

The Impact of AI-Driven Precision Advertising on Brand Influence: A Consumer Perspective

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Abstract. With the recent development of artificial intelligence (AI), ads have started to be delivered in various other ways besides traditional media and are now highly personalised. A high-precision algorithm for AI can be used to determine what a user is interested in or requires. Research on the Impact of AI-Driven Precision Advertising on Brand Influence at the Consumer Level. In particular, by analysing the existing research and identifying problems, some corresponding suggestions will be provided based on a group of questionnaire survey data on the impact of AI-driven precision advertising on brand influence, which will be presented in the text part. Based on the results of the questionnaire, although personalised recommendations have increased the desire to purchase and brand trust significantly by showing consumers products they are interested in, liking and sharing, some consumers have also experienced privacy anxiety as a result. Therefore, it can be concluded that at present, the requirements for accuracy and ethics of algorithms vary; so, all are necessary for the sustained impact of brands and consumer confidence in the digital era.

Keywords: AI-driven precision advertising, brand influence, consumer perspective

1. Introduction

In recent years, with the rapid development of artificial intelligence, many brands and companies have gained some convenience. Therefore, the scale of the promotion has decreased, and the level of personalisation is also relatively low. According to how AI operates, the reason for the above changes is that it is a type of machine learning (ML). The technology will help process a large amount of data, discover problems and opportunities in this data, and thus design a targeted marketing plan to enhance customer engagement and return on investment (ROI) [1]. Based on the excellent computer facilities mentioned above, this paper will be able to use data and evidence to address the needs of all consumers rationally, rather than relying on intuition.

At the same time, AI is also being used to create commercial advertisements. Around 2010, most of the advertisements were billboards on the side roads. At that time, motorists and pedestrians would barely notice these messages because these billboards were very common and unappealing. However, now the information people are exposed to has changed and is more appealing. For example, a person who frequently searches for "weight loss food" will be repeatedly shown promotional advertisements for weight-loss drugs on shopping apps. Artificial intelligence can be

used to collect data and optimize the work process of marketers; at the same time, a highly targeted advertising plan will be developed to increase its appeal and conversion rate for consumers [2]. When a consumer is genuinely impressed by the product and makes a purchase based on an advertisement on a platform such as Xiaohongshu, Bilibili or Taobao, these platforms will recommend more related products to them. The above platforms show that when algorithms can accurately predict users' demands, the resulting advertisements are less intrusive and more appealing; thus, people are more willing to listen to brands.

AI is also altering the Rules of Brand Communication and Consumer Behaviour. According to the precision targeting function of artificial intelligence, relevant content will be delivered to the target group of people to increase the advertising's effectiveness and promote the spread of the brand. Therefore, the impact of a brand on people's minds is no longer determined by the quantity or frequency of exposure. Algorithms are now quite good at distributing brand information and determining which parts will reach consumers; thus, people's perception of the brand's authenticity and value may have changed due to influencer marketing. Scholars wishing to study the problem of algorithm market need to understand its changes.

However, at the same time, some problems have also arisen in the application of artificial intelligence to advertising. From the consumer's perspective, the problems of both the effectiveness and ethical boundaries of this are particularly pronounced. When people are aware that all the advertisements they see are personalised, they feel watched. This may cause the public to avoid or be less fond of the brands mentioned in these advertisements out of fear. Therefore, one needs to explore the psychological path connecting AI-driven precision advertising and brand influence, as well as other kinds of associations with brands. In short, although the advantages of artificial intelligence are obvious, this paper also needs to protect the privacy and security of users and find a suitable balance in the application of artificial intelligence.

2. The correlation analysis of AI-driven precision advertising and brand influence

2.1. Paradigm shift: the old paradigm – traditional advertising and the new paradigm – AI driven advertising

Compared with the traditional "casting a wide net" advertising strategy, the AI driven advertising model has undergone a transformation, making content more attractive to individual consumers. The model of traditional advertising is "media centric", which is limited in media, while AI driven advertising is "user centric", which can follow the "digital footprint" of users and deliver information according to the psychological characteristics and purpose of users' behaviors [3]. This "from broad to precise" shift will become the basis for analyzing the advantages of AI driven advertising methods in the future. It will change advertising from an intrusive process that disrupts users and generates information noise to one less intrusive that can be customised to meet user needs and deliver information in a targeted way.

2.2. Core advantages of AI precision advertising

The biggest benefit to AI-powered advertising precision delivery is that the content they deliver are the ones that consumers are interested in. This type of consumer appeal is not necessarily a result of endorsement or a compelling ad design, but rather from an individual consumer's behaviour – liking and forwarding on social media. In an advertisement context, this means that the individuality of artificial intelligence in advertising can impact purchase intention, satisfaction, and brand loyalty, as

AI delivers content pertinent to consumer interests and activities, resulting in a more engaging and satisfying consumer experience. The data of the questionnaire survey in this article proves the above point of view (Figure 1). Results show that consumers are generally satisfied that the content presented by AI-optimized ads is what they like or need, leading them to believe more in the brand presenting the ad. Some respondents have a negative attitude towards the correlation between the perceived delivery of the ads, their interests and brand influence, but overall the data indicates that there is a strong positive correlation between their interests and their intentions to purchase. It's clear that more than 45% of respondents are agree or strongly agree to the statement that accurate recommendations make them more likely to make a purchase, showing that the usefulness of recommendations is high enough to convert business. In short, there are a few doubts, but on the whole, the consumers have indeed grown more trusting in the brand that they see in advertisements that they believe are more in line with their interests.

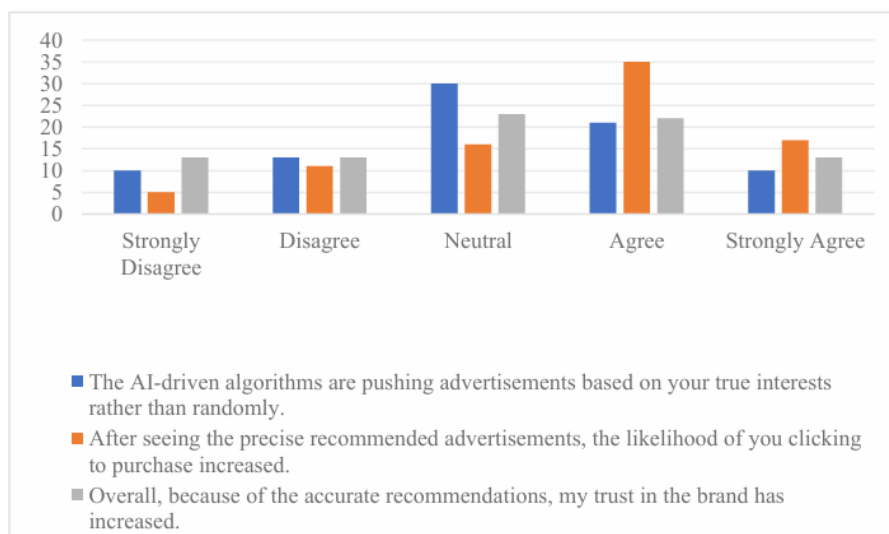


Figure 1. The respondents' perception of AI-driven advertising and the relevant impact on brand influence

Picture credit: Original

Therefore, why is AI so precise in capturing consumers' psychological needs and interests? The answer lies in the efficient data analysis of AI technology and the behavior of consumers on the Internet. AI has the ability to integrate advanced personalized technologies, which can enhance customer satisfaction by providing content that closely matches individual consumer needs and behaviors. A typical instance is that when users enter some text in the search bar of social media, they will find relevant terms appearing in the "recommendations" section for a period of time afterwards. In consumers' opinion, this personalization is closely related to more precise customer segmentation and interaction, which can enhance their immediate satisfaction. In other words, consumers will have a psychological satisfaction of being seen and noticed. In terms of business, the convenience brought by artificial intelligence is reflected in the improvement of enterprise return on investment (ROI). In the machine learning driven mode, in-app advert placement can be done at large scale and automated, therefore previously human resources that would need to publish and promote advertisements can be saved, and designers don't even need to rack their brains to create eye-catching advertising content. However, all AI has to do is suggest these products to the customer and they regularly buy these products. Not because some promotion or some advertising has

attracted them, but because they like or need it. Together, these predictive analyses and AI technologies allow marketers to fine-tune marketing campaigns, facilitate one-to-one interactions with consumers, and cut down on advertising waste, which can lead to tangible ROI gains. Plus, another study will illustrate this perspective. The outcome of this study is summarized as: The use of personalized marketing strategies based on AI has brought significant benefits in customer segmentation and in enhancing the effectiveness of interactions, including an increase in conversion rates of up to 8 to 12 times compared to the average of the category and a reduction in media costs of 40 to 60 percent [4, 5]. AI algorithms use huge data on user behavior to push ads, reduce advertising expenses, dynamically adjust marketing plans, and maximize ROI on advertising campaigns, as seen above

3. Impact mechanism on brand influence

Artificial intelligence can offer some customised services to help people be more aware of or remember a certain brand and its products, thereby expanding the brand's influence and recognition [6]. Artificial intelligence is also being used in influencer marketing to achieve the same end. AI-powered personalised services can accurately identify influential internet figures who are popular with the public and align their promotion activities with people's interests. For example, when a beauty influencer is very popular, the brand will contact that influencer to work together. Big Data analysis will be used to find the target users based on their behaviour patterns, and then videos or live streams from these internet celebrities will be sent to them. Thus, it will be more likely that the users will like the internet celebrities and brands, pay more attention to them, and learn about the brands in greater depth. This cognitive reinforcement is a type of brand influence that can convert passive exposure into a positive brand preference and first impression.

Precision advertising powered by artificial intelligence can address the consumer's resistance psychology directly through altered perceptions. Most people are not fond of excessive advertisements, and thus they begin to dislike all advertisements. Polishing and optimising AI can help alleviate the problem of information overload, and at the same time, marketing information will be tailored to meet the current needs of consumers; they will no longer be aware that they are watching advertisements. Therefore, an AI marketing assistant can make this information more convenient for the public to obtain and reduce the burden on consumers to make choices themselves; at the same time, personalised and timely services will likely lessen people's negative perceptions of advertising [7]. Consumers do not need to be aware of the demand for a particular good before searching for and purchasing it. At the same time, AI can help us find good products in advance and buy them conveniently. Optimising the consumer's decision-making process to increase their trust in and satisfaction with the brand, thus motivating them to buy it more often, boosting both brand awareness and emotional connection to the brand. When consumers are able to enjoy the content according to their actual interests and it is not a general advertisement, they feel that the brand cares about them more and thus develop an emotional attachment to and trust in the brand.

4. Existing problems: users' privacy concerns and the demand for the right to know

Although the advantages of AI-powered precise advertising are well-known, before promoting further development of this technology and meeting the demands of users more effectively, its present problems need to be addressed. According to a study in Morocco, although users are aware that personalised content is relevant, their participation is more likely to occur if they feel in control of their own data and value privacy more highly than if the target positioning is highly accurate [8].

Therefore, the brand needs to be sensitive to the issue of privacy and know why people feel this way. As shown in Figure 2, the following serious problems have been pointed out by users in relation to privacy and security during the process of artificial intelligence advertising placement. The data do not show a clear supporting or opposing attitude. On the contrary, it is a common "hesitation" emotion; people want convenience but are also afraid of being watched. Approximately 30 per cent of the respondents named this exact cause of their complaint as being "too intrusive". As a result, it can be seen that for this group of users, the cost of algorithm data collection has exceeded the convenience they receive, and when they learn that their behaviour data is being used without their knowledge, their lack of trust will be further damaged. More studies have shown that some consumers feel that too much personalisation is intrusive; thus, they are hesitant about how their data will be used [9]. In other words, if the brand cannot handle the data properly and openly, it will no longer be able to attract more attention from the public through the original methods.

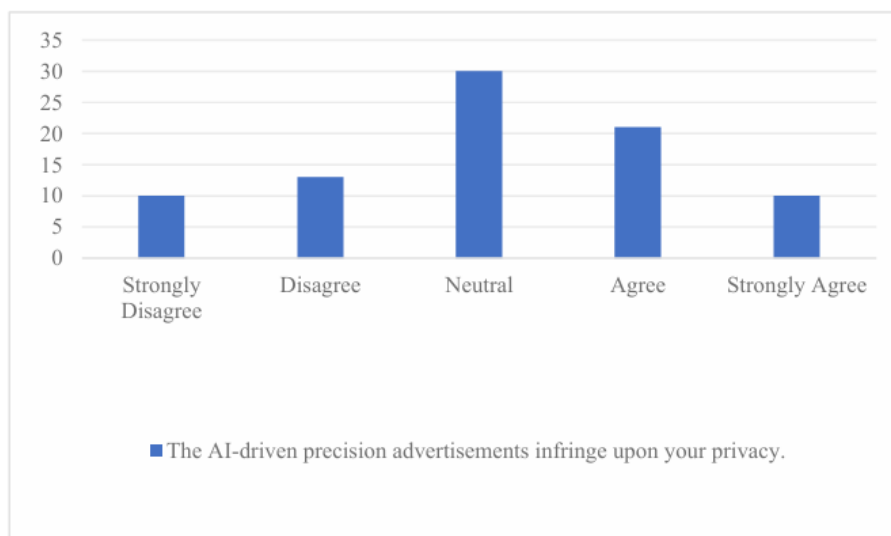


Figure 2. Respondents' reflections on the AI-driven precision advertising

Picture credit: Original

The reason for the privacy concern is that people are worried about what has been purchased. For example, at a certain time, a user may find that they have purchased too many items they like but do not need and thus begin to question why they made such a purchase. When the public learns that the excessive consumption they are observing is, in fact, the result of artificial intelligence-driven manipulation of their desires and needs, they start to feel that they are being monitored and misled. The fear of the unknown is also included here. The process by artificial intelligence is generally opaque and cannot be disclosed, so an effective system for governance and consumer protection has not been established; privacy risks are relatively high. As a result, people are aware that their digital footprints are constantly being collected, organised and commercialised without their knowledge, so they feel very vulnerable and strongly resist this change.

5. Optimisation paths: enhance transparency in data application and strengthen regulations on cross-border flows of AI products

To reduce the risk of disclosure for privacy of users' personal information, the company needs to specify what information will be collected by personalised AI services. All Brands need to develop

their own ethical standards and, above all, respect the right to know and choose by the public. This is no longer about meeting the law. Explain the reasoning behind the AI's choice in an advertisement and inform the audience of this reason. The platform will publish a list of all the data that will be used for advertising and provide an option to opt-out of data collection or adjust preference settings easily. It is necessary to minimise the amount of data collected by the company at the same time. In other words, only keep the data required to provide services and stop or delete any internal collection of this information after using the data. Strengthen the regulation and supervision of the industry. The Design of the relevant system should consider the impact of artificial intelligence-driven personalisation on market regulation and, at the same time, take into account how artificial intelligence technology will affect the business sector [10]. The Data collection required for institutional management is not extensive; limit the amount of data AI collects and employs. Otherwise, people also need to regulate the "wall-crossing" behavior of AI in business strictly, such as some brands that use algorithms to obtain users' data from shopping platforms or even listen to recordings of users' phone calls. Apply mature information governance practices to the ethical problems of artificial intelligence, rebuild fragile trust, and enhance the level of ethical governance for artificial intelligence. The current users are not unintelligent; they can tell whether they are being treated as "traffic" or as "people". True ethical governance should not be about adding convenient compliance code in the background to pass an inspection; instead, people need to strengthen the inspection system and impose severe penalties so that the brand can "self-regulate". To strengthen governance, the company should voluntarily apply the brake pedal of "empathy" on the highway of pursuing efficiency. Although this braking measure may reduce the speed of commercialisation, it is in fact to prevent the brand from losing the trust of its users entirely. In short, the combination of moral restraints and institutional supervision will address the public's demand for privacy by protecting their "right to know" and "inner peace". The above measures are not to restrict personalised advertising by artificial intelligence; rather, they are to ensure that this efficient and convenient form of advertising will be carried out openly and transparently.

6. Conclusion

Artificial intelligence has changed how brands communicate with the public, and now many more targeted, user-oriented and predictive media-buying models have replaced the old method of large-scale, all-encompassing disruption. As shown in the above analysis, one problem in this process is that although personalised services have increased efficiency and user convenience, many people have also raised concerns about privacy and loss of freedom.

Machine learning can be used to reduce market noise, alleviate the fatigue of consumer choice, and foster a sense of community among the people. However, this accuracy is also a two-edged sword. If the algorithm is too accurate and lacks transparency, people may find it "creepy". Consumers do not feel understood; instead, they feel that they are being watched and therefore view the instrument of increased intimacy with suspicion.

Therefore, the brand will no longer be strong simply by virtue of advanced algorithms; rather, active management of the data should be introduced. Therefore, the intervention of the system will also be required at this time. Only when the commercial system can strictly regulate and severely penalise cross-border transfer of data by AI will it be fully trusted by the public. With institutional constraints, brand marketers have to prioritize clear agreement and explainable logic over pure predictive ability. Ultimately, in an algorithm dominated market, competitive advantage will belong to brands that can balance commercial precision with truly respecting user boundaries. They not only ensure user loyalty through relevance, but also through trust.

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