Research Paper

EPRA International Journal of Economic and Business Review-Peer Reviewed Journal
Volume - 13, Issue - 5, May 2025 | e-ISSN: 2347 - 9671| p- ISSN: 2349 – 0187

SJIF Impact Factor (2025): 8.862 || ISI Value: 1.433 || Journal DOI URL: https://doi.org/10.36713/epra2012

THE IMPACT OF ARTIFICIAL INTELLIGENCE AND AUTOMATION ON DIGITAL MARKETING STRATEGY

Savitha D[1], Gagan R[2]

[1]*Faculty of commerce, B.com, School of Economics and Commerce, CMR University, Bangalore, India*
[2]*Student, B.com, School of Economics and Commerce, CMR University, Bangalore, India*

ABSTRACT DOI No: 10.36713/epra21761 Article DOI: https://doi.org/10.36713/epra21761

Artificial Intelligence (AI) and automation are revolutionizing digital marketing by offering unparalleled personalization, efficiency, and decision-making capabilities. This research investigates the transformative role of AI in shaping marketing strategy, with a focus on consumer perception, ethical dilemmas, and operational outcomes. Through mixed-method research, including a survey of 109 respondents and literature from global academic and industry sources, this study evaluates AI's practical and psychological impact on digital marketing. Findings reveal that AI improves customer engagement, reduces campaign costs, and enhances targeting, yet raises concerns over job displacement, privacy, and over-automation. The study proposes a conceptual framework that integrates AI technologies with consumer trust, personalization, and marketing performance. Recommendations include ethical AI governance, hybrid human-AI collaboration, and industry-specific adoption pathways. This paper contributes to understanding how AI can be applied strategically while maintaining authenticity and long-term brand equity.

KEYWORDS: ***Artificial Intelligence, Automation, Digital Marketing, Personalization, Consumer Trust, Ethical AI***

1. INTRODUCTION

The rapid advancement of artificial intelligence (AI) has triggered a paradigm shift in the marketing field, transforming it from a landscape once dominated by static advertisements and one-size-fits-all campaigns into a dynamic environment driven by real-time data processing, predictive analytics, chatbots, and AI-powered content generation. As businesses vie for consumer attention in increasingly saturated digital spaces, AI has become both a strategic necessity and a key differentiator. Technologies such as machine learning, natural language processing, and image recognition are now deeply embedded in marketing tools, facilitating smarter ad targeting, dynamic pricing, automated content creation, and personalized email campaigns. Meanwhile, automation has evolved beyond basic scheduling functions to encompass lead generation, customer segmentation, and predictive customer service. These technological advancements, while promising enhanced efficiency and personalization, also raise critical questions about their broader implications: Can AI truly replace human creativity? Are consumers comfortable engaging with AI-generated content? Does increased automation threaten data privacy or job security? This paper explores these questions through a comprehensive lens, integrating theoretical insights, empirical data, and practical case studies to evaluate how AI and automation are reshaping digital marketing strategies and redefining consumer engagement.

2. LITERATURE REVIEW

Suryo Hadi Wira Prabowo, Achmad Murdiono, Rachmad Hidayat, Wening Patmi Rahayu, Sutrisno Sutrisno(2019): Selecting the right consumer can be understood through consumer behavior. However, determining the right consumer is not simple. It uses artificial intelligence's capability to study several variables simultaneously. There are three stages carried out in this research. The first step involves preliminary studies and data collection. The second step focuses on analyzing early-stage data and designing the optimization algorithm. The third stage consists of applying the optimization algorithm and analyzing the results of the treatment application. There are three outcomes from this research. The first is an increase in the average number of clicks from 7 clicks per day to 8 clicks per day. Secondly, there was a decrease in the number of impressions from 129 impressions per day to 53 impressions per day. Thirdly, an increase in Click Through Rate from 5.43% to 15.09% was observed. Based on these results.

3. OBJECTIVES OF THE STUDY

1. To examine the strategic role of AI and automation in digital marketing
   - Understand how businesses use AI tools to enhance targeting, personalization, and campaign performance.
2. To evaluate consumer attitudes toward AI-driven marketing tools
   - Assess how consumers feel about AI features like chatbots, personalized ads, and automated content.
3. To identify the perceived benefits and risks of automation
   - Explore the advantages (e.g., efficiency, cost savings) and concerns (e.g., job loss, overreliance on AI).

4. METHODOLOGY

A **mixed-method approach** was adopted:

- **Primary data**: A structured survey was conducted among 109 participants, mostly within the 20–30 age range, residing in Bangalore. The survey covered perceptions on AI-generated ads, content authenticity, job security, privacy, and personalization.
- **Secondary data**: Scholarly journals, market reports (e.g., Deloitte, PwC), and case studies (e.g., Amazon, Spotify, HubSpot) were analysed.
- **Analytical Tools**: Descriptive statistics (frequency, percentages), pie charts, and thematic coding were used for data interpretation.

Limitations include geographical concentration and lack of in-depth interviews, but findings provide directional insights for broader application.

5. CONCEPUAL FRAMEWORK

At the heart of the study is a **conceptual framework** that positions AI and automation as independent variables influencing outcomes such as marketing performance, consumer engagement, brand trust, and personalization.

Key Components

- **Independent Variables**: AI tools (chatbots, content generators), automation software, predictive analytics
- **Dependent Variables**: ROI, CTR, consumer retention, satisfaction
- **Mediators**: Brand trust, emotional response, ethical clarity
- **Moderators**: Consumer awareness, platform (social media vs. email), industry type

Theoretical Foundations

- **Technology Acceptance Model (TAM)** explains user trust and ease of adoption.
- **Customer Engagement Theory** shows how AI facilitates emotional and sustained interaction.
- **Diffusion of Innovation** frames the adoption speed across industries.

6. DATA ANALYSIS AND INTERPRETATION

From the 109 survey responses, we derived key insights:

- **Positive Perception**: 88% of respondents were positive or cautiously optimistic about AI in marketing. 66% found AI-generated ads persuasive.
- **Effectiveness of Personalization**: 50% said product recommendations were relevant; however, 29% reported neutrality, suggesting potential overuse.
- **Preference Split**: 41% preferred AI-generated content; 29% preferred human-made, highlighting the need for hybrid strategies.
- **Privacy and Ethics**: 70% of respondents showed at least moderate concern over privacy and AI misuse.
- **Job Security**: 66% feared AI would reduce digital marketing jobs, especially in content writing and customer support.

Interpretation: While AI is largely welcomed, trust, ethics, and balance are critical. Over-personalization and opaque data usage lead to discomfort.

7. STRATEGIC IMPLICATIONS

For Businesses

- **AI can lower campaign costs** through efficient targeting.
- **Content automation** accelerates publishing but risks loss of originality.
- **Chatbots reduce support costs** but must mimic empathy.

For Consumers

- **High personalization** is appreciated but must remain non-intrusive.
- **Transparency and control** over data build trust.

Ethical Considerations

- Comply with data protection laws (e.g., GDPR).
- Make AI decisions explainable.
- Avoid algorithmic bias in targeting.

8. RECOMMENDATIONS

1. **Adopt a Hybrid Model**: Blend human oversight with AI automation.
2. **Train Teams in AI Tools**: Equip marketing teams with upskilling programs.
3. **Use Feedback Loops**: Regularly review AI campaign outcomes to improve algorithms.
4. **Prioritize Ethics**: Build an AI ethics committee and transparency dashboard.
5. **Customize by Industry**: Healthcare and finance require more caution than fashion or media.

9. CONCLUSION

AI and automation have ushered in a new era of digital marketing marked by precision, scalability, and personalization. However, these benefits come with trade-offs in terms of ethics, employment, and emotional resonance. A strategic, human-centric, and transparent approach is necessary to maximize benefits while safeguarding against risks. As AI becomes more deeply integrated into marketing systems, it must be guided by values, not just efficiency.

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11. Appendices

- Survey Questionnaire
- Charts: Pie charts from age group, AI perception, content preference
- Raw data summary tables