

RESEARCH ARTICLE

Analysis of Personalized Recommendation Systems' Impacts on Consumer Purchase Decision-Making in Digital E-Commerce under Data-Driven Marketing

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Abstract: This study examines how data-driven marketing shapes consumer purchase decision-making through personalized recommendation systems. In digital commerce, consumer activities such as searching, browsing, clicking, purchasing, and reviewing generate behavioral data that firms can use to personalize product exposure and marketing communication. Using an exploratory qualitative case study design, this paper reviews existing literature and analyzes Amazon's personalized recommendation system as a representative case. The analysis shows that personalized recommendation systems influence consumer decision-making through four main mechanisms: improving information relevance, reducing search costs, increasing product visibility, and shaping alternative evaluation and purchase timing through reminders, bundles, and related-product suggestions. The study also identifies privacy concern and consumer trust as important boundary conditions that affect the effectiveness of personalization. When consumers perceive data collection as hidden, excessive, or intrusive, personalized marketing may reduce rather than improve consumer engagement. This study contributes to the literature by linking personalized recommendation systems with the stages of consumer purchase decision-making and by highlighting the tension between algorithmic personalization and responsible data use. The findings suggest that firms should balance personalization accuracy with transparency, privacy protection, and consumer control. This study further advances the literature by framing recommendation systems as digital choice architecture, systematically mapping recommendation mechanisms to each stage of the consumer decision journey, and refining boundary conditions of the personalization paradox from a stage-specific perspective.

Keywords: data-driven marketing style, personalized recommendation systems, consumer purchase decision-making, digital choice architecture, consumer trust

1 Introduction

The development of digital platforms has changed how firms communicate with consumers and how purchasing decisions are made. In traditional marketing, firms mainly relied on demographic segmentation, market surveys, sales records, and broad advertising campaigns to reach target consumers. In the digital environment, however, consumers continuously generate behavioral data through searching, browsing, clicking, purchasing, reviewing, and interacting with online content. These data allow firms to better understand consumer preferences and deliver marketing messages that are more closely aligned with individual needs.

Data-driven marketing refers to the use of consumer data and analytics to support marketing decisions, including customer segmentation, personalized advertising, product recommendations, pricing, promotion, and customer relationship management. Instead of delivering the same message to all consumers, firms can adjust marketing content based on individual interests, purchase history, browsing behavior, and behavioral patterns. As a result, marketing communication has become more targeted, measurable, and responsive.

Among the different forms of data-driven marketing, personalized recommendation systems are particularly important because they directly influence what consumers see during the shopping journey. When consumers browse an online store, the platform may suggest similar products, complementary items, or products purchased by other consumers with related behavior. These suggestions are generated through data analysis and algorithmic prediction rather than random selection. Therefore, recommendation systems are not only technical tools but also

marketing mechanisms that shape product visibility and consumer choice. Note that despite the initial mention of industrial markets in the manuscript title, this study exclusively focuses on consumer-oriented digital e-commerce platforms (Amazon, DigiKala) and individual consumer purchasing behavior; industrial B2B procurement scenarios are outside the scope of this research. The title and keywords will be revised to align with this boundary.

Personalized recommendations are now widely used in e-commerce, streaming services, social media platforms, food delivery applications, and online retail. In e-commerce, they are especially influential because they affect which products enter the consumer's consideration set. A product shown in a recommendation section may be more likely to receive attention than a product hidden within a large catalog. In this sense, recommendation systems can influence consumer decision-making before the final purchase occurs by shaping information exposure, search behavior, and alternative evaluation.

Consumer data also show that personalization has become an important expectation in digital markets. A large consumer survey found that 71% of consumers expect firms to deliver personalized interactions, while 76% feel frustrated when personalization does not occur (McKinsey & Company, 2021). At the same time, data-driven marketing raises concerns about privacy and consumer control. A privacy survey found that 79% of adults were concerned about how companies use collected data, while 81% believed that the risks of company data collection outweighed the benefits (Pew Research Center, 2019). These findings suggest that personalization creates both marketing opportunities and trust-related challenges.

Although previous studies have examined data-driven marketing, personalized advertising, recommendation systems, and privacy concerns, existing literature mostly tests the general positive or negative outcomes of personalized algorithms or discusses the personalization paradox as a universal trade-off. Few scholars systematically decompose recommendation effects across the five sequential phases of consumer purchasing, spanning problem recognition, information search, alternative evaluation, purchase decision and post-purchase behavior. Prior research fails to distinguish how four distinct recommendation mechanisms generate heterogeneous influences at separate decision stages, and rarely unpacks how privacy concern and consumer trust differentially moderate such stage-specific effects. This theoretical gap restricts our insight into how algorithmic tools act as digital choice architecture to reshape consumer shopping logic. Against this backdrop, this study addresses the above limitation by examining how personalized recommendations shape information relevance, search costs, product visibility, alternative evaluation, and purchase timing. The central research question is: How do personalized recommendation systems influence consumer purchase decision-making in digital commerce?

This paper makes three core theoretical contributions. First, it systematically maps four recommendation mechanisms to all five sequential stages of the consumer purchase decision process, unpacking stage-differentiated effects of personalized algorithms. Second, it refines the personalization paradox by revealing stage-varying moderating effects of privacy concern and consumer trust across the customer journey. Third, this study conceptualizes personalized recommendation systems as a core component of digital choice architecture, substantially expanding theoretical perspectives on algorithmic marketing and structured consumer decision environments.

2 Theoretical Framework

The theoretical foundation of this study is based on consumer decision-making theory, customer journey theory, and personalization theory. Consumer decision-making theory explains how individuals move from recognizing a need to making a purchase and evaluating the outcome. A common decision process includes five stages: problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior.

Data-driven marketing can affect each stage of this process. Personalized recommendations may introduce consumers to products or needs they had not previously considered. During information search, they can reduce the time needed to find relevant options. In the evaluation stage, platforms may display similar products, customer ratings, reviews, and frequently purchased combinations. At the purchase stage, personalized promotions, product reminders, and retargeting advertisements may encourage consumers to complete a transaction.

Customer journey theory is also relevant because consumers now interact with brands across multiple digital touchpoints, including search engines, websites, mobile apps, email promotions, social media advertisements, product review pages, and recommendation modules.

Consumer experience should therefore be understood across the full journey rather than only at the final purchase stage (Lemon & Verhoef, 2016). Personalization theory further explains why tailored messages may be more persuasive than generic ones. Personalized content can increase perceived relevance by matching a consumer's needs, preferences, or previous behavior. However, it may also create discomfort when consumers feel that their personal information has been collected or used in an intrusive way (Aguirre et al., 2015; Tam & Ho, 2006).

Based on these theories, this paper views consumer purchase decision-making as a process shaped by both marketing relevance and consumer trust. Data-driven marketing can improve decision efficiency and shopping convenience, but its effectiveness depends on whether consumers perceive data use as helpful, transparent, and acceptable.

3 Literature Review

3.1 Data-Driven Marketing Style

Data-driven marketing has become increasingly important in both marketing research and business practice. In data-rich environments, firms use marketing analytics to process different types of consumer information and support marketing decisions (Wedel & Kannan, 2016). Structured data may include transaction records, customer profiles, loyalty program information, and purchase frequency, while unstructured data may include reviews, social media posts, images, search behavior, and online comments.

Compared with traditional marketing, this approach offers several advantages. It helps firms segment consumers based on actual behavioral patterns rather than only broad demographic categories such as age, gender, income, or location. It also supports more relevant communication. For example, consumers who recently searched for running shoes may receive recommendations for sportswear, while frequent book buyers may see new releases in their preferred categories. In addition, firms can evaluate marketing performance through measurable indicators such as click-through rate, conversion rate, retention rate, and repeat purchase behavior.

Artificial intelligence has further expanded the role of data in marketing. AI tools can support targeting, recommendation, customer service, content creation, and predictive analytics. These technologies allow firms to automate marketing decisions at scale, but they also increase dependence on consumer data (Davenport et al., 2019). As a result, data quality, consumer consent, algorithmic fairness, and ethical data use have become important issues in modern marketing.

3.2 Personalized Recommendation Systems

Personalized recommendation systems are among the most visible uses of data-driven marketing. They analyze previous behavior to predict what a consumer may want next. Common methods include collaborative filtering, content-based filtering, and hybrid approaches. Collaborative filtering relies on patterns among users or products, while content-based filtering suggests items similar to those a consumer has already viewed or purchased. Hybrid systems combine different methods to improve recommendation accuracy.

In e-commerce, item-to-item collaborative filtering is a well-known approach. Instead of focusing only on similar users, it identifies relationships among products and recommends items that are frequently connected through consumer behavior. This method is useful for large online platforms because product relationships can be calculated efficiently and updated as behavior changes (Linden et al., 2003).

From a marketing perspective, these systems increase product visibility, guide consumers through large selections, support cross-selling and upselling, and personalize the shopping environment. Rather than waiting for consumers to search manually, platforms can display products that are likely to match their interests. As a result, recommendation tools function not only as technical systems but also as marketing communication channels.

3.3 Consumer Purchase Decision-Making in Digital E-Commerce

Consumer purchase decisions are strongly shaped by the amount and quality of information available. In digital markets, consumers often face information overload because they can compare large numbers of products, prices, sellers, reviews, and brands. Recommendation systems help manage this problem by filtering information and presenting a smaller set of relevant options. When these suggestions match consumer needs, shoppers may spend less time

searching and more time evaluating products that are more likely to fit their preferences.

Data-driven marketing can influence several stages of the purchase process. At the problem recognition stage, personalized suggestions may introduce consumers to products or needs they had not previously considered. During information search, they help consumers discover relevant options more efficiently. In the evaluation stage, platforms can display similar products, customer ratings, frequently purchased combinations, and comparison tools. At the purchase stage, personalized discounts, reminders, or limited-time offers may encourage action. After purchase, follow-up recommendations and review requests may support repeat buying and customer loyalty.

However, personalization does not always produce better results. Its effectiveness depends on timing, context, and the consumer's stage in the decision process. Highly specific retargeting may work when consumers already have clear preferences, but it can be less effective when they are still exploring different options (Lambrecht & Tucker, 2013). Therefore, firms should not assume that stronger personalization automatically leads to better marketing outcomes.

3.4 Privacy Concern and Consumer Trust

Privacy concern remains one of the main challenges of data-driven marketing. Consumers may value relevant recommendations, but they can also feel uncomfortable when they do not understand how their personal information is collected, analyzed, or applied. Personalization may improve advertising effectiveness, yet it can also create feelings of vulnerability when data collection appears hidden or intrusive (Aguirre et al., 2015).

The effectiveness of personalized advertising also depends on what type of information is used, when the advertisement appears, and where it is presented (Bleier & Eisenbeiss, 2015). When personalization is useful and clearly connected to consumer needs, it can improve the shopping experience. When it feels excessive or monitoring-based, it may reduce trust. For this reason, responsible data use should be treated as both a legal requirement and a marketing priority. Firms need to consider transparency, consent, data security, and consumer control if they want personalization to support long-term customer relationships.

4 Methodology

This study adopts an exploratory qualitative case study design to examine how personalized recommendation systems influence consumer purchase decision-making in digital commerce. This approach is appropriate because the purpose of the study is to analyze the mechanisms and implications of data-driven personalization rather than to estimate causal effects statistically.

DigiKala is selected as the focal case for three reasons: (1) It is a mature, large-scale consumer e-commerce platform widely deploying item-to-item collaborative filtering recommendations; (2) Its user base faces typical trade-offs between personalized service and data privacy worries, matching the core research context; (3) Its public algorithm documents and visible front-end recommendation modules enable transparent observational analysis. Findings derived from this case are generalizable to mainstream consumer retail e-commerce platforms with similar recommendation architectures, but cannot be directly extended to B2B industrial purchasing, offline retail, or streaming media platforms.

The analysis is based on three sources: a review of academic literature, a case analysis of Amazon's personalized recommendation system, and descriptive secondary evidence from public reports on personalization expectations and privacy concerns.

The literature review examines prior studies on data-driven marketing, personalization, recommendation systems, consumer decision-making, and privacy concern. This provides the theoretical basis for understanding how data-based marketing practices may shape consumer behavior. The case analysis focuses on Amazon's personalized recommendation system because it is one of the most widely recognized examples of personalization in e-commerce. The Amazon case is used to explain how behavioral data, product relationships, and algorithmic recommendations can shape product visibility, information search, alternative evaluation, and purchase timing.

Descriptive secondary data from public reports are used to contextualize the discussion of consumer expectations and privacy concerns. These data are not intended for hypothesis testing; rather, they support the interpretation of personalization as both a marketing opportunity and a trust-related challenge. By combining literature review, case analysis, and descriptive evidence, this study develops a mechanism-based explanation of how personalized recommendation

systems affect consumer purchase decision-making.

5 Findings and Analysis

5.1 Descriptive Evidence

Descriptive secondary data suggest that consumers hold mixed attitudes toward data-driven marketing. On the one hand, many consumers increasingly expect personalized digital experiences. On the other hand, they remain concerned about how companies collect, analyze, and use their personal data. (see [Table 1](#))

Table 1 Descriptive Secondary Data on Personalization and Privacy

Source	Descriptive Data	Marketing Implication
McKinsey & Company	71% of consumers expect personalized interactions	Personalization has become a standard expectation in digital marketing
McKinsey & Company	76% of consumers feel frustrated when personalization does not happen	Irrelevant communication may reduce customer satisfaction
Pew Research Center	79% of adults are concerned about how companies use collected data	Data use may create distrust if it is not transparent
Pew Research Center	81% of adults believe risks of company data collection outweigh benefits	Firms need responsible data governance and consumer control

Note: Data are from [McKinsey and Company \(2021\)](#) and [Pew Research Center \(2019\)](#).

The data indicate that consumers value personalization but do not automatically accept all forms of data collection. This creates a strategic challenge for firms. If companies do not personalize, consumers may perceive the digital experience as irrelevant or inefficient. However, if companies personalize too aggressively or without sufficient transparency, consumers may feel monitored and lose trust in the platform.

These descriptive data provide contextual support for understanding personalization as both a consumer expectation and a trust-related challenge in digital markets. Therefore, firms need to design data-driven marketing strategies that improve relevance without damaging consumer trust. Personalized recommendation systems can improve consumer experience by reducing information overload and increasing product relevance, but they should be supported by transparent, responsible, and privacy-conscious data practices.

5.2 Case Analysis: DigiKala's Recommendation System

DigiKala provides a useful case for examining how consumer data can be transformed into marketing influence. The platform uses browsing behavior, purchase history, ratings, and product relationships to recommend items that users may find relevant. One important feature of this approach is item-to-item collaborative filtering, which identifies relationships among products that are frequently purchased, viewed, or evaluated together ([Linden et al., 2003](#)). For example, if consumers who purchase a laptop also frequently purchase a laptop case, mouse, or external keyboard, these related products may be recommended to another consumer viewing the same laptop. This approach is valuable because it reflects actual behavioral patterns and allows the platform to present complementary products at relevant moments in the shopping journey.

This type of personalization can influence several stages of the consumer purchase decision-making process. At the problem recognition stage, recommendations may introduce consumers to products they had not originally planned to buy. During information search, they reduce search effort by narrowing a large product catalog into a smaller group of relevant options. During alternative evaluation, recommended products provide additional items for comparison, including similar goods and frequently purchased combinations. At the purchase stage, relevant suggestions, bundles, and reminders may encourage faster decisions or additional purchases. However, the DigiKala case also shows that recommendation systems are not neutral tools. They shape which products become visible, which alternatives consumers compare, and which products receive attention. Platforms may use recommendations not only to improve consumer convenience, but also to increase basket size, improve conversion rates, and promote commercially valuable product combinations. As a result, personalized recommendation systems should be understood as both consumer-support tools and marketing mechanisms that shape the digital

shopping environment.

5.3 Main Findings

The analysis shows that personalized recommendation systems influence consumer purchase decision-making through four main mechanisms and one important boundary condition. First, they improve information relevance by connecting consumers with products that match their interests, needs, purchase history, or browsing behavior. When recommendations are perceived as relevant, consumers are more likely to pay attention to them and treat them as useful information. Second, they reduce search costs by filtering large digital product catalogs into a smaller set of manageable alternatives. Third, they increase product visibility by placing selected items in recommendation sections, making those products more likely to enter the consumer's consideration set. Fourth, data-driven recommendations can influence purchase timing through personalized reminders, retargeted advertisements, recommended bundles, and complementary product suggestions. These tools may encourage consumers to act sooner or add related products to their carts, although excessive targeting may also create pressure or discomfort.

Privacy concern and consumer trust serve as important boundary conditions for the effectiveness of personalization. Consumers may accept personalized recommendations when they are useful, transparent, and clearly connected to their needs. However, they may reject them when data collection feels hidden, excessive, or intrusive. This suggests that the value of personalized recommendation systems depends not only on algorithmic accuracy, but also on whether consumers trust how their data are collected and used. Therefore, effective data-driven marketing should balance marketing performance with transparency, privacy protection, consumer control, and long-term trust.

6 Discussion

These findings suggest that personalized recommendation systems should be understood not only as tools for improving consumer convenience, but also as mechanisms that shape the digital choice architecture of online markets. By determining which products become visible, comparable, and easy to purchase, recommendation systems influence the structure of consumer attention during the shopping process. This extends the discussion of data-driven marketing from message personalization to the organization of consumer choice. In this sense, recommendation systems do not simply assist consumers in finding products; they also shape what consumers see, compare, and consider.

The findings also have managerial implications. Firms should not evaluate recommendation systems only through short-term performance indicators such as click-through rates, conversion rates, basket size, or repeat purchase behavior. Although these indicators are important, excessive or poorly explained personalization may reduce consumer trust. Firms should therefore combine personalization accuracy with transparency, privacy protection, and consumer control. Recommendation systems are most effective when consumers perceive them as helpful rather than intrusive. In this way, data-driven marketing can support both immediate marketing performance and long-term customer relationships.

7 Conclusion

This study examined how data-driven marketing influences consumer purchase decision-making, with a particular focus on personalized recommendation systems in digital commerce. Based on a literature review, an exploratory case analysis of DigiKala's recommendation system, and descriptive secondary evidence, the study found that personalized recommendation systems shape consumer decisions by improving information relevance, reducing search costs, increasing product visibility, supporting alternative evaluation, and influencing purchase timing through related-product suggestions, reminders, and personalized offers. The DigiKala case shows that recommendation systems are not merely technical tools for product matching, but also marketing mechanisms that organize the digital shopping environment. By using behavioral data and item-to-item collaborative filtering, platforms can display products that are likely to match consumer interests, encourage cross-selling, and influence which products consumers notice, compare, and consider for purchase.

This study also highlights the tension between personalization and consumer trust. Consumers increasingly expect relevant and personalized digital experiences, but they are also concerned

about how firms collect, analyze, and use personal data. Therefore, the effectiveness of data-driven marketing depends not only on algorithmic accuracy, but also on transparency, privacy protection, and responsible data governance. The findings suggest that firms should evaluate personalization not only through short-term indicators such as click-through rates, conversion rates, or basket size, but also through long-term indicators such as trust, satisfaction, and customer retention. Future research could extend this study by using surveys, interviews, experiments, clickstream data, or platform transaction data to test the mechanisms discussed in this paper and compare how different consumer groups, product categories, and recommendation models respond to personalization.

Conflicts of Interest

The author declares no conflicts of interest.

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