Improving Marketing Personalization with AI How Self Congruency Influences Consumer Engagement

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ABSTRACT

The study investigates the complex relationship between self-congruity (perceived fit between one's values or personality with a brand), customer engagement, and marketing personalization while examining how AI can enhance personalization strategies. Customer engagement is observed as a major consequence of self-congruity, the compatibility between a consumer's brand image and his or her self-concept. Consumers who feel a brand represents their values and sense of self-interest are becoming ever more likely to try the products or services connected. This depth of engagement is reinforced by marketing personalization, where outbound and inbound experiences behave to the consumer according to their preferences on offers.

Keywords: Artificial Intelligence, Marketing Personalization, Self-congruity, Customer Engagement

INTRODUCTION

In today's business world, it is more important than ever for organizations to look for ways to outcompete their rivals. While marketing communication aims to motivate consumption by encouraging the consumer to buy particular products or services, managerial knowledge, and decision-making need information on consumers' needs and levels of satisfaction. In marketing communication activities, firms obtain new customers and sometimes make certain that their clients are content with their supplying goods and services (Asgary et al., 2024).

This kind of speed in technological advancement alters the pattern in which businesses organize and execute operations easily and effectively. The technological advancement that has come with innovations is among the most pronounced impacts on marketing personalization notable today; Artificial Intelligence. AI thus allows firms to leverage insight into data to present very personalized advertisements and experiences to their customers as pointed out by Gujar (2024).

Babatunde et al. (2024) posit, that AI is central to personalization in sales promotion with features such as natural language proving helpful to decipher the sentiment of the buyers from their reviews and social media activity, to improve the interaction strategy.

With marketing personalization, the content is either directly entered by the users or deduced from what is known about the user. It not only contributes to the likes of marketing and promotions but also determines and controls the behavior of consumers. A study conducted at the University of Texas has it that consumers are gradually embracing personalization because it helps to make consumption decisions less complex (Gujar, 2024). Nevertheless, to practice marketing personalization that engages clients and drives sales, some form of interaction or relationship between the firms and the consumers must first be set by the latter (Babatunde et al., 2024). Customer interaction which can be defined as a process of developing affection through receipt of multiple and meaningful contacts is also crucial for this process. However, for such engagement to be effectively established, various perspectives as to the customers' attitudes, preferences, and loyalty must be considered by businesses. In the same respect, there is self-congruity which is the extent to which the perceived image of a brand matches with consumer's self-image. Rabbanee et al., (2020) point out that

consumers tend to interact with brand personalities that have characteristics similar to their ego states.

Since consumer' engagement is central to any company and marketing communication, the latter has to consider customers' preferences. This research focuses on developing knowledge of how self-congruity affects marketing personalization and consumer engagement. Knowledge of consumer behavior is relevant in the formulation of effective marketing strategies that would promote organizational relationships.

Marketing as we know it is the business function that identifies customer needs and then delivers the product or service that meets those needs. It encompasses the role of acquiring new customers but it also encompasses the role of maintaining the customers that a firm has. It fits perfectly in today's world of marketing as it analyses data about the consumer and the market to seek out patterns. This can enable the businesses to get the best kind of marketing strategies that they require to get high engagement from prospective customers as well as to increase the level of profitability in the business. For instance, today's platforms like Shopee incorporate AI to suggest products and fine-tune advertisements according to users' experience to increase the chances of customers finding the products they need, and enhance customer loyalty (Madan et al., 2022).

LITERATURE REVIEW

Relationship between Marketing Personalization and Customer Engagement

TikTok utilizes a variety of marketing personalization techniques to improve engagement with the consumer and remove waste from advertising. A data-driven social media platform watches what users do on the app (liking and sharing posts or watching full-time), which algorithmically molds followers' feeds to their interests. One of the methods that TikTok uses to deliver relevant content is through its algorithmic recommendations which serve a customized "For You" page for each user making sure it reflects indications based on your past behaviors and interests. TikTok has so much user data that it allows its advertisers to target demographics in age, location, and interests on a detailed level through targeted advertising. What's more, TikTok includes interactive tools including polls and challenges as well as branded hashtags to drive participation from users, plus the creation of fun customized campaigns for brands. Using influencers who have already built trust with your ideal customers is pretty much a no-brainer when it comes to traditional partnership strategies. Nothing to say about how these strategies can together contribute hugely towards increasing user experience and effectiveness of personalized marketing on TikTok (Levering, 2023).

According to Gesmundo et al. (2022), personalization on TikTok is basically due to its algorithm. This algorithm tracks what a user does on the application and updates their "For You" feed based on their activities and interests. Whatever category of content people show interest in, may it be traveling, food, sports, or beauty, is a result that determines video-specific content based on exposure an individual gets on TikTok. It greatly helps to increase user engagement by selecting and organizing videos to match each person's interests.

The average consumer receives many marketing messages every minute with advertisements from television, radio, and digital platforms like social media and banners. Not all consumers are the same, everybody has different interests and preferences. Since people have different preferences, personalized marketing has become an effective way to connect more deeply with individuals. This will allow the companies to interact directly with the customer, leading to better engagement and increased loyalty. It is easier for the customers to connect with the brand, given that the messages come in based on their interests.

Impact of self-congruity to customer engagement

A study by Nur et al. (2023) says TikTok's features and strengths help its e-commerce grow a big user base and keep customers happy and loyal. If an online store can improve how customers see their brand, it can make them even more loyal. Using TikTok to sell online is a clever thing to do because it may make viewers want to buy the items advertised. Partnering with famous brands is also another way to attract shoppers to the app.

Lay (2021) says self-congruence, or how well a product matches a person's self-image, can make customers happier. This idea can help marketing strategies, like selling health products, work better to encourage people

to buy through the app. However, it has been demonstrated that customers who make purchases that are more in line with their clarifications on the kinds of people who are more or less likely to spend in a way that aligns with their personality, as well as the moderating effects on the happiness benefit of such consumption, could inform policies aimed at enhancing happiness on a group level.

Self-congruity is about how well a person's self-image matches a brand's personality. It has three types: actual self (how someone sees themselves), ideal self (how they want to be), and social self (how they want others to see them). When people feel a brand reflects who they are, they tend to like it more and stay loyal to it (Chieng et al., 2022).

Artificial Intelligence in Marketing Personalization and its benefits of AI for businesses

Rosales et al. (2020) discuss the initial stages of the adoption of AI in the Philippines, highlighting its applications in marketing such as targeted advertising, customer segmentation, and predictive analytics. They note that AI-powered tools are recognized for their potential to enhance marketing strategies, despite the country's initial slow adoption rate. McKinsey reports that AI could automate nearly half of the work activities in Southeast Asia, including 48% in the Philippines. This automation impacts various sectors, including marketing, by enabling businesses to use Chabot and AI-driven customer interactions, improving efficiency and customer experience. The Philippines aims to leverage AI to maintain its strong position in customer service by integrating advanced technologies while emphasizing the importance of human touch points in customer relationship management.

According to Sree and Prathapkumar (2023), AI has the potential to revolutionize personalized marketing by enabling businesses to tailor their marketing strategies to individual customer preferences and behavior. AI-powered tools can analyze customer data, identify patterns, and deliver customized offers and content, resulting in increased client loyalty and engagement. Using tools driven by AI to analyze By analyzing consumer data and seeing trends, companies can adjust marketing tactics to suit certain tastes and actions. By providing pertinent content, this individualized strategy increases client engagement and loyalty. As a result, businesses attract more consumers who feel understood and valued, leading to increased sales and sustainable growth. AI's ability to refine marketing efforts in real-time based on consumer interactions further strengthens its impact, making it an invaluable tool for businesses aiming to thrive in competitive markets.

Girdhar (2023) discusses the impact of AI on various marketing techniques, including content creation, predictive analytics, and personalization can increase the efficacy and efficiency of marketing strategies resulting in accelerated corporate expansion. Using data collecting, analysis, and extra audience or economic trend insights, AI marketing leverages AI technologies to make automated judgments. It is often used in marketing efforts where speed is essential, such as in data analysis, natural language processing, media buying, automated decision-making, content generation, and real-time personalization (Nalini et al., 2021)

In their work, Satapathy and Nanda (2023) focus on the changes that AI brings to marketing, which helps businesses achieve the goal of engaging with and maintaining customers. Application of AI aids in functions such as Predictive Analysis, Customer Interaction Management, and efficient functioning in the Marketing domain in the continuously evolving digital environment.

Oliver (2023) points out that applications of AI involve ways of enhancing customers' emotions, a significant rise in satisfaction, and the incorporation of personalized customer relations. Another aspect of AI integration involves the examination of customers' data, processing trends using language processing and also machine learning, and then offering pertinent recommendations for better service.

Kagada (2024) also investigates the positive impact that may come from organizations' implementation of AI in business, these include efficiency in performing mundane tasks, analytical tasks, and customization of marketing information and content. The use of AI can assess millions of records within a short period compared to the timeframe a human would take and would provide in-depth information that would otherwise be unachievable through manual means. It also enables organizations to tailor their messages and the content that is delivered concerning marketing to specific clients depending on their preferences and activity, which

results in high-impact marketing and high customer engagement

Government Initiatives in Supporting E-Commerce, MSME Development, and AI Integration

The Philippine government has been actively promoting technological advancements, particularly in the areas of e-commerce and AI, as role of its wide agenda to support economic growth and improve competitiveness. The Philippines Department of Trade and Industry (DTI) and TikTok established a cooperation in June 2024 to improve e-commerce. Secretary Pascual stressed that the goal of this partnership is to dramatically expand the digital economy, which will help both consumers and businesses, especially the studies of micro, small, and medium-sized enterprises (MSMEs). Through increased accessibility to e-commerce platforms, the alliance has the potential to open excellent positive job circumstances that create opportunities and improve the competitiveness of Philippine products on the global stage (Department of Trade Industry, 2024).

To support the E-Commerce Philippines 2025 Roadmap, expand market access in rural areas, and empower MSMEs, this relationship is imperative. To "revolutionize production sectors, generate high-quality employment opportunities, and elevate the competitiveness of Philippine products on the global stage," Secretary Pascual stated that collaboration is essential (Department of Trade Industry, 2024).

Furthermore, TikTok has received praise from the DTI for its dedication to the e-commerce Memorandum of Understanding (MOU) offered by the Philippine Intellectual Property Office. This MOU intends to combat online counterfeiting and piracy, creating a safer e-commerce environment for both customers and brand owners. All things considered, this partnership highlights how important digital platforms are to helping MSMEs and improving the e-commerce environment in the Philippines (Department of Trade Industry, 2024).

The government is also promoting the use of AI. (Barbers,2023) House Bill No. 7396, or "Promoting AI Development and Regulation in the Philippines," aims to ensure that AI is applied equitably while protecting citizens' rights by creating a well-defined framework for its use. Above all, the bill stays in the role of AI in matters dealing with enhancement, efficacy, and improvement in public service as well as in industry and economic growth.

Additionally, House Bill No. 10457, known as the (Artificial Intelligence Development Act), "seeks to establish a national strategy for AI development by creating the National Center for Artificial Intelligence Research (NCAIR)". This bill focuses on ethical regulations, workforce development, and support for workers affected by AI technologies. It also intends to institutionalize and support the DTI's AI roadmap. This Act provides plans for improving infrastructure, research and development capacities, workforce training, securing intellectual property rights, and encouraging the responsible and ethical deployment of AI technologies.

The need to prepare the Filipino workforce for the difficulties of the Fourth Industrial Revolution (FIRe) has also been acknowledged by the government. The "Philippine Digital Workforce Competitiveness Act" (Republic Act No. 11927) is one initiative that aims to give workers the digital skills they need to succeed in an AI-driven economy. This Act aims to increase Filipino workers' employability abroad by boosting their knowledge of cutting-edge technology like automation and AI. It is a calculated action to guarantee that the Philippines maintains its competitiveness in the rapidly changing global digital market.

The Philippine Digital Workers Competitiveness Act, also known as Republic Act No. 11927, focuses on training the country's workers to meet the demands of automation and AI to deal with the changing digital landscape. To ensure Filipino workers' competitiveness in the global labor market, this Act encourages them to upskill to international standards in technology-driven businesses (Lawphil, 2022).

Current and future trends and risks of using AI in Marketing Personalization

According to Oliver (2023), there are several current and future trends in the use of AI to boost profitability and enhance operations. Currently, AI is being used to streamline operations, reduce costs, improve productivity, and enhance customer experiences through personalization and data analysis. Additionally, AI is helping to improve marketing efforts by optimizing targeting, messaging, and measurement. It points out that

generative AI is getting better at making human-like content, AI can handle various types of data, and edge computing is improving performance. Deep learning and AI are being used more in healthcare, cybersecurity, and climate change solutions. It also emphasizes the growing importance of responsible AI governance and ethical considerations, the potential of quantum machine learning to solve complex problems, and the evolving AI regulations focused on safety, compliance, and ethical use.

Republic Act No. 11927 stresses the need for achieving a suitable form of preparedness for the Philippine workforce given the call for changes resulting from the technological advancements being spurred by digitalization, AI, and Automation.

The top three issues among retailers in 2019 as found in the Studies in AI can guide also trend conversation commonly known as "chatbots AI" and it can be used in personalized marketing and technology applications are omnichannel retailing, technology adoption, and customer loyalty. Smart conversational agents like artificial intelligence chatbots (Chatbot-AI) that connect with messenger applications like social media apps like Facebook Messenger and intelligent assistants with Apple's Siris and Amazon's Alexas are examples of some of the intelligent agents that have been developed before. Hence, where the frequency of using these media increases with SMEs, the marketer may have further opportunities to use them to communicate with the target consumers.

Also, the International Trade Administration states that according to PwC and McKinsey, AI can deliver major opportunities to the economy in the future. Southeast Asian countries like the Philippines should get ready for the large-scale automation of many tasks by 2030. This will boost the region's GDP and promote economic growth (EDBI and Kearney, 2020).

Research gap

There's not enough research on how AI helps marketing in the long run, like in different industries, privacy concerns, and how it affects small versus big businesses. Understanding these things is important for businesses to use AI well and stay competitive. More research is needed on how AI impacts marketing, like protecting data, getting customer permission, and using AI fairly. Teaching more about AI, improving our systems, and making strong rules with the government will help businesses compete better with AI. Also, solutions are needed to keep AI from replacing jobs in Philippine marketing while creating new jobs.

Aim of the Study

This study aims to explore how AI-driven personalized marketing impacts consumer engagement, particularly when the brand's personality aligns with the consumer's self-image (self-congruity). While AI offers businesses new ways to personalize their marketing, there is limited research on its long-term effects on consumer engagement and self-congruity. This research seeks to fill that gap and provide businesses with insights that can improve customer loyalty and satisfaction. Additionally, the study addresses important issues such as privacy, ethical AI use, and the economic impact of AI on marketing, with a special focus on emerging markets like the Philippines.

Problem Statement

As AI-driven personalized marketing was confirmed effective there are still gaps in knowing what will be the long-term effects. The rapid implementation of AI-driven personalization marketing as it was part of innovation raises many challenges that need to be considered. This research aims to provide information through a deeper analysis of personalized marketing using AI. Understanding its use, challenges, and effect on the consumer's preferences.

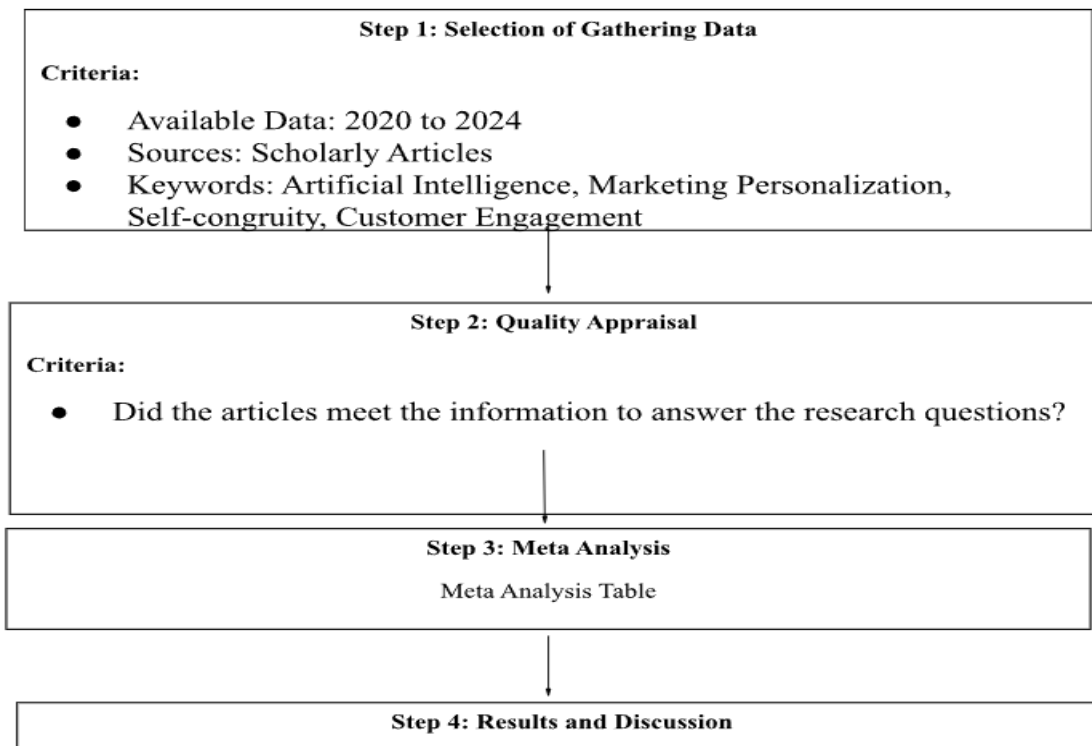**This research aims to assess the following:**

1.   To what extent does the alignment between brand personality and consumer self-image (self-congruity) influence consumer engagement with personalized marketing content?
2.   What challenges do businesses encounter when implementing AI-driven personalization strategies in

marketing, particularly regarding privacy, ethics, and maintaining human interaction?

3.   How are government initiatives in the Philippines facilitating the development and ethical implementation of AI technologies in marketing, and what impact do these initiatives have on business efficiency and consumer trust?

METHODS

The researchers gather information for the study to provide solutions and possible answers for the statement of the problem. Researchers use meta-analysis and systematic literature review as they both aim to provide insights into a certain topic by systematically gathering data and analyzing related studies, (Mayfield, 2024). This process will distinguish the relationship between AI-driven marketing personalization, self-congruity, and customer engagement (Upadhyaya, 2024). The research relies on secondary data from existing studies to determine the possible solutions for each statement of the problem. Researchers use academic platforms such as Google Scholar, and Research Gate that possess at least 80 to over 100 citations to ensure reliable and valuable insights for this study. Other than that, researchers also gathered some information from other credible sources like dictionaries, news, and Philippines Government websites. Information gathered was used to identify the effect of self-congruity in customer engagement, a comparison between AI-powered personalized marketing and traditional marketing, diminishing the effect of consumers' characteristics in self-congruity, marketing personalization, and customer engagement that was enhanced by AI, and government initiatives supporting AI development. The data collection guides researchers to attain solutions and answers to research problems, (Yadav et al., 2024).

Step 1: Selection of Gathering Data

Criteria:

- Available Data: 2020 to 2024
- Sources: Scholarly Articles
- Keywords: Artificial Intelligence, Marketing Personalization, Self-congruity, Customer Engagement

Step 2: Quality Appraisal

Criteria:

- Did the articles meet the information to answer the research questions?

Step 3: Meta Analysis

Meta Analysis Table

Step 4: Results and Discussion

Figure 1. Data Gathering and Preparation

RESULTS

In this part, researchers discussed the key topics of the research problem statement. Researchers also provide information that supports the findings of the research. In the table below the researchers were able to discuss the summarized results and were able to evaluate the following topics; the Influence of Brand-Consumer Self-Congruity on Engagement with Personalized Marketing, Effectiveness of AI-powered vs. Traditional Personalization in Enhancing Consumer Engagement, Consumer Characteristics Moderating Self-Congruity

and AI Personalization on Engagement, Challenges in AI-Driven Personalization: Privacy, Ethics, and Human Interaction, Government initiatives in the Philippines for ethical AI implementation in marketing and their impact on business efficiency and consumer trust.

Table 1. Influence of Brand-Consumer Self-Congruity on Engagement with Personalized Marketing

Title	Citations	Summary	Themes and Description
Factors affecting consumer engagement on online social networks: self-congruity, brand attachment, and self-extension tendency (Rabbanee, et al.,2020).	117	Self-congruity looks to create a more specific brand figure. It's usually the reason for a product to be more familiar, marketable and to be more visible in the present day in many media. This causes more people to be knowledgeable and oriented in the advertised brand figure (Rabbanee, et al.,2020).	Self-congruity Self-congruity makes the brand match what people see in themselves. It helps the product become more familiar, easier to sell, and more noticeable in media. Brand Attachment: Where determined when one's brand image is interactive with the buyers. Consumer Engagement: A way for the company to orient and inform consumers about the brand and goods. Social Media: A tool to show the brand to more people. It helps consumers learn about and interact with the product
The Impact of Self-Congruity and Virtual Interactivity on Online Celebrity Brand Equity and Fans' Purchase Intention (Lui et al., 2020).	209	When a brand's image complements the consumer's self-image, that person can easily connect with the brand. Brands are more interesting to buy and can easily pursue others. It can be much stronger, more effective, and more interactive with the buyers and works better if the product is also of high quality (Lui et al., 2020).	Brand Equity: Described as the self-image of a company. Purchase Intention: Are created when consumers' preference and self-identity connect with the brand image. People are more likely to buy something if it fits their style or personality. When a brand feels like it's a part of them, they want to buy it. Celebrity Branding: Use famous people to make a brand more interesting. Famous people can make people want to buy the brand. Virtual interactivity: Refers to using social media and online platforms to create consumer engagement.

Source: Processed by authors

The alignment between a brand's personality and a consumer's self-image (self-congruity) strongly affects how much a consumer engages with personalized marketing content. When a consumer feels that a brand's personality matches their self-image, they are more likely to interact with the brand's content, by liking, sharing, or commenting. For example, Rabbanee et al. (2020) found that when a consumer's self-image aligns with the brand, they engage more with the brand's posts. Similarly, Liu et al. (2020) showed that when consumers identify with the image of online celebrities, they feel more connected to the brand and are more

likely to buy. These studies show that when brands match consumers' self-image, they engage more with the marketing content and develop a stronger connection with the brand.

Table 2. Challenges in AI-Driven Personalization: Privacy, Ethics, and Human Interaction

Aspect	Analysis	Themes and Description
Privacy concerns (Economic Times, 2023; Fazlioglu, 2024; Soni, 2024; Glassbox, 2024)	The combination of AI in marketing creates extensive data collections that increase some privacy concerns for it could lead to possible britches and misuse of information (Economic Times, 2023). "A study indicates that 81% of consumers were afraid that their information will be used in an unintended way" (Fazlioglu, 2024). In addition, without straightforward consent, some of the consumers are uncomfortable with the length of information collected from them (Soni, 2024). To create trust and to adhere to the regulations is a must for a company. Transparent and strong data protection measures must be prioritized by companies and businesses (Glassbox, 2024).	Data Privacy: The individual's extensive information that was gathered raises concern to the individual for it could lead to misuse of data. Consumer Trust: A crucial thing for businesses to work on because it is an individual's perception of the business (Economic Times, 2023; Fazlioglu, 2024; Soni, 2024; Glassbox, 2024).
Ethical Concerns (Wu et al., 2022).	Ethical dilemmas arise from balancing personalized marketing with consumer rights. Businesses are urged to implement anonymization techniques and conduct regular audits to maintain ethical standards (Wu et al., 2022).	Ethical Marketing: A marketing treatment that balances both company assets specifically the information gained and consumer's rights. Consumer Rights: The individual's right to be in control of the data and information that is going to be collected, kept, and used.
Human interaction concerns (Bulchand-Gidumal et al., 2023).	Effective strategies that require combining AI with human insight for the enhancement of customer engagement without creating an interaction that may feel mechanical or intrusive is a must to keep up human interaction for it is crucial for AI personalized experience (Bulchand-Gidumal et al., 2023).	Human-Centric Marketing Engagement: A type of AI-powered customer engagement or interaction that focuses and values the consumer's feelings to create a good AI personalized experience

Source: Processed by authors

AI-driven Marketing was built to create a better relationship with consumers but as effective as it was a new challenge arose. One of the challenges was privacy concerns, consumers were afraid for it is collecting immeasurable data without explicit consent could lead to the misuse of information. Because of the potential

privacy invasion (Economic Times, 2023). For ethical concerns, businesses are urged to give way to ethical considerations by balancing the benefits of personalization in marketing using AI (Wu et al., 2022). Also, for human interaction concerns, to create a better relationship and the avoidance of mechanical or intrusive ambiance for the consumers there is a must for the use of some effective strategies that are related to integrating AI into human insight for it is crucial for businesses to keep on maintaining human interaction as AI personalized experience (Bulchand-Gidumal et al., 2023).

Table 3 Government initiatives in the Philippines for ethical AI implementation in marketing and their impact on business efficiency and consumer trust.

Title	Summary	Themes and Description
Government updates AI roadmap (Monzon, 2024)	The Philippine Department of Trade and Industry (DTI) shortly will establish the National AI Strategy Roadmap 2.0 (NAISR 2.0) and the Center for AI Research (CAIR) to make a better country with AI skills. The proposal will target how to use AI in a liable way, expand the economy, and figure out social problems. The Philippine leader in AI will focus on public service and the daily life of the people (Monzon, 2024).	Ethical Governance: The treatment of the government to keep the Ethical use of AI Economic Growth: The impact of using AI for the development of the economy Public Services: A rendered service to keep on monitoring the use of AI
Philippines launches National AI Strategy Roadmap, Center for AI Research (Ortiz, 2024)	The Philippine government, with help from NEDA and DTI, is using AI to make the economy better, with support from the Asian Development Bank. These plans, backed by a law called the Tatak Pinoy Act (Republic Act No. 11981), want to use AI to make businesses run better and help the economy grow. The goal is also to improve life for Filipinos (Ortiz, 2024).	AI Adoption: Using artificial intelligence to make things work better and faster in different areas. Economic Growth: Improving and growing the country's economy by using new ideas and technology. Government Initiatives: These are stepping the government takes to help improve the country, like making new rules or programs.
Economic Impact Report: Growing the Philippines' AI Opportunity with Google (Luca_Oneill, 2024).	Artificial intelligence can assist the Philippines' economy to expand a lot with a huge enlargement in GDP as used in separate industries. It's more crucial to develop people's Digital skills so they can use AI properly, so people can work faster, and can easily create jobs. AI also can help consumers trust their business and improve at gathering what consumers need (Luca_Oneill, 2024).	Economic Potential: The aptitude of the economy to keep on growing using digital skills. Digital Skills Training: A treatment to improve the use of AI for more efficient work and to create more jobs.

Lawmaker renews call for agency to regulate AI. (Tolentino, 2024).	House Bill No. 7396 recommended generating a group called the Artificial Intelligence Development Authority (AIDA) to be in charge of the development of AI and make sure in fairness and responsibility. The bill focuses on essential ideas like understanding, organizing, and securing consumer privacy when using AI. It will focus on organizing the business with the help of AI, and also how they upgrade while building trust with consumers by using AI responsibly (Tolentino, 2024).	Regulatory Framework: are set of guidelines to use AI properly. Responsible utilization of AI, especially in securing consumer privacy and sustaining the fair, responsible, and ethical use of AI.
		Ethical Standards: Were the supportive principles that needed to be considered to adhere to the proper use of AI.

Source: Processed by authors

The Philippine government wants to use AI (artificial intelligence) in a way that helps businesses do better and makes people trust them. One plan is to create the National AI Strategy Roadmap 2.0 and the Center for AI Research, which will teach the country more about AI, help the economy grow, and improve people's lives (Monzon, 2024). The Philippine government wants to use AI (artificial intelligence) to help businesses grow and make the economy better. This plan is supported by the government and the Asian Development Bank required by the Tatak Pinoy Act (Republic Act No. 11981), which aims to enhance innovation, strengthen the economy, and improve the lives of Filipinos through the strategic adoption of AI (Ortiz, 2024). The Artificial Intelligence Development Authority (AIDA) with House Bill No. 7396. This group will make rules to make sure AI is used fairly, and safely, and does not hurt people's privacy. The goal is for AI to help businesses and people while keeping everyone safe (Tolentino, 2024).

DISCUSSION

Users' behavior and preferences were gathered to perform and provide real-time personalization for AI to achieve sophisticated data analysis (Gujar, 2024). Not similar to traditional marketing that only depends on the broad demographics of the consumers, with the help of AI-driven personalization, by aligning the values of interest of the consumers, businesses can create good relationships and connect to their consumers (Babatunde et al.,2024).

One of the concepts of self-congruity emphasizes that the thing to do to increase engagement and brand loyalty is to make the brand's image align with the consumer's self-image. For consumers to feel seen and valued it is important to make personalized marketing content that would reflect the customer's identity (Liu et al, 2020). One of the accurate examples that adjusts their content for consumers is the TikTok algorithm. The "For You" page was adjusted based on the past interaction of the user, which boosted engagement by giving a more tailored experience (Gesmundo et al., 2022).

But as AI personalization creates some great advantages for the business, The paper addresses some of the arising serious ethical and privacy concerns caused by extensive data collection. Consumers feel worried about the range and use of their personal information which conflicts with consumers' privacy preferences caused by data requirements for accurate personalization (Soni,2024). This can also be called a personalization privacy paradox that needs customization for conflicts with privacy concerns (Glassbox, 2024). Businesses were required to maintain transparency with the consumers about gathering or collecting their information, and businesses were encouraged to implement strong privacy safeguards to prioritize data protection (Wu et al. 2022). Meaning to build trust with consumers, companies, and businesses must balance their personalized marketing benefits with the consumer's data protection.

The government in the Philippines promotes the responsible use of AI with their initiatives that proposed

legislation such as House Bill No. 7396 and the National AI Strategy Roadmap. The purpose of this program was to make the Philippines the leader in ethical AI development, by focusing on the improvement in business efficiency, creating jobs, and also to boost economic growth (Monzon, 2024; Tolentino, 2024). The roadmap emphasizes the guidelines for using AI ethically in the field of marketing, and ensures the alignment of practices of businesses with the public expectation of privacy and transparency, for this way not only promotes sustainable growth but also strengthens consumers' connection and trust.

CONCLUSIONS

Marketing personalization using AI provides benefits to businesses it improves consumer engagement through tailored marketing strategies. When combined with self-congruity theory, AI technologies allow brands to collect and gather information to align their marketing efforts with consumers' identities, fostering deeper emotional connections and driving consumer loyalty. The research demonstrates that self-congruity plays a critical role in influencing consumer engagement. Brands that align with consumer self-concepts enjoy higher engagement levels and stronger customer relationships. AI enhances this alignment by analyzing consumer data and delivering personalized content that resonates with consumers' identities. However, businesses must also consider the ethical implications of AI, making sure that their use of AI would not cause misuse of information. Avoiding breaches can be done by transparent, strong data protection measures is a must to create trust, assuring consumers that businesses and companies adhere to the regulations and respect consumer privacy.

RECOMMENDATION

To make customer engagement better, businesses should understand how a person's view of themselves, like who they are now and who they want to become, affects their choices. Direct communication with customers through focus groups or interviews can give such information. Advanced AI tools should be utilized by companies to learn how customers behave and what they would need shortly so that the company improves how it markets people and enhances satisfaction. With tools such as social media, email, and app notifications combined, customers tend to receive the same message about the brand wherever they go. It's also important for companies to use customer data carefully and honestly so people can trust them, which can lead to better engagement. Studying how personalized marketing affects customer loyalty over time would show how well these strategies work. Researching how different industries use personalized marketing can help companies connect better with customers. Looking at government policies that help small businesses with e-commerce and AI could be useful too. The customer's feedback on personalized marketing efforts can also help the companies to improve their plans and through these, companies will be able to keep their customers happier, satisfied, and more connected to them.

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