

# THE IMPACT OF ARTIFICIAL INTELLIGENCE ON PERSONALIZATION IN DIGITAL MARKETING

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## Abstract

Marketing efforts in the digital age have moved from basic mass communications to highly targeted, individualized, and engaging strategies. The use of Artificial Intelligence (AI) technology into digital marketing techniques has made this change feasible. This study explores the influence of artificial intelligence (AI) on marketers and customers, as well as the critical role AI plays in customizing digital marketing strategies.

The digital marketing environment has seen a notable shift in recent times due to the extensive use of Artificial Intelligence (AI) into campaign plans. The process of comprehending consumer preferences, behaviors, and purchasing patterns has been expedited by this capacity. Businesses may now adjust their ads to each individual consumer's specific demands and interests by combining AI-driven marketing with state-of-the-art technology. This study examines the complex processes by which artificial intelligence (AI) provides customization in digital marketing. The data was collected from 200 customers as users of AI and henceforth was Applied to test impact of AI on customer experience (CEP) & Marketing Strategy Optimization (MSO) . The findings reveal that AI exerts a positive impact on CEP & MSO. In

conclusion the research paper offers a comprehensive analysis of the evolving synergy between AI and digital marketing personalization inculcating benefits of Customer Experience & . It underscores the potential of AI to revolutionize marketing practices while prioritizing responsible use of consumer data. By bridging the gap between technology and consumer expectations, AI-driven personalization will redefine the future of digital marketing.

**Keywords-** Digital marketing campaigns, Artificial intelligence, AI in marketing, AI driven recommendation

## **Introduction**

The market is a gathering place for buyers and sellers, and marketing is the strategy employed by companies to inform their clientele about the goods and services they have to offer. It's a strategy for drawing clients in and educating them about the advantages, worth, applications, and other details of the goods and services the company provides. With the rapid advancement of technology, traditional marketing strategies have given way to digital marketing tactics, which largely use the internet to draw in clients and disseminate pertinent information about a company's goods and services. Maintaining relevance and interacting with customers in the changing world of digital marketing has become a challenging task. With its large audience and often evolving trends, digital space need a strategy that transcends beyond the notion of a one-size-fits-all campaign. This calls for a paradigm change in marketing tactics, one that values uniqueness within the large digital audience. Artificial intelligence is a strong ally in this move. By targeting the appropriate customers at the right moment, digital marketing combined with artificial intelligence is already transforming the future of company marketing. Artificial intelligence seeks to render computers and other devices as intelligent as people in this day and age so they can compete with human minds. Practically every industry is being overtaken by artificial intelligence.

A new age has begun with the convergence of AI and digital marketing, one in which customization and accuracy are practical realities rather than just ideals. Artificial Intelligence (AI) has the potential to revolutionize digital marketing by creating a hyper-personalized environment where every customer encounter is customized and unique. These days, AI's computational capabilities have made it possible to understand the intricacies of customer behavior, preferences, and attitudes. This study examines the mechanisms by which artificial intelligence does customization, analyzing the tools and systems that enable this breakthrough.

AI-powered marketing goes beyond conventional strategies, from anticipating customer demands to curating tailored content.

The secret to understanding the complexities of human preferences, behavior, and wants lies in artificial intelligence (AI), which is capable of processing and analyzing data at a scale that is larger than that of humans. It gives advertisers the ability to move beyond generic mass marketing and into highly tailored, one-to-one interactions. By discussing the psychology of customized marketing and how it helps to forge closer ties between companies and customers, we hope to bridge the gaps between the domains of technology, marketing, and ethics. It explores how, in this age of digital disruption, businesses must not only remain relevant but also create deep, lasting relationships with their consumers.

#### Digital Marketing and AI Artificial Intelligence

With the advent of the digital age, marketing has entered a revolutionary phase characterized by unparalleled access to massive amounts of data, a profusion of avenues for interaction, and an ever-expanding client base. Companies that have successful marketing strategies are utilizing a range of emerging technologies and tools to develop and improve their marketing plans in order to support marketing initiatives that are customized to the shifting preferences and needs of their target audience. They are also making sure that data analytics is used to analyze the needs and desires of their target audience. In this setting, artificial intelligence (AI) has become a potent catalyst that is altering the landscape of digital marketing and ushering in a period of unprecedented customization.

In many respects, artificial intelligence is essential to raising the bar for digital marketing practices. It enables marketers to improve their tactics, streamline their campaigns, and provide better outcomes. AI algorithms can swiftly and effectively analyze vast amounts of data, providing marketers with insights on the behavior, preferences, and trends of their clientele. AI allows marketers to develop highly customized marketing campaigns by creating offers and content suggestions specifically for each unique consumer based on their prior interactions and behavior. Because AI can forecast consumer behavior, businesses may proactively target potential consumers with offers or related content.

It is assisting marketers in creating targeted operations for various audience segments by significantly contributing to the division of enterprises into unique groups based on shared features. Artificial intelligence (AI)-powered chatbots and conversational marketing solutions

improve client engagement by offering real-time customer service, answering questions, and guiding users through the buyer's journey.

Additionally, AI-powered voice as well as visual search features make it easier for consumers to access information and items. It also assists in identifying and avoiding click fraud and ad fraud, safeguarding marketing budgets from unnecessary expenditure.

Artificial Intelligence provides marketers with insights about client journeys and pain spots, as well as potential for personalization. Ad targeting, bidding, and creative components are optimized by AI when combined with digital marketing tools and approaches to maximize return on investment and minimize wasteful spending. Above all, AI gives marketers instantaneous insights into the effectiveness of their campaigns, enabling them to make data-driven choices and quickly modify their plans. Digital marketing systems are changing because of artificial intelligence (AI), which improves automation, customization, and targeting. Search engine optimization, email and social media marketing, content marketing, data analysis and interpretation, customer relationship management, and predictive analytics are some of the major facets of digital marketing that are benefiting from artificial intelligence.

#### AI's advantages for customized marketing

Artificial intelligence (AI) in digital marketing sales is providing previously unheard-of chances for all vendors serving small and local companies. Artificial intelligence (AI) supports corporate success by adding a new layer to customized marketing, from customizing experiences to engaging audiences on an individual basis. Allow us to walk you through the benefits of using AI in customized marketing and offer sales professionals like you useful information to improve your tactics.

#### Defined for Personalized Marketing

Customizing tactics and content to each unique customer's requirements and preferences is the foundation of personalized marketing. It all comes down to giving each customer a special, tailored experience that will strengthen the bond between them and increase the chances of conversion and return on investment. All things considered, customized marketing is a move toward customer-centric marketing tactics that give target audiences' unique requirements and preferences first priority.

## Acquiring Mastery over Artificial Intelligence

Artificial intelligence, or AI, is the emulation of human intellect in computers. It allows robots to do activities like learning, thinking, solving problems, and understanding natural language that would typically need human intelligence. Artificial intelligence (AI) systems can scan enormous volumes of data in marketing to find trends, forecast behavior, and streamline decision-making.

## The Synergy: AI's Advantages for Personalized Marketing

### Improved Understanding of Customers

AI gives companies the ability to learn in-depth details about the interests, behavior, and past purchases of their customers. Salespeople may grasp the unique client journey by examining data from several touchpoints. This allows them to customize their approach according to prior encounters and personal preferences. Predictive analytics is essentially how artificial intelligence (AI) affects customized marketing; machine learning algorithms evaluate past data to anticipate future customer tendencies. Personalized marketing is essentially revolutionized by AI, which gives companies the insights and instruments they need to understand, predict, and cater to the specific wants and preferences of each individual consumer.

### Hyper-Personalization to Get the Most Out of It

Hyper-personalization is made possible by the use of generative AI, which advances personalized marketing. Every consumer encounter can be made to be extremely relevant with the help of generative AI, which can produce dynamic and original content in real time. This degree of customization raises conversion rates in addition to engagement. How? Well, AI can find connections between many data, like past purchases, surfing habits, demographics, and psychographics, thanks to machine learning algorithms. Reps may give highly tailored information by segmenting their consumers into highly targeted groups by recognizing these trends. Additionally, AI-powered systems can comprehend the purpose and sentiment of their customers thanks to natural language processing and sentiment analysis, which enables companies to instantly customize their suggestions and answers.

### Enhanced Productivity via Automation

When it comes to selling and marketing to small and local companies, time is of the key. Automating repetitive processes, including social media postings, email marketing, and client segmentation, with AI power helps save time and effort. AI saves representatives a lot of time and resources by analyzing massive information fast and making data-driven decisions in real time. In summary, this automation frees sellers and marketers from having to perform labor-intensive human data analysis, freeing them up to concentrate on creating customized campaigns and plans for each category.

### Enhanced Client Experience

AI helps sales teams find possibilities for improvement and uncover pain areas by analyzing consumer behavior at every touchpoint. Salespeople and knowledgeable marketers may optimize marketing efforts by comprehending the customer journey, which will result in a more seamless and fulfilling experience for their clients. The field of digital marketing is and will always be competitive. Thus, it's critical to remain current while implementing sensible solutions. Personalized marketing that uses AI to its full potential is not only a fad, but a calculated step in the right direction. Salespeople may present themselves as dependable partners involved in the success of small and local firms by embracing these techniques. The combination of AI and customized marketing truly opens up a world of possibilities.

### Evaluating AI's Impact on Marketing Effectiveness

The use of Artificial Intelligence (AI) into marketing tactics has transformed the way firms interact with their audiences in the current digital era. Evaluating how AI affects marketing effectiveness is one of the most important parts of this shift. Artificial Intelligence (AI) technology, driven by big data analytics and machine learning algorithms, have made it possible for marketers to improve consumer experiences, optimize workflows, and increase overall marketing efficiency. This section explores the main areas where artificial intelligence has improved marketing efficiency.

**Predictive analytics and data analysis:** Robust data analysis is a major way AI improves marketing efficiency. Massive volumes of data may be processed in real time by AI algorithms, which can then be used to extract insightful information about consumer behavior, preferences, and market trends. AI-driven predictive analytics is able to anticipate future trends and

customer behavior by evaluating past data. These forecasts may help marketers make well-informed judgments, improve their marketing plans, and more effectively use their resources.

**Personalization and Customer Segmentation:** With the use of AI, marketers can now develop highly targeted and customized advertising campaigns. AI can analyze consumer data using sophisticated algorithms to identify trends and divide audiences according to a range of criteria, including behavior, demographics, and preferences. By using this segmentation, marketers are able to customize their offerings and determine which client categories are more receptive to their messaging, promotions, and products. Personalized marketing maximizes marketing efficiency by raising consumer engagement levels and improving conversion rates and client loyalty.

**Chatbots and Customer Support:** AI-powered chatbots are becoming indispensable tools for offering round-the-clock customer service. These chatbots can respond to inquiries from customers, comprehend natural language, and assist consumers with the buyer's journey. Chatbots free up human resources by answering regular questions and chores, enabling marketers to concentrate on more strategic and innovative areas of marketing efforts. This automation increases overall marketing efficiency by saving a substantial amount of time and money.

**Content creation and Optimization :** AI technologies have the capacity to create and optimize content on a large scale. Algorithms for natural language processing (NLP) may produce interesting, high-quality content by analyzing vast amounts of textual data. AI technologies may also enhance content for search engines, guaranteeing that marketing materials naturally reach a larger audience. Marketers may focus more effectively on developing engaging stories and innovative tactics by automating the procedures associated with content production and optimization.

**Real-time Decision-Making and Insights:** AI offers insights into consumer behavior and campaign performance in real-time. In real time, marketers are able to analyze consumer interactions, evaluate engagement data, and measure the effectiveness of their initiatives. Marketers may quickly make data-driven decisions with the help of these insights. Real-time data-driven strategy adjustments allow for efficient allocation of expenditures, maximizing the effectiveness of marketing initiatives.

## Artificial Intelligence Integration for Digital Marketing

To thrive in the market, one must be ahead of the curve in the technologically competitive realm of digital marketing. Generic, one-size-fits-all marketing initiatives are losing their effectiveness as customers trawl through the market's hidden corners and are inundated with information. Businesses strive to provide highly tailored, relevant information and experiences to connect, attract, and convert consumers. Here is where artificial intelligence is going to change the game in terms of enhancing digital marketing strategies for the worldwide market.

AI is becoming a workable answer rather than a future idea. Here are some ways AI is transforming the field of digital marketing:

**Audience Segmentation:** Using data sets of massive proportions, AI-powered algorithms may discover and classify various client categories according to their preferences, behaviors, and demographics. This increases the possibility of conversion by enabling marketers to tailor offers and messaging to a particular targeted target.

**Personalization:** AI makes hyper-personalization possible by giving information, suggestions, and user-specific ads that are targeted to boost interaction. This kind of customisation not only boosts client loyalty and retention but also raises engagement.

**Predictive Analytics:** By evaluating past data, AI predicts future consumer behavior, enabling marketers to take proactive steps.

**Content optimization:** Artificial intelligence (AI) systems can assess the effectiveness of content and recommend changes, such optimizing keywords to increase search engine rankings.

**Email marketing:** AI may assist in sending emails that are tailored to each recipient's subject line, content, and send time, increasing open and click-through rates. Campaigns for email marketing may also be automated using it.

**Ad-campaign optimization:** AI makes the best decisions about ad targeting, bidding, and creative components to make sure the right people see the appropriate ads at the right times.

**Voice search optimization:** As voice search becomes more popular, AI assists businesses in adapting by making their content more visible in voice search results by making it more speech-based query-friendly.



Consumer insights are obtained by AI mining social media and different online forums to learn about the attitudes of customers. This information helps businesses improve their advertising efforts, marketing, and product offers in order to draw in and keep their target consumer base.

**Chatbots and customer service:** Chatbots that are driven by AI offer prompt replies, improving customer service and engagement. They also visualize and analyze client journeys, spotting chances for customization and optimize conversions.

### Examining the Performance of AI-Powered Customization

Businesses are looking more and more to Artificial Intelligence (AI) in the constantly changing digital world to improve consumer experiences and promote tailored connections. Delivering information that is individualized to each customer's requirements and tastes is one of the major uses of AI in marketing. This section explores the reasons for the effectiveness of AI-powered customization as well as the methods in which it works.

**Recognizing Unique Customer Preferences:** Artificial intelligence algorithms can analyze large volumes of customer data, such as prior purchases, browsing patterns, and social media activities. Artificial intelligence (AI) can analyze this data and find patterns and trends in consumer behavior, giving businesses a greater understanding of their customers' unique tastes. This comprehension serves as the cornerstone for providing each client with individualized information, product suggestions, and marketing communications that speak to them personally.

**Real-time Personalization:** AI makes it possible to customize marketing material in real-time by instantly processing data and making changes while on the road. For example, an AI-powered e-commerce website may assess a consumer's browsing history in real-time and suggest goods or services based on their preferences. Customers will always receive relevant content and offers at the exact moment they are most interested in thanks to real-time customization.

**Enhanced client Engagement:** Deeper client engagement is achieved through personalized content. Customers are more inclined to interact with information that is offered to them when

they believe that the brand is aware of their preferences and wants. Artificial intelligence-driven customization guarantees that marketing communications are not only pertinent but also

emotionally impactful, resulting in heightened client involvement, communication, and, eventually, allegiance.

**A/B Testing and Optimization:** AI systems can carry out complex A/B testing on customized material. Artificial Intelligence can optimize marketing materials in real time by evaluating consumer reactions to various versions of the content. AI, for example, may test many email subject lines to see which one has a greater open rate. Testing and improving in an iterative manner guarantees that tailored content keeps getting better and more efficient.

**Cross-Channel Consistency:** Clients communicate with companies over a range of platforms, such as email, social media, mobile applications, and websites. All these channels provide a consistent client experience thanks to AI-powered customization. When a consumer visits the company's website or mobile app, they should experience the same degree of customization as they do when they receive a tailored suggestion via email. Maintaining consistency in personalizing improves consumer trust and brand impression.

**Challenges and Ethical Considerations:** Although AI-powered personalization has many advantages, organizations need to be mindful of some drawbacks, such as possible algorithmic biases, the danger of over-personalization, and data privacy issues. To keep AI-powered customization methods effective, it is imperative to make sure that personalization initiatives are moral, considerate of consumers' privacy, and do not alienate them.

### ***AI-powered customized marketing in the future***

**AI-powered customized marketing appears to have a bright future.** We may anticipate seeing even more complex and sophisticated AI-powered marketing strategies that are even more successful at attracting and interacting with consumers as AI technology develops. The following are some of the major developments in AI-powered tailored marketing that we should watch out for:

**Enhanced personalization:** As AI algorithms are more adept at interpreting consumer data and behavior, businesses will be able to design experiences that are even more customized to the unique requirements and preferences of each individual customer.

**Improved comprehension of consumer behavior:** As artificial intelligence (AI) algorithms develop, businesses will acquire a deeper comprehension of consumer behavior and preferences, enabling them to design more precise and successful marketing campaigns. **Enhanced customer engagement:** Chatbots and virtual assistants, among other technologies, will be used in AI-powered marketing efforts to make them even more interactive and engaging for consumers.

**Improved customer experience:** Artificial Intelligence will be applied to improve the consumer experience in all areas of the customer journey, not just marketing. This might involve utilizing chatbots with AI capabilities to offer customer support and assistance or use AI-powered suggestions to aid customers in finding the appropriate goods or services.

All things considered; AI-powered targeted marketing has a bright future. We may anticipate seeing even more complex and sophisticated marketing strategies that are even more successful at capturing consumers' attention and catering to their unique requirements and preferences as AI technology develops. Businesses can develop tailored experiences that improve consumer pleasure, foster loyalty, and ultimately propel corporate success by utilizing AI responsibly and ethically.

## **Review of Literature**

**Kumar and associates (2019)** talked on the role artificial intelligence (AI) plays in personalized engagement marketing, highlighting the technology's capacity to generate, convey, and provide clients with customized offers. In their article, they emphasized AI as a tool with countless possibilities and knowledge that can be carefully customized to meet personal tastes. The study also showed how predictive AI can be in identifying consumer preferences and behaviors in both developed and developing nations.

Dumitriu and Popescu looked at the state of artificial intelligence in marketing procedures in 2020. To break into the market, they offered a four-step sequential plan that used clever marketing techniques. Their study demonstrated how AI-based methods and tools make traditional targeting's complexities much simpler and less difficult.

A three-phase framework for market planning was presented by Huang and Rust (2021) and included several benefits of artificial intelligence (AI). The study delineated the potential applications of artificial intelligence (AI) in marketing research, strategy formulation (including segmentation, positioning, and targeting), and ensuing initiatives. This framework outlined the useful ways AI may be applied to effectively shape marketing campaigns.

**Khatri, M. (2021)** This article examines the usefulness of digital marketing and its integration with artificial intelligence, taking into account shifting consumer preferences and trends to connect with the appropriate audience at the appropriate moment. The study emphasizes how artificial intelligence (AI) might influence customer behavior in digital marketing.

**Suleiman, D. A., et al. (2021)** This research attempts to explain how artificial intelligence affects website interaction and how simple it is to implement to improve digital marketing effectiveness. To improve digital marketing, the paper describes how artificial intelligence skills might be integrated into corporate operations.

N. Thilagavathy and E. Praveen Kumar's work "AI on Digital Marketing - An Overview" (2021) offered a thorough understanding of the use of AI in digital marketing. The writers examined a wide range of topics related to digital marketing, such as customer segmentation, content creation, tailored advertising, and CRM, and they demonstrated how artificial intelligence (AI) tools like machine learning, natural language processing, and predictive analytics are improving these fields. The study emphasized how AI can significantly improve marketing techniques.

**Mhlanga (2021)** examined the effects of AI on digital financial inclusion in the banking sector in different research, paying particular attention to Industry 4.0. The study emphasized how AI technologies are revolutionizing the financial services industry by making financial services more inclusive and accessible to people who were not previously able to use traditional banking systems. The report highlighted how risk assessment capabilities, tailored financial services, and an improved overall customer experience have all been made possible by AI-powered solutions, which have promoted digital financial inclusion.

**Kokina and Davenport (2020)** looked at how AI affected auditing procedures in their study, highlighting the changes that automation and AI technology have brought about in the auditing industry. They described how these technologies—which include anomaly detection, predictive analytics, and data extraction—have greatly increased the precision and efficiency of financial analysis. The authors argued that auditors can more effectively detect possible fraud, spot trends in large datasets, and evaluate them thanks to AI.

In a similar vein, Davenport, **Guha, Grewal, and Bressgott (2019)** investigated how artificial intelligence may revolutionize marketing. They contended that artificial intelligence (AI) technologies has the potential to transform several aspects of marketing, including consumer experience, data analysis, and decision-making procedures. But the authors also emphasized the difficulties in implementing AI in marketing, such as moral dilemmas and the requirement for human supervision to guarantee the appropriate application of these tools.

**Kietzmann, Paschen, and Treen (2018)** investigated the potential uses of AI in advertising across the customer experience. They argued that by providing customers with tailored and targeted experiences, AI had the power to transform advertising. The authors examined a number of artificial intelligence (AI) applications that improve client interaction and increase the efficacy of advertising, such as chatbots, recommendation engines, and virtual assistants.

## **Research Methodology**

This research study was conducted to explore the influence of Artificial Intelligence (AI) on customer experience and marketing strategy optimization in the field of digital marketing. The study adopted a **quantitative and descriptive research design**, as it allowed systematic measurement of relationships among the selected variables and helped in drawing logical and evidence-based conclusions. The objective was to analyze how the integration of AI in marketing practices affects customer engagement and business decision-making.

A total of **200 respondents** were selected using a **convenience sampling method**. These respondents were customers who had interacted with AI-driven marketing tools such as chatbots, personalized advertisements, and recommendation systems. Data was collected through a **structured questionnaire**, which was divided into three key sections: questions related to Artificial Intelligence (AI), Customer Experience (CEP), and Marketing Strategy Optimization (MSO). Each item in the questionnaire was measured using a **five-point Likert scale**, ranging from “Strongly Disagree” to “Strongly Agree.”

The collected data was analyzed using **Partial Least Squares Structural Equation Modeling (PLS-SEM)** through SmartPLS software. The analytical process included both **measurement model assessment** (to test the reliability and validity of constructs) and **structural model assessment** (to evaluate the hypothesized relationships between variables). The statistical tools employed included Cronbach's Alpha, Composite Reliability, Average Variance Extracted (AVE), and Fornell and Larcker's Discriminant Validity Test.

The methodology was designed to ensure that the results were both reliable and valid, thus offering meaningful insights into how Artificial Intelligence impacts digital marketing effectiveness.

## **Hypotheses of the Study**

Based on the objectives, the following hypotheses were formulated:

**H1:** Artificial Intelligence (AI) has a significant positive impact on Customer Experience (CEP). **H2:** Artificial Intelligence (AI) has a significant positive impact on Marketing Strategy Optimization (MSO).

These hypotheses were tested to determine whether the adoption of AI technologies in marketing contributes to improving customer satisfaction and helps in designing more effective marketing strategies.

## **Results & Analysis**

### **Measurement model**

### **Reliability And Validity Analysis**

The reliability of the measurement model was evaluated using Cronbach's Alpha and Composite Reliability. The results showed that all constructs achieved acceptable reliability levels, as Cronbach's Alpha values were above 0.6 and Composite Reliability values exceeded 0.7. This indicates that the items used to measure AI, customer experience, and marketing strategy optimization were internally consistent and dependable.

In terms of validity, **convergent validity** was confirmed since the Average Variance Extracted (AVE) for all constructs was greater than 0.5. This means that each construct was able to explain

more than half of the variance of its respective indicators, proving that the variables measured what they were intended to measure.

Furthermore, **discriminant validity** was established using the Fornell and Larcker criterion. The square root of AVE for each construct was higher than its correlation with other constructs, signifying that each variable in the study was distinct from the others and represented a unique concept. This statistical evidence supported that the measurement model was both reliable and valid for further analysis. The results are shown in Table 1 & 2

TABLE 1 – Reliability of the Constructs

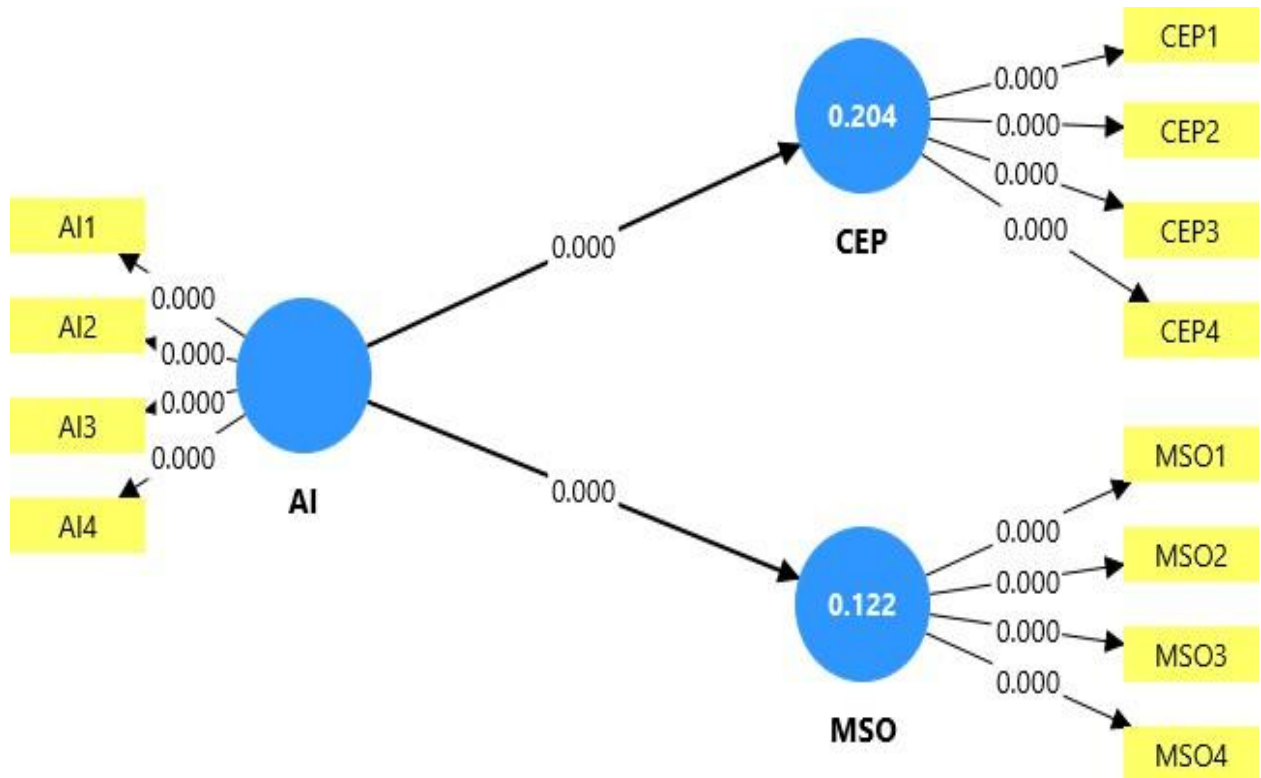
	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
<b>AI</b>	0.701	0.735	0.817	0.535
<b>CEP</b>	0.628	0.661	0.783	0.557
<b>MSO</b>	0.816	0.821	0.879	0.646

Source: (Author's own compilation)

TABLE 2 – DISCRIMINANT VALIDITY (FORNELL & LARCKER CRITERION)

	<b>AI</b>	<b>CEP</b>	<b>MSO</b>
<b>AI</b>	0.731		
<b>CEP</b>	0.452	0.693	
<b>MSO</b>	0.350	0.357	0.803

Source: (Author's own compilation) Analysis of Structural Model Fig – Structural model



Source: Retrieved from Smart PLS 4

The results of the structural model revealed that Artificial Intelligence had a **significant positive relationship** with both Customer Experience and Marketing Strategy Optimization. The path coefficient from AI to CEP was strong and statistically significant, indicating that the integration of AI technologies in marketing activities leads to a noticeable improvement in the customer experience. Similarly, the relationship between AI and MSO was



also positive and significant, confirming that the use of AI enhances the efficiency and accuracy of marketing strategy formulation.

The high t-statistics and very low p-values (less than 0.001) further validated these relationships, providing strong empirical support for the acceptance of both hypotheses (H1 and H2) as evident from table 3. This demonstrates that AI not only enhances customer interactions but also stimulates data-driven decision-making in marketing practices.

TABLE 3 – RESULTS FOR HYPOTHESIS TESTING

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
AI -> CEP	0.452	0.465	0.055	8.241	0.000
AI -> MSO	0.350	0.360	0.061	5.710	0.000

Source: (Author's own compilation)

## Discussion & Conclusion

The findings of this study highlight that Artificial Intelligence has emerged as a **transformative tool** in the digital marketing landscape. The integration of AI has allowed businesses to collect, analyze, and interpret consumer data more effectively, enabling them to deliver personalized marketing messages and improve customer satisfaction. AI-driven systems such as predictive analytics, recommendation engines, and automated customer service have significantly improved the overall customer journey by making interactions faster, smarter, and more relevant.

The study also emphasizes that AI contributes to **marketing strategy optimization** by offering actionable insights and predictive capabilities that assist marketers in planning more effective campaigns. By analyzing customer behavior and purchase patterns, AI enables firms to allocate resources efficiently and enhance return on investment (ROI). This data-driven approach

empowers marketers to anticipate customer needs and craft strategies that are both targeted and adaptive.

The analysis further indicates that reliability and validity levels were satisfactory, suggesting that the study's measurement model was robust and credible. Both convergent and discriminant validity results confirmed that the constructs were appropriately measured and distinct from one another.

In conclusion, Artificial Intelligence positively influences both **Customer Experience (CEP)** and **Marketing Strategy Optimization (MSO)**. The study validates that AI integration helps businesses create more engaging, personalized, and effective marketing campaigns. However, the responsible use of consumer data and adherence to ethical standards remain essential to maintain customer trust in an AI-driven environment. AI's incorporation into marketing procedures has greatly increased efficiency in a number of marketing lifecycle areas. Artificial intelligence (AI) technologies have become essential tools for modern marketers, ranging from data analysis and predictive analytics to real-time insights and tailored consumer engagements. AI not only increases marketing efficiency but also helps firms remain competitive in the ever changing digital marketplace by automating tedious operations, offering insightful data, and allowing highly tailored consumer experiences. Thus, the use of AI with different digital marketing technologies signifies a change from mass marketing to customized interaction. This raises consumer satisfaction levels overall in addition to producing greater results. . Digital marketing is changing dramatically with the help of AI-powered customisation. Businesses may establish a highly effective and efficient marketing ecosystem by utilizing AI to identify individual client preferences, offer tailored content in real-time, boost engagement, carry out A/B testing, preserve cross-channel consistency, and increase conversion rates. The success of AI- powered customization is expected to be crucial in influencing future consumer experiences and propelling corporate growth in the digital era, as companies continue to hone their AI strategy

Businesses that use AI to their advantage in their digital marketing efforts may acquire a competitive edge in an increasingly digital world, even in the face of several hurdles. AI will continue to lead the way in digital marketing innovation as its capabilities grow and it continues to improve. AI is a crucial tool for modern marketing because of its capacity to produce very

relevant information, forecast consumer behavior, and adjust to changing marketing environments.

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