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Role of AI-Based Personalization in Enhancing Customer Engagement in Digital Marketing at Hexite Technologies Private Limited, Chennai

S.K. Ahil Dharshan
II MBA, Department of Management Studies
St. Xavier's Catholic College of Engineering (Autonomous)
Chunkankadai, Tamil Nadu, India

Dr. G. S. Subi Mol
Assistant Professor, Department of Management Studies
St. Xavier's Catholic College of Engineering (Autonomous)
Chunkankadai, Tamil Nadu, India

Abstract

In today's highly competitive digital environment, organizations are increasingly adopting Artificial Intelligence (AI) technologies to deliver personalized customer experiences and strengthen customer engagement. AI-based personalization tools such as recommendation engines, predictive analytics, AI chatbots, email personalization, and generative AI content have transformed digital marketing by enabling businesses to understand customer preferences, predict behavior, and provide tailored interactions in real time. This study examines the effectiveness of AI-driven personalization strategies in influencing customer engagement, purchase intention, satisfaction, and retention with special reference to Hexite Technologies Pvt. Ltd., Chennai. The study adopts a descriptive and analytical research design with primary data collected through a structured questionnaire from 97 respondents using convenience sampling. Statistical tools including Garrett Ranking Method, Kruskal–Wallis Test, and Pearson Correlation Analysis were employed. Findings reveal that recommendation engines and AI chatbots are the most preferred tools, positively influencing purchase intention and satisfaction. The Pearson Correlation analysis identifies a strong positive relationship ($r = 0.862$, $p < 0.01$) between AI-based personalization and customer retention, proving that effective personalization strategies significantly contribute to customer loyalty and long-term engagement.

Keywords: AI-Based Personalization, Customer Engagement, Digital Marketing, Recommendation Engines, Customer Retention, Garrett Ranking, Pearson Correlation

Introduction

The speed at which digital marketing has developed has caused significant changes in the way organizations conduct their marketing activities. As competition becomes more intense, providing a personalized customer experience has become crucial. Businesses can no longer rely on mass marketing techniques alone; the current marketing environment requires organizations to create personalized experiences for each customer in order to build and maintain customer loyalty.

The introduction of artificial intelligence-based personalization tools has provided organizations with strategic advantages in the digital marketing arena. AI-based tools — including recommendation engines, predictive analytics, chatbots, automated marketing systems, and customer data platforms permit organizations to analyze large amounts of customer data and deliver personalized experiences in real time. This study presents a comparative assessment of AI-powered personalization applications used in digital marketing at Hexite Technologies Pvt. Ltd., Chennai, evaluating their effectiveness in engaging customers using key performance indicators and empirical data.

Hexite Technologies Pvt. Ltd. is a technology firm located in Chennai, India, that utilizes digitization, automation, and Artificial Intelligence as the primary medium for delivering results-oriented marketing services. The company's AI brands include ZenXai, ZenVoice, and Zenchat. This study addresses the growing academic and practical need to understand which AI-based personalization strategies yield the greatest improvements in customer engagement, purchase intention, satisfaction, and retention.

Literature Review

A growing body of literature has examined the intersection of AI-based personalization and customer engagement in digital marketing. Ame et al. (2025) applied the S-O-R model to AI-driven personalization in social media, revealing that consumer perceptions of usefulness and trust mediate engagement outcomes, despite privacy apprehensions. Alghaswyneh (2025) examined AI personalization within Saudi Arabia's Vision 2030 framework, underscoring AI's transformative potential in enhancing customer interaction, satisfaction, and loyalty through tailored experiences.

Moqaddem (2025) critically reviewed AI's role in personalization from 2020 to 2025, emphasizing hyper-personalized strategies that elevate engagement and conversion rates, while flagging challenges related to data ethics and regulatory compliance. Chintalapati and Pandey (2022) synthesized 71 studies and confirmed AI's efficacy in driving engagement via recommendation systems and chatbots, with quantifiable improvements in customer retention.

Kumar et al. (2021) demonstrated that personalization algorithms increase customer engagement by 20–30% through micro-targeting and lifecycle orchestration. Huang and Rust (2021) outlined AI's evolution through mechanical, thinking, and feeling stages, highlighting how predictive analytics and emotional AI transform customer journeys. Davenport et al. (2020) linked personalization engines and predictive tools to heightened customer engagement and sales uplift, while emphasizing explainability and bias mitigation as key challenges.

Research Design

This study employs a descriptive and analytical research design to evaluate the role of AI-based personalization in enhancing customer engagement in digital marketing at Hexite Technologies Pvt. Ltd., Chennai. The study was conducted over a period of three months from January 2025 to April 2025.

Sample Design

The population comprises customers of Hexite Technologies Pvt. Ltd. who have experienced or are aware of AI-based personalization services. The sample size was determined using the standard formula: $n = Z^2 \times p \times (1 - p) / e^2$. A sample size of 97 respondents was arrived at. Convenience sampling was employed, selecting respondents based on their availability and willingness to participate.

Data Collection

Primary data were collected through a structured questionnaire covering demographic details, familiarity with AI tools, purchase intention and buying behavior, customer satisfaction towards AI-personalized content, and customer retention indicators. Secondary data were obtained from academic journals, company reports, and credible online sources.

Research Objectives

- To identify the AI tools and technologies used for personalization in digital marketing.
- To examine how AI-based personalization influences customer purchase intention and buying behavior.
- To study customer satisfaction levels towards AI-personalized advertisements and content.

Statistical Tools

Garrett Ranking Method: Applied to rank AI-based personalization tools based on customer preferences, converting ordinal rankings into interval scores using the Garrett formula. Kruskal–Wallis Test: A non-parametric test used to examine significant differences in purchase intention and customer satisfaction across customer groups categorized by years of association with the company. Pearson Correlation Analysis: Used to measure the strength and direction of the linear relationship between AI-based personalization and customer retention.

Hypothesis

- H_0: There is no significant difference among years of being customers with respect to customer purchase intention and buying behavior.
- H_1: There is no significant difference among years of being customers with respect to customer satisfaction towards AI-personalized advertisements and content.
- H_2: There is no significant relationship between AI-based personalization and customer retention.

Table 1 Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	74	76.3
	Female	23	23.7
Age Group	21–30	43	44.3
	31–40	26	26.8
	41–50	18	18.6
	Above 50	10	10.3
Customer Experience	Less than 1 Year	82	84.5
	2 Years	14	14.4
	3 Years	1	1.0

Source: Primary Survey

The majority of respondents belong to the 21–30 age group (44.3%), reflecting a sample dominated by young, digitally engaged individuals. The gender distribution is skewed, with 76.3% male and 23.7% female respondents. A significant proportion (84.5%) have been customers for less than one year, indicating a predominantly newly acquired customer base at Hexite Technologies.

Table 2 Garrett Ranking Analysis – Preferred AI Personalization Tools

AI Tool / Service	Total Garrett Score	Average Score	Rank
Recommendation Engines (Amazon Personalize, Google Recommendations AI)	7469	77	1
AI Chatbots (WhatsApp bot, live chat)	6111	63	2
Predictive Analytics (CleverTap, Braze)	5238	54	3
Email Personalization (Klaviyo, Persado)	4462	46	4
Marketing Suite Ads (Meta Business Suite)	3589	37	5
Generative AI Content (Jasper, HeyGen)	2231	23	6

Source: Primary Survey

The Garrett Ranking analysis was used to identify the most preferred AI-based personalization services at Hexite Technologies. Recommendation Engines secured the 1st rank with the highest average Garrett score of 77, indicating they are the most preferred service among customers. AI Chatbots ranked 2nd with a score of 63, reflecting the high value customers place on real-time personalized interaction. Predictive Analytics obtained the 3rd rank (score: 54), while Email Personalization ranked 4th (score: 46). Marketing Suite Advertisements and Generative AI Content were ranked 5th and 6th respectively, with scores of 37 and 23.

Table 3 Kruskal–Wallis Test – Purchase Intention and Buying Behavior

Purchase Intention Variable	< 1 Year	2 Years	3 Years	Chi-square	p-value
Personalized product recommendations improve purchase likelihood	48.12	55.96	24.00	1.880	0.391
AI-driven ads match interests and motivate buying	49.07	47.61	63.00	0.323	0.851
Browsing history suggestions increase purchase inclination	49.25	44.46	92.00	2.889	0.236
Personalized emails increase intention to shop	47.89	53.57	76.00	1.544	0.462
Customized website enhances overall buying experience	48.69	48.89	76.00	0.977	0.614
AI personalization boosts engagement leading to more purchases	49.38	43.82	90.00	2.838	0.242

Source: Primary Survey

The Kruskal–Wallis test results indicate that all p-values across purchase intention variables exceed the 0.05 significance level, confirming no statistically significant difference in purchase intention and buying behavior among customers with different durations of association. The null hypothesis is therefore accepted, indicating that AI-driven personalization strategies are uniformly effective across all customer groups regardless of tenure.

Table 4 Kruskal–Wallis Test – Customer Satisfaction Towards AI-Personalized Content

Satisfaction Variable	< 1 Year	2 Years	3 Years	Chi-square	p-value
Relevance of Personalized Ads	48.18	51.21	85.50	2.008	0.366
Accuracy of Recommendations	49.73	43.54	65.50	1.032	0.597

Content Quality and Usefulness	49.47	43.64	85.50	2.462	0.292
Customer Perceived Value	49.08	46.93	71.50	0.801	0.670
User Experience Satisfaction	50.49	39.36	62.00	2.311	0.315
Ad Intrusiveness Level	48.18	50.75	92.00	2.724	0.256
Trust in AI Personalization	49.07	45.64	90.50	2.639	0.267
Privacy Concerns	50.31	40.96	54.00	1.574	0.455
Overall Satisfaction with Digital Experience	49.21	45.25	84.50	2.033	0.362

Source: Primary Survey

The Kruskal–Wallis test results for customer satisfaction reveal that all p-values are greater than 0.05 across all satisfaction dimensions. The null hypothesis is accepted, confirming that satisfaction towards AI-personalized content is consistently distributed across all customer segments regardless of their years of association with the company.

Table 5 Pearson Correlation Analysis – AI Personalization and Customer Retention

	AI-Based Personalization	**Customer Retention**
AI-Based Personalization – Pearson Correlation	1.000	0.862**
AI-Based Personalization – Sig. (2-tailed)	.	.000
Customer Retention – Pearson Correlation	0.862**	1.000
Customer Retention – Sig. (2-tailed)	.000	.

Source: Primary Survey

** Correlation is significant at the 0.01 level (2-tailed)

The Pearson correlation analysis reveals a strong positive correlation ($r = 0.862$, $p < 0.001$) between AI-based personalization and customer retention. The null hypothesis is therefore rejected, establishing that effective AI-based personalization significantly enhances customer retention and long-term loyalty.

Findings

- The majority of respondents (76.3%) are male, and most (44.3%) fall in the 21–30 age group, indicating high engagement with AI-based marketing among young male adults.
- A significant proportion (84.5%) have been customers for less than one year, confirming a strong base of newly acquired customers at Hexite Technologies.
- Recommendation Engines are the most preferred AI personalization tool (Garrett score: 77), followed by AI Chatbots (score: 63), reflecting customer preference for relevant suggestions and real-time personalized communication.
- Predictive Analytics and Email Personalization hold moderate preference among respondents, while Marketing Suite Ads and Generative AI Content ranked lowest.
- The Kruskal–Wallis test indicates no significant difference in customer purchase intention across customer groups (all p-values > 0.05), confirming uniform effectiveness of AI personalization regardless of customer tenure.
- Customer satisfaction towards AI-personalized advertisements and content does not significantly

differ across customer groups, suggesting consistent satisfaction levels irrespective of years of association.
- The Pearson correlation analysis establishes a strong positive relationship ($r = 0.862$, $p < 0.01$) between AI-based personalization and customer retention, proving that personalized experiences significantly improve customer loyalty.
- Overall, the findings confirm that AI-based personalization plays a crucial and consistent role in enhancing customer engagement, purchase intention, and long-term retention in digital marketing.

Suggestions
- Hexite Technologies should further strengthen its recommendation engine systems, as they are the most preferred and impactful personalization tool among customers.
- AI chatbot functionalities should be enhanced by improving responsiveness, personalization depth, and conversational quality to sustain the strong preference customers already hold for them.
- The quality and relevance of generative AI content should be improved to increase customer acceptance and trust, as this tool currently ranks last in customer preference.
- Customer retention strategies such as loyalty programs and personalized offers should be implemented to convert the large base of newly acquired customers into long-term clients.
- Since customer behavior is consistent across all tenure groups, a unified AI personalization strategy can be effectively deployed across all customer segments.
- Privacy and data security concerns should be proactively addressed to build trust among users regarding AI-driven personalization systems.
- Greater emphasis should be placed on predictive analytics to anticipate customer needs and improve the timing and targeting of marketing communications.
- A balance between AI automation and human interaction should be maintained to ensure the overall customer experience remains warm, responsive, and satisfaction-oriented.

Conclusion

This study establishes that AI-based personalization is a critical driver of customer engagement, purchase intention, satisfaction, and retention in the context of Hexite Technologies Pvt. Ltd., Chennai. The Garrett Ranking analysis confirms that recommendation engines and AI chatbots are the most valued personalization tools, offering customers relevant and real-time personalized interactions. The Kruskal–Wallis tests demonstrate that AI personalization strategies are uniformly effective across all customer groups regardless of their tenure with the company, underscoring the consistency and scalability of these strategies. Most importantly, the Pearson correlation analysis reveals a strong positive relationship ($r = 0.862$) between AI-based personalization and customer retention, confirming that personalized digital experiences are a key predictor of long-term customer loyalty. Overall, the study highlights that organizations investing in advanced AI personalization technologies can achieve improved customer engagement, stronger brand relationships, and sustainable competitive advantage in the evolving digital marketing landscape.

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