

## **Artificial Intelligence and Strategic Marketing Decisions: A Review of Current Research**

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### **Abstract**

Artificial intelligence (AI) has moved from a peripheral analytical tool to a central force shaping how organizations formulate and execute strategic marketing decisions. This review synthesizes current research on the integration of AI into strategic marketing, examining how machine learning, natural language processing, predictive analytics, and generative systems influence segmentation, targeting, positioning, customer relationship management, and resource allocation. Drawing on peer-reviewed literature, the paper organizes findings around four analytical dimensions: the conceptual foundations linking AI to marketing strategy, the application of AI across the strategic marketing process, the antecedents and organizational capabilities that enable adoption, and the ethical, managerial, and performance-related outcomes of AI deployment. The review finds broad consensus that AI enhances decision speed, personalization, and predictive accuracy, while also revealing persistent tensions around data governance, algorithmic transparency, consumer trust, and the changing role of human managerial judgment. A methodological account of the narrative review process is provided, along with three summary tables consolidating definitions, application domains, and reported outcomes. The paper concludes that AI is best understood not as a replacement for strategic marketing judgment but as an augmenting capability whose value depends on organizational readiness, data quality, and ethical stewardship. Directions for future research are proposed, emphasizing longitudinal performance studies, generative AI in strategy formation, cross-cultural adoption dynamics, and frameworks for responsible AI-enabled marketing.

**Keywords:** artificial intelligence, strategic marketing, machine learning, predictive analytics, marketing decision-making, customer relationship management

### **1. Introduction**

The contemporary marketing environment is defined by an abundance of data, accelerating competitive dynamics, and rising consumer expectations for relevance and immediacy. Within this context, artificial intelligence has emerged as a transformative capability that reshapes how firms sense markets, interpret customer behavior, and allocate strategic resources (Davenport et al., 2020). Where earlier generations of marketing analytics primarily described past behavior, modern AI systems increasingly predict, prescribe, and even autonomously execute decisions once reserved for experienced managers. This shift raises fundamental questions about the nature of strategic marketing decision-making in an era of intelligent machines.

Strategic marketing decisions concern the enduring choices that determine how a firm competes: which markets to serve, how to differentiate offerings, how to position brands, and

how to allocate finite resources across channels and segments. Historically, these decisions relied heavily on managerial intuition, market research, and incremental analysis. The infusion of AI introduces new possibilities for evidence-based, real-time, and highly personalized strategy, but also introduces uncertainty about accountability, interpretability, and the boundaries of automation (Huang & Rust, 2021). Understanding this evolving relationship is essential for both scholars and practitioners.

### **1.1 Background and Context**

The proliferation of digital touchpoints, connected devices, and e-commerce platforms has generated volumes of behavioral data that exceed human analytical capacity. AI techniques such as machine learning, deep learning, and natural language processing enable firms to extract patterns from this data at scale (Kietzmann et al., 2018). Simultaneously, cloud computing and accessible analytics platforms have lowered the barriers to adoption, allowing not only large enterprises but also small and medium firms to embed intelligence into marketing operations. This democratization has accelerated experimentation and normalized AI as a component of the marketing technology stack.

### **1.2 Problem Statement**

Despite growing enthusiasm, the academic understanding of how AI specifically influences strategic—as opposed to tactical or operational—marketing decisions remains fragmented. Much of the empirical literature concentrates on narrow applications such as recommendation engines or churn prediction, while conceptual work on AI's role in higher-order strategy is comparatively sparse (Verma et al., 2021). There is a need to consolidate dispersed findings, clarify definitional boundaries, and identify where evidence is robust versus speculative. Without such synthesis, managers risk either overestimating AI's autonomy or underutilizing its strategic potential.

### **1.3 Objectives of the Review**

This review pursues four objectives. First, it clarifies the conceptual relationship between AI and strategic marketing by consolidating prevailing definitions and frameworks. Second, it maps how AI is applied across the core stages of the strategic marketing process, including segmentation, targeting, positioning, and customer relationship management. Third, it examines the organizational capabilities, data infrastructures, and cultural factors that enable or constrain effective adoption. Fourth, it evaluates the reported outcomes of AI deployment, encompassing performance gains alongside ethical and managerial challenges.

### **1.4 Structure of the Paper**

The remainder of the paper is organized as follows. The literature review section synthesizes current research across four thematic subsections, supported by three summary tables. The research methodology section describes the narrative review approach, including source selection and analysis procedures. The conclusion consolidates the principal insights, and the final section outlines promising directions for future inquiry. Collectively, the paper offers an integrative account intended to inform both scholarly debate and managerial practice.

## **2. Literature Review**

The literature on AI and strategic marketing has expanded rapidly over the past decade, spanning conceptual frameworks, empirical studies, and practitioner-oriented analyses. To impose analytical order, this review organizes the body of work into four themes: conceptual foundations, applications across the strategic marketing process, enabling capabilities and adoption factors, and outcomes including ethical considerations. Each theme is examined in turn, and the section closes with consolidated tables summarizing definitions, applications, and reported outcomes.

### **2.1 Conceptual Foundations of AI in Strategic Marketing**

A foundational stream of research defines what AI means within a marketing context and articulates how it relates to strategic decision-making. Scholars generally conceptualize AI as systems capable of performing tasks that ordinarily require human intelligence, including learning, reasoning, perception, and language understanding (Kietzmann et al., 2018). Within marketing, this capability is frequently framed through the lens of intelligence augmentation, where AI complements rather than supplants managerial judgment (Huang & Rust, 2021). Huang and Rust propose a multi-stage framework in which mechanical, thinking, and feeling intelligences progressively assume marketing tasks, implying that strategic responsibilities migrate as machine capabilities mature.

Other conceptual contributions emphasize the reconfiguration of marketing capabilities. Davenport et al. (2020) argue that AI's impact on marketing depends on whether it is deployed for task automation, cognitive insight, or cognitive engagement, each carrying different strategic implications. Complementing this, Vlačić et al. (2021) synthesize the intellectual structure of AI marketing research and identify decision-making as a central but underdeveloped node. Together, these works establish that AI is not a monolithic tool but a spectrum of capabilities whose strategic relevance varies by application, autonomy, and organizational intent.

A recurring theme is the distinction between augmentation and automation. Where automation replaces human effort in bounded tasks, augmentation enhances the quality and speed of human judgment on complex, ambiguous strategic problems (Shrestha et al., 2019). Shrestha and colleagues offer a framework for allocating decision authority between algorithms and managers, proposing that structured, high-volume decisions are well suited to full delegation, whereas strategic decisions benefit from hybrid human–AI configurations. This conceptual boundary underpins much of the subsequent applied research.

The conceptual literature also situates AI within broader debates about the future of the marketing discipline. Grewal et al. (2020) contend that emerging technologies, AI foremost among them, are reshaping the fundamental logic of value creation, exchange, and customer engagement, thereby demanding new theoretical frameworks. From this perspective, AI is not merely an analytical instrument bolted onto existing strategy but a force that reconstitutes the very questions strategists ask. Dwivedi et al. (2021) extend this view with a multidisciplinary agenda, cautioning that the strategic promise of AI is inseparable from questions of governance, workforce transformation, and societal impact. These integrative contributions signal a

maturing consensus that theorizing AI in marketing requires attention to organizational, ethical, and institutional dimensions simultaneously, rather than treating capability in isolation from context.

## **2.2 AI Applications Across the Strategic Marketing Process**

A substantial body of research examines how AI is applied across the classic stages of strategic marketing. In segmentation, machine learning clustering techniques uncover fine-grained and dynamic customer groupings that transcend traditional demographic categories, enabling micro-segmentation and even segments-of-one (Ma & Sun, 2020). Such approaches allow strategy to be built on behavioral and predictive patterns rather than static attributes, improving the precision of subsequent targeting decisions.

In targeting and personalization, predictive analytics and recommender systems estimate customer propensities and lifetime value, guiding the allocation of marketing resources toward the most promising prospects (Kumar et al., 2019). These systems inform strategic choices about which segments to prioritize and how to sequence engagement across the customer journey. Natural language processing further enriches this stage by mining unstructured data such as reviews and social media to reveal latent preferences and sentiment (Berger et al., 2020), providing strategic insight into brand perception and competitive positioning.

For positioning and brand strategy, AI-driven analysis of large text corpora enables firms to map competitive landscapes and detect shifts in consumer discourse that signal repositioning opportunities. In customer relationship management, AI supports churn prediction, next-best-action recommendations, and conversational agents that scale personalized engagement (Libai et al., 2020). Libai and colleagues note that automated agents increasingly mediate the customer relationship, raising strategic questions about brand voice and relational depth. Across these applications, a consistent finding is that AI shifts marketing strategy toward continuous, data-driven adaptation rather than periodic, intuition-led planning.

A further application domain concerns resource allocation and marketing mix optimization, where AI models integrate signals across channels to recommend budget distributions that maximize return on investment. By continuously learning from campaign performance, these systems enable adaptive reallocation in near real time, a capability that transforms media planning from a periodic exercise into an ongoing optimization loop (Overgoor et al., 2019). This dynamism has strategic consequences, because it allows firms to respond to competitive moves and demand shifts with a speed that manual planning cannot match. Yet scholars observe that such optimization is only as sound as the objective functions and data on which it rests; poorly specified goals can drive AI systems toward short-term metrics at the expense of long-term brand equity.

Taken together, the applications literature illustrates that AI now touches virtually every stage of the strategic marketing process, from initial market sensing through to execution and feedback. Importantly, these applications are increasingly interconnected: insights from segmentation feed targeting models, which in turn inform personalization engines and relationship management systems, creating an integrated intelligence pipeline. This integration is arguably where the most significant strategic potential lies, since it enables a coherent,

closed-loop approach in which strategy is continuously informed by, and responsive to, real-time market behavior.

### **2.3 Enabling Capabilities and Adoption Factors**

Realizing strategic value from AI depends on organizational readiness. Research consistently identifies data quality, integrated infrastructure, analytical talent, and supportive leadership as critical enablers (Mikalef & Gupta, 2021). Mikalef and Gupta conceptualize an AI capability as a multidimensional construct combining tangible resources, human skills, and intangible factors such as organizational learning and a data-driven culture, and they empirically link this capability to improved organizational performance.

Adoption is also shaped by managerial cognition and trust. Studies show that managers' willingness to rely on algorithmic recommendations is contingent on perceived transparency and the interpretability of model outputs (Cao et al., 2021). When strategic stakes are high, opaque models can trigger algorithm aversion, prompting managers to discount valid AI guidance. Consequently, explainability has become a strategic requirement rather than a purely technical concern. Firms that cultivate trust through transparent, auditable systems are better positioned to integrate AI into consequential decisions.

Beyond internal factors, environmental pressures such as competitive intensity and customer expectations accelerate adoption (Chen et al., 2022). However, several scholars caution against isomorphic imitation, whereby firms adopt AI to appear innovative without a coherent strategic rationale, yielding disappointing returns. The literature therefore frames successful adoption as an alignment problem: AI investments must be matched to well-defined strategic objectives, supported by appropriate capabilities, and embedded within decision processes that preserve accountability.

The business-to-business context introduces additional adoption considerations. Chen et al. (2022) observe that longer sales cycles, complex buying centers, and relationship-driven exchange make AI adoption in industrial markets distinct from consumer settings, requiring careful integration with human account management. In such environments, AI is often positioned as a decision-support layer that augments experienced salespeople rather than an autonomous engine, reflecting the higher relational stakes and lower transaction volumes. This contrast highlights that adoption pathways are not uniform but shaped by the structural characteristics of the market and the nature of customer relationships, cautioning against one-size-fits-all prescriptions.

### **2.4 Outcomes, Ethics, and the Human–AI Balance**

The final thematic stream evaluates the outcomes of AI in strategic marketing. Empirical evidence broadly supports positive effects on efficiency, personalization, and predictive accuracy, translating into improved customer engagement and, in many cases, financial performance (Wamba-Taguimdje et al., 2020). Yet outcomes are heterogeneous and contingent on implementation quality, suggesting that AI is a necessary but not sufficient condition for competitive advantage.

Ethical and societal concerns feature prominently. Researchers highlight risks related to privacy, algorithmic bias, manipulation, and the erosion of consumer autonomy (Du & Xie,

2021). Du and Xie argue that firms must proactively govern AI to sustain consumer trust, framing responsible AI as a strategic imperative rather than a compliance afterthought. Concerns about fairness and transparency intersect with emerging regulation, making ethical stewardship central to long-term marketing strategy.

A persistent debate concerns the appropriate balance between human and machine agency. While AI excels at pattern recognition and scale, strategic marketing also demands creativity, empathy, and contextual sensitivity that remain difficult to automate (Overgoor et al., 2019). The consensus emerging from recent work is a collaborative model in which AI handles data-intensive analysis and prediction, freeing managers to focus on interpretation, creativity, and ethical judgment. This human–AI symbiosis is increasingly regarded as the defining characteristic of effective AI-enabled marketing strategy (Kaplan & Haenlein, 2019).

The outcomes literature further emphasizes that measured benefits are unevenly distributed across firms and contexts. Wamba-Taguimdje et al. (2020) find that the business value of AI transformation projects depends heavily on the maturity of complementary organizational processes, implying that identical technologies can yield divergent results. This heterogeneity reinforces the resource-based interpretation that competitive advantage arises not from AI tools themselves, which are increasingly commoditized, but from the difficult-to-imitate capabilities and routines surrounding their use. Firms that treat AI as a strategic capability embedded in learning-oriented processes tend to outperform those that treat it as a discrete technological purchase.

Finally, a growing thread examines the reputational and relational outcomes of AI deployment. Transparent, well-governed AI can strengthen consumer trust and serve as a source of differentiation, whereas perceived manipulation or privacy violations can rapidly erode brand equity (Du & Xie, 2021). This dual potential positions responsible AI governance as simultaneously a defensive necessity and an offensive strategic opportunity. The literature thus converges on the view that the outcomes of AI in strategic marketing are jointly determined by technological capability, organizational readiness, and ethical stewardship, with the last increasingly decisive as consumer awareness and regulatory attention intensify.

Table 1. Key conceptual definitions of AI in strategic marketing.

| <b>Concept</b>             | <b>Working Definition</b>                                                                           | <b>Representative Source</b> |
|----------------------------|-----------------------------------------------------------------------------------------------------|------------------------------|
| Artificial intelligence    | Systems performing tasks that typically require human intelligence, such as learning and reasoning. | Kietzmann et al. (2018)      |
| Intelligence augmentation  | Use of AI to enhance rather than replace managerial judgment in decision-making.                    | Huang & Rust (2021)          |
| AI capability              | A firm's combined data, skills, and cultural resources for deploying AI effectively.                | Mikalef & Gupta (2021)       |
| Human–AI decision division | Allocation of decision authority between algorithms and managers by task type.                      | Shrestha et al. (2019)       |

Table 2. AI applications across the strategic marketing process.

| Strategic Stage         | AI Technique                        | Strategic Contribution                          |
|-------------------------|-------------------------------------|-------------------------------------------------|
| Segmentation            | Machine learning clustering         | Dynamic micro-segmentation beyond demographics. |
| Targeting               | Predictive analytics, CLV models    | Prioritization of high-value prospects.         |
| Positioning             | Natural language processing         | Competitive mapping and sentiment insight.      |
| Relationship management | Recommenders, conversational agents | Scaled personalization and retention.           |

Table 3. Reported outcomes and associated challenges of AI adoption.

| Outcome Dimension   | Reported Effect                                | Associated Challenge           |
|---------------------|------------------------------------------------|--------------------------------|
| Efficiency          | Faster, real-time decision-making.             | Over-reliance on automation.   |
| Personalization     | Improved relevance and engagement.             | Privacy and consent concerns.  |
| Predictive accuracy | Better forecasting and targeting.              | Data quality dependence.       |
| Trust and ethics    | Competitive differentiation when managed well. | Bias, opacity, and regulation. |

### 3. Research Methodology

This paper adopts a narrative literature review methodology to synthesize current research on artificial intelligence and strategic marketing decisions. A narrative review is appropriate when the aim is to integrate conceptually diverse literature, identify overarching themes, and construct an interpretive account rather than to statistically aggregate homogeneous studies (Snyder, 2019). Given the interdisciplinary and rapidly evolving nature of the field, this approach permits the inclusion of both conceptual and empirical contributions across marketing, information systems, and management scholarship.

The review process comprised four stages. First, relevant literature was identified through systematic searches of major academic databases, including Scopus, Web of Science, and Google Scholar, using combinations of keywords such as "artificial intelligence," "machine learning," "marketing strategy," "strategic decision-making," and "customer analytics." The search was bounded to peer-reviewed articles to capture the contemporary wave of AI research while ensuring conceptual maturity.

Second, retrieved sources were screened for relevance and quality. Inclusion criteria required that a study substantively address the intersection of AI capabilities and strategic, rather than purely operational, marketing decisions, and that it appear in a reputable peer-reviewed outlet. Purely technical papers lacking managerial or strategic framing were excluded. Third, the

selected literature was analyzed thematically, with recurring concepts and findings coded and grouped into the four themes presented in the review. This inductive coding allowed dominant patterns and points of divergence to surface organically.

Fourth, the synthesized findings were consolidated into an integrative narrative and summarized in three tables to enhance clarity and comparability. As with any narrative review, the approach carries limitations, including potential selection subjectivity and the exclusion of non-English and grey literature. To mitigate bias, source selection prioritized highly cited and influential works alongside more recent contributions, and interpretations were cross-checked against multiple sources. The methodology is therefore transparent and replicable in its logic, while acknowledging the interpretive nature of narrative synthesis.

#### **4. Conclusion**

This review has synthesized current research on the role of artificial intelligence in strategic marketing decisions, revealing a field that is both rapidly maturing and marked by unresolved tensions. Across the literature, a clear consensus emerges that AI substantially enhances the speed, precision, and personalization of marketing strategy by transforming abundant data into actionable insight. From dynamic segmentation to predictive targeting and conversational relationship management, AI reshapes each stage of the strategic marketing process, shifting strategy from periodic, intuition-led planning toward continuous, evidence-driven adaptation. At the same time, the review underscores that AI's strategic value is contingent rather than automatic. Realizing this value requires organizational capabilities encompassing data quality, analytical talent, integrated infrastructure, and a supportive, data-driven culture. Equally important is managerial trust, which depends on the transparency and interpretability of AI systems. Firms that treat AI adoption as an alignment problem—matching investments to clear strategic objectives and embedding them within accountable decision processes—are more likely to achieve durable advantage than those adopting AI for symbolic or imitative reasons. The evidence also cautions against viewing AI as a substitute for human strategic judgment. Creativity, empathy, ethical reasoning, and contextual sensitivity remain distinctly human strengths that AI complements but does not replace. The most compelling model to emerge is one of human–AI symbiosis, in which machines handle data-intensive prediction and analysis while managers concentrate on interpretation, creativity, and responsible stewardship. Ethical considerations—privacy, bias, transparency, and consumer autonomy—are not peripheral but central to sustaining the trust on which long-term marketing relationships depend. In sum, AI is best understood as an augmenting capability whose strategic contribution is realized through thoughtful integration, organizational readiness, and principled governance.

#### **5. Future Work**

Several avenues warrant further investigation. First, the literature remains dominated by conceptual and cross-sectional studies; longitudinal research is needed to establish the causal and enduring effects of AI adoption on strategic marketing performance across varied contexts. Such studies would clarify whether early advantages persist or erode as AI capabilities diffuse and become competitively ubiquitous.

Second, the recent emergence of generative AI opens a distinct research frontier. Future work should examine how large language models and generative systems contribute not only to content creation but to higher-order strategy formation, ideation, and scenario planning, and how their probabilistic and sometimes unreliable outputs should be governed within strategic processes. Third, cross-cultural and cross-market studies are needed to understand how institutional, regulatory, and cultural differences shape AI adoption and its outcomes, since much existing evidence originates from a limited set of developed-economy contexts.

Fourth, as ethical and regulatory scrutiny intensifies, research should develop and validate frameworks for responsible AI-enabled marketing that reconcile personalization with privacy, effectiveness with fairness, and automation with accountability. Related work might explore how consumers respond to disclosure of AI involvement in marketing decisions and how such transparency affects trust and brand equity. Finally, scholarship would benefit from richer investigation of the evolving human–AI division of labor, including the new skills, roles, and organizational structures required for marketing teams to collaborate effectively with intelligent systems. Advancing these agendas will help ensure that AI's strategic promise is realized responsibly and sustainably.

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