

The Personalization Paradox: Consumers Crave Relevance and Privacy

2025 Consumer Survey Reveals New Blueprint for Brand Loyalty

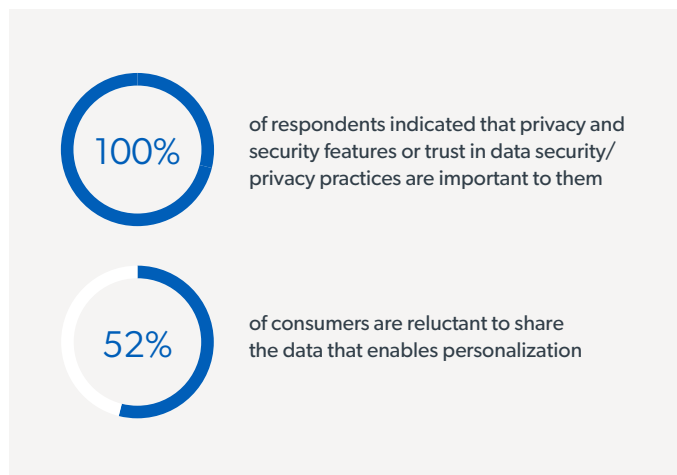


The Personalization Paradox

CapTech's new nationwide consumer research reveals a central paradox at the heart of modern brand-consumer relationships: Consumers want personalized interactions with brands, but they are reluctant to share their personal data. The root of this tension is distrust. The good news is that **trust and brand loyalty can be engineered**.

Consumers want brands to "get them," by anticipating their needs, simplifying decisions, and offering relevant value. In fact, we found that consumers are 40% more likely to purchase from brands that tailor experiences to their needs.

On the other hand, consumers also want control, privacy, and security. They're skeptical of how their data is used, and they're increasingly aware of the ethical implications of AI-driven personalization.



The key to moving consumers from distrust to brand loyalty is transparent value exchange. When consumers understand what they're giving, why it matters to them, and what they're getting in return, trust becomes a competitive advantage.

Methodology

To understand shifting consumer attitudes toward AI and brand loyalty, CapTech conducted a survey in August 2025 with 447 respondents across the U.S. Since 2020, CapTech has conducted annual consumer surveys, and the results document a clear evolution in the public's sentiment toward AI, from early curiosity and awareness to practical adoption and now a mainstream integration into consumers' daily lives. The 2025 study explored five key areas: AI awareness, perceptions, responsible use, exposure in consumer interactions, and the connection between personalization and loyalty. This approach revealed the drivers of trust, privacy concerns, and ethical considerations shaping consumer behavior in a rapidly evolving market.

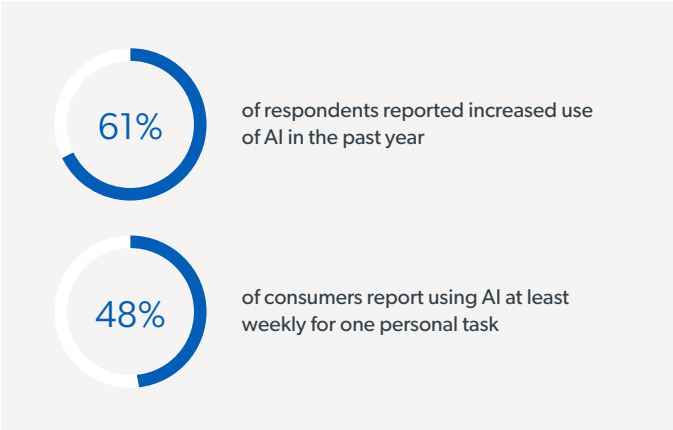
AI Enables Personalization

With advances in AI, brands are now able to provide scalable, meaningful, and real-time personalization, enabling companies to tailor experiences, content, and services in the moment based on consumer behavior and preferences. This real-time relevance is a key driver of brand loyalty, making AI the most critical lens through which to understand and engage today's consumers.

Consumers recognize it, too. Eighty-two percent of consumers see some opportunities for AI innovation across industries, and a majority of people recognize when AI has been integrated into a digital experience.

Meet Consumers Where They Are

AI is now clearly embedded in everyday life. Consumers are open to AI, but they want it to feel helpful, not overwhelming. For example, consumers prefer incremental improvements like faster answers or better recommendations over sweeping changes. The survey also revealed a large persuadable swing audience, with 46% of people feeling neutral toward AI.



Four Behavioral Segments of Consumers

Surprisingly, consumer engagement with emerging technologies is not dependent on age. Our insights revealed that there was no correlation between AI usage and demographics like age and employment status.

Additionally, we found no correlation between AI for personal use versus work use. In fact, less than 20% of AI use is for work purposes.

If not age or occupation, what indicates a user’s adoption of AI? We found that the key driver of AI adoption is a consumer’s core values, beliefs, and concerns about technology. People who say they understand how AI is using their data and trust AI are twice as likely to be frequent AI users.

CapTech identified four distinct behavioral segments of consumers. In doing so, our insights revealed that the way to build consumer trust and brand loyalty isn’t one-size-fits-all.



Consumers in Each Behavioral Segment



Committed Adopters

Committed Adopters are highly familiar with emerging tech and frequent AI users. They're confident, optimistic, and see AI as a tool for productivity and personalization. They use AI daily or nearly daily for tasks like content generation, productivity, and research. They expect predictive, context-aware personalization and value control over customization.

62% of Committed Adopters expressed a positive sentiment toward AI



I rely on AI for drafting, brainstorming, learning... it's made projects faster, more accurate and enjoyable.

— COMMITTED ADOPTER

Engaged Skeptics

Engaged Skeptics use AI occasionally for specific tasks like customer service or basic automation, but they remain guarded. While nearly half express positive sentiment toward AI, they're concerned about privacy, data misuse, and corporate motives. They need proof points, control, and clear explanations to build trust.

49% of Engaged Skeptics expressed a positive sentiment toward AI



All of my experiences were good, useful and positive... but I fear for my personal data and privacy violations.

— ENGAGED SKEPTIC

Curious Explorers

Curious Explorers are open to AI and actively experiment with it. They're ethically aware and want to understand how AI works before fully embracing it. They use AI weekly or several times a week for learning, research, and experimentation. They're intrigued by tools like ChatGPT and want reassurance through transparency and education.

50% of Curious Explorers are neutral toward AI, which is the highest neutral sentiment of any group



AI will be helpful, but it's only as good as the systems the people who designed it put in place.

— CURIOUS EXPLORER

Cautious Observers

Cautious Observers rarely use AI, if at all. When they do, it's often passive, like AI-generated recommendations. They are skeptical, privacy-conscious, and prefer simplicity. They prefer human alternatives and need clear, simple explanations to feel safe.

11% of Cautious Observers expressed a negative sentiment toward AI, which is the highest negative sentiment of any group



It's just not something that I use or need.

— CAUTIOUS OBSERVER

Establish Privacy & Security

How can brands begin to engineer brand loyalty? Privacy and security are the cornerstones of consumer trust, yet 65% of consumers are highly concerned about privacy breaches and data security risks of AI. Without clear protections and ethical safeguards, individuals hesitate to engage, fearing exposure and loss of control. One consumer even said, “Companies care more about profits than people.” Establishing privacy and security from the start signals a company’s commitment to responsibility and long-term integrity.



6 in 10

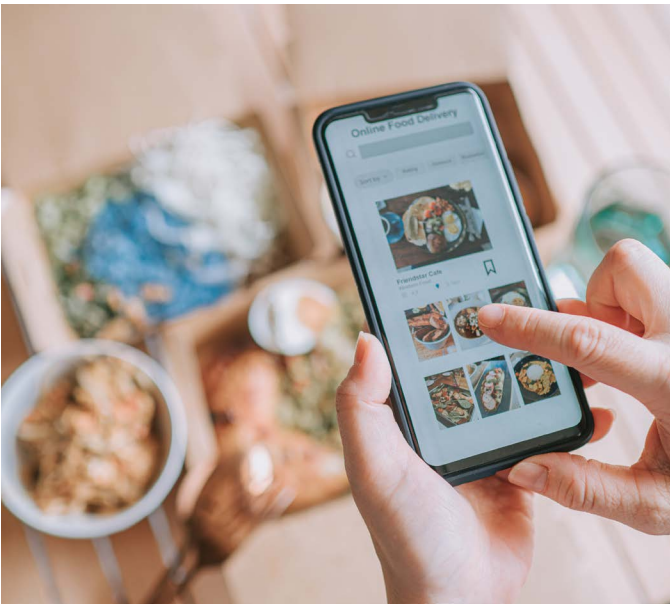


consumers expressed concern about behavioral tracking and lack of regulatory oversight

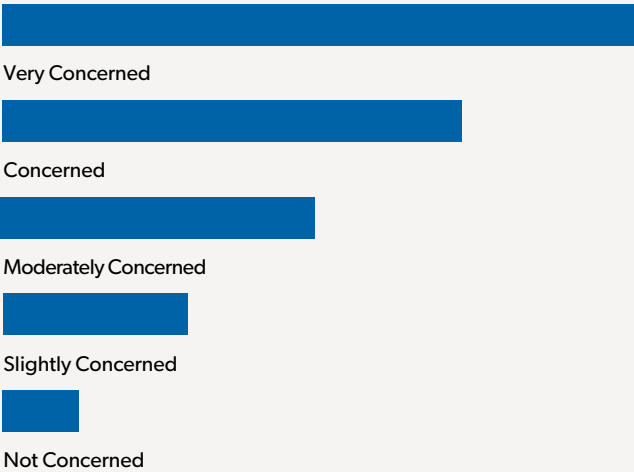


Invasive, sketchy and questionable privacy issues.

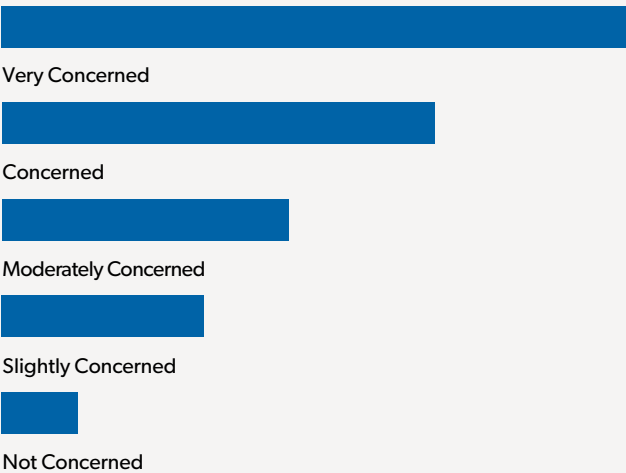
— CONSUMER



Consumers Concerned with Misuse of Personal Data



Consumers Concerned with Privacy Breaches



AI is helpful, but my concern is about privacy.

— CONSUMER

Tailored Strategies to Establish Privacy and Security

Committed Adopters Value Control Over Their Data

Offering detailed privacy settings, like the ability to manage location tracking, browsing history, or purchase data, reinforces their sense of autonomy. When users can fine-tune how their information is handled, they feel more secure in their interactions. This level of control supports their preference for environments that respect individual boundaries and uphold strong data stewardship.

Curious Explorers Trust Brands that Start Cautiously

Defaulting to privacy-forward settings, like limiting data collection and avoiding third-party sharing, helps establish a sense of security for Curious Explorers. These users appreciate when companies don't assume consent but instead allow them to opt in when they're ready. By beginning with conservative defaults, brands can create a low-risk environment that encourages gradual engagement.

Engaged Skeptics Look for Clear Choices

For them, trust hinges on having clear, accessible controls. Requiring explicit opt-ins for data collection, AI features, or third-party sharing helps reduce suspicion. These users are especially wary of hidden permissions or pre-selected options. Giving them the ability to make informed decisions on their own terms is essential to earning their confidence.

Cautious Observers Prefer Familiar Options

Offering alternatives to automated systems, like human support, manual checkout, or traditional scheduling, can ease their concerns. Clearly identifying which features use advanced technology allows them to navigate services with greater comfort. When Cautious Observers can choose how they interact, they're more likely to feel protected and in control.



Communicate with Transparency

Protecting consumer data through privacy and security practices is foundational to building trust, but it's not enough on its own. Transparency plays an equally vital role. As one consumer put it: "Companies need to be more transparent about how they use data."

Less than a third of consumers trust AI to make decisions in their best interest. Brands can earn consumer trust by openly communicating their data practices, explaining the choices they make, and detailing the safeguards they've put in place for consumers. When these explanations are accessible and meaningful, they empower consumers and reinforce a brand's commitment to integrity.

2 in 3

consumers do not understand how their data is used by AI

27%

of consumers believe most brands are transparent in their AI use



There's no transparency in how our personal data is being used and stored

— CONSUMER

Tailored Strategies to Communicate with Transparency

Committed Adopters Actively Seek Brands that Lead in Ethical Innovation and Clear Communication

For example, a quarterly “AI & Privacy Digest,” delivered via email or app notification, can keep them updated on changes to data practices, ethical reviews, and how user feedback has shaped a company’s decisions. This kind of regular, thoughtful communication reinforces loyalty and positions the brand as a transparent, trustworthy partner.

Curious Explorers Engage More Deeply When They Understand How Things Work

They’re not just interacting with your chatbot or recommendation engine. They’re wondering what’s happening behind the scenes. “Privacy Snapshot” pop-ups at key interaction points can offer bite-sized, plain-language explanations of what data is being used and why. These contextual insights reduce uncertainty and satisfy their natural curiosity, encouraging continued engagement.

Engaged Skeptics Need More than Promises — They Want Proof

They’re not easily swayed by marketing language, and they want to see proof that your brand takes privacy seriously. For example, a prominently linked “Trust & Safety” explainer webpage that outlines data governance practices, third-party audits, and examples of how user data has been protected can serve as a credible resource. When transparency is backed by substance, skepticism turns into confidence.



[Listen to this podcast](#) about how brands can create a more ethical and efficient marketplace, where companies gain access to high-quality, consented data and consumers regain control.

Cautious Observers Are More Likely to Share When They Feel in Control

Even a simple request for a phone number or location can feel intrusive to this group. “Why We Ask” tooltips next to every data input field can offer clear, non-technical explanations of why the information is needed and how it will be protected. These small moments of clarity help reduce perceived risk and make the experience feel safer and more respectful.

Personalize for Relevance & Value

Providing individualized experiences is another key strategy for earning consumer trust and building brand loyalty. Personalization is no longer a nice-to-have; it’s a major driver of consumer engagement, purchase intent, and brand loyalty. One consumer said, “One positive experience I’ve had with AI is the way it improves personalization and efficiency.” In fact, 44% of respondents rated personalization as very important or highly important when interacting with a brand. And consumers who value personalization are 4x more likely to say it influences their purchase decisions. When done well, personalization transforms digital experiences into meaningful interactions, making consumers feel seen, understood, and valued.



94%

of consumers say that personalization influences their brand choices



AI makes tasks faster, easier, and more personalized.

— CONSUMER

Tailored Strategies to Personalize for Relevance & Value

Committed Adopters Respond to Intelligent, Seamless Support

This segment thrives when brands anticipate their needs and streamline their experience across platforms. AI-powered smart routines, like surfacing relevant tools during peak usage, suggesting reorders, or syncing preferences across devices, can feel like a productivity upgrade. When these users see measurable benefits, such as time saved, it reinforces their confidence in the brand's ability to deliver meaningful value. In CapTech's survey, this group showed a direct correlation between perceived value of personalization and a willingness to share data, even despite privacy concerns. This proves that people are willing to give more when they get more.

Curious Explorers Appreciate Helpful Guidance that Aligns with Their Goals

Personalization for this group should center on discovery and convenience. For example, scenario-based suggestions, like travel-friendly bundles during trip planning or beginner guides based on search history, can feel timely and useful. Including brief explanations like "Why We Recommend This" helps Curious Explorers understand the connection and encourages further exploration without overwhelming them.

Engaged Skeptics Prefer Personalization that Respects Their Boundaries

They're open to relevant suggestions but circumspect about how those suggestions are generated. Offering personalization toggles, like limiting recommendations to session data or enabling anonymous browsing, gives them control over their experience. When personalization feels optional and unobtrusive, this segment is more likely to engage and recognize the value being offered.

Cautious Observers Benefit Most from Simplicity and Choice

This group often feels overwhelmed by technology, so personalization should focus on making navigation easier. Features like pre-filled forms, saved preferences, and streamlined menus help them move through tasks with less friction. And ensuring that human support is always within reach builds trust and reassures them that they can choose how they interact.



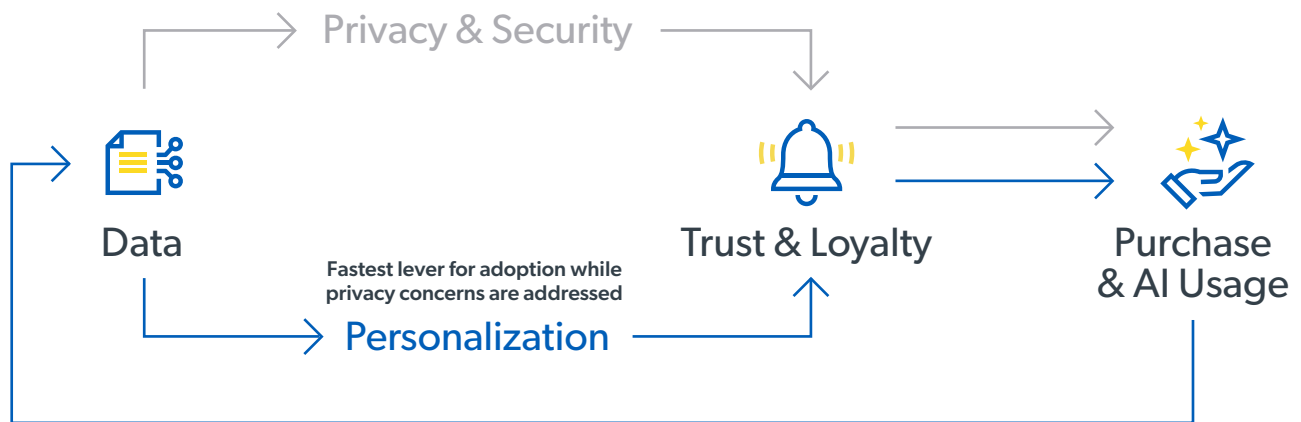
See why [personalization is the key to brand loyalty](#) and real-world examples of the impact of personalization at the [2025 PGA Championship](#).

Build Trust to Resolve the Personalization Paradox

As AI becomes more deeply embedded in everyday consumer experiences, brands face a defining challenge. The path to trust, and ultimately brand loyalty, lies in how companies approach privacy, communication, and personalization. These aren't just industry buzzwords; they are strategic levers that set brands apart. But trust isn't built through a single tactic or universal solution. It requires understanding the nuances of consumer expectations and designing user experiences that feel respectful, secure, and especially valuable. The brands that succeed will be those that treat trust not as a byproduct, but as a deliberate outcome of every decision they make.

CapTech's study proves that even despite privacy concerns, people are more willing to share personal data when they see the value in a personalized experience. This indicates a major opportunity for companies to resolve the Personalization Paradox by generating a feedback loop that effectively engineers brand loyalty.

To Drive AI Adoption, Balance Privacy Challenges with Showing Perceived Value through Personalization



- Privacy and security concerns slow AI adoption—and they won't disappear overnight.
- Demonstrate clear, immediate value through personalization to build trust.
- When consumers see real benefits, trust grows—even if privacy concerns persist.
- Value drives purchase intent and loyalty, paving the way for broader AI usage.

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