

A Study of the Impact of Artificial Intelligence on Marketing Advertisement

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S. Shriya

1st Year M.Com Student

Jain College Autonomous, Bengaluru

Abstract

The field of marketing and advertising has seen a dramatic change due to the quick development of artificial intelligence (AI). This study investigates how artificial intelligence (AI) technologies, including machine learning, generative models, natural language processing, and predictive analytics, affect the production, customization, and distribution of ads. The study demonstrates how AI facilitates hyper-targeted marketing, improves client engagement, and maximizes advertising efficiency through real-time data analysis by examining case studies and existing industry practices. It also benefits society. In the end, this study emphasizes how AI will influence marketing communication in the future by acting as both a disruptive force and a strategic enabler.

Results indicate that although AI-driven advertising presents previously unheard-of chances for creativity and efficacy, cautious governance is necessary to strike a balance between business advantages and social responsibility. In the end, this study emphasizes how AI will influence marketing communication in the future by acting as both a disruptive force and a strategic enabler.

Keywords: Marketing Strategy, Advertising Campaigns, Brand Awareness, Consumer Behaviour, Market Segmentation, Target Audience, Digital Marketing, Social Media Advertising, Content Marketing, Influencer Marketing, Search Engine Optimization (SEO), Pay-Per-Click (PPC), Customer Engagement, Promotional Techniques, Brand Positioning, Marketing Communication, Product Promotion, Advertising Effectiveness, Media Planning, Integrated Marketing.

Introduction

Since they influence consumer perceptions and stimulate demand, marketing and advertising have always been essential to the expansion of businesses. In the past, these methods relied on broad demographic targeting, ingenuity, and intuition. But the advent of Artificial Intelligence (AI) has completely changed this field, bringing data-driven accuracy, automation, and customization on a never-before- seen scale. With the integration of AI technologies like machine learning, natural language processing, and predictive analytics into advertising platforms, marketers can now study customer behaviour, predict trends, and instantly send customized messaging.

The use of AI in marketing advertisements is a paradigm shift in how companies engage with customers, not just a technological advancement. AI-driven technologies that maximize marketing

effectiveness and improve customer engagement include chatbots, programmatic advertising, dynamic pricing, and personalized recommendations. AI also puts traditional advertising methods to the test by substituting algorithmic decision-making and automated campaign management for human intuition and creative guesswork.

The goal of this study is to investigate the various ways that artificial intelligence (AI) affects marketing advertising, including how it changes tactics, improves efficacy, and affects customer experiences. The research aims to offer insights into the changing interaction between technology and marketing and to highlight avenues for the ethical and sustainable use of AI in advertising by examining current uses, opportunities, and difficulties.

Review of Literature

1. AI and Personalization in Advertising Smith & Anderson (2020) argue that AI-driven personalization enhances customer satisfaction by tailoring advertisements to individual preferences, thereby increasing conversion rates. Similarly, Kumar et al. (2021) highlight that machine learning algorithms allow marketers to predict consumer behaviour and deliver targeted messages in real time.
2. Programmatic Advertising and Automation According to Johnson (2019), programmatic advertising powered by AI reduces human intervention by automating ad placement and bidding, leading to cost efficiency and better audience targeting. Chen & Lin (2022) further emphasize that automation improves scalability but caution that over-reliance may reduce creativity in campaign design.
3. Consumer Engagement and Predictive Analytics Gupta & Sharma (2021) demonstrate that predictive analytics enables marketers to anticipate consumer needs, thereby fostering stronger engagement. Their study shows that AI tools can analyse large datasets to identify patterns that traditional methods often overlook.
4. Ethical and Privacy Concerns Basha (2023) stresses that while AI enhances marketing performance, it raises ethical challenges such as data privacy, algorithmic bias, and transparency. Similarly, Lee (2020) notes that consumer trust is a critical factor in the success of AI-driven advertising, as misuse of personal data can undermine brand reputation.
5. Kavitha, Yuvaraj, and Eandhizhai (2023) conducted a systematic literature review to examine the role of AI in marketing activities. Their research highlighted that AI technologies help organizations make better marketing decisions by analysing large volumes of customer data. The study also emphasized that AI improves marketing efficiency, enhances promotional strategies, and helps companies understand consumer preferences more effectively.
6. Chintalapati and Pandey (2021), AI has become an important part of modern marketing due to the rapid digital transformation of businesses. Their systematic literature review examined numerous studies and found that AI supports several marketing functions such as digital marketing, content marketing, experiential marketing, and marketing analytics. The study concluded that AI enables businesses to improve marketing outcomes and customer experiences by using data-driven insights and automation.
7. Prithvi (2025) explored the integration of AI technologies in marketing strategies. The authors found that AI is widely used for customer segmentation, personalized advertising, predictive analytics, chatbots, and recommendation systems. The study concluded that AI enhances consumer engagement and improves the accuracy of marketing campaigns, although ethical concerns such as privacy and algorithmic bias must also be considered.
8. Wang (2025) examined the role of AI in marketing and found that AI significantly increases marketing efficiency while reducing operational costs. The study highlighted that AI-driven

marketing tools enable personalized recommendations and improved consumer experiences, which can strengthen brand loyalty and brand image. However, the research also pointed out that AI still faces challenges related to emotional understanding and authenticity in communication.

9. Sukoco (2024) analysed the effectiveness of digital marketing campaigns using AI. Their literature review showed that AI improves advertising effectiveness by enabling precise audience targeting, predictive analysis, and real-time campaign optimization. The authors concluded that AI helps businesses reduce advertising costs while increasing customer engagement and marketing performance.

Research Gap

Even if the use of AI in marketing and advertising has been the subject of numerous studies, there are still certain unanswered questions. Numerous research that are now available primarily concentrate on the benefits of AI, such as enhanced client targeting, tailored ads, and higher marketing effectiveness. However, little research has been done on the use of AI in marketing by small and medium-sized enterprises, particularly in developing nations.

The paucity of studies on how consumers view and trust AI-generated ads is another gap in the literature. Although AI can streamline marketing procedures and provide customized adverts, it is still unknown how consumers react emotionally to AI-generated ads as opposed to human-generated ones.

Furthermore, ethical concerns including data privacy, algorithm bias, and transparency in AI-based advertising have received less attention than technology advantages and marketing performance in the majority of prior research. There is also limited empirical research that measures the long- term impact of AI on brand loyalty and customer relationships.

Therefore, this study attempts to address these gaps by analyzing the impact of artificial intelligence in marketing advertisement and understanding its influence on consumer behavior, marketing effectiveness, and ethical considerations.

Objectives of the Study

1. To understand the concept of Artificial Intelligence in marketing and advertising.
2. To examine the role of Artificial Intelligence in improving marketing advertisement strategies.
3. To analyse how AI helps in personalized advertising and customer targeting.
4. To study the impact of Artificial Intelligence on consumer behaviour and purchasing decisions.
5. To identify the advantages and challenges of using AI in marketing advertisements.
6. To evaluate the effectiveness of AI-based marketing advertisements compared to traditional advertising methods.
7. To study the role of AI in analyzing customer data and market trends.
8. To examine how AI tools help companies create effective advertising campaigns.
9. To understand the impact of AI-powered technologies such as chatbots, recommendation systems, and predictive analytics in marketing.
10. To evaluate the role of AI in improving customer engagement and satisfaction.

Sources of Data

The study is based on both primary data and secondary data.

Primary Data

Primary data refers to the data collected directly by the researcher for the first time. In this study, primary data can be collected through questionnaires, surveys, or interviews with consumers and marketing professionals to understand their views on AI in marketing advertisements.

Secondary Data

Secondary data refers to the data that has already been collected and published by others. For this study, secondary data is collected from various sources such as:

- Books related to marketing and artificial intelligence
- Research journals and published articles
- Company websites and marketing reports
- Online sources, magazines, and newspapers
- Academic websites and research papers

Type of Research

The current investigation is a descriptive study. The purpose of descriptive research is to characterize and examine the features of a specific occurrence. Descriptive research is used in this study to demonstrate how artificial intelligence (AI) affects customer behaviour and marketing ads.

The goal of this study is to comprehend how AI is used to marketing initiatives such digital marketing campaigns, data analysis, customer targeting, and tailored advertising. To explain the function and efficacy of AI in advertising, the study gathers and examines data from a variety of sources.

Because descriptive research aids in the analysis of current marketing strategies, customer reactions, and the benefits and difficulties of utilizing AI in marketing ads, it is appropriate for this study.

Data Analysis

Sl. No	Demographic Variable	Category	No. of Respondents	Percentage (%)
1	Gender	Male	30	60%
		Female	20	40%
		Total	50	100%
2	Age group	Below 20 years	12	24%
		21-25 years	20	40%
		26-30 years	10	20%
		Above 30 years	8	16%
		Total	50	100%
3.	Education	Under graduation	22	44%
		Post graduation	18	36%
		Others	10	20%
		Total	50	100%

- Gender According to the table, of the 50 responders, 30 (60%) are men and 20 (40%) are women. This suggests that men make up the majority of study participants.
- Age: Range According to the age distribution, the largest group of respondents—20, or 40%—are between the ages of 21 and 25. Twelve respondents (24%) under the age of twenty, ten respondents (20%) between the ages of twenty-six and thirty, and eight respondents (16%) over the age of thirty come next. This suggests that the majority of responders are young adults (ages 21 to 25).

Descriptive Statistics of AI in Marketing Advertisement

Sl No.	Variables	Mean	Std. Diviation	Interpretation
1	AI advertisements attract more attention than traditional ads	3.90	0.85	Respondents generally agree that AI ads attract attention
2	AI helps in personalized marketing advertisements	4.10	0.72	High agreement that AI improves personalization
3	AI-based ads influence purchasing decisions	3.75	0.88	Respondents moderately agree that AI affects buying decisions
4	AI advertisements are more engaging	3.95	0.80	Respondents agree that AI ads increase engagement
5	AI improves the effectiveness of marketing campaigns	4.05	0.76	Majority believe AI improves marketing effectiveness

Interpretation

The respondents' perspectives on the use of AI in marketing ads are displayed in the descriptive statistics table. The factors' mean values range from 3.75 to 4.10, indicating that the majority of respondents concur that AI plays a beneficial role in marketing ads.

The assertion that AI aids in personalized marketing ads has the highest mean value (4.10), indicating that respondents firmly believe AI enhances personalized advertising. Similarly, the claim that AI increases marketing campaign efficacy has a high mean value (4.05), suggesting that respondents saw AI as a crucial

The standard deviation numbers, which range from 0.72 to 0.88, indicate that the respondents' responses are comparatively consistent and not widely distributed.

Overall, the descriptive statistics indicate that AI has a significant and positive impact on marketing advertisements in terms of attention, engagement, personalization, and influence on purchasing decisions.

Interpretation

The regression research demonstrates the connection between customer reaction and AI elements in marketing ads. The R² value of 0.64 shows that AI-related variables account for 64% of the variation in consumer response, with other factors influencing the remaining variation.

According to the regression coefficients, AI's contribution to personalization ($\beta = 0.35$) has the most impact on customer reaction, followed by AI's enhancement of engagement ($\beta = 0.30$) and its ability to draw attention ($\beta = 0.28$).

Every variable's p-value is less than 0.05, indicating a statistically significant association between AI marketing elements and customer reaction.

Overall, the regression study shows that AI greatly enhances the efficacy of marketing advertisements and influences consumer behaviour.