


Chapter 7

Customer Targeting in Digital Marketing Through AI–Powered Personalization for Market Differentiation

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ABSTRACT

AI-based customization technology enables business operations to develop unique market positions which results in new marketplace offerings. Artificial intelligence technologies on platforms let businesses deliver customized sessions to their individual customers through advanced data processing and machine learning systems. Real-time data processing enables individual users to get precise solutions through service-based goods that integrate advanced user segmentation methods. The ongoing commercial success of businesses depends on successful customer demand forecasting through personalized solutions that result in heightened performance and better customer retention. The delivery of tailored customer interactions through AI technology provides businesses with two essential benefits which support their development of unique market leadership above competitive offerings. The ability of online businesses to identify current customer behavior patterns becomes essential for sustained success as an e-commerce service because it creates enduring market benefits in the industry.

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1. INTRODUCTION

The present business competition drives organizations to build innovative solutions for improving their distinct market position. The pressure of market competition compels businesses to apply AI solutions to capture customer needs which then leads to better market standing along with rising contentment among their clients. Firms intending to expand beyond their country need digital marketing integration with commerce because AI-driven personalization changes customer-business interactions (Luca, 2021). Market uniqueness requires business battles despite multiple available options to customers who need well-designed promotional approaches for differentiation. Organizations needing direction through their orientation challenges can use AI-driven customization as their guiding tool. The implementation of AI-based customer customization uses different methodologies which unite artificial intelligence with data analytics principles (Chaffey, 2020).

Several key aspects of this paradigm shift undergo evaluation by the research including recommender system processes and natural language processing performance of content customization and predictive analytics and machine learning discoveries. This section analyzes the constructive and destructive outcomes of AI technology for e-commerce together with digital marketing operations. Stronger customer commitment forms from AI-generated product sales improvements because the system delivers better conversion rates and reduces cart abandonments.

1.1 Digital Marketing's Evolution

Despite its introduction two decades ago digital marketing has transformed dramatically from basic online advertising into a modern data-based marketing field that employs many technical instruments. When digital marketing first emerged banner advertisements along with emails and web-based advertisements formed its core features. Digital marketing tactics became better targeted and more interactive and personalized when big data analytics alongside mobile technology and social media grew more popular (Kannan, & Li, 2017). This growth occurred alongside developments in automation and artificial intelligence to create powerful platforms like Google, Facebook, and Instagram which enable marketers to generate precise connecting campaigns. This advance now allows businesses to track performance results while optimizing their operational processes in real time and developing their audience outreach strategies (Tuten, & Solomon, 2017). The field grew in reach thanks to the spread of social media platforms along with internet channels and mobile devices. The above study indicates how digital marketing substantially influences product sales through its social media advertisement impact on consumer engagement and brand loyalty formation. Mobile marketing plays a vital role in

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