

Economisc

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PERSONALIZATION AS A DRIVER OF LOYALTY: PSYCHOLOGICAL MECHANISMS OF THE NEED FOR UNIQUENESS

Summary. *The article examines the role of personalization in building and maintaining consumer loyalty through the lens of psychological mechanisms, particularly the basic human need for uniqueness and individuality. In a crowded market where product features are often similar, personalization functions not only as a marketing tool but also as a powerful psychological motivator that satisfies consumers' desire for self-expression and self-actualization. The theory of optimal uniqueness is explored in depth, highlighting how individuals strive for a balance between fitting in with a social group while also wanting to stand out. A personalized customer experience can help a brand become a catalyst for a balanced relationship with its customers. On the one hand, customers feel cared for and understood by the brand, which creates emotional attachment and trust. On the other hand, they receive a unique product or service that highlights their exclusivity and special status. The research reveals the cognitive and emotional mechanisms behind this process, such as the "mirror effect" of self-image, where customers project their ideal self onto the personalized brand. It also reduces cognitive dissonance by giving customers a sense of control over their purchase experience. It has been shown that deep personalization, beyond simply using a customer's name, can transform transactional relationships into stable psychological bonds. This makes customers less sensitive to competition and more likely to advocate for the brand.*

Key words: *personalization, consumer loyalty, the need for uniqueness, psychology of consumption, emotional attachment to a brand, theory of optimal uniqueness, self-concept, customer experience, customization, behavioral economics.*

Relevance of the study. The relevance of the study is determined by significant changes in consumer behavior in the digital economy and a highly competitive market. The functional advantages of products are becoming less and less significant, and personalization is turning from an innovative marketing tool into a basic expectation of the audience.

Despite significant business investments in customization technologies, machine learning algorithms, and predictive analytics, many corporate strategies remain shallow. They focus only on the technical adaptation of communications, while deep psychological mechanisms, such as the basic human need for uniqueness, self-expression, and differentiation, are insufficiently studied and integrated into business processes [6].

Understanding exactly how a personalized experience satisfies the consumer's desire for separation from others and, at the same time, preserves a sense of belonging is crucial for building sustainable competitive advantages. This makes this work especially important from the point of view of theory and practice, as it closes the gap between the technological capabilities of the business and the psychological needs of customers.

The purpose of the study. Based on this problem, the aim of the study is a comprehensive analysis of the psychological mechanisms that allow personalization to satisfy consumers' need for uniqueness and, thus, play a key role in the formation of emotional and behavioral brand loyalty.

To achieve this goal, it is necessary to study the cognitive and affective processes that link individual customer experience with enhanced customer self-perception. It is also necessary to define the limits of the effectiveness of

personalization, under which it is able to transform utilitarian transactions into deep psychological attachment, reducing the sensitivity of consumers to alternative offers on the market.

Materials and research methods. The research is based on the works of prominent psychologists, economists, and branding specialists on consumer psychology, behavioral economics, and the theory of optimal uniqueness. In addition, the work uses extensive empirical data reflecting consumer behavior in the context of customized services and products in various industries.

The research methodology is a comprehensive approach that includes theoretical analysis and synthesis of scientific literature to understand the relationship between the need for uniqueness and customer loyalty. The structural and functional analysis of the customer experience allowed us to identify the key elements that shape user impressions. Empirical methods, such as questionnaires and psychological testing of respondents, made it possible to assess the perception of personalization and the level of satisfaction of the need for individuality.

To test the hypotheses put forward and quantify the impact of uniqueness on the loyalty index, the methods of correlation and regression analysis, factor analysis, and psychological scaling were used. This allowed us to test theoretical models in practice, obtain reliable data on the actual effectiveness of psychological personalization strategies, and develop scientifically sound recommendations for businesses.

The results of the study. Modern personalization technologies that promote loyalty by meeting the need for uniqueness are a fusion of artificial intelligence, machine learning, predictive analytics, and generative neural networks. These technologies allow businesses to move from mass customization to the concept of a "one-person segment" [1].

These mechanisms are based on the continuous collection and analysis of behavioral, transactional, and contextual data in real time. This creates the effect

of a "digital mirror" in which the consumer sees a reflection of his ideal self. The psychological trigger of uniqueness is triggered not so much by the very fact of choice, but rather by the illusion of exclusive curation. When the algorithm anticipates the client's desires, the individual has a sense of deep understanding and special value, which directly leads to emotional attachment (Fig. 1).

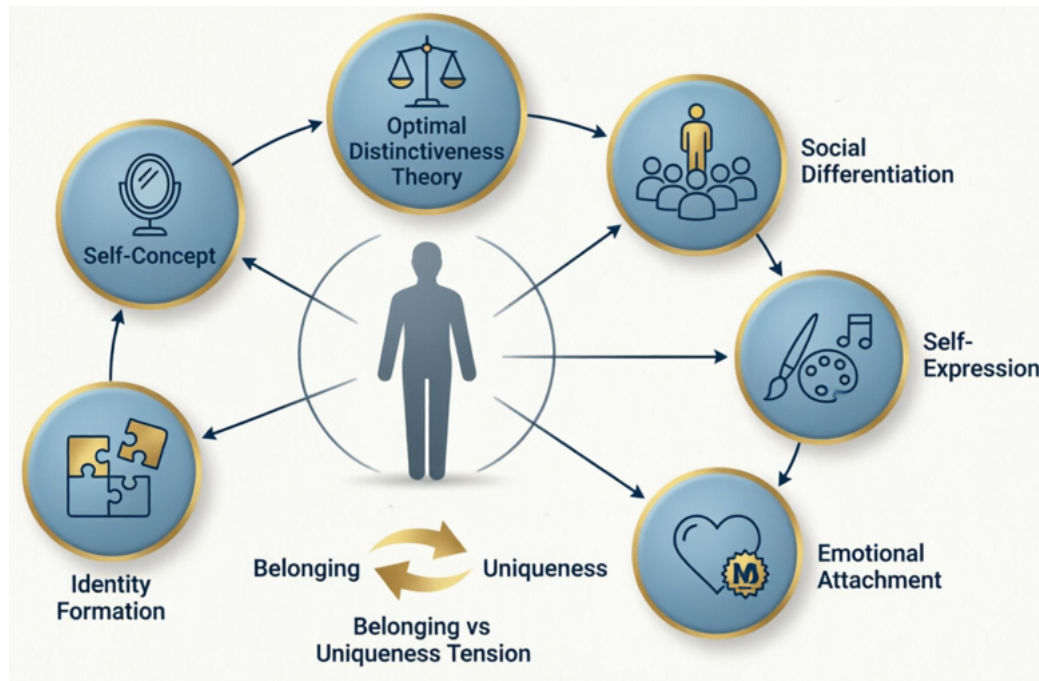


Fig. 1. Psychological components of uniqueness [3]

One of the most striking examples of this principle is the Spotify streaming platform, which uses collaborative filtering and natural language processing algorithms to create personalized playlists such as Discover Weekly. This product psychologically satisfies the need for uniqueness, creating the user's feeling that his musical taste is deeply understood and studied by the brand [2].

Statistics confirm the effectiveness of this approach: according to industry research and internal reports, personalized playlists generate billions of listenings. Users who interact with such content show 30-40% higher retention rates and daily activity compared to those who consume standard content.

In the world of retail and fashion, collaborative creativity and hyper-personalization are actively developing thanks to platforms such as Nike By You and artificial intelligence-based services such as Stitch Fix. In these innovative approaches, the consumer becomes not just a buyer, but also a co-author of the product, which fully satisfies his desire for self-expression and individuality. According to statistics provided by McKinsey & Company, consumers are willing to pay 20% more for personalized goods and services. Companies that actively use personalization strategies receive 40% more revenue from such activities compared to other market players. Additionally, Epsilon's research shows that 80% of consumers are more likely to purchase from a brand that offers a personalized experience. This indicates a direct relationship between the uniqueness of the offer, customer loyalty, and conversion [7].

Another impressive tool is the application of augmented reality and artificial intelligence in the field of beauty, as implemented in the Sephora Virtual Artist and L'Oréal Perso applications.

The technology of scanning the face and creating a unique cream or makeup formula turns an ordinary purchase into a truly personalized procedure. The final product is made in a single copy, adapted to the anatomical and aesthetic characteristics of each person [9]. According to Nielsen statistics and industry reports, the introduction of AR personalization contributes to a 25-40% increase in purchase conversions and a decrease in returns. The consumer feels the psychological ownership of the product even before receiving it, which creates a more trusting and harmonious relationship with the brand.

Global research also confirms the enormous importance of these mechanisms: according to a large-scale McKinsey "Next in personalization" study, 71% of consumers expect brands to build personalized relationships with them. 76% of them feel very disappointed and annoyed when this does not happen, which can lead to the loss of customers. At the same time, 78% of consumers are more likely to recommend a brand and become its ardent

supporters if the purchase experience fully corresponds to their personal preferences [4].

Modern technologies such as big data and artificial intelligence are opening up new horizons to meet the basic human need for uniqueness. Brands that successfully use these tools are moving from transactional models to creating continuous and exclusive relationships with consumers. In this new format, loyalty is formed not through point accumulation programs, but through deep emotional mutual understanding based on recognizing and emphasizing the individuality of each client. This, in turn, provides the brand with a long-term competitive advantage and high lifetime customer value (Table 1).

Table 1

Psychological mechanisms of the need for uniqueness [5; 8]

The psychological mechanism	The theoretical basis	The essence of the process	Behavioral manifestations
1. Optimal distinctiveness	The theory of M. Brewer (Optimal Distinctiveness Theory)	Striving for a balance between two opposing needs: belonging to a group (assimilation) and being different from it (differentiation).	Search for a unique niche within a significant group. For example, a person may be part of a subculture, but within it a rare hobby or a specific style may stand out.
2. Reactance	The theory of J. Bram's (Psychological Reactivity)	Emotional-motivational reaction to a real or perceived threat to freedom of choice, autonomy, or individuality.	Demonstrative disagreement, "doing the opposite" (out of spite), a sharp rejection of popular trends if a person feels pressure from society.
3. Compensation	Individual psychology (A. Adler)	Overcoming real or imagined feelings of inferiority, anxiety, or vulnerability by emphasizing one's exclusivity.	Snobbery, conspicuous consumption (elitist, rare things), boasting of unique knowledge or connections, contempt for the "mass".
4. Self-differentiation	The theory of identity (E. Erickson, J. Marcia)	The cognitive and emotional process of realizing the boundaries of one's self and separating oneself from significant others, family, or the "crowd."	The emphasis is on personal, unique traits, a unique life path. Rejection of imposed family or social scenarios in order to find your own.

5. Narcissistic validation	The theory of the self (x. Kohut)	Using one's uniqueness as a source of "narcissistic nourishment" – the need for admiration and recognition of one's grandiosity.	Outrageous, striving for exclusivity in everything, demonstrating superiority, resentment if others do not notice their "peculiarities".
6. Self-confirmation	The theory of self - construction (U. Swann)	The desire to receive confirmation from the world that you are special. A person is looking for an environment that will reflect his unique self-image.	Avoiding "gray" or too ordinary companies, choosing a specific environment that recognizes and admires the exclusivity of a person.
7. Negative counterconformism	The social Psychology of conformity	Negative dependence on the opinion of the group. A person is guided by the norms of the "crowd" in order to do exactly the opposite.	Criticism of everything that is in the mainstream, deliberate violation of social norms, wearing specific clothes just in order to "be different."

In our opinion, personalization can be a powerful tool for increasing loyalty, as it satisfies a person's basic need for uniqueness. However, there are a number of psychological, technological, and ethical issues in this area that can not only negate business efforts, but also cause negative consumer reactions.

One of the most serious psychological problems is the so-called "privacy paradox" and the phenomenon of "creepiness" (creepiness factor). It occurs when the volume of personal data collected and used exceeds the user's expectations. Instead of feeling exceptional understanding and care, the consumer begins to experience fear of total surveillance. This leads to the activation of the mechanism of psychological reactivity, a defensive reaction to threats to freedom and autonomy. This mechanism instantly destroys brand credibility and turns positive uniqueness into a source of stress and rejection [10].

Another problem is the illusion of uniqueness that arises from algorithmic homogenization. Although hyperpersonalization is mentioned, neural networks often combine users into hidden micro-segments, offering thousands of people

supposedly "individual" recommendations. When consumers realize this, the uniqueness effect disappears, leading to frustration and reduced loyalty.

In addition, excessive personalization can create a "filter bubble" effect, which, by constantly adapting to past preferences, deprives consumers of the opportunity for accidental discoveries and novelty. From a psychological point of view, the need for uniqueness is closely related to the desire to explore the new. And rigid algorithmic frameworks can cause cognitive satiation, boredom, and audience churn, as the brand begins to be perceived as limiting rather than developing a personality.

Technological barriers also contribute to this problem. Data fragmentation, poor information quality, and machine learning errors can lead to clumsy personalized interactions, such as offering an already purchased product or ignoring changed preferences. This instantly destroys the magic of an exclusive service, emphasizes the artificiality of interaction and causes frustration.

It is impossible not to mention the financial and economic obstacles. Building an effective infrastructure for predictive analytics and personalization based on artificial intelligence requires significant investments. However, it is often difficult to measure the real return on such investments, especially in the context of long-term psychological attachment. As a result, many projects are frozen or terminated.

In addition, global regulation of personal data protection, including the GDPR and national privacy laws, is becoming increasingly stringent. This severely limits the business's ability to collect behavioral and psychographic information about customers. Companies are forced to look for new, less intrusive, but often less accurate customization methods. This limits their ability to meet the customers' need for uniqueness.

Conclusions. Summing up the results of the study, it can be concluded that in modern economic conditions, personalization has turned from a tactical marketing tool into a key psychological factor contributing to the formation of

loyalty. It directly satisfies a person's basic need for uniqueness and self-expression.

Deep customization of customer experience, based on artificial intelligence and predictive analytics technologies, allows brands to go beyond utilitarian transactions, creating lasting emotional attachment through the "digital mirror" effect and a sense of exclusive understanding from the company. However, as the analysis has shown, achieving genuine loyalty is impossible without taking into account psychological barriers and ethical constraints. The desire for hyperpersonalization inevitably faces the paradox of privacy, the phenomenon of invasion of personal space, and the risk of algorithmic homogenization, which destroy trust and provoke a defensive consumer reaction.

Thus, the secret to successfully forming long-term relationships with the audience lies not in massive data collection, but in finding a delicate balance between technical capabilities and psychological comfort of the client. The future of personalization belongs to ecosystems that show empathy, transparency, and ethics. In such systems, the consumer is not a passive object of algorithmic influence, but actively participates in creating their own unique experience. As a result, the brand does not just evoke situational loyalty, but is deeply integrated into the individual's life and self-perception.

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