

# Building customer loyalty with a little help from AI

**It's been a hard few years for consumer loyalty. Firms' ability to personalize their offers will be key to building it back.**



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Brand loyalty is critical to growth and building business sustainability, and retaining an existing customer is much more profitable than attracting a new one. In addition, loyal customers tend to recommend the brand and are less sensitive to price fluctuations. Loyalty,

therefore, contributes to the financial stability of companies, with a recurring customer base ensuring the stable revenues that are essential to long-term planning.

But with Gen Z making up the least loyal generation of consumers, the challenges to overcome are significant. IESE Prof. [José Luis Nueno](#), holder of the [Intent HQ Chair on Changing Consumer Behavior](#), co-authored a study with Alfonso Urien, looking at 473 million transactions in Spain in 2023 and giving special analysis to [how AI is revolutionizing consumer loyalty](#) in different sectors.

## The role of artificial intelligence in bringing customers back

The main contribution of AI to fostering loyalty is through its ability to personalize the experience. It revolutionizes how companies can interact with their customers, and it can reduce barriers in the buying process. To achieve this transformation, organizations must consider the following aspects:

- **Human nature:** Consumer loyalty is based on habits and feelings. An emotional connection increases profitability, as engaged customers spend more and are more loyal. How can your AI tools help create a warm, fuzzy feeling in customers?
- **The personalization of communication:** Generative AI allows you to tailor messages and create dialogues in real time, making interactions more relevant and meaningful.
- **Behavioral models:** AI helps predict consumer behavior and reduce friction, improving the customer experience and fostering loyalty.
- **Observation, privacy and trust:** The use of personalized data poses privacy challenges, but technologies such as perimeter computing and digital twins enable personalized experiences while respecting privacy.

### About the research

The research was conducted by examining a combination of financial transaction data. This spending data was obtained through Fintonic's collaboration with IESE's [Intent HQ Chair on Changing Consumer Behavior](#). In total, the transactions of nearly 500,000 consumers were analyzed, amounting to 473 million individual transactions, processed using AI and ML models.



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