

AI-DRIVEN PERSONALIZED MARKETING AND CONSUMER RESPONSES: A STRUCTURED LITERATURE REVIEW OF PERSONALIZATION, PRIVACY AND TRUST AMONG GENERATION Z

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Abstract: This structured literature review examines the responses of consumers, Generation Z in particular, to AI-based personalized marketing, and includes the emerging evidence from India. Twenty empirical studies published between 2015 and 2026 have been integrated in a systematic manner focusing on the value of personalization, privacy, trust, transparency, consumer control, and behavioral responses. It was found that personalization is value-add in the context of relevance, usefulness, ease of use and engagement. However, overpersonalization was found to invade privacy and lead to privacy-related resistance. Trust is a “crucial element in the perception of personalization value and acceptance of personalization. Consent, transparency, and control in the context of personalization shape the value and risk. Evidence from Generation Z suggests acceptance is more likely to be conditional than unconditional. Indian evidence is scant and emerging, but also supports the coexistence of personalization and privacy. An integrated personalization-value-privacy-trust perspective is created, and implications for marketing with AI, as well as future research, are described.

Keywords: Artificial Intelligence; AI-Driven Personalization; Personalized Marketing; Generation Z; Consumer Behaviour; Consumer Trust; Privacy; Transparency; Consumer Control; Structured Literature Review

1. INTRODUCTION

AI-based applications facilitate marketing personalization tailored to the individual. Machine learning, predictive analytics, recommendation systems and generative AI technologies combine to create marketing interactions that evolve and adapt to the consumer’s preferences and behaviors (Davenport et al., 2020; Huang & Rust, 2021; Rust, 2020). AI-based personalization goes far beyond traditional broad-based segmentation.

Personalization provides consumer value through improvements to relevance, search effort, convenience, and decision-making support. Personalized advertising is useful as long as it is relevant and timely and the information is displayed in an appropriate place and is collected in a fair manner (Aguirre et al., 2015; Bleier & Eisenbeiss, 2015). Personalization introduces a privacy issue for consumers because they perceive data collection and inference as excessive or intrusive (Boerman et al., 2021). This balance between personalization and privacy is concerning as more individualized content and consumer profiling become available with the advent of generative AI.



Generation Z is important to consider because of their high level of exposure to social media, recommendation systems, personalized advertising, and content selected and customized by algorithms. They may have higher expectations for relevance and convenience because of greater exposure and familiarity with digital systems, but they may not be willing to accept everything as it comes. The available data suggests they place a high value on personalized experiences and consider privacy and transparency while expressing concerns about authenticity and control (Wang et al., 2023; Rózsa et al., 2024; McKee et al., 2024). Negative and positive responses to AI personalization are beginning to be studied in the Indian context as well (Saha et al., 2024; Peter et al., 2025; Roshith et al., 2026).

The literature on the effectiveness of personalization and privacy, trust, AI disclosure, and consumer resistance is scattered and fragmented. A focused synthesis for Generation Z and the Indian context is lacking. This paper, therefore, synthesizes the responses of consumers to AI personalization while integrating value, privacy, trust, and consumer control, and using transparency as a unifying framework.

Research Questions

RQ1. What are the important aspects of AI-driven personalized marketing that affect Generation Z consumers?

RQ2. How do usefulness, relevance, trust, privacy concerns, transparency, and consumer control balance a consumer's response?

RQ3. What trends exist across different marketing studies?

RQ4. What do the available studies on Indian Generation Z consumers say?

RQ5. What are the gaps and what are the contributions in the field from a theoretical, practical, and research standpoint?

Contribution of the Study

The personalization value, privacy, trust, and transparency, as well as control, are key aspects of Generation Z that the review aims to bring together. Further, this review aims to develop a personalization–value–privacy–trust framework and to integrate and consolidate the emerging Indian evidence without generalizing beyond the present studies.

TABLE 1. RESEARCH QUESTIONS AND THEIR ANALYTICAL FOCUS

Research question	Analytical focus
RQ1	Factors influencing Generation Z responses to AI-driven personalized marketing
RQ2	Usefulness, relevance, trust, privacy, transparency and consumer control
RQ3	Patterns across the marketing contexts represented in the evidence
RQ4	Evidence concerning Indian Generation Z
RQ5	Theoretical, managerial and future research implications

Source: Developed by the authors based on the reviewed literature.

2. LITERATURE REVIEW AND THEORETICAL FOUNDATION

2.1 AI-Driven Personalization in Marketing

Personalized marketing with the help of AI and related technologies operates with marketing content, recommendations, offers, and interactions customized as per individual customers. Technologies such as machine learning and predictive analytics, recommendation systems, and natural language processing and AI can adapt marketing processes based on the behavioral data and contextual information of the customer. Dynamic marketing approaches provide flexibility for enterprises and customer satisfaction by catering to the customers' needs. It can also elicit opposition and be perceived as taking things a step too far when it crosses the threshold of relevance and usefulness and is perceived to be excessive, opaque, and intrusive.

2.2 Perceived Usefulness, Relevance and Consumer Value

Personalization relates to user perception of usefulness and relevance and relies on consumer value creation. Personalized systems help users decrease search costs and increase the efficiency of decision-making. Bleier and Eisenbeiss (2015) consider the effectiveness of personalization based on what is personalized, when and where it is presented. Aguirre et al. (2015) focus on the trade-off of information collection versus the building of trust. Personalization, based on technology acceptance (Davis 1989), can leverage perceived usefulness towards desired responses, but usefulness, on its own, would not account for the concerns regarding information privacy.

2.3 Privacy Concerns and Perceived Intrusion

Privacy concerns are the most significant counteracting mechanisms for personalization using AI. Personalized marketing often requires companies to collect, analyze, store, and even infer consumer data, leading to perceived privacy costs. Aguirre et al. (2015) and Boerman et al. (2021) emphasize that certain practices and forms of personalization elicit perceived vulnerability and resistance. Consumers may evaluate the risks posed by personalization, especially when the use of data becomes even more opaque due to algorithmic inference.

2.4 Trust and Transparency

Trust creates a link between personalization and acceptance on the part of the consumer. Trust is created when the consumer believes that organizations will not abuse the information they collect and that the AI systems will deliver the personalized content at the appropriate time. Building trust is addressed by Aguirre et al. (2015) and transparency and subjective trust in AI-based advertising are addressed by Feng and Kim (2025). Explicability and transparency may help reduce some of the apprehension concerning AI and data practices, but disclosure may propel more critical assessment of the practices (Shin, 2021). Therefore, transparency does not create trust. Trust is the result of appropriateness and the perceivable control of the practices.

2.5 Consumer Control, Consent and Autonomy

The term control refers to the consumer's ability to understand and modify, or withdraw from, personalization and data practices. Meaningful choice diminishes perceived control and strengthens autonomy. Roshith et al. (2026) have stated that Indian Generation Z consumers are concerned about consent, data ownership and control. Thus, the lack of consumer control may also impact trust.

2.6 Generation Z and AI-Driven Personalization

Members of Generation Z will have personalized social media feeds, targeted ads, recommendation systems, and interactions facilitated by AI. The consumption of personalization may lead to suboptimal experiences, but the evidence does not support viewing Generation Z as uniformly positive. Wang et al. (2023), Rózsa et al. (2024) and McKee et al. (2024) all show that perceiving benefits may coexist with privacy concerns and avoidance. Therefore, a more accurate description of Generation Z may be digitally savvy, but conditionally positive.

2.7 Indian Generation Z Context

Evidence from India is limited and emerging. Saha et al. (2024) noted how personalization, usefulness, privacy, click-through intention, and curiosity-interest and fear-suspicion differ as Gen-AI hyper-personalization concerns in

Indian Generation Z. On the other hand, Roshith et al. (2026), and Peter et al. (2025) noted concerns of privacy violation, consent, data ownership, and control. It should be noted that these findings do not represent the Indian Generation Z as a whole and should not be generalized.

2.8 Theoretical Integration

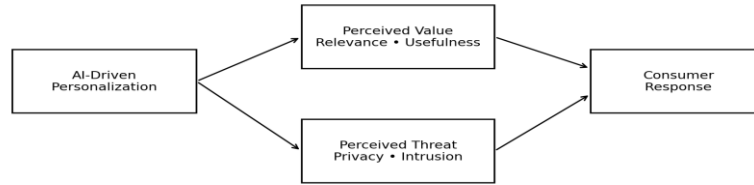
It can thus be stated that no single theory can help us completely understand the concerns with AI-driven personalization. The concepts of ‘usefulness’ and ‘personality’ in the context of personalization draw upon technology acceptance; as for assessing the benefits and the risks, the ‘privacy calculus’ becomes applicable; while trust draws upon consumers’ confidence in the organization and the AI system; and personal control draws upon consent and autonomy. These concepts can be used to develop a positive pathway: AI personalization $\rightarrow$ Relevance/usefulness $\rightarrow$ Perceived value $\rightarrow$ Trust $\rightarrow$ Favorable response, and a negative pathway: AI personalization $\rightarrow$ Data collection/inference $\rightarrow$ Privacy concern/perceived intrusion $\rightarrow$ Resistance. Consumer control and transparency may strengthen both pathways.

TABLE 2. THEORETICAL CONSTRUCTS UNDERLYING CONSUMER RESPONSES TO AI-DRIVEN PERSONALIZATION

Construct	Meaning in this review	Expected role in consumer response
Perceived personalization relevance	Extent to which consumers perceive personalized marketing content as relevant to their individual needs or preferences	Can increase perceived value and engagement
Perceived usefulness	Degree to which personalization improves consumer decision-making or convenience	Positive influence on acceptance and behavioural response
Privacy concern	Concern regarding collection, use, inference, or sharing of personal information	Can reduce acceptance and increase resistance
Perceived intrusion	Extent to which personalization is experienced as excessive or invasive	Can increase avoidance and negative responses
Trust	Consumer confidence in the brand, platform, and AI system	Can strengthen acceptance and engagement
Transparency	Consumer understanding of how AI and personal information are used	Can support trust and reduce uncertainty
Consumer control	Perceived ability to choose, modify, or withdraw from personalization	Can reduce perceived threat and strengthen autonomy
Consumer response	Behavioural/attitudinal outcomes such as engagement, purchase intention, satisfaction, loyalty, or resistance	Final outcome of the personalization process

FIGURE 1. CONCEPTUAL DEVELOPMENT OF CONSUMER RESPONSES TO AI PERSONALIZATION

Figure 1. Conceptual Development of Consumer Responses to AI Personalization



Trust, transparency and consumer control condition the balance between value and threat.

Source: Developed by the authors based on the reviewed literature.

3. METHODOLOGY

3.1 Review Design

This review employs a defined strategy for searching, screening, extracting, and synthesizing literature. Reporting is done in a manner that enhances transparency of the review process and differentiates evidence pertaining to Generation Z from other broader consumer evidence that illuminates the mechanisms.

3.2 Review Objectives

The primary focus of this review is to analyze the currently available empirical research pertaining to AI or algorithmic personalization and examine the response of Gen Z consumers. This review” aims to synthesize the evidence pertaining to usefulness, relevance, privacy, trust, and control and to identify new research opportunities, particularly in India, emphasizing the existing gaps. It also aims to analyze and elaborate existing theories and provide new research opportunities in the field.

3.3 Search Strategy

The search strategy brought together four different themes: AI/personalization, marketing, Generation Z/consumers, and consumer response. Here are the search terms used: “artificial intelligence,” “machine learning,” “generative AI,” “algorithmic personalization,” “personalized marketing,” “personalized advertising,” “Generation Z,” “consumer,” “trust,” “privacy,” “engagement,” “purchase intention,” “acceptance,” and “resistance.” The Boolean logic was adapted to suit the individual database syntax.

3.4 Information Sources

The search included Scopus, Web of Science, ScienceDirect, Emerald Insight, SpringerLink, Wiley Online Library, and Taylor & Francis Online. I used Google Scholar only as a last-resort supplementary search tool; I did not consider it a primary database.

3.5 Eligibility Criteria

Studies were considered relevant if they discussed marketing-related AI-based, algorithmic, or data-based personalization; discussed consumer perceptions/attitudes/intentions/engagement/privacy/trust/resistance; discussed/focused on Generation Z, or provided commentary that was relevant to the review; were published in a peer-reviewed journal in English; and were published between 2015 and 2026. Studies focused on AI or personalization without a marketing context, or non-scholarly articles; duplicates; AI without clear relation to consumer response/personalization; or studies of AI for personalization were excluded.

TABLE 3. INCLUSION AND EXCLUSION CRITERIA

Criterion	Inclusion	Exclusion
Research focus	AI-driven, algorithmic, or data-driven personalization relevant to marketing or consumer-facing communication	Studies focused exclusively on technical AI development without a marketing or consumer dimension
Consumer relevance	Consumer perceptions, attitudes, intentions, engagement, purchase behaviour, privacy, trust, or resistance	Studies without a meaningful consumer or behavioural dimension
Population	Generation Z directly, or studies providing evidence relevant to the mechanisms examined in the review	Studies whose populations or findings have no meaningful relevance to the review
Marketing context	Personalized advertising, digital marketing, social media, e-commerce, recommendation systems, or related marketing applications	Personalization unrelated to marketing or consumer behaviour
Publication type	Peer-reviewed journal articles	Editorials, news articles, trade publications, book reviews, conference abstracts, and non-scholarly web material
Language	English-language publications	Publications not available in English
Publication period	2015–2026	Publications outside the defined period
Evidence adequacy	Studies providing sufficient methodological or conceptual information for evidence extraction	Studies lacking sufficient information for meaningful synthesis
Duplication	Original study/report retained once	Duplicate publications or duplicate records

3.6 Screening and Study Selection

The screening progressed through assessment of titles, abstracts, and full texts for eligibility, and culminated in evidence synthesis. The criterion was met by twenty studies and formed the final evidence corpus. The review used a structured approach to identify and assess relevant literature. Unfortunately, logs of database-level retrievals from earlier searches were not kept, preventing the authors from reconstructing screening process records in complete detail. Thus, the study should not be expected to present a fully reproducible PRISMA systematic review. It will present a structured literature synthesis based on relevance and “themes of predefined criteria. The final corpus of 20 studies was analyzed to determine the major positive and threat pathways related to AI-driven personalization of Generation Z consumers.

3.7 Evidence Extraction

TABLE 4. EVIDENCE EXTRACTION FRAMEWORK

Extraction category	Information recorded
Bibliographic information	Author(s), year, journal
Geographic context	Country/region
Research design	Quantitative, qualitative, experimental, mixed methods
Sample	Sample size and participant characteristics
Generation Z focus	Direct, indirect, or mixed population

Indian context	Yes/No
Marketing context	Advertising, social media, e-commerce, entertainment, etc.
AI/personalization application	Type of AI or personalization examined
Key constructs	Usefulness, relevance, privacy, trust, transparency, control, etc.
Consumer outcomes	Engagement, purchase intention, satisfaction, loyalty, resistance, etc.
Principal findings	Main empirical findings
Limitations/gaps	Important limitations identified by the study

Source: Developed by the authors.

3.8 Quality and Relevance Assessment

Because the evidence uses multiple different designs, no single statistical quality measure was employed. Studies were assessed for setting and design clarity, transparency of sample and data collection, construct measurement or qualitative methods, evidence and analysis in context, and conclusions drawn. The strength and generalization of the evidence was assessed in the context of the identified limitations.

3.9 Data Synthesis

A thematic synthesis was performed in four steps: identifying recurring themes or constructs, defining their relationships to consumer outcomes, comparing Generation Z with other consumer groups and their relevant geographic contexts, and placing the findings in a personalization-value-privacy-trust framework. The focus of the synthesis was on the recognition of patterns and mechanisms rather than the number of studies and the calculation of a pooled effect was avoided due to a large degree of methodological diversity.

4. RESULTS AND FINDINGS

The twenty empirical studies show that the use of AI in personalization can generate both positive and negative reactions from consumers. Since the evidence corpus consists of Generation Z-specific studies and studies of consumers in general, findings from the general consumer studies have been mostly used to explain the mechanisms of personalization, privacy and trust, rather than to make statements focused on Generation Z. Personalization is associated with the notions of relevance, usefulness, convenience, engagement, as well as purchase intentions. The collection, tracking and inference of data may cause privacy concerns, perceived intrusions, and a sense of resistance. The new balance competing mindsets of perception and reaction hinge on trust, as well as on the degree of transparency and control that are afforded to the consumer.

TABLE 5. CORE STUDIES INFORMING THE SYNTHESIS

No.	Study	Context	Research Design / Sample	Gen Z Focus	Key Constructs	Principal Finding Relevant to This Review
1	Aguirre et al. (2015)	Online advertising	Empirical consumer advertising study	Indirect / broader consumers	Personalization, information collection, trust	Personalization can improve advertising effectiveness, while information-collection

						practices can increase perceived vulnerability; trust-building can reduce negative responses.
2	Bleier & Eisenbeiss (2015)	Online advertising / retargeting	Field and laboratory experiments	Indirect / broader consumers	Personalization, timing, placement, intrusiveness	The effectiveness of personalized advertising depends on what is personalized, when it is delivered, and where it appears; excessive personalization may reduce effectiveness and increase perceptions of intrusiveness.
3	Zhu & Chang (2016)	Personalized online advertising	Survey; N = 386	Indirect / broader consumers	Relevance, privacy invasion, self-awareness, use intention	Perceived relevance influences perceptions of privacy invasion and can increase continued-use intentions.
4	Gironda & Korgaonkar (2018)	Social-network advertising	Empirical quantitative study	Indirect / broader consumers	Personalization, intrusiveness, privacy calculus	Consumers distinguish between tailored and invasive advertising, highlighting the importance of perceived privacy and intrusiveness.
5	Luo et al. (2019)	AI chatbot / conversational commerce	Field experiment; 6,200+ customers	Indirect / broader consumers	AI disclosure, purchase, perceived competence	Early disclosure that an interaction involved a chatbot reduced purchase rates, while prior AI experience and disclosure timing moderated consumer responses.

6	Zhu & Kanjanamekanant (2021)	Social-media personalized advertising	Survey; N = 349	Indirect / broader consumers	Privacy boundaries, personalization, advertising attitude, purchase intention	Perceived information and social boundaries influence privacy perceptions and subsequent advertising and purchase responses.
7	Boerman et al. (2021)	Personalized advertising	Scenario experiment; N = 1,244	Indirect / broader consumers	Personal information, data sharing, personalized pricing, resistance	Use of private information, third-party sharing, and personalized pricing can increase negative perceptions and consumer resistance.
8	Hayes et al. (2021)	Social-media personalized advertising	National online experiment	Indirect / broader consumers	Privacy calculus, consumer–brand relationship, data collection	Stronger consumer–brand relationships can increase perceived benefits and reduce perceived risks associated with information disclosure.
9	Wang et al. (2023)	Personalized advertising / social networking	Quantitative study	Direct — Generation Z	Personalization, convenience, privacy, narcissism, consumer response	Generation Z consumers may perceive personalized advertising as convenient and beneficial while simultaneously experiencing privacy and well-being concerns.
10	Rózsa et al. (2024)	Social media	Quantitative study	Direct — Generation Z	Privacy, personalized advertising, self-disclosure	Personalization and privacy perceptions influence Generation Z consumers' willingness to disclose information.
11	Saha et al. (2024)	Personalized social-media	Mixed methods; 324 survey participants	Direct — Generation Z	Personalization, usefulness,	Perceived personalization and usefulness influence

		advertising, India	+ 15 interviews		privacy, click-through intention	responses to personalized advertising, while privacy concerns remain an important consideration.
12	McKee et al. (2024)	Digital personalization	Empirical study	Direct — Generation Z	Personalization, privacy, benefit, annoyance, avoidance	Generation Z consumers can experience simultaneous personalization benefits and privacy-related annoyance or avoidance.
13	Feng & Kim (2025)	AI-generated personalized advertising	Empirical study	Indirect / broader consumers	AI personalization, trust, transparency, AI familiarity	Consumer trust in AI-generated personalized advertising is associated with transparency, perceived personalization need, and AI-related perceptions.
14	Kim et al. (2025)	AI-generated personalized advertising	Empirical advertising study	Indirect / broader consumers	Anthropomorphic AI, personalization, consumer response	Anthropomorphic AI characteristics can influence consumer responses to personalized advertising, indicating that perceptions of AI agents may affect personalization outcomes.
15	Sun et al. (2025)	AI-generated advertising	Experimental studies	Indirect / broader consumers	Personalization, utility, threat, consumer attitudes	Increasing personalization can enhance perceived utility, while excessive personalization may increase perceived threat; the evidence suggests an emerging utility–threat pattern.

16	Koning & Voorveld (2025)	AI-generated advertising	Empirical advertising research	Indirect / broader consumers	AI disclosure, trust, advertising response	AI disclosure is relevant to consumer trust in advertisements and organizations, highlighting the importance of how AI involvement is communicated.
17	Teepapal (2025)	AI-driven social-media personalization	Empirical S-O-R model	Indirect / broader consumers	Trust, usefulness, privacy, engagement	AI personalization is associated with perceived usefulness and trust, while privacy concerns act as a countervailing mechanism; usefulness and trust contribute to engagement.
18	Peter et al. (2025)	Gen-AI hyper-personalized advertising, India	Qualitative; N = 40	Direct — Generation Z	Emotional response, brand experience, engagement	Indian Generation Z participants reported both positive responses, such as curiosity and interest, and negative responses, including fear and suspicion, toward hyper-personalized advertising.
19	Roshith et al. (2026)	Gen-AI hyper-personalized advertising, India	Qualitative research	Direct — Generation Z	Privacy, consent, data ownership, consumer control	Indian Generation Z consumers expressed concerns regarding privacy invasion, consent, data ownership, and control.
20	Tangari et al. (2026)	AI-driven social-media advertising	Three experiments	Indirect / broader consumers	Tracking awareness, trust, purchase intention,	Awareness of tracking used for personalized advertising can influence trust

					willingness to pay	and consumer responses, including purchase-related outcomes.
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Source: Developed by the authors based on the reviewed literature.

4.1 Characteristics of the Reviewed Evidence

Surveys, experiments, interviews, and other empirical methods in relation to online advertising, social media, AI-altered advertising and conversational commerce are found in the studies. Research on Generation Z has begun to increase in the last few years, along with the studies on generative AI and hyper personalization. Across the reviewed studies, perceived value, privacy, and trust are most frequently cited. In the studies, it has been found that AI disclosure, anthropomorphic AI, personalization, and tracking awareness can affect the consumers' responses (Kim et al., 2025; Koning & Voorveld, 2025; Sun et al., 2025).

4.2 AI-Driven Personalization and Perceived Consumer Value

Personalization can create value to the consumer when the content is relevant and timely, as well as convenient to access. Bleier and Eisenbeiss (2015) focus on attitude formation as a function of the placement and content of the message, and Zhu and Chang (2016) consider the relevance of the message as the most important response factor. Personalization is found to be effective when accompanied by the collection of information and trust (Aguirre et al., 2015). Similar Generation Z evidence shows the association of personalization and usefulness with positive responses (Saha et al., 2024; Wang et al., 2023; McKee et al., 2024). Overall, the positive personalization-relevance/usefulness-perceived value pathway is assumed as long as privacy and trust are satisfied.

4.3 Privacy Concerns and Perceived Intrusion

The collection, sharing, tracking, or inferential use of personal details results in great concern around how details are obtained and used. Information practices and perceived boundaries are shown to affect the response to personalized marketing. These studies also show that personalization and the use of advertising lead to concerns around the balance of benefits and privacy within Generations Z and beyond (Wang et al., 2023; Rózsa et al., 2024; McKee et al., 2024). Privacy concerns should not be seen as an obstruction to the use of individualized marketing efforts and the acceptance of such efforts, but rather as a perceived risk that will lead to an avoidance of such efforts.

4.4 Trust as a Central Mechanism

When perceived personalization value is linked with a consumer's response, trust is the dominant mechanism. Teepapal (2025) supports the trust-engagement nexus. For personalization and trust in AI-driven advertisements, transparency and the need for personalization are key. Regarding the responses of the consumers, AI disclosure, and tracking, Luo et al. (2019) and Tangari et al. (2026), linked trust to more favorable personalization outcomes. Building trust is also an important aspect in the development of personalization. Aguirre et al. (2015) and Hayes et al. (2021) have supported this. Trust is shown as a linking element rather than a mediating factor of trust.

4.5 Transparency, Consent and Consumer Control

Evaluating trade-offs between value and risk requires transparency and consumer control. Shin (2021) argues that reducing the uncertainty of AI and data use through explanation will build trust. In contrast, other studies argue awareness of privacy boundaries and tracking can only have an effect on advertising and trust (Zhu & Kanjanamekanant, 2021; Tangari et al., 2026). Indian evidence highlights consent, data ownership and control concerns (Roshith et al., 2026). This evidence supports the transparency and control framework of dealing with irrational and unfounded fears surrounding privacy.

4.6 Generation Z Consumer Responses

Generation Z does not uniformly accept or reject AI-driven personalization. Some studies indicate that consumers are discerning, focusing on the benefits, and are concerned about the emotional drawbacks of personalization driven by AI, while balancing privacy, transparency, and control (Wang et al., 2023; Rózsa et al., 2024; Saha et al., 2024; McKee et al., 2024). New evidence from India includes positive and negative emotional responses to hyper-personalization (Peter et al., 2025; Roshith et al., 2026). Overall, the evidence supports conditional acceptance.

4.7 Emerging Evidence from the Indian Context

There are three studies focused on Generation Z in India. Saha et al. (2024) cite relevance and usefulness in the context of privacy concerns. Peter et al. (2025) focus on interest and curiosity and Pêter et al. (2025) on fear and suspicion. The evidence builds on the value-privacy paradox; however, the evidence from India should be considered emerging and should not be generalized.

4.8 Engagement and Behavioural Responses

Perceived usefulness can create engagement in the case of personalization. Saha et al. (2024) and Teepapal (2025) respectively relate usefulness and trust to engagement. In the past, a combination of several factors such as timing, placement, privacy protection, and trust creation has been studied to understand behavioral response. Overall, engagement is more about positive perception than negative perception.

4.9 Purchase Intention and Other Behavioural Outcomes

Personalization can also influence behavioral response in purchasing situations. Zhu and Kanjanamekanant (2021) and Luo et al. (2019) and Tangari et al. (2026) add insights on personalization, privacy, tracking, AI, and purchase-related outcomes. The aim is to understand and describe the situation in which personalization is a positive trigger of purchase intention. In contrast, personalization and perceived intrusion can influence privacy and diminish the purchase response.

4.10 Contextual Patterns Across Marketing Environments

The primary focus of available studies is marketing in digital environments, advertising, and social media. The balance between personalization and privacy risk can depend on the approach to personalization, the information involved, the degree of transparency, and the control offered to the consumer. The current literature can only describe differences in different sectors such as healthcare, finance, tourism, hospitality, entertainment, etc. These differences remain to be researched.

4.11 Integrated Thematic Synthesis

The five key themes that have emerged from this study are: the value of personalization; privacy and perceived invasions; trust; transparency and consumer control; and conditional acceptance by Generation Z. Personalization builds value through personalization that leads to relevance and usefulness. Privacy risks are countervailing. Trust ties these appraisals together with the consumers' response. Transparency and control impact the consumer's acceptance of the data practices. There is a constant presence of the personalization benefits and the privacy concerns for Generation Z. The collected data supports a value-risk-trust approach and not a uniformly positive impact of personalization.

4.12 Integrated Findings and Conceptual Framework

The synthesis indicates that perceived value, privacy risks, trust, transparency, and control shape consumer responses. The perceived value pathway is personalization → relevance/usefulness → personalization → trust → favorable response. The privacy concerns pathway is personalization → data collection/inference → privacy

concern/perceived intrusion → resistance. Both pathways are impacted by transparency and consumer control. Thus, Figure 1 depicts a conceptual synthesis of the evidence, not a tested and proven causal model.

Figure 1 depicts a surface-level explanation of the integrated datainterpretation. It is a conceptual synthesis created from the evidence reviewed and not a proven causal model.

TABLE 6. THEMATIC SYNTHESIS OF EVIDENCE

Theme	Positive mechanism	Countervailing mechanism	Principal consumer outcomes
Personalization value	Relevance, usefulness, convenience	Irrelevant or excessive personalization	Engagement, click-through, purchase intention
Privacy	Perceived benefits of tailored experiences	Tracking, data collection, perceived intrusion	Acceptance, concern, resistance
Trust	Reliability, transparency, responsible data practices	Opaque algorithms, inappropriate data use	Engagement, purchase, loyalty
Consumer control	Consent, choice, ability to control personalization	Lack of agency and limited choice	Greater acceptance, reduced resistance
Generation Z	Digital familiarity and convenience	Privacy, well-being and authenticity concerns	Conditional acceptance
AI-generated personalization	Highly relevant and adaptive communication	Uncertainty about AI processes and data use	Mixed emotional and behavioural responses

Source: Developed by the authors based on the synthesis of the reviewed empirical evidence.

5. DISCUSSION

5.1 Interpretation of the Value–Risk Tension

The review offers a more advanced understanding of personalization – effectiveness by revealing that customer response demonstrates consideration of benefit vs risk. Consumers are more likely to engage with personalization that brings them value and is done appropriately. Conversely, they will resist personalization efforts that are excessive, opaque, or do not align with their expectations. Generation Z exemplifies this tension the most, where familiarity with technology does not erase their concern for privacy.

5.2 Personalization as a Source of Consumer Value

Personalization is valuable when it brings about relevancy, increases utility, and convenience and contextually fits the situation. The evidence points out that the goal is not to maximize personalization, but to ensure that the failure to do so does not bring about a loss of perceived value.

5.3 Personalization, Privacy and the Privacy Paradox

The results support the personalization – privacy paradox. Personalization is likely to increase customer satisfaction and convenience while also raising concern about the data practices that facilitate it. There is a growing disparity between the different levels of personalization consumers experience and the degree to which they understand how preferences are inferred. For this reason, the privacy concerns experienced by consumers should be incorporated into the complete value – risk assessment instead of eliminating the value of personalization.

5.4 Trust, Transparency and Consumer Control

Consumers need to have the trust of both the organization and the technology in order to accept an offer. Transparency can help with the uncertainty of a situation, while consent and control can help with agency, but neither solutions can result in trust. From the case studies, it can be inferred that the personalization of services relies not only on accurate and precise technology, but on practices and procedures that are transparent and fair.

5.5 Generation Z and Conditional Acceptance

Generation Z should be considered to be digitally friendly, but only on a conditional basis. Personalized services are likely to be welcomed if they provide a given user with the required relevant information in a convenient format, but would be more likely to be rejected if they are excessively, intrusively, or unexpectedly personalized. As with many things in life, context and the individual matter, so Generation Z should not be considered as one market segment.

5.6 Emerging Evidence from India

The studies from India reflect a value-risk dilemma: personalization captures interest and provides relevance, but it also causes concern about privacy, consent, ownership, and control. Because a small number of studies examine Indian Generation Z, and the studies vary in both approach and design, the studies should be viewed as interpretation. More studies should be conducted with larger and more diverse samples from India.

5.7 Theoretical Contribution

The trust-in-personalization is the new frontier and integration of these existing research gaps reveals the role trust plays within this framework. The trust-in-personalization model is based on the existing research as a conceptual framework, rather than on a newly tested statistical model.

5.8 Managerial Implications

For now, managers should strike a balance between personalization intensity and relevance. AI personalization should be paired with support for consumer privacy and performance. Managers should also design systems that allow consumers to exercise meaningful control over the data collected, and AI personalization systems should be designed in a way that helps build trust. Personalization strategies should take into consideration the concept of consumer heterogeneity, and that appropriate personalization may vary based on the privacy context, AI familiarity, platform, and product.

5.9 Research Implications and Future Research

Research focused on responses to AI personalization over time is needed. The relationships between personalization intensity, utility, and threat can potentially be studied in a nonlinear context. Transparency and explainability, as well as control and consent, can be studied in an experimental setting. Trust and control can be studied as boundary conditions and as mediators and moderators. Personalized advertising, recommendation systems, generative AI content, conversational agents, and hyper-personalization need to be distinguished in research. Research in India can focus more on Generation Z.

5.10 Limitations of the Review

There is a great deal of variety in the research, such as the design, geographic location, the population, and the context, and as a result, it is extremely difficult to make comparisons and pool estimates. The majority of the evidence is found in online advertising and social media. Evidence outside of these sectors is limited. Research related to Generation Z is limited and to India even more so. Rapid changes in AI-enabled personalization mean the outlined value, risk, and trust relationships are no more than a starting point.

6. CONCLUSION

Bringing together evidence on the impact of personalization driven by artificial intelligence shows that value relevant to the consumer is defined by convenience and usefulness, as well as the level of the consumer's engagement with a system. However, the provision of such value poses privacy, intrusion, transparency, and control concerns, which are also of relevance to the consumer. The provision of such value is thus conditional; there is a greater likelihood of consumers finding personalization value to be positive and trust worthy, where systems offering value are transparent and provide the consumer with choice. This value is also seen to be important for members" of Generation Z in India, of which limited reports exist. This literature integrates the personalization, value, privacy, and trust domains. It is better then to identify personalization as value-centric, as opposed to being the peak of individualization.

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