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Address for correspondence:

Dr Basavaraj S Mammani
Associate Professor, Faculty of
Business Studies MBA,
Sharnbasva University Kalaburagi
Email: basu.mammani@gmail.com

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Marketing with Artificial Intelligence: Transforming Customer Engagement and Strategic Decision-Making

Dr Basavaraj S Mammani

Associate Professor, Faculty of Business Studies MBA, Sharnbasva University Kalaburagi

Abstract

Artificial Intelligence (AI) is revolutionizing the field of marketing by enabling data-driven decision-making, personalized customer experiences, and efficient automation of marketing processes. This paper examines the role of AI in modern marketing practices, focusing on its applications in customer segmentation, predictive analytics, content personalization, and marketing automation. The study highlights how AI enhances customer engagement, improves marketing efficiency, and provides competitive advantage to organizations. The paper also discusses challenges such as data privacy, ethical concerns, and skill gaps. The findings suggest that AI-driven marketing is no longer optional but a strategic necessity in the digital era.

Keywords: Artificial Intelligence, Marketing Analytics, Customer Experience, Personalization, Digital Marketing

Introduction

The rapid growth of digital technologies has transformed traditional marketing approaches. Artificial Intelligence enables marketers to analyze vast amounts of data, predict customer behavior, and deliver personalized offerings in real time. AI-powered tools are reshaping how organizations interact with customers and design marketing strategies.

The digital revolution has fundamentally altered the structure and functioning of global markets. Organizations now operate in an environment characterized by data abundance, hyper-connectivity, and rapidly evolving customer expectations. In this context, Artificial Intelligence (AI) has become a pivotal technology enabling firms to convert vast data streams into actionable insights.

Recent research indicates that firms integrating AI into marketing strategies experience improved decision accuracy, higher customer retention, and enhanced revenue growth (Kumar, 2024; Amin, 2025). The shift from intuition-based marketing to data-driven strategic planning marks a paradigm transformation in managerial practice.

This study explores how AI is reshaping marketing functions and strategic decision-making while addressing implementation challenges and ethical implications.

Objectives of the Study

- 1) To understand the concept of AI in marketing
- 2) To analyse key applications of AI in marketing activities
- 3) To examine the impact of AI on customer experience
- 4) To identify challenges in implementing AI-based marketing systems.

Applications of AI in Marketing

1. Customer Segmentation and Targeting

AI analyzes structured and unstructured customer data to create accurate micro-segments based on behavior, preferences, and purchasing patterns (Leveraging AI for Predicting 2025).

2. Personalization

AI enables personalized emails, dynamic content, and product recommendations. Research confirms that AI-powered personalization enhances customer engagement and satisfaction (Brooklyn et al., 2024; Markou, 2025).

3. Chatbots and Virtual Assistants

AI-enabled chatbots provide 24/7 customer support, automate query resolution, and elevate engagement levels, empowering marketers to serve customers at scale.

4. Predictive Analytics

Predictive analytics uses machine learning to forecast trends, customer churn, and purchasing patterns, supporting proactive marketing decisions (Gowri, 2024, Wang, 2025).

5. Marketing Automation

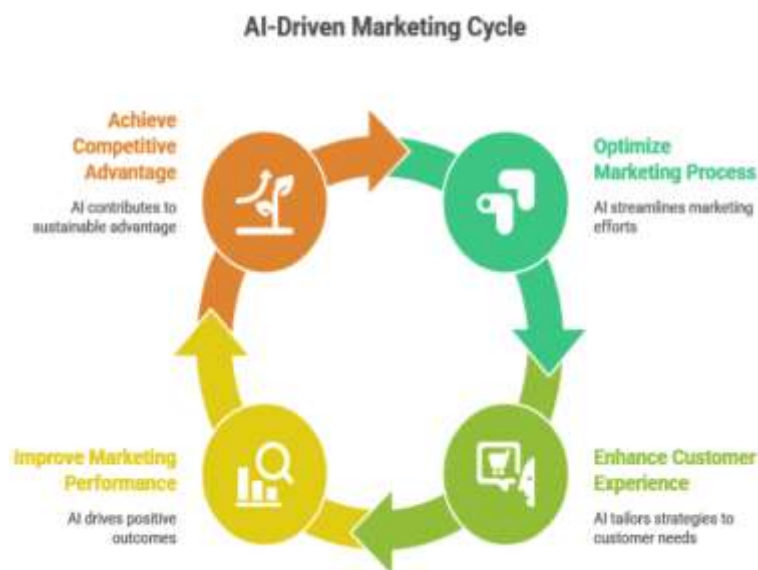
AI automates repetitive marketing tasks, such as campaign scheduling and lead scoring,

enabling organizational focus on strategy and creative planning.

Impact of AI on Marketing Performance

- **Enhanced Customer Engagement:** AI-enabled personalization boosts relevance and interaction.
- **Higher Conversion Rates:** Advanced analytics improve targeting precision.
- **Cost and Time Efficiency:** Automation reduces operational burden.
- **Better Decision-Making:** Data-driven insights enhance strategic accuracy.
- **Brand Loyalty:** Personalized experiences foster long-term consumer relationships.

Conceptual Framework



Challenges in AI-Driven Marketing

- **Data Privacy and Security:** Ethical and regulatory concerns remain central.
- **Algorithmic Bias and Trust:** Consumer trust and fairness influence AI adoption (Markou, 2025).
- **High Cost and Infrastructure Needs:** Investment in AI systems is substantial.
- **Skill Gap:** Organizations lack professionals skilled in AI and analytics.

Research Methodology

The study is based on secondary data, collected from journals, research articles, industry reports, and online sources related to AI and marketing.

Findings

- AI significantly enhances marketing effectiveness and customer experience
- Organizations using AI gain competitive advantage
- Ethical and data-related challenges need proper governance

Conclusion

Artificial Intelligence is transforming marketing from intuition-based decision-making to data-driven strategies. Organizations that effectively integrate AI into marketing functions can achieve superior customer engagement and sustainable growth. However, successful implementation requires ethical practices, skilled manpower, and strong data governance.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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