
REVOLUTIONIZING MARKETING: THE IMPACT OF DIGITAL TRANSFORMATION ON CONSUMER ENGAGEMENT IN THE AGE OF ARTIFICIAL INTELLIGENCE

Nabila Nur Aisyah, Annisa Balqis, Andriansyah Bari*

Digital Business, Sriwijaya State Polytechnic

*Corresponding author: andriansyah@polsri.ac.id

Abstract

This paper explores the transformative effects of digital transformation on marketing strategies, with a particular focus on consumer engagement in the context of artificial intelligence (AI). As businesses increasingly leverage digital technologies, the landscape of marketing is rapidly evolving, enabling companies to connect with consumers in more personalized and meaningful ways. Through an analysis of current trends, this study highlights how AI-driven tools, such as chatbots and predictive analytics, enhance customer interactions and foster a deeper emotional connection with brands. The findings indicate that companies that effectively integrate digital transformation into their marketing strategies not only increase consumer engagement but also build lasting brand loyalty. By embracing innovative technologies, businesses can navigate the complexities of the modern marketplace, adapt to shifting consumer expectations, and ultimately drive sustainable growth. This research serves as a guide for marketers seeking to harness the potential of digital transformation to enhance their consumer engagement and loyalty initiatives in today's fast-paced environment.

Keywords: Digital Transformation, Marketing Strategies, Consumer Engagment, Articial Intelligence.

INTRODUCTION

The era of globalization is increasingly felt as technology develops. This technological development has an impact on human life with the emergence of the internet network which then makes it easier for humans to build communication with others. The internet also provides great opportunities for business people to develop their businesses to be more effective and efficient in managing their resources in order to get maximum results (Maylinda & Andarini, 2024)

The industrial or business world has felt the impact of today's technological sophistication. Technological developments create intense competition so that many companies globally today have adopted technological developments, especially Artificial Intelligence (AI) (Trifia, Alimuddin, Fitra, Mutiara, & Nita, 2024). Technological advances have a rapid impact in the business world, significantly improving company performance, and providing new innovations in various business sectors (Rochmawati, Hatimatunnisani, & Veranita, 2023). This change has modernized the entire business paradigm, especially in the field of marketing and changed the way businesses interact with consumers. With digitalization, businesses can collect and analyze data better, which helps them make better marketing decisions (Chaffey & Ellis-Chadwick, 2019)

Increased customer engagement is an important component of digital transformation. With the digital tools and platforms available, businesses can now communicate with their customers more directly and personally. To improve the customer experience, their every interaction with the brand can be measured and analyzed (Kannan & Li, 2017). By providing personalized recommendations and responsive services, AI helps optimize these interactions. Then, to influence customer interest

in a product offered today requires an effective marketing strategy, making market trend research or analysis mandatory. Customer data is needed to analyze the current market trends. Therefore, the adoption of AI technology is needed to optimize customer data collection in order to improve the performance of market trend analysis.

Advances in technology affect marketing in attracting and interacting with consumers. Consumers have more power in today's information age. They easily compare products, read reviews, and share their experiences on social media. As a result, consumer engagement has become the key to brand success in analyzing trends to enter an increasingly competitive market. Marketers must find ways to create engaging and interesting interactive experiences for customers to capture their attention amidst the abundance of information (Mazur, 2023). Artificial Intelligence (AI) is the ability of technology to optimize various human tasks effectively and efficiently so as to significantly improve company performance (Nurjanah, Hadiyanti, & Mufidah, 2024). Marketing today has been influenced by AI, where AI can help plan and follow up on planned marketing strategies. AI is currently able to process customer data quickly, so that business people can adjust strategies to the latest market trends.

Artificial Intelligence (AI) is essential because it can analyze large volumes of data quickly. AI can identify patterns of customer behavior and preferences that may not be apparent in traditional analysis, which enables precise product recommendations to tailor the customer experience. In addition, AI-powered virtual assistants and chatbots can improve customer service by automatically resolving issues and answering questions, increasing customer satisfaction. In addition, AI helps marketers create more relevant marketing campaigns and produce more accurate market segmentation. Finally, AI can predict market trends and consumer behavior through predictive analysis. This gives companies the opportunity to change before their competitors. Therefore, the use of AI in consumer data processing enables better marketing strategies and a better consumer experience in a competitive market.

The presence of AI can optimize company marketing in determining the right strategy by providing more accurate analysis. Keeping up with developments in global marketing is necessary to understand research thoroughly to expand market segments (Suhairi, Nurhazizah, Syanda, & Nasution, 2024). Therefore, it is very important for business people to adopt technological sophistication in operating a business, especially in the field of marketing to be more accurate, effective and efficient. This research aims to study the impact of digital transformation and AI in marketing due to the importance of consumer engagement in the changes brought by technology. Companies can better understand these dynamics to face challenges and capitalize on opportunities that arise from the rapid development of technology. This study will help marketing academics and practitioners create future strategies.

LITERATURE REVIEW

Digital Transformation

Digital transformation relies on technologies such as cloud computing, big data analytics, Internet of Things (IoT) and artificial intelligence (AI), with the existence of digital transformation can change the way organizations work, interact with customers and improve performance in the digital era (Erwin, Suade, & Poernomo, 2021). Meanwhile, according to (Simarmata, Sari, Purba, & Hasibuan, 2019) Digital transformation successfully affects the operation of their business by applying digital technology, this can define digital transformation as the use of technology in various

fields of life, because it is able to go beyond digital literacy and digital competence. So it can be concluded that digital transformation greatly affects business operations more effectively and efficiently by relying on technologies such as artificial intelligence (AI) and other technologies.

Digital Marketing Strategy

A marketing strategy is a plan of action to achieve specific marketing objectives with the aim of increasing sales and placing products or services in the market. According to (Kotler & Keller, 2016), marketing strategy includes meeting customer needs by determining target markets, developing product positioning, and managing the marketing mix (product, price, place, and promotion). In terms of digital marketing, there are many online channels, such as social media, email, and websites, which make marketing strategies more complicated. These channels allow for more intimate interactions and more specific audience targeting.

As an extension of this idea, digital marketing means a marketing strategy that uses digital platforms to reach consumers in a more creative and measurable way. Digital marketing allows companies to interact directly with customers, optimize campaigns, and analyze data in real-time, according to (Deiss & Henneberry, 2017). Digital marketing strategies help companies build long-term relationships with customers and increase their visibility in an increasingly competitive market with a focus on data-driven marketing and customer experience.

Consumer Engagement

Consumer engagement is the level of personal connection that consumers feel towards a product, service or experience. Consumer engagement is an important concept in understanding consumer behavior. Consumer engagement is currently heavily influenced by social media platforms in an effort to improve the brand (Mere, Puspitasari, Asir, Rahayu, & Mas'ud, 2024). According to (Anam, 2024), consumer engagement is also influenced by technology and makes it possible to create new business models. Applying innovative technology is also able to change the way consumers interact with product and brand information through e-commerce platforms. Therefore, consumer engagement currently affects consumer brand loyalty, because in consumer engagement there is decision making carried out. Consumer decision-making is currently influenced by digital marketing such as content and also trends in social media, so we can adjust our business models according to trends.

Artificial Intelligence

Artificial Intelligence is a smart technology that has thinking skills like or even exceeding humans. Artificial Intelligence can learn new things quickly and do independent programming (Susilo & Ria, 2020). Meanwhile (Suwandita, Pijasari, Prasetyowati, & Anshori, 2023) suggests Artificial Intelligence is a sophistication developed by a system and has been used in various aspects of business. AI eases the human task of making decisions to find more precise information. So it can be concluded that AI is intelligence that can be used in all aspects, especially business. AI can make human work faster and more accurate, because AI was created to increase efficiency and productivity in various fields.

RESEARCH METHOD

In this research, the author uses qualitative methods as the research method used. Qualitative method is a research method that aims to understand social phenomena and human behavior in a deep and contextual way. In this research, researchers not only collect data, but also try to explain the interactions, meanings, and experiences contained in the data. Therefore, qualitative methods are very suitable for studies that offer an in-depth description of the problem.

One qualitative research technique is desk research, which involves collecting and analyzing information from various written sources, such as books, journal articles, research reports, and other documents (Flick, 2018). Researchers can obtain various perspectives and theories relevant to the research topic thanks to this technique. Desk research helps researchers create a theoretical framework for data analysis and discover trends and weaknesses in research.

This method allows the researcher to reach conclusions and provide suggestions that are based on a deep understanding of the problem under study. In the process, researchers should critically assess the quality and credibility of the sources used. They should also relate the results of the literature review to the broader context of the research. The qualitative method of literature study not only helps collect data but also builds and strengthens research arguments. So that the results of this research can really help the development of science.

RESULTS AND DISCUSSION

Today's technological advancements are growing and impacting human life. In the business world, the use of technology has become a core part in various aspects. (Isdarmanto, Christantinus, Sunarto, & Anthony, 2020). Technology has become part of business operations to strategies in increasing consumer engagement (Manggala, Nurhaeni, & Rahmanto, 2024). One of the technologies produced is Artificial Intelligence (AI), the use of AI in the business world can help businesses such as analyzing market trends. Artificial Intelligence (AI) is a technology that can work equally and even exceed the human brain in various circumstances (Reddy & Geetha R, 2018). AI innovation can see market opportunities and measure employee work levels. In marketing, the application of AI is needed to analyze content selection and follow current market trends. In addition, companies can also predict consumer behavior (Maihani, *et al.*, 2023).

AI has now entered a new stage, where AI technology can enable increased productivity, efficiency, and profitability. It can help companies gain and maintain customer loyalty with a better understanding of customer needs and behavior (Dumitriu & Popescu, 2020). AI technology can collect customer reference data, and then companies can customize product and service recommendations based on customer preferences, improving the overall customer experience. AI can also analyze large amounts of data, process information and help process complex and fast transactions. This can help companies make better business decisions (Wijayaningsih, *et al.*, 2024). The many opportunities to innovate are the impact of digital transformation, especially in the business world. The era of digital transformation requires companies to utilize digital technology in order to better understand customer needs (Anjani, 2024). Business digital transformation is the application of technology with the aim of building new systems and business models that are more profitable, competitive advantage and greater efficiency (Priyono & Waluyo, 2019). Businesses can implement digital transformation in their business in order to change business models to become more modern, increase workforce efficiency and innovation, and adapt the consumer experience.

Digital transformation has a positive impact on determining market research and market trends that can influence consumer involvement in making choices, where many consumers today have also been influenced by digital marketing. AI technology is able to analyze market trends based on consumer history, and consumer data, so that AI is able to adjust changes in market trends in the future (Suhairi, Nurhazizah, Syanda, & Nasution, 2024). AI technology is also able to maintain product quality for customers, when customers provide reviews and AI can store and analyze the data, so businesses not only evaluate products and improve product quality, but they are also able to build brands and increase customer loyalty. Digital platforms have greatly influenced the market in connecting customers with the products they need. Marketing today can be reached by customers with ease and a wider scope. This wider reach creates competition in the business world, as different businesses can access the same market (Andika, Gunawan, & Ramdani, 2024). As technology develops, increasing business and marketing innovation can minimize competition, influence consumers in making decisions, and create new ideas (Wono, Supriadin, Amin, Indriastuti, & Sufa, 2024). The presence of AI can optimize business service operations, can determine consumer tastes from consumer data that is processed accurately and efficiently.

Market segmentation is one of the main uses of AI in marketing. Marketers can segment customers using AI based on purchase behavior, demographics, or interactions on digital platforms. Companies can offer services or products that better suit the needs of each customer segment using this method, which can ultimately increase conversion rates and customer loyalty (Huang & Benyoucef, 2013). For example, AI algorithms that look at customers' preferences and purchase history can make more personalized and engaging product recommendations. In addition, AI can also be used to analyze customer sentiment through natural language processing. Through this technology, AI can understand comments, reviews, or messages written by customers on forums, review sites, or social media. Sentiment analysis helps marketers find positive or negative feelings associated with their goods or brands. It shows clearer customer perceptions and areas that need improvement to increase customer satisfaction (Liu, 2012). In addition, marketers can utilize this data to discover new trends and respond to them.

In marketing, AI helps with automation, which allows marketers to conduct campaigns more efficiently and in a timely manner. Companies can create a more responsive and interactive customer experience by using AI technologies such as chatbots or AI-based recommendation systems. Chatbots, for example, can answer customer questions and automatically offer products based on customer profiles. This automation not only saves time and costs, but also ensures that proper and prompt attention is given to each customer (Eriksson, Bigi, & Bonera, 2020). Finally, for a more proactive marketing strategy, AI should have the ability to forecast market trends. AI can help marketers predict changes in product demand, changes in customer preferences, or even developments in industry trends by analyzing historical data and behavior patterns. Marketing AI improves marketing performance and provides a deeper understanding of market dynamics, which can increase a company's competitiveness in an increasingly competitive market (Davenport, Guha, Grewal, & Bressgott, 2020). Thus, companies can change their marketing strategies before changes occur, keeping their position ahead of competitors.

CONCLUSION

Technology today is having a huge impact on the world of marketing by using technology that is able to analyze customer data and is able to adapt to market trends. Technology is also able to

change the direction of marketing to be all digital. From interacting with customers to offering products. The technology that is widely used today is Artificial Intelligence (AI). AI is able to optimize business operations and help companies make smarter decisions. Using AI to analyze customer data can maximize marketing goals and create new innovations. The presence of AI can influence consumer decisions. Therefore, the presence of AI is very important to be adopted by business people in increasing the target market by always following the market trends.

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