


Chapter 1


AI–Powered Customer Intelligence:

Transforming CRM Into a Growth Engine Through Predictive and Prescriptive Capabilities

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ABSTRACT

The application of Artificial Intelligence (AI) to Customer Relationship Management (CRM) is transforming the way businesses interact with their customers and grow their revenue on a sustainable basis. This article offers a conceptualization to understand the strategic change in CRM with the advent and development in AI technologies in machine learning, natural language processing, predictive analytics, and intelligent automation. Built on Resource-Based View and Dynamic Capabilities

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Theory, the framework posits that the development of AI-CRM systems goes through four layers: data integration, intelligence generation, customer engagement, and feedback-driven optimization.

1. INTRODUCTION

The transformation of CRM from a database-based transaction recording system to a driving force in business growth has been particularly rapid over the past decade, largely influenced by the rise of Artificial Intelligence (AI). In the digital-first economy of today, especially in high-growth and emerging economies such as India, organizations are under great pressure to make it easier to provide seamless and personalized targeted customer experiences across multiple channels (Onabowale, 2025). Classic CRM systems have some limitations concerning complexity and volume of the data information and handling forms of modern consumer behavior (Chen & Popovich, 2003; Stefanou et al., 2003). AI is changing the way businesses manage customer relationships. With tools like machine learning, natural language processing, and predictive analytics, CRM systems can now learn from every customer interaction, anticipate their needs, and suggest the best ways to engage with them in real time (Lee & Lee, 2024; Bhuiyan, 2024). These AI-powered platforms do not just automate tasks they help identify loyal customers, spot those at risk of leaving, and personalize marketing efforts with incredible accuracy (Penubelli, 2024). Instead of simply reacting to customer issues, companies are now able to take a proactive approach, reshaping how they build and maintain relationships (Sen & Zhou, 2006)

Additionally, the increased reliance on AI in industries like banking, edtech and digital marketplaces in the Indian landscape underscores the strategic indispensability of AI-powered CRM. (2025) is one of the examples of how Ujjivan Small Finance Bank used “Artificial Intelligence” based automation for Lead management, Service needs prediction and Personalization of customer contacts which led to the higher level of customer and operational satisfaction. These applications support and drive the broader global adoption of AI-powered CRM as businesses look to augment decision-making, increase customer loyalty and enable growth and profitability in the longterm (Penubelli, 2024). However, despite this advancement, there is a lack of well-established theoretical framework, which systematically documents how AI can enable the CRM activities especially in the emerging markets in the extant literature. Critical issues including data privacy, algorithmic bias, ethical governance, and performance evaluation still hinder the scalability and responsible use of AI-CRM solutions (Palle, 2023; Salami et al., 2025). Furthermore, although corporate implementation is progressing, academic agreement on ideal processes and strategy alignment, and measurement benchmarks for AI-CRM impact is still missing. This

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