

THE IMPACT OF ARTIFICIAL INTELLIGENCE ON MARKETING ACTIVITIES

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Abstract: *Artificial Intelligence (AI) has emerged as a transformative force in marketing, revolutionizing how businesses interact with consumers, make decisions, and allocate resources. This paper provides an in-depth analysis of AI's multifaceted impact on modern marketing activities. From customer segmentation and personalized content to predictive analytics and programmatic advertising, AI is reshaping traditional practices. The paper concludes with a discussion on future trends and strategic recommendations for sustainable AI adoption in marketing.*

Keywords: *online marketing, digitisation, AI, strategy, modern marketing*

Introduction

The marketing landscape has undergone significant changes with the advent of digital technologies. Among these, Artificial Intelligence (AI) stands out due to its ability to process vast amounts of data, learn from interactions, and execute tasks that traditionally required human intelligence. Marketing, inherently data-driven and customer-focused, presents fertile ground for AI applications. AI enhances operational efficiency, improves decision-making, and enables hyper-personalization characteristics crucial for competitive advantage in a rapidly evolving digital economy.

The influence of artificial intelligence (AI) on marketing continues to evolve as new technologies and methodologies are introduced. Despite being in a relatively early stage, AI is already demonstrating a transformative potential across various aspects of marketing. One of the most impactful applications lies in customer segmentation and targeting. Leveraging AI, marketers can efficiently analyze customer data and behavioral patterns to segment audiences with greater precision and tailor marketing strategies accordingly. This level of personalization enhances customer engagement, improves conversion rates, and fosters long-term loyalty.

In addition, AI enables the automation of routine marketing tasks such as email campaigns, social media management, and content generation. Automating these functions not only increases operational efficiency and reduces costs but also allows marketing teams to allocate more time to strategic and creative initiatives. Furthermore, AI-powered chatbots and virtual assistants offer real-time, personalized customer support, enhancing user experience while optimizing workforce productivity.

According to the Salesforce State of Marketing 2024 report, 80% of marketing leaders indicate that they are either already leveraging artificial intelligence (AI) in

their strategies or plan to do so by the end of 2025¹. This widespread adoption reflects a fundamental shift in how organizations approach customer engagement, data analysis, and campaign execution. The integration of AI is no longer limited to early adopters or experimental use cases; it has become a core component of competitive marketing strategies across industries.

This trend underscores the growing recognition that AI offers significant advantages in optimizing performance and driving value. Marketing teams are increasingly relying on AI to enhance real-time decision-making, deliver hyper-personalized experiences, and automate repetitive tasks. For instance, AI algorithms can dynamically tailor content and offers based on customer behavior, allowing brands to engage with consumers more effectively at scale.

The 80% figure also signals a critical inflection point: organizations that delay AI adoption risk falling behind in an environment where data-driven agility and personalization are key differentiators. As AI capabilities continue to mature—through developments in natural language processing, machine learning, and predictive analytics—its role in marketing will only deepen, reshaping customer expectations and redefining operational efficiency.

Generative AI is rapidly transforming how marketers discover and engage with audience segments. As outlined in McKinsey & Company's report "AI-powered marketing and sales reach new heights with generative AI"², generative AI technologies enable marketers to analyze vast and complex datasets to identify emerging customer segments that would be difficult to uncover using traditional analytics methods.

By leveraging advanced machine learning and natural language processing techniques, generative AI can synthesize customer behaviors, preferences, and interactions across multiple channels—such as social media, purchase history, web browsing, and CRM systems. This allows for the dynamic creation of micro-segments based not only on demographic attributes, but also on behavioral signals, contextual intent, and psychographic markers.

For example, a generative AI model might detect a cluster of consumers who have recently engaged with sustainability-focused content, visited eco-conscious product pages, and interacted with green-themed social posts. This newly identified segment can then be targeted with customized messaging, product recommendations, or promotions that align with their values. In doing so, generative AI facilitates personalized outreach at scale, significantly improving customer engagement, loyalty, and conversion rates.

Moreover, this capability reduces the time and manual effort required in traditional market research and segmentation, accelerating campaign planning and execution. It empowers marketers to be more proactive, adaptive, and customer-centric in a data-saturated digital environment positioning generative AI as not only a tool for efficiency but a driver of strategic innovation in audience targeting.

1 Salesforce, State of Marketing – 9th Edition, p. 18

2 McKinsey, AI-powered marketing and sales reach new heights with generative AI, p. 3

Research methodology, data, results and conclusions.

1. Foundations and Technologies of AI in Marketing

Artificial Intelligence (AI) in marketing is underpinned by a diverse array of computational technologies that work together to analyze data, automate decisions, and enhance customer engagement. These core technologies include machine learning (ML), natural language processing (NLP), computer vision, and deep learning. When integrated strategically, these AI components not only streamline marketing operations but also unlock sophisticated capabilities such as real-time personalization, predictive targeting, and intelligent content generation.

- **Machine Learning (ML)**

Machine learning is at the heart of many AI-powered marketing tools. It involves algorithms that learn from historical data to detect patterns, make predictions, and optimize actions without explicit programming. In marketing, ML is commonly used for:

Predictive analytics, where it forecasts future customer behaviors such as churn, lifetime value, or purchasing intent based on historical trends.

Audience segmentation, enabling marketers to group customers into nuanced segments based on behavioral data, demographics, or interests, which leads to more effective targeting.

Campaign optimization, as seen in platforms like Google Ads or Facebook Ads, where ML algorithms continuously test and adjust bids and creatives to maximize ROI.

A practical example includes Spotify's use of ML to create custom playlists such as "Discover Weekly," which uses listener habits to recommend new tracks, thereby increasing user engagement and retention.

- **Natural Language Processing (NLP)**

Natural Language Processing enables machines to understand, interpret, and generate human language. This technology is particularly vital in enhancing how brands interact with customers. In marketing, NLP applications include:

AI-powered chatbots that simulate human-like conversations to answer customer inquiries, process orders, or offer product recommendations.

Sentiment analysis tools that scan social media posts, reviews, and surveys to assess consumer sentiment toward a brand or product.

Voice search optimization, allowing businesses to tailor content to better match natural language search queries from virtual assistants like Siri, Alexa, or Google Assistant.

For example, brands such as H&M and Sephora use chatbot interfaces powered by NLP to guide users through product recommendations and purchasing processes, improving both convenience and conversion rates.

- **Computer Vision**

Computer vision enables machines to process and interpret visual information from the world, making it a powerful tool in visual-centric marketing strategies. Applications include:

Image recognition, which allows users to search for products using images instead of text—a feature popularized by platforms like Pinterest Lens and Google Lens. Visual content tagging, where AI automatically tags and categorizes images and videos, improving content discoverability and SEO performance.

Augmented reality (AR) experiences, such as virtual try-ons for clothing, makeup, or furniture, which enhance the online shopping experience.

Retailers like IKEA leverage computer vision through AR apps to allow customers to visualize products in their homes or on themselves, reducing purchase hesitation and return rates.

- Deep Learning

Deep learning, a subset of machine learning, uses layered neural networks to model complex relationships in large datasets. It is especially effective in handling unstructured data such as text, images, and audio. In marketing, deep learning powers:

Recommendation systems, as seen on platforms like Netflix, YouTube, and Amazon, where it helps predict what content or products a user is likely to engage with next.

Dynamic pricing algorithms, which analyze supply, demand, competitor pricing, and user behavior to adjust prices in real time.

Ad targeting, where deep learning models analyze large-scale data to deliver hyper-relevant ads to individuals based on browsing behavior and preferences.

An example is Amazon's recommendation engine, which uses deep learning to analyze millions of interactions to serve up-to-the-minute personalized product suggestions, accounting for a substantial portion of the company's revenue.

These foundational AI technologies are not just theoretical concepts—they are actively reshaping the marketing landscape. They enable marketers to make data-driven decisions, improve operational efficiency, and craft personalized, engaging experiences at an unprecedented scale. As these technologies continue to evolve, their integration into marketing practices will become increasingly indispensable.

Applications of AI in Marketing

The application of artificial intelligence in marketing has rapidly evolved, delivering both tactical and strategic advantages. AI tools now drive critical marketing functions, from identifying and engaging customers to optimizing content and improving ROI. This section explores six key areas where AI is making a measurable impact.

Customer Segmentation and Targeting

Traditional customer segmentation has often relied on broad demographic categories such as age, gender, and income. However, AI allows marketers to move beyond these basic filters and into hyper-targeted micro-segmentation by utilizing clustering algorithms and real-time behavioral data. Techniques like unsupervised learning (e.g., K-means clustering or DBSCAN) analyze browsing patterns,

purchase behavior, and engagement levels to dynamically create nuanced customer segments.

Dynamic segmentation—driven by AI—means that segments are no longer static; they evolve as customer interactions change over time. For instance, e-commerce platforms can segment users based on real-time behavior such as abandoning a cart, browsing certain categories, or interacting with email campaigns, and then trigger relevant follow-ups.

Personalized Content and Recommendations

Personalization is among the most powerful applications of AI in marketing. AI-driven recommendation engines—powered by machine learning and deep learning—analyze past interactions, preferences, and contextual signals to recommend relevant content, products, or services.

Collaborative filtering and content-based filtering are common techniques used in these engines. Companies like Amazon and Spotify employ these systems to deliver highly tailored experiences. Amazon's product recommendation engine, for instance, is credited with generating up to 35% of its total revenue through personalized upselling and cross-selling.

Benefits of personalization include:

- Increased click-through and conversion rates
- Reduced customer churn
- Enhanced customer satisfaction and loyalty

Chatbots and Virtual Assistants

AI-powered chatbots and virtual assistants have transformed customer service and support. Using natural language processing (NLP), these tools simulate human conversation and can operate 24/7, handling a high volume of customer interactions with consistency and efficiency.

Functions include:

- Answering frequently asked questions
- Processing transactions or service requests
- Making personalized product recommendations
- Escalating complex issues to human agents

Chatbots significantly reduce response times and support costs, while improving the user experience.

Predictive Analytics and Lead Scoring

Predictive analytics leverages AI to forecast future customer behavior based on historical and real-time data. This includes predicting outcomes such as:

- Purchase intent
- Churn risk
- Customer lifetime value (CLV)
- Seasonal trends

Lead scoring, in particular, benefits from AI's ability to evaluate multiple variables (e.g., engagement history, CRM data, website behavior) to determine which leads are most likely to convert. This enables sales and marketing teams to prioritize high-potential prospects and allocate resources more efficiently.

Programmatic Advertising

AI has revolutionized digital advertising through programmatic ad buying, which uses algorithms to purchase ad inventory in real-time. AI determines:

- Which ad to show
- To which user
- On which platform
- At what time
- For what bid price

Using data from browsing history, user intent, and engagement patterns, AI optimizes both targeting and performance—dramatically increasing ROI.

Platforms such as Google Ads, Facebook Ads, and The Trade Desk employ AI to:

- A/B test creatives in real time
- Allocate budgets across channels
- Adjust bids dynamically based on audience behavior

Content Generation

Generative AI models, such as OpenAI's GPT (for text) and DALL·E (for images), are being increasingly adopted by marketers to produce content quickly and at scale. These tools can generate:

- Blog posts and social media content
- Email copy and ad headlines
- Product descriptions
- Images, infographics, and video scripts

The benefits are clear: reduced content production time and cost, enhanced A/B testing capabilities, and improved creative efficiency.

Key Applications of AI in Marketing³

Predictive Analytics & Lead Scoring	ML, Predictive Modeling	Forecasting churn, CLV, purchase intent, lead prioritization
Programmatic Advertising	Real-Time Bidding Algorithms, ML	Automated media buying, real-time targeting, ad creative optimization

³ Kasem, M. S., Hamada, M., & Taj-Eddin, I. (2023). Customer profiling, segmentation, and sales prediction using AI in direct marketing.

Content Generation	Generative AI (GPT, DALL·E), NLP	Text/image generation, copywriting, social media automation
Predictive Analytics & Lead Scoring	ML, Predictive Modeling	Forecasting churn, CLV, purchase intent, lead prioritization

Source: Kasem, M. S., Hamada, M., & Taj-Eddin, I. (2023). Customer profiling, segmentation, and sales prediction using AI in direct marketing.

In summary, AI technologies are not only automating routine marketing tasks but are also enhancing strategic decision-making and driving personalized customer experiences. As AI continues to mature, its applications in marketing will likely expand, unlocking even more opportunities for innovation and growth.

Conclusions

Positive and negative impacts

AI offers numerous **positive impacts** across business and marketing functions, including the following:

- Enhanced customer service through AI-powered chatbots, which help reduce the volume of inbound inquiries by providing instant, automated responses.
- Improved product recommendations on digital platforms by analyzing user behavior and preferences to deliver personalized suggestions.
- Advanced audience segmentation that enables the creation of highly targeted and effective marketing campaigns.
- Sentiment analysis tools that evaluate customer feedback and social media interactions to measure satisfaction and brand perception.
- Fraud detection systems that identify unusual patterns and potential threats in real time, enhancing security and trust.
- Increased operational efficiency through the automation of repetitive and time-consuming processes.
- Faster and more consistent service delivery, ensuring uniform quality across customer touchpoints.

While AI can significantly enhance marketing strategies, it also presents **several limitations and challenges** that must be considered:

- Lack of human emotional intelligence and connection:

Although AI-powered tools such as chatbots are widely used in marketing, they are often limited in their ability to respond dynamically or empathetically. These systems typically rely on predefined scripts and datasets, which may not fully address complex or nuanced customer inquiries, resulting in impersonal or inadequate interactions.

- Potential for inaccurate predictions and analysis:

Despite being trained on large volumes of high-quality data, AI systems can still produce errors, particularly in areas like sentiment analysis or customer intent

modeling. These inaccuracies can lead to misguided decisions or ineffective marketing efforts.

- Dependence on extensive, high-quality data and human oversight:

AI models require vast amounts of well-structured, relevant data to perform effectively. Additionally, human input is essential for curating, labeling, and interpreting this data, as well as for refining AI outputs and ensuring alignment with brand strategy and ethical considerations.

- Limited creative capacity:

While AI can generate content and suggest ideas based on patterns in data, it lacks the originality, emotional nuance, and contextual judgment inherent to human creativity. As such, it cannot fully replace the role of human marketers in developing innovative campaigns and brand narratives.

Artificial intelligence is driving a profound transformation in the field of marketing, fundamentally altering traditional approaches and opening new avenues for innovation. By harnessing the power of AI, marketers can analyze vast amounts of data with greater accuracy and speed, enabling them to design campaigns that are more targeted, relevant, and effective. This increased precision not only enhances campaign performance but also fosters stronger customer engagement by delivering personalized experiences that resonate with individual preferences and behaviors.

For instance, Netflix uses AI algorithms to analyze user viewing habits and preferences, enabling it to deliver highly personalized content recommendations that have contributed to high user retention rates. Similarly, Amazon's AI-powered recommendation engine is estimated to drive up to 35% of its total sales, demonstrating how targeted marketing powered by AI can significantly impact business growth.

Furthermore, AI's ability to automate repetitive tasks and optimize marketing workflows allows teams to focus on strategic initiatives and creative problem-solving, which ultimately drives business growth and improves return on investment. For example, companies like HubSpot and Salesforce integrate AI tools to automate email marketing campaigns, lead scoring, and customer segmentation, freeing marketers to develop creative campaigns and strategy.

The integration of AI in marketing also empowers organizations to anticipate customer needs and respond proactively, leading to higher levels of customer satisfaction and loyalty. Sephora's AI-powered chatbot offers personalized product recommendations and beauty tips, creating a seamless customer experience that increases engagement and satisfaction.

Given the rapid evolution of AI technologies, it is essential for marketers to stay informed about the wide range of AI tools and platforms now available. From predictive analytics and natural language processing to chatbots and recommendation engines, these tools offer practical solutions that can enhance operational efficiency, reduce costs, and unlock new insights. By familiarizing themselves with these innovations, marketing professionals can leverage AI to gain

a competitive advantage, streamline processes, and achieve measurable improvements in productivity and overall business outcomes.

In conclusion, the strategic adoption of AI in marketing not only revolutionizes how marketers engage customers but also provides concrete benefits such as improved targeting, enhanced efficiency, and stronger business performance, as demonstrated by industry-leading companies.

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