

IMPACT OF AI-DRIVEN INFLUENCER MARKETING ON BRAND LOYALTY AMONG GEN Z CONSUMERS : A STUDY IN THE FMCG SECTOR

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ABSTRACT

Artificial Intelligence (AI) has transformed modern marketing practices by enabling personalized communication, predictive analytics, customer engagement, and automated decision-making. In the Fast-Moving Consumer Goods (FMCG) sector, AI-driven influencer and social media marketing have become important tools for improving brand loyalty and purchasing behaviour, especially among Gen Z consumers. This study examines the impact of AI-driven marketing strategies on consumer engagement, brand trust, and loyalty in the FMCG industry. The research is based on secondary data collected from peer-reviewed journals, research articles, and published studies related to AI marketing, hyper-personalization, and consumer behaviour. The study identifies that AI-powered personalization, recommendation systems, sentiment analysis, and influencer marketing positively influence consumer purchase intentions and strengthen brand trust. Furthermore, ethical branding, transparency, and sustainable marketing practices significantly enhance Gen Z engagement. However, concerns regarding data privacy, algorithmic bias, and overdependence on automation remain major challenges for marketers. The study concludes that AI-driven marketing strategies provide competitive advantages to FMCG firms by improving customer satisfaction, engagement, and sales performance. The findings offer valuable insights for marketers and researchers in understanding the evolving relationship between AI technologies and consumer behaviour in the digital era.

Keywords : Artificial Intelligence, FMCG Marketing, Brand Loyalty, Consumer Engagement, Influencer Marketing, Gen Z, Predictive Analytics, Brand Trust.

INTRODUCTION

Artificial Intelligence (AI) has emerged as a transformative force in modern marketing, particularly in the Fast-Moving Consumer Goods (FMCG) sector, where competition is intense and consumer preferences are constantly evolving. AI technologies such as machine learning, predictive analytics, and natural language processing enable firms to analyze vast amounts of consumer data, deliver personalized content, and enhance decision-making processes. These advancements have significantly improved the efficiency and effectiveness of digital marketing strategies, especially influencer marketing, which has become a dominant promotional tool in recent years. Gen Z, defined as individuals born between the late 1990s and early 2010s, represents a highly tech-savvy and digitally connected consumer segment. Their purchasing behaviour is heavily influenced by social media platforms, online reviews, and influencer recommendations. AI-driven influencer marketing leverages algorithms to identify suitable influencers, optimize content delivery, and personalize communication, thereby increasing engagement and trust among consumers. Research

indicates that AI exposure, perceived accuracy, and positive attitudes toward AI significantly contribute to building brand trust, which in turn influences purchasing decisions. Furthermore, AI enables hyper-personalization by analysing consumer behaviour, preferences, and interaction patterns, allowing brands to create highly targeted campaigns that resonate with individual consumers. This level of personalization not only enhances customer engagement but also strengthens brand loyalty over time. However, despite these advancements, concerns related to data privacy, ethical usage of AI, and authenticity in influencer marketing continue to challenge marketers. In this context, the present study aims to examine the impact of AI-driven influencer marketing on brand loyalty among Gen Z consumers in the FMCG sector. By analysing key factors such as personalization, influencer credibility, and consumer engagement, the study seeks to provide insights into how AI can be effectively utilized to build long-term customer relationships and enhance brand loyalty.

CONCEPTS OF THE STUDY

1. Artificial Intelligence (AI) in Marketing

Artificial Intelligence in marketing refers to the use of advanced technologies such as machine learning, predictive analytics, chatbots, and automation to improve marketing activities. AI helps companies analyze customer data, understand consumer behaviour, and provide personalized marketing experiences.

2. AI-Driven Personalization

AI-driven personalization involves delivering customized content, product recommendations, and advertisements based on consumer preferences and browsing behaviour. This concept helps FMCG companies improve customer satisfaction and engagement by offering relevant experiences to consumers.

3. Consumer Engagement

Consumer engagement refers to the interaction and emotional connection between consumers and brands through digital platforms, social media, and marketing campaigns. AI technologies such as chatbots and recommendation systems help brands improve communication and strengthen customer relationships.

4. Brand Trust

Brand trust is the confidence consumers place in a brand regarding product quality, reliability, and ethical practices. AI-powered marketing strategies, transparency, and accurate recommendations positively influence consumer trust toward brands.

5. Influencer Marketing

Influencer marketing is a digital marketing strategy where brands collaborate with social media influencers to promote products and services. AI helps companies identify suitable influencers, analyze audience behaviour, and improve campaign effectiveness.

6. Predictive Analytics

Predictive analytics refers to the use of AI and data analysis techniques to predict future consumer behaviour, purchasing patterns, and market trends. FMCG companies use predictive analytics to optimize marketing campaigns and improve decision-making.

7. Hyper-Personalization

Hyper-personalization is an advanced form of personalization where AI uses real-time customer data, preferences, and online behaviour to deliver highly customized experiences. This concept improves customer satisfaction, loyalty, and purchase intention.

8. Social Media Marketing

Social media marketing involves promoting products and engaging consumers through platforms such as Instagram, Facebook, YouTube, and Twitter. AI technologies help marketers analyze customer feedback, monitor engagement, and create targeted advertisements.

9. Brand Loyalty

Brand loyalty refers to the tendency of consumers to repeatedly purchase and support a particular brand. AI-driven customer engagement, ethical branding, and personalized experiences contribute to stronger brand loyalty among consumers.

10. Ethical AI Marketing

Ethical AI marketing focuses on the responsible use of AI technologies while maintaining transparency, fairness, and consumer privacy. Companies must ensure that AI systems avoid algorithmic bias and protect customer data to maintain trust and credibility.

11. Gen Z Consumer Behaviour

GenZ consumers are highly digital-savvy individuals who actively use social media and online platforms for purchasing decisions. They prefer personalized, ethical, and technology-driven marketing experiences, making them highly influenced by AI-driven marketing strategies.

12. Data Privacy and Security

Data privacy and security refer to the protection of consumer information collected through AI systems and digital platforms. Proper data management practices are essential to prevent misuse of personal information and maintain consumer trust.

REVIEW OF LITERATURE

Guerra-Tamez et al. (2024) examined the influence of Artificial Intelligence on Gen Z consumers and found that AI exposure, attitude toward AI, and perceived accuracy significantly enhance brand trust, which in turn positively affects purchasing behaviour. The study also highlighted the mediating role of flow experience in strengthening the relationship between brand trust and purchase decisions.

Swati and Malik (2025) analysed AI-driven social media marketing in the FMCG sector and concluded that AI technologies such as predictive analytics, sentiment analysis, and personalization significantly improve consumer engagement and brand loyalty. Their study emphasized that AI enables marketers to deliver tailored content and real-time responses, thereby strengthening consumer relationships.

Mohamed and Ünsalan (2025) investigated the impact of AI marketing efforts on brand loyalty among GenZ consumers and found that AI does not always have a direct effect on brand loyalty. Instead, it influences loyalty indirectly through mediating variables such as brand image and brand experience, highlighting the complexity of AI's role in marketing outcomes.

Thangavel (2024) explored the concept of hyper-personalization in FMCG marketing and stated that AI-driven personalization enhances customer experience, engagement, and conversion rates. The study pointed out that the use of big data and advanced analytics allows firms to understand consumer preferences at an individual level, thereby strengthening long-term customer relationships.

Vadhani and Kadam (2025) focused on the role of AI in sustainable marketing and reported that AI-driven strategies significantly influence trust, engagement, and brand perception among GenZ consumers. The study emphasized that ethical use of AI and transparency are essential for building long-term loyalty and maintaining consumer trust.

Khedekar (2025) proposed an AI-driven framework for measuring influencer marketing performance in the FMCG sector and highlighted that traditional attribution models are inadequate in capturing the full impact of influencer campaigns. The study suggested that AI-based models can better analyze consumer journeys and optimize marketing effectiveness by integrating multiple data sources.

Overall, the literature indicates that AI-driven marketing plays a crucial role in enhancing consumer engagement, trust, and brand loyalty, particularly among Gen Z. However, the findings also suggest that the relationship between AI and brand loyalty is often indirect and influenced by factors such as brand image, experience, and ethical considerations.

RESEARCH GAP

The existing body of literature on Artificial Intelligence (AI) in marketing highlights its significant role in enhancing consumer engagement, personalization, and brand trust. However, several critical gaps remain unaddressed. Most studies focus broadly on AI-driven marketing practices without specifically examining the role of **AI-driven influencer marketing**, which has become a dominant strategy in digital promotion, especially in the FMCG sector. There is also a lack of empirical research focusing on **Gen Z consumers**, particularly in the Indian context, where digital adoption and social media usage are rapidly increasing. While prior studies emphasize the importance of personalization, predictive analytics, and consumer engagement, they often fail to analyze the **combined effect of these factors along with influencer credibility** on brand loyalty.

SCOPE OF THE STUDY

The present study focuses on analysing the impact of AI-driven influencer marketing on brand loyalty among GenZ consumers in the FMCG sector. It specifically examines how AI-enabled tools such as personalization, predictive analytics, and automated content delivery influence consumer engagement and purchasing behaviour. The study is limited to Gen Z individuals, as they are highly active on digital platforms and are significantly influenced by social media and influencer marketing. It covers FMCG products, including food, beverages, personal care, and household goods, where marketing plays a crucial role in shaping consumer preferences. Geographically, the research is confined to a selected region (such as Karnataka/India), and therefore, the findings may not be universally applicable. The study considers key variables such as AI-driven personalization, influencer credibility, consumer engagement, and brand loyalty, while other external factors are not included. It adopts a quantitative approach based on primary data collected through a structured questionnaire and uses statistical tools like correlation and regression for analysis. The study is cross-sectional in nature, focusing on consumer behaviour at a single point in time.

OBJECTIVES OF THE STUDY

1. To analyze the impact of AI-driven influencer marketing on consumer engagement.
2. To examine the relationship between personalization and brand loyalty.
3. To evaluate the role of influencer credibility in purchase decisions.
4. To study the influence of AI marketing on brand loyalty among Gen Z.

RESEARCH METHODOLOGY

This study adopts a descriptive and analytical research design based on secondary data. The data for the study have been collected from research journals, published articles, conference papers, books, and online databases related to Artificial Intelligence, influencer marketing, consumer behaviour, and FMCG marketing. The study reviews various empirical and conceptual research works to understand the influence of AI-driven marketing strategies on consumer engagement, brand loyalty, and purchase behaviour.

AI Practices in Influencer Marketing on Brand Loyalty Among Gen Z Consumers in the FMCG Sector

1. AI-Based Influencer Identification

AI tools help FMCG companies identify suitable influencers by analysing audience demographics, engagement rates, follower authenticity, and content relevance. This ensures that brands collaborate with influencers who can effectively connect with Generation Z consumers and improve brand loyalty.

2. Personalized Content Recommendations

AI analyses consumer preferences, browsing history, and social media activities to provide personalized influencer content and product recommendations. Customized marketing content increases Gen Z consumer interest, engagement, and loyalty toward FMCG brands.

3. Predictive Analytics in Consumer Behaviour

AI-powered predictive analytics helps marketers forecast consumer purchasing behaviour, preferences, and trends. FMCG companies can use these insights to design influencer campaigns that better match Gen Z expectations and strengthen long-term brand loyalty.

4. Sentiment Analysis

AI technologies such as Natural Language Processing (NLP) analyze comments, reviews, and social media conversations to understand consumer emotions and opinions about brands. Positive sentiment helps companies improve influencer strategies and maintain strong relationships with Gen Z consumers.

5. AI Chatbots and Real-Time Interaction

AI chatbots provide instant responses to customer queries and improve communication between brands and consumers. Real-time interaction through influencer campaigns enhances customer satisfaction and creates stronger brand loyalty in the FMCG sector.

6. Hyper-Personalization

AI enables hyper-personalized marketing by using real-time consumer data to create customized influencer campaigns. Personalized advertisements and product suggestions make Gen Z consumers feel valued and connected to FMCG brands.

7. Performance Measurement and Campaign Optimization

AI tools track influencer campaign performance through metrics such as likes, shares, engagement rates, click-through rates, and conversions. FMCG companies can optimize campaigns based on AI-generated insights to improve brand loyalty and marketing effectiveness.

8. Fraud Detection and Influencer Authenticity

AI systems help identify fake followers, bot activities, and fraudulent influencer accounts. By selecting genuine influencers, FMCG brands can maintain consumer trust and improve the credibility of influencer marketing campaigns.

9. Social Media Listening

AI-powered social listening tools monitor online discussions, hashtags, and customer feedback related to FMCG brands and influencers. This helps companies understand Gen Z consumer opinions and improve influencer marketing strategies accordingly.

10. Ethical and Transparent Marketing Practices

AI helps brands maintain transparency by ensuring accurate targeting, responsible advertising, and ethical use of consumer data. Ethical influencer marketing practices positively influence trust and brand loyalty among Gen Z consumers.

11. Automated Advertising and Targeting

AI automates digital advertising by targeting the right audience based on consumer interests, location, and behaviour. FMCG brands can efficiently reach Gen Z consumers through influencer campaigns, increasing engagement and loyalty.

12. Enhanced Brand Experience

AI-driven influencer marketing improves overall customer experience through interactive content, personalized recommendations, and engaging campaigns. Positive brand experiences encourage repeat purchases and long-term loyalty among Gen Z consumers in the FMCG sector.

FINDINGS OF THE STUDY

The study reveals that AI-driven marketing strategies play a significant role in improving consumer engagement and customer satisfaction in the FMCG sector through personalized recommendations, targeted advertising, and hyper-personalization techniques. Recommendation systems and predictive analytics positively influence consumer purchase intentions and decision-making behaviour by helping companies understand customer preferences more effectively. The findings also indicate that AI-powered influencer marketing strengthens brand trust and enhances brand loyalty, particularly among Gen Z consumers who are highly active on digital and social media platforms. Furthermore, AI-supported social media marketing and chatbots improve real-time communication and interaction between brands and consumers, thereby enhancing customer experience and engagement. The study highlights that ethical branding, sustainability, and transparency in AI marketing practices positively influence consumer trust and long-term loyalty. Additionally, AI enables FMCG companies to optimize marketing campaigns, improve targeting accuracy, and enhance overall sales performance. However, the research also identifies challenges such as data privacy concerns, algorithmic bias, and excessive dependence on automation as significant issues affecting the effective implementation of AI-driven marketing strategies.

SUGGESTIONS

Study suggests that FMCG companies should invest in AI-powered personalization technologies to improve customer engagement and consumer satisfaction. Marketers should adopt ethical and transparent AI practices to build consumer trust and strengthen brand credibility. Companies must ensure proper data privacy and security measures while implementing AI-driven marketing tools and technologies. The research also recommends that businesses integrate AI with influencer marketing strategies to enhance brand awareness, customer engagement, and brand loyalty. Organizations should provide adequate training to marketing professionals regarding AI technologies, predictive analytics, and digital marketing practices for effective implementation. Furthermore, AI systems should be regularly monitored to minimize algorithmic bias and ensure fair and ethical marketing practices. Finally, FMCG firms should combine AI automation with human creativity and innovation to enhance customer relationships and deliver better brand experiences.

CONCLUSION

Artificial Intelligence has revolutionized marketing practices in the FMCG industry by enabling personalized communication, predictive analysis, customer engagement, and automated decision-making. AI-driven marketing strategies significantly influence consumer behaviour, especially among Gen Z consumers who actively engage with digital platforms and social media. The study concludes that AI-powered personalization, influencer marketing, and predictive analytics positively affect brand trust, customer engagement, and purchase intentions. Ethical branding and sustainable marketing practices further strengthen consumer loyalty and brand image. Despite the numerous benefits of AI in marketing, challenges related to data privacy, transparency, and algorithmic bias must be addressed carefully. Overall, AI-driven marketing provides significant growth opportunities for FMCG companies and will continue to shape the future of consumer-brand relationships in the digital era.

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