

RESPONSIBLE AI PRACTICES IN DIGITAL MARKETING: ETHICAL ISSUES, CONSUMER PRIVACY AND TRUST

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ABSTRACT:

The role of artificial intelligence in digital marketing and consumer data analytics for personalized advertising, predictive analysis and automated customer engagement has become integral. The increasing use of marketing systems driven by AI may be advantageous but also raises ethical concerns regarding privacy, transparency, data misuse and consumer manipulation. This research paper will look into the ethical issues surrounding the utilization of AI in digital marketing. The researcher selected 250 respondents using the convenience sampling method for conducting the study among consumers in Bengaluru. The objectives of the study are to determine the ethical issues concerning unethical AI-driven digital marketing practices; to investigate consumer perceptions with regard to privacy and transparency in AI-based marketing systems; to evaluate the impact of responsible AI practices on consumer trust and satisfaction. Primary data were collected through a structured questionnaire that used five-point Likert scale. The data were analysed with the help of various statistical tools such as percentage analysis, mean score analysis, correlation, Chi-square and regression analysis. According to the findings, the invasion of privacy, consumer data misuse and lack of transparency were the major ethical issues impacting consumer perception. The findings of the study conclude that responsible artificial intelligence practices help build consumer's trust and satisfaction which requires ethical artificial intelligence governance through transparent digital marketing practices.

Keywords: Artificial Intelligence, Digital Marketing, Consumer Data Analytics, Consumer Privacy, Transparency, Responsible AI Practices, Consumer perception etc.,

1. INTRODUCTION

Artificial intelligence is one of the key technologies that are transforming the business environment today. Further, it is influencing the commerce, management and marketing sector (Taie, 2020). All organizations have taken to using AI-driven tools and technologies on the rise with the intention to improving operational efficiency (Shinners et al., 2022). Artificial Intelligence applications not limited to recommendation engines or chatbots; it includes Predictive Analytics, Consumer Behaviour Tracking in Digital marketing (Shinners et al., 2022). All are commonly used by brands to create customised experiences. According to writing experts at Edubirdie, consumable data analytics assists organizations in understanding customer choices, buying patterns and online behaviour which boosts marketing effectiveness and better business performance.

AI technology use in digital marketing provides multiple perks. But, there are concerns growing about its use. These concerns relate to privacy invasion, data misuse, non-transparency, algorithm bias and misuse of consumers and so on. Artificial Intelligence (AI) based marketing systems frequently collect and use large quantities of personal data, raising concerns about data security, informed consent and ethical responsibility (Alhashmi et al., 2019). Consumers nowadays are well-informed of organization's use of consumer data for target marketing and predictive marketing activities, etc. Consequently, as businesses shift to A.I.-driven marketing systems, the matters of transparency and consumer privacy have become serious (Relator et al., 2025) (Adanigbo, 2024).

It is essential that AI used in marketing should be responsible and should not harm consumers' interests or suffer unfair consequences. The ethical use of AI technologies can increase consumer trust, customer satisfaction and viability. The following study aims to investigate the ethical ramifications of AI applications on digital marketing as well as consumer data analyses with special reference to consumer perceptions about privacy, transparency, trust and responsible AI.

2. REVIEW OF LITERATURE

2.1. Responsible AI practices

Responsible AI practices are the ethical, transparent, fair and accountable use of Artificial Intelligence technologies in the activities and decision making of an organization (Elena et al., 2025). Ensures that AI-driven systems in digital marketing operate in a way that protects consumer rights, safeguards personal information and promotes ethical marketing behaviour (Diawati, 2023). The rising use of numerous AI applications those are personalized advertising, recommendation system, chatbots, predictive analytics are letting the organizations collect and analyse large volumes of consumer data (Taie, 2020). Concerns have been raised about privacy violation, personal data misuse, transparency issues and algorithmic bias.

Adopting responsible AI techniques in your organization will ensure fairness, accountability, transparency, privacy protection in AI-based marketing operations. Transparency empowers consumers to gain insight into the collection and usage of their data. Accountability further assures that organizations remain responsible for AI-generated decisions as well as outcomes (Liu et al., 2021). AI system fairness minimizes discrimination and bias in marketing operations. Any organization that wants to responsibly implement AI practices promote for informed consent, ethical data use and secure data storage (Liu et al., 2021). They strengthen of trust of the consumers, the satisfaction of the customer and the long relationship of the business and the consumer. As a result, responsible AI practices are now important for sustainable and ethical digital marketing in the technology environment.

2.2. Ethical Issues

The use of AI technology in organizational and business activities led to the emergence of the ethical issues in artificial intelligence AI (Oluwafemi et al., 2021). AI-powered systems are commonly found in digital marketing to facilitate personalized ads, consumer behaviour studies, recommendation systems and predictive analytics (Vasiliki et al., 2026). With these, marketing efficiency and customer engagement are improved significantly but they result into serious ethical issues regarding privacy, transparency, fairness and customer rights. An important ethical concern regarding AI-based marketing systems is privacy invaded. Organizations often gather and analyse huge amounts of personal data, without fully informing consumers of how their data is being used (Mohanty, 2025). The misuse of

consumer data, sharing data without permission and extensive tracking of behaviour are major concerns of digital consumers. An additional ethical issue of concern is that of transparency (Sinha et al., 2025). Consumers do not know how advertisements or products are selected for them. This is because of a lack of transparency among AI algorithms.

AI systems may unintentionally discriminate against certain groups based on biased data or flawed algorithms, thus algorithmic bias may also be a relevant concern. Alternatively, AI powered marketing tactics can leverage increased personalisation and persuasion to influence consumer purchasing activities. Such ethical issues hamper trust and confidence of consumers towards digital platforms. This requires organizations to adopt responsible AI, ethical data use and transparency strategies in order to ensure fairness and accountability and consumer protection.

2.3. Consumer Privacy

The consumer privacy is the protection and handling of personal information collected from consumers during digital interactions and online activities. The organizations are collecting, storing and analysing a lot of data from consumers because of the Artificial Intelligence (AI) based digital marketing (Adanigbo, 2024). Consequently, the consumer privacy is under threat. With the help of technology, business firms collect information about the customers' choices, browsing patterns, buying habits, location and online behaviour to show personalized ads and marketing (Rani, 2025). Despite the fact that consumer analytics based on AI are enhancing marketing efficiency and consumer experience, resulting in greater effectiveness, the excessive use of personal data raises concerns about privacy invasion, unauthorized data sharing and the use of consumer data. Consumers increasingly remain unaware of how organizations collect, process and use their data using AI. The absence of informed consent and the lack of sufficient transparency aggravate consumers' fears (Sinha et al., 2025).

Consumer privacy refers to the control over the collection and use of personal information. Organizations using responsible artificial intelligence are predicted to deploy safe data management systems, receive explicit consent from consumers and be transparent about data use (Ozturkcan, 2025). Implementing strong privacy protection measures can help organizations build consumer trust. In today's digital landscape, privacy protection is essential for maintaining ethical practices, ensuring compliance and developing a sustainable relationship between business and consumer in AI-enabled marketing systems.

2.4. Consumer Trust

Consumer trust is the confidence and belief that consumers have in organizations concerning the reliability, transparency and ethical treatment of their products and services and personal information (Sairun et al., 2022). Consumer trust is a key factor in Artificial Intelligence (AI)-driven digital marketing that influences customer relationship, online purchasing behaviour and long-term loyalty to brands (ALuregowda, 2013) (Usmani, 2022). As organisations increasingly rely on AI technologies for targeted advertising, recommendation systems, chatbots and analysis of consumer data, consumers expect that businesses will be responsible and transparent in managing their personal data (Adanigbo, 2024). There is considerable trust among consumers based on how businesses use their data to be transparent. The usage of AI in marketing can lead to many ethical concerns such as personalized price discrimination, privacy invasion, algorithmic bias and content piracy (Joshi, 2025). Researchers found that when organizations clearly disclose their AI practices and obtain informed consent and

provide strong privacy protection, consumers are more likely to trust them. Furthermore, organizations that provide protection against secondary use are more trusted.

Consumer trust can be positively built by responsible AI practices such as fairness, accountability, transparency and safe data management(Sinha et al., 2025). When organizations adopt ethical AI frameworks, it helps improve customer satisfaction, brand reputation and also create long-term relationships with consumers(Adanigbo, 2024). In the digital marketing environment, consumer trust has an important role in enhancing the purchase intention, customer loyalty and consumer perception towards AI services. Hence, trust of the consumer is crucial to practice eco-friendly and ethical digital marketing.

3. RESEARCH METHODOLOGY

3.1. Research Context

The pace with which Artificial Intelligence (AI) is evolving in digital marketing is helping organizations connect with customers in a personalized way through advertisements, recommendation systems, predictive analysis, automated customer engagement and more. More and more businesses are using consumer data analytics that aid in enhancing marketing influence. On the other hand, increased application of systems driven by artificial intelligence within the marketing sphere has raised ethical issues related to invasion of privacy, misuse of personal data, lack of transparency and consumer trust, etc. Indian consumers are increasingly aware of the ethical and privacy-related issues surrounding the use of AI applications. As a result, current research investigates responsible AI practices, ethical issues, consumer privacy and trust in digital marketing systems.

3.2. Research Objectives

1. To explore various ethical issues concerning AI-driven digital marketing practices.
2. To analyse consumer perceptions related to privacy and transparency in the AI-based marketing systems.
3. To assess the effects of responsible AI on consumer trust and satisfaction.

3.3. Research Design

A **descriptive** and **analytical** design is used in this study to assess responsible AI practises, ethical issues, consumer privacy and consumer trust in digital marketing systems. The research design which is descriptive in nature is employed to gain insight into the consumer perception of AI, privacy, and transparency.

The analytical research design enables the analysis of dependent and independent variables through statistical analysis in evaluating responsible AI practices consumer trust.

3.4. Research Data

The research study is based on both primary and secondary data. The researcher collected primary data from digitally active consumers through a structured questionnaire in Bengaluru using a Five-Point Likert scale. The process of information collection from journals, books, research articles, websites and public reports related to Artificial Intelligence, Digital Marketing, consumer privacy and Ethical AI. The quantitative research methodology is used in the study. Statistical tools like percentage analysis, mean score analysis, correlation analysis, Chi-square test and regression analysis were utilized through SPSS. The research design, systematically analysing ethical issues and consumers' perception level of AI-based

marketing system, will help measure influence of responsible AI practices on consumers' trust.

4. ANALYSIS AND INTERPRETATION

Research Objective 1: To explore various ethical issues concerning AI-driven digital marketing practices. The analysis was conducted to identify the major ethical concerns perceived by consumers regarding AI-driven digital marketing practices. The responses collected through the questionnaire were analysed using percentage analysis, mean score analysis and ranking techniques.

H₀₁: Ethical issues associated with AI-driven digital marketing practices do not significantly influence consumer perception.

H₁₁: Ethical issues associated with AI-driven digital marketing practices significantly influence consumer perception.

Table No 1: Mean Score Analysis of Consumer Perceptions Regarding Ethical Issues.

Sl. No.	Ethical Issues	Mean Score	Rank
1	Privacy invasion through personalized advertisements	4.45	I
2	Misuse of consumer data by AI systems	4.32	II
3	Lack of transparency in AI-driven marketing systems	4.18	III
4	Lack of informed consumer consent	4.11	IV
5	Manipulation of consumer purchasing decisions	4.05	V
6	Excessive tracking of online behaviour	3.98	VI
7	Ethical irresponsibility of companies using AI	3.90	VII
8	Algorithmic bias and discrimination	3.82	VIII
9	Data security concerns in AI systems	3.76	IX
10	Unfair personalized targeting practices	3.68	X

INTERPRETATION:

The result shows that personalized ads privacy-invasion was rated with the highest mean score of 4.45 and ranked first. It means customers are very concerned about how AI systems collect and use individuals' data to personalize advertising efforts. The concern regarding the misuse of the consumer data by AI systems ranked second with a mean score of 4.32 as consumers are worried about the unauthorized use and sharing of their data.

The third most significant factor was lack of transparency in the AI-based marketing system with a mean score of 4.18. Consumers anticipate organizations to explicitly informing them about the ways AI algorithms capture, process and use consumer data. The results show that respondents regard lack of informed consent, manipulation of consumers and tracking of consumer behaviours as serious ethical issues of AI. While algorithmic bias, data security issues and unfair personalized targeting received relatively lower mean scores than the other variables, it is evident that respondents agreed these issues are major ethical challenges.

The results show that consumers are increasingly aware of the ethical risks of AI application in digital marketing and expect organizations to adopt transparent, fair and responsible AI. Therefore, the acceptance of alternative hypothesis indicates that ethical issues in AI based digital marketing affects consumer perception.

RESEARCH OBJECTIVE 2:

To analyse consumer perceptions related to privacy and transparency in the AI-based marketing systems.

The purpose of the study is to understand how consumers perceive privacy protection and transparency in AI-based marketing systems. As we have seen, with increasing uses of Artificial Intelligence in digital marketing, organizations now collect and process large amounts of consumer data in the form of personality ads, recommendation systems, predictive analytics, etc. Consequently, consumers expect organizations to be clear on data collection and leadership of personal information.

Table No 2: Mean Score Analysis of Consumer Perceptions Regarding Privacy and Transparency

Sl. No.	Privacy and Transparency Factors	Mean Score	Rank
1	Companies should clearly explain how consumer data is used	4.48	I
2	Consumers should have control over their personal data	4.40	II
3	Transparency in AI systems increases consumer confidence	4.31	III
4	AI systems should obtain explicit consumer consent	4.25	IV
5	Strong privacy protection policies improve trust	4.18	V
6	Consumers should be informed when AI is used in marketing	4.10	VI
7	Lack of transparency reduces trust in online platforms	4.02	VII
8	AI-driven advertisements raise privacy concerns	3.95	VIII
9	Consumers are aware of AI-based behavioural tracking	3.82	IX
10	Current AI marketing systems provide sufficient transparency	3.45	X

INTERPRETATION:

The statement with the highest mean score of 4.48 and ranked first is the “Companies should clearly explain how consumer data is used.” It shows that consumers demand transparency through organizations about how AI collects and uses data. The opinion “Consumers should be able to control their personal data” scored 4.40, placing it second and indicates that respondents value rights to privacy and ownership of data. Furthermore, findings suggest that consumer confidence in the digital marketing system is boosted by transparency. The respondents were also in strong agreement that AI systems should seek consumer consent before collecting personal data. The lesser mean score obtained for the statement, “Current AI marketing systems provide sufficient transparency” indicates that consumers may not be satisfied with the existing transparency implementation. Consumer perception toward AI-based marketing systems is influenced by privacy protection and transparency according to the analysis.

CORRELATION ANALYSIS

The Purpose of Correlation analysis was conducted to examine the relationship between privacy protection, transparency and consumer trust in AI-based marketing systems.

H₀₂: Privacy and transparency in AI-based marketing systems do not significantly influence consumer trust.

H₁₂: Privacy and transparency in AI-based marketing systems significantly influence consumer trust.

Table No 3: Showing the result of Correlation Analysis

Pearson Correlation Analysis**			
Variables	Privacy Protection	Transparency	Consumer Trust
Privacy Protection	1	.684**	.721**
Sig. (2-tailed)	—	.000	.000
N	250	250	250
Transparency	.684**	1	.763**
Sig. (2-tailed)	.000	—	.000
N	250	250	250
Consumer Trust	.721**	.763**	1
Sig. (2-tailed)	.000	.000	—
N	250	250	250

INTERPRETATION:

In order to determine the relationship between privacy protection, transparency and consumer trust in AI-based marketing systems, Pearson correlation analysis was done. The findings show a strong positive correlation of privacy protection and consumer trust ($r=0.721$, $p<0.01$). The implementation of stronger privacy protection measures significantly improves consumer trust in AI-driven marketing platforms. The correlation of transparency and trust of consumers was found to be highly positive and statistically significant ($r=0.763$, $p<0.01$). Greater transparency in AI usage and data handling fosters consumer confidence and trust, which indicates that. A positive strong association has been found between privacy protection and transparency ($r=0.684$, $p<0.01$). Organizations with transparent AI practices are likely to ensure stronger privacy protection mechanisms and vice-versa. As all significance values are less than 0.01, the relationships of the variables are statistically significant. We reject the Null hypothesis and accept the alternative hypothesis

CHI-SQUARE ANALYSIS

The Chi-square test was used to assess the relationship between demographic variables and consumers' views on privacy and transparency of AI-based marketing systems. The study shows if the age, sex, education and occupation of consumers shape their perception towards privacy protection and transparency in AI-led digital marketing.

H₀₂: There is no significant association between demographic variables and consumer perceptions regarding privacy and transparency in AI-based marketing systems.

H₁₂: There is a significant association between demographic variables and consumer perceptions regarding privacy and transparency in AI-based marketing systems.

A. AGE AND PRIVACY PERCEPTION

H_{02a}: There is no significant association between age and consumer privacy perception.

H_{12a}: There is a significant association between age and consumer privacy perception.

Table No 4: Chi square results showing the association between Age and Privacy Perception in AI-Based Marketing Systems.

Test	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.542	6	.005
Likelihood Ratio	19.106	6	.004
Linear-by-Linear Association	7.218	1	.007
N of Valid Cases	250		

INTERPRETATION:

The Chi-Square value with 18.542 significance level is 0.005. Further, it is less than 0.05. As a result, the null hypothesis has been rejected. As a consequence, age has a considerable influence on consumer privacy perception of AI-based marketing system.

B. GENDER AND TRANSPARENCY PERCEPTION

H_{02b}: There is no significant association between gender and transparency perception.

H_{12b}: There is a significant association between gender and transparency perception.

Table No 5: Chi square results showing the association between Gender and Transparency Perception in AI-Based Marketing Systems.

Test	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.876	3	.020
Likelihood Ratio	10.214	3	.017
Linear-by-Linear Association	5.103	1	.024
N of Valid Cases	250		

INTERPRETATION:

The significance value obtained is 0.020 which is lesser than 0.05. That is why we have rejected the null hypothesis. This indicates that the perception of transparency in AI-based marketing systems is significantly related to gender.

C. EDUCATION AND PRIVACY AWARENESS

H_{02c}: There is no significant association between educational qualification and privacy awareness.

H12c: There is a significant association between educational qualification and privacy awareness.

Table No 6: Chi square results showing the association between Education and Privacy awareness in AI-Based Marketing Systems.

Test	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	22.314	8	.004
Likelihood Ratio	23.006	8	.003
Linear-by-Linear Association	8.642	1	.003
N of Valid Cases	250		

INTERPRETATION

The p-value of 0.004 is statically significant. Consumer awareness of privacy with respect to AI-based marketing systems is largely influenced by their educational qualification.

D. OCCUPANCY AND TRANSPARENCY AWARENESS

H_{02d}: There is no significant association between occupation and transparency awareness.

H_{12d}: There is a significant association between occupation and transparency awareness.

Table No 7: Chi square results showing the association between Occupancy and Transparency awareness in AI-Based Marketing Systems.

Test	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.287	6	.012
Likelihood Ratio	17.054	6	.009
Linear-by-Linear Association	6.578	1	.010
N of Valid Cases	250		

INTERPRETATION

The significance value is 0.012 which is lesser than 0.05. Therefore, we reject the null hypothesis. It infers that occupation plays a major role in consumer awareness of transparency in AI based. The Chi-square assessment reveals that the demographic parameters like age, gender, education and occupation have a significant influence on consumer perception of privacy and transparency in AI-based Marketing System. Organizations should formulate consumer-specific ethical AI communication strategies to enhance transparency, privacy awareness and trust among different consumer groups, the study shows.

RESEARCH OBJECTIVE 3:

To assess the effects of responsible AI on consumer trust and satisfaction. The analysis of the Objective deals with how responsible AI practices affect consumer trust and satisfaction in AI-enabled digital marketing system. Responsible AI framework includes ethical data usage,

transparency, privacy protection, fairness along with accountability in use of AI-based marketing operations.

Users want organizations to use AI in a responsible manner while keeping their personal data safe and being open. Thus, this study analyses the impact of responsible AI practices on consumer trust and satisfaction towards digital marketing platforms.

Table No 8: Showing the Mean Score Analysis of Responsible AI Practices.

Sl. No.	Responsible AI Practices	Mean Score	Rank
1	Protection of consumer data increases trust	4.52	I
2	Transparent AI practices improve consumer confidence	4.41	II
3	Ethical AI usage enhances customer satisfaction	4.35	III
4	Companies using AI responsibly gain better consumer trust	4.28	IV
5	Fair AI algorithms improve consumer perception	4.16	V
6	Responsible AI strengthens long-term customer relationships	4.10	VI
7	Ethical marketing practices improve brand reputation	4.04	VII
8	Consumers prefer brands with responsible AI policies	3.96	VIII
9	AI accountability positively influences purchase decisions	3.88	IX
10	Existing AI practices sufficiently protect consumer interests	3.52	X

INTERPRETATION:

The statement “Protection of consumer data increases trust” received the highest mean score of 4.52 and ranked first showing that protection of data is the most important factor affecting consumer trust towards AI-driven marketing systems. According to the 25 words perception study, the statement “Transparent AI practices boost consumer confidence.” was rated in order of importance in study usefulness. Respondents strongly agreed that ethical usage of AI enhances customer satisfaction and supports organizational image. The mean score for the statement that consumer interest is well protected by existing practices of AI is lower. It means that the consumer is not very satisfied with the responsible use of AI by organizations. Responsible Artificial Intelligence practices result in positive outcomes for consumer trust, satisfaction levels and relationships.

REGRESSION ANALYSIS

The Regression analysis was conducted to evaluate the impact of responsible AI practices on consumer trust and satisfaction.

H₀₃: Responsible AI practices do not significantly affect consumer trust and satisfaction.

H₁₃: Responsible AI practices significantly affect consumer trust and satisfaction.

Table No 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.812	.659	.654	.482

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	112.438	1	112.438	483.216	.000
Residual	58.102	248	.234		
Total	170.540	249			

Table No 11: Coefficient Table

Variables	Unstandardized Coefficient (B)	Std. Error	Beta	t	Sig.
Constant	1.124	.214		5.252	.000
Responsible AI Practices	.768	.035	.812	21.982	.000

INTERPRETATION:

The regression analysis indicates that there is a strong positive correlation between responsible AI practices and consumer trust and satisfaction. The R² of 0.659 implies that responsible AI practices can explain about 65.9 percent of the variance in consumer trust and satisfaction. This indicates that the model has a high explanatory power. ANOVA output demonstrates that the regression model is statistically significant (F=483.216, p<0.001), which states that responsible AI practices are important predictors of consumer trust and satisfaction. The coefficient of regression (B=0.768) shows that a rise in responsible AI practices results in a rise in consumer trust and satisfaction. The null hypothesis is rejected and the alternative hypothesis is accepted because the significance value is smaller than 0.05.

6. RESEARCH FINDINGS:

The research revealed that there are a number of important ethical issues related to AI-based digital marketing practices. The results showed that the most perceived ethical issues by consumers include privacy invasion, abuse of consumer data, lack of transparency and informed consent. Respondents showed great concern over the over-gathering and monitoring of personal data by AI-based marketing systems. The analysis also revealed that transparency and privacy protection are important factors in determining consumer trust in digital platforms. Correlation analysis established a positive correlation between responsible AI practices, transparency and consumer trust. The chi-square analysis revealed that age, gender, education and occupation are demographic factors that have a significant impact on consumer perceptions about privacy and transparency. Regression analysis showed that responsible AI practices had a significant difference on consumer trust and satisfaction. In sum, the research finds that ethical and transparent AI adoption is crucial to improving consumer confidence, reinforcing customer relationships and sustainable digital marketing practices.

7. RECOMMENDATIONS

To boost consumer trust and satisfaction, organizations that utilize AI-based digital marketing systems must embrace a responsible and ethical approach to AI. The companies need to be transparent and clearly tell the consumers how their personal data are gathered, processed and used in the AI-based marketing campaigns. There should be strong protection of privacy and a safe data management system to avoid misuse of consumer information and breach of data. The companies are advised to seek informed consent of consumers prior to gathering or analysing personal information. The ethical audits and observation of AI algorithm must be

carried out regularly to minimize bias, discrimination and unjust targeting. Companies must also develop explicit responsibility arrangements of AI-based marketing decisions. The consumer awareness campaign can be organized to inform users on the application of AI and privacy rights in online platforms. Moreover, policymakers and regulators ought to develop viable principles and moral principles of AI application in marketing. Ethical AI management will support organizations to establish long-term customer relationships and enhance brand credibility.

8. CONCLUSIONS

The paper concludes that AI has had a profound impact on digital marketing and consumer data analytics, allowing such functions as personalized advertising, predictive analysis and customer engagement. Nonetheless, the growing popularity of AI-based marketing systems has also come to bring significant ethical issues associated with privacy intrusion, consumer data misuse, transparency deficit, algorithmic discrimination and insufficient informed consent. The study results show that consumers are very sensitive to the ethical application of their personal data and expect organizations to be transparent and responsible in their AI practice. The analysis also found that privacy protection and transparency are significant predictors of consumer trust and satisfaction in AI-based marketing systems. Ethical use of data, transparent reporting of AI use, informed consent and accountability are responsible AI practices that have a positive effect on consumer credibility and customer relationships over time. Another important outcome of the study was that demographic factors play a significant role in influencing consumer perceptions about privacy and transparency.

Overall, the study emphasizes that ethical AI governance has become essential for sustainable digital marketing practices. Organizations must implement strong privacy protection measures, transparent communication strategies and responsible AI frameworks to enhance consumer trust, improve customer satisfaction and maintain ethical standards in the evolving digital business environment.

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