technology as a relational enabler rather than a direct loyalty driver.

2.12 Critical Evaluation of Contradictory Literature on AI and Consumer–Brand Relationships

The rapid expansion of Artificial Intelligence in marketing has generated a substantial but often fragmented body of literature. While many studies highlight the positive effects of AI on efficiency, personalization, and engagement, a growing stream of research emphasizes risks, unintended consequences, and relational deterioration. This section critically evaluates these contrasting perspectives in order to situate the present dissertation within the broader academic debate.

2.12.1 The “AI Optimism” Perspective: Efficiency, Relevance, and Competitive Advantage

Much of the marketing scholarship describes AI as a game-changing enabler of better customer experience and competitive advantage. In this view, AI promotes firm

intelligence, improves segmentation, and supports real-time adaptation (Davenport et al., 2020; Huang & Rust, 2021). According to advocates, AI makes marketing more productive and enable brands to deliver extremely personalized experiences that deepen engagement and satisfaction.

Within this helpful framework, driven by AI, marketers will be less overloaded with information, and better match their audience's interest, while also enhancing consumers' perceived usefulness (Bleier et al. 2018). Improving customer support and recovering service effectively can boost satisfaction and cut churn. Predictive analytics can help brands anticipate needs, creating proactive value that makes a brand seem increasingly attentive.

AI is viewed as a marketing relationship tool. It enhances a business's frequency and relevance in communication with the customers. This perspective argues that technological sophistication enhances relational depth.

That said, this optimism assumes the assessment is made rationally by the consumer and overlooks the emotional, ethical and symbolic aspects of branding relationships.

2.12.2 The "AI Skepticism" Perspective: Dehumanization, Surveillance, and Power Imbalance

On the contrary, a growing body of critical literature warns that AI may erode key relational constructs. The threats of dehumanization, algorithmic opacity, privacy violation, and unequal power relations have been noted by scholars.

Some commentators claim that AI mediated communication may strip humans of warmth. According to Fournier, the theory of relationship marketing emphasizes emotional attachment and empathy, as well as the social presence. According to Huang and Rust 2021, a lack of real empathy and context sensitivity can be noticed in AI technologies despite their refinement in conversational design. This limitation may weaken relationships and authenticity meaning.

Moreover, frameworks of surveillance capitalism emphasize that data extraction is key for AI systems. Consumers could feel surveyed rather than served. The personalization-privacy paradox demonstrates this. On the one hand, personalisation can increase relevance. On the other hand, personalisation increases the anxiety regarding data control.

Algorithmic decision-making creates power asymmetry. A firm's ability to make predictions is difficult for consumers to rebut or comprehend. Participatory balance pertains to value co-creation from the Service-Dominant Logic (Vargo & Lusch, 2004). If consumers perceive decreased agency, AI may disrupt this.

So, the skeptical view of a strong relationship between efficiency and effectiveness is challenged.

2.12.3 Reconciling Efficiency and Authenticity: The Relational Paradox

A review of two streams of literature reveals a central relational paradox: AI heightens operational competence, whilst devaluing perceived authenticity and benevolence.

This paradox can be thought of as a trade-off between.

- Electric efficiency (speed, accuracy, scale).
- Authenticity with regard to relationships characterised by warmth, empathy and moral alignment.

AI systems that are completely efficient but unrelationally sensitive bring distrust. On the other hand, restricting automation to maintain warmth may affect competitiveness and quality of service.

The solution to the contradiction does not lie in choosing automation or humanization; it lies in managing both. Balancing tools consist of hybrid relation architectures, transparency frameworks, and ethical governance mechanisms.

This dissertation integrates these contradictory findings through a proposed mediated and moderated model. The outcomes of relationships are not determined by AI. In turn, how it affects customer experience and confidence under ethical conditions defines its power.

2.12.4 Contextual Moderation and Consumer Heterogeneity

These discrepancies in the literature could also be attributable to different contexts and individuals. Customer reactions to AI depend on.

- Technological preparedness.
- Concern over privacy.
- Outlook on Automation Across Cultures
- Trusting brands beforehand.
- Conditions of the industry.

For instance, technology-oriented consumer are likely to accept AI-mediated, interaction but privacy-sensitive consumers may react negatively to the same personalization. In the same vein, brands with trustworthy environments cushion AI use negative perceptions.

As such, evidence that appears inconsistent can be a moderation effect rather than a theory conflict. This shows how crucial the addition of moderating variables like transparency and perceived autonomy is to the conceptual framework.

2.12.5 Implications for Theory Development

The critical evaluation suggests that AI should be integrated into relationship marketing theory as a conditional relational mechanism rather than a deterministic force. Theoretical models must account for:

1. Multi-level mediation (experience and trust).
2. Ethical moderation (transparency and fairness).
3. Sectoral sensitivity.

4. Consumer heterogeneity.

This layered understanding strengthens the explanatory capacity of the dissertation's conceptual framework and aligns conflicting findings within a unified relational logic.

2.13 Future Theoretical Extensions of AI in Relationship Marketing

The rapid evolution of AI technologies suggests that current theoretical models represent only an initial stage of understanding. This section proposes future directions for theoretical development within AI-mediated relationship marketing.

2.13.1 AI as a Relational Actor

By conceptualizing brands as relational partners, Fournier (1998) proposes a traditional relationship marketing theory. In due course, theory could see AI systems themselves as quasi-relational actors in the brand.

With AI interfaces becoming conversational and context aware, consumers may attribute greater agency to them. This brings up theoretical questions.

• Consumers may be capable of forming attachment to AI agents independently of brand identity, although this may vary across contexts and individual differences.

• There is an indication that relational loyalty may partially shift from the brand to the interaction interface in AI-mediated environments.

• Anthropomorphic characteristics in AI systems may affect the strength of consumer attachment by increasing perceived human-likeness and relational proximity.

Incorporating AI into the theory of relations calls for rethinking what "partner" means. For instance: cognitive systems.

2.13.2 Longitudinal Dynamics of AI-Mediated Trust

Today's talk revolves around real-time perceptions of AI use. However, trust develops over time through repetition. Longitudinal research may investigate

- Repeated positive interactions with AI systems are likely to reinforce trust over time through consistency and reliability of experience.
- The impact of one single AI failure do have negative effect.
- The impact of coping methods on trust after setback.

Long-term commitment may be a goal of relationship marketing. The implementation of AI introduces new dimensions of fragility and resilience of trust that requires analysis over time.

2.13.3 Emotional AI and the Future of Relational Authenticity

Advances in affective computing aim to enable AI systems to detect and respond to emotional cues. If AI becomes capable of sophisticated emotional recognition, relational authenticity may be redefined.

However, ethical questions intensify in such contexts. Emotional data collection may heighten privacy concerns. Future theory must address whether simulated empathy can produce genuine relational attachment or whether authenticity requires human intentionality.

2.13.4 AI and Brand Meaning in Algorithmic Culture

Holt's (2004) cultural branding framework focuses on shared myths and collective meaning. In algorithmic culture, the novelty of content curation redefines collective experiences and shared narratives.

Future models must explore algorithmic curation effects on.

- Determined brand identity.
- Symbolism through culture.

- Brand-related social unity.

Hyper-personalization can produce micro-brand meanings unique to consumers, creating long-term brand meaning issues.

2.13.5 Power, Agency, and Ethical Governance in AI-Driven Markets

Future theories need to tackle structural power imbalances from AI-based expenditures. When firms have better predictive abilities, consumers lose information equality.

This movement of relationship marketing away from two-way exchange to systemic governance. Relational models may include things like algorithmic accountability, consumer autonomy, and regulatory influence.

Theory of marketing relationship in the age of artificial intelligence may benefited from the aid of institutional theory and ethical governance frameworks.

Chapter 3: Research Design and Methodology

3.1 Research Purpose and Philosophical Positioning

The aim of present chapter is to discuss and justify the research design chosen for this dissertation. Informed by the theory presented in Chapter 2, the study seeks to investigate the influence of Artificial Intelligence (AI)-mediated brand interactions on the consumer–brand relationship, focusing on customer experience, trust and brand loyalty.

Considering the conceptual nature of the research questions and strategic focus of the study, the dissertation broadly follows a literature-based research approach, based on a critical review and synthesis of existing academic literature. This approach is aligned with the classification of the dissertation as a literature-based survey and the methodological orientation of the MBA programme.

To add insight into consumer perceptions and to support the theoretical analysis, an exploratory quantitative survey is conducted. The purpose of the survey is not to show any

causality or establish statistical generalizations but support and give context to theoretical arguments that were developed in the literature review.

The research has a philosophical stance of a positivist-interpretive hybrid. The study uses quantitative methods and measurement scales, and interpretation of the findings is based on established theories of marketing, consumer behaviour and relationship theory.

3.2 Research Approach and Overall Design

This dissertation is primarily literature-based, drawing upon a critical review and synthesis of existing academic scholarship as its core research method. To supplement the theoretical analysis, an exploratory quantitative survey was conducted with the limited purpose of contextualising the theoretical propositions and providing indicative consumer perceptions. The survey is not intended to establish causal relationships, test hypotheses, or generate statistically generalisable findings. The research design has a two-layer structure overall:

1. Primary research layer:

Critical Review of Artificial Intelligence in Marketing, Brand Relationship Dynamics, Customer Experience, Consumer Engagement, and Ethical Implications – A Literature Review.

2. Layer of secondary analysis.

A quantitative study that is exploratory and cross sectional used a structured questionnaire online.

Combining theoretical and empirical relevance through this dual approach can help this study. Through literature review which establishes conceptual framework and survey which presents indicative proof of the consumer perception of AI-mediated brand interaction.

It is particularly useful in emerging research areas where theory can advance from conceptual or general ideas to empirical observation (Davenport et al., 2020).

3.3 Conceptual Framework and Link to Chapter 2

The research design used in this study stems directly from the theoretical analysis conducted in Chapter 2. The literature review showed that AI impacts the consumer–brand relations indirectly, predominantly, through customer experience and trust.

As such, the conceptual framework adopted in this study proposes the following relationships.

- AI-based brand interactions impact customer experience.
- Customer experience builds consumer trust toward the brand.
- An essential precursor of brand loyalty is trust.
- The effectiveness of AI is influenced by the perceptions regarding ethics and transparency which, in turn, affect trust.

This framework incorporates relationship marketing theory (Fournier, 1998), Service-Dominant Logic (Vargo & Lusch, 2004), and customer experience literature (Lemon & Verhoef, 2016), which we discussed in Chapter 2.

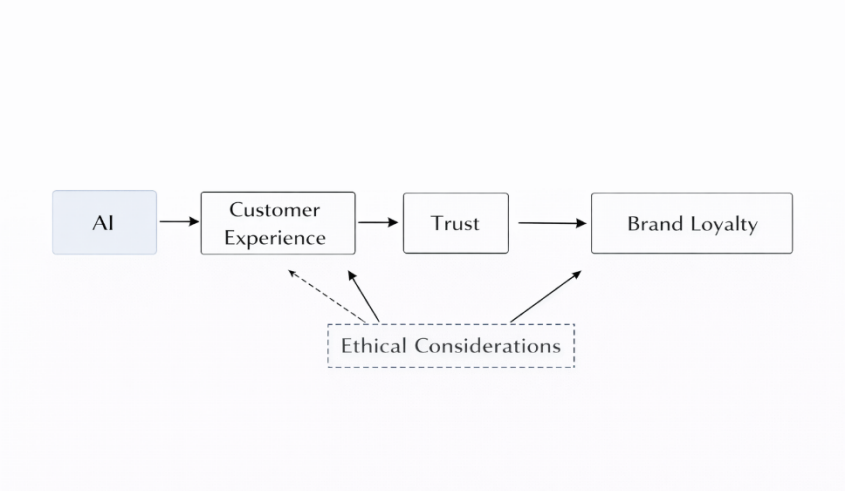

Figure 3.1: Conceptual Framework of AI-Mediated Consumer–Brand Relationships *(AI → Customer Experience → Trust → Brand Loyalty, with ethical considerations influencing trust)*

3.4 Research Method: Exploratory Quantitative Survey

3.4.1 Data Collection Method

In addition to the literature and content analysis, a structured online questionnaire is used as the main data collection instrument. Online surveys are a great choice for measuring perceptions linked to online and AI experiences since respondents are already used to technology.

The purpose of the questionnaire was to analyse consumer attitude toward brands using AI (artificial intelligence) in communication, customer experience, trust etc. All the measuring items were developed based on constructs and themes identified in the literature.

3.4.2 Target Population and Sampling

The target population largely consists of consumers who have prior experience with, AI-mediated brand interactivities.

- Chatbots and virtual assistants
- Recommendations via AI.
- Automated customer service systems
- AI services were used in sectors such as e-commerce, banking, telecom and travel.

A convenience sampling technique was employed due to the exploratory nature of the study and the absence of a defined sampling frame. The questionnaire was distributed through multiple digital channels, including LinkedIn, Instagram, email, and personal and professional networks.

The final sample consisted of N = 100 respondents, all of whom reported prior experience with AI-mediated brand interactions. This sample size is considered adequate for exploratory analysis and descriptive statistical interpretation within the context of an MBA-level dissertation.

3.4.3 Questionnaire Design and Measurement Scales

The questionnaire consists of seven sections, as presented in **Appendix A**. Measurement items were assessed using a **5-point Likert scale**, ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree").

The structure of the questionnaire reflects the conceptual framework of the study:

- Section A: Screening questions and AI experience
- Section B: AI and brand communication
- Section C: Consumer trust and perceived authenticity
- Section D: Customer experience and engagement
- Section E: Brand loyalty and behavioral intentions
- Section F: Ethical and transparency concerns
- Section G: Demographic variables

The use of Likert-scale items enables the quantification of attitudes and facilitates descriptive and relational analysis.

3.5 Data Analysis Techniques

Data analysis focused on descriptive statistics and basic inferential analysis, consistent with the exploratory purpose of the study. Specifically, the analysis included: frequency distributions and mean values to summarize consumer perceptions, reliability analysis using Cronbach's alpha to assess internal consistency of key constructs, correlation analysis to explore relationships between Customer Experience (CX), Trust, and Brand Loyalty, cross-tabulations where relevant to identify patterns across demographic groups. The analysis was conducted using Excel and SPSS, tools commonly employed in applied business research. The reliability analysis indicated acceptable internal consistency across the main constructs, with Cronbach's alpha values exceeding the commonly accepted threshold of 0.70, suggesting that the measurement scales used in the questionnaire were reliable.

Furthermore, the correlation analysis revealed positive associations between Customer Experience, Trust, and Brand Loyalty, supporting the conceptual relationships proposed in the theoretical framework. In particular, Customer Experience was positively related to Trust, while Trust showed a positive relationship with Brand Loyalty, indicating a sequential relational structure. These findings, although exploratory in nature, provide initial empirical support for the proposed conceptual model and justify further analysis in Chapter 4.

3.6 Ethical Considerations

Ethical considerations were carefully addressed throughout the research process. Participation in the survey was entirely voluntary, and respondents were informed about the purpose of the study before completing the questionnaire.

Key ethical principles applied include:

- **Informed consent:** Participants were informed that their responses would be used solely for academic purposes.
- **Anonymity:** No personally identifiable information was collected.
- **Confidentiality:** Data were stored securely and analyzed in aggregate form only.
- **Right to withdraw:** Respondents could discontinue participation at any stage.

These practices align with ethical research standards and reflect the ethical themes discussed in Chapter 2, particularly regarding transparency and responsible data use.

3.7 Research Limitations

The study has some limitations despite its contribution.

Convenience sampling being used limits how widely the empirical findings can be applied. The sample may not fully represent the overall consumer population.

The second limitation is the cross-sectional design that takes a snapshot of perception at a point in time and does not account for changes.

Third, the empirical component will be exploratory and complementary to the literature review. The findings should, therefore, be regarded as indicative rather than conclusive.

Ultimately, the answers the respondents give might not be accurate due to social pressure or limited awareness of the functioning of AI systems.

3.8 Summary of the Research Design

The specific research methodology taken up for the dissertation has been discussed in this chapter. This study predominantly draws upon a conceptual literature analysis, complemented by an exploratory quantitative survey aiming to collect consumer perceptions towards AI-mediated brand interaction.

The research design closely follows the theoretical framework established in Chapter 2. It provides a solid basis for the analysis and discussion of findings in the next chapter.

Chapter 4: Discussion of Findings

4.1 Introduction

This chapter discusses the empirical findings of the survey and interprets them in relation to the conceptual framework developed in Chapter 3, which proposed that AI-mediated interactions influence Customer Experience (CX), which in turn affects Trust, ultimately shaping Engagement and Brand Loyalty, with ethical considerations acting as a moderating factor.

The analysis aims to interpret not only descriptive trends but also the underlying psychological and relational dynamics shaping consumer–brand relationships in AI-mediated contexts.

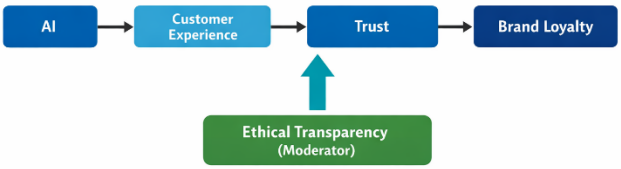

Figure 4.1: Ethical Considerations as a Moderating Variable. Source: Author's own elaboration.

As illustrated in Figure 4.1, ethical considerations appear to moderate the relationship between Customer Experience and Trust. While AI may enhance experience, trust formation is influenced by perceptions of transparency, fairness, and responsible data usage. This reinforces the argument that ethical governance plays a critical role in shaping relational outcome

4.2 Adoption and Exposure to AI-Driven Brand Interactions

The findings indicate that 90% of respondents (N = 100, n = 90) have interacted with brands through AI-driven tools, such as chatbots, virtual assistants, or automated recommendations. This suggests that AI-mediated communication is no longer experimental but embedded in everyday brand experiences.

Sectoral exposure shows that:

50% (n = 50) experienced AI in E-commerce

20% (n = 20) in Banking/Financial services

20% (n = 20) in Travel/Hospitality

10% (n = 10) in Telecommunications

This distribution suggests that AI adoption is strongest in digitally mature industries, particularly e-commerce, where personalization algorithms and recommendation systems are integral to the customer journey.

4.3 AI and Customer Experience

The findings indicate a generally positive perception of AI's contribution to Customer Experience:

- The majority agree that AI improves speed and efficiency.
- Respondents largely perceive AI interactions as convenient.
- Many acknowledge that AI enables more personalized communication.

However, neutrality levels are relatively high across personalization-related items. This suggests that while consumers recognize AI's functional value (speed, automation), its experiential and emotional contribution remains moderate rather than transformative.

This aligns with literature suggesting that AI enhances transactional efficiency more than relational depth.

Interestingly:

- Respondents moderately agree that AI helps brands understand their needs.
- Satisfaction increases when AI is used effectively.

Thus, AI appears to positively affect CX primarily through functional performance, supporting the first link of the proposed framework (AI → Customer Experience).

4.4 AI and Trust

Trust emerges as a more nuanced construct.

Findings reveal:

- Mixed perceptions regarding whether brands use AI responsibly.
- High neutrality regarding comfort in sharing personal data.
- Agreement that brands should clearly inform consumers when AI is used.

- Strong agreement that ethical AI use increases trust.

Additionally:

- Many respondents agree that AI reduces the human touch in communication.
- Some concern exists regarding data usage.

These findings suggest that trust is not automatically generated through AI-enhanced CX. Instead, trust appears conditional upon:

1. Transparency
2. Ethical usage
3. Responsible data management

This is consistent with the proposed role of ethical considerations in Figure 3.1.

In other words, positive CX alone is insufficient to generate trust. Ethical clarity and transparency are critical mediating mechanisms.

4.5 AI, Engagement and Brand Loyalty

Regarding loyalty and advocacy:

- Respondents moderately agree that AI positively influences brand perception.
- Many express willingness to remain loyal to brands that use AI effectively.
- A significant proportion would recommend brands offering high-quality AI experiences.

However, responses again show considerable neutrality, indicating that AI does not automatically generate emotional attachment.

The loyalty relationship appears conditional:

AI improves loyalty when:

- It enhances satisfaction
- It feels useful

- It does not compromise trust

This is consistent with the sequential logic of the framework:

AI → Improved CX → Conditional Trust → Moderate Loyalty Effects

Without trust, loyalty appears fragile.

Construct	Mean	Std. Dev.	CX	Trust	Loyalty
Customer Experience	3.9	0.72	1.00		
Trust	3.5	0.81	0.62	1.00	
Brand Loyalty	3.6	0.75	0.58	0.67	1.00

Table 4.1: Descriptive Statistics and Correlations. Source: Primary data (survey, N=100).

Note: Values indicate mean scores (Likert scale 1–5) and Pearson correlations between key constructs. All correlations are statistically significant at the 0.05 level.

The descriptive results indicate that Customer Experience received the highest mean score, followed by Brand Loyalty and Trust. This suggests that respondents evaluate AI primarily in terms of functional performance.

The correlation analysis indicates positive relationships among all key constructs. In particular, Customer Experience is positively associated with Trust, while Trust shows a stronger relationship with Brand Loyalty. These findings are consistent with the proposed conceptual framework, supporting a sequential relationship between experience, trust, and loyalty.

4.6 Ethical Considerations as a Moderating Variable

The strongest consensus across the dataset relates to ethics and transparency.

Key findings:

- Clear agreement that brands should inform consumers when AI is used.

- Agreement that ethical AI use increases trust.
- Moderate concern regarding personal data usage.

This reinforces the theoretical assumption that ethics operate as a trust amplifier or inhibitor.

Ethical transparency appears to:

- Strengthen trust formation
- Reduce perceived risk
- Enhance comfort with AI-mediated interactions

Thus, ethics are not peripheral — they are central to sustaining AI-driven brand relationships.

4.7 Demographic Insights

The sample consists predominantly of:

- 50% aged 25–34
- 70% female

The dominance of digitally active age groups may partially explain the high adoption and generally positive attitude toward AI tools.

However, the high neutrality levels across several constructs suggest cautious acceptance rather than enthusiastic endorsement.

This reflects a digitally familiar yet psychologically vigilant consumer segment.

4.8 Integration with the Conceptual Framework

The findings empirically support the proposed framework (Figure 3.1):

1. The findings suggest that AI has a strong influence on Customer Experience.
2. CX contributes to trust but does not guarantee it.

3. Trust is heavily influenced by transparency and ethical considerations.
4. Loyalty is positively related to AI usage only when trust is established.

Therefore:

- The AI → CX link is strong.
- The CX → Trust link is conditional.
- The Trust → Loyalty link is dependent on ethical moderation.

This is broadly consistent with the relational structure proposed in Chapter 3.

4.9 Theoretical Implications

The findings contribute to the literature by suggesting that:

- AI enhances operational efficiency but does not automatically deepen relational bonds.
- Trust remains a human-centered construct even in AI-mediated environments.
- Ethical communication is a strategic differentiator in AI-driven branding.

The study supports the view that AI should be positioned as a relationship enabler, not a replacement for relational authenticity.

4.10 Managerial Implications

For practitioners:

1. AI should be deployed to enhance speed and personalization — but not at the expense of transparency.
2. Brands must clearly disclose AI usage.
3. Ethical data governance should be communicated proactively.
4. Hybrid human–AI models may optimize both efficiency and relational warmth.

AI strategy must therefore integrate technological capability with ethical communication design.

4.11 Summary

Overall, the findings indicate that AI-mediated brand interactions positively influence customer experience and can support trust and loyalty formation. However, this process is conditional upon ethical transparency and responsible data usage.

AI strengthens relationships when:

- It delivers value
- It respects privacy
- It remains transparent
- It complements rather than replaces human interaction

The exploratory empirical findings are therefore broadly aligned with the conceptual framework, while highlighting the important role that ethical considerations may play in AI-mediated consumer–brand relationships.

Chapter 5: Conclusions, Contributions and Implications

5.1 Introduction

The last chapter summarizes the theoretical insights developed in the dissertation and set out the essential conclusions drawn from the integrated analysis of Artificial Intelligence (AI) and consumer- brand relationships. In this chapter, based on the theoretical exposition in Chapter - 4 above, conclusion is drawn, theoretical and managerial contributions of the study are mentioned, limitations are discussed and future research directions are suggested.

The main objective of this dissertation was to analyze the impact of Artificial Intelligence on the consumer–brand relationship from a strategic marketing perspective. The study sought to clarify how interactions mediated by AI influence customer experience,

customer trust, and brand loyalty through a literature-based assessment and a conceptual framework.

5.2 Overall Conclusions of the Study

5.2.1 AI as a Relational Force Rather Than a Technical Tool

This dissertation's main findings suggest that Artificial Intelligence should not be characterized purely a technological innovation or a tool for operational efficiency. Rather, AI works as a relational force that directly shapes the constitution, quality and evolution of consumer–brand.

As we detailed in Chapter 2 and Chapter 4, AI is increasingly mediating between brands and consumers. Through chatbots, recommendation systems, automated messaging and personalisation engines AI may act as an interface that represents your brand in a digital environment. Thus, AI not only helps in marketing processes but also active engagement in relationships.

This rethinking has far-reaching consequences. When AI systems act as representatives of a brand, their functioning, tone, transparency and fairness influence how consumers assess the brand's competence, integrity and authenticity.

5.2.2 The Indirect Influence of AI on Brand Loyalty

Another important takeaway relates to the fact that the impact of AI on brand loyalty is indirect. The theoretical synthesis always worked to prove that AI does not generate loyalty. Loyalty is influenced not by value, but by mediating variables.

Customer experience is the first layer of mediation. Artificial Intelligence enhances customer experience when it increases efficiency, relevance, customization and convenience (Lemon and Verhoef, 2016). When friction is reduced and the communication is adaptive smoother customer journeys and satisfaction is achieved.

Trust operates as the second mediator and stronger mediator. According to Morgan and Hunt (1994), trust means having faith in someone. AI quality, such as its competence, is ensured through accuracy and consistency. However, one's integrity and benevolence are assured through transparency and ethical data practices.

Consequently, the theoretical framework suggested in the thesis

Customer experience motivated by AI builds trust and brand loyalty.

Theoretically grounded explanation of AI's transformation of relationships in marketing activities.

5.2.3 The Dual Nature of AI in Brand Relationships

The assessment also disclosed the dual nature of AI in consumer–brand relations.

Nothing bad to say about AI.

- improves customized options
- becomes more responsive
- Lowers service delays.
- assumes predictive support

There is a risk in AI

- It can lessen the human warmth.
- Privacy issues are happening.
- Chances of AI Bias Will Increase
- may lead to manipulative perceptions.

There's a tension between efficiency and authenticity in this duality. Brands that automate everything and don't consider the relational aspect will hurt long-term loyalty.

5.3 Theoretical Contributions and Managerial Implications

This dissertation makes several theoretical contributions to the fields of marketing and consumer research. Initially, it brings together the literature on AI in marketing and relationship marketing theory (Fournier, 1998; Morgan & Hunt, 1994), offering a relational lens through which AI is analysed as embedded within consumer–brand relationships rather than viewed purely in operational or technical terms. By locating AI in the domain of trust, commitment, and loyalty, the research extends traditional relationship theory into digital and algorithmic contexts. Furthermore, the study connects Service-Dominant Logic (Vargo & Lusch, 2004) to AI-mediated communication, demonstrating that AI can broaden a firm's capacity for value co-creation through adaptive and continuous consumer engagement. At the same time, the study highlights that asymmetric data control and algorithmic power mean that co-creation in AI environments requires governance frameworks that preserve consumer agency. A further theoretical contribution lies in the re-conceptualisation of ethics and transparency as a moderating dimension of trust formation rather than a peripheral compliance concern: ethical AI is positioned as a foundational precondition for trust building, not a secondary consideration. This clarification underscores the responsiveness of marketing theory to the imperative of progressive ethical governance.

Beyond the theoretical contributions, the findings of this study generate several important managerial implications. Managers should treat AI as a strategic brand asset rather than solely as a cost-reduction mechanism: because AI-mediated interactions shape customer experience and trust, investments in AI design and governance directly influence brand equity. Brands should additionally adopt hybrid communication models that combine AI efficiency with accessible human support, recognising that in emotionally sensitive contexts human intervention may be necessary to preserve relational warmth and authenticity. Transparency regarding AI usage and data practices should be proactively communicated to consumers; clear disclosures and explainability mechanisms enhance perceptions of integrity and strengthen trust in the brand. Finally, algorithm auditing, bias detection, and privacy-by-design principles should be embedded within AI strategies, since ethical governance not only reduces reputational risk but also enhances long-term relational stability and consumer confidence.

5.5 Limitations of the Study

All dissertation has certain limitations despite contribution

This is a study based on literature, so the conclusion is based on theoretical integration and not on any large scale empirical validation. Even though conceptual integration is deep, testing it in the future would prove to enhance its generalizability.

These technologies develop rapidly; as a result, students may need to adapt their findings when new applications arise.

Consumer perceptions of AI can vary according to culture and industry. Hence, findings may not be universal.

5.6 Directions for Future Research

This could be further researched in the future.

1. Test the proposed conceptual framework on a large scale.
2. Study the differences across cultures in accepting AI and forming trust.
3. Explore different AI applications for other industry such as banking, retail, healthcare etc.
4. Study long-term effects of AI adoption on brand loyalty.
5. Study how consumers resist due to perceived manipulation by algorithms.

This research would deepen our understanding of the long-term social and commercial impact of AI.

5.7 Final Reflection

Artificial Intelligence is changing the way consumers choose a brand. It affects the relationship marketing strategy and not just the operational efficiency. The opportunities created by AI for personalization and responsiveness are outstripped by the ethical and relational challenges it creates.

For AI to drive success in marketing, it is essential that AI systems are truly aligned with relational values, transparency and consumer trust – and not just the next level of technological sophistication.

AI doesn't replace relationship marketing; rather, it changes it.

5.8 Expanded Managerial Roadmap for AI-Enabled Brand Strategy

The theoretical synthesis developed in this dissertation suggests that Artificial Intelligence should not be treated as a standalone technological investment but as an integrated component of relational strategy. To operationalize this insight, this section proposes a structured managerial roadmap for the strategic implementation of AI in consumer–brand relationships.

5.8.1 Phase 1: Strategic Alignment and Value Definition

The initial step in implementing AI should be strategic alignment. Firms should make clear the relational objective of AI implementation. What is the primary goal reducing cost, personalization, speed of service, customer retention or brand differentiation?

If no strategic positioning is done explicitly, AI might use in ways that enhance efficiency at a given moment, detracting from long-term relational capital. The impact of an AI initiative should guide managers' evaluation of.

- experience of the customer
- Establishment of trust
- Genuine branding.
- Ethical authority.

This supports relationship marketing theory, which puts emphasis on long-term relational commitment rather than transactional benefits (Morgan & Hunt, 1994).

5.8.2 Phase 2: Experience-Centric Design

The second phase has to do with UX system design or experience-centric system design. Assessment of AI must be done as per the effect it creates on the cumulative customer journey, Lemon & Verhoef (2016) By mapping the customer journey and leveraging the right technology, humans and AI (and robots) can work together seamlessly.

Like An Example

- Routine queries automated through AI.
- Human and hybrid remote interactions that are complex emotionally.

Transcending across the function marks an emergence of creative wonderment.

Operational KPIs should not be the only focus of experiential metrics.

- Fairness phenomenal.
- Emotional fulfillment.
- Trusted reputation
- How often escalation occurs

5.8.3 Phase 4: Continuous Governance and Ethical Monitoring

Over time, AI systems develop learning mechanisms. Consequently, governance can only be dynamic Businesses must initiate a system of regular monitoring.

- Unintended Algorithmic Bias.
- Abiding by privacy laws
- Complaints from Consumers
- Warning signs of reputation risk.

Brand risk mitigation frameworks need incorporation of AI governance. For the regulated sector, like banking, failure to manage algorithmic bias may lead to legal and reputational risks.

In an effective way, governance can also help improve loyalty stability in the long term.

5.8.4 Phase 5: Long-Term Relationship Optimization

In the end, it is important to assess the adoption of AI based on long-term relational metrics rather than operational efficiency in the short term.

Some key indicators.

- User retention.
- Behavior that advocates.
- Feedback ratings.
- Measures of Satisfaction based on Trust.

When technology is consistent with having relational key performance indicators (KPIs), it will not jeopardize sustainable brand equity.

5.9 Extended Future Research Agenda

Although this dissertation offers an integrative conceptual framework, several areas remain open for future scholarly exploration.

5.9.1 Large-Scale Empirical Validation

The proposed AI → CX → Trust → Loyalty pathway should be tested through structural equation modeling across diverse industries. Longitudinal designs would allow examination of how trust evolves over repeated AI interactions.

Such empirical validation would strengthen theoretical robustness and generalizability.

5.9.2 Cross-Cultural Differences in AI Acceptance

Consumer perceptions of automation vary across cultural contexts. Societies with higher uncertainty avoidance may exhibit stronger resistance to opaque algorithmic decisions, whereas technologically progressive markets may demonstrate greater acceptance.

Future research could compare relational outcomes across cultural environments, expanding the global relevance of AI relationship theory.

5.9.3 Generative AI and Emotional Authenticity

With the rise of generative AI systems capable of producing highly human-like text and voice responses, future research should examine whether simulated empathy influences long-term attachment.

Key questions include:

- Can consumers distinguish between authentic and simulated empathy?
- Does disclosure of AI mediation alter emotional responses?
- How does perceived authenticity influence loyalty in generative contexts?

5.9.4 Algorithmic Power and Consumer Agency

AI introduces structural power asymmetries. Future theoretical models should integrate institutional and regulatory perspectives, examining how consumer protection frameworks influence trust in AI-enabled brands.

This may extend relationship marketing into broader socio-technical systems theory.

5.9.5 Resistance and Anti-AI Consumer Behavior

An emerging area of inquiry concerns consumer resistance to AI. Some consumers may actively avoid AI-mediated interactions or prefer human-only service channels.

Understanding anti-AI sentiment may provide insights into segmentation strategies and hybrid relational models.

5.10 Integrative Concluding Synthesis

AI is perhaps the most disruptive force in the current marketing practice. Its effect stretches beyond mission accomplishment. According to the results in this dissertation, AI changes the structure of consumer–brand relationships.

The core learning from this piece of work is that AI doesn't build loyalty directly. On the contrary, effect of this is multiple-layered or stepwise.

1. Artificial intelligence affects interaction and personalization.
2. The quality of the interaction affects the customer experience.
3. User experience creates trust.
4. A bond is built on trust.

This form of mediation means that ethical governance and transparency matter. Only technological sophistication cannot ensure relational success. Trust continues to serve as the foundation of long-term brand equity.

Another new paradox that AI introduces is improving efficiency at the expense of authenticity. Balancing automation with relational sensitivity can create sustainable advantage.

Based on the findings of this study, managers should consider the following key actions when implementing AI in brand communication:

• **Disclose AI usage clearly**: Transparency regarding the use of AI in customer interactions is essential for building trust and reducing perceived uncertainty.
• **Adopt hybrid human–AI models**: Combining AI efficiency with human support enhances both operational performance and relational depth.
• **Ensure fairness and ethical governance**: Responsible data usage, algorithmic transparency, and bias monitoring are critical to sustaining long-term consumer trust and brand loyalty.

Ultimately, the findings of this dissertation suggest that Artificial Intelligence does not replace relationship marketing but redefines it. The effectiveness of AI in shaping consumer–brand relationships depends not only on technological capability but on its alignment with transparency, ethical governance, and trust-building practices. Firms that

treat AI as relational infrastructure rather than merely an efficiency tool are more likely to achieve sustainable brand loyalty in increasingly digital and AI-mediated environments.

References

Aggarwal, P., & McGill, A. L. (2007). Is that car smiling at me? Schema congruity as a basis for evaluating anthropomorphized products. *Journal of Consumer Research, 34*(4), 468–479.

Awad, N. F., & Krishnan, M. S. (2006). The personalization–privacy paradox: An empirical evaluation of information transparency and the willingness to be profiled online for personalization. *MIS Quarterly, 30*(1), 13–28.

Beverland, M. B. (2005). Crafting brand authenticity: The case of luxury wines. *Journal of Management Studies, 42*(5), 1003–1029.

Bleier, A., Goldfarb, A., & Tucker, C. (2018). Consumer privacy and the future of data-based innovation and marketing. *International Journal of Research in Marketing, 35*(3), 337–351.

Brodie, R. J., Hollebeek, L. D., Juric, B., & Ilic, A. (2011). Customer engagement: Conceptual domain, fundamental propositions, and implications for research. *Journal of Service Research, 14*(3), 252–271.

Castelo, N., Bos, M. W., & Lehmann, D. R. (2019). Task-dependent algorithm aversion. *Journal of Marketing Research, 56*(5), 809–825.

Chaudhuri, A., & Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance. *Journal of Marketing, 65*(2), 81–93.

Davenport, T. H., Guha, A., Grewal, D., & Bressgott, T. (2020). How artificial intelligence will change the future of marketing. *Journal of the Academy of Marketing Science, 48*(1), 24–42.

Delgado-Ballester, E. (2004). Applicability of a brand trust scale across product categories. *European Journal of Marketing, 38*(5/6), 573–592.

Floridi, L., Cowls, J., Beltrametti, M., et al. (2018). AI4People—An ethical framework for a good AI society. *Minds and Machines, 28*(4), 689–707.

Fournier, S. (1998). Consumers and their brands: Developing relationship theory in consumer research. *Journal of Consumer Research, 24*(4), 343–373.

Gefen, D., Karahanna, E., & Straub, D. W. (2003). Trust and TAM in online shopping: An integrated model. *MIS Quarterly, 27*(1), 51–90.

Hollebeek, L. D., Glynn, M. S., & Brodie, R. J. (2014). Consumer brand engagement in social media. *Journal of Interactive Marketing, 28*(2), 149–165.

Holt, D. B. (2004). *How brands become icons: The principles of cultural branding*. Harvard Business School Press.

Huang, M.-H., & Rust, R. T. (2021). Artificial intelligence in service. *Journal of Service Research, 24*(1), 3–30.

Kaplan, A. M., & Haenlein, M. (2019). Siri, Siri, in my hand: Who's the fairest in the land? On the interpretations of artificial intelligence. *Business Horizons, 62*(1), 15–25.

Lemon, K. N., & Verhoef, P. C. (2016). Understanding customer experience throughout the customer journey. *Journal of Marketing, 80*(6), 69–96.

Martin, K., & Murphy, P. (2017). The role of data privacy in marketing. *Journal of the Academy of Marketing Science, 45*(2), 135–155.

Morgan, R. M., & Hunt, S. D. (1994). The commitment–trust theory of relationship marketing. *Journal of Marketing, 58*(3), 20–38.

Morhart, F., Malär, L., Guèvremont, A., Girardin, F., & Grohmann, B. (2015). Brand authenticity. *Journal of Consumer Psychology, 25*(2), 200–218.

Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing, 63*(4), 33–44.

Pasquale, F. (2015). *The black box society: The secret algorithms that control money and information*. Harvard University Press.

Russell, S., & Norvig, P. (2021). *Artificial intelligence: A modern approach* (4th ed.). Pearson.

Rust, R. T. (2020). The future of marketing. *International Journal of Research in Marketing, 37*(1), 15–26.

Van Doorn, J., Mende, M., Noble, S., et al. (2017). Domo arigato Mr. Roboto. *Journal of Service Research, 20*(1), 43–58.

Vargo, S. L., & Lusch, R. F. (2004). Evolving to a new dominant logic for marketing. *Journal of Marketing, 68*(1), 1–17.

Vargo, S. L., & Lusch, R. F. (2008). Service-dominant logic. *Journal of the Academy of Marketing Science, 36*(1), 1–10.

Zuboff, S. (2019). *The age of surveillance capitalism*. PublicAffairs.

Appendix A: Survey Questionnaire (Anonymous)

1. Have you ever interacted with a brand through AI-driven tools (e.g., chatbots, virtual assistants, automated recommendations)?

   □ Yes

   □ No

2. In which sectors have you experienced AI-driven brand interactions?

   □ E-commerce

   □ Banking /Financial services

   □ Telecommunications

   □ Travel / Hospitality

   □ Other: _____

- **Section B – AI and Brand Communication**

(1 = Strongly Disagree | 5 = Strongly Agree)

- AI-powered tools improve the speed of brand communication.
- AI-driven interactions are efficient and convenient.
- AI enables brands to provide more personalized communication.
- AI-based brand communication appears professional.
- AI reduces the human touch in communication.

- **Section C – Trust and Authenticity**
- I trust brands that use AI responsibly.
- AI-driven interactions positively influence my perception of a brand.
- I feel comfortable sharing data with brands that use AI technologies.
- Brands should clearly inform consumers when AI is used.

- Ethical use of AI increases my trust in a brand.

- **Section D – Customer Experience & Engagement**
- AI improves my overall experience with a brand.
- AI-driven personalization increases my engagement with brands.
- AI helps brands better understand my needs.
- I feel more satisfied with brands that effectively use AI.

- **Section E – Brand Loyalty**
- I am more likely to remain loyal to brands that use AI effectively.
- I would recommend brands that offer high-quality AI experiences.
- AI-driven interactions positively influence my long-term relationship with a brand.

- **Section F – Ethical & Privacy Concerns**
- I am concerned about how brands use my personal data through AI systems.
- AI systems should provide transparency regarding data usage.
- Algorithmic fairness is important in my evaluation of brands.

- **Section G – Demographics**

Age group:

□ 18–24

□ 25–34

□ 35–44

□ 45–54

□ 55+

Gender:

□ Female

□ Male

□ Prefer not to say

Appendix B: Author's Declaration

I hereby expressly declare that, according to the article 8 of Law 1559/1986, this dissertation is solely the product of my personal work, does not infringe any intellectual property, personality and personal data rights of third parties, does not contain works/contributions from third parties for which the permission of the

authors/beneficiaries is required, is not the product of partial or total plagiarism, and that the sources used are limited to the literature references alone and meet the rules of scientific citations.