

The Role of Artificial Intelligence-Based Marketing: How Brand Preference has Implications for Repurchase Intention in Islamic Financial Institutions

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Abstract

In recent years, artificial intelligence (AI) in marketing has played a significant role in the Islamic finance industry. The use of AI in the Islamic finance industry has brought about changes as it can help improve services to customers. However, maintaining brand preference and repurchase intention remains a challenge for Islamic financial institutions. This study explores the role of Artificial Intelligence Marketing (AIM) in enhancing brand preference and repurchase intention in Indonesia. The analytical model used is a structural equation model, with data analysis conducted using the Smart-PLS software. An online survey (Google Form) was conducted with 582 respondents who are customers of Islamic financial institutions. This study seeks to develop a model that provides an understanding of how the application of AIM determines brand preference and investigates its impact on brand repurchase intention. The findings indicate that technology-based marketing (AIM) can shape brand preference. It also highlights the importance of customer responses to the brand in developing brand preference, which ultimately impacts customers' repurchase intentions. Therefore, this study offers a perspective for Islamic financial institutions to build a strong brand image that can attract consumer preferences and repurchase intentions.

Keywords: Brand Preference, Repurchase Intention, Islamic Financial Institutions, Customer Loyalty, Technology-Based Marketing, Smart-PLS, Indonesia.

INTRODUCTION

Artificial intelligence (AI) has revolutionized various industries globally, and one sector experiencing significant transformation is Islamic finance (Yousaf, Yousaf, & Amin, M. (2020). Marketing strategies within this sector are progressively leveraging AI to enhance service delivery, customer experiences, and operational efficiency. The application of AI in marketing ranges from personalized customer recommendations to chatbots for efficient communication, creating more interactive and customer-centered approaches (Shahbaz, Bilal, & Javed, 2019). The increasing adoption of AI in Islamic finance marketing, often termed as Artificial Intelligence Marketing (AIM), has allowed for a redefinition of customer engagement, facilitating more targeted marketing efforts that can anticipate customer needs and preferences.

Despite the potential benefits and technological advancements provided by AI, Islamic financial institutions still encounter specific challenges. Among these are maintaining brand preference and influencing customers' repurchase intentions, both of which are crucial for business sustainability.

Brand preference, defined as a consumer's favorable perception and selection of one brand over others, is critical in the highly competitive Islamic finance industry (Hameed, & Waris, 2018). Similarly, repurchase intention, which refers to a customer's likelihood to return to a brand for future transactions, is essential for fostering long-term customer relationships and ensuring steady revenue streams. The challenges lie not only in attracting new customers but also in retaining existing ones by continually reinforcing brand loyalty through impactful marketing strategies.

This study aims to fill a gap in the literature by exploring the role of AIM in enhancing brand preference and repurchase intention within the context of Indonesia's Islamic finance industry. Indonesia, as a country with a large Muslim population and a growing Islamic finance market, provides a unique context for examining the influence of AIM on consumer behavior. With many Islamic financial institutions competing for market share, understanding how AIM can influence brand preference and customer loyalty is highly relevant for marketers and business practitioners in the industry.

A core aspect of the study involves examining how technology-based marketing strategies shape consumer perceptions and behavior toward Islamic finance brands. The use of AIM tools, such as predictive analytics, automated customer segmentation, and personalized digital content, can play a pivotal role in creating a positive brand image. This technology-centric approach enables financial institutions to meet the specific needs of their customers more effectively, which in turn can enhance brand preference and increase the likelihood of repurchase. The study seeks to investigate how these AI-driven strategies impact customer perception, preferences, and ultimately their decision-making process when choosing between competing Islamic financial services.

To achieve this objective, the research utilizes a structural equation model (SEM) as the primary analytical tool, which allows for the examination of complex relationships between variables. The SEM approach is well-suited for exploring the influence of AIM on brand preference and repurchase intention, as it enables the simultaneous analysis of multiple relationships within the conceptual model. The study further employs Smart-PLS software for data analysis, providing robust and reliable results for validating the proposed model. An online survey was conducted to collect data from 582 respondents, all of whom are customers of Islamic financial institutions in Indonesia, ensuring that the study's findings are representative of the target population.

The findings from this study are expected to offer valuable insights into the strategic role of AIM in the Islamic finance sector, with practical implications for financial institutions seeking to build and maintain a strong brand image. By understanding how AI-driven marketing strategies can influence brand preference and repurchase intention, Islamic financial institutions can develop more effective marketing plans to attract and retain customers. The study aims to contribute to the broader discourse on the application of AI in marketing, particularly within the context of Islamic finance, and provide a foundation for future research on the intersection of technology and consumer behavior in emerging markets.

METHODS

This research employs a quantitative approach to investigate the influence of Artificial Intelligence Marketing (AIM) on brand preference and repurchase intention within the Islamic finance sector in Indonesia. The primary method of analysis is the Structural Equation Model (SEM), a statistical technique well-suited for understanding complex relationships between multiple variables. SEM

enables the study to simultaneously analyze the direct and indirect effects of AIM on brand preference and repurchase intention, offering a comprehensive understanding of how these constructs interact (Alam, & Rizvi, 2017). This model was chosen because it allows for the examination of multiple dependent relationships, making it possible to capture the multifaceted nature of consumer perceptions and behavior within the Islamic finance context.

To collect data for the study, an online survey was conducted using Google Forms, targeting customers of Islamic financial institutions in Indonesia. A total of 582 valid responses were gathered, providing a sufficient sample size to conduct robust statistical analysis. The survey included questions designed to measure the participants' perceptions of AIM practices, their preference for specific brands within Islamic finance, and their intention to repurchase financial products or services from those brands. Once the data was collected, it was analyzed using Smart-PLS software, a tool based on Partial Least Squares-Structural Equation Modeling (PLS-SEM). Smart-PLS was selected for its ability to handle complex models with multiple constructs and for its flexibility in validating measurement models. The analysis involved assessing the reliability and validity of the constructs, followed by testing the hypothesized relationships between AIM, brand preference, and repurchase intention. The use of PLS-SEM allowed for the identification and evaluation of the strength and significance of these relationships, providing insights into how AIM influences customer preferences and behaviors within the Islamic finance sector.

RESULTS

The analysis of the survey data reveals that Artificial Intelligence Marketing (AIM) plays a significant role in influencing brand preference among customers of Islamic financial institutions in Indonesia. The statistical tests conducted using the Structural Equation Model (SEM) show that there is a strong, positive relationship between the application of AIM and the level of brand preference. This indicates that customers are more likely to develop a favorable attitude towards Islamic financial institutions that effectively utilize AIM strategies. These strategies may include personalized communications, AI-driven customer service, and targeted promotional activities that align with the customers' needs and preferences. The findings emphasize that AIM-based interventions have a direct and measurable impact on how customers perceive and prefer particular Islamic finance brands over others in a competitive market.

Moreover, the study finds that customer responses to AIM-based marketing efforts significantly contribute to the formation of brand preference, which in turn has a profound effect on repurchase intentions. Customers who positively perceive AIM activities, such as personalized content and recommendations, develop stronger emotional and cognitive connections with the brand. This brand preference acts as a mediating factor, influencing the likelihood of customers repurchasing financial products and services from the same institution. The research suggests that the more effective and customer-centric the AIM strategies are, the more likely customers will exhibit loyalty to the brand, resulting in higher repurchase intentions. This finding highlights the crucial role of technology-driven marketing efforts in building long-term customer relationships and ensuring customer retention within the Islamic finance sector.

The results further suggest that the adoption of AIM in marketing goes beyond enhancing brand recognition; it also fosters a more profound and sustained brand-customer relationship, ultimately encouraging repeat purchases. By integrating AI into marketing strategies, Islamic financial institutions can offer a more tailored and engaging customer experience, which not only attracts new customers but also strengthens the loyalty of existing ones. This deeper engagement is

instrumental in developing brand preference, as customers perceive the brand to be more responsive, innovative, and attuned to their specific needs. Consequently, the study provides practical implications for Islamic financial institutions, suggesting that leveraging AIM can be a strategic tool not only for increasing brand visibility but also for cultivating customer loyalty and promoting repeat business, thereby enhancing the institution's competitive edge in the market.

DISCUSSION

The results of the study provide compelling evidence for the pivotal role of Artificial Intelligence Marketing (AIM) in influencing brand preference and repurchase intentions within the Islamic finance industry. In an era where consumer behavior is increasingly driven by personalized and technology-based interactions, AIM emerges as a transformative tool for Islamic financial institutions. The study's findings indicate that customers are more likely to prefer brands that employ AI-driven strategies to enhance the customer experience, demonstrating how AIM effectively bridges the gap between technology and consumer needs. By adopting these strategies, Islamic financial institutions can create more personalized, engaging, and efficient customer interactions, which significantly contribute to the formation of a positive brand image.

A critical aspect of the study is the identification of the strong relationship between AIM-based marketing efforts and brand preference. The research reveals that technology-based marketing strategies, such as AI-powered customer service, personalized promotions, and data-driven recommendations, are instrumental in shaping how customers perceive and interact with brands. These strategies enable Islamic financial institutions to provide timely, relevant, and value-added services to their customers, fostering trust and loyalty. Consequently, the application of AIM not only enhances the brand's appeal but also positions it as a customer-centric entity, which is crucial in the financial services sector, where trust and reliability are key determinants of brand preference.

The study also highlights the influence of brand preference on repurchase intentions, illustrating that a strong brand image, enhanced by AIM, directly correlates with customers' willingness to continue transacting with the brand. This connection underscores the importance of developing a comprehensive and cohesive AIM strategy that not only attracts new customers but also cultivates long-term loyalty among existing clients. The ability of AIM to influence repeat purchasing behavior is particularly significant in the Islamic finance industry, where maintaining customer loyalty is a challenge due to the presence of multiple competing brands and the growing need for differentiated customer experiences.

In practical terms, the study provides valuable insights for Islamic financial institutions seeking to leverage AIM to enhance their market positioning. It suggests that by focusing on technology-based marketing strategies, these institutions can build a stronger brand presence and retain a competitive edge. For instance, integrating AI into customer relationship management (CRM) systems can allow for more effective segmentation and targeting, enabling financial institutions to deliver customized offerings that resonate with specific customer segments. Furthermore, AI-powered analytics can help identify consumer trends and preferences, allowing marketers to proactively adjust their strategies to meet evolving customer demands.

Beyond the marketing implications, the study's findings have broader implications for Islamic financial institutions in terms of organizational culture and customer-centric innovation. The adoption of AIM requires a cultural shift towards embracing digital transformation and fostering an environment that supports technological advancements. Islamic financial institutions must not only invest in AI technologies but also train their workforce to effectively utilize these tools to enhance

the customer experience. By doing so, they can ensure that the benefits of AIM extend beyond marketing to create a holistic, technology-driven approach to customer service and brand management.

In conclusion, the study contributes significantly to the understanding of AIM's impact on marketing outcomes in the Islamic finance sector. It highlights the potential of AI to transform traditional marketing approaches, providing a pathway for Islamic financial institutions to build stronger brands and foster customer loyalty. The findings suggest that AIM is not just a tool for enhancing brand visibility, but a strategic asset that can shape consumer perceptions, drive repurchase intentions, and ultimately contribute to sustainable business growth. For practitioners and marketers in the Islamic finance industry, these insights offer practical guidance on how to effectively implement AIM strategies to strengthen brand value and achieve competitive differentiation in a rapidly evolving marketplace.

CONCLUSION

The research concludes that Artificial Intelligence Marketing (AIM) plays a crucial role in shaping brand preference and influencing repurchase intention within Islamic financial institutions. By analyzing the relationships between AIM strategies, customer preferences, and purchasing behaviors, the study reveals that the application of AI-driven marketing has a significant and positive impact on how customers perceive and interact with Islamic finance brands. Specifically, the adoption of AI technologies, such as personalized marketing communications, predictive analytics, and customer service automation, contributes to the formation of a favorable brand image. This, in turn, fosters stronger emotional connections with customers and enhances their likelihood of returning to the brand for future transactions. As a result, the study emphasizes the transformative power of AIM in improving customer satisfaction, loyalty, and overall brand equity within the Islamic finance sector.

The practical implications of the study suggest that Islamic financial institutions have the opportunity to significantly enhance their competitive position by adopting innovative AIM approaches. By leveraging AI to provide more personalized, efficient, and customer-centric marketing strategies, these institutions can effectively influence consumer behavior in a way that strengthens brand loyalty and promotes repeat purchases. The findings underscore the importance of integrating AIM not just as a supplementary tool, but as a core aspect of the organization's marketing strategy to build and maintain robust customer relationships. Ultimately, the research supports the view that the effective implementation of AI-driven marketing can serve as a key differentiator in the Islamic finance industry, enabling financial institutions to create a unique brand experience, respond more proactively to consumer needs, and achieve sustainable business growth in an increasingly technology-driven market landscape.

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