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THE PSYCHOLOGY OF CONSUMER TRUST IN AI-BASED MARKETING

~ *Sneha Singh*

Abstract

Artificial Intelligence (AI) has significantly transformed modern marketing by enabling businesses to analyze consumer data, personalize advertisements, predict consumer behaviour, automate customer interactions, and provide real-time recommendations.

While AI-based marketing can improve efficiency and create personalised consumer experiences, its effectiveness largely depends upon consumer trust. Trust is a psychological condition that influences whether consumers are willing to accept, use, and rely upon AI-driven marketing systems. This manuscript examines the psychological factors that shape consumer trust in AI-based marketing. It focuses on perceived competence, transparency, privacy, fairness, reliability, personalisation, human involvement, and perceived risk. The manuscript argues that consumers do not develop trust merely because an AI system is technologically advanced. Rather, trust develops when consumers perceive the system as accurate, understandable, fair, secure, and beneficial. Excessive personalisation, unclear data collection, algorithmic bias, and the absence of human interaction may reduce consumer confidence. The manuscript further examines how cognitive and emotional responses influence consumer acceptance of AI-driven recommendations and advertisements. It concludes that businesses should adopt a human-centered approach to AI-based marketing by combining technological efficiency with transparency, ethical data practices, consumer control, and meaningful human interaction.

Building psychological trust should therefore be regarded as a strategic requirement rather than merely a technological challenge.

Keywords: Artificial Intelligence, Consumer Trust, AI Marketing, Consumer Psychology, Personalisation, Privacy, Perceived Risk, Digital Marketing, Consumer Behaviour.

Introduction

Artificial Intelligence has become an important component of modern marketing. Businesses increasingly use AI to understand consumer preferences, analyze large amounts of data, predict purchasing behaviour, recommend products, generate advertisements, communicate through chatbots, and personalize customer experiences. AI enables marketers to process information much faster than traditional marketing systems and to make data-driven decisions. However, technological capability alone does not guarantee consumer acceptance. Consumers must be willing to interact with AI systems and rely upon the information, recommendations, advertisements, or decisions produced by those systems. This creates an important psychological question: why do consumers trust some AI-based marketing systems while distrusting others?

Consumer trust refers to the willingness of an individual to rely upon another party or system despite uncertainty or potential risk. In AI-based marketing, trust may involve the consumer's belief that the AI system will provide accurate recommendations, protect personal information, operate fairly, and act in a manner consistent with consumer expectations. For example, when an online shopping platform recommends a product based on a consumer's previous searches, the consumer may perceive the recommendation as useful and relevant. However, the same consumer may feel uncomfortable if the recommendation appears excessively personal or if they do not understand how the platform obtained information about them. Thus, AI creates a psychological paradox. The more personalised marketing becomes, the more useful it may appear, but excessive personalisation can also increase consumer concerns about privacy and surveillance. The relationship between AI and consumer trust is therefore complex because it involves both cognitive and emotional processes. Consumers evaluate whether AI is competent and reliable while simultaneously experiencing emotions such as confidence, comfort, fear, uncertainty, or suspicion.

Concept of AI-Based Marketing

AI-based marketing refers to the use of artificial intelligence technologies to perform or support marketing activities. These technologies include machine learning, natural language processing, predictive analytics, recommendation systems, AI chatbots, generative AI, automated advertising, customer segmentation, and sentiment analysis. AI can assist businesses in understanding consumer behaviour by analyzing information such as browsing patterns, purchasing history, search behaviour, engagement patterns, and preferences. For example, an e-commerce company may use AI to identify that a consumer frequently

purchases fitness-related products. The system may subsequently recommend sports shoes, fitness equipment, or other fitness-related products. The objective of AI-based marketing is generally to deliver the right message to the right consumer at the right time. However, the psychological response of the consumer determines whether such marketing will be perceived as helpful or intrusive.

Understanding Consumer Trust

Trust is one of the fundamental elements of consumer behaviour. A consumer generally trusts a marketing system when they believe that the information provided is accurate, the system is reliable, their personal information is reasonably protected, the organisation will not intentionally deceive them, the system operates fairly, the recommendation provides genuine value, and they retain some control over their interaction with the system. In traditional marketing, trust may develop through brand reputation, interpersonal communication, previous experience, and word-of-mouth recommendations. AI-based marketing introduces a new dimension because the consumer may be interacting with an algorithm rather than a human marketer. Consequently, consumers must evaluate both the business behind the AI system and the AI technology itself.

Psychological Foundations of Consumer Trust in AI

Consumer trust in AI-based marketing can be understood through several psychological factors. One of the most important factors is perceived competence. Consumers are more likely to trust AI when they perceive it as competent. If an AI recommendation is accurate and useful, the consumer develops confidence in the system. For example, if a music application consistently recommends songs that match a consumer's preferences, the consumer may begin to believe that the AI understands their interests. Repeated successful experiences can create positive expectations and strengthen trust. In contrast, repeated inaccurate recommendations may produce frustration, reduce confidence, and eventually result in distrust.

Another important factor is perceived reliability. Reliability refers to the consistency of the AI system. Consumers expect an AI marketing system to behave predictably. If a chatbot provides different answers to similar questions or repeatedly makes incorrect recommendations, consumer confidence may decline. Reliability becomes particularly important when consumers make financial or other important purchasing decisions. A reliable system reduces psychological uncertainty and creates greater willingness to interact with the technology.

Transparency and Explainability

One of the most important psychological factors affecting AI trust is transparency. Consumers may ask why they are seeing a particular advertisement, why a product was recommended to them, what data was used, or how the AI system knows their preferences. If consumers receive no explanation, they may perceive AI as a "black box." A lack of transparency can create uncertainty and suspicion. For example, if a consumer searches for a particular product once and immediately begins receiving advertisements for that product across multiple platforms, the consumer may wonder how their information is being used. Businesses should therefore provide understandable explanations regarding AI-driven recommendations and advertising. Transparency can reduce uncertainty and strengthen trust.

Privacy and Psychological Safety

Privacy is closely connected with consumer trust. AI marketing depends heavily on data, and businesses may collect and analyze information concerning consumer behaviour, preferences, interactions, and purchasing patterns. Consumers may therefore experience a psychological conflict in which they want personalised services but do not want to lose control over their personal information. This conflict can be described as the personalisation-privacy paradox. Consumers appreciate relevant recommendations but may become uncomfortable when personalisation becomes excessive. For example, personalised marketing may initially be perceived as convenient, but if consumers believe that a company knows too much about their personal activities, the same personalisation may become disturbing. Privacy protection therefore contributes to psychological safety and can significantly influence consumer trust.

Perceived Risk

Trust and risk are closely connected. Consumers are more likely to trust AI when they perceive the risks associated with its use as low. Potential risks include privacy loss, financial loss, incorrect recommendations, manipulation, identity-related risks, data misuse, algorithmic discrimination, and unwanted surveillance. When perceived risk increases, consumer willingness to rely upon AI may decrease. Therefore, businesses should identify and reduce the risks that consumers associate with AI marketing. A reduction in perceived risk can create greater confidence and encourage consumers to interact with AI-based marketing systems.

Personalisation and Consumer Psychology

Personalisation is one of the major advantages of AI-based marketing. AI can analyze

consumer behaviour and create customised recommendations. For example, a consumer may search for running shoes and an AI system may identify the consumer's interest and recommend different running shoes. Such personalisation can save time and increase convenience. However, personalisation can have both positive and negative psychological effects. Consumers may feel understood, valued, recognized, and assisted when recommendations are relevant. On the other hand, they may feel monitored, manipulated, observed, or exposed when personalisation becomes excessive. Therefore, personalisation must be carefully designed. The objective should not simply be maximum personalisation but appropriate personalisation that provides value without making the consumer feel uncomfortable.

Human-AI Interaction

Although AI can automate many marketing functions, consumers still value human interaction. Human involvement may increase trust when consumers face complex or sensitive issues. For example, an AI chatbot may answer a basic question regarding product availability, but a consumer dealing with a complaint, financial issue, or complicated problem may prefer to communicate with a human representative. This suggests that businesses should not necessarily attempt to replace human interaction completely. A human-AI hybrid model can combine AI efficiency with human empathy, technological accuracy, and human judgement. Such a model may improve consumer confidence and provide consumers with greater psychological comfort.

Emotional Factors in AI Trust

Trust is not purely rational. Consumers also experience emotions while interacting with AI. Positive emotions may include comfort, satisfaction, confidence, curiosity, and convenience, while negative emotions may include fear, anxiety, suspicion, frustration, and helplessness. For example, a consumer may understand that an AI recommendation is technically accurate but still feel uncomfortable because the system appears too intrusive. Therefore, successful AI marketing must consider both cognitive trust and emotional trust.

Businesses should understand not only whether their AI systems work effectively but also how consumers feel while interacting with them.

Algorithmic Fairness

Consumers may lose trust if they believe AI systems treat people unfairly. AI systems learn

from data, and if the underlying data contains biases, AI-driven marketing decisions may reproduce or reinforce those biases. Consumers may therefore question whether advertisements, prices, recommendations, or promotional opportunities are being distributed fairly. Perceived fairness can influence brand reputation. A consumer who believes that an AI system discriminates against certain groups may not only distrust the technology but may also lose trust in the company using it.

Fairness should therefore be an important element of responsible AI marketing.

The Role of Brand Reputation

Consumer trust in AI is also influenced by the reputation of the organization using the technology. Consumers may be more willing to trust AI systems operated by companies they already consider reliable. Strong brand reputation combined with transparent AI practices can create greater consumer confidence. In contrast, weak brand reputation combined with opaque AI practices may create distrust. This demonstrates that AI trust is not isolated from traditional marketing concepts. Brand image, corporate reputation, customer experience, and ethical conduct continue to influence consumer perceptions.

Cognitive Trust and Emotional Trust

Consumer trust can broadly be divided into cognitive and emotional dimensions. Cognitive trust is based on rational evaluation. Consumers consider whether the AI is accurate, reliable, useful, secure, and consistent. Emotional trust develops from feelings. Consumers consider whether they feel comfortable using the system, whether they feel safe, whether they feel respected, and whether they feel that the company understands their needs. Successful AI marketing should address both dimensions. A system can be technically excellent but emotionally uncomfortable for consumers. Therefore, technical performance combined with psychological comfort can create stronger consumer trust.

Consumer Autonomy and Control

Consumers are more likely to trust AI when they feel that they retain control. Consumer control may include the ability to modify preferences, reject recommendations, opt out of certain marketing activities, understand why content is being shown, manage data permissions, and request human assistance. Consumer autonomy reduces feelings of helplessness. When consumers believe that AI is controlling their choices rather than assisting them, resistance may increase. Therefore, AI should ideally function as a decision-support mechanism rather

than as a psychological force that manipulates consumers.

AI Marketing and Consumer Manipulation

The ability of AI to predict consumer behaviour creates important ethical concerns. AI may identify psychological patterns and use them to influence purchasing decisions. For example, an AI system may identify that a consumer is more likely to purchase a product when presented with scarcity messages such as limited-stock notifications. While persuasion is a normal part of marketing, excessive psychological targeting may create concerns about manipulation. The ethical question is therefore when personalised persuasion becomes psychological manipulation. Responsible AI marketing should maintain a reasonable balance between business objectives and consumer autonomy. Marketing should influence consumers through relevant information and value rather than through excessive exploitation of psychological vulnerabilities.

The Trust Development Process

Consumer trust in AI-based marketing can be understood as a gradual process. First, the consumer becomes aware of AI-based marketing. Second, the consumer forms an initial perception of the technology. Third, the consumer interacts with the AI system. Fourth, the consumer evaluates its accuracy, usefulness, privacy, fairness, and reliability. Fifth, the consumer develops an emotional response such as confidence, satisfaction, anxiety, or suspicion. Finally, these experiences may result in trust or distrust. If the experience is positive, the consumer may continue using the system, purchasing products, engaging with the brand, and developing long-term loyalty.

Conceptual Framework

The psychology of consumer trust in AI-based marketing can be understood through a conceptual relationship between AI characteristics, psychological evaluation, consumer trust, and consumer behaviour. AI characteristics such as perceived accuracy, transparency, personalisation, privacy protection, fairness, reliability, and human support influence the consumer's psychological evaluation. This evaluation includes perceived usefulness, perceived risk, perceived control, emotional comfort, and confidence. These psychological factors influence consumer trust, which can subsequently influence AI adoption, purchase intention, engagement, and brand loyalty. Therefore, consumer trust acts as an important link between the technological characteristics of AI marketing and the behavioral responses of

consumers.

Research Propositions

Based on the above discussion, it can be proposed that perceived accuracy of AI-based marketing positively influences consumer trust. Transparency in AI-based marketing is also expected to positively influence trust because consumers may feel more confident when they understand how AI systems operate. Strong privacy protection is likely to strengthen trust, while perceived risk is likely to negatively influence trust. Appropriate personalisation may increase trust by making marketing more useful and relevant, whereas excessive personalisation may reduce trust by creating feelings of surveillance. Perceived fairness and consumer control are also expected to positively influence trust. Human support may further strengthen consumer confidence, particularly in situations involving complex or sensitive issues. Finally, greater consumer trust in AI-based marketing is expected to increase purchase intention, engagement, and long-term brand loyalty.

Managerial Implications

The discussion has several implications for marketing managers. Businesses should prioritise transparency and provide consumers with understandable explanations about why particular recommendations or advertisements are shown. Companies should also adopt strong privacy practices to reduce consumer anxiety.

Personalisation should be used carefully so that it creates value without making consumers feel monitored. Businesses should provide human alternatives when AI cannot adequately address consumer concerns. AI systems should also be regularly evaluated for fairness and potential bias. Consumers should be given meaningful control over their preferences, data, and interactions with AI systems. These practices can strengthen psychological trust and create more sustainable relationships between consumers and businesses.

Ethical Dimensions of AI-Based Marketing

AI-based marketing raises several ethical questions relating to consent, privacy, transparency, fairness, accountability, autonomy, and manipulation. Businesses should consider whether consumers understand how their data is being used and whether they have meaningful control over that use. Companies should also ensure that AI systems operate fairly and that responsibility is clearly established when an AI system produces an incorrect or harmful outcome. Ethical AI marketing should therefore be based on the principle that technological efficiency must not undermine consumer dignity and autonomy. The purpose of AI should be

to improve consumer experience rather than exploit consumers through hidden or excessive psychological influence.

Challenges in Building Consumer Trust

Several challenges may affect the development of consumer trust in AI marketing. One challenge is the lack of understanding of how AI systems work. Consumers may find algorithmic processes difficult to understand, creating uncertainty. Data privacy concerns may also reduce trust because consumers may be worried about the collection and use of personal information. Algorithmic bias can create concerns about discrimination and unfair treatment. Excessive automation may make consumers feel disconnected from businesses because they have limited human interaction. Over-personalisation can make consumers feel monitored, while AI errors can quickly damage confidence. Consumers may also fear that AI is being used to manipulate their purchasing decisions. Businesses must therefore address these challenges if they want to build long-term consumer trust.

Future of Consumer Trust in AI Marketing

The future of AI-based marketing will depend not only on technological development but also on psychological acceptance. As AI becomes more sophisticated, consumers are likely to increasingly interact with AI-generated content, virtual assistants, recommendation systems, and conversational marketing tools.

Future marketing strategies will therefore need to focus on trustworthy AI. Companies may increasingly need to demonstrate how AI works, how consumer data is used, how decisions are made, how errors are corrected, and how consumers can exercise control. The future of AI marketing is therefore likely to move from simply asking what AI can do to asking what consumers are willing to trust AI to do.

Conclusion

Artificial Intelligence has fundamentally changed the marketing environment by enabling businesses to personalize communication, predict consumer behaviour, automate interactions, and generate data-driven recommendations. However, the success of AI-based marketing depends significantly upon consumer trust. Consumer trust is a psychological phenomenon influenced by perceived accuracy, reliability, transparency, privacy, fairness, personalisation, perceived risk, emotional comfort, and consumer control.

Consumers do not automatically trust an AI system merely because it is technologically

advanced. They evaluate whether the system is useful, reliable, understandable, secure, fair, and respectful of their autonomy.

The central challenge for marketers is therefore to balance personalisation with privacy, automation with human interaction, efficiency with transparency, and persuasion with consumer autonomy. AI-based marketing should not be designed solely around the objective of increasing sales. It should also focus on creating a trustworthy relationship between consumers, technology, and businesses. When consumers believe that AI is working for them rather than acting upon them, trust is more likely to develop.

Thus, the psychology of consumer trust should become an essential component of AI marketing strategy. The future success of AI-based marketing will depend not only on the intelligence of algorithms but also on the confidence, comfort, and trust of the human beings who interact with them.