

IMPACT OF ARTIFICIAL INTELLIGENCE IN DIGITAL MARKETING

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ABSTRACT

Artificial Intelligence (AI) is transforming the landscape of digital marketing by enabling smarter, data-driven decision-making and more personalized customer experiences. From chatbots and predictive analytics to content creation and customer segmentation, AI technologies are revolutionizing the way businesses interact with consumers online. This research aims to explore the multifaceted impact of AI on digital marketing strategies, focusing on its benefits, challenges, and implications for future marketing trends. The study also highlights how AI enhances customer engagement, improves ROI, and reshapes consumer behavior through advanced automation and real-time insights. By analyzing industry practices and customer responses, this paper seeks to offer a comprehensive understanding of AI's evolving role in digital marketing.

Keywords: Artificial Intelligence, Digital Marketing, Customer Engagement, Personalization, Predictive Analytics, Chatbots, Marketing Automation, Consumer Behavior, ROI, Data-Driven Marketing.

INTRODUCTION

The digital marketing ecosystem has witnessed a paradigm shift with the emergence of Artificial Intelligence (AI). No longer a futuristic concept, AI is now a core component of marketing strategies across industries. It empowers marketers to automate repetitive tasks, analyze massive amounts of data, and tailor content to individual user preferences in real-time. AI-driven tools like chatbots, recommendation engines, and sentiment analysis have become essential in delivering efficient, engaging, and customer-centric marketing campaigns. As consumer expectations rise and digital platforms become increasingly competitive, businesses are leveraging AI to gain a strategic edge. This research explores the significant role AI plays in transforming digital marketing—from optimizing customer journeys to enhancing campaign effectiveness. It also examines the challenges associated with AI integration, including data privacy concerns, ethical issues, and technological dependencies. By investigating both the opportunities and limitations, the study aims to provide a balanced perspective on how AI is shaping the future of digital marketing.

OBJECTIVE OF THE STUDY

1. To examine the role of AI in digital marketing and its influence on consumer behavior.
2. To analyze the benefits of AI-driven marketing strategies for businesses.
3. To identify the challenges and limitations associated with AI in digital marketing.
4. To assess consumer perceptions of AI-based marketing techniques.
5. To suggest best practices for effective AI implementation in digital marketing.

RESEARCH METHODOLOGY

This study adopts a descriptive research design to examine the impact of Artificial Intelligence (AI) in digital marketing. The research aims to explore how AI-driven technologies influence marketing strategies, consumer engagement, and business performance. By analyzing the role of AI in content creation, customer targeting, predictive analytics, and automation, the study provides insights into the advantages and challenges businesses face when implementing AI-powered digital marketing strategies. A structured questionnaire was used as the primary data collection tool to gather opinions from marketing professionals, business owners, and consumers regarding their experiences and perceptions of AI in digital marketing. Additionally, secondary data from published sources was reviewed to support the findings and provide a comprehensive understanding of AI's role in the marketing landscape.

SCOPE OF THE STUDY

The study is conducted in Tirupur, a major commercial hub where businesses actively use digital marketing to attract customers. A sample of 111 respondents was selected using a random sampling method, ensuring diversity in demographics and online purchasing behavior. Data was collected through online surveys and direct interviews with customers who have interacted with AI-powered digital marketing tools.

REVIEW OF LITERATURE

Gupta and Mehta (2011) investigate the impact of emotional exhaustion on the performance of insurance agents. The study highlights that continuous exposure to high-pressure sales targets and demanding customer interactions leads to burnout, significantly reducing motivation and job efficiency. Emotional fatigue negatively affects client relationships, resulting in decreased customer satisfaction and trust in the agents. The research also finds that burnout is a major contributor to high attrition rates in the insurance sector, as exhausted employees are more likely to leave their jobs.

Verma (2012) examines the early adoption of artificial intelligence in digital marketing and its influence on consumer behavior. The study finds that AI-powered recommendation engines improve user experience by offering personalized suggestions, leading to increased engagement and sales. However, the study also warns of privacy concerns due to data collection and algorithmic biases.

DATA ANALYSIS AND INTERPRETATION

Likert Scale Table – 1 (satisfaction level of customers in AI digital marketing)

S.NO	FACTORS	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE	TOTAL
1	AI helps in providing personalized product recommendations.	70 (63.1)	28 (25.2)	4 (3.6)	6 (5.4)	3 (2.7)	111
2	AI-powered advertisements are more relevant to my interest	29 (26.1)	52 (46.8)	12 (10.8)	10 (9)	8 (7.1)	111
3	AI chatbots improve customer service and quick responses.	31 (27.9)	32 (28.8)	19 (17.1)	23 (20.7)	6 (5.4)	111
4	AI-driven offers and discounts enhance my shopping experience.	29 (26.1)	35 (31.5)	15 (13.5)	22 (19.8)	10 (9)	111
5	AI-based voice assistants (Alexa, Siri) help in decision-making.	32 (28.8)	32 (28.8)	14 (12.6)	21 (18.9)	12 (10.8)	111

INFERENCE:

- Majority of the respondents (63.1%) strongly agree that AI helps in providing personalized product recommendations.
- 46.8% agree that AI-powered advertisements are more relevant to my interest.
- 28.8% agree that AI chatbots improve customer service and quick responses.
- 31.1% agree that AI-driven offers and discounts enhance my shopping experience.
- 28.8% agree that AI-based voice assistants (Alexa, Siri) help in decision-making.

HENRY GARRET RANKING ANALYSIS – I (frequently used platforms)

S.NO	100(RIJ – 0.5)/NJ	CALCULATED VALUE	GARRET VALUE
1	100 (1-0.5)/5	10	75
2	100 (2-0.5)/5	30	60
3	100 (3-0.5)/5	50	45
4	100 (4-0.5)/5	70	39
5	100 (5-0.5)/5	90	25

TABLE SHOWING PERCENTILE POSITION AND GARRET VALUE

TABLE SHOWING THE RANKING BASED ON DIGITAL PLATFORMS WHICH IS FREQUENTLY USED BY CUSTOMERS

SUPPORT	1	2	3	4	5	TOTAL	RANK
Social Media Ads (Facebook, Instagram)	4514	1628	1258	444	370	8214	1
E-commerce Websites (Amazon, Flipkart)	1770	2124	2124	413	118	6549	2
Search Engine Ads (Google, Bing)	1598	1128	1927	423	141	5217	3
Email Marketing Campaigns	910	805	1435	420	315	3885	4
AI Chatbots (Customer Service Bots)	36	18	38	9	10	111	5

SOURCE: Primary data

INFERENCE:

1. From the above table it is inferred, first rank is given to “Social media ads,”
2. Second rank is given to “E- commerce websites”
3. Third rank is given to “Search engine Ads.”
4. Fourth rank is given to “Email Marketing campaigns
5. Fifth rank is given to “AI chatbots.”

CHI-SQUARE – I RELATIONSHIP BETWEEN OCCUPATION AND PREFERENCE OF RECEIVING PRODUCT RECOMMENDATIONS

HYPOTHESIS: There is no significant relationship between occupation and preference of receiving product recommendations

Occupation * How do you prefer receiving product recommendations? Crosstabulation

Count

	How do you prefer receiving product recommendations?	Total
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		AI-generated suggestions based on my browsing history.	General promotions without AI involvement.	Personalized recommendations based on my past purchases.	
Occupation	Business owner	0	1	12	13
	Employee	9	8	21	38
	Freelancer	2	2	0	4
	Student	27	10	19	56
Total		38	21	52	111

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.385 ^a	6	.001
Likelihood Ratio	26.974	6	.000
N of Valid Cases	111		

a. 5 cells (41.7%) have expected count less than 5. The minimum expected count is .76.

INFERENCE:

Degree of freedom:

$$\begin{aligned} \text{Degree of freedom} &= (r-1)(c-1) \\ &= (4-1)(3-1) \\ &= 6 \end{aligned}$$

Chi-Square 5% significance 6df = 22.38.

Since, the calculated value of chi – square value (12.59) is lesser than the table value (22.38) at 5% level of significance. It is not significant and null hypothesis is accepted.

Hence this study concluded that there is no significant relationship between occupation and preference of receiving product recommendations.

CONCLUSION

In conclusion, Artificial Intelligence plays a significant role in transforming digital marketing strategies. It helps businesses understand customer behaviour, personalize marketing efforts, and improve decision-making. AI tools like chatbots, predictive analysis, and targeted advertising make marketing more effective and efficient. However, ethical usage and data privacy must be prioritized while using AI. Overall, AI continues to create new opportunities for growth and innovation in the digital marketing field. Artificial Intelligence has become an essential part of digital marketing, helping businesses reach the right audience at the right time. It improves customer experience through personalized content and automated services like chatbots. AI also helps marketers analyse large amounts of data quickly, making marketing strategies more effective. While AI offers many benefits, businesses should also focus on using it responsibly by protecting customer data. Overall, AI is shaping the future of digital marketing with smarter and more efficient methods

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