

AI-Driven Personalization in Iranian E-Commerce: A Case Study of Digikala and Its Impact on Consumer Engagement, Trust, and Ethical Considerations.

Mobina Golkari

The Master's Thesis is submitted to

Ilia State University

Faculty of Business, Technology and Education

In conformity with the requirements for the academic

Master of Business Administration

Professor Salome Danelia

Ilia State University

Tbilisi, 2025

Declaration

“As the author of the submitted master's thesis, I hereby state that the submitted thesis is entirely original work of mine and does not contain any materials previously published, accepted for publication, or submitted for defense by other authors that are not properly credited, referenced or cited in the thesis according to established rules.

Mobina Golkari _____ *14/06/2025”.*

Abstract

The growing integration of Artificial Intelligence (AI) in e-commerce has transformed digital customer experiences through machine learning-based personalization, including dynamic recommendation systems, adaptive pricing, and targeted engagement strategies. While these technologies enhance convenience and efficiency, their broader implications for customer trust, behavioral patterns, and ethical considerations remain contested—particularly in contexts marked by evolving data governance frameworks. This study explores the impact of AI-driven personalization on consumer behavior, trust, and engagement within the Iranian e-commerce landscape, using Digikala as a case study. A mixed-methods research design was employed, combining qualitative insights from semi-structured interviews with ten domain experts and quantitative data from structured surveys of 90 consumers. Thematic coding and analysis were conducted using MAXQDA, while quantitative data were analyzed through Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS. Additionally, Interpretive Structural Modeling (ISM) and SWOT analysis provided structured evaluation of strategic enablers and constraints. The findings indicate that AI-driven personalization significantly enhances customer engagement and purchase intention, especially when tailored to cultural and regional preferences. However, concerns regarding data privacy, algorithmic transparency, and user consent emerged as critical barriers to trust. The ethical handling of personal data was found to be essential in maintaining customer loyalty and sustaining the credibility of personalization systems. This study contributes to the broader discourse on AI ethics and customer-centric innovation in digital commerce, offering theoretical insights and practical recommendations for e-commerce platforms seeking to implement personalization technologies in a socially responsible and locally adaptive manner.

Keywords: AI-driven Personalization, E-Commerce, Consumer Behavior, Recommendation Systems, Online Shopping Platforms, Digikala, Customer Experience.